

REPUBLIC OF KENYA



Enhancing Accountability

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, 2023**

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



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Deputy Majority Whip
A. Shubuko





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 NUMBR TFOA7762-KE AND CREDIT NUMBER: IDA 60210-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

**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, 2023

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2. Abbreviations and Acronyms

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

3. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Kenya Development Response to Displacement Impacts 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

The project headquarters offices are Harambee House (*city*) Nairobi County, Kenya. The address of its registered office is: P.O Box 401213-00100 Nairobi.

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, 2023****Project information and overall performance (continued)****2.2 Project Information**

Project Start Date:	The project is 01/07/2017
Project End Date:	The project end date is the 31/12/2023
Project Manager:	The manager is Mr. Wilfred Omari
Project Sponsor:	The World Bank

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of East African Community (EAC), ASALS and Regional Development
Project Number	IDA 60210-KE AND GRANT TFOA7762-KE
Strategic goals of the project	The strategic goals of the project are as follows: i. The strategic goal of the project is as follows: -Address social, economic and environmental impacts due to the presence of refugee host communities.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Implementation of community investment subprojects and livelihood support within the host communities. (ii) Address the both social and environmental safeguards as they emerge during implementation.

Other important background information of the project	<p>The development objective of the Development Response to Displacement Impacts Project (KDRDIP) for Kenya is to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in the target areas in the Recipient's territory. The project comprises of four components.</p> <ol style="list-style-type: none">i. The first component, social and economic infrastructure and services will specifically support improvements in access to quality basic services for the host communities.ii. The second component, environmental and natural resource management aims to decrease environmental impacts of protracted refugee presence which has resulted in deterioration of the natural resource base because of deforestation resulting from the overexploitation of wood and other non-timber forest products for various purposes (shelter, firewood, charcoal, food, medicines, and so on), degradation of grazing lands, loss of wildlife, soil erosion, open disposal of solid waste (especially plastics), and uncontrolled abstraction of groundwater for domestic consumption and livestock.iii. The third component, livelihoods program will support interventions aimed at improving the productivity of traditional and non-traditional livelihoods and strengthening the resilience of communities. It consists of following sub-components: (i) support to traditional and non-traditional livelihoods; and (ii) capacity building of community-based organizations for livelihoods.iv. The fourth component, project management, monitoring and evaluation (M and E), and knowledge sharing objective is to ensure enhanced and effective project management, coordination, and implementation and to support the design of the project's M and E system. <p>The project being a regional initiative adopted the Community Driven Development approach for implementation of its activities in which Community participation in all Phases of the Project cycle is the key feature.</p>
Areas that the project was formed to intervene	<p>The project was formed to intervene in the following problems/gaps:</p> <ol style="list-style-type: none">(i) Social and Economic Infrastructure Services.(ii) Environment and Natural Resource Managementiii) Support both traditional and non-traditional livelihood interventions.
Project duration	<p>It is a five-year project that started on 1st July 2017, but on a no cost extension up to 31st December 2023</p>

KDRDIP Project

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

2.4 Bankers

The following are the bankers for the project:

The Central Bank of Kenya,

Haile Selassie Avenue,

P. O. Box 60000,

City Square 00200,

Nairobi, Kenya.

2.5 Independent Auditor

The project is audited by the,

The Office of Auditor General

Anniversary Towers, University Way

P O BOX 30084-00100, GPO






Nairobi, Kenya.

KDRDIP Project

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

2.6 Roles and Responsibilities

The following is the list of Project Staff, their academic qualifications 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• NDC Kenya• Accredited Knowledge Management Consultant• SLDP 23• Risk management (ESAMI)	<ul style="list-style-type: none">• Overall Project management and coordination, including planning, supervision, Financial Management, monitoring and Evaluation KDRDIP A.I.E holder.
 Josephat Waweru, HSC	Head Component One	Bachelor of science	<ul style="list-style-type: none">• Head Social economic, infrastructure, and services In charge of Water sector
 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	<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 Leparteleg	<ul style="list-style-type: none">• Head 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

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

 Sarah Mauta	<ul style="list-style-type: none"> • Project Accountant 	<ul style="list-style-type: none"> • Bachelor of Commerce (Finance option) • CPA(K) • Member of ICPAK. • Senior Management Course (KSG) • Project Management (ESAMI) 	<ul style="list-style-type: none"> • Maintenance of Project Accountable Documents. • Submission of Quarterly Interim Financial Reports • Withdrawal applications • Exchequer Requisition • Maintenance of Project cashbooks
 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
 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
 Lucy W. Gathenga	<ul style="list-style-type: none"> • Finance Specialist 	<ul style="list-style-type: none"> • B.Com. (Finance) • CPA(K) • MBA(Finance) • Member of ICPAK • Senior Management Course (KSG) • Public Finance Management (ESAMI) 	<ul style="list-style-type: none"> • Budget preparation, planning and costing for all project activities • Preparation and consolidation of the Project AWPB • Preparation and issuance of AIEs for office and preparation of monthly and quarterly reports.

KDRDIP Project

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

 <p>Janet Tulula</p>	<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
 <p>Andrew Loreng</p>	<ul style="list-style-type: none"> • Assistant Monitoring and Evaluation Specialist 	<ul style="list-style-type: none"> • BSc. Applied Statistics 	<ul style="list-style-type: none"> • Support Project Monitoring and Evaluation.
 <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.

2.7 Funding summary

The Project is for 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 (which is equivalent to Kshs 11,580,000,000 as highlighted in the table below:

Summary of Overall Project Performance:

This Implementation Progress report takes stock of the inputs, outputs and outcomes of the project activities since inception to the third quarter of Financial Year 2022/23. The report covers the status of implementation of sub-projects under Component 1 and 2; livelihood programme activities and other support endeavours in awareness creation, knowledge management and monitoring and evaluation.

The Project covers a total of five sub-counties and 31 wards. In Garissa, the project covers Daadab, Lagdera and Fafi Sub-Counties with 17 wards. Dadaab comprises of six wards namely: Daadab, Labasigale, Damajaley, Liboi, Abakaile and Dertu Wards while Lagdera hosts Modogashe, Benane, Goreale, Maalmin, Sabena and Baraki Wards. Fafi is made of Fafi, Nanighi, Bura, Dekaharja and Jarajilla.

