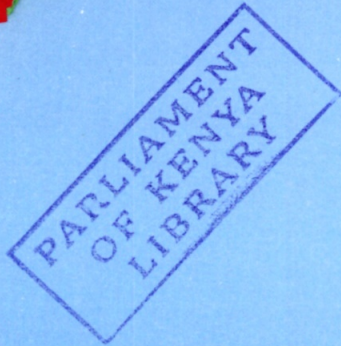


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 DEC 2024	DAY: WEDNESDAY
OFFERED BY:	HON. SILVANO OORO MAJORITY PARTY WHIP
CLERK-AT THE-TABLE:	HAILE HUSSEIN

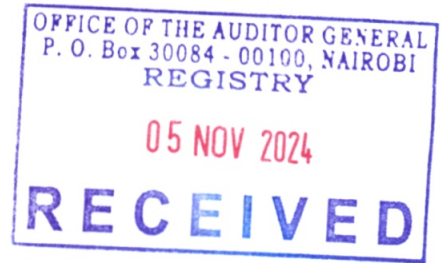
**THE AUDITOR-GENERAL**

**ON**

**KENYA SOCIAL AND ECONOMIC INCLUSION  
PROJECT NO. P164654 IDA CREDIT NO.63480-  
KE AND GRANT NO.TF0A9527**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

**NATIONAL DROUGHT MANAGEMENT  
AUTHORITY**



**KENYA SOCIAL AND ECONOMIC INCLUSION PROJECT**

**NATIONAL DROUGHT MANAGEMENT AUTHORITY (NDMA)**

**PROJECT NUMBER NO: P164654**

**IDA CREDIT NO: 63480- KE**

**GRANT NO: TFOA9527**

**PROJECT COMPONENT 3: IMPROVING THE SHOCK RESPONSIVENESS OF  
SAFETY NET SYSTEMS**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2024**

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

***Kenya Social and Economic Inclusion Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

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## **1. Acronyms and Glossary of Terms**

<b>Acronym</b>	<b>Definition</b>
ASALs	Arid and Semi-Arid Lands
BSC	Bachelor of Science
BOS	Beneficiary Outreach Strategy
BWC	Beneficiary Welfare Committee
CBK	Central Bank of Kenya
CPA	Certified Public Accountant
CT-OVC	Cash Transfers-Orphans and Vulnerable Children
DLI	Disbursement Link Indicator
EURO	European Currency
G&CM	Grievance and Case Management
GOK	Government of Kenya
HSNP	Hunger Safety Net Programme
ICPAK	Institute of Certified Public Accountants of Kenya
IDA	International Development Association
IPF	Investment Project Financing
IPSAS	International Public Sector Accounting Standards
KCB	Kenya Commercial Bank
KICC	Kenya International Convention Centre
KSEIP	Kenya Social and Economic Inclusion Project
MBA	Master of Business Administration
MIS	Management Information System
MSC	Master of Science
NCBA	National Commercial Bank of Africa
NDMA	National Drought Management Authority
NICHE	Nutritional Improvement and Counselling Through Health Education.
NSNP	National Safety Net Programme
NT	National Treasury
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SP	Social Protection
SR	Single Registry
USD	United States Dollars

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

**Name:** Kenya Social and Economic Inclusion Project

**Objective:** The key objective of the project is to strengthen delivery systems for shock-responsive safety nets for poor and vulnerable households.

**Address:** The project headquarters offices are in Lonrho House, Nairobi (city), and Nairobi County, Kenya P. O. Box 53547-00200 City Square, Nairobi.

**Contacts: Telephone: (254)722 200 656 E-mail: [info@ndma.go.ke](mailto:info@ndma.go.ke)**

### **Project information and overall performance**

#### **2.2 Project Information**

Project Start Date:	27-Nov-2018
Initial Project End Date:	31-Dec-2023
Project Extension End Date:	31-Dec-2024
Project Manager:	Boniface Ichwaa Naukot
Project Sponsor:	The World Bank

#### **2.3 Project Overview**

Line Ministry/	Ministry of East African Community (EAC), the ASALs and Regional Development
State Department of the project	State Department for the ASALs and Regional Development
Project number	P164654
Strategic goals of the project	<p><b><i>Improving the Shock Responsiveness of Safety Net System through:</i></b></p> <ul style="list-style-type: none"> <li>• Increased GOK financing and coverage of the HSNP</li> <li>• Enhanced scalability mechanism and predictable financing of emergency payments</li> <li>• Supporting institutional and capacity strengthening of NDMA</li> </ul>

## **Project Information and Overall Performance (Continued)**

### **2.4 Bankers**

The following are the bankers for the financial year 2023-2024:

- (i) NCBA Bank Kenya Plc, Harambee Avenue Branch, Nairobi
- (ii) KCB Bank Kenya Limited; two (2) bank accounts, KICC Branch, Nairobi.

### **2.5 Independent Auditor**

The project is audited by the Office of the Auditor General

### **2.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key Qualification</b>	<b>Responsibilities</b>	<b>Contacts</b>
Hared Hassan	Chief Executive Officer	Masters Degree in Strategic Security Studies	Accounting Officer	info@ndma.go.ke
Yussuf Bagaja	Deputy Director Finance & Accounts	MBA Finance Option & CPA(K) (ICPAK No. 8335)	Financial management	info@ndma.go.ke
Hussein Bilala	Deputy Director Supply Chain Management	MSC. Supply Chain and Logistics, CIPS	Supply Chain Management	info@ndma.go.ke
Martin Kiveu	Deputy Director Internal Audit	BSC. International Business Administration, CPA (k)	Internal Auditor	info@ndma.go.ke
Boniface Ichwaa	Project Operation Manager	Bachelor of Education science	Oversees project implementation	info@ndma.go.ke
Abdirahman Abdimuhsin	Project Accountant	BBM Finance Option CPA(K) (ICPAK No. 22428)	Project Financial management	info@ndma.go.ke

## **2.7 Funding summary**

The initial Project duration was 5 years from 2018 to 2023 and was later extended to 2024. The project implementing agencies are the State Department of Social Protection and National Drought Management Authority (NDMA). The total project financing is as shown in the table below:

<b>SOURCE OF FUNDS</b>	<b>CURRENCY</b>	<b>AMOUNT</b>
IDA Credit	EUR	215,900,000
Grant- TF	USD	70,348,810

NDMA is implementing part 3 of the project relating to improving the shock responsiveness of Safety Net Systems. The financing is as follows:

<b>SOURCE OF FUNDS</b>	<b>CURRENCY</b>	<b>DLI/Eligible Expenditure Program</b>	<b>Investment Project Financing (IPF)</b>	<b>TOTAL</b>
IDA Credit	EUR	60,500,000	2,600,000	63,100,000
IDA Grant- TF	USD	47,248,820	9,100,000	56,348,810

The disbursements on the Eligible Expenditure Program of Eur 60,500,000 and USD 47,248,810 from IDA Credit and Grant respectively were to be paid directly to the National Treasury to finance the National Government Budget.

