

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPPOC I A I D

DATE: 22 NOV 2023

DAY.

Wednesday

OF

TABLED  
BY:

Hon Owen Sanya, MP  
Deputy Majority Leader

CLERK-AT  
THE TABLE

Marian Mudo

**THE AUDITOR-GENERAL**

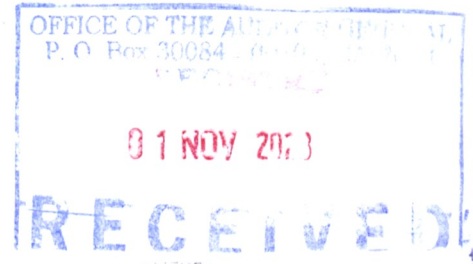
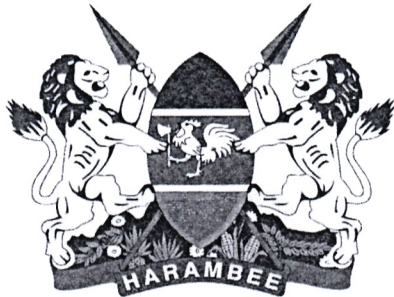
**ON**

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

PARLIAMENT  
OF KENYA  
LIBRARY

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

**NATIONAL ENVIRONMENT  
MANAGEMENT AUTHORITY**



**nema**  
mazingira yetu | uhai wetu | wajibu wetu

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

**IMPLEMENTING ENTITY: NATIONAL ENVIRONMENT MANAGEMENT  
AUTHORITY**

**PROJECT GRANT/CREDIT NUMBER: KEN/NIE/MULTI/2013/1**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

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

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity  
of Vulnerable Communities in Kenya**

***Annual Report and Financial Statements for the financial year ended June 30, 2023***

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**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity  
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***Annual Report and Financial Statements for the financial year ended June 30, 2023***

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**1. Acronyms and Glossary of Terms**

ADRA	Adventist Development Relief Agency
AF	Adaptation Fund
CDA	Coast Development Authority
CPA (K)	Certified Public Accountant (Kenya)
CBK	Central Bank of Kenya
EEs	Executing Entities
EECs	Economic Empowerment Committees
FCS	Farmers Cooperative Societies
ICPAK	Institute of Certified Public Accountants of Kenya
KEFRI	Kenya Forest Research Institute
KSHS	Kenya Shilling
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NCE	No Cost Extensions
NEMA	National Environment Management Authority
NIE	National Implementing Entity
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
SUB-EEs	Sub-Executing Entities
TARDA	Tana and Athi Rivers Development Authority,
USD	United States Dollar

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VIRED

Victoria Research and Development

VSLA

Village Savings and Loans Associations

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

#### **Name**

The programme's official name is "Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya".

#### **Objective**

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

#### **Address**

The programme headquarters offices are at 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 3 Executing Entities (EEs) and 7 Sub-Executing Entities (Sub-EEs) as follows:

#### **Executing Entities (EEs)**

1. The Managing Director,  
Kenya Forest Research Institute (KEFRI),  
P.O. Box 20412-00200 Nairobi.  
Email: [director@kefri.org](mailto:director@kefri.org)  
Contact person: Dr. James Ndufa  
Telephone: 0722983238
2. The Managing Director,  
Tana and Athi Rivers Development Authority,  
P.O. Box 47309-00100, Nairobi.

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Email: [Info@tarda.co.ke](mailto:Info@tarda.co.ke)

Contact Person: Mr. Samuel Gitonga

Telephone: 0721166686

3. The Managing Director,  
Coast Development Authority,  
P.O. Box 1322-80100, Mombasa  
Email: [cda@cda.go.ke](mailto:cda@cda.go.ke)  
Contact person: Ms. Mwanasiti Bendera  
Telephone: 0724793887

**Sub-Executing Entities (Sub-EEs)**

1. Kenya Red-Cross  
Contact person: Mr. Elijah Muli  
Telephone: 0721428841
2. VIRED International (Kisumu)  
Contact person: Prof. Philip Raburu  
Telephone: 0717631789
3. HornAid Kenya (Garissa & Wajir)  
Contact person: Mr. Abbas Hajir  
Tel. 0701691818 / 0704380300
4. Nasaru Women group (Kajiado)  
Contact person: Ms. Juliana Rono  
Telephone: 0720805235
5. CARITAS (Nyeri)  
Contact person: Fr. Peterson Ndegwa

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Telephone: 0720173791

6. ADRA Kenya (Kitui)

Contact Person: Ms. Stella Wanjau

Telephone: 0722808488

7. Kenyatta University

Contact Person: Mary Baaru

Telephone. 0722267824

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

P.O. Box: 67839

Telephone: (254) 724253398 / (254) 723363010 / (254) 735013046

E-mail: [dgnema.go.ke](mailto:dgnema.go.ke)

Website: [www.nema.go.ke](http://www.nema.go.ke)

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

**2.2 Project Information**

Project Start Date:	The programme official start date is 01/05/2016
Project End Date:	The initial programme end date was 30/04/2019.  NEMA had sought 4 No Cost Extensions (NCEs) <ul style="list-style-type: none"> <li>• 1<sup>st</sup> NCE was a 12-month extension; the programme completion date was extended to 30/06/2020.</li> <li>• 2<sup>nd</sup> NCE was granted due to the delay occasioned by the COVID 19 for a duration of 18 months; the programme completion date was extended to 30/12/2021.</li> <li>• The 3<sup>rd</sup> NCE was a 9 months' extension granted till 30/09/2022.</li> <li>• The 4<sup>th</sup> NCE was a 9 months' extension granted from September 2020 to 30/06/2023</li> </ul>
Project Manager:	The programme manager is Ms. Wangare Kirumba
Project Sponsor:	The programme sponsor is The Adaptation Fund Board

**2.3 Project Overview**

Line Ministry/State Department of the project	The programme is under the supervision of the Ministry of Environment, Climate Change and Forestry.
Project number	KEN/NIE/Multi/2013/1
Strategic goals of the project	The strategic goals of the programme are as follows: (i) To enhance Climate resilient agricultural, agro-forestry, pastoral and agro-pastoral production systems to improve food security

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	<p>in selected Counties in Kenya</p> <p>(ii) To improve climate resilient water management systems to enhance food security in selected Counties in Kenya</p> <p>(iii) To increase resilience to the effects of rise in sea level and shoreline changes through Integrated Shoreline and Mangrove Ecosystem Management at Vanga and Gazi in the Coastal region of Kenya</p> <p>(iv) To reduce disaster risk among targeted vulnerable communities for climate related risks in Kenya</p> <p>(v) To strengthen institutional capacity, knowledge management, awareness raising and promotion of adaptation mechanisms in improving resilience on climate change to selected vulnerable communities in Kenya.</p>
<p>Summary of Project Strategies for achievement of strategic goals</p>	<p>Since inception, the Programme has achieved the following:</p> <p>(i) 1667 households (approximately 8,335 individuals) supported to adopt drought tolerant and high value crops. There are ongoing trainings in the 28 established adaptation villages. The Adaptation Village is a climate innovation providing holistic climate solutions through adoption of reliable water harvesting technology and unique adaptation investment models. A target 840 household are to be supported by adopt drought tolerant</p>

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	<p>and high value crops by project close out through the ongoing climate change adaptation trainings ongoing in the Adaptation villages.</p> <p>(ii) 11,423 kg of Drought Tolerant Crop species distributed to farmer communities that included green grams, amaranth us, maize, beans, pigeon peas, cow peas crops and dolichos.</p> <p>(iii) 22,000 grafted mango seedlings have been distributed and planted with a 70% success rate in Kitui County.</p> <p>(iv) 16,200 tree seedlings of various species planted to rehabilitate water catchments areas (11,800 planted in Entarara forest and its environs in Kajiado County, the adaptation villages in Mosiro and Mashuruu. An additional 280,000 of tree seedlings are to be established in the adaptation villages, an approximate 10,000 tree seedling in the 28 established adaptation villages.</p> <p>(v) 1500 households supported to adopt fruit farming (Mangoes, Citrus, watermelon, butter nuts, guavas) as an alternative livelihood in Kajiado, Kitui and Marsabit. 280 fruit trees to be planted in the 28 adaptation villages in the 9 counties as follow; Kisumu, Homabay, Taita Taveta, Kitui, Kajiado, Machakos, Laikipia, Wajir and Garrisa.</p> <p>(vi) 12 water pans of an average capacity of an average 15,000 cubic meters each have been</p>
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	<p>established namely;</p> <p>6 water pans - Imbirikani, Kuku, Rombo, Kimana, Lenkinsim and Entonent, in Kajiado South, <b>Kajiado County</b>;</p> <p>Boji Yare, Daad Bulle and Alan Godere in <b>Wajir</b> and <b>Garrisa County</b>;</p> <p>Midoina Water pan In <b>Kilifi County</b>,</p> <p>Machanga Earth Pan in <b>Embu County</b></p> <p>Dak Ongolo and Kupuon Water pan in <b>Kisumu County</b></p> <p>(vii) 26 boreholes drilled, equipped and solarised as follows - in Kisumu (3), Homabay (5) Wajir (3), Garrisa (1), Machakos (1), Kajiado (9) and Laikipia (2 ) counties, (2 ) Taita Taveta .</p> <p>(viii) 2 sump wells constructed and solarised in (2 ) Kitui county.</p> <p>(ix) 2 Djabias constructed in Wasini Island, Kwale county</p> <p>(x) 714 Households using irrigation facilities established in Laikipia, Marsabit and Machakos counties</p> <p>(xi) 30 drip kits distributed and installed in Kajiado West among the women groups in Kajiado county</p> <p>(xii) Solarisation of the boreholes has been undertaken in the Walda and Masinga farm and irrigation scheme respectively to run the farm operations.</p> <p>(xiii) 2 Irrigation infrastructures established in Masinga and Laikipia</p>
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	<p>(xiv) Masinga smallholder Irrigation scheme is complete and operational serving 80 household organised as Masinga Irrigation Water users</p> <p>(xv) A Thome small holder Irrigation scheme in Laikipia County complete</p> <p>(xvi) A banana fruit processing plant has been established in Njegas, Kirinyaga County.</p> <p>(xvii) 90 Ha rehabilitated by the planting of 250,000 mangrove seedlings in Kwale in Vanga and Gazi areas</p> <p>(xviii) 3 km of Coral reef rehabilitation and sea grass restoration is ongoing and there have been 27 natural transfers of corals and 173 artificial transfers of corals (2 acres)</p> <p>(xix) A total of 485No. of sacks used for the sea grass restoration recorded, 9,700 sea grass seedlings successfully transplanted in both shallow and deep waters</p> <p>(xx) A Coral reef and Sea grass Habitat Mapping report is available</p> <p>(xxi) The National Coral Reef Restoration Protocol had been developed in both Swahili and English Versions to show how communities could undertake the coral reef restoration that is under implementation in the Wasini Conservation Area</p> <p>(xxii) Soil accretion control in Mawembe area in Kwale complete</p> <p>(xxiii) Construction of Water Harvesting Structures in 5 schools in Coast Region complete in Kwale and Taita Taveta counties namely Orkung'u Primary School, Makwenyeni Secondary,</p>
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	<p>Karimboni Primary, Bandari secondary and Kajire Girls</p> <p>(xxiv) 2 Djabias established in Wasini Island, Kwale county</p> <p>(xxv) 60 Km of Canals in Kakol and Kupuon areas have been de-silted and opened up in Nyando river basin helping easing the flooding in Kisumu County</p> <p>(xxvi) An ice cooling facility construction complete in Homabay County ;</p> <p>(xxvii) The civil works for the fish cooling plant in Ekalakala , Machakos county , complete</p> <p>(xxviii) Construction of two sump wells at 70% completion rate in Kitui County – the project consist of pipeline to the demonstration farm, installation of two 10M2 plastic water tanks on a 6m high steel tower, water kiosk, installation of solar system and a solar pump</p> <p>(xxix) Construction of a 4km dyke at 98% completion rate along River Asao in Kisumu County</p> <p>(xxx) 4 evacuation centres complete in 4 schools in Kisumu County as follows ; Migingo Primary, St. Alloys Primary, Ombaka Primary and Kibarwa Primary</p> <p>(xxxi) Two workshops held where 113 community members were trained on early warning systems; One workshop for school for 24 teachers</p> <p>(xxxii) Training to EEs and sub-EEs on Finance, Procurement, Audit processes have been undertaken</p>
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	<p>(xxxiii) Trainings to project beneficiaries on water management, farming techniques, drought tolerant crops management and drip kits management have been carried out</p> <p>(xxxiv) Trainings through the farmer field approach being conducted in the established adaptation villages to create awareness on irrigation techniques, climate adaptation farming and tree growing.</p>
<p>Other important background information of the project</p>	<p>NEMA was accredited to be Kenya's National Implementing Entity (NIE) for the Adaptation Fund (AF) in 2012 after being nominated by the PS, Ministry of Environment and Natural Resource who is the National Designated Authority to AF. Adaptation Fund is established under Kyoto protocol, which Kenya is a party member state, to fund concrete adaptation interventions in developing countries. The role of NEMA as an NIE is to be the fund's manager for funded adaptation programmes/projects.</p> <p>The NIE is supposed to receive money from AF and oversee execution of the project by the Programme Executing Entities. NEMA received its re-accreditation as an NIE in May 2019 that is valid till 2024</p>
<p>Areas that the project was formed to intervene</p>	<p>The programme was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>i) Climate change is increasing the vulnerability of communities in the program areas to food insecurity and their ability to cope. There is need to adapt agriculture to the changing</li> </ul>

