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**THE AUDITOR-GENERAL**

ON

**ENHANCING COMMUNITY RESILIENCE  
AND WATER SECURITY IN THE UPPER  
ATHI RIVER CATCHMENT AREA, KENYA  
PROJECT (GRANT NO. GCF/NEMA/FP175)**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

**NATIONAL ENVIRONMENT MANAGEMENT  
AUTHORITY**



**nema**  
madigira yetu | shai wetu | wajibu wetu

**PROJECT NAME: ENHANCING COMMUNITY RESILIENCE AND  
WATER SECURITY IN THE UPPER ATHI RIVER CATCHMENT  
AREA, KENYA**

**IMPLEMENTING ENTITY: NATIONAL ENVIRONMENT  
MANAGEMENT AUTHORITY**

**PROJECT GRANT NUMBER: GCF/NEMA/FP175**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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

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**1. Acronyms and Definition of Terms**

AE	Accredited Entity
AGPO	Access to Government Procurement Opportunities
CBK	Central Bank of Kenya
CEAPs	County Environment Action Plans
CPA (K)	Certified Public Accountant (Kenya)
CSR	Corporate Social Responsibility
EEs	Executing Entities
EMCA	Environmental Management and Coordination Act
EPI	Environmental Performance Indicator
GCF	Green Climate Fund
ICPAK	Institute of Certified Public Accountants of Kenya
ISO	International Organization for Standardization
KEPI	Kenya National Environmental Performance Indicator
KMD	Kenya Meteorological Department
KSHS	Kenya Shilling
IPSAS	International Public Sector Accounting Standards
MDAs	Ministries, Departments and Agencies
MOWS	Ministry of water and Sanitation
NCPWD	National Council for Persons with Disabilities
NEMA	National Environment Management Authority
NT	National Treasury

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PFM	Public Finance Management
PPRA	Public Procurement Regulatory Authority
PSASB	Public Sector Accounting Standards Board
PWD	Persons with Disability
SCMPS	Sub-Catchment Management Plans
SOE	State of Environment
SOP	Standard Operating Procedure
UON	University of Nairobi
USD	United States Dollar
WRA	Water Resources Authority
WRUAs	Water Resource Users Associations
Comparative FY	Financial Year preceding the current year

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**2. Project Information and Overall Performance**

**2.1 Name and registered office**

**Name**

The Project's official name is "Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya".

**Objective**

The key objective of the Project is to strengthen the resilience to climate change of communities and increase water security in the Upper Athi River Catchment in Kenya (Nairobi, Kiambu, Machakos and Nyandarua).

**Address**

The Project headquarters offices are at NEMA, Elland House on Popo Road, Off Mombasa Road, Nairobi, Kenya. The address of its registered office is: P.O. Box 67839-00200, Nairobi.

The Project also has 2 Executing Entities (EEs) as follows:

1. Water Resources Authority (WRA)  
NHIF Building, Wing B, 9th Floor  
P.O. Box 45250 00100, Ngong Road, Nairobi – Kenya  
[info@wra.go.ke](mailto:info@wra.go.ke)  
Telephone: 0202732291  
Contact person: John Kinyanjui
  
2. Kenya Meteorological Department (KMD)  
Dagoretti Corner, Ngong Road  
P.O. Box 30259, 00100 GPO Nairobi, Kenya  
[director@meteo.go.ke](mailto:director@meteo.go.ke)  
Telephone: +254 20 3867880-5, +254 724 255154  
Contact Person: Kennedy Thiongo

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

Telephone: 020-2101370, 020-2183718, 020-2307281, 020-2103696

Mobile: 0724 253398, 0735 013046, 0723 363 010

E-mail: info@nema.go.ke

Website: www.nema.go.ke

Postal Address: P.O. Box 67839 – 00200 Nairobi

**2.2 Project Information**

Project Start Date:	19/01/2024
Project End Date:	19/01/2028
Project Manager:	John Wafula
Project Development Partner:	Green Climate Fund

**2.3 Project Overview**

State departments of the Project	The Project is under the supervision of the Ministry of Environment, Climate Change and Forestry.
Project number	CGF/NEMA/FP175
Strategic goals of the Project	The strategic goals of the Project are as follows: (i) To enhance hydrological and meteorological monitoring system to support decision making, planning and policy development in water and climate change sector (ii) To improve climate water resilience by building, enhancing and rehabilitating prioritized water infrastructure and

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	<p>implementing conservation activities in the catchment</p> <p>(iii) To strengthen water and adaptation planning, institutional and regulatory framework to respond to changing climatic conditions</p>
<p>Summary of Project Strategies for achievement of strategic goals</p>	<ul style="list-style-type: none"> <li>i. Investing in optimized hydro-met monitoring networks for more effective management and exchange of hydro-met data and improving the capacity to forecast future water and weather conditions</li> <li>ii. Establishing groundwater monitoring stations</li> <li>iii. Supporting capacity building and training for government institutions with water and climate change mandates within the project area.</li> <li>iv. Supporting development of State of the Environment (SOE) reports, CEAPS and SCMPs</li> <li>v. Upgrading water quality testing laboratory for WRA and NEMA</li> <li>vi. Constructing water storage and supply infrastructure in Nyandarua, Kiambu and Machakos</li> <li>vii. Rehabilitation and reforestation activities within the 4 target counties in collaboration with WRUAs</li> </ul>
<p>Other important background information of the Project</p>	<p>The project is located in Southern Kenya and covers the Athi River Catchment Area. Along the Athi River Catchment Area, there are 12 counties such as</p>