In Wajir, the project covers Wajir South Sub-County which comprises of seven wards namely: Diff, Benane, Burder, Darajabulla, Habasweni, Logboghhol South and Ibrahim Ure. In Turkana, the project is implemented in Turkana West Sub-County with seven wards. The Wards are Letea, Songot, Kalobeyei, Lokichogio, Nanam, Kakuma and Lopur. *Figure 1* below shows the potential beneficiaries per ward while *Annex 6*, provides the population of villages in each of the war

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

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, 2023)		Undrawn balance to date (30 th June, 2023)	
	<i>Donor currency USD</i>	<i>KShs</i>	<i>Donor currency (USD)</i>	<i>KShs</i>	<i>Donor currency (USD)</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
GRANT SUMMARY						
Danida	11,580,000	1,158,000,000	7,986,499	854,654,576	3,593,501	303,345,424
Total Grants	11,580,000	1,158,000,000	7,986,499	854,654,576	3,593,501	303,345,424
LOAN SUMMARY						
World Bank – IDA	100,000,000	10,000,000,000	88,294,217	10,140,539,439	11,705,783	-140,539,439
Total Loans	100,000,000	10,000,000,000	88,294,217	10,140,539,439	11,705,783	-140,539,439
Total Funding Summary	111,580,000	11,158,000,000	96,280,716	10,995,194,015	15,299,284	162,805,985

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2023)		Cumulative amount paid to date – (30 th June 2023)		Unutilised balance to date (30 th June 2023)	
	<i>Donor currency USD</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
(i) Grant						
Danida	7,986,499.00	854,654,576.00	7,986,499.00	854,654,576.00	3,593,501.00	303,345,424.00
(ii) Loan						
World Bank – IDA	84,156,109.54	8,829,454,232.00	60,598,258.54	6,059,825,854.00	27,696,283.78	2,769,628,378.00
Total	96,281,041.32	9,684,108,808.00	68,584,757.54	6,914,480,430.00	31,289,784.78	3,072,973,802.00

Project information and overall performance (continued)

3.8 Summary of Overall Project Performance:

- i) Budget performance against actual amounts for current year and for cumulative to-date,
- ii) Physical progress based on outputs, outcomes, and impacts since project commencement,

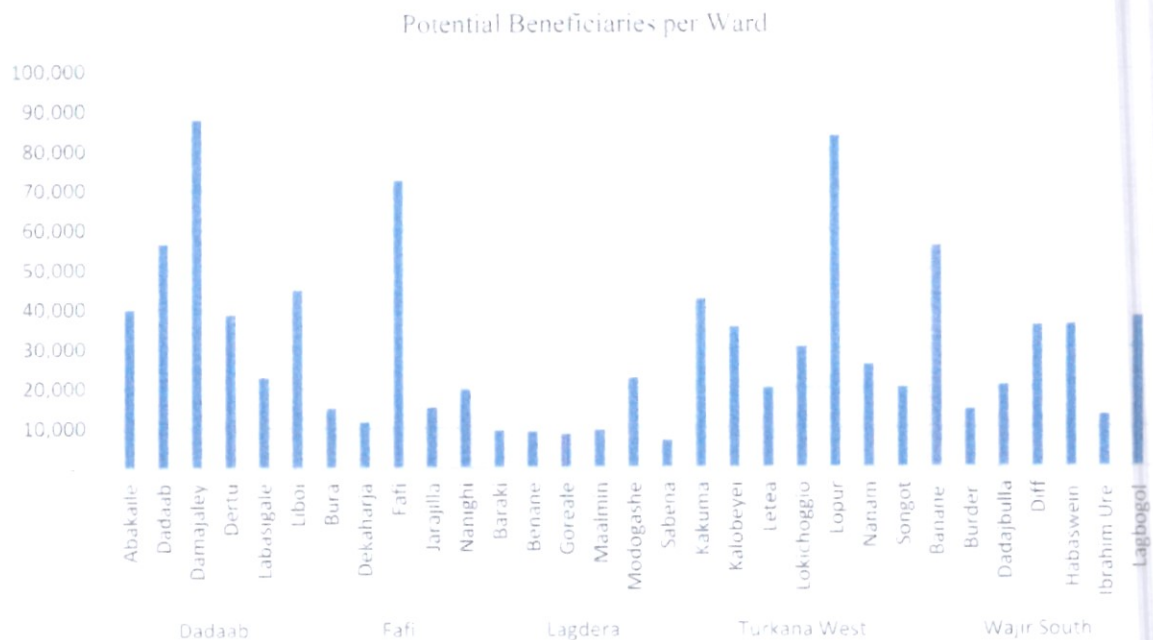


Figure 1. Potential beneficiaries per ward

KDRDIP was founded on the philosophy of citizen participation and engagement in the process of identifying, prioritizing, awarding of tenders, implementation, supervision, monitoring, reporting and accounting of their community investments. This aimed to increase the voices and roles of citizens in decision-making regarding development, and eliciting a greater demand for social accountability. In order for this to happen, the Project established community structures that supported implementation of the Project.

The structures (committees) were elected by the beneficiary community members at village assemblies. The committees were Village Level Committees (VLCs), Grievance Redress Committees (GRCs), Social Audit Committees (SACs), Community Project Management Committees (CPMCs), and Community Group Management Committees (CGMCs). The composition of the committee members took into account gender representation (no

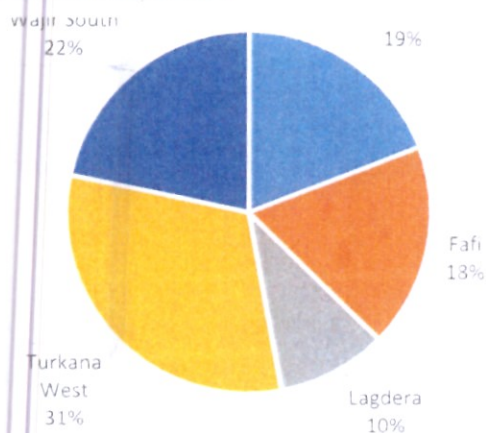
committee could have more than a third of either gender), vulnerable groups (people living with disabilities, minorities and elderly), and youths.

