

REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 12 JUN 2024 DAY

OF

|                       |                |
|-----------------------|----------------|
| TABLED BY:            | Deputy Leader. |
| CLERK OF THE ASSEMBLY | Majority party |
|                       | Miriam Njoroge |

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL DROUGHT MANAGEMENT  
AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
28 MAR 2024  
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**National Drought Management Authority (NDMA)  
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

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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 the year ended June 30, 2023.**

**Table of Contents**

| <b>Page</b> |   |
|-------------|---|
| 1.          | Acronyms, Abbreviations and Glossary of Terms .....ii   |
| 2.          | Key Entity Information and Management.....iii   |
| 3.          | The Board of Directors..... ix  |
| 4.          | Key Management Team ..... xii   |
| 5.          | Chairman’s Statement ..... xvii   |
| 6.          | Report of the Chief Executive Officer ..... xix   |
| 7.          | Statement of Performance against Predetermined Objectives for FY 2022/2023 ..... xxi                                |
| 8.          | Corporate Governance Statement ..... xxvi   |
| 9.          | Management Discussion and Analysis ..... xxix   |
| 10.         | Environmental and Sustainability Reporting..... xxxii   |
| 11.         | Report of the Directors ..... xxxiv   |
| 12.         | Statement of Directors Responsibilities..... xxxv   |
| 13.         | Report of the Independent Auditor for the Financial Statements of National Drought Management Authority .....xxxvii |
| 14.         | Statement of Financial Performance for the year ended 30 June 2023 ..... 1  |
| 15.         | Statement of Financial Position as at 30 June 2023..... 3   |
| 16.         | Statement of Changes in Net Assets for the year ended 30 June 2023 ..... 4  |
| 17.         | Statement of Cash Flows for the year ended 30 June 2023 ..... 6   |
| 18.         | Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023 ..... 8                        |
| 19.         | Notes to the Financial Statements ..... 18  |
|             | Appendices ..... 57   |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**I. Acronyms, Abbreviations and Glossary of Terms**

**A: Acronyms and Abbreviations**

|            |  |
|------------|--|
| CEO        | Chief Executive Officer  |
| 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   |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**B: Glossary of Terms**

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

**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 7<sup>th</sup> 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.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

- 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:** The NDMA Act, 2016, mandates the Authority 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:** To be a world-class Authority in drought risk management and climate change adaptation.

**Mission:** To provide leadership and coordination of Kenya's efforts in the management of drought risk and adaptation to climate change.

**Strategic Objectives**

The NDMA 2018 to 2022 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 institutional and community resilience to drought risk and climate change.
- ii. To provide drought and climate information to facilitate concerted actions by relevant stakeholders.
- iii. To protect livelihoods of vulnerable households and community systems to cope and recover from drought shocks.
- iv. To ensure coordinated action on drought risk management by government and other stakeholders.
- v. To enhance resource mobilisation and partnerships for drought risk management and climate change adaptation at county, national, regional and global levels.
- vi. To strengthen planning, performance management and knowledge management (for DRM and CCA).
- vii. To strengthen NDMA institutional capacity to provide leadership in drought risk management at national and county levels.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**(c) Key Management**

(d) The Entity's day-to-day management is under the following key organs:

| No. | Designation             | Name                       |
|-----|-------------------------|----------------------------|
| 1.  | Chief Executive Officer | Hared Hassan Lt. Col (Rtd) |
| 2.  | Head of Finance         | Mr. Yussuf Roba Bagaja     |
| 3.  | Head of Procurement     | Mr. Hussein Adan Bilala    |

**(e) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

| No | Designation                                  | Name                       |
|----|--|----------------------------|
| 1  | Chief Executive Officer                      | Hared Hassan Lt. Col (Rtd) |
| 2  | Director Corporate Services                  | Mr. Hashim Adan Ali        |
| 3  | Ag. Director Technical Services              | Mr. Saiyana Lembara        |
| 4  | Director Planning, Monitoring and Evaluation | Ms. Stella Kiptoo          |
| 5  | Deputy Director Finance & Accounts           | Mr. Yussuf Roba Bagaja     |
| 6  | Deputy Director Supply chain                 | Mr. Hussein Adan Bilala    |
| 7  | Deputy Director Human resource & Admin       | Mr. Patrick Musichi        |

**(f) 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.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

- (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**

The Finance 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 investment committees (PIC on Social services, admiration and agriculture). The Authority appeared before this committee on 04 April 2023 to respond on the unqualified audit opinions for F/Y 2017/18, 2018/19, 2019/20 & 2020/21.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**(g) Entity Headquarters**

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

**(h) 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)

**(i) Entity Bankers**

1. NCBA Bank  
Harambee Avenue Branch  
P.O Box 44599 - 00100  
Nairobi, Kenya
  
2. Kenya Commercial Bank  
KICC Branch  
P.O. Box 30081-00100  
Nairobi, Kenya
  
3. Cooperative Bank  
Siakago Branch  
Nairobi, Kenya
  
4. Equity Bank  
Parliament Road  
Embassy House, Harambee Avenue

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

Nairobi, Kenya

5. National Bank of Kenya

Kenyatta avenue Branch

Po box 72866-00200

**(j) Independent Auditor**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(k) Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue




P.O. Box 40112

City Square 00200


Nairobi, Kenya

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**



**3. The Board of Directors**

| Ref | Directors   | Details   |
|-----|---|---|
| a)  |  <p data-bbox="256 831 579 864">Mr. Raphael Nzomo, MBS</p>   | <p data-bbox="711 495 1445 528">Chairperson to the Board- Non Chairperson to the Board</p> <p data-bbox="711 546 1054 580">Born on October 18<sup>th</sup> 1965</p> <p data-bbox="711 598 1139 631">Master of Business Administration</p> <p data-bbox="711 649 1114 683">Bachelor's Degree in Economics</p> <p data-bbox="711 701 1286 734">Has over 20 years Aviation Sector Experience</p> <p data-bbox="711 752 1118 786">Reappointment on 13<sup>th</sup> July 2022</p>  |
| b)  |  <p data-bbox="264 1238 560 1272">Dr. Benson Longaritom</p> | <p data-bbox="711 920 1062 954">Independent Board member</p> <p data-bbox="711 972 884 1005">Born on 1965</p> <p data-bbox="711 1023 1377 1057">Member of finance and Human Resource committees</p> <p data-bbox="711 1075 1018 1108">MBA (Entrepreneurship)</p> <p data-bbox="711 1126 1114 1160">Bachelor of Veterinary Medicine</p> <p data-bbox="711 1178 1398 1211">20 years of Managing Director of Paves Vetgro Limited</p> <p data-bbox="711 1229 1114 1263">Appointed on October 21, 2019</p> <p data-bbox="711 1281 1147 1314">Term ended on October 21, 2022</p> |
| c)  |  <p data-bbox="288 1776 512 1809">Mr. Micah Powon</p>      | <p data-bbox="711 1402 1465 1485">Board Member - Permanent Secretary State Department for Development of the Arid and Semi-Arid Lands</p> <p data-bbox="711 1503 1286 1536">Member of Finance and Technical committees</p> <p data-bbox="711 1554 967 1588">MSc. in Horticulture</p>  |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**




| Ref | Directors   | Details  |
|-----|---|--|
| d)  |  <p>Mr. Idris Salim Dakota</p> | <p>Board Member - Permanent Secretary State Department for Development of the Arid and Semi-Arid Lands<br/>Member of Finance and Technical committees<br/>PHD – International Economics<br/>Masters – World Economics<br/>Bachelor’s Degree in Accounting and Finance<br/>Appointed on December 2022</p> |
| e)  |  <p>Robert Kiteme</p>         | <p>Board Member - representing the Council of Governors<br/>Born on 1988<br/>BSc. in Agriculture (Agricultural Economics Major)<br/>Chairperson - Audit &amp; Risk Management Committee<br/>6 years Council of Governors employee<br/>Appointed on July 31, 2017</p>                                     |
| f)  |  <p>Dr. Mary Lonyangapuo</p> | <p>Board Member<br/>Born on 1968<br/>PHD Department of literature, Linguistics and languages<br/>Master’s Linguistics<br/>Senior Lecturer 12 years<br/>Appointed on June 03 2022</p>   |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

| Ref | Directors  | Details   |
|-----|--|---|
| g)  |  <p data-bbox="256 734 552 768">David Mutuku Malonza</p>          | <p data-bbox="711 349 1302 383">Board Member representing National Treasury</p> <p data-bbox="711 405 842 439">Born 1976</p> <p data-bbox="711 461 1225 495">Bachelor's degree in Arts, Social sciences</p> <p data-bbox="711 517 1366 551">Senior assistant secretary National Treasury 7 Years</p> <p data-bbox="711 573 1066 607">Appointed on 20<sup>th</sup> May 2022</p>  |
| h)  |  <p data-bbox="256 1238 600 1272">Hared Hassan Lt. Col (Rtd)</p> | <p data-bbox="711 842 1350 875">Chief Executive Officer and Secretary to the Board</p> <p data-bbox="711 898 983 931">Born on January 1966</p> <p data-bbox="711 954 1270 987">Masters' Degree in Strategic Security Studies</p> <p data-bbox="711 1010 1390 1043">Masters' Degree in International Conflict Management</p> <p data-bbox="711 1066 1270 1099">Masters' Degree in Military Arts and Science</p> <p data-bbox="711 1122 1254 1155">Bachelor of Arts Degree in Political Science</p> <p data-bbox="711 1178 1110 1211">Appointed on February 14 2022</p> |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**




**4. Key Management Team**

| Ref | Management  | Details  |
|-----|---|--|
| a)  |  <p>Hared Hassan Lt. Col (Rtd)</p> | <p>Chief Executive Officer and Secretary to the Board<br/>Masters' Degree in Strategic Security Studies<br/>Masters' Degree in International Conflict Management<br/>Masters' Degree in Military Arts and Science<br/>Bachelor of Arts Degree in Political Science<br/>Appointed on February 14 2022</p> |
| b)  |  <p>Mr. Hashim Ali</p>            | <p>Director, Corporate Services<br/>MBA, Strategic Management<br/>Certified Public Accountant MNo. 2980<br/>Certified Internal Auditor<br/>Certifies Information Systems Auditor (CISA)<br/>Certified Data Privacy Solution Engineer</p>   |
| c)  |  <p>Mr. Saiyana Lembara</p>      | <p>Ag, Director, Technical Services<br/>MA Environmental Planning and Management<br/>BSc Agriculture<br/>Certificate Forestry</p>  |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

| d) Ref | Management  | Details  |
|--------|---|--|
| e)     |  <p>Ms. Stella Kiptoo</p>  | <p>Director, Planning Monitoring &amp; Evaluation</p> <p>Bachelor of Arts and social Science</p> <p>Master's in Business Administration</p> <p>Master of Arts in Economics</p>   |
| f)     |  <p>Mr. Yussuf Bagaja</p> | <p>Deputy Director, Finance and Accounts</p> <p>MBA Finance Option</p> <p>Bachelor of Commerce</p> <p>Certified Public Accountant MNo. 8335</p>  |
| g)     |  <p>Mr. Paul Obunde</p>  | <p>Deputy Director, Planning, Monitoring and Evaluation</p> <p>MSc Environmental Economics &amp; Environmental Management</p> <p>Post Graduate Diploma Environmental Economics &amp; Environmental Management,</p> <p>BA Economics</p> |


**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

| h) Ref | Management  | Details  |
|--------|---|--|
| i)     |  <p data-bbox="363 734 587 766">Mr. Hussein Bilala</p>     | <p data-bbox="772 407 1161 439">Deputy Director, Supply Chain</p> <p data-bbox="772 461 1129 492">MSc Supply Chain &amp; Logistics</p> <p data-bbox="772 515 1129 546">BSc Business Administration</p> <p data-bbox="772 568 1098 600">Advanced Diploma - CIPS</p> |
| j)     |  <p data-bbox="405 1176 622 1207">Mr. Martin Kiveu</p>    | <p data-bbox="772 848 1177 880">Deputy Director, Internal Audit</p> <p data-bbox="772 902 1295 934">BSc International Business Administration</p> <p data-bbox="772 956 976 987">Certified Public</p> <p data-bbox="772 1010 1056 1041">Accountant MNo.4221</p>    |
| k)     |  <p data-bbox="395 1684 632 1715">Eng. Hussein Jirma</p> | <p data-bbox="772 1288 1241 1319">Deputy Director, Drought Resilience</p> <p data-bbox="772 1341 1327 1373">MSc Water and Environmental Management</p> <p data-bbox="772 1395 817 1426">BSc</p> <p data-bbox="772 1449 983 1480">Civil Engineering</p>             |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

| l) Ref | Management  | Details   |
|--------|---|---|
| m)     |  <p data-bbox="363 723 651 757">Mr. George Kimunguyi</p>   | <p data-bbox="770 409 1046 443">Deputy Director, ICT</p> <p data-bbox="770 465 1134 499">MSc Information Technology</p> <p data-bbox="770 521 1238 555">BSc Applied Statistics Cisco Certified</p> <p data-bbox="770 577 1337 611">Certified Information Systems Auditor(CISA)</p> <p data-bbox="770 633 1275 667">Certified Data Privacy Solution Engineer</p> |
| n)     |  <p data-bbox="371 1115 616 1149">Mr. Patrick Musichi</p> | <p data-bbox="770 835 1243 913">Deputy Director, Human Resource &amp; Administration</p> <p data-bbox="770 947 1110 981">Bachelor of Arts, Sociology</p> <p data-bbox="770 1003 1227 1037">Higher Diploma in Human Resource</p>   |
| o)     |  <p data-bbox="347 1597 627 1630">Amos Omar Nyakeyo</p>  | <p data-bbox="770 1209 1425 1288">Ag, Deputy Director Drought Contingency Planning and response</p> <p data-bbox="770 1310 994 1344">Msc. Horticulture</p> <p data-bbox="770 1366 999 1400">BSC. Horticulture</p> <p data-bbox="770 1422 1074 1456">Diploma in Horticulture</p> <p data-bbox="770 1478 1190 1512">Certificate in General Agriculture</p>        |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

| p) Ref | Management  | Details  |
|--------|---|--|
| q)     |  <p data-bbox="323 734 531 768">Nelson Mutanda</p> | <p data-bbox="775 409 1190 443">Ag, Deputy Director Information</p> <p data-bbox="775 461 1265 495">Masters in Development Studies(MKU)</p> <p data-bbox="775 512 1161 546">Degree in Computing (UNISA)</p> <p data-bbox="775 564 1302 598">Degree in Economics and Statistics (UoN)</p> |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**5. Chairman's Statement**



Mr. Raphael Nzomo, MBS

On behalf of the Board of Directors for the National Drought Management Authority, it is my pleasure to present the Annual Report and Financial Statement for 2022/2023 financial year. It is a year when the drought that was viewed as the worst in over four decades reached its peak, with the number of people facing acute food insecurity and requiring food assistance reaching a high of 4.9 million. This notwithstanding, the impact in terms of loss of livelihoods and more so livestock was comparatively lower than previous droughts.

The relatively low impact is attributed to measures that have been taken, through the coordination of the Authority to reduce impact of drought. Some of the measures include implementation of Kenya's Ending Drought Emergencies initiative by various sector ministries, County Governments and development partners. The initiative focuses on investing in the foundations for development such as peace and security; roads; water;

energy; education; health; and sustainable livelihoods. In addition, it gives priority to investing in the drought cycle management, institutional development for drought and knowledge management. Coordination structures, both at national and devolved levels were strengthened during the reporting period to facilitate tracking of drought situation across the country, resource mobilization and harmonized response by state and non-state actors.

The year also recorded good rains in most parts of the country that necessitated transition from response to recovery interventions. In this respect, the Authority invested in 15 drought recovery projects particularly in areas such as desilting of water pans, irrigation, rain water harvesting and repair of boreholes. All the structures trapped water and are currently benefiting the target communities.

