

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY PAPERS L.A.T.D.	
DATE: 15 MAR 2023	DAY: Wednesday
TABLED BY:	leader of the Majority Party
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**THE AUDITOR-GENERAL**

**ON**

**FINANCING LOCALLY-LED CLIMATE  
ACTION PROGRAM CREDIT NO. IDA 6980;  
TF B6810 - KE (P173065)**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

**THE NATIONAL TREASURY**







**THE NATIONAL TREASURY AND PLANNING**

**FINANCING LOCALLY- LED CLIMATE ACTION PROGRAM**

**THE NATIONAL TREASURY -PROGRAM IMPLEMENTATION UNIT**

**CREDIT NO: IDA 6980; TF B6810 – KE (P173065)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022**

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

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FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022**

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**1. PROGRAM INFORMATION AND OVERALL PERFORMANCE**

**1.1 Name and registered office**

**Name:** Financing Locally-Led Climate Action (FLLoCA) Program.

**Objective:** The key objective of the program is to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risk.

**Address:** The program headquarters/ offices are situated in 7th Floor, Kenya Reinsurance Plaza, Taifa Road/ Agha Khan Walk Nairobi County, Kenya.

The address of its registered office is:

P. O. Box 30007-00100.

Nairobi

Kenya

Email:

ps@treasury.go.ke

Phone:

+254 020 2252299

Fax:

+254 020 2252299

**1.2 Program Information**

<b>Project Start Date:</b>	The program effective date is 1 <sup>st</sup> February, 2022. However, the Project Preparatory Advance commenced in March, 2020.
<b>Program End Date:</b>	The Program end date is 31 01 2027
<b>Program Coordinator:</b>	The current Acting Program Coordinator is <b>Mr Malik Aman</b>
<b>Program Manager Finance &amp; Strategy:</b>	The Program Manager is <b>Dr. Maurice Pedo</b>
<b>Program Sponsor:</b>	The program sponsor is <b>World Bank, International Development Association (IDA)</b> , Government of Denmark (DANIDA) and Government of Sweden (SIDA) and Government of Kenya (GoK).

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**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of <b>The National Treasury and Planning.</b>
Program Number	IDA 6980 –KE; TF B6810 – KE (P173065)
Strategic goals of the project	<p><b>The strategic goals of the project are as follows:</b></p> <p>The program development objective is to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risks by building their capacity to plan, budget, implement and monitor resilience investments in a way that promotes collaborative partnerships between communities, national and county governments.</p>
Achievement of strategic goals	<p><b>The project management aims to achieve the goals through the following means:</b></p> <ul style="list-style-type: none"> <li>(i) Mobilizing resources for climate finance – including leveraging private sector support</li> <li>(ii) Architecture of climate finance – decentralized climate finance</li> <li>(iii) Linking national and county institutions to climate finance sources</li> <li>(iv) Readiness to support the MDA's and County Governments</li> <li>(v) County Climate Change funds (incentives)</li> <li>(vi) Climate Finance Data Tracking and Reporting.</li> </ul>
Other important background information of the project	The program focuses on capitalizing the National and County Climate Change Funds; building county level capacity for planning, budgeting, reporting and implementation of local climate actions in partnership with communities; and strengthening of national level capacity for coordination, monitoring and reporting. The program will be implemented by the National Government in collaboration with County Governments.
Current situation that the project was formed to	<p>The project was formed to intervene in the following areas:</p> <p><b>(i) <i>Deliver locally-led climate resilience actions</i></b></p> <ul style="list-style-type: none"> <li>• Piloting of the Participatory Climate Risk Assessment (PCRA) process and tools – Towards finalization of the development of the PCRA tools for use among the counties to facilitate the respective</li> </ul>



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intervene	<p>wards in the program participating counties, the Program facilitated a pilot session in Vihiga county. This started with the establishment of the technical committee composed of the climate change-related departments at the Vihiga County Government. FLLoCA and the World Bank facilitated an initial 4-days session with the committee, taking them through the PCRA methodology, in addition to taking a field visit with members of selected two Ward Climate Change Planning Committees (WCCPC) of Mwibona and West Bunyore Wards in Luanda and Emuhaya Sub-Counties respectively. The field session enabled the visiting teams to understand the structure and composition of the respective WCCPCs, and were found to be satisfactory, however there was need to include various interest groups, for example, including farmer, water users groups, among others.</p> <ul style="list-style-type: none"> <li>○ The piloting session ended with a plan to roll out the tools with the involvement of the WCCPCs. This took place in May in Sabatia Sub-County involving two WCCPCs. This was successfully conducted, with the team learning from the process with feedback and learning sessions documented. These, in addition to those collected from the rest of the sub-counties will contribute to the improvement of the PCRA tools in readiness for roll-out to the other participating counties.</li> </ul> <p><b>(ii) Strengthen county government capacity to manage climate risks</b></p> <ul style="list-style-type: none"> <li>• Assessment of the CGs on attainment of the Minimum Access Conditions – This was conducted by the inter-agency advisory committee (ITAC) members in a workshop on 9<sup>th</sup> June, 2021 in Kisumu. The ITAC is composed of members from the ministries, departments and agencies (MDAs) and the PIU, to ascertain the CGs meeting the MACs for preparation for the county climate change institutional support (CCIS) grant. The MACs include <ul style="list-style-type: none"> <li>○ CG opting into the Program by signing a FLLoCA Participation Agreement;</li> <li>○ The county has opened a special purpose project account (to receive the CCIS and CCRI Grants);</li> <li>○ A governor-designated CECM in charge of climate change has been appointed; and</li> <li>○ Governor-approved work plan and budget for use of the CCIS Grant are available</li> </ul> </li> </ul> <p>A total of 38 CG were assessed to be meeting all the above MACs during the session, with eight of the CGs having met certain MACs, and one CG not meeting any of the MACs. The CGs not meeting all the four MACs were given one week to comply, after which no other CG will be included in the list. By the deadline, none of the nine CGs</p>
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	<p>had complied, and the committee closed the process with the 38 qualifying CGs.</p> <ul style="list-style-type: none"> <li>• Training of the CGs on Environment and Social Safeguards Management Manual – This training was the last batch of the sessions targeting the environmental and social safeguards focal points at the CCCUs at the CGs, conducted in June 2022. This was done to sensitize the participants on the newly-developed manual, in addition to validating the content and applicability in the various contexts in the country. The Manual describes and provides guidance to the County Climate Change Unit (CCCU), on the Environment and Social Risk Management processes while implementing FLLoCA program activities.</li> </ul> <p>A total of 92 participants were trained, drawn from 46 CGs and the document validated. This was a very well attended training with only Vihiga County Government representatives missing out due to some communication breakdown.</p> <p><i>(iii) Strengthen national government capacity to manage climate risks</i></p> <ul style="list-style-type: none"> <li>• <i>Capacity Building and Coordination support:</i> <ul style="list-style-type: none"> <li>○ Work Plan development and budgeting for the national government – The program team facilitated a workshop with the MDAs to develop and finalize their work plan for the first 18 months of the Program effectiveness. This also included a session on budgeting for the activities. Key to note was that the activities selected by the MDAs aimed at developing the capacities of the County Governments. These are in turn supposed to guide The sessions were discussed among the MDAs and reviewed to not only ensure elimination of overlaps, but also to clarify the roles of the MDAs in the Program. This culminated into a session with the Program Steering Committee (PSC) approving the consolidated work plan and budget for the program. This will guide the national level support to the CGs.</li> </ul> </li> <li>• <i>SRM Support</i> <ul style="list-style-type: none"> <li>○ Multi-Sector Committee (MSC) Induction Workshop: This was conducted to create awareness and introduce participants to the scope of social risks and impacts in the context of development and infrastructural projects and understand the policy process for SRM for Kenya. The workshop targeted all MSC on SRM drawn from the following sectors, State Department of Social Protection, State Department of Infrastructure, Kenya School of Government,</li> </ul> </li> </ul>
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	<p>National Drought Management Authority, National Council of Persons with Disabilities, State Department for Special Programmes, National Treasury - FLLOCA, University of Nairobi, Ministry of Water, Sanitation and Irrigation, Technical University Kenya, State Co-operations Advisory Committee, National Environmental Management Authority, Ministry of Interior and Coordination of National Government, National Gender and Equality Commission, National Land Commission, State Department for Vocational and Technical Training, Directorate Occupational Safety and Health Services, Council of Governor, and Ministry of Health. A total of 30 participants were trained from the above 20 sectors.</p> <ul style="list-style-type: none"> <li>• <b><i>Program Management and M&amp;E</i></b> <ul style="list-style-type: none"> <li>○ World Bank Mission – this was conducted from May 23 – June 2, 2022. The main objectives of the mission were to: <ul style="list-style-type: none"> <li>▪ Support the operationalization of the Program's implementation and institutional arrangements, including the Program Implementation Unit (PIU);</li> <li>▪ Assess progress in relation to the Minimum Access Conditions (MACs) and other progress made by the counties;</li> <li>▪ Assess progress of Social Risk Management (SRM) activities;</li> <li>▪ Agree on key timelines for activities related to the Participatory Climate Risk Assessment (PCRA) and Verification Protocols for the two Disbursement Linked Indicators (DLIs) in the first two years of the project; and;</li> <li>▪ Agree on the IPF component's work plan and budget, including funding mechanisms of national-level beneficiary entities.</li> </ul> </li> <li>○ The mission was led by the three Co-Task Team Leaders for the Program, in addition to other technical and operational teams from the World Bank. The Government side was led by the National Treasury led by the Principle Secretary (PS) for The National Treasury, with support from the Program Implementation Unit(PIU). The mission was both field and workshop-based, attended by The National Treasury and Planning (TNT&amp;P), and key government and non-government stakeholders, including Ministry of Environment and Forestry Climate Change Directorate (CCD), Council of Governors (CoG), Ministry of Agriculture Livestock Fisheries and Co-operatives (MoALFC), Ministry of Water and Sanitation Water Resource Authority, National</li> </ul> </li> </ul>
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	<p>Environment Management Authority (NEMA), Ministry of Labour and Social Protection (MLSP), Ministry of Devolution (MoD), Climate Change County Executive Committees (CC CEC) Caucus, the Lake Region Economic Bloc (LREB), Commission on Administration of Justice (CAJ), Ethics and Anti-Corruption Commission (EACC), development partners, and civil society organizations (CSOs).</p> <ul style="list-style-type: none"> <li>○ The mission was concluded with key action points documented in an aide memoir communicated and discussed with the attending team, and currently being worked on by the respective stakeholders.</li> <li>● <b>Other Activities</b> <ul style="list-style-type: none"> <li>○ <i>The Africities Summit 2021:</i> The Program participated in the United Nations Habitat -organized Africities Summit in Kisumu, Kenya. The theme of the Summit was <i>The Role of Intermediary Cities of Africa in the Implementation of Agenda 2030 of the United Nations and the African Union Agenda 2063</i>. Towards harnessing the theme aimed at ensuring development of a resilient and sustainable urbanization in Africa, the Program showcased the need for locally-led climate change governance model in ensuring a more energy efficient, low carbon, more inclusive and more resilient communities.</li> <li>○ <i>RK-FINFA (PROFIT) – FLLoCA Collaboration:</i> A five-day workshop was held between the two programs to deliberate on the potential for collaboration and creation of synergies on implementation of "green" interventions in the targeted rural areas by both programs. This was based on building synergies of FLLoCA and lessons learnt from the Programme for Rural Outreach of Financial Innovations and Technologies (PROFIT) to leverage the planned Rural Kenya Financial Inclusion Facility (RK-FINFA) to be funded by the Government of Kenya and IFAD, implemented by the Directorate of Budget, Fiscal and Economic Affairs in the National Treasury and Planning (NT&amp;P). The project aims to contribute to poverty reduction, climate change adaptation and improved livelihoods in rural areas. The objectives of the program and the new project align and provides an opportunity for increased rural financial inclusion and green investments by agriculture value chain stakeholders. The workshop also included a field visit to various activities being done by stakeholders in the target districts, including one of FLLoCA activities in Siaya County. The workshop concluded and recommended on Strengthening partnership with other climate</li> </ul> </li> </ul>
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	<p>related programmes (including FLLoCA Program), Creating enabling policy environment for climate finance projects; and Developing rural financing models that address smallholder farmers' production marketing and access to finance.</p> <ul style="list-style-type: none"> <li>○ <i>Recruitment of the APA Consultant</i> – This was initiated by the Committee set-up to conduct the review of applications for suitability, with a total of eight out of 26 consultancy firms shortlisted for submission of the request for proposal (RFP). The draft report was submitted to the National Treasury procurement unit for professional opinion before concluding on the report. The committee is to finalize this in the next quarter.</li> <li>○ <i>Weekly catch-up meetings between the PIU and the World Bank</i> – These continued during the period enhancing program coordination and management processes, in addition to discussing progress.</li> <li>○ <i>FLLoCA – ESRM Manual completion, updates meeting</i> – The objective of the meeting was to update the Bank and Government teams on the completion status of the ESRM Manual. The Manual was successfully completed. All the deliverables were achieved including the training on the use of manual for MDAs and the Counties Environmental and Social Safeguards focal persons successfully accomplished.</li> <li>○</li> </ul>
Project duration	<p>The program started on 20<sup>th</sup> March, 2020, the PPA is planned to end by 28<sup>th</sup> February, 2022 and the main Program is expected to take 5 years to 31<sup>st</sup> January, 2027.</p>

