NATIONAL DROUGHT
MANAGEMENT AUTHORITY

ANNUAL REPORT
AND FINANCIAL STATEMENTS
2022 - 2023

REPUBLIC OF KENYA

KENYA VISION 2030
TOWARDS A GLOBALLY COMPETITIVE AND PROSPEROUS NATION

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CONTENTS

ABBREVIATIONS AND ACRONYMS

AIA	Annual Investment Allowance
ASAL	Arid and Semi-Arid Land
CCA	Climate Change Adaptation
CDFSC	County Drought and Food Security Committees
CIDPs	County Integrated Development Plans
CPIT	County Project Implementation Team
CSG	County Steering Group
CISP	International Committee for the Development of Peoples
CSR	Corporate Social Responsibility
DEWS	Drought Early Warning System
DCADR	Dryland Climate Action for Community Drought Resilience
DRM	Drought Risk Management
EDE	Ending Drought Emergencies
ESAMI	Eastern and Southern African Management Institute
ESMS	Environmental and Social Management Systems
EWI	Early Warning Information
EU	European Union
FEWS NET	Famine Early Warning Systems Network
FAO	Food and Agriculture Organization
GCF	Global Climate Fund
GoK	Government of Kenya
HSNP	Hunger Safety Net Programme
ICPAC	IGAD Climate Prediction and Applications Centre
IDDRSI	IGAD's Drought Disaster Resilience Sustainability Initiative
IFAD	International Fund for Agricultural Development
IGAD	Intergovernmental Authority on Development
IPC	Integrated Food Security Phase Classification
IPF	Investment Project Financing
IPSAS	International Public Sector Accounting Standards
IUCN	International Union for Conservation of Nature

KCEP - CRAL	Kenya Cereal Enhancement Programme Climate Resilient Agricultural Livelihoods Window
KFSM	Kenya Food Security Meeting
KFSSG	Kenya Food Security Steering Group
KMD	Kenya Meteorological Department
KMS	Knowledge Management System
KSEIP-HSNP	Kenya Social and Economic Inclusion Hunger Safety Net Programme
LTA	Long-Term Average
MAM	March-April-May
MBS	Moran of the Order of the Burning Spear
MLSP	Ministry of Labour and Social Protection
MTEF	Medium Term Expenditure Framework
MTR	Midterm Review
NDEF	National Drought Emergency Fund
NDOC	National Disaster Operations Centre
NDMA	National Drought Management Authority
NEMA	National Environment Management Authority
OCA	Organisational Capacity Assessment
OND	October-November-December
PDRA	Participatory Disaster Risk Assessment
PET	Pictorial Evaluation Tool
RCMRD	Regional Centre for Mapping of Resources For Development
SDL	State Department for Livestock
SNA	System of National Accounts
SNV	Netherlands Development Organization
SDRM	Support to Drought Risk Management
TWENDE	Towards Ending Drought Emergencies
UNDP	United Nations Development Programme
WFP	World Food Programme

STATEMENT OF THE CHAIRPERSON

Mr. Raphael Nzomo, MBS
Chair, NDMA Board of Directors

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

The relatively low impact is attributed to measures that have been taken, through the coordination of the Authority to reduce impacts of drought. Some of the measures include implementation of Kenya's Ending Drought Emergencies initiative by various sector ministries, County Governments and development partners. The initiative focuses on investing in the foundations for development such as peace and security; roads; water; energy; education; health; and sustainable livelihoods. In addition, it gives priority to investing in the drought cycle management, institutional development for drought and knowledge management. Coordination structures, both at national and devolved levels were strengthened during the reporting period to facilitate tracking of the drought situation across the country, resource mobilisation and harmonized response by state and non-state actors.

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

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

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

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

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

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

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

Mr. Raphael Nzomo, MBS
Chairperson to the Board

REPORT OF THE CHIEF EXECUTIVE OFFICER

Hared Hassan Lt. Col (Rtd)
Chief Executive Officer, NDMA

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

This notwithstanding, the impact in terms of loss of livelihoods and more so livestock was comparatively lower than previous droughts. The relatively low impact is attributed to measures that have been taken, through the coordination of the Authority to reduce impacts of drought. Some of the measures include implementation of Kenya's Ending Drought Emergencies initiative by various sector ministries, County Governments and development partners. The initiative focuses on investing in the foundations for development such as peace and security; roads; water; energy; education; health; and sustainable livelihoods. In addition, it gives priority to investing in the drought cycle management, institutional development and knowledge management. Coordination structures, both at national and devolved levels were strengthened during the reporting period to facilitate tracking of drought situation across the country, resource mobilisation and harmonised response by state and non-state actors.