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	<p>climate.</p> <p>ii) Climate change is worsening the already water insecurity in arid and semi-arid areas with consequences on access to water for irrigation, livestock and domestic use. To reduce vulnerability and enhance community resilience, there is need to invest in water harvesting and storage capacity</p> <p>iii) Kenya's coastal and marine ecosystems are a rich repository of resources (fisheries, coastal forests, mangrove forests, seagrass beds, coral reefs, river basins, deltas and estuaries, beaches and sand dunes as well as natural and cultural heritage sites). However, these resources are threatened by climate change among other threats.</p> <p>iv) The level preparedness for climate related risks such as floods and droughts in the program areas is weak. In particular, perennial floods have ravaged most parts of lower Nyando catchment causing loss of lives and livelihoods.</p> <p>v) Climate change information, best practices, technologies and success stories are not always shared effectively among stakeholders to catalyze climate change response.</p>
Project duration	The programme started on 01/05/2016 and came to a close on the 30/06/2023

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

**2.4 Bankers**

The following are the bankers for the project:

- (i) Kenya Commercial Bank Ltd (KCB), Gateway House Branch  
P.O. Box 27618-00506, Nairobi

*(NEMA Adaptation Fund USD Account- No. 1165595192 / NEMA Adaptation  
Fund Kshs Account - No. 1218639164)*

**2.5 Independent Auditor**

The project is audited by :  
Office of the Auditor General  
P.O. Box 30084-00100, Nairobi-Kenya.

**2.6 Roles and Responsibilities**

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

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Mamo B. Mamo, EBS	Director General	Masters in Environmental Education	Overall programme direction and leadership
CPA Kennedy Ochuka	Director Corporate Services	MBA, CPA(K)	Overall programme financial management

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Ms. Wangare Kirumba	NIE Coordinator	Masters EPM	Overall Programme Coordination
Mr. John Wafula	Deputy NIE Coordinator	Masters EPM	Program management
Ms Sarah Muthoni	Knowledge Management Officer	Masters Community Development	Knowledge management
Ms. Anne Gateru	Program Officer	Masters Project Management	Support program management
CPA Peter Obiere	NIE Accountant	MBM, BBM, CPA(K)	Financial Management and accounting

## **2.7 Funding summary**

The Programme was for a duration of 3 years from May 2016 to April 2019 with an approved budget of USD 9,998,302 equivalent to Kshs 1 Billion. NEMA has sought 4 No cost extension that were all approved by the Adaptation Fund Board. The 1st extension was from January 2019 to June 2020. The 2nd extension was from June 2020 to December 2021. The 3rd extension was from December 2021 to September 2022. The 4th and final extension was from September 2022 to June 2023.

NEMA received the first tranche of USD 4,956,893 (equivalent to Kshs 488,944,727) in December 2014. The second tranche of USD 3,954,163 (equivalent to Kshs 399,783,277) was received in October 2018 while the last tranche of the programme budget of USD 1,087,220 (equivalent to Kshs 117,759,951) was received on 18th August 2020.

**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 2023)		Undrawn balance to date	
	USD (A)	KShs (A')	USD (B)	KShs (B')	USD (A)-(B)	KShs (A)-(B)
<b>(i) Grant</b>						
Adaptation Fund Board	9,998,302	1,000,000,000	9,998,276	1,006,487,955	-	-
<b>(ii) Counterpart funds</b>						
Proceeds from Caritas Nyeri	-	-	-	138,739,437	-	-
Miscellaneous Receipts (Exchange gain/loss)	-	-	-	743,151	-	-
<b>Total</b>	<b>9,998,302</b>	<b>1,000,000,000</b>	<b>9,998,276</b>	<b>1,145,970,543</b>	<b>NIL</b>	<b>NIL</b>

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date - (30 <sup>th</sup> June 2023)		Cumulative amount paid to date - (30 <sup>th</sup> June 2023)		Unutilised balance to date (30 <sup>th</sup> June 2023)	
	Donor currency (A)	Kshs (A')	Donor currency (B)	Kshs (B')	Donor currency (A)-(B)	Ks hs (A' )-(B')
<b>(i) Grant</b>						
Adaptation Fund Board	9,998,276	1,006,487,955	886,543,083	902,259,283	1,042,287	119,944,872
<b>(ii) Counterpart funds</b>						
Miscellaneous Receipts (Exchange gain/loss)	-	138,739,437			1,387,394	138,739,437
Proceeds from Caritas Nyeri	-	743,151			7,432	743,151
<b>Total</b>	<b>9,998,276</b>	<b>1,145,970,533</b>	<b>886,543,083</b>	<b>902,259,283</b>	<b>2,437,113</b>	<b>259,427,460</b>

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

**2.8 Summary of Overall Project Performance:**

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

NEMA has received a total of USD 9,998,276 Kshs equivalent 1,006,487,955, being the programme's total budget. Consequently, NEMA has disbursed a total of Kshs 415,757,789 to the executing entities as at 30<sup>th</sup> June 2022, for the implementation of the projects in their respective counties. NEMA has cumulatively spent Kshs 19,618,322 on purchase of goods and services. Out of this expenditure, Kshs 42,451,000 was spent from 9.5% execution fee of the executing entities relating to the procurement processes. Kshs 45,545,872 was spent out of the projects component 5 budget. Therefore, NEMA has cumulatively spent Kshs 902,259,282M as at 30 June 2023.

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

The Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya Programme has made significant progress in achieving the five programme components defined in the Kenya Climate Change Adaptation Funds Programme Budget. The following are the key achievements made under each component:

**Component 1:** Enhancing Climate resilient agricultural, forestry, pastoral and agro-pastoral production systems to improve food security in selected Counties in Kenya.

- 1667 households (approximately 8,335 individuals) have been supported to adopt drought tolerant and high value crops. There are ongoing trainings in the 28 established adaptation villages. The Adaptation Village is a climate innovation providing holistic climate solutions through adoption of reliable water harvesting technology and unique adaptation investment models. A target 840 household are to be supported by adopt drought tolerant and high value crops by project close out.

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- Five (no) of value chains under implementation: Fruit Value chain, Aloe - vera, Fish Value chain ,Grains Value chain and Horticulture value chain.
- Fruit: 1500 households supported to adopt fruit farming (Mangoes, Citrus, watermelon, butter nuts, guavas) as an alternative livelihood in Kajiado, Kitui and Marsabit. 280 fruit trees to be planted in the 28 adaptation villages in the 9 counties. A banana fruit processing plant has been established in Njegas, Kirinyaga County.
- Fish: An ice cooling facility is established in Homabay; 400 fishermen identified for support with a fish cooling plant in Ekalakala and the civil works are completer for the fish cooling in Ekalakala.
- Aloe Vera: Aloe Vera is one of the drought tolerant plant planted in the established adaptation villages, and particularly in Kajiado County. This will diversify the livelihood among the largely pastoralists communities. The communities are being trained on how to grow aloe, establish small scale cottage enterprises like aloe vera soap / gel making, and market the products.
- Grains and Horticulture Value chain: The communities around the established adaptation villages are being trained on the various drought tolerant crops to be grown in their respective counties. Demo farms established use the farmer field approach to impart knowledge and skills in planting the drought tolerant food crops ensuring food security and driving livelihoods.
- 1500 households (Approximately 4,500 individuals) have adopted alternative livelihoods
- 714 Households using irrigation Kajiado, laikipia, Marsabit and Machakos
- Trainings were factored on the formation of Farmers Cooperative Societies (FCS) Village Savings and Loans Associations (VSLA), and Economic Empowerment Committees(EECs)
- 2 Grass demos sites of an average of 2 acres established in Kajiado.