During the year, the Authority continued to provide cash transfers to poor households in the pioneer counties of Turkana, Wajir, Marsabit and Mandera. It also managed to complete expansion of the Hunger Safety Net Programme (HSNP) to four additional counties of Garissa, Tana River, Isiolo and Samburu. As at end of the financial year, the Authority had made cash transfers of Kshs. 258,066,000 to 23,895 households in the expansion counties.

In order to build resilience of the vulnerable households, the Authority implemented a number of community based micro-projects across the ASAL counties. Twelve of these resilience projects were funded by IFAD through the KCEP-CRAL project; the UNDP funded the Melikubwa Water Pipeline project in Kwale county; and the EU funded the

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

Chepkopeng chicken slaughter slab project in West Pokot, Integrated Kuno irrigation project, and Installation of water tank at Loglogo Girls Secondary were also completed during the reporting period.

Noting the resource constraints, the Authority continued with its resource mobilization efforts and secured EUR 1.3 million from the EU to finance a four-year Dryland Climate Action for Community Drought Resilience (DCADR) Project that will be implemented in 23 ASAL counties. This project will focus on strengthening resource mobilization capacity of the Authority and partnership with state and non-state actors to ensure increased scale, effectiveness and relevance of response, recovery and preparedness support received by drought-affected communities. It is our hope that the partnership approach proposed by the project will enable the Authority to achieve more output with the limited available resources.

The Authority faced a number of challenges during the reporting period that affected its



**Mr. Shallow Yahya**  
**Chairperson to the Board**

service delivery. Among these challenges include inadequate funding, more so for drought coordination, resilience building and food security assessments. There were also delay or total lack of release of funds by the National Treasury. This also affected the cash transfers for which it was not possible to make bi-monthly payments to the beneficiaries. In addition, the Authority was unable to recruit some critical staff due to financial challenges.

The Authority will during the next financial year endeavour to address these challenges through regular follow-ups with the National Treasury. In addition, the Authority will give priority to resource mobilization and explore innovative ways of service delivery that include digitization and partnerships.

The Authority will in collaboration with state and non-state actors review the coordination structures and the Ending Drought Emergencies initiative with the aim of addressing any challenges and accelerating achievement of Kenya's drought resilience goal.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**6. Report of the Chief Executive Officer**



Hared Hassan Lt. Col (Rtd)

During the reporting period, the country continued to face the worst drought in over four decades. The drought reached its peak, with the number of people facing acute food insecurity and requiring food assistance reaching a high of 4.9 million. An estimated 2.6 million livestock mortalities were recorded as a result of the drought. There was also increased malnutrition across the ASALs, with about 970,214 children below five years and 142,179 pregnant or lactating women requiring treatment for acute malnutrition.

This notwithstanding, the impact in terms of loss of livelihoods and more so livestock was comparatively lower than previous droughts. The relatively low impact is attributed to measures that have been taken, through the coordination of the Authority to reduce impact of drought. Some of the measures include implementation of Kenya's Ending Drought Emergencies initiative by various sector ministries, County Governments and development partners. The initiative focuses on investing in the foundations for development such as peace and security; roads; water; energy; education; health; and sustainable livelihoods. In addition, it gives priority to investing in the drought cycle

management, institutional development and knowledge management. Coordination structures, both at national and devolved levels were strengthened during the reporting period to facilitate tracking of drought situation across the country, resource mobilization and harmonized response by state and non-state actors.

The Authority cushioned vulnerable poor households in 4 arid counties namely Turkana, Marsabit, Mandera and Wajir through provision of both regular and scale-up cash transfers. A total of Kshs. 2,152,828,800 was disbursed to 94,908 households in these four pioneer counties. The cash transfer programme was successfully expanded to four additional counties of Garissa, Tana River, Isiolo and Samburu during the reporting period. This enabled the Authority to make cash transfers of Kshs. 258,066,000 to 23,895 households in the expansion counties.

In order to build resilience of the vulnerable households, the Authority implemented a number of community based micro-projects across the ASAL counties. Twelve of these resilience projects were funded by IFAD through the KCEP-CRAL project; the UNDP funded the Melikubwa Water Pipeline project in Kwale county; and the EU funded the Chepkopeng chicken slaughter slab project in West Pokot, Integrated Kuno irrigation project, and Installation of water tank at Loglogo Girls Secondary were also completed during the reporting period.

Noting the resource constraints, the Authority continued with its resource mobilization efforts and secured EUR 1.3 million from the EU to finance a four-year Dryland Climate Action for Community

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

Drought Resilience (DCADR) Project that will be implemented in 23 ASAL counties. This project will focus on: strengthening resource mobilization capacity of the Authority and partnership with state and non-state actors to ensure increased scale, effectiveness and relevance of response, recovery and preparedness support received by drought-affected communities; leveraging innovative partnerships for drought response, recovery and preparedness; and strengthening NDMA capacity to perform its core DRM mandate and to attract investment. The partnership approach proposed by the project is expected to enable the Authority to achieve more output with the limited available resources.

Provision of food security and drought early warning information remains a priority intervention of the Authority. During the reporting period, bi-annual multi-stakeholder food and nutrition security assessments were carried out to inform response interventions by a wide range of stakeholders, both at national and county levels. The assessments were expanded to 32 counties that were affected by the drought. These assessments were supported by monthly drought early warning systems that the Authority continued to modernize and digitize during the reporting period. In addition, the county Governments were supported to produce drought contingency plans that informed response.

During the reporting period, the Authority supported counties to respond to effects of drought. In this respect, the Authority disbursed a total of Kshs 427,437,944 through the DCF MIS to twenty (20) counties. These were channelled to priority sectors such as livestock, water, health and nutrition, peace

and security, and coordination. Scale-up cash transfers were triggered in the months of August, September and October 2022. Following these triggers, the Authority paid Kshs. 409,074,300 to 59,651 households in counties of Wajir, Mandera, Turkana and Marsabit.

The year also recorded good rains in most parts of the country that necessitated transition from response to recovery interventions. In this respect, the Authority invested in 15 drought recovery projects particularly in areas such as desilting of water pans, irrigation, rain water harvesting and repair of boreholes. All these water structures trapped water and are currently benefiting the target communities.

The Authority faced a number of challenges during the reporting period that affected its service delivery. Among these challenges include inadequate funding, more so for drought coordination, resilience building and food security assessments. There were also delay or total lack of release of funds by the National Treasury. This also affected the cash transfers for which it was not possible to make bi-monthly payments to the beneficiaries. In addition, the Authority was unable to recruit some critical staff due to financial challenges.

The Authority will during the next financial year endeavour to address these challenges through regular follow-ups with the National Treasury. In addition, the Authority will give priority to resource mobilization and explore innovative ways of service delivery that include digitization and partnerships.

**Hared Hassan Lt. Col (Rtd)  
Chief Executive Officer**

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**7. Statement of Performance against Predetermined Objectives for FY 2022/2023**

NDMA has strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022/2023-I. These strategic Objectives are as follows:

**Strategic Objective 1:** To strengthen institutional and community resilience to drought risk and climate change.

**Strategic Objective 2:** To provide drought and climate information to facilitate concerted actions by relevant stakeholders.

**Strategic Objective 3:** To protect livelihoods of vulnerable households and community systems to cope and recover from drought shocks.

**Strategic Objective 4:** To ensure coordinated action on drought risk management by government and other stakeholders.

**Strategic Objective 5:** To enhance resource mobilization and partnerships for drought risk management and climate change adaptation at county, national, regional and global levels.

**Strategic Objective 6:** To strengthen planning, performance management and knowledge management (for DRM and CCA).

**Strategic Objective 7:** To strengthen NDMA institutional capacity to provide leadership in drought risk management at national and county levels.

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 2022/23 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, 2023.**

| <b>Strategic Objective</b>  | <b>Strategy</b>   | <b>Key Performance Indicators</b>                                | <b>Activities</b>  | <b>Achievements</b>                        |
|---|---|--|--|--|
| Strategic Objective 1: To strengthen institutional and community resilience to drought risk and climate change adaptation | 1.1. Mainstream DRR, CCA, SP and other EDE priorities in policy, planning and budgeting processes | No. of officers sensitized                                       | Create awareness on policy/guidelines formulation, validation and enactment. Awareness creation on National Drought Emergency Fund (NDEF). | 414 stakeholders, including CECs           |
|   | 1.2 Invest in and coordinate Strategic preparedness, SP and CCA activities                        | No. of projects  | Complete implementation of projects in Kwale, West Pokot, Isiolo, Embu and Makueni   | 18 projects completed                      |
|   |   | No. of households registered                                     | Facilitate accounts opening in the new HSNP counties   | 190,487 HHs Accounts opened.               |
|   |   | No. of hhs receiving regular cash transfers                      | Provide cash transfers to beneficiary hhs  | 118,803 households received cash transfers |
| Strategic Objective 2: To provide drought and climate information to facilitate concerted actions                         | 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   | 276 produced as planned                    |
| by relevant stakeholders  | 2.3. Coordinate and participate in drought risk baseline reviews                                  | No. of county food security assessment reports.                  | Conduct long rains and short rains food security assessments   | 46 with each county producing 2 reports    |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|   |   |  |  |   |
|---|---|--|--|---|
|   | and food security assessments   |  |  |   |
| Strategic Objective 3: To protect livelihoods of vulnerable household and community systems to cope and recover from drought shocks | 3.1. Build capacity of communities and stakeholders on drought contingency planning processes | No. of participants trained on CP process              | Develop ward level drought contingency plans in 3 wards per county (69Wards)                     | Achieved as planned   |
|   | 3.2. Continuously review and update drought contingency plans at ward and county levels       | No. of updated county contingency plans (1 per county) | Support the 23 counties to review their CPs based on the possible scenarios and changing context | 23 contingency plans updated  |
|   | 3.4. Support drought response and recovery activities   | No. of counties supported on response activities       | Disburse funds to 20 No. drought affected counties   | 20 counties supported   |
|   |   | No. of counties supported on response activities       | Support recovery activities  | 23 recovery interventions were supported during the quarter                 |
|   | 3.5. Strengthen mechanisms for expansion and scaling up of cash transfers                     | No. of households receiving scale up cash transfers    | Coordinate scale up cash transfers for drought response in ASAL counties                         | 59,651 households supported and Kshs. 409.07 million disbursed for scale up |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|   |   |                                |   |  |
|---|---|--------------------------------|---|--|
| Strategic Objective 4: To ensure coordinated action on drought risk management by government and other stakeholders   | 4.1. Review stakeholder DRM profiles at county, national and international levels | No. of Stakeholders' inventory | Update the stakeholder's inventory and partnerships at county and national levels | 24 inventories produced (one per county and one for HQ)                                    |
|   | 4.4. Strengthen coordination structures at national and county levels             | No. of CSG meetings            | Conduct EDE Steering committee meetings   | 225 CSG and sub-CSG meetings held  |
| Strategic Objective 5: To enhance resource mobilization and partnerships for drought risk management and climate change adaptation at county, national, regional and international levels | 5.1. Strengthen resource mobilization mechanisms                                  | No. of proposals submitted     | Submit proposals to potential funders   | One project funded by EU, Dryland Climate Action for Community Drought Resilience (DCADR). |
|   | 5.2. Develop strategies for generating revenue for DRM and CCA                    | Amount generated internally    | Generate revenue for NDMA from internal strategies                                | Kshs. 11,687,441 was generated during the reporting period.                                |
| Strategic Objective 6: To Strengthen Planning, Performance Management and Knowledge Management Approaches that Generate Evidence on DRMC/CCA/EDE  | 6.1. Strengthen planning, M&E and results based performance management systems    | Strategic Plan 2023 -2027      | Develop NDMA Strategic Plan 2023 -2027  | A final draft of 2023- 2027 NDMA Strategic Plan Produced                                   |
|   |   | No. of missions                | NDMA joint monitoring missions  | 10 joint missions conducted  |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|   |   |   |  |  |
|---|---|---|--|--|
| for Decision Making and Practice  |   |   |  |  |
|   |   |   | Produce and disseminate the NDMA annual report for 2022/2023 FY                              | 2022/23 Draft Report Produced and disseminated |
|   |   | No. of platforms developed                  | Piloting and Rolling out of the knowledge management and information sharing platform (KMIS) | 1 platform completed                           |
|   |   | No. of staff sensitized                     | Sensitize staff on the KMIS  | 78 officers trained                            |
| Strategic Objective 7: To Strengthen NDMA institutional capacity to provide leadership in drought risk management at national and county levels | 7.1. Strengthen institutional corporate governance and leadership for the Board | No. of board meetings                       | Hold board meetings  | 20 meetings Held.                              |
|   |   | No. of staff trained                        | Train staff based on training needs assessment (TNA)   | 191 staff members trained                      |
|   | 7.2. Strengthen institutional and administrative capacity                       | No. of staff trained                        | Train Supply Chain Management staff on the new standard bidding documents                    | 30 officers trained                            |
|   |   | EWS systems hosted, maintained and upgraded | Maintain and upgrade EW information systems (database and mobile app)                        | EWS System Hosted and maintained               |
|   |   |   |  |  |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|  |  |                    |                            |                                   |
|--|--|--------------------|----------------------------|-----------------------------------|
|  |  | HSNP – MIS product | Develop HSNP – MIS product | MIS products developed and in use |
|--|--|--------------------|----------------------------|-----------------------------------|

**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 2022/2023 annual report covers the following governance aspects in line with the Authority’s mandate;

**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;

- 1) Technical and Strategy
- 2) Human Resources and Corporate Services
- 3) Finance and Resource Mobilization
- 4) Audit and Risk Management

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

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;

|  |  |
|--|--|
| <p><b>1) Human Resources and Corporate Services</b></p> <ul style="list-style-type: none"> <li>i. Dr. Mary Lonyangapuo – Chairperson</li> <li>ii. Mr. Koome Kiragu – Member</li> <li>iii. Mr. Robert Kiteme – Member</li> </ul>      | <p><b>2) Technical and Strategy committee</b></p> <ul style="list-style-type: none"> <li>i. Mr. Koome Kiragu – Chairperson</li> <li>ii. Principal Secretary, ASALs- Member</li> <li>iii. Mr. David Malonza – Member</li> </ul> |
| <p><b>3) Finance and Resource Mobilization</b></p> <ul style="list-style-type: none"> <li>i. Dr. Mary Lonyangapuo – Chairperson</li> <li>ii. Mr. David Malonza – Member</li> <li>iii. Principal Secretary, ASALs – Member</li> </ul> | <p><b>4) Audit and Risk Management</b></p> <ul style="list-style-type: none"> <li>i. Mr. Robert Kiteme - Chairperson</li> <li>ii. Mr. Gibert Tenai – Member</li> <li>iii. Mr. Koome Kiragu – Member</li> </ul>                 |

**Human Resources Committee**

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.

**Technical 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.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**Finance Committee**

The Finance 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:

- a) Review the Authority'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's 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.

**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.
- 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.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**Board Meetings**

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

| Committee/Board                        | No. of meetings |
|--|-----------------|
| 1. Technical Committee                 | 4               |
| 2. Human Resources                     | 4               |
| 3. Finance committee                   | 4               |
| 4. Audit and Risk Management Committee | 4               |
| 5. Full Board                          | 4               |

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.

**Board Communication with Stakeholders**

The Board ensures effective communication and engagement with stakeholders through timely and transparent disclosure of pertinent information on NDMA's operations and performance.

Board internal communication is as follows;

| Communication level     | Channels/tools  |
|-------------------------|---|
| 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.

**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: Multi-Agency Committee on National Drought Response chaired by the Principal Secretary for Interior & Citizen Services with principal secretaries for all relevant state departments being members; Multi-Agency Technical Committee on National Drought Response; 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.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

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. Reviewed the county livelihood profile data culminating in reviewed livelihood zone maps across 23 ASAL counties.
- v. Rolled out early warning system indicator trigger thresholds for 11 counties;
- vi. Carried out bi-annual multi-agency food and nutrition security assessments in the 23 ASAL Counties to inform response

On issues relating to drought contingency planning and response, the Authority supported counties to update their drought as well as ward contingency plans. In addition, the drought response interventions were coordinated both at national and county levels. Community model centers in Baringo and Samburu operationalized. To support drought response and recovery, the Authority disbursed a total of KShs 427,437,944 through the DCF MIS to twenty (20) counties. There were triggers for scale-up payments in the months of August, September and October 2022; the Authority paid Kshs.409,074,300 to 59,651 households for counties of Wajir, Mandera, Turkana and Marsabit.

