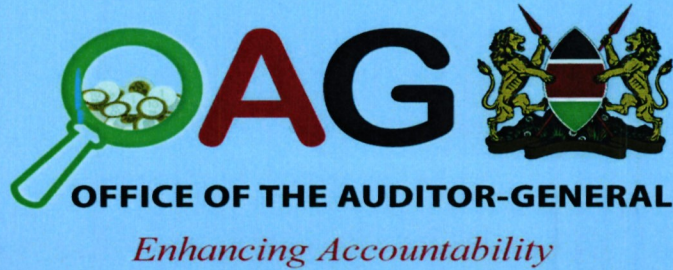


REPUBLIC OF KENYA

23/2/21



REPORT

OF

THE AUDITOR-GENERAL

ON

**AGRICULTURAL SECTOR DEVELOPMENT
SUPPORT PROGRAMME II
(SIDA GRANT NO. 51110109)**

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

**MINISTRY OF AGRICULTURE, LIVESTOCK,
FISHERIES AND CO-OPERATIVES**

PARLIAMENT
OF KENYA
LIBRARY

Revised Template 30/6/2017



**MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND
CO-OPERATIVES**

**Programme Name: AGRICULTURAL SECTOR DEVELOPMENT SUPPORT
PROGRAMME II (ASDSP II)**

Implementing Entity: SIDA CONTRIBUTION

PROGRAMME GRANT NUMBER: 51110109

**REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2020**

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

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30Th June, 2020

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1.0 PROGRAMME INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Ministry of Agriculture, Livestock, Fisheries and Cooperatives State Department For Crop Development and Agricultural Research, is the implementing Agency located at Kilimo House, Cathedral Road Nairobi.

P. O. Box 30028-00100, Nairobi.

Name: The Programme 'official Name: **AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II(ASDSP II)**

Objective: The key objective of the Programme is: to develop Sustainable Priority Value Chains for Improved Income and Food and Nutrition Security

Address: The Programme headquarters offices are at, NAIROBI County, Kenya.

The address of its registered office is:

**ASDSP HILL PLAZA BUILDING, 6TH FLOOR
NGONG ROAD
P.O.BOX 30028 - 00100
NAIROBI
TEL: 254-20-2714867,
EMAIL: pc@asdsp.co.ke**

The Programme also has offices/branches as follows:

- At all the Forty Seven Counties (47) country wide

Contacts: The following are the Programme contacts

Telephone: (254) -20-2714867,

E-mail: pc@asdsp.co.ke

Website: www.asdsp.co.ke /www.kilimo.house.go.ke

1.2 Programme Information

Programme Start Date:	The programme start date is 01-07-2017
Programme End Date:	The programme end date is 30-06-2022
Programme Coordinator:	The programme coordinator is Richard Ndegwa
Programme Sponsor:	The programme sponsor is Swedish Government under Sida

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30Th June, 2020

1.3 Programme Overview

Line Ministry/State Department of the Programme	The programme is under the supervision of the Ministry of Agriculture Livestock, Fisheries & Irrigation (State Department For Crops Development).
Programme number	51110109
Strategic goals of the Programme	<ul style="list-style-type: none"> i) increasing productivity of priority value chains;- ii) strengthening entrepreneurial skills of Value Chain Actors(VCAs) ; iii) improving access to markets by VCAs and <ul style="list-style-type: none"> • strengthening structures and capacities for coordination in the Agricultural Sector
Achievement of strategic goals	<p>The Programme management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> (i) building the technical capacity of all VCAs in sustainable pre- and post-production management (ii) improving Entrepreneurial skills of service providers for VCAs (iii)supporting market access linkages ,market information and financial services by VCAs (iv)establishing and capacity building of the structures for consultation and coordination (at national and county levels) in the agricultural sector
Other important background information of the Programme	<p>ASDSP II follows ASDSP I which concluded in June 2017.is the First intergovernmental sector programme designed to be implemented by the two levels of government. Supports to 3 value chains in each of the 47 counties. ASDSP II is expected to graduate one million Value chain actors (majority being small scale in nature and poor) from poverty to middle income level. The programme does not directly implement but support innovative activities that build the capacity of the existing service providers. ASDSP11 provides grants to service providers and VCAs especially to women and youth to increase their participation in the Value chain development</p>
Current situation that the Programme was formed to intervene	<ul style="list-style-type: none"> (i) Low productivity along the entire value chain, (ii) Inadequate entrepreneurial skill among the VCAs along the entire VC including service providers, (iii)Low access to markets by VCAs (iv)Weak and inadequate structures and capacities for consultation and coordination within the Sector.
Programme duration	The Programme started on 1st July 2017 to 30 Th June, 2022

1.4 Bankers

The following are the bankers for the current year:

Bank: Kenya Commercial bank

Branch: Upper hill Branch

- i) **Account No: 1229965076- SIDA – DONOR FUND**
- ii) **Account No: 1229967206 SIDA – GOK FUND**

1.5 Auditors

The Programme is audited by the office of the Auditor General as per the law.

1.5.1 Legal Advisors

The Programme receives support on legal matters from the State Counsel - State Department For Crops Development.

1.6 Roles and Responsibilities

This list includes the Programme Coordinator and all the key stakeholders who are involved with the Programme, their role, their positions, and their contact information.

1	Richard Ndegwa	National Programme Coordinator
2	Rosemary Magambo	Monitoring and Evaluation and communication Specialist
3	Monica Olala	Business development Specialist
4	Benjamin Ndegwa	Environmental Resilience officer
5	Mareen Bwana	Partnership Specialist
6	Rosemary Mwanza	Value Chain development Specialist
7	Fresiah Mwambia	Gender & Social Inclusion Specialist
8	AggreyAdul	Communication Officer
9	Bernard Mwangangi	Business development Officer
10	John Ayere	ICT Officer
11	David Ndorongo	Programme Accountant
12	Charles Kanyaa	Accounts Assistant
13	Charity Nyambura	Secretary
14	Jane Wanjiru	Procurement Officer
15	Penina Abade	Support Staff
16	Stephen Omwamba	Driver
17	Dickson Maina	Driver
18	Ephantous Munyoki	Driver
19	Abdi Wario	Driver

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

1.7 Funding summary

The Programme is for duration of 5 years from 2017 to 2022. It is co- financed to budget of Ksh 3.6 Billion from Government of Sweden and Ksh 2,092, 500,000 by government of Kenya. Below is the funding summary:

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Source of funds	Donor Commitment-		Amount received to date – (30 th June, 2020)		Undrawn balance to date (30 th June, 2020)	
	<i>Donor currency EUROS</i>	<i>KShs</i>	<i>Donor currency EUROS</i>	<i>KShs</i>	<i>Donor currency EUROS</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
GRANT SUMMARY						
Swedish Government under SIDA	35,590,254	3,600,000,000	18,307,056	1,830,644,550	17,283,198	1,769,355,450
Total Grants	35,590,254	3,600,000,000	18,307,056	1,830,644,550	17,283,198	1,769,355,450
Counter Part funds						
Counter Part funds Government of Kenya - MOAL& F)	-	800,000,000	-	323,658,243	-	476,341,757
Counter Part funds Government of Kenya - County Governments	-	1,292,500,000	-	565,523,933	-	726,976,067
Total	-	2,092,500,000	-	889,182,176	-	1,203,317,824
Total Funding Summary	35,590,254	5,692,500,000	18,307,056	2,719,826,726	17,283,198	2,972,673,274

Note: The funds were remitted in Euros and this report has maintained Ksh 114 as the exchange rate to the Euro for the amount received.

1.8 Summary of Overall Programme Performance:

The programme had a 54% absorption rate during the year.

1.1 Programme Goal and Objectives

The overall goal of ASDSP II is to contribute to the 'Transformation of crop, livestock and fisheries production into commercially oriented enterprises that ensure sustainable food and nutrition security'. This will be achieved through: i) environmentally resilient VCD, ii) stimulating economic environments that contributes to stabilization, resilience and economic empowerment for women and youth in value chain development and iii) effective sector transformation at the national, intergovernmental, cross-county and county levels.