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- 120 bales of hay harvested in Marsabit
- Hay bailers procured to support women and youth groups in Kajiado to bulk and sell hay during drought.
- 150 farmers practicing ecological land conservation strategies

**Component 2:** Improving climate resilient water management systems to enhance food security in selected counties

- Construction of 6 water of 18,000m<sup>3</sup> per water pan at Imbirikani, Rombo, Kimana, Entonent, Lenkisim and Kuku wards in Kajiado by KEFRI complete.
- Construction of 3 water pans of 20,000 m<sup>3</sup> by HornAid Kenya in Wajir and Garissa: Boji Yare, Alan Gondere, Daad Bulle complete
- Construction of 2 water pans of 5000m<sup>3</sup> – Kupuon Kamuga water pan in Kochieng west location and Dak Ongolo water pan in Kakola Ombaka location, Nyando by VIRED complete
- A 12,000m<sup>3</sup> Cubic Meter water pan at Midoina in Kilifi Sub-County by CDA is complete and in use.
- Completed the Construction of Machanga water pan in Embu
- Construction of intake works in Muranga County Kigumo Constituency (Ajibika) complete
- Completed the Construction of Othaya Constituency Small Earth Dam (Gakina);
- Construction of small earth dam (Wanduli), Makeni County, Kibwezi West Constituency complete
- 2 Djabias under construction in Wasini Island, Kwale county
- 28 boreholes successfully drilled and adaptation villages established
- Construction of water harvesting structures in 5 schools in the coast region complete
- Construction of the Thome Irrigation scheme by Caritas complete
- Completed the Construction of Masinga and Thome small-holder irrigation

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- Construction of two sump wells ongoing in Kitui County – the project consist of pipeline to the demonstration farm, installation of two 10M<sup>2</sup> plastic water tanks on a 6m high steel tower, water kiosk, installation of solar system and a solar pump

**Component 3: Increase resilience to climate change of Shoreline and Mangrove Ecosystem in Kenyan coastal zone**

- Shoreline stabilization civil works complete in Mwaembe
- 90 ha of mangroves rehabilitated ( 224,199 mangrove seedlings planted) in both Gazi and Vanga mangrove ecosystem
- 2 acres of Wasini CCA restored with corals. Involved Community sensitization and training of Wasini BMU members on improved management of coral reef and seagrass ecosystems including Baseline survey, Actual transplanting on both shallow and deep waters, Data recording and monitoring.
- The National coral reef restoration protocol developed, validated and published entitled “The Kenya National Coral Reef Restoration Protocol”
- Coral reef and sea grass mapping report complete
- Coral reef restoration documentaries and reports developed and shared through social media and public fora.
- GIS database established
- A total of 485No. of sacks used for the sea grass restoration recorded, 9,700 sea grass seedlings successfully transplanted in both shallow and deep waters
- Stakeholder and technical meetings for the development of a Management Plan for Diani Chale Marine Protected Area held

**Component 4: Disaster risk reduction and increasing preparedness among vulnerable communities**

- 60 Km of blocked drainage channels opened in 3 sub counties in Nyando basin.
- Construction of a 4km dyke at 98% completion rate along River Asao in Kisumu County

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- 4 evacuation centres complete in 4 schools in Kisumu County as follows ; Migingo Primary, St. Alloys Primary, Ombaka Primary and Kibarwa Primary
- Two workshops held where 113 community members were trained on early warning systems; One workshop for school for 24 teachers

**Component 5:** Strengthening institutional capacity, knowledge management, awareness raising and promotion of adaptation mechanisms in improving resilience on climate change to selected vulnerable communities in Kenya

- Web based information system developed for the programme hosted in the NEMA website; "<http://www.kccap.co.ke/>" Website Developed by CDA;
- Project sites branded;
- Project banners and brochures developed;
- Adaptation Fund documentary developed among others

*iii) Value-for-money achievements*

- i) Establishment of a functional adaptation village in Lechugu Secondary School in Laikipia County complete with a borehole, sanitation block, kiosk, demonstration block and basic hall
- ii) Construction of two sump wells ongoing at Kamanyi and Nyanyaa in Kitui County – the project consist of pipeline to the demonstration farm, installation of two 10M<sup>2</sup> plastic water tanks on a 6m high steel tower, water kiosk, installation of solar system and a solar pump
- iii) Construction of 2 water pans and 3 water storage tanks for harvesting of flood and rain water at the Thome Small holder irrigation project in Laikipia
- iv) Establishment of a functional adaptation village in Vota Primary School in Machakos County complete with a borehole, sanitation block, kiosk, demonstration block and basic hall. The VOTA borehole has a desalinization plant ensuring the water is potable.
- v) Baseline study for cropping system completed by Kenyatta University.

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- vi) Construction of Water Harvesting Structures in 5 schools in Coast Region complete – Kwale and Taita Taveta counties namely Orkung'u Primary School, Makwenyeni Secondary, Karimboni Primary, Bandari secondary and Kajire Girls
- vii) Trainings on Drought Tolerant crops management and on drip kits installation and management done by NASARU
- viii) 4 functional adaptation villages established in Kajiado County in Mosiro, Oletepesi, Olekejuodo and Mashuruu equipped with solarized system, borehole, water tanks, cattle dips, basic halls and demo block.
- ix) A 12,000 Cubic Meter water pan at Midoina in Kilifi Sub-County has been completed and is in currently use.
- x) 90 Ha of land has been rehabilitated by the planting of 224,199 mangrove seedlings in Kwale in Vanga and Gazi areas
- xi) 3 km of Coral reef rehabilitation and sea grass restoration is ongoing and there have been 27 natural transfers of corals and 173 artificial transfers of corals (2 acres)
- xii) Construction of 3 Water pans; 2. in Wajir County and 1 in Garissa County of an average capacity of 20.000 cubic metres capacity namely; Boji Yare, Daad Bulle and Alan Godere respectively.
- xiii) Construction of 6Water Pans at Imbirikani, Rombo, Kuku, Kimana, Lenkinsim and Entonent
- xiv) 1700 seedlings of 6 varieties of mangoes, 1700 seedlings of 4 varieties of citrus and 13,900 tree seedlings of various species planted to rehabilitate watering points and along rivers by KEFRI projects.
- xv) 3 check dams complete at Machanga, Wanduli and Gakina
- xvi) Intake work complete at Muranga, Ajibika Project in Gatare forest.
- xvii) Smallholder irrigation infrastructure project at Masinga is fully operational.

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- xviii) Construction of a fish cooling plant and fruit processing plant completed in Machakos and Kirinyaga County respectively.
  - xix) 2 water pans completed using voucher for work namely Dak Ongolo and Kupuon of average capacity of 4500 cubic meters.
  - xx) 60 Km of blocked drainage channels opened in 3 sub counties using voucher for work done by VIRED.
  - xxi) 3 boreholes drilled in Kisumu County at ,Wasare primary, Ogal Primary and Mingingo Primary
  - xxii) 5 Adaptation villages established in Homabay county in ; St. Nicansius Maranyona, Malele Primary school, Langi Dispensary , Ngou Primary and Kanyangasi Dispensary.
  - xxiii) 22,000 grafted mango seedlings have been distributed by ADRA and planted by the community with a 70% success rate
  - xxiv) The National Coral Reef Restoration Protocol had been developed in both Swahili and English Versions to show how communities could undertake the coral reef restoration that is under implementation in the Wasini Conservation Area
  - xxv) Assessment of impacts of sea walls complete. A website for the project is in place (<http://www.kccap.co.ke>)
  - xxvi) Construction of 4 evacuation centres is complete in 4 schools in Kisumu County in the following schools ; Migingo Primary, St. Alloys Primary, Ombaka Primary and Kibarwa
  - xxvii) 5 Adaptation villages established in Wajir and Garrisa Counties
  - xxviii) Construction ongoing for a 4km dyke complete along River Asao in Kisumu County
- iv) *Indicate the absorption rate for each year since the commencement of the project.*

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v) *List the implementation challenges and recommended next steps.*

**Absorption analysis**

<b>FY</b>	<b>AF Budget USD '000'</b>	<b>AF Budget KSH '000'</b>	<b>Bal b/f KSH '000'</b>	<b>Amounts received KSH '000'</b>	<b>Expenses incurred KSH '000'</b>	<b>Bal c/d KSH '000'</b>
		<b>a</b>		<b>b</b>	<b>C</b>	<b>d</b>
2015/16	4,957	488,945	-	488,945	59,641	429,304
2016/17	-	-	429,304	-	235,224	194,080
2017/18	-	-	194,080	-	89,710	104,370
2018/19	3,954	399,783	104,370	399,783	27,309	476,844
2019/20	-	-	476,844	-	84,761	392,083
2020/21	1,086	117,760	392,082	117,760	107,291	402,552
2021/22	-	-	402,551	-	140,326	<b>262,226</b>
2022/23			384,473	-	151,400	<b>233,073</b>
Add: Other receipts & exchange gain						
Exchange gain				138,739		55,420
Receipts from Caritas				743		
Refunds from EEs					(10,281.00)	10,281.00
Balance for AF USD						(57,001.00)
<b>Total</b>	<b>9,997.12</b>	<b>1,006,488</b>	<b>2,383,704</b>	<b>1,145,970</b>	<b>902,259</b>	<b>243,711</b>

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<b>Implementation challenges</b>	<b>Current Status</b>	<b>Recommended way forward</b>
Underfunding of some activities	Some activities had been underfunded in the approved work plan	Re-allocation of funds within the allowable limits and explore alternatives that lead to the same outcomes. Joint revision of the work plans with the EEs has been undertaken as a mitigation measure.
Delay of civil works completion by the procured contractors	A few of the contractors establishing civil works of the adaptation assets have delayed completion of the assigned works,	Monitoring of the project activity status and contract management meeting have been employed to ensure close follow up with the contractors

**2.9 Summary of Project Compliance:**

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

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

**Introduction**

The overall objective of the Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya is to contribute to to enhance resilience and adaptive capacity to climate change for selected communities in various Counties in Kenya in order to increase food security and environmental management

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

- a) **Objective 1:** Enhance Climate Change resilience for improved food security in selected Counties
- b) **Objective 2:** Improve climate resilient water management systems to enhance food security in selected Counties
- c) **Objective 3:** Increase resilience to climate change of Shoreline and Mangrove Ecosystem in Kenyan coastal zone
- d) **Objective 4:** Disaster risk reduction and increasing preparedness among vulnerable communities
- e) **Objective 5:** Strengthen capacity and knowledge management for Program Implementation and Climate change adaptation