Disbursements that were to be made directly to NDMA related to IPF (Goods, non-consulting services, consulting services and incremental operating costs) which has a financing of Eur 2,600,000 and USD 9,100,000 from IDA Credit and Grant respectively.

**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment		Amount received to date – (30 <sup>th</sup> June 2024)		Undrawn balance to date	
	Donor currency	Local Currency	Donor currency	Local Currency	Donor currency	Local Currency
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>	<b>USD</b>	<b>KSHS</b>	<b>USD</b>	<b>KSHS</b>	<b>USD</b>	<b>KSHS</b>
IDA Grant Funds-TF	9,100,000	1,129,517,518	3,842,800	448,552,402	5,257,200	680,965,116
<b>(ii) Loan</b>	<b>EURO</b>	<b>KSHS</b>	<b>EURO</b>	<b>KSHS</b>	<b>EURO</b>	<b>KSHS</b>
IDA Credit	2,600,000	350,478,647	1,258,775	164,222,731	1,341,225	186,255,916
<b>Total</b>		<b>1,479,996,165</b>		<b>612,775,133</b>		<b>867,221,032</b>

The exchange rates used are as follows:

Currency	Donor Commitment	Amount received to Date	Undrawn Balance
USD to Kshs.	124.1	116.7	129.5
Euro to Kshs	134.8	130.5	138.9
Source of Exchange rate	Average Central Bank exchange rate over the Five (5) Year Project Duration	Average Central Bank exchange rate over the Five (5) Year Project Duration	Central Bank spot rate (Buying Rate) as at 30 June 2024.

**Project information and overall performance (continued)**

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2024)		Cumulative amount paid to date – (30 <sup>th</sup> June 2024)		Unutilised balance to date (30 <sup>th</sup> June 2024)	
	<i>Donor currency</i>	<i>Local Currency</i>	<i>Donor currency</i>	<i>Local Currency</i>	<i>Donor currency</i>	<i>Local Currency</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>(i) Grant</b>	<b>USD</b>	<b>KSHS</b>	<b>USD</b>	<b>KSHS</b>	<b>USD</b>	<b>KSHS</b>
IDA Grant Funds-TF	3,842,800	448,552,402	3,784,001	440,822,144	58,799	7,730,258
<b>(i) Loan</b>	<b>EURO</b>	<b>KSHS</b>	<b>EURO</b>	<b>KSHS</b>	<b>EURO</b>	<b>KSHS</b>
IDA Credit	1,258,775	164,222,731	1,181,524	153,193,167	77,251	11,029,564
<b>Total</b>	<b>-</b>	<b>612,775,133</b>		<b>594,015,311</b>		<b>18,759,822</b>

The exchange rates used are as follows:

<b>Currency</b>	<b>Amount received to Date</b>	<b>Cumulative Amount Paid</b>	<b>Unutilized Balance</b>
USD to Kshs.	116.7	116.5	131.5
Euro to Kshs	130.5	129.7	142.8
Source of Exchange rate	Average Central Bank exchange rate over the Five (5) Year Project Duration	Average Central Bank exchange rate over the Five (5) Year Project Duration	Kenya Commercial Bank spot rate (Buying Rate) as at 30 June 2024.

**Project information and overall performance (continued)**

**2.8 Summary of Overall Project Performance:**

<b>Source of Funding</b>	<b>Budget 2023/2024</b>	<b>Expenditure 2023/2024</b>	<b>Cumulative expenditure to date</b>
	<b>KSHS</b>	<b>KSHS</b>	<b>KSHS</b>
Grant from external development partners (World Bank & IPF)	117,021,545	84,357,451	440,822,144
Loan from external development partners (World Bank)	57,424,287	40,666,121	153,193,167
<b>Total</b>	<b>174,445,832</b>	<b>125,023,572</b>	<b>594,015,311</b>

**Budget Absorption Rate**

<b>Source of funds/financial year</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
Investment Project Financing -Credit	-	-	41%	108%	72%
Investment Project financing -Grant	-	-	60%	87%	71%

**IMPLEMENTATION CHALLENGES**

- i) Delays in exchequer releases caused project implementation delays.
- ii) Contract expiry of the Project Management Unit staff resulted in the project implementation challenges.

**2.9 Summary of Project Compliance:**

The project has complied with applicable laws and regulations, and essential external financing agreements/covenants.

### **3. Statement of Performance against Project's Predetermined Objectives**

#### **Introduction**

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

The objective of the KSEIP is "to strengthen delivery systems for enhanced access to social and economic inclusion services and shock-responsive safety nets for poor and vulnerable households". The Project supports the GoK to build upon the achievements made under the National Safety Net Program (NSNP) through putting in place credible delivery systems for social protection (SP) services. More specifically, the Project supports results in improving shock responsiveness of the safety net system, expanding its coverage as well as strengthening financing arrangements for timely support to the affected households to improve their resilience and coping with recurrent climate-induced droughts.

#### **Progress on attainment of strategic development objectives**

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

***Kenya Social and Economic Inclusion Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024***

Progress on attaining the stated objectives is as summarized in the table below:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
KSEIP	Registration of households in the four expansion HSNP counties of Samburu, Isiolo, Tana River and Garissa by Dec, 2022	Registration of households in the four expansion HSNP counties of Samburu, Isiolo, Tana River, and Garissa by Dec 2022.	Re-registration data and beneficiary list for Group 1 and Group 2	Achieved
KSEIP	10,000 new HSNP households to be enrolled and paid for through the Gok budget in four expansion counties by Dec 2022	10,000 new HSNP households enrolled and paid for through the Gok budget in four expansion counties by Dec 2022.	Registration data, beneficiaries list for both Group 1 and Group 2	Achieved
KSEIP	22,000 new HSNP households are to be enrolled and paid for through the budget in four expansion counties by June 2023	22,000 new HSNP households enrolled and paid for through the Gok budget in four expansion counties by June 2023.	Registration data, beneficiaries list for both Group 1 and Group 2	Achieved

#### **4. Environmental and Sustainability Reporting**

At the forefront of the Kenya Social and Economic Inclusion Project (KSEIP) lies a steadfast commitment to sustainability, with deliberate efforts woven into every facet of its design and implementation. Recognizing the paramount importance of ensuring enduring positive impacts, the project has strategically integrated a range of measures that not only safeguard its long-term effectiveness but also contribute to the broader goals of environmental, social, and economic stability. Through meticulous planning, innovative approaches, and a robust framework for collaboration, the KSEIP embarks on a journey to not only address immediate challenges but also to lay the foundation for sustained progress that extends far beyond the project's lifespan.

##### **1. Sustainability Strategy and Profile**

The GoK commitment to the interventions and the alignment with its policy commitment for SP and the 'Bottom Up' is a prerequisite for sustainability beyond the life of the project. First, the GoK is expanding the NSNP at a larger scale than originally expected (increasing beneficiaries by 1.5 million), demonstrating its commitment. The proportion of NSNP cash transfers financed by the GoK has more than doubled in the past five years: 100 % of program beneficiaries are currently financed by the GoK (compared to 38% in FY13). Second, the GoK continues to invest in SP delivery systems, including consolidation of the MIS, improved payment system, citizen's engagement and shock-responsiveness. Third, the government's bottom-up agenda places increased focus on the vulnerable population within the country.

