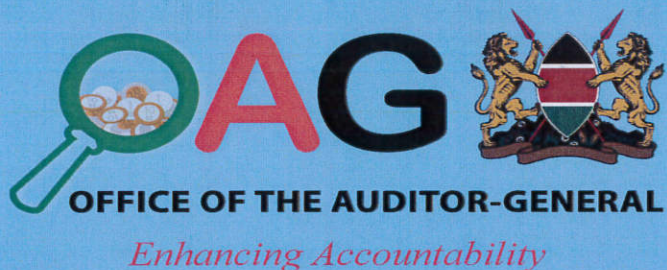


REPUBLIC OF KENYA



**REPORT**

**OF**

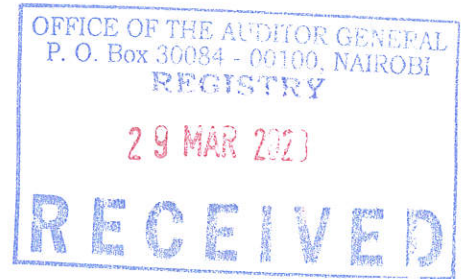
**THE AUDITOR-GENERAL**

**ON**

**NATIONAL ENVIRONMENT TRUST FUND**

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





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## NATIONAL ENVIRONMENT TRUST FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30<sup>TH</sup> JUNE 2022

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

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**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

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<b>Table of Contents</b>	<b>Page</b>
I. Key Entity Information and Management.....	ii
II. The Board of Trustees .....	iv
III. Senior Management Team.....	vii
IV. Chairman’s Statement .....	viii
V. Report Of the Chief Executive Officer .....	x
VI. Statement of Performance against Predetermined Objectives for FY 2021/22 .....	xiii
VII. Corporate Governance Statement.....	xv
VIII. Management Discussion and Analysis .....	xviii
IX. Environmental and Sustainability Reporting.....	xix
X. Report of the Board of Trustees .....	xxiii
XI. Statement of Trustees Responsibilities .....	xxiv
XII. Report of the Independent Auditor for The National Environment Trust Fund .....	xxv
XIII. Statement of Financial Performance for the year ended 30 June 2022.....	1
XIV. Statement of Financial Position as at 30 June 2022.....	2
XV. Statement of Changes in Net Assets for the year ended 30 June 2022.....	3
XVI. Statement of Cash Flows for the year ended 30 June 2022.....	4
XVII. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022 .	5
XVIII. Notes to the Financial Statements .....	6
Appendix .....	34

**I. Key Entity Information and Management**

**(a) Background information**

The National Environment Trust Fund (NETFUND) was established by the Environmental Management and Coordination Act (EMCA) 1999, Section 24 “to facilitate research intended to further the requirements of environmental management; capacity building; environmental awards; environmental publications; scholarships; and grants”. A subsequent amendment to EMCA section in June 2015 enabled the organisation to become a State Corporation.

**(b) Principal Activities**

The Fund’s principal activity is to mobilize funds from any legitimate source that will facilitate research intended to further the requirements of environmental management, capacity building, environmental awards, environmental publications, scholarships, and grants

**(c) Key Management**

The entity’s day-to-day management is under the following key organs:

- ❖ Board of Trustees;
- ❖ Chief Executive Officer; and
- ❖ Management Team

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	Samson Toniok
2.	Director Resource Mobilisation and Business Development	James Njagu
3.	Head of Finance	Evans Kiprotich
4.	Head of Procurement	Evelyn Nthini
5.	Projects Manager	Andrew Machora
6.	Research Manager	Michael Okok

**(e) Management Team**

<b>Name</b>	<b>Responsibility</b>
1. Samson Toniok	Chief Executive Officer
2. Dr. James Njagu	Director, Resource Mobilisation and Business Development
3. Andrew Machora	Projects Manager
4. Michael Okok	Research Manager
5. Chrispine Omondi	Resource Mobilization Manager
6. Evans Kiprotich	Finance Manager
7. Joshua Anampiu	Planning and Strategy Manager
8. Annunciater Muoti	Human Resource and Administration Manager
9. Evelyn Nthini	Supply Chain Manager
10. Beatrice Wamuyu	Internal Auditor
11. Hassan Sheikh	Communications Manager

**(f) Fiduciary Oversight Arrangements**

The Fund has established the following Board of Trustees sub-committees for fiduciary oversight:

**(i) Finance, HR & Procurement**

The purpose of this committee is to provide oversight for the organisation in the areas of financial management, human resource, and procurement.

**(ii) Governance Risk and compliance**

This committee provides oversight in the areas of governance risk and compliance. It has the responsibility of ensuring compliance with statutory requirements, identification classification and implementation of risk mitigation measures for the Fund





**(iii) Board Audit Committee**

The Board audit committee has the responsibility of reviewing the Fund's financial statements and disclosure matters, risk management procedures and to ensure the effectiveness of internal control system in addition to supervision of the Internal and external Auditors

**(iv) Programmes, Resource Mobilisation and Communications**

The Board committee oversees implementation of programmes and Resource mobilization initiatives which form the core mandate of NETFUND. The committee is also responsible for enhancement of the brand recognition through effective communication.

**(g) Entity Headquarters**

P.O. Box 19324-00202  
National Water Plaza, First Floor,  
Dunga Road, Industrial Area  
Nairobi, KENYA

**(h) Entity Contacts**

P.O. Box 19324-00200  
Telephone: +254 020-2369563  
E-mail: [info@netfund.go.ke](mailto:info@netfund.go.ke)  
Website: [www.netfund.go.ke](http://www.netfund.go.ke)

**(i) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank Limited,  
Upper Hill Branch  
P.O. Box 69695-00400  
City Square 00200  
Nairobi, Kenya

**(j) Independent Auditors**

Auditor-General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(k) Principal Legal Adviser**

The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**II. <sup>1</sup>The Board of Trustees**

Board of Trustee	Profile
 <p data-bbox="277 857 707 925"><b>Hon. Moses Akaranga EGH- Board Chair</b></p>	<p data-bbox="748 293 1511 622">Hon. Rev. Akaranga was born on 18<sup>th</sup> October 1953. He has a wealth of experience in public administration having worked in the public sector for more than twenty years. During his tenure as the Minister of State for Public Service in the Office of the President, he was awarded the most prestigious public service recognition; the- United Nations Public Service Award. Additionally, he is recognized for his role in initiating Performance Contracting in the Public Service, introducing the Rapid Results Initiative program, and overseeing the salary review and increment of pension to all retired civil servants.</p> <p data-bbox="748 629 1511 792">A renowned politician, Hon. Rev. Akaranga was the first Governor of Vihiga County. In 2002, he was elected the Member of Parliament for Sabatia Constituency. During this time, he served as a Commissioner with the Parliamentary Service Commission and was the Chairperson of the Parliamentary Staff Welfare Committee.</p> <p data-bbox="748 799 1511 963">Rev. Akaranga, holds a master’s degree in Business Administration (MBA) from the United States International University (USIU) and a Bachelor of Arts in International Business Administration. He is currently pursuing his Doctoral studies in Strategic Planning. He believes in accountability, respect for all, and integrity.</p>
 <p data-bbox="258 1536 687 1603"><b>Ms. Judy Chebet Ngeny- Member- NETFUND Board of Trustees</b></p>	<p data-bbox="748 1005 1511 1420">Ms. Ngeny was born on 12<sup>th</sup> January 1982. She has practised law for over thirteen years with expertise in Commercial Transaction Advisory and Regulatory Advisory work. Specifically, she has expertise in Intellectual Property and Technology law, Pharmaceuticals and Agro-chemicals regulation and Corporate and Commercial law. Ms. Judy Ngeny is a well-known business savvy lawyer and advisor. She holds a Master of Laws (LL.M) Degree from the University of Manchester, UK, and a Bachelor of Laws (LL. B) degree from the University of Nairobi. She is also a finalist Certified Public Accountant (CPA) and Company Secretary (CPS). Judy is also a Public Notary and Commissioner for Oaths.</p> <p data-bbox="748 1426 1511 1576">She is currently a Partner at Chebet &amp; Munyaka Advocates LLP and serves as the Chairperson of the Board Finance, Human Resource and Procurement committee. Judy is also a member of the Bo. Governance, risk and compliance committee.</p>

<sup>1</sup> The term of this Board of Trustees ended on the 21<sup>st</sup> of September 2021 after serving for a three-year term.

