REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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REPORT

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THE AUDITOR-GENERAL

ON

DROUGHT RESILIENCE PROGRAMME IN NORTHERN KENYA GRANT/CREDIT NUMBER: BMZ NO: 2012 67301

FOR THE YEAR ENDED 30 JUNE, 2026

COUNTY GOVERNMENT OF TURKANA



PROJECT NAME: DROUGHT RESILIENCE PROGRAMME IN NORTHERN KENYA

IMPLEMENTING ENTITY: TURKANA COUNTY GOVERNMENT

PROJECT GRANT/CREDIT NUMBER: BMZ NO: 2012 67301.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2026

Prepare in accordance with the accrual basis of Accounting Method under International Public Sector Accounting Standards (IPSAS)

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1. Acronyms, Abbreviations, and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
DRPNK	Drought Resilience Programme in Northern Kenya
TCG	Turkana County Government
PPO	Programme Procurement Officer
ESSO	Environmental and Social Safeguard Officer
M&E	Monitoring and Evaluation
ISC	International Support Consultant
ESMF	Environmental and Social Management Framework
Comparative FY	Financial year preceding the current Financial Year.

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Turkana County Drought Resilience Programme In Northern Kenya (DRPNK).

Objective

The key objective of the project is Drought resilience and climate change adaptive capacities of the pastoral and Agro-pastoral production systems and livelihoods in selected areas of Turkana and Marsabit county are strengthened on a sustainable basis by constructing/implementing and rehabilitating relevant infrastructure.

Address

The project headquarters offices are in Lodwar, Turkana County, Kenya. The address of its registered office is:

Drought Resilience Programme in Northern Kenya (DRPNK)
Ministry of Agriculture, Livestock development and Fisheries
Department of Agriculture and Land Reclamation
Kilimo House, Along Lodwar Mixed Primary School Road
P.O. Box: 11-30500, Lodwar
Telephone: (+254)724731246, E-mail: ekwangamike@gmail.com
Website: www.turkana.go.ke

The project also has offices/branches as follows:

National Programme Coordinator

Drought Resilience Programme in Northern Kenya

Maji House at State Department of Irrigation

Nairobi

Telephone: (+254)722461587, Email: mazing2001@gmail.com

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	28.01.2019
Project End Date:	31.12.2027
Project Coordinator:	CPA Michael Ekwanga
Project Development Partner:	KfW Development Bank

2.3 Project Overview

Line Ministry or State departments/ County Department	County Department of Agriculture, Livestock Development and Fisheries
Project number	**BMZ NO: 2012 67301**
Strategic goals of the project	The strategic goals of the project are as follows: i. Access to water is improved for humans and livestock. ii. Fodder basis is improved. iii. Access to market infrastructure is improved. iv. Rural transportation is improved.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) County and community investments. (ii) Capacity building activities for beneficiary population supporting the proper use of the investments, including training on operation and maintenance and on organizational aspects of resource user groups. (iii) Support to Programme management, including the Implementation Support Consultant (ISC).
Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: i. Water infrastructure ii. Infrastructure for Livestock iii. Other socio – economic infrastructure (e.g. transportation, marketing, education and health)
Project duration:	7 Years

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

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

2. Kenya Commercial Bank
   Lodwar Branch
   Hospital Road, Lodwar Town, Turkana County
   P.O. Box 287-30500, Lodwar.
   Lodwar, Kenya. Contact: **+254 (0)54 21031/ +254 711 087 000**

2.5 Independent Auditor

The project is audited by the:

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

2.6 Roles and Responsibilities

No	Names	Title designation	Key qualification	Responsibilities
1.	Dr.Michael Eregae	County Executive Committee Member	Dr. Eregae is holder of a Doctor of Philosophy degree in Veterinary Epidemiology from the University of Guelph, Ontario, Canada. In addition, he has an Msc in Veterinary Epidemiology and Economics, and a Bachelor of Veterinary Medicine degree from the University of Nairobi. He has over 25 years of work experience in both Government and Non-Government organizations working in various senior management and decision/policy making positions.	Overall coordination and quality assurance, primary responsibility for effective and efficient implementation. Chairperson of County Steering Committee which approves Annual Investment Plans for the project.
2.		County Chief Officer	Mr. Maraka holds a Bachelor of Education degree; science option with a training in ICT integration skills. He has over twelve years	Overall coordination and quality assurance, primary responsibility for

	Mr. David Maraka Namus.		of work experience in the Public and private sector working as a teacher rising through ranks to the level of a school principal. He has worked in the Oil and Gas industry.	effective and efficient implementation.
3.	CPA Ekwanga Michael Lokinei	County Project Coordinator (CPC).	CPA Ekwanga Michael has a Master of Science in Project Monitoring and Evaluation from Kenyatta University and bachelor's degree in business management (BBM), Finance and Banking from Moi University. He is also Certified Public Accountant with ICPAK with Membership No. 27996	Coordinate day-to-day operations of the Programme in the county.
4.	Joseph Emase	Programme Monitoring and Evaluation Officer (M&E)	Bachelor of Science in Information Sciences.	In charge of monitoring and evaluation function of the programme.
5.	Mr. Pius Ekidor.	Project Accountant	Bachelor's degree in business management (Banking and Finance)	In-charge of Accounts function in the programme. Provide guidance on contract management in line with Public Procurement and Asset Disposal Act 2015 and the Public Finance Act 2012. The Project Accountant is responsible for highest degree of efficiency in financial resources management of the DRPNK project and provision of accurate, thorough and documented financial information, transparent utilization of financial resources and management of the finances including budget monitoring, financial reporting and analysis.
6.	Ms. Lucy Nangolol.	Project Procurement Officer (PPO)	Bachelor's degree in business management (Procurement Option)	In charge of procurement function in the programme. Provide guidance on contract management in line with

				Public Procurement and Asset Disposal Act 2015.
7.	Mr. Abednego Lokiru	Programme Environmental and Social Safeguard Officer (ESSO)	Bachelor of Science in Environmental Conservation and Natural Resources Management.	In charge of environmental and social safeguards compliance.
8.	Peter Alimon	Information Communication Technology Officer (ICTO)	Msc in ICT Policy	In charge of ICT and communication function of the programme.

2.7 Funding summary

The Project is for a duration of 7 years from **2019 to 2027** with an approved budget of EUR13 million (use Development Partner currency) equivalent to Kes. 1,625,000,000.00 as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds.	Development Partner Commitment.		Amount received to date - (30th June 2026).		Undrawn balance to date.	
	Euro	Kes	Euro	Kes	Euro	Kes
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Grant						
KfW Development Bank.	13,000,000.00	1,625,000,000.00	2,933,093.87	366,636,608.60	10,066,907.13	1,258,363,391.40
(ii) Counterpart funds						
Government of Kenya	1,950,000.00	243,750,000.00	916,744.00	114,593,000.00	1,033,256.00	129,157,000.00
Total	**14,950,000.00**	**1,868,750,000.00**	**3,849,836.87**	**481,229,608.60**	**11,100,163.13**	**1,387,520,391.40**

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date (30th June 2026)		Cumulative amount paid to date (30th June 2026)		Unutilised balance to date (30th June 2026)	
	Euro	*Kes*	Euro	*Kes*	Euro	*Kes*
	(A)	*(A')*	*(B)*	(B')	*(A)-(B)*	*(A')-(B')*
(i) Grant						
KfW Development Bank	2,933,092.87	366,636,608.60	2,720,390.98	340,057,873.01	212,701.89	26,587,735.60
(ii) Counterpart funds						
Government of Kenya	916,744.00	114,593,000.00	916,452.78	114,556,598.04	291.22	36,401.96
Total	**3,849,836.87**	**481,229,608.60**	**3,636,843.76**	**454,614,971.05**	**212,989.11**	**26,623,637.56**

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

i) The performance has been poor for the budget utilization in the previous years compared to the current year.

ii) The project physical progress has improved recently compared to three years ago.

iii) The absorption rate for other years has been nil since there were no payments made. The absorption for this current year is about 10%.

iv) Challenges that have affected the programme include:

S/No	Challenge	Recommendation
1.	Delayed approval of CGAAB bill by Parliament of Kenya.	1. President to lobby amendment of **PFM Act 2012** to allow counties access 50% of conditional allocations as they wait for approval of CGAAB. 2. Investing in mega projects of threshold that will attract direct disbursement from the donor which bypasses CGAAB.
2	Delayed issuance of Tax exemption certificates by KRA/National Treasury.	The process of the Tax exemption certificates to be fast trucked to ease the implementation of the project and timely delivery.
3.	Non – remittance of funds by National Treasury in full as agreed in separate agreement.	Engage with National Treasury to release funds in whole as agreed in the bilateral agreement.