Community Project Management Committees

A total of 1,874 CPMCs were formed since the beginning of the Project (FY2019/2020 to FY2022/2023). The committees helped to implement sub-projects under Component 1 and 2 (Infrastructure and LIPW). The CPMCs were formed as per the agreed annual work plans and budget.

Under Component 1, the CPMCs comprised of existing school management boards, health management boards, Water Users Associations (WUAs) among others. The committees were entrusted with advertising of tenders, procurement, site handover to contractors, and supervision of the implementation of sub-projects. They also made payments and handed over completed sub-project to beneficiary users. Technocrats, from the National and County Governments, referred to as Project Implementation Support Teams (PISTs) worked with CPMCs for quality control and supervision. Under Component 2, a total of 534 CPMCs were formed to supervise Labour-Intensive Public Works (LIPW) and clean energy provision activities. The Component 2 CPMCs procured tools and materials for LIPW sub-projects and handed over community assets to users.

Figure 2: Distribution of CPMCs



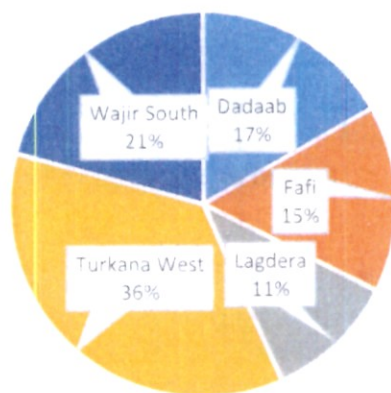
In total, 6,700 community members participated in management of the sub-projects under component 1, comprising of 1,305 in Dadaab; 850 in Fafi; 650 in Lagdera; 2,405 in Turkana West and 1,490 in Wajir South Sub-Counties. A total of 2,670 people participated in the CPMCs under Component 2.

Community Group Management Committees (CGMCs)

The CGMCs were formed under Livelihood Programme to ensure

CGs compliance to rules and arrange technical appraisals of business plans. A minimum of three CGs formed a Village Level Livelihood Sub-Committee. The office bearers comprised of a president, secretary, treasurer and a bank signatory. A total of 4,577 CGMCs were established across the 5 sub-counties. This comprised of a total of 22,885 host community members.

Turkana West had the largest number of members in CGMCs (8,125 people), followed by Wajir South (4,745), Dadaab (3,855), Fafi (3,560) and Lagdera (2,510)



Village Level Committees/Social Audit Committees/Grievance Redress Committees
Each village formed a Village Level Committee (VLC) and a total of 135 VLCs were established in the five sub-counties. The purpose of VLCs was to coordinate village level Community Development Plans (CDPs). A VLC comprised of five members drawn from men, women, youths and representatives of the differently abled populations.

Social Audit Committees (SACs) performed internal monitoring functions and periodic audits (including financial) of project activities and reported their findings directly to the Village Assemblies. The committee observed the functioning of VLCs including village-level livelihoods sub-committee, LIPW sub-committees as well as adherence to project principles and rules.

Grievance Redress Committees (GRCs) created awareness of the Grievance Redress Mechanism (GRM) and project. It maintained records of grievances and redress mechanisms. A total of 135 GRCs, like VLCs and SACs, were formed across the five sub-counties.

Roles and Responsibilities of the Host Community

The sovereign power of the Project emanated from the host beneficiary community. Decisions on Project implementation began and ended with the community. The community identified social and environmental risks and mitigating measures; ensured inclusivity and equity in projects including vulnerable and marginalized groups; participated in the environmental and social safeguards development process; infused local Knowledge and promoted wide community involvement in identification of sub-projects including women, minorities.



Figure 4: Afweine community in Lagdera Sub-County developing its Community Development Plan

Other roles and responsibilities of the community included promotion of transparency and accountability in all decisions; prevention of elite capture, cronyism and misuse of funds; helped to identify the county development priorities

beneficial to the society. Communities identified areas of potential conflict in the design and implementation of the sub-projects; donated land for identified and agreed sub-projects. It monitored implementation of the environmental and social management plan by contractors and promoted inclusivity in order to ensure ownership and sustainability of the Project interventions.

iii) Project budget absorption rate since the commencement.

	FY 2022-2023	FY 2021-2022	FY 2020-2021	FY 2019-2020
	Kshs.	Kshs.	Kshs.	Kshs.
Approved Budget	2,981,000,000	3,700,000,000	3,500,000,000	1,000,000,000
Actual	2,761,611,609	3,403,403,059	3,308,061,239	893,330,915
Absorption rate	93%	92%	95%	89%

iv) Project implementation challenges and recommended steps.

- a) Heavy workload with few staff: - The Government to identify and deploy more technical and support staff.
- b) Poor staff morale, over stretched and overworked staff with same pay. Going forward staff be considered for top-up allowance or extraneous allowance.
- c) Delayed Accountability from the communities; Increase number of Accounts personal both at NPIU and CIPIUs to assist in collecting accountabilities from the communities.
- d) Frequent court cases: Punitive measures and heavy penalties be given to those abusing judiciary process to derail project implementation, alongside encouraging out of court settlement of cases.

- e) Illiteracy of the project beneficiary communities; Continuous advocacy and lobbying for communities to find support in project implementation.
- f) The project beneficiary communities are nomads in nature; Sensitization and provision of the basic amenities and services required by the project beneficiary communities i.e. continuous provision of access to basic social services like water for domestic and livestock, construction of schools, hospitals etc.
- g) Complexity of the project design; Continuous capacity building and awareness to community members and other stakeholders to understand and appreciate

2.9 Summary of Project Compliance:

- i) No significant cases of non-compliance encountered.*
- ii) No consequences suffered on account of non-compliance or likely to be suffered.*
- iii) No cases of non-compliance encountered hence no mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance.*

4. 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.

d) Implementation of 2022/2023 Annual Work Plan and Budget

During the FY 2022/2023 the project disbursed **Kshs. 2.179 Billion** to carry out various Project activities across all the components as follows:

S/NO.	COMPONENT	SUB COUNTY	Total	
			NUMBER OF SPs/CGs	AMOUNT(KSHS.)
1	COMPONENT 1	Turkana West	89	345,608,000
		Wajir South	64	186,364,763
		Dadaab	36	188,763,595
		Fafi	30	110,300,000
		Lagdera	26	129,186,966
		Sub Total	245	960,223,324
2	COMPONENT 2	Turkana West	30	208,780,000
		Wajir South	26	110,228,673
		Dadaab	28	85,758,198
		Fafi	29	91,589,808
		Lagdera	17	58,698,521
		Sub Total	130	555,055,200
3	COMPONENT 3	Turkana West	354	214,000,000
		Wajir South	101	91,000,000
		Dadaab	105	74,500,000
		Fafi	82	38,500,000
		Lagdera	35	58,500,000
		Sub Total	677	476,500,000
4	COMPONENT 4	Turkana West		72,945,000
		Wajir South		53,975,000
		Garissa		60,655,000
		Sub Total		187,575,000
TOTAL DISBURSEMENT				2,179,353,524

Progress on attainment of strategic development objectives

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

Project	Objective	Outcome	Indicator	Performance
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	99no. water facilities funded
			No. of health facilities funded for construction/renovation	35no. health facilities funded
			KMs of road constructed	9no. of roads funded
			No. of School facilities funded for construction / renovation	89no. school facilities funded
			No. of sanitation and solid waste facilities constructed	5No sanitation and solid waste facilities
			No. of market infrastructure facilities constructed	8no. of market infrastructure funded
		Restored/rehabilitated environment and Natural resources	Hectares of land restored and rehabilitated	Various activities funded to rehabilitation of 342 Ha of land
Livelihoods improved and communities' resilience strengthened	No. of SHGs	676 no. livelihood groups funded		

Component One

During the Financial Year 2022-2023, the component was allocated **Ksh. 947 M** to be utilized to implement 245 sub projects across the five sub counties as follows:

Sector	Wajir	Turkana	Fafi	Lagdera	Dadaab	Total
Water	30	40	4	12	13	99
Health	6	15	4	3	7	35
Roads	3	4	2	-	-	9
Education	23	29	8	21	8	89
Markets and infrastructure	2	1	3	-	2	8
Sanitation	-	-	5	-	-	5
Total	64	89	26	36	30	245

Component Two

The implementation of Component 2 sub-projects funded in the previous years continued towards completion and operationalization of exit strategies – planned, maintenance and operations. Currently, initial implementation activities for the financial year 2022-2023 sub-projects is ongoing and most documentation has been completed.

S/No	Activity	Remarks
1.	Development of micro-catchment plan and subsequent multi-year plan	Completed (100%)
2.	Identifications & list of vulnerable households, heads and dependant	Completed (100%)
3.	Identification of individuals households eligible for LIPW	Completed (100%)
4.	Feasibility assessment and technical designs where structures are parts of interventions	Completed (100%)
5.	Other requirements <ul style="list-style-type: none"> • Operation & maintenance plan • Implementation plan • Procurement plan 	Completed (100%)
8.	Formation and training of CPMCs for community assets	Completed (100%)
9.	Opening of Bank accounts for Community assets (Sub-Projects)	Completed (100%)
10.	Safeguards Screening	Completed (100%)
12.	Development of BoQ and Tender Documents for all sub-projects	Completed (100%)
13.	Supporting CPMCs in Tender process for non-wage items. (Advert, opening and evaluation)	Completed (100%)
14.	Implementation of Sub-projects (Actual Works)	Completed (50%)
15.	Monitoring and Supervision of Works	Continuous

Component Three

In the financial year 2022/2023, the component supported 645 community groups and 31 producer organizations. The 645 community groups were distributed across the five sub counties as follows: Turkana West 346; Dadaab 99; Wajir South 94; Fafi 77; and Lagdera 29. While, the 31 producer organizations were identified and distributed as follows: Turkana West 7; Wajir South 7; Dadaab 6; Fafi 5; Lagdera 6. by the close of financial year 2022/2023, the component 3 had supported 4,577 community groups against original target of 4000 community groups and 31 producer organizations original target of 25 producer organizations translating into 59,501 beneficiaries.

5. Environmental and Sustainability Reporting

KDRDIP exists to transform lives.

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.

1. 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

2. 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.

3. 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 2017).

4. Market place practices-

The organization should outline 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 Kenya Ethic and Anti-Corruption Commission Regulation 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.

5. 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.

- 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.
- xix. The approved consolidated CDPs and Annual Work Plans and budget from each group is consolidated and presented as the final work plan.

6. 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 (period) ended on June 30, 2023.

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

The 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/period ended June 30, June 2023, 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, 2023

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 22/11 2023 and signed by;



Name
Principal Secretary



Name **W. A. OMARI**
Project Manager



Name **SARAH MAUI**
Project Accountant
ICPAK Member No: **2337**

REPUBLIC OF KENYA

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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, 2023 - 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 the Financial Statements which considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations which have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner, to ensure government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, 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) set out on pages 1 to 20, which

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, 2023 - Ministry of East African Community (EAC), ASALS and Regional Development

comprise of the statement of financial assets as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya, 2010 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 Kenya Development Response to Displacement Impacts Project as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and 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 account statement presents fairly the special account transactions and the closing balance has been reconciled with the books of account.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters 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 Matter

1. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.4,506,017,975 and Kshs.2,761,611,609 respectively resulting to an underfunding of Kshs.1,744,406,366 or 39% of the budget. Similarly, the Project expended Kshs.3,831,485,393 against an approved budget of Kshs.4,506,017,975 resulting to an under-expenditure of Kshs.674,532,582 or 15% of the budget. Further, there were inaccuracies in the column for actual receipts.