##### **2. Environmental Performance**

The project has been screened for short and long-term climate change and disaster risks. The climate vulnerability of the project was identified, and climate adaptation measures considered in the project design. The project is improving the shock-responsiveness of the safety net system in the ASAL areas, which are most affected by droughts occasioned by climate change. The enhanced SR contributes to a system more responsive to shocks through better identification and categorization of beneficiaries.

The expanded coverage of potential beneficiaries enables identification for other SP programs beyond the NSNP, including social and economic inclusion services, contributing to improved resilience of poor and vulnerable households. Institutional capacity for project implementation, coordination, and M&E, as well as enhancement of capacity and implementation of the BOS can all be considered to contribute to climate change adaptation. Particularly, Component 3 of proposed KSEIP addresses some of the climate related challenges in the project areas to reduce the impact and vulnerability of drought and food insecurity in counties and communities.

The project monitors progress toward shock-responsiveness and resilience to counter climate change through the outcome indicator on risk financing strategy for HSNP scalability. An assessment of the project activities was undertaken by the World Bank's Climate Change Group, which estimated the total climate co-benefits in this project to amount to US\$ 59.75 million (or 24% of the IDA contribution). The assessment found that adaptation co-benefits can be assigned for: (i) enhancing the scope and coverage of the single registry, since it will enable timely identification of households affected by climate-related emergencies; (ii) expanding the nutrition-sensitive safety net, since food insecurity has been linked to droughts and (iii) improving the shock responsiveness of the safety net system, since it will enhance the resilience of beneficiaries to the droughts induced by climate change.

### **3. Employee welfare**

The Authority is an equal opportunity employer and does not in its recruitment and staff selection discriminate on the basis of gender, race, religion, ethnicity or any other form of discrimination. The constitutional requirement on mainstreaming of gender and people with disabilities is observed at all times alongside any policies issued by the National Cohesion and Integration Commission.

The efficiency of the Authority depends on the quality of employees it engages. The Authority therefore endeavours to recruit suitably qualified and experienced staff with the right competencies and skills required to achieve the Authority's goals and objectives. The policies are reviewed regularly after every five years.

The objective of the Authority is to develop and reward employees for their contribution in a fair and equitable manner. The Authority has in place a Performance Management System designed to encourage career development by enhancing employees' skills and competencies and to appropriately reward employees' performance.

The Authority recognizes the need for training and development of all employees. It therefore, offers training opportunities to all its employees in order to improve their work performance and personal development to meet its objectives. The training and development interventions are strictly drawn from the performance management system and consolidated into costed training plans for each year.

The Authority recognizes and commits itself to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its employees. In this regard, the Authority implements policies and programmes that assure employees of their protection from such hazards and disasters. The policies and programmes are implemented in compliance with the provisions of Occupational Safety and Health Act, 2007 and other Labour Laws as may be amended from time to time.

#### **4. Market place practices-**

##### **a) Responsible Supply chain and supplier relations-**

The Authority adheres to Article 227 of the Constitution of Kenya in the procuring and contracting for goods or services in accordance with a system that is fair, equitable, transparent, competitive and cost-effective, In doing so, procurement opportunities are advertisement in UN Business, the Local Dailies, on the Public Procurement Information Portal (PPIP) as well as the Authority's website. This ensures that the available opportunities are widely circulated to reach a wide audience of potential bidders.

##### **b) Responsible ethical practices**

In carrying out the processing of the bidders, the bids are opened in public and all declarations read out and documented appropriately. Notification of intention to award are also circulated to the participating bidders proving the reasons why their bids were not successful and informing of the bidder who was successful. This open the stand-still

window of 14 days (10 Business days) for any complaints and grievances to be raised. Once the 10 business days are over, and no complaints are received, the contracting process then continues. Complaints and grievance mechanisms are provided for in the bidding documents and windows of appeal provided to address any arising complaints.

The tender processing committees also commits themselves to the highest standards of ethical behaviour by signing declarations to ensure highest standards of ethical behaviour.

### **c) Regulatory impact assessment**

In carrying out the procurement process, the Authority is guided by the World Bank Procurement Regulations, 4th Edition of November, 2020. The Regulations help Borrowers carry out their procurement with the aim of achieving value for money with integrity in delivering sustainable development, taking social factors and sustainable procurement in to account.

### **d) Community Engagements**

KSEIP implementation incorporates Kenya-specific gender considerations. First, the project builds on the NSNP cash transfer programs which have demonstrated positive impact on gender outcomes. Program targeting of both the CT-OVC and HSNP recognizes the vulnerability of female-headed households: most recipients are women, although they are not explicitly targeted as the main beneficiaries. This has been reported to enable women to increase control of household budgets and participation in income-generating activities. Analysis of the HSNP has indicated spill over effects on more balanced household decision-making.

Evaluations have found that the cash transfer programs reduced the likelihood of young women becoming pregnant and improved mental health outcomes, such as lower rates of depression, greater belief in self-agency and self-efficacy, and more positive views of the future.

Second, the KSEIP supports positive gender outcomes through interventions specifically targeted to women. NICHE supports PLW and mothers to make better dietary decisions for their children and enhance existing impacts on household decision making through

the provision of a top-up transfer. The KSEIP M&E framework includes gender-disaggregated indicators on proposed project beneficiaries. Project surveys would collect data on gender dimensions of program implementation and outcomes. Lastly, the SR would be leveraged to collect and monitor gender specific data.

KSEIP uses the citizen's engagement mechanism already in place for the NSNP, namely the G&CM mechanism. This mechanism has been established at the national level with adequate staff and established procedures for receiving, recording, and acting on complaints along with a feedback mechanism to close the loop. It includes service charters to guide program engagement with beneficiaries, as well as MIS modules for tracking complaints and hotlines for receiving them. Community-level structures, such as the Constituency Social Assistance Committees and Beneficiary Welfare Committees (BWCs), raises awareness of the rights and entitlements of the beneficiaries, as well as to complement program officers and serve as an additional conduit for engaging with the beneficiaries and stakeholders. Work is ongoing to further strengthen this system by fully automating and decentralizing the G&CM mechanism as well as by rolling out a recently endorsed BOS to increase beneficiary awareness of their rights and entitlements as well as the procedures for G&CM. The proposed project would further enhance the G&CM mechanism and beneficiary outreach to ensure that a consolidated and coherent citizen's engagement system is established to address complaints and grievances and facilitate community feedback on proposed KSEIP activities in a structured manner.