2.9 Summary of Project Compliance:

There were no significant cases of non-compliance with applicable laws and regulations.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government entity's performance against predetermined objectives at the end of each financial year.

The key development objectives of the DRPNK Turkana County plan are to build:

a) Drought resilience and climate change adaptive capacities of the pastoral and agro-pastoral production systems and livelihoods in selected areas of Turkana and Marsabit county are strengthened on a sustainable basis by constructing/implementing and rehabilitating relevant infrastructure.
b) Capacity building activities for beneficiary population supporting the proper use of the investments, including training on operation and maintenance and on organizational aspects of resource user groups;

Progress on the attainment of strategic development objectives.

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

The project has managed to construct three (3) Categories of water infrastructure (boreholes, water pan and reticulation), 1 livestock market, 1 rural market and 2 irrigation projects. The key objective of the project is drought resilience and climate change adaptive capacities of the pastoral and Agro-pastoral production systems and livelihoods in selected areas of Turkana and Marsabit county are strengthened on a sustainable basis by constructing/implementing and rehabilitating relevant infrastructure. The main challenges include vast areas reached in the intervention, delayed disbursement of funds by National Treasury which affects payment of contractors and consultants and delayed passage of CGAAB by Parliament of Kenya.

Below, we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Construction of borehole in Nakurio & reticulation in Nakurio dispensary	To drill, equip & develop borehole and reticulate to public utility.	Increased access to clean water	No. of boreholes constructed, yield of water produced (m^3/hr)	1 borehole drilled
Construction of boreholes at Chokchok in lodwar/water supply at Chokchok primary	To drill, equip & develop borehole and reticulate to public utility.	Increased access to clean water	No. of boreholes constructed, yield of water produced (m^3/hr)	1 borehole drilled with a yield of $14m^3/hr$ (saline)
Construction of water supply and installation of septic tanks for water supply and sanitation at Naotin dispensary in Kanamkemer ward	To drill, equip & develop borehole and reticulate to public utility.	Increased access to clean water	No. of boreholes constructed, yield of water produced (m^3/hr)	1 borehole drilled with a yield of 5 m^3/hr (fresh).
Rehabilitation of irrigation scheme at Lokipetot in Lodwar township ward	To rehabilitate existing surface irrigation scheme to meet national needs.	Increased access to food and nutrition	Acreage of land under reclaimed and under crop production.	104 acres of land reclaimed for crop production.
Construction of spate irrigation at Namorkirionok Letea ward & hayshed in Namorkirionok in Letea ward	To construct and develop micro irrigation scheme to meet community needs.	Increased access to food and nutrition	Acreage of land under reclaimed and under crop production.	25 acres of land reclaimed for micro irrigation purpose.
Construction of water pan in Ngitirae (Kaloyaramuge) in Nanam ward	To construct and maintain water pan for livestock use.	Increased access to water for livestock uses.	No. of water pans constructed, amount of water harvested and retained (m^3)	1 Water pan constructed of 45,000,000 litres capacity.

Construction of livestock market infrastructure, water supply and sanitation, a fixed iron-crush and grading and murraming rural road at Kakalel / Katongun in Katilu ward	To construct and maintain livestock infrastructure for trade	Enhanced access to livestock market infrastructure for livestock trade.	No. of livestock markets constructed, volume of livestock traded (tons)	1 Livestock market constructed with 4 pens for camels, cows, goats & sheep and isolation purpose.
Construction of rural market facilities, including water supply and sanitation at Naipa in Lobei / Kotaruk ward, Loima	To construct and maintain rural infrastructure for agricultural produce	Enhanced access to rural market infrastructure for agricultural produce.	No. of rural markets constructed, volume of agricultural produce traded (tons)	1 Rural market constructed with 36 stalls for traders.
Drilling and development of boreholes at Ngipidinga in Kaeris	To drill, equip & develop borehole and reticulate to public utility.	Increased access to clean water	No. of boreholes constructed, yield of water produced (m^3/hr)	1 Borehole drilled, equipped and developed with capacity of 4m^3/hr.
Drilling, equipping and development of boreholes at Moru Abarait in Lopur	To drill, equip & develop borehole and reticulate to public utility.	Increased access to clean water	No. of boreholes constructed, yield of water produced (m^3/hr)	1 Borehole drilled, equipped and developed with capacity of 4m^3/hr.
Rehabilitation of Irrigation schemes and feed store at Napak in Turkwel ward	To construct and develop micro irrigation scheme to meet community needs.	Increased access to food and nutrition	Acreage of land under reclaimed and under crop production.	25 acres of land reclaimed for micro irrigation purpose.

Borehole drilling, development and equipping at Lokaburu in Song'ot ward	To drill, equip & develop borehole and reticulate to public utility.	Increased access to clean water	No. of boreholes constructed, yield of water produced (m^3/hr)	1 Borehole drilled, equipped and developed with capacity of $4m^3/hr$.
Water Reticulation in Nakabosan area – 13km pipeline with $100m^3$ Steel Reservoir tank in Katilu Ward	To drill, equip & develop borehole and reticulate to public utility.	Increased access to clean water	No. of boreholes constructed, yield of water produced (m^3/hr)	1 Borehole drilled, equipped and developed with capacity of $4m^3/hr$.
Borehole with reticulation of water to Kerio Centre – 16km pipeline with $100m^3$ Steel Reservoir tank	To drill, equip & develop borehole and reticulate to public utility.	Increased access to clean water	No. of boreholes constructed, yield of water produced (m^3/hr)	1 Borehole drilled, equipped and developed with capacity of $4m^3/hr$.
Water Supply and Reticulation to Kalemungorok Centre at Kalemungorok	To drill, equip & develop borehole and reticulate to public utility.	Increased access to clean water	No. of boreholes constructed, yield of water produced (m^3/hr)	1 Borehole drilled, equipped and developed with capacity of $4m^3/hr$.
Borehole drilling, equipping, development and solarization at Napak community village.	To drill, equip & develop borehole and reticulate to public utility.	Increased access to clean water	No. of boreholes constructed, yield of water produced (m^3/hr)	1 Borehole drilled, equipped and developed with capacity of $4m^3/hr$.
Rehabilitation of existing water supply and storage infrastructure in Lopur area, Korinyang village in Katilu ward	To drill, equip & develop borehole and reticulate to public utility.	Increased access to clean water	No. of boreholes constructed, yield of water produced (m^3/hr)	1 Borehole drilled, equipped and developed with capacity of $4m^3/hr$.
Drilling of Borehole (200 m max. depth) in Natwel, Ageles, Katilu ward, Loima cluster	To drill, equip & develop borehole and reticulate to public utility.	Increased access to clean water	No. of boreholes constructed, yield of water produced (m^3/hr)	1 Borehole drilled, equipped and developed with capacity of $4m^3/hr$.

4. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

DRPNK project is critical in ensuring that development infrastructure constructed are sustained diligently by the end user. Considering that, the project has delved the following efforts:

a. Training of Trainers of Trainees (TOTs)
b. Development of illustrative manuals for beneficiaries
c. Training of beneficiaries by TOT through practical means
d. Developing exit strategy / handover procedures to guarantee continuity of services by linking thematic areas with line departments. e.g. boreholes constructed are linked to Turkana Rural Water and Sanitation Company (TURWASCO) for management.

2. Environmental performance

DRPNK programme is an environmental conscience programme. It has Environmental and Social Management Framework (ESMF) that is the guiding principle. The framework was prepared in compliance with Kenya Environmental Laws, World Bank Environmental and Safety Standards and KfW Environmental Guidelines. The ESMF developed has managed to assist in establishing construction ESMP (Environmental and Social Management Plans) for each project constructed, hence institutionalizing environmental compliance. 5 Officers from Department of Environment are undergoing training on Environmental Monitoring and Audit which will be handy in evaluating compliance in subsequent projects of the programme and the department.

3. Employee welfare

Employees involved in the project as County Project Coordinating Unit (CPCU) are staffs seconded from line departments of county government of Turkana. The officers are exposed to relevant trainings such as ESMF for Environmental Officer, KfW Procurement Procedures for Procurement etc. the officers are issued with PPEs whenever they visit construction sites of the projects in compliance with Occupational Safety and Health Act of 2007 (OSHA).

4. Marketplace practices-

a) Responsible Supply chain and supplier relations-

The project maintains good business practices and treats by:

i. Placing tendering processes on public spaces (e.g. public procurement information portal, Turkana County website etc.).
ii. Inviting bidders to tender opening as part of building confidence to contractors.
iii. Processing payment promptly. In case of delay, information of inconvenience is relayed to contractors and consultants.

b) Responsible ethical practices

The project has designated desk for Environmental and Social Safeguards Officer as contact person for reporting cases of corruption practices. The members of public engaged in the project are sensitized during reconnaissance survey and site handovers to shun away from political mobilization and involvement in the project.

c) Regulatory impact assessment

Stakeholders play critical role in the project development. Every opinion of stakeholders is respected at different stages of the project. At the inception stage, community are engaged to identify their pressing needs which are then translated into projects.