 <p><b>Hon. Protus Akujah- Member-NETFUND Board of Trustees</b></p>	<p>Hon. Akujah was born on the 8<sup>th</sup> April, 1974. He is a Programme Management expert with knowledge and expertise in project design, planning and reporting amassed in over 15 years of professional experience. Hon. Akujah holds a Master of Science Degree in Management of Development – specialization in Rural Development and Food Security/Livelihoods from Van Hall Larestein University of applied sciences, part of Wageningen University and Research in Netherlands. He is a graduate of Moi University with a Bachelor of Science in Botany and Zoology. He also holds two Diplomas; Community Development and integrated relief, and Education (Agricultural Education and Extension).</p> <p>Hon. Akuja is the Chairman of the Board Resource Mobilisation, Programmes and Communications Committee. He also serves in the Board Audit Committee</p>
 <p><b>Mr. Bernard Wachira Kibanya- Member-NETFUND Board of Trustees</b></p>	<p>Mr. Wachira was born on the 18<sup>th</sup> December, 1960. He is a skilled attorney with over 29 years' experience performing Civil litigation, Conveyancing, Commercial Law, Family Law, Corporate Law, Legal and Security Audits, and Personal Injury Claims. He is currently a Senior Partner at Amolo and Kibanya Advocates where he has negotiated hundreds of settlements. He previously worked with Simiyu Wetangula and Company Advocates.</p> <p>Mr. Wachira holds a Bachelor of Laws (LL. B (Hons) from The University of Nairobi, a Diploma in Law from the Kenya School of Law (KSL) and is a Certified Public Secretary (CPS) of Kenya.</p> <p>Mr. Wachira is the Chairman of the Board Governance, risk and compliance committee.</p>
 <p><b>Wilberforce Muriungi- Member-NETFUND Board of Trustees</b></p>	<p><b>Mr.</b> Mr. Ntwiga was born on the 23<sup>rd</sup> March, 1986. He is an Agricultural and Rural Development expert with a specialty in building and managing agribusiness initiatives. He holds a master's degree in Agriculture and Rural Development from the Kenya Methodist University (KEMU) and a Bachelor of Science in Agri-business Management from Egerton University. Mr. Ntwiga has over 10 years of progressive professional experience. He has previously worked at Bayer East Africa, Technoserve Kenya and Cereal Growers Association as a Project Field Officer in charge of Grain Value Chains. He served in the previous NETFUND Board of Trustees (2015-2017) as the Chairperson of the Finance, Human Resource and Administration Board Sub-Committee. He is currently the Chairman of the Audit Board Committee and serves as a member in the Board Resource Mobilisation, Programmes and Communications Committee.</p>

 <p><b>Ms. Linnet Vitisia Representative of the Principal Secretary-National Treasury to the Board of Trustees.</b></p>	<p>Ms. Linnet M. Vitisia was born on the 8<sup>th</sup> December, 1971. She holds a Master of Business Administration Degree and is a Certified Public Accountant and a Certified Investment and Financial analyst. She has with over 25 years’ experience in Public Service in areas of accounting, budgeting and finance. Linnet has served as a Financial Attaché at the Kenya Embassies in Belgium and Sweden. She is currently the Assistant Accountant General and the Head of Disbursement Unit at the Resource Mobilization Department of the Public Debt Management Office, National Treasury. She serves in the Audit Committee of NETFUND.</p>
 <p><b>Dr. Pacifica Ogola Representative of the Principal Secretary in the Ministry of Environment and Forestry.</b></p>	<p>Dr Pacifica F. Achieng Ogola was born on the 11th of March 1970. She has over 20 years’ experience working in Energy, Environment and Climate Change in various capacity. She is currently the Director and Head of Climate Change Directorate at the Ministry of Environment and Forestry and National Focal Point to the United Nations Framework Convention for Climate Change (UNFCCC) and the Nairobi Convention. Dr. Ogola previously worked at the Kenya Electricity Generating Company Ltd as the Chief Clean Development Officer where she led environmental compliance in various power plant projects and managed their carbon credits. She holds a Doctor of Philosophy (PhD) in Environmental Science (Environment and Natural Resources) from the School of Engineering and Earth Sciences, University of Iceland in Geothermal Energy; Master’s Degree in Environmental Science (Natural Resource Management) from Kenyatta University focusing on Surface Water Utilization and Conservations Aspects, and a bachelor’s degree from Kenyatta University, Geography Major. She also holds a Diploma in International Environmental Law from the United Nations Institute for Training and Research (UNITAR); a Diploma in Environmental Studies in Geothermal Development from the United Nations University-Geothermal Training Program (UNU-GTP) in Iceland, and a Diploma in Environmental Management from Galilee College, Israel. Dr. Ogola serves in the Resource Mobilisation, programmes and communications committee of NETFUND.</p>

### **III. Senior Management Team**

#### **Samson Toniok – Chief Executive Officer**

Samson Lekokoo Toniok, is an accomplished results driven leader keen on developing those he leads to accomplish common goals. He has more than ten years of progressive experience in



Finance and accounting in the public sector. He has served as Finance Director in NETFUND prior to his appointment as the Chief Executive Officer. Samson has Master of Science Degree in Finance and a BCom (Second Class Honours). He is a CPA (K), ISA with expertise in developing and implementing financial controls, financial reporting, IFRS, IPSAS, budgeting, Taxation, Project accounting and financial management. He possesses solid leadership, communication, and interpersonal skills to establish rapport with all levels of staff and

management.

#### **Dr. James Njagu-Director Resource Mobilization**



As the head of the Directorate of Resource Mobilization and Business Development, Dr. Njagu has the overall responsibility for the direction and coordination of the Fund's fundraising efforts. He is responsible for designing and leading the implementation of resource mobilization strategies intended to grow, maintain, and diversify NETFUND's funding portfolio. He has over 25 years' progressively responsible experience in resource mobilization and strategic donor/partnerships cultivation and engagement, strategic communications, external relations, policy, and program implementation. Prior to joining NETFUND, Dr. Njagu served as the Director, Resource Mobilization and Chief of Staff at the East African Community prior to joining NETFUND.

#### **IV. Chairman's Statement**

I am pleased to present to you the financial statements for the Fund and a review of our operations for the last fiscal year. Internationally, with a world economy in recovery from the pandemic, economic growth was greatly affected by the Russia-Ukraine which has affected important grain and oil supply chains thus triggering unprecedented inflationary pressures in the developed economies. Consequently, the global economy is projected to slow down to 3.2 percent in 2022 from 6.1 percent 2021.

On the domestic scene the Kenyan economy has demonstrated remarkable resilience due to the diversified nature of its economy and the Government measures taken to support business. Various Economic Stimulus packages were rolled out by the Government as the easing on pandemic restrictions helped businesses to continue a recovery trajectory. Consequently, the growth economy grew by 7.5 percent in 2021 following a modest 0.3 percent contraction in 2020. The growth momentum continued in the first quarter of 2022 with the economy expanding by a remarkable 6.8 percent compared with a growth of 2.7 percent in a similar quarter in 2021. This growth was supported by positive growths in all sectors of the economy except agricultural sector that contracted by 0.7 percent in the first quarter of 2022 compared to 0.4 percent growth in the first quarter of 2021. Economic growth is expected to remain resilient growing by an average of 5.5 percent in 2022 and above 6.0 percent over the medium term<sup>2</sup>.

Environmental management issues continued to take Centre stage internationally with the hosting of Conference of Parties (COP 26) in Glasgow Scotland from the 31<sup>st</sup> of October to the 12<sup>th</sup> of November 2022. The goals of the meeting were to:

- Secure global net zero by mid-century and keep 1.5 degrees within reach
- Adapt to protect communities and natural habitats
- Mobilise finance
- Work together to deliver

The Ministry of Environment and Forestry is spearheading the Government of Kenya response to most of the issues raised at the conference and indeed the emerging issues in the country including implementation of Kenya's NDC and accelerating achievement of 10% tree cover. This culminated in the launch of the Tree Growing Sustainable Financing and Management Programme which is the framework through which partners were enjoined to Government's efforts to mobilize at least USD 45 Million (48 billion KES) for tree growing. NETFUND has been the coordinator of these efforts together with UNDP, private enterprises, the National treasury and the Ministry of Environment and Forestry. The fund was officially launched by HE President Uhuru Kenyatta on the 27<sup>th</sup> of May 2022.

NETFUND also secured funding of Kes. 89,581,778 under the Forestry and Land Restoration Action for Kenya's NDC (FLaRAK) Project. This is part of the Japanese funding of approximately USD 2.68 M which targets to implement robust forest and landscape restoration and protection activities and serve as catalytic interventions that will enhance green growth.

NETFUND continues to contribute in fund raising efforts to address the resources gap in the environmental sector and the past year has seen the organisation increase its visibility and use its convening power to bring stakeholders together for purposes of addressing environmental management issues.

The Board of Trustees continues to be a valuable partner to the Government of Kenya in implementation of Government Policy and especially in fund raising for environmental

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<sup>2</sup> Budget Review and Outlook Paper- The National Treasury

causes. The trustees continued to uphold good governance and ethical operations of the Fund in accordance with the Constitution of Kenya and good principles of Governance as set out in the various Government policy documents. We continue to implement the Performance contract which we have signed with the Cabinet Secretary in the Ministry of Forestry and Environment which ensures that service delivery is enhanced in NETFUND for the benefit of the people of Kenya.

**Acknowledgement**

On behalf of NETFUND Board of Trustees and staff, I thank the Government of Kenya, Ministry of Environment and Forestry, and other stakeholders for their continued support. This support has been critical during the unprecedented time of the COVID pandemic and recovery. The support has gone a long way towards ensuring sustainability of the organization and continuous provision of service the people of Kenya.

I also wish to thank my fellow trustees for their dedication towards steering the Board and by extension the organisation. The Board believes that during their tenure, the Fund has grown stronger and gained more brand recognition which is invaluable in fund raising. I thank the Management team and the staff for the cooperation and hard work which has undoubtedly propelled NETFUND to where it is today. God Bless you all.