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**1.4 Bankers**

The following are the bankers for the current period:

Central Bank of Kenya  
Haile Selassie Avenue  
P.O Box 60000 – 00200, Nairobi, Kenya  
Tel: +254 20 286 0000  
**NAIROBI**

**1.5 Auditors**

The Program is Audited by:  
The Office of the Auditor General  
Anniversary Towers,  
Monrovia street,  
P.O. BOX 30084, 0100  
**NAIROBI**



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**1.6 Roles and Responsibilities**

The following are the responsible officers for the Program during the period under review.

	<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
1.	Mr. Peter Odhengo (On Compulsory Leave since 2 <sup>nd</sup> February, 2022)	Program Coordinator	<ul style="list-style-type: none"> <li>• Masters of Science in Environmental Protection and Sustainable Development. (UNESCO International Technological University Paris, France and University of Chemical Technology)</li> <li>• Bachelor of Science in Chemistry &amp; Ecology.</li> </ul>	The position is responsible for the overall and day-to-day management of the activities supported under the IDA-FLLoCA Program credit. The Program Coordinator heads the Program Implementation Unit (PIU). The Program Coordinator is the main operational link between the Program, the National Treasury and Planning and the World Bank.
2.	CPA. Dr. Maurice Pedro, Ph.D.	Program Manager –Finance & Strategy	<ul style="list-style-type: none"> <li>• Doctor of Philosophy in Project Management</li> <li>• Master of Business Administration (Finance Option)</li> <li>• Bachelor of Commerce (Finance Option)</li> <li>• Certified Public Accountant (CPA-K)</li> <li>• Certified Public Private Partnerships (CP3P)</li> <li>• Member –Institute of Certified Public Accountants of Kenya</li> </ul>	The position is responsible for all matters of finance, accounting, internal control, financial, strategic and risk management functions within the PIU as well as supervision of the finance, procurement and M & E staff therein.
3	Mr. Malik Aman (Current Acting Program	Program Manager-National Coordination	<ul style="list-style-type: none"> <li>• Msc. Environmental Economics</li> <li>• BED Economics and Business Studies</li> </ul>	Support to Program Management at the National Level

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	Coordinator)			
4	Mr. Peter Ibrae (Left on 9 <sup>th</sup> February, 2022)	Program Manager- County Coordination	<ul style="list-style-type: none"> <li>• Master of Human Resource</li> <li>• Bachelor of Science, Agricultural Education and Extension</li> </ul>	Support to Program Management at the County Level
5	Mr. Huqa Molu	Environmental Safeguards Specialist	<ul style="list-style-type: none"> <li>• MSC Occupational Safety and Health</li> <li>• Bachelor of Science in Agricultural Engineering</li> </ul>	Environmental Management Function
6	Ms. Roseline Tumpeyo	Communication Specialist	<ul style="list-style-type: none"> <li>• Master of Business Administration, Strategic Management</li> <li>• Bachelor of Arts in Social Sciences, Political Science and Public Administration.</li> </ul>	Communication Management Function
7	CPA. Ann Lydia Wanjiku	Program Accountant	<ul style="list-style-type: none"> <li>• Master of Business Administration, Finance</li> <li>• Bachelor of Business Administration</li> <li>• Certified Public Accountant</li> <li>• Member-Institute of certified Public Accountants of Kenya</li> </ul>	Program Accounting and Financial Management Support
8.	Mr. Moses Lusih	Monitoring and Evaluation Specialist	<ul style="list-style-type: none"> <li>• MA- Project Planning and Management</li> <li>• Bachelor of Science – Mathematics &amp; Statistics</li> </ul>	Monitoring & Evaluation Function
9.	Ms. Rhoda Kima Nyambori	Procurement Specialist	<ul style="list-style-type: none"> <li>• Master of Science- Procurement and Logistics</li> <li>• Bachelor of Science Agriculture</li> </ul>	Procurement Management
10.	Ms. Esther Kivuva	Senior Administrator	<ul style="list-style-type: none"> <li>• Bachelor of Business, Purchasing and Supplies Management</li> </ul>	Office Administrative Support

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**1.7 Funding Summary**

The Program Preparatory Advance (PPA) commenced on 20<sup>th</sup> March, 2020 until 31<sup>st</sup> January, 2022. The main program commenced on 1<sup>st</sup> February 2022 to run for a period of 5(five) years to 2027. The overall funding for the Program is USD. 251.4M (Government of Kenya = USD. 80M; IDA = 150M; Trust Funds = 21.4M) as highlighted in the table below:

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to June 30, 2022		Undrawn balance to June 30, 2022	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Loan</b>						
International Development Association (IDA)	150,000,000	17,689,860,000	2,586,214	304,998,424	147,413,786	17,384,861,576
<b>(ii) Trust Funds</b>	21,400,000	2,523,753,360	798,000	94,110,055	20,602,000	2,429,643,305
<b>(iii) Counterpart funds</b>						
Government Counter Part Funds	391,326	46,150,000	195,663	23,075,000	195,663	23,075,000
<b>Total</b>	<b>171,791,326</b>	<b>20,259,763,360</b>	<b>3,579,877</b>	<b>422,183,479</b>	<b>168,211,449</b>	<b>19,837,579,881</b>

USD exchange rate = KSh. 117.9324

*The Amounts received during the year included an amount of USD. 3,800,000 for the County Climate Change Institutional Grants that is yet to be disbursed.*



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**B. Application of Funds**

Application of funds	Amounts received to date-( 30 <sup>th</sup> June 2022)		Cumulative Amount paid to date -( 30 <sup>th</sup> June 2022)		Unutilized balance to June 30, 2022	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Loan</b>						
International Development Association (IDA)	2,586,214	304,998,424	2,492,895	293,993,039	93,319	11,005,385
<b>(ii) Trust Funds</b>	798,000	94,110,055	-	-	798,000	94,110,055
<b>(iii) Counterpart funds</b>						
Government Counter Part Funds	195,663	23,075,000	384,270	45,317,826	188,607	22,242,826
<b>Total</b>	<b>5,311,659</b>	<b>422,183,479</b>	<b>2,877,164</b>	<b>339,310,865</b>	<b>151,627,214</b>	<b>17,881,761,245</b>

USD exchange rate = KSh. 117.9324

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## **1.8 Summary of Overall Program Performance**

### **i. Budget performance against actual amounts for current year and for cumulative to date**

The Program Preparatory Advance (PPA) commenced on 20<sup>th</sup> March, 2020 until 31<sup>st</sup> January, 2022. The main program commenced on 1<sup>st</sup> February 2022 to run for a period of 5(five) years to January 2027. The overall funding for the Program is USD. 251.4M (Government of Kenya = USD. 80M; IDA = 150M; Trust Funds = 21.4M).