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

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

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

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

During the reporting period, the Authority supported counties to respond to effects of drought. In this respect, the Authority disbursed a total of

Kshs 427,437,944 through the DCF MIS to twenty (20) counties. These were channelled to priority sectors such as livestock, water, health and nutrition, peace and security, and coordination. Scale-up cash transfers were triggered in the months of August, September and October 2022. Following these triggers, the Authority paid Kshs. 409,074,300 to 59,651 households in counties of the Wajir, Mandera, Turkana and Marsabit.

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

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

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

Hared Hassan Lt. Col (Rtd)
Chief Executive Officer

1 INTRODUCTION

1.1 Mandate

The National Drought Management Authority (NDMA) is a State Corporation established by the NDMA Act, 2016 and given the mandate to exercise overall coordination over all matters relating to drought risk management and to establish mechanisms, either on its own or with stakeholders, that will end drought emergencies in Kenya. Although the Authority is a national institution, it is operational in 23 drought-prone counties categorised as Arid and Semi-Arid (ASAL) given available resources (Figure 1).

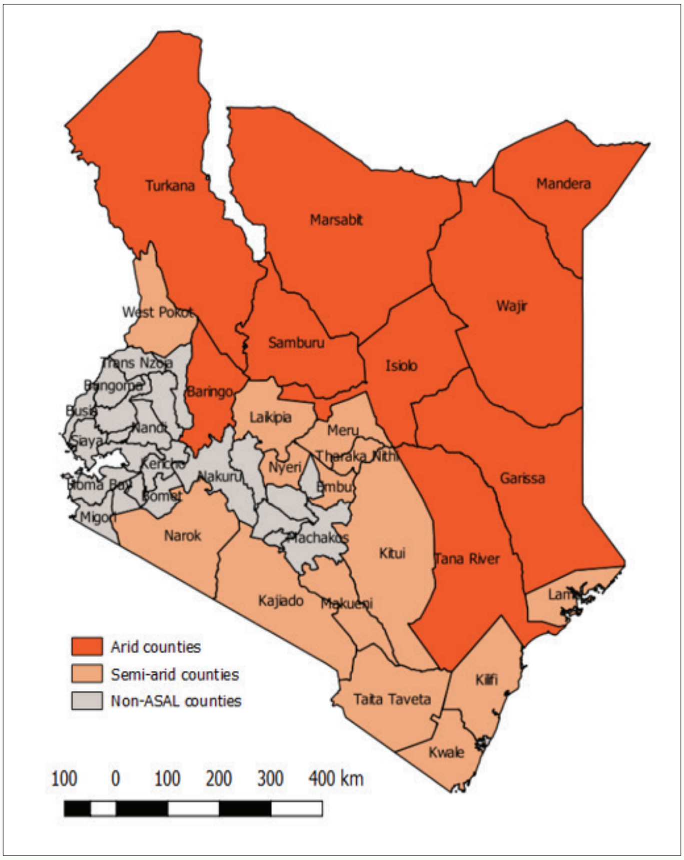


Figure 1: Counties where NDMA has operational Offices

1.2 Scope of Work

The NDMA Act 2016 stipulates 14 functions that have been concretized into five broad services that the Authority offers namely; i) drought information, ii) drought resilience, iii) drought contingency planning and response, iv) knowledge management, and v) coordination.

1.3 Strategic Focus

The strategic focus of the Authority is guided by its mandate, vision, mission and core values. The *Mandate* of NDMA to exercise overall coordination over all matters relating to drought risk management and to establish mechanisms, either on its own or with stakeholders that will end drought emergencies in Kenya.

It's *Vision* is to be a world-class Authority in drought risk management and climate change adaptation and a *Mission* to provide leadership and coordination of Kenya's efforts in the management of drought risk and adaptation to climate change.