## **5. Statement of Project Management responsibilities**

The Chief Executive Officer National Drought Management Authority and the Project Manager for Kenya Social and Economic Inclusion Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer National Drought Management Authority and the Project Manager Kenya Social and Economic Inclusion Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Chief Executive Officer National Drought Management Authority and the Project Manager for Kenya Social and Economic Inclusion Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2024, and of the Project's financial position as at that date. The Chief Executive Officer National Drought Management Authority and the Project Manager for Kenya Social and Economic Inclusion Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

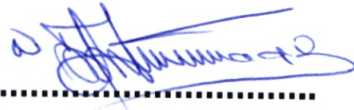
The Chief Executive Officer National Drought Management Authority and the Project Manager for Kenya Social and Economic Inclusion Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project Financial Statements**

The Project financial statements were approved by the Chief Executive Officer National Drought Management Authority and the Project Manager for Kenya Social and Economic Inclusion Project on 22nd August 2024 and signed by them.



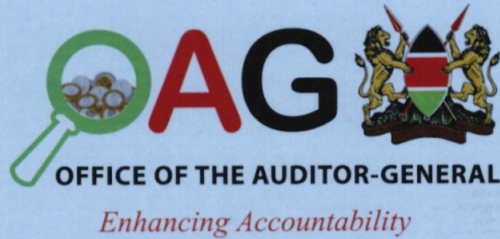
.....  
**Name**  
**Hared Hassan**



.....  
**Name**  
**Bonface Naukot**

# REPUBLIC OF KENYA

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HEADQUARTERS  
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Monrovia Street  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KENYA SOCIAL AND ECONOMIC INCLUSION PROJECT NO. P164654 IDA CREDIT NO. 63480-KE AND GRANT NO. TF0A9527 FOR THE YEAR ENDED 30 JUNE, 2024 – NATIONAL DROUGHT MANAGEMENT AUTHORITY

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Kenya Social and Economic Inclusion Project set out on pages 1 to 25, which comprise of the statement of financial

assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya 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 Kenya Social and Economic Inclusion Project as at 30 June, 2024 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 and the Financing Agreement Credit Number 63480 dated 31 January, 2019 and Grant Agreement Number TF0A9527 dated 31 January, 2019 between the International Development Association and the Republic of Kenya.

In addition, the special accounts statements present fairly, the special accounts transactions and the closing balance has been reconciled with the book balances.

### **Basis for Opinion**

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final budgeted and actual receipts on comparable basis of Kshs.174,445,829 and Kshs.123,223,497 respectively, resulting to an under-funding of Kshs.51,222,333 or 29% of the budget.

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

#### **2. Undrawn Project Funds**

As disclosed under Paragraph 2.7 on funding summary, the Project duration was five (5) years from 2018 to 2023 but was later extended to 31 December, 2024. Further, the funding summary indicates that the Donor had made commitments amounting to Kshs.1,129,517,518 (USD 9,100,000) and Kshs.350,478,647 (Euro 2,600,000) for the Grant and Loan respectively. However, the total receipts as at 30 June, 2024 amounted to Kshs.448,552,402 (USD 3,842,800) and Kshs.164,222,731 (Euro 1,258,775) leaving

undrawn balances of Kshs.680,965,116 (USD5,257,200) and Kshs.186,255,916 (Euro1,341,225) of the expected funding for the Grant and Loan respectively.

Failure to draw the committed funds may have impacted negatively on achievement of project objectives.

My report is not modified in respect of these matters.

### **Key Audit Matters**

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

### **Other Information**

The Project Management is responsible for the other information set out on page iii to xvii which comprise of Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matter 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**

#### **Delayed Disbursements to Beneficiaries - Hunger Safety Net Programme**

Schedules 3 and 4 of the Kenya Social and Economic Inclusion Project Credit and Grant Financing Agreements provides for Disbursement Linked Indicators Matrix relating to the

Kenya Hunger Safety Net Programme (HSNP) in the four (4) expansion Counties as summarized below;

<b>Disbursement Linked Indicators</b>	<b>Financial Year Indicator to be Achieved</b>	<b>Grant Amount USD</b>	<b>Credit Amount Eur.</b>
1(b)(ii): Registration of Households in the four (4) expansion Counties	2020/2021	500,000	4,300,000
5 (a) (i): 10,000 new HSNP Households enrolled and paid through the Governments Budget in Two (Expansion Counties)	2021/2022	-	12,000,000
5 (a) (ii): 22,000 new HSNP Households enrolled and paid for through the Government Budget in 4 expansion Counties	2022/2023	-	13,000,000
6 (a) (vi): Emergency payments made in the FY 2022/23 for 100% of the total number of households triggered in 8 Counties where HSNP is functional and financing plan for FY 2023/24 updated and financed.	2022/2023	5,948,810	5,200,000
<b>Total</b>		<b>6,448,810</b>	<b>34,500,000</b>

Review of records provided indicated that disbursements to The National Treasury as a result of attaining the indicators associated with the Kenya Hunger Safety Net Programme was USD. 6,448,810 and Eur. 34,500,000. However, verification of two thousand (2,000) beneficiaries in the month of October in the four (4) expansion counties of Garissa, Tana River, Isiolo and Samburu revealed unpaid scale ups to 54,453 beneficiaries amounting to Kshs.273,804,300 for the months of February to May 2023. The amounts were unpaid despite the National Drought Management Authority (NDMA) having bank balances of Kshs.222,405,662 and Kshs.48,729,070 in the HSNP Bank accounts as at 30 June, 2023 and 30 June, 2024 respectively. This is an indication that the disbursement indicator 6(a)(vi) was not attained despite the World Bank making disbursements of Kshs.1,547,370,895 ( USD 11,948,810) to The National Treasury.

Further, as at 30 June, 2024, some 11,096 beneficiaries were yet to collect a total of Kshs.33,223,489 in scale ups and regular cash transfers. In addition, the NDMA did not have mechanisms to ensure that the household beneficiaries were not registered in more than one (1) National Safety Net Programme.

In the circumstances, it was not possible to confirm that the communities derived value for money from the Disbursement Linked Indicators relating to the Kenya Hunger Safety Net Programme.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Agence Francaise Development (AFD), I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements agree with the accounting records and returns.

### **Responsibilities of the Management and those Charged with Governance**

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

In preparing the financial statements, the Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

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

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

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

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

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

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

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

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



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

**Nairobi**

**07 November 2024**

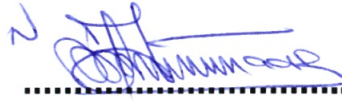
**7. Statement of Receipts and Payments for the year ended 30<sup>th</sup> June 2024.**

