

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 28 FEB 2024	DAY: WED
TABLED BY: OF	Hon Naomi Wago, MP Deputy Majority Whip
CLERK-AT-THE-TABLE:	Mado

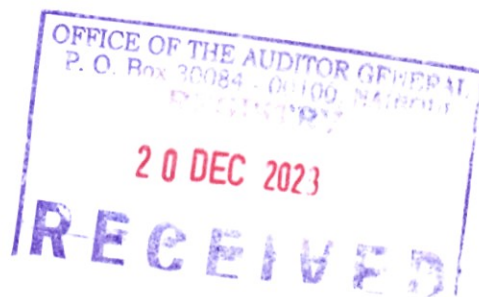
**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR  
DEVELOPMENT OF THE  
ARID AND SEMI-ARID LANDS**

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





**THE REPUBLIC OF KENYA**

---

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

**STATE DEPARTMENT FOR DEVELOPMENT OF THE ARID AND SEMI ARID  
LANDS**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

---

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

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL  
DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
*Annual Report and Financial Statements for the year ended 30th June 2023*

---

Table of Contents

1. Acronyms and Glossary of Terms .....	iii
2. Key Entity Information and Management.....	iv
3. Statement by the Cabinet Secretary .....	xiv
4. Statement by the Principal Secretary / Accounting Officer .....	xviii
5. Statement of Performance Against Predetermined Objectives for the FY2022/23 .....	xxi
6. Management Discussion and Analysis .....	xxiii
7. Environmental and Sustainability Reporting .....	xlix
8. Statement of Management Responsibilities .....	li
9. Report of the Independent Auditors of the Financial Statements for the Development of the ASALs .....	liii
10. Statement of Receipts and Payments for the Year ended 30th June 2023 .....	1
11. Statement of Assets and Liabilities as at 30 <sup>th</sup> June 2023.....	2
12. Statement of Cash Flows for The Year Ended 30th June 2023 .....	3
13. Statement of Comparison of Budget and Actual Amounts for FY2022/23 .....	4
14. Notes to the Financial Statements.....	9
15. Annexes .....	30

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL  
DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
*Annual Report and Financial Statements for the year ended 30th June 2023*

---

**1. Acronyms and Glossary of Terms**

AIE	Authority to Incur Expenditure
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
SDDA	State Department for Development of the ASALS
ASALS	Arid and Semi-Arid Lands

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

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

The State Department for Development of the ASALS was established under the Ministry of Public Service, Gender, Senior Citizen Affairs and Special Programmes and ASALS through Executive Order No. 1/2018 (revised) of June 2018 following the reorganization of the Government.

Its precursor, the State Department of Northern Kenya and Other Arid Lands was established in 2008 in conformity with Agenda 4 of the National Accord and Reconciliation Act.

The SDDA is a special vehicle for affirmative action, mainstreaming development issues of arid and semi-arid lands (ASALS), and coordinating, implementing and fast-tracking investments for long-term sustainable development

The State Department is represented by the Cabinet Secretary for the Ministry of East African Community (EAC), the ASALS and Regional Development who is responsible for the general policy and strategic direction.

#### **Vision**

Prosperous and resilient communities with sustainable livelihood systems in ASALS.

#### **Mission**

To coordinate the formulation and implementation of policies and Strategies to enhance social economic development and sustainable livelihoods in the ASALS.

#### **Mandate**

The mandate of the State Department is to formulate and implement policies and strategies that fast track development of ASAL areas to reduce inequalities and vulnerabilities.

#### **Core Values**

The State Department for ASALS upholds the following core values;

- i. Inclusivity
- ii. Equity and Equality
- iii. Innovativeness and Creativity
- iv. Integrity

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL  
DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
*Annual Report and Financial Statements for the year ended 30th June 2023*

---

**Key Functions**

- I. Arid and Semi-Arid Lands Policy
- II. Coordination of Planning and Development for Arid and Semi-Arid Lands
- III. Implementation of Special Programmes for the Development of Arid and Semi-Arid areas
- IV. Implementation of Arid and Semi-Arid Lands Programmes
- V. Co-ordinating Research for sustainable Arid and Semi-Arid Lands Resource Management Development and Livelihoods
- VI. Promotion of Livestock Development and Value addition of resources within Arid and Semi-Arid areas
- VII. Enhancing livelihood Resilience of Pastoral and Agro Pastoral Communities
- VIII. Coordinating Responses against Drought and Desertification
- IX. Peace Building and Conflict Management within Arid and Semi-Arid areas
- X. Development Response to Displacement Impact
- XI. Management and Promotion of Integrated Cross Border Activities in identified ASAL Counties

**(b) Key Management**

The State Department for ASALs' *day-to-day* management is under the following key organs:

- i. Cabinet Secretary
- ii. Accounting Officer (Principal Secretary)
- iii. Directorate of Administration
- iv. Finance Section
- v. Accounting Unit
- vi. Central Planning and Monitoring Unit and
- vii. Directorate of Arid Resource Management

**(c) Fiduciary Management**

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

No.	Designation	Name
1	Accounting Officer	Idris Salim Dakota
2	Secretary ASALs	Maria Cheron
3	Director Administration	Kennedy Kimuyu
4	Finance Section	Paul Maside
5	Accounting Unit	Mwangi Daniel
6	Central Planning and Monitoring Unit	Dorothy Mwera
7	Directorate of Human Resource Mana	Ann Kariithi

**Fiduciary Oversight Arrangements**

**a) Audit committee activities**

The State Department's Internal Auditor is a member of the Ministerial Audit Committee which meets to assess the performance and evaluate risk levels

**b) Public Finance Management Committee**

The Budget Implementation Committee meets to assess the performance of the State Department and the interventions required

**c) Senior Management Committee**

The senior management committee sits regularly to evaluate the changing economic and social environment environment and evaluates the most ideal solutions.

**d) Other oversight activities**

The Human Resource Management Advisory Committee meets to consider staff welfare and discipline within the State Department.



**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL  
DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
*Annual Report and Financial Statements for the year ended 30th June 2023*

---

**e) Entity Headquarters**

P.O. Box 40213-00100  
Extelcoms Building/House/Plaza  
Haile Selassie Avenue Avenue/Road/Highway  
**NAIROBI, KENYA**

**Entity Contacts**

Telephone: (254) 20331764  
E-mail: ps@ASALs.go.ke  
Website: www.go.ke

**(d) Entity Bankers (all banks)**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI, KENYA**
2. *Bank Accounts-Annex 7*

**(e) Independent Auditors**

Auditor - General  
Office of The Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
**NAIROBI, KENYA**

**(f) Principal Legal Adviser**

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

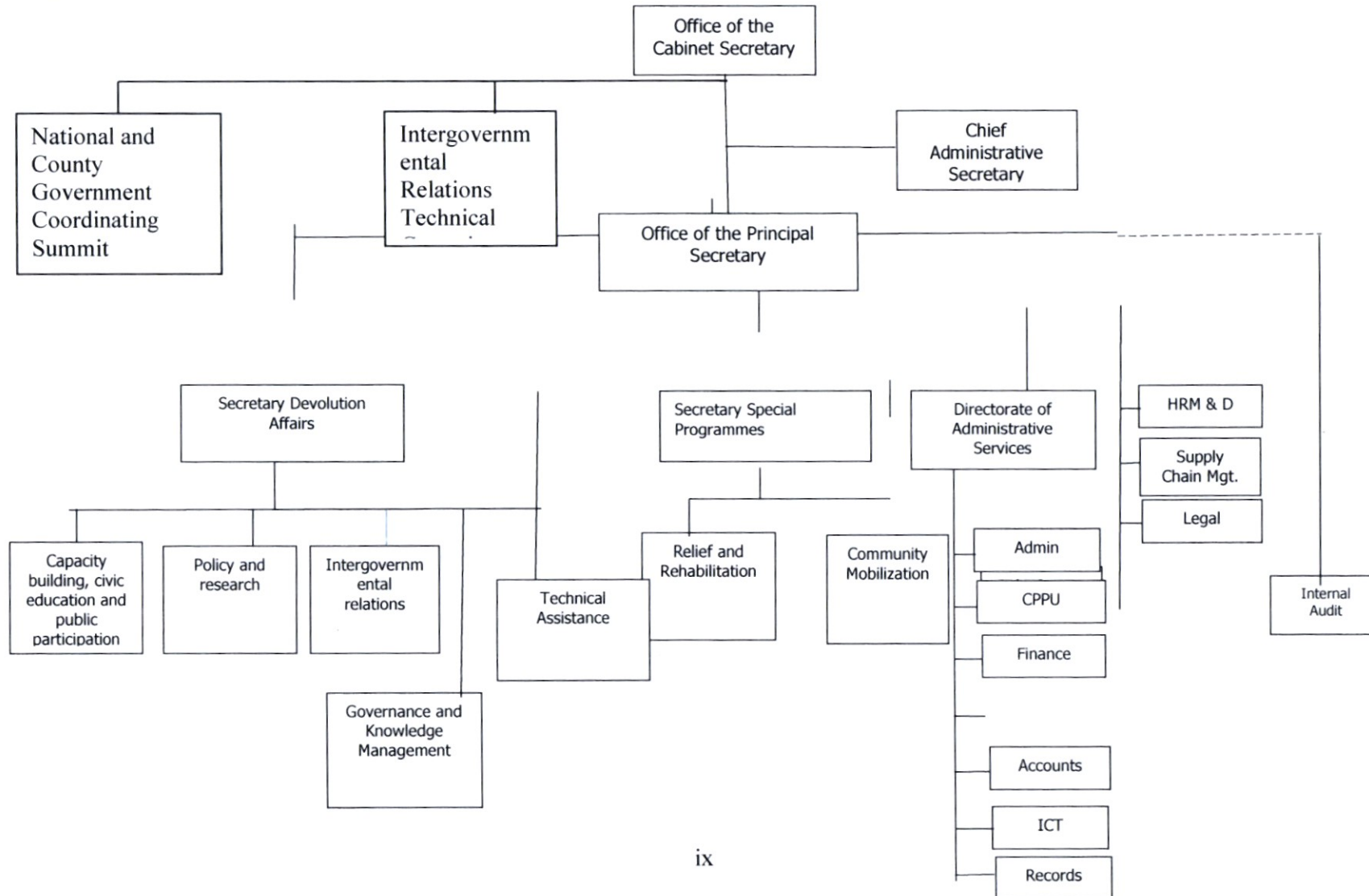
1. Key Leadership Structure

 <p><b>Hon. Peninah Malonza, OGW.</b></p> <p>Cabinet Secretary, Ministry of East African Community, The ASALs &amp; Regional Development.</p>	<p><b>Hon. Peninah Malonza, OGW</b> serves as Kenya's Cabinet Secretary for East African Community, The Arid and Semi-Arid Lands (ASALs) &amp; Regional Development. She is also an Ex Officio Member of the East African Legislative Assembly (EALA).</p> <p>Prior to this appointment she was the Cabinet Secretary for Tourism, Wildlife and Heritage, the President of the 13th Governing Council of the Parties to Lusaka Agreement Task Force (LATF) on Cooperative Enforcement Operations Directed at Illegal Trade in Wild Fauna and Flora as well as the Vice Chairperson of the United Nations World Tourism Organization (UNWTO) Regional Commission for Africa (CAF). She has worked in developmental organizations including Compassion International - Kenya Office 2006-2013 where</p> <p>She rose to the position of Partner in Training and Support Director. She also served as Project Coordinator at AMREF- Kenya.</p> <p>Peninah is a graduate of the University of Nairobi in Anthropology. She also holds two masters' degrees from the same institution in Public Health and in Project Planning and Management.</p>
 <p><b>Kello Harsama</b></p> <p>Principal Secretary, State Department for the ASALs and Regional Development.</p>	<p><b>Kello Harsama</b> is the Principal Secretary and the accounting officer for the State Department for the ASALs and Regional Development and for the period under report The State Department for Regional and Northern Corridor Development.</p> <p>He is a holder Master's Degree in Public Administration &amp; Policy and Bachelor's Degree in Education.</p>

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**

*Annual Report and Financial Statements for the year ended 30th June 2023*

1. The key leadership structure of the of the State Department for the Development of the ASALs is as illustrated by the chart below.  
ASALs ORGANIZATIONAL STRUCTURE



**2. Management Committees established and their roles.**

The State Department operate vide a budget implementation committee appointed by the Accounting Officer which in various ways handle the functions of the Public Finance Management Standing Committee including reviews of internal controls and audit issues.

The State Department has appointed Public Finance Management Standing Committee members for the FY 2023/2024 to work alongside the BIC so that all matters related to strategic guidance on Public Finance Management are attended to.

The Human Resource Management Advisory Committee of the State Department has nine members and meets monthly.

**3. The audit committee**

The committee is at the

(Its formation, composition, and activities/meetings).

**4. Risk management, compliance, conflict of interest etc.**

The State Department has appointed a monitoring and evaluation Committee to undertake evaluation of all projects and programmes undertaken during the financial Year.

**5. Report on recent training and development in governance for those in key leadership.**

During the financial year 2022/2023, the State Department was affected by the budget cuts and therefore did not carry out training activities.

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
***Annual Report and Financial Statements for the year ended 30th June 2023***

**6. Public participation activities**

**Role of Sub-Sector Stakeholders**

The matrix below maps out the sub-sector stakeholders and the role they play in implementation of programmes and projects of the sub-sector. Specific collaboration has been achieved with various MDAs, County Governments, Development Partners, Intergovernmental Authority on Development (IGAD), Non-State Actors (NSAs), research institutions, Universities, ASAL Stakeholders Forum, and the Pastoralists' Parliamentary Group (PPG).

S/No.	Stakeholders	Role
	The Presidency	Assent to Bills and Policies
	The Cabinet	Give guidance on policy, and critical matters such as mega and special development initiatives
	Line Ministries, Departments and Government Agencies	Provide expertise in designing and implementing strategies and programmes; Facilitate capacity building; Provide effective and efficient feedback mechanisms;
	National Treasury	Provision of financial resources for the planned activities in a timely manner Coordination of annual budgeting process within the 3-year MTEF; Coordinate resource mobilization for PPP and Donor Funding Timely response and guidance on project finance proposals and requests
	County Governments	Collaboration and cooperation with the State Department in implementation of development programmes Coordination of devolved activities at county level; Technical support; First line of response to Emergencies Ownership of development programmes
	Development Partners (WB, Humanitarian Organizations, FBOs, UN Agencies)	Provision of technical and financial assistance; Capacity building and creation of synergies Adherence to project regulations and principles; Continuous monitoring and evaluation; Timely disbursement of resources for planned activities; Effective collaboration and synergy building. Providing support in policy formulation and implementation of initiatives; Anticipate in joint monitoring and evaluation activities
	Citizens/Local Communities	Participate in project identification, planning, implementation, monitoring and evaluation; Understanding of their needs and expectations Ownership, validation and sustainability of various programmes and projects.