The core values of NDMA are:

i) Commitment to results;

ii) Integrity and accountability;

iii) Responsiveness to needs of vulnerable groups;

iv) Empowering and participatory approach;

v) Respect to diversity; and

vi) Transformative innovation.

To achieve its vision, NDMA pursued seven strategic objectives during the reporting period:

1) To strengthen institutional and community resilience to drought risk and climate change.
2) To provide drought and climate information to facilitate concerted actions by relevant stakeholders.
3) To protect livelihoods of vulnerable households and community systems to cope and recover from drought shocks.
4) To ensure coordinated action on drought risk management by government and other stakeholders.

5) To enhance resource mobilisation and partnerships for drought risk management and climate change adaptation at county, national, regional and global levels.
6) To strengthen planning, performance management and knowledge management for Drought Risk Management (DRM) and Climate Change Adaptation (CCA).
7) To strengthen institutional capacity to provide leadership in drought risk management at national and county levels.

The rest of this annual report is organised by strategic plan with the focus being on the key achievements and lessons learnt. The reporting period of this annual report is 2022/2023 financial year, unless otherwise stated.

2 CORPORATE GOVERNANCE

The Authority's management is vested in the Board of Directors (hereinafter, the Board) and the Authorities senior management. The Board's responsibilities are articulated in the Authority's Board Charter and the NDMA Act, 2016 and include ensuring good governance of the Authority to ensure compliance with the law as well as international corporate standards, formulation of policies, provision of strategic direction, leadership and oversight. The Board is accountable to the Ministry of East Africa Community the ASALs and Regional Development.

2.1 Board of Directors

The following were members of the Board of Directors in the 2022/2023 financial year (Table 1).

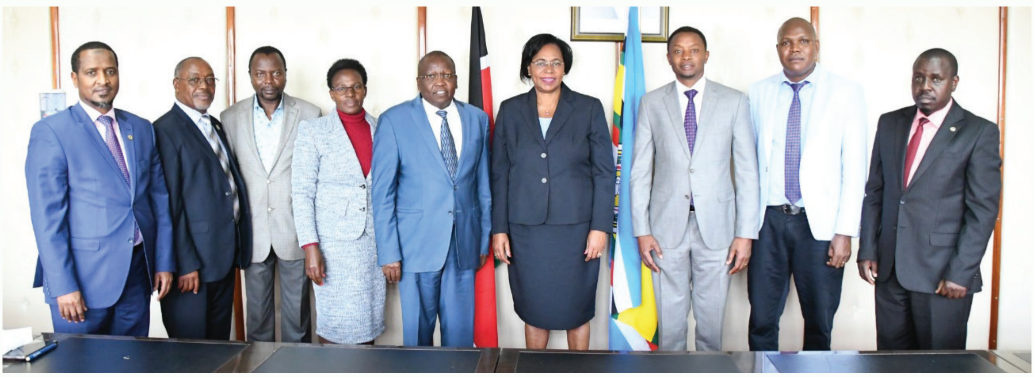
Table 1: Members of the Board of Directors

Name	Position
Raphael Nzomo, MBS	Chairperson
Micah Powon	Principal Secretary, ASALs
Daniel Malonza	Member, Representing CS National Treasury
Robert Kiteme	Member Representing COG
Darasa Darare	Independent Member
Dr. Mary Lonyangapuo	Independent Member
Koome Kiragu	Independent Member
Dr. Benson Longaritom	Independent Member
Hared Adan Lt. Col. (Rtd)	Secretary/CEO

To enhance its efficiency, the Board is organised into technical, human resources, finance and audit committees. The committees consider management reports and make appropriate recommendations to the Board. In the 2022/2023 financial year, the membership of the board committees was as shown in Table 2. The Board and its committees met four times during the reporting period.

