

REPUBLIC OF KENYA



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**REPORT**

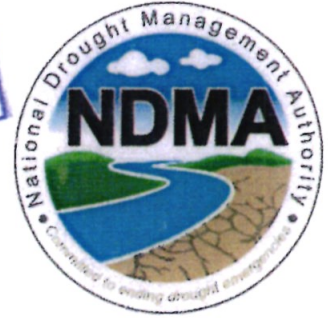
**OF**

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL DROUGHT MANAGEMENT  
AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2025**



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**National Drought Management Authority (NDMA)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2025**

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

National Drought Management Authority  
Annual Report and Financial Statements for year ended June 30, 2025

<b>Table of Contents.....</b>	<b>Page</b>
1. Acronyms and Definition of Key Terms .....	ii
2. Key Entity Information and Management.....	iii
3. The Board of Directors.....	ix
4. Key Management Team .....	xii
5. Chairman's Statement .....	xvi
6. Report of the Chief Executive Officer .....	xviii
7. Statement of Performance against Predetermined Objectives for FY 2024/2025- I .....	xix
8. Corporate Governance Statement .....	xxvii
9. Management Discussion and Analysis .....	xxxii
10. Environmental and Sustainability Reporting .....	xxxiv
<b>11. Report of the Directors .....</b>	<b>xxxvii</b>
12. Statement of Directors Responsibilities.....	xxxviii
13. Report of the Independent Auditor for the Financial Statements of National Drought Management Authority .....	xl
14. Statement of Financial Performance for the year ended 30 June 2025 .....	1
15. Statement of Financial Position as at 30 June 2025.....	2
16. Statement of Changes in Net Assets for the year ended 30 June 2025 .....	3
17. Statement of Cash Flows for the year ended 30 June 2025 .....	4
19. Notes to the Financial Statements .....	12
20. Appendices .....	45

**I. Acronyms and Definition of Key Terms**

CEO	Chief Executive Officer
COG	Council of Governors
DCADR	Dryland Climate Action for Community Drought Resilience
EDE	Ending Drought Emergencies
EDPRCWI	Enhancing Drought Preparedness & Response Capacity for Water Intervention
EU	European Union
EWS	Early Warning system
GCF	Green Climate Fund
HSNP	Hunger Safety-net Programme
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
IUCN	International Union for Conservation of Nature
KCEP- CRAL	Kenya Cereals Enhancement Programme-Climate Resilient Agricultural Livelihoods
KSEIP	Kenya Social Economic Inclusion Programme
NDEF	National Drought Emergency Fund
NDMA	National Drought Management Authority
NT	National Treasury
OAG	Office of the Auditor General
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SDRM	Support to Drought Risk Management
SC	State Corporations
TWENDE	Towards Ending Drought Emergencies
UNDP	United Nation Development Programme
WFP	World Food Programme
HSNP	Hunger Safety Net programme

**B: Definition of Key Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organization.

**Comparative Year-** Means the prior period.

## **2. Key Entity Information and Management**

### **(a) Background information**

The National Drought Management Authority was established under the National Drought Management Authority (NDMA) Act on 7th April 2016. The Entity is domiciled in Kenya and has branches in 23 Counties, namely: Baringo; Garissa; Isiolo; Mandera; Marsabit; Samburu; Tana River; Turkana; Wajir; Embu (Mbeere); Kajiado; Kilifi; Kitui; Kwale; Laikipia; Lamu; Makueni; Meru (North); Narok; Nyeri (Kieni); Taita Taveta; Tharaka Nithi; and West Pokot. In addition, the Authority has satellite offices in Ijara, Mwingi and Moyale.

### **(b) Principal Activities**

#### **Core Functions**

The functions of the Authority as per the NDMA Act 2016 are as follows:

- a) Exercise overall coordination over all matters relating to drought management including implementation of policies and programmes relating to drought management.
- b) Coordinate drought response initiatives being undertaken by other bodies, institutions and agencies.
- c) Promote the integration of drought response efforts into development policies, plans, programmes and projects in order to ensure the proper management of drought.
- d) Develop, in consultation with stakeholders, an efficient drought early warning system and operate the system.
- e) Facilitate national and county level drought contingency processes and the preparation of national and county level drought contingency plans.
- f) Establish and review, in consultation with stakeholders and relevant institutions and agencies, drought preparedness strategies.
- g) Identify, design and implement projects and programmes that shall strengthen resilience to drought and climate change.
- h) Publish and disseminate manuals, codes or guidelines relating to drought management and prevention or abatement of the extreme effects of drought on human, plant and animal life.
- i) Conduct research on drought management and generate, consolidate and disseminate drought management information.
- j) Render advice and technical support to persons, bodies or institutions engaged in drought management so as to enable them to carry out their responsibilities effectively.
- k) Coordinate with the national government where a drought situation requires the declaration of a national or international disaster.
- l) Coordinate the design and implementation of the country's regional and international commitments pertaining to drought management.
- m) Prepare and issue an annual report on the state of drought management in Kenya.
- n) Perform such other functions as are incidental or conducive to the exercise, by the Authority, of any or all of the functions provided for under this Act.

## **Mandate, Vision and Mission**

- Mandate:** To exercise overall coordination over all matters relating to drought risk management and to establish mechanisms, either on its own or with stakeholders, that will end drought emergencies in Kenya.
- Vision:** A nation resilient to drought and related climate shocks
- Mission:** To lead and coordinate drought risk management and climate change adaptation towards achieving resilient communities in Kenya.

### **Strategic Objectives**

The NDMA 2023 to 2027 Strategic Plan seeks to enhance drought resilience and climate change adaptation.

To realize this goal, the Authority is pursuing the following seven strategic objectives:

- i. To strengthen community preparedness and resilience to drought and climate change risks
- ii. To provide reliable drought information for action.
- iii. To mitigate drought impact on vulnerable communities and support recovery.
- iv. To enhance resource base for DRM/CCA.
- v. To strengthen planning and knowledge management.
- vi. To strengthen coordination and support policy development in DRM/CCA.
- vii. To strengthen the capacity of NDMA for improved service delivery.

## Key Management

The NDMA's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Chairperson	Shallow Abdullahi
2.	Independent Member	Gilbert Tenai Bor
3.	Independent Member	Koome Kiragu
4.	Independent Member	Leah Sambai
5.	Independent Member	Mary Lonyangapuo, PhD
6.	Member Representing National Treasury	Rael Limolel
7.	Member Representing PS-Asals	Maria Cherono
8.	Representing the CoG	Robert Kiteme
9.	Chief Executive Officer	Hared H. Adan Lt. Col (Rtd)
10.	Director Planning, Monitoring and Evaluation	Stella Kiptoo
11.	Director Corporate Services	Hashim Adan Ali
12.	Deputy Director Finance	Yussuf Roba Bagaja
13.	Head of Supply Chain Management	Hussein Adan Bilala
14.	Head of Human resource & Admin	Monica Ruto
15.	Head of Drought Resilience	Eng. Hussein Jirma
16.	Head of Drought Response	Amos Nyakeyo
17.	Head of ICT	George Kimunguyi
18.	Deputy Director Planning, Monitoring and Evaluation	Paul Obunde
19.	Ag. Deputy Director Information	Nelson Mutanda
20.	Head of Internal Audit	Martin Kiveu

### (c) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Hared H. Adan Lt. Col (Rtd)
3.	Director Corporate Services	Hashim Adan Ali
4.	Deputy Director Finance	Yussuf Roba Bagaja
5.	Deputy Director Supply Chain Management	Hussein Adan Bilala
6.	Deputy Director Internal Audit	Martin Kiveu

#### **(d) Fiduciary Oversight Arrangements**

##### **Audit and Risk Committee**

This committee ensures that the Authority has sound financial management strategies, policies and systems that promote accountability, prudent use of resources and compliance with statutory and all regulatory requirements.

The committee has the following duties and responsibilities, as well as any other duties and responsibilities it deems appropriate to carry out its purposes or as directed by the Board:

- (i) Advise the CEO and the Board on financial management approaches that enhance internal controls to improve efficiency, transparency and accountability.
- (ii) Review major audit issues raised by both internal and external auditors.
- (iii) Periodic reviews of the adequacy of management procedures with regard to issues relating to risk management, control and governance.

Review special audits/investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency brought to the committee's attention by management and present to the Board for discussion and direction.

##### **Finance Committee**

This handled by Finance and Human Resource Committee of the Board. The Committee ensures that the Authority has sound financial management strategies, policies and systems that promote accountability, prudent use of resources and compliance with statutory and all regulatory requirements.

The committee has the following duties and responsibilities as directed by the Board:

- (i) Review the Authority's annual work plans and associated budgets prepared by management and submit them to the Board for approval.
- (ii) Ensure that the allocation of resources is aligned to the priority areas identified within the Strategic Plan.
- (iii) Review quarterly financial reports submitted by management and submit the same to the Board for discussion and adoption.
- (iv) Provide general direction in the Authority's budgeting matters.
- (v) Advise the CEO and the Board on financial management approaches that enhance internal controls to improve efficiency, transparency and accountability.
- (vi) Review major audit issues raised by both internal and external auditors.
- (vii) Periodic review of the adequacy of management procedures with regard to risk management control and governance issues.
- (viii) Review special audits/investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency brought to the committee's attention by management and present to the Board for discussion and direction.

##### **Parliamentary Oversight Committees**

The authority oversight committee is the Public Accounts Committee, Public Investment Committee and Departmental Committee on Regional Development. The Authority appeared before Departmental Committee on Regional Development on 24 February 2025 to consider the 2025/2026

budget policy statement and 4 November 2024 to respond to statement raised by a member of parliament.

**(e) Entity Headquarters**

National Drought Management Authority  
P.O. Box 53547, 00200  
Lonrho House  
Standard Street  
Nairobi, Kenya

**(f) Entity Contacts**

Telephone: (254) 722 200656  
E-mail: [info@ndma.go.ke](mailto:info@ndma.go.ke)  
Website: [www.ndma.go.ke](http://www.ndma.go.ke)

**(g) Entity Bankers**

1. Kenya Commercial Bank  
KICC Branch  
P.O. Box 30081-00100  
Nairobi, Kenya
2. Cooperative Bank  
Siakago Branch  
Nairobi, Kenya
3. Equity Bank  
Parliament Road  
Embassy House, Harambee Avenue  
Nairobi, Kenya
4. National Bank of Kenya  
Kenyatta avenue Branch  
Po box 72866-00200




**(h) Independent Auditor**

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




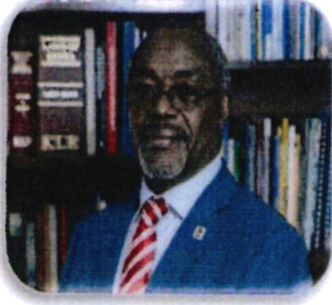
**(i) Principal Legal Adviser**

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



### 3. The Board of Directors

Ref	Directors	Details
1.	 <p>Shallow Abdullahi Yahya</p>	<p>Chairperson to the Board</p> <p>Born on January 1st, 1976</p> <p>Bachelor's Degree in Business Administration (Finance Option)</p> <p>Has served as Board Member of Kenya Bureau of Standards' National Standards Council, Chief Executive Officer of Qaana Contractors Limited, Senior Management Consultant at Afrisurge Research &amp; Consultant Firm and a Finance Manager at Aldef Kenya. He has also worked as the Audit Task Manager for European Union, Kenya Office</p> <p>Appointed on 15th December 2023</p>
2.	 <p>Gilbert Tenai Bor</p>	<p>Independent Member</p> <p>Born on 30th May, 1979</p> <p>MBA (Corporate Management)</p> <p>Bachelor of Commerce</p> <p>Diploma in Public Administration</p> <p>Diploma in Sales and Marketing</p> <p>Appointed on 9th June, 2023 via gazette Notice No. 7505</p>
3.	 <p>Maria Cherono</p>	<p>Alternate for The Principal Secretary State Department for the ASALs &amp; Regional Development</p> <p>Born on 30th May, 1976</p> <p>Bachelor of Commerce</p> <p>Appointed on 31st October 2023</p>



National Drought Management Authority  
Annual Report and Financial Statements for year ended June 30, 2025

Ref	Directors	Details
4.	 Leah J. Sambai	Independent Member Born on 26 <sup>th</sup> June, 1961 Bachelors in Education Appointed on 24 <sup>th</sup> November, 2023
5.	 Robert Kiteme	Board Member - representing the Council of Governors Born on 1988 BSc. in Agriculture (Agricultural Economics Major) Chairperson - Audit & Risk Management Committee 6 years Council of Governors employee Appointed on July 31, 2017
6.	 Mary Lonyangapuo, PhD	Independent Member Born on 1968 PhD Department of literature, Linguistics and languages Master's Linguistics Senior Lecturer 12 years Appointed on June 03 2022
7	 Koome Kiragu	Independent Member Born on 24 <sup>th</sup> November, 1955 Bachelor of Science (Agriculture) Appointed on 3 <sup>rd</sup> June, 2022





National Drought Management Authority  
Annual Report and Financial Statements for year ended June 30, 2025





Ref	Directors	Details
8	 <p data-bbox="231 828 383 862">Rael Limolel</p>	<p data-bbox="678 347 1444 392">Member representing the Principal Secretary National Treasury</p> <p data-bbox="678 414 1005 459">Date of Birth: 13 sept 1978</p> <p data-bbox="678 481 1236 526">Certified Public Accountant of Kenya (CPA.K)</p> <p data-bbox="678 548 1380 593">MBA in Finance from Catholic University of Eastern Africa</p> <p data-bbox="678 616 1348 660">Bachelors of Business Management from Moi University</p> <p data-bbox="678 683 1061 728">Appointed on 26<sup>th</sup> August, 2024</p>
9.	 <p data-bbox="223 1276 574 1310">Hared H. Adan Lt. Col (Rtd)</p>	<p data-bbox="678 884 1292 929">Chief Executive Officer and Secretary to the Board</p> <p data-bbox="678 940 941 985">Born on January 1966</p> <p data-bbox="678 996 1220 1041">Masters' Degree in Strategic Security Studies</p> <p data-bbox="678 1052 1332 1097">Masters' Degree in International Conflict Management</p> <p data-bbox="678 1108 1212 1153">Masters' Degree in Military Arts and Science</p> <p data-bbox="678 1164 1204 1209">Bachelor of Arts Degree in Political Science</p> <p data-bbox="678 1220 1061 1265">Appointed on February 14 2022</p>

**4. Key Management Team**

Ref	Management	Details
1.	 <p>Hared H. Adan Lt. Col (Rtd)</p>	<p>Chief Executive Officer and Secretary to the Board            Masters' Degree in Strategic Security Studies            Masters' Degree in International Conflict Management            Masters' Degree in Military Arts and Science            Bachelor of Arts Degree in Political Science</p>
2.	 <p>Stella Kiptoo</p>	<p>Director, Planning Monitoring &amp; Evaluation            Bachelor of Arts and social Science            Master's in Business Administration            Master of Arts in Economics</p>
3.	 <p>Hashim Ali</p>	<p>Director, Corporate Services            MBA, Strategic Management            Certified Public Accountant MNo. 2980            Certified Internal Auditor            Certifies Information Systems Auditor (CISA)            Certified Data Privacy Solution Engineer</p>

National Drought Management Authority  
Annual Report and Financial Statements for year ended June 30, 2025

4.	 Yussuf Bagaja	Deputy Director, Finance and Accounts MBA Finance Option Bachelor of Commerce Certified Public Accountant MNo. 8335
5.	 Paul Obunde	Deputy Director, Planning, Monitoring and Evaluation MSc Environmental Economics & Environmental Management Post Graduate Diploma Environmental Economics & Environmental Management, BA Economics
6.	 Hussein Bilala	Deputy Director, Supply Chain MSc Supply Chain & Logistics BSc Business Administration Advanced Diploma - CIPS
7.	 Martin Kiveu	Deputy Director, Internal Audit BSc International Business Administration Certified Public Accountant MNo.4221

8.	 <p>Eng. Hussein Jirma</p>	<p>Deputy Director, Drought Resilience MSc Water and Environmental Management BSc Civil Engineering</p>
9.	 <p>George Kimunguyi</p>	<p>Deputy Director, ICT MSc Information Technology BSc Applied Statistics Cisco Certified Certified Information Systems Auditor (CISA) Certified Data Privacy Solution Engineer</p>
10.	 <p>CHRP (K) Monicah Ruto</p>	<p>Deputy Director, Human Resource &amp; Administration Master of Business Administration-HRM Bachelor of Business Administration-HRM Higher Diploma in Business Management-HRM Diploma in Business Administration Certified Human Resource Professional Member of IHRM</p>
11.	 <p>Amos Omar Nyakeyo</p>	<p>Deputy Director Drought Contingency Planning and Response Msc. Horticulture BSC. Horticulture Diploma in Horticulture Certificate in General Agriculture</p>

National Drought Management Authority  
Annual Report and Financial Statements for year ended June 30, 2025

12.	 Nelson Mutanda	Ag, Deputy Director Information Masters in Development Studies (MKU) Degree in Computing (UNISA) Degree in Economics and Statistics (UoN)
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## 5. Chairman's Statement



On behalf of the Board of Directors of the National Drought Management Authority (NDMA), I am delighted to present the Annual Report and Financial Statements for the financial year ending 30th June 2025. This report highlights the Authority's progress in delivering its mandate of coordinating drought risk management and building the resilience of communities in Kenya's Arid and Semi-Arid Lands (ASALs).

