

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 04 DEC 2024

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THE AUDITOR-GENERAL

ON

**AFRICA ENVIRONMENTAL HEALTH AND
POLLUTION MANAGEMENT PROJECT
(EHPMP)**

**FOR THE YEAR ENDED
30 JUNE, 2024**

**NATIONAL ENVIRONMENT MANAGEMENT
AUTHORITY**



nema

mazingira yetu | uhai wetu | wajibu wetu

**PROJECT NAME: AFRICA ENVIRONMENTAL HEALTH AND POLLUTION
MANAGEMENT PROJECT (AEHPMP)**

**IMPLEMENTING ENTITY: NATIONAL ENVIRONMENT MANAGEMENT
AUTHORITY**

**PROJECT GRANT/CREDIT NUMBER: (P167788)
(GRANT NO. TFOB3322)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

Africa Environmental Health and Pollution Management Project (AEHPMP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

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1. Acronyms and Glossary of Terms

AEHPMP	Africa Environmental Health and Pollution Management Project
CSR	Corporate Social Responsibility
EMCA	Environmental Management and Coordination Act
FY	Financial Year
GEF	Global Environment Facility
IBRD	International Bank for Reconstruction and Development
IPSAS	International Public Sector Accounting Standards
ISO	International Organization for Standardization
KoTDA	Konza Technopolis Development Authority
KEPI	Kenya National Environmental Performance Index
KEPSA	Kenya Private Sector Alliance
MOECCF	Ministry of Environment, Climate Change & Forestry
NSC	National Steering Committee
NEMA	National Environment Management Authority
PCU	Project Coordinating Unit
PSASB	Public Sector Accounting Standards Board
TAC	Technical Advisory Committee
UON	University of Nairobi
UPOPs	unintentionally produced persistent organic pollutants
WB	World Bank

2. Project Information and Overall Performance

2.1 Name and registered office

Name

Africa Environmental Health and Pollution Management Project

Objective

The key objective of the project is to strengthen the institutional capacity to manage and regulate e-waste and related UPOPS in Kenya.

Address

The project headquarters offices are Nairobi, Kenya.

Popo Road, off Mombasa Road

The address of its registered office is: P.O. Box 67839-00200 Nairobi

Contacts: The following are the project contacts

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

Mobile: 0724 253398, 0735 013046, 0723 363 010

E-mail: info@nema.go.ke

Website: www.nema.go.ke

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

Project Information and Overall Performance (continued)

2.2 Project Information

Project Start Date:	The project start date is 14 08 2020
Project End Date:	The project end date is 31 07 2025
Project Manager:	The project manager is Mr. David Ongare
Project Sponsor:	The project sponsor is Global Environment Facility (GEF)
Implementing Agency	International Bank for Reconstruction and Development (IBRD)/World Bank

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Environment, Climate Change and Forestry The implementing agency National Environment Management Authority (NEMA)
Project number Grant Number	P167788 TF0B3322
Strategic goals of the project	The strategic goals of the project are as follows: 1. Institutional Strengthening, Knowledge and

	<p>Capacity Building</p> <ol style="list-style-type: none"> 2. Policy Dialogue and Regulatory enhancements 3. Demonstration of Application of Technological Tools and economic Approaches 4. Project Coordination and management
<p>Achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means:</p> <ol style="list-style-type: none"> (i) Institutional Strengthening, Knowledge and Capacity Building <ol style="list-style-type: none"> (a) Strengthening the capacity of NEMA staff for waste management including the reduction of releases of Persistent Organic Pollutants (POPs) from unsound e-waste management practices. (b) Strengthening the institutional capacities of the Ministry of Environment and Forestry, NEMA and Kenya Revenue Authority for implementation and enforcement of laws and regulations on waste and e-waste management. (c) Carrying out sensitization workshops on waste and e-waste management targeting relevant stakeholders. (d) Streamlining customs coding with appropriate training of the customs and borders inspectorate to curtail entry of illicit waste as provided in Basel convention (e) Carrying out country wide situational analysis on waste including review and development of a national e-waste inventory to inform sustainable management of e-waste. (f) Development of guidelines and monitoring protocols on waste (and e-waste) management, including development of systems for monitoring and enforcement and undertaking: (i) an assessment of environmental health implication of harmful