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

S/No.	Stakeholders	Role
	Project Affected Persons (PAP)	Participate in project identification, planning, implementation, monitoring and evaluation; Corporate in development, implementation, and monitoring and evaluation of the PAP's Action plans
	The General Public	Participation in sectoral Policy consultative forums Own and support sectoral Programmes and projects Partnership and collaboration in the development of programmes and projects
	Civil Society Organizations (CSOs)	Complement the State Department in resource mobilization, community mobilization, dissemination, advocacy, service provision, capacity building and oversight. Sustainable community involvement and empowerment; Collaborate in conducting participatory monitoring and evaluation.
	Contractors and Suppliers	Supply of goods and services that meet contractual requirements; Timely delivery of goods and services Professionalism and adherence to quality standards
	Legislature	Enactment of relevant laws/legislations Provision of oversight Resource allocation
	Private sector	Advocate for improvement of business environment Invest, create wealth and employment Support and collaborate with the State Department in development projects, programmes, policies and service delivery. Provide timely and accurate business information, quality goods and services Involvement in the planning and implementation process Ensure self-regulation within the business community Innovation and technology transfer for sustainability Resource mobilization Partner in development projects and programmes through Public Private Partnerships (PPPs).
	Trade Unions	Provide information for negotiating affordable remuneration and other terms and conditions of service for unionisable staff. Conducive working environment; Forum for collective bargaining agreements.
	Media	Dissemination of information and publicity on the agenda of Development of ASALS and Basin-based regions. Promotion and articulation of developmental issues. Enhanced access to information Responsive and fair coverage
	Academia and Research institutions	Provide students for internship/industrial attachment. Provide complementary data and information. Partnership/collaboration in research and policy formulation. Provide necessary technical support/training to the Ministry's staff/Human Resource Development.

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

S/No.	Stakeholders	Role
		Develop relevant innovations and technologies
	Public Servants	Provision of services to the public and coordination of development initiatives Commitment to service delivery. Professionalism and Skills development. Integrity. Adherence to policies, rules, & regulations of the Ministry.
	Commercial Banks	Aid in cash transfer programmes to the beneficiaries
	IGAD	Policy direction on decisions and initiatives affecting the region such as the Ending drought Emergencies among others
	Pastoralists' Parliamentary Group	Lobbying for development agenda and bills to parliament for approval and funding
	ASAL Stakeholder Forum	Bringing together all the ASAL stakeholders to discuss ASAL development

**7. Compliance with laws and regulations among others.**

The State Department has an Affirmative Action in procurement and Asset Management Committee in place which coordinates uptake of the 30% of the procurement budget is awarded to the Youth, women and Persons with disabilities.

### **3. Statement by the Cabinet Secretary**

The Arid and Semi-Arid Lands (ASALs) make up 89% of the Country's land mass with approximately 38% of Kenya's Population. The annual rainfall in the arid areas ranges between 150mm and 550mm while in semi-arid areas, it ranges between 550mm and 850mm per year. Temperatures are high throughout the year, with high rates of evapotranspiration. The ASALs regions host 70% of the National Livestock herd with an estimated value of Ksh. 70 billion and home to more than 90% of the wildlife that supports the tourism industry, contributing 12% of Kenya's Gross Domestic Product (GDP). Further, they have enormous potential for renewable energy (both solar and wind) and other natural resources and are well-strategically positioned for cross-border trade and social-cultural interaction with Ethiopia, Uganda, Tanzania, South Sudan and Somalia.

The Government recognizes the need to address inequalities and vulnerabilities in Arid and Semi-Arid Lands (ASALs) and Cross-border Lands. To realize this, the Government through Executive Order No. 1 of January 2023, established the State Department for ASALs and Regional Development (SDA&RD) to coordinate the ASALs and river basin-based development for sustainable livelihoods. The creation of SDA&RD demonstrates the Government's commitment to fast-track development of these regions.

The State Department envisions prosperous and resilient communities with sustainable livelihood systems in the ASALs. To realize this, the State Department has prioritized four (4) key strategic objectives namely: To co-ordinate the formulation and implementation of policies and strategies for the development of the ASALs; to build resilience in ASALs through economic and social development interventions; to facilitate social and cultural integration of communities in ASALs and cross border areas; and to strengthen institutional leadership of the State Department.



**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
*Annual Report and Financial Statements for the year ended 30th June 2023*

---

**Potential in the ASALs**

The ASAL areas have great potential for development and contribution to the National economy. This potential includes: Strategic position for international trade;

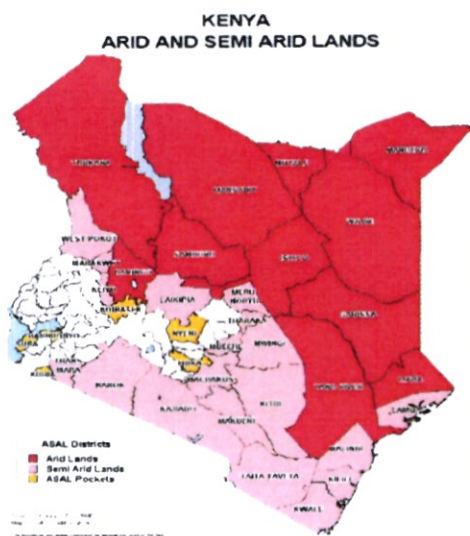
- i. Blue Economy;
- ii. Livestock development;
- iii. Irrigated agriculture;
- V. Renewable energy (Wind & Solar);
- iv. Extractives (Mineral and petroleum deposits);
- v. Infrastructure projects (LAPSSET corridor); and
- vi. Tourism

**Challenges in the ASALs**

The ASALs have unique challenges some of which are highlighted below:

- i. Drought and floods due to climate change;
- ii. Inadequate Social Services;
- iii. Poor Physical Infrastructure;
- iv. Insecure Land Tenure System and Poor Land Use Management;
- v. Resources-based conflicts
- vi. Dispersed Human Settlements;
- vii. Internal displacements and refugees;
- viii. Pests and diseases; and
- ix. Gender bias and negative cultural practices.

**THE ASALS COUNTIES**



The ASALs in Kenya are spread across 29 counties with varying degrees of aridity. These extreme climatic conditions have had devastating effects on the environment and livelihoods of communities with spiralling vulnerabilities.

The ASAL regions have the lowest development indicators in the country. The Government of Kenya recognizes the potential contribution of ASALs towards the achievement of the Vision 2030 Strategy and the **Bottom-up Economic Transformation Agenda(BETA)**.

The following are the four strategic focus areas of the Department during the 2018-2022 planning period.

**1. Coordination of development of ASALs**

The State Department coordinates the formulation of policies and implementation of strategies for the development of ASALs. This is done through overseeing the planning and development of programmes and projects for the ASALs; coordination of research for sustainable resource management; strengthening knowledge management; collaboration with other development partners for accelerated ASALs development; and strengthening the National Drought Management Authority to coordinate and implement drought risk management. In addition, the State Department develops the requisite legal frameworks for the development of the ASALs.

**2. Resilience Building**

The Social development indicators in ASALs are low compared to the rest of the country due to various factors. ASALs communities, therefore, have a characteristically low capacity to withstand social, economic and environmental shocks arising from droughts, conflicts and climate change. It is, therefore, the strategic focus of the SDA&RD to develop such programmes that will fill the social, economic and environmental gaps to increase the ability of ASALs communities to withstand such shocks. These programmes include strengthening the ending of drought emergencies (EDE) interventions at National and County levels; strengthening investments that support communities to respond to slow onset and predictable hazards. In addition, the State Department will coordinate strategies to address poverty reduction, wealth creation and economic growth; and facilitate private investment in the ASALs.

**3. Social and Cultural Integration**

Social and cultural integration programmes focus on promoting affirmative action-based programmes for ASALs communities in education, training, health, employment, gender and social inclusion of Women, Youth, Persons with disabilities (PWDs) elderly, marginalized and minorities. Further, frameworks for the management and resolution of cultural and resource-based conflicts; social integration; inter-county collaboration and cross-border initiatives in identified ASAL Counties are developed. The State Department works in collaboration with other stakeholders on the control of human wildlife and other land use-related conflicts in the ASALs.

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
*Annual Report and Financial Statements for the year ended 30th June 2023*

---

**4. Governance (Institutional Strengthening)**

The State Department takes up its leadership role for coordinating players in the ASALS development agenda by putting measures in place to strengthen accountability and leadership systems, promote national values, enhance staff competency and develop risk management frameworks.

**5. Risk Management**

The State Department identified the risks anticipated and developed mitigation strategies as per the given table below;

RISK	MITIGATION STRATEGIES
Implementation of some programmes/activities may experience challenges during implementation due to overlaps in mandates	Carry out appropriate consultation with relevant stakeholders
Inadequate ICT equipment and technologies	Acquire modern equipment and technologies
Insecurity in ASAL regions	Establish peace and conflict resolution initiatives
The heightened expectation of the Department to solve all development challenges due to its extended mandate	Continuous information dissemination and communication
Inadequate capacity and skills among staff	Recruit more staff, train and develop current staff

  
.....  
**Cabinet Secretary**

**Ministry of East Africa Community (EAC), The ASALs and Regional Development**

#### **4. Statement by the Principal Secretary / Accounting Officer**

The State Department for the ASALs and Regional Development was created to fast-track and ensure sustained socio-economic development in the ASALs, build community resilience and end drought emergencies in Kenya. To achieve this objective, the sub-sector; coordinates the formulation of policies and implementation of strategies for the development of the ASALs; builds the resilience of the ASAL communities through social, economic and environmental programmes; facilitates social-cultural integration of communities in ASALs and cross-border areas; and strengthens institutional leadership of the State Department.

The State Department had an approved budget of kshs.6,376,985,470.00 in Financial Year 2022/2023 under the recurrent budget against an actual expenditure of ksh.5,227,052,941 which reflects an absorption rate of 82%. The development vote had an approved budget of ksh.14,428,093,700 against an actual expenditure of kshs. 8,987,745,025. This reflects an absorption rate of 62%.

During the period under review, the State Department had one programme namely accelerated ASALs Development which had four sub-programmes; ASALS Development, Drought Management, General Administration and Support Services and Peace Building and Conflict Management. In the Financial Year 2022/23 the Department's actual expenditure amounted to ksh.14,214,797,966 against an approved budget of ksh.20,805,079,170 representing an absorption rate of 68%. In the four sub-programmes: ASALs Development, Drought Management, General Administration and Support Services and Peace Building and Conflict Management. The actual expenditure amounted to ksh.180,828,795, kshs11,336,195,530, ksh.203,473,653 and kshs. 2,494,299,987 respectively against an approved budget of ksh.259,049,261, ksh.17,199,850,000, ksh. 343,564,895 and ksh. 3,002,615,014 respectively.

In terms of economic classification, that is, Wages and Salary Contributions, Goods and Services, Routine Maintenance, Grants and Transfers to Other Govt Units, Other Transfers and Emergency Relief, Social Security Benefits and Acquisition of Fixed Capital Assets' actual expenditure amounted to ksh.563,694,176, ksh.1,054,950,415, ksh.166,630,810, ksh. 2,485,795,353, ksh. 9,019,885,636, ksh25,885,497 and kshs.897,956,079 against an approved budget of ksh. 574,775,890, ksh.1,364,673,391, ksh 286,548,319, Ksh. 2,975,050,000, Ksh. 14,283,047,256, Ksh. 26,700,000 and kshs. 1,294,284,314 respectively.

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
***Annual Report and Financial Statements for the year ended 30th June 2023***

---

During the period under review, the following achievements were realized:

- i. Diversified livelihoods in the ASALs by Establishing 9 livelihoods enterprises, developing 23 small-scale vegetable production demo sites; implementing supplemental lunch programme in 6 primary schools; implementing agriculture homework dairy programmes in 7 primary schools; enrolling 11 communities in Agro-nutrition work; and training 10 farmer groups on livelihood diversification.
- ii. Developed rangeland and water resources through Developing 23 fodder cultivation and reseeded demonstration plots; solarizing 3 boreholes; improving 1 water conservation structure (water pan);
- iii. Provided information on Integrated ASAL Development by Operationalized the knowledge management system and linking 23 partners to ASAL Geographical Information System (GIS); uploading 21 new datasets and updating existing datasets in the GIS; holding 1 ASALs consultative forum to gather ASALs development information; and creating 3 inter-agency linkages to the system.
- iv. Provided drought and food security information through the Production and dissemination of 276 drought early warning bulletins and at 46 food security assessment reports annually; enabling 23 county governments to adopt web-based drought early warning systems;
- v. Cushioned up to 100,538 poorest households in Turkana, Mandera, Wajir and Marsabit counties against extreme hunger and effects of drought through the provision of regular cash transfers and additional 67,069 households during emergency scale which was escalated beyond the target in the Financial Year 2021/22;
- vi. Supported drought preparedness and response interventions by: Supporting 23 counties with finances to mitigate the effects of drought; reviewing 79 ward and 23 county drought contingency plans in ASAL counties; implementing 313 sector-specific drought response interventions; implementing 614 community-based small micro-projects in 23 ASAL counties; engaging 1,076 youths in alternative economic activities; supporting 116,000 people through cash/food for assets; holding up to 345 Ending Drought Emergencies (EDE) / drought coordination forums at National/County level;
- vii. Implemented EDE strategy by Operationalizing 30 EDE coordination structures at National and County levels; and implementing 30 drought preparedness projects;

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
***Annual Report and Financial Statements for the year ended 30th June 2023***

---

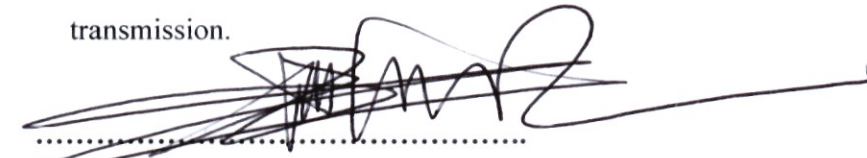
- viii. Enhanced climate adaptation and resilience by: establishing two more climate change fund mechanisms; funding 24 community county climate change fund assets;
- ix. Implemented 11 inter-county and cross-border peace dividend projects in Turkana, West Pokot, Marsabit and Tana River Counties; sensitized 60 youth/women groups on conflict prevention and resolution under cross border programme.
- x. Supported social and economic amenities for refugee host communities by Developing 293 Water Sanitation and Hygiene (WASH) facilities; developing 183 health facilities; rehabilitating 101 kilometres of roads; developing 190 school facilities; developing 48 market facilities; training 773 community project management committees;
- xi. Restored environment and natural resources by Rehabilitating 508 hectares of land; funding 10,433 households to access improved energy-saving devices, and training 1,2221 beneficiaries on other alternative energy sources; and
- xii. Supported alternative livelihoods by training and funding 3,729 community groups to undertake livelihood activities.