**Progress on attainment of strategic development objectives**

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

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Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome / Target	Indicator/ Means of Verification	Performance
<b>Component 1: Enhancing Climate resilient agricultural, forestry, pastoral and agro-pastoral production systems to improve food security in selected Counties in Kenya.</b>				
Output 1.1	Increased adoption of drought tolerant food crops and high value crops	15,000 individuals adopting drought tolerant and high value food crops;	1.1.1 No. of individuals adopting drought tolerant and high value food crops	1667 households (approximately 8,335 individuals) have been supported to adopt drought tolerant and high value crops
		6value chains approaches adopted/enhanced	1.1.2 No. and types of value chain approaches adopted/enhanced	Five (no) of value chains are in progress: 1)Fruit Value chain 2)Aloe - vera 3)Fish Value chain 4)Grains Value chain 5)Horticulture value chain
Output 1.2	Diversified alternative livelihood sources	2No and type (fish &fruit) of alternative livelihood strategies adopted	1.2.1 No and type of alternative livelihood strategies adopted	1) Fruit : 1500 households supported to adopt fruit farming (Mangoes, Citrus, watermelon, butter nuts, guavas) as an alternative livelihood in Kajiado, Kitui and Marsabit. 280 fruit trees to be established in the adaptation villages 2) Fish: An ice cooling facility is completed Homabay; 400 fishermen identified for support with a fish cooling plant in Ekalakala under establishment
		5000 individuals adopting alternative climate-resilient livelihoods	1.2.2 No. of individuals adopting alternative climate-resilient livelihoods	1500 households (Approximately 4,500 individuals) have adopted alternative livelihoods
Output 1.3	Increased food production through appropriate	25% average increase in food production per Ha.	1.3.1 Percentage increase in food production (kgs) per Ha	Activities to support this output including irrigation, drip kit distributions, seed distribution and trainings are in progress.

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	and efficient irrigation methods	3,000 individuals using irrigation methods	1.3.2 No of individuals using irrigation methods	714 Households using irrigation Kajiado, laikipia, Marsabit and Machakos
Output 1.4	Enhanced efficient food utilization through implementation of post-harvest strategies and value chain approach	140 Common grain stores for farmer groups,	1.4.1 No. of preservation, storage techniques established	None: 9 Adaptation villages under construction in Kajiado and Homabay once complete will be centres of demonstrations and promotion on preservation, storage techniques
		61 Farmers Cooperative Societies (FCS), Village Savings and Loans Associations (VSLA), and Economic Empowerment Committees(EEs) formed and supported	1.4.2 No. of Farmers Cooperative Societies (FCS), Village Savings and Loans Associations (VSLA), and Economic Empowerment Committees(EEs) formed and supported	None: Replaced by adaptation villages where training has been factored on the formation of Farmers Cooperative Societies (FCS) Village Savings and Loans Associations (VSLA), and Economic Empowerment Committees(EEs)
Output 1.5.	Increased animal production through adoption of drought tolerant animal breeds, pasture conservation and emergency fodder banks	100 Hay machines distributed	1.5.1 Percentage increase in available fodder	120 bales harvested in Marsabit; 2 Grass demos' sites of an average of 2 acres established in Kajiado Hay bailers procured to support women and youth groups in Kajiado to bulk and sell hay during drought.
			1.5.2 No of animals receiving sufficient fodder	Haybailers given to farmer groups for bailing hay in kajiado county
		Secological land use and management systems adopted	1.6.1 No and type of ecological land use and management systems	3 Ecological and land use and management systems promoted: Types: (a) Agro forestry (b) Soil and Water conservation (c) Rehabilitation of water catchments areas
		2000 individuals practicing conservation	Output 1.6	Enhanced land productivity through ecological land use systems , conservation strategies and management technologies

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		strategies		
		78 water pans water constructed. Construction of 300mm pipeline approximately 9km 29 boreholes 2 sumpwells 2 djabias 5 roof catchment structures	<b>Component 2: To improve climate resilient water management systems to enhance food security in selected Counties in Kenya</b>	12 water pans constructed 2 (No) Irrigation infrastructure established in Masinga and Laikipia with pipeline of approx 11.9Km 28 boreholes drilled and equipped 3 check dams established 2 sumpwells under establishment 2 djabias under establishment 5 roof catchment structures established in schools
<b>Component 3: To increase resilience to the effects of rise in sea level and shoreline changes through Integrated Shoreline and Mangrove Ecosystem Management at Vanga and Gazi in the Coastal region of Kenya</b>				
Output 3.1	Implemented Integrated Shoreline and Mangrove Ecosystem Management (ISMEM) plan	Shoreline stabilized civil works ongoing at Mwaembe	3.1.1 Length of shoreline stabilized.	Shoreline stabilized civil works complete at Mwaembe
			3.1.2 No. of HHs secured from the effects of sea level rise and shoreline changes.	
		• 90 Ha rehabilitated by the planting of 224,199 mangrove seedlings in Kwale in Vanga and Gazi areas	3.1.3 Area in Ha of Mangroves Ecosystem rehabilitated in Vanga and Gazi.	• 90 Ha rehabilitated by the planting of 224,199 mangrove seedlings in Kwale in Vanga and Gazi areas
		• 3 km of Coral reef rehabilitation and sea grass restoration is ongoing and there have been 27 natural transfers of corals and 173 artificial transfers of corals (2	3.1.4 Length of coral reefs rehabilitated and protected along the Shimoni-Vanga shoreline.	• 3 km of Coral reef rehabilitation and sea grass restoration is ongoing and there have been 27 natural transfers of corals and 173 artificial transfers of corals (2 acres)  A total of 485No. of sacks used for the sea grass restoration recorded, 9,700 sea grass seedlings successfully transplanted in both

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		acres)		shallow and deep waters
			3.1.5 Length of shoreline where erosion and accretion has been controlled.	
		• Inventory and GIS database in place.	3.1.6 Inventory and GIS database for the shoreline and mangrove ecosystem in place.	• Inventory and GIS database in place.

**Component 4: To reduce disaster risk among targeted vulnerable communities for climate related risks in Kenya**

Output 4.1	Enhanced disaster risk reduction and increasing preparedness among vulnerable communities	(a) Construction of 4kms of Dykes (b) Desilting/openning of 10kms of canals (c) Construction of 4 evacuation Centers	4.1.1: Number of infrastructures developed or modified to respond to new conditions arising from climate change related disasters	(a) 60 Km of blocked drainage channels opened in Nyando river basin helping reduce flooding in Kisumu County; (b)4 km dykes constructed along river Asao (c) 4 evacuation centers completed
		2 Early warning system established; Developed system of sending disaster alerts	4.1.2: No. of early warning systems	1 early warning system on the River Asao Dyke under at 95% completion
		8 Drills/forums	4.1.3: Number of sensitization forums / drills held to build the capacity of the vulnerable communities and stakeholders for increasing knowledge &skills in arresting climate change disaster	Two workshops held where 113 community members were trained on early warning systems; One workshop for school for 24 teachers

**Component 5: To strengthen institutional capacity, knowledge management, awareness raising and promotion**

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**of adaptation mechanisms in improving resilience on climate change to selected vulnerable communities in Kenya.**

Output 5.1	Established information systems for documenting program implementation processes, information and best practices/lessons learnt	1 Policy makers, ministerial training 10 farmer exchange field tours One conference to profile disseminate best practices One empirical research study	5.1.1 Number of information systems / materials(database, website, website, Communication and visibility tools) developed documenting program implementation processes, information and best practices/lessons learnt	<ul style="list-style-type: none"> <li>• Web based information system - webpage developed for the programme hosted in the NEMA website; Webpage on project Developed by CDA; "http://www.kccap.co.ke/"</li> <li>• 13 project sites branded; Project banners and brochures developed; Project activities documentary under development; 20,000 brochures done and distributed by Vired; 2500 brochures, fliers, posters, 33 shirts and banners for project visibility done by NIE secretariat</li> <li>• Project activities highlighted in NEMA website</li> <li>• Adaptation fund programme featured in a national news t.v station "https://www.youtube.com/watch?v=ZnldXagxUQ4&amp;feature=youtu.be"</li> <li>• Coastal region Project activities documentary developed and shared on social media "https://web.facebook.com/TheNextFrontierKe/videos/498005837484572"</li> </ul>
Output 5.2	Knowledge generation and dissemination	12 Radio talk shows on DRR	5.2.1 Number of meetings, forums and information materials generated	None: Planned

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Output 5.3	Awareness creation and sensitization on climate change adaptation.	Participation in short courses international meetings, seminars, national workshops on climate Change, project management	5.3.1 Number of radio/T.V shows/ programmes aired, peer reviewed publications, community forums, information materials generated and trainings conducted	<p>(a) Participated in 1 International seminar in South Africa</p> <p>(b) Held the NIEs Readiness workshop in Kenya in April 2018;</p> <p>(c) Participated in 1 International seminars - Climate Finance readiness Seminar in Antigua &amp; Barbuda in August 2019;</p> <p>(e) 2020 Annual Climate Finance Readiness Seminar for Accredited NIEs</p> <p>(f) Participated in the 2020 Virtual Annual Climate Finance Readiness Seminar for Accredited NIEs</p> <p>(g) Participated in the AF Virtual Knowledge Fair in December 2020</p> <p>(h) Participated in 2021 annual NIE virtual seminar</p> <p>(i) Participated in UNEA, 2020 and 2021 in Nairobi, Kenya</p>
Output 5.4	Strengthening capacity for program Implementation and Climate change adaptation	1 Climate Change adaptation meeting	5.4.1 No. of International meetings, seminars, national workshops and short courses on program management and Climate Change adaptation attended	<p>Participated in UNFCCC COP 25 in Madrid, Spain and COP 26 in Glasgow, UK.</p> <p>Participated in the country exchange for national implementing entities – NIEs from 5-9 June 2023 in Pekalongan, Indonesia</p>

#### **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 organisation's policies and activities that promote sustainability.

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

The Constitution of 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 includes: 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
- Customize internal operation of the Authority in order to reduce its Carbon footprints and to contribute to greening NEMA.