	<p>chemicals and waste and options for risk management; and (ii) an economic analysis of the e-waste management sector.</p> <p>(g) Supporting coordination and participation of key stakeholders in regional learning and knowledge sharing activities on the harmful chemicals agenda including sharing experience in the application of sound technological and chemical management.</p> <p>(ii) Policy Dialogue and Regulatory enhancements</p> <p>(a) Development and implementation of a strategy for the reduction of emissions and releases of, and exposure to, harmful chemicals and hazardous waste.</p> <p>(b) Development and dissemination of e-waste management regulations.</p> <p>(c) Carrying out assessment on exposure of vulnerable populations to harmful chemicals, development of policy measures to prevent the said exposure and dissemination of appropriate information to stakeholders and affected communities.</p> <p>(d) Strengthening measures for monitoring the flow of e-waste including recycling disposal; Use of cleaner technologies; and development of an appropriate communication strategy.</p> <p>(e) Development of a national integrated framework for monitoring and evaluation of e-waste management.</p> <p>(iii) Demonstration of Application of Technological Tools and economic Approaches</p> <p>(a) Carrying out analysis of current national and county plans on integrated waste management and developing an inventory of harmful substances and identifying priorities and institutional capacity building needs.</p> <p>(b) Carrying out pilot projects in selected counties on implementation of integrated waste management</p>
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	<p>approach to reduce releases of POPs from e-waste including associated capacity building for all relevant stakeholders (including government, civil society organizations, and private sector); investment in infrastructure for the entire e-waste management cycle; and developing protocols and methodologies for assessment of environmental health risks associated with e-waste.</p> <p>(iv) Project Coordination and management</p> <p>Providing technical support, advisory services and operating costs for project coordination, management as well as monitoring and evaluation at national and county levels including implementation and supervision of project activities, administration of procurement and financial management as well as environmental and social risks management.</p>
<p>Other important background information of the project</p>	<p>The project is consistent with the Country priorities as provided in the Kenyan Development Blue Print popularly referred to as the Kenya Vision 2030 that address the development challenges in Kenya and focuses the country economic development agenda. The project will directly contribute to the Vision 2030 in addressing solid waste challenges and economic pillar by providing opportunities for job creation through e-waste valuation chain initiative. The project will also make contribution to the National Solid Waste Management Strategy, 2015 and the provisions of the Waste management Regulations of 2006. The project is aligned with the National Implementation Plan (NIP) for Kenya (2014), which sets out the roadmap and methodology for implementing the Stockholm Convention in the country. The project finally advances Article 42 of the Constitution of Kenya, 2010 on ensuring a clean and healthy environment.</p>

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<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene due to the in-effective management of e-waste in Kenya which presents potentially devastating impacts to the environment and human health. For instance, improper disposal of e-waste which enter in open dumpsites may lead to release of unintentionally produced persistent organic pollutants (UPOPs) from inappropriately disposed electrical and electronic waste (e-waste) which can travel long distances, causing transboundary impacts, such as ailments that cause diminished intelligence. These are regional-level problems, which cannot be solved through the efforts of solitary countries; they require joint and coordinated efforts across countries and at the regional level. Without action, the number of deaths and sick people due to exposure to such pollution would increase exponentially in the future.</p>
<p>Project duration</p>	<p>The project started on 14th August 2020 and is expected to run until 31st July 2025.</p>

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the current year:

Kenya Commercial Bank Ltd

KCB Gateway House-4026

P.O. Box 27618-00506, Nairobi

2.5 Independent Auditor

The project is audited by the Office of the Auditor General

P.O Box 30084-00100

Nairobi, Kenya

2.6 Roles and Responsibilities

People working on the project, including the project manager and all the key stakeholders.

Names	Title designation	Key qualification	Responsibilities
Mamo B. Mamo	Director General	Master of Science Environmental Education	Overall program leadership
David Ongare	Project Coordinator	Master of Science (Biology)	Coordinate overall programme activities in NEMA
Leonard Tampushi	Technical Advisor	Master of Science (Bio Technology)	Technical advisory
Kennedy Ochuka	Finance Management Specialist	Master of Business Administration (MBA)	Financial management

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Erastus Gitonga	Legal Expert	Master of Laws (LLM)	Legal advice
Selessor Odipoh	Monitoring and Evaluation Officer	Bachelor of education (Science) Certificate Monitoring and Evaluation	Project progress monitoring and evaluation
Michael Omusula	Project Accountant	Master of Business Administration (MBA)	Project accounting and reporting
Evans Nyabuto	Communication Specialist	Master of Communications	Coordinate communication for the project
Sylvester Maithya	GIS Expert	Master of Science Geographical Information Systems	Cartography and data management
Francis Chwanya	E-waster Specialist	Master in Environmental Studies	E-waste advice
Newton Osoro	ESS Specialist	Master of Science Environmental Studies	Coordinate of environmental and social standards
Martin Mwiti	Procurement Specialist	Bachelor of Procurement and Supply Chain Management	Coordinate procurement
Georgina Minis	Awareness	Master of Arts (Project planning & Management)	Coordinate awareness activities
Benedict Musyoki	Finance Specialist	Master of Science (Finance)	Project accounting and reporting

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Eliud Kinyua	ICT Officer	Bachelor of Information Technology	ICT support
Roseline Jepkemoi	Secretary	Secretarial course	Logistics and record keeping

2.7 Funding summary

The Project is for duration of 5 years from 2020 to 2025 with an approved budget of US\$ 8,073,395 equivalent to Kshs 861,834,916 as highlighted in the table below:

Project Information and Overall Performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 June 2024)		Undrawn balance to date	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
World Bank	8,073,395	861,834,916	1,178,968	133,167,749	6,894,427	728,667,168
Total	8,073,395	861,834,916	1,178,968	133,167,749	6,894,427	728,667,168

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2024)		Cumulative amount paid to date – (30 th June 2024)		Unutilized balance to date (30 th June 2024)	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
World Bank	1,178,968	133,167,749	1,134,969	127,040,838	43,999	6,126,911
Total	1,178,968	133,167,749	1,134,969	127,040,838	43,999	6,126,911

Project Information and Overall Performance (continued)

2.8 Summary of Overall Project Performance:

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

The Authority was allocated a budget of Kshs 240,000,000 during the 2023/24 financial year, having a total actual expenditure of Kshs **56,634,109**. There were no receipts during the financial year. Cumulatively, the project has been allocated a budget of Kshs 560,600,000 and has cumulatively received Kshs 133,167,749 against an actual expenditure of Kshs **127,040,838**

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

1. Output 1: Institutional Strengthening, Knowledge and Capacity Building

- Project outreach was also undertaken during the Nairobi International Trade Fair/Show event, in Nairobi show ground on 26th September to 2nd October, 2022. Developed Protocols to monitor, screen and evaluate health and environmental risks associated with the release of e-waste and related UPOPs and validated with key stakeholders. This was done through a consultancy implemented by Geospatial Research Institute (GRI) and is currently on its final stages of closing.
- Done a Situational Analysis on solid waste and e-waste in the country and report validated with stakeholders at county levels throughout the country. This is being delivered through a consultancy by Kenya National Cleaner Production Centre (KNCPC) that is in its final stages of closing.
- 10 regional awareness outreaches done so far on sustainable e-waste management targeting County Governments and other key stakeholder in the waste management system across the country.
- A project regional benchmarking for learning and exchange undertaken in Kenya from 2nd to 6th October 2023 bringing together all the 5 countries

implementing the project and various local and international players in the e-waste value chain. Project team also participated in the 2nd regional learning event bringing together all the project countries that was held in Ghana in May 2024.

- Training on sustainable e-waste management done for 64 Officers from NEMA, MOECCF, County Government and TAC-NCS in Oct-Nov 2022. 32 of the trainees are NEMA Gazetted Inspectors.
- 2 community engagements on e-waste management undertaken so far together with private sector players. Communities reached included representatives for Machakos and Makueni County Governments; business leaders in Junction and Malili towns; Community Based Organization representatives, Machakos University; ILRI Kapiti; Konza city; ICT Authority; Recyclers Association representative, KAM representing key private sector amongst others;

2. Output 2: Policy Dialogue and Regulatory enhancements

- Supported review and finalization of the draft e-waste regulations by NEMA, MOECCF, Office of the Auditor General and other stakeholders.
- Undertook review and awareness creation on the Sustainable Waste Management Act 2022 to stakeholders including NEMA, MOECCF, KEPSA, Environment Institute of Kenya
- Supported Review of SWMA 2022 into the Waste Management regulations
- Developed Project Communication Strategy, approved by WB to be used in project publicity throughout the remaining project period.
- Trained Magistrates (36) as key stakeholders on environmental legal and policy updates including upcoming policies and guideline such as Sustainable waste management Bill 2023, Extended Producer Responsibility and E-Waste regulations.

3. Output 3: Demonstration of Application of Technological Tools and economic Approaches

- Land at Konza Technopolis for development of an e-waste recycling facility officially handed over to NEMA
- ESIA Study TORs for the recycling facility finalized on and approved by WB for implementation. Awaiting development of draft structural and architectural designs to proceed.
- Allocation processes finalized with County Governments in Kisumu, Nakuru and Mombasa for sites to set up 3 mini centres for e-waste collection. The 4th site will be established at NEMA. The project has on-boarded a supplier to source, fabricate and install the containers to be used as e-waste collection centres. An environmental SPR is scheduled to be conducted at the sites to precede the installation of the mini centres.

4. Output 4: Project Coordination and management

- Project vehicle was paid for.
- Project staff were paid.
- Procurement of office furniture and equipment's was undertaken.
- Internal audit was carried out.
- World Bank missions held.

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

During the financial year 2023/2024, the total budget as per the estimates was Kshs 240,000,000. Against this budget, the expenditure for the period amounted to Kshs 56,634,109 translating to an absorption of 24%. FY 2022/2023 Budget Kshs 240,000,000 expenditure Kshs 48,909,129 absorption of 27.5%. FY 2021/2022 Budget Kshs 142,600,000 expenditure Kshs 21,497,600 absorption of 15%.

iv) List the implementation challenges and recommended way forward.