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	<p>Nairobi, Makueni, Taita Taveta, Kwale, Mombasa, Kiambu, Machakos, Kajiado, Kilifi, Kitui and Nyandarua. In order to ensure the effectiveness and efficiency of the proposed project activities within the limited financial resources, this project will be focused on these four counties: Nairobi, Kiambu, Machakos and Nyandarua. In addition, these counties have been selected for enhancement of Athi River Catchment Area through consideration, the consultative meetings with relevant government entities for this project, NEMA, WRA, MoWS – Ministry of water and Sanitation, KMD, UoN – University of Nairobi and the respective county governments. The project will also support the implementation of the Kenya National Adaptation Plan (2015-2030) whose vision is enhanced climate resilience towards attainment of Vision 2030.</p>
<p>Areas that the Project was formed to intervene</p>	<p>The Project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>(i) Inadequate data collection, information, generation and analysis on water resources, water scarcity and variability, water pollution, enforcement of water laws, catchment degradation, and the impact of climate change (adaptive capacity)</li> <li>(ii) Inadequate maintenance of the hydrological and meteorological stations.</li> </ul>

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	<ul style="list-style-type: none"> <li>(iii) Difficulty in accessing water resources due to the lack of water supply facilities and maintenance resource</li> <li>(iv) Significant impact on the availability of water.</li> <li>(v) Crop and livestock production losses from reduced yields of food and cash crops</li> </ul>
Project duration	4 years

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

**2.4 Bankers**

The following are the bankers for the Project:

Kenya Commercial Bank Ltd (KCB), Gateway House Branch

P.O. Box 27618-00506, Nairobi, Kenya

**2.5 Independent Auditor**

The Project is audited by:

Auditor-General

Office of the Auditor-General

P.O. Box 30084-00100, Nairobi, Kenya

**2.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Dr. Mamo B. Mamo, EBS	Director General	PHD in Climate Change and Sustainable Development, Master of Science Environmental Education	Overall Project direction and leadership
CPA Dr. Kennedy Ochuka	Director Corporate Services	PhD in Business Administration, Masters in Business Administration, Certified Public Accountant	Overall programme financial management

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John Wafula	Project Manager	Masters in Environmental Planning and Management	Overall management of the project and coordination of NEMA's AE role
Dr. Anne Omambia	Deputy Director, Programmes and Partnerships	Phd Environmental Engineering & Climate change	Provide Overall Departmental oversight for the project
Peter Obiere	Project Accountant	Bachelor of Business Management, Master of Business Administration, Certified Public Accountant	Provide financial management to the project. Prepare financial statements.
Anne Theuri	Project Officer	Bachelor of Arts	Head of Component 2 for the project implementation, coordinate execution of NEMA project activities
Harron Wanjohi	Project Officer	Masters Environmental Planning & management	Head of Component 3 for the project implementation, support project reporting obligations to GCF

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Lynette Cheruiyot	Project Officer	BSC in Environmental Science	Head of Component 1 for the project implementation
Edward Kiprono	Project Officer	BSC in Environmental Education	Head of Environmental and Social Safeguards
Ganno Shamma	Project Officer	Bachelor's Degree in Environmental Studies- Environmental Planning and Management	Operational Support, Support community and stakeholder engagement
Sarah Muthoni	Project Officer	Masters Community Development	Knowledge management Expert; Community and Stakeholder engagement, Implement Project Gender action plan, organize project events
Iqra Osman	Project Officer	Master of Science in Monitoring and Evaluation	Monitoring and Evaluation of Project performance
Roseline Samoei	Project Officer	Secretarial Certificates	Project operational and technical support

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**2.7 Funding summary**

The project is for duration of 4 years from 2024 to 2028 with an approved budget of USD 9,999,983.26 equivalent to approximately Kshs 1,293,431,835 with USD 9,526,603.26 being financed by GCF and USD 473,380.00 being co-financing in-kind contribution. NEMA is the Accredited Entity (AE) for the project.

The grant is maintained in a USD Special Deposit Account at the Central bank of Kenya. The first tranche of Kshs 294,902,952 was disbursed to the NEMA Development account on 20<sup>th</sup> June 2025.

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

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30 June 2025)		Undrawn balance to date	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
Green Climate Fund (GCF)	9,526,603	1,232,203,256	2,280,000	294,902,952	7,246,603	937,300,304
<b>Total</b>	<b>9,526,603</b>	<b>1,232,203,256</b>	<b>2,280,000</b>	<b>294,902,952</b>	<b>7,246,603</b>	<b>937,300,304</b>

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

**B. Application of Funds**

<b>Application of funds</b>	<b>Amount received to date – (30<sup>th</sup> June 2025)</b>		<b>Cumulative amount paid to date – (30<sup>th</sup> June 2025)</b>		<b>Unutilized balance to date (30th June 2025)</b>	
	<i>USD</i>	<i>Kshs</i>	<i>USD</i>	<i>Kshs</i>	<i>USD</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>(i) Grant</b>						
Green Climate Fund (GCF)	2,280,000	294,902,952	-	-	2,280,000	294,902,952
<b>Total</b>	<b>2,280,000</b>	<b>294,902,952</b>	<b>-</b>	<b>-</b>	<b>2,280,000</b>	<b>294,902,952</b>

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

**2.8 Summary of Overall Project Performance:**

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

The Project was allocated a budget of **Kshs 300,000,000** for FY 2024/25 financial year through the supplementary budget. The Project received **Kshs 294,902,952** on 20<sup>th</sup> June 2025. There was no absorption of funds in FY 2024/25 owing to the limited time to end of FY.