Thank you,

Signed: .....

Hon. Rev. Moses Akaranga

**Chair, Board of Trustees**





## **V. Report Of the Chief Executive Officer**

I am pleased to present to you the report on the performance of NETFUND for the financial year 2021-2022. The previous year has seen the lifting of the movement restrictions imposed due to the COVID pandemic and as a result, economic activity picked up considerably. However the country continues to suffer due to external shocks occasioned by the Russia-Ukraine war which has contributed to spiralling cost of living due to increase in price of energy and grain. Notwithstanding the challenges experienced NETFUND endeavoured to play its rightful role in fund raising managing to raise over Kes. 400 million in the last fiscal year.

### **Financial performance**

During the year under review the Government Grant increased marginally by 13.39% from Kes. 141M to Kes. 160M. However, the development budget was reduced by half from Kes. 21.5M to 10M. The fund has continued to engage the National Treasury for increased recurrent and development funding while aggressively pursuing resource mobilisation from development partners.

Total expenses increased by 74.5% mainly due to an increase in project costs from Kes. 58M to Kes. 102M due to implementation of the Economic Stimulus Package which is a government initiative to spur economic growth after the ravages of the pandemic. NETUND management continues to pursue prudent management of financial resources with a keen application of the principle of value for money in its operations.

### **Review of performance; Programme achievements**

During the period under review NETFUND intensified its activities and managed to raise over Kes. 400 million which was earmarked for various activities of the Fund. The organisation also put in place a Resource Mobilization Framework to guide the activities and ensure that fund raising was implemented in a systematic manner.

Key among the fund-raising activities was Kes. 89.5 m from Forestry and Land Restoration Action for Kenya's NDC which is being implemented together with UNDP. The Fund also supported the 10% tree growing directive through the Tree Growing Forestry Finance & Sustainable Programme where resources amounting to – Kes 31,625,000 (USD 275,000) were raised. Other resources raised included USD 346,455 to support Drylands Project under the Biodiversity & Ecosystem Services.

NETFUND launched another phase of its flagship programme-Green Innovations Award Phase IV in partnership with Kenya CIC and the Standard Media Group. The programme which will focus on supporting green enterprises was launched on the 30<sup>th</sup> June 2022 and will support enterprises in the following thematic areas:

- Renewable Energy
- Waste Management
- Agribusiness
- Commercial Forestry
- Energy efficiency
- Sustainable tourism



NETFUND CEO, Samson Toniok awards a young environmental champion on the World Environment Day, 2021.

The fund implemented an Economic Stimulus Package Programme that is meant to accelerate Economic growth and ameliorate the effects of the COVID 19 pandemic on the most vulnerable groups. Through the ESP;

- 90 beneficiaries trained on apiary and tree nursery establishment
- Grants totalling Kes 33M were disbursed to 51 community groups
- 43 water tanks, 1.6 tons of seeds and 6.7M potting tubes distributed to beneficiaries.
- 1.5M tree seedlings raised
- 1500 beehives have been installed and 270 have been colonized

NETFUND was appointed as an administrator for Kenya National Innovation Agency Commercialization Grant and facilitated the disbursements of Kes. 7,220,000 disbursed to 5 KENIA innovators to support them to commercialize their innovations. The organisation also supported 10 entrepreneurs through training on agri-entrepreneurship in Murang'a County. This was implemented in partnership with MSEA.

In line with NETFUND's mandate of supporting environmental research, the Fund operationalized a research financing framework and built the capacity of key stakeholders on Climate Change, environmental pollution, and ecosystem rehabilitation.

During the year, NETFUND participated and gave robust recommendations on the proposed changes in EMCA 1999. The bill received Cabinet approval and is pending in Parliament. The proposed changes are seeking to transform NETFUND into a robust environmental fund for the sector. It is worth noting that NETFUND achieved a grade of "Very Good" in the performance contract evaluation for the previous year.

### **Future outlook**

Over the past year, NETFUND has continued to play the role of coordinating fund raising efforts for the sector culminating in the launch of the Tree Growing Fund in May 2022. The fund seeks to mobilize USD 48 Million that will go towards tree growing activities in Kenya. NETFUND will continue to aggressively fund raise for this project in the coming year.

**X. Report of the Board of Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Fund's affairs.

**i) Principal activities**

The Fund's principal activity is to mobilize funds from any legitimate source that will facilitate research intended to further the requirements of environmental management, capacity building, environmental awards, environmental publications, scholarships, and grants

**ii) Results**

The results of the entity for the year ended June 30, 2022, are set out from Page 1 to Page 5

**iii) Board of Trustees**

The trustees who held office during the year and to the date of this report are set out on in earlier sections of the report from page iv. The term of the Trustees came to an end on the 20<sup>th</sup> September, 2021.

**iv) Surplus remission**

The Entity did not make any surplus during the year (FY 2021 Kshs Nil) and hence no remittance to the Consolidated Fund.

**v) Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with the Public Finance Management (PFM) Act, 2012. The Auditor General continues in office in accordance with the Public Finance Management (PFM) Act, 2012



**iv) ICT Improvement**

During the year under review NETFUND has made strategic investment in ICT in the following areas:

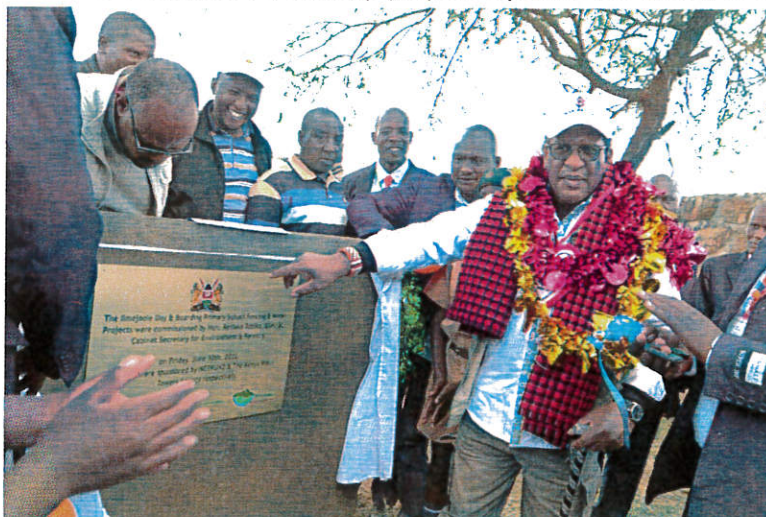
- a. ICT infrastructure
  - Upgraded switches and networks leading more efficient systems
  - Entered into Lease agreements for printing services which improved internal printing and reduced costing associated with printing by about 35% percent.
- b. Security
  - Purchase and installation of firewall – perimeter security for the internet
  - Installed Secure Socket layer- which is a security software which provides data encryption
  - Remote backup service at Konza City- cost effective and assurance of offsite backup.
- c. Communication and Collaboration
  - Acquired office 365 with cutting edge applications
  - Upgraded SAGE 300 system to access increased modules for efficiency and system integration.

**v) Corporate Social Responsibility / Community Engagements**

As a responsible Corporate Citizen, NETFUND contributes towards positive transformation of life in the areas of environmental, social, and economic well-being of the society in which it operates under the Fund’s CSR policy. NETFUND works with employees and other stakeholders to identify areas that need attention and create sustainable development in the areas we operate in.

In the year 2021/2022, the Fund supported production of tree seedlings and initiated some measures to support tree growing. Some of the tree growing initiatives were.

The fund facilitated a twenty (20) acre perimeter fence of Ilmejoole Primary School, Kajiado County to help the school address the following challenges:



address the following challenges:

- Destruction of already existing vegetation by wind, animals and the community
- Protection of trees planted by the school and the community
- Inadequate security
- And soil erosion

**i) Sustainability strategy and profile**

Due to competing priority interests at the National level, it is prudent to reduce dependence on exchequer funding by developing income generating strategies geared towards creating a sustainable organisation. It is also worth noting that the external disruption of supply chains in the International markets occasioned by the Russia Ukraine war means that development partners are more inward looking and may not have as much available resources for grants as before. Increasingly development partners have shifted from giving grants to environmental management to supporting development of sustainable income generating programmes. In this regard NETFUND has developed income generating activities particularly in capacity development in fund raising and funds management. The organisation has identified a niche market to share experiences in fund raising and proposal development in the sector which is offered at a fee to diverse stakeholders. Additionally NETFUND has developed competence in fund management on behalf over other organisations. These are areas of growth for the organisation which will be fully exploited in the coming years.

**ii) Environmental performance**

As an environmental organisation, NETFUND's operations are guided by international best practices in terms of energy conservation, recycling and prudent use of resources to ensure compliance to required standards

**iii) Employee welfare**

NETFUND developed its HR instruments and received approvals from the relevant institutions. The instruments provide an overall guidance on the operations in the hiring process. Issues of gender ratio are normally considered in the entire process. Various stakeholders were involved in the development phase and implementation phase. These documents include the following;

- HR policy and procedures manual
- Career Progression
- Staff Establishment
- Organisation Structure

These documents are subject to review after every three years or from time to time in case of changes in law.