In order to achieve its goal, the programme will support realization of the following 4 outcomes:

Outcome 1: Productivity of priority value chains increased

Outcome 2: Entrepreneurial skills of priority value chain actors strengthened

Outcome 3: Access to markets by priority value chain actors improved

Outcome 4: Structures and capacities for consultation, cooperation and coordination in the sector strengthened

1.2 Target groups

ASDSP11 targets 500,000 Priority Value Chain Actors (PVCAs) along the five nodes (agro-input dealers, producers, traders, transporters and processors) by supporting activities that will lead to the realization of the four results. The programme supports the development of at least three value chains (prioritized in phase I) in each of the 47 counties. ASDSP11 is also expected to facilitate the establishment and strengthened sector consultation, cooperation and coordination structures at the national, intergovernmental and county levels. To ensure the rights perspective is further strengthened, the VCAs benefiting from the programme activities should include women and youth

Outcome 1: Productivity of Value chains increased

The objective of this outcome therefore, is to support value chain actors (men, women and youth) in the prioritized value chains to increase their productivity through interventions that are geared to achieve the following outputs:

- i) Capacity of existing service providers on identified opportunities enhanced
- ii) Value chain innovations with high prospects for empowering women and youth and service providers for increased productivity supported, and;
- iii) Strengthened environmental resilience and climate smart agriculture (CSA) for increased productivity among prioritized value chains

1.1 Capacity of existing service providers on identified opportunities enhanced

The key planned activities for the year under review were as follows:

- Identify the potential SPs to lead in the implementation of identified opportunities and technologies
- Assess the capacity of identified SPs to lead in the implementation of identified opportunities/ technologies
- Train SPs on the identified gaps through the extended concept support
- Support development of VC capacity building proposals by the VCAs

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30Th June, 2020

Summary of achievements

- At the end of the reporting period, 45 Counties had successfully identified opportunities and potential SPs that would lead in their implementation through the SIVCAP development process.
- Training of service providers was to be based on capacity assessment of SPs based identified opportunities.

1.2 Value chain Innovations with high prospects for women and youth economic empowerment supported

The purpose of this output is to support the operationalization of innovative ideas, approaches, and new technologies with a view with a view of increasing the productivity and incomes in the prioritized value chains.

Planned activities for the year under review were as follows:

- Support implementation GSIAP study findings.
- Support development of innovation proposals for funding
- Support for VCAs to promote technologies and innovations such as conferences, exhibitions, trade shows
- Facilitate constant cross learning and adaptation by VCS and service providers, such as tours and visits relevant to their Value Chains
- Support print and electronic media platforms where VCAs can gain knowledge on innovations
- Establish and support extension research/ VCA linkage linkages targeting specific innovations
- Facilitate management and follow-up of the grants disbursed

Summary of Achievements

- At the end of the reporting period, 45 Counties had successfully identified innovations during the SIVCAP development process. This presents an achievement of 87.3% against the overall planned target of 1800. The level of value chain innovations implemented was at 67.5%, while the number of actors taking up innovations was at 30%. These achievements were based on the 4 counties that had commenced SIVCAP implementation and also partners' support to the counties where SIVCAP implementation had not started by the reporting period. This was before a common understanding was reached on SIVCAP development, which brought all the counties to the same level.

National level

- The Gender Social Inclusion Study was undertaken in 23 counties and the report written and validated with stakeholders. In addition, the Gender Social Inclusion Strategy and the National Gender and Social Inclusion Action Plan were also reviewed and, a guideline prepared to assist the 47 counties in reviewing their GSIAPs. A total of 141 county staff were trained on the review of the county specific GSIAPs.
- 222 (155 males, 67 females) County programme staff (technical) were trained were trained on development of innovation proposals

County level

- During the identification of opportunities and innovations and technologies, various partners took part in the promoted innovations. On average, 2 innovations per node were identified and promoted by the Counties.

1.3 Climate smart and Green Growth (GG) interventions, practices and technologies for the VC enhanced

The objective of this output is to integrate agricultural development and climate responsiveness.

In support of enhancing CSA and GG interventions for increasing productivity, the programme planned to undertake the following activities during this plan period:

- Support with other partners participatory Scenario Planning (PSPs) to develop and disseminated to the VCAs seasonal weather advisories
- Support partners forums to promote renewable energy technologies among the VCA
- Support SPs where available to train on GHGs emission reduction training
- Train staff on GIS and remote sensing
- Develop and support networks and linkages of VCAs with stakeholders to enhance advocacy and improve outreach on CSA and GG technologies
- Facilitate VCAs to implement the CSA technologies identified along the PVC nodes through the extended concepts/innovation grants
- Support follow up on implementation of CSA/GG/ER technologies implementation

Achievements at the National level

- Weather outlook for October, November, December (OND) and March, April, May (MAM) rains was developed in consultation with the Kenya Meteorological Services Department and disseminated to the Counties. In addition, the programme participated the fifty fourth Greater Horn of Africa Climate Outlook Forum (ghacof54) which shares and documents climate impacts across the region and to formulate responses to the regional climate outlook for the March to May 2020 rainfall season over the Greater Horn of Africa.
- 17 officers (7 females, 9 male) were trained and certified as Environmental Impact Assessors by the National Environmental Management Authority (NEMA). This was to enhance their capacity to assess the impacts of the VCD on the environment. This was a carry-over activity from 2018//19 work plan and budget.
- 143 suitability maps together with their explanatory notes were developed through a service provider and validated.
- Two officers attended the fifty fourth greater horn of Africa climate outlook forum (ghacof54) in Mombasa

County level achievements

- Development of the October, November, December (OND) and March, April and May (MAM) advisories.
- Various partners supported the programme to promote CSA and GG technologies which included silage making, bio gas units, solar powered incubators, early maturing seed varieties, drought resistant seed varieties, solar driers, composting technologies, conservation agriculture, water storage technologies, modern fish kilns, integrated crop and livestock management among others.

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

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- All Counties organized CSA and GG thematic working group meetings which discussed CSA and GG issues in the SIVCAPs.

Outcome 2- Entrepreneurship of priority value chain actors Enhanced

Entrepreneurship is seen by the program as an engine for growth and job creation through value chain development.

A detailed description of the planned and achieved activities in enhancing entrepreneurial skills of VCAs during the implementation period was as follows.

National level

- i) Facilitate the development of entrepreneurship development foundational documents and tools (Entrepreneurship strategy, training package and tools, and incubation documents) with a framework for identifying, developing and positioning entrepreneurial capacities of priority value chain actors including service providers,
- ii) To support entrepreneurial capacity for the service providers including the pilot incubators on best practice entrepreneurship and business development models
- iii) Support the review of entrepreneurship landscape along the priority value chain with a view to assessing the level of investment of PVCAs, their capacities and needs so as to inform the type of interventions to be given,
- iv) Assessment of the three pilot incubators (SAVIC, NAVCI and MAVIC).
- v) Develop instruments to support capacity and needs assessment of VCA including service providers at National and County levels

County Level Activities

The county level activities during the period under review included:

- i) Establish the number of business plans developed and viable BPs being implemented as at baseline,
- ii) Assess the level of investment of VCAs and apex VCOs, their capacities and needs, per capita income so as to inform the interventions to be undertaken,
- iii) Assess the service providers capacities including entrepreneurial tendencies and needs,
- iv) Match potential PVC entrepreneurs with business SPs (Mentors, Coaches, incubators including host families and institutions)
- v) Support entrepreneurial capacity development for PVCAs and service providers,
- vi) Mapping existing and underutilized assets, capacities for leveraging for the implementation of viable business plans developed.

Outcome 3- improved access to markets by priority VCAs

The objective of this outcome was improving access to markets by Value Chain Actors through three intervention strategies:

Output 3.1: Market Access Linkage by VCAs improved

The objective of this output is to support aggregation of smaller VCOs into economically viable organisation like Cooperatives, Unions and business associations.

Achievements

- To update the value chain actors' database inherited from ASDSP I by establishing the location, status, gender and telephone number of VCAs and the corresponding VCOs for planning and decision-making purposes,

- The updated database of VCAs by value chain in county was finalized by counties and submitted to the national office for aggregation of the national database. This formed an integral component during the baseline survey exercise as the sample respondents were drawn from there.
- The counties were also engaged in signing of MOUs with target partners and building the capacity the VCOs to enter into supply binding arrangement in the form of ‘forward agreements’ with well-defined obligations and remuneration for tasks done, often with specifications on product properties such as volume, quality, and timing of delivery”
- Partnerships with Wanda Agriculture on banana and chili VCs in TaitaTaveta and Kwale respectively were explored. Similar partnerships with Stawi on cereals VCs in Vihiga, Turkana, Samburu, Homabay, Nyamira, Kisii, Trans Nzoia, Kakamega, Kitui, Makueni and Meru were started
- The number of VCAs groups aggregated during the year was 149 out of the planned 940 as shown in the table below. Counties involved in refining SIVCAPs and the proposals in readiness for funding leading to delay in the implementation of most of the planned activities

The NPS facilitated drafting and commissioning of MOUs with strategic partners notably Hand in Hand EA and Stawi Foods and Fruits Limited which are at various stages of implementation.