- ii) Physical progress based on outputs and outcomes since Project commencement,

The Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya Project has 3 outputs:

**Output 1:** Enhance hydrological and meteorological monitoring system to support decision making, planning and policy development in water and climate change sector.

**Output 2:** Improve climate water resilience by building, enhancing and rehabilitating prioritized water infrastructure and implementing conservation activities in the catchment.

**Output 3:** Strengthen water and adaptation planning, institutional and regulatory framework to respond to changing climatic conditions.

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

There was no absorption of funds in FY 2024/25 owing to the limited time to end of FY.

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iv) Implementation challenges and recommendations

The Project had to be restructured and did not commence at the effective start date. However, the project has finalized the restructuring to comply with PFM Act 2012 and regulations and will commence in FY 2025/26

**2.9 Summary of Project Compliance:**

The Project has not had any case of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants.

### **3. Statement of Performance against Project's Predetermined Objectives**

#### **Introduction**

The overall objective of the "Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya" project is to strengthen the resilience to climate change of communities and increase water security in the Upper Athi River Catchment in Kenya (Nairobi, Kiambu, Machakos and Nyandarua).

The key development objectives of the Project's agreement/ plan are to:

- a) To enhance hydrological and meteorological monitoring system to support decision making, planning and policy development in water and climate change sector.
- b) To improve climate water resilience by building, enhancing and rehabilitating prioritized water infrastructure and implementing conservation activities in the catchment.
- c) To Strengthen water and adaptation planning, institutional and regulatory framework to respond to changing climatic conditions

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

To implement and cascade the above strategic components to specific result areas, all the Project components were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into quantifiable targets. Indicators and means of verification were identified for reasons of tracking progress and performance measurement.

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

<b>Results Hierarchy</b>	<b>Objective/Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Component 1: Enhance hydrological and meteorological monitoring system to support decision making, planning and policy development in water and climate change sector.</b>			
Output 1.1: Support the establishment of a National Information Center for Integrated Water Resource Management.	Set up an institutional mechanism for sharing information and getting feedback, Support the development of a National Information Centre for integrated water resource management, Support information analysis, forecasting and knowledge sharing platforms	a) Number of Policy dialogue Meetings held b) A Centralized integrated water resource management information system c) Integrated analysis tools with visualization from monitoring information.	Due to delayed disbursements of funds, the Authority was not able to undertake the activities under this Output

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<p>Output 1.2: Establish modernized hydrometeorological observation, monitoring, and testing systems and related networks</p>	<p>Installation of surface hydro-meteorological monitoring and network systems and rehabilitation of existing monitoring systems, Upgrade water quality testing laboratory for WRA and NEMA, Establish groundwater monitoring stations, Setting up of a RANET broad casting station</p>	<p>a) Number of Automatic Weather stations within the upper Athi catchment b) Number of surface water level monitoring stations with multi-parameter water quality sensors for 20 stations c) Number of Devices acquired and calibrated for water quality testing d) Number of groundwater monitoring stations e) A RANET broad casting station</p>	<p>Due to delayed disbursements of funds, the Authority was not able to undertake the activities under this Output</p>
<p>Output 1.3 Support training and capacity building programs</p>	<p>Support capacity building and training for government institutions with water and climate change mandates within the project area.</p>	<p>Number of trainings held</p>	<p>Due to delayed disbursements of funds, the Authority was not able to undertake the activities under this Output</p>

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Output 1.4 Development of State of the Environment (S.O.E) reports	Support development of State of the Environment (S.O.E) reports	Number of SOE reports developed	Due to delayed disbursements of funds, the Authority was not able to undertake the activities under this Output
<b>Component 2: Improve climate water resilience by building, enhancing and rehabilitating prioritized water infrastructure and implementing conservation activities in the catchment.</b>			
Output 2.1 Develop and upgrade water sources and infrastructure for domestic use considering present and future impacts of climate change.	Construct water storage and supply infrastructure	Number of boreholes constructed and rehabilitated	Due to delayed disbursements of funds, the Authority was not able to undertake the activities under this Output
Output 2.2 Support conservation of water catchment areas as climate change adaption measure .	Rehabilitation and reforestation activities within the 4 target counties in collaboration with WRUAs	a) Number of tree nurseries established b) Terraces constructed c) Riparian mappings	Due to delayed disbursements of funds, the Authority was not able to undertake the activities under this Output

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<b>Component 3: Strengthen water and adaptation planning, institutional and regulatory framework to respond to changing climatic conditions</b>			
Output 3.1 Enhance compliance of water regulations within the project area and improve adaptation planning	Provide water quality monitoring systems to support enforcement of the water quality regulations, Sensitize the regulated communities to enhance compliance, Conduct water quality pollution survey for point and non-point sources of pollution	a) Number of water quality monitoring systems and water testing kits available for use during enforcement of regulations b) Number of Compliance Management Action Plan training workshops held	Due to delayed disbursements of funds, the Authority was not able to undertake the activities under this Output
Output 3.2: Development of 4 County Environment Action Plans (CEAPs) including climate change adaptation considerations	Support development of County Environment Action Plans (CEAPs)	Number of (CEAPs) developed	Due to delayed disbursements of funds, the Authority was not able to undertake the activities under this Output

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<p>Output 3.3: Development of 8 (eight) Sub- Catchment Management Plans (SCMPs) including climate change adaptation considerations</p>	<p>Facilitate development review and implementation of Sub-Catchment Management Plans (SCMPs).</p>	<p>Number of SCMPs developed</p>	<p>Due to delayed disbursements of funds, the Authority was not able to undertake the activities under this Output</p>
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#### **4. Environmental and Sustainability Reporting**

The National Environment Management Authority (NEMA) is the principal instrument of Government for the implementation of all policies relating to environment. Below is an outline of the organization's policies and activities that promote sustainability.