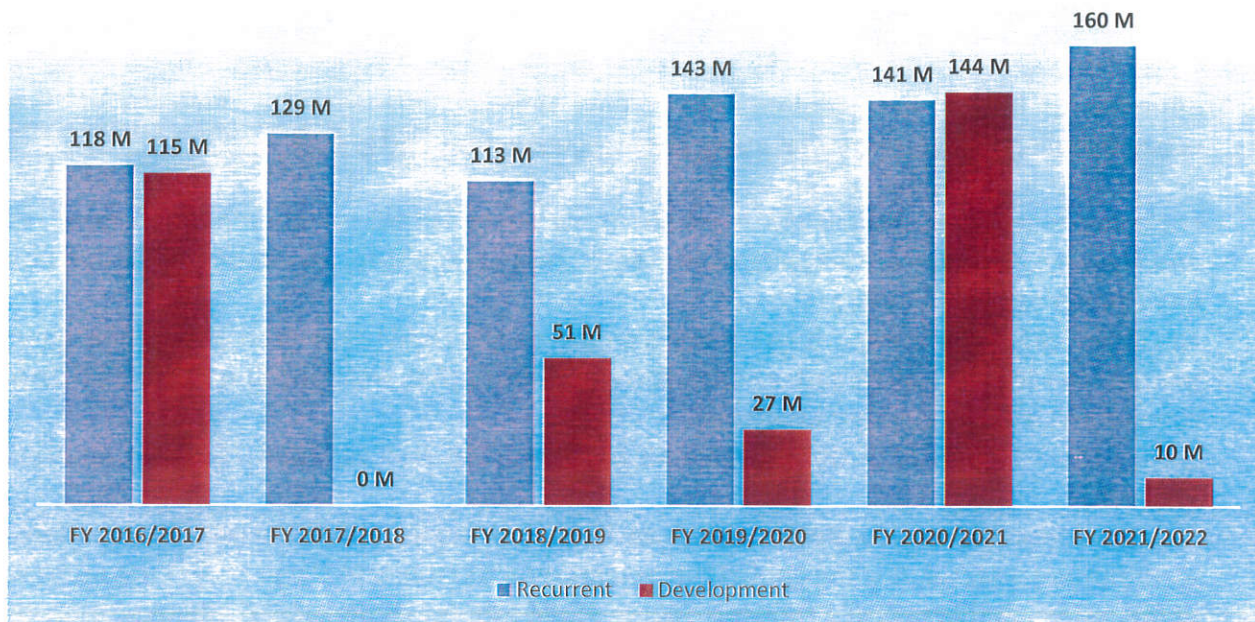
NETFUND organises training for its staff members and ensures available career development opportunities across cadres. NETFUND has a robust performance management process which start with work planning, execution, evaluation followed by rewards and sanctions.



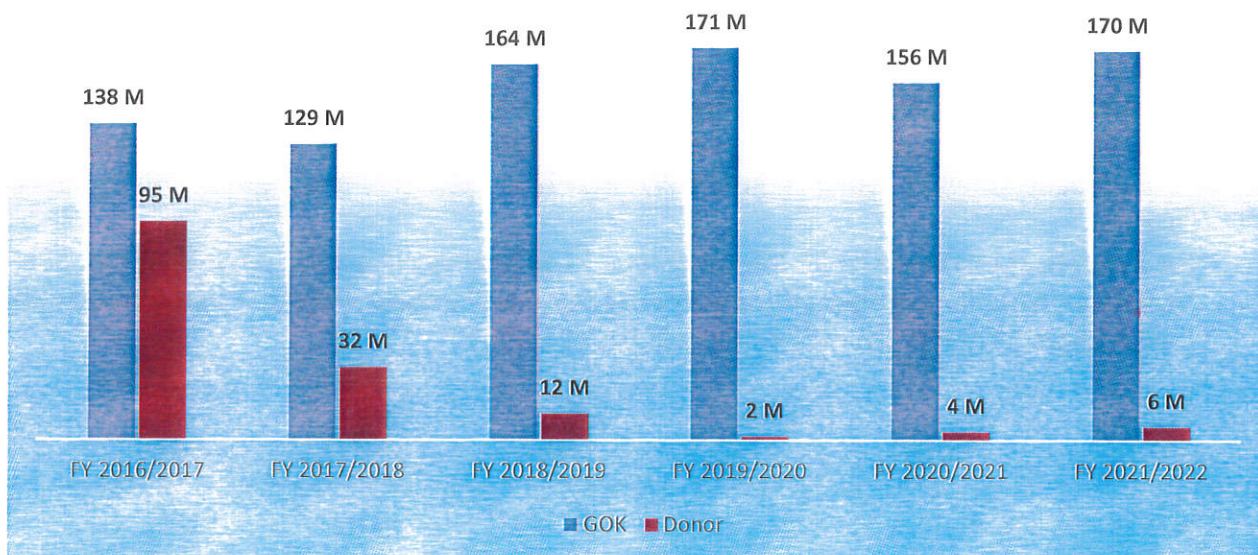
This is achieved through the NETFUND's performance management policy.

The HR Manual has a section on health and safety at the workplace stipulating the guidelines on health and safety issues in line with occupational safety and health Act of 2007, (OSHA).

NETFUND Revenue Trends in Millions (Kes)



NETFUND Revenue by Source in Millions (Kes)



**IX. Environmental and Sustainability Reporting**

NETFUND exists to transform lives through its mandate of fundraising for environmental management in Awards, scholarships, capacity building and research. Transformation of lives especially through supporting green enterprises at the bottom of the pyramid remains one of our main goals. This is achieved through empowerment capacity building by providing both financial and technical support. We are passionate about service delivery and being interactive with those enterprises that we serve through development of a customer centric culture in the Fund.

## **VIII. Management Discussion and Analysis**

### **The Entity's operational performance**

NETFUND is established under the provisions on EMCA 1999 Revised 2015 'to facilitate research intended to further the requirements of environmental management; environmental awards; capacity building; environmental publications; scholarships and grants.

In line with its mandate of supporting environmental awards, the NETFUND has developed and continues to implement the Green Innovations Award. NETFUND is mandated to identify, recognize and reward innovative projects and ideas that contribute to improved livelihoods and environmental sustainability in Kenya.

NETFUND GIA is an annual flagship programme of NETFUND that promotes green growth and address the impacts of climate change through efforts that will contribute to a low carbon and climate resilient development pathway.

During the FY 2021/2022 the programme has identified and awarded 25 green enterprises for support.

Resource mobilisation continues to be an important aspect of NETFUND interventions in the environmental sector. It is the goal of the organisation to grow into the premier environmental fund in the sector. In this regard a robust resource mobilisation was developed and operationalised and as a result the Fund has witnessed phenomenal growth in Resource mobilisation. Under the research component NETFUND developed four publications for publication in international journals. The publications are in the following areas of Environmental Governance and Air quality management.

### **Financial performance**

During the year under review the Government Grant increased marginally by 13.39% from Kes. 141M to Kes. 160M. However, the development budget was reduced by half from Kes. 21.5M to 10M. The fund has continued to engage the National Treasury for increased recurrent and development funding while aggressively pursuing resource mobilisation from development partners.

Total expenses increased by 74.5% mainly due to an increase in project costs from Kes. 58M to Kes. 102M due to implementation of the Economic Stimulus Package which is a government initiative to spur economic growth after the ravages of the pandemic.



**Management Team**

The management team headed by the Chief Executive Officer implements the Board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the Board’s objectives are achieved effectively and efficiently.

**Audit**

NETFUND is audited by the Office of the Auditor General as required by statute.

.....

Hon. Rev. Moses Akaranga

**Chair Board of Trustees**

.....

**Date**

### **Trustees Remuneration**

In accordance with guidelines provided in the State Corporations Act, the trustees are paid taxable sitting allowance for every meeting attended, as well as travel and accommodation allowances while on NETFUND's duty. The Chairman is also paid a monthly honorarium.

### **Statement of Compliance**

The Board of Trustees confirms that National Environment Trust Fund has throughout the 2021/2022 financial year complied with all Statutory and Regulatory requirements and that NETFUND has been managed in accordance with the requisite principles of Corporate Governance.

### **Internal Control and Risk Management**

#### **Internal Control**

The Trustees are responsible for reviewing the effectiveness of the Fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposal and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

#### **Standing Instructions**

The Fund has a Code of Ethics and Service Charter that is applicable to all employees. These are among a number of standing instructions to employees of the fund designed to enhance internal control. The Fund has also designed additional set of standing instructions to be followed in the management of various functions in the organization.

#### **Organization Structure**

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the Fund can meet its future management requirements.

#### **Strategic Plan**

The business of the fund is determined by the Strategic Plan. The strategic plan sets out the objectives of the fund, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives. On an annual basis, NETFUND's Board of Trustees approves the work plan supported by the financial plan for the year. Progress in achieving the set objectives in the plan is monitored on a quarterly basis.

#### **Internal Control Framework**

The Fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the Fund, is approved by the Board.

The Board considers significant control matters raised by management and both the internal and external auditors. Where weaknesses are identified, the Board ensures that management takes appropriate action. No significant failings or weaknesses were identified during 2021/2022.