5. Community Engagements

Community engagements are carried out during different stages of project development. The first engagement is usually done during project identification and voluntary land donation for development purpose. Community is also involved in surveying and construction stage of the project. This helps in creating sense of belonging and ownership of the projects.

5. Statement of Project Management Responsibilities

The County Chief Officer for the County department of Agriculture and Land Reclamation and the County Programme Coordinator are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025. This responsibility includes (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud,(iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances.

The County Chief Officer for the County Department of Agriculture and Land Reclamation and the County Programme Coordinator accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The County Chief Officer for the County Department of Agriculture and Land Reclamation and the County Programme Coordinator are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date.

The County Chief Officer for Agriculture and Land Reclamation and the County Programme Coordinator further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The County Chief officer for the County Department of Agriculture and Land Reclamation and the County Programme Coordinator confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the

financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the Chief Officer for the County Department of Agriculture and Land Reclamation and the Project Coordinator on 7th September 2026 and signed by:

.....

Name: Maraka David Namus
County Chief Officer
Agriculture and Land Reclamation
TURKANA COUNTY

.....

Name: CPA Ekwanga Michael
DRPNK Turkana County Programme Coordinator

6. Report of the Auditor on Financial Statements for Drought Resilience Programme in Northern Kenya (DRPNK)

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REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON DROUGHT RESILIENCE PROGRAMME IN NORTHERN KENYA GRANT/CREDIT NUMBER: BMZ NO: 2012 67301- COUNTY GOVERNMENT OF TURKANA FOR THE YEAR ENDED 30 JUNE, 2026

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, Cap. 412A, and the Public Audit Act, Cap. 412B. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Drought Resilience Programme in Northern Kenya – County Government of Turkana set out on pages 1 to 26, which

comprise of the statement of financial position as at 30 June, 2026 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, Cap. 412B. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Drought Resilience Programme In Northern Kenya – County Government of Turkana as at 30 June, 2026 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 Project Agreement Grant/Credit Number: BMZ No: 2012 67301 dated 24 December, 2018 and the Public Finance Management Act, Cap. 412A.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.932,266,383 and Kshs.346,610,322 respectively, resulting in an underfunding of Kshs.585,656,061 or 63% of the budget.

The underfunding may have resulted in the non-implementation of planned activities, impacting negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

Management is responsible for the Other Information set out on pages iv to xix which comprise of the Project Information and Overall Performance, Statement of Performance

Against Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Unsuitability of Water from Chochok Water Supply Project

Review of records revealed that Management awarded a local contractor the tender for the construction of borehole and distribution system at Chochok Water Supply Project at a contract sum of Kshs.8,792,400 on 27 December, 2024, which had been completed as at 30 June, 2026. However, interviews with community members and examination of the certificate of water analysis revealed that the borehole had high salinity levels for which appropriate treatment before domestic use was recommended. At the time of audit in the month of August, 2026, tendering process for desalination as was still ongoing. The continued use of highly saline water raises health concerns to the community and livestock.

In the circumstances, the future health impact of the community and value for money on the expenditure of Kshs.8,792,400 incurred on the project could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, Cap. 412 B and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Reports

During the year under review, no internal audit reports were provided for audit review to demonstrate that independent assessments of the adequacy and effectiveness of the Project's governance, risk management and internal control systems. This was contrary to Section 155(1) of the Public Finance Management Act, Cap. 412A, which requires a county government entity to establish appropriate arrangements for conducting internal audit in accordance with the guidelines issued by the Public Sector Accounting Standards Board.

In the circumstances, the effectiveness of the Project's governance, risk management and internal control framework could not be confirmed.

2. Lack of Risk Management Policy

As previously reported, review of the internal controls of the Project revealed that the Risk Management Policy was not in place. In addition, no documented formal risk assessments were provided for audit review. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, Legal Notice No. 35 of 2015 which requires that an entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, Management lacked mechanisms to detect, prevent or respond to fraudulent activities which may undermine the Project's ability to fulfill its objectives.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, Cap. 412B.

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, Cap. 412B and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, Cap. 412B. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, Cap. 412B.

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 September, 2026

TERMS OF REFERENCE ("ToR")

Reasonable Assurance Engagement in accordance with ISAE 3000 (Revised) for Funds disbursed under the Disposition Fund Procedure

Name of project/programme: **DROUGHT RESILIENCE PROGRAMME IN NORTHERN KENYA (DRPNK)**
KfW reference no.: **BMZ 2012 67301**
LOGAS reservation no.: ... (if available)
Name of Authorized/Authorized Third Party, Project-Executing Agency and/or Project Implementation Unit: **TURKANA COUNTY DROUGHT RESILIENCE PROGRAMME IN NORTHERN KENYA (DRPNK)**

Subject Matter

1. Under the financial conditions of the Project's Loan/Grant Agreement ("Financing Agreement") and the pertaining Separate Agreement, Project funds are disbursed under the "Disposition Fund Procedure" (the "**Disposition Fund**") as defined in the Annexes "Total Cost and Financing" and "Disbursement Procedure" of the Separate Agreement.

2. The auditor/practitioner shall thoroughly verify which accounts have been opened by the Entity and / or any Project Partners in connection with the Disposition Fund. All such accounts (together the "**Project Accounts**") shall be mentioned in Annex B and be considered in the scope of this reasonable assurance engagement.

   It is the responsibility of the Entity to prepare the project financial reports ("**Financial Reports**"), an overview of Project Accounts, the Statements of Expenditures (= List of Expenditures / "**SOE**") and the related disbursement requests (overall "**Subject Matter Information**").

3. The financial information shall be established in accordance with consistently applied accounting standards and in conformity with the disbursement-related information in the underlying agreements, notably the Financing Agreement(s) including the corresponding Separate Agreement as well as other agreements dealing with the payment flows under this Disposition Fund (together the "**Relevant Agreements**").

Scope

4. This engagement is a **reasonable assurance engagement** in accordance with the International Standard on Assurance Engagements **ISAE 3000 (Revised)** as published by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This standard requires that the auditor/ practitioner will plan and perform procedures considered necessary to obtain reasonable assurance about the Subject Matter information (including on-site visits).

   Please note: We do <u>not</u> accept a limited assurance engagement.

5. The assurance engagement
   - will be carried out annually ("**Reporting Period**");
   - shall cover in one single Report ("**Report**") all Project Accounts;
   - shall cover only expenditures/costs under this Disposition Fund.

Objective

6. The objective of the assurance engagement is to permit the auditor/practitioner to express a conclusion on the Subject Matter Information (see paragraph 2) and to obtain reasonable assurance on expenditure of project funds / incurred project costs, i.e. whether the Subject Matter Information is free from material misstatement regarding proper use of KfW funds according to the criteria ("**Criteria**") listed in **Annex A**.

7. The auditor/practitioner shall consider that mere account transfers as well as advance payments to Project Partners and service providers which have not been cleared until the end of the Reporting Period cannot be classified as "incurred cost" or "use of funds" and shall be shown separately in **Annex B** (as "New project receivables").

8. The auditor/practitioner shall express a conclusion with **reasonable assurance** to each criterion listed in **Annex A**.

Reports

9. The **Report(s)** shall

   (a) be issued by a renowned auditor/ practitioner in English;

   (b) be presented annually (as signed final version only and approved by the Entity) not later than three months after the end of the Reporting Period;

   The last audit report shall be presented no later than three months after the end of the Reporting Period in which the final payment out of the Special Account or a Local Special Account was made or six months after the final payment out of the Special Account or a Local Special Account, whichever occurs earlier;

   (c) include at a minimum the following elements:

   - description of the Subject Matter;
   - description of significant limitations;

   (d) state in a separate paragraph any tax amounts or other project related contributions paid and not refunded, if the Relevant Agreements prohibit financing of these costs;

   (e) comprise the auditor's/practitioner's statement on the seriousness of observations noted including the consequences of specific deficiencies, if any;

   (f) contain the following annexes:

   - Annex A and B (filled)
   - Definition of "Relevant Documents" for procurement (see Annex C)
   - These ToR.

Management Letter / Statement on Internal Control

10. The auditor/ practitioner shall prepare a "**Management Letter**" or "**Statement on Internal Control**" containing:

    (a) comments, observations, and recommendations on

    - the accounting records,
    - systems and controls examined (with special focus on the handling of project receivables such as advances, tax claims, etc).
    - procurement systems, procedures and controls (with special focus on conformity to KfW guidelines and other relevant documentation agreed upon, see Annex C of these ToR). In case of comments on procurement systems, these shall be presented in a separate chapter and shall include a list of all affected contracts with contract values.