The Authority supported interventions towards drought resilience, climate change adaptation and social protection. In this respect, two macro projects funded by the EU were completed. These were: Integrated Kuno irrigation project; Installation of water tank at Loglogo Girls Secondary With the support from the Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL) funded through the Ministry of Agriculture, the Authority implemented 12 resilience projects in Embu and Makueni counties.

During the reporting period, 190,487 accounts were opened for registered households in the four additional counties of Garissa, Samburu, Tana River and Isiolo. HSNP counties tered into the KSEIP Hunger Safety Net Programme (HSNP) in the An average of 118,803 households received regular cash transfers in the eight Counties of Turkana, Wajir, Marsabit, Mandera, Garissa, Samburu, Tana River and Isiolo.

During the 2022/2023 FY reporting period, the Authority monitored implementation of preparedness and response activities as well as HSNP activities by undertaking 10 joint monitoring missions. counties (Mandera, Wajir, Garissa, Tana River, Marsabit, Isiolo, Lamu, Kilifi, Kwale, Narok, Kajiado, West Pokot, Embu, Makueni, and Kitui).

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

During 2022/2023 FY, the Knowledge Management and Information Sharing Platform was rolled out to all counties. 121 staff have so far been trained. Thirty representatives from headquarters and counties were nominated as champions.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**10. Environmental and Sustainability Reporting**

**i) 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.

**ii) 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 171 staff members and promoted 18 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, 2023.**

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

As a responsible corporate citizen, the NDMA invests in and implements corporate social responsibility (CSR) activities that complement its work. The Board ensures that the Authority has a workable budget that's allocated CSR as provided for in the Mwongozo Code of Governance for State Corporations. The CSR activities are aimed at increasing awareness of and improving the Authority's public image as a responsible corporate citizen. The Authority's CSR approach strives to strike a balance between accountability, environmental and social imperatives while at the same time addressing the expectations of stakeholders. During the reporting period, NDMA's contribution to CSR was reflected in how the Authority applied principles regarding handling of its stakeholders. This was done by;

- Committing to the law
- Minimizing negative impacts of interventions
- Applying transparency and accountability in its operations
- Respecting customer feedback and processes
- Seeking and supporting vulnerable communities
- Applying participatory approaches
- Applying interactive and not just "transactive" communication with communities
- Recognizing the importance of local knowledge.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**II. Report of the Directors**

The Directors submit their report together with the unaudited financial statements for the year ended June 30, 2023, which show the state of the Authority's affairs.

**i) Principal activities**

The principal activities of the Entity are as per the NDMA Act 2016

**ii) Results**

The results of the Authority for the year ended June 30, 2023, are set out on I to 53.

**iii) Directors**

The members of the Board of Directors who served during the year are shown on page ix, x & xii. During the year Financial year 2022/2023 directors who retired/ resigned/ appointed are as indicated in page ix, x & xii.

**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, 2023.

.....  


**Name:** Hared Hassan Lt. Col (Rtd)

**Secretary to the Board**

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**12. Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and Cap 486 of the Companies Act, 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 company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company. The Directors are also responsible for safeguarding the assets of the company.

The Directors are responsible for the preparation and presentation of the company's financial statements, which give a true and fair view of the state of affairs of the company for and as at the end of the financial year ended on June 30, 2023. 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 company; (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 the Authority Act. 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, 2023, and of the Authority's financial position as at that June 30, 2023. 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.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

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 Entity's financial statements were approved by the Board on 15 Sept 2023 and signed on its behalf by:



.....  
Name: Mr. Shallow Yahya

**Chairperson of the Board**



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

**Accounting Officer**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON NATIONAL DROUGHT MANAGEMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Drought Management Authority set out on pages 1 to 57, which comprise of the statement of financial position as at 30 June, 2023, 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

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*Report of the Auditor-General on National Drought Management Authority for the year ended 30 June, 2023*

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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Drought Management Authority as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Failure to Amortize Intangible Assets**

The statement of financial position reflects a balance of Kshs.523,870,027 in respect of total non-current assets. As disclosed in Note 22b to the financial statements, the balance includes intangible assets of Kshs.64,067,968. However, Management did not amortize its intangible assets in compliance with IPSAS 31 and hence the carrying amount of the intangible assets and the surplus for the year may be overstated to the extent of the amount of amortization.

In the circumstances, the accuracy and measurement of the intangible assets of Kshs.64,067,968 as at 30 June, 2023 could not be confirmed.

#### **2. Incomplete Fixed Asset Register**

The statement of financial position as disclosed in Note 22a to the financial statements reflects a net book value balance of Kshs.459,802,058 in respect of property, plant and equipment. As previously reported, the net book value and the listing for land and buildings amounting to Kshs.181,970,264 could not be traced in the fixed asset register. Further, verification of the assets listing provided for audit revealed that two thousand and four (2004) assets were captured in the asset listing but with no corresponding values. In addition, some of the assets had not been tagged.

In the circumstances, the ownership, accuracy and existence of the property, plant and equipment balance of Kshs.459, 802,058 as at 30 June, 2023 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 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.

### **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the audit report of the previous year, several issues were raised under Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management had not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

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

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. Violation of Statutory Requirement on Appointment of Members of the Board**

Review of records held by the Authority and provided for audit revealed that the Cabinet Secretary, in exercising his powers under Section 8(1) (d) of the National Drought Management Authority Act, 2016, appointed and gazetted members of the NDMA Board for a term of three (3) years, instead of four (4) years. No evidence was provided to indicate that Section 8(1) (d) of the National Drought Management Authority Act, 2016, had been amended to provide for a lesser term than that provided for in the statute or an explanation for the apparent violation of a legal requirement on the tenure of office of the Board Members of the Authority.

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

##### **2. Sustainability Concerns of Chepkobegh Slaughter Slab**

During the year under audit, the Authority entered into a contract for the construction of a chicken slaughterhouse at Chepareria ward at a contract sum of Kshs.3,355,653. Audit inspection conducted in January, 2024 revealed that the construction and equipping of the chicken slaughterhouse were complete and the project handed over to the community. However, water, sanitation and waste management disposal components were not captured during identification, design and implementation of the project.

Further, despite the project being completed and handed over to the community, it could not take off due to lack of water & electricity supply, lack of an ablution block and septic tank and waste management disposal component. No justification was provided for the exclusion of these critical components in identification, design and implementation of the project.

In the circumstances, the value for money for the expenditure of Kshs.3,355,653 could not be confirmed.

### **3. Projects Constructed on Land Without Ownership Documents**

Review of records held by the Authority and provided for audit revealed that the Authority undertook seven (7) construction projects with a total contract sum of Kshs.37,532,841 as indicated in **Appendix 1** on parcels of land that were not legally owned by the entity. This was contrary to the Ministry of Public Works circular number MOPW/CR/15/3/3/10 of 22 December, 2010, which requires Accounting Officers to ensure that before any project is undertaken, a suitable site is obtained (i.e. it should not be in dispute) and that environmental concerns are integrated in the development as required by the National Environmental Management Authority (NEMA).

Further, some of such parcels of land were donated by the members of the local community. However, the documents presented for audit in support of such donations were not authenticated by any Attorney and were also not supported with either copies of the title deeds or searches to prove that the persons donating the land was the legal owner of the land to avert future disputes.

In the circumstances, Management was in breach of Ministry of Public Works guidelines.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of 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 overall governance.

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

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

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

The Board of 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

02 May, 2024

## Appendix 1 - Projects Constructed on Land Without Ownership Documents

| No. | County        | Name of the Project        | Contract Sum (Kshs.) | Comment   |
|-----|---------------|----------------------------|----------------------|---|
| 1   | Tharaka Nithi | Kathanje-Ruriini Check Dam | 6,006,834            | No title deed for the land and the parcel was not officially surveyed to determine the actual size donated  |
| 2   | Tharaka Nithi | Kauro Ga Mpuria Earth Dam  | 6,481,008            | Although there was a note indicating that the land was donated to the Authority, the actual size was not determined by a surveyor and the land has no title deed in the name of NDMA                              |
| 3   | Tharaka Nithi | Majaraini-Gatuma Chck Dam  | 6,911,846            | No title deed for the land and the parcel was not officially surveyed to determine the actual size donated  |
| 4   | Tharaka Nithi | Kamaganjiu Earth Dam       | 7,432,236            | No title deed for the land and the parcel was not officially surveyed to determine the actual size donated  |
| 5   | West Pokot    | Chepkobegh Slaughter Slab  | 3,355,653            | No title deed for the land and the parcel was not officially surveyed to determine the actual size donated  |
| 6   | West Pokot    | Tumeiyo Borehole           | 3,623,404            | No title deed for the land and the parcel was not officially surveyed to determine the actual size donated  |
| 7   | Taita Taveta  | Kambito Water Pan          | 3,721,860            | Although management has indicated that the land belongs to the Community, no evidence has been availed to show that the land is legally registered in the name of the Community as a proof that it is public land |
|     |               | <b>Total</b>               | <b>37,532,841</b>    |   |

*National Drought Management Authority*  
**Annual Report and Financial Statements**  
for the year ended June 30, 2023.




**14. Statement of Financial Performance for the year ended 30 June 2023**

| Description   | Notes | Kshs                 |                      |
|---|-------|----------------------|----------------------|
|   |       | 2022-2023            | 2021-2022            |
| <b>Revenue from non-exchange transactions</b>       |       |                      |                      |
| Public contributions and donations                  | 6     | 855,728,515          | 681,681,715          |
| Transfers from other governments                    | 7     | 6,480,040,000        | 5,212,440,000        |
| <b>Total Revenue from non-exchange transactions</b> |       | <b>7,335,768,515</b> | <b>5,894,121,715</b> |
| Revenue from exchange transactions                  |       |                      |                      |
| Rental revenue from facilities and equipment        | 8     | 167,400              | 477,350              |
| Other income  | 9 (a) | 24,105,593           | 57,041,227           |
| Extra income  | 9(b)  | 149,760,848          | 58,577,313           |
| <b>Total Revenue from exchange transactions</b>     |       | <b>174,033,841</b>   | <b>116,095,890</b>   |
| <b>Total revenue</b>                                |       | <b>7,509,802,356</b> | <b>6,010,217,605</b> |
| Expenses  |       |                      |                      |
| Use of goods and services                           | 10    | 109,241,372          | 215,427,857          |
| Employee costs                                      | 11    | 637,914,390          | 612,423,697          |
| Board expenses                                      | 12    | 6,863,699            | 19,269,875           |
| Depreciation and amortization expense               | 13    | 86,144,383           | 79,348,428           |
| Repairs and maintenance                             | 14    | 31,842,427           | 35,276,850           |
| Grants and subsidies                                | 15    | 5,960,873,422        | 5,161,975,770        |
| Finance costs                                       | 16    | 2,535,648            | 2,641,497            |
| Extra expenses                                      | 17    | 104,448,595          | 82,105,937           |
| <b>Total expenses</b>                               |       | <b>6,939,863,935</b> | <b>6,208,469,911</b> |
| Gain on disposal                                    | 18 a  | 19,322,063           | 1,069,226            |
| <b>Surplus/( deficit) for the period</b>            |       | <b>589,260,484</b>   | <b>(197,183,080)</b> |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

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The notes set out on pages 18 to 53 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 17 were signed on behalf of the Board of Directors by:


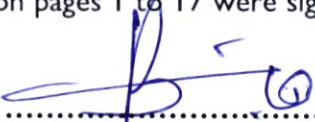

|  |  |  |
|--|--|--|
| <br>..... | <br>..... | <br>..... |
| <b>Name:</b> Hared Hassan Lt. Col<br>(Rtd)   | <b>Name:</b> Yussuf Roba Bagaja  | <b>Name:</b> Mr. Shallow Yahya   |
| <b>Accounting Officer</b>  | <b>Head of Finance</b>   | <b>Chairman of the Board</b>   |
| <b>Date</b>  | <b>ICPAK M/No:</b> 8335<br><b>Date</b> 27/3/24   | <b>Date</b>  |

**National Drought Management Authority**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**15. Statement of Financial Position as at 30 June 2023**

| Description                             | Notes | 2022-2023<br>Kshs    | 2021-2022<br>Kshs    |
|---|-------|----------------------|----------------------|
| <b>Assets</b>                           |       |                      |                      |
| <b>Current assets</b>                   |       |                      |                      |
| Cash and cash equivalents               | 19    | 972,858,659          | 720,033,004          |
| Receivables and prepayments             | 20    | 773,671,818          | 183,126,159          |
| Inventories                             | 21    | 4,264,516            | 3,601,575            |
| <b>Total current assets</b>             |       | <b>1,750,794,994</b> | <b>906,760,738</b>   |
| <b>Non-current assets</b>               |       |                      |                      |
| Property, plant and equipment           | 22 a  | 459,802,059          | 430,585,210          |
| Intangible Assets                       | 22 b  | 64,067,968           | 39,834,728           |
| <b>Total non-current assets</b>         |       | <b>523,870,027</b>   | <b>470,419,938</b>   |
| <b>Total assets</b>                     |       | <b>2,274,665,020</b> | <b>1,377,180,676</b> |
| <b>Liabilities</b>                      |       |                      |                      |
| <b>Current liabilities</b>              |       |                      |                      |
| Trade and other payables                | 23    | 384,471,688          | 76,824,924           |
| <b>Net assets</b>                       |       | <b>1,890,193,333</b> | <b>1,300,355,753</b> |
| <b>Financed By</b>                      |       |                      |                      |
| Capital fund                            |       | 372,983,050          | 372,983,050          |
| General Reserve                         |       | 1,464,797,908        | 874,960,326          |
| Revaluation Reserve                     |       | 52,412,375           | 52,412,375           |
| <b>Total net assets and liabilities</b> |       | <b>1,890,193,333</b> | <b>1,300,355,753</b> |

The financial statements set out on pages 1 to 17 were signed on behalf of the Board of Directors by:

|  |   |   |
|--|---|---|
| <br>.....<br><b>Name:</b> Hared Hassan Lt. Col<br>(Rtd)<br><b>Accounting Officer</b><br>Date 27/03/2024 | <br>.....<br><b>Name:</b> Yussuf Roba Bagaja<br><b>Head of Finance</b><br>ICPAK M/No. 8335<br>Date 27/3/24 | <br>.....<br><b>Name:</b> Mr. Shallow Yahya<br><b>Chairman of the Board</b><br>Date 27/03/2024 |
|--|---|---|

16. Statement of Changes in Net Assets for the year ended 30 June 2023

| Description                           | Capital fund<br>Kshs | General Reserve<br>Kshs | Revaluation Reserve<br>Kshs | Total<br>Kshs        |
|---------------------------------------|----------------------|-------------------------|-----------------------------|----------------------|
| <b>Balance as at June 30, 2021</b>    | <b>372,983,050</b>   | <b>1,070,941,995</b>    | <b>52,412,375</b>           | <b>1,496,337,420</b> |
| Balance as at July 01, 2021           | 372,983,050          | 1,070,941,994           | 52,412,375                  | 1,496,337,419        |
| Transfers to/from accumulated surplus | -                    | -                       | -                           | -197,183,080         |
| Prior year adjustment                 | -                    | 1,087,748               | -                           | 1,087,748            |
| Prior year adjustment                 | -                    | -6,930                  | -                           | -6,930               |
| Prior year adjustment                 | -                    | 120,594                 | -                           | 120,594              |
| <b>Balance as at June 30, 2022</b>    | <b>372,983,050</b>   | <b>874,960,326</b>      | <b>52,412,375</b>           | <b>1,300,355,751</b> |
| <b>Balance as at July 01, 2022</b>    | <b>372,983,050</b>   | <b>874,960,326</b>      | <b>52,412,375</b>           | <b>1,300,355,751</b> |
| Transfers to/from accumulated surplus |                      | 589,260,484             | -                           | 589,260,484          |
| Prior year adjustment                 |                      | 577,098                 |                             | 577,098.13           |
| <b>Balance as at June 30, 2023</b>    | <b>372,983,050</b>   | <b>1,464,797,908</b>    | <b>52,412,375</b>           | <b>1,890,193,333</b> |

