

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

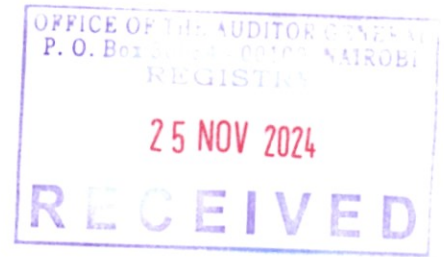
ON

**KENYA DEVELOPMENT RESPONSE TO
DISPLACEMENT IMPACTS (KDRDIP) IDA
CREDIT NO.6021-KE AND GRANT NO.TFOA
7762-KE**

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

**MINISTRY OF EAST AFRICA COMMUNITY
(EAC), ASALS AND REGIONAL DEVELOPMENT**

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 15 DEC 2024
TABLED
BY: WSTP
CLERK-AT THE TABLE: NTHS
DAY: 177
081620



THE REPUBLIC OF KENYA

**Project Name: Kenya Development Response to Displacement Impacts
Project (KDRDIP)**

**Implementing Entity: Ministry of East African Community (EAC), The
ASALS and Regional Development**

PROJECT GRANT NUMBER TFOA7762-KE AND CREDIT NUMBER: IDA 60210-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Table of Content

1. Acronyms and Definition of Terms	ii
2. Project Information and Overall Performance	iii
3. Statement of Performance against Project's Predetermined Objectives.....	xxxi
4. Environmental and Sustainability Reporting	xxxix
5. Statement of Project Management Responsibilities	xlii
6. Report of the Independent Auditor on Financial Statements for Kenya Development Response to Displacement Impact Project.....	xliv
7. Statement of Receipts and Payments for the Year Ended 30th June 2024.	1
8. Statement of Financial Assets and Liabilities as at 30 th June 2024	3
9. Statement of Cash flows for the year ended 30 th June 2024	4
10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 th June 2024 5	
11. Significant Accounting Policies	7
12. Notes to the Financial Statements.....	15
13. Annexes.....	25

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
CDD	Community Driven Development
CDP	Community development partner
CDPs	Community Development Plans
CGMCs	Community groups management committees
CGS	Community Groups
CIPIUs	County Integrated Project Implementation Units
CPMCs	Community project management committees
CSC	Community steering committee
CTC	Community Technical Committee
DANIDA	Danish International Development Agency
GRCs	Grievance Redress Committees
GRM	Grievance Redress Mechanism
ICPAK	Institute of Certified Public Accountants of Kenya
IDA	International Development Association
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
KDRDIP	Kenya Development Responses to Displacement impacts project
LIPW	Labour intensive public works
NEMA	National Environment Management
NT	National Treasury
PFM	Public Finance Management
PISTs	Project Implementation Support
PSASB	Public Sector Accounting Standards Board
SACs	Social Audit committees
SP	Sub Projects
UNHCR	United Nations High Commissioner for Refugees
VLCs	Village Level Committees
WAUs	Water Users Association
WB	World Bank

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Kenya Development Response to Displacement impact Project KDRDIP.

Objective

The key objective of the project is to improve access to basic social services, expand economic opportunities and enhance environmental management for communities hosting refugees in the target areas.

Address

P.O Box 401213-00100
Kencom House 2nd Floor
Nairobi, Kenya.

The project also has offices/branches as follows:

- Turkana
- Wajir
- Garissa

Contacts: The following are the project contacts

P.O. Box: 401213-00100

Telephone: (254) (020)2217696 or 2227411

E-mail: info@kdrdip.go.ke

Website: www.kdrdip.go.ke

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	01/07/2017
Project End Date:	28/04/2024
Project Manager:	Mr. Wilfred A. Omari
Project Sponsor:	World Bank

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the implementation of the Ministry of East African Community (EAC), the ASALS and Regional Development, The State Department For ASALs And Regional Development.
Project Number	IDA 60210-KE AND GRANT TFOA7762-KE
Strategic goals of the project	i. The strategic goal of the project is as follows: The objective of the project is to improve access to basic social services, expand economic opportunities and enhance environmental management for communities hosting refugees in these counties.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Support implementation of subprojects aimed at improvements in access to basic social services for the host communities; (ii) Undertake and implement community-based subprojects geared towards restoration of environmental and natural resource within the communities; (iii) Improve the host communities' access to clean energy by promoting the better use of energy resources and increasing access to alternative sources of energy; (iv) Support interventions aimed at improving the productivity of traditional and non-traditional livelihoods and strengthened the resilience of communities by improving access to technology and equipment, skills and markets, storage and processing infrastructure and financial support.

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

<p>Other important background information of the project</p>	<p>The Kenya Development Response to Displacement Impacts Project (KDRDIP) was approved by the World Bank Board in April 26th, 2017 and became effective in June 28th, 2017, with an original closing date of April 30, 2022. The funding to the project comprised US\$100 million credit. The project is linked to P152822, the Development Response to Displacement Impacts Project in the Horn of Africa Project (P152822), which covers Djibouti, Ethiopia and Uganda.</p> <p>In November 2018, the Project received Additional Financing of US\$8.18 million and a further US\$3.4 million in August 2023 from the Danish International Development Agency (DANIDA). The grant tied to the loan conditions ended on December 31, 2023.</p> <p>KDRDIP was implemented through four components that were distinct but interrelated in their functions. Component 1 implemented social economic services and infrastructure, while component 2, implemented sub projects that promoted sustainable environmental management and component 3 managed the livelihoods program. Component 4 was responsible for project management, knowledge sharing, monitoring and evaluation. The projects operated distinctively but synergies were promoted where possible.</p> <p>The project made a relatively slow start, complicated by (i) prolonged selection process of the Facilitating Partners (FPs); (ii) the setup of community implementation structures including staffing; and (iii) delayed transfer of Project funds to the Project account resulting from the shift in implementing agencies in FY2020/2021 from the Executive Office of the President to the Ministry of Devolution and Arid and Semi-Arid Lands (ASALs). The impact of COVID-19 as well as occurrence of frequent incidents of insecurity in some Project areas further delayed implementation progress on the ground. However, in 2019/2020 an initial set of 74 subprojects in the WASH sector was completed as part of the project's contribution to the Government of Kenya's COVID-19 response.</p> <p>In 2020/21, major progress was evident on the ground. Thus, with a full round of subprojects completed and the 2021/22 cycle under implementation, the Government of Kenya and the World Bank resolved that there was sufficient implementation progress to justify holding the project mid-term review (MTR) in order: (i) to take stock of the achievements (ii) Asses the Lessons Learnt (iii) establish and</p>
--	--

	<p>share the challenges experienced (iv) opportunities (v) seek recommendations on way forward for the Project.</p> <p>The Mid-Term review was undertaken by key stakeholders drawn from the National Treasury; State Department for the Arid and Semi-Arid Lands (ASALs); National Project Implementation Unit (NPIU); and the County Integrated Project Implementation Units (CIPIUs).</p> <p>The project was based on Community Driven Development (CDD). This involved (a) supporting grassroots institutions to be more inclusive and representative, and build their own capacities; (b) ensuring that the voices of all communities/groups were heard in the decision-making processes; (c) strengthening decentralized government administrative functions; and (d) investing in public service delivery and contributing to social cohesion among beneficiary communities. Under CDD, the project organized communities and built their capacity to assess their own development challenges, prepare their own community development plans, identify priority subprojects from the plans and then to manage funds and procurement for subproject implementation. Finally, communities were capacitated to maintain the subprojects for longer-term sustainability.</p> <p>The key drivers in the project design included: (a) focus on addressing priority needs identified by communities hosting refugees; and (b) use of the National and County Government systems, structures, and institutions. The structures ensured seamless coordinated and supported awareness creation and mobilization of communities. They also helped in addressing grievances and conflicts. The national government financial and procurement systems and regulations were used for expenditures and accountabilities of the project funds. The KDRDIP interventions were implemented in existing public institutions and facilities.</p> <p>The county governments co-implemented the project by providing technical and supervisory support to ensure sub projects quality controls. They helped in designing, capacity building, supervision, monitoring and evaluation of the sub projects. The county governments provided technical advice to communities in order to make appropriate priorities for their development needs. They ensured that the sub projects implemented were factored in annual budgets for</p>
--	---

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

	sustainability and operations. In some cases, the county government provided human resource to operationalize investments especially in hospitals and water facilities.
Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: i. Social and Economic Infrastructure Services. ii. Environment and Natural Resource Management. iii. Support both traditional and non-traditional livelihood interventions. Support both traditional and non-traditional livelihood interventions.
Project duration	It was a five-year project that started on 1st July 2017, but due to unforeseen delays it was given a no cost extension up to 28 th April, 2024

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Project Information and Overall Performance (Continued)




2.4 Bankers

The Central Bank of Kenya,
Haile Selassie Avenue,
P. O. Box 60000,
City Square 00200,
Nairobi, Kenya.