##### **1. Sustainability strategy and profile**

The Constitution of The Republic of Kenya has elevated right to clean environment as a basic human right. Delivery of Environment services is the core mandate of NEMA, and more so efficient and effective delivery of Environmental services. NEMA operates within the environmental principles as enshrined in EMCA No.8 of 1999, such as the principles of Environmental sustainability, precautionary principle, polluter pay principle and the Principle of public participation. The Authority, in its Sustainability Policy has identified twelve key sectors within and external to the Authority that requires major focus in order to attain mainstreaming of environmental sustainability in NEMA operations. The sectors include: Transport sector, Procurement and tender of services, Procurement of equipment, Disposal of NEMA assets, Energy supply and use, Water supply and use, Waste Disposal, Climate change and carbon footprints, Guidelines and regulations, ISO Standard operating procedures, Management systems and Staff attitude, both for NEMA staff and regulated organizations.

##### **2. Environmental performance**

The Authority has an Environmental Sustainability Policy that informs mainstreaming of Environmental and Climate Change in NEMA operations, internally as well as externally with its client.

##### **Policy Objectives**

- Guide NEMA in mainstreaming Environmental sustainability into its operations

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- Customize internal operation of the Authority in order to reduce its Carbon footprints and to contribute to greening NEMA.
- Assist NEMA to mobilize its departments to review their ISO standards operating procedures (SOP), tools and instruments and introduce elements that enhances environmental sustainability and climate change compliant
- Assist NEMA to examine their tools, instruments of engagement with the partners, stakeholders and regulated constituencies in order to integrate aspects that demonstrate environmental sustainability and climate change compliance

The Kenya National Environmental Performance Index (KEPI) is one of the Authority's success stories in environmental sustainability. KEPI is a new environmental management frontier championed by the National Environment Management Authority (NEMA) to lead to further creation of opportunities in environmental management knowledge, skills and experience at National and County levels. This report presents the baseline results for the KEPI and County Environmental Performance Indicators (EPI's). The report was developed in close consultation with the line ministries, government departments, government agencies, County officers and private sector institutions.

**Purpose and Objectives of the KEPI**

The EPI provides a tool for continually assessing progress towards established targets for priority setting and potentially for resource allocation. This tool assists the MDA's and line ministries to lobby decision makers for appropriate resource allocation in underperforming areas. Other objectives of the EPI are to:

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1. Be part of a knowledge management system aimed to inform future policy and programming, thereby contributing to the promotion of policy dialogue
2. Acts as a tool for enhancing compliance and enforcement
3. Assist in building collaborative partnerships between the public and the private sector
4. Act as a supportive tool for capacity development

The KEPI also evaluated all the 47 counties based on County indicators agreed upon with stakeholders.

Other milestones the Authority has made in environmental sustainability include;

1. Reviewing of EMCA, 1999 so as to strengthen the regulatory framework for Environmental Management,
2. Implementation on the Ban of single use plastic bag
3. Green points design and construction incorporated aspects such as rainwater harvesting, wastewater recycling technologies, low energy consumption, among other features in order to practically interpret the green economy concept in our context here in Kenya.
4. Development of environmental sustainability curriculum for internal and external clients training
5. Implementation of the pollution control strategy for Nairobi River Basin

### **Challenges**

Issues of environmental management in Kenya such as air pollution, climate change impacts, water pollution, biodiversity loss, poor waste management,

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invasive species, deforestation, encroachment of riparian reserves and wetland ecosystems, poor land use planning and limited knowledge on environmental protection continue to pose a big challenge to the authority's mandate. Nationally, resource allocation for environment sector is a key inhibiting factor for effective management of environment.

**3. Employee welfare**

NEMA has human resource policies and procedures manual which guides on the recruitment process from vacancy identification to new hire induction. The policy takes into account the gender, women and disability considerations. On careers, we have a progressive career guideline. Annual staff performance appraisals are conducted and rewards and sanctions determined. Capacity building of staff is through formal and on job trainings. NEMA is working on safety policy which will be in compliance with Occupational Safety and Health Act of 2007, (OSHA)

**4. Marketplace practices-**

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

The Project ensures all procurement activities are carried out in accordance with the Government of Kenya public procurement law and regulations. The Authority (NEMA) adheres to the Presidential directive on Access to Government Procurement Opportunities (AGPO) which ensures youth, women and people living with disabilities as individuals or in organized groups benefit. The Authority also submitted to PPRA a summary of procurements allocated to the target group in the format provided in the PPRA website, [www.tenders.go.ke](http://www.tenders.go.ke) and also submitted to National Council for Persons with Disabilities (NCPWD) a summary of procurement opportunities allocated to Persons with Disabilities (PWD).

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All suppliers are paid within reasonable time after executing their contractual obligations.