**National Drought Management Authority**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**Note: Statement of Changes in Net Assets**

- I. The Prior year adjustment of Kshs. 577,098 relates to transaction omissions and commissions errors  
 In the FY 2021/22. The tabulation of the amount is as indicated below;

| <b>Ledger</b>               | <b>Debit</b> | <b>Credit</b> | <b>Cumulative</b> | <b>Remarks</b>  |
|-----------------------------|--------------|---------------|-------------------|---|
| Prepayments                 |              | 189,324       | 189,324           | To correct error of transposition FY.2021/22 (JV12599)  |
| Salary Advances             | 130,000      |               | 59,324            | Correcting salary advance deposit for FY 2020/21 that was posted under rental income                |
| General Provisions          |              | 106,836       | 166,160           | To correct provision 2018/19 Q4 rent for Kitui office which was erroneously expensed in YR.2019.    |
| General Provisions          |              | 147,567       | 313,727           | To correct provision 2019/20 rent for Nyeri office which was already paid vide PVs.Nos:0108, 058... |
| General Provisions          |              | 1,033         | 314,760           | To correct over-provisions  |
| Accounts Payable            |              | 666,046       | 980,806           | To correct JV.No.10335 for provision already paid via INV.42996, Vch.No.104                         |
| Refundable Deposits Payable |              | 10,672        | 991,478           | To recognize sales of tender erroneously posted as a liability in FY 2021/22                        |
| Sale of Motor Vehicle       | 30,000       |               | 961,478           | To correct overstatement of sale of motor vehicle FY 2021/22  |
| Medical expenses            |              | 500,000       | 1,461,478         | To correct medical expenditure vide Vch.159/2602 that was expensed twice                            |
| Medical expenses            | 884,380      |               | 577,098           | To record expenditure on KCEP CRAL & SDRM declared ineligible                                       |
| <b>Totals</b>               |              |               | <b>577,098</b>    |   |

**17. Statement of Cash Flows for the year ended 30 June 2023**

| Description   |       | 2022-2023            | 2021-2022            |
|---|-------|----------------------|----------------------|
| Cash flows from operating activities                          | Notes | Kshs                 | Kshs                 |
| <b>Receipts</b>   |       |                      |                      |
| Public contributions and donations                            | 6     | 855,728,515          | 681,681,715          |
| Transfers from other governments – gifts and services-in-kind | 7     | 6,480,040,000        | 5,212,440,000        |
| Rental revenue from facilities and equipment                  | 8     | 167,400              | 477,350              |
| Other income  | 9(a)  | 24,105,593           | 57,041,227           |
| Extra income  | 9(b)  | 149,760,848          | 58,577,313           |
| <b>Total Receipts</b>   |       | <b>7,509,802,356</b> | <b>6,010,217,605</b> |
| <b>Payments</b>   |       |                      |                      |
| Use of goods and services                                     | 10    | 109,241,372          | 215,427,857          |
| Employee costs  | 11    | 637,914,390          | 612,423,697          |
| Board expenses  | 12    | 6,863,699            | 19,269,875           |
| Repairs and maintenance                                       | 14    | 31,842,427           | 35,276,850           |
| Grants and subsidies  | 15    | 5,960,873,422        | 5,161,975,770        |
| Finance costs   | 16    | 2,535,648            | 2,641,497            |
| Extra expenses  | 17    | 104,448,595          | 82,105,937           |
| <b>Total Payments</b>   |       | <b>6,853,719,553</b> | <b>6,129,121,483</b> |
| <b>Net cash flows from/(used in) operating activities</b>     |       | <b>656,082,803</b>   | <b>(118,903,878)</b> |
| <b>Cash flows from other operating activities</b>             |       |                      |                      |
| Increase/decrease in receivables-non exchange                 | 20    | (590,545,659)        | 1,476,093,306        |
| Increase/decrease in trade and other payables                 | 23    | 307,646,764          | -956,949,378         |
| Increase/decrease in inventories                              | 21    | (662,941)            | -1,028,280           |
| <b>Total cashflow from other operating expenses</b>           |       | <b>(283,561,837)</b> | <b>518,115,648</b>   |
| <b>Cash flows from investing activities</b>                   |       |                      |                      |
| Computers   | 22a   | (19,691,857)         | (60,797,863)         |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|  |      |                      |                      |
|--|------|----------------------|----------------------|
| Furniture and fixtures                             | 22a  | (419,980)            | (14,954,208)         |
| Motor Vehicle                                      | 22a  | (104,934,000)        | (40,448,350)         |
| Buildings  | 22a  | -                    | -7,392,558           |
| Intangible assets                                  |      | (24,233,240)         | -                    |
| Proceeds from disposal                             | 18 b | 29,006,668           | 2,095,701            |
| prior year adjustment                              |      | 577,098              | 1,080,818            |
| prior year adjustment                              |      | -                    | 120,594              |
| <b>Net Cash flows from investing activities</b>    |      | <b>(119,695,310)</b> | <b>(120,295,866)</b> |
| Increase / (decrease) in cash and cash equivalents |      | 252,825,656          | 278,915,904          |
| Cash and cash equivalents at July 01,2022          |      | 720,033,004          | 441,117,101          |
| <b>Cash and cash equivalents at June 30, 2023</b>  |      | <b>972,858,659</b>   | <b>720,033,004</b>   |

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

| Description  | Original budget | Adjustments   | Final budget  |               | Actual on comparable basis | Performance difference | % Of        | Ref |
|--|-----------------|---------------|---------------|---------------|----------------------------|------------------------|-------------|-----|
|  |                 |               |               |               |                            |                        | Utilization |     |
|  | Kshs.           | Kshs.         | Kshs.         | Kshs.         | Kshs.                      | Kshs.                  | Kshs.       |     |
|  | a               | b=c-a         | c             |               | d                          | e=c-d                  | f=e/c       |     |
| <b>Revenue</b>   | <b>Kshs</b>     | <b>Kshs</b>   | <b>Kshs</b>   | <b>No tes</b> | <b>Kshs</b>                |                        |             |     |
| Public contributions and donations - EDE SDRM (AIA)    | 279,010,000     | 60,000,000    | 339,010,000   | 6             | 336,663,435                | 2,346,565              | 0.69        |     |
| Public contributions and donations - DCADR (AIA)       | 360,000,000     | -             | 360,000,000   | 6             | 356,981,202                | 3,018,798              | 0.84        |     |
| Public contributions and donations - WFP/SFSP (Donor)  | 56,460,000      | 13,540,000    | 70,000,000    | 6             | 19,576,087                 | 50,423,913             | 72.03       | a   |
| Public contributions and donations - IPF Grant (Donor) | 192,000,000     | -             | 192,000,000   | 6             | 142,507,791                | 49,492,209             | 25.78       | b   |
| Public contributions and donations - IPF - IDA Loan    | 59,700,000      | (10,700,000)  | 49,000,000    | 6             | -                          | 49,000,000             | 100.00      |     |
| Public contributions and donations - UNDP-IRRCLC       | -               | -             | 97,691,331    | 6             | -                          | 97,691,331             | 100.00      | c   |
| Public contributions and donations - Twende IUCN       | 120,490,000     | -             | 120,490,000   | 7             |                            | 120,490,000            | 100.00      | d   |
| Government grants - TWENDE GOK                         | 50,300,000      | -             | 50,300,000    | 7             | 50,300,000                 | -                      | -           |     |
| Government grants and subsidies WFP                    | 45,000,000      | (14,000,000)  | 31,000,000    | 7             | 31,000,000                 | -                      | -           |     |
| Government grants - KSEIP-HSNP III                     | 5,081,300,000   | -             | 5,081,300,000 | 7             | 5,081,300,000              | -                      | -           |     |
| Government grants - SDRM GoK                           | 100,000,000     | -             | 100,000,000   | 7             | 100,000,000                | -                      | -           |     |
| Government grants - Operational Grant - Recurrent      | 679,140,000     | (50,000,000)  | 629,140,000   | 7             | 629,140,000                | -                      | -           |     |
| Government grants -Kenya Drought Early Warning         | 30,000,000      | -             | 30,000,000    | 7             | 30,000,000                 | -                      | -           |     |
| Government grants -NDEF                                | 500,000,000     | (236,700,000) | 263,300,000   | 7             | 263,300,000                | -                      | -           |     |
| Government grants - EDPRCWI                            | -               | 295,000,000   | 295,000,000   | 7             | 295,000,000                | -                      | -           |     |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|   |                        |                    |                      |               |                                   |                               |                         |            |
|---|------------------------|--------------------|----------------------|---------------|-----------------------------------|-------------------------------|-------------------------|------------|
| <b>Total</b>                                      | <b>7,553,400,000</b>   | <b>57,140,000</b>  | <b>7,708,231,331</b> |               | <b>7,335,768,515</b>              | <b>372,462,816</b>            |                         |            |
| <b>Extra &amp; Other Incomes</b>                  |                        |                    |                      |               |                                   |                               |                         |            |
| KCEP-CRAL Funds                                   | -                      | 109,624,208        | 109,624,208          | 9 b           | 109,624,208                       | -                             | -                       | e          |
| Drought Coordination Response (DCR)               | -                      | 25,000,000         | 25,000,000           | 9 b           | 25,000,000                        | -                             | -                       |            |
| Twende -SDL                                       | -                      | 6,182,400          | 6,182,400            | 9 b           | 6,182,400                         | -                             | -                       |            |
| World Food Programme - SFSP                       | -                      | 8,954,240          | 8,954,240            | 9 b           | 8,954,240                         | -                             | -                       |            |
| Tender sale                                       | -                      | 59,770             | 59,770               | 9 a           | 59,770                            | -                             | -                       |            |
| Interest income                                   | -                      | 13,013,376         | 13,013,376           | 9 a           | 23,597,895                        | (10,584,518)                  | -                       |            |
| Rents and Rates -Non Residential                  | -                      | 167,400            | 167,400              | 8             | 167,400                           | -                             | -                       |            |
| Others ( Miscellaneous incomes)                   | -                      | 447,928            | 447,928              | 9<br>(a)      | 447,928                           | -                             | -                       |            |
| <b>Total Extra and other Incomes</b>              | -                      | <b>163,449,323</b> | <b>163,449,323</b>   |               | <b>174,033,841</b>                | <b>(10,584,518)</b>           |                         |            |
| <b>Total income</b>                               | -                      | <b>220,589,323</b> | <b>7,871,680,654</b> |               | <b>7,509,802,356</b>              |                               |                         |            |
| <b>Expenses</b>                                   | <b>Original budget</b> | <b>Adjustments</b> | <b>Final budget</b>  | <b>No tes</b> | <b>Actual on comparable basis</b> | <b>Performance difference</b> | <b>% Of Utilization</b> | <b>Ref</b> |
| <b>Recurrent Expenses</b>                         |                        |                    |                      |               |                                   |                               |                         |            |
| Compensation of employees                         | 537,094,000            | 2,705,860          | 539,799,860          | 11            | 537,018,819                       | 2,781,041                     | 0.52                    |            |
| Utility costs ( Electricity and Water & sewerage) | 4,010,000              | (822,602)          | 3,187,398            | 10            | 3,182,680                         | 4,718                         | 0.15                    |            |
| Travelling & accommodation (Domestic)             | -                      | 492,807            | 492,807              | 10            | 484,795                           | 8,012                         | 1.63                    |            |
| Communication costs                               | 9,328,000              | (6,890,912)        | 2,437,088            | 10            | 2,279,134                         | 157,954                       | 6.48                    |            |
| Postal & Courier Services                         | 1,700,000              | (1,263,484)        | 436,516              | 10            | 365,512                           | 71,004                        | 16.27                   | a          |
| Publishing & printing                             | 1,000,000              | (702,270)          | 297,730              | 10            | 287,956                           | 9,774                         | 3.28                    |            |
| Subscription to newspapers                        | 1,000,000              | (564,386)          | 435,614              | 10            | 419,446                           | 16,168                        | 3.71                    |            |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|  |                      |                    |                      |                            |                      |                    |         |          |
|--|----------------------|--------------------|----------------------|----------------------------|----------------------|--------------------|---------|----------|
| Rents and Rates -Non Residential             | 28,024,000           | (227,475)          | 27,796,525           | 10                         | 28,426,134           | (629,609)          | (2.27)  |          |
| Training costs                               | -                    | 219,295            | 219,295              | 10                         | 217,235              | 2,060              | 0.94    |          |
| Hospitality and Conference facilities        | 5,000,000            | (2,885,875)        | 2,114,125            | 10                         | 2,113,717            | 408                | 0.02    |          |
| Board and Hospitality                        | 15,553,400           | (2,843,174)        | 12,710,226           | 10                         | 5,268,869            | 7,441,357          | 58.55   | <b>b</b> |
| Insurance costs                              | 56,500,000           | (2,441,142)        | 54,058,858           | 10&<br>11                  | 66,459,295           | (12,400,437)       | (22.94) | <b>c</b> |
| General office Supplies (Consumables)        | 3,496,000            | (568,974)          | 2,927,026            | 10                         | 2,300,665            | 626,361            | 21.40   | <b>d</b> |
| Membership, finance costs & contracted costs | 10,284,600           | 2,581,287          | 12,865,887           | 10&<br>16                  | 10,246,682           | 2,619,205          | 20.36   | <b>e</b> |
| Audit fees                                   | 1,160,000            | -                  | 1,160,000            | 10                         | 1,160,000            | -                  | -       |          |
| Advertising & Publicity                      | 990,000              | 67,769             | 1,057,769            | 10                         | 1,057,751            | 18                 | 0.00    |          |
| Maintenance of office equipment              | 1,500,000            | (901,691)          | 598,309              | 10                         | 11,456               | 586,853            | 98.09   | <b>f</b> |
| Maintenance of building & station            | 2,000,000            | 3,714,983          | 5,714,983            | 10                         | 537,132              | 5,177,851          | 90.60   |          |
| Maintenance of ICT equipment                 | -                    | 2,723,205          | 2,723,205            | 10                         | 1,281,100            | 1,442,105          | 52.96   |          |
| Purchase of Furniture & Fitting              | 500,000              | -                  | 500,000              | 22                         | 419,980              | 80,020             | 16.00   | <b>g</b> |
| <b>Totals</b>                                | <b>679,140,000</b>   | <b>(7,606,779)</b> | <b>671,533,221</b>   |                            | <b>663,538,356</b>   | <b>7,994,865</b>   |         |          |
| <b>KSEIP GoK Expenses</b>                    |                      |                    |                      |                            |                      |                    |         |          |
| Grants & subsidies cash Transfer             | 4,396,720,000        | -                  | 4,275,720,000        | 10,1<br>1,12<br>,15<br>&16 | 4,186,374,531        | 89,345,469         | 2.09    |          |
| Payment to Service Provider                  | 277,146,000          | 17,176,860         | 294,322,860          |                            | 289,920,192          | 4,402,668          | 1.50    |          |
| Staff compensation PMs & POs                 | 102,500,000          | -                  | 102,500,000          |                            | 101,391,905          | 1,108,095          | 1.08    |          |
| Insurance Costs                              | 28,500,000           | -                  | 28,500,000           |                            | 14,626,749           | 13,873,251         | 48.68   | <b>a</b> |
| Finance Costs                                | 1,500,000            | -                  | 1,500,000            |                            | 377,958              | 1,122,042          | 74.80   | <b>b</b> |
| Other Project Operating & Coordination       | 274,934,000          | 181,895,591        | 456,829,591          |                            | 390,388,969          | 66,440,622         | 14.54   |          |
| <b>Totals</b>                                | <b>5,081,300,000</b> | <b>199,072,451</b> | <b>5,159,372,451</b> |                            | <b>4,983,080,305</b> | <b>176,292,146</b> |         |          |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**