- Though the project initially witnessed challenges associated with low absorption rate for the funds allocated under the project and COVID-19 pandemic, the project is now on track and is expected to realize the activities and outputs timely Land acquisition for projects:
- Project commencement delay: The project took almost 3 years to acquire and get the title deed for the Land earmarked for construction of the e-waste demonstration center. All activities related to this construction had to wait for the final acquisition of the land before commencement. This has costed the project a lot of time.
- The concept of e-waste and its adverse effects is still relatively new in the country and the need for investment in its effective management is not appreciated by the majority of the population as reflected in the studies done by the project. A lot of awareness is needed for the public to appreciate the need for effective management of e-waste.
- Changes in policies and laws go through long processes and periods for revisions and final approvals and gazettelement into law. These can affect the delivery timelines set for any targets in policies and regulations activities, outputs and outcomes and should be anticipated within the project lifespan.
- There is need for alignment of procurement processes at the World Bank and NEMA. Multiple levels of approval for activities and procurement make it difficult for quick turn- around of some activities. The project needs to get no objection for most of the procurements despite such activities having been approved in the project work-plan.
- The Covid period affected the level of implementation of the project at the start. The project thus started in earnest in 2021. Consideration should thus be made to extend the project's closing to allow for the one year lost during the covid period.

2.9 Summary of Project Compliance:

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

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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.

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

- a) Institutional Strengthening, Knowledge and Capacity Building
- b) Policy Dialogue and Regulatory enhancements
- c) Demonstration of Application of Technological Tools and economic approaches
- d) Project Coordination and management

Progress on attainment of strategic development objectives

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

Below we provide the progress on attaining the stated objectives:

Project	Objective/Outcome	Indicator	Performance
Component 1	Institutional Strengthening, Knowledge and Capacity Building	<p>a) E-waste management benchmarked in participating countries (volume/Mt) through the regional platforms</p> <p>b) Knowledge products on mercury and uPOPs management designed and disseminated (Number)</p>	<ul style="list-style-type: none"> • 2 regional benchmarking undertaken for participating countries for shared progress, learning and fostering cooperation. 1st regional meeting done in Mombasa, Kenya in October 2023 and 2nd one had in Accra, Ghana in May 2024 • Protocols to monitor, screen and evaluate health and environmental risks associated with the release of e-waste and related UPOPs done and validated with key stakeholders. • Situational Analysis on solid waste in the country done and validated with stakeholders. • UPOPs Monitoring protocol done with

			the UoN team: UPOPs situation reports at baseline and end of project to be done. Baseline data already collected awaiting analysis.
Component 2	Policy Dialogue and Regulatory enhancements	<p>a) Policy interventions on mercury and e-waste management (including uPOPs emissions) designed and consulted (Number)</p> <p>b) Guidelines and checklists for stakeholders and workers developed (Yes/No)</p> <p>c) Stakeholder/project communication strategy developed (Yes/No)</p>	<p>• Finalization of the draft e-waste regulations done, Awareness creation on Sustainable Waste Management Act 2022 done,</p> <p>• Supported Review of Sustainable Waste Management Act 2022 into the Waste Management regulations</p> <p>• E-Waste monitoring and reporting guidelines finalized; Stakeholder engagement guidelines to be developed</p> <p>• Project Communication Strategy has been developed by the Communications Consultant, reviewed by project team and WB and approved by WB. Strategy to be used in project publicity throughout the remaining project period.</p>

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Component 3	Demonstration of Application of Technological Tools and economic Approaches	<p>a)Piloting of best environmental practices and cleaner technologies to help countries meet their Stockholm and Minamata Convention obligations completed and evaluated (Number)</p> <p>b)Exposure to uPOPs pollution from open burning of hazardous waste including e-waste reduced at pilot sites (Percentage)</p>	<ul style="list-style-type: none"> • Land ownership deed finalized for construction of an e-waste recycling demonstration centre. Pre -construction processes initiated i.e. <ol style="list-style-type: none"> 1. TORs for undertaking the ESIA being finalized for advertisement, 2. TORs for the structural and architectural design for the e-waste recycling demonstration facility being finalized on. 4 mini sites for e-waste collection under development processes. • Exposure to uPOPs pollution from open burning of hazardous waste including e-waste reduced at pilot sites (Percentage)
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4. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile

The Constitution of Republic of Kenya has elevated the right to clean environment as a basic human right. Delivery of Environment services is the core mandate of NEMA, and more so efficient and effective delivery of Environmental services. NEMA operates within the environmental principles as enshrined in EMCA No.8 of 1999, such as the principles of Environmental sustainability, precautionary principle, polluter pay principle and the principle of public participation.

2. Environmental performance

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

Policy Objectives

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

The Kenya National Environmental Performance Index (KEPI) is one of the Authority's success stories in environmental sustainability. KEPI is a new environmental management frontier championed by the National Environment

Management Authority (NEMA) to lead to further creation of opportunities in environmental management knowledge, skills and experience at National and County levels. Other milestones the Authority has made in environmental sustainability include;

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

Challenges

Issues of environmental management in Kenya such as air pollution, climate change impacts, water pollution, biodiversity loss, poor waste management, invasive species, deforestation, encroachment of riparian reserves and wetland ecosystems, poor land use planning and limited knowledge on environmental protection continue to pose a big challenge to the authority's mandate. Nationally, resource allocation for environment sector is a key inhibiting factor for effective management of environment.