**b) Responsible ethical practices**

The Project is guided by NEMA anti-corruption policy. Adherence to NEMA core values ensures ethical and responsible political involvement.

**c) Regulatory impact assessment**

The Project is committed to promoting transparency and accountability this ensures citizen and stakeholder's rights are safeguarded.

**5. Community Engagements**

The Authority's CSR program is focused on creating and maintaining a strong bond with the community and its stakeholders. To this end, the Authority's CSR initiatives provide communities with opportunities for engagement that touch on the three (Environmental, Economic and Social) broad CSR pillars.

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**5. Statement of Project Management Responsibilities**

The Director General and the Project Manager are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025.

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

The Director General and the Project Manager accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Director General and the Project Manager are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The Director General and the Project Coordinator further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The Director General and the Project Manager confirm that the Project has complied fully with applicable Government Regulations and the terms of external

***Enhancing community resilience and water security in the Upper Athi River  
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**Annual Report and Financial Statements for the financial year ended June 30, 2025**

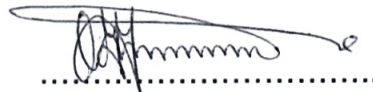
financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project Financial Statements**

The Project financial statements were approved by the Director General and the Project Manager on 28/08/2025 and signed by:



**Dr. Mamo B. Mamo, EBS**  
**Director General**



**John Wafula**  
**Project Manager**

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON ENHANCING COMMUNITY RESILIENCE AND WATER SECURITY IN THE UPPER ATHI RIVER CATCHMENT AREA, KENYA PROJECT (GRANT NO. GCF/NEMA/FP175) FOR THE YEAR ENDED 30 JUNE, 2025 – NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Enhancing Community Resilience and Water Security in the Upper Athi River Catchment Area, Kenya project (Grant No. GCF/NEMA/FP176) set out on pages 1 to 28, which comprise of the statement

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*Report of the Auditor-General on Enhancing Community Resilience and Water Security in the Upper Athi River Catchment Area, Kenya Project (Grant No. GCF/NEMA/FP175) for the year ended 30 June, 2025 – National Environment Management Authority*

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Enhancing Community Resilience and Water Security in the Upper Athi River Catchment Area, Kenya project (Grant No. GCF/NEMA/FP176) as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance International Public Sector Accounting Standards (Accrual Basis) and comply with Project Cooperation Agreement dated 21 March, 2024 between the Government of the Republic of Kenya and the Green Climate Fund and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **1.0 Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.300Million and Kshs.Nil respectively resulting to under-funding of Kshs.300Million or 100% of the budget. The project did not spend any money since it was not funded.

The under-funding may have affected the planned activities and may have impacted negatively on the project's activities and service delivery.

#### **2.0 Undisclosed Special Deposit Account Balance**

The Project's special deposit account maintained at the Central bank of Kenya reflects a closing account balance of Kshs.500,977,125 (USD 3,873,233). However, the Project did not disclose this balance in the financial statements as at 30 June, 2025 contrary to the requirement of International Public Sector Accounting Standard (IPSAS) No.23 – revenue from non-exchange transactions.

In addition, amount withdrawn and expenditure not claimed totaled Kshs.294,902,952 (USD 2,280,000) as at 30 June, 2025.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

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

### **Other Information**

The Management is responsible for the Other Information set out on page ii to xxix which comprise of Project Information and Overall Performance, Statement of Performance Against Predetermined Objectives for the year, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Failure to Implement Activities as per the Annual Work Plan**

Review of the annual work plan revealed that Management anticipated to execute annual activities amounting to Kshs.247,900,000. However, no activity was executed during the year under review.

In the circumstances, the Project objectives may be delayed or not realised during the agreed implementation period of the Project.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in

the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

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

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

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

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

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

  
FCPA Nancy Gatindugu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**27 November, 2025**

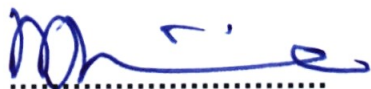
**Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya**

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**7. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2025.**

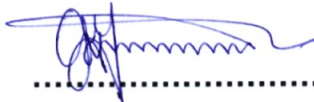
	Notes	2024-2025 Kshs
<b>Revenue</b>		
Revenue Transfers	6	-
<b>Total revenue</b>		-
<b>Expenses</b>		
Use of goods and services	7	1,278
<b>Total expenses</b>		<b>1,278</b>
<b>Other gains/(losses)</b>		-
<b>Deficit</b>		<b>(1,278)</b>

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



**Dr. Mamo B. Mamo,  
EBS**

**Director General**



**John Wafula**

**Project Manager**



**CPA Dr. Kennedy  
Ochuka**

**Director Corporate  
Services**

**ICPAK Member No:  
3872**

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**8. Statement of Financial Position as at 30<sup>th</sup> June 2025**

	Note	2024-2025	1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	8	8,722	-
Receivables	9	294,902,952	-
<b>Total Current Assets</b>		<b>294,911,674</b>	<b>-</b>
<b>Non-Current Assets</b>		-	-
<b>Total Non- Current Assets</b>		-	-
<b>Total Assets</b>		<b>294,911,674</b>	<b>-</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other Payables	10	10,000	-
Deferred Income	11	294,902,952	-
<b>Total Current Liabilities</b>		<b>294,912,952</b>	<b>-</b>
<b>Total Liabilities</b>		<b>294,912,952</b>	<b>-</b>
<b>Net Assets</b>		<b>(1,278)</b>	<b>-</b>
<b>Represented By:</b>			
Accumulated Deficit		(1,278)	-
<b>Total Net Assets</b>		<b>(1,278)</b>	<b>-</b>