#### **Budget Utilization**

During the year under review, the program received IDA transfer of USD. 1,315,996(KES. 151,048,195) and Government Counter Part Funds of KSh. 23,075,000. However, it incurred a cumulative expenditure of KSh. 184,186,961.

#### **Receipts Utilization**

During the year under review, the program received IDA transfer of USD. 1,315,996(KES. 151,048,195) and Government Counter Part Funds of KSh. 23,075,000 against overall budget of KSh. 341,150,000. This represented a utilization of 51%.

#### **Payment Utilisation**

The program paid Ksh. 184,186,961 during the year under review against a budget of Ksh. 341,150,000. This represented utilization of 54%.

### **ii. Physical progress based on outputs, outcomes and impacts since project commencement**

During the period ended June 30, 2022, the following outputs were reported:

- By June 30, 2022, thirty-eight (38) counties met the Minimum Access Conditions (MACs) after being assessed and verified by the ITAC; endorsed by PSC and approved by World Bank;
- Approximately 300 CECMs, Chief Officer and Directors level trained on FLLoCA Program Climate Finance, legislative and policy frameworks.

### **iii. Comment on value-for-money achievement**

The Program is still at an early stage to create beneficiary activities being conducted on PforR that can create value for money progress.

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**iv. Indicate the absorption rate for each year since the commencement of the project**

The program paid Ksh. 184,186,961 during the year under review against a budget of Ksh.341,150,000. This represented utilization of 54%. During the year 2020-2021, the program paid Ksh. 93,687,314 against a budget of Ksh. 140,150,000. This represented utilization of 55%. During the three months 1<sup>st</sup> April to 30<sup>th</sup> June, 2020 the program paid Ksh. 17,497,709 against a budget of Ksh. 50,000,000, this represented a utilization of 35%.

**v. List the implementation challenges and recommend way forward**

The program paid Ksh. 184,186,961 during the year under review against a budget of Ksh.341,150,000. This represented utilization of 54%. The under expenditure was as a result of the following:

**At the Operational level:**

- i. The underutilization partially resulted from Purchase of Goods and Services and Non – Financial Assets at 26% and 75% respectively that were due to slow procurement processes and inadequate PIU procurement staffing capacity. The slow procurement processes arose from the Ministry internal review and processing levels leading to a number of un concluded items in the Procurement Plan during the Year ended June 30, 2022;
- ii. An amount of KSh. 87M provided during the FY as part of the support to the Counties for Institutional Grants was not transferred to CGs as the National Assembly went on recess before passing of the County Government Additional Allocations Bill that included the FLLoCA Program.

At the policy level, the Program halted implementation of activities from 2<sup>nd</sup> February to until 1<sup>st</sup> May, 2022 due to administrative issues as three top management were not working resulting into three months of low program implementation and nil disbursement.

Arising from the above, its recommended that PIU Procurement staffing capacity must be immediately strengthened and the ministry to support in strengthening cooperation amongst the supply chain staff and capacity building of the staff involved in supply chain to appreciate the World Bank and Government procurement process.

**1.9 Summary of Program Compliance**

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



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**2. STATEMENT OF PERFORMANCE AGAINST PROGRAM'S PREDETERMINED OBJECTIVES**

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

- Assessment of the CGs on attainment of the Minimum Access Conditions – The inter-agency advisory committee (ITAC) members completed the assessment and verification of the CGs to ascertain the CGs meeting the minimum access conditions (MACs) for preparation for the county climate change institutional support (CCIS) grant. The MACs assessed included;
- A total of 38 CGs were assessed and ascertained to be meeting all the above MACs during the session, with nine (9) CGs did not meet all the MACs. The CGs not meeting all the four MACs were given one week to comply. By the deadline, none of the nine CGs had complied, and the committee closed the process with the 38 qualifying CGs.
- Training of the CGs and MDAs on Environment and Social Safeguards Management Manual – The PIU conducted a series of three training sessions for the environmental and social safeguards focal points at the CCCUs at the CGs and the related MDAs (National Environment Management Authority (NEMA), the Directorate of Occupational Safety and Health Services (DOSHS), and Social Risk Management (SRM)).
- Piloting of the Participatory Climate Risk Assessment (PCRA) process and tools – Towards finalization of the development of the PCRA tools for use among the program participating county governments to facilitate participatory identification of climate risks and ultimately, the development of the climate resilience actions, the program facilitated a pilot session in Vihiga county to test the tools.

**Progress on attainment of Strategic Development Objectives**

**DLI-1: Participating counties that meet the Minimum Access Conditions for the County Climate and Institutional Support Grant: 38 CGs met the MACs after being assessed and verified by the ITAC; endorsed by PSC and approved by World Bank.,**

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM  
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**3. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The Program exists to enhance understanding of the global climate change regime through-active participation in the negotiation process, international agreements, policies and processes and most importantly to position Kenya's needs in order to maximize beneficial effects of climate change; assess the evidence and impacts of climate change in Kenya; recommend robust adaptation and mitigation measures needed to minimize risks associated with climate change while maximizing opportunities; enhance understanding of climate change and its impacts nationally and in local regions; undertake vulnerability assessments, impact monitoring and capacity building framework needs as a response to climate change; undertake research and technological needs to respond to climate change impacts, and avenues for transferring existing technologies; ensure a conducive and enabling policy, legal and institutional framework to combat climate change, and provide a concerted action plan coupled with resource mobilization plan and robust monitoring and evaluation plan to combat climate change. Below is a brief highlight of our activities that drive towards sustainability.

**1. Sustainability strategy and profile**

Program sustainability will be achievable through:

- Capacity building framework to strengthen sector wide capacity building focusing on the individual, institutions and systems that address climate change challenges. Addressing the needs at these different levels calls for a multi-pronged approach that enhances co-ordination, collaboration, coherence while at the same time address sustainability;
- Inculcate sustainability into all aspects of community level actions (planning, budgeting, implementation & monitoring).

**2. Environmental performance**

The National Climate Change Action Plan (NCCAP)2018-2022 aims to further Kenya's development goals by providing mechanisms and measures to achieve low carbon climate resilient development in a manner that prioritizes adaptation. This plan builds on the first Action Plan (2013-2017) and provides a framework for Kenya to deliver on its Nationally Determined Contribution (NDC) under the Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC). NCCAP 2018-2022 guides the climate actions of the National and County Governments, the private sector, Civil Society, and other actors as Kenya transitions to a low carbon climate resilient development pathway.

The National Policy on Climate Finance aims to: enhance and streamline the implementation of public finance management in relation to climate financing; establish mechanisms to mobilise internal and external climate finance; track, monitor, account for, evaluate and report on sources, applications and impacts of climate finance; enhance the capacity of the country to mobilise climate change finance to support sustainable development; and encourage and facilitate private sector participation in climate relevant financing opportunities. The guiding principles of this policy are based on the Constitution

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of Kenya, Kenya Vision 2030 and its Medium Term Plans (MTPs), Climate Change Act 2016, Public Finance Management (PFM) Act 2012 as amended 2014), various sectoral policies and international treaties and obligations.

**3. Employee welfare**

The program staff are hired as per the GoK employment procedures that takes into account the gender ratio, and in close consultation with the World Bank. The Program staff have been trained in a number of areas. The Program ensures the safety, health and welfare of all its employees at work working in his/her workplace in compliance with the policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

**4. Market place practices**

During the year under review, the program maintained required practices on responsible competition practice; responsible supply chain and supplier relations; responsible marketing and advertisement.

**5. Community Engagements**

The program though is yet to engage with the communities including charitable activities whether in cash, material, community social investment or any other forms of community support. However, it will be financing locally- led climate actions at the community level and therefore will have direct community engagement in future.



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**4. STATEMENT OF PROGRAM MANAGEMENT RESPONSIBILITIES**

The *Principal Secretary* for the National Treasury, the *Program Coordinator* and the *Program Manager-Finance & Strategy* for Financing Locally – Led Climate Action Program are responsible for the preparation and presentation of the Program's financial statements, which give a true and fair view of the state of affairs of the Program for and as at the end of the financial year ended on June 30, 2022.