3. Employee welfare

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

4. Market place practices-

a) Responsible Supply Chain and Supplier Relations-

The project ensures all procurement activities are carried out in accordance with World Bank procurement regulations and the Government of Kenya public procurement law and regulations. The Authority adheres to the Presidential directive on Access to Government Procurement Opportunities (AGPO) which ensures youth, women and people living with disabilities as individuals or in organized groups benefit. All suppliers are paid within reasonable time after executing their contractual obligations.

b) Responsible Ethical Practices

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

c) Regulatory Impact Assessment

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

5. Community Engagements

The Authority is committed to uplifting the standards of living of the communities' areas it operates in all over the country. As a supervisor and coordinator of all environmental matters in Kenya, our work and conduct are driven by the Authority's core values. The Authority's corporate social responsibility (CSR) program is focused on creating and maintaining a strong bond with the community and its stakeholders. To this end, the Authority's CSR initiatives provide communities with opportunities for engagement that touch on three (Environmental, Economic and Social) broad CSR pillars. The Authority intends to carry out CSR activities which will benefit the community and its stakeholders.

5. Statement of Project Management Responsibilities

The Director General, the Finance Management Specialist and the Project Coordinator for Africa Environmental Health and Pollution Management Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2024.

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

The Director General, the Finance Management Specialist and the Project Coordinator for Africa Environmental Health and Pollution Management Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Director General, the Finance Management Specialist and the Project Coordinator Africa Environmental Health and Pollution Management Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial period ended June 30, 2024, and of the Project's financial position as at that date. The Director General, the finance management specialist and the Project Coordinator for Africa Environmental Health and Pollution Management Project further confirm the

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

The Director General, the Finance Management Specialist and the Project Coordinator for Africa Environmental Health and Pollution Management Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Director General, the Finance Management Specialist and the Project Coordinator for the Africa Environmental Health and Pollution Management Project on 27/09/2024 and signed by them.



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



.....
David Ongare
Project Coordinator



.....
Kennedy Ochuka
Finance Management Specialist
ICPAK Member No:3872

REPUBLIC OF KENYA

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Enhancing Accountability

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Anniversary Towers
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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON AFRICA ENVIRONMENTAL HEALTH AND POLLUTION MANAGEMENT PROJECT (EHPMP) FOR THE YEAR ENDED 30 JUNE, 2024 – NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, 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 Africa Environmental Health and Pollution Management Project (EHPMP) set out on pages 1 to 18, which comprise the statement of financial assets as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual

amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Africa Environmental Health and Pollution Management Project (EHPMP) as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Global Environment Facility Grant Agreement Number TFOB3322 dated 14 August, 2024 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total budget receipts of Kshs.240,000,000 against actual receipts of zero, resulting to under disbursement of funds by Kshs.240,000,000 or 100%. Similarly, the project spent an amount of Kshs.56,634,109 against a budget of Ksh.240,000,000 resulting to an under-expenditure of Kshs.183,365,891 or 24% of budget.

The under-expenditure may have impacted negatively on the service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

Conclusion

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

Basis for Conclusion

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, 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 ISSAIs 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, 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 ISSAIs 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by Global Environment Facility Grant Agreement, I report based on my audit that 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

Basis for Conclusion

The Global Environment Facility Grant Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and 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 that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

05 November 2024

7. Statement of Receipts and Payments for the year ended 30th June 2024

Description	Note	2023-2024			2022-2023			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	
Receipts		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Proceeds from foreign grants	2	-	-	-	35,513,985	-	35,513,985	133,167,749
Total receipts		-	-	-	35,513,985	-	35,513,985	133,167,749
Payments								
Compensation to employees	5	5,050,082		5,050,082	3,162,956	-	3,162,956	8,213,038
Purchase of goods and services	6	44,716,626	-	44,716,626	45,746,173	-	45,746,173	111,070,749
Acquisition of non-financial assets	8	6,867,401	-	6,867,401	-	-	-	7,757,052
Total payments		56,634,109	-	56,634,109	48,909,129	-	48,909,129	127,040,838
Surplus/ (deficit)		(56,634,109)	-	(56,634,109)	(13,395,144)	-	(13,395,144)	6,126,911

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


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Mamo B. Mamo, EBS
Director General


.....
David Ongare
Project Coordinator


.....
Kennedy Ochuka
Finance Management Specialist
ICPAK Member No:3872

Africa Environmental Health and Pollution Management Project (AEHPMP)
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8. Statement of Financial Assets as at 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	11	6,126,911	62,761,020
Total Cash and Cash equivalents		6,126,911	62,761,020
Total Financial Assets		6,126,911	62,761,020
Represented By			
Fund Balance B/fwd.	14	62,761,020	76,156,164
Surplus/(Deficit) for the Year		(56,634,109)	(13,395,144)
Net Financial Position		6,126,911	62,761,020

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27/09/2024 and signed by:




Mamo B. Mamo, EBS

Director General



David Ongare

Project Coordinator



Kennedy Ochuka
Finance Management
Specialist

ICPAK Member No:3872

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9. Statement of Cash flows for the year ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flow from operating activities			
Receipts			
Proceeds from domestic and foreign grants	2	-	35,513,985
Total receipts		-	35,513,985
Payments			
Compensation to employees	5	5,050,082	3,162,956
Purchase of goods and services	6	44,716,626	45,746,173
Total Payments		49,766,708	48,909,129
Net cash flow from operating activities		(49,766,708)	(13,395,144)
Cash flow from investing activities			
Acquisition of non-financial assets	8	6,867,402	-
Net cash flows from investing activities		6,867,402	-
Net increase in cash and cash equivalents		(56,634,109)	(13,395,144)
Cash and cash equivalent at beginning of the year	11	62,761,020	76,156,164
Cash and cash equivalent at end of the year	11	6,126,911	62,761,020




Mamo B. Mamo, EBS

Director General



David Ongare

Project Coordinator



Kennedy Ochuka

**Finance Management
Specialist**

ICPAK Member No:3872

10. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Proceeds from domestic and foreign grants	240,000,000	-	240,000,000	-	(240,000,000)	0%
Total Receipts	240,000,000		240,000,000	-	(240,000,000)	0%
Payments						
Compensation to employees	6,000,000	-	6,000,000	5,050,082	949,918	84%
Purchase of goods and services	224,000,000	-	224,000,000	44,716,626	179,283,374	20%
Acquisition of non-financial assets	10,000,000	-	10,000,000	6,867,401	3,132,599	69%
Total Payments	240,000,000	-	240,000,000	56,634,109	183,365,891	24%
Surplus or Deficit	-	-	-	(56,634,109)		

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

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

The financial statements are for Africa Environmental Health and Pollution Management Project under the National Environment Management Authority (NEMA). The financial statements are for the reporting entity Africa Environmental Health and Pollution Management Project as required by Section 81 of the PFM Act, 2012 .

c) Reporting currency

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

d) Recognition of receipts

Africa Environmental Health and Pollution Management Project recognises all receipts from the various sources when the event occurs, and the related cash is received.

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) 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.

iv) Proceeds from borrowing

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

v) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation to employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

f) In-kind donations

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

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term

cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

h) Restriction on cash

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

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, Africa Environmental Health and Pollution Management Project 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. There were no contingent liabilities during the year under review.

k) Contingent Assets

Africa Environmental Health and Pollution Management Project 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 Africa Environmental Health and Pollution Management Project 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. There were no contingent assets during the year under review.

l) Pending bills

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

m) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex 1 to these financial statements.

n) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments. They are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, there were no loan disbursements received in form of direct payments from third parties.

o) Exchange rate differences

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

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There were no prior period adjustments.

12. Notes to the Financial Statements

1. Transfers from Government entities

There was no counterpart funding or any other receipts from government.

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024, No grants were from the donor:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment	Grants received in kind	Total amount in Kshs	
						2023-2024	2022-2023
						USD	Kshs
Grants Received from Multilateral Donors (International Organizations)							
World Bank		-	-	-	-	-	35,513,985
Total		-	-	-	-	-	35,513,985

3. Loan from External Development Partners

During the financial period to 30 June 2024, we did not receive funding from development partners in form of loans.

4. Miscellaneous receipts

During the financial period to 30 June 2024, we did not have any miscellaneous receipts.

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Notes to the Financial Statements (Continued)

5. Compensation to Employees

Description	2023-2024		2022-2023	Cumulative to- date	
	Payments made by the Entity in Cash	Payments made by third parties	Total payments		
	Kshs	Kshs	Kshs	Kshs	
Compensation to Employees	5,050,082	-	5,050,082	3,162,956	8,213,038
Total	<u>5,050,082</u>	<u>-</u>	<u>5,050,082</u>	<u>3,162,956</u>	<u>8,213,038</u>

6. Purchase of Goods and Services

Description	2023-2024			2022-2023	Cumulative to- date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Communication, supplies and services	7,170,417	-	7,170,417	1,792,001	8,962,418
Domestic travel and subsistence	25,277,963	-	25,277,963	24,775,662	64,892,447
Foreign travel and subsistence	-	-	-	2,598,176	3,740,069
Printing, advertising, and information supplies	-	-	-	4,845,373	5,614,479
Training payments	-	-	-	338,000	583,250
Hospitality supplies and services	5,724,780	-	5,724,780	6,233,510	14,896,428
Specialized consultancy services	4,577,683	-	4,577,683	4,765,373	9,343,056

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Other operating payments	589,609		589,609	379,602	1,140,346
Routine maintenance-other assets	-		-	18,476	522,083
Vehicle running expenses	1,376,174		1,376,174	-	1,376,174
Total	<u>44,716,626</u>	<u>-</u>	<u>44,716,626</u>	<u>45,746,173</u>	<u>111,070,750</u>

7. Social Security Benefits

During the financial period to 30 June 2024, we did not have any social security payments.