The 2024/2025 financial year was marked by improved climatic conditions across many ASAL counties, with the March–May and October–December 2024 rainfall seasons performing above average. These favorable conditions significantly improved water availability, pasture regeneration and crop productivity, leading to enhanced food security in most regions. As a result, all 23 ASAL counties were classified under the “Normal” drought phase by June 2025 a significant improvement compared to previous years.

The Board remained steadfast in providing strategic oversight, ensuring that NDMA's operations aligned with national priorities and adhered to the highest standards of governance. One of the most notable outcomes of the year was the substantial reduction in the number of people requiring humanitarian assistance, from 4.3 million the previous year to approximately 2.15 million by February 2025. This was largely attributed to improved rainfall, coupled with timely and well-coordinated interventions guided by NDMA's

early warning systems and food security assessments.

During the year, the Board oversaw the implementation of key drought resilience projects under the Dryland Climate Action for Community Drought Resilience (DCADR), the National Drought Emergency Fund (NDEF) and the Towards Ending Drought Emergencies (TWEENDE) initiative. Notable interventions included the expansion of the Masalani Water Pipeline in Garissa, the Kandebene Dairy Goat Project in Meru and several other projects aimed at improving water access, supporting livestock productivity and enhancing livelihood diversification.

In terms of financing, NDMA successfully mobilized Kshs. 6.82 billion from the National Treasury and development partners. This included Kshs. 1.2 billion disbursed through the Hunger Safety Net Programme (HSNP) to support 133,800 vulnerable households. Additional funding of Kshs. 858.5 million supported DCADR implementation, Kshs. 425 million was allocated to the TWEENDE project and Kshs. 151 million to the Kenya Social and Economic Inclusion Project (KSEIP). Internally, the Authority generated Kshs. 12.7 million through asset disposal, premiums from banks and rental income.

The Board also placed strong emphasis on environmental sustainability. Through projects incorporating green energy solutions such as solarized boreholes and water systems and through ongoing tree-growing presidential directive 286,000 trees planted during the year we sought to reduce the environmental footprint of our interventions while building long-term resilience.

We are also encouraged by the progress made toward operationalizing the Ending Drought Emergencies Common Programming Framework II (CPF II), which was validated and is now awaiting Cabinet approval. Early alignment by various sectors to the framework is already underway.

Despite these achievements, challenges persisted. Delays in fund disbursement,

NATIONAL DROUGHT MANAGEMENT AUTHORITY  
Annual Report and Financial Statements  
For year ended June 30, 2025

logistical hurdles during periods of flooding and difficulties in accessing some remote areas affected implementation timelines. Nevertheless, the Authority remained focused and responsive, ensuring that core activities were delivered effectively.

In conclusion, I extend my sincere appreciation to the Government of Kenya, our development partners, NDMA management and staff and the communities we serve. The progress made this year is a testament to strong partnerships, visionary leadership and collective commitment to building a drought-resilient Kenya.



**Shallow Yahya**  
**Chairperson to the Board**

## 6. Report of the Chief Executive Officer



The 2024/2025 financial year marked a significant phase of transformation for the Authority, characterized by the consolidation of key milestones under the 2023–2027 Strategic Plan, with a strategic focus on resilience building, enhancing early warning systems, building institutional capacity and improving coordination in drought response.

A key achievement during the reporting period was the enhancement of our drought early warning systems. NDMA expanded its monitoring framework to include 4,620 households across 154 sentinel sites in ASAL counties. By integrating new indicators such as Machine learning, Vegetation Condition Index (VCI) and livelihood coping mechanisms, the Authority was able to produce 288 monthly early warning bulletins 276 at the county level and 12 national summaries. These outputs enabled timely action by national and county governments, contributing to improved response planning and risk mitigation.

valuable insights into the effectiveness of our interventions and ensured accountability in implementation.

The Authority mobilized a total of Kshs. 6.82 billion during the year, including Kshs. 3.43 billion from government and donor sources for project implementation and Kshs. 738 million for recurrent operations. Internal resource mobilization generated Kshs. 12.7 million. We also engaged 44 strategic partners, including key private sector players such as Safaricom Foundation, KEPSA, KCB and Cooperative Bank.

As a result of favorable weather patterns and early action, all ASAL counties were in the "Normal" drought phase by May 2025. This, along with targeted interventions, led to a significant reduction in the food-insecure population from 4.3 million to 2.15 million within the year.

The Authority also implemented a range of drought resilience initiatives under programs such as DCADR, NDEF and TWENDE. These included the rehabilitation of water pans and boreholes, pipeline extensions and livelihood diversification projects such as beekeeping, goat dairy production and small-scale irrigation. In total, 11 macro projects and 31 micro-projects were implemented, directly benefiting thousands of households.

Under the Hunger Safety Net Programme (HSNP), NDMA disbursed over Kshs. 1.206 billion to 133,800 vulnerable households across eight ASAL counties. These timely cash transfers not only enhanced food security but also supported local economies and protected household assets during the lean seasons.

On the institutional front, the Authority strengthened its internal systems and human resource capacity. We supported over 560 staff in attending targeted training programs and launched a new planning module within our Knowledge Management Information System (KMIS) to streamline county and headquarters work plans. Monitoring missions conducted in 14 counties provided

Looking ahead, NDMA is committed to scaling up its impact through deeper stakeholder collaboration, stronger data systems and improved climate financing mechanisms.

I take this opportunity to thank the Board of Directors, NDMA staff, county governments, our development partners and most importantly, the communities we serve, for their continued support and collaboration.

A blue ink signature of Hared H. Adan Lt. Col (Rtd).

**Hared H. Adan Lt. Col (Rtd)**  
**Chief Executive Officer**

**7. Statement of Performance against Predetermined Objectives for FY 2024/2025**

NDMA has strategic pillars/themes/issues and objectives within the current Strategic Plan for the FY 2024/2025. These strategic Objectives are as follows:

**Strategic Objective 1:** To strengthen community preparedness and resilience to drought and climate change risks.

**Strategic Objective 2:** To provide reliable drought information for action.

**Strategic Objective 3:** To mitigate drought impact on vulnerable communities and support recovery.

**Strategic Objective 4:** To enhance resource base for DRM/CCA.

**Strategic Objective 5:** To strengthen planning and knowledge management.

**Strategic Objective 6:** To strengthen coordination and support policy development in DRM/CCA).

**Strategic Objective 7:** To strengthen the capacity of NDMA for improved service delivery.

NDMA develops its annual work plans based on the above seven (7) Strategic Objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The NDMA achieved its performance targets set for the FY 2024/25 period for its 7 strategic pillars, as indicated in the table below:

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

<b>Strategic Objective</b>	<b>Strategy</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Strategic Objective I: To strengthen community preparedness and resilience to drought and climate change risks.	I.1 Promote participatory planning approaches and innovations	Number of counties using digitized tools	Roll out of the digitized Resilience MIS	39 ToTs were trained and the Drought Resilience MIS system (DRIP) was rolled out.
		Number of officers and stakeholders	Sensitize County Officials (Directors, Technical officers and COs) and other actors on SHARED tool and scale out the SHARED tool by county stakeholders in the wards, counties and 3 landscapes in decision making	Validated the Resilience Dashboards in the three landscapes and with partners at the National level after ICRAF incorporated the comments.
		Number of plans	Support five ward administrator champions in development of climate adaptive ward development plan (DCARD) and conduct annual participatory review workshop on rangeland Management plans (TWEENDE)	Garissa in the Mid Tana Landscape formed and trained their grazing management committees. The annual participatory review workshop on rangeland Management plans was done at the 3 landscapes
	I.2 Invest in and coordinate Strategic preparedness, SP and CCA activities	No. of macro investments	Prepare investment proposals for 2025/26 FY and implement micro and macro investments for 2024/25 FY including those brought forward from 2023/24 FY	Contracts for 11 Projects funded under DCARD executed in May 2025: Evaluation for E-Marakwet to be repeated, Turkana project under DCADR to be done FY 2025/26. Contracts for 4 Projects funded under NDEF

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

				Contracts for 4 Projects funded under NDEF executed in May 2025.
		No. of micro investments		28 projects completed, 1 at 90% completion rate and 2 still under procurement.
Strategic Objective 2: To provide reliable drought information for action	2.1. Strengthen, manage and operate the national drought early warning system	No. of drought early warning bulletins produced and disseminated	Collect and analyze drought information and produce DEWS bulletins	288 reports produced as planned. (276 county and 12 national)
		No. of upgrades/reviews	Develop remote sensing application/upgrade EWS and co-design/validate dashboard indicators for TWENDE landscapes	The DEWS system was developed, it integrates the LHZ, EWS, Bulk SMS and Machine learning. UAT I was conducted in readiness for rollout
	2.2. Coordinate and participate in drought risk baseline reviews and food security assessments	No. of county food security assessment reports.	Conduct long rains and short rains food security assessments	48 reports produced-(46 with each county producing 2 reports and 2 national reports)
Strategic Objective 3: To mitigate drought impact on vulnerable communities and support recovery	3.1. Implement drought response preparatory actions	No. of wards CPs Developed/ Reviewed	Develop/review county/ward CPs in the 23 ASAL plus Machakos, Elgeyo Marakwet & Homa Bay counties.	23 wards achieved with NDMA/DCADR resources. A further 24 wards supported through local resource mobilization, as envisaged under DCADR project.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

		No. of county CPs reviewed		Support 15 ASAL counties to review and update their drought contingency plans by 30th June 2025
	3.2. Implement drought response preparatory actions	No. of county response plans	Consolidate national response plan for the mild drought envisaged in Q3 of FY 2024/2025	Implemented through stakeholders' engagements. Revised version
		No. of county inventories	Establish response capacity inventories	Implemented as part of the review and update of county drought CPs.
		MIS developed/ integrated with county level uptake	Develop/upgrade MIS system to enable automation in drought contingency plan, response plans and PSP processes and submission	Drought Response MIS system developed as a module of the DRIP system for both response and resilience. UAT I was done.
	3.4. Support drought response and recovery activities	No. of Counties supported on response activities	Implement sector response and recovery plans	Only the water sector responses were activated in Wajir, Mandera, Garissa., Marsabit and Kilifi during Q1 to Q3. Being mild drought in the affected ASAL counties, only water trucking had gaps that NDMA filled in.
Strategic Objective 4: To enhance resource base for DRM /CCA	4.1. Develop and implement a resource mobilization plan	Strategy	Review resource mobilization strategy	The board has approved the strategy for dissemination and implementation. There is need to develop an implementation matrix of the strategy.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

		Resources mobilized	Mobilize resources for DRM and CCA activities and internally	The Authority managed to collect 158.95 million from partners at county and national level.
	4.2. Build and strengthen partnerships	No. of partnership forums	Develop and implement a partnership engagement framework	The authority signed the following MoUs: (1). IMPACT Kenya (2). Kenya Diaspora Alliance (KDA) (3). Drylands Learning and Capacity Building Initiative - DLCI (4). Agency for Peace and Inclusive Development - APID (5). KEPSA Foundation
Strategic Objective 5: To strengthen coordination, planning and knowledge management	5.1. Strengthen evidence-based planning and decision making	Annual work and procurement plans	Develop operational plans	FY 2025/26 national workplan done and submitted to the board., including procurement plan.
		No. of missions	Conduct joint monitoring missions	Planning team conducted monitoring and evaluation missions across 14 counties, namely Kilifi, Kwale, Kitui, Tana River, Makueni, Mandera, Isiolo, Kajiado, Narok, Baringo, West Pokot, Samburu, Laikipia and Wajir.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

	5.2 Promote research and knowledge management	Up to date investment tracker	Roll out & Update the NDMA KMIS investment tracker (DRM investments module including EDE CPF II	Investment tracker updated on a regular basis.
Strategic Objective 6: To strengthen coordination and support policy development in DRM/CCA)	6.1. Development of appropriate legal and policy frameworks	Regulations	Initiate development of NDMA Act regulations (10% of the work to be completed)	The planning initial meetings were held between NDMA and legal team
		Reports	Implement cross-cutting issues under the performance contract for 2023/24 and submit annual report on national values & principles of governance, semi-annual report on tree planting and quarterly reports on road safety and mainstreaming, sensitization of suppliers on public procurement procedures, productivity, STI, asset management, trade and digitization	All quarterly and annual reports done and submitted.
	6.2 Mainstream DRM/CCA, SP in policy, planning and budgeting processes	No. of staff	Train staff on policy formulation, monitoring and reporting	47 staff were trained by KIPPRA in Naivasha
	6.3 Strengthen collaboration among DRM/CCA actors	No. of meetings	Support CSG coordination meetings in the 25 ASAL counties and hold coordination meetings for TWENDE)	402 County Steering Group (CSG) meetings, which served to validate monthly drought bulletins, review various assessment reports, monitor the evolving drought

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

				situation, share early warning information, enforce adherence to operational standards and gather feedback from partners.
Strategic Objective 7: To strengthen the capacity of NDMA for improved service delivery	7.1. Improve staff performance	No. of Reports	Develop and implement 2024-2025 performance contract	PC quarterly and annual Reports produced
		No. of staff recruited	Develop and implement 5-year Human Resource Plan- pay staff, recruit staff, provide medical cover and WIBA	6 CDCs, 1 AD HR and 2 Directors
	7.2. Promote good corporate governance	Governance audit report	Governance audit conducted	Governance audit conducted and report released on May 6th 2025 to management
		Legal audit report	Conduct legal Audit	Legal audit conducted and report released on May 6th 2025 to management
		No. of functional audits	Conduct Functional audit	Fuel audit done in Turkana. Routine audit done in Kajiado, Nyeri, Makeni, Kitui, Embu, Meru, Tharaka and Laikipia
		Board charter	Review the board charter	The board charter was reviewed in quarter 4

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

	7.3 Re-engineer business processes	Business Information System Platform agreements (KM, NDEF, DCF, DEWS, Livelihood Zone, Food Security Database, HSNP MIS, e-Board	Automate key processes (ERP, Audit system, TITAP and sustain contracts for TITAP, KMIS	Systems Developed (DEWS, NDEF, NDCF)
		No. of offices	Renew licenses, provide internet and email, maintain ICT infrastructure, acquire ICT equipment, provide ICT services	Internet contract active and service is being provided in all offices

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**8. Corporate Governance Statement**

The Authority's corporate governance is guided by the provisions of Mwongozo Code of Governance for State Corporations on transparency and disclosure. The Financial Year 2024/2025 annual report covers the following governance aspects in line with the Authority's mandate;

**i. Appointment of Board members, Process of appointment and removal of directors, The size, diversity and demographics of the Board, Existence of the board charter**

Under Regulation 8 of the PFM Regulations (2021), the Board of the National Drought Management Authority Oversight role of the established under section 18 (1) of the National Drought Management Board, established under the Authority Act, 2016.