2.5 Independent Auditor

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

2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
 Kello Harsama	Principal Secretary	<ul style="list-style-type: none">• Master's Degree in public administration policy• Bachelor's Degree in education	<ul style="list-style-type: none">• Accounting Officer State Department for ASALs and Regional Development
 Wilfred A. Omari, OGW, 'ndc' (K)	Project Manager	<ul style="list-style-type: none">• MA. Economics• MA. International Relations	<ul style="list-style-type: none">• Overall Project management Monitoring and Evaluation, Finance Including Management Information Systems AIE holder
 Josephat Waweru, HSC	Water expert	Bachelor of science	<ul style="list-style-type: none">• Head Social economic, infrastructure, and services In charge of Water sector

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Names	Title designation	Key qualification	Responsibilities
 Dr. John Ngatia	<ul style="list-style-type: none"> • Head Environmental and Resources Management 	<ul style="list-style-type: none"> • PHD, Environmental Governance and Management, • MSC, Environment Science and Technology • BSc. Forestry • Certificate Reforestation techniques • Certificate forest Certification 	<ul style="list-style-type: none"> • Support to Project Coordination and implementation, Specifically responsible for environment conservation, man agent of natural resources and support to policy advisor
 Geoffrey Leparteg	<ul style="list-style-type: none"> • Head of Component Three 	<ul style="list-style-type: none"> • MA. Social Science. • BA (Double Major Political Science and Sociology 	<ul style="list-style-type: none"> • Handholding and overall supervision of livelihood activities
 James Sakwa	<ul style="list-style-type: none"> • Project Accountant 	<ul style="list-style-type: none"> • Bachelors of Business management (banking option) • Member of ICPAK • Senior Management Course • Programme based budgeting (ESAMI) 	<ul style="list-style-type: none"> • Processing of Withdrawal Applications • maintenance of project accountable documents • Submission of quarterly interim financial reports • Exchequer requisition
 John Karuma	<ul style="list-style-type: none"> • Agriculture Specialist 	<ul style="list-style-type: none"> • Bachelor of Science in Agricultural Economics • Master of Arts in Project Planning and Management 	<ul style="list-style-type: none"> • Offer technical backstopping to facilitate the implementation of NRM Subprojects
 Wycliffe Wangwe	<ul style="list-style-type: none"> • Social Safeguard Specialist 	<ul style="list-style-type: none"> • MA. Project Planning and Management 	<ul style="list-style-type: none"> • Promotes Stakeholders consultation and engagement • Safeguard Instrument Review • Grievance Redress Mechanism




KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Names	Title designation	Key qualification	Responsibilities
 Judy Gachora	<ul style="list-style-type: none"> • Social Safeguard Specialist 	<ul style="list-style-type: none"> • BSc Animal Production • Certificate in Environmental and Social • Safeguards Management 	<ul style="list-style-type: none"> • Promotes Stakeholders consultation and engagement • Safeguard Instrument Review • Grievance Redress Mechanism
 Keneth Nkabu	<ul style="list-style-type: none"> • Finance Specialist 	<ul style="list-style-type: none"> • Bachelor of Commerce (Finance), • Senior Management Course – Kenya School of Government 6th -31st May • CPA Sec III - Kasneb 	<ul style="list-style-type: none"> • MTEF Budget Preparation of supplementary Budget & reports • Issue of AIEs to field stations & SAGAs • Reallocation of voted Provisions • Financial Advisory services • Monitoring and Evaluation
 Janet Tulula	<ul style="list-style-type: none"> • Assistant Environmental Safeguard Specialist 	<ul style="list-style-type: none"> • MSc. Climate Change Science. • BSc. Natural Resource Management (Forestry) 	<ul style="list-style-type: none"> • Implementation support and monitoring of subprojects. • Promotes Stakeholders consultation and engagement • Safeguard Instrument Review • Grievance Redress Mechanism
 Andrew Loreng	<ul style="list-style-type: none"> • Assistant Monitoring & Evaluation Specialist 	<ul style="list-style-type: none"> • BSC. Applied Statistics 	<ul style="list-style-type: none"> • Support Project Monitoring and Evaluation.

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Names	Title designation	Key qualification	Responsibilities
 <p>Anthony Karoki</p>	<ul style="list-style-type: none"> • ICT Specialist 	<ul style="list-style-type: none"> • Masters in Computer and Radio Communications Engineering. • Bachelor of Business Information Technology. • Diploma in Computer Studies. 	<ul style="list-style-type: none"> • System administrator for the KDRDIP's MIS; • Maintenance of ICT, Hardware, Software, and Systems including websites, email and video conferencing system; • Advising on ICT-related issues;
 <p>David Mamati</p>	<ul style="list-style-type: none"> • Procurement Specialist 	<ul style="list-style-type: none"> • MBA (Finance) • Bachelor of commerce • CIPS • CPA II 	<ul style="list-style-type: none"> • Procurement planning and execution
 <p>Moses Nyandika</p>	<ul style="list-style-type: none"> • Communication Specialist 	<ul style="list-style-type: none"> • MA Corporate Communication • BA - Linguistics • Post Graduate Diploma • Strategic Leadership Course • Senior Management Course(SMC) 	<ul style="list-style-type: none"> • Public Communication • Leadership ,knowledge management secretariat and awareness creation.

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

2.7 Funding summary

The Project was for a duration of 5 years from 2017 to 2022 but due to technical and systematic delays it is on a no cost extension up to 31st December 2023 with an approved budget of US\$ 111,580,000 (use donor equivalent to Kshs 11,580,000,000 as highlighted in the table below:

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 th June, 2024)		Undrawn balance to date (30 th June, 2024)	
	Donor currency USD	KShs	Donor currency (USD)	KShs	Donor currency (USD)	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
GRANT						
Danida	11,580,000	1,158,000,000	11,539,999	1,374,447,536	40,001	5,181,210
Total Grants	11,580,000	1,158,000,000	11,539,999	1,374,447,536	40,001	5,181,210
LOAN						
World Bank – IDA	100,000,000	10,000,000,000	100,000,000	12,229,466,962	-	-
Total Loans	100,000,000	10,000,000,000	100,000,000	12,229,466,962	-	-
Total Funding Summary	111,580,000	11,158,000,000	111,539,999	13,603,914,498	40,001	5,181,210

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2024)		Cumulative amount paid to date – (30 th June 2024)		Unutilised balance to date (30 th June 2024)	
	Donor currency USD	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
Danida						
	11,539,999	1,374,447,536	11,330,052.04	1,369,212,674	40,552.03	43,454,340
(ii) Loan						
World Bank – IDA	102,106,222	12,229,466,962	101,619,299.32	12,171,479,361	486,922.50	57,987,600
Total	113,646,221	13,603,914,498	112,949,351.36	13,540,692,035	527,474.53	63,222,463

***KDRDIP Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) Budget performance against actual amounts for the current year and for cumulative to-date,*
- ii) Physical progress based on outputs and outcomes since project commencement,*
- iii) Indicate the absorption rate for each year since the commencement of the project.*
- iv) List the implementation challenges and recommend the next steps.*

Project Performance: This was measured against PDO indicators and outputs under component 4. The PDO targeted the expansion and improvement of public service delivery while component 4 covered support services that led to the realization of the PDO. The PDO Indicators were measured under the performance of components 1, 2 and 3. The indicators included the number of beneficiaries with access to social and economic services and infrastructure; direct project beneficiaries; direct female beneficiaries; beneficiaries of economic development activities that reported an increase in income and; land area where sustainable environmental management practices have been adopted as a result of the project. Sub-components 1(b) and 3(b) aimed to promote social cohesion among the host communities and with the refugees; raise voices of all communities/groups in decision making on matters that affected their lives, and strengthening decentralized government administrative functions. Sub-component 2b was meant to promote access to clean energy among the refugee host communities.

Performance of Component 1: Social and Economic Infrastructure and Services: This component specifically supported improvements in access to basic social services for the host communities. The key services included education (primary and secondary), health services, water supply, sanitation and hygiene, roads and markets. The tables below shows a summary of number of subprojects implemented per Subsector:

Table 1: Performance of Component 1(a)

Financial Year	Water	Health	Roads	Education	Sanitation	Markets	Total
2019/20	74	-	-	-	-	-	74
2020/21	201	135	27	248	48	107	766
2021/22	210	39	7	60	0	7	323
2022/23	99	35	9	89	5	8	245
2023/24	175	54	32	167	0	4	432
Total	759	263	75	564	53	126	1,840

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Table 2: Sub-projects per sector and sub-county

Sector	Wajir South	Turkana West	Fafi	Lagdera	Dadaab	Total
WASH	36	9	9	11	9	74
Water	154	201	115	68	147	684
Health	35	126	26	23	53	263
Roads	19	19	14	6	17	75
Education	137	201	45	79	102	564
Markets and infrastructure	10	63	13	0	40	126
Sanitation	21	5	13	4	10	53
Total	412	624	235	191	378	1,840

5

Completed construction & equipping of Nakururum Dispensary in Lokichogio Ward, Turkana West



*KDRDIP Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*



KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2024**

Sub-component 1b: Capacity Support to Local Planning and Decentralized Service Delivery: A total of 1,791 CPMCs were trained on roles and responsibilities. The table below presents the number of CPMCs capacity built per sub-county.

Table 3: CPMCs Trained

Sub-County	Number Trained
Dadaab	369
Fafi	232
Lagdera	172
Turkana west	615
Wajir South	403
Total	1,791

The CPMCs trained comprised of school management boards, health management boards, Water Users Associations among others. The trainings covered financial management, Community Procurement, KDRDIP Environmental and Social Safeguards, Grievance Redress mechanism (GRM), Gender Based Violence (GBV) and Sexual Exploitations and Abuse (SEA). The objectives of the trainings included; to understand implementation of the sub-project; to understand how financial management and reporting is done; to understand how to procure goods and procurement process; to understand KDRDIP safeguard issues and; to understand how to fill and use financial and community procurement tools/forms. In some instances, one CPMC implemented more than one sub-project, hence the variance in the number of sub-projects implemented against the number of CPMCs.