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- 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 EPIs'. 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 MDAs and line ministries to lobby decision makers for appropriate resource allocation in underperforming areas. Other objectives of the EPI are to:

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

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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, 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

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safety policy which will be in compliance with Occupational Safety and Health Act of 2007, (OSHA)

**4. Market place 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).

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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During the financial year, the Authority undertook the following CSR activities;

- Donation of a 10,000 litres water tank to Emborogo Children's home in Kisii County and capacity building on climate change, waste management and tree planting in two schools in Murayu primary in Kakamega and Mikayu primary in Bungoma.
- Planted 2,500 seedlings at Gambela and fenced 40% of Lake Kisima.
- Donated food items to a children's home in Homabay County, 17 tanks, 105 beehives and 8 improved goats to communities in Mwingi during WED & WDDD 2023

## **5. Statement of Project Management responsibilities**

*The Director General* and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2023.

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

*The Director General* and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

*The Director General* and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date. *The Director General* and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya further

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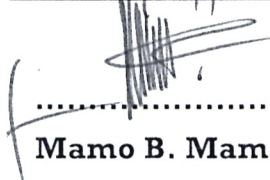
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confirm the completeness of the accounting records maintained for the Programme, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

*The Director General and the Programme Coordinator for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya confirm that the Programme has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Programme funds received during the financial year 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 *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya on 26/09/ 2023 and signed by:

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

**Director General**

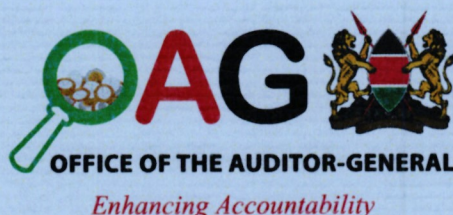
  
.....  
**Wangare Kirumba**

**Programme Coordinator**

  
.....  
**CPA Kennedy Ochuka**  
**Director Corporate Services**  
**ICPAK Member No: 3872**

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON INTEGRATED PROGRAMME TO BUILD RESILIENCE TO CLIMATE CHANGE AND ADAPTIVE CAPACITY OF VULNERABLE COMMUNITIES IN KENYA - NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Control, 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 does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, 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 Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in

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*Report of the Auditor-General on Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya - National Environment Management Authority for the year ended 30 June, 2023*

Kenya as set out on pages 1 to 41, which comprise of the statement of the financial assets as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Financing Agreement between Adaptation Fund Board and National Environment Management Authority (NEMA) and the Public Finance Management Act, 2012.

### **Basis of Opinion**

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

### **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, I have determined that there are no other key audit matters to communicate in my report.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Approved Budget**

The statement of comparison of budget and actual amounts reflects original and final budget amounts of Kshs.193,365,2 and Kshs.26,249,229 respectively. However, the

Management did not provide an approved budget to support the balances and minutes of Board approval, in contravention of Section 31(1) of Public Finance Management (National Government), Regulations, 2015 which requires the Accounting Officer to ensure that the draft estimates relating to her or his department are prepared in conformity with the Constitution, the Act and the Regulations.

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

## **2. Inadequately Supported Expenditure**

The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects expenditure of Kshs.54,978,354 on purchase of goods and services. Included in this amount is Kshs.11,378,030 paid to various staff to monitor implementation and operation of projects in various parts of the country. However, the site visits were not supported with travel itinerary detailing dates of travel, sites visited, activities undertaken by the officers and monitoring reports.

In the circumstances, it was not possible to confirm whether the amount of Kshs.11,378,030 incurred on project monitoring was a proper charge to public funds and whether value for money was obtained by the citizens.

## **3. Delay in Project Implementation**

Review of the Project Implementation Status (PIS) report and a further project inspection carried out during the month of October, 2023 reflects that various projects are at different completion levels (mostly at 60%) despite the financing agreement having expired on 30 June, 2023. These include incomplete Works for Construction of a Fish Cooling Facility in Ndhiwa Homabay County, drilling and equipping of boreholes in Laikipia, Garissa, Wajir, Kajiado, Taita Taveta and Kisumu, construction of dykes in Nyando, fencing and construction of basic halls in adaption villages in Kisumu and samp wells in Kitui.

Further, a consultancy contract of Kshs.2,995,000 for adaptation fund programme documentary was signed on 2 September, 2021 and the services were expected to be delivered within four (4) months but extended to 31 March, 2023. Review of expenditure records shows that the consultant had been paid Kshs.1,797,000 or about 60% of the contract price as at 30 June, 2023 but the consultancy services not completed by October, 2023, a delay of twenty-two (22) months.

In the circumstances, value for money spent on the projects may not have been realized by the Kenyan Citizens.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### Basis for Conclusion

#### Expired Financing Agreement

Review of expenditure records reflects that the Project started on 1 May, 2016 and was to be completed on 30 April, 2019. However, this was not achieved and the entity requested for four (4) years no cost extension ending 30 June, 2023. However, review of project status during the month of October, 2023 shows that the extended period has since lapsed but project activities are still ongoing.

In the circumstances, non-completion of project activities within the agreed timelines may lead to discontinued donor financial support.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions 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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Conclusion

As required by the financing agreement between Adaptation Fund Board and National Environment Management Authority (NEMA):

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

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

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

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

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

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

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

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**10 November, 2023**

## 7. Statement of Receipts and Payments for the year ended 30th June 2023.

	Note	2022-2023		2021-2022		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity Kshs.	Payments made by third parties Kshs.	Receipts and payment controlled by the entity Kshs.	Payments made by third parties Kshs.	
<b>Receipts</b>						<b>Kshs.</b>
Proceeds from domestic and foreign grants		-	-	-	-	1,006,487,955
Proceeds from donors	1	(10,280,665)	-	(29,067,344)	(29,067,344)	(39,348,009)
Proceeds from Caritas		-	-	743,151	-	743,151
Refund from Executing Entities	2	10,280,665	-	29,067,344	-	39,348,009
Miscellaneous receipts (Exchange gain/loss)	3	55,420,356	-	83,319,081	-	138,739,437
<b>Total receipts</b>		<b>55,420,356</b>	<b>-</b>	<b>84,062,232</b>	<b>84,062,232</b>	<b>1,145,970,543</b>
<b>Payments</b>						
Compensation to employees		-	-	-	-	-

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities  
Kenya**

**Annual Report and Financial Statements for the financial year ended June 30, 2023**

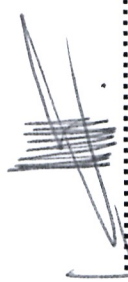
Purchase of goods and services	4	54,978,354	-	54,978,354	99,835,456	-	99,835,456	154,813,812
Social security benefits		-	-	-	-	-	-	
Acquisition of non-financial assets	5	96,221,053	-	96,221,053	219,042,584	-	219,042,584	315,263,637
Transfers to other government entities		-	-	-	415,757,789	-	415,757,789	415,757,789
Other grants and transfers /payments (Bank charges)	6	200,374	-	200,374	507,471	-	507,471	707,845
<b>Total payments</b>		<b>151,399,783</b>	<b>-</b>	<b>151,399,783</b>	<b>735,143,300</b>	<b>-</b>	<b>735,143,300</b>	<b>886,453,083</b>
<b>Surplus/ (deficit)</b>		<b>(95,979,425)</b>	<b>-</b>	<b>(95,979,425)</b>	<b>(651,081,068)</b>	<b>-</b>	<b>(651,081,068)</b>	<b>259,427,460</b>

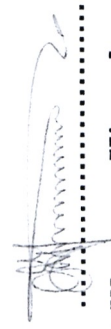
The funds were received as tabulated below:

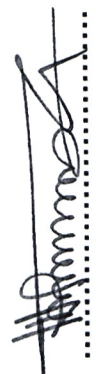
<b>Year</b>	<b>Amount</b>
2014	488,944,727
2015	399,783,277
2018	117,759,951
<b>Total</b>	<b>1,006,487,955</b>

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**  
**Annual Report and Financial Statements for the financial year ended June 30, 2023**

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

  
.....  
**Wangare Kirumba**  
**Programme Coordinator**


  
.....  
**CPA Kennedy Ochuka**  
**Director Corporate Services**  
**ICPAK Member No: 3872**

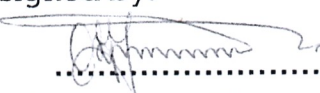
**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity  
of Vulnerable Communities in Kenya**  
*Annual Report and Financial Statements for the financial year ended June 30, 2023*

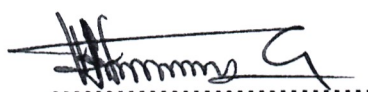
**8. Statement of Financial Assets as at 30<sup>th</sup> June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and Cash equivalents</b>			
Bank Balances	7A	259,427,460	384,474,275
Cash Balances		-	-
Cash equivalents (Short-term deposits)		-	-
<b>Total Cash and Cash equivalents</b>		<b>259,427,460</b>	<b>384,474,275</b>
Accounts Receivable		-	19,116,278
Outstanding Imprests			
<b>Total Financial Assets</b>		<b>259,427,460</b>	<b>403,590,553</b>
<b>Financial Liabilities</b>			
Third party Deposits and Retention		-	-
<b>Net Assets</b>		<b>-</b>	<b>-</b>
<b>Represented By</b>			
Fund Balance B/fwd.	8	403,590,553	502,080,826
Prior Year adjustments	9	(39,348,009)	(29,067,344)
Outstanding Imprests	10	(8,839,659)	
Surplus/(Deficit) for the Year		(95,975,425)	(69,422,929)
<b>Net Financial Position</b>		<b>259,427,460</b>	<b>403,590,553</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 26/07/2023 and signed by:

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

  
.....  
**Wangare Kirumba**  
**Programme Coordinator**

  
.....  
**CPA Kennedy Ochuka**  
**Director Corporate Services**  
**ICPAK Member No: 3872**

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity  
of Vulnerable Communities in Kenya**  
*Annual Report and Financial Statements for the financial year ended June 30, 2023*

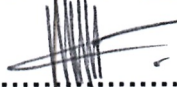
**9. Statement of Cashflow for the year ended 30<sup>th</sup> June 2023**