**ii. Role of the Board of Directors**

The Board of Directors is responsible for the governance of the Authority to ensure compliance with the law and best practices and certifying them as confirmed in the presented financial statements. The Board is accountable to the Ministry of East African Community, The ASALs and Regional Development.

The Board ensures integrity and professionalism in the conduct of the business and operations of the Authority in line with international corporate standards. The Board's responsibilities are articulated in the Authority's Board Charter and the NDMA Act, 2016. These include:

- (i) Formulate policies to achieve its mandate.
- (ii) Provide strategic direction, leadership and oversight to the Secretariat.
- (iii) Undertake such activities as may be necessary for the discharge of its functions and the exercise of its powers.

**Board Committees**

The Authority has four Board committees namely;

- Technical and Strategy Committee
- Finance and Human Resources Committee
- Audit and Risk Management Committee

The Board committees consider management reports ahead of the Full Board meeting. This allows for in-depth consideration of issues to enable decision-making. After scrutiny, the specific committee presents its report and recommendations to the Full Board for consideration.

**Committee membership**

The following was the Board committee membership during the reporting period;

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

<p><b>1) Technical and Strategy committee</b></p> <ul style="list-style-type: none"><li>i. Mr. Koome Kiragu – Chairperson</li><li>ii. Ms. Leah Sambai – Member</li><li>iii. Mr. Robert Kiteme – Member</li><li>iv. Mr. Gibert Tenai – Member</li><li>v. Dr. Mary Lonyangapuo - Member</li></ul>
<p><b>2) Finance and Human Resource Committee</b></p> <ul style="list-style-type: none"><li>i. Mr. Gibert Tenai – Chairperson</li><li>ii. Mr. Koome Kiragu – Member</li><li>iii. Ms. Rael Limolel – Member</li><li>iv. Ms. Maria Cheronno – Member</li></ul>
<p><b>3) Audit and Risk Management</b></p> <ul style="list-style-type: none"><li>i. Dr. Mary Lonyangapuo - Chairperson</li><li>ii. Mr. Robert Kiteme - Member</li><li>iii. Ms. Leah Sambai – Member</li><li>iv. Ms. Rael Limolel – Member</li><li>v. Ms. Maria Cheronno – Member</li></ul>

The Board committees consider management reports ahead of NDMA Board meeting. This allows for in-depth consideration of issues to enable decision-making. After scrutiny, the specific committee presents its report and recommendations to the Full Board for consideration.

**Technical & Strategy Committee**

The committee handles all technical issues of the Authority including inter alia, strategic planning, work planning, budgeting, resource mobilization, programmes, projects and visibility. Its specific mandate includes advising the Board on the following:

- a) The overall performance of the Authority.
- b) Strategic documents guiding the work of the Authority, including its strategic plan, work plan, budget and performance contract.
- c) Identification, development and implementation of strategic initiatives, programmes and projects and resource mobilization.
- d) Technical issues concerning the drought status, including early warning information, food security assessments and response.
- e) Measures to enhance the visibility and accountability of the Authority.
- f) Periodic reviews to evaluate the progress and impact of the Authority.

**Finance & Human Resource Committee**

The Finance & Human Resource Committee ensures that the Authority has sound financial management strategies, policies and systems that promote accountability, prudent use of resources and compliance with statutory and all regulatory requirements. The committee has the following duties and responsibilities as directed by the Board:

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

- a) Review NDMA's annual work plans and associated budgets prepared by management and submit them to the Board for approval.
- b) Ensure that the allocation of resources is aligned to the priority areas identified within the Strategic Plan.
- c) Review quarterly financial reports submitted by management and submit the same to the Board for discussion and adoption.
- d) Provide general direction in the Authority budgeting matters.
- e) Advise the CEO and the Board on financial management approaches that enhance internal controls to improve efficiency, transparency and accountability.
- f) Review major audit issues raised by both internal and external auditors.
- g) Periodic review of the adequacy of management procedures with regard to risk management control and governance issues.
- h) Review special audits/ investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency brought to the committee's attention by management and present to the Board for discussion and direction.

This committee ensures that the Authority has sound human resource strategies that enable it to attract, develop, motivate and retain the right calibre of staff. The committee has the following duties and responsibilities as directed by the Board:

- a) Periodic review and advice to the main Board on appropriate human resource strategies, policies and procedures.
- b) Advise the Board and guide the process on staff recruitment, manpower planning and related budgets.
- c) Advise the Board on any reviews required to enhance the effectiveness of manpower development and staff training.
- d) Advise the Board on reviews which may be necessary to make the organizational structure, appraisal system, grading system and salary structures more relevant and effective.
- e) Review proposals and advice the Board on staff benefit schemes including medical, retirement benefits and insurance schemes, among others.

**Audit and Risk Management Committee**

The committee ensures that the Authority has sound financial management strategies, policies and systems that promote accountability, prudent use of resources and compliance with statutory and all regulatory requirements. The committee has the following duties and responsibilities, as well as any other duties and responsibilities it deems appropriate to carry out its purposes or as directed by the Board:

- (a) Advise the CEO and the Board on financial management approaches that enhance internal controls to improve efficiency, transparency and accountability.
- (b) Review major audit issues raised by both internal and external auditors.
- (c) Periodic reviews of the adequacy of management procedures with regard to issues relating to risk management, control and governance.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

(d) Review special audits/investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency brought to the committee's attention by management and present to the Board for discussion and direction.

**iii. Induction, training and development**

These are conducted as provided for the Board established under section 11 of the National Drought Management Authority Act, 2016.

**iv. Board and members' performance**

The board performance is evaluated as provided for the Board established under section 11 of the National Drought Management Authority Act, 2016.

**v. Number of Board meetings held and the attendance to those meetings by members**

**Board Meetings**

The Board and its committees met as follows during the period under review;

<b>Committee/Board</b>	<b>No. of meetings</b>
1. Technical and Strategy Committee	4
2. Finance and Human Resources Committee	5
3. Audit and Risk Management Committee	4
4. Full Board	4

The Board meetings and the attendance to those meetings by members were held according to the provisions of the Board established under section 11 of the National Drought Management Authority Act, 2016, in paragraph 1 under the Schedule of Provisions as to the conduct of the business and affairs of the Board. The calendar of the meetings is circulated at the beginning of the financial year while invitations to Board meetings are sent out two weeks in advance.

**vi. Succession plan**

The succession plan for the Board is handled as provided under Part V of the National Drought Management Authority Act 2016, on savings, transition and Repeal.

**vii. Policy to manage conflicts of interest**

In the conduct of the business of the Board, members are expected to declare conflict of interest on matters before the board prior to conduct of business, as provided under Miscellaneous Provision 26 (1) of the National Drought Management Authority Act 2016.

**viii. Board remuneration**

Remuneration for the board was undertaken within the context of the provisions under Article 20 (2)(a) on payments of the salaries, allowances and other charges with respect of members of the Board and staff of the Authority; and (b) payment of pensions, gratuities and other charges in respect of members of the Board and staff of the Authority established under the National Drought Management Authority Act, 2016.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**ix. Ethics and Conduct**

The Board operates within PFM Regulations (2021) Regulation 21(1)-(4) which sets out provisions on ethics and conduct aimed at guiding public officers involved in public financial management. These provisions establish norms and standards to promote accountability, integrity, transparency and ethical behaviour in the management of public resources.

**x. Governance audit**

The NDMA Board is subject to Governance audit by the State Corporations Advisory Council and the dictates of the Mwongozo Code. The Audit and Risk Management Committee of the Board ensures that the Authority has sound financial management strategies, policies and systems that promote accountability, prudent use of resources and compliance with statutory and all regulatory requirements.

**xi. Communication policy**

The Board adopts the communication policy of the board established under the National Drought Management Authority Act, 2016. The Board ensures effective communication and engagement with stakeholders through timely and transparent disclosure of pertinent information on Authority's operations and performance. Board internal communication is as follows;

<b>Communication level</b>	<b>Communication channels/tools</b>
From the Board	Board communicates policy matters to staff by way of memos and emails through the office of the CEO
Management to the Board	Management submits Board papers and reports two weeks in advance of Board meetings.

On external communication, the Board ensures provision of transparent and timely information to the public and key stakeholders as obligated under the Access to Information Act. Policy matters to the wider public are communicated by the Board and the CEO.

**xii. Terms of Reference of Committees**

The terms of reference for the Board coincide with the roles and functions as provided under Regulation NDMA Act, 2016.

**xiii. Policy on related party transactions**

The policy on related party transactions borrows from the Miscellaneous Provision 26 (1) of the National Drought Management Authority Act 2016, on declaration of conflict of interest with regards to matters before the Board.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**9. Management Discussion and Analysis**

The Authority continued to strengthen drought and food security coordination structures at national and county levels to enhance drought risk management partnership, decision making, accountability to stakeholders and reporting. The coordination structures guide drought risk management common programming, strategic planning, synergy and collaboration among stakeholders. The main coordination structures used by the Authority during the reporting period included: Kenya Food Security Meeting; Kenya Food Security Steering Group; County Steering Group; IGAD Drought Disaster Resilience and Sustainability Initiative ministerial General Assembly and Steering Committee; Ending Drought Emergencies (EDE) Pillar Working Groups; among others.

On drought information, the Authority continued to implement strategies aimed at improving the drought early warning system to make it reliable and timely. To this end, the following were some of the key achievements during the reporting period;

- i. Produced and disseminated 276 monthly county drought early warning bulletins.
- ii. Produced and disseminated 12 consolidated monthly national drought early warning bulletins.
- iii. Provided monthly remote sensed information up to Ward level for the 23 ASAL counties for objective evidence-based information on the drought status.
- iv. Carried out bi-annual multi-agency food and nutrition security assessments in the 23 ASAL Counties to inform response.

On strengthening institutional and community resilience to drought risks and climate change. Under this objective three, the Resilience MIS was successfully rolled out, with 39 trainers of trainers (ToTs) trained. County officials and stakeholders were sensitized on the SHARED tool and the resilience dashboards were validated in three landscapes and at the national level following ICRAF's revisions. In Garissa, grazing management committees were formed and trained and an annual participatory review of rangeland management plans was conducted across the three TWENDE landscapes. In terms of investments, 11 macro projects under DCARD and 4 under NDEF had contracts executed by May 2025. For micro investments, 28 projects were completed, one was nearing completion at 90% and two remained in the procurement phase.

Under Strategic Objective three, key achievements focused on strengthening drought preparedness and supporting recovery in vulnerable communities. A total of 47 ward contingency plans were developed or reviewed 23 supported through NDMA/DCADR resources and 24 through local resource mobilization. Additionally, 15 ASAL counties updated their county-level drought contingency plans. A national drought response plan was revised through stakeholder engagement to address the mild drought anticipated in quarter three. County response capacity inventories were established and

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

initial user testing completed. Although drought impact was mild, NDMA provided targeted water trucking support in five counties Wajir, Mandera, Garissa, Marsabit and Kilifi to address water access gaps and protect livelihood.

During the reporting period, 133,800 households have received a total of Kshs. 1,206,873,000 billion during the financial year (Kshs.874,519,200 in pioneer (Turkana, Marsabit, Wajir and Mandera) and Kshs. 332,353,800 in expansion (Isiolo, Tana River, Garissa and Samburu) counties. The authority was unsuccessful in securing the Ksh 3.9 billion program deficit.

**Financial performance of the organization for the last three-to-five-year period**

Over the last three years the Authority's financial performance is as tabulated below:

No.	Financial years	Amount Received	Expenditure	% Absorption
1	2022/23	6,178,240,000.00	5,846,856,504.00	94.64
2	2023/24	8,792,090,927.40	8,648,411,163.00	98.36
3	2024/25	2,625,984,665.00	2,550,731,943.00	97.13

**Entity's compliance with statutory requirements**

The Authority Produces annual report, showing the Authority's performance during the year. The report is produced and shared, three months after the closure of the financial year. This is in line with the NDMA ACT 2016, Cap 388.

The Authority is governed by a board of Directors, who at the end of a financial year are also evaluated in line with the Mwongozo.

**Major risks facing the organization**

The biggest risk is lack or delay in receipt of funds from the National Treasury. This may ground all activities of the Authority.

**Material arrears in statutory and other financial obligations.**

For the last financial year, the Authority did not have any pending bills.

## **10. Environmental and Sustainability Reporting**

### **Sustainability strategy and profile**

The Authority lays emphasis on sustainability of services and investments it makes. In this respect, it has adopted partnership, participation and capacity building to ensure beneficiaries are in a position to plan, implement and sustain our interventions beyond the project period. Besides ensuring that all macro and micro-projects are co-financed by the beneficiaries and county Governments, the Authority ensures that the project management committees or teams are well trained and systems put in place to ensure they fully take over management of the projects.

### **Environmental performance**

NDMA complies with environmental laws in the implementation of resilience projects. For projects such as dams, environmental impact assessments are conducted and approved by the National Environment Management Authority (NEMA) to ensure that the interventions are environmentally friendly. In addition, the Authority also undertook to offset negative environmental impact by participating in planting tree exercises, or donating to related causes where possible.

### **iii. Employee welfare**

The NDMA's Human Resource Policy and Procedures Manual Section one 1.1 and 1.6 and Section two 2.1:2.1.1; The Authority is an equal opportunity employer and shall not in its recruitment and staff selection discriminate on the basis of gender, race, religion, ethnicity or any other form of discrimination. The constitutional requirement on mainstreaming of gender and people with disabilities will be observed alongside any policies issued by the National Cohesion and Integration Commission. Section 8 on Performance Management and Section 10 on Training and Development in the HR Manual and the Career guidelines supports managing of careers, improving skills, appraisals and reward systems in the Authority. The Authority trained a total of 592 staff members in various courses and promoted 6 staff members during the reporting period. The Authority's policy on Safety and compliance with Occupational Safety and Health Act of 2007(OSHA) refers in the Human Resource and Procedures Manual Section 12 on Safety and Health.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**iv. Market place practices**

The Authority upholds fair and ethical marketplace practices through the following measures:

**a) Responsible competition practice**

The Authority remains committed to promoting responsible and fair competition, particularly in the procurement of goods and services, where it upholds the provisions of the Public Procurement and Disposal Act. Deliberate efforts are made to eliminate any opportunities for conflicts of interest.

**b) Responsible Supply chain and supplier relations**

The Authority procures goods and services through procurement mechanisms provided under the Public Procurement and Disposal Act. For this, suppliers and contractors are identified on the basis of competitive prices and the necessary due diligence. Suppliers are promptly paid for the works, goods and services delivered after the necessary verifications and user acceptance. The Authority has deliberately worked to avoid pending bills for delivered goods, works and services.