Component 2: Environmental and Natural Resource Management: The component implemented sub-projects, geared towards decreasing environmental impacts of protracted refugee presence. The refugee presence increased deterioration of the natural resource base because of deforestation, arising from the over-exploitation of wood and other non-timber forest products. The table below shows the performance of component 2 in various outputs - Land put under Sustainable Management; Area (Ha) provided with irrigation services; LIPW Work Days Created; and Improved Access to Energy under sub-component 2b.

Output 1: Land put under Sustainable Management (Ha): Under this activity, the Project achieved 4,674Ha against a target of 5,000Ha. This translated to a performance of 93 per cent.

Table 41: Land put under Sustainable Management (Ha)

No	Sub-project	Fafi	Wajir South	Lagdera	Dadaab	Turkana West	Total	Target
1	Land reclamation through irrigation, and use of flood water (ha)	380	107	40	125	382	1,034	1,100

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2024**

No	Sub-project	Fafi	Wajir South	Lagdera	Dadaab	Turkana West	Total	Target
2	Land restoration through pasture, development, grass reseeding (ha),	164	110	80	150	75	579	520
3	land restoration through Afforestation, agroforestry, tree enrichment planting (ha)	15	70	21	190	20	316	380
4	Land rehabilitation through soil and water conservation (Ha)	26	60	105	22	125	338	250
5	Land restoration through development of Wood lots, establishment of agroforestry and fruit orchards. (Ha)	55	39	85	46	20	245	250
6	Land restoration through fencing for Natural regeneration of trees, grasses and shrubs.	30	153	65	1,303	59	1,610	1,900
7	Land reclamation through clearing of invasive <i>prosopis</i> for enhanced pasture and agricultural productivity (Ha)	280	34	40	39	159	552	600
	Area under Sustainable land mgt.	950	573	436	1,875	840	4,674	5,000

Output 2: Area provided with Irrigation and Drainage Services: The kind of irrigation in the project area involved the use of flood (a rudimental form of spate irrigation) as well as use of borehole as source of water to a lesser degree. The diversion of flash flood (i.e., run off) from the upper parts of the catchment combined with the use of water harvesting structures within the catchment enabled the communities to carry out flood-based farming. Although the floods are often unpredictable, occasionally destructive and sometimes absent depending on the catchment the communities were able to grow drought tolerant crops sorghums, millet, and maize. The other types of irrigation used were furrow and drip irrigation. Drip irrigation was mainly carried out on very small plots of land usually for vegetable production. In addition to crop-based farming, the use various water harvesting technologies was carried out in agroforestry, tree planting and in pasture development. Communities were able to improve on existing irrigated areas for example the repair of broken-down irrigation pipes, clearing of irrigation canals and repair of water storage facilities.

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2024**

Table 5: Area provided with irrigation and drainage services

Sub-county	Area provided with irrigation and drainage services – Improved (Ha)	Area provided with irrigation and drainage services – New (Ha)	Total area achieved
Wajir	42	65	107
Fafi	189	193	380
Lagdera	2	38	40
Dadaab	27	98	125
Turkana	288	94	382
Total achieved	546	488	1,034
Target	500	570	1,070
% Achievement	109%	86%	97%

The total area provided with irrigation and drainage services was 1034 ha comprising of 546 ha put under improved irrigation and drainage services and 488 hectares put under new irrigation and drainage services. The “area provided with irrigation and drainage services- new” mainly focused on providing irrigation and drainage services to freshly extended farm areas.



Output 3: Labor Intensive Public Works: All component 2(a) (Integrated Natural Resource Management) sub-projects were implemented through Labour Intensive Public Works (LIPW). This covered on average 65% of the sub-project budget while the rest went to the non-labor items which composed mainly of tools. The LIPW beneficiaries of these sub projects were individuals selected from poor and vulnerable households from the community. They would receive a seasonal cash transfer in return for their participation in LIPW activities within the sub projects. This would enable them to sustain and increase their assets and smoothen their consumption during the lean

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

periods. Ideally, they worked 12 days in a month for 6 months with cash transfer of 250 Kenya shillings per day. Communities have reported positive impacts citing that the LIPW cash transfer played a critical role in cushioning families that did not benefit in the Hunger Safety Net Program. They are able to go through the extreme drought experienced in the North and North Eastern of Kenya from 2019 to 2022. Women engagement in these activities reported that they were not only productively engaged but the social interactions between themselves greatly enabled to alleviate the stress and pain associated with the severe drought. In addition, cash transfer provided additional household support that fed the families and have helped keep children in school providing for stationery among other needs.

The women particularly in Turkana and Garissa reported that the LIPW cash has helped them address health and medical costs for members of their families. The LIPW directly benefited 39,101 beneficiaries and created 3,369,325 workdays from 433 sub projects as detailed in table below. The project targeted 3,000,000 workdays to be created from the project interventions.

Table 6: LIPW Work Days Created

Sub-County	Work Days Created Per FY			
	2020/2021	2021/2022	2022/2023	Total
Turkana West	131,820	387,310	328,328	847,458
Wajir South	219,928	309,218	228,020	757,166
Dadaab	325,729	102,744	136,233	564,706
Fafi	245,019	193,772	188,786	627,577
Lagdera	323,029	110,003	139,386	572,418
Overall	1,245,525	1,103,047	1,020,753	3,369,325

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Output 4 Sub-component 2(b) - Access to Energy: The Project addressed the critical energy needs in the area and reduced adverse environmental impacts. Household cooking for the entire region was based on firewood and charcoal, causing deforestation and land degradation.

Mr. Wilfred Omari, the Project manager presenting energy saving jikos to one of the beneficiaries at Losajait, Turkana West on 15th April 2024



This was addressed by establishment of woodlots, planting of trees, soil & water conservations as well as encouraging natural regeneration of tree cover. It also included provision of energy saving cook stoves, household lighting, provision of solar cookers and institutional solar lighting,

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

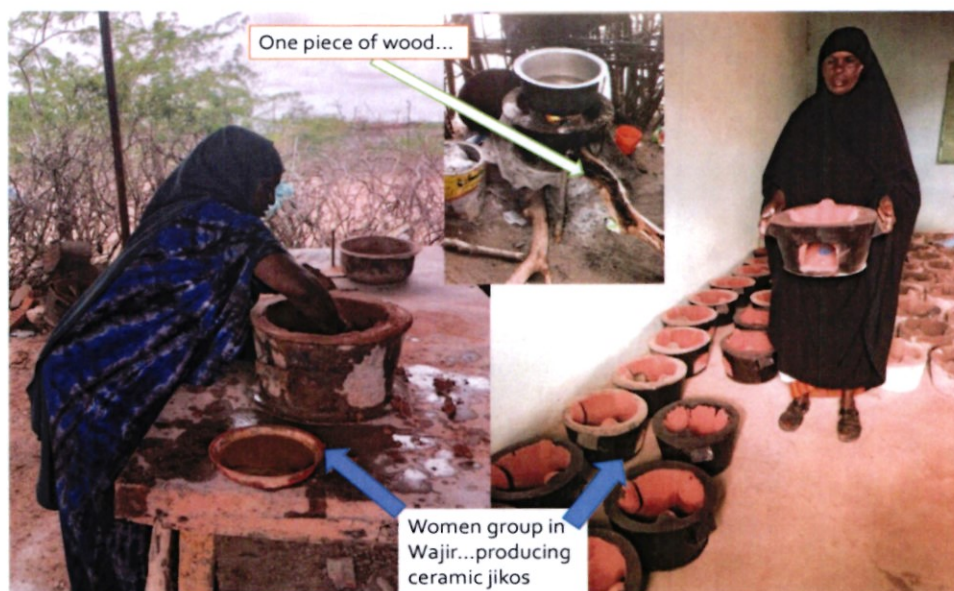
solarization of boreholes as well as street lighting. Energy interventions have benefited an estimated 299,433 against a target of 321,000 beneficiaries.



The promotion of efficient alternative sources of energy was meant to reduce time and effort collecting fuels, especially for women and girls – reduced drudgery and reduced exposure to violence in collecting fuel; reduce expenditure buying fuel – money available for other household needs. reduced unsustainable harvesting of wood fuel; emission reductions (i.e., cleaner stove/fuel combinations) for improved indoor air quality and associated health benefits, also especially for women and infants. The Renewable Energy alternatives included supply of energy saving devices (cook stoves, solar lanterns, household solar wiring and lighting, solar cookers), street lighting and the solarization of boreholes. These activities achieved the intended results of reduced expenditure on buying fuel requirement (devices), reduced environmental impact due to lower fuel use (lighting and solarization, reduced carbon emissions (by the use of cleaner stove/fuel combinations) and improved indoor air quality and associated health benefits, also especially for women and infants. The table below indicates the various types of alternative energy sources and how the sub-counties.

Table 2: Energy beneficiaries

County	Sub-County	Energy Saving Devices type	Number	Total Beneficiaries for energy interventions
Garissa	Dadaab	Energy Saving stoves	14,300	87,730
		Solar lanterns/ lighting	2,798	
		Institutional Solar system	1	
	Fafi	Energy Saving stoves	5,526	41945
		Solar lanterns/ lighting	526	
		Solar pumps	1	
Lagdera	Energy Saving stoves	7,366	35899	
	Solar lanterns/ lighting	2,191		
Turkana	Turkana West	Energy Saving stoves	5,692	60456
		Institutional Solar system	12	
Wajir	Wajir South	Energy Saving stoves	10,662	73403
		Solar lanterns/ lighting	910	
		Solar cookers	12	
		Institutional Solar system	1	
Total				299,433



The energy component supported the women by procuring their stoves and distributing to the vulnerable households

Component 3 Livelihood Program: The primary objective of the livelihood program was to improve livelihoods and increase incomes of refugee-hosting communities. The component supported interventions aimed at improving the production and productivity of traditional and non-traditional livelihoods. The component provided capacity building support to the community groups for livelihoods development.