	Note	IDA-Grant	IDA-Credit	Total	Total	Cumulative to-date (From inception)
		2023-2024			2022-2023	
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
<b>Receipts</b>						
Transfers from Government Entities (ASALs)	1	-	-	-	5,081,300,000	16,030,900,000
Proceeds from domestic and foreign grants	2	58,332,599	-	58,332,599	142,507,791	448,552,402
Loan from external development partners	3	-	48,632,009	48,632,009	-	164,222,731
Other Receipts	4	15,334,941	923,947	16,258,888	8,155,469	275,741,861
<b>Total receipts</b>		<b>73,667,540</b>	<b>49,555,956</b>	<b>123,223,496</b>	<b>5,231,963,260</b>	<b>16,919,416,994</b>
<b>Payments</b>						
Compensation to employees	5	13,982,059	-	13,982,059	132,582,495	689,267,725
Purchase of goods and services	6	30,723,318	29,447,545	60,170,863	445,454,784	2,119,041,580
Acquisition of non-financial assets	7	39,425,049	11,181,081	50,606,130	129,528,662	293,162,792
Other grants and transfers /payments	8	-	-	-	4,444,440,531	13,682,462,345
Other Payments	9	227,025	37,495	264,520	4,151,886	170,109,910
<b>Total payments</b>		<b>84,357,451</b>	<b>40,666,121</b>	<b>125,023,572</b>	<b>5,156,158,358</b>	<b>16,954,044,352</b>
<b>Surplus/ (deficit)</b>		<b>(10,689,911)</b>	<b>8,889,835</b>	<b>(1,800,076)</b>	<b>75,804,902</b>	<b>(34,627,358)</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> / 09 / 24 2024 and signed by:



.....  
**Hared Hassan**  
**Chief Executive Officer**



.....  
**Bonface Naukot**  
**Project Manager**




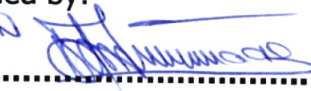
.....  
**Abdirahman Abdimuhsin**  
**Project Accountant**  
**ICPAK No:22428**

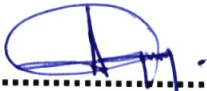
**8. Statement of Financial Assets and Liabilities as at 30<sup>th</sup> June 2024**

Description	Note	2023-2024 Kshs	2022-2023 Kshs
<b>Financial Assets</b>			
<b>Cash and Cash equivalents</b>			
Bank Balances	10	18,759,822	242,965,559
<b>Total Cash and Cash equivalents</b>		<b>18,759,822</b>	<b>242,965,559</b>
<b>Total Financial Assets</b>		<b>18,759,822</b>	<b>242,965,559</b>
<b>Financial Liabilities</b>			
Third Party Deposits and Retention		-	-
<b>Total Financial Liabilities</b>		-	-
<b>Net Financial Assets</b>		<b>18,759,822</b>	<b>242,965,559</b>
<b>Represented By</b>			
Fund Balance B/fwd.	12	242,965,559	167,160,657
Prior Year Adjustment	11	(222,405,662)	
Surplus/(Deficit) for the Year		(1,800,075)	75,804,902
<b>Net Financial Assets</b>		<b>18,759,822</b>	<b>242,965,559</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> 10/9/24 2024 and signed by:

  
.....  
**Hared Hassan**  
Chief Executive Officer

  
.....  
**Bonface Naukot**  
Project Manager

  
.....  
**Abdirahman  
Abdimuhsin**  
Project Accountant  
ICPAK No:22428

**9. Statement of Cash flows for the year ended 30<sup>th</sup> June 2024**

<b>Description</b>	<b>Notes</b>	<b>2023-2024</b>	<b>2022-2023</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Cashflow from operating activities</b>			
<b>Receipts</b>			
Transfers From Government Entities (ASALs)	1	-	5,081,300,000
Grant from external development partners (World Bank-IPF Grant)	2	58,332,599	142,507,791
Loan from external development partners (World Bank)	3	48,632,009	-
Other Receipts	4	16,258,888	8,155,469
<b>Total receipts</b>		<b>123,223,496</b>	<b>5,231,963,260</b>
<b>Payments</b>			
Compensation of employees	5	13,982,059	132,582,495
Purchase of goods and services	6	60,170,862	445,454,784
Other grants and transfers	8	-	4,444,440,531
Other Payments	9	264,520	4,151,886
<b>Total Payments</b>		<b>74,417,442</b>	<b>5,026,629,696</b>
<b>Net receipts/(payments)</b>		<b>48,806,054</b>	<b>205,333,564</b>
<b>Adjustments during the year</b>			
Decrease/(increase) in accounts receivable		-	-
Increase/(decrease) in accounts payable:		-	-
Prior Year adjustments	11	(222,405,662)	-
<b>Net cash flow from operating activities</b>		<b>(173,599,608)</b>	<b>205,333,564</b>
<b>Cashflow from investing activities</b>			
Acquisition of non-financial assets	7	(50,606,130)	129,528,662
<b>Net cash flow from investing activities</b>		<b>(50,606,130)</b>	<b>129,528,662</b>
<b>Cash flow from financing activities</b>			
Proceeds from foreign borrowings		-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>(224,205,737)</b>	<b>75,804,902</b>
<b>Cash and cash equivalent at beginning of the year</b>		<b>242,965,559</b>	<b>167,160,657</b>
<b>Cash and cash equivalent at end of the year</b>	<b>10</b>	<b>18,759,822</b>	<b>242,965,559</b>

**10. Statement of Comparison of Budget and Actual amounts for year ended 30<sup>th</sup> June 2024**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Grant from external development partners (World Bank)	100,000,000	17,021,542	117,021,542	58,332,599	58,688,944	50%
Loan from external development partners (World Bank)	56,000,000	1,424,287	57,424,287	48,632,010	8,792,277	85%
Other Receipts	-	-	-	16,258,888	(16,258,888)	>100%
<b>Total Receipts</b>	<b>156,000,000</b>	<b>18,445,829</b>	<b>174,445,829</b>	<b>123,223,497</b>	<b>51,222,333</b>	<b>71%</b>
<b>Payments</b>						
Compensation to employees	8,750,000	5,799,509	14,549,509	13,982,059	567,450	96%
Purchase of goods and services	81,750,000	12,405,282	94,155,282	60,170,863.00	33,984,419	64%
Acquisition of non-financial assets	65,000,000	241,038	65,241,038	50,606,130	14,634,908	78%
Other Payments	500,000	-	500,000	264,520	235,480	53%
<b>Total Payments</b>	<b>156,000,000</b>	<b>18,445,829</b>	<b>174,445,829</b>	<b>125,023,572</b>	<b>49,422,257</b>	<b>73%</b>

**Notes:**

- The total approved budget was Kshs. 174,445,829 comprising the original budget estimates of Kshs. 156,000,000 and adjustments of Kshs. 18,445,829. The adjustments relate to opening bank balances revoted to the financial year ended 30 June 2024.
- The significant budget utilization/performance differences in the last column are explained in **Annex 2** to these financial statements.

## **11. Significant Accounting Policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### **a) Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

### **b) Reporting entity**

The financial statements are for the Kenya Social and Economic Inclusion Project under National Drought Management Authority. The financial statements encompass the reporting entity as specified in the relevant legislation and PFM Act 2012.

### **c) Reporting currency**

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

### **d) Recognition of receipts**

The Project recognises all receipts from the various sources when the event occurs, and the related cash has been received.

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

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

**Significant Accounting Policies (continued)**

**ii) External Assistance**

External assistance is monies received through grants and loans from multilateral and bilateral development partners.