The underfunding and under-performance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under Report on Financial Statements, other matter and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the issue remains unresolved, as relevant Parliamentary committee had not discussed it.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT

As required by International Development Agency credit Agreement No.6021-KE dated 29 May, 2017, 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 its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


28 November, 2023


KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2023****8. Statement of Receipts and Payments for the year ended 30th June 2023**

STATEMENT OF RECEIPTS AND PAYMENTS						
	Note	FY 2022/23		FY 2021/22 (Restated)	FY 2021/22	Cumulative to Date
		Receipts and payments controlled by the entity	Receipts and Payments made by third parties	Receipts and payments controlled by the entity	Receipts and payments controlled by the entity	
		Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS						
Proceeds from Domestic and Foreign Grants	1	-	-	142,927,810	142,927,810	854,654,576
Loan from External Development Partners	2	2,761,611,609	-	3,403,403,059	3,403,403,059	10,140,539,439
Cash and Cash Equivalents B/F	6	-	-	-	145,125,454	
Prior Year Adjustments	6	-	-	-	1,357,901,780	
TOTAL REVENUES		2,761,611,609	-	3,546,330,869	5,049,358,103	10,995,194,015
PAYMENTS						
Compensation of Employees	3	612,008,269	-	620,893,048	620,893,048	1,600,524,296
Purchase of goods and services	4	1,703,921,381	-	1,795,961,678	1,795,961,678	6,109,311,956
Acquisition of Non-financial Assets	5	1,515,555,743	-	1,107,485,402	1,107,485,402	4,188,115,352
TOTAL PAYMENTS		3,831,485,393	-	3,524,340,128	3,524,340,128	11,897,951,604
SURPLUS/DEFICIT		(1,069,873,784)	-	21,990,741	1,525,017,975	(902,757,589)

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


Name
Principal Secretary


Name **W.A. OMAK**
Project Manager


Name **SARAH MAUIA**
Project Accountant
ICPAK Member No: **23377**

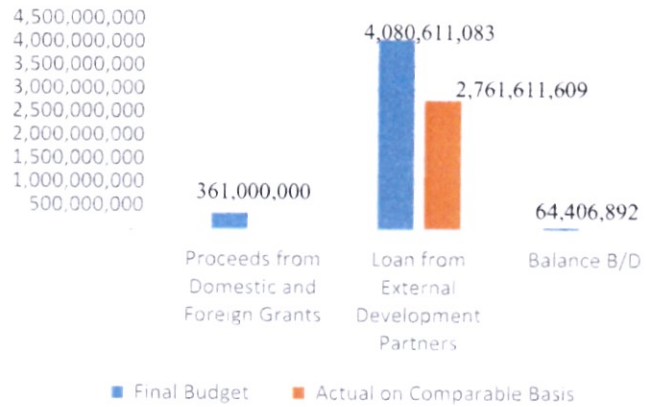
KDRDIP Project

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

Receipts and payment bar graphs consecutively

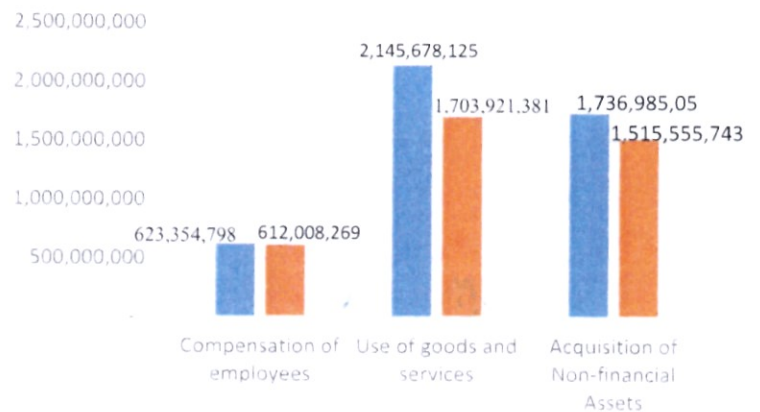
RECEIPTS	Final Budget	Actual on Comparable Basis
Proceeds from Domestic and Foreign Grants	361,000,000	-
Balance B/D	64,406,892	-
Loan from External Development Partners	4,080,611,083	2,761,611,609
Total Receipts	4,506,017,975	2,761,611,609

REVENUE UTILISATION BAR GRAPH



PAYMENTS	Final Budget	Actual on Comparable Basis
Compensation of employees	623,354,798	-
Use of goods and services	2,145,678,125	1,703,921,381
Transfers to Other Government Entities	-	-
Other Grants and Other Payments	-	-
Social Security Benefits	-	-
Acquisition of Non-financial Assets	1,736,985,052	1,515,555,743
Total Payments	4,506,017,975	3,831,485,393


PAYMENT UTILISATION BAR GRAPH




9. Statement of Financial Assets as at 30th June 2023

STATEMENT OF FINANCIAL ASSETS						
	Note	FY 2022/23	FY 2021/22 (Restated)	FY 2021/22		
		Kshs	Kshs	Kshs		
Bank Balances	6	455,144,191	64,406,892	1,525,017,975		
Total Cash and Cash equivalents		455,144,191	64,406,892	1,525,017,975		
TOTAL FINANCIAL ASSETS		455,144,191	64,406,892	1,525,017,975		
Fund balance b/fwd.	8	64,406,892	145,125,454	-		
Surplus / (deficit) for the year		(1,069,873,784)	21,990,741	1,525,017,975		
Prior Year Adjustment	9	1,460,611,083	(102,509,304)	-		
NET FINANCIAL POSITION		455,144,191	64,406,892	1,525,017,975		

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 22/11 2023 and signed by:


 Name
 Principal Secretary



 Name W.A. OMARE
 Project Manager


 Name SARAH MAUHA
 Project Accountant
 ICPAK Member No: 23377

10. Statement of Cash flow for the year ended 30th June 2023

STATEMENT OF CASH FLOW				
	Note	FY 2022/23	FY2021/22	FY2021/22
		Kshs	(Restated)	Kshs
			Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts for operating income				
Proceeds from Domestic and Foreign Grants	1	-	142,927,810	142,927,810
		-	142,927,810	
Payments for operating expenses				
Compensation of Employees	3	(612,008,269)	(620,893,048)	(620,893,048)
Use of goods and services	4	(1,703,921,381)	(1,795,961,678)	(1,795,961,678)
		(2,315,929,650)	(2,416,854,726)	(2,416,854,726)
Adjusted for:				
Change in Imprests & Advances		-	-	
Adjustments during the year/ Reinstatement	9	1,460,611,083.00	(102,509,304)	1,357,901,780
Net cash flow from operating activities		(855,318,567)	(2,376,436,220)	(916,025,136)
CASHFLOW FROM INVESTING ACTIVITIES				
Acquisition of Non-financial Assets	5	(1,515,555,743)	(1,107,485,402)	(1,107,485,402)
Net cash flows from Investing Activities		(1,515,555,743)	(1,107,485,402)	(3,403,403,059)
CASHFLOW FROM BORROWING ACTIVITIES				
Loan from External Development Partners	2	2,761,611,609	3,403,403,059	3,403,403,059
Net cash flow from financing activities		2,761,611,609	3,403,403,059	3,403,403,059
NET INCREASE IN CASH AND CASH Equivalent				
		390,737,299	(80,518,562)	1,379,892,521
Cash and Cash Equivalent at Beginning of the year	6	64,406,892	145,125,454	145,125,454
Cash and Cash Equivalent at End of the year	6	455,144,191	64,406,892	1,525,017,975