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Vegetable Production in Ibrahim Ure ward Wajir South by Pillipili farm group



The support included the formation and strengthening of community groups for livelihoods and producer organization/cooperatives for accessing input and output markets. The Livelihood program had two sub-components, sub-component 3(a) Support to traditional and non-traditional Livelihoods and sub-component 3(b) Capacity building for community-based organizations for Livelihoods.

Focus group discussions with youth Group Lambarah Wajir South



A total of 64,701 benefited from the livelihood program. The project benefited 22,657 (35%) in Turkana West, Wajir South 14,287 (22%); Dadaab 10,673(16%); Fafi 9,906 (15%); and Lagdera 7,176 (11%) as indicated in table below:

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2024**

Table 8: Livelihood Beneficiaries

Sub Counties	FY 2019/2020	FY 2020/2021	FY 2021/2022	FY 2022/2023	FY 2023/2024	Total	%
Turkana West	520	7904	8437	4498	1300	22657	35
Wajir South	533	5174	5408	1222	1950	14287	22
Dadaab	520	4095	4121	1287	650	10673	16
Fafi	520	3861	3874	1001	650	9906	15
Lagdera	520	2574	3055	377	650	7176	11
Total	2,613	23,608	24,895	8,385	5,200	4,701	100

A total of 1,743(35%) CGs were funded in Turkana West Sub-County; Wajir South 1,099 (22%); Dadaab 821 (16%); Fafi 762 (15%) and Lagdera 552 (11%) as shown in the table below. Each of the CGs received KES s. 500,000 (USD 5,000).

Table 9: Distribution of CGs Funded per year

Sub-county	FY 2019/2020	FY 2020/2021	FY 2021/2022	FY 2022/2023	FY 2023/2024	Total	%
Turkana West	40	608	649	346	150	1,743	35%
Wajir South	41	398	416	94	100	1,099	22%
Dadaab	40	315	317	99	50	821	16%
Fafi	40	297	298	77	50	762	15%
Lagdera	40	198	235	29	50	552	11%
Total	201	1,816	1,915	645	400	4,977	100%

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

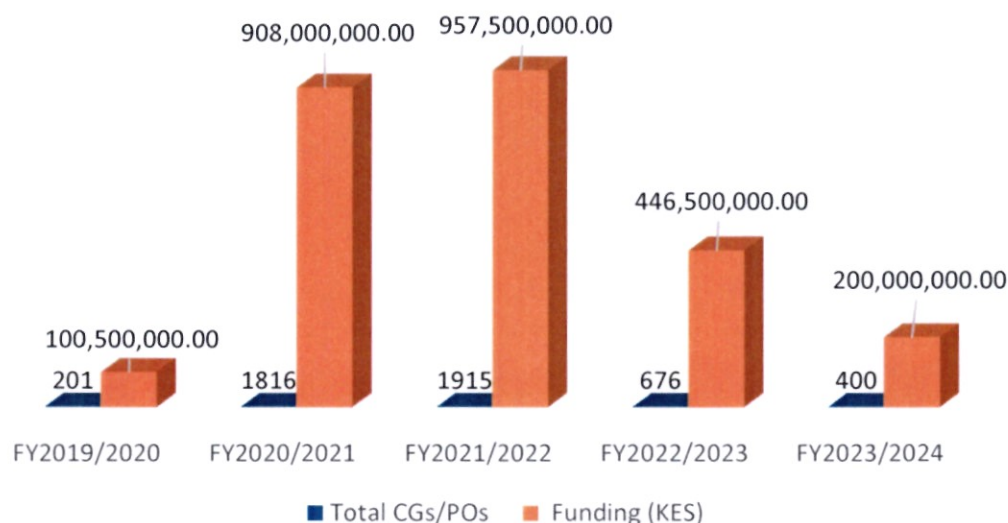
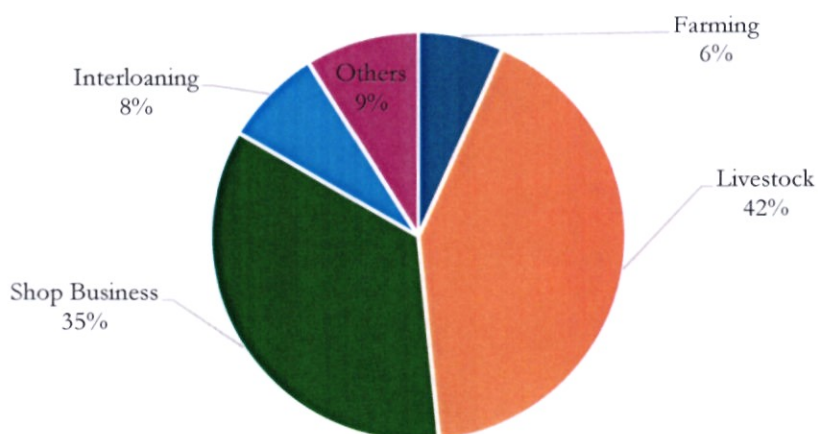


Figure 1: Livelihood program funding trends across the project cycle

A total of 31 producer organization were established across the five sub counties (1 producer organization in every ward). Each producer organization was funded with KES. 4M (USD 40,000).

A World Bank study conducted in 2023 (*Moving from Traditional to Transformational Approaches to Women's Economic Empowerment: A Review of the KDRDIP Program*), showed that the host communities preferred livestock keeping and related businesses at 42 per cent followed by retail-related businesses at 35 per cent and inter-loaning at 8 per cent. It is worth noting that the Project promoted cottage industries and table-banking especially in Turkana West Sub-County.



The WEE study showed that groups adopting an income generating activity as an enterprise had inadequate potential to increase women's income. The study recommended that a value chain approach held better scope for livelihood improvement and therefore, the Women Economic

Empowerment (WEE) interventions should adopt a women centric value chain approach for improving livelihoods. In this regard, future interventions should connect community groups directly with the market or engage the services of an entity that develops or already has access to a developed value chain or is a part of it. These decisions may depend upon product specific market assessment as well as local conditions.

Across the pillars of WEE and programme sub-components, capacity repeatedly emerged as a gap as well as opportunity for the programme to improve its outcomes. Capacity gaps largely emerged with respect to technical aspects of livelihood activities, business management and gender norms. WEE interventions should therefore invest more in capacity building to ensure sustainability of project outcomes.

Component 4: Project Management, Monitoring and Evaluation (M&E), and Knowledge Sharing: The Project ensured seamless coordination between the NPIU, CIPIU and PIST, resulting in strengthened supervision and technical backstopping of subprojects. Component 4 comprised of M&E, finance, procurement, safeguards, communication, and ICT. The Component was managed by technical experts in the areas mentioned. The Component was responsible for coordination and ensuring that the beneficiary communities were empowered to implement the project. This was achieved through capacity-building of the implementers from the county to community levels. The Component coordinated preparation of annual work plans and budgets, project funding, stakeholder engagement,

Leadership engagements



subproject safeguard compliances, grievances, monitoring and evaluation reporting, awareness

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

creation, development of digital platforms for information-sharing, capacity-building and accountability.

Monitoring & Evaluation: The Project funded a total of 2,426 sub-projects (Component 1 - 1,840 and Component 2 – 586) and 4,977 community groups and 31 Producer Organizations in Component 3. The M&E function carried out a total of 20 field visits which assisted in generating the same number of quarterly progress reports and annual reports, which were shared with strategic stakeholders. The Project adopted various digital technology solutions to assist in data collection (Kobo Toolbox), information sharing and storage (Management Information System - MIS, ArcGIS dashboards). The data collected through the Kobo Toolbox was used to update the MIS and the dashboards. The dashboard was linked to the Project website where it was accessed by wider audiences. The MIS was designed to be a one-stop shop for all the Project information inclusive of financial disbursements and accountabilities, subproject/CG information, safeguard compliances, grievance management, procurement information, among other vital information. The MIS was accessed by relevant Project staff and key stakeholders such as World Bank and respective Principal Secretary.

Data Collection Tools: The Project developed various data collection tools for M&E. The tools ensured standard information gathering and analysis. Some of the tools developed covered information required from each of the components and other technical sections such as finance, accounts, procurement, and safeguards. The tools helped in verifying the PDO/intermediate indicators in the Project results framework. They were used by M&E teams to investigate and report on various issues, affecting specific thematic areas. A total of 12 tools were developed to collect data in various areas of the Project.

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

2.9 Summary of Project Compliance:

- i) Include significant cases of non-compliance with applicable laws and regulations, e.g., treasury circulars on project investment management, PFM Act 2012 and Kenya Vision 2030 flagship projects, and essential external financing agreements/covenants,*
- ii) Include consequences suffered on account of non-compliance or likely to be suffered*
- iii) Indicate mitigation measures taken or planned to alleviate the adverse effects of actual or potential consequences of non-compliance*

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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

KDRDIP will ensure that citizens participate and engage in the process of identifying and prioritizing their developmental needs, including expanding socioeconomic infrastructure and livelihood opportunities to improve self-reliance among refugee-hosting communities, improving social cohesion between refugees and host communities, increasing the voices and roles of citizens in decision making regarding development, and eliciting a greater demand for social accountability. The operational approach will be Community-Driven Development (CDD) and will involve (a) supporting grassroots institutions to be more inclusive and representative, and build their capacities; (b) ensuring that the voices of all communities/groups are heard in the decision-making process; (c) strengthening decentralized government administrative functions; and (d) investing in public service delivery and contributing to social cohesion among beneficiary communities.