**c) Responsible marketing and advertisement or Responsible engagement with the citizens**

The Authority upholds the principles of responsible marketing, advertising, and citizen engagement, guided by adherence to social norms and the highest standards of ethical and professional conduct

**d) Product stewardship or Awareness creation**

The Board is charged with ensuring prudence and effective stewardship of the Authority. This is meant to ensure effective management of the Fund, while making efforts to ensure that stakeholders are adequately sensitized for enhanced awareness on the Authority objectives and key activities and the obligations and responsibilities of all stakeholders.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**v. Corporate Social Responsibility and Community Engagements**

As a responsible corporate entity, the National Drought Management Authority (NDMA) actively invests in and implements Corporate Social Responsibility (CSR) initiatives that complement its core mandate of drought risk reduction and resilience building. These efforts are rooted in a deep commitment to community engagement, inclusivity, and sustainable development. Through partnerships with local communities, schools, civil society organizations, and other stakeholders, the NDMA promotes awareness programs, capacity-building workshops, and grassroots preparedness activities that empower citizens to better understand and respond to disaster risks. These CSR initiatives are not only aligned with national development priorities but also serve to build trust, foster ownership, and enhance the long-term sustainability of disaster management interventions at the community level. By integrating CSR into its strategic framework, the NDMA ensures that its operations leave a lasting positive impact beyond immediate disaster response, strengthening the social fabric and resilience of communities across the country.

The Authority carried out a CSR activity in Garissa County, focusing on environmental conservation and girls' education. Led by NDMA CEO, the team planted 300 indigenous trees as part of Kenya's goal to grow 15 billion trees by 2032. Additionally, NDMA distributed sanitary towels to students to help reduce absenteeism and school dropouts among girls. The initiative reflects NDMA's commitment to promoting climate resilience and removing barriers to education in ASAL communities.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**11. Report of the Directors**

The Directors submit their report together with the unaudited financial statements for the year ended June 30, 2025 which show the state of the Authority's affairs.

**i) Principal activities**

The principal activities of the Authority are as per the NDMA Act, 2016.

**ii) Results**

The results of the Authority for the year ended June 30, 2025, are set out on page 1 to 63.

**iii) Directors**

The members of the Board of Directors who served during the year are shown on page ix, x & xi

**Surplus remission**

The Authority reported surplus of less than 10 %, as such no submission was remitted to the Consolidated Fund.

**iv) Auditors**

The Auditor-General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act, 2015 to carry out the audit of the Authority for the year ended June 30, 2025.



.....  
**Name :** Hared H. Adan Lt. Col (Rtd)

**Secretary to the Board**

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**12. Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and Section 8 of National Drought Management Authority Act, 2016, require the Directors to prepare financial statements in respect of National Drought Management Authority which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority;

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements 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 Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act, 2012 and National Drought Management Authority Act, 2016. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2025 and of the Authority's financial position as at June 30, 2025. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Authority's financial statements were approved by the Board on 25 August 2025 and signed on its behalf by:

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**



.....  
Name: Mr. Shallow Yahya

**Chairperson of the Board**



.....  
Name: Hared H. Adan Lt. Col (Rtd)

**Accounting Officer**

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**



.....  
Name: Mr. Shallow Yahya

**Chairperson of the Board**



.....  
Name: Hared H. Adan Lt. Col (Rtd)

**Accounting Officer**

# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL DROUGHT MANAGEMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

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

The three parts of the report 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**

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Drought Management Authority set out on pages 1 to 49 which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Drought Management Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the National Drought Management Authority Act, 2016.

### **Basis for Qualified Opinion**

#### **Inaccuracy of the Property, Plant and Equipment Balance**

The statement of financial position reflects a balance of Kshs.418,883,070 in respect of property, plant, and equipment as disclosed in Note 20(a) to the financial statements. As reported previously, the balance of Kshs.418,883,070 excludes four (4) parcels of land of undetermined value measuring 4.299 hectares owned by the Authority in four different counties. Out of the four (4) parcels of land, only one (1) parcel had a title deed while the other three (3) had letters of allotment. Further, a parcel of land in one of the counties was the subject of a dispute between the Authority and a private individual who had acquired title and lease on 20 January, 2022. The private individual was accusing the Authority of trespassing on his land and was demanding cessation of construction of a perimeter wall.

In the circumstances, the accuracy, completeness, valuation and ownership of the property plant and equipment balance of Kshs.418,883,070 could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.3,646,439,556 and Kshs.3,417,866,742

respectively resulting to an underfunding of Kshs.228,572,815 or 6% of the budget. Further, the Authority spent an amount of Kshs.3,038,595,614 against actual receipts of Kshs.3,417,866,742 resulting to an under absorption of Kshs.379,271,125.

The underfunding and under absorption of the available resources is an indication that all activities in the annual work-plan were not implemented, which may have negatively impacted on service delivery to the public.

My opinion is not modified in respect of this matter.

## Other Matter

### Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Authority in 2024/2025 revealed that the following eleven (11) issues remained unresolved:

No.	Financial Year	Audit Issue
1.	2023/2024	Inaccuracy of the Property, Plant and Equipment Balance
2.	2023/2024	Budgetary Control and Performance
3.	2023/2024	Irregular Payment of Allowances to Board Members
4.	2023/2024	Non- Compliance with the One-Third of Basic Rule
5.	2023/2024	Untagged Assets
6.	2023/2024	Lack of Approved Staff Establishment
7.	2022/2023	Failure to Amortize Intangible Assets
8.	2022/2023	Incomplete Fixed Asset Register
9.	2022/2023	Violation of Statutory Requirement on Appointment of Members of the Board
10.	2022/2023	Sustainability Concerns of Chepkobegh Slaughter Slab
11.	2022/2023	Projects Constructed on Land Without Ownership Documents

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

## **Other Information**

The Management are responsible for the Other Information set out on page iii to xxxix which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Un-Operationalized Audit Management System Modules**

The Authority entered into a contract with a local consulting firm on 18 September, 2023 for the procurement of an Audit Management System (AMS) with minimal customization for a contract sum of Kshs.16,832,584 for five (5) modules. Review of payment details revealed that payments were made for fifteen (15) licensed users including payments for licenses and training of staff. However, during a system walkthrough of the AMS, it was observed that two modules were yet to be operationalized.

In the circumstances, value for money of Kshs.16,832,584 spent on procurement of the Audit Management System may not have been obtained.

## **2. Non-Compliance with the One-Third of Basic Salary Rule**

Review of the Authority's payroll revealed that forty-four (44) employees received net which were less than a third (1/3) of their basic salaries in the month of June, 2024. This was contrary to Section 19(3) of the Employment Act, 2007 which states that all deductions made by an employer from the wages or salaries of his employees at any one time shall not exceed two thirds of such wages or salaries.

In the circumstances, Management was in breach of the law.

## **3. Irregularities in Procurement and Implementation of Projects**

Review of projects documents for the year under review revealed various inconsistencies as detailed below;

### **3.1 Rehabilitation and Expansion of Mozo-Funju Water Project in Taita Taveta County**

The Authority entered in to a contract with a local firm at a contract sum of Kshs.4,744,574 for construction of a solar panel support structure, installation of 15. No solar panels with a total capacity of 8,250 watts, rehabilitation of a 25m<sup>3</sup> masonry storage tank and installation of a submersible multistage centrifugal pump at Mozo-Funju water project. Review of procurement documents revealed that the notification of award was issued on 6 September, 2024 and acceptance done on 10 September, 2024. However, the contract agreement was signed on 9 September, 2024 which was before the awarded bidder accepted the award and before lapse of the statutory fourteen (14) days. This was contrary to Section 69 of the Public Procurement and Asset Disposal Act, 2015 which states that no procurement approval shall be made to operate retrospectively to any date earlier than the date on which it is made except on procurements in response to an urgent need and contrary to Section 135(3) of the Public Procurement and Asset Disposal Act, 2015. In addition, the quotation evaluation report which was done on 22 August, 2024 was not initialed by quotation evaluation members.

Further, physical verification carried out in the month of August, 2025 revealed that the water project was not fenced, which posed a security risk to the installed solar panels. Further, although land agreements were provided, they lacked legal backing and no evidence was provided showing that the transfer process of the donated land to community had commenced.

In the circumstances, Management was in breach of the law and value for money may not have been obtained from the implementation of the project.

### **3.2 Construction of Misa Integrated Water Project- Golbo Ward, Marsabit County**

The Authority entered in to a contract with a local firm at a contract sum of Kshs.45,101,814 entered on 24 May, 2024. The site was handed over on 8 July, 2024 over one month after signing of the contract. Field Report No. 6 dated 28 October, 2024 indicated that works commenced on 18 July, 2024 and was scheduled to be completed by 17 November, 2024. The report indicated various variations and no explanation was provided for delay in completion of the project. Further, the site minutes were not provided for verification.

Physical verification of the project carried out in the month of August, 2025 revealed that the water pan did not have an outlet, and had several deep gullies on the inside and outside of the embankment walls and on the pan's walls posing danger to both humans and livestock. In addition, it was not clear how water from the elevated steel tank will be accessed by the community since the Bills of Quantities did not include a pipeline component.

Further, the project included test pumping, equipping and solarization of two boreholes owned by local farmers without a formal agreement on how this would benefit the community.

In the circumstances, value for money may not have been obtained from the construction of intergrated water project worth Kshs.45,101,814.

### **3.3 Sirata Micro Irrigation Project in Marsabit County**

The Authority entered in to a contract with a local firm at a contract sum of Kshs.4,950,532 which included installation of 44 solar panels (280 W each), rehabilitation of the rising main and distribution pipes, supply and installation of two (10,000-litre) plastic tanks, repair of three masonry tank stands, supply and installation of drip irrigation on one acre, training of farmers on climate-smart agricultural practices and installation of a 11-kw submersible pump.

Physical verification carried out in the month of August, 2025 revealed that two of the recently repaired masonry tank stands had cracked indicating poor workmanship. The repaired stands were constructed by plastering a hip of stones piled together without reinforcement with either wire mesh or chain link. Gaping holes revealed piled stones which were falling apart and making the stand weak and vulnerable to collapse. Further, inspection of the farming activities revealed that the farm was not optimally utilized since only about 20 percent had crops. Discussion with the farmers revealed that the problem

was occasioned by lack of reliable water supply and failure by some members to make use of their allocated portions of the land.

In the circumstances, the Sirata farming community may not have benefited from the construction of the borehole.

### **3.4 Mwanja-Mangoa Sand Dam Project in Kitui County**

The total project cost for construction of Mwanja-Mangoa sand dam was Kshs.45,833,055 which included construction of a sand dam weir, construction of a 4-meter diameter sump wall installed with solar pumping system, construction of 4.87Km rising main to 100,000 liters masonry storage tank and 6km distribution line, three community water kiosks, fencing of the 100M<sup>3</sup> water tank site and upgrade of the solar power system, including installation of a lightning arrestor to protect the equipment.

Review of the project documents revealed that the transfer and ownership of the land from private ownership to the community had not been completed. Further, the final project completion report dated 30 June, 2025 revealed that the county government had proposed the project to be taken over by a water company hence affecting affordability and involvement of the Project Management Committee in oversight, ownership and sustainability of the project.

In the circumstances, the intended benefits envisioned in the implementation of the project may not have been achieved.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Failure to Submit Annual Board Work Plan**

Review of the Board's work plan and activities for the period revealed that the Annual Board work plan was not forwarded to State Corporations Advisory Committee through the parent Ministry by 30 June, 2024 as required. This was contrary to Circular No./Cab.9/1a dated 11 March, 2020 from the Executive Office of the President on Management of State Corporations which requires all Board of Directors to submit their Annual ALMANAC to State Corporations Advisory Committee (SCAC) through their Parent Ministry by 30 June of every year.

In the circumstances, risk management and oversight enhancement may be compromised and ultimately affect better navigation of uncertainties without safeguarding long-term Authority's success and sustainability.

### **2. Untagged Assets**

Review of the Asset register established that assets valued at Kshs.132,496,928 comprising of furniture and fittings, ICT equipment and office equipment of Kshs.39,769,011, Kshs.19,634,397 and Kshs.73,093,520, respectively were not tagged. This was contrary to Regulation 136 (1) of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer of a national government entity to take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse; and movement and conditions of assets can be tracked.

In the circumstances, the effectiveness on the controls on assets could not be confirmed.

### **3. Grounded and Unserviceable Vehicles**

Review of the fixed assets register maintained by the Authority revealed that the Authority had a number of grounded and unserviceable motor vehicles. It was further noted that there was no disposal plan prepared during the year under review. In addition, physical verification carried out in the month of August, 2025 in the regional offices revealed that a motorcycle which had been boarded since 2015 was yet to be disposed.

In the circumstances, the effectiveness on the controls on assets could not be confirmed.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Nairobi**


**05 December, 2025**

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**14. Statement of Financial Performance for the year ended 30 June 2025**

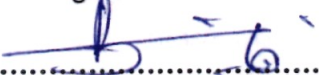
Description	Notes	Kshs	Kshs
		2024-2025	2023-2024
<b>Revenue from non-exchange transactions</b>			
Transfer from non- exchange transactions	6	2,795,230,082	9,090,139,325
		<b>2,795,230,082</b>	<b>9,090,139,325</b>
<b>Revenue from exchange transactions</b>			
Rental revenue from facilities and equipment	7	354,600	256,800
Finance income	8	32,479,089	77,197,745
Other incomes	9	13,065	19,037
<b>Total Revenue from exchange transactions</b>		<b>32,846,754</b>	<b>77,473,582</b>
<b>Total revenue</b>		<b>2,828,076,836</b>	<b>9,167,612,907</b>
<b>Expenses</b>			
Use of goods and services	10	228,167,495	195,908,192
Employee costs	11	627,098,129	670,592,488
Board expenses	12	25,368,640	18,098,980
Depreciation and amortization expense	13	80,449,700	80,548,399
Repairs and maintenance	14	22,575,254	74,652,386
Grants and subsidies	15	2,124,310,294	8,219,711,862
<b>Total expenses</b>		<b>3,107,969,513</b>	<b>9,259,512,307</b>
Gain on disposal/ (losses) on sale of assets	16	(755,809)	-
<b>Surplus/(deficit) for the period</b>		<b>(280,648,485)</b>	<b>(91,899,400)</b>

The notes set out on pages 12 to 43 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 11 were signed on behalf of the Board of Directors by:

  
.....  
Hared Hassan Lt. Col (Rtd)

**Accounting Officer**

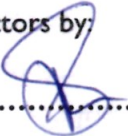
**Date; 10/11/2025**

  
.....  
Yussuf Roba Bagaja

**Head of Finance**

**ICPAK M/No: 8335**

**Date; 10/11/2025**

  
.....  
Mr. Shallow Yahya

**Chairman of the Board**

**Date; 10/11/2025**

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**15. Statement of Financial Position as at 30 June 2025**


Description	Notes	2024-2025 Kshs	2023-2024 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	373,690,048	628,747,267
Receivables and prepayments	18	95,607,440	78,332,514
Inventories	19	10,802,324	2,838,603
<b>Total current assets</b>		<b>480,099,812</b>	<b>709,918,384</b>
<b>Non-current assets</b>			
Property, plant and equipment	20 (a)	418,883,070	463,959,659
Intangible Assets	20 (b)	77,721,255	111,030,364
<b>Total non-current assets</b>		<b>496,604,325</b>	<b>574,990,023</b>
<b>Total assets</b>		<b>976,704,138</b>	<b>1,284,908,407</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	30,407,360	40,896,899
<b>Net assets</b>		<b>946,296,778</b>	<b>1,244,011,508</b>
<b>Financed By</b>			
Capital fund		372,983,050	372,983,050
Accumulated surplus (Deficit)		520,901,353	818,616,083
Revaluation Reserve		52,412,375	52,412,375
<b>Total net assets and liabilities</b>		<b>946,296,778</b>	<b>1,244,011,508</b>

The financial statements set out on pages I to II were signed on behalf of the Board of Directors by:

  
.....