<b>Description</b>	<b>Notes</b>	<b>2022-2023</b>	<b>2021-2022</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Cashflow from operating activities</b>			
<b>Receipts</b>			
Refunds from Executing Entities	2	10,280,665	29,067,344
Proceeds from domestic and foreign grants		-	-
Miscellaneous receipts	3	55,420,356	41,836,442
<b>Total receipts</b>		<b>65,701,015</b>	<b>70,903,786</b>
<b>Payments</b>			
Compensation of employees		-	-
Purchase of goods and services	4	(54,978,354)	27,468,952
Social security benefits		-	-
Transfers to other government entities		-	5,996,814
Other grants and transfers (Bank Charges)	6	((200,374)	129,216
<b>Total Payments</b>		<b>(55,178,728 )</b>	<b>33,594,982</b>
<b>Net receipts/(payments)</b>		<b>10,522,287</b>	<b>37,308,804</b>
<b>Adjustments during the year</b>			
Prior year adjustments	9	(39,348,009)	(29,067,344)
Decrease/(increase) in accounts receivable		(19,116,321)	-
Increase/(decrease) in accounts payable:		-	-
<b>Net cash flow from operating activities</b>		<b>(58,464,330)</b>	<b>8,241,460</b>
<b>Cashflow from investing activities</b>			
Acquisition of non-financial assets	5	(96,221,050)	(106,731,733)

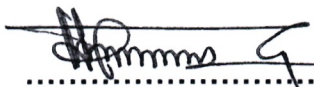
**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity  
of Vulnerable Communities in Kenya**  
*Annual Report and Financial Statements for the financial year ended June 30, 2023*

<b>Net cash flows from investing activities</b>		<b>(96,221,050)</b>	<b>(106,731,733)</b>
<b>Cash flow from financing activities</b>			
Proceeds from foreign borrowings		-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>(144,163,093)</b>	<b>(98,490,273)</b>
<b>Cash and cash equivalent at beginning of the year</b>		<b>403,590,553</b>	<b>502,080,826</b>
<b>Cash and cash equivalent at end of the year</b>		<b>259,427,460</b>	<b>403,590,553</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 26/09/2023 and signed by:

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


  
.....  
**Wangare Kirumba**  
**Programme Coordinator**

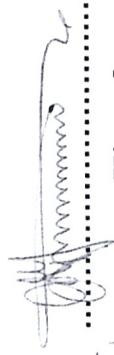
  
.....  
**CPA Kennedy Ochuka**  
**Director Corporate Services**  
**ICPAK Member No: 3872**

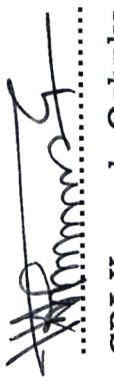
10. Statement of Comparison of Budget and Actual amounts for year ended 30<sup>th</sup> June 2023

	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis D	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>Receipts</b>						
Proceeds from domestic and foreign grants	193,365,212		193,365,212	151,399,780	41,965,432	78%
Foreign Exchange gain						
<b>Total Receipts</b>	<b>193,365,212</b>		<b>193,365,212</b>	<b>151,399,780</b>	<b>41,965,432</b>	<b>78%</b>
<b>Payments</b>						
Purchase of goods and services	80,000,000		80,000,000	54,978,354	25,021,646	69%
Acquisition of non-financial assets	107,259,060		107,259,060	96,221,050	11,038,010	90%
Transfers to other government entities	5,483,674		5,483,674	-	5,483,674	0%
Other payments	622,478		622,478	200,376	422,102	32%
<b>Total Payments</b>	<b>193,365,212</b>		<b>193,365,212</b>	<b>151,399,780</b>	<b>41,965,432</b>	<b>78%</b>
<b>Surplus or Deficit</b>	-		-	-	-	-

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.

  
.....  
Mamo B. Mamo, EBS  
Director General

  
.....  
Wangare Kirumba  
Programme Coordinator

  
.....  
CPA Kennedy Ochuka  
Director Corporate Services  
ICPAK Member No: 3872

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

*Annual Report and Financial Statements for the financial year ended June 30, 2023*

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**11. Significant Accounting Policies**

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

**a) Statement of compliance and basis of preparation**

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

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

**b) Reporting entity**

The financial statements are for Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya. The financial statements are for the reporting entity as required by Section 81 of the PFM Act, 2012 .

**c) Reporting currency**

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

**d) Recognition of receipts**

The Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya recognises all receipts from the various sources when the event occurs, and the related cash has been received.

**Significant Accounting Policies (continued)**

**i) Transfers from the Exchequer**

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

**ii) External Assistance**

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

**iii) Other receipts**

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

**iv) Donations and grants**

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

**v) Proceeds from borrowing.**

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

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**Significant Accounting Policies (continued)**

**vi) Undrawn external assistance**

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

**e) Recognition of payments**

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

**i) Compensation to employees**

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

**ii) Use of goods and services**

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

**iii) Interest on borrowing**

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

**Significant Accounting Policies (continued)**

**iv) Repayment of borrowing (principal amount)**

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

**v) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

**f) In-kind donations**

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

**Significant Accounting Policies (continued)**

**g) Cash and cash equivalents**

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

**h) Restriction on cash**

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

**i) Imprests and Advances**

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

**Significant Accounting Policies (Continued)**

**j) Contingent Liabilities**

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

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

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**Significant Accounting Policies (Continued)**

**k) Contingent Assets**

The Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya 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 Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya 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.

**l) Pending bills**

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

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**Significant Accounting Policies (Continued)**

**m) Budget**

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

**n) Third party payments**

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

and are disclosed in the payment to third parties' column in the statement of receipts and payments.

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**Significant Accounting Policies (Continued)**

**o) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates (Kenya Shillings). Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

**p) Comparative figures**

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

**q) Subsequent events**

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

**r) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There were prior year adjustments for the year ended June 30, 2023 as explained under note 9.

12. Notes to the Financial Statements

1. Proceeds From Donors

During the financial period to 30 June 2023, NEMA did not receive any funds from the donor since the donor had remitted all the funds

Name of Donor	2022-2023						2021-2022		Cumulative to date
	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	Total amount	KShs	
			KShs	KShs	KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-	-	
Insert name of foreign Government	-	-	-	-	-	-	-	-	
Grants Received from Multilateral Donors (International Organizations)	-	-	-	-	-	-	-	-	
Adaptation Fund Board									1,006,487,955
Grants Received from Local Individuals and organizations									
Insert name of individual or local organization	-	-	-	-	-	-	-	-	
<b>Total</b>	-								<b>1,006,487,955</b>

**Notes to the Financial Statements**

**2. Refunds from Executing Entities (EEs)**

During the financial period to 30 June 2023, we received funds from the following executing entity:

Executing entity	Total disbursement Ksh	Amount surrendered Ksh	Amount refunded Ksh
KEFRI (VIRED)	32,705,183.00	22,424,518.00	10,280,665.00
<b>Total</b>	<b>32,705,183.00</b>	<b>22,424,518.00</b>	<b>10,280,665.00</b>

Notes to the Financial Statements

3. Miscellaneous receipts

Description	2022-2023		2021-2022		Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties, and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-
Other receipts not classified elsewhere*	55,420,356	-	55,420,356	83,319,081	138,739,437
<b>Total</b>	<b>55,420,356</b>	<b>-</b>	<b>55,420,356</b>	<b>83,319,081</b>	<b>138,739,437</b>

The miscellaneous receipts relate to exchange gain/loss during the 12 months to 30<sup>th</sup> June 2023 as shown below:

4. Purchase of Goods and Services

Description	2022-2023		2021-2022	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	
	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services	1,259,269	-	-	6,217,053
Communication, supplies and services	-	-	-	-
Domestic travel and subsistence	41,355,847	-	18,492,472	115,504,123
Foreign travel and subsistence	5,882,267	-	4,682,518	14,070,399
Printing, advertising, and information supplies	-	-	-	-
Rentals of produced assets	-	-	-	-
Training payments	-	-	-	1,485,200

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Hospitality supplies and services	1,193,009	-	1,193,009	1,487,483	4,754,656
Insurance costs	-	-	-	-	-
Specialized materials and services	3,358,000	-	3,358,000	629,010	7,887,244
Advertising	624,230	-	624,230	1,603,296	2,772,230
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance- other assets	-	-	-	574,173	817,173
Casual wages	1,305,732	-	1,305,732	-	1,305,732
<b>Total</b>	<b>54,978,354</b>	<b>-</b>	<b>-</b>	<b>27,468,952</b>	<b>154,813,812</b>

Notes to the Financial Statements (Continued)

5. Acquisition of Non-Financial Assets

Description	2022-2023		2021-2022	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	
	Kshs.	Kshs.	Kshs	Kshs
Construction of civil works	96,221,053	-	93,590,217	296,543,003
Overhaul & refurbishment of construction and civil works	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	130,518	14,268,620
Purchase of household furniture & institutional equipment	-	-	-	4,200,214
Purchase of office furniture & general equipment	-	-	-	251,800
<b>Total</b>	<b>96,221,050</b>	<b>-</b>	<b>93,720,735</b>	<b>315,263,637</b>

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**Notes to the Financial Statements (Continued)**

**6. Bank charges**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank charges	200,374	129,216-
<b>Total</b>	<b>200,374</b>	<b>129,216</b>

**7. Cash And Cash equivalents**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts (Note 7A)	259,427,460	384,474,275
Cash in hand (Note 7B)	-	-
Cash equivalents (short-term deposits) (Note 7C)	-	-
<b>Total</b>	<b><u>259,427,460</u></b>	<b><u>384,474,275</u></b>

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**7. A Bank Accounts**

**Project Bank Accounts**

Details	2022-2023	2021-2022
	Kshs	Kshs
<b>Foreign Currency Accounts(USD)</b>		
Kenya Commercial Bank [A/c No.1165595192]	-	3,504,747
<b>Total Foreign currency balances</b>	-	<b>3,504,747</b>
<b>Local Currency Accounts</b>		
Kenya Commercial Bank Kshs Equivalent (A/c No.1165595192)	-	412,972,716
Kenya Commercial Bank Kshs account (A/c No.1218639164)	288,673,892	<u>23,916,434</u>
Add paid out Imprest.	15,716,200	
<b>Total bank account balances</b>	<b><u>304,390,092</u></b>	<b><u>436,889,150</u></b>
<b>Less:</b>		
GCF Readiness and Preparatory Support	19,761,938	1,321,102
GCF Devolved Climate Change Governance	25,200,694	26,740,694
South South		8,509,427
Technical Assistance		312,679
Learning grant		15,530,973
<b>Sub Total</b>	<b>44,962,632</b>	<b>52,414,875</b>
<b>AF Bank Balance</b>	<b>259,427,460</b>	<b>384,474,275</b>

**Notes:** The balance in A/c 1218639164 of Kshs.288,673, 892 at the end of the financial year included Kshs.19,761,938 for GCF Readiness and Preparatory Support and Kshs.25,200,694 for GCF Devolved Climate Change Governance. The Imprest of Kshs.15,716,200 had been paid out before the end of the financial year.