    (b) specific deficiencies and areas of weakness identified in relevant systems and controls. The auditor/practitioner shall rank them according to importance together with recommendations for their improvement.

    (c) a report on actions taken by the management to make improvements with respect to deficiencies and areas of weakness reported in the past.

    (d) any other matters that the auditor/ practitioner considers pertinent.

    (e) the management's position on each of the observations made.

    The financial impact of findings must be quantified.

Liability

11. The amount of the professional liability insurance shall be based on local/regional standards for audit companies. When prompted to do so, the auditor/practitioner will provide KfW with evidence of his liability insurance.

Review

12. The auditor/practitioner shall keep documentation supporting his conclusion until at least five years after completion of the assurance engagement and shall have it accessible at all times for review by the Entity, KfW or any third party commissioned by them.

TERMS OF REFERENCE ("ToR")

Reasonable Assurance Engagement in accordance with ISAE 3000 (Revised) for Funds disbursed under the Disposition Fund Procedure

Annex A (to be attached to every Report as integral part)
SUMMARY

Name of Project: DROGHT RESILIENCE PROGRAMME IN NORTHERN KENYA (DRPNK)
KfW Ref. No.: BMZ 2012 67301
Subject Matter: Disposition Fund (all Project Accounts stated in Annex B)
Reporting Period: 1ST JULY 2025 – 30TH JUNE 2026

[Only if applicable:] The Funds were (partially) channelled through the Entity to the following Project Partner(s) for final use:

Project Partner	Country	Sub-Project
KfW Development Bank	Germany	Turkana County Drought Resilience Programme in Northern Kenya.

Within the scope of our reasonable assurance engagement under the Project, performed in accordance with the International Standard on Assurance Engagements **ISAE 3000 (Revised)**, we give **our conclusion** on the following criteria:

Applied Criteria	**Conclusion (YES/ Yes, except for .../ NO)	Summary of work performed (See para. 69 of ISAE 3000)
a) All payments made from any of the Project Accounts and all costs incurred stated in Annex B were in accordance with the Project purpose as specified in the Relevant Agreements.	"YES"	Reviewed sampled transactions, verified against agreements, budgets, and supporting documentation.
b) The Disposition Fund has been maintained in accordance with the provisions of the Annex "Disbursement Procedure" to the Separate Agreement, among others: • Cash flows of KfW Funds to final beneficiaries and between Project Accounts (Annex B) can be traced without any gaps; • Interest income or other project related receipts have been credited to Project Accounts; • No contract value exceeds the maximum amount limit of EUR 500,000; • Balance(s) on Local Special Account(s) do not exceed the requirement of one month; • Exchange rates used are plausible and have been applied consistently; • Balance(s) in petty cash box(es) do not exceed the cash requirement for one day; • The costs are in line with the budget positions agreed with KfW;	"YES"	Tested cash flows, exchange rates, balances, asset register, and compliance with thresholds

• Fixed Asset registers have been maintained properly.		
c) The following items are supported by relevant and reliable evidence (such as contracts, invoices, guarantees, procurement documentation etc.): • expenditures from the Project Accounts; • incurred costs paid; • cleared advances of former periods. There are no indications that any expenditure had already been financed by other sources.	"YES"	Inspected invoices, contracts, procurement files; verified no double financing.
d) The SOE sent to KfW during the Reporting Period can be relied upon to support the related disbursement requests. Clear linkage exists between the SOE and disbursement requests presented to KfW and the accounting records of the Entity.	"YES"	Reconciled SOEs with accounting records and disbursement requests.
e) Goods and Services have been procured in accordance with the Relevant Agreements, especially the applicable KfW "Guidelines for the Procurement of Consulting Services, Works, Plant, Goods and Non-Consulting Services in Financial Cooperation with Partner Countries", and any other relevant document (see Annex C), including adherence to all required No-Objections, thresholds and associated conditions.	"YES"	Reviewed procurement procedures against KfW guidelines and no-objection requirements.
f) No other important findings and observations have been disclosed during the engagement.	"YES"	Findings and observations have been documented and disclosed in the management letter issued to DRPNK-Turkana County on 22nd July 2026. Draft audit report subsequently issued, and Audit Report signed by Auditor General after verification of management responses to audit issues raised.
g) Material observations raised in previous audits have been cleared – not applicable in case of first report hereunder.	"YES"	Management disclosed that all prior year audit queries cleared except the query related to Risk Management Policy which the Management is developing -See Annex 13 to Audited Financial statements.

**Note: Please insert

- "YES" in case of an unqualified conclusion;
- "YES, except for …" in case of a qualification;
- "NO" in case of another modification of the conclusion.

All modifications of the conclusion require a reference to a detailed description in the Report or Management Letter.

The following costs are questionable / ineligible		
Sample size	*Currency / amount*	*Reference to Report or Management Letter*
None identified	N/A	N/A

Any questionable/ ineligible cost shall be detailed in the Report or Management Letter with an explanation stating facts and reasons.

PROJECT ACCOUNTANT
14 SEP 2026
DRPNK TURKANA

Pius Ekidor
PROJECT ACCOUNTANT/ MANAGER

DATE:

Annex B (to be attached to every Report as integral part)

Project Account Summary

Name of Project: DROGHT RESILIENCE PROGRAMME IN NORTHERN KENYA (DRPNK)
KfW Ref. No.: BMZ 2012 67301
Subject Matter: Disposition Fund (all Project Accounts stated in Annex B)
Reporting Period: 1 JULY, 2025 – 30 JUNE ,2026

The following Project accounts have been considered for this reasonable assurance engagement:

	Currency	Account Number	Account Holder	Country
Special Account	KES	1000528788	Central Bank of Kenya (CBK)	KENYA
Local Account 1	KES	1265408246	Kenya Commercial Bank	KENYA
Etc.				
Other Project-related Account** - if any -	Not Applicable	Not Applicable	Not Applicable	Not Applicable

**e.g., for tender costs, retention etc.

The cash flows on these Project accounts are as follows:

		Special Account No: 1000528788	Local Account No: 1265408246	Local Account 2 No.....	Local Account 3 No.....	Cash Box If any
		Account Currency: KES	Account Currency: KES	Account Currency:	Account Currency:	Currency:
A) Opening Balance		71,701,275	180,416			
B) Inflow of KfW funds	Plus	0				
C) *If any:* credit interest or other project related receipts	Plus	0	0			
D) Incoming transfers - only from accounts indicated in this table	Plus	239,745,631.10	34,983,000			
E) Outgoing transfers – only from accounts indicated in this table	Less	(284,859,171)	(35,127,014)			

F) Total costs paid (liabilities must not be considered hereunder)	Less	0	0
G) *If any:* New project receivables (such as advances) not cleared until the end of the reporting period	Less	0	0
H) Closing Balance		**26,587,735**	**36,402**

- In case of further project accounts: Please add further columns.
- If there are more than 8 local accounts of Project Partners, it is possible to state a cumulated figure in one column.

Supplement 1: Project receivables – if any						
		Entity (DRPNK TURKANA)	Project Partner ...	Project Partner ...	Project Partner ...	Project Partner ...
		Currency:	Currency:	Currency:	Currency:	Currency:
1.) Opening balance of receivables such as advances, tax claims etc. paid from KfW funds but not cleared by the end of previous Reporting Period				N/A		
2.) Project receivables paid in previous Reporting Periods and cleared during current Reporting Period	Less			N/A		
3.) Project receivables paid in current reporting period and not cleared by the end of this Reporting Period (corresponds to line G above)	Plus			N/A		
4.) Total project receivables not cleared by the end of this Reporting Period				N/A		
Please note: Receivables paid and cleared within this Reporting Period are to be considered as "actual costs paid" (line F above) and are not to be considered here.						

Supplement 2: Retention Account	
***- If any -* Balance Retention Account by the end of this reporting period:**	No retention account balance at the end of this reporting period.