Table 2: Board Committees

Board Committees	
Human Resources and Corporate Services	
i.	Dr. Mary Lonyangapuo – Chairperson
ii.	Mr. Koome Kiragu – Member
iii.	Mr. Robert Kiteme – Member
Technical and Strategy committee	
i.	Mr. Koome Kiragu – Chairperson
ii.	Principal Secretary, ASALs- Member
iii.	Mr. David Malonza – Member
Finance and Resource Mobilisation	
i.	Dr. Mary Lonyangapuo – Chairperson
ii.	Mr. David Malonza – Member
iii.	Principal Secretary, ASALs – Member
Audit and Risk Management	
i.	Mr. Robert Kiteme - Chairperson
ii.	Mr. David Malonza – Member
iii.	Mr. Koome Kiragu – Member



Cabinet Secretary for Public Service, Gender, Senior Citizens Affairs and Special Programmes Prof. Margaret Kobia in July 2022 officially inaugurated NDMA Board of Directors; Raphael Nzomo, MBS, PS Micah Powon, Daniel Malonza, Robert Kiteme, Darasa Darare , Dr. Mary Lonyangapuo, Koome Kiragu, Dr. Benson Longaritom and Hared Adan Lt. Col. (Rtd).

2.2 Senior Management

The following were the Senior Managers in the 2022/2023 financial year (Table 3).

Table 3: Senior Management of NDMA

Designation	*Name*
Chief Executive Officer	Hared Adan Lt. Col. (Rtd)
Director, Planning, Monitoring and Evaluation	Stella Kiptoo
Director, Corporate Services	Hashim Ali
Ag. Director, Technical Services	Saiyana Lembara
Deputy Director, Drought Resilience	Eng. Hussein Jirma
Deputy Director, Planning, Monitoring and Evaluation	Paul Obunde
Deputy Director, Internal Audit	Martin Kiveu
Deputy Director, Finance and Accounts	Yussuf Bagaja
Deputy Director, Supply Chain Management	Hussein Bilala
Deputy Director, Human Resource and Administration	Patrick Musichi
Deputy Director, ICT	George Kimunguyi
Ag. Deputy Director, Contingency Planning and Response	Amos Nyakeyo
Ag. Deputy Director, Drought Information	Nelson Mutanda

2.3 Corporate Social Responsibility

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

1) Committing to the law.
2) Minimising negative impacts of interventions.
3) Applying transparency and accountability in its operations.
4) Respecting customer feedback and processes.
5) Seeking and supporting vulnerable communities.
6) Applying participatory approaches.

7) Applying interactive and not just "transactive" communication with communities.
8) Recognizing the importance of local knowledge.

2.4 Sustainability Statement

In line with requirements of the Code of Governance for State Corporations (*Mwongozo*) the Board ensures that the Authority's long-term goals do not compromise the ability of future generations to meet their own needs. Towards this, NDMA commits to ensuring that the institution's social, environmental and financial sustainability by;

1) Respecting and strictly adheres to the laws, regulations and policies governing any aspects of its projects, activities and interventions.
2) Integrating social responsibilities within core management systems and decision-making processes.
3) Incorporating key elements of sound governance in all its management structures and internal control procedures.
4) Entrenching an objective system for attracting, nurturing and retaining talent to strengthen the Authority's capacity for Drought Risk Management.
5) Undertook an Organisational Capacity Assessment (OCA) to review its operational structure and capacity, come up with an action plan for capacity improvements and set priorities for actions it can take to strengthen its capacity.
6) Complying with environmental laws in the implementation of resilience projects. For projects such as dams, environmental impact assessments are conducted and approved by the National Environment Management Authority (NEMA) to ensure that the interventions are environmentally friendly.
7) Offsetting negative environmental impact by participating in planting tree exercises, or donating to related causes where possible

8) Promoting climate change mitigation efforts such as;

   i) Establishing tree nurseries at every dam/water pan constructed and tree planting in cognizance of the fact that negative effects of destruction of forest ecosystems elsewhere are felt even more significantly in the ASALs that are already climatically vulnerable, thus undermining efforts to end drought emergencies.

   ii) Using green energy options such as solarisation and gravity-fed water abstraction infrastructure.

9) Issuing policy directions as follows;

   i) Mandatory environmental assessment for infrastructure projects as required by law.

   ii) Transport pooling while on field assignments to avoid using many vehicles which increase environmental pollution.

   iii) Use of virtual rather than in-person meetings to avoid pollution caused by national and international travel

   iv) Use of emails in communication and printing only when necessary and on both sides of the paper to reduce paper usage.

   v) Switching off lights unless absolutely necessary.