The State Department faced several challenges during the implementation of programmes and budget execution namely:

- i. Low budgetary allocation across all programmes due to the reallocation of resources to fund drought containment measures: and
- ii. Increased severity of drought situation.

To overcome the above challenges, the State Department proposed the following activities as a way forward:

- i. In frequent prolonged drought situations, the State Department is building the resilience of affected communities by implementing community-based micro-projects; and Automation of service delivery – the use of ICT in the delivery of services and for interaction with the community in the development of ASALs, as resource allocation to the sector continues to decline, ways of rendering services online will be explored as it is efficient and effective. One such innovation is the use of mobile phone technology in data collection and transmission.



**Principal Secretary**

**State Department for the Development of the ASALS**

## **5. Statement of Performance Against Predetermined Objectives for the FY2022/23**

The ASAL subsector works closely with other Ministries and Departments as well as County Governments to ensure effective co-ordination of planning and development of Arid and Semi-Arid Lands, implementation of Special Programmes for Development of Arid and Semi-Arid Areas; among others.

### **Introduction**

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

The key strategic objectives as per the strategic plan for FY 2021/2022 (state the year of the strategic document) plan are to:

- a) To coordinate the formulation of policies and implementation of strategies for the development of ASALs
- b) To build the resilience of the ASAL communities through social, economic and environmental programmes.
- c) To facilitate social-cultural integration of communities in ASALs
- d) To enhance livelihood resilience of pastoral and agro-pastoral communities
- e) To manage and promote the integration of cross-border activities in identifies ASAL counties.

### **Progress on the attainment of Strategic Objectives through Performance Contracting**

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

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL  
DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS  
Annual Report and Financial Statements for the year ended 30th June 2023**

Program	Strategic Objective	Outcome	Indicator	Performance	Comments
<b>ASALs Development</b>	Alternative Livelihood The ASALs	No. livelihood enterprises established	4	3	There was high uptake by the community in 2019/20 and 2021/22
		No. of schools targeted for "supplemental school lunch Programme"	4	3	Implementation was delayed by the long closure of schools due to Covid -19 pandemic
		No. of communities enrolled in Agro-Nutrition work	6	7	Target achieved as planned
		No. of farmer groups trained on livelihood diversification	4	7	Target achieved as planned
	Rangeland and Water Resources	No. of fodder cultivation and reseeded demonstration plots developed	10	10	High uptake rate in the period under 2021/2022
		No. of boreholes developed based on the strategic sites selected	10	2	2 boreholes were solarized out of the 10 boreholes drilled. Water was fit for consumption in the solarized boreholes
	Information on integrated ASAL Development	New datasets uploaded to the GIS under existing categories	5	5	Only one additional dataset was added due to a major budget cut
		Percentage of water resources refined in GIS database	100	100	The Activity was completed
		No. of the operational knowledge management system	1		The GIS system was upgraded and the portal operationalized
	ASALs policies, strategies and guidelines	A number of resilience programming frameworks developed	1	1	The draft resilience programming framework is finalized and awaiting COG and Cabinet approval
<b>Drought Management</b>	Drought and food security information	NO. of Drought Early warning bulletins disseminated	276	276	Targets achieved as monthly bulletins as planned
	Vulnerable and drought-affected households supported through cash transfers	No. of beneficiary households under the hunger safety net programme	101,800	94,684	The slight drop in the number of beneficiaries receiving cash transfers due to payroll cleansing
	No counties benefiting from HSNP		4	4	Registration and targeting of beneficiaries in additional HSNP Counties were completed
<b>General Administration and Support Services</b>	Administrative Support Services provided	No. of budget reports prepared	5	5	Targets Achieved
		No. of training needs assessments	1	1	Targets achieved
<b>Peace Building and Conflict Management</b>	Cross border Activity	Peace dividend projects in Turkana, West Pokot and Marsabit	3	3	Targets Achieved



## **6. Management Discussion and Analysis**

A report on the operational and financial performance of the organisation for the last three to five-year period

Review of Sub- Sector Programmes Performance – Delivery of Outputs

During the period under review, the following achievements were realized by the two State Departments:

- i. On alternative livelihoods, the sub-sector established 5 livelihood enterprises; developed 8 small scale vegetables production demo sites; implemented supplemental lunch programme in 6 primary schools and agriculture homework dairy programme in 7 primary schools; enrolled 11 communities in Agro-nutrition work; and trained 10 farmer groups on livelihood diversification.
- ii. On rangeland and water resources, the sub-sector developed 12 fodder cultivation and reseeded demonstration plots which led to an uptake of one farm by the community; solarized 1 borehole; improved 1 water conservation structure (water pan);
- iii. Provided information on integrated ASAL Development to stakeholders by: Uploading 12 new datasets to the GIS; held one consultative forum to provide and update developmental information that feeds into the ASALs Knowledge Management System (KMS); and created 4 interagency linkages to the system;
- iv. On drought and food security information, the sub-sector produced and disseminated 276 drought early warning bulletins and at least 46 food security assessment reports to stakeholders annually; enabled 23 county governments to adopt web-based drought early warning system;
- v. Cushioned 100,363; 94,684 and 118,803 poorest households against extreme hunger and effects of drought through provision of regular cash transfers in FY 2020/21, 2021/22 and 2022/23 respectively. Further cushioned additional 16,951; 67,069 and 59,651 households during emergency scale up in FY 2020/21, 2021/22 and 2022/23 respectively and increased the number of counties benefitting from the Hunger Safety Net Programme from 4 to 8 (Turkana, Mandera, Wajir, Marsabit, Isiolo, Samburu, Garissa and Tana River)
- vi. On resilient and cost effective mitigation measures, the sub-sector implemented 8 Preparedness / resilience projects; funded 21 counties based on the Early Warning System (EWS) triggers; and implemented 16 recovery activities

- vii. On drought preparedness and response interventions, the sub-sector supported 18 counties with funds to mitigate effects of drought; reviewed 69 ward and 23 county drought contingency plans in ASAL counties; and supported 529 sector specific drought response interventions in the counties.
- viii. On resilience building, the sub-sector implemented 431 community based micro and high impact resilience and drought preparedness projects in 23 ASAL counties; engaged 1,076 youths in alternative economic activities; supported 116,000 people through cash/food for assets; held 552 drought coordination forums both at the counties and nationally.
- ix. In order to enhance climate adaptation and resilience, the sub-sector established 2 county-climate change fund mechanisms (CCCF) in Kwale and Taita Taveta counties; funded 46 community county-climate change fund assets (CCCF); installed climate information system for climate change sensitive landscape planning in 11 counties with functional landscape management mechanisms;
- x. Implemented 5 inter-county and cross border peace dividend projects in Turkana, West Pokot, Marsabit and Tana River counties; sensitized 60 youth/women groups on conflict prevention and resolution under cross border programme and held one forum to promote peace
- xi. On social and economic amenities for refugee host communities, the sub-sector developed 383 WASH facilities; developed 270 health facilities; rehabilitated 161 kilometres of roads; developed 270 school facilities; developed 63 market facilities; and trained 773 community project management committees;
- xii. In order to restore environment and natural resources, the sub-sector rehabilitated 569 hectares of land; funded 15,433 households to access improved energy saving devices; and trained 1,221 beneficiaries on other alternative energy sources; and
- xiii. Supported alternative livelihoods by training and funding 4,374 community groups to undertake livelihood activities and supported 31 producer organizations with grants.

MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT  
FOR DEVELOPMENT OF THE ASALS

*Annual Report and Financial Statements for the year ended 30th June 2023*

Analysis of Programme Targets and Actual Achievements for Vote 1035										
Programme	Delivery Unit	Key Output	Key Performance Indicators	Planned Target			Achieved Targets			Remarks
				20/21	21/22	22/23	20/21	21/22	22/23	
VOTE: 1035 STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS										
PROGRAMME 1: ACCELERATED ASALS DEVELOPMENT										
		Rangelands and water resources developed	No. of fodder cultivation and reseeded demonstration plots developed.	10	2	-	10	2	-	Targets achieved as planned. One fodder cultivation and reseeded plot was developed by the community as an uptake from the demos. In FY 2022/23 the target was dropped due to lack of counterpart funding.
			No. of boreholes solarized	2	1	-	1	0	-	The under-achievement was occasioned by the cancellation of the contract. In FY 2022/23 the target was dropped due to lack of counterpart funding.
			No. of water conservation structures improved (water pans)	1	1	-	0	1	-	In 2020/21, the contract (Kalobeyei) was awarded but never took off due to termination. The same was retendered and implemented in 2021/22
		Information on integrated ASAL Development	New datasets uploaded to the GIS under existing categories	6	5	4	1	5	6	In 2020/21, only one additional new dataset was added due to major budget cut. The following years the targeted datasets were uploaded and surpassed in FY 2022/23

**FOR DEVELOPMENT OF THE ASALS**

**Annual Report and Financial Statements for the year ended 30th June 2023**

		No. of partners linked to the ASAL GIS	23	-	-	23	-	-	In FY 2020/21 the focus shifted to creating inter-agency linkages
		No. of inter-agency linkages created	3	3	2	1	2	1	The state department created linkages with JICA, RCMRD and WFP while in FY 2022/23, one linkage was created with KORADIS Ltd
		No. of consultative forums held to provide and update developmental information that feeds into the ASALs Knowledge Management System (KMS)	1	3	2	0	0	1	In 2020/21 the forum did not take place due to Covid-19 pandemic while in 2021/22, the forum did not take place as planned as the discussion with partners on modalities for engagement were rolled over to the following year 2022/23
	Institutional and technical	No. of counties implementing							Implementation of the PCF has not commenced as the engagement with the COG on harmonization of the same is ongoing.
	capacities in food security and	Partnership coordination	-	4	0	-	0	0	
	resilience programming.	Framework.							
		No. of counties implementing	-	4	0	-	0	0	Implementation of the RPF has not commenced since

MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT  
FOR DEVELOPMENT OF THE ASALS

*Annual Report and Financial Statements for the year ended 30th June 2023*

			Resilience programming							the draft is undergoing public participation before it's published.
			Framework.							
			No. of counties adopting							
			Monitoring, Evaluation and							
			Learning (MEAL) and	-	3	-	-	0	-	The target was not achieved as planned due to bottlenecks encountered during procurement of consultancy services. The target had since been dropped
			Management information							
			systems							
			Framework							
S.P. 1.2: Drought Management	National Drought Management Authority (NDMA)	Drought and food security information	No. of Drought Early Warning Bulletins produced and disseminated	276	276	276	276	276	276	Target Achieved. Each of the 23 ASAL counties produced and disseminated monthly bulletins as planned
			No. of Food Security Assessment Reports prepared and disseminated in 23 ASAL countries	46	46	46	46	69	46	Target achieved. In FY 2021/22, additional 23 mid-season assessments reports were produced and disseminated.

**FOR DEVELOPMENT OF THE ASALS**

***Annual Report and Financial Statements for the year ended 30th June 2023***

			No. of county governments adopting web-based drought early warning system	23	-	-	23	-	-	All the 23 ASAL counties had fully adopted the web-based drought early warning system and the target dropped in FY 2021/22
--	--	--	---	----	---	---	----	---	---	--

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT  
FOR DEVELOPMENT OF THE ASALS**

*Annual Report and Financial Statements for the year ended 30th June 2023*

		Vulnerable and drought affected households supported through cash transfers	No. of beneficiary households under regular hunger safety net programme	100,850	110,000	125,850	100,363	94,684	118,803	The drop in the number of beneficiaries receiving cash transfers was due to periodic cleaning of the register/payroll in FY 2020/21 and 2021/22. In the FY 2022/23, Out of the 32,000 HHs targeted in the expansion counties, only 23,895 HHs were reached. Being the first disbursement, there was a lot of data accounts clean up.
--	--	---	---	---------	---------	---------	---------	--------	---------	--

			No. of beneficiary households under emergency scale up during drought	32,906	60,000	70,000	16,951	67,069	59,651	During the FY 2020/21, the scale up was not triggered in some counties hence the reduction in the beneficiary HH. However, due to severe effects of drought in FY 2021/22, all the four counties reached the threshold to trigger scale up of cash transfers. In FY 2022/23, only 59,651 households were reached in the scale up.
--	--	--	---	--------	--------	--------	--------	--------	--------	---



**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT  
FOR DEVELOPMENT OF THE ASALS**

*Annual Report and Financial Statements for the year ended 30th June 2023*

			No. of counties benefiting from HSNP	6	8	-	4	4	-	In 2020/21 and 2021/22, registration and targeting of beneficiaries in additional HSNP counties was completed. However, there were no funds to start disbursing to the counties. Currently all the 8 counties are benefiting from the HSNP even though the target was dropped in 2022/23
--	--	--	--------------------------------------	---	---	---	---	---	---	--

**FOR DEVELOPMENT OF THE ASALS**

***Annual Report and Financial Statements for the year ended 30th June 2023***

		Resilient and cost effective Mitigation measures	No. of Preparedness / resilience projects implemented with funding from NDEF and various projects	-	-	30	-	-	8	The resilience projects targeted under NDEF are yet to commence. This is due to the clause on co-financing of the projects in the NDEF regulations. 8 additional projects have been supported with UNDP funding
--	--	--	---	---	---	----	---	---	---	---

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT  
FOR DEVELOPMENT OF THE ASALS**

*Annual Report and Financial Statements for the year ended 30th June 2023*

			No. of counties receiving funds based on EWS triggers	-	-	15	-	-	21	A total of 21 counties received response Funds during the year 2022/23. These were mainly in Q 1 and 2 with only 4 receiving during Q4 as long rains season performed well and most of the targeted counties were on recovery phase
--	--	--	---	---	---	----	---	---	----	---