## **VII. Corporate Governance Statement**

### **Establishment and Composition of the Board**

The National Environment Trust Fund (NETFUND) was established by the Environmental Management and Coordination Act (EMCA) 1999, Revised (2015), Section 24 “to facilitate research intended to further the requirements of environmental management; capacity building; environmental awards; environmental publications; scholarships; and grants”.

<sup>3</sup>A Board of Trustees comprising of five professionals (Also includes 2 representatives from the Ministry of Environment and Forestry and the National Treasury) is in place in accordance to EMCA 1999 (and subsequent revisions) and the NETFUND Board of Trustees is the highest decision making organ with fiduciary responsibility for the FUND.

### **Management and Governance of the Fund**

NETFUND is administered by a Board of Trustees (BoT) appointed by the Cabinet Secretary of Environment and Forestry. The BoT is the main decision-making organ charged with, amongst other things, policy formulation, provision of advisory services, control of NETFUND funds and assets and undertaking other activities in line with the mission and vision of NETFUND.

### **The Role of the Board**

As guided by EMCA, the State Corporations Act, Cap 446 and other relevant laws of Kenya, the Board’s role is to provide effective leadership and control, in terms of approving NETFUND’s strategy and ensuring best practice of corporate governance.

The Board retains full and effective control over the Fund by monitoring the implementation of Board plans and strategies, review of management accounts and major capital expenditure. It reviews processes for the identification and management of risks as well as those concerning compliance with key regulatory and legal areas.

The Board also reviews NETFUND’s succession plans for the management team and endorses senior executive appointments, organisational changes, and remuneration matters. It is concerned with key elements of the governance processes which sustain the operations of the Fund, performance reporting processes as well as other disclosure requirements.

The Board meets at least once a quarter. The calendar of meetings is prepared annually in advance and detailed papers to be discussed are made available to Trustees in good time before the meeting.

### **Board Effectiveness**

The separation of the functions of the Chairperson of the Board of Trustees and Chief Executive Officer ensures independence of the Board from NETFUND’s corporate management. There is a clear definition of the roles and responsibilities of the two offices.

The Chairperson is a non-executive trustee and is primarily responsible for providing leadership to the Board while the Chief Executive Officer is responsible for the day-to-day management of the Fund. This achieves an appropriate balance of power, increased accountability and improved capacity for decision making.

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<sup>3</sup> The Board of Trustees term came to an end on the

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

Key Result Areas	Objective	Key Performance Indicators	Activities	Achievements
		<ul style="list-style-type: none"> <li>Capacity of stakeholders built</li> </ul>	<ul style="list-style-type: none"> <li>Provide technical and business support green enterprises</li> </ul>	<ul style="list-style-type: none"> <li>Over 30 green enterprises provided with technical support</li> <li>45 community groups supported with grants to raise over 15M seedlings</li> </ul>

NETFUND negotiated the Performance contracting targets with the Cabinet Secretary, Ministry of Environment and Forestry. The approved commitments were included in the annual organisational work plan and these targets were then cascaded to the individual work plans. These targets are monitored on a quarterly basis.

**VI. Statement of Performance against Predetermined Objectives for FY 2021/22**

NETFUND has a five- year strategic plan that guides the operations of the Fund. There plan has three broad Key results areas namely:

1. Partnerships and resource mobilization
2. Environment and Climate Change
3. Organizational capacity

NETFUND develops its annual work plans based on the above Key Result Areas and four Strategic objectives as shown below:

1. To engage and nurture existing and new development partners to secure increased funding.
2. To facilitate research and publications on environment and Climate Change;
3. To build capacity of key stakeholders on climate change, environmental pollution and ecosystem rehabilitation.
4. To Strengthen internal capacity for efficient utilization of resources and effective service delivery.

Key Result Areas	Objective	Key Performance Indicators	Activities	Achievements
1. Partnerships and resource mobilization	To engage and nurture existing and new development partners to secure increased funding.	<ul style="list-style-type: none"> <li>• Funds raised</li> <li>• Number of Key Partners engaged</li> </ul>	Raise Funds from Bilateral and Multilateral Development Partners and Foundation	<ul style="list-style-type: none"> <li>• Over 400M fund raised both in cash and in-kind</li> <li>• Engagements with over 10 major development partners and 200 private sector entities</li> </ul>
2. Environment and Climate Change	To facilitate research and publications on environment and Climate Change. To build capacity of key stakeholders on climate change, environmental pollution and ecosystem rehabilitation	<ul style="list-style-type: none"> <li>• Number of research publications.</li> <li>• Capacity of Key stakeholders built</li> </ul>	<ul style="list-style-type: none"> <li>• Develop publications on environmental governance</li> </ul>	<ul style="list-style-type: none"> <li>• Four publications developed for publications in international journals</li> <li>• 37 counties sensitised on air quality management</li> </ul>
	To protect and manage the environment for sustainable development	<ul style="list-style-type: none"> <li>• Environmental awards implemented</li> </ul>	<ul style="list-style-type: none"> <li>• Launch the Green Innovations award</li> </ul>	<ul style="list-style-type: none"> <li>• 25 green enterprises recognised and supported</li> </ul>

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

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The fund will also continue to lobby for the finalization of the finalization of the EMCA bill which is currently in Parliament. The bill seeks position the organization as the principal environmental fund in Kenya with access to more robust funding and resource mobilization expertise

Meanwhile, NETFUND will be focusing on efforts to fundraise in collaboration with relevant stakeholders in the environment sector. The fund will implement various Programmes including NETFUND Green Innovations Award which will identify and support innovative green enterprises for incubation and acceleration.

We are hopeful that with the robust Resource mobilization structures and the increased brand visibility for the organisation, NETFUND will achieve extraordinary results in fund raising towards mitigating the funding deficit in the sector.

**Appreciation**

The last year would not have successful without support from our key stakeholders including the Government of Kenya, especially the National Treasury and our parent ministry, the Ministry of Environment and Forestry.

I am also grateful to our development partners and to all other our stakeholders for their unwavering trust, support and partnership.

I would like to thank the outgoing Board of Trustees who have steered NETFUND professionally and offered valuable counsel and guidance. The management and staff of the organisation continue to be dedicated and resilient and I am grateful for the excellent teamwork.

In all our efforts towards environmental management, we are guided by our values, notably respect, inclusivity, and integrity. As we continue to deliver meaningful benefits to our many stakeholders as well as operate in a manner that is both economically and environmentally sound, then I believe NETFUND can look ahead to a successful future.

Thank you and God bless NETFUND.



Samson Toniok  
Chief Executive Officer

# REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL ENVIRONMENT TRUST FUND FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazetted 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 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, 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 National Environment Trust Fund set out on pages 1 to 35 which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Environment Trust Fund as at 30 June, 2022, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Environmental Management and Coordination Act, 1999 and the Public Finance Management Act 2012.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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



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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and the Board of Trustees**

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

In preparing the financial statements, Management is responsible for assessing the Fund'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 Fund or to cease operations.

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

- 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund 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 controls that are identified during the audit.

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

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

**Nairobi**

**31 March, 2023**



**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

**XIII. Statement of Financial Performance for the year ended 30 June 2022**

	Note	2021-2022	2020-2021
		Ksh.	Ksh.
Revenue from non-exchange transactions			
GOK Grants	7	249,616,815	195,403,185
Public contributions and donations	8	4,464,670	1,910,000
Transfers from other government entities	9	1,462,200	1,826,050
		<b>255,543,685</b>	<b>199,139,235</b>
<b>Total revenue</b>		<b>255,543,685</b>	<b>199,139,235</b>
<b>Expenses</b>			
Employee costs	10	92,420,964	76,568,835
Board Expenses	11	3,628,519	10,423,452
Depreciation and amortization expense	12	6,708,742	4,802,248
Repairs and maintenance	13	853,884	1,360,628
Contracted services	14	3,025,234	1,111,153
Project Costs	15	102,766,293	58,571,266
General expenses	16	45,529,875	44,973,478
<b>Total expenses</b>		<b>254,933,511</b>	<b>197,811,060</b>
<b>Surplus before tax</b>		<b>610,174</b>	<b>1,328,175</b>
Taxation		-	-
<b>Surplus for the period</b>		<b>610,174</b>	<b>1,328,175</b>

The notes set out on Page 6 to Page 34 form an integral part of these Financial Statements.  
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Trustees by:



Samson Toniok  
ICPAK No 6632.  
Chief Executive Officer

Date... 06-02-23



Evans Kiprotich  
ICPAK No 23383.  
Finance Manager

Date... 06-02-23

Hon. Rev. Moses Akaranga

Chair Board of Trustees

Date.....