|  |                    |                     |                    |                                   |                    |                     |         |          |
|--|--------------------|---------------------|--------------------|-----------------------------------|--------------------|---------------------|---------|----------|
| <b>KSEIP IPF Grant Expenses</b>        |                    |                     |                    |                                   |                    |                     |         |          |
| Staff compensation PMU                 | 40,788,800         | 657,234             | 41,446,034         | 10,1<br>1,12<br>,15<br>&16        | 38,243,450         | 3,202,584           | 7.73    |          |
| Insurance costs                        | 7,000,000          | -                   | 7,000,000          |                                   | 1,280,701          | 5,719,299           | 81.70   | <b>a</b> |
| Finance Costs                          | 1,000,000          | -                   | 1,000,000          |                                   | 27,146             | 972,854             | 97.29   | <b>b</b> |
| Purchase of motor vehicle              | 75,000,000         | 4,030,000           | 79,030,000         |                                   | 79,030,000         | -                   | -       |          |
| Other Project Operating & Coordination | 68,211,200         | 35,827,880          | 104,039,080        |                                   | 46,941,784         | 57,097,296          | 54.88   | <b>c</b> |
| <b>Totals</b>                          | <b>192,000,000</b> | <b>40,515,114</b>   | <b>232,515,114</b> |                                   | <b>165,523,081</b> | <b>66,992,033</b>   |         |          |
| <b>KSEIP IPF Loan Expenses</b>         |                    |                     |                    |                                   |                    |                     |         |          |
| Purchase of assets                     | 24,700,000         | -                   | 24,700,000         | 2,21<br>7,71<br>0                 | 19,691,857         | 5,008,143           | 20.28   | <b>a</b> |
| Finance Costs                          | 200,000            | -                   | 200,000            |                                   | 61,958             | 138,042             | 69.02   | <b>b</b> |
| Other Project Operating & Coordination | 34,800,000         | (10,700,000)        | 24,100,000         |                                   | 24,183,049         | (83,049)            | (0.34)  |          |
| <b>Totals</b>                          | <b>59,700,000</b>  | <b>(10,700,000)</b> | <b>49,000,000</b>  |                                   | <b>43,936,864</b>  | <b>5,063,136</b>    |         |          |
| <b>EDE SDRM Expenses</b>               |                    |                     |                    |                                   |                    |                     |         |          |
| SDRM -Donor                            | 279,010,000        | 213,120,925         | 492,130,925        | 15                                | 553,789,009        | (61,658,084)        | (12.53) |          |
| <b>Totals</b>                          | <b>279,010,000</b> | <b>213,120,925</b>  | <b>492,130,925</b> |                                   | <b>553,789,009</b> | <b>(61,658,084)</b> |         |          |
| <b>SDRM Gok</b>                        |                    |                     |                    |                                   |                    |                     |         |          |
| Govt contribution to projects          | 23,283,107         | 7,808,075           | 31,091,182         | 10,1<br>1,12<br>,14,<br>15<br>&16 | 31,020,147         | 71,035              | 0.23    |          |
| Communication costs                    | 7,914,615          | 903,107             | 8,817,722          |                                   | 7,782,464          | 1,035,258           | 11.74   | <b>a</b> |
| Travel Costs - Domestic                | 16,600,000         | (446,800)           | 16,153,200         |                                   | 15,152,840         | 1,000,360           | 6.19    |          |
| Motor vehicle maintenance              | 18,200,000         | (2,279,703)         | 15,920,297         |                                   | 15,424,348         | 495,949             | 3.12    |          |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|                                       |                      |                    |                      |    |                    |                      |       |          |
|---------------------------------------|----------------------|--------------------|----------------------|----|--------------------|----------------------|-------|----------|
| Fuel & lubricants                     | 12,200,000           | 1,543,065          | 13,743,065           |    | 13,740,966         | 2,099                | 0.02  |          |
| Finance Costs                         | 630,000              | 2,957              | 632,957              |    | 359,161            | 273,796              | 43.26 | <b>b</b> |
| Publishing & printing                 | 842,276              | -                  | 842,276              |    | 827,041            | 15,235               | 1.81  |          |
| Subscription to newspapers            | 593,670              | -                  | 593,670              |    | 320,550            | 273,120              | 46.01 | <b>c</b> |
| Advertising & Publicity               | 1,076,198            | -                  | 1,076,198            |    | 807,894            | 268,304              | 24.93 | <b>d</b> |
| Training costs                        | 4,000,000            | (3,000,000)        | 1,000,000            |    | 468,035            | 531,965              | 53.20 | <b>e</b> |
| Hospitality and Conference facilities | 2,068,388            | 600,000            | 2,668,388            |    | 2,601,774          | 66,614               | 2.50  |          |
| Board and Hospitality                 | 3,162,181            | (600,000)          | 2,562,181            |    | 1,594,903          | 967,278              | 37.75 | <b>f</b> |
| General office Supplies (Consumables) | 3,917,987            | -                  | 3,917,987            |    | 1,554,382          | 2,363,605            | 60.33 | <b>g</b> |
| Maintenance of building & station     | 5,511,578            | (2,500,000)        | 3,011,578            |    | 2,335,322          | 676,256              | 22.46 | <b>h</b> |
| Purchase of Motor vehicle             | -                    | -                  | 26,000,000           |    | 25,904,000         | 96,000               | 0.37  |          |
| <b>Totals</b>                         | <b>100,000,000</b>   | <b>2,030,701</b>   | <b>128,030,701</b>   |    | <b>119,893,826</b> | <b>8,136,875</b>     |       |          |
| <b>Other Donor related expenses</b>   |                      |                    |                      |    |                    |                      |       |          |
| Kenya Drought Early Warning Program   | 30,000,000           | -                  | 30,000,000           | 15 | 29,733,192         | 266,808              | 0.89  |          |
| WFP SFSP                              | 101,460,000          | (460,000)          | 101,000,000          |    | 27,409,516         | 73,590,484           | 72.86 | <b>a</b> |
| UNDP-IRRL                             | -                    | 97,691,331         | 97,691,331           |    | 75,713,484         | 21,977,847           | 22.50 | <b>b</b> |
| TWENDE                                | 170,790,000          | 117,617,764        | 288,407,764          |    | 106,574,697        | 181,833,067          | 63.05 | <b>c</b> |
| NDEF                                  | 500,000,000          | (36,700,000)       | 463,300,000          |    | 61,016,226         | 402,283,774          | 86.83 | <b>d</b> |
| DCADR AIA                             | 360,000,000          | -                  | 360,000,000          |    | 19,821,387         | 340,178,613          | 94.49 | <b>e</b> |
| <b>Totals</b>                         | <b>1,162,250,000</b> | <b>178,149,095</b> | <b>1,340,399,095</b> |    | <b>320,268,502</b> | <b>1,020,130,594</b> |       |          |
| <b>Extra Expenses</b>                 |                      |                    |                      |    |                    |                      |       |          |
| KCEP CRAL                             | -                    | 115,845,550        | 115,845,550          | 17 | 71,837,643         | 44,007,907           | 37.99 | <b>a</b> |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|                                       |                         |                      |                      |                      |                        |        |          |
|---------------------------------------|-------------------------|----------------------|----------------------|----------------------|------------------------|--------|----------|
| Drought Coordination Response (DCR)   | -                       | 25,000,000           | 25,000,000           | 21,252,208           | 3,747,792              | 14.99  | <b>b</b> |
| TWENDE -SDL                           | -                       | 6,182,400            | 6,182,400            | 4,911,654            | 1,270,746              | 20.55  | <b>c</b> |
| World Food Programme - SFSP           | -                       | 8,954,240            | 8,954,240            | -                    | 8,954,240              | 100.00 | <b>d</b> |
| ZEF Funds                             | -                       | -                    | 4,842,338            | 4,729,900            | 112,438                | 2.32   |          |
| UNICEF - FUNDS                        | -                       | -                    | 1,770,803            | 1,770,803            | -                      | -      |          |
| <b>Total Extra Expenses</b>           | <b>-</b>                | <b>155,982,190</b>   | <b>162,595,331</b>   | <b>104,502,207</b>   | <b>58,093,123</b>      |        |          |
| <b>Total expenditure</b>              | <b>7,553,400,000</b>    | <b>770,563,697</b>   | <b>8,235,576,838</b> | <b>6,954,532,150</b> | <b>1,281,044,687</b>   |        |          |
| <b>Surplus/deficit for the period</b> | <b>(7,553,400,000 )</b> | <b>(549,974,375)</b> | <b>(363,896,184)</b> | <b>555,270,206</b>   | <b>(1,281,044,687)</b> |        |          |

| <b>Reconciliation</b>  | <b>Kshs</b>          |
|--|----------------------|
| Total expenditure as per the above analysis                        | 6,954,532,150        |
| Less costs of assets purchased                                     | (100,812,597)        |
| Add depreciation for the year                                      | 86,144,383           |
| <b>Total expenditure as per statement of financial performance</b> | <b>6,939,863,936</b> |

Budget notes

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

**Revenues**

- a) The Authority did not receive all funds from World Bank and WFP as earlier anticipated hence the adverse variance.
- b) The Authority did not receive all funds from both IPF Grant and IPF Loan as earlier anticipated, this was occasioned by delays from the Donor.
- c) The Authority recognised the receipt of Ksh. 97,691,331 from UNDP that was a receivable in the previous FY hence the treatment as a final budget but not actual receipt.
- d) The Authority recognised the receipt of Ksh. 120,490,000 from IUCN for the TWENDE project that was a receivable in the previous FY hence the treatment as a final budget but not actual receipt
- e) The Authority is not a revenue generating institution, hence the amounts reported under extra revenues were not foreseen and it has been under short term partnerships with other Government agencies hence recognised when there are indications of receiving funds. Premiums from bank balances also depend on available bank balances which has not been predictable as per the funding from TNT.

**Expenses**

**Recurrent**

- a) Postal and courier services went down since the Authority continued to communicate through emails hence the savings.
- b) Board expenses went down as a result of exit of some members whose term expired before end of the Financial and there was no immediate replacement done.
- c) Insurance costs increased as a result of prepayments that were realised during the Financial Year.
- d) Adverse variance on consumables was occasioned by utilisation of inventories from the last financial year hence realisation of the same.
- e) Favourable variance on finance costs, membership and contractual costs was as result of continued use of the online payments which attract less costs. The same was catered for from the overall surplus under recurrent.
- f) Maintenance costs went down since most of the Authority assets in use were in good condition, while maintenance costs in relation to builds and stations was as result of refurbishment works whose procurement process had not been finalised by end of the financial year.
- g) The Authority had anticipated to spend Ksh.500,000 on purchase of furniture though the actual price went down after competitive bidding hence the favourable variance.

#### **KSEIP – Gok**

- a) Favourable variance on insurance costs is as result of a prepayment that was differed
- b) Favourable variance on finance costs was as result of continued use of online payment system.

#### **KSEIP – IPF GRANT**

- a) Favourable variance on insurance costs is as result of anticipated expenditure to support of the technical officers which the Bank did not approve.
- b) Favourable variance on finance costs was as result of continued use of online payment system. The same was also occasioned by the non-expenditure on the project activities.
- c) Other project operating and coordination expenses were under-utilised due to lengthy procurement process and which were awaiting 'no objection' opinion from the Bank.

#### **KSEIP – IPF LOAN**

- a) Finance costs savings were as a result of minimal transactions during the year.
- b) Procurement of assets expenditure was under-utilised due to procurement process and which were awaiting 'no objection' opinion from the Bank.

#### **EDE – SDRM DONOR**

SDRM activities are responsive in nature which are triggered by weather patterns thus the expenditure. In addition the project came to an end on June 20, 2023. As per the financing agreement the Government was supposed to pre-finance the winding up costs awaiting refund from the donor after audit, but the funds were not received though the expenditures had to be incurred in response to the prolonged drought period.

#### **EDE – SDRM Gok**

- a) Internet costs were under-utilized since the Authority was anticipating to procure a new service provider which was anticipated to be higher.
- b) Favourable variance on finance costs was as result of continued use of online payment system.
- c) Subscription to newspapers expenditure went down due to the Authority embracing the E-subscription.
- d) The adverse variance on advertising was occasioned by the Authority not being in a position to place adverts for various vacant positions during the year.
- e) Most of the planned training activities which were to be conducted in groups could not materialise due to the budget cuts hence the reported under-expenditure.
- f) Board expenses went down as a result of exit of some members whose term expired before end of the Financial and there was no immediate replacement done.
- g) Favourable variance on consumables was occasioned by under-utilisation of inventories that was deferred to the next financial year.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

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- h) Maintenance costs on builds and stations was under-spent since the fencing design of the Authority's Kajiado land was revised.

**Other Donor related expenses**

- a) WFP funds activities were not executed since the Authority did not receive funds from the Donor as earlier anticipated.
- b) UNDP-IRLL incurred minimal expenditure due to the procurement processes that took long.
- c) TWENDE project low absorption was occasioned by the delay in sensitization process at the County level as well as the lengthy procurement process of identification of consultants.
- d) NDEF adverse variance is a result of the nature of the fund. During the financial year the Authority concentrated much on the response activities while the recovery and preparedness activities appear to have been shelved.
- e) DCADR under-expenditure was as a result of delay in receipt of the funds and the Authority could not mobilize for proposals before receipt the funds.

**Extra Expenses**

- a) The favourable variance under KCEP-CRAL was as a result of delay in receipt of the funds and the Authority could not sign contracts before receipt the funds, these were treated as receivable at the closure of the financial year 2022/23.
- b) The Authority received some funds in respect to drought response and coordination (DCR) activities but the same could not be fully utilized by end of the year due to logistical issues in relation to transport/mobilisation.
- c) TWENDE-SDL; The Authority was sub-contracted by the State Department of Livestock to undertake some activities on it's behalf but due to the delay on Community sensitization the same could not be fully executed.
- d) The Authority received additional funds directly from WFP that was not part of the approved budget hence the non-expenditure.

Explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

- a) Final budget in relation to Revenues was as a result of additional funding during supplementary as well as the extra incomes that do not form part of the approved budgets.

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

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b) Final budget in relation to expenses was a result of the Authority utilising part of the surpluses reported from previous year that was initially approved though funds were released during closure of the Financial year 2021/2022.

## **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 Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's 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.

## Notes to the Financial Statements (Continued)

### 3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

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

| Standard  | Effective date and impact:   |
|---|--|
|   | <p>reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul>   |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> |
| <p>Other improvements to IPSAS</p>  | <p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• IPSAS 39: Employee Benefits. Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023</li> </ul>  |

| Standard | Effective date and impact:  |
|----------|---|
|          | IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1 <sup>st</sup> January 2023. |

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

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

| Standard  | Effective date and impact:   |
|---|--|
| IPSAS 43  | <b>Applicable 1<sup>st</sup> January 2025</b><br>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 Cash flows of an Entity.<br>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. |
| IPSAS 44:<br>Non-Current Assets Held for Sale and Discontinued Operations | <b>Applicable 1<sup>st</sup> January 2025</b><br>The Standard requires,<br>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:<br>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.  |

**iii. Early adoption of standards**

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

**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees, taxes and fines**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. 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.

**Notes to the Financial Statements (Continued)  
Summary of Significant Accounting Policies (Continued)**

**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 FY 2022/2023 was approved by the National Assembly on Sept 01, 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations were added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget.

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

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

**Budget information (continued)**

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

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

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

**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.

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

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

**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 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.

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

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

**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.

The Authority has a policy of depreciating PPE in the year of purchase and not depreciation in the year of disposal as stipulated in the NDMA Finance manual

**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.

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

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

**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) 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.

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

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

**i) 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 Authority's financial statements

**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 cash flows 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.