- A) ASDSP II/Hand in Hand EA MOU aims at achieving the following objectives
- i)To support PVCAs to develop bankable business plans that necessitates transitioning of latent and hypothetical entrepreneurs into emergent and established entrepreneurs.
 - ii)To transition businesses from social to commercial enterprises in the context of supporting livelihoods, investments and growing businesses, and insurance SPs,
 - iii)To Support priority value chain actor with market information and understand and effectively navigate within the value chain system for jobs creation.
 - iv) To Facilitate institutional and organizational support of VCOs for positive entrepreneurial orientation vertical integration by potential stakeholders and service providers. This entails formation and strengthening of commodity-based organizations at the county, national and regional level.
- B) ASDSP II/Stawi Foods and Fruits Limited MOU aims at providing a forward market linkage of various value chains by off-taking agreed quantities of the produce for processing

Output 3.2: Access to market information by VCAs improved

To realize these targets the period under review was characterized by the pursuit following key activities:

- i. Development of inventory of organizations and key service providers who disseminate commodity market information to serve marketing needs of VCAs.
- ii. Development of a National E-marketing platform and profile our VCAs.
- iii. Assist counties to integrate marketing information during SIVCAP development
- iv. Establish potential partners to support in agro-value chain market information ecosystem.

Achievements:

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- Counties reported several players shared market prices which benefited the VCAs notably; NDMA which investigates and reports on price changes in ASAL counties monthly. The Regional Agriculture Trade Intelligence Network (RATIN) used enumerators to collect daily market prices from various sources (traders, markets, etc.). Private sector players, e.g., Esoko, also keep track of domestic food prices. For global food market prices, several development partners published value chain-specific price data on either a monthly or weekly basis (e.g., FEWS NET and FAO's Global Information and Early Warning System– GIEWS, the Predictive Livestock Early Warning System – PLEWS, and the Food Security Network -- FSN).
- The supported development of the MALF&C document on Digitization and Coordination of Kenya's Agricultural Sector Data which supports implementing the Agricultural Sector Transformation and Growth Strategy Flagship 8 which deals with data and innovation.

Output 3.3: Access to VC financial services by VCAs improved

Achievements

The section was focused on initiating partnerships with financial service providers for leveraging on inclusive financing in VCD. Counties were well supported during SIVCAP development to identify the underlying issues mitigating against access of VCAs to credit and insurance products. Majority of SIVCAPs have identified opportunities regarding financial access including existence of financial service providers, other programmes and existing public financial services including WEF and YEF. 45 of the counties profiled financial service providers during development of SIVCAPs.

Outcome 4- Structures and capacities for consultation, cooperation and coordination in the sector Strengthened

This outcome aims at strengthening structures and capacities for consultation, collaboration, cooperation and coordination in the Sector. During the period under review, the outcome was to be realized through 4 output areas namely:

- (i) Supporting initiatives for establishment of the structures for consultation and coordination
- (ii) Enhancing capacities of the established structures for consultation and coordination
- (iii) Enhancing the participation of stakeholders in consultation and coordination structures
- (iv) Preparing, launching and rolling out of sector policies, strategies, regulations and plans.

4.1 Output: Initiatives for establishment of the structures for consultation and coordination supported

The structures were reviewed are indicated below:

At the National Level;

- i. The NPS facilitated the Inputs sector working group of JASSCOM (Joint Agriculture Sector Steering Committee) which reviewed the County Agriculture Sector Steering Committee (CASSCOM) description document which is aimed at ensuring efficiency and accountability of projects and programs at the county levels. 44 counties have constituted CASSCOMS and over 72% have them officially launched with appointment letters given to members (see Annex 1 for county specific details). 22% have constituted and yet to officially launch. The 6% remaining i.e. (Kiambu, Kirinyaga and Wajir) have not constituted the CASSCOM and should speed up the process as this is the body to approve their SIVCAPs and work plans.
- ii. The program supported JASSCOM to validate its strategic Plan and communication strategy. Most CASSCOMS need to be legislated by their respective counties and also prepare their strategic plans.

- iii. The study for operationalization of the MEC structure was been done and the report shared with NPS. The next step is to have a buy-in of all the directors in the MoALF&C and the way forward for the document.

At the County Level

Sensitizations continued for County departmental heads, County Programme Steering Committee and County Assembly Agriculture Committees on programme guidelines and implementation mechanism. This enabled them to operationalize the CASSCOM albeit at different paces depending on the counties. Counties shared the CASSCOM description document and about 79% of the CPSs launched their CASSCOMS and are now functional.

4.2: Capacities of the established structures for consultation and coordination enhanced

The purpose of this output is to strengthen capacities of the established structures for consultation, cooperation and coordination so that they can perform their roles effectively and enhance collaborative initiatives. Inventory of needed technical and operational capacity for programme and sector coordination was taken. The plan for the year was to build the capacity of the structures. The purpose of enhancing capacities of the established structures was:

- (i) To facilitate management, steering and coordination/consultation meetings
- (ii) Support capacity building of the programme staff and collaborators for emerging VCD Issues and innovations along the programme outcome areas

Key activities were:

1. Review and implement staff capacity/ training needs
2. Facilitate VCAs forums
3. Facilitate programme steering committee meetings
4. Engage (youth) interns to work on specific areas of interest
 - a) Support with other partners the following national and intergovernmental structures as guided by their strategic plans: Joint Agriculture Sector Steering Committee's (JASCCOM), Joint Agriculture Sector Intergovernmental Secretariat (JAS-IGS), Joint Agricultural Sector – Technical/Sectoral Working Groups ((JAS-TWGs/SWAGs), Proposed MoALF&C Executive Committee (MEC).

Achievements

At the National Level;

- 1) Approximately 300 stakeholders namely County Executive Committee Members and Chief Officers (Finance), County Executive Committee Members (Agriculture and Livestock), Chair of County Agriculture Committee, officers in charge of County Budget and Accountants in charge of ASDSP II programme were sensitized on the programme implementation mechanisms and guidelines.
- 2) The Ministerial Executive Committee (MEC) was supported to develop its framework document.
- 3) As Study “Assessment of functional and capacities of NPS and CPS to implement ASDSP II” was undertaken.
- 4) The program supported quarterly meetings for the 4 sector working groups i.e. Inputs, Projects, and Programmes, M&E and communication, Policy, regulations & standards and Extension & Research and various resolutions were made
- 5) The programme supported JASCCOM secretariat to validate its Strategic plan and communication strategy.

Achievement at the County Level;

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This output objective has to a large extent been achieved considering the extensive sensitization, training; and deploying management and technical staff to the established structures. What is not fully realized and should be considered greatly during the next financial year is to support development of operational instruments for some of the

Staff

Staff implementing ASDSP II at the counties were devolved and their deployment is clearly explained in the PIF, TOR for staff and MOU on staff and assets between CS and all the governors. The MOU on staff and assets was signed between the Cabinet Secretary and all the 47 counties witnessed by CEO Council of Governors (COG) to provide guidance on sharing of both staff and assets between national Government and counties.

Office Accommodation:

Most of the CPSs have enough office space for both technical and support staff. However, there is need for a dedicated office space for student interns and those on attachments. County governments are supposed to take care of the CPS office needs as per the signed MOU on staff and assets., The current situation is that only 45% have adequate office space, 10% of the counties (Meru, TharakaNithi, Homa Bay and Garissa) are working from rented offices with limited space, and the remaining 45% do not have adequate space.

4.3 Output: Participation of stakeholders in consultation and coordination structures enhanced.

Under this output, the Programme, through established structures engaged various partners/stakeholders to gain technical and financial support. A framework for continuous stakeholder inventory and consultation is on-going both at national and county levels.

Key planned activities

- The Programme, through NPS, CPS and JASSCOM was to formalize engagement with various partners/stakeholders by signing MoUs/contracts or letters of Agreement with partners
 - Support stakeholders' consultative meetings
 - 12 stakeholders to participate in coordination and consultation structures;
 - Establish 24 operational partnerships
- 100% level of satisfaction of stakeholders in the participation of coordination.

Achievements

At the National Level;

- i. An inventory of potential key stakeholders was undertaken (see Annex 2) and at least one organization (the county governments) per county participated in consultation coordination structures meetings
- ii. Stakeholders relevant to ASDSP II at national levels were identified and will be actively engaged when SIVCAPs are ready in the next financial year.
- iii. Supported development and signing of MoUs/contracts or letters of Agreement with partners for the program. GoS/EU partnership field phase was done during the year under review. The ROM report was shared with NPS and the pertinent recommendations have been incorporated in the

work plan for implementation in the next FY. More engagements will be done with the NPS in the next FY.