**iii) Other receipts**

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

**iv) Donations and grants**

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

**v) Proceeds from borrowing.**

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

**vi) Undrawn external assistance**

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

**Significant Accounting Policies (continued)**

**e) Recognition of payments**

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

**i) Compensation to employees**

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

**ii) Use of goods and services**

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

**iii) Interest on borrowing**

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

**iv) Repayment of borrowing (principal amount)**

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

**v) Acquisition of fixed assets**

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

**Significant Accounting Policies (continued)**

**f) In-kind donations**

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

**g) Cash and cash equivalents**

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

**h) Restriction on cash**

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

**i) Imprests and Advances**

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

## **Significant Accounting Policies (Continued)**

### **j) Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not 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.

### **k) Contingent Assets**

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

### **l) Pending bills**

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

## **Significant Accounting Policies (Continued)**

### **m) Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

### **n) Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments. and are disclosed in the payment to third parties' column in the statement of receipts and payments.

### **o) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates (Kenya Shillings). Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

### **p) Comparative figures**

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

**Significant Accounting Policies (Continued)**

**q) Subsequent events**

There have been no events subsequent to the financial year under review with a significant impact on the financial statements for the year ended June 30, 2024.

**r) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented in note 11 of these financial statements.

## 12. Notes to the Financial Statements

### 1. Transfers from Government entities

Description	2023-2024	2022-2023	Cumulative to- date (from inception)
	Kshs	Kshs	Kshs
<b>Counterpart funding through Ministry of East African Community (EAC), the ASALs and Regional Development</b>			
Counterpart funds Quarter 1	-	1,270,325,000	16,030,900,000
Counterpart funds Quarter 2	-	-	
Counterpart funds Quarter 3	-	-	
Counterpart funds Quarter 4	-	3,810,975,000	
<b>Total (See Annex 3)</b>	-	<b>5,081,300,000</b>	

Unlike in the previous financial year, HSNP Disbursement's for the current year (2023-2024) have been excluded from this financial statements. This is due to the fact that the financing agreements (Credit and Grant) have no provision on the Government Counterpart funding. Also there was no separate subsidiary agreement between the National Treasury and NDMA on Counterpart funding. HSNP Receipts, Payments, bank and other balances are recognized in the NDMA Financial statements.

KSEIP Project was observed to be separate from the HSNP Programme. This was confirmed from the budget of the State Department of Arid and Semi- Arid Lands and Regional Development. Also, the HSNP Programme is a government initiative financed from Government funds and would be implemented whether or not there was KSEIP. Further, World Bank mission documents on the KSEIP Project (Aide Memoire) do not report on the HSNP Programme.

## 2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024, we received grants from IDA as detailed in the table below:

Name of Donor	2023-2024						2022-2023	Cumulative to date
	Date received	Amount received USD	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount	
		USD	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Grants Received from Multilateral Donors								
World Bank-IPF	30/11/2023	384,450	58,332,599	-	-	58,332,599	142,507,791	448,552,402
<b>Total</b>		<b>384,450</b>	<b>58,332,599</b>	<b>-</b>	<b>-</b>	<b>58,332,599</b>	<b>142,507,791</b>	<b>448,552,402</b>

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

**3. Loan from External Development Partners**

During the financial period to 30 June 2024, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Description	2023-2024					2022-2023	Cumulative to date
	Name of Donor	Date received	Amount in loan	Loans received in actual amount	Loans received as direct payment*	Total amount in Kshs	
		EUR	Kshs	Kshs	Kshs	Kshs	Kshs
Loans received from Multilateral Donors (International Organizations)							
World Bank-IDA Credit	24/11/2023	299,995	48,632,009	-	48,632,009	-	164,222,731
<b>Total</b>	-	<b>299,995</b>	<b>48,632,009</b>	-	<b>48,632,009</b>	-	<b>164,222,731</b>

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

**4. Other Receipts**

Description	2023-2024		2022-2023	Cumulative to- date
	Receipts controlled by third parties		Total receipts	
	IDA GRANT	IDA CREDIT	Kshs	Kshs
	Kshs	Kshs	Kshs	Kshs
Interest Income	1,716,565	923,948	<b>2,640,512</b>	<b>8,155,469</b>
Interbank Borrowings	13,618,376	-	<b>13,618,376</b>	-
<b>Total</b>	<b>15,334,941</b>	<b>923,948</b>	<b>16,258,888</b>	<b>8,155,469</b>

Interbank borrowings relate to transfers made from the GOK HSNP account to the KCB- IPF Grant account no.1320219128.

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

**5. Compensation to Employees**

Description	2023-2024			2022-2023	Cumulative to- date
	IDA GRANT	IDA CREDIT	Total payments	Total payments	
-	Kshs	Kshs	Kshs	Kshs	Kshs
Basic wages of temporary employees	11,423,732	-	11,423,732	128,291,139	670,440,977
Compulsory national social security schemes	24,840	-	24,840	574,280	1,823,720
Other personnel payments (Gratuity)	2,332,997	-	2,332,997	3,717,076	16,802,538
Compulsory Housing Levy	200,490	-	200,490	-	200,490
<b>Total</b>	<b>13,982,059</b>	<b>-</b>	<b>13,982,059</b>	<b>132,582,495</b>	<b>689,267,725</b>

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

**6. Purchase of Goods and Services**

Description	2023-2024			2022-2023	Cumulative to-date
	IDA GRANT	IDA CREDIT	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Domestic travel and subsistence	16,147,067	4,758,740	20,905,807	74,792,237	752,847,560
Rentals of produced assets	-	-	-	4,315,590	8,257,271
Training payments	5,600,063	7,395,750	12,995,813	42,462,874	197,081,080
Hospitality supplies and services	4,212,225	561,600	4,773,825	6,837,985	61,705,970
Insurance costs	244,502	-	244,502	30,473,058	123,390,130
Specialized materials and services	-	-	-	216,308,252	449,774,728
Other operating payments	-	-	-	-	30,611,135
Maintenance of Motor Vehicle	-	-	-	15,240,332	65,618,724
Communication costs	4,258,222	3,160	4,261,382	15,983,033	82,923,684
General office supplies and services	-	-	-	2,514,756	237,950,293
Fuel and lubricants	-	-	-	16,652,714	54,546,730
Maintenance of building & Stations	-	-	-	1,432,210	13,731,904
Maintenance of computers	-	-	-	2,244,574	8,491,744
Maintenance of Office equipment	-	-	-	12,500	-
Consultancy Costs	81,119	16,728,295	16,809,414	2,622,841	19,053,988
Utilities	-	-	-	3,308,150	2,622,841
Postage	-	-	-	398,063	398,063
Advertising Expenses	180,120	-	180,120	924,010	1,104,130
Assessment Expenses	-	-	-	7,782,121	7,782,121
Sanitary and cleaning	-	-	-	1,149,484	1,149,484
<b>Total</b>	<b>30,723,318</b>	<b>29,447,545</b>	<b>60,170,862</b>	<b>445,454,784</b>	<b>2,119,041,580</b>