Procurement Monitoring Table[i]

(Version No. 2 - Approved February 17, 2025)

ANNEX C

Separate Agreement, dated … (incl. KfW's Procurement Guidelines)	N/A
Procurement-relevant amendments (or attachments) to the Separate Agreement, e.g., by Minutes of Meeting, dated …	N/A
Procurement (Procedures) Manual (if applicable; has preference over the Separate Agreement), dated …	The entity used the Public Procurement and Asset Disposal Act 2015 & Public Procurement and Asset Disposal 2020.
Procurement Plan, dated … (current version)	Procurement plan is attached below

General notes:

1) All Work contracts are assumed B, an E&S specialist, will review what can be considered for ESIA and ESMP only.
2) Procurement of Consulting Services shall be in 2 stages, establishing a short-list through an Expression of interest. For Works and Non-Consultive Services (NC) the procurement shall be an open bid in 1 stage.
3) For Consulting Services, once the pre-qualified short list obtains the NO from KfW, the procedure will be adjusted from NCB to LCB.
4) For all Feasibility & Detailed Design Consulting Services, the concept and design require final NO by KfW.
5) For all Environmental and Social Impact Assessment and Monitoring Consulting Services, the ToR of ESIA as well as the ESIA reports require final NO by KfW.
6) ESIA, Feasibility Studies and Design will be undertaken by state Department of Irrigation and County Engineers in collaboration with ISC
7) For all activities procured through Force Account (FA), the supportive documentation for FAs will be in line with KfW requests and the Procedure for use of force account as per the PP&D 2020 regulations.
   All planned FA contracts are subject to a separate prior NO by KfW.

Procurement N°.	SA Budget line[ii]	Type of tender[iii]	Short description of contract content[iv] and related number according to AIP	Estimated contract amount[v]	Effective contract amount after tendering	Disbursement procedure applied[vi]	Source of funds[vii]	Tender procedure[viii]	Stages[ix]	Selection method[x]	Tender documents[xi]	Review by KfW[xii]	ESHS risk level[xiii]	ESHS category[xiv]	Estimated publication date	Estimated bid or proposal opening	Estimated contract signing date	Estimated contract completion date	Contract type[xv]	Comments and further explanations[xvi]
1	2.2	W	Construction of Sand dam at Nawotom in Letea ward (Length 75m, maximum height of 3m) - AIP-2_01	131,600.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	
2	2.2	W	Borehole drilling, development and equipping at Nawotom in Letea ward (200m max. depth) - AIP-2_02	96,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	
3	2.2	W	Construction of waterpan (50,000 m³) at Ngijawoi in Lopur ward - AIP-2_03	216,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	
4	2.2	W	Borehole drilling, development and equipping at Kabokorit in Kakuma ward. (200m max. depth) - AIP-2_04	80,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	Lopededekit site has been taken up by NGO hence adjacent site of Kabokorit was identified as suitable for replacing Lopededekit site.
5	2.2	W	Borehole drilling, development and equipping at Lokaburu in Song'ot ward. (200m max. depth) - AIP-2_05	96,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	
6	2.2	W	Water Supply and Reticulation for Makutano in Nakalale ward (Pipeline about 2km, Storage Tanks of about 50m³) and Sanitation, Junction - Makutano in Nakalale – AIP-2_06	86,400.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	.
7	2.2	W	Borehole drilling, development and equipping at Elelea in Kaeris ward. (200m max. depth) - AIP-2_07	104,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	
8	2.2	W	Borehole drilling, development and equipping at Lowarengak in Lakezone ward. (200m max. depth) - AIP-2_08	106,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	

9	2.2	W	Rehabilitation of Nadoto Surface Irrigation scheme and feedstore in Kerio Delta ward (400 acres area cultivated) including feed store (2 Metric Tons minimum of farm produce) - AIP-2_09	0,00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	This procurement is canceled, as the related rehabilitation of irrigation scheme has been taken up by National Irrigation Board. To reduce future modification of AIPs, it is planned to established a better coordination with development partners under the umbrella of the County Steering Group (CSG)
10	2.2	W	Water Reticulation in Nakabosan area – 13km pipeline with 100m³ Steel Reservoir tank in Katilu Ward - AIP-2_10	240,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	
11	2.2	W	Borehole (200m max. depth) and 50 acres Irrigation system for fodder production, including fencing of 16 acres intensive fodder area, soil bunds and rainwater harvesting structures, purchase of pasture seeds and Feed store with feed formulation machine (5 MT minimum of pasture produced with 300 kg/h volume of formulation machine) at Napusmoru.- AIP-2_11	0,00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	This procurement is canceled, because of community requests for compensation of their land, which contravened the previous VLD agreements, since the land is communally owned. Besides, the area received support from GoK under Equalization Fund for borehole drilling. Budget is now reallocated to support water issues in Loreng and Keng'olereng villages within the same cluster (PP No. 33 and 35).
12	2.2	W	Borehole (200m max. depth) with reticulation of water to Kerio Centre – 16 km pipeline with 100m³ Steel Reservoir tank - AIP-2_12	326,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	The allocation is increased, in order to accommodate emerging water needs along the proposed pipeline occasioned by additional village along the pipeline - what will also increase ownership and security of the infrastructure. The total maximal length of the pipeline is therefore increased to 16 km.
13	2.2	W	Small Dam (250,000 m3) at Loya - AIP-2_13	1,080,000.00		DF	KfW-100%	NCB	1	Lowest eval. bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	
14	2.2	W	Rehabilitation of Existing Livestock Market (500 livestock traded per week) at Urum in	320,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	

			Lokiriama/ Lorengippi Ward - AIP-2_14																	
15	2.2	W	Rehabilitation of Naremit Irrigation Scheme (about 600 Acres command area cultivated) - AIP-2_15	480,872.99		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	The allocation is increased, to take care of the surface runoff which affected the performance of this irrigation scheme.
16	2.2	W	Borehole drilling, equipping, solarization and reticulation at Naremit - AIP-2_16	160,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	
17	2.2	W	Rehabilitation of Nawepeto Surface Irrigation Scheme at Kaputir Ward -- AIP-2_17	0.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	This procurement is canceled, as it has been taken up by Food System Resilience Programme (FSRP) funded by World Bank. The budget is reallocated to support water supply works in Kaibachal and Lopur, within the same cluster (PP No. 31 and No. 34). For reducing future modification of AIPs, it is planned to establish coordination with other development partners under the umbrella of CSG.
18	2.2	W	Water Supply and Reticulation to Kalemungorok Centre at Kalemungorok.- AIP-2_18	400,407.87		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	
19	2.2	W	Borehole drilling, equipping, development and solarization at Napak community village - AIP-2_19	121,648.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	
20	2.2	W	Water Supply including Reticulation and Sanitation at Napak dispensary and primary school - AIP-2_20	102,572.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	
21	2.1	C	Capacity Building -Training of Trainers on O&M for trainers -- AIP-2_01; AIP-2_02; AIP-2_03; AIP-2_04; AIP-2_05; AIP-2_06	35,300.00		DF	KfW-100%	NCB	2	QCBS	PP&DA 2015	EP	n/a	n/a	21 Oct 2024	21 Nov 2024	21 Dec 2024	1 May 2025	LS	
22	2.1	C	Capacity Building -Training of Trainers (ToT) on O&M for trainers - AIP-2_07; AIP-2_08	10,500.00		DF	KfW-100%	NCB	2	QCBS	PP&DA 2015	EP	n/a	n/a	21 Oct 2024	21 Nov 2024	21 Dec 2024	1 May 2025	LS	

23	2.1	C	Capacity Building -Training of Trainers (ToT) on O&M for trainers – AIP-2_09; AIP-2_10; AIP-2_11; AIP-2_12; AIP-2_24; AIP-2_25; AIP-2_26;	46,979.32		DF	KfW-100%	NCB	2	QCBS	PP&DA 2015	EP	n/a	n/a	21 Oct 2024	21 Nov 2024	21 Dec 2024	1 May 2025	LS	
24	2.1	C	Capacity Building -Training of Trainers (ToT) on O&M for trainers - AIP-2_13; AIP-2_14; AIP-2_15; AIP-2_16; AIP-2_17; AIP-2_18; AIP-2_19; AIP-2_20; AIP-2_21; AIP-2_22; AIP-2_23;	155,275.04		DF	KfW-100%	NCB	2	QCBS	PP&DA 2015	EP	n/a	n/a	21 Oct 2024	21 Nov 2024	21 Dec 2024	1 May 2025	LS	
25	2.1	C	M&E for Kakuma, Kalokol and Lodwar Clusters	36,667.59		DF	KfW-100%	FA	2	QCBS	PP&DA 2015	EP	n/a	n/a	21 Oct 2024	21 Nov 2024	21 Dec 2024	1 May 2025	LS	
26	2.1	C	M&E for Loima Cluster	67,965.02		DF	KfW-100%	FA	2	QCBS	PP&DA 2015	EP	n/a	n/a	21 Oct 2024	21 Nov 2024	21 Dec 2024	1 May 2025	LS	
27	2.1	C	Environmental & Social Safeguards Monitoring and Audits for Kakuma, Kalokol and Lodwar Clusters	31,111.73		DF	KfW-100%	FA	2	QCBS	PP&DA 2015	EP	n/a	n/a	21 Oct 2024	21 Nov 2024	21 Dec 2024	1 May 2025	LS	
28	2.1	C	Environmental & Social Safeguards Monitoring and Audits for Loima Clusters	42,310.02		DF	KfW-100%	FA	2	QCBS	PP&DA 2015	EP	n/a	n/a	21 Oct 2024	21 Nov 2024	21 Dec 2024	1 May 2025	LS	
29	2.1	n/a	Accommodation and conferences	106,000.56		DF	KfW-100%	Q	1	Lowest evaluated bid	PP&DA 2015	EP	n/a	n/a	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	n/a	An official letter, stating the Partner's wish to finance these activities will be provided for tendering out a framework contract to companies to order their services on a need basis
30	2.1	NC	Publicity, visibility and project documentary	0.00		DF	KfW-100%	Q	1	Lowest eval. bid	PP&DA 2015	EP	n/a	n/a	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	LS	This procurement is canceled, since GoK banned promotional materials (Circular No. Ref. EOP/CAB 26/4A/VO.III (141) dated 18th March 2024.
31	2.1	W	Borehole (200 m max. depth) and water storage facilities for community and primary school in	160,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	This project replaces procurement No. 17, reducing time taken by local community (312 households)