**FOR DEVELOPMENT OF THE ASALS**

***Annual Report and Financial Statements for the year ended 30th June 2023***

			No. of recovery activities implemented	-	-	50	-	-	16	These recovery interventions are mainly on desilting of water pans and earth dams in readiness for the rainy season. Also restocking with goats in Mandera, Wajir, Samburu and Kajiado. Improved Kienyeji chicken in Laikipia and Nyeri
--	--	--	--	---	---	----	---	---	----	---

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT  
FOR DEVELOPMENT OF THE ASALS**

***Annual Report and Financial Statements for the year ended 30th June 2023***

		Drought Contingency Plans	No. of counties supported to mitigate effects of drought (financial and technical support)	6	-	-	0	18	-	In 2020/21 there was delayed release of funds from the donor. In 2021/22, due to the severity of drought, 18 Counties were supported to respond to the effects of the ongoing drought in the key drought sectors (water, livestock, health, education). The indicator was not targeted in the FY 2022/23
--	--	---------------------------	--	---	---	---	---	----	---	--

**FOR DEVELOPMENT OF THE ASALS**

***Annual Report and Financial Statements for the year ended 30th June 2023***

			No. of ward drought contingency plans produced to inform response plans	23	69	69	10	69	69	In FY 2020/21 the under achievement was occasioned by restriction of movement and gathering as a result of the COVID-19 pandemic. Annual targets have been consistently achieved in the subsequent years
			No. of county drought contingency plans reviewed to inform response plans	23	23	23	23	23	23	Annual targets have been consistently achieved

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT  
FOR DEVELOPMENT OF THE ASALS**

*Annual Report and Financial Statements for the year ended 30th June 2023*

			No. of sector-specific drought response interventions supported in the counties	330	330	250	0	313	216	In 2020/21, there were no drought emergencies to trigger response intervention. In 2021/22, the drought severity necessitated 313 sector specific[2], interventions. In FY 2022/23 the 21 counties funded had implemented response interventions in livestock, water, health& Nutrition, Peace Sectors and only recovery activities were implemented in Q4.
--	--	--	---	-----	-----	-----	---	-----	-----	---

**FOR DEVELOPMENT OF THE ASALS**

***Annual Report and Financial Statements for the year ended 30th June 2023***

		Resilience of ASAL communities built	No. of community-based micro and high impact resilience and drought preparedness projects implemented in 23 ASAL counties	100	250	300	100	100	231	The underachievement in FY 2021/22 and FY 2022/23 was because of delayed funding from the World Food Programme (WFP).
			Number of youth engaged in alternative economic activities through stabilization project	500	1,000	-	0	1,076	-	In 2020/21, the funds were not received until July the following year 2021/22 after which the project ended with 1,076 being engaged.



**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT  
FOR DEVELOPMENT OF THE ASALS**

*Annual Report and Financial Statements for the year ended 30th June 2023*

			No. of people supported through cash/food for assets	30,000	150,000	-	30,000	86,000	-	There were delays in disbursement of funds from the WFP that affected implementation of the project funding cash/food for assets. Since then the project activities are funded directly from WFP and had since been dropped
--	--	--	--	--------	---------	---	--------	--------	---	---

**FOR DEVELOPMENT OF THE ASALS**

***Annual Report and Financial Statements for the year ended 30th June 2023***

			No. of EDE /drought coordination forums held (national/county level)	48	52	62	64	345	143	The severity of drought necessitated an increase in the number of coordination forums between 2020/21, 2021/22 and 2022/23. Each county has held an average of 6 CSG meetings during the year. Five EDE coordination meetings held at national level in the FY 2022/23 due to severity of drought
--	--	--	--	----	----	----	----	-----	-----	---

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT  
FOR DEVELOPMENT OF THE ASALS**

*Annual Report and Financial Statements for the year ended 30th June 2023*

		Ending Drought Emergencies (EDE) Strategy Implemented	No. of drought preparedness projects implemented	8	2	-	0	10	-	The 8 preparedness projects[3] targeted in FY 2020/21 were rolled over for implementation and completion in FY 2021/22.
		Climate Adaptation and Resilience enhanced	No. of county-climate change fund mechanisms (CCCF) established	-	2	2	-	2	0	The CCCF regulations for Kwale and Taita Taveta were finalized and adopted during FY 2021/22. In the following year 2022/23, There was delay in funds disbursement from MOA under the KCEP CRAL Project
			No of community CCCF assets funded	-	8	15	-	24	22	24 CCCFA projects were procured and funded in FY 2021/22. These were achieved with off- budget funding from the KCEP CRAL Project domiciled at the Ministry of Agriculture. In FY 2022/23, the target was surpassed
			No. of counties installed with climate information system for climate change sensitive landscape planning	-	-	11	-	-	11	Target achieved. This activity is implemented through the TWENDE Project.

**FOR DEVELOPMENT OF THE ASALS**

**Annual Report and Financial Statements for the year ended 30th June 2023**

			No. counties with functional landscape management mechanism	-	-	2	-	-	11	Implementation of the TWENDE Project is on - going and the project counties are supported to set the structures in place.
			No. of ward rangeland restoration plans developed	-	-	2	-	-	0	Currently project counties are implementing the preparatory activities such as assessments in preparation towards developing the restoration plans.
S.P. 1.3: General Administration and Support Services	Directorate of Administration and Support Services	Administrative support services provided	No. of budget reports prepared	5	5	5	5	5	5	Target achieved
			No. of staff trained	60	150	-	60	31	-	The MOH containment measures against the spread of Covid-19 restricted group training in FY 2021/22. In the FY 2022/23, There was a freeze on all aspects of training
			No. of training needs assessments	-	1	-	-	1	-	In the FY 2022/23, There was a freeze on all aspects of training
			No of resilience programming framework developed	-	1	-	-	0	-	The draft resilience programming framework is finalized. Currently, the draft framework is undergoing public participation.

MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT  
FOR DEVELOPMENT OF THE ASALS

*Annual Report and Financial Statements for the year ended 30th June 2023*

			No. of monitoring reports	15	20	4	12	20	4	Some planned monitoring and evaluation exercises in the 3 <sup>rd</sup> and 4th quarter of FY 2020/21 were not carried out due to containment measures against the spread of Covid-19 pandemic
S.P. 1.4: Peace Building and Conflict Management	Directorate of ASALs	Peace dividend projects	No. of programmes developed	1	-	-	0	-	-	The target was not met due to containment measures against Covid-19 pandemic in 2019/20 and 2020/21.
			No. of inter-county and cross border peace dividend projects implemented	-	5	1	-	5	0	During the FY 2022/23, the inter-county and cross-border peace dividend project was not implemented due to financial limitations
			No. youth/women groups sensitized on conflict prevention and resolution	-	3	1	-	60	0	In FY 2021/22, UNDP provided additional funds under the Africa Borderlands Centre project in Marsabit, Turkana, West Pokot; and in Tana River under the climate security pilot project. In 2022/23, Target not achieved due to financial limitations
			No. of forums held to promote peace	-	-	1	-	-	1	Target achieved

**FOR DEVELOPMENT OF THE ASALS**

**Annual Report and Financial Statements for the year ended 30th June 2023**

KDRDIP	Social and economic	No. of WASH facilities developed	244	309	90	95	198	90	In FY 2020/21, formalization of Project accounts at national level due to transfer of project to ASALs delayed disbursements of funds and implementations while in FY 2021/22, the target was not achieved due to delays experienced during community procurement processes, however implementation of the remaining works still ongoing for WASH and health facilities.
	Amenities for refugee host communities	No. of health facilities developed	133	148	116	53	130	87	
		Kilometres of roads rehabilitated	38	86	60	15	86	60	In FY 2020/21, formalization of Project accounts at national level due to transfer of project to ASALs delayed disbursements of funds and implementations. In 2021/22 all the targets were achieved as planned
		No. of school facilities developed	248	98	112	92	98	80	
		No. of market facilities developed	107	6	19	42	6	15	
		No. of Community Project Management Committees (CPMC) capacity built	773	-	-	773	-	-	Target achieved as planned in FY 2020/21 and discontinued

MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT  
FOR DEVELOPMENT OF THE ASALS

*Annual Report and Financial Statements for the year ended 30th June 2023*

		Environment and Natural	Hectares of land rehabilitated	318	621	61	35	473	61	In FY 2020/21, formalization of Project accounts at national level due to transfer of project to ASALs delayed disbursements of funds and implementations. The under achievement in FY 2021/22 was occasioned by delays in land rehabilitation for irrigation works due to prolonged drought.
		resources	No. of households funded to access improved energy saving devices	2,182	9,421	5,000	1,012	9,421	5,000	In FY 2020/21, formalization of Project accounts at national level due to transfer of project to ASALs delayed disbursements of funds and implementations
		restored	No. of beneficiaries trained on other alternative energy sources	221	1,000	-	221	1,000	-	Target achieved as planned and discontinued in FY 2021/22
		Alternative livelihoods supported	No. of community groups trained and funded to undertake livelihood activities	1,816	1,726	645	1,816	1,913	645	The overachievement in FY 2021/22 trainings was as a result of additional DANIDA grant allocation during supplementary I
			No. of producer organizations formed and supported with grants	-	-	31	-	-	31	Target achieved

- The Entity's key projects implemented and ongoing indicating the source of funds, project status, project costs and amount spent this far as per the table below;

<b>Annex VII: PROJECTS DETAILS FOR FY 2023/24 AND MEDIUM TERM PROJECTIONS (Amount in Kshs Million)</b>							
<b>Project Code and Project Title</b>	<b>Financing</b>			<b>Timeline</b>		<b>Project Status</b>	<b>Actual</b>
						<b>as at June 30th, 2023</b>	<b>Cumulative Costs to June 30th, 2023</b>
	<b>Total Estimated cost of Project (a)</b>	<b>GoK</b>	<b>Foreign</b>	<b>Start Date</b>	<b>Expected completion Date</b>		
1036100901 National Drought Emergency Fund (NDEF)	2,000,000,000	2,000,000,000	-	10/1/2021	9/30/2028	Ongoing	1,550,000,000
1036101401 Kenya Social and Economic Inclusion Project	1,200,000,000	-	1,200,000,000			None	836,690,000
1036101601 Ending Drought Emergencies: Support to Resilient Livelihood II	1,980,000,000	660,000,000	1,320,000,000	1/2/2019	12/31/2024	Ongoing	667,220,000



**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT  
FOR DEVELOPMENT OF THE ASALS**

*Annual Report and Financial Statements for the year ended 30th June 2023*

<b>Project Code and Project Title</b>	<b>Financing</b>			<b>Timeline</b>		<b>Project Status as at June 30th, 2023</b>	<b>Actual Cumulative Costs to June 30th, 2023</b>
1036101701 Resilience and Sustainable Food Systems Programme	568,470,000	140,000,000	428,470,000	2/1/2020	6/30/2024	Ongoing	464,350,000
1036101801 Kenya Development Response to Displacement Impact	10,820,000,000	20,000,000	10,800,000,000	5/1/2017	12/31/2023	Ongoing	10,670,000,000
1036102501 Sustainable Food Systems and Resilience Livelihood Activities	158,160,000	79,800,000	78,360,000	5/1/2021	6/30/2026	Ongoing	124,750,000
1036102801 Ending Drought Emergencies, Ecosystem Based Adapt. in ASAL -TWENDE	868,960,000	263,500,000	605,460,000	2/1/2021	6/30/2026	Ongoing	751,340,000
1036103201 Dry Land Climate Action for Community Drought Resilience	2,340,000,000	650,000,000	1,690,000,000	3/1/2023	6/30/2028	None	-

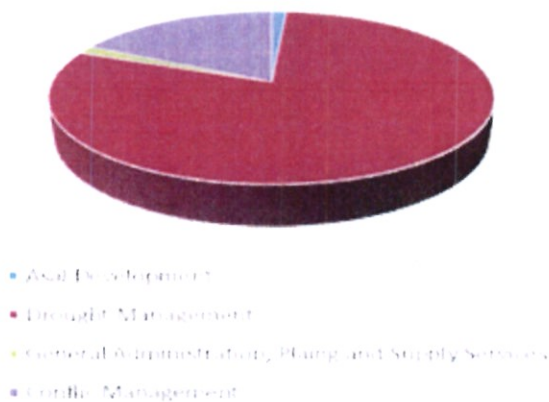
**Budget Allocation by sub-programmes**

<b>Programmes</b>	<b>Approved Budget Allocation</b>	<b>Actual Payments</b>	<b>Variance</b>	<b>Actual as a Percentage of budget</b>
	Amount (KShs) a	Amount (KShs) b	Amount (KShs)c	d=b/a
<b>Vote total</b>	<b>20,805,079,170</b>	<b>14,214,797,966</b>	<b>6,590,281,204</b>	<b>68%</b>
Asal Development	259,049,261	180,828,795	78,220,465	70%
Drought Management	17,199,850,000	11,336,195,530	5,863,654,469	66%
General Administration, Plaing and Supply Services	343,564,895	203,473,653	140,091,242	59%
Conflic Management	3,002,615,014	2, 494,299,987	508,315,027	84%

Actual budget utilization by sub-programme

Asal Development	180,828,795	1.3%
Drought Management	11,336,195,530	80%
General Administration, Plaing and Supply Services	203,473,653	1%
Conflic Management	2, 494,299,987	18%

BUDGET ALLOCATION BY PROGRAMMES



## **7. Environmental and Sustainability Reporting**

Kenya has had a strong legal and policy framework geared toward environmental preservation and restoration of degraded lands. Article 42 of the Constitution of Kenya (2010) enshrines the right to a clean and healthy environment for every person as a fundamental right within Kenya. Furthermore, Article 69 of the Constitution also places obligations on the state concerning the environment, including sustainable management of natural resources, maintaining a minimum tree cover and protecting diversity.

### **a) Sustainability strategy and profile**

The protection of indigenous people in ASALs continues to be a key area of focus for the Ministry. Many projects that have a land component create indigenous people plans or communities that obtain culturally relevant social and economic advantages.

### **b) Employee welfare**

Give an account of the policies guiding the hiring process and whether they consider the gender ratio, whether they take in stakeholder engagements and how often

They are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organization should also disclose their policy on safety and compliance with the Occupational Safety and Health Act of 2007, (OSHA)

### **c) Operational practices**

The organization should outline its efforts to:

## **I) Responsibility for Supply Chain and Supplier Relations**

The State Department has rolled out and is actively championing incentives to the identified vulnerable groups including AGPO, PWDs and Youth by earmarking a percentage of procurement to be assigned to these groups which translated to economic empowerment. Further, the supply chain is fully automated and has progressively offered suppliers enabling environment in which to bid transparently and responsively. This has led to knowledge of and access to best practices on information available in the government supplier portals.