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

**XIV. Statement of Financial Position as at 30 June 2022**

	Note	2021-2022 Ksh.	2020-2021 Ksh.
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	17	17,069,997	103,520,525
Receivables from Exchange Transactions	18	2,812,468	1,908,666
Receivables from non-exchange Transactions	19	5,000,000	567,880
Inventory	20	1,037,001	784,609
		<b>25,919,466</b>	<b>106,781,680</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	21	15,782,401	19,517,320
Intangibles	22	2,652,240	2,622,095
		<b>18,434,641</b>	<b>22,139,415</b>
<b>Total Assets</b>		<b>44,354,107</b>	<b>128,921,095</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other payables from exchange transactions	23	12,447,474	18,007,821
Deferred Income	24	10,000,000	89,616,815
Provisions		-	-
<b>Total Current Liabilities</b>		<b>22,447,474</b>	<b>107,624,636</b>
Long-term Liabilities		-	-
<b>Total Liabilities</b>		<b>22,447,474</b>	<b>107,624,636</b>
<b>Net Assets</b>			
Capital Reserves		7,714,898	7,714,898
Accumulated surplus		14,191,735	13,581,561
		<b>21,906,633</b>	<b>21,296,459</b>
<b>Total net assets and liabilities</b>		<b>44,354,107</b>	<b>128,921,095</b>

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Trustees by.



Samson Toniok  
 ICPAK No 6632.  
 Chief Executive Officer

Date 06-02-23



Evans Kiprotich  
 ICPAK No 23383.  
 Finance Manager

Date 06-02-23

Hon. Rev. Moses Akaranga  
 Chair Board of Trustees

Date.....

**XV. Statement of Changes in Net Assets for the year ended 30 June 2022**

	Notes	Capital Reserve	Accumulated Surplus	Total
		Ksh.	Ksh.	Ksh.
<b>Balance as at 1st July 2020</b>		7,714,898	12,253,385	19,968,283
Surplus/(deficit) for the period		-	1,328,176	1,328,176
Transfers to/from accumulated surplus		-	-	-
<b>Balance as at 30 June 2021</b>		<b>7,714,898</b>	<b>13,581,561</b>	<b>21,296,459</b>
Prior year adjustment		-	-	-
<b>Balance as at 1st July 2021</b>		7,714,898	13,581,561	21,296,459
Surplus/(deficit) for the period		-	610,174	610,174
Transfers to/from accumulated surplus		-	-	-
<b>Balance as at 30 June 2022</b>		<b>7,714,898</b>	<b>14,191,735</b>	<b>21,906,633</b>

**Notes**

1. There were no prior year adjustments
2. There were no any new or uncommon items in the financial statements

**XVI. Statement of Cash Flows for the year ended 30 June 2022**

<b>Cashflows from operating activities</b>	<b>Note</b>	<b>2021-2022</b>	<b>2020-2021</b>
Surplus for the year		<b>610,174</b>	<b>1,328,176</b>
<b>Adjustment for:</b>			
Depreciation and Amortization		<u>6,708,742</u>	<u>4,802,248</u>
<b>Net Cashflows generated from operating Activities before working capital changes</b>		<b>7,318,916</b>	<b>6,130,424</b>
<b>Changes in Working Capital</b>			
(Increase) / Decrease in Trade Receivables		(5,335,922)	1,468,418
(Increase) / Decrease in Inventories		(252,392)	668,005
(Increase) / Decrease in work in progress		-	6,304,000
Increase / (Decrease) in Payables		(5,560,347)	2,865,311
Increase / (Decrease) in Deferred income		(79,616,815)	89,616,815
Increase / (Decrease) in Provisions		-	(14,637,652)
		<b>(90,765,476)</b>	<b>86,284,897</b>
<b>Net Cashflows from operating Activities</b>		<b>(83,446,560)</b>	<b>92,415,321</b>
<b>Cashflows from Investing Activities</b>			
Purchase of Assets	22	(3,003,968)	(16,415,227)
Adjustment in the Value of Assets			
<b>Net Increase / ( Decrease) and Cash Equivalents</b>		<b>(86,450,528)</b>	<b>76,000,094</b>
Cash and Cash Equivalents as at 1st July		103,520,525	27,520,431
<b>Cash and Cash Equivalents as at 30 June</b>		<b>17,069,997</b>	<b>103,520,525</b>



**XVII. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
<b>Revenue</b>	<b>Ksh.</b>	<b>Ksh.</b>	<b>Ksh.</b>	<b>Ksh.</b>	<b>Ksh.</b>
GOK Grants	170,000,000	79,616,815	249,616,815	249,616,815	-
Public contributions and donations	-	4,464,670	4,464,670	4,464,670	-
Transfers from other government entities	-	1,462,200	1,462,200	1,462,200	-
<b>Total income</b>	<b>170,000,000</b>	<b>85,543,685</b>	<b>255,543,685</b>	<b>255,543,685</b>	<b>-</b>
<b>Expenses</b>					
Employee costs	92,420,964	-	92,420,964	92,420,964	-
Board of Trustees Expense	4,137,344	-	4,137,344	3,628,519	508,825
Depreciation and amortization expense	5,500,000	-	5,500,000	6,708,742	(1,208,742)
Repairs and maintenance	1,020,000	-	1,020,000	853,884	166,116
Professional services	3,150,000	-	3,150,000	3,025,234	124,766
General Expenses	47,771,692	-	47,771,692	45,529,875	2,241,817
Project Costs	10,000,000	(85,543,685)	95,543,685	102,766,293	(7,222,608)
<b>Total expenditure</b>	<b>164,000,000</b>	<b>(85,543,685)</b>	<b>249,543,685</b>	<b>254,933,511</b>	<b>(5,389,826)</b>
<b>Surplus for the period</b>	<b>6,000,000</b>	<b>-</b>	<b>6,000,000</b>	<b>610,174</b>	<b>5,389,826</b>
Staff car loan Scheme	6,000,000		6,000,000	6,000,000	6,000,000
<b>Total expenditure</b>	<b>170,000,000</b>		<b>255,543,685</b>	<b>610,174</b>	<b>610,174</b>

**Budget Notes**

The differences between actual and budgeted amounts all fall within the 10% threshold as provided by IPSAS 24.14.

The Board of Trustees term came to an end in September 2021 and there were no further expenses after that.

The project costs had an initial budget of KES 10,000,000 and is always supplemented by funds mobilised in the course of the year. The resources mobilised vary from year to year depending on the success rate of proposals submitted.

## **XVIII. Notes to the Financial Statements**

### **1. General Information**

NETFUND is established under the Environmental Management and Coordination Act and derives its authority and accountability from the EMCA. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is to mobilize funds from any legitimate source that will facilitate research intended to further the requirements of environmental management, capacity building, environmental awards, environmental publications, scholarships, and grants.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Entity.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

- i) New and amended standards and interpretations in issue effective in the year ended 30 June 2022.  
IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.
- ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p>

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p>

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>State the impact of the standard to the Entity if relevant</p>

**i. Early adoption of standards**

The Entity did not early – adopt any new or amended standards in year 2021/2022.

#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

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

###### **Fees, taxes and fines**

The Entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

###### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

###### **Rendering of services**

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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

**Summary of Significant Accounting Policies (Continued)**

**Interest income**

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

**b) Budget information**

The original budget for FY 2021-2022 was approved by the National Assembly in *February 2020*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget.

The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section *five* of these financial statements.

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**d) Property, plant and equipment**

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



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

**Summary of Significant Accounting Policies (Continued)**

**e) Leases**

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

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**f) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

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

**Summary of Significant Accounting Policies (Continued)**

**g) Research and development costs**

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

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

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

**h) Financial instruments**

**a) Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

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

**Summary of Significant Accounting Policies (Continued)**

**Held-to-maturity.**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an Entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

**b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

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

**Summary of Significant Accounting Policies (Continued)**

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**i) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

**j) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the

reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

#### **Summary of Significant Accounting Policies (Continued)**

##### **k) Contingent liabilities**

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

##### **l) 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.

##### **m) Changes in accounting policies and estimates**

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

##### **n) Employee benefits**

###### **Retirement benefit plans**

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

credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**o) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**p) Borrowing costs**

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

**q) Related parties**

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

The Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties. Service concession arrangements – IPSAS 32

The Fund analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Fund recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any

assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Fund also recognizes a corresponding liability, adjusted by a cash consideration paid or received

**r) Service concession arrangements**

The *Entity* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**s) 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.

**t) Comparative figures**

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

**u) Subsequent events**

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

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

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

## **6. Estimates and assumptions**

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

### **Useful lives and residual value**

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.



**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

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

**7. GOK Grants**

	2022	2021
Actual	Ksh	Ksh
Recurrent	160,000,000	141,100,000
Development-GoK	10,000,000	15,000,000
Development-Economic Stimulus Programme	79,616,815	128,920,000
<b>Total revenue</b>	<b>249,616,815</b>	<b>285,020,000</b>
<b>Reconciliation of Development grants</b>		
<b>Balance unspent at beginning of year</b>	89,616,815	-
Current year receipts	170,000,000	285,020,000
Conditions met- transferred to revenue	249,616,815	195,403,185
Conditions to be met- remain liabilities	<b>10,000,000</b>	<b>89,616,815</b>

NETFUND received Development grants of KES 10,000,000 and had an opening balance of KES 89,616,815 that had been deferred the previous year. Funds amounting to KES 10,000,000 for Economic stimulus programme were unutilised as at year end and were therefore deferred.