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

- a) Improve access to basic social services
- b) Expand economic opportunities
- c) Enhance environmental management for communities hosting refugees in the target areas

During the FY 2023/2024 the project disbursed **Kshs. 2.4 billion** to carry out various Project activities across all the components as follows:

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

KENYA DEVELOPMENT RESPONSE TO DISPLACEMENT IMPACTS PROJECT AWPB 2023/24 FINANCIAL YEAR													
COMPONENT 1 - Social and Economic Infrastructure and Services													
Sub-Component 1.1 Community Investment: The objective of this sub-component is to improve community access to basic social services and economic infrastructure													
Activity	Dadaab		Lagdera		Fafi		Wajir South		Turkana West		Qty	Cost sub total	Remarks
	Qty	Cost (Ksh)	Qty	Cost (Ksh)	Qty	Cost (Ksh)	Qty	Cost (Ksh)	Qty	Cost (Ksh)			
WATER SECTOR													
Drilling and Equipping of Boreholes as well as other related water Works including fencing	13	85,500,000	3	18,000,000	6	36,000,000	10	98,500,000	5	26,000,000	37	264,000,000	Boreholes in these areas go to depths of 250m to 300m except for Wajir which has an average depth of 200m and an average drilling cost Kshs. 12,000 per m. Equipping includes construction of elevated steel tanks, pipe laying, construction of pump house, purchase and installation of pumping set, digging and construction of double door community public toilets, fencing, construction of at least two units cattle troughs. The actual cost of boreholes varies and can be ascertained from Bills of Quantities as prepared by the technical department.

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Construction of elevated steel and concrete water tanks, surface masonry, troughs piping and fencing	18	74,800,000	4	16,600,000	6	18,900,000	13	39,869,174	15	63,000,000	56	213,169,174	The actual cost will depend on the size and type of tank.
Proposed supply and installation of solar powered system/infrast ructure at boreholes	3	9,500,000					2	5,400,000			5	14,900,000	This will really reduce the cost of operation and maintenance
Construction and desilting of Water Pans	8	49,000,000	13	198,000,000	6	22,100,000	2	12,200,000	5	40,000,000	34	321,300,000	Cost will depend on the size of the pan and the auxiliary works to be done.
Construction open water kiosk									5	2,500,000	5	2,500,000	This will serve as the communities watering points
Construction of pump house, Repair of borehole and purchase of genset	3	9,100,000	1	4,000,000	6	13,445,150					10	26,545,150	
Piping and water kiosks and water troughs	9	40,200,000	1	4,000,000	8	40,300,000			5	15,000,000	23	99,500,000	The cost will depend with the length of the pipeline, class of the pipes and sizes of the pipes as detailed in the BoQs
Sub-Total Water Sector		268,100,000		240,600,000		130,745,150		155,969,174		146,500,000	170	941,914,324	
HEALTH SECTOR													
Equipping of health facilities					1	10,000,000			2	16,000,000	3	26,000,000	The cost depends on the types of equipment to be purchased as detailed in the BoQs

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Construction and equipping of Welhar Dispensary, inpatient wards, maternity, staff quarters, OPDs	1	36,000,000					5	37,900,000	5	78,700,000	11	152,600,000	This is a budget for construction and equipping of 9 health facilities, the cost will vary depending of the level of healthcare service and the actual cost will be in the BoQs
Renovations, solarization and fencing of health facilities and dispensaries, including construction of walkways and pavements, pit latrines and extension of water piping.	2	7,000,000							6	27,500,000	8	34,500,000	This will be done to already existing facilities as detailed in the BoQs
Construction of incinerator									1	3,200,000	1	3,200,000	As detailed in the BoQs
Sub-Total Health Sector		43,000,000	-			10,000,000		37,900,000		125,400,000	23	216,300,000	
ROADS SECTOR													
Bush clearing and Grading of access roads/gravelling/murram/spot filling	11	54,600,000	3	19,655,750	5	15,000,000	8	28,400,000	4	14,364,000	31	132,019,750	This will be done on rural access roads connecting sub projects. The cost will be determined by the length of the road and the actual works as detailed in the bill of quantities.
Sub-Total Roads Sector		54,600,000		19,655,750		15,000,000		28,400,000		14,364,000	31	132,019,751	

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

EDUCATION SECTOR													
Construction and equipping of classrooms, dormitories, laboratories, admin blocks and library	20	85,500,000	4	21,400,000	24	36,000,000	4	75,800,000	20	101,817,250	108	320,517,250	This will improve school performances and retention of students. Fafi and Lagdera are doing classrooms only. The actual cost of construction and Equipping should be reflected in the BOQs
Construction of Washrooms, Latrines, Fencing, solarization and equipping of dormitory	5	36,000,000			10	6,000,000			10	25,700,000	25	67,700,000	
Construction of School Kitchen, dining hall, Staff quarters	6	30,000,000	3	11,000,000	6	24,000,000			4	15,200,000	19	80,200,000	
Equipping of Library									3	1,950,000	3	1,950,000	
Renovation of classrooms, girls dormitory, dining hall and dormitory, fencing	7	19,200,000	4	18,000,000	3	18,000,000			2	14,000,000	16	69,200,000	This will be done in already existing facilities. Cost will depend on renovations works to be done as per facility BoQs
Sub-Total Education Sector		170,700,000		50,400,000		84,000,000		75,800,000		158,667,250	171	539,567,250	
MARKET SECTOR													
Construction of market stalls/abattoir					4	14,540,750					4	14,540,750	To assist storage of farm produce and protect sellers and buyers from the scourging sun.

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

COMPONENT 2 ENVIRONMENT AND NATURAL RESOURCE MANAGEMENT												
Objective: To undertake Environmental restorative measures, enhance management of NRs & and ensure households increased access to clean energy.												
Subcomponent 2(b): Access to Energy: The objective of this sub-component is to improve access to energy by promoting better use of energy resources and increase access to alternative sources of energy for refugee host communities.												
Activity	Dadaab		Lagdera		Fafi		Wajir South		Turkana West		QTY	Cost sub total
	Qty	Cost (Ksh)	Qty	Cost (Ksh)	Qty	Cost (Ksh)	Qty	Cost (Ksh)	Qty	Cost (Ksh)		
Purchase and distribute energy Saving technologies to reduce land degradation and enhance land restoration (stoves)	1900	22,433,000	675	9,750,000	90	6,000,000	960	12,623,600	1000	10,400,000	4625	61,206,600
Purchase and distribute energy Saving technologies to reduce land degradation and enhance land restoration (solar lanterns)	1500	31,000,000	650	13,000,000	100	4,739,000	78	15,753,900	1000	20,000,000	3328	84,492,900
Purchase and distribute energy Saving technologies to reduce land degradation and enhance land restoration (solar cookers)	60	30,000,000	34	17,000,000	20	6,000,000	72	36,823,600	40	20,000,000	226	109,823,600
Land restoration through bush clearing and canal raising in Warable					1	7,000,000						
Purchase and distribute lighting Devices to Households									100	16,000,000		16,000,000
TOTAL COMP. 2		83,433,000		39,750,000		23,739,000		65,201,100		66,400,000		288,523,100

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Component 3. LIVELIHOOD PROGRAMS												
Sub-component a: Support to Traditional and Non-Traditional Livelihoods: The Objective of this component is to increase production and productivity of pastoralism (Livestock) Agro pastoralism (crop and livestock) Agriculture (crops and livestock) and fisheries and commercialize their livelihoods activities for improved incomes, employment and self-reliance												
Activity	Daadab		Lagdera		Fafi		Wajir South		Turkana West		QTY	Cost sub total
	Qty	Cost (Ksh)	Qty	Cost (Ksh)	Qty	Cost (Ksh)	Qty	Cost (Ksh)	Qty	Cost (Ksh)		
Funding self-help groups	50	25,000,000	50	25,000,000	50	25,000,000	150	75,000,000	100	50,000,000	400	200,000,000
Capacity building for community-based organizations for Livelihoods												40,000,000
Support to Program implementation												12,500,000
Sub Total												52,500,000
GRAND TOTAL												252,500,000

Progress on the attainment of strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2024**

Below we provide the progress on attaining the stated objectives.

Project	Objective	Outcome	Indicator	Performance
KDRDIP	The Project Development Objective (PDO) is to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in the target areas.	Improved access to Social and economic services	No. of water facilities funded towards constructed/rehabilitated	170 number of water facilities funded
			No. of health facilities funded for construction/renovation	23 number of health facilities funded
			KMs of road constructed	31 kilometres of roads funded
			No. of education facilities funded for construction / renovation	171 number of education facilities funded
			No. of market infrastructure facilities constructed	4 number of market infrastructure funded
		Access to alternative energy	Number of energy devices distributed	8,279 number of energy devices distributed
		Livelihoods improved and communities' resilience strengthened	Number of traditional and non-traditional livelihoods community groups	400 Number of livelihood groups funded
Number of producer organizations	31 number of producer organizations funded one per ward			

4. Environmental and Sustainability Reporting

KDRDIP exists to transform lives for host communities around refugee camps in Wajir, Garissa and Turkana Counties.