The State Department has paid pending bills and the amounts outstanding reduced drastically from last financial year.

**d) Community Engagements-**

The State Department through the various Projects funded jointly by Donors and GOK have impacted communities in ASAL areas through the construction and maintenance of water pans in Turkana, Wajir and Garissa among others. Communities participate wholly through stakeholder engagement and active engagement in capital projects through Labour Intensive Public Works LIPW Programs. Solarization of boreholes is being implemented in areas where electricity has not been connected ensuring functionality of the boreholes. Equipping of hospitals, construction of schools, hospitals and markets to uplift and give access to social amenities are some of the key highlights done by the State Department.

## **8. Statement of Management Responsibilities**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the (**State Department for Development of ASALs**) is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the Year ended on June 30, 2023. This responsibility includes ; (i) maintaining adequate financial management arrangements and ensuring that this continues 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 entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Development of ASALs accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting using appropriate accounting policies as per International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of the entity's transactions during the financial year ended 30<sup>th</sup> June 2023, and of the entity's financial position as of that date.

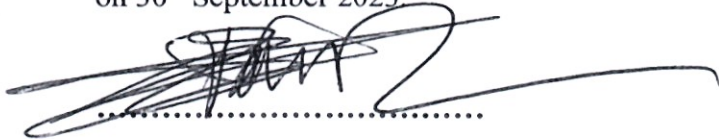
The Accounting Officer in charge of the State Department for Development of ASALs further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the State Department for Development of ASALs confirms that the entity has complied fully with applicable Governments Regulations and the terms of external financing covenants (where applicable) and that the entity's funds received during the

year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The State Department's financial statements were approved and signed by the Accounting Officer on 30<sup>th</sup> September 2023.



Name: Kello Harsama

Accounting Officer



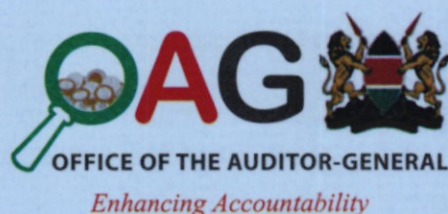
Name Mwangi Daniel

Head of Accounting Unit

ICPAK M/No 9061

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR DEVELOPMENT OF THE ARID AND SEMI-ARID LANDS FOR THE YEAR ENDED 30 JUNE, 2023

---

### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of State Department for Development of the Arid and Semi-Arid Lands set out on pages 1 to 29, which comprise

---

*Report of the Auditor-General on State Department for Development of the Arid and Semi-Arid Lands for the year ended 30 June, 2023*

of the statement of assets and liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the State Department for Development of the Arid and Semi-Arid Lands as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Cash Basis and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.20,805,079,170 and Kshs.14,490,802,728 respectively resulting to an underfunding of Kshs.6,314,276,442 or 30% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.20,805,079,170 and Kshs.14,214,797,966 respectively resulting to an under-expenditure of Kshs.6,590,281,204 or 32% of the budget.

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

#### **2. Pending Accounts Payable**

Note 15.2 to the financial statements reflects pending accounts payable balance of Kshs.931,581,524 as disclosed in Annex 1 to the financial statements. Although Management indicated the delay in settling the pending bills was due to delayed exchequer releases and that an amount of Kshs.891,610,723 had been paid by the time of the audit in the month of November, 2023, a balance of Kshs.39,970,802 remained outstanding.



Failure to settle the bills during the year in which they relate distorts the financial statements and adversely affect the budgetary provisions for the subsequent year as they form a first charge.

My opinion is however, not modified in respect of these matters.

### **Key Audit Matter**

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

### **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Unbudgeted Expenditure in Pending Accounts Payables**

Note 15.2 to the financial statements reflects pending accounts payables amounting to Kshs.931,581,524 which were incurred during the year under review. Further, review of the statement of comparison of budget and actual amounts revealed an under expenditure of Kshs.276,004,762 thereby resulting to unbudgeted expenditure of Kshs.655,576,762. This is contrary to Regulations 51(2) of the Public Finance Management (National Government) Regulations, 2015 which states that expenditure commitments for goods and services shall be controlled against spending and procurement plans approved by the responsible Accounting Officer, based on allocations and allotments from approved budgets.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the 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 Risk Management Policy**

Review of the State Department's internal controls systems revealed that the Department did not have an approved risk management policy. Further, the Management has not identified and documented risks and controls to respond to the risks identified. This is contrary to Regulation 165 (1) of the Public Finance Management (National Government) Regulations, 2015 which states that The Accounting Officer shall ensure that the National Government 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's ability to identify the risks affecting the State Department and develop appropriate internal controls and policies on how to control or mitigate the risks could not be confirmed.

#### **2. Failure by Audit Committee to Meet on Quarterly Basis**

Review of records held by the State Department revealed that the Audit Committee in the parent Ministry did not meet during the year under review since no minutes of any of its meetings were availed for audit purposes. This was contrary to Regulation 179(1) of Public Finance Management (National Government) Regulations, 2015 which states that the audit committee shall meet at least once in every three months.

In the circumstances, the State Department did not benefit from the assurance, advisory and oversight services of the Audit Committee as expected.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 control 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 control, risk management and overall governance.

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

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

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

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

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

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

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

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

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

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

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

of my audit report. However, future events or conditions may cause the State Department to cease to continue to sustain its services.

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**19 January, 2024**



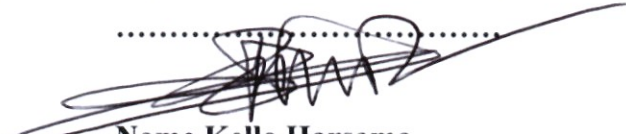
2000


**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**10. Statement of Receipts and Payments for the Year ended 30th June 2023**

<b>STATEMENT OF RECEIPTS AND PAYMENTS</b>			
	<b>Note</b>	<b>2022-2023</b>	<b>2021-2022</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>RECEIPTS</b>			
Transfers from National Treasury	<b>1</b>	11,729,191,118.91	6,765,517,962.00
Proceeds from Foreign Borrowings	<b>2</b>	2,761,611,609.00	3,403,403,059.00
<b>TOTAL REVENUES</b>		<b>14,490,802,727.91</b>	<b>10,168,921,021.00</b>
<b>PAYMENTS</b>			
Compensation of Employees	<b>3</b>	563,694,175.85	517,458,180.00
Use of goods and services	<b>4</b>	1,221,581,224.00	1,118,267,288.00
Transfers to Other Government Units	<b>5a</b>	7,827,095,353.45	7,115,632,531.00
Other grants and transfers	<b>5B</b>	3,678,585,636.00	-
Social Security Benefits	<b>6</b>	25,885,497.40	-
Acquisition of Assets	<b>7</b>	897,956,079.00	1,417,512,691.00
<b>TOTAL PAYMENTS</b>		<b>14,214,797,965.70</b>	<b>10,168,870,690.00</b>
<b>SURPLUS/DEFICIT</b>		<b>276,004,762.21</b>	<b>50,331.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30<sup>th</sup> September 2023 and signed by:

.....  
  
**Name Kello Harsama**  
**Accounting Officer**

.....  
  
**Name Mwangi Daniel**  
**Head of Accounting Unit**  
**ICPAK M/No 9061**


MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL  
DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS  
*Annual Report and Financial Statements for the year ended 30th June 2023*

**11. Statement of Assets and Liabilities as at 30<sup>th</sup> June 2023**

	Note	2021- 2022	2020-2021
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8A	276,506,970	7,764,852
Cash Balances	8B	-	-
<b>Total Cash And Cash Equivalents</b>		<b>276,506,970</b>	<b>7,764,852</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>276,506,970</b>	<b>7,764,852</b>
<b>LESS: FINANCIAL LIABILITIES</b>			
Accounts Payables - Deposits	10	502,208	7,714,520
<b>NET FINANCIAL ASSETS</b>		<b>276,004,762</b>	<b>50,332</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	11	50,332	-
Prior year adjustments	12	(50,332)	-
<b>Surplus/Defict for the year</b>		<b>276,004,762</b>	<b>50,332</b>
<b>NET FINANCIAL POSSITION</b>		<b>276,004,762</b>	<b>50,332</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30<sup>th</sup> September 2023 and signed by:

  
Name Kello Harsama  
Accounting Officer

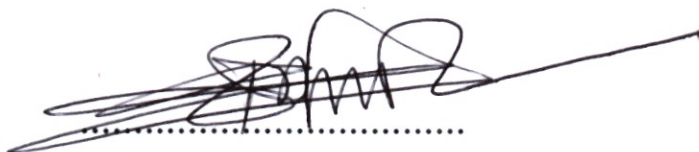
  
Name Mwangi Daniel  
Head of Accounting Unit  
ICPAK M/No 9061



**12. Statement of Cash Flows for The Year Ended 30th June 2023**

	Note	2022- 2023	2021-2022
		Kshs	Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts for operating income</b>			
Transfers from National Treasury	1	11,729,191,118.91	6,765,517,962
Proceeds from Foreign Borrowings	2	2,761,611,609	3,403,403,059
		<b>14,490,802,728</b>	<b>10,168,921,021</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	3	563,694,176	517,458,179
Use of goods and services	4	1,221,581,224	1,118,267,287
Transfers to Other Government Units	5A	7,827,095,353	7,115,632,531
Other grants and transfers	5B	3,678,585,636	-
Social Security Benefits	6	25,885,497	-
		<b>13,316,841,887</b>	<b>8,751,357,997</b>
<b>Adjusted for:</b>			
Prior Year Adjustments	12	(50,332)	(450,138)
Increase/(Decrease) in Accounts Payable: (deposits and retention)	13	(7,212,313)	(2,940,410)
		<b>1,166,698,197</b>	<b>1,414,172,475</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	7	(897,956,079)	(1,417,512,691)
<b>Net cash flows from Investing Activities</b>		<b>(897,956,079)</b>	<b>(1,417,512,691)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>8A+B</b>	<b>7,764,852</b>	<b>11,105,068</b>
<b>Cash and cash equivalent at END of the year</b>	<b>8A+B</b>	<b>276,506,970</b>	<b>7,764,852</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30<sup>th</sup> September 2023 and signed by:



**Name Kello Harsama**  
**Accounting Officer**



**Name Mwangi Daniel**  
**Head of Accounting Unit**  
**ICPAK M/No 9061**

MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL  
DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS  
*Annual Report and Financial Statements for the year ended 30th June 2023*

13. Statement of Comparison of Budget and Actual Amounts for FY2022/23

Budget execution - Recurrent & Development Combined -  
FY 2022/23

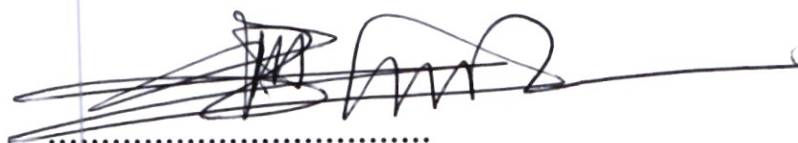
Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	10,419,423,700	10,385,655,470	20,805,079,170	14,490,802,728	6,314,276,442	70%
<b>Total Receipts</b>	<b>10,419,423,700</b>	<b>10,385,655,470</b>	<b>20,805,079,170</b>	<b>14,490,802,728</b>	<b>6,314,276,442</b>	<b>70%</b>
<b>Payments</b>						
Compensation of Employees	533,810,000	40,965,890	574,775,890	563,694,176	11,081,714	98%
Use of goods and services	1,055,759,830	595,461,880	1,651,221,710	1,221,581,224	429,640,486	74%
Transfers to Other Government Units	7,956,950,000	4,759,400,000	12,716,350,000	7,827,095,353	4,889,254,647	62%
Other grants and transfers	-	4,541,747,256	4,541,747,256	3,678,585,636	863,161,620	81%
Social Security Benefits	26,700,000	-	26,700,000	25,885,497	814,503	97%
Acquisition of Assets	846,203,870	448,080,444	1,294,284,314	897,956,079	396,328,235	69%
<b>Grand Total</b>	<b>10,419,423,700</b>	<b>10,385,655,470</b>	<b>20,805,079,170</b>	<b>14,214,797,966</b>	<b>6,590,281,204</b>	<b>68%</b>
<b>Surplus/Deficit</b>	-	-	-	<b>276,004,762</b>	<b>(276,004,762)</b>	

(a) *Variance analysis:*

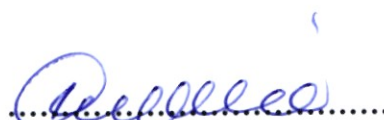
The State Department received 10,385,655,470 billion during supplementary 1 and 11 but the lack of exchequer resulted in the under utilization of allocated funds.

(b) *Reallocations within the year:*

The 10 billion was additional funds through supplementaries 1 and 11 The entity financial statements were approved on 30<sup>th</sup> September 2023 and signed by:



Name: Kello Harsama  
Accounting Officer



Name: Mwangi Daniel  
Head of Accounting Unit  
ICPAK M/No 9061

**13 (a) Statement of Comparison of Budget and Actual Amounts: Recurrent for FY2022/23**

**Budget execution - Recurrent - FY 2022/23**

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	1,059,230,000	5,317,755,470	6,376,985,470	5,227,100,183	1,149,885,287	82%
<b>Total Receipts</b>	<b>1,059,230,000</b>	<b>5,317,755,470</b>	<b>6,376,985,470</b>	<b>5,227,100,183</b>	<b>1,149,885,287</b>	<b>82%</b>
<b>PAYMENTS</b>						
Compensation of Employees	208,160,000	(18,000,000)	190,160,000	184,983,813	5,176,187	97%
Use of goods and services	154,809,830	528,988,384	683,798,214	416,254,594	267,543,620	61%
Transfers to Other Government Units	659,140,000	260,000,000	919,140,000	919,140,000	-	100%
Other grants and transfers	-	4,541,747,256	4,541,747,256	3,678,585,636	863,161,620	81%
Social Security Benefits	26,700,000	-	26,700,000	25,885,497	814,503	97%
Acquisition of Assets	10,420,170	5,019,830	15,440,000	2,203,400	13,236,600	14%
<b>Grand Total</b>	<b>1,059,230,000</b>	<b>5,317,755,470</b>	<b>6,376,985,470</b>	<b>5,227,052,941</b>	<b>1,149,932,529</b>	<b>82%</b>
Surplus/Deficit	-	-	-	47,242	47,242	

*Notes*

*(a) Variance analysis:*

The State Department was granted additional mandates which included Drought mitigation which was under the State Department for Social Protection.