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 Program; (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 Program; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The *Principal Secretary* for the National Treasury, the *Program Coordinator* and the *Program Manager-Finance & Strategy* for Financing Locally – Led Climate Action Program accept responsibility for the Program's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the National Treasury, the *Program Coordinator* and the *Program Manager-Finance & Strategy* for Financing Locally – Led Climate Action Program are of the opinion that the Program's financial statements give a true and fair view of the state of Program's transactions during the financial year ended June 30, 2022, and of the Program's financial position as at that date. The *Principal Secretary* for the National Treasury, the *Program Coordinator* and the *Program Manager-Finance & Strategy* for Financing Locally – Led Climate Action Program further confirm the completeness of the accounting records maintained for the Program, which have been relied upon in the preparation of the Program financial statements as well as the adequacy of the systems of internal financial control.

The *Principal Secretary* for the National Treasury, the *Program Coordinator* and the *Program Manager-Finance & Strategy* for Financing Locally – Led Climate Action Program confirm that the Program has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Program funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Program Financial Statements**

The Program financial statements were approved by the *Principal Secretary* for the for the National Treasury, the *Program Coordinator* and the *Program Manager-Finance & Strategy* for Financing Locally – Led Climate Action Program on 27th September, 2022 and signed by them.

  
Julius Muia, PhD, CBS

  
Malik Aman

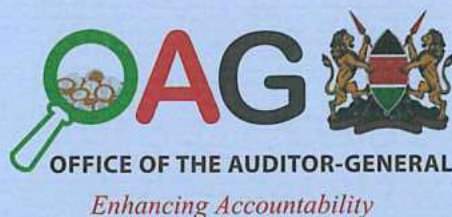
  
Maurice Pedo, PhD  
ICPAK NO. 4037

Principal Secretary/NT    Ag. Program Coordinator    Program Manager-Finance & Strategy



# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM CREDIT NO. IDA 6980; TF B6810 - KE (P173065) FOR THE YEAR ENDED 30 JUNE, 2022 - THE NATIONAL TREASURY**

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, 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 Financing Locally-Led Climate Action Program Credit No. IDA 6980; TF B6810 - KE (P173065) set out on pages 21 to 39, which comprise of the statement of financial assets as at 30 June, 2022, and

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*Report of the Auditor-General on Financing Locally-Led Climate Action Program Credit No. IDA 6980; TF B6810 - KE (P173065) for the year ended 30 June, 2022 - The National Treasury*



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 Financing Locally-Led Climate Action Program as at 30 June, 2022, 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 complies with the Public Finance Management Act, 2012 and the Financing Agreement No. IDA 6980-KE (P173065) between the International Development Association (IDA) and the Republic of Kenya dated 10 November, 2021 and the Social Sustainability Initiative for All Umbrella Multi-Donor Trust Fund Grant Agreement No. TF0B6810 between the International Bank for Reconstruction and Development and International Development Association and the Republic of Kenya dated 10 November, 2021.

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

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Financing Locally-Led Climate Action Program in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

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

### **Other Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.341,150,000 against actual receipts on comparable basis of Kshs.174,123,195 resulting in a shortfall of Kshs.167,026,805 or 49% of total budget.

Similarly, the Program spent a total of Kshs.184,186,961 against an approved budget of Kshs.341,150,000 resulting to an under-expenditure of Kshs.156,963,039 or 46% of the budget.

Management has attributed the under expenditure to delayed conclusion of procurement activities and the Project Coordinator and Project Manager Finance and Strategy having been sent on compulsory leave during the year under review.



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

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

### Conclusion

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

### Basis for Conclusion

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

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

### Conclusion

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

### Basis for Conclusion

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the International Development Association (IDA) and Credit Facility Agreement No. IDA 6980 - KE dated 10 November, 2021, I report based on my audit, that:

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements which 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 Program's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Program 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 Program's 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 Program'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 which 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 which govern them 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 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 which 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 misstatement 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 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 which may cast significant doubt on the Program'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 Program 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 which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Program to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.



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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

11 November, 2022

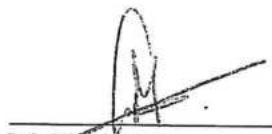
**FINANCING LOCALLY -LED CLIMATE ACTION PROGRAM  
REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022**

**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE , 2022**

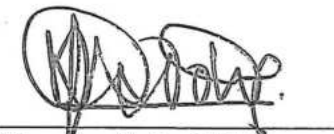
		2021-2022		2020-2021			
		KSh.	KSh.	KSh.	KSh.	KSh.	KSh.
<b>RECEIPTS</b>							
Transfer from Government entities	1	23,075,000	-	23,075,000	40,000,000	-	63,075,000
Proceeds from domestic and foreign grants	2						
Loan from external development partners	3	151,048,195	-	151,048,195	88,399,414	-	288,032,509
Miscellaneous receipts	4	-	-	-	-	-	-
<b>TOTAL RECEIPTS</b>		<b>174,123,195</b>	<b>-</b>	<b>174,123,195</b>	<b>128,399,414</b>	<b>-</b>	<b>351,107,509</b>
<b>PAYMENTS</b>							
Compensation to employees	5	67,800,000	-	67,800,000	55,800,000	-	129,293,220
Purchase of goods and Services	6	106,283,561	-	106,283,561	30,755,535	-	148,830,325
Social Security benefits	7	124,200	-	124,200	97,200	97,200	227,880
Acquisition of non-financial assets	8	9,979,200	-	9,979,200	7,034,579	-	17,013,779
Transfers to other government entities	9	-	-	-	-	-	-
Other grants and transfers/payments	10	-	-	-	-	-	-
<b>TOTAL PAYMENTS</b>		<b>184,186,961</b>	<b>-</b>	<b>184,186,961</b>	<b>93,687,314</b>	<b>-</b>	<b>295,365,204</b>
<b>SURPLUS/(DEFICIT ) FOR THE YEAR</b>		<b>(10,063,766)</b>	<b>-</b>	<b>(10,063,766)</b>	<b>34,712,100</b>	<b>-</b>	<b>55,742,305</b>

  
Julius Muia, PhD, CBS

Principal Secretary/NT

  
Malik Aman

Ag. Program Coordinator

  
Maurice Peto, PhD  
ICPAK NO. 4037

Program Manager-Finance & Strategy

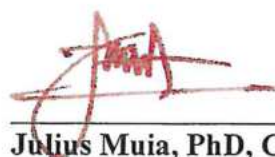




**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM  
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**7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE , 2022**

Description	Notes	2021-2022 KSh.	2020-2021 KSh.
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	11	51,176,726	58,511,086
<b>Total cash and Cash Equivalents</b>		<b>51,176,726</b>	<b>58,511,086</b>
Accounts Receivables	16	4,558,800	7,288,205
Imprest and Advances	12	-	-
<b>Total Financial Assets</b>		<b>55,735,526</b>	<b>65,799,291</b>
<b>Financial Liabilities</b>			
Deposits and Retention monies	13	-	-
<b>Net Assets</b>		<b>55,735,526</b>	<b>65,799,291</b>
<b>REPRESENTED BY:</b>			
Fund balance b/fwd.	14	65,799,291	31,087,191
Prior Year Adjustment	15	-	-
Surplus/Deficit for the year		(10,063,766)	34,712,100
<b>NET FINANCIAL POSITION</b>		<b>55,735,526</b>	<b>65,799,291</b>



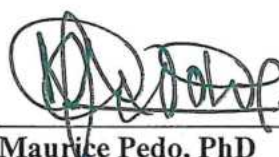
**Julius Muia, PhD, CBS**

**Principal Secretary/NT**



**Malik Aman**

**Ag. Program Coordinator**



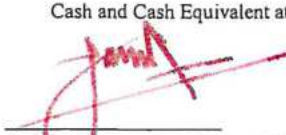
**Maurice Pedo, PhD  
ICPAK NO. 4037**

**Program Manager-Finance & Strategy**

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM  
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**8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE , 2022**

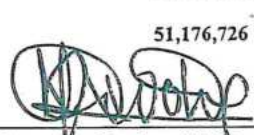
Description	Note	2021-2022 KSh.	2020-2021 KSh.
<b>Receipts from operating activities</b>			
Transfer from Government entities	1	23,075,000	40,000,000
Proceeds from domestic and foreign grants	2	-	-
Miscellaneous receipts	4	-	-
<b>Total Receipts</b>		<b>23,075,000</b>	<b>40,000,000</b>
<b>Payments from operating activities</b>			
Compensation of employees	5	(67,800,000)	(55,800,000)
Purchase of goods and services	6	(106,283,561)	(30,755,535)
Social Security benefits	7	(124,200)	(97,200)
Transfer from other government entities	9	-	-
Other grants and transfers	10	-	-
		<b>(174,207,761)</b>	<b>(86,652,735)</b>
<b>Adjusted for :</b>			
Adjustments during year		-	-
Prior year adjustments		-	-
Decrease/( Increase )in accounts receivables	16	2,729,405	(7,288,205)
Increase/ ( Decrease ) in accounts payables		-	-
<b>Net cash flow from operating activities</b>		<b>(148,403,356)</b>	<b>(53,940,940)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of non- financial assets	8	(9,979,200)	(7,034,579)
<b>Net cash flows from Investing Activities</b>		<b>(9,979,200)</b>	<b>(7,034,579)</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	3	151,048,195	88,399,414
<b>Net cashflow from financing activities</b>		<b>151,048,195</b>	<b>88,399,414</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(7,334,361)</b>	<b>27,423,895</b>
Cash and Cash Equivalent at the BEGINNING of the year		58,511,086	31,087,191
Cash and Cash Equivalent at the END of the year		51,176,726	58,511,086