			Kaibachal, Lokapel area in Katilu ward, Loima cluster - AIP-2_21																		for fetching water, while improving sanitation in the primary school. This new subproject, and all the following new subprojects (up to PP No. 36), were identified during Community Needs Assessment carried out by Department of Water Services during Public Participation for budgeting cycle for County Government of Turkana for Fiscal Year 2025/2026 and FY 2024/2025.
32	2.1	W	Borehole (200 m max. depth) and water storage facilities in Kaikol, Lokichar ward, Lodwar cluster - AIP-2_24	120,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	This new project will benefit 350 pastoralist households, using funds from other canceled procurements
33	2.1	W	Borehole (200 m max. depth) in Loreng, Lokichar ward, Lodwar cluster - AIP-2_25	120,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	This project replaces procurement No. 11, reducing time taken by local community for fetching water
34	2.1	W	Rehabilitation of existing water supply and storage infrastructure in Lopur area, Korinyang village in Katilu ward, Loima cluster - AIP-2_22	240,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	This project replaces procurement No. 17, reducing time taken by this increasing rural community for fetching water
35	2.1	W	Borehole (200 m max. depth) in Keng'olereng, Lokichar ward, Lodwar cluster - AIP-2_26	131,586.40		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	This new project, using funds from other canceled procurements, will benefit local pastoralist households, that during the dry season have to walk 25 Km for fetching water from the nearest village of Kekorisogol
36	2.1	W	Borehole (200 m max. depth) in Natwel, Ageles, Katilu ward, Loima cluster - AIP-2_23	120,000.00		DF	KfW-100%	NCB	1	Lowest evaluated bid	PP&DA 2015	EP	NE	B	August 2024	1 Sept 2024	21 Oct 2024	1 April 2025	ADM	This new project, using funds from other canceled procurements, will benefit local pastoralist households, that during the dry season have to walk 12 Km for fetching water from the nearest village of Keekunyuk and Ageles.
			Total EUR	**5,571,196.54**																	

Additional agreement(s): ..... List of other procurement related general arrangements or exceptions, if any: Not applicable.

[i] This extended Procurement Monitoring Table is based on the PP Template provided in Appendix 2 of KfW Procurement Guidelines agreed upon in the Separate Agreement.

[ii] SA: Separate Agreement

[iii] "C" for consulting services; "IC" for individual consultants; "W" for works; "G" for goods; "P" for Plants; "NC" for non-consulting services. All Contracts being part of the Project should be listed, including those already contracted beforehand, if any.

[iv] Short description of the Consulting Services, Works, Goods, Plant or Non-Consulting Services to be procured.

[v] To be completed in the currency of the underlying Funding Agreement with KfW.

[vi] Disbursement procedure applied according to SA: "DF" for Disposition Fund Procedure; "DD" for Direct Disbursement Procedure; "SDD" for Simplified Direct Disbursement Procedure.

[vii] Share (in %) of the Contract financed by KfW, through the PEA's own funds and/or other financing institutions.

[viii] "ICB" for International Competitive Bidding, "NCB" for National Competitive Bidding; "LCB" for Limited Competitive Bidding; "Q" for Price Quotation; "DA" for Direct Award; "FA" for Force Account.

[ix] "1" for Single-Stage Selection or "2" for Two-Stage Selection.

[x] For consulting services: "QCBS" for Quality and Cost Based Selection; "QBS" for Quality Based Selection; "FBS" for Fixed Budget Based Selection; "LCS" for Least Cost Based Selection. For goods, works, plants and non-consulting services: the contract should be awarded to the qualified bidder whose bid is technically substantially compliant and is the lowest evaluated bid, other selection method shall require prior approval from KfW.

[xi] Institution whose standardized Tender Documents are used. It is recommended to use KFW's Standard Tender Documents.

[xii] "F" for full review or "S" for simplified review or "EP" for ex-post review, meaning the very first procurement of each type (Works, Goods, Services) would have to be fully reviewed by KfW. On this basis, standard documents for the tender, evaluation reports and contracts will be developed that will serve as the basis for all future procurements. Those ones would then be subject to an annual audit by the disposition fund auditor.

[xiii] "B" for Level 1/basic, "E" for Level 2/elevated, "H" for Level 3/high ESHS risk level or "n/a" if not applicable and "NE", if an ESIA/ESMP is not yet available (non-existent). The ESHS risk level of a specific Contract is not necessarily identical with the Environmental and Social risk category of the whole project/programme. The level at project appraisal may be indicative and finalised when preparing the Tender Documents for the Contract. If available, the ESIA/ESMP should be consulted and KfW's Standard Tender Documents for further guidance.

[xiv] Categorization of projects into one of the four E&S risk categories (A, B+, B, C) based on the expected E&S risks and impacts. It constitutes a first screening of E&S risks.

[xv] For example: "LS" for lumps-sum; "TB" for time-based; "PB" for performance-based; "ADM". Ad Measurement;

[xvi] Any further explanation or procedural agreements (e.g. one-/two-envelope procedure, evaluation method or thresholds for Tender Procedures in programmes).

Notes to the financial statements

User's Guidance Notes for the Preparation of a Procurement Plan

Article 1.6.2 of KfW Guidelines for the Procurement of Consulting Services, Works, Goods, Plant and Non-Consulting Services in Financial Cooperation with Partner Countries requires the PEA to prepare a Procurement Plan which identifies, amongst others, for each Contract to be financed in whole or in part by KfW:

- contract type (Consulting Services, Goods, Works, Plant or Non-Consulting Services) and content,
- estimated Contract amount and the source(s) of funds,
- envisaged Tender Procedure and Single- or Two Stage Selection,
- envisaged standardized Tender Documents,
- type of review required by KfW (full or simplified review),
- estimated ESHS level (basic, elevated, high),
- estimated date of tender publication or, in case of limited competition, inviting firms to submit proposals.

For serial Contracts with identical content and procedures one single contract might be included and explained in the comment column. For programs for which no individual Contracts can be identified in advance the agreed procedures per Contract type might be presented.

The Procurement Plan shall be initially created at least for the first 18 months as of the date of the Funding Agreement (Version 1) and shall be updated thereafter, when necessary, but at least on an annual basis. Updates, amendments or modifications of the Procurement Plan are subject to KfW's further No-Objection.

Along with the Procurement Plan the PEA shall provide KfW with the respective rational or explanations to document compliance with the Guidelines (e.g. justification in case of LCB or Direct Award).

An amendment to the Funding Agreement due to an update, amendment or modification of the Procurement Plan is necessary only if they have significant implications on the Funding Agreement or imply significant increases of agreed budget items.

For the sake of clarity, KfW's No-Objection to changes in the Procurement Plan does not imply acceptance by KfW of the financing of new Contracts or the increased cost of Contracts unless such financing has been agreed upon by KfW as part of the cost and financing schedule in the Funding Agreement.

The establishment of a Procurement Plan is generally not required for pre-financed Contracts as per Article 1.6.6, for indirect financing as per Article 1.6.7 and funding through financial intermediaries as per Article 5.2.

7. Statement of Financial Performance for the Year Ended 30th June 2026.

	Notes	FY 2025-2026	FY 2024-2025
		Kes	Kes
Revenue			
Revenue Transfers	6	274,728,631	26,910,000
Total revenue		**274,728,631**	**26,910,000**
Expenses			
Use of goods and services	7	35,127,014	26,769,847
Total expenses		**35,127,014**	**26,769,847**
Surplus		**239,601,617**	**140,153**

The Financial statements were approved on 7th September 2026 and signed by:

.....