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

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

**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.

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

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

**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.

**b) Financial liabilities**

**Classification**

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

**j) 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.

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

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

**k) 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.

**l) 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.

**m) 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.

**n) 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

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

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and the related revenue are recognized in the financial statements of the period in which the change occurs.

**Notes to the Financial Statements (Continued)**  
**Summary of Significant Accounting Policies (Continued)**

**o) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

**p) 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.

**q) 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

**r) Foreign currency transactions**

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

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

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

**s) 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.

**t) 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.

**u) 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.

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

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

**v) Cash and cash equivalents**

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

**w) Comparative figures**

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

**x) 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, 2023.

## Notes to the Financial Statements (Continued)

### Summary of Significant Accounting Policies (Continued)

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

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. 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 I.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 23. 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, 2023.

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

**6. Public contributions and donations**

**6. Public contributions and donations**

| Description                                    | 2022-2023<br>KShs  | 2021-2022<br>KShs  |
|--|--------------------|--------------------|
| Receipts from EDE SDRM( AIA)                   | 336,663,435        | 447,976,121        |
| Receipts from KSEIP HSNPIII-IPF Grant (Donor ) | 142,507,791        | 73,396,499         |
| Receipts from DCADR (AIA)                      | 356,981,202        | -                  |
| Receipts from WFP-SFSP( Donor)                 | 19,576,087         | -                  |
| Receipts from UNDP-IRRL( Donor)                | -                  | 97,691,331         |
| Receipts from TWENDE IUCN GCF (Donor)          | -                  | 62,617,764         |
| <b>Total transfers and sponsorships</b>        | <b>855,728,515</b> | <b>681,681,715</b> |

**7. Transfers from other Government Entities**

| Description                                  | 2022-2023<br>KShs    | 2021-2022<br>KShs    |
|--|----------------------|----------------------|
| <b>Unconditional grants</b>                  |                      |                      |
| Operational grant-Recurrent                  | 629,140,000          | 662,340,000          |
|  | <b>629,140,000</b>   | <b>662,340,000</b>   |
| <b>Conditional grants-Government Grants</b>  |                      |                      |
| World Food Programme                         | 31,000,000           | 35,000,000           |
| Kenya Drought Early Warning                  | 30,000,000           | 30,000,000           |
| EDE- DRMC                                    | -                    | 30,000,000           |
| EDE-SDRM-GOK                                 | 100,000,000          | 100,000,000          |
| KSEIP- HSNP III                              | 5,081,300,000        | 4,100,100,000        |
| NDEF   | 263,300,000          | 200,000,000          |
| TWENDE -GOK                                  | 50,300,000           | 55,000,000           |
| EDPRCWI                                      | 295,000,000          | -                    |
| <b>Total government grants and subsidies</b> | <b>5,850,900,000</b> | <b>4,550,100,000</b> |
|  | <b>6,480,040,000</b> | <b>5,212,440,000</b> |

National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.

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

**8. Rental revenue from facilities and equipment**

| Description          | 2022-2023<br>KShs | 2021-2022<br>KShs |
|----------------------|-------------------|-------------------|
| Rental income        | 167,400           | 477,350           |
| <b>Total rentals</b> | <b>167,400</b>    | <b>477,350</b>    |

**9 (a) Other incomes**

| Description                       | 2022-2023<br>KShs | 2021-2022<br>KShs |
|-----------------------------------|-------------------|-------------------|
| Income from sale of tender        | 59,770            | 28,000            |
| Miscellaneous income              | 447,928           | -                 |
| Premiums on bank balances - Gross | 28,679,164        | 72,969,493        |
| Tax on premiums withheld          | (5,081,269)       | (15,956,266)      |
| <b>Total other income</b>         | <b>24,105,593</b> | <b>57,041,227</b> |

**9. (b) Extra incomes**

| Description                | 2022-2023<br>KShs  | 2021-2022<br>KShs |
|----------------------------|--------------------|-------------------|
| ZEF funds                  | -                  | 6,785,373         |
| UNICEF                     | -                  | 12,182,590        |
| WFP SFSP                   | 8,954,240          | -                 |
| KCEP-CRAL                  | 109,624,208        | 39,609,350        |
| TWENDE - SDL               | 6,182,400          | -                 |
| DCR                        | 25,000,000         | -                 |
| <b>Total Extra incomes</b> | <b>149,760,848</b> | <b>58,577,313</b> |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

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

**10. Use of goods and services**

| Description  | 2022-2023  | 2021-2022  |
|--|------------|------------|
|  | KShs       | KShs       |
| Electricity - Recurrent                                      | 2,896,059  | 3,360,688  |
| Electricity - KSEIP - GOK                                    | 1,939,932  | 1,266,104  |
| Water - Recurrent  | 286,621    | 259,770    |
| Water - KSEIP-GOK  | 627,898    | 635,818    |
| Contracted Services Security & Cleaning services - Recurrent | 8,558,056  | 9,430,266  |
| Contracted Services Security & Cleaning services - KSEIP-GOK | 1,043,478  | 661,766    |
| Subscription to prof. Bodies - Recurrent                     | 801,781    | 778,564    |
| Subscription and Newspapers - Recurrent                      | 419,446    | 746,137    |
| Subscription and Newspapers - KSEIP-GOK                      | 102,140    | 198,031    |
| Subscription and Newspapers - WFP                            | -          | 2,476      |
| Subscription and Newspapers - SDRM-GOK                       | 320,550    | -          |
| Advertising and Publicity - Recurrent                        | 1,057,751  | 1,534,785  |
| Advertising and Publicity - KSEIP                            | -          | 212,115    |
| Advertising and Publicity - SDRM-GOK                         | 807,894    | -          |
| Provision for Audit Fees- for 2022/23 - Recurrent            | 1,160,000  | 1,160,000  |
| Hospitality and Conference facilities-Recurrent              | 2,113,717  | 5,222,861  |
| Hospitality and Conference facilities-KSEIP-GOK              | 1,475,415  | 1,394,813  |
| Hospitality and Conference facilities-SDRM-GOK               | 2,601,847  | -          |
| Consumables - Recurrent                                      | 2,300,665  | 7,362,692  |
| Consumables - KSEIP-GOK                                      | 2,574,070  | 3,390,467  |
| Consumables - SDRM-GOK                                       | 1,554,412  | -          |
| Fuel, oil & Lubricant -SDRM-GOK                              | 13,740,966 | 13,399,970 |
| Fuel, oil & Lubricant - KSEIP-GOK                            | 14,108,163 | 5,076,381  |
| Fuel, oil & Lubricant - TWENDE                               | 111,317    | -          |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|                                     |           |           |
|-------------------------------------|-----------|-----------|
| Fuel, oil & Lubricant - KCEP CRAL   | 292,637   | -         |
| Motor vehicle insurance - Recurrent | 1,023,802 | 2,778,379 |
| Motor vehicle insurance - KSEIP-GOK | 1,279,752 | 812,648   |

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

|  |                    |                    |
|--|--------------------|--------------------|
| Motor vehicle insurance - WFP          | 255,950            | -                  |
| Postage – Recurrent                    | 365,512            | 538,690            |
| Postage – KSEIP-GOK                    | 327,049            | 219,330            |
| Postage SDRM-GOK                       | 25,820             | -                  |
| Publishing and Printing - Recurrent    | 287,956            | 1,079,980          |
| Publishing and Printing - KSEIP-GOK    | -                  | 28,500             |
| Publishing and Printing - SDRM-GOK     | 827,041            | -                  |
| Rental - Recurrent                     | 28,426,134         | 27,318,011         |
| Rental – KSEIP-GOK                     | 3,171,404          | 2,902,338          |
| Telecommunication - Recurrent          | 2,279,134          | 8,482,951          |
| Telecommunication- KSEIP-GOK           | 1,609,271          | 1,358,000          |
| Telecommunication- SDRM-GOK            | 7,782,464          | 15,293,810         |
| Training -Recurrent                    | 217,235            | -                  |
| Training -KSEIP-GOK                    | -                  | 4,062,573          |
| Training –SDRM-GOK                     | 468,035            | -                  |
| Training – Recurrent                   | -                  | 21,672,788         |
| Travel costs ( Domestic) KSEIP-GOK     | -                  | 27,643,861         |
| Travel costs ( Domestic) - Recurrent   | -                  | 19,143,164         |
| Travel costs ( Domestic) - SDRM-GOK    | -                  | 25,999,129         |
| <b>Total Use of Goods and services</b> | <b>109,241,372</b> | <b>215,427,857</b> |

**II. Employee Costs**

| Description                    | 2022-2023   | 2021-2022   |
|--------------------------------|-------------|-------------|
|                                | KShs        | KShs        |
| Salaries and wages - Recurrent | 472,987,581 | 467,512,347 |
| Medical Insurance - Recurrent  | 59,022,895  | 46,214,461  |
| Medical Insurance- TWENDE      | 248,239     | -           |
| Medical Insurance – WFP        | 575,142     | 937,500     |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|  |            |            |
|--|------------|------------|
| Medical Insurance -KSEIP-HSNP III -GOK | 11,284,328 | 22,861,741 |
| Medical Insurance - KSEIP IPF- Grant   | 981,287    | 1,180,236  |

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

|   |                    |                    |
|---|--------------------|--------------------|
| Group Insurance - Recurrent                                 | 6,412,598          | 2,508,656          |
| Group Insurance -WFP SFSP                                   | 109,048            | 500,000            |
| Group Insurance -TWENDE                                     | 42,403             | -                  |
| Group Insurance -KSEIP-HSNP III -GOK                        | 3,342,421          | 2,647,368          |
| Group Insurance -KSEP IPF Grant                             | 299,414            | 1,765,070          |
| Employee related costs -Contribution to Pension - Recurrent | 58,574,586         | 57,513,562         |
| Employee related costs -Contribution to NSSF - Recurrent    | 2,145,640          | 892,620            |
| Employee related costs -Contribution to NITA - Recurrent    | 192,350            | 184,500            |
| Gratuity -WFP   | -                  | 370,760            |
| Gratuity -Recurrent   | 3,118,662          | 4,170,495          |
| Gratuity -IPF   | -                  | 1,530,342          |
| Gratuity -KSEIP-HSNP III -GOK                               | -                  | 1,634,040          |
| Travel costs ( Domestic)KSEIP-HSNP III -GOK                 | 2,940,160          | -                  |
| Travel costs ( Domestic) - Recurrent                        | 484,795            | -                  |
| Travel costs ( Domestic) - SDRM-GOK                         | 15,152,840         | -                  |
| <b>Employee costs</b>                                       | <b>637,914,390</b> | <b>612,423,697</b> |

**12. board expenses**

| <b>Description</b>                     | <b>2022-2023</b> | <b>2021-2022</b> |
|--|------------------|------------------|
|  | <b>KShs</b>      | <b>KShs</b>      |
| Chairman's Honoraria - Recurrent       | 960,000          | 670,000.00       |
| Directors emoluments (CEO) - Recurrent | -                | 4,807,939.65     |
| Allowances - KSEIP-HSNP III -GOK       | -                | 160,000          |
| Allowances - Recurrent                 | 2,779,431        | 6,588,113        |
| Allowances - SDRM-GOK                  | 1,111,473        | -                |
| Allowances - EDE DRMC                  | -                | -                |
| Domestic Travel - Recurrent            | 990,998          | 4,448,732        |
| Domestic Travel - EDE DRMC             | -                | 266,000          |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|                              |         |           |
|------------------------------|---------|-----------|
| Domestic Travel - SDRM-GOK   | 105,150 | -         |
| Training expenses -Recurrent | 22,440  | 1,028,060 |

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

|   |                  |                   |
|---|------------------|-------------------|
| Training expenses -SDRM                 | 16,250           |                   |
| Telephone expenses -Recurrent           | -                | 549,000           |
| Telephone expenses -KSEIP-HSNP III -GOK | -                | 260,000           |
| Telephone expenses -Recurrent           | 51,000           | -                 |
| Telephone expenses -SDRM-GOK            | 34,927           | -                 |
| Medical expenses- Recurrent             | -                | 327,030           |
| Medical expenses- SDRM-GOK              | 327,030          | -                 |
| Club Membership- Recurrent              | 465,000          | 165,000.00        |
| <b>Total director emoluments</b>        | <b>6,863,699</b> | <b>19,269,875</b> |

**13. Depreciation and amortization expense**

| Description                       | 2022-2023         | 2021-2022         |
|-----------------------------------|-------------------|-------------------|
|                                   | KShs              | KShs              |
| Motor vehicles                    | 57,098,695        | 47,740,794        |
| Furniture and fittings            | 4,884,243         | 5,521,995         |
| Computers                         | 24,005,301        | 25,925,491        |
| Plant and Equipment               | 156,145           | 160,148           |
| <b>Total depreciation expense</b> | <b>86,144,383</b> | <b>79,348,428</b> |

**14. Repairs and Maintenance**

| Description                               | 2022-2023  | 2021-2022  |
|---|------------|------------|
|   | KShs       | KShs       |
| Property & Buildings -KSEIP-HSNP III -GOK | 1,532,960  | 1,596,443  |
| Property & Buildings - Recurrent          | 537,132    | 1,601,905  |
| Property & Buildings - SDRM-GOK           | 2,297,322  | -          |
| Plant & Equipment - Recurrent             | 11,456     | 1,284,830  |
| Plant & Equipment - KSEIP-HSNP III -GOK   | 123,460    | 119,500    |
| Motor Vehicles - SDRM-GOK                 | 15,452,919 | 16,748,884 |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|                            |            |            |
|----------------------------|------------|------------|
| Motor Vehicles - KSEIP-GOK | 10,126,049 | 10,793,920 |
| Motor Vehicles - Recurrent | -          | 17,104     |

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

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| Motor Vehicles - KCEP CRAL           | 98,870            | -                 |
| Motor Vehicles - TWENDE              | 243,158           | -                 |
| Computers - Recurrent                | 1,281,100         | 1,426,835         |
| Computers -KSEIP-HSNP III -GOK       | 100,000           | 1,687,430         |
| Computers - SDRM-GOK                 | 38,000            | -                 |
| <b>Total repairs and maintenance</b> | <b>31,842,427</b> | <b>35,276,850</b> |

**15. Grants and subsidies / Donor related expenses**

| <b>Description</b>                               | <b>2022-2023</b>     | <b>2021-2022</b>     |
|--|----------------------|----------------------|
|  | <b>KShs</b>          | <b>KShs</b>          |
| Community development - KRDP EWS (GoK)           | 29,540,664           | 30,471,991           |
| Social Benefits - KSEIP-HSNP III -GOK            | 4,935,864,141        | 4,185,356,817        |
| Community development - KSEIP-HSNP III IPF Grant | 85,185,234           | 56,844,664           |
| Community development - KSEIP-HSNP III IPF loan  | 24,169,963           | 7,267,525.60         |
| Community development - SDRM -GOK                | 31,013,497           | 30,511,875           |
| Community development - EDE DRMC ( GoK)          | 13,002,554           | 29,751,750           |
| Community development - UNDP IRRL                | 75,690,434           | 82,995,166.70        |
| Community development - WFP/SFSP-GOK             | 26,405,577           | 31,705,823           |
| Community development - EDE SDRM ( donor )       | 553,789,009          | 625,850,885          |
| Community development - EDE DRMC ( donor )       | -                    | 81,219,273           |
| Community development - TWENDE                   | 105,493,603          | -                    |
| Community development - NDEF                     | 60,897,360           | -                    |
| Community development - DCADR Donor              | 19,821,386.73        | -                    |
| <b>Total grants and subsidies</b>                | <b>5,960,873,422</b> | <b>5,161,975,770</b> |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