  
Julius Muia, PhD, CBS

Principal Secretary/NT

  
Malik Aman

Ag. Program Coordinator

  
Maurice Peto, PhD

ICPAK NO. 4037

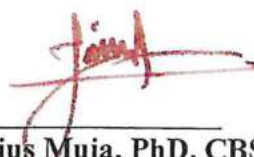
Program Manager-Finance & Strategy

**FINANCING LOCALLY -LED CLIMATE ACTION PROGRAM  
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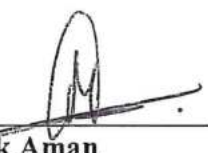
**9. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR  
ENDED 30TH JUNE, 2022**

	Original Budget	Adjustment	Final Budget	Actual on comparable basis	Budget utilization difference	% of utilization
	a	b	c=a+b	d	e=c-d	f=d/c%
	KSh.	KSh.	KSh.	KSh.	KSh.	%
<b>RECEIPTS</b>						
Transfer from Government Entities	46,150,000	-	46,150,000	23,075,000	23,075,000	50%
Proceeds from domestic and foreign grant						
Proceeds from borrowings- IDA Loan	208,000,000	87,000,000	295,000,000	151,048,195	143,951,805	51%
Miscellaneous receipts	-	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<b>254,150,000</b>	<b>87,000,000</b>	<b>341,150,000</b>	<b>174,123,195</b>	<b>167,026,805</b>	<b>51%</b>
<b>PAYMENTS</b>						
Compensation to employees	67,800,000	-	67,800,000	67,800,000	-	100%
Purchase of goods & services	150,000,000	-	150,000,000	106,283,561	43,716,439	71%
Social Security benefits	124,200	-	124,200	124,200	-	100%
Acquisition of non-financial assets	36,225,800	-	36,225,800	9,979,200	26,246,600	28%
Other grants and transfers	-	87,000,000	87,000,000	-	87,000,000	0%
<b>TOTAL PAYMENTS</b>	<b>254,150,000</b>	<b>87,000,000</b>	<b>341,150,000</b>	<b>184,186,961</b>	<b>156,963,039</b>	<b>54%</b>
<b>SURPLUS/( DEFICIT) FOR THE YEAR</b>			<b>-</b>	<b>(10,063,766)</b>	<b>10,063,766</b>	

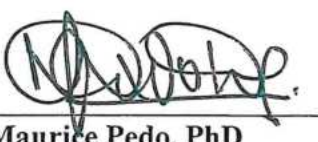
Note: The Significant budget utilization/ performance differences in the last column are explained in Annex 1 to these statements.

  
Julius Muia, PhD, CBS

Principal Secretary/NT

  
Malik Aman

Ag. Program Coordinator

  
Maurice Peto, PhD  
ICPAK NO. 4037

Program Manager-Finance & Strategy



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**10. SIGNIFICANT ACCOUNTING POLICIES**

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

**10.1 Basis of Preparation**

**10.2 Statement of compliance and basis of preparation**

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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

**10.3 Reporting entity**

The financial statements are for the National Treasury – Program Implementation Unit **Financing Locally –Led Climate Action Program** under the National Treasury and Planning. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

**10.3.1 Reporting currency**

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

**10.4 Significant Accounting Policies**

**a) Recognition of receipts**

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

**i. Transfers from the Exchequer**

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

**ii. External Assistance**

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

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**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 recognised in the financial statements the time associated cash is received.

**b) 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.

**c) Proceeds from borrowing**

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

**d) Undrawn external assistance**

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

**e) Recognition of payments**

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

**i. Compensation of employees**

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

**ii. Use of goods and services**

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

**iii. Interest on borrowing**

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



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**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 Program 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 Program 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.

**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/period. 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/period.

**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.

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**h) Accounts receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year / period 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.

**i) 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 Program 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.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year/period, including payments made in respect of loan write-offs or waiver of interest on loans

**j) Contingent Assets**

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

**k) Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year/period arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash



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in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the Program at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**l) 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 Program’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 Programs 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 Program’s actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

**m) 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.

**n) Exchange rate differences**

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

**o) 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.

**p) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the period ended June 30, 2022.

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**q) Errors**

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

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**11. NOTES TO THE FINANCIAL STATEMENTS**

**1. Transfer from  
Government entities**

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

Description	KSh.	Kshs.	Cumulative to date (from inception)
	2021-2022	2020-2021	
<b>Counterpart funding through the National Treasury &amp; Planning :</b>			
Transfers during the year	23,075,000	40,000,000	63,075,000
<b>Total (See Annex 2)</b>	<b>23,075,000</b>	<b>40,000,000</b>	<b>63,075,000</b>

**2. Proceeds from Domestic and Foreign Grants**

The FLLoCA Program Trust Fund is managed through Foreign Grants from the Government of Denmark and Sweden. During the year an amount of USD.798,000 was transferred following achievement of CGs MACs to Government Dedicated Account in readiness for transfer to Counties.



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**3. Loans from External**

**Development Partners**

During the financial period to 30 June 2022, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below :

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment	Total amount in KSh.	
					2021-2022	2020-2021
		USD	KSh.	KSh.	KSh.	KSh.
<b>Loans Received from Multilateral Donors (International Organizations)</b>						
International Development Association (IDA)	04.11.2021	235,000	26,063,850			
	24.12.2021	130,996	14,721,345			
	12.01.2022	100,000	11,305,000	151,048,195	151,048,195	88,399,414
	04.02.2022	50,000	5,668,000			
	25.02.2022	100,000	11,348,000			
	21.06.2022	700,000	81,942,000			
		<b>1,315,996</b>	<b>151,048,195</b>	<b>151,048,195</b>	<b>151,048,195</b>	<b>88,399,414</b>

**4. Miscellaneous receipts**

During the financial period to 30 June 2022, we did not have any miscellaneous receipts.

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**5. Compensation to Employees**

	2021/2022		2020/2021		Cumulative to date KSh.
	Payments made by the project in cash KSh.	Payments made by third parties KSh.	Total Payments KSh.	Total Payments KSh.	
Basic Salary for Contracted Staff	67,480,300	-	67,480,300	55,549,800	128,713,420
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	124,200	-	124,200	97,200	227,880
Compulsory national health insurance schemes	195,500	-	195,500	153,000	358,700
<b>Total</b>	<b>67,800,000</b>	<b>-</b>	<b>67,800,000</b>	<b>55,800,000</b>	<b>123,600,000</b>

**6. Purchase of Goods and Services**

	2021/2022		2020/2021		Cumulative to date KSh.
	Payments made by the project in cash KSh.	Payments made by third parties KSh.	Total Payments KSh.	Total Payments KSh.	
Domestic travel and Subsistence	44,153,359	-	44,153,359	25,287,806	74,059,165
Foreign travel and subsistence	23,874,973	-	23,874,973	-	23,874,973
Printing, advertising and information supplies	4,851,406	-	4,851,406	-	4,851,406
Hospitality supplies and services and other operating expenses	1,759,434	-	1,759,434	1,992,451	10,925,114
Consulting Services	16,338,134	-	16,338,134	3,475,278	19,813,412
Rentals of produced assets	3,903,684	-	3,903,684	-	3,903,684
Training Payments	11,402,571	-	11,402,571	-	11,402,571
<b>Total</b>	<b>106,283,561</b>	<b>-</b>	<b>106,283,561</b>	<b>30,755,535</b>	<b>148,830,325</b>

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**7. Social Security Benefits**

	2021-2022		2020-2021		Cumulative to date Ksh.
	Payments made by the project in cash KSh.	Payments made by third parties KSh.	Total Payments KSh.	Total Payments KSh.	
Employer social benefits in cash and in kind	124,200	-	124,200	97,200	227,880
<b>Total</b>	<b>124,200</b>	<b>-</b>	<b>124,200</b>	<b>97,200</b>	<b>227,880</b>

**8. Acquisition of Non-Financial Assets**

	2021-2022		2020-2021		Cumulative to date Ksh.
	Payments made by the project in cash KSh.	Payments made by third parties KSh.	Total Payments KSh.	Total Payments KSh.	
Purchase of vehicles & other transport equipment	9,169,200	-	9,169,200	-	9,169,200
ICT Equipment	-	-	-	5,182,080	5,182,080
Office equipment, furniture and fittings	810,000	-	810,000	1,852,499	2,662,499
<b>Total</b>	<b>9,979,200</b>	<b>-</b>	<b>9,979,200</b>	<b>7,034,579</b>	<b>17,013,779</b>

**9. Transfers to other Government Entities**

During the Financial period to 30 June 2022 there were no transfers to other Government entities.

**10. Other Grants, Transfers and Payments**

During the Financial period to 30 June 2022 there were no other Grants, transfers and payments.



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**11. Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	Ksh.	Ksh.
Bank accounts (Note 8.13A)		
Account A 1000447575 &	36,475,897	31,739,036
Account B 1000484675	3,700,829	26,772,050
Account B 1000484675-Cash in Transit (Note Below)	11,000,000	00
<b>TOTAL</b>	<b>51,176,726</b>	<b>58,511,086</b>

**Note:**

The cash in transit was an inter account transfer from FLLoCA Account A 1000447575 that was in process by June,30, 2022. The amount was received in the Bank Account in July, 2022 and the Bank statement for the month form part of the Annexes to the Financial Statements.