- iv. The program continued partnering with GIZ on policy domestication in 5 counties and also GIZ also capacity built the policy SWAG
- v. 3 regional blocs met some of which were supported by ASDSP in their respective counties
- vi. The programme also supported JASSCOM during the 3rd Intergovernmental Consultative Forum on Agriculture, Livestock, Fisheries and Irrigation held at Sarova Whitesands Hotel Mombasa in July 2019. The IGFA is co-chaired by the CS MOALF and the Chair of the Council of Governors. The theme of the forum was Creating Synergies for Transformation of agriculture Sector to Attain 100% Food and Nutritional Security. The implementation progress of the Intergovernmental Consultative Forum on Agriculture resolutions will be tracked by the bi-annual JASSCOM meetings. Some salient features of the forum included:
 - i. Adoption of 8 resolutions which would guide the two levels of Government in enhancing service delivery in achieving prosperity and Food Security as one.
 - ii. Reiteration of the fact that agriculture is largely devolved and the need to work together through a well-defined mechanism that allow free flow of funding, information and accountability at both levels of Government and private sector
 - iii. Recognition that investing in the agriculture sector calls for all the stakeholders to be guided by the Agricultural Policy that is being implemented through the Agriculture Sector Transformation and Growth Strategy (ASTGS) and thematic Policies/Strategies.
 - iv. Acknowledging that the intergovernmental structures established to coordinate players in the sector have undergone thorough growth thus deepening the consultative and cooperation processes resulting in achieving milestones in resolution pronounced.
 - v. It was resolved that Agriculture transformation requires:
 - a. Joint planning and implementation of policies, strategies and plans
 - b. Adequate resource allocation and disbursement to the sector
 - c. Conducive environment based on predictable policies
 - d. Mutual accountability mechanisms showing results for money budgeted and released to enhance accountability.
 - e. Involvement of youth in agriculture growth
 - f. Research and innovation to drive and guide transformation
- vi Supported bilateral review consultative meetings
Both the semiannual and annual Bilateral review missions were held with the Parties (Co-Chairs, CoG, GoS and EU) to assess the performance of the programme in relation to the Results Framework. Due to the pandemic Covid -19, the annual BRM was held virtually with no field visit. Some of the resolutions resulting from the meetings during the period under review are summarized as:
 - i. Midterm review of ASDSP II to be done by December 2020 subject to review of the Covid -19 Pandemic situation. The ToR has been done and MTR
 - ii. ASDSP II Incubation strategy: An in-depth assessment of how incubation was done in Phase I and how it fits into phase II be completed by June 2020. The assessment to explore possibilities of linking VCAs to better structured initiatives on incubation appropriate for ASDSP II VCAs. Final report to be finalized
 - iii. ASDSP II Monitoring Information System (MIS): The Bilateral Review noted that besides reviewing ASDSP I MIS to develop ASDSP II MIS, the programme is also supporting the establishment of a sector M&E.

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30Th June, 2020

- iv. Way forward for program implementation with Covid-19 pandemic: ASDSP II to continue to mitigate against the negative impacts of COVID 19 on implementation guided by the protocols that the GOK has developed and will continue to develop.
- v. Resource and Suitability and maps: Work is in progress. The team working on the maps has been given time to come up with a digital way of accessibility and usability throughout the country
- vi. The program supported quarterly meetings for the 3 out of the 4 sector working groups

At the County Level;

- a) Updated inventory and mapped key stakeholders
- b) The stakeholders relevant to the prioritized value chains in ASDSP II at county level were identified. Many were actively engaged in preparation of SIVCAPs
- c) KEMDAP a Sida funded program continued partnering with the program in dairy value chain in 7 counties as per the agreed MOU.
- d) At least 143 stakeholders have provided leverage funds for supporting the capacity building concepts and the CPSs are engaged in signing of MoUs/contracts or letters of Agreement with partners involved in the capacity building concepts. It is hoped that by the conclusion of both capacity building, innovation and governance concepts over 250 partnerships will be operational.

4.4 Output: Sector policies, strategies and regulations prepared and launched

Key activities

- Support development inventory of policies, strategies, regulations and plans in the sector,
- Support fora to legislate CASCOP
- Support fora to launch and roll out Sector policies, strategies and plans

Achievements

At the National Level;

- i. Collaboration with GIZ capacity built 5 counties on policy domestication in collaboration. additional 12 (totaling to 17-36%) by mid financial year were again sensitized and started the process of inventorizing policies. 4 regulations were validated by the Policy SWAG are in the next level for approval (table 3.20).

At the County Level

In the counties, the program's intent was to support invention and rolling out of at least one policy, strategy, regulation or plan relevant to the prioritized value chains. County governments' role in collaboration with all stakeholders was to support implementation of policies and regulations. Sample reports in the counties are documented in the text box 2

Way forward

- i. There is need to support capacity building of sector staff on policy briefs, policy, strategies, plan and regulations development. Continued partnership with plan for operationalization of the policy domestication and cascading to counties for ASDSP II in partnership with GIZ include:
 1. Capacity build the remaining 30 counties on policy domestication in collaboration with GIZ
 2. Capacity build NPS on policy domestication
 3. Cascade the ASTGS to the counties for domestication taking cognizance of the 6 agro-processing hubs
 4. Roll out the already legislated policies, strategies and plans

- ii. Promotional courses for staff should be prioritized over other trainings. This will be great incentive to performance of staff that have stagnated in job groups for a long time.
- iii. Counties to consult their spatial plans, resource/suitability maps & CIDPs as they plan their sector policy formulation for the PVCs
- iv. County governments to look into office space to accommodate program staff for effective performance

4.5 Monitoring and Evaluation and Communication

M&E and communication unit has been established to coordinate the M&E and communication strategies: composed of national M&E and communication specialist, communication officer and 47 county M&E and communication officers.

During the plan period, the programme carried out activities and delivered key planned outputs as follows:

(i) **Baseline Survey:** The survey was conducted in all the 47 ASDSP II implementing Counties by the County Baseline Team (CBT) nominated by the Counties leadership with guidance from National Baseline Team and the Technical assistance (NIRAS).

(ii) Programme Management Information System (IPMIS) for the ASDSP II

In view of the changed result framework in ASDSP II compared to ASDSP I, there is need to re-design the current MIS system taking into consideration the change in the result framework.

(iii) **2020/2021 Annual work-plans and budget :** Work plan and budgeting guidelines for the year was developed and circulated to the implementing units

(iv) Staff and actors on data collection and management capacity built

Counties held quarterly M&EC technical working groups (TWGs) meeting in an attempt to enhance technical capacities of the officers on M&E data collection. Sensitization meeting of VCCGs/PMTs/SATs on data collection tools was also carried out

v) **Project reviews** are important in determining whether or not the project has met the objectives.

vi) **Bilateral mission review meeting:** The two planned Bilateral Review Mission (BRM) were held as planned. 1st BRM was in November 2019 and the 2nd was in April 2020 in accordance with bilateral agreement.

3.5.2 Knowledge management and communication Strengthened

Achievements

(i) Knowledge Management and Communication Strategy

Knowledge Management and Communication Strategy (KMC) was developed and validated by stakeholders at National level while counties developed and reviewed 47 County Communication Plans. These documents contain salient interventions for increasing awareness of ASDSP II implementation among the stakeholders.

(ii) Development of IEC materials for ASDSP II programme

About 16 counties developed weather advisories brochures in partnership with stakeholders. For example, the ADS Eastern, Mbaitu and Ene FM radio stations partnered with ASDSP II in airing weather advisories to the general public. (iii) **Value chain development case studies**

To enhance Information and knowledge management, the programme documented explicit knowledge through success stories particularly on VC development and VC resilience in pamphlet templates and videos. The plan was to have each of the 47 counties develop a document by the end of the year.

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However by the end of the reporting period only two counties; Mombasa and Siaya (4%) , Mombasa had developed a video documentary on VC development in partnership with KTN while Siaya had a video on county value chains;

v)Disimination of information :The programme supported NAFIS web-based platform for dissemination of value chain information to stakeholders and VCAs. Daily agricultural commodities are updated on NAFIS website and being shared with stakeholders and partners; Shamba digital (iShamba) and Sauti Africa limited. NAFIS website is routinely updated with topical value chain news. This contributed to increased access to market information by value chain actors.

Other monitoring and evaluation activities

- Finalisation of guidelines and tools regarding the programme's four result areas
- Planning and implementation of ASDSP II baselines survey (for 47 counties and national level)
- Sensitisation of CECs, COs finance and the county budgeting committees on ASDSP II budgeting and reporting
- Support to the development of SIVCAP template and developing common understanding on the SIVCAP and extended concepts logic
- Review and assessment of Pilot Agri-Value Chain Incubation Centres
- Study on the implementation of GSIAS and GSIAP during ASDSP I
- Review of ASDSP I GSIAS and SGSIAP
- Development of thematic strategies (Entrepreneurship; Knowledge Management and Information Strategy (KMIS); Gender and Social Inclusion Strategy (GSIS) and its associated Action Plan (GSIAP))
- Review of annual work plan and budget guideline and annual and semi-annual reports
- Assessment of the functional and organizational capacity of NPS, CPS and MEC
- Bilateral Review Meeting planning and implementation
- Development of suitability maps for the prioritised value chains
- Technical support to the Embassy in monthly ARDPG meetings and on topical matters within the sector
- Development of a five point scorecard on youth engagement
- Support to communication efforts through the COVID 19 food security war room

National level

Procurement plan for 2019/2020 was done and approved.