10) Supporting development of county disaster risk policies that also guide implementation of the Authority's activities and interventions.

11) Resource mobilising. NDMA is financed by the exchequer, making it a going concern. In addition, various partners supported the Authority's activities highlighted in the subsequent chapters.

2.5 Corporate Information

Headquarters and address
Lonrho House, Standard Street P.O Box 53547, 00200 - Nairobi, Kenya Telephone: +254 020 2227496 / 2227168 /2224324 / 2216962 / 2227223 Mobile: +254 0722 200656 I Email: info@ndma.go.ke Website: www.ndma.go.ke
Principal Bankers
NCBA Bank Harambee Avenue Branch P.O Box 44599 - 00100 Nairobi, Keny Kenya Commercial Bank KICC Branch P.O. Box 30081-00100 Nairobi, Kenya
Independent Auditor
Auditor General Kenya National Audit Office Anniversary Towers, University Way P.O. Box 30084, 00100 Nairobi, Kenya
Principal Legal Advisor
The Attorney General State Law Office Harambee Avenue P.O. Box 40112, 00200 Nairobi, Kenya

3 DROUGHT RISK MANAGEMENT COORDINATION

One of the functions of NDMA is to coordinate partners working to build resilience of vulnerable communities in Kenya. For efficiency, several coordination structures have been established at national and county levels.

3.1 Coordination in Drought Resilience Building

This report summarises the coordination of the KSEIP-HSNP and TWENDE projects. At national level, KSEIP-HSNP is implemented by the Ministry of Labour and Social Protection (MLSP) which is the social development secretariat and NDMA that implements the HSNP component. The Authority is tasked with establishing mechanisms to prevent drought-induced emergencies and mitigate the adverse effects of climate change. The main coordination structure at the county level is the CSG with NDMA as the secretariat.

TWENDE project has a four-level governance structure with the overall oversight carried out by the Global Climate Fund (GCF) through the International Union for Conservation of Nature (IUCN), a project steering committee, the project execution entities and a county project implementation team (CPIT). The role of IUCN is to manage GCF funds including making disbursements to the executing entities; managing agreements with the executing entities; soliciting progress reports from the executing entities and reporting to GCF, ensuring compliance with work plans and budgets.

The roles of the project steering committee include provision of strategic-level project guidance, technical and policy advise such as integration of the project results in policy and resource mobilisation. The committee also reviews and approves annual plans and budgets of the project management unit; monitors progress; makes recommendations to strengthen project execution to achieve planned results. The executing entities are charged with project implementation and are responsible for ensuring delivery of the planned results while ensuring compliance and inclusivity in their work. Lastly, the county project implementation team provides the overall support in project implementation at county level through the various county departments working for climate adaptation.

3.2 Coordination in Drought Response

During the reporting period, the Authority coordinated response activities through the multi-agency committee on national drought response; multi-agency technical committee on national drought response; ministerial committee on drought response; county drought and food security committees; and the private sector-led national steering committee for drought response.

3.2.1 Multi-agency committee on national drought response

The committee was established by the Government in 2021. It is chaired by the Principal Secretary for Interior and Citizen Services, and its members comprise of principal secretaries of relevant state departments; Solicitor General; representative of the Council of Governors; representative of the Kenya Defense Forces; representative of the National Disaster Operations Centre (NDOC); The CEO of NDMA; and the Secretary General of the Kenya Red Cross Society. The main task of the committee is to coordinate drought response and report H.E. the President.

3.2.2 Multi-agency technical committee on national drought response

This committee was established in 2021 and remained active during the first quarter of the reporting. It reported to the multi-agency committee on national drought response. Its scope of work included development of interventions to mitigate the effects of drought on the population; collate information on assessments of drought preparedness and response across the country; and recommend upscaling or downscaling of interventions according to drought situations. It prepared bi-weekly reports.

3.2.3 Ministerial committee for drought response

This committee was established by the Ministry for East Africa Community, Arid and Semi-Arid Lands and Regional Development and drew its membership from relevant departments and agencies. The committee met to apprise the Cabinet Secretary on drought situation; prioritise response actions; and supported coordination of drought response and distribution of food relief. It also ensured visibility of government response activities through visits by high profile government officials to response sites.