8. Acquisition of Non-Financial Assets

Description	Payments made in Cash	Payments made by third parties	Total payments		Cumulative to-date
			2023-2024	2022-2023	
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Purchase of Motor Vehicles	6,290,001	-	6,290,001	-	6,290,001
Purchase of Computer Equipment	-	-	-	-	443,750
Purchase furniture and Fittings	472,301	-	472,301	-	738,201
Purchase of office & other Equipment	105,100	-	105,100	-	285,100
Total	<u>6,867,402</u>	<u>-</u>	<u>6,867,402</u>	<u>-</u>	<u>7,757,052</u>

9. Transfers to other Government Entities

During the financial period to 30 June 2024, there were no transfers to other government entities during the year.

10. Other Grants, Transfers and Payments

During the financial period to 30 June 2024, there were no other grants, transfers and payments.

Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank accounts (Note 11A)	6,126,911	62,761,020
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Total	<u>6,126,911</u>	<u>62,761,020</u>

Africa Environmental Health and Pollution Management Project has one project account for project implementation.

11. A Bank Accounts

Project Bank Accounts

Details	2023-2024	2022-2023
	Kshs	Kshs
<u>Local Currency Accounts</u>		
Kenya Commercial Bank [A/c No 1285063546]	6,126,911	62,761,020
Total local currency balances	6,126,911	62,761,020
Total bank account balances	<u>6,126,911</u>	<u>62,761,020</u>

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2024 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.

Notes to the Financial Statements (Continued)

Special Deposit Accounts Movement Schedule

Description	2023-2024	2022-2023
	USD	USD
(i) African environmental health & pollution management [A/c No. 1000472316]		
Opening balance	148,851	178,970
Total amount deposited in the account	766,399	148,850
Total amount withdrawn (as per Statement of Receipts & Payments)	-	178,969
Total amount withdrawn (In Transit)	-	-
Closing balance (as per SDA bank account reconciliation attached)	<u>915,250</u>	<u>148,851</u>

The Special Deposit Account reconciliation statement has been attached as Appendix 6 to support these closing balance.

11 B Cash in hand

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

11 C Cash equivalents (short-term deposits)

The project does not have short-term deposits.

12. Imprests and Advances

The imprests and advances as at 30/06/2024 have all been accounted for.

13. Deposits and Retention Monies

The project did not have deposits and retention monies as at 30/06/2024.

Africa Environmental Health and Pollution Management Project (AEHPMP)
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Notes to the Financial Statements (Continued)

14. Fund Balance Brought Forward

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank accounts	62,761,020	76,156,164
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Deposits and retention	-	-
Total	62,761,020	76,156,164

15. Prior Year Adjustment

There was no prior year adjustment during the year.

16. Changes in Receivable

There were no changes in receivable during the year.

17. Changes in Accounts Payable

Description	2023-2024	2022-2023
	Kshs	Kshs
Closing accounts payables as at 1 st July 2023	-	5,787,898
Closing accounts payables as at 30 th June 2024	194,187	-
Change in payables	194,187	(5,787,898)

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Other Important Disclosures

18. Pending Accounts Payables

Description	Balance b/f FY 2022-2023	Additions for the period	Paid during the year	Balance c/f FY 2023-2024
	Kshs	Kshs	Kshs	Kshs
Supply of services				
Total Kenya	-	194,187	-	194,187
Fuel May 2024 Kshs 86,474				
Fuel June 2024 Kshs 107,713				
Total	-	194,187	-	194,187

19. Pending Staff Payables

The project did not have pending staff payables as at 30/06/2024.

20. External Assistance

The project did not have any external assistance during the year.

13. Annexes

Annex 1 - Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)	Timeframe:
Other Matter	Budgetary Control and Performance	The summary of comparison of budget and actual amount reflects receipt budget and actual on a comparable basis of Kshs.178, 000,000 and Kshs. 35,513,985 respectively resulting in a shortfall of Kshs. 142,486,015 or 80% of the budget. Similarly, the project expended Kshs. 48,909,129 against a budget of Kshs. 178,000,000 resulting to an under-expenditure of Kshs. 129,090,871. In the circumstances, the under-funding and under expenditure of the project funds affected the planned activities and programs and may have impacted negatively on service delivery to the public	Not resolved Measures have been put in place to resolve the issue	30/06/2025

Annex 2 - Variance explanations - Comparative Budget and Actual amounts for FY 2023-2024

Receipts/Payments Item	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Proceeds from domestic and foreign grants	240,000,000	-	(240,000,000)	0%	The project did not disburse funds as budgeted due to low absorption
Total Receipts	240,000,000	-	(240,000,000)	0%	
Payments					
Compensation to employees	6,000,000	5,050,082	949,918	84%	Some staff were not in place for the whole year
Purchase of goods and services	224,000,000	44,716,626	179,283,374	20%	Low absorption due to delays in development of TOR and completion of some consultancies
Acquisition of non-financial assets	10,000,000	6,867,401	3,132,599	69%	Delay in procurement of some office equipments
Total Payments	240,000,000	56,634,109	183,365,891	24%	
Deficit		(56,634,109)			