This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

i.Sustainability strategy and profile

The project interventions are in hard-to-reach areas, very remote, poor road network, insecurity and high illiteracy levels. There are laid down implementation structures from village up to national levels. At each stage there are specific deliverables including Memorandum of Understanding with respective communities and County Governments. There are clear operation and maintenance plans that details what happens after project implementation completion including sustainability

ii.Environmental performance

The project manages the environmental impacts of protracted refugee presence which has resulted in deterioration of the environment and the natural resource base due to deforestation, degradation of grazing lands, competition for pasture, loss of wildlife, soil erosion, open disposal of solid waste (especially plastics), and uncontrolled abstraction of groundwater. Each intervention must meet World Bank Environmental and social safeguards, NEMA and WRMA requirements included certification. The project supports environmental and natural resource restorative measures that rehabilitate and improve the productivity of the natural resources and support other productive systems such as irrigated agriculture, access to water for humans and livestock, pasture development, including value addition for livestock and agricultural products. The interventions include rehabilitation of degraded sites, agro-forestry, management of solid wastes (plastics) and provision of alternative energy sources such as solar, wind, and provision of access to improved energy-saving devices.

iii.Employee welfare

The project has two types of staff; regular and contract. The regular staff are drawn from relevant Ministries, Department and Agencies and are governed by the Human Resource

Policy Manual 2017. Those on contract are employed as individual consultants as per World Bank Procurement Regulations (revised 2016).

KDRDIP has upheld and complied with workers safety and health as a fundamental welfare of workers under the Occupational safety and health (OSHA) Act 2007

iv. Market place practices-

The organisation outlines its efforts to:

a) Responsible Supply chain and supplier relations-

The project uses both Public Procurement Regulation and World Bank Procurement Regulations (Revised 2017)

b) Responsible Ethical practice.

The Project adheres to Anti Corruption And Crimes Act and World Bank Anti-Corruption Regulation.

c) Regulatory Impact assessment-

The Project adheres to Public Finance Management Act and Regulations in its intervention, which has been cascaded into implementation manuals.

v. Community Engagements

The community members through a consultative process wish list/needs propose community Development Plans (CDPs). Once the communities are identified, they are mobilized, sensitized and organized into:

- i. Committees.
- ii. The aggregated Sub county CDPs are submitted to county Technical Committee composed of County Integrated Development Plan (CIDPs) and other sectoral plans for sustainability.
- iii. The communities in their first public gathering elects 5 members (men, women, youth and persons enabled differently) to form the village level committees
- iv. The Consolidated Ward CDPs are submitted to sub-county for the Project Implementation support Teams to appraise and aggregate into Sub-county CDPs with the support of CIPIUs and NPIU.

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

- v. The village level committee with the assistance of a community facilitator identifies and prioritizes community felt needs in a public meeting where all community members are represented.
- vi. The aggregated CDP are then submitted to County Steering committee (CSC) co-chaired by the County Secretary and County Commissioner, whose other members are County Executive Committee member for finance and economic Planning, Area Member of Parliament, UNHCR, County Focal Person and County Project Manager as Secretary.
- vii. The felt community needs/wish list are compiled to form the village CDPs.
- viii. Then each village elects a man and a woman to form members of a ward level committee whose role is to aggregate village CDPs into consolidated Ward CDP
- ix. The CSC reviews and approves the CDP
- x. The approved CDP is forwarded to National Project Implementation Unit and World Bank for review and concurrence.
- xi. In total 135 villages, 29 Ward, 5 Sub county and 3 County CDPs were prepared and approved at each level.
- xii. The approved CDP are returned back to village communities for them to initiate the process of preparing Annual Work plans and Budget.
- xiii. The annual work plans and budgets are drawn from the approved CDPs.
- xiv. The preparation of Annual work plans and Budget follow the same steps of development and approval of the CDPs.
- xv. Preparation at Village Level, Aggregation at Ward and Sub county levels and eventually appraisal and approval at County level.
- xvi. The annual work-plans and budgets are finally consolidated at the sub county level and then are submitted for:-
- xvii. Appraisal by the County Technical Committee (CTC) comprising of technical County directors.
- xviii. Approval by the County Steering Committee (CSC) Co-chaired by the County Commissioner and the County Secretary. The approved consolidated CDPs and Annual Work Plans and budget from each group is consolidated and presented as the final work plan.

5. Statement of Project Management Responsibilities

The **Principal Secretary** for the Ministry of East African Community (EAC), The ASALs and Regional Development, State **Department for ASALs and Regional Development** and the **Project Manager** for **KDRDIP project** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2024.

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

The **Principal Secretary** for the Ministry of East African Community (EAC), The ASALs and Regional Development, State **Department for ASALs and Regional Development** and the Project Manager for **KDRDIP project** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the State Department of ASALs and the Project Manager for **KDRDIP project** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, June 2024, and of the Project's financial position as at that date. The *Principal Secretary*, **State Department for ASALs and Regional Development** and the *Project Manager* for **KDRDIP project** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

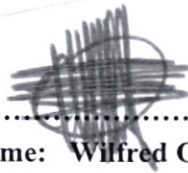
The Principal *Secretary* for the State Department for ASALs and Regional Development. And the Project Manager for ***KDRDIP project*** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the *Principal Secretary* for the State Department for the Development of the ASALs and the Project Manager for ***KDRDIP project*** on 25th November 2024 and signed by;



.....
Name: **Kello Harsama**
Principal Secretary



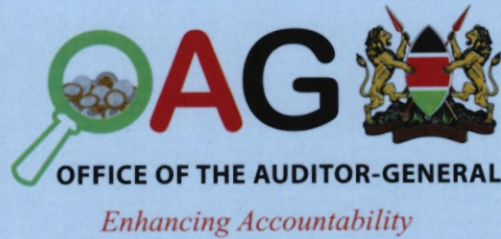
.....
Name: **Wilfred Omari**
Project Coordinator



.....
Name: **James Sakwa**
Project Accountant
ICPAK Member No: 14102

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KENYA DEVELOPMENT RESPONSE TO DISPLACEMENT IMPACTS PROJECT (KDRDIP) IDA CREDIT NO.6021-KE AND GRANT NO.TFOA 7762-KE FOR THE YEAR ENDED 30 JUNE, 2024- MINISTRY OF EAST AFRICAN COMMUNITY (EAC), ASALS AND REGIONAL DEVELOPMENT

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Development Response to Displacement Impacts Project (IDA Credit No.6021-KE) as set out on

pages 1 to 26, which comprise of the statement of financial assets and Liabilities as at 30 June, 2024, the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Development Response to Displacement Impacts Project as at 30 June, 2024, and of its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and complies with the Public Finance Management Act, 2012 and the Financing Agreement Credit No.6021-KE between the International Development Association (IDA) and the Republic of Kenya dated 29 May, 2017.

In addition, the special accounts statements present fairly, transactions for the year, and the closing balance have been reconciled with the books of account.

Basis for Opinion

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

Key Audit Matters

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

Other Information

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

In connection with my audit on the Kenya Development Response to Displacement Impacts Project financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there

is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

1. Lack of Sanitation Facilities in Construction of Female, Male and Paediatrics Wards in Kakuma Sub-County Hospitals

Construction of female, male and Paediatric wards at Kakuma Sub- County Hospital was budgeted at Kshs.12,500,000 and the funds were disbursed to the sub-project account and the Community Project Management Committee (CMPC). The CMPC awarded the contract to a contractor at a sum of Kshs.12,398,650. Physical inspection of the Project on 8 November, 2024 revealed that the wards were constructed without washrooms rendering them unusable in their current state. The Hospital Management is currently using the wards to store construction materials.

Review of the Bills of Quantities indicated that the washrooms were not provided for in the initial design of the hospital. Enquiry from the CPMC established that the approved plans for the wards were not shared with stakeholders for their input and the omission was only discovered at the tail end of the construction phase of the project. In the absence of the necessary sanitary infrastructure, the wards cannot be used for the purpose intended. Further, the wards were not branded as KDRDIP Project funded initiative as required in the Agreements with the CMPC.

In the circumstances, value for money for the expenditure of Kshs.12,398,650 could not be confirmed.

2. Over Pricing in Procurement of Energy Saving Jikos

The Project Management aimed to achieve the Project goals by improving the host communities access to clean energy by promoting the better use of energy resources and increasing access to alternative sources of energy. To achieve this goal, various intervention measures were taken including provision of access to improved and energy-saving devices. However, verification carried out in November, 2024 in Turkana County revealed that sampled community groups got the energy saving Jikos at prices way above the market values as detailed below:

S/No.	Project Name	Quantity	Price per Jiko (Kshs.)	Total Cost (Kshs.)
1	Songot Aposta Village Energy Technologies	100	19,000	1,900,000
2	Lokichoggio Village Energy Technologies	100	18,980	1,898,000
3	Lokudule Village Energy Technologies	100	19,000	1,900,000
4	Lokariwon Village Energy Technologies	100	16,480	1,648,000
	Total			7,346,000

Jikos of similar make and sizes were selling at the local market at the range of Kshs.3,500 to Kshs.5,000 per jiko inclusive of taxes.