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 22/11 2023 and signed by:


 Name
 Principal Secretary


 Name W.A. OMARE
 Project Manager


 Name SARAH MAUIA
 Project Accountant
 ICPAK Member No: 23377

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

11. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2023

Consolidated	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Utilization Variance	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS/PAYMENTS ITEM						
RECEIPTS						
Balance B/D		64,406,892	64,406,892	-		
Proceeds from Domestic and Foreign Grants		361,000,000	361,000,000	-	361,000,000	0%
Loan from External Development Partners	2,620,000,000	1,460,611,083	4,080,611,083	2,761,611,609	1,318,999,474	68%
TOTAL RECEIPTS	2,620,000,000	1,886,017,975	4,506,017,975	2,761,611,609	1,744,406,366	61%
PAYMENTS						
Compensation of employees	325,650,000	297,704,798	623,354,798	612,008,269	11,346,529	98%
Use of goods and services	1,504,350,000	641,328,125	2,145,678,125	1,703,921,381	441,756,744	79%
Acquisition of Non-financial Assets	790,000,000	946,985,052	1,736,985,052	1,515,555,743	221,429,309	87%
TOTAL PAYMENTS	2,620,000,000	1,886,017,975	4,506,017,975	3,831,485,393	674,532,582	85%
SURPLUS/DEFICIT				(1,069,873,784)		

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


 Name

Principal Secretary


 Name

W. A. OMAR
 Project Manager


 Name

SARAH MAUHA
 Project Accountant
 ICPAK Member No: 23377

12. 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 2023 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 recognizes all receipts from the various sources when the event occurs, and the related cash has been received.

i) Transfers from the Exchequer

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

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

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

iv) Donations and grants

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

v) Proceeds from borrowing.

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

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation to employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

f) In-kind donations

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

g) Cash and cash equivalents

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

h) Restriction on cash

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

i) Imprests and Advances

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

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, 2023.

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 8 of these financial statements.*

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2023****13. Notes to the Financial Statements****1. Proceeds From Domestic And Foreign Grants**

During the financial period to 30 June 2023, 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 2022/23	FY 2021/22
			KShs	KShs	KShs	KShs	KShs
Grants Received from Multilateral Donors (International Organizations)							
DANIDA					-	-	142,927,810
Total		-		-	-	-	142,927,810

(* The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project. Projects should ensure that the adequate documents and support document is requested from the donors to support this grant).

2. Loan from External Development Partners

During the financial period to 30 June 2023, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
					2022/2023	/2022
		USD	KShs	KShs		
Loans Received from Multilateral Donors (International Organisations)						
Loan - USD	Various	21,598,785	2,761,611,609	-	2,761,611,609	3,403,403,059
Total		21,598,785	2,761,611,609		2,761,611,609	3,403,403,059

3. Compensation to Employees

	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		mulative to Date
			KShs	KShs	
Basic wages of temporary employees	612,008,269		612,008,269	620,893,048	1,600,524,296
Total	612,008,269	=	612,008,269	620,893,048	1,600,524,296

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2023****Notes to the Financial Statements (Continued)****4. Purchase of Goods and Services**

Purchase of Goods and Services			Total Payments		Cumulative to- date	Cumulative Prior Year
	Payments made by the Entity in Cash	Payments made by third parties	FY 2022/23	FY 2021/22		
	KShs	KShs	KShs	KShs		
Utilities, supplies and services	397,500	-	397,500	267,496	664,996	267,496
Communication, supplies and services	5,448,073	-	5,448,073	5,529,480	19,806,241	14,358,168
Domestic travel and subsistence	254,025,530	-	254,025,530	139,786,166	675,216,286	421,190,756
Foreign travel and subsistence	2,523,158	-	2,523,158	3,648,101	18,340,095	15,816,937
Printing, advertising and information supplies & services	2,540,632	-	2,540,632	938,591	16,529,932	13,989,300
Training expenses	1,824,600	-	1,824,600	9,472,400	20,441,243	18,616,643
Hospitality supplies and services	58,366,770	-	58,366,770	33,060,849	182,764,627	124,397,857
Specialised materials and services	132,919,196	-	132,919,196	25,070,087	316,405,568	183,486,372
Office and general supplies and services	18,009,731	-	18,009,731	8,422,464	34,349,596	16,339,865
Fuel Oil and Lubricants	43,548,600	-	43,548,600	30,541,202	105,784,405	62,235,805
Other operating expenses	153,482,519	-	153,482,519	309,545,276	1,180,689,276	1,027,206,757
Routine maintenance – vehicles and other transport equipment	15,807,603	-	15,807,603	6,456,363	30,230,419	14,422,816
Routine maintenance – other assets	208,061,368	-	208,061,368	66,370,825	535,770,794	327,709,426
Capital Grants Community Groups	806,966,101	-	806,966,101	1,156,852,378	2,972,318,479	2,165,352,378
Total	1,703,921,381	-	1,703,921,381	1,795,961,678	6,109,311,957	4,405,390,576

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2023****Notes to the Financial Statements (Continued)****5. Acquisition of Non-Financial Assets**