**8. Public Contributions and Donations**

	2022	2021
	Ksh	Ksh
KEFRI	1,120	150,000
Donations	4,463,550	1,760,000
<b>Total Transfers and Sponsorship</b>	<b>4,464,670</b>	<b>1,910,000</b>
<b>Reconciliation of public contributions and donations</b>		
<b>Balance unspent at beginning of year</b>		
Current year receipts	4,463,550	1,910,000
Conditions met- transferred to revenue	4,463,550	1,910,000
Conditions to be met- remain liabilities	-	-

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

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

**9. Transfers from other Government Entities**

	2022	2021
	Kshs	Kshs
Conditional grants		
Belgium Government-KBF	1,462,200	1,826,050
<b>Total grants from other governments</b>	<b>1,462,200</b>	<b>1,826,050</b>

**10. Employee Costs**

	2022	2021
	Kshs	Kshs
Employee related costs – Basic Pay	53,441,100	45,639,105
Employee related costs - Allowances	24,104,997	23,501,121
Employee related costs – Pension contribution & NSSF Employer	113,000	109,400
Employee related costs - Leave allowances	3,592,600	3,549,200
Employee related costs - Gratuity	11,141,117	3,742,660
Employee related costs - NITA Employer expense	28,150	27,350
Employee costs	<b>92,420,964</b>	<b>76,568,835</b>
Number of Staff	<b>36</b>	<b>33</b>

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

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

**11. Board Expenses**

	2022	2021
	Kshs	Kshs
Chairman's Honoraria	240,000	960,000
Sitting Allowances	1,260,000	3,440,000
Travel & Accommodation allowance	2,128,519	6,023,452
<b>Total Board remuneration</b>	<b>3,628,519</b>	<b>10,423,452</b>

**12. Depreciation and Amortization Expense**

	2022	2021
	Kshs	Kshs
Property, plant and equipment	5,912,040	4,076,904
Intangible assets	796,702	725,344
<b>Total depreciation and amortization</b>	<b>6,708,742</b>	<b>4,802,248</b>

**13. Repairs and Maintenance**

	2022	2021
	Kshs	Kshs
Computer & Printers	68,500	116,530
Equipment	25,000	29,696
Vehicles	760,384	1,214,402
<b>Total repairs and maintenance</b>	<b>853,884</b>	<b>1,360,628</b>

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

**14. Contracted Services**

	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Strategy	761,800	171,000
ICT Services	1,494,604	392,953
Other	768,830	547,200
<b>Total contracted services</b>	<b>3,025,234</b>	<b>1,111,153</b>

**15. Project Costs**

	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
NETFUND GIA Project	15,794,852	16,949,553
ACCF Project	1,998	558,528
Economic Stimulus Program	86,128,613	32,871,901
Tree planting	840,830	8,191,284
<b>Total Grants</b>	<b>102,766,293</b>	<b>58,571,266</b>

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

**16. General Expenses**

	2022	2021
	Kshs	Kshs
Advertising	303,431	1,099,967
Local Travel	4,011,964	4,479,372
Foreign Travel	4,182,594	-
Write off	-	42,637
Computer Expenses	1,260,369	2,010,880
Rent and Rates	11,417,675	10,933,974
Utilities	769,212	666,144
Catering & Hospitality	1,620,543	1,453,689
Fuel and oil	2,040,842	1,660,240
Insurance	10,828,264	11,968,518
Internet charges	635,938	685,133
Telephone and Postage	1,269,986	1,197,405
Gen Office & stationery	841,016	806,179
Publishing & printing	-	110,959
Bank charges	208,563	163,276
Corporate Events & CSR	-	561,836
Training Expenses	5,067,261	5,533,972
Staff Welfare Costs	1,072,218	1,599,295
<b>Total general expenses</b>	<b>45,529,875</b>	<b>44,973,478</b>

**17. Cash and cash equivalents**

	2022	2021
	Kshs	Kshs
Bank	17,069,997	103,520,525
Cash-on-hand and in transit	-	-
Short-term deposits	-	-
<b>Total cash and cash equivalents</b>	<b>17,069,997</b>	<b>103,520,525</b>

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

<b>17 a) Detailed Amounts of Cash and cash equivalents</b>		
	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Kenya Commercial bank- Recurrent A/C	284,584	134,820
Kenya Commercial bank- Development A/C	3,654,695	95,136,646
Kenya Commercial bank- GIA/SIDA A/C	7,779,023	8,247,181
Kenya Commercial bank- ACCF project A/C	235	1,878
Kenya Commercial bank- Car loans	5,351,460	-
<b>Total</b>	<b>17,069,997</b>	<b>103,520,525</b>

**18. Receivables from Exchange Transactions**

	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Current receivables</b>		
Staff Debtors	1,509,535	605,733
Other exchange debtors	1,302,933	1,302,933
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>2,812,468</b>	<b>1,908,666</b>

<b>2022</b>				
	<b>0-3 Months</b>	<b>3 – 12 Months</b>	<b>Over 12 Months</b>	<b>Total</b>
Staff Debtors	-	1,509,535	-	1,509,535
Other Exchange Debtors	-	-	1,302,933	1,302,933
	-	<b>1,509,535</b>	<b>1,302,933</b>	<b>2,812,468</b>
<b>2021</b>				
	<b>0-3 Months</b>	<b>3 – 12 Months</b>	<b>Over 12 Months</b>	<b>Total</b>
Staff Debtors	-	605,733	-	605,733
Other Exchange Debtors	-	-	1,302,933	1,302,933
	-	<b>605,733</b>	<b>1,302,933</b>	<b>1,908,666</b>

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

**19. Receivables from Non-Exchange Transactions**

	2022	2021
	Kshs	Kshs
LECRED	-	567,880
Development grants	5,000,000	-
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>5,000,000</b>	<b>567,880</b>

**20. Inventories**

	2022	2021
	Kshs	Kshs
Consumable stores	197,993	190,502
Other general office supplies	148,740	164,001
Computer Accessories	690,268	430,106
<b>Total inventories</b>	<b>1,037,001</b>	<b>784,609</b>

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

**21. Property, Plant and Equipment**

	<b>Motor Vehicle</b>	<b>Furniture &amp; Fittings</b>	<b>Computers &amp; Printers</b>	<b>Equipment</b>	<b>Total</b>
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
At 1 July 2020	7,834,620	14,126,115	10,465,489	8,884,406	41,310,630
Additions	14,202,637	848,800	894,000	469,790	16,415,227
Disposals	-	-	-	-	-
<b>At 30 June 2021</b>	<b>22,037,257</b>	<b>14,974,915</b>	<b>11,359,489</b>	<b>9,354,196</b>	<b>57,725,857</b>
Additions	-	1,960,200	-	216,920	2,177,120
<b>At 30 June 2022</b>	<b>22,037,257</b>	<b>16,935,115</b>	<b>11,359,489</b>	<b>9,571,116</b>	<b>59,902,977</b>
Depreciation and impairment					-
<b>At 30 June 2020</b>	<b>7,712,728</b>	<b>10,079,266</b>	<b>9,480,213</b>	<b>6,859,426</b>	<b>34,131,633</b>
Depreciation	1,773,006	1,148,155	643,350	512,393	4,076,904
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 1st July 2021</b>	<b>9,485,734</b>	<b>11,227,421</b>	<b>10,123,563</b>	<b>7,371,819</b>	<b>38,208,537</b>
Depreciation	3,583,134	1,225,709	521,970	581,226	5,912,039
<b>At 30 June 2022</b>	<b>13,068,868</b>	<b>12,453,130</b>	<b>10,645,533</b>	<b>7,953,045</b>	<b>44,120,576</b>
<b>Net book values</b>					-
<b>At 30 June 2022</b>	<b>8,968,389</b>	<b>4,481,985</b>	<b>713,956</b>	<b>1,618,071</b>	<b>15,782,401</b>
<b>At 30 June 2021</b>	<b>12,551,523</b>	<b>3,747,494</b>	<b>1,235,926</b>	<b>1,982,377</b>	<b>19,517,320</b>



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

**23. Trade Payables**

	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade Payables	4,632,998	5,838,166
Payments received in Advance-KENIA	5,121,610	9,460,570
Other Payables (PAYE Taxes)	2,692,866	2,709,085
<b>Total Trade and other payables</b>	<b>12,447,474</b>	<b>18,007,821</b>

**24. Receivables from Exchange Transactions**

	<b>2022</b>	<b>2021</b>
	<b>Ksh</b>	<b>Ksh</b>
Public contributions and donations	-	-
Economic Stimulus Program	10,000,000	89,616,815
<b>Total</b>	<b>10,000,000</b>	<b>89,616,815</b>

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

**22. Intangible Assets-Software**

<b>Cost</b>	
At 1 July 2020	5,802,751
Additions	-
<b>At 30 June 2021</b>	<b>5,802,751</b>
Additions	826,848
<b>At 30 June 2022</b>	<b>6,629,599</b>
Amortisation & Impairment	
At 1 July 2020	2,455,313
Amortisation	725,344
At 30 June 2021	3,180,657
Amortisation	796,702
Impairment Loss	-
<b>At 30 June 2022</b>	<b>3,977,359</b>
Net Book Values	
<b>At 30 June 2022</b>	<b>2,652,240</b>
<b>At 30 June 2021</b>	<b>2,622,094</b>