In the circumstances, value for money for the expenditure of Kshs.7,346,000 could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and 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 processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;

- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements agree with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

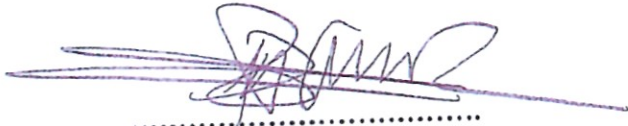
26 November, 2024

7. Statement of Receipts and Payments for the Year Ended 30th June 2024.

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		<i>FY 2023-2024</i>			<i>FY 2022-2023</i>			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts								
Proceeds from domestic and foreign grants	1	519,792,960	-	519,792,960	-	-	-	1,374,447,536
Loan from external development partners	2	2,088,927,522	-	2,088,927,522	2,761,611,609	-	2,761,611,609	12,229,466,962
Total receipts		2,608,720,482	-	2,608,720,482	2,761,611,609	-	2,761,611,609	13,603,914,498
Payments								
Compensation to employees	3	40,779,290	-	40,779,290	612,008,269	-	612,008,269	1,641,303,586
Purchase of goods and services	4	829,892,567	-	829,892,567	1,703,921,381	-	1,703,921,381	6,939,204,623
Acquisition of non-financial assets	5	1,945,640,853	-	1,945,640,853	1,515,555,743	-	1,515,555,743	6,139,124,833
Total payments		2,816,312,710	-	2,816,312,710	3,831,485,393	-	3,831,485,393	13,488,706,263
Surplus/ (deficit)		(207,592,228)	-	(207,592,228)	(1,069,873,784)	-	(1,069,873,784)	115,208,235

***KDRDIP Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

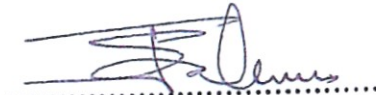
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



.....
Name: Kello Harsama
Principal Secretary



.....
Name: Wilfred Omari
Project Coordinator



.....
Name: James Sakwa
Project Accountant
ICPAK Member No: 14102

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

8. Statement of Financial Assets and Liabilities as at 30th June 2024

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents	7A	23,167,945	455,144,191
Imprests and Advances (Unspent A/E)	7B	13,401,582	-
Total Financial Assets (A)		36,569,527	455,144,191
Financial Liabilities			
Third party Deposits and Retention		-	-
Total Financial Liabilities (B)		-	-
Net Financial Assets (A-B)		36,569,527	-
Represented By			
Fund Balance B/fwd.	8	455,144,191	64,406,892
Prior Year adjustments	9	(167,528,096)	(1,069,873,784)
Surplus/(Deficit) for the Year		(207,592,168)	1,460,611,083
Refund to National Treasury		(43,454,400)	
Net Financial Assets		36,569,527	455,144,191

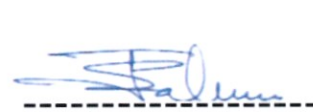
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 25th Nov 2024 and signed by:



Name: Kello Harsama
Principal Secretary



Name: Wilfred Omari
Project Coordinator



Name: James Sakwa
Project Accountant

ICPAK Member No: 14102

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2024****9. Statement of Cash flows for the year ended 30th June 2024**

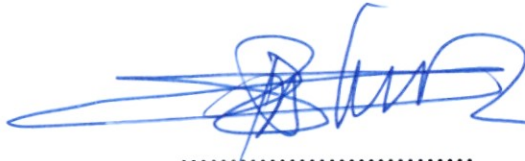
Description	Note	FY 2023 - 2024	FY 2022-2023
Cash flow from operating activities		Kshs	Kshs
Receipts			
Proceeds from domestic and foreign grants	1	519,792,960	-
Total receipts		519,792,960	-
Payments			
Compensation of employees	3	(40,779,290)	(612,008,269)
Purchase of goods and services	4	(829,892,568)	(1,703,921,381)
Total Payments		(870,671,857)	(2,315,929,650)
Net receipts/(payments)		-	-
Adjustments during the year		-	
Prior year adjustments	9	(167,528,096)	1,460,611,083
Net cash flow from operating activities		(518,406,992)	(855,318,567)
Cash flow from investing activities			
Acquisition of non-financial assets	5	(1,945,640,853)	(1,515,555,743)
Net cash flows from investing activities		(1,945,640,853)	(1,515,555,743)
Cash flow from financing activities		-	-
Transfers to other government entities(Return to exchequer	6	(43,454,400)	
Proceeds from foreign borrowings	2	2,088,927,522	2,761,611,609
Net cash flow from financing activities		2,045,473,182.35	2,761,611,609
Net increase in cash and cash equivalents		(418,574,664)	390,737,299
Cash & cash equivalent at beginning of the year	8	455,144,191	64,406,892
Cash and cash equivalent at end of the year	7	36,569,527	455,144,191

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2024****10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2024**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfer from Government entities						
Proceeds from domestic and foreign grants	130,000,000	390,000,000	520,000,000	519,792,960	207,040	99.96
Proceeds from borrowings	-	2,300,000,000	2,300,000,000	2,088,927,522	(211,072,478)	90.82
Proceeds from Exchequer	20,000,000	(10,000,000)	10,000,000			
Miscellaneous receipts (Cash Equivalent B/F)	-	-	-	455,144,191	(431,976,246)	-
Total Receipts	150,000,000	2,680,000,000	2,830,000,000	3,063,864,673	243,864,673	
Payments						
Compensation to employees	37,500,000	3,750,000	41,250,000	40,779,289	470,711	99
Purchase of goods and services	112,500,000	725,240,055	837,740,055	829,892,567	7,847,488	99
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets		1,951,009,945	1,951,009,945	1,945,640,853	5,369,092	99
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
Total Payments	150,000,000	2,680,000,000	2,830,000,000	2,816,312,709	13,687,291.00	
Surplus or Deficit	-	-	-	247,551,964		

***KDRDIP Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

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



.....
Name: Kello Harsama
Principal Secretary



.....
Name: Wilfred Omari
Project Manager



.....
Name: James Sakwa
Project Accountant
ICPAK Member No: 14102

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

The financial statements are for the Project 30th June 2024 under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012

c) Reporting currency

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

d) Recognition of receipts

The Kenya Development Response to Displacement Impact Project recognises all receipts from the various sources when the event occurs, and the related cash has been received.

i) Transfers from the Exchequer

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

Significant Accounting Policies (continued)

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing.

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

vi) Undrawn external assistance

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

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Significant Accounting Policies (continued)

e) Recognition of payments

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

i) Compensation to employees

Salaries, wages, Allowances, and Statutory Contributions for employees are recognized when the compensation is paid.

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

Significant Accounting Policies (continued)

v) Acquisition of fixed assets

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

f) In-kind donations

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

g) Cash and cash equivalents

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

Significant Accounting Policies (Continued)

h) Restriction on cash

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

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

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

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

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. **Annex 6** of this financial statement is a register of the contingent liabilities in the year.

Significant Accounting Policies (Continued)

k) Contingent Assets

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

l) Pending bills

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

m) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognized as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an **Annex 2** to these financial statements.

Significant Accounting Policies (Continued)

n) Third-party payments

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

o) Exchange rate differences

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

p) Comparative figures

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

q) Subsequent events

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

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented in **note 10** of these financial statements.

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

12. Notes to the Financial Statements

1. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024, we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment *	Grants received in kind	Total amount in KShs	
						FY 2023/24	FY 2022/23
						USD	KShs
Grants Received from Multilateral Donors (International Organizations)							
					-		142,927,810
DANIDA	12-09-2023	3,489,000	510,301,140			510,301,140	
DANIDA	22-09-2023	64,500	9,491,820			9,491,820	
Total		3,553,500	519,792,960		-	519,792,960	142,927,810

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

2. Loan from External Development Partners

During the financial period to 30 June 2024, we received funding from development partners in the form of loans negotiated by the National Treasury, as detailed in the table below:

Name of Donor	Date received	Amount in loan	Loans received in	Loans received as	Total amount in KShs	
		currency	cash	direct payment*	2023/2024	2022/2023
		USD	KShs	KShs		
Loans Received from Multilateral Donors (International Organizations)						
Loan - USD	22-09-2023	7,048,938.33	1,037,321,765	-	1,037,321,765	2,761,611,609
	02-11-2023	2,809,735.64	423,567,197		423,567,197	
	09-01-2024	3,953,006.53	628,038,261		628,038,261	
Total		13,811,679.50	2,088,927,522		2,088,927,522	2,761,611,609

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

3. Compensation to Employees

Description	FY 2023-2024			FY 2022-2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
-	Kshs	Kshs	Kshs	Kshs	Kshs
Contractual Employees	12,979,320	-	12,979,320	-	-
Casual Labour -Others	27,799,970	-	27,799,970	612,008,269	1,641,303,586
Total	40,779,290	-	40,779,290	612,008,269	1,641,303,586

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2024****4. Purchase of Goods and Services**

	FY 2023/24			Cumulative to- date	
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	FY 2022/23	
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	-	-	-	397,500	664,996
Communication, supplies and services	3,475,500	-	3,475,500	5,448,573	23,281,741
Domestic travel and subsistence	133,440,512	-	133,440,512	254,025,530	808,656,798
Foreign travel and subsistence	1,905,527	-	1,905,527	2,523,158	20,245,622
Printing, advertising and information supplies & services	1,704,500	-	1,704,500	2,540,632	18,234,432
Training expenses	474,858	-	474,858	1,824,600	20,916,101
Hospitality supplies and services	19,484,441	-	19,484,441	58,366,770	202,249,068
Specialised materials and services	275,523,100	-	275,523,100	132,919,196	591,928,668
Office and general supplies and services	14,745,987	-	14,745,987	18,009,731	49,095,583
Fuel Oil and Lubricants	22,508,807	-	22,508,807	43,548,600	128,293,212
Gratuity	2,203,753	-	2,203,753		2,203,753
Other operating expenses	500,000	-	500,000	153,482,519	1,181,189,276
Routine maintenance – vehicles and other transport equipment	3,999,942	-	3,999,942	15,807,603	34,230,361
Routine maintenance – other assets	149,925,640	-	149,925,640	208,061,368	685,696,434
Capital Grants Community Groups	200,000,000	-	200,000,000	806,966,101	3,172,318,479
Total	829,892,567	-	829,892,567	1,703,921,381	6,939,204,523

Notes to the Financial Statements (Continued)