	Payments made by the Entity in Cash	Total Payments		Cumulative to-date	Cumulative Prior Year
		FY 2022/23	FY 2021/22		
		KShs	KShs	KShs	KShs
Purchase of buildings	-	-	-	-	-
Construction of buildings	577,314,394	577,314,394	200,051,988	1,294,772,711	717,458,317
Construction of civil works	-	-	496,939,780	708,109,606	708,109,606
Water and sewerage	-	-	371,859,632	987,107,136	987,107,136
Purchase of vehicles & other transport equipment	-	-	-	127,203,001	127,203,001
Purchase of office furniture & general equipment	397,752	397,752	3,009,055	14,295,101	13,897,349
Purchase of computers, printers and other IT equipment	-	-	-	18,721,220	18,721,220
Purchase of specialized plant, equipment and machinery	146,942,095	146,942,095	-	146,942,095	-
Purchase of certified seeds, breeding stock and live animals	90,980,333	90,980,333	24,674,947	171,871,902	80,891,569
Purchase of Medical and Dental Equipment	-	-	10,950,000	19,171,411	19,171,411
Rehabilitation of civil works	699,921,169	699,921,169		699,921,169	-
Total	<u>1,515,555,743</u>	<u>1,515,555,743</u>	<u>1,107,485,402</u>	<u>4,188,115,352</u>	<u>2,672,559,609</u>

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2023****Notes to the Financial Statements (Continued)****6. Cash And Cash equivalents**

CASH AND CASH EQUIVALENTS C/FWD	FY 2022/23	FY 2021/22
	KShs	KShs
Bank accounts (Note 7A)	<u>455,144,191</u>	64,406,892
Outstanding imprests and advances	-	-
Total	<u>455,144,191</u>	<u>64,406,892</u>

The Project 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	FY 2022/23	FY 2021/22
Local Currency Accounts	Kshs	Kshs
Central Bank of Kenya [A/c No 1000462264] Credit	268,772,478	3,823,618
Central Bank of Kenya [A/c No 1000462299] Grant	7,226,438	7,226,438
Turkana KCB [A/c No 1238459889] Credit	2,006,205	4,182,246
Turkana KCB [A/c No 1273370635] Grant	12,689	12,689
Garissa KCB [A/c No 1238357954] Credit	166,635,740	44,908,816
Garissa KCB [A/c No 11273325494] Grant	1,868,149	1,868,149
Wajir KCB [A/c No 11240386540] Credit	8,622,492	2,384,936
Wajir KCB [A/c No 1273358651] Grant	0	0
Total local currency balances	<u>455,144,191</u>	<u>64,406,892</u>
Total bank account balances	<u>455,144,191</u>	<u>64,406,892</u>

SUB PROJECTS AND COMMUNITY GROUPS BANK ACCOUNTS

Sub Projects Bank Accounts	-	1,394,481,198.23
Community Groups Bank Accounts	-	66,129,884.77
Sub-Total	-	1,460,611,083
TOTAL		<u>1,525,017,975</u>

Notes to the Financial Statements (Continued)

The Amount of KShs, **1,525,017,975** above was wrongly recognized as surplus in the statement of Receipts and payments and in Note 7.A Bank Accounts of financial statements FY 2021-2022 which were reconciling items in the bank reconciliation report for Wajir, Garissa and Turkana which had not cleared off to the beneficiary's bank Accounts as at 30th June 2022. This have been Restated in the subsequent financial 2022-2023 and reflects the Actual Bank Accounts balances of 64,406,892 for FY 2021-2022.

See Note 7. A bank Accounts FY 2022-2023 Financial statements.

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2023****Special Deposit Accounts**

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

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

Special Deposit Accounts Movement Schedule

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
(i) Kenya Development Response to Displacement Impacts Project Grant [A/c No: 1000411384]		
Opening balance	20,779,958.57	142,927,810
Total amount deposited in the account	-	20,779,958.57
Total amount withdrawn (as per Statement of Receipts & Payments)	=	142,927,810
Closing balance (as per SDA bank account reconciliation attached)	<u>20,779,958.57</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	129,693,888
Total amount deposited in the account	2,761,653,398	3,273,750,960
Total amount withdrawn (as per Statement of Receipts & Payments)	(2,761,611,609)	(3,403,403,059)
Closing balance (as per SDA bank account reconciliation attached)	=	<u>41,789.00</u>

(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix Annex 6 (iv) support these closing balance).

KDRDIP Project

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

Notes to the Financial Statements (Continued)

8. Fund Balance Brought Forward

FUND BALANCE B/FWD	FY 2022/23	FY 2021/22
	KShs	KShs
Bank accounts	64,406,892	145,125,454
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	64,406,892	145,125,454

9. Prior Year adjustment

PRIOR YEAR ADJUSTMENT	FY 2022/23	FY 2021/22
	KShs	KShs
Bank accounts	-	-102,509,304
Cash in hand	-	-
Cash equivalents (short-term deposits)	1,460,611,083	-
Receivables - Outstanding Imprest	-	-
Total	1,460,611,083	-102,509,304

The prior year adjustment related to Unutilised Sub-project and community groups bank balances which were not disclosed as cash and cash equivalent held in Wajir, Garissa and Turkana County Coordinators bank account as at Jun 30th 2021 which was reinstated and fully expended in the subsequent financial year 2021/2022.

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2023****Other Important Disclosures****1. External Assistance****a). External assistance relating loans and grants**

	FY 2022-2023	FY 2021-2022
Description	Kshs	Kshs
External assistance received as loans	2,761,611,609	3,403,403,059
External assistance received as grants	-	142,927,810
Total	2,761,611,609	3,546,330,869

(Total here to tie to line 2 of note 4)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY2022-2023	FY 2021-2022
Description		Kshs	Kshs
Undrawn external assistance - loans	Funding of community groups and sub-projects in Garissa, Wajir and Turkana Counties as per the approved budget and work plan FY 2023-2024.	2,300,000,000	2,100,000,000
Undrawn external assistance - grants	To address gaps under component one which arose as a result of increased cost of materials and management monitoring, evaluation and knowledge sharing as per the approved budget and work plan FY 2023-2024.	520,000,000	20,000,000
Total		2,820,000,000	2,120,000,000

c) Classes of providers of external assistance

	FY 2022-2023	FY 2021-2022
Description	Kshs	Kshs
International assistance organization	2,761,611,609	3,403,403,059
Total	2,761,611,609	3,403,403,059