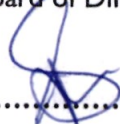
Hared Hassan Lt. Col (Rtd)  
**Accounting Officer**

**Date; 10/11/2025**

  
.....

Yussuf Roba Bagaja  
**Head of Finance**  
**ICPAK Member Number:**  
**8335**

**Date; 10/11/2025**

  
.....

Mr. Shallow Yahya  
**Chairman of the Board**

**Date; 10/11/2025**

National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025

16. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Capital fund	Retained Earnings (Accumulated surplus (Deficit) Reserve	Revaluation	Total
	Kshs	Kshs	Reserve Kshs	Kshs
<b>Balance as at July 01, 2023</b>	<b>372,983,050</b>	<b>884,387,268</b>	<b>52,412,375</b>	<b>1,309,782,693</b>
Depreciation reclassification	-	26,128,215	-	26,128,215
Transfers to/from accumulated surplus	-	-91,899,400	-	-91,899,400
<b>Balance as at June 30, 2024</b>	<b>372,983,050</b>	<b>818,616,084</b>	<b>52,412,375</b>	<b>1,244,011,508</b>
<b>Balance as at July 01, 2024</b>	<b>372,983,050</b>	<b>818,616,084</b>	<b>52,412,375</b>	<b>1,244,011,509</b>
Transfer to KSEIP FS	-	(18,759,822)	-	-18,759,822
Transfers to/from accumulated surplus	-	(280,648,485)	-	-280,648,485
Retained earnings adjustments	-	1,693,576	-	1,693,576
<b>Balance as at June 30, 2025</b>	<b>372,983,050</b>	<b>520,901,353</b>	<b>52,412,375</b>	<b>946,296,778</b>

**Note 1:** A transfer of Kshs. 18,759,822 relating to retained earnings for the KSEIP project was previously included in the NDMA Consolidated Financial Statements. Following directives from the National Treasury requiring the KSEIP project to prepare separate Financial Statements, the retained earnings have been transferred to the project's Financial Statements accordingly.

**Note 2: Retained earnings adjustments**

The amount of kshs. 1,693,576 was meant for clearing prior year transaction as stated below

Posting Date	Description	Amount
30-06-25	To correct for un-receipted funds initially anticipated from NT	24,832,023
31-08-24	To correct tax amount	(914,800)
01-07-24	REINSTATEMENT OF M/BOAT- depreciation	(695,009)
01-07-24	REINSTATEMENT OF MOTOR BOAT	4,458,037
01-07-24	To record prepayments for Insurance costs for FY.2023/24	(8,928,320)
01-07-24	To correct tax on premiums 2023/24 erroneous posted as BS item	277,879
01-07-24	To recognize Motor vehicles that were omitted in the asset register	(20,156,000)
01-07-24	Cash in transit from NDMA Kwale & Nyeri - overstated expenditure FY2023/24	(567,386)
	<b>Totals</b>	<b>(1,693,576)</b>

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**17. Statement of Cash Flows for the year ended 30 June 2025**

Description		2024-2025	2023-2024
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government Entities	6	2,795,230,082	9,090,139,325
Rental Revenue from Facilities and Equipment	7	354,600	256,800
Finance income	8	32,479,089	77,197,745
Other incomes	9	13,065	19,037
<b>Total Receipts</b>		<b>2,828,076,836</b>	<b>9,167,612,907</b>
<b>Payments</b>			
Use of goods and services	10	244,762,284	195,908,192
Employee costs	11	634,781,987	670,592,488
Board expenses	12	26,328,640	18,098,980
Repairs and maintenance	14	22,575,254	74,652,386
Grants and subsidies / Donor related expenses	15	2,124,310,294	8,219,711,862
Receivables realized during the year		-	(334,032,771)
Inventory realized during the year	19	-	(1,425,913)
Refundable deposits paid during the year	21	10,489,539	145,395,239
Transfer of IDA and Grant opening balances		18,759,821	-
Prior year Adjustment		1,204,307	
<b>Total payments</b>		<b>3,083,212,126</b>	<b>8,988,900,463</b>
<b>Net cash flow from operating activities</b>	22	<b>(255,135,290)</b>	<b>178,712,444</b>
Construction of buildings	20 (a)	(6,000,140)	
proceeds from sale of PPE	20 (a)	8,198,980	-
Purchase of PPE	20(b)	(2,120,769)	99,695,074
<b>Net cash flows from investing activities</b>		<b>78,072</b>	<b>99,695,074</b>
Net increase/Decrease in cash and cash equivalents		<b>(255,057,218)</b>	<b>278,407,518</b>
Cash and cash equivalent at 1 July 2024		628,747,267	350,339,749
Cash and cash equivalent at 30 June 2025		<b>373,690,048</b>	<b>628,747,267</b>

**Note 1:** A cash transfer of Kshs. 18,759,822 relating to retained earnings for the KSEIP project was previously included in the NDMA Consolidated Financial Statements. Following directives from the National Treasury requiring the KSEIP project to prepare separate Financial Statements, the retained earnings have been transferred to the project's Financial Statements accordingly.

**Note 2: Prior year adjustment of Kshs. 1,204,307**

The amount of kshs. 1,204,307 was meant for clearing prior year transaction as stated below;

Date	Description	Amount
31-08-24	To pay tax amount	(914,800)
01-07-24	To correct tax on premiums 2023/24 erroneous posted as BS item	277,879
01-07-24	Cash in transit from NDMA Kwale & Nyeri - overstated expenditure FY2023/24	(567,386)
	Totals	(1,204,307)



**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Note 3: Employee costs**

The actual cost that was incurred during the financial year was Kshs. 626,138,129. However, kshs. 8,643,858 was an over payment on PAYE. The Authority is following up with KRA for refund.

**Note 4: Use of goods and services**

The actual cost that was incurred during the financial year was Kshs. 228,167,495. However, kshs.8,631,068 & Kshs. 7,963,721 was prepayment in respect to insurance costs and inventory purchased during the year respectively.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**18. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2025**

Description	Approved budget	Carry over from 2023/24	Adjustments	Final budget	Notes	Actual on comparable basis	Performance difference	% Of
Revenue	Kshs		Kshs	Kshs		Kshs		
Public contributions and donations - EDE SDRM (AIA)	10,000,000	1,626,689	2,414,212	14,040,901	6	14,040,901	0	0%
Public contributions and donations - DCADR (AIA)	738,370,000	356,508,380	(638,370,000)	456,508,380		356,508,380	100,000,000	22%
Public contributions and donations - UNDP	0	9,828,091	0	9,828,091		9,828,091	0	0%
Public contributions and donations - Twende IUCN	377,530,000	44,992,509	(100,000,000)	322,522,509		192,076,206	130,446,303	40%
Government grants - TWENDE GOK	54,530,000	5,340,979	(6,526,734)	53,344,245		52,870,979	473,266	1%
Government grants and subsidies WFP	10,000,000	11,174,290	0	21,174,290		21,174,290	0	0%
Government grants - KSEIP-HSNP III GOK	1,531,859,000	37,374,884	0	1,569,233,884		1,569,233,884	0	0%
Government grants - SDRM GoK	15,030,516	12,612,386	0	27,642,902		27,642,902	0	0%
Government grants - DCADR GoK	133,140,000	13,956,638	(13,000,000)	134,096,638		134,096,638	0	0%
Government grants - Operational Grant - Recurrent	716,885,385	75,746,179	76,000,000	868,631,564		868,631,565	(1)	0%
Government grants -Kenya Drought Early Warning	30,000,000	6,987,614	0	36,987,614		36,987,614	0	0%
<b>Total</b>	<b>3,617,344,901</b>	<b>576,148,639</b>	<b>(679,482,522)</b>	<b>3,514,011,018</b>			<b>3,283,091,450</b>	<b>230,919,568</b>
<b>Extra &amp; Other Incomes</b>								
<b>Extra Incomes</b>								
KCEP-CRAL Funds	0	11,537,338	0	11,537,338	6	11,537,338	0	0%
EDPRCWI	0	0	60,000,000	60,000,000		60,000,000	0	0%

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

Twende -SDL	0	0	30,391,200	30,391,200		30,391,200	0	0%
<b>Totals Extra Incomes</b>	<b>0</b>	<b>11,537,338</b>	<b>90,391,200</b>	<b>101,928,538</b>		<b>101,928,538</b>	<b>0</b>	<b>0%</b>
<b>Other Incomes</b>								
Rents and Rates -Non Residential	260,000		-	260,000	7	354,600	(94,600)	1
Interest income	18,240,000		-	18,240,000	8	32,479,089	(14,239,089)	1
Others ( Miscellaneous incomes)	12,000,000		-	12,000,000	9	13,065	11,986,935	1
<b>Total Other Incomes</b>	<b>30,500,000</b>	<b>0</b>	<b>0</b>	<b>30,500,000</b>		<b>32,846,754</b>	<b>(2,346,754)</b>	
<b>Grand Total Incomes</b>	<b>3,647,844,901</b>	<b>587,685,977</b>	<b>-589,091,322</b>	<b>3,646,439,556</b>		<b>3,417,866,742</b>	<b>228,572,815</b>	
<b>Expenses</b>								
<b>Recurrent Expenses</b>								
Compensation of employees	571,382,400	1,887,775	0	573,270,175	11	541,192,622	32,077,553	6
Utility costs ( Electricity and Water & sewerage)	2,400,000		0	2,400,000		2,344,326	55,674	2
Travelling & accommodation (Domestic)	1,400,000	5,188,455	6,500,000	13,088,455		13,061,237	27,218	0
Communication costs	3,000,000	20,500,000	10,700,000	34,200,000	10	29,571,175	4,628,825	14
Publishing & printing	6,472,085	5,000,000	(6,000,000)	5,472,085		5,085,610	386,475	7
Rents and Rates -Non Residential	29,000,000		0	29,000,000		28,018,848	981,152	3
Training costs	1,500,000	2,000,000	10,910,000	14,410,000		14,360,183	49,817	0
Hospitality and Conference facilities	4,260,000		2,560,000	6,820,000		6,604,561	215,439	3
Board and Hospitality	20,000,000		7,380,000	27,380,000	12	26,328,640	1,051,360	4
Insurance costs	57,670,800		4,300,000	61,970,800	11	56,758,076	5,212,724	8
General office Supplies (Consumables)	3,799,800		(1,000,000)	2,799,800	10	111,723	2,688,077	96
Refined Fuel and Lubricants	8,000,000	2,000,000	135,000	10,135,000		8,134,481	2,000,519	20
Membership, finance costs & contracted costs	12,068,000		5,684,949	17,752,949		14,213,590	3,539,359	20
Audit fees	3,160,000		0	3,160,000		1,160,000	2,000,000	63
Maintenance of Motor Vehicles	7,000,000		0	7,000,000	10	3,904,073	3,095,927	44
Maintenance of office equipment	1,500,000		0	1,500,000		291,038	1,208,962	81
Maintenance of building & station	3,000,000	6,500,000	(5,000,000)	4,500,000		1,649,944	2,850,056	63
Maintenance of ICT equipment	3,872,300		0	3,872,300		3,238,898	633,402	16
Purchase of Laptops	1,000,000	0	1,000,000	2,000,000		925,000	1,075,000	54
Food Security Assessment	5,000,000		13,000,000	18,000,000		10,354,104	7,645,896	42

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

Consultancy Services	500,000	2,569,949	(2,569,949)	500,000		0	500,000	100
Drought Coordination Activities	0	4,600,000	32,400,000	37,000,000		36,092,242	907,758	2
Construction of Kajjado Office(Civil Works)	0	25,500,000	(4,000,000)	21,500,000		6,000,140	15,499,860	72
Purchase of Equipment - Camera	1,400,000	0	0	1,400,000		1,195,769	204,232	15
<b>Totals</b>	<b>747,385,385</b>	<b>75,746,179</b>	<b>76,000,000</b>	<b>899,131,564</b>		<b>810,596,280</b>	<b>88,535,284</b>	

<b>KSEIP GoK Expenses</b>								
Grants & subsidies cash Transfer, PSP & Staff compensation PMs & POs & Other Project Operating and Coordination	1,473,016,856	28,365,946	12,252,000	1,513,634,802	15	1,490,745,580	22,889,222	2
Insurance Costs	31,700,000		(2,000,000)	29,700,000	10	29,068,864	631,136	2
Utility costs ( Electricity and Water & sewerage)	2,400,000		0	2,400,000		2,403,489	(3,489)	(0)
Communication costs	7,500,000	1,105,469	2,100,000	10,705,469		8,430,088	2,275,381	21
Rent Expenses	4,400,000		0	4,400,000		4,020,532	379,468	9
Fuel & Lubricants	10,989,744	4,000,000	(9,500,000)	5,489,744		5,042,398	447,346	8
Motor Vehicle Maintenance	1,352,000	3,903,469	(3,352,000)	1,903,469		1,615,276	288,193	15
Finance Costs	500,400		500,000	1,000,400		936,955	63,445	6
<b>Totals</b>	<b>1,531,859,000</b>	<b>37,374,884</b>	<b>(0)</b>	<b>1,569,233,884</b>		<b>1,542,263,182</b>	<b>26,970,702</b>	

<b>KDEWS Expenses</b>								
Kenya Drought Early Warning Program	28,361,700	6,987,614	(361,700)	34,987,614	15	28,552,881	6,434,733	18
Fuel & Lubricants	1,488,300		361,700	1,850,000	10	1,049,521	800,479	43
Bank Charges	150,000		0	150,000		61,987	88,013	59
<b>Totals</b>	<b>30,000,000</b>	<b>6,987,614</b>	<b>0</b>	<b>36,987,614</b>		<b>29,664,389</b>	<b>7,323,225</b>	

<b>TWENDE Expenses</b>								
TWENDE GoK	432,060,000	50,333,488	(106,526,734)	375,866,754	15	135,604,652	240,262,102	1
<b>Totals</b>	<b>432,060,000</b>	<b>50,333,488</b>	<b>(106,526,734)</b>	<b>375,866,754</b>	<b>15</b>	<b>135,604,652</b>	<b>240,262,102</b>	

<b>EDE SDRM Expenses</b>								
SDRM -Donor	10,000,000	1,626,689	2,414,212	14,040,901		0	14,040,901	100