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**Notes to the Financial Statements (Continued)**

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> June 2023 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

**Special Deposit Accounts Movement Schedule**

**Special Deposit Account -**

The Project does not have a special deposit Account

**7 B Cash in hand**

The project does not have cash-in-hand operations.

**7 C Cash equivalents (short-term deposits)**

The project does not have short-term deposits.

**8. Fund Balance Brought Forward from the previous financial year.**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	384,474,275	502,080,826
Cash in hand		
Cash equivalents (short-term deposits)		
Outstanding imprests and advances		
Deposits and retention		
<b>Total</b>	<b>384,474,275</b>	<b>502,080,826</b>

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**Notes to the Financial Statements (Continued)**

**9. Prior Year adjustment**

<b>Executing Entity</b>	<b>Total Disbursements</b>	<b>Amount Refunded</b>	<b>Executing Entity</b>
<b>KEFRI ( World Vision</b>	<b>3,338,784.00</b>	<b>59,036.00</b>	<b>3,279,748.00</b>
ADRA KENYA	17,732,076.00	11,269,076.00	6,463,000.00
CARITAS	31,083,362.00	11,252,786.00	19,324,596.00
KEFRI(VIRED)	32,705,183.00	22,424,517.55	10,280,665.45
<b>TOTAL</b>	<b>84,859,405.00</b>	<b>45,005,415.55</b>	<b>39,348,009.45</b>

**10. Outstanding Imprest and Advances**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Opening Receivables as at 1 <sup>st</sup> July 2023	-	-
Closing account receivables as at 30 <sup>th</sup> June 2023	15,716,200	-
<b>Change in Imprests and advances</b>	<b>15,716,200</b>	<b>-</b>

At the end of the financial year imprest issued amounted to Kshs.15, 716,200. Schedule has been provided in the appendices. This imprest had been paid out by the end of the financial year. Included in the imprest issued of Kshs.15,716,200 was an amount of Kshs. 8,839,659 un surrendered.

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**Other Important Disclosures**

**1. Pending bills**

<b>Supplier of Goods or Services</b>	<b>Outstanding Balance 2022-2023</b>	<b>Outstanding Balance 2021/22</b>
<b>Construction of civil works</b>	191,093,984	125,203,126
Supply of goods	2,728,100	-
Supply of services	14,56,290	1,560,000
<b>Grand Total</b>	<b>195,278,374</b>	<b>126,763,126</b>

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**13. Annexes**

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

Reference No on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved )	Timeframe: (Put a date when you expect the issue to be resolved)
<b>REPORT ON FINANCIAL STATEMENTS</b>				
1 Budgetary Control and Performance	The Statement of Comparison of budget and actual amounts reflects total final budget of Kshs. 524,800,990 and actual payments of Kshs. 140,326,715 resulting in budget under expenditure of Khs 384,474,275 or 73%. It was noted that acquisition of non-financial assets reflected the highest budget underutilization of 78% or Kshs 379,169,257. In the circumstances the vulnerable communities in Kenya	Management notes your observations and states that the projects are nearing completion		

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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)
	did not receive services equivalent to Kshs 384,474,275 reflected as under expenditure for the year ended 30 June 2022			
2 Unresolved Prior Year Audit Matters	There were issues raised in the audit report for 2020/2021 financial year of which no report or recommendations from the Project Management and oversight bodies were submitted for audit verification and clearance. The issues remain unresolved and Management has not given satisfactory explanation for delay in resolving them.	Management notes your observations and wishes to state that the issues are being addressed in conjunction with the Public Accounts and Investment Committee		

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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)
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>				
1 Unsatisfactory Construction of Projects	<p>The statement of receipts and payments Note 6 to the financial statements reflects acquisition of non-financial assets of Kshs 106,731,733 which relate to construction of civil works.</p> <p>1.1 Projects in Laikipia and Kajiado Counties: Physical verification carried out in October 2022 on various projects, omissions of items or works and change in bill of quantities specification all</p>	<p>1.1 The management notes your observations and wishes to state that the said change was due to in availability of Gauge 30. In local hardware. Factory orders were for more than 100 square meters</p> <p>1.2 Management notes your observation and states that all the works have been completed satisfactorily</p>		

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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)
	<p>totalling to Khs 1,551,289. This is contrary to section 138(3) and (5) of Public Procurement and Asset Disposal Regulations, 2020</p> <p>1.2 Establishment of 7 Adaptation Villages in Kisumu and HomaBay Counties: Construction of civil works includes payments amounting to Kshs. 21,727,147. The cumulative</p>	<p>1.3 Management notes your observations and confirms that civil works are still ongoing. Once the works are completed, the surveyors report will confirm whether the specifications in the BOQs have been met.</p>		

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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)
	<p>amount spent as at 30 june ,2022 amounts Kshs 34,367,798. The contract price for the construction of seven(7) Adaptation villages in Kisumu and Homa Bay Counties amounted to Kshs. 45,253,901 with each Adaptation village costing Kshs 6,464,843. The scope of work per adaptation village included drilling , casting</p>			

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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)
	<p>,gravel packing and test pumping of the borehole , equipping of the boreholes , construction of elevated steel pressed water tank, construction of water kiosk, all related civil and plumbing works,sanitation facility and fencing of the land to secure the borehole,sanitati on facility and demonstration site. However,physic</p>			

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Reference No. on the external audi Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved )	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>al verification exercise carried out in October ,2022 revealed some works were not done, some project activities were not labelled and incomplete works. This is contrary to Section 138(3) and (5) Asset Disposal Regulations,2020</p> <p>1.3 Construction of Flood Protection Dykes along River Asao: Construction of civil works include an amount of</p>			

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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)
	<p>Kshs.11,724,710 paid to a firm for construction of flood protection dykes and installation of flood warning system. The total for the contract was Kshs 35,087,664 and the cumulative amount paid as at 30 June , 2022 was Kshs 21,448,375 comprising of Kshs, 9.723,664 paid previously and Kshs 11,724,710 paid in 2021/2022 financial year. However,</p>			

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Reference No. on the external audi Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved )	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>physical verifical carried out in October , 2022 revealed some incomplete works and change in specifications. The following observations were also note:</p> <p>i. The dyke was not constructed in accordance with the bill of quantities specifications since it was constructed on ab existing road therefore there was no site</p>			

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	<p>clearance and excavation works done with estimated cost of Kshs 5,493,376. Further, the dyke length was 3.6KM instead of 4KM</p> <p>ii. Slope protection by grassing on both sides of the embankment amounting to Kshs 1,994,040 was not done, further the crest width did not match the bill of quantities specifications of 1.7M</p> <p>iii. Control room and installation</p>			

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	<p>of flood warning system amounting to Kshs 500,000 were not constructed</p> <p>iv. One (1) sign board was erected instead of two (2) as indicated in the bill of quantities with each signboard costing Kshs 116,000</p> <p>v. Tender documents for other bidders were not provided for audit review hence not possible to</p>			

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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)
	<p>ascertain if the procurement process was fair, equitable, transparent, competitive and cost-effective</p> <p>This is contrary to Sec 138(3) and (5) of Public Procurement and Asset Disposal Regulations 2020. In the circumstances, the propriety and value of money of the above projects could not be confirmed.</p>			
2 Lack of Detailed Breakdown of the Annual Procurement	The National Environment Management Authority annual procurement plan for the 2021/2022 financial year reflect procurement of goods	The management notes the observation and states that NEMA maintains a detailed procurement plan and the same was		

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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)
Plan	<p>and services for the executing entities on the implementation of adaptation fund and GCF projects of Kshs 631,557,600.</p> <p>However,detailed breakdown of goods , works and services to be procured and value of each package of goods,works and services under both projects were, however not reflected in the annual procurement plan. This is contrary to section 41(a) ,(f) and (g) of Public Procurement and Asset Disposal Regulations ,2020</p> <p>In the circumstances , Management was in breach of the law.</p>	<p>availed during the audit</p>		
3 Lack Approved Budget	<p>The statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflects original budget of</p>	<p>The Accounting officer of the National Environment Management Authority was granted special</p>		

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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)
	<p>Kshs.453,897,204 and final budget balance of Kshs.524,800,990. However, the Management did not provide an approved budget to support the balances and the Authority's Board approval minutes. This is contrary to the Section 31(1) of Public Finance Management (National Government), Regulations, 2015. In the circumstances, management was in breach of the manual</p>	<p>authority by the National Treasury - Cabinet Secretary to act on behalf of the Government on Kenya on matters of signing a direct agreement with the donor and handling disbursements from the programme. This was following the donor's request to the national treasury to deal directly with the implementing entity and not with the national treasury. The project budget has always been included in the national budget estimates. The National Treasury however dropped the budget line before the project timelines ended.</p>		

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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)
		Discussions are being held with the Ministry and the National Treasury to reinstate the budget line. In the meantime, the programme relies on the approved budget by the donor		
4 Incomplete Annual Work Plan	The 2021/2022 annual work plan reflects a total cost of Kshs 76,000,000 on procurement of goods and services for adaptation fund project. It was however noted that the annual work plan did not provide details of specific activities and timelines. This is contrary to Section 4.3 of the NEMA financial management and procurement manual which states that it is the responsibility of the authority management to ensure	The management notes the observation and wish to states that NEMA prepares detailed annual workplans which specify each activities and costs . The detailed work plan was availed during the audit		

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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)
	that detailed annual work plans and budgets are prepared and section of 7.1.1 of the NEMA financial management manual In the circumstances , Management was in breach of the manual			
5 Irregular Expenditure on Management Fees	It was noted that actual management fees incurred as at 30 June 2022 of Kshs.99,835,456 exceeds the 8.5% maximum expenditure on management fees allowed by the financing agreement of USD 720,216.65 or Kshs.75,622,748 converted at a rate of Kshs.105 by Kshs.24,212,708 .This is contrary to Paragraph 8.0.1 of Financing	Management has noted your observation and wishes to confirm that the Programme' s budget provides that: i. The Project and Programme Cycle Management Fee applicable to Implementing Entity shall be 8.5% of Total Project Cost (D) amounting to USD 720,326.63 (which when translated at the current exchange rate of 126 amounts to Kshs 90,761,155.85). The NIE has so far only spent Kshs 66,582,136, leaving an unutilized balance of Kshs 24,179,019.85 ii. The Execution Cost		