5. Acquisition of Non-Financial Assets

	FY 2023/24			FY 2022/23	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
Description	KShs	KShs		KShs	KShs
Purchase of buildings	-	-	-	-	-
Construction of buildings	930,443,016	-	930,443,016	577,314,394	2,225,215,727
Construction of civil works		-		-	708,109,606
Water and sewerage	952,697,837	-	952,697,837	-	1,939,804,943
Purchase of vehicles & other transport equipment	-	-	-	-	127,203,001
Purchase of office furniture & general equipment	-	-	-	397,752	14,295,101
Purchase of computers, printers and other IT equipment	-	-	-	-	18,721,220
Purchase of specialised plant, equipment and machinery	-	-	-	146,942,095	146,942,095
Purchase of certified seeds, breeding stock and live animals	-	-	-	90,980,333	171,871,902
Purchase of Medical and Dental Equipment	49,000,000	-	49,000,000	-	68,171,411
Rehabilitation of civil works	13,500,000	-	13,500,000	699,921,169	713,421,196
Total	<u>1,945,640,853</u>	-	<u>1,945,640,853</u>	<u>1,515,555,743</u>	<u>6,316,439,297.00</u>

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

6. Return to Exchequer

Description	FY 2023-2024			FY 2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
National Treasury (Refund of Grant balances)	43,454,400		43,454,400	-	43,454,400
Total	43,454,400		43,454,400	-	43,454,400

The refund of Kshs.43, 454, 400 relates to closure of Grant No. TFA7762 being unutilised balances from Project Bank accounts

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2024****Notes to the Financial Statements (Continued)****7. Cash And Cash equivalents**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Bank accounts (Note 7A)	23,167,945	455,144,191
Cash equivalents (short-term deposits) (Note 7B)	13,401,582	-
Total	<u>36,569,527</u>	<u>455,144,191</u>

KDRDIP has 8 number of project accounts spread within the project implementation area and 2 number of foreign currency designated accounts managed by the National Treasury as listed below:

7. (A) Bank Accounts**Project Bank Accounts**

Details	FY 2023/24	FY 2022/23
<u>Local Currency Accounts</u>	Kshs	Kshs
Central Bank of Kenya [A/c No 100737905] Credit	13,479,588.20	268,722,748
Central Bank of Kenya [A/c No 1000737913] Grant	-	7,226,438
Turkana KCB [A/c No 1238459889] Credit	2,600,883.45	2,006,205
Turkana KCB [A/c No 1273370635] Grant	-	12,689
Garissa KCB [A/c No 1238357954] Credit	7,077,366.05	166,635,740.40
Garissa KCB [A/c No 11273325494] Grant	-	1,868,149.00
Wajir KCB[A/c No 1240386540] Credit	10,106.95	8,622,491.65
Wajir KCB [A/c No 1273358651] Grant	-	-
Total local currency balances	-	<u>455,144,191</u>
Total bank account balances	<u>23,167,944.65</u>	<u>455,144,191</u>

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2024****Notes to the Financial Statements (Continued)****7. (B) Cash equivalents (Refund of unspent AIE Garissa)**

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Refund from Garissa KCB [A/C No. 1238357954	20,478,588.20	-
Cash in Bank Accounts as at 30 th June 2024	(7,077,006.15)	-
Total	<u>13,401,582.05</u>	=

Notes to the Financial Statements**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30th June 2024 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

Description	FY 2023/24	FY 2022/23
	Kshs	Kshs
(i) Kenya Development Response to Displacement Impacts Project Grant [A/c No: 1000411384]		
Opening balance	20,779,958.57	20,779,958.57
Total amount deposited in the account	497,284,000	-
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>519,792,960</u>	-
Closing balance (as per SDA bank account reconciliation attached)	<u>5,865,194.25</u>	<u>20,779,958.57</u>
(ii) Kenya Development Response to Displacement Impacts – Loan Project [A/c No: 1000353988]		
Opening balance (as per the SDA reconciliation)	-	41,789.00
Total amount deposited in the account	2,032,526,755.2	2,761,653,398
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>(2,088,927,522.2)</u>	<u>(2,761,611,609)</u>
Closing balance (as per SDA bank account reconciliation attached)	=	=

(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix supporting these closing balance)

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

8. Fund Balance Brought Forward

Description	FY 2022/23	FY 2022/23
	Kshs	Kshs
Bank accounts	455,144,191	64,606,892
Total	455,144,191	64,606,892

9. Prior Year Adjustment

PRIOR YEAR ADJUSTMENT	FY 2023/24	FY 2022/23
	KShs	KShs
Bank accounts	23,167,945	177,264,437
Cash in hand	-	-
Cash equivalents (short-term deposits)	(247,551,964)	1,460,611,083
Refund to National Treasury	43,454,340	-
Unspent AIE Balance	13,401,582	-
Total	(167,528,097)	1,637,675,520

The Amount Of Kshs 167,528,097 relates to expenditure on Community Projects and Community Group Activities Of Previous Year Workplan FY 22-23 but were implemented in the FY 23-24.

10. External Assistance

	FY 2023-2024	FY 2022-2023
Description	Kshs	Kshs
External assistance received as grants	519,792,960	-
External assistance received as loans	2,088,927,522	2,761,611,609
Total	2,608,720,482	2,761,611,609

a). External assistance relating to loans and grants

	FY 2022-2023	FY 2022-2023
Description	Kshs	Kshs
External assistance received as loans	2,088,927,522	2,761,611,609
External assistance received as grants	519,792,960	-

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2024**

Total	2,608,720,482	2,761,611,609
--------------	----------------------	----------------------

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2023-2024	FY 2022-2023
Description		Kshs	Kshs
Undrawn external assistance - loans	All the monies were drawn from the Project designated account for utilisation in FY 23/24 as per approved work plans	-	2,690,000,000
Undrawn external assistance - grants	The balance undrawn from the Grant Designated Account was over and above the approved budget and work plan FY 2023-2024.	5,865,194.25	390,000,000
Total		5,865,194.25	2,820,000,000

c) Classes of providers of external assistance

	FY 2023-2024	FY 2022-2023
Description	Kshs	Kshs
International assistance organization	2,608,720,482	2,761,611,609
Total	2,608,720,482	2,761,611,609

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Inconsistence in the Financial statements. The statement of comparison of budget and actual amounts reflects miscellaneous receipts of Kshs 1,503.027,234 which was not disclosed in both the receipts and payments and statement of cash flows for the period under review.	The Amount of 1,503,027,234 was a sum of cash and cash equivalent brought forward of kshs.145,125,454 and 1,357,901,780 recognized miscellaneous receipts in the statement of Comparative budget.	Resolved	-
2.	Compensation of Employees	There various were raised and explanations presented.	Resolved	-
	Other Matters			
3.	Budgetary control and Performance under absorption	This was due to a prior year adjustment	Resolved	-

***KDRDIP Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

Guidance Notes:

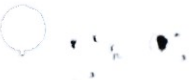
1. Use the same reference numbers as contained in the external audit report;
2. Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
4. Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



.....
Name: Kello Harsama
Principal Secretary



.....
Name: Wilfred Omari
Project Coordinator



KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 2: Variance explanations - Comparative Budget and Actual Amounts for 2023-2024

	Final Budget	Actual on Comparable Basis	Utilization Variance	% of Utilization	Comments on Variance
	$c=a+b$	d	$e=c-d$	$f=d/c \%$	
Receipts					
Proceeds from Domestic and Foreign Grants	520,000,000	519,792,960	207,040	99.96	Fully funded
Loan from External Development Partners	2,300,000,000	2,088,927,522	211,072,478	90.82	Fund Balance b/f Supported the Shortfall
Counterpart GOK Funding	10,000,000				
Total Receipts	2,830,000,000	2,608,720,482	- 211,278,518	92.51	
Payments					
Compensation of employees	41,250,000	40,779,290	470,711	99.46	On Target
Use of goods and services	837,740,055	829,892,567	7,847,488	97.18	Target achieved
Acquisition of Non-financial Assets	1,951,009,945	1,945,640,853	5,369,092	99.85	Targets met
Total Payments	2,830,000,000	2,816,312,709	13,687,291	99.06	

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 3: Reconciliation of inter-entity transfers

Project Name:		Kenya Development Response to Displacement Impact Project		
Break down of transfers from the State Department for ASALs and Regional Development				
A.	Direct payments			
		Bank Statement Date	Amount (Kshs)	FY 2023-2024
		20.9.2023	510,301,140.00	2023-2024
		1.11.2023	1,037,321,764.60	2023-2024
		10.11.2023	9,491,820.00	2023-2024
		17.11.2023	423,567,496.95	2023-2024
		16.1.2024	628,038,260.75	2023-2024
		Total	2,608,720,482.30	
		Total Receipts	2,608,720,482.30	

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

Project Coordinator
KDRDIP

Sign 

Head of Accounting Unit

State Department for ASALs and Regional Development

Sign 

KDRDIP Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 5: Summary of Fixed Assets Register

<i>Asset class</i>		<i>*Purchases/Additions in the Year</i>	<i>**Disposals in the Year</i>	
	<i>Opening Cost</i>	<i>(KShs)</i>	<i>(KShs)</i>	<i>Closing Cost</i>
	<i>(KShs)</i>	<i>2023/24</i>	<i>2023/24</i>	<i>(KShs)</i>
	<i>2022/23</i>			<i>2023/24</i>
	<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(d)= (a)+ (b)-(c)</i>
Transport equipment	127,203,001	-	-	127,203,001
Office equipment, furniture and fittings	14,295,101	-	-	14,295,101
ICT Equipment, Software and Other ICT Assets	18,721,220	-	-	18,721,220
Total	160,219,322	-	-	160,219,322

KDRDIP Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 9: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2024
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance (*Where applicable*)