The project has two (2) project accounts spread within the project implementation area and two(2) of foreign currency accounts managed by the National Treasury as listed below:

**11.A Bank Accounts**

**Project Bank Accounts**

Details	2021-2022	2020-2021
	Ksh.	Ksh.
<b>Foreign Currency Accounts</b>		
<b>Local Currency Accounts</b>		
Central Bank of Kenya Account Number:1000447575	36,475,897	31,739,036
<b>Central Bank of Kenya Account Number:1000484675( Note below)</b>	<b>14,700,829</b>	<b>26,772,050</b>
<b>Total local currency balances</b>	<b>51,176,726</b>	<b>58,511,086</b>
<b>Total bank account balances</b>	<b>51,176,726</b>	<b>58,511,086</b>

**Note:**

The Bank Balance for Account B includes Cash Balance of KSh. 3,700,829 and KSh. 11,000,000 being cash transfer from FLLoCA Account A 1000447575 that was in process by June,30, 2022. The amount was received in the Bank Account in July, 2022 and the Bank statement for the month form part of the Annexes to the Financial Statements.

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**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30th June 2022 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.

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
<b>(i) Foreign Currency Account A/C Name [FLLoCA DA-Account Number 1000581727]</b>		
Opening balance		
	130,074	191,003
Total amount deposited in the account		
	1,347,213	754,289
Total amount withdrawn (as per Statement of Receipts & Payments)	(1,315,996)	(815,218)
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>161,291</b>	<b>130,074</b>

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
<b>Conditional Grant Account</b>		
A/c Name FLLoCA (A/c No. 1000598085)		
Opening Balance	-	-
Total Amount deposited in account	3,800,000	-
Total amount withdrawn from the account	-	-
<b>Closing Balance</b>	<b>3,800,000</b>	<b>-</b>

The conditional grant account is an account for transferring money from the World bank to counties During the year ended 30th June 2022 , 38 counties qualified for the county climate institutional support.

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

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**11B.Cash in hand**

During the Financial period to 30 June 2022 there were no cash in hand.

**11 C. Cash Equivalent ( short-term deposits)**

During the Financial period to 30 June 2022 there were no short-term deposits.

**12. Imprest and Advances**

During the Financial period to 30 June 2022 there were no Imprests and Advances.

**13. Deposit and Retention Monies**

During the Financial period to 30 June 2022 there were no Deposits and Retention Monies.

**14. Fund Balances Brought Forward**

Description	2021-2022	2020-2021
	KSh.	KSh.
Bank Accounts:		
Account A 1000447575	31,739,036	31,087,191
Account B 1000484675	26,772,050	-
Accounts Receivable	7,288,205	-
<b>Total</b>	<b>65,799,291</b>	<b>31,087,191</b>

**15. Prior Year Adjustments**

There were no prior year adjustments resulting from last year which were made during the year ended June 30, 202

**16. Change in Receivable**

Description	2021-2022 KSh.	2020-2021 KSh.
Opening Receivable as at 1st July, 2021	7,288,205	-
Closing account receivables as at 30th June 2022	4,558,800	7,288,205
<b>Change in Receivables</b>	<b>(2,729,405)</b>	<b>7,288,205</b>

**17. Change in Accounts Payable**

There were no changes in accounts payables during the year ended June 30, 2022.



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**12. OTHER IMPORTANT DISCLOSURES**

**1. Pending Bills**

**Annex 3 a - Analysis of Pending Bills**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021-2022	Restated Outstanding Balance 2020/21	Outstanding Balance 2020/21	Comments
	a	b	c	d=a-c			
<b>Supply of goods</b>							
Mfi Document solutions ltd	477,204		-	477,204	-	-	
<b>Supply of Services</b>							
Nation Media Group Limited	-	-	-	-	1,648,640	-	
Roddys Eco Cover Ltd	448,500		-	448,500	-	-	
Principal secretary state Department of Broadcasting & Telecommunication	212,115		-	212,115	-	-	
Sosa cottage Ltd	126,000		-	126,000	-	-	
Paradise Safaris park ltd	4,296,000		-	4,296,000	-	-	
Victor Orindi Trading adaptation & Resillience	795,000		-	795,000	-	-	
Victor Orindi Trading adaptation & Resillience	795,000		-	795,000	-	-	
Wanderjoy party world ltd	5,453,587		-	5,453,587	-	-	
Weru Television Service ltd	464,000		-	464,000	-	-	
Home Boyz Entertainment plc	920,953		-	920,953	-	-	
Victor Orindi Trading adaptation & Resillience	795,000		-	795,000	-	-	
Victor Orindi Trading adaptation & Resillience	795,000		-	795,000	-	-	
Victor Orindi Trading adaptation & Resillience	795,000		-	795,000	-	-	
Victor Orindi Trading adaptation & Resillience	795,000		-	795,000	-	-	
Granite Travel ltd	81,300		-	81,300	-	-	
Lake Naivasha Resort	940,000		-	940,000	-	-	
Ann Akinyi Kasuku Trading as kasuku creation & events Management	125,860		-	125,860	-	-	
Radisson Blue Hotel	370,000		-	370,000	-	-	
Victor Orindi Trading adaptation & Resillience	136,800		-	136,800	-	-	
Attic Tours and travel ltd	26,800		-	26,800	-	-	
Attic Tours and travel ltd	26,800		-	26,800	-	-	
Godwin Lidahuli Sakwa	696,000		-	696,000	-	-	
Ngurumah Tours and Travel ltd	24,900		-	24,900	-	-	
Ayub Mohamed Kiugu Trading AS AL Qara ventures	783,600		-	783,600	-	-	
<b>Grand Total</b>	<b>20,380,419</b>		<b>-</b>	<b>20,380,419</b>	<b>1,648,640</b>	<b>-</b>	

**Notes:**

- I. The above list of pending bills is entirely in process invoices that were locked out by close of the Financial Year and therefore were for a period less than 12 months.
- II. During Financial Year ended June 30, 2021, an amount of KSh. 1,648,640 payables to Nation Media Group Limited was erroneously omitted in the **Notes to Financial Statements as pending bills.**
- III. **Special Account Disclosure**

Part B of the statement of Special (designed) Account No1000581727 reconciliation for the FLLoCA Program reflected USD 538,708.45 (KES 63,061,158.48, at an exchange rate of 1 USD

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM  
REPORT AND FINANCIAL STATEMENTS  
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at Kshs. 117,059) as withdrawn but unclaimed as at 30 June 2022. This represents cumulative funds transfers to the local Program bank operations account but whose expenditure returns were not yet submitted to World Bank for review and Documentation by the close of the financial year ended June 30, 2022.

It is noted that during the Financial Year, all the Program Interim Financial Reports (IFRs) were reviewed by the World Bank and received clean un audited Bank Clearance.

**The balance of USD. USD 538,708.45 as at 30th June, 2022 has been documented as follows:**

- **WAP 18 with a World Bank value date of 16th August, 2022 = USD. USD 181,222.78 as per attached World Bank payment certificate;**
- **Amount paid document in November, 2022 (SoE attached) = USD. 113,977.32**
- **Balance at Bank as of 5th October, 2022 – USD. 243,509.00 (Bank Statement attached).**

### **13. Prior Year Auditor- General's Recommendations**

During the prior year the Auditor raised emphasis of matter on amount withdrawn but not claimed of USD. 369,926 and other matters on budget control and performance, however no recommendations were made in the financial statement for the year ended 30<sup>th</sup> June, 2021. The Management observes that part of the matters raised in the prior year audit has been repeated in the current year is audit and have been responded to.

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM  
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**1. Annexes**

Annex 1- Variance Explanations Comparative Budget and Actual amounts  
for FY 2021-2022

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance (below 90% and over 100%)</b>
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>					
Transfer from Government entities	46,150,000	23,075,000	23,075,000	50%	
Proceeds from domestic and foreign grants	-	-	-	-	
Proceeds from borrowings	295,000,000	151,048,195	143,951,805	51%	
Miscellaneous receipts	-	-	-	-	
<b>Total Receipts</b>	<b>341,150,000</b>	<b>174,123,195</b>	<b>167,026,805</b>	<b>51%</b>	
<b>Payments</b>					
Compensation of employees	67,800,000	67,800,000	-	100%	
Purchase of goods and services	150,000,000	106,283,561	43,716,439	71%	
Social security benefits	124,200	124,200	-	100%	
Acquisition of non-financial assets	36,225,800	9,979,200	26,246,600	28%	
Transfers to other government entities	87,000,000	-	87,000,000	0%	
Other grants and transfers	-	-	-	-	
<b>Total payments</b>	<b>341,150,200</b>	<b>184,186,961</b>	<b>156,963,039</b>	<b>54%</b>	

**NOTES:**

(i). During the year, the opening cash balances on the Government Counterpart Funds amounted to **KSh. 34,060,255**. This balance financed the deficit of **KSh. 23,075,000 (50%)** on the realized and planned receipts under Government Counterpart Funds;



**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM  
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(ii). The IDA Special Account is replenished on a draw down basis as per actual disbursements and funds brought forward. During the year ended June 30, 2022, the effective realized disbursement for the IDA expenditure was 44% (based on overall disbursement of 55% that included Government Counterpart expenditure). This resulted to IDA receipts being underutilized by 49% during the year ended June 30, 2022;

(iii). The underutilization reported in the Purchase of Goods and Services and Non – Financial Assets of 26% and 75% respectively were as a result of slow procurement processes and inadequate PIU procurement staffing capacity. The slow procurement processes arising from the Ministry internal review and processing levels leading to unconcluded items in the Procurement Plan during the Year ended June 30, 2022.

(iv). An amount of KSh. 87M provided during the FY as part of the support to the Counties for Institutional Grants was not transferred as the National Assembly went on recess before passing of the County Government Additional Allocations Bill that included the FLLoCA Program.

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

During the Financial period to 30 June 2022  
there were no inter entity transfers.

**Annex 3b - Analysis of Pending: Staff Bills**

During the Financial period to 30 June 2022  
there were no staff bills.