*(b) Reallocations within the year:*

The amount of Kshs **5,317,755,470** was additional funds through supplementaries 1 and 11 for drought mitigation.

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL  
DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
*Annual Report and Financial Statements for the year ended 30th June 2023*

---

The entity financial statements were approved on 30<sup>th</sup> September 2023 and signed by:



**Name : Kello Harsama**  
**Accounting Officer**



**Name: Mwangi Daniel**  
**Head of Accounting Unit**  
**ICPAK M/No 9061**

**13 (b) Statement of Comparison of Budget and Actual Amounts: Development for  
FY2022/23**

**Budget execution - Recurrent -  
FY 2022/23**

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	9,360,193,700	5,067,900,000	14,428,093,700	9,263,702,545	5,164,391,155	64%
<b>Total Receipts</b>	<b>9,360,193,700</b>	<b>5,067,900,000</b>	<b>14,428,093,700</b>	<b>9,263,702,545</b>	<b>5,164,391,155</b>	<b>64%</b>
<b>Payments</b>						
Compensation of Employees	325,650,000	58,965,890	384,615,890	378,710,362	5,905,528	98%
Use of goods and services	900,950,000	66,473,496	967,423,496	805,326,630	162,096,866	83%
Transfers to Other Government Units	7,297,810,000	4,499,400,000	11,797,210,000	6,907,955,353	4,889,254,647	59%
Acquisition of Assets	835,783,700	443,060,614	1,278,844,314	895,752,679	383,091,635	70%
<b>Grand Total</b>	<b>9,360,193,700</b>	<b>5,067,900,000</b>	<b>14,428,093,700</b>	<b>8,987,745,025</b>	<b>5,440,348,675</b>	<b>62%</b>
<b>Surplus/Deficit</b>	-	-	-	<b>275,957,520</b>	<b>275,957,520</b>	

Notes

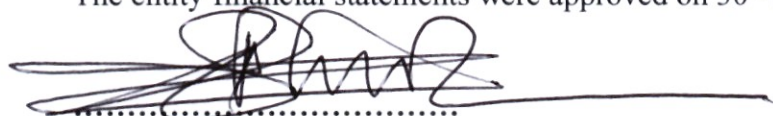
(a) *Variance analysis:*

The State Department did not receive all the excheques for the allocated funds under the supplementary 1 and 11.

(b) *Reallocations within the year:*

The 5,067,900,000.00 was additional funds through supplementaries 1 and 11

The entity financial statements were approved on 30<sup>th</sup> September 2023 and signed by:



**Name: Kello Harsama**  
**Accounting Officer**



**Name Mwangi Daniel**  
**Head of Accounting Unit**  
**ICPAK M/No 9061**

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
***Annual Report and Financial Statements for the year ended 30th June 2023***

**13 (c) Budget Execution by Programmes and Sub-Programmes for FY2022/2023**

<b>Programme/Sub-programme</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on comparable basis</b>	<b>Budget utilization difference</b>
	<b>2022</b>			<b>2023</b>	
	<b>Kshs</b>			<b>Kshs</b>	<b>Kshs</b>
<b>Programme 1</b>	-	-	<b>20,805,079,170</b>	<b>14,214,797,966</b>	<b>6,590,281,204</b>
Sub-programme 1			259,049,261	180,828,795	78,220,466
Sub-programme 2			17,199,850,000	11,336,195,530	5,863,654,470
Sub-programme 3			343,564,895	203,473,653	140,091,242
Sub-programme 4			3,002,615,014	2,494,299,987	508,315,027

## **14. Notes to the Financial Statements**

### **1. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

### **2. Reporting Entity**

The financial statements are for the State Department for the development of the ASALs. The financial statements encompass the reporting entity as specified under Section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity:

i Kenya Development Response To Displacement Impact Project

### **3. Reporting Currency**

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

### **Significant Accounting Policies**

The accounting policies set out in this section have been consistently applied by the State Department for the Development of the ASALs for all the years presented.

#### **a) Recognition of Receipts**

The State Department for the Development of the ASALs recognises all receipts from the various sources when the event occurs, and the related cash has been received.

##### **(i) Transfers from the Exchequer**

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

##### **(ii) External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criterion is applied for loans received in the form of a direct payment. During the year ended 30<sup>th</sup> June 2023, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

##### **(iii) miscellaneous receipts**

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



**Significant Accounting Policies (Continued)**

**b) Recognition of payments**

The Entity recognises all payments when the event occurs, and the related cash has been paid out by the State Department for the Development of the ASALs.

**i) Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

**ii) Use of Goods and Services**

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

**iii) Interest on Borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they are paid for. The State Department for the Development of the ASALs does not borrow directly and therefore does not incur interest payments.

**iv) Principal on borrowing**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The State Department for the Development of the ASALs does not borrow directly and therefore does not incur interest payments.

**v) Acquisition of Fixed Assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained and a summary provided for purposes of consolidation. This summary is disclosed as an annexure 2 to the financial statements.

**Significant Accounting Policies (Continued)**

**vi) In-kind contributions**

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

**vii) Third Party Payments**

Included in the receipts and payments, are payments made on the entity's behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings or grants.

**c) 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. A bank account register is maintained, and a summary provided for purposes of consolidation. This summary is disclosed as an annex 7 to the financial statements

**Restriction on Cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits and retentions. As of 30th June 2023, this amounted to Kshs. 502,208 .00 compared to Kshs. 7,714,520.00 in prior period as indicated on note 8A. There were no other restrictions on cash during the year.

**Significant Accounting Policies (Continued)**

**d) Imprests and advances**

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

**e) Third party deposits and retention**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted for National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

**f) Pending Bills**

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

**Significant Accounting Policies (Continued)**

**g) Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits and retentions, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament in June 2022 for the period 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023 as required by Law and there were two number of supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements. Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

**h) Comparative Figures**

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

**i) Subsequent Events**

There have been no events after the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2023.

**j) Prior Period Adjustment**

During the year, errors that have been corrected are disclosed under note 12 explaining the nature and amounts.

**k) Related Party Transactions**

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

### Significant Accounting Policies (Continued)

Relates party transaction is a transfer of resources of obligations between related parties regardless of whether a price is charged.

#### l) Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The *entity* does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 5 of this financial statement is a register of the contingent liabilities in the year.

### Notes to the Financial Statements

#### 1 Exchequer releases

Description	Reference of the transfer	Date of transfer	2022-2023	2021-2022
			Kshs	Kshs
Total Exchequer Releases for quarter 1			373,254,560	2,676,288,633
Total Exchequer Releases for quarter 2			1,907,374,687	754,119,613
Total Exchequer Releases for quarter 3			692,652,754	575,350,043
Total Exchequer Releases for quarter 4			8,755,909,118	2,759,759,673
<b>TOTAL</b>			<b>11,729,191,119</b>	<b>6,765,517,962</b>

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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

The first quarter receipts were low due to the initial budget cuts during quarter 1. The State Department was added the drought mitigation programme during quarter three and therefore resulted to an increased exchequer receipts during quarter 4. The state department did not receive all the exchequers to fund supplementary 2 expenses.

**2 Proceeds from Foreign Borrowings**

Name of Donor	Date received	Amount in foreign currency	2022-2023	2021-2022
			Kshs	Kshs
		USD		
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>				
IDA -Kenya Disbursement Response to Drought Intervention Programme	2022/2023	21,598,785	2,761,611,609	3,403,403,059
<b>TOTAL</b>		<b>21,598,785</b>	<b>2,761,611,609</b>	<b>3,403,403,059</b>

This is a borrowing from the world bank for the Kenya Development Response to Displacement Impacts Project (KDRDIP).

To improve access to basic social services, expand economic opportunities and enhance environmental management for communities hosting refugees in the target areas.

The project's life cycle is ending in December 2023 and most of the objectives have been addressed.

**3 Compensation to Employees**

	2022-2023	2021-2022
Description	Kshs	Kshs
Basic salaries of permanent employees	127,650,813	120,297,027
Basic wages of temporary employees	378,710,362	337,449,037
Personal allowances paid as part of salary	57,333,000	59,712,116
<b>TOTAL</b>	<b>563,694,176</b>	<b>517,458,180</b>

The increase in personal emoluments was as a result of transfer of staff dealing with drought mitigation programme from the State department for Social Protection during the year 2022/2023.

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

**4 Use of Goods and Services**

**USE OF GOODS AND SERVICES**

Description	2022-2023	2021-2022
	Kshs	Kshs
Utilities, supplies and services	654,791	1,413,141
Communication, supplies and services	7,779,662	7,930,848
Domestic travel and subsistence	265,768,411	152,414,212
Foreign travel and subsistence	2,566,358	5,913,772
Printing, advertising and information supplies & services	3,142,847	2,626,886
Rentals of produced assets	81,927,291	103,620,810
Training expenses	1,084,000	10,670,562
Hospitality supplies and services	71,693,736	61,023,744
Specialised materials and services	124,961,996	178,051,194
Office and general supplies and services	19,823,375	13,395,213
Fuel Oil and Lubricants	49,004,616	57,683,749
Other operating expenses	426,543,332	337,490,155
Routine maintenance – vehicles and other transport equipment	15,470,174	28,493,878
Routine maintenance – other assets	151,160,636	157,539,125
<b>TOTAL</b>	<b>1,221,581,224</b>	<b>1,118,267,287</b>

The marginal increase in use of goods and services was due to added responsibilities under drought mitigation Programme.

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**5 a: Grants and Transfers to other Government Entities**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Transfers to National Government entities</b>		
(SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)	-	-
Current grants to government agencies and other levels of government-NDMA	659,140,000	692,340,000
Transfers to other levels of Government - Counties	-	-
See attached list		
Capital grants to government agencies and other levels of government-NDMA & KDRDIP	1,826,655,353	2,323,192,531
Other Current Transfers, Grants and Subsidies-Transfer to Red Cross	260,000,000	
Other Capital Grants and Transfers-NDMA	5,081,300,000	4,100,100,000
<b>TOTAL</b>	<b>7,827,095,353</b>	<b>7,115,632,531</b>

**Transfers to self – reporting entities in the year**

*The above transfers were made to the following self-reporting entities in the year:*

Description	Recurrent	Development	Total for the year	Insert comparative Year
<b>Transfers to SAGAs and SCs</b>	Kshs	Kshs	Kshs	Kshs
National Disaster Management Authority	659,140,000	5,081,300,000	5,740,440,000	6,169,113,999
<b>Total</b>	<b>659,140,000</b>	<b>5,081,300,000</b>	<b>5,740,440,000</b>	<b>6,169,113,999</b>

The additional amount under supplementary 2 was not funded and hence the value declined in the financial year 2022/2023

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statement.



### 5b Other Grants and Transfers

	2022-2023	2021-2022
Explanation	Kshs	Kshs
Emergency relief and refugee assistance 2640200	3,678,585,636	-
<b>Total</b>	<b>3,678,585,636</b>	<b>-</b>

This relates to emergency relief provided by the government by way of food to those populations affected by drought. The programme was transferred in to the State Department in March, 2023 hence the lack of activity reported in 2021/2022 financial year.

### 6 Social Security Benefits

	2022-2023	2021-2022
Description	Kshs	Kshs
Government pension and retirement benefits 2710100	25,885,497	-
<b>TOTAL</b>	<b>25,885,497</b>	<b>-</b>

This were gratuity payment made to exiting staff who were on contract terms.

### 7 Acquisition of Assets

	2022-2023	2021-2022
Description	Kshs	Kshs
<b>Non-Financial Assets</b>		
Construction of Buildings	249,954,763	315,892,829
Purchase of Office Furniture and General Equipment	-	4,134,143
Purchase of Specialised Plant, Equipment and Machinery	92,358,231	107,913,581
Purchase of Certified Seeds, Breeding Stock and Live Animals	86,170,685	96,041,333
Research, Studies, Project Preparation, Design & Supervision	32,400	45,563,016
Rehabilitation of Civil Works	469,440,000	847,967,789
<b>Total</b>	<b>897,956,079</b>	<b>1,417,512,691</b>

Expenditure on construction of buildings, Purchase of specialized equipment,, Purchase of certified seeds, Reseach studies and Reehabilitation of Cival Works was affected by non receipt of exchequer.

The State Department did not incur expenditure on purchase of office equipment during the financial year.

MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL  
DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS  
*Annual Report and Financial Statements for the year ended 30th June 2023*

*Notes to the Financial Statements (Continued)*

**8 Cash and Bank Accounts**

Description	2022/2023	2021/2022
	Kshs	Kshs
Bank Accounts (Note 8 A)	276,506,970	7,764,852
Cash on hand (Note 8 B)	-	-
<b>Total</b>	<b>276,506,970</b>	<b>7,764,852</b>

**8A: Bank Accounts**

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit etc.	Exc rate (if in foreign currency)	2022/2023 Kshs	2021/2022 Kshs
REC-State Department For Development of the ASALs CBK A/C 1000384228,KShs	1,341	RECURRENT	1	1,341	49,480
DEV-State Department For Development of the ASALs CBK A/C 1000384249,KShs	4,505	DEVELOPME NT	1	4,505	852
DEP-State Department For Development of the ASALs CBK A/C 1000384247,KShs	502,208	DEPOSIT	1	502,208	7,714,520
CBK 165-State Department For Development of the ASALs CBK A/C 1000384247,KShs	-	CBK-165	1	-	-
KENYA DEV RESP TO DISPL IMP LOAN CBK A/C 1000462264,KShs	268,772,478	DEVELOPME NT-LOAN	1	268,772,478	-
KENYA DEV RESP TO DISPL IMP GRANT CBK A/C 1000462264,KShs	7,226,438	DEVELOPME NT-GRANT	1	7,226,438	-
<b>Total</b>	<b>276,506,970</b>			<b>276,506,970</b>	<b>7,764,852</b>

*Notes to the Financial Statements (Continued)*

**8B: Cash on hand**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Cash in hand – Held in domestic currency	-	-
Cash in hand – Held in foreign currency	-	-
<b>Total</b>	-	-

**Detailed Cash is as follows:**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Location 1-SDDA Hq-cash office	-	-
<b>Total</b>	-	-

**9 : Imprests and Advances**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	-	-
Salary advances	-	-
District suspense	-	-
Clearance accounts	-	-
<b>Total</b>	-	-

There were no outstanding imprests at the closure of the financial year.