The following activities on the procurement plan have been undertaken:

- Procurement of office general Supplies and Services and maintenance of programme assets was accomplished as planned
- Ten against the fifteen planned laptop computers for use by the national staff and TAs were procured the remaining five to be procured next financial year.
- Five desk top computers were procured as planned
- Planned Office General Supply & Services including stationery, computer accessories, Internet Connections procured as planned
- 60% of the maintenance of programme assets and facilities was procured as planned: computers, communication, five vehicles
- Request to advertise for Expression of Interest for procurement of IPMIS was approved by the Principal Secretary and advertised on 17th March, 2020. Evaluation exercise for the EOI was

carried out in April, 2020 and the report forwarded to the Principal secretary through the Head of Supply Chain Service for approval. The signed evaluation report and Approved Professional Opinion from the Principal Secretary were forwarded to the Embassy for no objection.

- Procurement for the Installation of Local Area Network (LAN) for the programme office was completed.
- Execution of the two contracts for the provision of technical services signed during the previous year
- At the counties Procurement plans were developed in all the 47 counties.

CHALLENGES

- Delay in GOK release of funds.
- Delay of county partners committed resources for the implementation of the programme.
- Challenges arising from the devolution process
- Change of leadership in the counties at Cps

WAY FORWARD

- 1) Finalisation of SIVCAPs
- 2) Interface with software and hardware
- 3) Support to inter-county platforms
- 4) Timely Release of GOK counter fund
- 5) Review the the partnership MOUs

– Comment on value-for-money achievements,

The programme endeavour to deliver value for money outputs

1.9 Summary of Programme Compliance:

The programme is guided by the Public Procurement and Disposal Act, 2015 and its regulation, Public Financial Management Act, 2012 and its regulation, ASDSP II Financial and Procurement Manual, 2018.

The programme is compliant to law.

- Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,
- Include consequences suffered on account of non-compliance or likely to be suffered
- Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance

2.0 STATEMENT OF PROGRAMME MANAGEMENT RESPONSIBILITIES

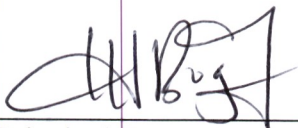
The *Principal Secretary* State Department For Crop Development and Agricultural Research, Ministry of Agriculture, Livestock, Fisheries and Cooperatives and the Programme Coordinator ***Agricultural Sector Development Support Programme II (ASDSP II)*** are responsible for the preparation and presentation of the Programme’s financial statements, which give a true and fair view of the state of affairs of the Programme for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Programme ; (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 Programme ; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* State Department For Crop Development and Agricultural Research, Ministry of Agriculture, Livestock, Fisheries and Cooperatives and the Programme Coordinator ***Agricultural Sector Development Support Programme II (ASDSP II)*** accept responsibility for the Programme ’s financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* State Department For Crop Development and Agricultural Research, Ministry of Agriculture, Livestock, Fisheries and Cooperatives and the Programme Coordinator ***Agricultural Sector Development Support Programme II (ASDSP II)*** are of the opinion that the Programme’s financial statements give a true and fair view of the state of Programme ’s transactions during the financial year/period ended June 30, 2020, and of the Programme ’s financial position as at that date. The *Principal Secretary* State Department For Crop Development and Agricultural Research., Ministry of Agriculture, Livestock, Fisheries and Cooperatives and the Programme Coordinator ***Agricultural Sector Development Support Programme II (ASDSP II)*** further confirm the completeness of the accounting records maintained for the Programme, which have been relied upon in the preparation of the Programme financial statements as well as the adequacy of the systems of internal financial control. The *Principal Secretary* State Department For Crop Development and Agricultural Research , Ministry of Agriculture, Livestock, Fisheries and Cooperatives and the Programme Coordinator ***Agricultural Sector Development Support Programme II (ASDSP II)*** confirm that the Programme has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Programme funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Programme financial statements

The Programme financial statements were approved by The *Principal Secretary* State Department For Crop Development and Agricultural Research, Ministry of Agriculture, Livestock, Fisheries and Cooperatives and the Programme Coordinator ***Agricultural Sector Development Support Programme II (ASDSP II)*** on 16th Dec. 2020 and signed by them.



Principal Secretary
Name: Prof. Hamadi I. Boga



Programme Coordinator
Name: Richard Ndegwa



Programme Accountant:
Name: David K. Ndongoro
ICPAK Member Number:

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (SIDA GRANT NO. 51110109) FOR THE YEAR ENDED 30 JUNE, 2020 – MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVES

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Agricultural Sector Support Development Programme II set out on pages 19 to 39, which comprise of the statement of financial assets as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Agricultural Sector Development Support Programme II (ASDSP) as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Article 13 of the Financing Agreement between the Government of Kenya and the Government of Sweden dated 7 December, 2017 and the Public Finance Management Act, 2012.

In addition, the special account statement presents fairly, transactions and the closing balance has been reconciled with the books of account.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Agricultural Sector Development Support Programme II 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.

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 communicate in my report in the year under review.

Other Matter

Budget Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.1,676,551,150 and Kshs.1,673,483,117 respectively resulting to an under-funding of Kshs. 3,068,033 or 2% of the budget. Similarly, the programme expended Kshs.901,386,553 against the approved budget of Kshs.1,676,551,150 resulting to an under expenditure of Kshs.775,164,597 or 46% of the budget.

The under-absorption affected the planned activities and could have impacted negatively on service delivery for the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with

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

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

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

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

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

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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

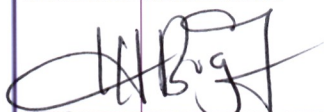
Nairobi

31 December, 2020

4.0 STATEMENT OF RECEIPTS AND PAYMENTS

	Note	FY 2019/2020		Restated FY 2018/2019		Restated 2017/2018	Cumulative to Date
		Receipts and payments controlled by the entity Kshs	Receipts and Payments made by third parties Kshs	Receipts and payments controlled by the entity Kshs	Payments made by third parties Kshs	Kshs	
RECEIPTS							
Receipts from Government of Kenya	8.3	487,808,930		387,968,923	-	13,404,323	889,182,176
Proceeds from Domestic and Foreign Grants	8.4	1,185,599,523	-	545,484,583	-	99,560,443	1,830,644,549
Miscellaneous Receipts	8.6	74,664	-	-	-	2,100	76,764
TOTAL REVENUES		1,673,483,117	-	933,453,506	-	112,966,866	2,719,903,489
PAYMENTS							
Purchase of goods and services	8.8 a	570,774,767	-	276,378,785	-	67,023,392	914,176,944
Acquisition of Non-financial Assets	8.10	6,817,546	-	650,804	-	-	7,468,350
Other grants and transfers and payments	8.12	323,794,240	-	188,683,142	-	3,777,830	516,255,212
TOTAL PAYMENTS		901,386,553	-	465,712,731	-	70,801,222	1,437,900,506
SURPLUS/DEFICIT		772,096,564	-	467,740,775	-	42,165,644	1,282,002,983

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



Principal Secretary

Name: Prof. Hamadi I. Boga



Programme Coordinator

Name: Richard Ndegwa



Programme Accountant:

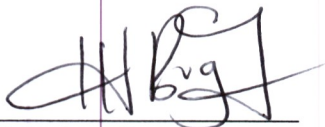
Name: David K. Ndongoro

ICPAK Member Number:

5.0 STATEMENT OF FINANCIAL ASSETS

			Restated	Restated
	Note	FY 2019/20	FY 2018/19	2017/2018
		Kshs	Kshs	
CASH & CASH EQUIVALENTS				
Bank Balances	8.13A	834,012,694	509,451,160	37,946,244
Cash Balances	8.13B	448,491,235	-	
Total Cash and Cash equivalents		1,282,503,929	509,451,160	37,946,244
Outstanding Imprests & Advances	8.13D	50,000	455,259	
TOTAL FINANCIAL ASSETS		1,282,553,929	509,906,419	37,946,244
Fund balance b/fwd	8.14	509,906,419	42,165,644	-
Surplus / (deficit) for the year		772,096,564	467,740,775	37,946,244
Prior Year Adjustment	8.15	550,946	-	-
NET FINANCIAL POSITION		1,282,553,929	509,906,419	37,946,244