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

<b>Totals</b>	<b>10,000,000</b>	<b>1,626,689</b>	<b>2,414,212</b>	<b>14,040,901</b>	<b>0</b>	<b>0</b>	<b>14,040,901</b>	
						0		
<b>SDRM Gok</b>								
Drought Preparedness Investments - Duty and VAT	15,030,516	12,612,386	0	27,642,902	15	18,549,208	9,093,694	
<b>Totals</b>	<b>15,030,516</b>	<b>12,612,386</b>	<b>0</b>	<b>27,642,902</b>	<b>15</b>	<b>18,549,208</b>	<b>9,093,694</b>	
<b>DCADR-GOK Expenses</b>								
Drought Early Warning and Coordination Activities Other coordination and Administration Expenses	94,159,030	10,835,215	(16,100,000)	88,894,245		75,428,785	13,465,460	26
Communication costs & Corporate Brand	9,223,800		1,100,000	10,323,800	10	2,121,062	8,202,738	79
Rent & Parking Expenses	6,500,000		2,000,000	8,500,000		5,089,220	3,410,780	40
Fuel & Lubricants	16,357,170		1,000,000	17,357,170		13,013,218	4,343,952	25
Motor vehicle maintenance	6,300,000	3,121,423	(1,000,000)	8,421,423		8,516,799	(95,376)	(5)
Finance Costs	600,000		0	600,000		323,795	276,205	46
<b>Totals</b>	<b>133,140,000</b>	<b>13,956,638</b>	<b>(13,000,000)</b>	<b>134,096,638</b>		<b>104,492,879</b>	<b>29,603,759</b>	
<b>Other Donor related expenses</b>								
WFP SFSP	10,000,000	11,174,290	0	21,174,290	15	15,976,523	5,197,767	25
UNDP-IRRL	0	9,828,091	0	9,828,091		8,776,880	1,051,211	11
DCADR AIA	738,370,000	356,508,380	(638,370,000)	456,508,380		349,040,479	107,467,901	24
<b>Totals</b>	<b>748,370,000</b>	<b>377,510,761</b>	<b>(638,370,000)</b>	<b>487,510,761</b>		<b>373,793,881</b>	<b>113,716,880</b>	
<b>Extra Expenses</b>								
KCEP CRAL	0	11,537,338	0	11,537,338	15	10,727,038	810,300	0
EDPRCWI-Community development	0		60,000,000	60,000,000		696,548	59,303,452	1
TWENDE-SDL	0		30,391,200	30,391,200		12,207,557	19,159,308	1
<b>Total Extra Expenses</b>	<b>0</b>	<b>11,537,338</b>	<b>90,391,200</b>	<b>101,928,538</b>	<b>15</b>	<b>23,631,143</b>	<b>79,273,060</b>	
<b>Total expenditure</b>	<b>3,647,844,901</b>	<b>587,685,977</b>	<b>-589,091,322</b>	<b>3,646,439,556</b>		<b>3,038,595,614</b>	<b>607,843,942</b>	
<b>Surplus/deficit for the period</b>	<b>0</b>	<b>0</b>		<b>0</b>		<b>379,271,128</b>		

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Budget Reconciliation to the Statement of Cash Flows**

Description of Particulars	Description	Amount in Kshs
1	Actual Surplus Amounts as per the statement of Budget	379,271,128
2	Payables during the year	10,489,539
3	Receivables during the year	(17,274,926)
4	Prior year Adjustment	1,204,307
	<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>373,690,048</b>

**Budget Notes**

**Explanation of differences between actual and budgeted amounts (10% -over/under) IPSAS 24.14**

**1. Revenues**

- a) The Authority did not receive all funds allocated from the Donor in respect to the DCADR and TWENDE Projects as earlier anticipated thus, the positive variance.
- b) The Authority received more bank premiums as a result of funds held at the HSNP Gok account awaiting enough funding for monthly cash transfer, hence the reported variance.
- c) Disposal of assets never took place as earlier planned, hence the reported variance.

**2. Expenses**

**Recurrent Expenses**

- d) The various expenses went down as a result of some of the activities being supported from other projects, while at the same time some procurements of goods and services had not been actualised as at the time of the year-end.
- e) Construction process of the Kajiado office was not concluded in good time hence the funds could not be utilised.
- f) The Authority had started the process of procuring an office camera of which had not been finalised hence the un-expenditure.

**KSEIP-GoK**

- a) Favourable variance on the various budgets was as a result of expenses being inter-funded between projects.

**KDEWS**

- a) The Authority continue to use fuel cards for all activities leading to the minimal fuel utilization for EWS activities while favourable variance on assessment costs was as a result of co-funding from other programs.
- b) Most of the bank charges on County offices were taken care by the Development budget since the KDEWs funds were transacted through the Development account.

**TWENDE Funds**

The low absorption was as a result of delay in funding from NT which in return affected timely implementation of projects as per the annual work plan, while at the same time the Gok Counterpart funds were not sufficient enough to match the planned activities as per the Financing Agreement.

**EDE-SDRM Donor**

SDRM low absorption was occasioned by late disbursement of funds from the donor which delayed implementation of project activities.

**SDRM GoK**

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**DCADR GoK**

- a) The variance on is as a result of some claims not received on time, while at the same time procurement process for Corporate Communication brand had not been finalised due to inadequate budget as per floated quotations.
- b) Motor vehicle maintenance and fuel costs were co-funded between projects hence the favourable variances.

**Other Donor related expenses**

- a) WFP Funds – the favourable variance was as a result of some planned activities not being realised by the year-end.
- b) UNDP-IRRL reported a balance from the previous year of which awaits some guidance from the Program Coordinator after the project came to an end.
- c) DCADR AIA – While the Authority did not receive year's funds allocated of Ksh.100million, the projects were implemented using the un-utilised funds from previous financial year, while the procurement process of other projects earmarked had not been finalised as at the year-end.

**Extra Expenses**

- a) The Authority was allocated some additional funds during supplementary 3 for Drought interventions. The funds for the same were received towards the year end leading to delay on the procurement process for the same, hence the minimal absorption.
- b) TWENDE SDL – The Authority was subcontracted by the state Department of Livestock to undertake community sensitization activities. The variance was as a result of delay in funding of those activities

**Adjusted Grand Total Incomes and expenditures:**

Under Revenues; The variance was occasioned by various factors such as: Revision of budget downwards of both counter-part and Donor funding during Supplementary. Other adjustments were as a result of balances unutilized from the previous financial year 2023/24, this being an accrual basis of reporting, as well as A-I-A .

Under Extra incomes; the Authority received funds worth KShs. 31,366,865 under the TWENDE Project which was not part of the approved budgets.

Under Other incomes; the Authority had projected to generate Ksh.30,500,000 as A-I-A from bank premiums, disposal and rental income, however the same exceeded by the reported variance which could be attributed to delays in implementation of the work plan.

Any adjustments affecting incomes similarly affected expenses.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025  
19. Notes to the Financial Statements**

**1. General Information**

National Drought Management Authority is established by and derives its authority and accountability from NDMA Act 2016. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority principal activity is to exercise overall coordination over all matters relating to drought management including implementation of policies and programmes relating to drought management.

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

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

4. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b>Applicable 1<sup>st</sup> January 2025</b> The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires,

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

and Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45: Property Plant and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46: Measurement	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50:	<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p>

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

Exploration For & Evaluation of Mineral Resources	<ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>
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***i. Early adoption of standards***

The Authority did not early – adopt any new or amended standards in the financial year 2024/25

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025  
5. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Taxes, Levies and fines**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

The *Entity* recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the *Entity*.

**Interest income**

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

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the *Entity's* right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for the 2024/2025 FY was approved by the National Assembly on 25<sup>th</sup> June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the *Entity* upon receiving the respective approvals in order to conclude the final budget.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

The *Entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under section xxx of these financial statements.

**c) Taxes**

**Current income tax**

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

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025  
Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Sales tax**

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**e) Property, plant and equipment**

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

**f) Leases**

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

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

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Biological Assets**

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**i) Research and development costs**

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

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

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

**j) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**a) Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025  
Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

**b) Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**k) Inventories**

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

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

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

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**l) Provisions**

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**m) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**n) Contingent liabilities**

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

**o) 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.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**p) Nature and purpose of reserves**

The Entity does not create and maintains reserves in terms of specific requirements.

**q) Changes in accounting policies and estimates**

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

**r) Employee benefits**

**Retirement benefit plans**

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

**s) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**t) Borrowing costs**

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

**u) Related parties**

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

**v) Service concession arrangements**

The *Entity* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**w) 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.

**x) Comparative figures**

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

**y) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**6. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**6 a) Transfers from other Government Entities**

<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
	<b>2024-2025</b>	<b>2023-2024</b>
<b>Unconditional grants</b>		
Operational grant-Recurrent	792,885,386	738,140,000
<b>Total Unconditional grants</b>	<b>792,885,386</b>	<b>738,140,000</b>
<b>Conditional Grants amortized/ transferred to revenue</b>		
	<b>Kshs</b>	<b>Kshs</b>
	<b>2024-2025</b>	<b>2023-2024</b>
<b>Donor Grants</b>		
EDE SDRM (AIA)	-	134,997,667
KSEIP HSNP III-IPF Grant (Donor)	-	58,332,599
KSEIP HSNP III-Loan (Donor)	-	48,632,009
DCARD Donor)	12,414,212	266,949,989
TWENDE IUCN (Donor)	147,083,697	127,991,698
<b>Total Conditional grants</b>	<b>159,497,909</b>	<b>636,903,962</b>
<b>GOK GRANTS</b>		
	<b>Kshs</b>	<b>Kshs</b>
	<b>2024-2025</b>	<b>2023-2024</b>
World Food Programme	10,000,000	25,339,944
Kenya Drought Early Warning	30,000,000	30,000,000
EDE-SDRM-GOK	15,105,000	17,900,000
KSEIP- HSNP III GOK	1,531,753,999	7,543,599,998
TWENDE -GOK	47,530,000	33,649,721
DCARD - GOK	118,066,588	20,500,000
NDEF	0	20,000,000
EDPRCWI	60,000,000	-
UNICEF	0	4,714,500
TWENDE -SDL	30,391,200	19,391,200
<b>Total government grants and subsidies</b>	<b>1,842,846,787</b>	<b>7,715,095,363</b>
	<b>2,002,344,696</b>	<b>8,351,999,325</b>

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Total Government Grants and Subsidies**

**2,795,230,082**

**9,090,139,325**

Transfer from other Government entities relates to transfer from the state department of Asals of Kshs. 2,795,230,082  
The funding is meant to discharge the functions of the Authority Mandate and stipulated in the NDMA act of 2016.

**6. b) Transfers from Ministries, Departments and Agencies (MDAs)**

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	2024- 2025	2023-2024
	KShs	KShs	KShs	KShs
State Department of ASAL	2,795,335,082	0	2,795,335,082	9,090,139,325
<b>Total</b>	<b>2,795,335,082</b>	<b>0</b>	<b>2,795,335,082</b>	<b>9,090,139,325</b>

**7. Rental Revenue from Facilities and  
Equipment**

Description	Kshs	Kshs
	2024-2025	2023-2024
Rental income	354,600	256,800
<b>Total rentals</b>	<b>354,600</b>	<b>256,800</b>

**8. Finance income**

Description	Kshs	Kshs
	2024-2025	2023-2024
Premiums on bank balances - Gross	32,479,089	77,197,745
<b>Total other income</b>	<b>32,479,089</b>	<b>77,197,745</b>

**9. Other incomes**

Description	Kshs	Kshs
	2024-2025	2023-2024
Miscellaneous income	13,065	19,037
<b>Total Extra incomes</b>	<b>13,065</b>	<b>19,037</b>

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**10. Use of goods and services**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Recurrent-Utilities	2,344,326	2,866,273
KSEIP - GOK-Utilities	2,403,489	3,410,518
TWENDE-Utilities	13,543	86,660
SDRM Gok-Utilities	-	13,000
Recurrent-Contracted Services Security & Cleaning services	11,627,193	9,970,256
KSEIP - GOK-Contracted Services Security & Cleaning services	-	216,190
TWENDE-Contracted Services Security & Cleaning services	-	30,240
SDRM Gok-Contracted Services Security & Cleaning services	-	21,750
Recurrent-printing advertising and information supply	5,085,610	8,211,793
KSEIP GOK-printing advertising and information supply	100,000	502,326
TWENDE- printing advertising and information supply	-	209,620
SDRM GOK- printing advertising and information supply	-	84,597
DCARD GOK-printing advertising and information supply	25,730	180,757
Recurrent-Provision for Audit Fees- for 2023/24	1,160,000	1,160,000
Recurrent-Hospitality and Conference facilities	6,604,561	5,685,334
KSEIP - GOK-Hospitality and Conference facilities	-	2,235,088
SDRM Gok-Hospitality and Conference facilities	-	339,020
TWENDE-Hospitality and Conference facilities	293,359	640,891
DCARD GOK-Hospitality and Conference facilities	45,000	-
TWENDE-Consumables	583,586	1,376,341
Recurrent-Consumables	111,722.7	6,407,064
KSEIP - GOK-Consumables	-	5,441,654
SDRM Gok-Consumables	-	551,184
DCARD Gok-Consumables	1,288,775	-
Recurrent -Fuel, oil & Lubricant	8,134,481	-
SDRM Gok-Fuel, oil & Lubricant	-	1,010,801
KSEIP - GOK-Fuel, oil & Lubricant	5,042,398	37,215,195
TWENDE-Fuel, oil & Lubricant	6,750,426	3,089,479
KRDP Gok -Fuel, oil & Lubricant	1,049,521	293,554
DCARD GOK-Fuel, oil & Lubricant	13,013,218	2,697,770
WFP-Fuel, oil & Lubricant	-	8,608,854
Recurrent-Motor vehicle insurance	1,014,050	1,900,717
KSEIP - GOK-Motor vehicle insurance	-	4,193,466
WFP-Motor vehicle insurance	-	-
Recurrent-Rental	28,018,848	28,152,074
KSEIP - GOK-Rental	4,020,532	2,873,231
DCARD- GOK - Rental	5,089,220	

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

Recurrent-Telecommunication	29,571,175	3,290,733
TWENDE-Telecommunication	2,532,560	765,000
KSEIP - GOK-Telecommunication	8,430,088	16,672,400
DCARD GOK-Telecommunication	2,121,062	999,802
SDRM Gok-Telecommunication	-	394,690
WFP-Telecommunication	-	57,000
KSEIP - GOK-Consultancy services	-	541,057
Recurrent - Consultancy fees	0	-
Recurrent-Training	14,360,183	7,822,028
KSEIP - GOK-Training	-	1,254,645
SDRM Gok-Training	-	-
Recurrent-food security	10,354,104	21,174,762
WFP-food security	-	141,332
SDRM Gok-food security	-	495,125
Recurrent-Bank charges	1,309,914	1,167,660
WFP-Bank charges	21,173	141,156
KRDP Gok- Bank charges	61,987	57,522
SDRM Gok-Bank charges	-	260,534
UNDP IRRLC-Bank charges	-	35,618
KCEP CRAL-Bank charges	3,184	41,026
SDRM AIA-Bank charges	2,867	-
KSEIP - GOK-Bank charges	936,955	483,136
KSEIP IPF LoanBank charges	-	17,846
TWENDE-Bank charges	351,968	299,796
DCARD GOK-Bank charges	323,795	119,627
DCARD GOK DCR	0	-
Recurrent DCR-	36,092,242	-
TWENDE - DCR	0	-
Recurrent -Membership fees due and subscription to profession	1,276,483	-
	-	-
KSEIP - GOK-Travel costs (Domestic)	-	-
Recurrent-Travel costs (Domestic)	13,061,237	-
SDRM Gok-Travel costs (Domestic)	-	-
DCARD GOK-Travel costs (Domestic)	3,536,930	-
TWENDE-Travel costs (Domestic)	-	-
<b>Total Use of Goods and services</b>	<b>228,167,496</b>	<b>195,908,192</b>

**II. Employee Costs**

Description	2024-2025 Kshs	2023-2024 KShs
Recurrent-Salaries and wages	475,792,562	482,234,538
Recurrent-Medical Insurance	46,326,322	45,806,173
TWENDE- Medical Insurance	96,462	301,012
WFP-Medical Insurance	-	574,384
KSEIP - GOK-Medical Insurance	27,626,094	25,704,655
KSEIP IPF- Grant -Medical Insurance	-	244,502