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

*Notes to the Financial Statements (Continued)*

**10 Third party deposits and retention**

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Retention	502,208		7,714,520	
Deposits	-		-	
<b>Total</b>	<b>502,208</b>		<b>7,714,520</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Prior FY</b>	<b>% of the Total</b>
Under one year	-	%	7,714,520	72%
1-2 years	-	%	-	%
2-3 years	502,208	7%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>502,208</b>		<b>7,714,520</b>	

The State Department surrendered to the exchequer Ksh 6,511,798.45 of retention money which had been held for more than five years as per the National Treasury instruction on transfer of unclaimed deposits vide letter ref AG.3/88 Vol.7/(24) dated 15<sup>th</sup> February,2023.

**11 Fund Balance Brought Forward**

BALANCES BROUGHT FORWARD	2022-2023		2021-2022	
	Kshs		Kshs	
Bank accounts Prior Year Adjustment	7,764,852		10,893,316	
Cash in hand	-		211,752	
Receivables - Outstanding Imprests	-		10,654,930	
Payables - Deposits	- 7,714,520		-	
<b>TOTAL</b>	<b>50,332</b>		<b>450,138</b>	

The State Department surrendered to the exchequer Ksh 6,511,798.45 of retention money which had been held for more than five years as per the National Treasury instruction on transfer of unclaimed deposits vide letter ref AG.3/88 Vol.7/(24) dated 15<sup>th</sup> February,2023.

*Notes to the Financial Statements (Continued)*

**12 Prior Year Adjustments**

<b>PRIOR YEAR ADJUSTMENTS</b>		
Description of the error	2022-2023	2021-2022
	Kshs	Kshs
Adjustments on bank account balances	- 50,332	10,893,316
Adjustments on cash in hand	-	211,752
Adjustments on payables	-	- 10,654,930
Adjustments on receivables		
Others (2021/2022 District data)	-	-
<b>TOTAL</b>	<b>- 50,332</b>	<b>450,138</b>

**13 Increase/ (Decrease) in Retention and Third-Party Deposits**

Description	2022/2023	2021/2022
	Kshs	Kshs
Payables As At 1 <sup>st</sup> July	7,714,520	10,654,930
Payables As At 30 <sup>th</sup> June	502,208	7,714,520
<b>Increase/ (Decrease) In Payables</b>	<b>- 7,212,312</b>	<b>- 2,940,410</b>

**14 Related Party Disclosures**

The following comprise of related parties to the State Department for the Development of the ASALs.

- i) Key management personnel that include the Cabinet Secretaries and Accounting Officers
- ii) Other Ministries Departments and Agencies and Development Projects;
- iii) County Governments; and
- iv) State Corporations and Semi-Autonomous Government Agencies.

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**15 Other Important Disclosures**

**15.1 Related party transactions:**

Description	2022/2023	2021/2022
	Kshs	Kshs
Key Management Compensation	9,182,256	9,182,256
<b>Transfers to Related Parties</b>		
Transfers to other MDAs	-	-
Transfers to SCs and SAGAS -NDMA	5,740,440,000	4,792,440,000
Transfers to Development Project-KDRDIP	1,826,655,353	2,323,192,531
Transfers to County Governments	-	-
Transfer to Non -Reporting- Kenya Red Cross	260,000,000	-
Transfer to other Non -Reporting Government Entities	-	-
<b>Total Transfers to Related Parties</b>	<b>7,827,095,353</b>	<b>7,115,632,531</b>
<b>Purchase of Goods and Services</b>		
Purchase of Electricity from KPLC	654,791	1,413,141
Purchase of Water from Govt Service Providers	-	-
Rent paid to Govt. Agencies	81,927,291	103,620,810
Training Fees paid to Govt Agencies	-	-
Conference Facilities hired from Govt. Agencies	-	-
Others (Specify)	-	-
<b>Total Goods and Services paid to Govt. Agencies</b>	<b>82,582,082</b>	<b>105,033,951</b>

**15.2 Pending Accounts Payable (See Annex 1)**

	Balance b/f 2021/2022	Additions for the period	Paid during the year	Balance c/f 2022/2023
Description	Kshs	Kshs	Kshs	Kshs
Supply of Goods	17,771,784	846,027,843	17,771,784	846,027,843
Supply of Services	6,936,121	85,553,681	6,936,121	85,553,681
<b>Total</b>	<b>24,707,905</b>	<b>931,581,524</b>	<b>24,707,905</b>	<b>931,581,524</b>

The amount was not paid due to lack of exchequer at the end of the financial year 2022/2023 although requisitioned for.

**15.3 a. External assistance relating loans and grants**

Proceeds from Foreign Borrowings		
Description	2022/2023	2021/2022
	<b>Kshs</b>	<b>Kshs</b>
External Assistance received as Loans	2,761,611,609	3,403,403,059
<b>Total</b>	<b>2,761,611,609</b>	<b>3,403,403,059</b>

**b. Undrawn external assistance**

Description	<i>Purpose for which the undrawn external assistance may be used</i>	2022/2023	2021/2022
		<b>Kshs</b>	<b>Kshs</b>
Undrawn external assistance-loans	Funding of community groups and sub projects in Garissa, Wajir and Turkana counties for 2023-2024	2,690,000,000	2,100,000,000
Undrawn external assistance-grant	Address gaps due to increased costs of materials and management monitoring as per 2023-2024 work plan	390,000,000	20,000,000
<b>Total</b>		<b>2,820,000,000</b>	<b>2,120,000,000</b>

**c) Classes of providers of external assistance**

Description	2022/2023	2021/2022
	<b>Kshs</b>	<b>Kshs</b>
International Assistance Organization	2,761,611,609	3,403,403,059
<b>Total</b>	<b>2,761,611,609</b>	<b>3,403,403,059</b>

The external assistance was sourced and utilized for welfare objective, Economic development and trade activities.

**15.7 Contingent Liabilities** The cases costs cannot be estimated due to their nature and the details of Contingent liabilities are as per **annex 5 Notes to the Financial Statements (Continued)**

**27.8 Progress on follow up of Prior Years Auditor-General's recommendations.**

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

The following is the summary of issues raised by the Auditor-General during the prior year and management comments that were provided. <b>Reference No. on the external audit Report for 2020/2021</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Timeframe:</b>
1	Ksh. 28,493,878, Kshs 157539,125, Kshs 2,626,886 for Routine maintenance-vehicles and other transport equipment, routine maintenance other assets, printing and advertising respectively lacked relevant documents	<p>It is true the statement of receipts and payments for the year ended 30 June 2022 and Note 11 represents an amount of Kshs. 1,118,267,287 under Use of Goods and Services. Included in this amount are expenses relating to Routine Maintenance-vehicles and other transport equipment, Routine Maintenance-other assets and Printing and Advertising incurred during the year.</p> <p>However, payments vouchers amounting to Kshs. 187,756,723 and their supporting documents were not provided for audit review as detailed</p> <p>The expenses under goods and services includes the KDRDIP expenses and the payment vouchers were presented for audit, however the ledgers supporting both expenses are available for review.</p>	Not Resolved	Expected to be resolved by December 2023
2	Validity of the accounts payable Kshs 7,714,520	The amount of Ksh. 7,714,520.45 related to retention monies which has not been paid to contractors since 2014.	Not resolved	Expected to be resolved by December 2023



**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

The following is the summary of issues raised by the Auditor-General during the prior year and management comments that were provided. <b>Reference No. on the external audit Report for 2020/2021</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Timeframe:</b>
<b>Auditor General Report 2021/2022</b>  <b>Unsupported Expenditure</b>	Relevant documentation for Kshs 28,493,878- Routine maintenance, Kshs 157,539,125- routine maintenance Other assets, Kshs 2,626,886 - Advertising.	The expenditure was incurred as analysed below:		
		<b>Routine Maintenance -Vehicles Kshs 28,493,878</b> State Department -1,085,081.35 KDRDIP Head Office- 4,343,920.15 KDRDIP Field Offices- 23,064,876 <b>Routine Maintenance -Other Assets Kshs 157,539,125</b> State Department -1,279,875 KDRDIP Head Office-854,250 KDRDIP Field Offices-	Not resolved	Expected to be resolved by December 2023

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

The following is the summary of issues raised by the Auditor-General during the prior year and management comments that were provided. Reference No. on the external audit Report for 2020/2021	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
2 Unsupported Accounts Payable	Details of the constructions undertaken and their contracts that form the basis of the balance were not provided for audit and no explanation was provided for the delay in refund of the outstanding balances with some dating back to March, 2014.	155,405,000 The documents are maintained at the State Department Headquarters, The Project Headquarters coordinating Unit and the Field Office  The National Treasury vide letter ref AG.3/88 VOL.7(24) dated 15th February,2023 directed MDAs to surrender to the Exchequer all deposits that had remained unpaid after five years. The State Department surrendered Ksh 6,511,798.45 to the exchequer which had been held for over five years. The State Department could not pay unless advised by the State Department for Public works on completion of a project and a certificate of no liability issued after the expiry of the defect liability period. The balance of Kshs 502,207.95 had been held for two years but the National Treasury has not transferred the amount to the new Deposit account for the State Department.	Not resolved	Expected to be resolved by December 2023

The State Department is in the process of preparing the submissions for the 2021/2022 financial year submissions the National Assembly for determination.



**Name: Kello Harsama**  
**Accounting Officer**



**Name: Mwangi Daniel**  
**Head of Accounting Unit**  
**ICPAK M/No 9061**

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL  
DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS  
Annual Report and Financial Statements for the year ended 30th June 2023**

**15. Annexes**

**Annex 1 - Analysis of Pending Accounts Payable**

Supplier of Goods or Services	Date invoiced/ contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
	a			b	c	d=a+b-c		
<b>Supply of goods</b>				-				
Makram Imports and Exports Ltd	31 05 2023	MIE21	154,632,400	-	154,632,400	-	154,632,400	Lack of Exchequer
Email Ventures	29 06 2023	369	566,350	-	566,350	-	566,350	Lack of Exchequer
Mac Sisters Limited	12 06 2023	013	80,154,000	-	80,154,000	-	80,154,000	Lack of Exchequer
Mac Sisters Limited	19 06 2023	027	31,178,300	-	31,178,300	-	31,178,300	Lack of Exchequer
Mac Sisters Limited	06 06 2023	010	73,657,000	-	73,657,000	-	73,657,000	Lack of Exchequer
Mac Sisters Limited	30 06 2023	029	34,010,700	-	34,010,700	-	34,010,700	Lack of Exchequer
Export Trading Co Ltd	28 06 2023	005	101,880,000	-	101,880,000	-	101,880,000	Lack of Exchequer
Export Trading Co Ltd	30 06 2023	7	112,387,500	-	112,387,500	-	112,387,500	Lack of Exchequer
Export Trading Co Ltd	30 06 2023	6	111,492,000	-	111,492,000	-	111,492,000	Lack of Exchequer
Export Trading Co Ltd	30 06 2023	9	54,112,500	-	54,112,500	-	54,112,500	Lack of Exchequer
Elite Builders Company Limited	22 06 2023	001	11,768,250	-	11,768,250	-	11,768,250	Lack of Exchequer
Tanad Transporters Ltd	27 06 2023	156/2023	22,044,890	-	22,044,890	-	22,044,890	Lack of Exchequer
Ramji Haribhai Devani Ltd	30 05 2023	p04233	30,000,000	-	30,000,000	-	30,000,000	Lack of Exchequer
Hirola Investments Limited	21 06 2023	1703	11,998,800	-	11,998,800	-	11,998,800	Lack of Exchequer
Habibani Enterprises Ltd	14 06 2023	100523	1,595,606	-	1,595,606	-	1,595,606	Lack of Exchequer
Vamisa Limited	24 04 2023	093	765,200	-	765,200	-	765,200	Lack of Exchequer
Raymer Enterprise	18 04 2023	054	996,250	-	996,250	-	996,250	Lack of Exchequer
Letscar Tours and travel	17 02 2023	5	195,000	-	195,000	-	195,000	Lack of Exchequer

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL  
DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS  
Annual Report and Financial Statements for the year ended 30th June 2023**

Supplier of Goods or Services	Date invoiced/ contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments				
									a	b	c	d=a+b-c
Devlink General Suppliers Ltd	27 04 2023	225	880,000	-	880,000	-	880,000	Lack of Exchequer				
Njakan Enterprises	19 04 2023	084	1,134,750	-	1,134,750	-	1,134,750	Lack of Exchequer				
Centrepoint Solutions Ltd	30 06 2023	001	2,999,250	-	2,999,250	-	2,999,250	Lack of Exchequer				
Peres Investment	30 06 2023	002	285,670	-	285,670	-	285,670	Lack of Exchequer				
Intramark Arica Limited	15 06 2023	kracu01000 1353/1	999,600	-	999,600	-	999,600	Lack of Exchequer				
Government Printers	24 04 2023	000253822- 23	275,500	-	275,500	-	275,500	Lack of Exchequer				
Safaricom PLC	10 03 2023	ads Nyanza	400,000	-	400,000	-	400,000	Lack of Exchequer				
Denham Enterprises	30 06 2023	0053	999,927	-	999,927	-	999,927	Lack of Exchequer				
Silicon Hub Limited	16 06 2023	114	2,928,000	-	2,928,000	-	2,928,000	Lack of Exchequer				
Bodisan Company Limited	12 06 2023	026	122,400	-	122,400	-	122,400	Lack of Exchequer				
Maflex Limited	30 06 2023	102	1,568,000	-	1,568,000	-	1,568,000	Lack of Exchequer				
Ultra Holdings (K) Ltd	23 05 2023	00101	4,995,406	-	4,995,406	-	4,995,406	Lack of Exchequer				
Gravin Planning Ltd	30 05 2023	017-2023	1,770,300	-	1,770,300	-	1,770,300	Lack of Exchequer				
Koradis Limited	04 05 2023	202302	3,572,800	-	3,572,800	-	3,572,800	Lack of Exchequer				
Regional Centre for Mapping of Resources for Development	14 03 2022	7986	3,300,000	-	3,300,000	-	3,300,000	Lack of Exchequer				
Oscaria Suppliers	29 06 2023	88	363,600	-	363,600	-	363,600	Lack of Exchequer				
Vita Sofisticata o td	26 06 2023	01260603	1,548,000	-	1,548,000	-	1,548,000	Lack of Exchequer				
Comroad Construction and Equipment Limited	29 06 2023	CERT D112nb/nb/2102j ob no 110154A cert 1	48,355,600	-	48,355,600	-	48,355,600	Lack of Exchequer				
Foresight general supplies ltd	29 06 2023	093	522,500	-	522,500	-	522,500	Lack of Exchequer				

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL  
DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS  
Annual Report and Financial Statements for the year ended 30th June 2023**