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

**7. Acquisition of Non-Financial Assets**

	2023-2024			2022-2023	Cumulative to-date
Description	IDA GRANT	IDA CREDIT	Total payments	Total payments	
	Kshs.		Kshs	Kshs	Kshs
Purchase of Motor Vehicle	-	-	-	79,030,000	293,162,792
Refurbishment of buildings	-	-	-	-	
Purchase of office furniture & General equipment	-	-	-	-	
Purchase of Software	39,425,049	11,181,081	50,606,130	50,498,662	
<b>Total</b>	<b>39,425,049</b>	<b>11,181,081</b>	<b>50,606,130</b>	<b>129,528,662</b>	

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

**8. Other Grants, Transfers and Payments**

Description	2023-2024			2022-2023	Cumulative to-date
	KSEIP GOK	IDA GRANT	IDA CREDIT	Total payments	
	Kshs	Kshs		Kshs	Kshs
Regular Cash Transfers	-	-	-	-	3,790,332,768
Scale ups	-	-	-	-	654,107,763
<b>Total</b>	-	-	-	-	<b>4,444,440,531</b>
					<b>13,682,462,340</b>

**9. Other Payments**

Description	2023-2024			2022-2023	Cumulative to-date
	IDA GRANT	IDA CREDIT	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Bank Charges	38,654	17,846	56,500	4,151,886	17,180,964
Transfer of Interest	188,371	19,649	208,020	-	208,020
Other Payments	-	-	-	-	152,720,926
<b>Total</b>	<b>227,025</b>	<b>37,495</b>	<b>264,520</b>	<b>4,151,886</b>	<b>170,109,910</b>

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

**10. Cash And Cash equivalents**

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank accounts (Note 10A)	18,759,822	242,965,559
<b>Total</b>	<b>18,759,822</b>	<b>242,965,559</b>

The project operates 2 commercial bank accounts at head office as listed below. The project also has 2 foreign currency designated accounts at CBK operated by the National Treasury.

**10A. Bank Accounts**

**Project Bank Accounts**

Details	2023-2024	2022-2023
	Kshs	Kshs
NCBA A/c No.2144470032.- IPF Loan	-	2,319,848
NCBA A/c No 2144470121.- IPF Grant	-	18,240,049
KCB KSEIP HSNP III IPF A/c No. 1320219128	7,730,258	0
KCB KSEIP IDA CREDIT A/c No. 1320219543	11,029,564	0
NCBA A/c No2144470116.- KSEIP- HSNP	-	221,802,852
KCB A/c No KSEIP GOK FUNDS TANA RIVER	-	78,637
KCB A/c No 1276016697 KSEIP GOK FUNDS GARISSA	-	33,316
KCB A/c No 1276010761 KSEIP GOK FUNDS SAMBURU	-	62,638
KCB A/c No 1276382146 NATIONAL DROUGHT MGT AUTH KSEIP ISIOLO	-	4,926
KCB A/c No 1265642877 KSEIP-HSNP3 GOK FUNDS MARSABIT	-	56,566
KCB A/c No 1265356467 KSEIP-HSNP 3-GOK FUNDS WAJIR	-	223,897
KCB A/c No 1265234094 KSEIP-HSNP 3 GOK FUNDS MANDERA	-	157
KCB A/c No 1265353840 KSEIP-HSNP 3-GOK FUNDS TURKANA	-	69,123
Assessment County Balances	-	38,847

*Kenya Social and Economic Inclusion Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Details	2023-2024	2022-2023
<b>Total Bank Account Balances</b>	<b>18,759,822</b>	<b>242,965,559</b>

**Note:** Account balances relating to HSNP GOK Funds have not been disclosed in the current year as HSNP GOK transactions have been excluded in the current financial year financial statements. The exclusions is after reviewing the financing agreement and establishing that the HSNP Programme is not part of the KSEIP Project.

### 10B. Special Deposit Accounts

#### Special Deposit Accounts Movement Schedule

Description	2023-2024	2022-2023
	EUR	EUR
<b>(i) IDA LOAN CREDIT [A/c No. 1000411333]</b>		
Opening balance	-	-
Total amount deposited in the account	949,990	-
Total amount withdrawn (as per Statement of Receipts & Payments)	(299,995)	-
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>649,995</b>	<b>-</b>
<b>(ii) IDA GRANT [A/c No. 1000411368]</b>	<b>USD</b>	<b>USD</b>
Opening balance (as per the SDA reconciliation)	384,450	-
Total amount deposited in the account	-	1,500,000
Total amount withdrawn (as per Statement of Receipts & Payments)	(384,450)	(1,115,550)
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>-</b>	<b><u>384,450</u></b>

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> June 2024 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

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

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

**11. Prior Year Adjustments**

Description	Amount
	Kshs
Prior Year HSNP GoK Receipts	(5,087,076,087)
Prior Year HSNP GoK Payments	4,929,401,478
<b>Prior Year HSNP GoK Net Increase in Cash and Cash Equivalent</b>	<b>(157,674,609)</b>
2021/2022 HSNP GoK Bank Balances B/F	(78,072,451)
HSNP GoK Payments Charged to IPF 2022/2023	13,944,208
Prior Year county Balances	(602,810)
<b>Total Prior Year Adjustment</b>	<b>(222,405,662)</b>

**Notes:**

The prior year adjustment relates to the correction of errors relating to prior year recognition of HSNP receipts, payments and bank balances. The financing agreements (Credit and Grant) have no provision on the Government Counterpart funding. Also there was no separate subsidiary agreement between the National Treasury and NDMA on Counterpart funding. Therefore, HSNP prior year Cash transfers, scale ups and other payments should not have been recognized in the Prior year financial statements. HSNP Receipts, Payments, bank and other balances are recognized in the NDMA Financial statements.

**12. Fund Balance Brought Forward**

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank Balance	242,965,559	167,160,657
<b>Total</b>	<b>242,965,559</b>	<b>167,160,657</b>

## **Other Important Disclosures**

### **1. External Assistance**

There was no any external assistance handed to the project for the financial year 2023-2024.

### **2. Related Party Disclosures**

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The comprise of related parties to the Project

- i) Key management personnel including the program director/manager
- ii) The implementing entity/ministry/ department
- iii) Other Ministries and Departments.
- iv) The National Treasury

#### **Related party transactions:**

	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Compensation to Key Management</b>		
Compensation to the program manager/ director	8,304,000	8,304,000
Communication Specialist	-	5,538,000
Audit Specialist	-	3,638,400
Monitoring & Evaluation Specialist	-	4,747,200
MIS Specialist	3,144,000	6,288,000
Payment Specialist	-	3,144,000
Project Accountant	-	1,423,800
Gratuity to program manager and MIS Specialist	2,534,059	
<b>Total Compensation to Key Management</b>	<b>13,982,059</b>	<b>33,083,400</b>
<b>Transfers to related parties</b>		
Transfers to other government entities	-	-
<b>Total Transfers to related parties</b>	<b>-</b>	<b>-</b>
<b>Transfers from related parties</b>		
Transfers from the Ministry/ department	106,964,608	142,507,791
<b>Total Transfers from related parties</b>	<b>106,964,608</b>	<b>142,507,791</b>

**13. Annexes**

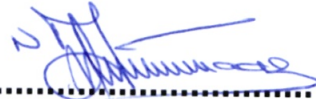
**Annex 1: Prior Year Auditor-General’s Recommendations**

The Auditor General issued an unmodified opinion for the Financial Year 2022/2023 and no material issues were raised to be attended to.