3.2.4 Establishment of the county drought and food security committees

The NDEF regulations stipulate the establishment of county drought and food security committees as the coordination structure for the Fund's activities. The committees were established and trained on the NDEF business process. The committees' main task was county-level approval of funding requests for interventions in drought affected counties.

3.2.5 Private sector-led national steering committee for drought response

This committee was established by H.E. the President in November, 2022 to spearhead private sector involvement in drought response. The committee was domiciled in the Office of the Deputy President. After establishment, it took over the role hitherto played by the Kenya Private Sector Alliance, coordinating resource mobilisation from the private sector locally and from abroad. The steering committee implemented drought response activities worth Ksh. 861 million, with a further Ksh. 65 million in pledges still expected. The interventions included distribution of relief food.

3.3 Coordination in Provision of Drought Information

Generation and dissemination of drought and food security information is coordinated at national and county levels. At the national level and with the leadership of NDMA, the Kenya Food Security Steering Group (KFSSG), a multi-agency group and the technical team of the Kenya Food Security Meeting (KFSM), conducted the long rain (March to May) and the short rains (October to December) assessments and disseminated the findings. KFSM draws its membership from the Government, UN agencies and development partners, prepares and disseminates the drought and food security report.

At the county level, CSGs validated the food security assessment reports and developed criteria for beneficiary and geographical targeting based on early warning information. CSG membership constituted organisations and departments handling drought-related matters at county level, development partners, civil society organisations, faith-based organisations and community representatives. During the reporting period, a total of 276 CSG meetings were held in the 23 ASAL counties. In addition to validating the assessment report, CSGs monitor progress of drought situation; validate various reports on impact of drought; share the early warning drought bulletins; harmonise response to eliminate duplication of efforts; to enforce adherence to set standards; to validate the PDRA reports; and to solicit feedback from partners.

3.4 Regional and Global Linkages

3.4.1 Participation in International Forums

Kenya is a signatory to United National Framework Convention on Climate Change, the Paris Agreement and Sendai Framework for Disaster Risk Reduction. The Authority participates in the Conference of Parties as well as subsidiary bodies meetings for these conventions and protocols. During the reporting period, the Authority participated in the Cop 27 which was held in Sharm el-Sheikh, Egypt. The climate summit concluded with a historic breakthrough to help vulnerable countries deal with losses and damages from the impacts of climate change. Some of the key takeaways from the summit were;

1) Fund Established to Aid Countries Facing Severe Damage from Climate Change.
2) Progress has been made towards adaptation to climate change, but the progress on adaptation, in terms of scale and speed, fell far short of what's needed to address accelerating and severe impacts.
3) Climate Finance Reforms Gained Traction. In particular, the need to reform the broader public financial system, including multilateral development banks, received increased attention.
4) More countries committed to reducing emissions of short-lived climate pollutants. Twenty additional countries signed on to the Global Methane Pledge that aims at reducing methane emissions by 30% from 2020 levels by 2030.
5) There was a call to all members to accelerate renewable energy deployment.
6) The Global Stock Take Shifts from the Technical to the Political, with countries agreeing on the need to prepare for the final political phase of the process, which will conclude at COP28 in the UAE.

3.3.3 IGAD Drought Disaster Resilience and Sustainability Initiative

The Intergovernmental Authority on Development (IGAD) Drought Disaster Resilience and Sustainability Initiative (IDDRSI) is a long-term strategy by Horn of Africa nations to end drought emergencies in the region. The IDDRSI strategy commits all parties to focus on the sustainability of drought resilience initiatives. Each member state developed a strategy to end drought emergencies and there is regional coordination structure through which progress towards ending drought emergencies are reported'

The 14th IGAD Drought Disaster Resilience and Sustainability Initiative (IDDRSI) Platform Steering Committee meeting was held in Addis Ababa, Ethiopia on 20-21 July 2022. This was followed by the 8th IDDRSI General Assembly of Ministers on 22nd July 2022. The Kenyan delegation was led by Hon. Abdul Bahari Jilo, Chief Administrative Secretary who represented Prof. Margaret Kobia, PhD, EGH, Cabinet Secretary of Public Service, Gender, Senior Citizens Affairs and Special Programmes. Some of the key resolutions of the General Assembly of Ministers were:

1) Member States, Humanitarian Actors and Development Partners to mobilise resources to scale up humanitarian responses to address the persisting food insecurity;

2) IGAD Secretariat, Member States and Development Partners to expand the scope and scale of regional, climate-smart resilience investments; and further emphasise the need for effective partnership, cooperation and coordination among all stakeholders in this regard;

3) IGAD Secretariat and the Member States to mobilise resources for sustainable large-scale surface and ground water-based development that would bring a meaningful impact and direct economic and social benefits for youth, women and resource-poor households

4) IDDRSI Platform members to support the effective implementation of the IGAD Protocol on Transhumance to regulate cross-border pastoralist mobility to avoid conflict;

5) IGAD Secretariat and the Member States to strengthen capacities for anticipatory early action by developing regional early action frameworks and protocols at national and local levels;

6) IGAD Secretariat to strengthen climate forecasting and multi-hazard early warning systems by improving capacities of the multi-hazard early warning situation rooms at ICPAC and work to establish dedicated situation rooms in the member states;

7) IGAD Secretariat and the Member States to enhance the institutional capacity for effectively implementing and monitoring the IDDRSI regional and country programming papers.

CAS Abdul Bahari delivering the Ministerial Statement on the status of food and nutrition security and progress of resilience programmes in Kenya during the IGAD Drought Resilience Platform 8th General Assembly in Addis Ababa.

4 DROUGHT AND FOOD SECURITY INFORMATION

4.1 The National Drought Early Warning System

The NDMA operates the national Drought Early Warning System (DEWS), coordinates national and county food security assessments, and processes and disseminates the resulting information to stakeholders for decision-making. The DEWS is web-based and integrates remote sensed data with primary and secondary data on biophysical, and socioeconomic indicators.

The data is broadly classified into three categories; i) drought effects on both crop and livestock production, ii) access to markets, food, and water, and iii) nutrition and coping strategies. The indicator data is analyzed to generate monthly drought early warning bulletins that indicate the drought status in each county and linked to various actions.

Drought status can be classified into any of the five drought phases presented in Figure 2.

The Authority continued to implement strategies aimed at improving the drought early warning system to make it reliable. To this end, the Authority achieved the reporting;

1) Introduced the Pictorial Evaluation Tool (PET) to automate data collection on livestock body condition. A total of 25 officers and 155 drought field monitors were trained on the use of the PET.
2) Produced and disseminated 276 monthly county drought early warning bulletins as planned.
3) Produced and disseminated 12 monthly national drought early warning bulletins as planned.
4) Provided monthly remote sensed information at ward level for the 23 ASAL counties for objective evidence-based information on the drought status.
5) Continued backup of the remote sensing information datasets to a cloud server to ensure safety.