Mr. Maraka David Namus
County Chief Officer
Agriculture and Land Reclamation
TURKANA COUNTY

Date:

.....

CPA Ekwanga Michael
DRPNK County Programme
Coordinator
TURKANA COUNTY

DROUGHT RESILIENCE PROGRAMME IN NORTHERN KENYA
CO-ORDINATOR TURKANA COUNTY
07 SEP 2026
P O Box 27-30500, LODWAR

Date:

.....

Name: Wpelem Pete
Project Accountant
ICPAK Member No: 22301

Date: 7/9/2026

PROJECT ACCOUNTANT
07 SEP 2026
DRPNK TURKANA

8. Statement of Financial Position as at 30th June 2026

	Note	FY 2025-2026	FY 2024-2025
		Kes	Kes
Assets			
Current Assets			
Cash and Cash equivalents	8	26,624,138	71,881,691
Total Current Assets		**26,624,138**	**71,881,691**
Non-Current Assets			
Property, Plant and Equipment	9	340,048,873	55,189,702
Total Non- Current Assets		**340,048,873**	**55,189,702**
Total Assets (a)		**366,673,011**	**127,071,393**
Liabilities			
Current Liabilities			
Trade and Other Payables		-	-
Total Current Liabilities		-	-
Total Liabilities (b)		-	-
Net Assets (a-b)		**366,673,011**	**127,071,393**
Represented By:			
Accumulated Surplus		**366,673,010**	**127,071,393**
Total Net Assets		**366,673,010**	**127,071,393**

The financial statements were approved on 7th September 2026 and signed by:

.....
Mr. Maraka David Namus
County Chief Officer
Agriculture and Land Reclamation
TURKANA COUNTY

Date:

.....
CPA Ekwanga Michael
DRPNK County Programme Coordinator
TURKANA COUNTY

07 SEP 2026

Date:

.....
Name: LOPELOM PETER

Project Accountant
ICPAK Member No: 22331

Date: 7/9/2026

PROJECT ACCOUNTANT
07 SEP 2026
DRPNK TURKANA

9. Statement of Changes in Net Assets

Description	Accumulated Surplus
	Kes
As at 1st July 2024	126,931,240
Surplus/Deficit for the Year 2024/2025	**140,153**
As at 30th June 2025	127,071,393
As at 1st July 2025	**127,071,393**
Surplus for the year	239,601,617
As at 30th June 2026	**366,673,010**

The financial statements were approved on 7th September 2026 and signed by:

.....	.....	.....
Mr. Maraka David Namus	**CPA Ekwanga Michael**	**Name:** Lopelem Peter
County Chief Officer	**County Programme**	**Project Accountant**
Agriculture and Land Reclamation	**Coordinator**	**ICPAK Member No:** 22331
TURKANA COUNTY	**TURKANA COUNTY**	
Date:	Date:	Date: 7/9/2026

PROJECT ACCOUNTANT
07 SEP 2026
DRPNK TURKANA

10. Statement of Cashflow for the year ended 30th June 2026

Description	Note	FY 2025-2026	FY 2024-2025
		Kes	Kes
Cash flow from operating activities			
Receipts			
GoK Counter Part funding	6	34,983,000	26,910,000
KfW Revenue Transfers		239,745,631	
Total receipts		**274,728,631**	**26,910,000**
Payments			
Use of goods and services	7	35,127,014	26,769,847
Total payments		**35,127,014**	**26,769,847**
Net cash flow from operating activities	10	**239,601,617**	**140,153**
Cashflows from investing activities			
Acquisition of tangible assets	9	(284,859,171)	(55,189,702)
Net cash flows from investing activities		**(284,859,171)**	**(55,189,702)**
Cash flow from financing activities		-	-
Net cash flow from financing activities			
Net increase/Decrease in cash and cash equivalents		**(45,257,553)**	**(55,049,549)**
Cash and cash equivalent at 1st July 2025	**8**	**71,881,691**	**126,931,240**
Cash and cash equivalent at end June 2026	**8**	**26,624,138**	**71,881,691**

11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2026

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	B	c=a+b	D	e=c-d	f=d/c %
	Kes	Kes	Kes	Kes	Kes	
Budget Carry Overs from previous periods	-	71,881,691	71,881,691	71,881,691		
	-	**71,881,691**	**71,881,691**			
Receipts					-	
KfW Revenue Transfers	696,652,000	128,749,692	825,401,692	239,745,631	585,656,061	29%
Turkana County Counterpart Contribution	34,983,000		34,983,000	34,983,000	-	100%
Total Revenue received	**731,635,000**	**128,749,692**	**860,384,692**	**274,728,631**	**585,656,061**	32%
Total revenue	**731,635,000**	**200,631,383**	**932,266,383**	346,610,322		
Payments						
Budget carry overs		71,881,691	71,881,691			
Total carry overs		**71,881,691**	**71,881,691**			
Use of goods and services	34,983,000		34,983,000	35,127,014	(144,014)	100.4%
Capital Expenditure	696,652,000	128,749,692	825,401,692	284,859,171	540,542,521	34.5%
Payments	**731,635,000**	**128,749,692**	**860,384,692**	**319,986,184**	**540,398,508**	37%
Total payments	**731,635,000**	**200,631,383**	**932,266,383**	**319,986,184**	**540,398,508**	
Surplus			-	**26,624,138**		

Budget notes

The under realization of revenue transfers of 29% is due to delay disbursement of funds from National Treasury.

The under realization of capital expenditure of 34.5 % is due to delay in project completion as result delayed procurement process.

Budget Reconciliation

	Description of Particulars	Amount (Kes)
	Actual Surplus Amount as per the statement of Budget	**26,624,138**
	Reasons for differences	0
	Closing Cash and Cash equivalents per the statement of cashflows	**26,624,138**

12. Notes to the Financial Statements

1. General Information

Drought Resilience Programme in Northern Kenya (DRPNK) entity is established by and derives its authority and accountability from Financing Agreement signed between Government of the Republic of Kenya and Federal Government of Germany in 2018. The entity is wholly managed by the Government of Kenya through State Department of Irrigation and is domiciled in County Government of Turkana. The entity's principal activity is to build drought resilience and climate change adaptive capacities of the pastoral and Agro-pastoral production systems and livelihoods in selected areas of Turkana and Marsabit county are strengthened on a sustainable basis by constructing/implementing and rehabilitating relevant infrastructure.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

These financial statements were authorized for issue by the accounting officer on 7th September, 2026.

3. Adoption of New and Revised Standards

i) New and amended standards and interpretations in issue effective in the year ended 30 *June 2026.*

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

Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2026

Standard	Effective date and impact:
IPSAS 47-Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48-Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49-Retirement Benefit Plans	***Applicable 1st January 2026*** The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	***Applicable 1st January 2027*** The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

Standard	Effective date and impact:
IPSAS 50: Tangible Natural Resources Held for Conservation	***Applicable 1st January 2028*** The objective of this Standard is to to establish the principles that an entity shall apply to report relevant information to users of financial statements about the nature, amounts, timing, and uncertainties arising from tangible natural resources held for conservation. A tangible natural resource held for conservation is a naturally occurring tangible asset that is managed to prevent its degradation.
IPSASB SRS 1: Climate related disclosures	***Applicable 1st January 2028*** This standard provides principles for an entity to address climate-related risks and opportunities arising from an entity's activities and operations. The standard provides disclosures on governance, strategy, risk management, and metrics and targets.

iii) Early Adoption of Standards

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

Notes to the Financial Statements

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

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 have been acquired using such funds.

ii) Revenue from exchange transactions

Finance income

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

b) Budget information

The original budget for FY 2025/2026 was approved by the County Assembly on June 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity did not record additional appropriations on the FY 2025/2026 budget following the County Assembly approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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.

c) Property, plant and equipment

Recognition and Measurement
The Programme's property, plant and equipment (PPE) are tan supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used for more than one reporting period.

An item of PPE is recognized as an asset if, and only if:

- It's **probable** that te future economic benefits or services potential associated with the items will flow to the ministry.
- The cost or fair value of the items can be measured **reliably.**

Items acquired through non-exchange transactions (e.g, donations) are measured at their **deemed cost**, which is the fair value at the date of acquisition. For all other acquisitions, initial measurement is at **cost**, which includes all expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.
The programme has adopted the historical cost model for the subsequent measurement of its PPE. Under this model, after initial recognition, an asset is carried at units cost less any accumulated depreciation and accumulated impairment losses.

d) Lease Liability
Finance leases are leases that transfer substantially the entire 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 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.

e) 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.

f) 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:

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset.
- 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.

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held

within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for investments in equity instruments.

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. Movem ents 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.

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.

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.

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

Financial liabilities

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

h) 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:

- Raw materials: purchase cost using the weighted average cost method.
- 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 DRPNK.

i) 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.