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**Hared Hassan**  
**Chief Executive Officer**



.....

**Bonface Naukot**  
**Project Manager**

**Annex 2: Variance explanations - Comparative Budget and Actual amounts for FY 2023-2024**

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance (below 90% and over 100%)</b>
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>	Kshs	Kshs	Kshs		
Grant from external development partners (World Bank & IPF)	117,021,542	58,332,599	58,688,944	50%	Delay on disbursements by the NT
Loan from external development partners (World Bank)	57,424,287	48,632,010	8,792,277	85%	Delay on disbursements by the NT
Other Receipts	-	16,258,888	(16,258,888)	>100%	
<b>Total Receipts</b>	<b>174,445,829</b>	<b>123,223,497</b>	<b>51,222,333</b>	<b>71%</b>	
<b>Payments</b>					
Compensation of employees	14,549,509	13,982,059	567,450	96%	-
Purchase of Goods and Services	94,155,282	60,170,863.00	33,984,419	64%	Delay on disbursements by the NT
Acquisition of non-financial assets	65,241,038	50,606,130	14,634,908	78%	Delay on disbursements by the NT
Other Payments	500,000	264,520	235,480	53%	Authority uses online banking system
<b>Total payments</b>	<b>174,445,829</b>	<b>125,023,572</b>	<b>49,422,257</b>	<b>73%</b>	

**Annex 3: Reconciliation of inter-entity transfers**

<b>Project Name:</b>				
<b>Break down of transfers from the State Department of – EAC, Regional Development and other ASALs</b>				
<b>A. Government Counterpart funding</b>				
	<b>Total</b>		-	
<b>B. Direct payments</b>				
		Bank Statement Date	Amount (Kshs)	
	<b>Total</b>			
<b>C. Others</b>				
	KSEIP IPF Grant	Bank Statement Date	Amount (Kshs)	Financial Year
		30/11/2023	58,332,599	2023-2024
	KSEIP IDA CREDIT	24/11/2023	48,632,010	2023-2024
	<b>Total</b>		<b>106,964,609</b>	
	<b>Total (A+B+C)</b>		<b>106,964,609</b>	

**Annex 4: Summary of Fixed Assets Register**

<b>Asset class</b>	<b>Opening Cost (Kshs) 2023-2024</b>	<b>Donations in form of assets (Kshs) 2023-2024</b>	<b>*Purchases/ Additions in the Year (Kshs) 2023-2024</b>	<b>**Disposals in the Year (Kshs) 2023-2024</b>	<b>Transfers in/(out) Kshs 2023-2024</b>	<b>Closing Cost (Kshs) 2023-2024</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)= (a)+ (b)+(c)- (d) – (e)</b>
Purchase of Motor Vehicle	122,642,703	-	-	-	-	<b>122,642,703</b>
Refurbishment of buildings	7,157,022	-	-	-	-	<b>7,157,022</b>
Purchase of office furniture & General equipment	62,258,275	-	-	-	-	<b>62,258,275</b>
Purchase of Software	50,498,662	-	50,606,130	-	-	<b>101,104,792</b>
<b>Total</b>	<b>242,556,662</b>	<b>-</b>	<b>50,606,130</b>	<b>-</b>	<b>-</b>	<b>293,162,792</b>

**Annex 5: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
KSEIP	Scale Up Emergency Payments	To Improve the Shock Responsiveness of Safety Net System through predictable financing of emergency payments	Cash Transfers to vulnerable households	-	-	689,507,100	930,422,700	GOK	GOK

**Annex 6: Other Support Documents**

- i. Bank Reconciliations statement as at 30<sup>th</sup> June 2024
- ii. Board of Survey Report
- iii. Special Deposit Account(s) reconciliation statement(s)

**KENYA SOCIAL AND ECONOMIC INCLUSION PROJECT  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30 JUNE 2024**

Credit No.: IDA LOAN CREDIT NO.63480-KE (DA-B)

Bank Account No.: 1000411333 Held with Central Bank of Kenya

	NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA		1,908,770.00
	<b>Less:</b>		
2	Total amount documented		1,137,861.51
<b>3</b>	<b>Outstanding amount to be documented</b>		<b>770,908.49</b>
	<b>Represented by:</b>		
4	Ending Special account Balance as at 30 June 2024		649,995.00
5	Amounts claimed but not credited as at 30 June 2024		-
6	Amounts withdrawn and not claimed		120,913.49
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
<b>9</b>	<b>Total advance to Special Account Year ended 30 June 2024</b>		<b>770,908.49</b>


Discrepancy between total appearing on line 3 and 9

-

**Notes:**

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs



**AUTHORISED REPRESENTATIVE  
RESOURCE MOBILISATION DEPARTMENT  
THE NATIONAL TREASURY**

DATE: 02-08-2024

**SPECIAL ACCOUNT STATEMENT**

For period ending	30th JUNE, 2024
Account No.	1000411333
Depository Bank	CENTRAL BANK OF KENYA
Address	CBK
Related Loan	KENYA SOCIAL ECONOMIC INCL.DABNDMA
Credit Agreement	
Currency	EUR

**Part A - Account Activity**

Beginning balance of 1st July, 2023 as per C.B.K. Ledger Account	0.00
<b>Add:</b>	
Total Amount deposited by World Bank	949,990.00
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
<b>Deduct:</b>	
Total amount withdrawn	299,995.00
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June,2024	649,995.00

<b>AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA</b>	<b>SIGNATURE:</b>	
	<b>DATE</b>	01-08-2024
<b>AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY</b>	<b>SIGNATURE:</b>	
	<b>DATE</b>	02-08-2024

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June,2024 have been reconciled and a copy of the supporting Reconciliation Statement is attached.



**SPECIAL ACCOUNT STATEMENT**

For period ending	<b>30th JUNE, 2024</b>
Account No.	<b>1000411368</b>
Depository Bank	<b>CENTRAL BANK OF KENYA.</b>
Address	<b>CENTRAL BANK OF KENYA.</b>
Related Loan	<b>KENYA SOCIAL ECONOMIC INCL.DABNDMA</b>
Credit Agreement	
Currency	<b>USD</b>

**Part A - Account Activity**

Beginning balance of 1st July, 2023 as per C.B.K. Ledger Account	<b>384,450.00</b>
<b>Add:</b>	
Total Amount deposited by World Bank	<b>0.00</b>
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
<b>Deduct:</b>	
Total amount withdrawn	<b>384,450.00</b>
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June,2024	<b>0.00</b>

<b><u>AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA</u></b>	<b>SIGNATURE:</b>	
	<b>DATE</b>	<b>01.08.2024</b>
<b><u>AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY</u></b>	<b>SIGNATURE:</b>	
	<b>DATE</b>	<b>02-08-2024</b>

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June,2024 have been reconciled and a copy of the supporting Reconciliation Statement is attached.