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

**16. Finance costs**

| <b>Description</b>         | <b>2022-2023<br/>KShs</b> | <b>2021-2022<br/>KShs</b> |
|----------------------------|---------------------------|---------------------------|
| Recurrent                  |                           | 905,223                   |
| WFP/SFSP                   | 886,845                   | 69,477                    |
| KRDP GoK                   | 63,799                    | 79,933                    |
| SDRM-GOK                   | 192,527                   | 532,649                   |
| UNDP IRRLC                 | 358,981                   | 23,506                    |
| KCEP CRAL                  | 23,050                    | 105,040                   |
| KSEIP HSNP III-GOK         | 53,612                    | 858,686                   |
| KSEIP IPF GRANT            | 391,044                   | 57,954                    |
| KSEIP IPF Loan             | 27,146                    | 1,503                     |
| TWENDE                     | 61,958                    | 1,353                     |
| EDE                        | 357,639                   | 6,172                     |
| NDEF                       | 180                       | -                         |
|                            | 118,867                   |                           |
| <b>Total finance costs</b> | <b>2,535,648</b>          | <b>2,641,497</b>          |

**17. Extra expenses**

| <b>Description</b>          | <b>2022-2023<br/>KShs</b> | <b>2021-2022<br/>KShs</b> |
|-----------------------------|---------------------------|---------------------------|
| ZEF Funds                   | 4,729,900                 | 3,171,784                 |
| KCEP CRAL                   | 71,784,030                | 68,522,367                |
| UNICEF - FUNDS              | 1,770,803                 | 10,411,786                |
| TWENDE SDL                  | 4,911,654                 | -                         |
| DCR                         | 21,252,208                | -                         |
| <b>Total Extra expenses</b> | <b>104,448,595</b>        | <b>82,105,937</b>         |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

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

**18.(a) Gain on Sale of Assets**

| Description  | 2022-2023         | 2021-2022        |
|--|-------------------|------------------|
|  | Kshs              | Kshs             |
| Motor Vehicles, Including Motorcycles              | 17,516,594        | 1,065,571        |
| Office Equipment, Furniture, And Fittings          | 43,450            | (2,375)          |
| Computers  | 148,179           | 6,030            |
| Gain on KCT 782Y - Vehicle had an accident in 2022 | 1,613,841         | -                |
| <b>Total gain on disposal</b>                      | <b>19,322,063</b> | <b>1,069,226</b> |

**18 (b)**

| Proceeds from disposal | 2022-2023         | 2021-2022        |
|------------------------|-------------------|------------------|
|                        | Kshs              | Kshs             |
| Motor vehicle          | 28,757,758        | 2,095,701        |
| ICT Equipment          | 205,460           | -                |
| Furniture & Equipment  | 43,450            | -                |
|                        | <b>29,006,668</b> | <b>2,095,701</b> |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**19. Cash and cash equivalents**

| <b>Bank</b>                                       | <b>2022-2023</b>   | <b>2021-2022</b>   |
|---|--------------------|--------------------|
|   | <b>KShs</b>        | <b>KShs</b>        |
| KCB-NDMA 1136140255                               | 9,914,250          | 4,840,039          |
| NDMA- TWENDE PROJECT -IUCN GCF<br>214470087       | 28,726,962         | 62,649,210         |
| NATIONAL DROUGHT EMERGENCY FUND-<br>2144470163    | 397,761,168        | 200,139,726        |
| NCBA-NDMA 2144470179                              | 13,287,082         | 4,900,544          |
| UNDP-INTEGRATED RESPONSE AND<br>RECOV 2144470158  | 40,276,223         | 97,748,206         |
| NCBA- WFP-SFSP 2144470142                         | 32,229,179         | 6,878,466          |
| NCBA- KRDP DCF 2144470074                         | 42,981             | 39,308             |
| NCBA- EDE DRMC - SP5- 1144540094                  | 453,890            | 635,380            |
| NCBA-EDE DRMC-SP6 1144540089                      | 700,488            | 681,653            |
| NDMA COUNTY BANKS Balances                        | 16,730,560         | 45,548,177         |
| KCB-EDE-DRMC COUNTY BANKS                         | 176,851            | 16,423,164         |
| EQUITY - KSEIP/HSNP III 1770278883942             | 54,234             | 340,201            |
| NCBA EDE SDRM 1144540073                          | 14,178,010         | 148,255,997        |
| NCBA -KSEIP HSNP III IPF Grant 2144470121         | 18,240,049         | 23,363,817         |
| NCBA - KSEIP -HSNP III GOK Funds<br>2144470116    | 221,186,379        | 41,422,444         |
| NCBA -KSEIP HSNP III IPF IDA CREDIT<br>2144470032 | 2,265,909          | 65,712,485         |
| NCBA - KCEP CRAL 2144470108                       | 1,688,813          | 454,187            |
| NBK DCADR-01570260179100                          | 174,945,632        | -                  |
| <b>Total cash and cash equivalents</b>            | <b>972,858,659</b> | <b>720,033,004</b> |

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

**20. Receivables from Exchange Transactions  
(Current)**

|                                      | 2022-2023          | 2021-2022          |
|--------------------------------------|--------------------|--------------------|
|                                      | KShs               | KShs               |
| NDMA -Staff Debtors (Imprest)        | 122,700            | -                  |
| Insurance & other prepayments        | 57,763,306         | 59,631,670         |
| Bank clearing                        | 58,959,212         | 1,466,687          |
| Salary advances                      | 353,714            | 696,541            |
| Inter-account borrowings             | -                  | 16,954,115         |
| EDE DRMC ( Donor)                    | 38,103,065         | 9,680,532          |
| EDE - EU Inter-borrowing             | 198,179,550        | 35,000,000         |
| ICRAF                                | 23,242,798         | -                  |
| FAO                                  | 688,899            | 688,899            |
| PS ASAL                              | 332,084,367        | 59,007,716         |
| PS ASAL- Cral                        | 59,624,208         | -                  |
| Motor vehicle insurance compensation | 4,550,000          | -                  |
| <b>Total current receivables</b>     | <b>773,671,818</b> | <b>183,126,159</b> |

**21. Inventories**

|  | 2022-2023        | 2021-2022        |
|--|------------------|------------------|
| Description  | KShs             | KShs             |
| Consumable stores  | 4,264,516        | 3,601,575        |
| <b>Total inventories at the lower of cost and net<br/>realizable value</b> | <b>4,264,516</b> | <b>3,601,575</b> |

National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

| Description                                | Total amount<br>Kshs | Fully performing<br>Kshs | Past due<br>Kshs | Impaired<br>Kshs |
|--|----------------------|--------------------------|------------------|------------------|
| <b>As at 30<sup>th</sup> June 2023</b>     |                      |                          |                  |                  |
| Receivables from non-exchange transactions | 773,671,818          | 773,671,818              | -                | -                |
| Bank balances                              | 972,871,746          | 972,871,746              | -                | -                |
| <b>Total</b>                               | <b>1,746,543,564</b> | <b>1,746,543,564</b>     | -                | -                |
| <b>As at 30 June 2022</b>                  |                      |                          |                  |                  |
| Receivables from non-exchange transactions | 183,126,159          | 183,126,159              | -                | -                |
| Bank balances                              | 720,033,004          | 720,033,004              | -                | -                |
| <b>Total</b>                               | <b>903,159,163</b>   | <b>903,159,163</b>       | -                | -                |

National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

22. a Property, plant and equipment

| Cost   | Land and Buildings<br>Kshs | Motor vehicles<br>Kshs | Furniture and fittings<br>Kshs | Computers<br>Kshs  | Plant and Eqpnt<br>Kshs | Total<br>Kshs      |
|--|----------------------------|------------------------|--------------------------------|--------------------|-------------------------|--------------------|
|  | -                          | 0.25                   | 0.125                          | 0.3                | 0.025                   |                    |
| <b>As at 30th June 2021</b>                            | <b>174,577,706</b>         | <b>269,395,243</b>     | <b>37,730,254</b>              | <b>49,339,200</b>  | <b>6,808,308</b>        | <b>537,850,711</b> |
| Additions  | 7,392,558                  | 40,448,350             | 14,954,208                     | 60,797,863         | 0                       | 123,592,979        |
| Disposals  | 0                          | 1,360,000              | 5,000                          | 3,000              | 0                       | 1,368,000          |
| <b>As at 30th June 2022</b>                            | <b>181,970,264</b>         | <b>308,483,593</b>     | <b>52,679,462</b>              | <b>110,134,063</b> | <b>6,808,308</b>        | <b>660,075,690</b> |
| Additions  | 0                          | 104,934,000            | 419,980                        | 19,691,857         | 0                       | 125,045,837        |
| Disposals  | 0                          | 19,761,602             | 0                              | 167,000            | 0                       | 19,928,602         |
| <b>AS at 30th June 2023</b>                            | <b>181,970,264</b>         | <b>393,655,991</b>     | <b>53,099,442</b>              | <b>129,658,920</b> | <b>6,808,308</b>        | <b>765,192,925</b> |
| <b>Depreciation (Accumulated depreciation account)</b> |                            |                        |                                |                    |                         |                    |
| <b>As at 30 June 2021</b>                              | <b>0</b>                   | <b>117,860,419</b>     | <b>8,504,128</b>               | <b>23,716,660</b>  | <b>402,371</b>          | <b>150,483,578</b> |
| Depreciation   | 0                          | 47,740,794             | 5,521,995                      | 25,925,491         | 160,148                 | 79,348,428         |
| Disposals  | 0                          | 340,000                | 625                            | 900                | -                       | 341,525            |
| <b>As at 30th June 2022</b>                            | <b>0</b>                   | <b>165,261,213</b>     | <b>14,025,498</b>              | <b>49,641,251</b>  | <b>562,519</b>          | <b>229,490,481</b> |
| Depreciation   | 0                          | 57,098,695             | 4,884,243                      | 24,005,301         | 156,145                 | 86,144,383         |

National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.

|                             |                    |                    |                   |                   |                  |                    |
|-----------------------------|--------------------|--------------------|-------------------|-------------------|------------------|--------------------|
| Disposals                   | 0                  | 10,134,278         | 0                 | 109,719           | 0                | 10,243,997         |
| <b>As at 30th June 2023</b> | <b>0</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> |
| <b>Net Book Values</b>      |                    |                    |                   |                   |                  | -                  |
| <b>As At 30th June 2022</b> | <b>181,970,264</b> | <b>143,222,380</b> | <b>38,653,964</b> | <b>60,492,812</b> | <b>6,245,789</b> | <b>430,585,209</b> |
| <b>As At 30th June 2023</b> | <b>181,970,264</b> | <b>181,430,362</b> | <b>34,189,701</b> | <b>56,122,087</b> | <b>6,089,644</b> | <b>459,802,058</b> |

22. b Intangible Assets

| Cost                           | 2022-2023         | 2021-2022         |
|--------------------------------|-------------------|-------------------|
|                                | Kshs              | Kshs              |
| At beginning of the year 2022  | 39,834,728        | 39,834,728        |
| Additions                      | 24,233,240        | -                 |
| <b>At end of the year 2023</b> | <b>64,067,968</b> | <b>39,834,728</b> |

National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.

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

**Valuation**

Land and buildings/ Equipment were valued by Ministry of lands and physical planning professional valuers from the Government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30<sup>th</sup> June 2020). The assets were revalued on 8<sup>th</sup> March 2021.

**23 .Trade and other payables**

| Description                           | 2022-2023          | 2021-2022         |
|---------------------------------------|--------------------|-------------------|
|                                       | KShs               | KShs              |
| Other payables (EDE-DRMC)             | 28,986,748         | 564,215           |
| Refundable deposits on disposal       | 234,071            | 5,873,866         |
| Payroll Liabilities                   | 959,985            | <b>657,603</b>    |
| NITA                                  | 16,050             | 450               |
| Withholding tax                       | 1,020,864          | 639,134           |
| Isuzu East Africa                     |                    | 19,430            |
| Accrued Expenses                      | 144,634,350        | 13,671,451        |
| Audit fees accrued                    | 1,160,000          | 2,320,000         |
| Insurance compensation-GPI            | 4,957,600          | 200,000           |
| 10 % Retention                        | 4,268,237          | 584,459           |
| Inter-account borrowings              |                    | 16,954,115        |
| Un Honored Cash Transfers             | 54,234             | 340,201           |
| EDE - EU Inter borrowing              | 198,179,550        | 35,000,000        |
| <b>Total trade and other payables</b> | <b>384,471,688</b> | <b>76,824,924</b> |

|   | 2022-2023          |                | 2021-2022         |           |
|---|--------------------|----------------|-------------------|-----------|
|   | KShs               |                | KShs              |           |
| Ageing analysis: (Trade and other payables) | Current FY         | % of the Total | Comparative       | % of      |
|   |                    |                | FY                | the Total |
| Under one year                              | 384,471,688        | 100%           | 76,824,924        | 100%      |
| <b>Total (tie to above total)</b>           | <b>384,471,688</b> |                | <b>76,824,924</b> |           |

National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.

**Refundable Deposits and Prepayments from Customers**

| Description                               | 2022-2023         |                   | 2021-2022         |              |
|---|-------------------|-------------------|-------------------|--------------|
|   | KShs              |                   | KShs              |              |
| Prepayments                               | 57,763,306        |                   | 59,631,670        |              |
| Other deposits                            | -                 |                   | -                 |              |
| <b>Total deposits</b>                     | <b>57,763,306</b> |                   | <b>59,631,670</b> |              |
|   |                   |                   |                   |              |
| Ageing analysis:<br>(Refundable deposits) | Current FY        | % of the<br>Total | Comparative       | % of         |
|   |                   |                   | FY                | the<br>Total |
| Under one year                            | 234,071           | 100%              | 5,873,866         | 100%         |
| <b>Total</b>                              | <b>234,071</b>    |                   | <b>5,873,866</b>  |              |

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

## 6. 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 minimise 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 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:

| Description                                | Total amount       | Fully performing   | Past due | Impaired |
|--|--------------------|--------------------|----------|----------|
| As at 30 <sup>th</sup> June 2023           | Kshs               | Kshs               | Kshs     | Kshs     |
| Receivables from non-exchange transactions | 715,908,513        | 715,908,512.6      | 0        | 0        |
| Bank balances                              |                    | 0                  | 0        | 0        |
| <b>Total</b>                               | <b>715,908,513</b> | <b>715,908,513</b> | <b>0</b> | <b>0</b> |
| As at 30 June 2022                         |                    |                    |          |          |
| Receivables from non-exchange transactions | 123,494,489        | 123,494,489        | 0        | 0        |
| Bank balances                              |                    |                    | 0        | 0        |
| <b>Total</b>                               | <b>123,494,489</b> | <b>123,494,489</b> | <b>0</b> | <b>0</b> |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

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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 recognised 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 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 optimising 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**

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

---

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 recognised 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, 2023.**

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**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: (Put a date when you expect the issue to be resolved)</b> |
|---|---|--|--|---|
| 1   | Property plant and Equipment<br>The Authority has 51 Motor vehicles without log books | The management obtained logbooks from NTSA and available for confirmation  | Resolved                                 | None  |
| 2   | Long outstanding trade & other payable  | The payable in question were cleared during the financial year 2022/23 & 2023/24   | Resolved                                 | None  |
|   | Previous year audit issues  | The management appeared Before Public investment committee of social services administration and agriculture (PIC-SSA) in respect to prior year audit issues | Resolved                                 | None  |



NDMA Chief Executive Officer

Date:

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**Appendix II: Projects implemented by National Drought Management Authority FY 2022/2023**