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



Principal Secretary
Name: Prof. Hamadi I. Boga



Programme Coordinator
Name: Richard Ndegwa

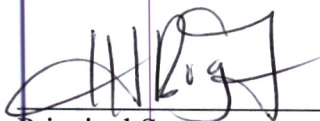


Programme Accountant:
Name: David K. Ndorongo
ICPAK Member Number:

6. STATEMENT OF CASHFLOW

	Note	FY 2019/20 Kshs	Restated FY 2018/19 Kshs	Restated 2017/2018
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts for operating income				
Receipts from Government of Kenya	8.3	487,808,930	387,968,923	13,404,323
Proceeds from Domestic and Foreign Grants	8.4	1,185,599,523	545,484,583	99,560,443
Miscellaneous Receipts	8.6	74,664	-	2,100
		1,673,483,117	933,453,506	112,966,866
Payments for operating expenses				
Purchase of goods and services	8.8 a	(570,774,767)	(276,378,785)	(70,801,222)
Other Grants and Other Payments	8.12	(323,794,240)	(188,683,142)	-
		(894,569,007)	(465,061,927)	(70,801,222)
Adjusted for:				
Change in receivables	8.13D	-	-	
Adjustments during the year	8.15	550,946	-	
Net cashflow from operating activities		779,465,056	468,391,579	42,165,644
CASHFLOW FROM INVESTING ACTIVITIES				
Acquisition of Non-financial Assets	8.10	(6,817,546)	(650,804)	
Net cash flows from Investing Activities		772,647,510	467,740,775	42,165,644
NET INCREASE IN CASH AND CASH EQUIVALENT		772,647,510	467,740,775	42,165,644
Cash and cash equivalent at BEGINNING of the year		509,906,419	42,165,644	-
Cash and cash equivalent at END of the year		1,282,553,929	509,906,419	42,165,644

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 16th Dec. 2020 and signed by:



Principal Secretary
Name: Prof. Hamadi I. Boga



Programme Coordinator
Name: Richard Ndegwa




Programme Accountant:
Name: David K. Ndorongo
ICPAK Member Number:


AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)


Reports and Financial Statements For the Financial Year Ended 30Th June, 2020

7.0 STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Consolidated	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Utilisation Variance	% of Utilisation
	a	b	c= a+b	d	e=c-d	f=d/c %
Receipts/Payments Item						
Receipts						
Receipts from Government of Kenya- MOAL&F	228,051,150	-	228,051,150	228,051,150	-	100%
Receipts from Government of Kenya- Counties	258,500,000	-	258,500,000	259,757,780	(1,257,780)	100%
Proceeds from Domestic and Foreign Grants	1,190,000,000	-	1,190,000,000	1,185,599,523	4,400,477	100%
Miscellaneous receipts	-		-	74,664	(74,664)	0%
Total Receipts	1,676,551,150	-	1,676,551,150	1,673,483,117	3,068,033	100%
Payments						
Purchase of goods and services - NPS	443,813,890	-	443,813,890	570,774,767	(126,960,877)	129%
Acquisition of Non-financial Assets	10,611,023	-	10,611,023	6,817,546	3,793,477	64%
Other Grants and Other Payments	1,222,126,237	-	1,222,126,237	323,794,240	898,331,997	26%
Total Payments	1,676,551,150	-	1,676,551,150	901,386,553	775,164,597	54%


 Principal Secretary
Name: Prof. Hamadi I. Boga


 Programme Coordinator
Name: Richard Ndegwa


 Programme Accountant:
Name: David K. Ndongoro
 ICPAK Member Number:

8.0 NOTES TO THE FINANCIAL STATEMENTS

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

8.1. Basis of Preparation

8.1.1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include 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.

8.1.2. Reporting entity

The financial statements are for the Programme ASDSP under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

8.1.3. Reporting currency

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

8.2. Significant Accounting Policies

a) Recognition of receipts

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

- **Transfers from the Exchequer**

Transfer from Exchequer is 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.

- **External Assistance**

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

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME (ASDSP)

Reports and Financial Statements For the Financial Year Ended 30Th June, 2020

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

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

- **Other receipts**

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

b) Recognition of payments

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

- **Compensation of employees**

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

- **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.

- **Interest on borrowing**

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

• **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.

• **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.

c) In-kind donations

In-kind contributions are donations that are made to the Programme 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 Programme includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

d) Cash and cash equivalents

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

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

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

e) Accounts receivable

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.

f) 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 recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Programme at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

g) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Programme'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 Programme s 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 Programme's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

h) 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 KshsNIL billion being loan disbursements were received in form of direct payments from third parties.

i) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Programme 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.

j) 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.

k) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2020.

l) Errors

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

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30Th June, 2020

8.3 RECEIPTS FROM GOVERNMENT OF KENYA

	2019/20	2018/19	Cumulative Prior Year	Restated 17/18	Cumulative to Date
	KShs	KShs	KShs		KShs
<i>Counterpart funding through State Department OF Agriculture , Ministry of Agriculture , livestock & Fisheries</i>					
Counterpart funds Quarter 1	-	20,100,000	20,100,000	-	20,100,000
Counterpart funds Quarter 2	-	-	-	-	-
Counterpart funds Quarter 3	137,775,575	20,100,000	20,100,000	-	157,875,575
Counterpart funds Quarter 4	90,275,575	50,000,000	55,407,093	-	145,682,668
<i>Other transfers from government entities</i>	259,757,780	297,768,923	297,768,923	7,997,230	565,523,933
	<u>487,808,930</u>	<u>387,968,923</u>	<u>393,376,016</u>	<u>7,997,230</u>	<u>889,182,176</u>

8.4 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2019/20	2018/19
SWEDISH GORVERMENT (SIDA)						2019/20	2018/19
Government of SWEDEN - Ksh		-	KShs			KShs	KShs
1st Disbursement	17/09/2019	-	-			-	
2nd Disbursement	5/11/2019	-	225,202,854			225,202,854	545,484,583
3rd Disbursement	6/2/2020	-	369,177,060			369,177,060	
Total		-	591,219,609			591,219,609	
		-	1,185,599,523	-	-	1,185,599,523	545,484,583

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

8.5 MISCELLANEOUS RECEIPTS

	Receipts controlled by the entity in Cash	Receipts controlled by third parties	TOTAL RECEIPTS		Cumulative to-date	Cumulative Prior Year
			FY 2019/20	FY 2018/19		
	KShs	KShs	KShs	KShs	KShs	KShs
Other receipts not classified elsewhere	74,664		74,664	-	76,764	2,100
	<u>74,664</u>	=	<u>74,664</u>	=	<u>76,764</u>	<u>2,100</u>

Notes: Ksh 74,664 represents an amount recovered from an officer from an surrendered imprest

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

8.8 a PURCHASE OF GOODS AND SERVICES – National Programme Secretariat - NPS

	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	FY 2018/19	Cumulative Prior Year	Cumulative to-date
	KShs	KShs	KShs	KShs	KShs	KShs
Communication, supplies and services	636,000		636,000	1,144,284	2,269,444	2,905,444
Domestic travel and subsistence	793,975		793,975	5,833,142	5,873,092	6,667,067
Foreign travel and subsistence	-		-	468,750	468,750	468,750
Printing, advertising and information supplies & services	54,240		54,240	752,318	1,225,478	1,279,718
Rentals of produced assets (Rentals)	-		-	770,040	1,034,040	1,034,040
Training expenses	41,749,247		41,749,247	109,239,767	109,856,839	151,606,086
Hospitality supplies and services	243,150		243,150	451,350	487,100	730,250
Insurance costs	582,776		582,776	473,220	1,182,949	1,765,725
Office and general supplies and services	4,246,394		4,246,394	1,661,659	2,242,497	6,488,891
Other operating expenses/feasibility Studies	333,857,193		333,857,193	124,905,894	171,063,795	504,920,988

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

Routine maintenance – vehicles and other transport equipment	5,551,293		5,551,293	2,158,363	5,781,945	11,333,238
Consultancy services: – Technical and professional services	183,060,499		183,060,499	28,519,998	41,916,248	224,976,747
Total	<u>570,774,767</u>	=	<u>570,774,767</u>	<u>276,378,785</u>	<u>343,402,177</u>	<u>914,176,944</u>

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

8.10 ACQUISITION OF NON-FINANCIAL ASSETS

	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		Cumulative to-date	Cumulative Prior Year
			FY 2019/20	FY 2018/19		
Purchase of office furniture & general equipment	KShs 6,817,546	KShs	6,817,546	650,804	7,468,350	650,804
Total	<u>6,817,546</u>	=	<u>6,817,546</u>	<u>650,804</u>	<u>7,468,350</u>	<u>650,804</u>