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

**25. Receivables from Exchange Transactions**

<b>2022</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Receivable from exchange Transactions	2,812,468	2,812,468
Receivable from Non-exchange Transactions	5,000,000	5,000,000
Cash and cash equivalents	17,069,997	17,069,997
<b>Total Financial Assets</b>	<b>24,882,465</b>	<b>24,882,465</b>
<b>2021</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Receivable from exchange Transactions	1,908,666	1,908,666
Receivable from Non-exchange Transactions	567,880	567,880
Cash and cash equivalents	103,520,525	103,520,525
<b>Total Financial Assets</b>	<b>105,997,071</b>	<b>105,997,071</b>
<b>Financial Liabilities</b>		
<b>2022</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Trade and other payables from Exchange Transactions	12,447,474	12,447,474
Deferred Income	10,000,000	10,000,000
<b>Total Financial Liabilities</b>	<b>22,447,474</b>	<b>22,447,474</b>
<b>2021</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Trade and other payables from Exchange Transactions	18,007,821	18,007,821
Deferred Income	89,616,815	89,616,815
<b>Total Financial Liabilities</b>	<b>107,624,636</b>	<b>107,624,636</b>

**26. Related Party Disclosure**

<b>2022</b>			
<b>Designation</b>	<b>Basic Pay</b>	<b>Allowances</b>	<b>Total</b>
Chief Executive Officer	4,620,000	2,065,000	6,685,000
Director Business Development	2,972,400	1,440,000	4,412,400
Projects Manager	2,575,200	1,006,600	3,581,800
Finance Manager	2,575,200	1,006,600	3,581,800
<b>Total</b>	<b>12,742,800</b>	<b>5,518,200</b>	<b>18,261,000</b>
<b>2021</b>			
<b>Designation</b>	<b>Basic Pay</b>	<b>Allowances</b>	<b>Total</b>
Chief Executive Officer	4,445,960	1,698,374	6,144,334
Director Business Development	495,400	240,000	735,400
Director Research	100,000	43,820	143,820
Finance Manager	2,476,800	792,000	3,268,800
<b>Total</b>	<b>7,518,160</b>	<b>2,774,194</b>	<b>10,292,354</b>

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to Govt agencies	-	-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>b) Purchases from related parties</b>		
Purchases of electricity from KPLC	769,212	666,144
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	11,417,675	10,933,974
Training and conference fees paid to govt. agencies	688,440	870,400
<b>Total</b>	<b>12,875,327</b>	<b>12,470,519</b>
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	170,000,000	156,100,000
Grants from County Government	-	-
Donations in kind	4,463,550	1,976,050
<b>Total</b>	<b>174,463,550</b>	<b>158,076,050</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for 36 employees	92,420,964	76,568,835
Payments for goods and services	45,529,875	44,973,478
<b>Total</b>	<b>137,950,839</b>	<b>121,542,313</b>
<b>d) Key management compensation</b>		
Directors' emoluments	3,628,519	10,423,452
<b>Total</b>	<b>3,628,519</b>	<b>10,423,452</b>

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

**27. Cash generated from Operations**

	2022	2021
	Kshs	Kshs
Surplus for the year before tax	610,174	1,328,176
Adjusted for:	-	-
Depreciation	6,708,742	4,802,248
Loss on Disposal	-	-
Working capital adjustments:		
Increase in inventory	(252,392)	668,005
Increase in receivables	(5,335,922)	1,468,418
Decrease in deferred income	(79,616,815)	89,616,815
Decrease in payables	(5,560,347)	2,865,311
Decrease in provisions	-	(14,637,652)
Decrease in work in progress	-	6,304,000
<b>Net cash flows from operating activities</b>	<b>(83,446,560)</b>	<b>92,415,321</b>

**28. Contingent Assets and Liabilities**

	2022	2021
	Kshs	Kshs
Contingent Assets and Liabilities	1,302,933	1,302,933

**29. Commitments; Operating Lease Rentals**

<b>Non-Cancellable operating lease rentals are payable as follows:</b>						
					2022	2021
					Kshs	Kshs
Not later than One year					4,417,984	4,417,984
Later than One year					8,016,174	8,016,174
<b>Total</b>					<b>12,434,158</b>	<b>12,434,158</b>

**Appendix**

**Appendix 1: Implementation Status of Auditor-General's Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
NETFUND/2020 /2021(28)	Over expenditure on the board of trustees	<i>During the year under review the Board of Trustees undertook a number of recruitments to fill the positions that were left vacant in the year and fall under purview of board. These recruitments necessitated more sittings hence driving the Board of Trustees expenditure beyond the set budget limit. These positions include, The Director Resource Mobilization and Business Development, Communications Manager as well as Resource mobilization manager. This resulted to an increase on the cost. The costs associated with the recruitment was reallocated from the recruitment vote head. However, we endeavour to adhere to PFM Act 2012 and Mwongozo code of governance for state corporations on such expenses</i>	Resolved	01/07/2022
NETFUND/2020 /2021(28)	Weak internal controls in safeguarding of data	<i>NETFUND currently uses office 365 from Microsoft which provides offsite backup through their One Drive System which charges annual fees for the services. We are also in the process of procuring for a Firewall to secure data as we were not able procure it in the FY 2020-21 due to budget cuts from the National Treasury.</i>  <i>The server room had recently been moved and so we are in the process of fitting the CCTVs as well as biometrics which we already have for other areas</i>	Resolved	01/07/2022

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

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**Guidance Notes:**

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



CHIEF EXECUTIVE OFFICER

Date 06-02-23

**Appendix II: Projects implemented by NETFUND**

Projects implemented by NETFUND Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)
1. Green Innovation Awards		GOK	8 Years	40 Million	No

**Status of Projects completion**

	Project title	Total project Cost	Total expended to date	Completion % to date	Budget	Actual per quarter	Sources
1	Green Innovation Awards	40 Million	20 Million	50%	40 Million		GOK
2	African Climate Change Fund	63 Million	7.3 Million	100%	63 Million		AFDB& GOK





**Appendix III: Inter Entity Confirmation Letter**

The National Environment Trust Fund wishes to confirm the amounts disbursed to us as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and

**Confirmation of amounts received by National Environment Trust Fund as at 30<sup>th</sup> June 2022**

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Quarter 1	16.08.21	40,000,000			40,000,000	40,000,000	-
Batch 1	25.09.21		5,000,000		5,000,000	5,000,000	-
Quarter 2	29.11.21	40,000,000			40,000,000	40,000,000	-
Quarter 3	04.02.22	40,000,000			40,000,000	40,000,000	-
Quarter 4	04.05.22	40,000,000			40,000,000	40,000,000	-
Batch 2	06.07.22		5,000,000		5,000,000	5,000,000	-
<b>Total</b>		<u>160,000,000</u>	<u>10,000,000</u>		<u>170,000,000</u>	<u>170,000,000</u>	-

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Entity:

Name Samuel T. Ndlovu Sign [Signature] Date 6/02/23



**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

**Appendix IV: Reporting of Climate Relevant Expenditures**

**Name of the Organization:** National Environment Trust Fund  
**Telephone Number:** 020-2639564  
**Email Address:** info@netfund.go.ke  
**Name of CEO/MID/Head:** CPA Samson Toniok

Name and contact details of contact person (in case of any clarifications) ...Andrew Machora .....Tel 254 729553304.....

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	
<b>NETFUND Green Innovation Award (GIA V)</b>	This is an annual flagship programme of NETFUND that promotes green growth and addresses the impacts of climate change through efforts that	1. The objectives of the project are. 2. To stimulate and reward green innovations and best practices that contribute to environmental sustainability	To achieve the objectives of the project, the following activities were undertaken. 1. Launch for the call. 2. Evaluation and selection of the green innovations					KCIC Consulting Limited, Standard Group and Worldwide Fund for Nature

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

	<p>contribute to a low carbon and climate resilient development pathway</p>	<p>and climate change action.  3. To enhance capacity of green businesses to commercialize their innovations.  4. To create awareness on technologies and innovations that contribute to environmental sustainability and climate change actions</p>	<p>3. Bootcamp training for the innovators  4. Awarding &amp; recognition of the innovators</p>				<p>Kenya Forest Service, Kenya Forestry Research Institute, National Beekeeping Institute and Community groups from the targeted counties</p>
<p><b>Economic Stimulus Programme (ESP)</b></p>	<p>NETFUND is implementing the Economic Stimulus Programme as towards the attainment of the Government's</p>	<p>The project objectives are.  1. To Strengthen youth and women engagement in raising tree seedlings in ASAL Counties</p>	<p>To achieve the objectives of the programme, the following activities were undertaken.</p>		<p>GoK</p>		

**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

	<p>30% tree cover strategy. Specifically, the programme is aimed at increasing income opportunities and climate resilience for the most vulnerable groups through alternative livelihoods to reduce pressure on forest products</p>	<p>2. To enhance Climate Resilience of vulnerable groups (women &amp; youth) through alternative livelihoods</p>	<p>1. Selection of the vulnerable groups                  2. Training on nursery management and apiary establishment                  3. Provision of necessary tools for tree nursery establishment                  4. Provision of grants to the selected groups                  5. Monitoring and reporting                  6. Joint restoration activities with the project beneficiaries on degraded ecosystems</p>			



**NATIONAL ENVIRONMENT TRUST FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2022**

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