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM  
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**Annex 4 – Summary of Fixed  
Assets Register**

Asset class	Opening Cost (KShs) 2021/22	Donations in form of assets (KShs) 2021/22	*Purchases/ Additions in the Year (KShs) 2021/22	**Disposals in the Year (KShs) 2021/22	Transfers in/(out) Kshs 2021/22	Closing Cost (KShs) 2021/22
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Transport equipment- Motor Vehicles	-	-	9,169,200	-	-	9,169,200
ICT Equipment	5,182,080	-	-	-	-	5,182,080
Office Equipment , furniture & fittings	1,852,499	-	-	-	-	1,852,499
<b>Total</b>	<b>7,034,579</b>	<b>-</b>	<b>9,169,200</b>	<b>-</b>	<b>-</b>	<b>16,203,779</b>

Notes

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

\*\* The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold. The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasury

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM  
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**Annex: 5 Reporting of Climate  
Relevant Expenditures**

Name of the Organization The National Treasury & Planning-Financing  
Locally Led Climate Action Program  
Telephone Number +254 020  
2252299  
Email Address ps@treasury.go.ke  
Name of CEO/MD/Head Julius Muia, PhD, CBS

Name and contact details of contact person (in case of any clarifications) Maurice Pedo,  
Ph.D , Program  
Manager Finance  
& Strategy

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds		Implementing Partners
				2021-2022		
Financing Locally Led Climate Action Program	The program focuses on capitalizing the National and County Climate Change Funds; building county level capacity for planning, budgeting, reporting and implementation of local climate actions in partnership with communities; and strengthening of national level capacity for coordination, monitoring and reporting.	The key objective of the program is to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risk.	(i) Deliver locally-led climate resilience actions (ii) Strengthen county and National government capacity to manage climate risks	184,186,961	The program sponsor is World Bank , International Development Association ( IDA) , Government of Denmark ( DANIDA) and Government of Sweden ( SIDA) and Government of Kenya ( GoK).	County Government and MDAs( COG, SRM, CCD, Intergovernmental Fiscal Relations, DOSHS, Ministry of Water, Sanitation & Irrigation, KMD, Kenya Climate Change Working Group, NEMA, Ministry of Devolution, Ministry of Agriculture, livestock Fisheries and Cooperatives, Climate Finance and green economy unit, CAJ)



**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM  
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**Annex 8**

**i. Special Deposit Accounts Reconciliation Statement**

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM - DA B  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30 JUNE 2022**

Credit No.: IDA LOAN CREDIT NO.69800-KE (DA-B)

Bank Account No.: 1000581727 Held with Central Bank of Kenya

		NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by IDA			1,138,581.29
	Less:			
2	Total amount documented			438,581.72
3	Outstanding amount to be documented			699,999.57
	Represented by:			
4	Ending Special account Balance as at 30 June 2022			161,291.12
5	Amounts claimed but not credited as at 30 June 2022			-
6	Amounts withdrawn and not claimed			538,708.45
7	Service Charges (if not included in lines 5 and 6 above)			-
8	Interest earned (if included in Special Account)			-
9	Total advance to Special Account Year ended 30 June 2022			699,999.57

Discrepancy between total appearing on line 3 and 9

**Notes:**

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

The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs

*[Signature]*

**AUTHORISED REPRESENTATIVE  
RESOURCE MOBILISATION DEPARTMENT  
THE NATIONAL TREASURY**

**DATE: 01-08-2022**

**FINANCING LOCALLY -LED CLIMATE ACTION PROGRAM  
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**SPECIAL ACCOUNT STATEMENT**

For period ending	30th JUNE, 2022
Account No.	1000581727
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	FIN. LOC.LED CLIMATE ACT.PROG.IDA C
Credit Agreement	
Currency	USD

**Part A - Account Activity**

Beginning balance of 1st July, 2021 as per C.B.K. Ledger Account	0.00
<b>Add:</b>	
Total Amount deposited by World Bank	861,291.12
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
<b>Deduct:</b>	
Total amount withdrawn	700,000.00
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June,2022	161,291.12

<b>AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA</b>	<b>SIGNATURE:</b>	
<b>AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY</b>	<b>DATE</b>	14-07-2022
	<b>SIGNATURE:</b>	
	<b>DATE</b>	01-08-2022

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2022 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM  
REPORT AND FINANCIAL STATEMENTS  
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TAM.E.STMT.OF.ACCT.EPRM

Page 1 of 1

Results 1 - 4 of 4

Run Date: 13/07/2022		Run Time: 12:15:56	STATEMENT OF ACCOUNT		PAGE NO: 1
CENTRAL BANK OF KENYA			ACCOUNT NUMBER: 1000581727		
BANKI KUU YA KENYA			ACCOUNT TITLE: FIN. LOC. LED CLIMATE ACT. PROG. IDA C		
P.O. BOX 60000-0200			30/06/2022		
NAIROBI					
STATEMENT PERIOD: From 01/07/2021		To			
NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL:		0.00			
NO.	Value Date	Reference No	Details	Debit	Credit
1	07/06/2022	FT22158Q6YY	FUNDING	0.00	700,000.00
2	14/06/2022	FT22165WCLCG	PA128214	-700,000.00	0.00
3	27/06/2022	FT22178KVPCS	FUNDING	0.00	45,617.63
4	29/06/2022	FT221808TOH2	FUNDING	0.00	115,673.49
CLOSING BALANCE: 161291.12					

END OF ACCOUNT STATEMENT

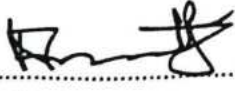



Favourites	TAM.E.STMT.OF.ACCT.EPRM	More Options Clear Selection	Find
Account	equals	1000581727	
Statement From	equals	20210701	
Statement To	equals	20220630	
TAM.E.STMT.OF.ACCT.EPRM			



**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM  
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**ACCOUNT B BANK RECONCILIATION**

ACCOUNT NO.1000484675		F.O. 30				
CLIMATE CHANGE B						
<u>REPUBLIC OF KENYA</u>						
BANK RECONCILIATION FORAS AT 30TH JUNE 2022						
<p>Balance as per Bank Certificate .....</p> <p>Less -----</p> <p>1. Payments In Cash Book not yet recorded In Bank Statement (Unpresented Cheques) .....</p> <p>2. Receipts In Bank Statement not yet recorded In Cash book .....</p> <p>Add -----</p> <p>3. Payment In Bank Statement not yet recorded In Cash Book .....</p> <p>4 Receipts in Cash Book not yet Recorded In Bank Statement .....</p> <p>Balance as per cash Book .....</p>	<p>Sh.</p> <p>Sh.</p>	<p>3,700,829.40</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>3,700,829.40</p>				
<p>I certify that I have verified the Bank balance in the cash Book with the bank Statement and that the above reconciliation is correct.</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="text-align: center;">               Signature         </div> <div style="text-align: center;">             HAU NATIONAL TREASURY              Designation         </div> <div style="text-align: center;">             29/8/22              Date         </div> </div> <p style="margin-top: 20px;">AS PER ATTACHED</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">PREPARED BY</td> <td style="width: 40%; text-align: right;">8/29/2022</td> </tr> <tr> <td>C KARWENI</td> <td style="text-align: center;"></td> </tr> </table>			PREPARED BY	8/29/2022	C KARWENI	
PREPARED BY	8/29/2022					
C KARWENI						

COPY TO


1 INTERNAL AUDITOR

2 AUDITOR GENERAL

3 DGA & QA

**FINANCING LOCALLY -LED CLIMATE ACTION PROGRAM  
REPORT AND FINANCIAL STATEMENTS  
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**ACCOUNT A BANK RECONCILIATION**

ACCOUNT NO.1000447575		F.O. 30
CLIMATE CHANGE		
<u>NATIONAL TREASURY</u>		
BANK RECONCILIATION AS AT JUNE- 2022		
	Sh.	Sh.
Balance as per Bank Certificate .....		65,168,215.75
Less -----		
1. Payments In Cash Book not yet recorded in Bank Statement (Unpresented Cheques) .....	28,599,919.20	
2. Receipts in Bank Statement not yet recorded in Cash book .....	92,400.00	28,692,319.20
Add -----		
3. Payment-in Bank Statement not yet recorded in Cash Book .....	-	
4 Receipts in Cash Book not yet Recorded in Bank Statement .....	-	
Balance as per cash Book .....		36,475,896.55
I certify that I have verified the Bank balance in the cash Book with the bank Statement and that the above reconciliation is correct.		
	HAU NATIONAL TREASURY	17/05/22
Signature	Designation	Date