KDRDIP Project

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

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.145125454 and 1,357,901,780 recognized miscellaneous receipts in the statement of Comparative budget.	Not resolved	Awaiting examination of public Accounts committee
2.	Compensation of Employees	There various were raised and explanations presented.	Not resolved	Awaiting Examination of public accounts committee
Other Matters				
	Budgetary control and Performance under absorption	This was due to a prior year adjustment	Not resolved	Awaiting Examination of public accounts
	Lack of Approved Information Communication Technology policy	The project uses existing government structures.	Not resolved	Awaiting Examination of public accounts
	Lack of monitoring and evaluation of the community groups	There always been monitoring and Evaluation team to assist in the project implementation process.	Not resolved	Awaiting Examination of public accounts



.....
Name
Principal Secretary



.....
Name
Project Manager

W.A. OMARU

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2023****Annex 2: Variance explanations - Comparative Budget and Actual amounts for 2023**

Comparative Budget and Actual amounts	Final Budget	Actual on Comparable Basis	Utilization Variance	% of Utilization	Comments on Variance
	c=a+b	d	e=c-d	f=d/c %	
RECEIPTS					
Balance B/d	64,406,892	64,406,892	-		
Proceeds from Domestic and Foreign Grants	361,000,000	-	361,000,000	0%	Delayed approval of Supplementary II Budget
Loan from External Development Partners	4,080,611,083	2,761,611,609	1,318,999,474	68%	Gain on exchange rate
TOTAL RECEIPTS	4,506,017,975	2,826,018,501	1,679,999,474	63%	The variance is a Prior Adjustments
PAYMENTS					
Compensation of employees	623,354,798	612,008,269	11,346,529	98%	The variance is a Prior Adjustments
Use of goods and services	2,145,678,125	1,703,921,381	441,756,744	79%	The variance is a Prior Adjustments
Acquisition of Non-financial Assets	1,736,985,052	1,515,555,743	221,429,309	87%	The variance is a Prior Adjustments
TOTAL PAYMENTS	4,506,017,975	3,831,485,393	674,532,582	85%	

KDRDIP Project

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

Annex 3: Reconciliation of inter-entity transfers

Project Name:		Kenya Development Response to Displacement Impacts Project	
Breakdown of transfers from the State Department for ASALs and Regional Development			
A. Direct payments			
	Bank Statement Date	Amount (Kshs)	FY 2022-2023
	11.09.2022	275,324,656.07	2022-2023
	07.12.2022	978,782,252.29	2022-2023
	13.02.2023	478,168,139.38	2022-2023
	22.03.2023	141,714,027.70	2022-2023
	02.06.2023	679,321,358.90	2022-2023
	29.06.2023	67,634,082.00	2022-2023
	30.06.2023	140,667,092.75	2022-2023
	Total	2,761,611,609.09	
	Total Receipts	2,761,611,609.09	

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department for ASALs and Regional Development.

W.A. OMARI
Project Manager

Sign 

Head of Accounting Unit

Sign 

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2023****Annex 4: Summary of Fixed Assets Register**

Asset class		*Purchases/Additions in the Year	**Disposals in the Year	
	Opening Cost	(KShs)	(KShs)	Closing Cost
	(KShs)	2022/23	2022/23	(KShs)
	2022/23			2022/23
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Construction of buildings	717,458,317	577,314,394		1,472,087,148
Other Infrastructure and civil works	708,109,606	699,921,169		1,408,030,775
Water and sewerage	987,107,136			987,107,136
Transport equipment	127,203,001			127,203,001
Office equipment, furniture and fittings	13,897,349	397,752		14,295,101
ICT Equipment, Software and Other ICT Assets	18,721,220			18,721,220
Purchase of certified seeds, breeding stock and live animals	80,891,569	90,980,333		171,871,902
Other Machinery and Equipment	19,171,411	146,942,095		166,113,506
Total	2,672,559,609	1,515,555,743	-	4,365,429,789

KDRDIP Project**Annual Report and Financial Statements for the financial year ended June 30, 2023****Annex 5: Contingent Liabilities Register**

	Nature of contingent liability	Remarks
	Accident along Eldoret- Webuye road Involving M/V Reg.No. GKB 696 U, Toyota Land Cruiser and a pedestrian on 18th June 2020.	Judgment entered on 18th August, 2022 in favor a decretal amount of Kshs. 1,029,600. Paid. KShs. 1,000,000 Balance KShs. 29,600
1	Alleged intended Change of official and or deregistration of Barsaben Bohol Community Management Committee by the Defendants	Parties recorded consent marking the matter settled and finalized
2	Alleged intended Change of official and or deregistration of Barsaben Bohol Community Management Committee by the Defendants	Matter came up for mention on 11 th May, 2023. Matter awaiting Judgment
3	Alleged irregularly constitution of Community Project Committees and compilation of a list of beneficiaries for the livelihood Programme without the participation of the respective villages in Fafi Sub-County.	The Matter came up for hearing on 21st June, 2023. The Court issued a mention date of 19th July, 2023 for further directions. Matter came up for hearing on 31st July 2023 and was stood over to 19th September 2023 for hearing.
4	Alleged irregularly constitution of Community Project Committees and compilation of a list of beneficiaries for the livelihood Programmes without the participation of the respective villages in Lagdera Sub-County	The Matter came up for hearing on 21st June, 2023 The Court issued a further hearing date of 14th July, 2023. Parties recorded consent marking the matter settled and finalized on 31.07.2023
5	Non-compliance of procurement procedures in the tendering process of the construction of a Pediatric Ward at Habaswein Sub-County Hospital	The matter came up for Inter-parties hearing on 4th July, 2023 at Garissa HC. A further hearing date of 18th July, 2023 was issued for the hearing of the Preliminary Objection filed by the County Government of Wajir. Further hearing date set for 20th September, 2023.
6	Alleged processing of payment vouchers and disbursement of funds into the bank accounts of an illegally registered (double registration) CPMC for the upgrading of Garasweino Dispensary.	The Order of the court issued on 7th July, 2023, slated 31st July, 2023 for inter-parties hearing. Matter stood over to 18 th September 2023 for hearing

KDRDIP Project

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Annex 6: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2023
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS Comparison Trial Balance