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

Recurrent-Group Insurance	9,417,704	4,745,829
WFP-Group Insurance	-	195,306
TWENDE-Group Insurance	36,155	22,896
KSEIP - GOK-Group Insurance	1,442,770	5,300,407
Recurrent-Housing levey	6,524,881	6,078,871
Recurrent-Employee related costs -Contribution to Pension	57,224,259	58,663,176
Recurrent-Employee related costs -Contribution to NSSF	2,435,120	2,984,048
Recurrent-Employee related costs -Contribution to NITA	175,800	226,850
Recurrent-Gratuity	-	968,092
KSEIP - GOK-Travel costs ( Domestic)	-	6,349,184
Recurrent-Travel costs ( Domestic)	-	9,865,453
SDRM Gok-Travel costs ( Domestic)	-	11,609,753
DCARD GOK-Travel costs ( Domestic)	-	2,161,209
TWENDE-Travel costs ( Domestic)	-	6,556,150
<b>Total Employee costs</b>	<b>627,098,129</b>	<b>670,592,488</b>

**12. board expenses**

<b>Description</b>	<b>2024-2025 Kshs</b>	<b>2023-2024 KShs</b>
Recurrent-Chairman's Honoraria - Recurrent	960,000	960,000
KSEIP - GOK-Allowances	-	142,800
Recurrent-Allowances	9,787,082	9,891,133
SDRM-GOK-Allowances	-	-
NDEF-Allowances	-	182,000
Recurrent-Domestic Travel	14,263,540	4,310,909
KSEIP - GOK-Domestic Travel	-	384,300
SDRM Gok-Domestic Travel	-	895,300
Recurrent-Training expenses	-	1,063,538
Recurrent Training expenses	145,600	-
Recurrent-Telephone expenses	84,000	269,000
Recurrent -Telephone expenses	44,000	-
SDRM-GOK-Telephone expenses	-	-
SDRM-GOK-Medical expenses	-	-
Recurrent -Club Membership	84,418	-
<b>Total director emoluments</b>	<b>25,368,640</b>	<b>18,098,980</b>

**13. Depreciation and amortization expense**

<b>Description</b>	<b>2024-2025 Kshs</b>	<b>2023-2024 KShs</b>
Recurrent -Motor vehicles	33,720,033	45,820,144
Recurrent -Furniture and fittings	5,169,971	5,218,930
Recurrent -Computers	6,167,819	8,414,742
Recurrent -Plant and Equipment	2,082,768	1,874,193
Recurrent -Amortization of intangible assest	33,309,109	19,220,390

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

	<b>80,449,700</b>	<b>80,548,399</b>
<b>Total depreciation expense</b>		
<b>14. Repairs and Maintenance</b>	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>KShs</b>
KSEIP - GOK-Property & Buildings	-	4,686,490
Recurrent-Property & Buildings	1,649,944	11,124,104
TWENDE-Property & Buildings	74,383	419,023
SDRM Gok-Property & Buildings	-	28,500
Recurrent-Furniture, Fittings & other office equipment	291,038	359,553
TWENDE-Furniture, Fittings & other office equipment	-	94,050
KSEIP - GOK-Furniture, Fittings & other office equipment	-	1,072,246
SDRM Gok-Motor Vehicles	-	8,236,913
KSEIP - GOK-Motor Vehicles	1,615,276	28,636,959
DCARD GOK-Motor Vehicles	8,516,799	8,308,275
WFP-Motor Vehicles	-	686,442
KCEP CRAL-Motor Vehicles	-	-
TWENDE-Motor Vehicles	3,284,843	8,707,125
Recurrent- Motor Vehicle	3,904,073	2,021,760
Recurrent -Computers	3,238,898	-
KSEIP - GOK-Computers	-	270,946
SDRM-GOK-Computers	-	-
<b>Total repairs and maintenance</b>	<b>22,575,254</b>	<b>74,652,386</b>
<b>15. Grants and subsidies / Donor related expenses</b>	<b>2024-2025</b>	<b>2023-2024</b>
<b>Description</b>	<b>Kshs</b>	<b>KShs</b>
KRDP EWS (GoK)-Community development	28,552,881	25,751,520
KRDP EWS (GoK)-Community development	0	-
KSEIP - GOK-Social Benefits	1,485,561,487	7,487,660,118
KSEIP-HSNP III IPF Grant-Community development	-	47,357,885
KSEIP-HSNP III IPF loan-Community development -	-	13,578,839
SDRM -GOK-Community development	18,546,341	7,224,364
NDEF-Transfers to NDEF	-	20,000,000
EDE DRMC ( GoK)-Community development	-	3,670
UNDP IRRL-Community development	8,776,880	14,450,944
WFP-Community development	15,955,350	46,398,583
EDE SDRM ( donor )-Community development	-	61,089,974
TWENDE-Community development	123,716,567	112,880,509
EDPRCWI-Community development	-	50,367,584
DCARD GOK-Community development	70,532,350	5,035,904
DCADR AIA-Community development	349,040,479	219,234,180
EDPRCWI	696,548	50,000,000
ZEF FUNDS	-	-
KCEIP CRAL	10,723,854	32,722,511

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

UNICEF FUNDS	-	4,714,500
TWENDE SDL	12,207,557	21,240,777
DCR	-	-
<b>Total grants and subsidies</b>	<b>2,124,310,294</b>	<b>8,219,711,862</b>

**16. Gain on Sale of Assets**

Description	2023-2024 Kshs	2023-2024 KShs
Motor Vehicles, Including Motorcycles	-866,465	-
Office Equipment, Furniture, And Fittings	110,656	-
<b>Total gain on disposal</b>	<b>-755,809</b>	<b>-</b>

**17. Cash and cash equivalents**

Bank	2024-2025 Kshs	2023-2024 Kshs
KCB-NDMA Recurrent 1136140255	77,518,231.00	87,283,965
CO-OP-TWENDE - 01100311520002	117,716,061	48,239,166
CO-OP NDMA DEV - 01100311520004	113,103,496	7,926,178
CO-OP-UNDP IRRL-01100311520001	539,850	9,828,091
CO-OP WFP/SFSP - 01100311520003	2,601,342	6,418,673
KCB-KRDP - 1320220649	1,419,501	6,987,614
NDMA COUNTY BANKS Balances	5,095,630	22,142,845
DCADR COUNTY BANKS	2,432,870	3,302,036
EQUITY-KSEIP/HSNP III	83,701	7,371,001
KCB-KSEIP/HSNP III	5,400	-
KCB HSNP3-IPF-GRANTS-1320219128	-	7,730,257
KCB KSEIP HSNP3-Gok-1320218784	32,108,504	37,374,884
KCB KSEIP IDA CREDIT-1320219543	-	11,029,564
KCB - KCEP CRAL-1320220126	-	11,537,338
KCB - EDE/SDRM-1320283942	1,703,450	1,626,689
KCB Dcard -7711610343	8,257,276	353,206,344
KCB -NDMA Retention -1325317659	11,104,736	6,742,622
<b>Total cash and cash equivalents</b>	<b>373,690,048</b>	<b>628,747,267</b>

**18. Receivables**

	2024-2025 KShs	2023-2024 KShs
Insurance and Prepayments	67,781,178	49,370,199
Salary advances	399,656	646,718
PS ASAL		24,665,597
Inter borrowings	4,324,577	-
Motor vehicle insurance compensation	3,650,000	3,650,000
ICRAFT	10,808,171	-
PAYEE	8,643,858	-
<b>Total receivables from non- exchange transactions</b>	<b>95,607,440</b>	<b>78,332,514</b>

National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025

Total receivables from non- exchange transactions

95,607,440

78,332,514

Ageing analysis for Receivables from exchange transactions

Ageing Analysis- Receivables from non-exchange transactions	2024-2025 KShs	% of the total
Less than 1 year	91,957,440	96.00%
Between 1-2 years	3,650,000	
Over 3 years	-	0
<b>Total</b>	<b>95,607,440</b>	

Description	2024-2025	2023-2024
	KShs	KShs
	Kshs	Kshs
At the beginning of the year	78,332,514	412,365,285
Additional provisions during the year	17,815,516	24,665,597
Recovered during the year	540,590	358,698,368
Written off during the year	-	-
At the end of the year	<b>95,607,440</b>	<b>78,332,514</b>

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024-25</b>				
Receivables from exchange transactions	71,830,834	71,830,834	-	-
Receivables from non-exchange transactions	23,776,606	15,132,748	8,643,858	-
<b>Total</b>	<b>95,607,440</b>	<b>86,963,582</b>	<b>8,643,858</b>	<b>-</b>
<b>As at 30 June 2023-24</b>				
Receivables from exchange transactions	50,016,917	50,016,917	-	-
Receivables from non-exchange transactions	28,315,597	28,315,597	-	-
<b>Total</b>	<b>78,332,514</b>	<b>78,332,514</b>	<b>-</b>	<b>-</b>

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**19. Inventories**

Description	2024-2025 KShs	2023-2024 KShs
Consumable stores	10,802,324	2,838,603
	<b>10,802,324</b>	<b>2,838,603</b>

Total inventories at the lower of cost and net realizable value

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**20.a Property, plant and equipment**

<b>Cost</b>	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers</b>	<b>Plant &amp; Equipment</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Depreciation Rate</b>	-	<b>0.25</b>	<b>0.13</b>	<b>0.3</b>	<b>0.03</b>	
<b>As At 1 July 2023</b>	181,970,264	393,655,991	53,099,442	129,658,920	12,653,416	771,038,033
Additions	13,419,106	-	9,877,820	10,215,362	-	33,512,288
Re-classification	-	-	-	-70,304,112	70,304,112	0
Reinstated	-	5,845,108	-	-	-5,845,108	-5,845,108
<b>AS at 30th June 2024</b>	<b>195,389,370</b>	<b>399,501,099</b>	<b>62,977,262</b>	<b>69,570,170</b>	<b>77,112,420</b>	<b>798,705,213</b>
Additions	6,000,140	-	-	925,000	1,195,769	8,120,909
Recognition of assets omitted in the asset register	-	20,156,000	-	-	-	20,156,000
Disposal	-	-35,850,359	-	-	-79,000	-35,929,359
<b>AS at 30th June 2025</b>	<b>201,389,510</b>	<b>383,806,740</b>	<b>62,977,262</b>	<b>70,495,170</b>	<b>78,229,189</b>	<b>796,897,871</b>
<b>Depreciation And Impairment</b>						
<b>As at 01 July 2023</b>		<b>212,225,629</b>	<b>18,909,741</b>	<b>73,536,833</b>	<b>718,664</b>	<b>305,390,867</b>
Depreciation	-	45,357,787	5,681,287	8,414,742	1,874,193	61,328,009
Re-classification	-	-786	-1,382,777	-32,015,802	7,271,150	-26,128,215
<b>AS at 30th June 2023</b>		<b>257,582,630</b>	<b>23,208,251</b>	<b>49,935,773</b>	<b>9,864,007</b>	<b>340,590,661</b>
Reinstatement dep		4,458,037			-695,009	3,763,028
<b>As at 30th June 2024</b>		<b>262,040,667</b>	<b>23,208,251</b>	<b>49,935,773</b>	<b>9,168,998</b>	<b>344,353,689</b>
Depreciation		33,720,032.50	5,169,971.43	6,167,819.10	2,082,768.41	47,140,591.44
Disposal		-13,114,057			-365,423	-13,479,480
<b>As at 30th June 2025</b>		<b>282,646,643</b>	<b>28,378,222</b>	<b>56,103,592</b>	<b>10,886,343</b>	<b>378,014,800</b>
<b>Net Book Values</b>						
<b>As At 30th June 2024</b>	195,389,370	137,460,432	39,769,011	23,397,424	67,943,422	463,959,659
<b>As At 30th June 2025</b>	<b>201,389,510</b>	<b>101,160,098</b>	<b>34,599,040</b>	<b>14,391,578</b>	<b>67,342,845</b>	<b>418,883,070</b>

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Property, Plant and Equipment at Cost**

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Buildings	201,389,510	-	201,389,510
Motor Vehicles, Including Motorcycles	383,806,740	282,646,643	101,160,098
Furniture and fittings	62,977,262	28,378,222	34,599,040
Computers And Related Equipment	70,495,170	56,103,592	14,391,578
Plant And Machinery	78,229,189	10,886,343	67,342,845
<b>Total</b>	<b>796,897,871</b>	<b>378,014,800</b>	<b>418,883,070</b>

**20. b Intangible Assets- Amortization @ 30%**

<b>Cost</b>	<b>2024-2025 Kshs</b>	<b>2023-2024 Kshs</b>
<b>At beginning of the year</b>	<b>130,250,754</b>	<b>64,067,968</b>
Additions	-	-
<b>At end of the year</b>	<b>130,250,754</b>	<b>64,067,968</b>
Additions—internal development	-	66,182,786
<b>At end of the year</b>	<b>130,250,754</b>	<b>130,250,754</b>
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	19,220,390	-
Amortization	33,309,109	19,220,390
<b>At end of the year</b>	<b>52,529,499</b>	<b>19,220,390</b>
Impairment loss	-	-
<b>At end of the year</b>	<b>-</b>	<b>-</b>
<b>Reinstated NBV</b>	<b>77,721,255</b>	<b>111,030,364</b>

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**21. Trade and other payables**

Description	2024-2025	2023-2024
	KShs	KShs
Gratuity accrued (KSEIP)	3,178,218	0
Refundable deposits on disposal	183,090	17,618,521
Expense AP Accrual	4,085,377	
Audit fees accrued	1,160,000	1,160,000
Insurance compensation-GPI	10,575,480	8,346,287
Trade creditors	31,359	
Retention fees	11,104,736	6,401,091
Un Honored Cash Transfers	89,101	7,371,001
<b>Total trade and other payables</b>	<b>30,407,360</b>	<b>40,896,899</b>

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade payables	30,407,360		40,896,899	
Employee payables	0		0	
Other payables	0		0	
<b>Total trade and other payables</b>	<b>30,407,360</b>		<b>40,896,899</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>2024-2025</b>	<b>% of the Total</b>	<b>2023-2024</b>	<b>% of the Total</b>
			<b>FY</b>	
Under one year	30,407,360	100%	40,896,899	1
<b>Total (tie to above total)</b>	<b>30,407,360</b>		<b>40,896,899</b>	

**21a Refundable Deposits and Prepayments from Customers**

Description	2024-2025		2023-2024	
	KShs		KShs	
Other deposits	183,090		17,618,521	
<b>Total deposits</b>	<b>183,090</b>		<b>17,618,521</b>	
			<b>2023-2024</b>	

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

<b>Ageing analysis: (Refundable deposits)</b>	<b>2024-2025</b>		<b>% of the Total</b>	<b>FY</b>	<b>% of the Total</b>
Under one year	183,090		100%	17,618,521	100%
<b>Total</b>					

Refundable deposit relates to amount deposited in relation to disposal of assets

## 22. Cash Generated from Operations

Description	<b>Kshs</b>
	<b>2024-2025</b>
Surplus/Deficit for the year	(280,648,485)
<b>Adjusted for:</b>	
Depreciation	80,449,700
Non-cash grants received	(200,198,785)
Gains and losses on disposal of assets	755,809
Working capital adjustments	(199,442,976)
over payment on PAYE	(8,643,858)
prepayment in respect to insurance costs	(8,631,068)
inventory purchased	(7,963,721)
Refundable deposits paid during the year	(10,489,539)
Transfer of IDA and Grant opening balances	(18,759,821)
Prior year Adjustment	(1,204,307)
Net cash flow from operating activities	<u>(255,135,290)</u>

## 23. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

### i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

<b>Description</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
<b>As at June 30, 2025</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Receivables from non-exchange transactions	95,607,440	0	0
Bank balances	373,690,048	0	0
<b>Total</b>	<b>469,297,488</b>	<b>0</b>	<b>0</b>
<b>As at June 30, 2024</b>			
Receivables from non-exchange transactions	78,332,514	0	0
Bank balances	628,747,267	0	0
<b>Total</b>	<b>707,079,781</b>	<b>0</b>	<b>0</b>