**FINANCING LOCALLY -LED CLIMATE ACTION PROGRAM  
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<b>ACCOUNT NO.1000447575</b>			
<b>PAYMENT IN CB NOT BANK AS AT JUNE 2022</b>			
<b>DATE</b>	<b>P/V NO</b>	<b>PARTICULARS</b>	<b>AMOUNT</b>
06/28/22	639	ANN OMONYO	42,000.00
06/28/22	640	PETER PUSHAT	42,000.00
06/28/22	641	MIRIAM M NGOTHO	42,000.00
06/28/22	642	PAUL K NAKHUNGU	33,600.00
06/28/22	643	DANIEL NJUGUNA	19,600.00
06/28/22	644	KEVIN O OCHIENG	50,400.00
06/28/22	645	SELINA N ERASTUS	42,000.00
06/28/22	646	IRENE D MAJALE	33,600.00
06/28/22	647	TOM O MASANGA	50,400.00
06/28/22	648	ABDUL O MOHAMED	42,000.00
06/28/22	649	FREDRICK B OSORO	33,600.00
06/28/22	650	JANET A EKALO	63,000.00
06/28/22	651	KENNEDY P CHEPTUIMUT	63,000.00
06/28/22	652	KEVIN MUYEKHO	33,600.00
06/28/22	653	VERONICAH W WANYORA	33,600.00
06/28/22	654	PAMELA INDIMULI	33,600.00
06/28/22	655	ABDULAH O SAID	63,000.00
06/28/22	656	GEORGE OMONDI	33,600.00
06/28/22	657	FATUMA ROBA	33,600.00
06/28/22	658	HUGA MOLU	42,000.00
06/28/22	659	CHARLES LECHO	16,000.00
06/28/22	660	MARTIN OKOTH	33,600.00
06/28/22	661	ROGERS W NATO	33,600.00
06/28/22	662	ISAAC M MARIAMA	42,000.00
06/28/22	663	ROBERT J SAWA	33,600.00
06/28/22	664	DAVID M MUTHAURA	33,600.00
06/28/22	665	ANTHONY P MBUTHIA	33,600.00
06/28/22	666	CONSOLATA M KARANJA	33,600.00
06/28/22	667	DIANA M KARANJA	33,600.00
06/28/22	668	GEOFFREY WEKESA	33,600.00
06/28/22	669	EUNICE K MZUNGU	33,600.00
06/28/22	670	GRACE KARANJA	42,000.00
06/28/22	671	WILLIAM R CHEMKENYANG	50,400.00
06/28/22	672	JOYCE C CHUMO	42,000.00
06/28/22	673	LILIAN W NGAMI	33,600.00
06/28/22	674	LOTUKOI MONICA	33,600.00
06/28/22	675	WILLIAM M MAKAU	33,600.00
06/28/22	676	MALIK AMAN	50,400.00
06/28/22	677	ANNLYDIA MBUI	42,000.00
06/28/22	678	MALIK AMAN	50,400.00
06/28/22	679	DAVID GITAU	33,600.00
06/28/22	680	PRISCA KAKI	19,600.00
06/28/22	681	TERESA SIMBA	33,600.00
06/28/22	682	JOHN MWANGI	33,600.00
06/28/22	683	JOHN GICHOHI	33,600.00



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06/28/22	684	JAMES T MAINA	37,200.00
06/28/22	685	ERASTUS MIRERI	33,600.00
06/28/22	686	ALI AHMED	67,200.00
06/28/22	687	JAMES T MAINA	44,800.00
06/28/22	688	EDWARD G GIZEMBA	100,800.00
06/28/22	689	MICHEAL OKUMU	42,000.00
06/28/22	690	TUMPAYO BAARI	85,920.00
06/28/22	691	ESTHER KIVUVA	73,939.00
06/28/22	692	TUMPAYO BAARI	70,000.00
06/28/22	693	MARK NYAKUNDI	37,800.00
06/28/22	694	PETER KIPKEMBOI	33,600.00
06/28/22	695	GRACE OJIAYO	33,600.00
06/28/22	696	JENNIFER KIPKAZI	42,000.00
06/28/22	697	GEORGE M KAMAU	33,600.00
06/28/22	698	SOMO G YATTANI	50,400.00
06/28/22	699	DORINE CHELEGAT	33,600.00
06/28/22	700	MAURICE O PENDO	90,400.00
06/28/22	701	ESTHER KIVUVA	33,600.00
06/28/22	702	DANIEL KIETI	33,600.00
06/28/22	703	DONNIE MUYERA	33,600.00
06/28/22	704	JANE W GITAU	42,000.00
06/28/22	705	MOHAMED SUGON	63,000.00
06/28/22	706	ROTA K MURUNGI	33,600.00
06/28/22	707	MOHAMED A MOHAMED	50,400.00
06/28/22	708	KAARA F MUTIITHI	42,000.00
06/28/22	709	VIVIAN M MASEK	42,000.00
06/28/22	710	WINFRED K MUUTHIA	33,600.00
06/28/22	711	PHILIP NANDWA	33,600.00
06/28/22	712	JACKLINE M MULAVU	33,600.00
06/28/22	713	ESTHER KIVUVA	281,480.00
06/28/22	714	RHODA NYAMBORI	42,000.00
06/28/22	715	BASRA H ISAACK	45,000.00
06/28/22	716	ABDURAHMAN M HUSSEIN	36,600.00
06/28/22	717	JOYCE CHEPKOECH	28,000.00
06/28/22	718	JAMES O NYAGOL	35,300.00
06/28/22	719	MARK NYAKUNDI	19,600.00
06/28/22	720	GABRIEL ODUONG	46,000.00
06/28/22	721	WYCLIF S AMAKOBE	58,900.00
06/28/22	722	GRACE E LOTOONI	51,800.00
06/28/22	723	MICHEAL OKUMU	84,000.00
06/28/22	726	FINANCING LOCALLYLED ACTI	11,000,000.00
06/29/22	727	LINET NYAYOGA	6,300.00
06/29/22	728	PATRICK AMOKE	33,600.00
06/29/22	729	SOLOMON OMUTOKO	33,600.00
06/29/22	730	WYCLIF S AMAKOBE	21,800.00
06/29/22	731	TERESA SIMBA	33,600.00
06/29/22	732	CAREN OLESI	18,900.00
06/29/22	733	EVANS KISAMBO	70,000.00
06/29/22	734	WINSTONE ATAMBA	70,000.00

**FINANCING LOCALLY -LED CLIMATE ACTION PROGRAM  
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FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022**

06/29/22	735	JACKLINE KAMUSA	36,600.00
06/29/22	736	ALICE MUSULUVE	56,000.00
06/29/22	737	HENRY SANJALA	33,600.00
06/29/22	738	JANE MUGAMBI	37,800.00
06/29/22	739	ABRAHAM ODENG	42,000.00
06/29/22	740	BILLY MUGAMBI	42,000.00
06/29/22	741	CHARLES AVEDI	42,000.00
06/29/22	742	GODREY OMUSONGA	42,000.00
06/29/22	743	CHARLES AVEDI	56,000.00
06/29/22	744	JANE WAWIRA KINYUA	33,600.00
06/29/22	745	ABDIWAHID SAID ADAN	33,600.00
06/29/22	746	ABDI SHEBO	33,600.00
06/29/22	747	RICHAED BOIYO	84,000.00
06/29/22	748	GILBERT KORIR	37,200.00
06/29/22	749	ABDULSALAM OMAN MOHAMED	46,500.00
06/29/22	750	DOMINIC M MUMBU	44,000.00
06/29/22	751	TONY BOAZ LEPARKERY	36,600.00
06/29/22	752	P/S STATE DEPT BROADCASTING	366,558.00
06/29/22	753	FREDRICK KINYANJUI	37,800.00
06/29/22	755	ESTHER KIVUVA	3,995.00
06/29/22	756	SAADA MOHAMED	1,560.00
06/29/22	757	EVANS MAGETO	44,800.00
06/29/22	758	NANCY OMOLO	668,273.90
06/29/22	758	VAT	11,724.10
06/29/22	759	GODWIN LIDAHULI	4,936,200.00
06/29/22	759	VAT	86,600.00
06/29/22	760	ENGLISH POINT MARINA	676,629.30
06/29/22	760	VAT	11,870.70
06/29/22	761	ROBERTO GENERAL SERVICES	796,034.50
06/29/22	761	VAT	13,965.50
06/29/22	762	LAKE NAIVASHA RESORT LTD	110,068.95
06/29/22	762	VAT	1,931.05
06/29/22	763	VICTOR ORINDI TRADING	741,543.10
06/29/22	763	5%VAT	39,750.00
06/29/22	763	VAT	13,706.90
06/29/22	764	ISM SERVICES INDIA LLP	59,935.00
06/29/22	764	TRANSFER CHARGES	450.00
06/29/22	765	ATTIC TOURS AND TRAVEL	148,600.00
06/29/22	766	KENYA REINSURANCE CORP LTD	3,836,379.30
06/29/22	766	VAT	67,304.90
06/29/22	767	AHMED ABDIKADIR	63,000.00
<b>TOTALS</b>			<b>28,599,919.20</b>

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM  
REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022**

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ACCOUNT NO.100205024			
RECEIPT IN BANK NOT IN CASH BOOK FOR JUNE 2022			
DATE	REFERENCE	DESCRIPTION	AMOUNT
6/27/2022	FT221788HFT6J	RTGS PAYMENT	42,000.00
6/27/2022	FT22178KQY6L	RTGS PAYMENT	50,400.00
TOTALS			92,400.00





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**CENTRAL BANK OF KENYA**

**BANKI KUU YA KENYA**

**STATEMENT OF ACCOUNT**

**CENTRAL BANK OF KENYA**

**BANKI KUU YA KENYA**

**P.O.BOX 60000 - 0200**

**NAIROBI**

**STATEMENT PERIOD: FROM 01/07/2022 TO 13/10/2022**

**Rundate : 13/10/2022**

**Runtime : 15:23:33**

**Customer Number : 120373**

**Account Number : 1000484675**

**Account Name : FINANCIN LOCAL-LED CLIMATE ACTION B(KES)**

**Opening Balance : 3700829.4**

No.	Txn Date	Value Date	Reference No	Txn Details	Dr Amt	Cr Amt	Balance
1	22/07/2022	22/07/2022	FT222037JK4V	TRFS Payments	0.00	11,000,000.00	14,700,829.40
				STD30062022/423			
2	25/08/2022	25/08/2022	FT22237M5YH7	TRFS Payments	142,059.00	0.00	14,558,770.40
				0320000134			
				STD18082022/368			