The financial statements were approved on 28/08/2025 and signed by:



**Dr. Mamo B. Mamo,  
EBS**

**Director General**



**John Wafula**

**Project Manager**



**CPA Dr. Kennedy  
Ochuka**

**Director Corporate  
services**

**ICPAK Member No.  
3872**

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**9. Statement of Changes in Net Assets**

<b>Description</b>	<b>Accumulated Surplus</b>
	<b>Kshs</b>
<b>As at 30<sup>th</sup> June 2024 (Cash Basis)</b>	-
<b>As at 1<sup>st</sup> July 2024</b>	-
Deficit for the year	(1,278)
<b>As at 30<sup>th</sup> June 2025</b>	<b>(1,278)</b>

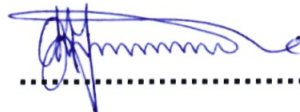
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The financial statements were approved on 28/08/2025 and signed by:



**Dr. Mamo B. Mamo, EBS**

**Director General**



**John Wafula**

**Project Manager**



**CPA Dr. Kennedy**

**Ochuka**

**Director Corporate**

**Services**

**ICPAK Member No. 3872**

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**10. Statement of Cash Flow for the year ended 30<sup>th</sup> June 2025**

<b>Description</b>	<b>Note</b>	<b>2024-2025</b>
		<b>Kshs</b>
<b>Cash flow from operating activities</b>		
<b>Receipts</b>		
Revenue Transfers		-
Receipts from NEMA		10,000
<b>Total receipts</b>		<b>10,000</b>
<b>Payments</b>		
Use of goods and services		1,278
<b>Total payments</b>		<b>1,278</b>
<b>Net cash flow from operating activities</b>	12	<b>8,722</b>
<b>Cash flow from investing activities</b>		-
<b>Net cash flows from investing activities</b>		-
<b>Cash flow from financing activities</b>		-
<b>Net cash flow from financing activities</b>		-
Net increase/Decrease in cash and cash equivalents		8,722
<b>Cash and cash equivalent at 1<sup>st</sup> July 2024</b>	<b>8</b>	-
<b>Cash and cash equivalent at end June 2025</b>	<b>8</b>	<b>8,722</b>

\*Note: The receipts from NEMA of Kshs 10,000 was for the activation of the GCF Project bank account.

**11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30<sup>th</sup> June 2025**

<b>Receipts/Payments Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>
	<b>A</b>	<b>B</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Budget Carry Overs from previous periods</b>						
<b>Receipts</b>						
Revenue Transfers	300,000,000	-	300,000,000	-	300,000,000	0%
Miscellaneous Revenue	-	-	-	-	-	-
<b>Total Revenue</b>	<b>300,000,000</b>	<b>-</b>	<b>300,000,000</b>	<b>-</b>	<b>300,000,000</b>	<b>0%</b>
<b>Payments</b>						
Employee costs	-	-	-	-	-	-
Use of goods and services	123,500,000	-	123,500,000	-	123,500,000	0%
Transfer to other Government Entities	95,000,000	-	95,000,000	-	95,000,000	0%
Other Transfers/Subsidies/Grants	-	-	-	-	-	0%
Certified Works	81,500,000	-	81,500,000	-	81,500,000	0%
<b>Total Payments</b>	<b>300,000,000</b>	<b>-</b>	<b>300,000,000</b>	<b>-</b>	<b>300,000,000</b>	<b>0%</b>
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

**Budget notes:**

\*Project funds amounting to Kshs 294,902,952 were received on 20/06/2025 through the NEMA Development bank account but were transferred to the Project bank account on 09/07/2025. Due to the delayed disbursement of funds, no expenditure was incurred for financial year 2024-2025

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	-
1	Cash from NEMA for Bank Activation	10,000
2	Bank Charges	(1,278)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	8,722

**Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya**

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

**12. Notes to the Financial Statements**

**1. General Information**

The National Environment Management Authority is established by and derives its authority and accountability from the Environmental Management and Co-ordination Act No. 8 of 1999. This principal Act was amended in 2015. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to exercise general supervision and co-ordination over all matters relating to the environment and to be the principal instrument of Government in the implementation of all policies relating to the environment in Kenya.

**2. Statement of Compliance and Basis of Preparation**

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

**Guiding note during the transition period:**

*The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1<sup>st</sup>/ 2<sup>nd</sup>/ 3<sup>rd</sup>/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33.*

**3. Adoption of New and Revised Standards**

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective

**Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya**

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

Standard	Effective date and impact:
	<p>is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b>State the expected impact of the standard to the Entity if relevant</b></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b>State the expected impact of the standard to the Entity if relevant</b></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under</p>

**Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya**

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

<b>Standard</b>	<b>Effective date and impact:</b>
	<p>the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><b>State the expected impact of the standard to the Entity if relevant</b></p>
<p>IPSAS 46 Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b>State the expected impact of the standard to the Entity if relevant</b></p>

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

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

**Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya**

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

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

**Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya**

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

Standard	Effective date and impact:
	<p>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>

***iii) Early adoption of standards***

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

***Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya***

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

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**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Interest income**

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

**b) Budget information**

The original budget for FY 2024/2025 was approved by the Board. The Projects' budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 under section 11 of these financial statements.

***Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya***

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

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**Notes to the financial statements**

**c) Property, plant and equipment**

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

**d) Leases**

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

***Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya***

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

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**Notes to the financial statements**

**e) Intangible assets**

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

**f) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual Project are recognized as intangible assets when the Entity can demonstrate:

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

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

***Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya***

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

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**Notes to the financial statements**

**g) Financial instruments**

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

***Financial assets***

***Classification***

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

***Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya***

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

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**Notes to the financial statements**

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

***Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya***

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

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**Notes to the financial statements**

**Trade and other receivables**

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

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. There were no critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

***Financial liabilities***

***Classification***

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

**h) Inventories**

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

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

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

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

***Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya***

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

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**Notes to the financial statements (continued)**

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

**i) Provisions**

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

***Contingent liabilities***

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

***Contingent assets***

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

***Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya***

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

**Notes to the financial statements**

**j) Nature and purpose of reserves**

The *Entity* creates and maintains reserves in terms of specific requirements.

**k) Changes in accounting policies and estimates**

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

**l) Employee benefits**

**Retirement benefit plans**

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

**m) Foreign currency transactions**

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

***Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya***

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

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**Notes to the financial statements**

**n) Borrowing costs**

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

**o) Related parties**

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

**p) Service concession arrangements**

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

**q) 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.

***Enhancing community resilience and water security in the Upper Athi River  
Catchment Area, Kenya***

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

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**Notes to the financial statements**

**r) Subsequent events**

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

***Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya***

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

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**Notes to the financial statements**

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

No Provisions were raised in the period. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

*Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya*

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

**Notes to the financial statements**

**6. Revenue Transfers**

Description	2024-2025
	Kshs
<b>Unconditional Transfers</b>	
GOK Counter Part funding	-
<b>Total Unconditional Transfers (a)</b>	-
<b>Conditional Transfers</b>	
Green Climate Fund	294,902,952
<b>Total Conditional Transfers (b)</b>	<b>294,902,952</b>
<b>Total Transfers for the Year (a + b)</b>	<b>294,902,952</b>

**a) Details to Revenue Transfers**

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (2024-2025)
	Kshs	Kshs	Kshs	Kshs
Green Climate Fund	-	294,902,952	-	294,902,952
<b>Total</b>	<b>-</b>	<b>294,902,952</b>	<b>-</b>	<b>294,902,952</b>

**7. Use of Goods and Services**

Description	FY 2024/25
	Kshs
Bank charges	1,278
<b>Total</b>	<b>1,278</b>

**8. Cash and Cash Equivalents**

Description	2024-2025	1 <sup>st</sup> July 2024
	Kshs	Kshs
Cash in Bank	8,722	-
Cash on hand	-	-
<b>Total Cash and Cash Equivalents</b>	<b>8,722</b>	<b>-</b>

**Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya**

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

**Notes to the financial statements (continued)**

**Project Bank Accounts**

Details	FY 2024/25
	Kshs
<u>Local Currency Accounts</u>	
Kenya Commercial Bank [A/c No 1318639298] GCF Project	8,722
<b>Total bank account balances</b>	<b>8,722</b>

**9. Receivables**

Description	2024-2025	1 <sup>st</sup> July 2024
	Kshs	Kshs
Receivable from NEMA Development Bank a/c	294,902,952	-
<b>Total Receivables</b>	<b>294,902,952</b>	<b>-</b>

\*Project funds were disbursed to the NEMA development a/c on 20/06/2025 but were transferred to the Project bank a/c on 09/07/2025

**Ageing analysis for Receivables**

Description	2024-2025		1 <sup>st</sup> July 2024	
	Kshs	% of the Total	Kshs	% of the Total
	2024-2025	% of the Total	2023-2024	% of the Total
Less than 1 year	294,902,952	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	<b>-</b>	<b>%</b>	<b>-</b>	<b>%</b>

**10. Trade and Other Payables**

Description	2024-2025	1 <sup>st</sup> July 2024
	Kshs	Kshs
Trade payables	-	-
Employee payables	-	-
Cash payable to NEMA for GCF ARCA bank activation	10,000	-
<b>Total trade and other payables</b>	<b>-</b>	<b>-</b>

**Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya**

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

Ageing analysis: (Trade and other payables)	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	10,000	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	<b>10,000</b>		-	

**11. Deferred Income**

Description	2024-2025	1 <sup>st</sup> July 2024
	Kshs	Kshs
Green Climate Fund	294,902,952	-
<b>Total Deferred Income</b>	<b>294,902,952</b>	<b>-</b>

**Deferred Income Movement Schedule**

	Green Climate Fund	Total
	Kshs	Kshs
Balance as at 1 <sup>st</sup> July 2024	-	-
Additions : Grant Received 20.06.2025	294,902,952	-
Transfers To Performance Statement as Revenue	-	-
Balance as at 30 <sup>th</sup> June 2025	<b>294,902,952</b>	<b>-</b>

**12. Cash Generated from Operations**

Description	2024-2025
	Kshs
<b>Surplus/Deficit for the year</b>	<b>(1,278)</b>
<b>Working capital adjustments</b>	
Increase in receivables	(294,902,952)
Increase in deferred income	294,902,952
Increase in payables	10,000
<b>Net cash flow from operating activities</b>	<b>8,722</b>

**Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya**

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

**Notes to the financial statements (continued)**

**13. Special Deposit Accounts**

The Project has a special deposit account that is managed by the National Treasury through the Central Bank of Kenya