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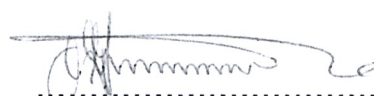
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved )	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Agreement between the Adaptation Fund Board and National Environment Management Authority (NEMA), Signed on 4th November, 2014</p>	<p>by Executing Entities shall be 9.5% of Total Project Cost amounting to USD 805,070.94 (which when translated at the current exchange rate of 126 amounts to Kshs 101,438,938.90). So far, only Kshs 2,451,000 has been utilized as Homabay execution fee and Kshs 12,741,093 spent as administration fee for the executing entities. Management also wishes to confirm that the NIE was implementing the activities under Component 5 of the Programme budget on capacity building on climate change, awareness creation, development of policy documents, and local trainings. Implementation of these activities was</p>		

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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)
		only for an amount of USD 332,470.52 (which when translated at the current exchange rate of 126 is Kshs 41,891,285.14). So far, only Kshs 18,061,227 has been utilized from this amount leaving a balance of 23,830,058		

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

  
 .....  
**Wangare Kirumba**  
**Programme Coordinator**

Annex 2: Variance explanations - Comparative Budget and Actual amounts for 2022-2023

	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %	Comments
<b>Receipts</b>					
Proceeds from domestic and foreign grants	193,365,212	151,399,780	41,965,432	78%	
Foreign Exchange gain					
<b>Total Receipts</b>	<b>193,365,212</b>	<b>151,399,780</b>	<b>41,965,432</b>	<b>78%</b>	
<b>Payments</b>					
Purchase of goods and services	80,000,000	54,978,354	25,021,646	69%	Projects ongoing
Acquisition of non-financial assets	107,259,060	96,221,053	11,038,010	90%	Projects ongoing
Transfers to other government entities	5,83,674	-	5,483,674	0%	Projects on going
Other payments	622,478	200,376	422,102	32%	Projects on going
<b>Total Payments</b>	<b>193,365,212</b>	<b>151,399,780</b>	<b>41,965,432</b>	<b>78%</b>	
<b>Surplus or Deficit</b>	-	-	-	-	-

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**Annex 3: Reconciliation of inter-entity transfers**

<b>Project Name:</b>			
<b>Break down of transfers from the Ministry of Environment, Climate Change and Forestry</b>			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
<b>a. Government Counterpart funding</b>		-	
		-	
		-	
	<b>Total</b>	-	
<b>B. Direct payments</b>			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		-	
	<b>Total</b>	-	
<b>C. Others</b>			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		-	
		-	
	<b>Total</b>	-	
	<b>Total (A+B+C)</b>	-	

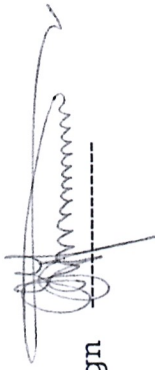
During the financial year ended 30<sup>th</sup> June 2023, the project did not have any inter entity transfers.

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

*fw* Wangare Kirumba

**Programme Coordinator**

  
Sign-----

Head of Accounting Unit  
**NEMA**

  
Sign-----

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya  
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**Annex 4a: Analysis of Pending Bills**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022-2023	Outstanding Balance 2021/22	Comments
	a	b	c	d=a-c		
<b>Construction of civil works</b>						
Rayfa Construction Ltd (Thome water project)	68,042,464	24-Aug-20	58,948,289	6,804,246	6,804,246	Retention
Masai Store Ltd (construction of adaptation village in Kajiado and Machakos)	47,121,022	28-Aug-20	47,121,022	-	3,224,295	Retention
Hashi Drilling Co. Ltd (Construction of adaptation village in Kisumu and Homabay county)	45,253,901	29-Sep-20	39,937,300	5,316,601	12,490,687	Works on going
Hashi Drilling Co. Ltd (Construction of adaptation village in Wajir and Garissa)	38,990,805	29-Sep-20	32,651,543	6,339,262	14,384,460	Works on going
Eddys Engineering Ltd ( Construction of dykes in Kisumu county)	35,087,664	19-Jan-22	30,793,669	4,293,995	25,783,124	Works on going
Everest Industries Supplies Ltd( Fencing &	55,520,088	6-Jan-22	19,796,498	35,723,590	49,968,000	10%advance

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Construction of basic halls)						payment
Delutide LTD ( Construction of evacuation centers in Kisumu)	18,999,649	12-Apr-22	13,592,487	5,407,162	12,548,314	1st IPC No. 1
Primerift Traders Ltd (Construction of boreholes)	56,083,190	25-Jan-23	29,870,204	26,212,986		
Bridges Promotion Ltd (Construction and fencing of adaptation villages)	19,035,075	3-Feb-23	-	19,035,075		
Empire Digital Ltd ( Construction of sumpwells)	12,282,896	6-Feb-23	3,223,784	9,059,112		
Bluemyst Investment(Construction of Djabias)	7,913,241	3-Feb-23	-	7,913,241		
Neptic Ltd( Installation of ice block making machine)	4,099,447	2-May-23	-	4,099,447		
Satique Construction Co. Ltd (Construction of Fish cooling Plant)	6,870,875	5-May-23	-	6,870,875		
Frisco Engineering Ltd (Intallation of proposed desalination plant)	3,520,000	2-May-23	-	3,520,000		
Colour Concierge		20-Feb-23		8,498,391		

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Ltd ( Construction of Banana project plant)	8,498,391	-	-	-	
Everest Industries Supplies Ltd joint venture with Primerift Traders Ltd (construction of boreholes)	21,000,000	21-Feb-23	21,000,000		
Radima Investments (Construction of intake along river Naromoru)	4,435,280	13-Feb-23	-	4,435,280	
Everest & Primerift Joint Venture (Construction of boreholes)	21,000,000	23-May-23	21,000,000		
<b>Sub Total</b>	<b>473,753,988</b>		<b>191,093,984</b>	<b>280,370,076</b>	<b>125,203,126</b>
<b>Supply of goods</b>					
Ontech Communication (K) Ltd (Supply of laptop battery)	6,950	1-Dec-22	6,950	-	
Ontech Communication (K) Ltd (Supply of phones)	289,350	6-Dec-22	289,350	-	
Ontech Communication (K) Ltd (Supply of Laptops)	289,800	6-Dec-22	289,800	-	

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Summer Ridge Enterprises Ltd( Supply of branded items)	2,142,000	18-Apr-23	-	2,142,000	
<b>Sub Total</b>	<b>2,728,100</b>		-	<b>2,728,100</b>	-
<b>Supply of services</b>					
Ring Africa Consultancies(Mid Term Review)	1,950,000	20-Apr-22	1,950,000	-	1,560,000
Rockstar Media (Development of AF documentary)	2,995,000	14-Jan-22	1,797,000	1,198,000	-
The A&L Hotel (Conference facility)	134,400	16-Jun-23	-	134,400	-
Kipevu Restaurant(Provision teas and snacks)	3,700	27-Feb-23	-	3,700	-
Kipevu Restaurant(Provision teas and snacks)	8,290	27-Feb-23	-	8,290	-
Kipevu Restaurant(Provision teas and snacks)	3,900	27-Feb-23	-	3,900	-
Semara Hotels (Conference facilities)	108,000	9-Dec-22	-	108,000	-
<b>Sub Total</b>	<b>5,203,290</b>		<b>3,747,000</b>	<b>1,456,290</b>	<b>1,560,000</b>
<b>Grand Total</b>	<b>481,685,378</b>		<b>284,117,076</b>	<b>195,278,374</b>	<b>126,763,126</b>

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**Annex 4b: Analysis of Pending: Staff Bills**

Name of Staff	Job Group	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
<b>Permanent Employees - Management</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Permanent Employees - Others</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Temporary employees</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
8.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

During the year ended 30<sup>th</sup> June 2023, the project did not have any staff pending payables

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**Annex 4c: Analysis of other Pending Payables**

Name	Brief Description	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Amounts due to National Govt Entities							
1.							
2.							
Sub-Total							
Amounts due to County Govt Entities							
3.							
4.							
Sub-Total							
Amounts due to Third Parties							
5.							
6.							
Sub-Total							
Others ( <i>specify</i> )							
7.							
8.							

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Name	Brief Description	Date To Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
<b>Sub-Total</b>							
<b>Grand Total</b>							

**Annex 5: Summary of Fixed Assets Register**

Asset class	Opening Cost (KShs) 2023	Donations in form of assets (KShs) 20xx/xx	*Purchases/ Additions in the Year (KShs) 20xx/xx	**Disposals in the Year (KShs) 20xx/xx	Transfers in/(out) Kshs 20xx/xx	Closing Cost (KShs) 20xx
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+(b)+(c)-(d)+(-)d
Land						
Buildings and structures						
Transport equipment	14,627,176	-	-	-	-	14,627,176
Office equipment, furniture and fittings	2,832,620					2,832,620
ICT Equipment,						

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Asset class	Opening Cost (KShs) 2023	Donations in form of assets (KShs) 20xx/xx	* Purchases/ Additions in the Year (KShs) 20xx/xx	** Disposals in the Year (KShs) 20xx/xx	Transfers in/(out) Kshs 20xx/xx	Closing Cost (KShs) 20xx
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+(b)+(c)-(d)+(-)d
Other Machinery and Equipment						
Heritage and cultural assets						
Biological assets						
Infrastructure assets roads, rails						
Intangible assets						
Work in Progress	17,459,796					17,459,796
<b>Total</b>						

**Annex 6: Contingent Liabilities Register**

Nature of contingent liability	Remarks

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1	
2	
3	
4	
5	
6	
7	

During the year ended 30<sup>th</sup> June 2023, the project did not have any contingent liability

**Annex: 7 Reporting of Climate Relevant Expenditures**

Name of the Organization-National Environment Management Authority (NEMA)  
 Telephone Number-254 020605522  
 Email Address- Dgenema@nema.go.ke  
 Name of CEO/MD/Head- Mamo B. Mamo

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Name and contact details of contact person (in case of any clarifications) Dr. Ann Omambia (254 020605522)

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementin Partners
				Q1	Q2	Q3	Q4	
Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya	Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya	Enhancing Climate Change resilience for improved food security in selected Counties	<ul style="list-style-type: none"> <li>Establishment of appropriate physical assets and infrastructure for water harvesting, storage and irrigation</li> </ul>	29,067,339	42,003,779		80,328,665	Adaptation Fund

**Annex 8: Reporting Disaster Management Expenditure**

<b>Column I</b>	<b>Column II</b>	<b>Column III</b>	<b>Column IV</b>	<b>Column V</b>	<b>Column VI</b>	<b>Column VII</b>
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

During the financial year ended 30<sup>th</sup> June 2023, the project did have any Disaster Management Expenditure

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**Annex 9: Other Support Documents**

- i. Bank Reconciliations statement as at 30<sup>th</sup> June 2023
- ii. Report on the outstanding imprest.