Contingent liabilities

The Turkana County DRPNK 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.

Contingent assets

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

j) Nature and purpose of reserves

The DRPNK Turkana County does not creates and maintains reserves in terms of specific requirements.

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

The DRPNK does not provide 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.

m) Foreign currency transactions

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

n) 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 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.

o) Related parties

The Turkana County DRPNK 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 Principal and senior managers.

p) Service concession arrangements

The Turkana County DRPNK analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the DRPNK 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 DRPNK also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) 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.

r) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the DRPNK 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.

Estimates and assumptions.

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Turkana County DRPNK.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. 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.

Notes to the financial statements

6. Revenue Transfers

6. Revenue Transfers		
Description	**FY 2025-2026**	**FY 2025-2026**
	Kes	**Kes**
Unconditional Transfers		
GoK Counter Part funding	34,983,000	26,910,000.00
Total Unconditional Transfers (a)	**34,983,000**	**26,910,000**
Conditional Transfers		
KfW Donor funding	239,745,631	
Total Conditional Transfers (b)	**239,745,631**	**0**
Total Transfers for the Year (a + b)	**274,728,631**	**26,910,000**

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (FY 2025-2026)
	Kes	**Kes**	**Kes**	**Kes**
GOK Funding	34,983,000	-	34,983,000	34,983,000
KfW Development Bank	239,745,631	-	239,745,631	239,745,631
Total	**274,728,631**	**-**	**274,728,631**	**274,728,631**

7) Use of Goods and Services

Description	FY 2025/26	FY 2024/25
	Kes	Kes
Utilities, supplies and services	35,073,543	26,759,896
Bank charges	53,470.50	9,951
Total	**35,127,014**	**26,769,847**

Notes to the financial statements

8) Cash and Cash Equivalents

Details	FY 2025/2026	FY 2024/2025
	Kes	Kes
Local Currency Accounts		
Central Bank of Kenya [A/c No. 1000528788]	26,587,736	71,701,275
Kenya Commercial Bank [A/c No. 1265408246]	36,402	180,415
Total local currency balances	**26.624,138**	**71,881,691**
Total bank account balances	**26.624,138**	**71,881,691**

Project Bank Accounts

Details	FY 2025/2026	FY 2024/2025
	Kes	Kes
Local Currency Accounts		
Central Bank of Kenya [A/c No. 1000528788]	26,587,736	71,701,275
Kenya Commercial Bank [A/c No. 1265408246]	36,402	180,415
Total local currency balances	**26,624,138**	**71,881,691**
Total bank account balances	**26,624,138**	**71,881,691**

9) Property, Plant and Equipment

Cost	Project/Infrastructure	Total
	Kes	Kes
Depreciation rate		
As At 1July 2025 (opening balances)	55,189,702	55,189,702
Additions	284,859,171	284,859,171
As at 30th June 2026	**340,048,873**	**340,048,873**
Depreciation And Impairment		
As at 1July 2026	-	-
Depreciation charge for the year	-	-
As At 30th June 2026	-	-
Net Book Values	**340,048,873**	**340,048,873**
As at 1st July 2025	-	-
As at 30th June 2026	**340,048,873**	**340,048,873**

***** The PPE relates to Capital/Projects WIP and no depreciation charge applied.***

Notes to the financial statements

10) Cash Generated from Operations

Description	FY 2025/2026
	Kes
Surplus for the year	**239,601,617**
Adjusted for:	-
Working capital adjustments	
	-
Net cash flow from operating activities	**239,601,617**

11) Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of 30th June 2025 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

Description	FY 2025-2026	Fy 2024-2025
(i) A/C Name: TURKANA COUNTY DROUGHT REG.FUND RES Bank Name: Central Bank of Kenya [A/c No. 1000528788]		
Opening Balance	71,701,275	126,890,978
Total amount deposited in the account	239,745,631	0
Total Amount withdrawn	(284,859,171)	(55,189,703)
Closing Balance	**26,587,735**	**71,701,275**
(ii) A/C Name: TURKANA COUNTY DROUGHT REG.FUND RES Bank Name Kenya Commercial Bank [A/c No. 1265408246]		
Opening Balance	180,416	140,153
Total amount deposited in the account	34,983,000	26,910,000
Total Amount withdrawn	(35,127,014)	(26,869,737)
Closing Balance	**36,402**	**180,416**

Notes to the financial statements

12) Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the DRNPK include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the DRNPK, holding 100% of the DRNPK equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

i) County Department of Agriculture and Land Reclamation
ii) ISC
iii) County Steering Committee (CSC)
iv) Key management.

Description	FY 2025/2026	FY 2024/2025
	Kes	Kes
Transactions with related parties		
a) Grants /transfers from the government		
Transfers from Turkana County government	34,983,000	26,910,000
Transfer from KfW Development Bank	239,745,631	0
Total transfers	**274,728,631**	**26,910,000**
b) Expenses incured on behalf of related party		
Payments of goods and services	35,127,014	26,769,847
Capital expenditure	284,859,171	55,189,702
Total Expenses Incurred	**319,986,185**	**81,959,549**

13) Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

Notes to the financial statements

14) Ultimate and Holding Entity

The DRPNK Turkana is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Agriculture, Livestock Development and Fisheries. Its ultimate parent is the Government of Kenya.

15) Currency

The financial statements are presented in Kenya Shillings (Kes) rounded to the nearest Kes.

Prior Year Auditor-General's Recommendations

There were prior year audit queries as per the table below:

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1.	Failure to Charge and Remit the Public Procurement Capacity Building levy.	DRPNK is exempted from charging and remitting the public procurement Capacity building levy as it is fully Financed by the KfW Development Bank from Germany through the state Department of Irrigation to Couty Government of Turkana. This is Pursuant to Procurement Capacity Building Levy order of 2023 (legal Notice No. 206 (8) of 2023) that states: "this order shall not apply to contracts fully financed by Development partners".	Resolved	Resolved
2.	Lack of Internal Audit Function and Reports	The County Government through the Directorate of Internal Audit Constituted an Internal Audit function and addition assigned an Auditor to offer Internal Audit Services to the Programme vide the letter dated 23rd March, 2026	Resolved	Resolved

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
3.	Lack of Risk Management Policy	The management through the County Department of Finance and Economic planning are working on the Risk Management Policy for Turkana County Government.	Ongoing	End of FY 2026/2027

.....
Mr. Maraka David Namus
County Chief Officer

.....
CPA Michael Ekwanga
County Programme Coordinator

Notes to the financial statements

16. Annexes

Annex 1: Reconciliation of inter-entity transfers

	Project Name:	**TURKANA COUNTY DROUGHT RESILIENCE PROGRAMME IN NORTHERN KENYA (DRPNK)**		
	Breakdown of transfers from the State Department of Turkana County Government			
a.	**Government Counterpart funding**			
		Bank Statement Date	Amount (Kes)	
		20th November 2025	34,983,000	It relates to FY 2025/2026
		Total	**34,983,000**	
b.	**Direct payments**			
		Bank Statement Date	Amount (Kes)	
		Received in various dates	239,745,631	It relates to FY 2025/2026
		Total	**239,745,631**	
c.	**Others**			
		Bank Statement Date	Amount (Kes)	It relates to FY 2025/2026
	CBK Opening balance	1st July 2025	71,701,275	
	KCB opening balance	1st July 2025	180,416	
		Total	**71,881,691**	
		Total (A+B+C)	**346,610,322**	

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

County Programme Coordinator
DRPNK Turkana County

Sign ----------

DROUGHT RESILIENCE PROGRAMME IN CO-ORDINATOR TURKANA COUNTY 07 SEP 2026 P O Box 27-30500 LODWAR

Head of Accounting Unit
Department of Agriculture and Land Reclamation

Sign ----------

PROJECT ACCOUNTANT 07 SEP 2026 DRPNK TURKANA

Notes to the financial statements

Annex 2: Fixed Asset Register

Asset class	Historical Cost b/f (Kes) Previous Year (FY 2024-2025)	Additions during the year (FY 2025-2026) (Kes)	Disposals during the year (FY 2025-2026) (Kes)	Transfers in/(out) during the year (FY 2025-2026)	Historical Cost c/f (Kes) (FY 2025-2026)
Capital/Projects WIP					
Buildings and structures(Markets)	16,031,762	32,147,239	-	-	48,179,001
Infrastructure Assets- Boreholes, roads, water pan, Irrigation	39,157,940	252,711,932	-	-	291,869,872
Total	**55,189,702**	**284,859,171**			**340,048,873**

Notes to the financial statements

Annex 3: Other Supportive documents

i. Bank reconciliations statements as at 30th June 2026.
ii. Bank statements