Projects implemented by National Drought Management Authority

| Project Code & Project Title  | Financing                 |               |         | Actual cumulative Exp. up to 30th June 2023 | Project completion % as at 30th June 2023 | Approved Budget 2022/23 |         | Source of Funds |
|---|---------------------------|---------------|---------|---|---|-------------------------|---------|-----------------|
|   | Estimated Cost of Project | GoK           | Foreign |   |   | GoK                     | Foreign |                 |
|   |                           | Kshs. Million |         |   |   | Kshs. Million           |         |                 |
| <b>NDMA</b>   |                           |               |         |   |   |                         |         |                 |
| Ending Drought Emergencies Support to Resilient Livelihoods and Drought Risk Management II  | 1,980                     | 660           | 1,320   | 1,944.3                                     | 100                                       | 100                     | 339     | GoK and EU      |
| Integrated response and recovery of livelihood for communities affected by crisis in Kenya. | 228                       | -             | 228     | 173   | 75  | -                       | 97      | UNDP            |
| Kenya Hunger Safety Net Programme   | 28,811                    | 28,811        | -       | 15,905                                      | 55  | 5,081                   | -       | GoK             |
| Kenya Social and Economic Inclusion Project (KSEIP)   | 1,200                     | -             | 1,200   | 467.9                                       | 39  | -                       | 192     | WB              |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|   |               |               |              |               |      |              |            |             |
|---|---------------|---------------|--------------|---------------|------|--------------|------------|-------------|
| Resilience and sustainable Food Systems Project   | 568           | 140           | 428          | 128.3         | 22   | 31           | 70         | GoK and WFP |
| Ending Drought Emergencies Eco System based Adaptation in Kenya's Arid and Semi- Arid Rangelands (TWENDE) | 869           | 264           | 605          | 227.9         | 26   | 50           | 120        | GoK and GCF |
| National Drought Emergency Fund (NDEF)  | 20,000        | 20,000        | -            | 60.9          | 0.3  | 263          | -          | GoK         |
| Dryland Climate Action for Community Drought Resilience (DCADR)   | 2,250         | 625           | 1,625        | 8             | 0.35 | -            | -          | GoK and EU  |
| <b>Total</b>  | <b>55,907</b> | <b>50,500</b> | <b>5,407</b> | <b>18,915</b> |      | <b>5,525</b> | <b>818</b> |             |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**Appendix III: Status of Projects completion**

| Project Title  | Total Project cost (Mil Kshs) | Total expended to date (June 2023 ) (Mil Kshs) | Completion % to date | Budget 2022/23 (Mil Kshs) | Actual 2022/23 (Mil Kshs) | Sources of funds |
|--|-------------------------------|--|----------------------|---------------------------|---------------------------|------------------|
| Ending Drought Emergencies Support to Resilient Livelihoods and Drought Risk Management II                 | 1,980                         | 1,944.3  | 100%                 | 379                       |                           | GoK/EU           |
| Integrated response and recovery of livelihood for communities affected by crisis in Kenya.                | 228.4                         | 173  | 43%                  | 150                       |                           | UNDP             |
| Kenya Social and Economic Inclusion Project (KSEIP)  | 1,200                         | 467.9  | 30%                  | 267                       |                           | WB               |
| Kenya Hunger Safety Net Programme  | 28,811.24                     | 15,905   | 38%                  | 4,425.6                   |                           | GoK              |
| Resilience and sustainable Food Systems Project  | 568.47                        | 128.3  | 20%                  | 152.4                     |                           | GoK/WFP          |
| Ending Drought Emergencies Eco System based Adaptation in Kenya's Arid and Semi- Arid Rangelands (TWEENDE) | 868.96                        | 227  | 15%                  | 241                       |                           | GoK/GCF          |
| National Drought Emergency Fund (NDEF)   | 20,000                        | 60.9   | 0%                   | 200                       |                           | GoK              |

**Appendix IV: Transfers from Other Government Entities**

| Name of the MDA/Donor Transferring the funds  | Date received as per bank statement | Nature: Recurrent/Development/Others | Total Amount - KES | Statement of Financial Performance | Where Recorded/recognized |                 |             |                           | Total Transfers during the Year |
|---|-------------------------------------|--------------------------------------|--------------------|------------------------------------|---------------------------|-----------------|-------------|---------------------------|---------------------------------|
|   |                                     |                                      |                    |                                    | Capital Fund              | Deferred Income | Receivables | Others - must be specific |                                 |
| Ministry of EAC, ASALs & Regional Development | 19-08-22                            | Recurrent +KDEWS                     | 164,785,000        | 659,140,000                        | -                         | -               | -           | -                         | 659,140,000                     |
|   | 03-10-22                            |                                      | 164,785,000        |                                    | -                         | -               | -           | -                         |                                 |
|   | 03-02-23                            |                                      | 164,785,000        |                                    | -                         | -               | -           | -                         |                                 |
|   | 05-05-23                            |                                      | 164,785,000        |                                    | -                         | -               | -           | -                         |                                 |
| Ministry of EAC, ASALs & Regional Development | 14-10-22                            | Development (KSEIP-GoK)              | 1,270,325,000      | 5,081,300,000                      | -                         | -               | -           | -                         | 5,081,300,000                   |
|   | 19-06-23                            |                                      | 1,143,292,500      |                                    | -                         | -               | -           | -                         |                                 |
|   | 26-06-23                            |                                      | 2,667,682,500      |                                    | -                         | -               | -           | -                         |                                 |
| Ministry of EAC, ASALs & Regional Development | 17-01-23                            | Development (KSEIP-Grant)            | 68,275,200         | 142,507,791                        | -                         | -               | -           | -                         | 142,507,791                     |
|   | 27-04-23                            |                                      | 74,232,591         |                                    | -                         | -               | -           | -                         |                                 |
|   | 30-09-22                            | Development (SDRM-GoK)               | 25,000,000         | 75,000,000                         | -                         | -               | 25,000,000  | -                         | 75,000,000                      |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|  |          |                            |             |             |   |   |            |   |                    |
|--|----------|----------------------------|-------------|-------------|---|---|------------|---|--------------------|
| Ministry of<br>EAC, ASALs &<br>Regional<br>Development | 26-05-23 |                            | 25,000,000  |             | - | - |            |   |                    |
|  | 29-05-23 |                            | 25,000,000  |             | - | - |            |   |                    |
| Ministry of<br>EAC, ASALs &<br>Regional<br>Development | 08-12-22 | Donor Funds (SDRM-EU)      | 139,505,000 | 336,961,783 | - | - | 3,709,367  | - | <b>336,961,783</b> |
|  | 05-01-23 |                            | 139,505,000 |             | - | - |            |   |                    |
|  | 30-06-23 |                            | 57,951,783  |             | - | - |            |   |                    |
| Ministry of<br>EAC, ASALs &<br>Regional<br>Development | 30-09-22 | Development (Twende-GoK)   | 12,575,000  | 37,725,000  | - | - | 12,575,000 | - | <b>37,725,000</b>  |
|  | 26-05-23 |                            | 12,575,000  |             | - | - |            |   |                    |
|  | 29-05-23 |                            | 12,575,000  |             | - | - |            |   |                    |
| Ministry of<br>EAC, ASALs &<br>Regional<br>Development | 30-09-22 | Development (WFP-SFSP-GoK) | 11,250,000  | 22,500,000  | - | - | 8,500,000  | - | <b>22,500,000</b>  |
|  | 30-05-23 |                            | 11,250,000  |             | - | - |            |   |                    |
| Ministry of<br>EAC, ASALs &<br>Regional<br>Development | 15-12-22 | Donor Funds                | 12,053,729  | 19,079,577  | - | - | -          | - | <b>19,079,577</b>  |
|  | 02-06-23 |                            | 7,025,848   |             | - | - |            |   |                    |
| Ministry of<br>EAC, ASALs &<br>Regional<br>Development | 30-09-23 | Development (NDEF-GoK)     | 125,000,000 | 250,000,000 | - | - | 13,300,000 | - | <b>250,000,000</b> |
|  | 16-03-23 |                            | 125,000,000 |             | - | - |            |   |                    |

|   |          |                       |                      |                      |   |   |                    |   |                      |
|---|----------|-----------------------|----------------------|----------------------|---|---|--------------------|---|----------------------|
| Ministry of EAC, ASALs & Regional Development | 18-05-23 | Donor Funds           | 356,981,202          | 356,981,202          | - | - | -                  | - | <b>356,981,202</b>   |
| Ministry of EAC, ASALs & Regional Development | 29-05-23 | Development (EDPRCWI) | 26,000,000           | 26,000,000           | - | - | 269,000,000        | - | <b>26,000,000</b>    |
|   |          |                       | <b>7,007,195,353</b> | <b>7,007,195,353</b> | - | - | <b>332,084,367</b> | - | <b>7,007,195,353</b> |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**Appendix V- Inter-Entity Confirmation Letter**

The National Drought Management Authority wishes to confirm the amounts disbursed as at 30<sup>th</sup> June 2023 is as indicated in the table below;

| <b>Confirmation of amounts received by National Drought Management Authority as at 30<sup>th</sup> June 2023</b> |                   |   |                    |                              |                      |   |                                    |
|--|-------------------|---|--------------------|------------------------------|----------------------|---|------------------------------------|
|  |                   | Amounts Disbursed by Ministry of EAC, ASALs & RD (KShs)<br>as at 30th June 2023 |                    |                              |                      | Amount Received by National Drought<br>Management Authority(KShs) as at 30th June<br>2023 |                                    |
| Reference Number   | Date<br>Disbursed | Recurrent<br>(A)  | Development<br>(B) | Inter-<br>Ministerial<br>(C) | Total<br>(D)=(A+B+C) | E   | Differences<br>(KShs)<br>(F)=(D-E) |
| PV000006   | 03-Aug-<br>22     | 157,285,000   | -                  | -                            | 157,285,000          | 157,285,000   | -                                  |
| PV000277/1   | 04-Oct-<br>22     | 157,285,000   | -                  | -                            | 157,285,000          | 157,285,000   | -                                  |
| PV 001218  | 31-Jan-23         | 157,285,000   | -                  | -                            | 157,285,000          | 157,285,000   | -                                  |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|           |           |             |             |   |             |             |   |
|-----------|-----------|-------------|-------------|---|-------------|-------------|---|
| PV 002478 | 24-Apr-23 | 157,285,000 | -           | - | 157,285,000 | 157,285,000 | - |
| PV000005  | 03-Aug-22 | 7,500,000   | -           | - | 7,500,000   | 7,500,000   | - |
| PV000278  | 04-Oct-22 | 7,500,000   | -           | - | 7,500,000   | 7,500,000   | - |
| PV 001219 | 31-Jan-23 | 7,500,000   | -           | - | 7,500,000   | 7,500,000   | - |
| PV 002478 | 24-Apr-23 | 7,500,000   | -           | - | 7,500,000   | 7,500,000   | - |
| PV000014  | 29-Aug-22 | -           | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000015  | 29-Aug-22 | -           | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000016  | 29-Aug-22 | -           | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000017  | 29-Aug-22 | -           | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000023  | 29-Aug-22 | -           | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000019  | 29-Aug-22 | -           | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000020  | 29-Aug-22 | -           | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000021  | 29-Aug-22 | -           | 127,032,500 | - | 127,032,500 | 127,032,500 | - |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|                |           |   |             |   |             |             |   |
|----------------|-----------|---|-------------|---|-------------|-------------|---|
| PV000022       | 29-Aug-22 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000018       | 29-Aug-22 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000367       | 28-Oct-22 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000372       | 28-Oct-22 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000371       | 28-Oct-22 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000366       | 28-Oct-22 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000373       | 28-Oct-22 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000364       | 28-Oct-22 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000365       | 28-Oct-22 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000368       | 28-Oct-22 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000369       | 28-Oct-22 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV000370       | 28-Oct-22 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| 001220/A946353 | 27-Jan-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|                  |           |   |             |   |             |             |   |
|------------------|-----------|---|-------------|---|-------------|-------------|---|
| PV001220/A946353 | 30-Jan-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV001222/A946353 | 30-Jan-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV001223/A946353 | 30-Jan-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV001225/A946353 | 30-Jan-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV001226/A946353 | 30-Jan-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV001227/A946353 | 30-Jan-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV001228/A946353 | 30-Jan-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV001229/A946353 | 03-Feb-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV001221/A946353 | 31-Mar-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV 002527        | 03-May-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV 002523        | 03-May-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV 002524        | 03-May-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |
| PV 002525        | 03-May-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | - |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|                          |           |   |             |   |             |             |            |
|--------------------------|-----------|---|-------------|---|-------------|-------------|------------|
| PV 002526                | 03-May-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | -          |
| PV 002522                | 03-May-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | -          |
| PV 002520                | 03-May-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | -          |
| PV 002521                | 03-May-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | -          |
| PV 002519                | 03-May-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | -          |
| PV 002518                | 03-May-23 | - | 127,032,500 | - | 127,032,500 | 127,032,500 | -          |
| PV 0010                  | 30-Sep-22 | - | 125,000,000 | - | 125,000,000 | 125,000,000 | -          |
| PV000363                 | 28-Oct-22 | - | 125,000,000 | - | 125,000,000 | 125,000,000 | -          |
| PV 001368                | 15-May-23 | - | 13,300,000  | - | 13,300,000  | -           | 13,300,000 |
| 001169/NDMA/FIN/IPF/7/42 | 13-Jan-23 | - | 68,275,200  | - | 68,275,200  | 68,275,200  | -          |
| PV 002462                | 15-May-23 | - | 74,232,591  | - | 74,232,591  | 74,232,591  | -          |
| PV 0009/1                | 30-Sep-22 | - | 25,000,000  | - | 25,000,000  | 25,000,000  | -          |
| PV 000360                | 03-Oct-22 | - | 25,000,000  | - | 25,000,000  | 25,000,000  | -          |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|                  |           |   |             |   |             |             |            |
|------------------|-----------|---|-------------|---|-------------|-------------|------------|
| PV001230         | 03-Feb-23 | - | 25,000,000  | - | 25,000,000  | 25,000,000  | -          |
| PV 002528        | 03-May-23 | - | 25,000,000  | - | 25,000,000  | -           | 25,000,000 |
| PV001163         | 25-Oct-22 | - | 139,505,000 | - | 139,505,000 | 139,505,000 | -          |
| PV001004         | 01-Dec-22 | - | 139,505,000 | - | 139,505,000 | 139,505,000 | -          |
| PV 002517        | 03-May-23 | - | 57,951,783  | - | 57,951,783  | 57,951,783  | -          |
| PV 00013/1       | 30-Sep-22 | - | 11,250,000  | - | 11,250,000  | 11,250,000  | -          |
| PV000361         | 28-Oct-22 | - | 11,250,000  | - | 11,250,000  | 11,250,000  | -          |
| 001305/          | 15-May-23 | - | 8,500,000   | - | 8,500,000   | -           | 8,500,000  |
| PV000011         | 29-Aug-22 | - | 12,053,729  | - | 12,053,729  | 12,053,729  | -          |
| 001463/2         | 15-May-23 | - | 7,025,848   | - | 7,025,848   | 7,025,848   | -          |
| PV 00012/1       | 30-Sep-22 | - | 12,575,000  | - | 12,575,000  | 12,575,000  | -          |
| PV000362         | 28-Oct-22 | - | 12,575,000  | - | 12,575,000  | 12,575,000  | -          |
| PV001231/BI41098 | 03-Feb-23 | - | 12,575,000  | - | 12,575,000  | 12,575,000  | -          |

**National Drought Management Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

|                  |           |                    |                      |          |                      |                      |                    |
|------------------|-----------|--------------------|----------------------|----------|----------------------|----------------------|--------------------|
| PV 002529        | 03-May-23 | -                  | 12,575,000           | -        | 12,575,000           | -                    | 12,575,000         |
| PV001251/B141097 | 03-Feb-23 | -                  | 26,000,000           | -        | 26,000,000           | 26,000,000           | -                  |
| 004015/3         | 29-Jun-23 | -                  | 53,025,000           | -        | 53,025,000           | -                    | 53,025,000         |
| PV 002509        | 03-May-23 | -                  | 356,981,202          | -        | 356,981,202          | 356,981,202          | -                  |
| <b>Total</b>     |           | <b>659,140,000</b> | <b>6,460,455,353</b> | <b>-</b> | <b>7,119,595,353</b> | <b>7,007,195,353</b> | <b>112,400,000</b> |

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

**Head of Accountants department of beneficiary Entity:**

Name Harid Adva Sign [Signature] Date 27/03/2024