Represent:

- i) Acquired Forty (40) Conference seats
- ii) Acquired Five (5) DeskTops
- iii) Acquired Ten (10) Laptops
- iv) Acquired Three (3) Printers
- v) Installed a Lan and 2 Mounted Lcds with a touch board

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

8.12 OTHER GRANTS, TRANSFERS AND OTHER PAYMENTS

	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		Restated 17/18	Cumulative Prior Year	Cumulative to-date
			FY 2019/20	FY 2018/19			
	KShs	KShs	KShs	KShs		KShs	KShs
Miscellaneous payments	323,794,240		323,794,240	188,683,142	3,777,830	188,683,142	516,255,212
Total	323,794,240	=	323,794,240	188,683,142	3,777,830	188,683,142	516,255,212

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

8.13 CASH AND CASH EQUIVALENTS CARRIED FORWARD

	FY 2019/20	FY 2018/19
	KShs	KShs
Bank accounts (Note 13A)	834,012,694	509,451,160
Cash in hand (Note 13B)	448,491,235	-
Outstanding imprests and advances (Note 13D)	50,000	455,259
Total	<u>1,282,553,929</u>	<u>509,451,4194</u>

	FY 2019/20	FY 2018/19
13 A Bank Accounts		
<u>Local Currency Accounts</u>		
Kenya Commercial Bank 1229965076 - Donor	121,140,728	159,358
Kenya Commercial Bank 1229967206 GOK	13,300,751	60,800,566
Others (<i>specified as below</i>)	-	
47 Counties - Donor Funds	359,873,510	279,720,836
47 Counties - GOK Funds	187,401,870	-
47 Counties - County Funds	152,295,835	168,770,400
Total local currency balances	<u>834,012,694</u>	<u>509,451,160</u>
Total bank account balances	<u>834,012,694</u>	<u>509,451,160</u>

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

Special Deposit Accounts Movement Schedule

	FY 2019/20	FY 2018/19
	EUROS	KShs
(i) A/C Name [A/c NO: 1000358793]		
Opening balance	3,911,675	6,321,042
Total amount deposited in the account	8,858,381	2,330,633
Total amount withdrawn (as per Statement of Receipts & Payments)	10,522,760	4,740,000
Closing balance (as per SDA bank account reconciliation attached)	<u>2,247,296</u>	<u>3,911,675</u>

The Programme has Two Programme accounts (Donor & GOK Funds)held at KCB , CAPITAL HILL , and Forty Seven counties accounts spread within the Programme implementation area and one foreign currency (EUROS) designated accounts managed by the National Treasury.

13 B Cash In Hand

	FY 2019/20	FY 2018/19
	KShs	KShs
Location in the Counties	448,491,235	-
Total cash balances	<u>448,491,235</u>	<u>-</u>

Note: This represents the unutilised Funds carried over by the counties in the Previous year 2018/2019, they are still held by the counties for use in the subsequent years.

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

8.14 FUND BALANCE BROUGHT FORWARD

CASH AND CASH EQUIVALENTS B/FWD	FY 2019/20	FY 2018/19	Restated 17/18
	KShs	KShs	
Bank accounts	509,906,419	42,165,644	4,219,400
Total	509,906,419	42,165,644	4,219,400

8.15 PRIOR YEAR ADJUSTMENT

	FY 2019/20	FY 2018/19
	KShs	KShs
Bank accounts	550,946	
Total	550,946	-

9.0 OTHER IMPORTANT DISCLOSURES

9.1: PENDING ACCOUNTS PAYABLE (See Annex 2A)	FY 2019/20	FY 2018/2019
	Kshs	Kshs
Supply of services	13,970,760	24,485,219
Total	13,970,760	24,485,219

9.2: PENDING STAFF PAYABLES (See Annex 2B)	FY 2019/20	FY 2018/2019
	Kshs	Kshs
Others (<i>specify</i>)		
Donor Claims	-	800
Total	-	800

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

10.0 NON CURRENT ASSET MOVEMENT

Asset class	Opening Cost	* Purchases/Additions in the Year (KShs) 2019/2020	** Disposals in the Year (KShs) 2019/2020	Closing Cost
	(KShs)			(KShs)
	2018/19			2019/2020
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Buildings and structures	480,385	-	-	480,385
Transport equipment	244,479,621	-	-	244,479,621
Office equipment, furniture and fittings	2,085,700	1,850,000	-	3,935,700
ICT Equipment, Software and Other ICT Assets	67,922,807	4,967,546	-	72,890,353
Total	314,968,513	6,817,546	-	321,786,059

Notes:

- i) Acquired Forty (40) Conference seats
- ii) Acquired Five (5) DeskTops
- iii) Acquired Ten (10) Laptops
- iv) Acquired Three (3) Printers
- v) Installed a Lan and 2 Mounted Lcds with a touch board

11. PROGRESS ON FOLLOW UP OF AUDITOR 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 which we expect the issues to be resolved.

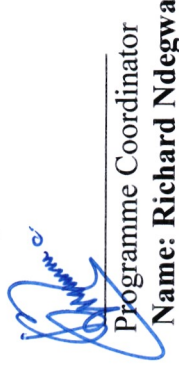
Reference No. on the external audit Report	Issue from Auditor	Observations / Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Fy 2018/2019	Fy year 2018/2019 had unqualified report	No issues were raised	Richard Ndegwa – DDA – National Programme Coordinator – ASDSP II	No Issue	Completed

Guidance Notes:

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


Principal Secretary

Name: **Prof. Hamadi I. Boga**


Programme Coordinator
Name: **Richard Ndegwa**

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Utilisation-Variance	% of Utilisation	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Receipts from Government of Kenya	228,051,150	228,051,150	-	100%	
Receipts from Government of Kenya- Counties	258,500,000	259,757,780	(1,257,780)	100%	
Proceeds from Domestic and Foreign Grants	1,190,000,000	1,185,599,523	4,400,477	100%	
Miscellaneous receipts	-	74,664	(74,664)	0%	
Total Receipts	1,676,551,150	1,673,483,117	3,068,033	100%	
Payments					
Purchase of goods and services	443,813,890	570,774,767	(126,960,877)	129%	N1
Acquisition of Non-financial Assets	10,611,023	6,817,546	3,793,477	64%	N2
Other Grants and Other Payments	1,222,126,237	323,794,240	898,331,997	26%	N3
Total Payments	1,676,551,150	901,386,553	775,164,597	54%	N4

Explain Variance less than 90% & above 100%

Generally the programme was affected by delay in disbursement of funds to the counties for their failure to meet the counter part /trigger condition

" NOTE 1 & N3. The County Governments delayed to disburse their counterpart hence, affecting Implementation

" NOTE 4 . Represent the net effect of Revenue v/s Expenditure during the year . The Activities to be carried over to Fy 2020/2021

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30th June, 2020

ANNEX 2A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019
	a	b	c	d=a-c	d=a-c
MTN Business				1,450,500	368,880
Akarim Agencies					120,750
Price Water coopers					9,113,646
Niras Natura				11,843,560	12,720,646
Toyota Kenya					400,000
Heller petroleum Ltd					20,000
Frstech Motors					107,711
Mombasa Beach Hotel					197,000
Nine One One					33,408
Programme Coordinator – Jas					1,012,915
Lenah Kinyamu					99,620
Winfred Wangechi					68,920
Rose Ndana					68,920
Kalro - Hqrs					152,000
KEFRI				300,000	-
DTI - NAIIVASHA				376,700	
Sub-Total	-		-	13,970,760	24,485,219
Grand Total	-		-	13,970,760	24,485,219

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class		*Purchases/Additions in the Year	**Disposals in the Year	
	Opening Cost	(KShs)	(KShs)	Closing Cost
	(KShs)	2019/2020	2019/20	(KShs)
	2018/19			2019/2020
	(a)	(b)	(c)	(d)= (a)+ (b)- (c)
Buildings and structures	480,385	-	-	480,385
Transport equipment	244,479,621	-	-	244,479,621
Office equipment, furniture and fittings	2,085,700	1,850,000	-	3,935,700
ICT Equipment, Software and Other ICT Assets	67,922,807	4,967,546	-	72,890,353
Total	314,968,513	6,817,546	-	321,786,059