**Special Deposit Accounts Movement Schedule**

Description	2024-2025	2024-2025	1 <sup>st</sup> July 2024	1 <sup>st</sup> July 2024
	USD	Kshs	USD	Kshs
<b>(i) Enhancing Community Resilience and Water Security in the Upper Athi River Catchment Area, Kenya [A/c No. 1000708883]</b>				
Opening balance	-	-	-	-
Total amount deposited in the account	6,153,233	795,880,085	-	-
Total amount withdrawn	(2,280,000)	(294,902,952)	-	-
Total amount withdrawn (In Transit)	-	-	-	-
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b><u>3,873,233</u></b>	<b><u>500,977,133</u></b>	-	-

**14. Related Party Disclosures**

**Nature of related party relationships**

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

**Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya**

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

**Notes to the financial statements (continued)**

**Government of Kenya**

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

**Other related parties include:**

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

Description	2024-2025
	Kshs
<b>Transactions with related parties</b>	
<b>a) Grants /transfers from the government</b>	
Receipts from NEMA	10,000
Grants from GCF disbursed through National Treasury	294,902,952
<b>Total</b>	<b>294,912,952</b>

**15. Events after the Reporting Period**

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

**16. Ultimate And Holding Entity**

The *Entity* is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Environment, Climate Change and Forestry. Its ultimate parent is the Government of Kenya.

**17. Currency**

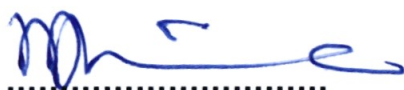
The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs

**Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya  
Annual Report and Financial Statements for the financial year ended June 30, 2025**

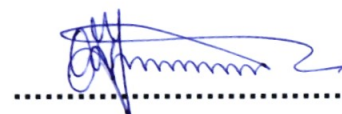
**13. Annexes**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
There was no prior year audit		This will be the first year of audit		



**Dr. Mamo B. Mamo, EBS**  
**Director General**



**John Wafula**  
**Project Manager**



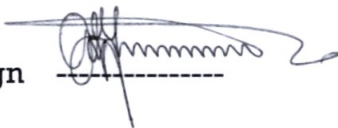
**Annex 2: Reconciliation of inter-entity transfers**

Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya			
Break down of transfers from the Ministry of Environment, Climate Change and Forestry			
<b>A</b>	<b>GRANT</b>		
		Bank Statement Date	Amount (Kshs)
	Ministry of Environment, Climate Change and Forestry	20/06/2025	294,902,952
		<b>Total</b>	<b>294,902,952</b>
		<b>Total (A+B+C)</b>	<b>294,902,952</b>

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

Project Manager

Head of Accounting Unit, Ministry/County Department

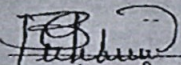
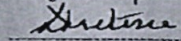
Sign 

Sign 

**Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya  
Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Annex 3: Other Support Documents**

i. Special Account Statement as at 30<sup>th</sup> June 2025

<b>SPECIAL ACCOUNT STATEMENT</b>	
For period ending	30th JUNE, 2025
Account No.	1000708883
Depository Bank	CENTRAL BANK OF KENYA
Address	CENTRAL BANK OF KENYA
Related Loan	ENHANCING COMM. RES. WATER IN ATHI
Credit Agreement	
Currency	USD
<b>Part A - Account Activity</b>	
Beginning balance of 1st July, 2024 as per C.B.K. Ledger Account	-
<b>Add:</b>	
Total Amount deposited by <sup>GCF</sup> World Bank	6,153,233.06
Total Interest earnings if deposited in account	-
Total amount refunded to cover ineligible expenditure	-
<b>Deduct:</b>	
Total amount withdrawn	2,280,000.00
Total service charges if not included above in amount withdrawn	-
Ending balance on 30th June, 2025	3,873,233.06
<b>AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA</b>	SIGNATURE: 
	DATE: 14/07/2025
<b>AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY</b>	SIGNATURE: 
	DATE: 05-08-2025
NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2025 have been reconciled and a copy of the supporting Reconciliation Statement is attached.	
<small>CBK - Official</small>	

**Enhancing community resilience and water security in the Upper Athi River Catchment Area, Kenya  
Annual Report and Financial Statements for the financial year ended June 30, 2025**

ii. Special Deposit Account Reconciliation statement as at 30<sup>th</sup> June 2025

(01)

**UN: Enhancing Community Resilience and Water Security in the Upper Athi River Catchment Area.  
Kenya**

**STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30 JUNE 2025  
PART B: ACCOUNT RECONCILIATION STATEMENT**

Credit No. GCF  
Bank Account No. 1000708883 CENTRAL BANK OF KENYA

	NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by GCF		6,153,233.06
<b>Less:</b>			
2	Total amount recovered by GCF		-
3	<b>Outstanding amount to be documented</b>		<b>6,153,233.06</b>
<b>Represented by:</b>			
4	Ending Special Account Balance as at 30 June 2025		3,873,233.06
5	Amounts claimed but not credited as at 30th June 2025		-
6	Amounts withdrawn and not claimed		2,280,000.00
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	<b>Total advance to Special Account Year ended 30 June 2025</b>		<b>6,153,233.06</b>

Discrepancy between total appearing on line 3 and 9 - None

**Notes:**

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

*[Signature]*  
AUTHORISED REPRESENTATIVE  
RESOURCE MOBILISATION DEPARTMENT  
THE NATIONAL TREASURY

DATE: 05-08-2025