Annex 3: Reconciliation of inter-entity transfers

Project Name:				
Break down of transfers from the Ministry of Environment and Forestry FY 2023-2024				
A.	GRANT			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	No Grants were received in the year			

David Ongare

Project Coordinator

**Africa Environmental Health and Pollution Management Project
and Forestry**

Sign

Head of Accounting Unit

Ministry of Environment Climate Change

Sign

Annex 4 – Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2023-2024	Donations in form of assets (KShs) 2023-2024	*Purchases/ Additions in the Year (KShs) 2023-2024	**Disposals in the Year (KShs) 2023- 2024	Transfers in/(out) Kshs 2023- 2024	Closing Cost (KShs) 2023- 2024
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Motor Vehicles	-	-	6,290,001	-	-	6,290,001
Computer Equipment	443,750	-	-	-	-	443,750
Furniture and Fittings	265,900	-	472,301	-	-	738,201
Office & other Equipment	180,000	-	105,100	-	-	285,100
Total	889,650	-	6,867,402	-	-	7,757,052

Africa Environmental Health and Pollution Management Project (AEHPMP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 5: Project Bank Reconciliations statement as at 30th June 2024

NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY

AFRICA ENV HEALTH POLLUTION MNGNT PRGM
 BANK RECONCILIATION-KCB-GATEWAY
 ACC. NO 1288063846
 AS AT 30TH JUNE 2024
 Summary

Balance As Per Bank Statement		7 6,126,911.00
Less:		
Payments in Cashbook not in Bank statement	-	
Receipts in Bank Statement not in cashbook	-	
Add:		
Payments in Bank statement not in Cash book		
Receipts in Cashbook not in Bank statement	-	
		6,126,911.00
Balance as per Cashbook balance		7 6,126,911.00
Control		-

Prepared By Moses M. Gatumba

Date 04/07/2024 Signature [Signature]

Checked By Benedict MUSYOKI

Date 4/7/2024 Signature [Signature]

Africa Environmental Health and Pollution Management Project (AEHPMP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 6: Special Deposit Account reconciliation statement as at 30th June 2024

AFRICAN ENVIRONMENTAL HEALTH & POLLUTION MANAGEMENT PROG.
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2024

Credit No.: IDA GRANT TF. B3322-KE
 Bank Account No.: 1000472316 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA		2,094,218.00
	Less:		
2	Total amount documented		1,094,218.00
3	Outstanding amount to be documented		1,009,000.00
	Represented by:		
4	Ending Special account Balance as at 30 June 2024		915,249.70
5	Amounts claimed but not credited as at 30 June 2024		
6	Amounts withdrawn and not claimed		84,750.30
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advances to Special Account Year ended 30 June 2024		1,009,000.00

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


 AUTHORISED REPRESENTATIVE
 RESOURCE MOBILISATION DEPARTMENT
 THE NATIONAL TREASURY

DATE: 02-08-2024

Africa Environmental Health and Pollution Management Project (AEHPMP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 5: Project Bank Reconciliations statement as at 30th June 2024

NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY

AFRICA ENV HEALTH POLLUTION MNGNT PRGM
 BANK RECONCILIATION-KCB-GATEWAY
 ACC. NO 1288063846
 AS AT 30TH JUNE 2024
 Summary

Balance As Per Bank Statement		7 6,128,911.00
Less:		
Payments in Cashbook not in Bank statement	-	
Receipts in Bank Statement not in cashbook	-	
Add:		
Payments in Bank statement not in Cash book		
Receipts in Cashbook not in Bank statement	-	
		6,128,911.00
Balance as per Cashbook balance		7 6,128,911.00
Control		

Prepared By: Moses M. Gatembu

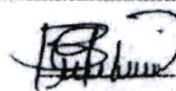
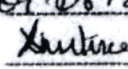
Date: 04/07/2024 Signature: *M. Gatembu*

Checked By: Benedict MUSTOKI

Date: 4/7/2024 Signature: *B. Mustoki*

Africa Environmental Health and Pollution Management Project (AEHPMP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 6: Special Deposit Account reconciliation statement as at 30th June 2024

SPECIAL ACCOUNT STATEMENT	
For period ending	30th JUNE, 2024
Account No.	1000472316
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	AFR. ENVIR. HEALTH & POLLUTION MNGT
Credit Agreement	
Currency	USD
<u>Part A - Account Activity</u>	
Beginning balance of 1st July, 2023 as per C.B.K. Ledger Account	148,850.70
Add:	
Total Amount deposited by World Bank	766,399.00
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	0.00
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2024	915,249.70
AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA	SIGNATURE: 
	DATE: 01-08-2024
AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY	SIGNATURE: 
	DATE: 02-08-2024

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2024 have been reconciled and a copy of the supporting Reconciliation Statement is attached.