Sipho Solutions	12 06 2023	035	398,400	-	398,400	-	398,400	Lack of Exchequer
Ejaq Limited	30 06 2023	606	259,000	-	259,000	-	259,000	Lack of Exchequer
Lovita Limited	26 06 2023	093	748,000	-	748,000	-	748,000	Lack of Exchequer
Dylma Supplies Limited	27 06 2023	013	326,578	-	326,578	-	326,578	Lack of Exchequer
Antela Investments	14 06 2023	0179	2,047,500	-	2,047,500	-	2,047,500	Lack of Exchequer
Alicepat Investments	30 06 2023	008	220,000	-	220,000	-	220,000	Lack of Exchequer
Rhine Multiple (K) Limited	26 06 2023	101	1,153,750	-	1,153,750	-	1,153,750	Lack of Exchequer
Munex Investments	27 06 2023	205	1,782,500	-	1,782,500	-	1,782,500	Lack of Exchequer
Clavic Investment	20 06 2023	271	329,825	-	329,825	-	329,825	Lack of Exchequer
Lusong Enterprises	27 06 2023	012	898,500	-	898,500	-	898,500	Lack of Exchequer
Kewwiny Agencies Ltd	26 06 2023	677	612,800	-	612,800	-	612,800	Lack of Exchequer
<b>Sub-Total supply of goods</b>			<b>919,232,902</b>	-	<b>919,232,902</b>	-	<b>919,232,902</b>	
<b>Supply of services</b>				-		-		
Trawell Company Limited	10 03 2023	585	32,450	-	32,450	-	32,450	Lack of Exchequer
Trawell Company Limited	14 03 2023	595	1,481,575	-	1,481,575	-	1,481,575	Lack of Exchequer
Affirm Innovation Enterprises	18 05 2023	111	748,875	-	748,875	-	748,875	Lack of Exchequer
Kenya Power & Lighting Co	12 06 2023	230510009 946195 various	335,780	-	335,780	-	335,780	Lack of Exchequer
Kenya Power & Lighting Co	20 02 2023	202302dc0 002120984 various	253,374	-	253,374	-	253,374	Lack of Exchequer
Trawell Company Limited	16 05 2023	728,727,72 6	346,040	-	346,040	-	346,040	Lack of Exchequer
Pewin Motors Ltd	30 05 2023	6787	66,254	-	66,254	-	66,254	Lack of Exchequer
Telcom Kenya Limited	29 05 2023	Auto 0230501/00 03950	92,965	-	92,965	-	92,965	Lack of Exchequer
Insitute of Human Resource	20 05 2022	p122157	417,600	-		-		Lack of

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL  
DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS  
Annual Report and Financial Statements for the year ended 30th June 2023**

Management					417,600		417,600	Exchequer
Rawel Tours	18 05 2023	230523	33,000	-	33,000	-	33,000	Lack of Exchequer
Cfao Motors Kenya Limited	18 08 2020	300129403 3	110,493	-	110,493	-	110,493	Lack of Exchequer
Highrax Merchants Ltd	12 04 2023	202	740,400	-	740,400	-	740,400	Lack of Exchequer
Highrax Merchants Ltd	15 05 2023	206	740,400	-	740,400	-	740,400	Lack of Exchequer
Rex Kiosk	10 05 2023	202	233,811	-	233,811	-	233,811	Lack of Exchequer
Records and Information Management East Africa	19 11 2021	0221	277,426	-	277,426	-	277,426	Lack of Exchequer
Safaricom Limited	04 04 2023	Req890	1,725,500	-	1,725,500	-	1,725,500	Lack of Exchequer
Kyaka Hotel Ltd	11 04 2023	inv201714	320,000	-	320,000	-	320,000	Lack of Exchequer
AMSCO Development Solutions Limited	03 06 2023	AD_KEN_I NV0708	1,517,280	-	1,517,280	-	1,517,280	Lack of Exchequer
Shadsam Auto and Supplies	28 11 2022	08300	50,000	-	50,000	-	50,000	Lack of Exchequer
Sawela Lodges	20 06 2023	44103	832,500	-	832,500	-	832,500	Lack of Exchequer
Pride Inn Express	07 06 2023	2085	453,600	-	453,600	-	453,600	Lack of Exchequer
The Kyaka Hotel	11 04 2023	INV201714	320,000	-	320,000	-	320,000	Lack of Exchequer
Pride Inn Express	17 06 2023	2638	244,000	-	244,000	-	244,000	Lack of Exchequer
Attic Tours and Travel	09 03 2021	00062614	77,100	-	77,100	-	77,100	Lack of Exchequer
Attic Tours and Travel	03 09 2021	00057781	25,500	-	25,500	-	25,500	Lack of Exchequer
Attic Tours and Travel	30 11 2021	00066019	269,500	-	269,500	-	269,500	Lack of Exchequer
Lake Naivasha Resort	28 03 2023	42476	359,600	-	359,600	-	359,600	Lack of Exchequer
Kenya School of Government	24 05 2023	SINVC_M SA(1445)	243,600	-	243,600	-	243,600	Lack of Exchequer
<b>Sub Total:Supply of services</b>			<b>12,348,622</b>	-	<b>12,348,622</b>	-	<b>12,348,622</b>	
<b>Gross Total</b>			<b>931,581,524</b>	-	<b>931,581,524</b>	-	<b>931,581,524</b>	

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**Annex 2 – Summary of Fixed Asset Register**

<b>Asset class</b>	<b>Historical Cost b/f</b>	<b>Additions during the year</b>	<b>Disposals during the year</b>	<b>Transfers in/(out) during the year</b>	<b>Historical Cost c/f</b>
	<b>(Kshs)</b>	<b>(Kshs)</b>	<b>(Kshs)</b>		<b>(Kshs)</b>
	<b>2021/2022</b>				<b>2022/2023</b>
<b>Non Financial Assets</b>					
Construction of Buildings	2,395,183,202.00	249,954,763.00	-	-	2,645,137,965.00
Purchase of Vehicles and Other Transport Equipment	24,365,001.00	-	-	-	24,365,001.00
Purchase of Office Furniture and General Equipment	13,125,199.00		-	-	13,125,199.00
Purchase of ICT Equipment, Software and Other ICT Assets	3,760,000.00		-	-	3,760,000.00
Purchase of Specialised Plant, Equipment and Machinery	109,795,581.00	92,358,231.00	-	-	202,153,812.00
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	86,170,685.00	-	-	86,170,685.00
Research, Feasibility Studies, Project Preparation	-	32,400.00			32,400.00
Rehabilitation of Civil Works	-	469,440,000.00			469,440,000.00
Heritage and Cultural Assets	154,857,005.00				154,857,005.00
Intangible Assets	126,752,661.00				126,752,661.00
<b>TOTAL</b>	<b>2,827,838,649.00</b>	<b>897,956,079.00</b>	<b>-</b>	<b>-</b>	<b>3,725,794,728.00</b>



**Annex 3 – List of Projects implemented by the State Department for Development of the ASALs**

PROJECTS IMPLEMENTED BY THE STATE DEPARTMENT FOR THE DEVELOPMENT OF THE ASALs FY 2022/2023				
Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)
1	Kenya Hunger Safety Net Programme	Capital grants and transfers to venerable groups	Dr Idris Salim Dokota	yes
2	National Drought Emergency Fund (NDEF)	Funds Transfer to Semi-Autonomous Government Agencies	Dr Idris Salim Dokota	yes
3	Kenya Social and Economic Inclusion Project	Enhance the community's resilience against drought	Dr Idris Salim Dokota	yes
4	Ending Drought Emergencies: Support to Resilience Livelihoods	Enhance the community's resilience against drought	Dr Idris Salim Dokota	yes
5	Resilience and sustainable food systems Programme	Enhance the community's resilience against drought	Dr Idris Salim Dokota	yes
6	Kenya Development Response to Displacement Impact	Address social, economic and environmental impacts due to the presence of refugee host community	Dr Idris Salim Dokota	yes
7	ASALs Geospatial Information System(GIS) & Knowledge Management Centre	Development of datasets uploading in GIS defined categories	Dr Idris Salim Dokota	yes
8	Ending Drought Emergencies Ecosystem Based Adapt in ASAL	Enhance the community's resilience against drought	Dr Idris Salim Dokota	yes
9	Enhancing Drought Preparedness & Response Capacity for Water intervene	Enhance the community's resilience against drought	Dr Idris Salim Dokota	yes
10	Dry Land Climate Action for Community Drought Resilience	Enhance the community's resilience against drought	Dr Idris Salim Dokota	yes

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**Annex 4 – List of SCs, Sagas and Public Funds Under State Department for Development of the ASALs**

Ref	SC, SAGA or Public Fund's name	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	National Disaster Management Authority	5,740,440,000	Yes

**Annex 5 – Contingent Liabilities Register**

S/N	Nature of contingent liability	Remarks
1	Alleged intended Change of official and or deregistration of Barsaben Bohol Community Management Committee by the Defendants	Parties recorded consent marking the matter settled and finalized
2	Alleged intended Change of official and or deregistration of Barsaben Bohol Community Management Committee by the Defendants	Parties recorded consent marking the matter settled and finalized
3	Alleged irregularly constitution of Community Project Committees and compilation of a list of beneficiaries for the livelihood programme without the participation of the respective villages in Fafi Sub-County.	-The Court issued a mention date of 19th July, 2023 for further directions. -Matter came up for hearing on 31 <sup>st</sup> July 2023 and was stood over to 19 <sup>th</sup> September 2023 for hearing.
4	Alleged irregularly constitution of Community Project Committees and compilation of a list of beneficiaries for the livelihood programme without the participation of the respective villages in Lagdera Sub-County	-The Matter came up for hearing on 21st June, 2023 -The Court issued a further hearing date of 14th July, 2023. -Parties recorded consent marking the matter settled and finalized on 31.07.2023
5	Non-compliance of procurement procedures in the tendering process of the construction of a Paediatric Ward at Habaswein Sub-County Hospital	-The matter came up for inter-parties hearing on 4th July, 2023 at Garissa HC. -A further hearing date of 18th July, 2023 was issued for the hearing of the Preliminary Objection filed by the County Government of Wajir. -Furter hearing date set for 20th September, 2023.

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
***Annual Report and Financial Statements for the year ended 30th June 2023***

S/N	Nature of contingent liability	Remarks
6	Alleged processing of payment vouchers and disbursement of funds into the bank accounts of an illegally registered (double registration) CPMC for the upgrading of Garasweino Dispensary.	- The Order of the court issued on 7th July, 2023, slated 31st July, 2023 for interparties hearing.
		-Matter stood over to 18 <sup>th</sup> September 2023 for hearing
7	-Alleged unfair and discriminatory distribution of projects in FafiSub-county/Ward by FaiDA.  -KDRDIP inactiveness in addressing complains raised by the local community of Fafi sub-county in respect of the management of funds.	Following an amicable out of Court settlement, the petition was closed on 16th May 2022.
8	Accident along Ukunda –Lunga Lunga Road, Kwale County -  Involving M/Vs Reg.NoKBU 005H and KCP016K	Matter referred to the insurer for action.
9	Accident claim involving an NDMA Vehicle and a Pedestrian	Judgment was entered against NDMA and the decretal amount has been partly settled.
10	Alleged failure by NDMA to perform its functions in a timely, harmonized and effective manner.	-Matter came up for mention on 19th July, 2023.

**Annex 6: Disaster Expenditure Reporting Template**

Column I	Column II	Column III	Column IV	Column V	Column VI
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting response	Expenditure item	
733000000	733020000	Drought	Emergency relief and refugee assistance 2640200	2640200	

**MINISTRY OF EAST AFRICA COMMUNITY (EAC), THE ASALS AND REGIONAL DEVELOPMENT - STATE DEPARTMENT FOR DEVELOPMENT OF THE ASALS**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

**Annex 7- Bank Accounts in the State Department**

BANK	ACCOUNT NUMBER	ACCOUNT TYPE	TREASURY AUTHORITY
Central Bank of Kenya	1000733535	REC-STATE DEPARTMENT FOR For ASALs and REGIONAL DEVELOPMENT	AG.3/88/1Vol.68/(39) of 17 July,2023
Central Bank of Kenya	1000733578	DEV-STATE DEPARTMENT FOR For ASALs and REGIONAL DEVELOPMENT	AG.3/88/1Vol.68/(39) of 17 July,2023
Central Bank of Kenya	1000733616	CBK165-STATE DEPARTMENT FOR For ASALs and REGIONAL DEVELOPMENT	AG.3/88/1Vol.68/(39) of 17 July,2023
Central Bank of Kenya	1000733632	DEP-STATE DEPARTMENT FOR For ASALs and REGIONAL DEVELOPMENT	AG.3/88/1Vol.68/(39) of 17 July,2023
Central Bank of Kenya	1000737905	KENYA DEV RESP TO DISPL IMP LOAN AC	AG.3/88/1Vol.6/(43) of 21 August 2023
Central Bank of Kenya	1000737913	KENYA DEV RESP TO DISPL IMP PR GRANT	
Central Bank of Kenya	1000462264	Credit	
Central Bank of Kenya	1000462299	Grant	
Turkana ,Kenya Commercial Bank	1238459889	Credit	
Turkana ,Kenya Commercial Bank	1273370635	Grant	
Wajir ,Kenya Commercial Bank	1240386540	Credit	
Wajir ,Kenya Commercial Bank	1273358651	Grant	
Garissa ,Kenya Commercial Bank	1238357954	Credit	
Garissa ,Kenya Commercial Bank	1273325494	Grant	
Central Bank of Kenya	1000384228	REC-STATE DEPARTMENT FOR For ASALs and REGIONAL DEVELOPMENT	closed on 15th July 2023
Central Bank of Kenya	1000384239	DEV-STATE DEPARTMENT FOR For ASALs and REGIONAL DEVELOPMENT	closed on 15th July 2023
Central Bank of Kenya	1000384255	CBK165-STATE DEPARTMENT FOR For ASALs and REGIONAL DEVELOPMENT	closed on 15th July 2023
Central Bank of Kenya	1000384247	DEP-STATE DEPARTMENT FOR For ASALs and REGIONAL DEVELOPMENT	closed on 15th July 2023
Central Bank of Kenya	1000462264	KENYA DEV RESP TO DISPL IMP LOAN AC	closed on 15th July 2023
Central Bank of Kenya	1000462299	KENYA DEV RESP TO DISPL IMP PR GRANT	closed on 15th July 2023

**Annex 8- Reports Generated from IFMIS**

IFMIS financial reports to be presented on request.