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**Financial Risk Management**

**iii) Market risk**

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

The Entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Entity manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**20. Appendices**

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

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe:</b>
	Inaccuracies of property plant and equipment Balances	The inaccuracies arose from the exclusion of four parcels of land in the financial statements, due to the absence of proper documentation and valuation. Management is currently in the process of acquiring the title deeds, after which a formal valuation will be conducted.	Not resolved	Dec 2025
I	Irregular payment of allowances to Board members	. Management acknowledges the oversight and has initiated corrective measures, including:  Reviewing and aligning all Board allowance payments with applicable policies and statutory guidelines.  Instituting stricter internal controls to ensure all future payments are properly authorized and documented.	Not resolved	Dec 2025

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>Conducting a retrospective review to identify and rectify any non-compliant transactions.</p> <p>Management is committed to ensuring transparency and compliance in all financial matters and will continue to monitor this area closely to prevent recurrence.</p>		
2	Non-Compliance with the one third of basic Salary rule	<p>Management acknowledges the non-compliance with the one-third of basic salary rule, which was primarily due to system limitations and oversight in the payroll processing framework. The issue has since been identified, and the following corrective actions are being implemented:</p> <p>System Review and Update: The payroll system is being reviewed and updated to incorporate automated checks that ensure compliance with statutory limits on deductions.</p> <p>Ongoing Monitoring: Regular audits and compliance checks will be instituted to</p>	Not resolved	Dec 2025

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>prevent recurrence and ensure continued adherence to statutory requirements.</p> <p>Management remains committed to full compliance with labor laws and financial regulations.</p>		
I	Untagged assets	<p>Management acknowledges the presence of untagged assets, which resulted from delays in asset registration and tagging during acquisition and deployment. The oversight was primarily due to gaps in coordination between procurement and asset management functions.</p> <p>Corrective actions are currently underway, including:</p> <p>Asset Verification: A physical verification exercise is being conducted to identify and reconcile all untagged assets.</p> <p>Tagging and Registration: All identified assets will be tagged and updated in the asset register in accordance with internal policies and accounting standards.</p>	Not Resolved	Dec 2025

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>Management is committed to maintaining a complete and accurate asset register and ensuring full compliance with asset management policies.</p>		
2	Lack of Approved staff establishment	<p>Management acknowledges the absence of an approved staff establishment, which has contributed to inconsistencies in staffing levels and roles across departments. This gap was primarily due to delays in finalizing the organizational structure and obtaining formal approval from the relevant authorities.</p> <p>To address this issue, the following actions are being undertaken:</p> <p>Development of Staff Establishment: A comprehensive staff establishment is being developed in consultation with relevant stakeholders to align with the organization's strategic objectives and operational needs.</p> <p>Approval Process: The draft establishment will be submitted to the</p>	Not resolved	Dec 2025

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>appropriate oversight body for review and formal approval.</p> <p>Interim Controls: In the meantime, staffing decisions are being guided by existing budgetary provisions and operational priorities to ensure continuity and accountability.</p>		



NDMA Chief Executive Officer

Date: 10/11/2025

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Appendix II: Projects implemented by National Drought Management Authority**

Project title	Project Number	Donor	Period/ duration	Donor commitment (Millions)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
DCADR	1	EU	5 years	2,080	No	Yes
TWENDE	2	GCF	5 years	716.86	No	Yes
SDRM	3	EU	5 years	1,497	No	Yes
NDEF	4	GOK	10 years	0	Yes	No
KSEIP	5	World Bank	5 years	1,200	Yes	No
HSNP	6	GOK	Recurrent	0	Yes	No

**Status of Projects completion**

SN	Project	Total project Cost (Million)	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	DCADR	2,880	762.57	26%	858.51	509.71	EU/GoK
2	TWENDE	1,028.86	433.55	42%	425.06	147.61	GCF/GoK
3	SDRM	1,980	1,920	97%	25.03	15	EU/GoK
6	HSNP	28,811.24	25,119.17	87%	5,456	1,531.93	GOK

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Appendix III: Fixed Asset Register**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2023-2024</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out) during the year</b>	<b>Historical Cost c/f (Kshs) 2024-2025</b>
Buildings and structures	195,389,370	6,000,140	0	0	201,389,510
Motor vehicles	419,657,099	0	35,850,359	0	383,806,740
Furniture and fittings	62,977,262	0	0	0	62,977,262
Computers	69,570,170	925,000	0	0	70,495,170
Plant & Equipment	78,308,189	0	79,000	0	78,229,189
Intangible Assets	130,250,754	0	0	0	130,250,754
<b>Total</b>	<b>956,152,844</b>	<b>6,925,140</b>	<b>35,929,359</b>	<b>0</b>	<b>927,148,625</b>

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025  
Appendix IV: Transfers from Other Government Entities**

Name of The Entity Sending the Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Total transfers 2024-2025	2023-2024
	KShs	KShs	KShs	KShs
State Department of ASAL	2,795,335,082	0	2,795,335,082	9,090,139,325
<b>Total</b>	<b>2,795,335,082</b>	<b>0</b>	<b>2,795,335,082</b>	<b>9,090,139,325</b>

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025  
Appendix V- Inter-Entity Confirmation Letter**

**Name of Transferring entity Ministry of ASALs**

**Name of Beneficiary entity: National Drought Management Authority**

<b>Confirmation of amounts received by National Drought Management Authority as at 30<sup>th</sup> June 2025</b>					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT24215QP160	02-Aug-24	66,073,782		66,073,782	
FT2421552F22	02-Aug-24	127,654,917		127,654,917	
RCPT-065	05-Aug-24	2,500,000		2,500,000	
FT2425507BQW	11-Sep-24	2,500,000		2,500,000	
FT24255R0PSM	11-Sep-24	66,073,782		66,073,782	
FT24255JZTL6	11-Sep-24	127,654,917		127,654,917	
FT242892TLMN	15-Oct-24	2,500,000		2,500,000	
FT24289VHZKN	15-Oct-24	66,073,782		66,073,782	
FT24289V2HH9	15-Oct-24	127,654,916		127,654,916	
FT24312QV28S	07-Nov-24	2,500,000		2,500,000	

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

FT24312YVYKQ	07-Nov-24	66,073,782		66,073,782
FT24312PL507	07-Nov-24	127,654,917		127,654,917
FT24346XSH86	11-Dec-24	2,500,000		2,500,000
FT24346FS6ZV	11-Dec-24	66,073,782		66,073,782
FT24346BC6BS	11-Dec-24	127,654,917		127,654,917
FT25003G0WFF	03-Jan-25	2,500,000		2,500,000
FT250037760L	03-Jan-25	66,073,782		66,073,782
FT25003ZJY02	03-Jan-25	127,654,916		127,654,916
FT250458XDMX	14-Feb-25	68,573,782		68,573,782
FT25045FBHXT	14-Feb-25	127,654,917		127,654,917
FT251012TFGN	11-Apr-25	12,500,000		12,500,000
FT25101FWCC6	11-Apr-25	330,368,911		330,368,911
FT25101L7TZF	11-Apr-25	638,274,583		638,274,583
FT24325C7VNT	20-Nov-24		48,300,129	48,300,129
FT25029FTDZZ	29-Jan-25		10,000,000	10,000,000
FT25106SVZRL	16-Apr-25		147,083,697	147,083,697
FT25143VLJ19	16-Apr-25		54,900,387	54,900,387
FT25148F6F21	28-May-25		147,396,072	147,396,072
FT25162DTX11	28-May-25		2,414,212	2,414,212

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

Totals		2,354,744,385	410,094,497	2,764,838,882
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I confirm that the amounts shown above are correct as of the date indicated.

**Head of Accounts Department - Disbursing Entity:**

Name Hared Hesa Sign [Signature] Date 10/11/2025

**Head of Accounts Department - Beneficiary Entity:**

Name MUSUF R. BAKHA Sign [Signature] Date 10/11/2025

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

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

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
				Kshs '000,000'	Kshs '000,000'	Kshs '000,000'	Kshs '000,000'		
<b>DCADR</b>	The Dryland Climate Action for Community Drought Resilience (DCADR) is a 4-year project co-funded by the European Union (EU) and the Government of Kenya and implemented by the National Drought Management Authority (NDMA) in drought-prone Arid and Semi-Arid Lands (ASALs)/counties. DCADR builds	<p><b>Overall Objective (Outcome):</b> To promote greener, more inclusive, and resilient rural development in Kenya.</p> <p><b>Project Purpose:</b> To enhance the resilience of communities in arid and semi-arid lands to drought and other effects of climate change.</p>	The Project will support NDMA to identify and enter innovative partnerships with private companies, counties, national government institutions, NGOs and similar actors for co-financing and implementation of drought recovery, response and preparedness interventions. It will also enable NDMA to leverage its own response, recovery and preparedness investment resources and hence contribute to scaling of the benefits received by communities in drought-prone areas.	84.77	227.89	366.03	149.89	EU/GoK	NDMA

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

	on the experiences and achievements of previous EU support to drought risk management in Kenya since 2007 and to the NDMA since the Authority's establishment in 2011.		<p>The project will also support NDMA to broaden its resource mobilisation base to include new institutional funding sources, including specifically existing and emerging sources of climate funding.</p> <p>The project will support NDMA to institutionalise these innovative approaches and positioning itself as the core drought risk management coordinating Authority in Kenya through adaptation of its internal procedures, systems and capacities</p>						
<b>TWENDE</b>	Towards Ending Drought Emergencies (TWENDE) Project is a climate adaptation project funded by the Green Climate Fund (GCF) through	-Is to reduce the cost of climate change induced drought on Kenya's national economy (HOW) by increasing resilience of the livestock and other land use sectors (APPROACH) in restored and effectively	<p>The project focuses on three components:</p> <p><b>Component 1:</b> Climate change adapted planning for drought resilience</p> <p><b>Component 2:</b> Restoration of rangeland landscapes for ecosystem-based adaptation</p>	29.29	34.86	81.68	69.92	GCF/GoK	NDMA

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

	International Union for Conservation of Nature (IUCN) and NDMA is the Executing Entity for component 1. TWENDE has three components namely Climate change adapted planning for drought resilience; Restoration of rangeland landscapes for ecosystem-based adaptation; and Climate change resilient ecosystem management for investments. It is implemented in 11 counties that are clustered into three landscapes: Sabarwawa, Mid-Tana and Chyulu	governed rangeland ecosystems.  -The project will contribute to improved adaptation to climate change of Kenya's national policy of "Ending Drought Emergencies", as outlined in "Kenya Vision 2030 and BETA	<b>Component 3:</b> Climate change resilient ecosystem management for investments						
<b>SDRM</b>	This programme is aligned to the key strategic	The objective of this project is to enhance food and nutrition	I. Effective and transparent mechanisms for the	0	0	0	15	EU/GoK	NDMA

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

	priority on food and nutrition security, agricultural product development. It will follow a cross-border and multi-sector approach to address weak drought resilience and high food and nutrition security vulnerability.	security of vulnerable households, especially for women and children and generate sustainable livelihoods and protect productive assets.	disbursement of DCF in place and operational. 2. Drought preparedness enhanced at county and community levels. 3. Timely disbursement of DCF leading to reduced loss of households' assets during drought episodes. 4. Performance of EDE Coordination-CfP projects enhanced through improved coordination and cross-sectoral collaboration.						
<b>NDEF</b>	The NDEF Act 2021 refers to the Public Finance Management (National Drought Emergency Fund) Regulations, 2021 of Kenya, which are made under the Public Finance	The object and purpose for which the Fund is established is to — (a)improve the effectiveness and efficiency of the drought risk management system in the country;(b)facilitate resilience building, preparedness and timely response to drought during its	Key Project Activities 1. Preparedness and Resilience-Building Activities (up to 50% of annual resources) 2. Emergency Drought Response (up to 40% of resources) 3. Recovery and Rehabilitation (up to 5% of resources)	49.83	142.45	336.78		GOK	NDMA

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

	<p>Management Act, 2012. These regulations establish the National Drought Emergency Fund, whose aim is to support drought-affected areas by providing resources for preparedness, response, and mitigation of drought impacts. The Fund is managed by the National Drought Management Authority (NDMA) and operates through various governance structures. The Board of the National Drought Management Authority established under section 18(1) of the National Drought Management</p>	<p>different stages in order to reduce and minimise the negative effects of droughts;(c)to receive financial resources from development partners who support government on drought risk management interventions;(d)provide for —(i)a common basket emergency fund in order to facilitate faster, transparent, predictable and accountable release of Funds for drought risk management;(ii)funds for capacity and technical expertise development to improve on drought risk management systems; and(iii)the establishment, management and coordination of programmes, projects or activities to further the foregoing objects and purposes.</p>	<p>4. Fund Management and Oversight (up to 5% of resources)</p>						
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**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

	Authority Act, 2016 (No. 4 of 2016) shall oversee the administration and management of the Fund.								
<b>KSEIP/ HSNP</b>	The Kenya Social and Economic Inclusion Project (KSEIP) is an initiative (2019–2023) funded by the World Bank’s International Development Association (IDA) and co-financed by the UK’s FCDO aimed to transform Kenya’s social protection system from basic cash transfers toward an integrated framework for inclusive resilience. The project emerged in response to	The core objectives of the KSEIP are to: - Protect over 132,000 poor and vulnerable households through expanded HSNP coverage and timely emergency payments, prepare SP architecture by anchoring disaster risk financing in national fiscal planning, sustain SP by transitioning NDMA into a self-reliant custodian of shock-responsive social protection.  NDMA as the operational backbone, KSEIP aimed to make vulnerability to shocks a manageable contingency rather than a recurring catastrophe.	Key Activities of the Kenya Social and Economic Inclusion Project (KSEIP): Expansion of HSNP Coverage, strengthening Shock-Responsive Financing Mechanisms, institutional Capacity Building for NDMA, integration of Disaster Risk Financing into National Planning, linkage to Vision 2030 and Human Capital Development	282.67	949.78	1,214.74	769.53	World Bank/GOK	NDMA

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

	<p>critical gaps identified in Kenya's National Safety Net Program (NSNP): fragmented delivery systems, limited access to health and nutrition services, and inadequate shock responsiveness—especially in eight (8) most drought-prone arid counties. KSEIP supports the Hunger Safety Net Programme which is a government of Kenya vision 2030 flagship scalable shock responsive social protection investment implemented in the counties of Turkana, Marsabit, Wajir, Mandera, Isiolo,</p>								
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**National Drought Management Authority  
 Annual Report and Financial Statements  
 for the year ended June 30, 2025**



	Garissa and Tana River. KSEIP represents a strategic shift from safety nets to human capital investment, emphasizing sustainability through government ownership								
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**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Appendix VII: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
NDEF	Drought Response	Drought	Response	Water response activities		Water trucking and provision of water tanks in Kilifi, Garissa, Marsabit, Wajir and Mandera counties
NDEF	Drought Response	Drought	Response	Cash transfers	0	Thresholds were not attained to trigger scale ups
NDEF	Drought Recovery	Drought	Recovery	Drought recovery support	0	Due to mild drought, impacts were minimal to warrant drought recovery support.
DCADR	Drought Response	Drought	Preparedness	Contingency, response, scenario planning	13.32	25 county contingency plans, 49 ward contingency plans, 10 response plans and 10 drought scenario plans were developed/reviewed
HSNP	Drought Response	Drought	Response	Scale Up cash transfers	0	Thresholds were not attained to trigger scale ups