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30Th June, 2020

ANNEXES

1.1 ASDSP II -CONSOLIDATED Trial balance for the FY -2019 - 2020

Item	Description	Dr	Cr
	Donor Exchequer Received	-	1,185,599,524
	GOK Exchequer Received	-	228,051,150
	Miscellaneous income	-	74,664
	Gok County Contribution		259,757,780
2211100	Office & General Supplies	4,246,394	-
2211101	Stationery & General running	501,103	-
2211102	Computer Supplies	3,075,950	-
2211103	Cleaning Material	669,341	-
2210200	Communication , supplies & services	636,000	-
2210201	Phone Fax Mobile	636,000	-
2210300	Domestic Travel & Subsistence.	793,975	-
2210301	Air Bus Train fares	688,825	-
2210303	Subsistence allowance	105,150	-
2210500	Printing, Advertising and information supplies & services	54,240	-
2210503	Subscription Periodicals	54,240	-
2210700	Training Expenses	41,749,247	-
2210701	Travel, Accomodation, Fees	20,380,597	-
2210704	Hire Facilities	359,960	-
2210708	Trainers Allowances	-	-
2210710	Training Accomodat Allow	21,008,690	-
2210800	Hospitality supplies and services	243,150	-
2210801	Catering services	142,150	-
2210802	Boards Committees	101,000	-
2210900	Insurance costs	582,776	-
2210904	Vehicle Insurance	582,776	-
2211300	Consultancy services - Technical and professional services	183,060,499	-
2211310	Consultants / Prof. Services	48,026,851	-
2211311	Technical Services	135,033,648	-
2220200	Routine Maint.- Other Assets	101,500	-
2220202	Office Furniture and Equipmt	101,500	-
2220100	Routine maintenance - vehicle and other transport equipment	5,449,793	-
2211201	Fuel, Oil for Transport	300,000	-
2220101	Vehicle Maintenance	2,584,654	-
3110801	Overhaul Vehicles	2,565,139	-

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

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	<u>Other operating expenses - Bank charges/ Feasibility Studies</u>	333,857,193	-
2211301	Bank Charges	700,514	-
3111400	<u>Feasibility Studies</u>	333,156,679	-
3111401	Feasibility PHASE 2	333,156,679	-
	Transfer to other levels of Governments (Other grants and transfers and payments)	323,794,240	
2630203	Transfer to other levels of Governments (Other grants and transfers and payments) Gok	598,130	-
2630203	Transfer to other levels of Governments (Other grants and transfers and payments) Donor	215,734,165	-
2630203	Transfer to other levels of Governments (Other grants and transfers and payments) Counties	107,461,945	-
2630203	<u>Feasibility Studies</u>	-	-
	ACQUISITION OF NON-FINANCIAL ASSETS	6,817,546	-
3111111	Purchase of ICT Networking and Comm. Equipt	4,967,546	-
3111401	Feasibility Studies ASDS Coordination (Assets acquired for coordinating unit)	-	-
3111001	Office Furniture	1,850,000	-
3111112	Purchase of software	-	-
	Cash held in the counties - Donor funds	359,873,510	-
	Cash held in the counties - Gok funds	187,401,870	-
	Cash held in the counties - counterpart funds	152,295,835	-
	CASH AT BANK	134,441,479	-
	Receivables	50,000	-
	Cash in Bank Nps Bought forward	60,959,924	-
	Cash in bank Counties	448,491,236	-
	Prior year adjustments	550,946	-
	Imprest and advances	455,259	-
	Accumulated fund	-	572,423,494
	Total	2,245,906,612	2,245,906,612

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1.2 ASDSP II DONOR& GOK FUNDS NATIONAL PROGRAMME SECRETARIAT (NPS) & COUNTIES CONTRIBUTIONS CONSOLIDATED BUDGET 2019-2020

Item	Description	DONOR	GOK	TOTAL
2211100	Office & General Supplies	1,000,000	1,437,500	2,437,500
2211101	Stationery & General running	400,000	837,500	1,237,500
2211102	Computer Supplies	500,000	500,000	1,000,000
2211103	Cleaning Material	100,000	100,000	200,000
2210200	Communication , supplies & services	850,000	1,010,000	1,860,000
2210201	Phone Fax Mobile	200,000	950,000	1,150,000
2210202	Internet Email	600,000	50,000	650,000
2210203	Courier & Postal	50,000	10,000	60,000
2210300	Domestic Travel & Subsist.	-	2,500,000	2,500,000
2210301	Air Bus Train fares	-	500,000	500,000
2210302	Accommodation, Meals	-	1,000,000	1,000,000
2210303	Subsistence allowance	-	1,000,000	1,000,000
2210400	Foreign Travel & Subsist.	-	1,550,000	1,550,000
2210401	Foreign Trav Air Bus Train	-	500,000	500,000
2210402	Foreign Accommodation Meals	-	300,000	300,000
2210403	Foreign Trav DSA & Subsist.	-	500,000	500,000
2210404	Sundry Items	-	250,000	250,000
2210500	Printing, Advertising and information supplies & servives	10,600,000	1,600,000	12,200,000
2210502	Publishing & Printing	7,500,000	500,000	8,000,000
2210503	Subscription Periodicals	100,000	100,000	200,000
2210504	Advertising & Awareness	3,000,000	500,000	3,500,000
2210505	Trade shows and exhibitions	-	500,000	500,000
2210700	Training Expenses	64,185,840	11,900,000	76,085,840
2210701	Travel, Accomodation, Fees	27,985,840	4,000,000	31,985,840
2210703	Print Training Material	200,000	200,000	400,000
2210704	Hire Facilities	2,000,000	2,000,000	4,000,000
2210708	Trainers Allowances	-	200,000	200,000
2210710	Training Accomodat Allow	31,000,000	5,500,000	36,500,000
2210714	Gender Mainstreaming	3,000,000		3,000,000
2210800	Hospitality supplies & services	3,500,000	425,000	3,925,000
2210801	Catering services	500,000	212,500	712,500
2210802	Boards Committees	3,000,000	212,500	3,212,500
2210900	Insurance	1,000,000		1,000,000
2210904	Vehicle Insurance	1,000,000	-	1,000,000
2211300	Consultancy services - Technical and professional services	144,000,000	600,000	144,600,000
2211310	Consultants / Prof. Services	74,000,000	300,000	74,300,000
2211311	Technical Services	70,000,000	300,000	70,300,000
2220200	Routine Maint. Other Assets	550,000	150,000	700,000

AGRICULTURAL SECTOR DEVELOPMENT SUPPORT PROGRAMME II (ASDSP II)

Reports and Financial Statements For the Financial Year Ended 30Th June, 2020

2220202	Office Furniture and Equipmt	200,000	50,000	250,000
2220205	Buildings and Station	50,000		50,000
2220210	Computer, Phone, Software	200,000	100,000	300,000
2220212	Maintenance of Communications Equipment	100,000		100,000
2220100	<u>Routine maintenance - vehicle and other transport equipment</u>	2,800,000	800,000	3,600,000
2211201	Fuel, Oil for Transport	300,000	300,000	600,000
2220101	Vehicle Maintenance	1,000,000	500,000	1,500,000
3110801	Overhaul Vehicles	1,500,000	-	1,500,000
2211300	<u>Other operating expenses - Bank charges/ Feasibility Studies</u>	953,314,160	206,078,650	1,159,392,810
	<u>Bank Charges</u>	200,000	100,000	300,000
2211301	Bank Charges	200,000	100,000	300,000
3111400	<u>Feasibility Studies</u>	953,114,160	205,978,650	1,159,092,810
3111401	Feasibility PHASE 2	106,987,924	88,478,650	195,466,574
2630203	Transfer to other levels of Governments (from NPS)	846,126,236	117,500,000	963,626,236
	ACQUISITION OF NON-FINANCIAL ASSETS	8,200,000	-	8,200,000
3111111	ICT Networking & communication	7,200,000	-	7,200,000
3111112	Software	1,000,000	-	1,000,000
	Grand Total (Budgeted at Nps)	1,190,000,000	228,051,150	1,418,051,150
	County Contribution (Budgeted to the counties)			-
2630203	Transfer to other levels of Governments (County Contributions)	-	258,500,000	258,500,000
	Grand Total	1,190,000,000	486,551,150	1,676,551,150

1.3 Reconciliation Between the Programme Accounts and the Special/Designated Account

	PARTICULARS	EUROS (Equivalent)
Date	Balance B/f - 01-07-2019	3,911,675
Fy 2019/2020	Amount disbursed to Special Account	8,858,381
	Total	12,770,056
	Represented by:	
	Amount withdrawn	
21/08/2019	Amount disbursed to Ministry of Agriculture, livestock & Fisheries - State department for crops Development then to ASDSP Programme Account	1,975,760
15/10/2019	Amount disbursed to Ministry of Agriculture, livestock & Fisheries - State department for crops Development then to ASDSP Programme Account	3,229,000
28/01/2020	Amount disbursed to Ministry of Agriculture, livestock & Fisheries - State department for crops Development then to ASDSP Programme Account	5,318,000
	Total	10,522,760
	Balance as per special Account 30/06/2020	2,247,296