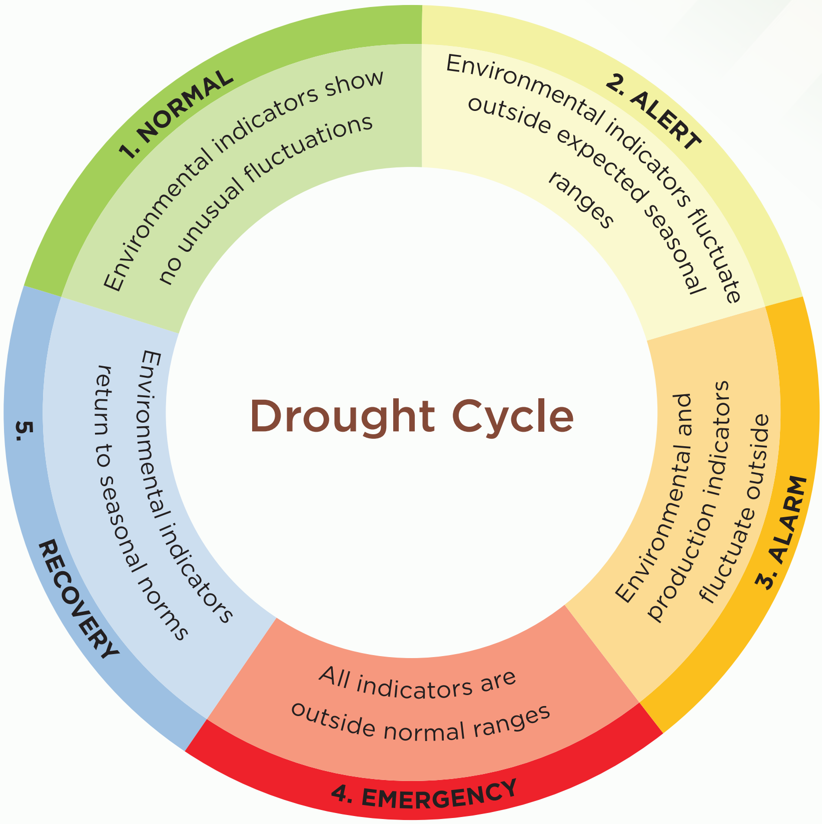


Figure 2: Drought cycle

6) Continued triangulating information from various sources and sectors, including Kenya Meteorological Department (KMD), Famine Early Warning Systems Network (FEWS NET) and World Food Programme (WFP) to enhance reliability.
7) Developed early warning system indicator trigger thresholds for all the 23 counties.
8) Selected new households in 155 ASAL sentinel sites.

4.2 Drought and Food Security Information

In 2022/2023 financial year, NDMA coordinated the Kenya Food Security Steering Group (KFSSG) in carrying out two seasonal food security assessments. The assessments determined that the number of people in need of food assistance rose from 3.5 million in July 2022 to 4.3 million in February 2023 (Figure 3).

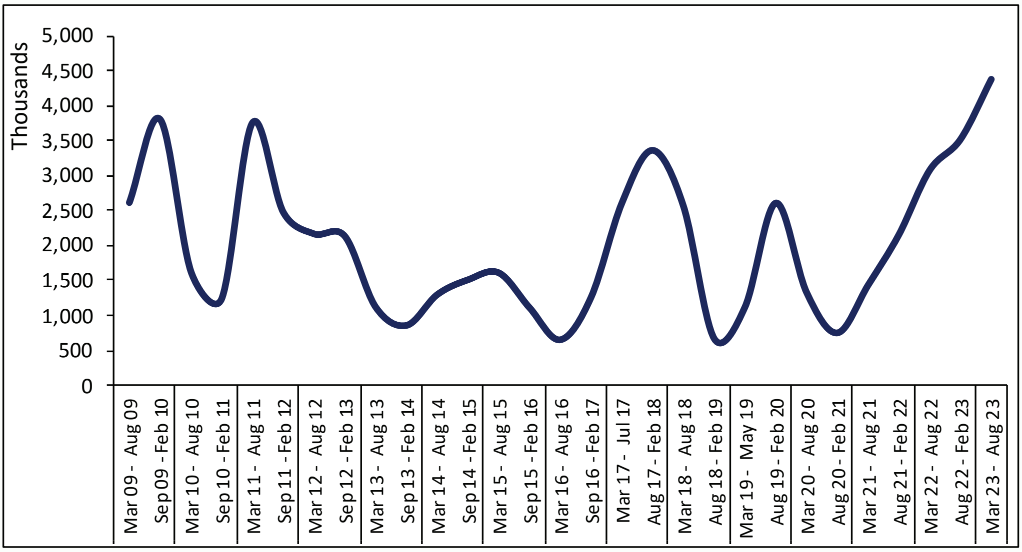


Figure 3: People in need of food assistance

The long rains assessment was undertaken in July 2022 while the 2022 short rains assessment was carried out in February 2023. The drought and food security situation worsened before the onset of the March-April-May (MAM) 2023 rainfall resulting in 12 counties including Marsabit, Mandera, Turkana, Wajir, Isiolo, Garissa, Makueni, Tana River, Kitui, Makueni, Baringo and Kitui classified as Crisis and 11 counties Narok, Kajiado, Taita Taveta, Kwale, Lamu, Kilifi, Embu (Mbeere), Meru (Meru North), Nyeri (Kieni) and West Pokot were stressed.

The March to May 2023 long-rains season was above average over most ASAL counties and leading to flood incidents in counties including Marsabit, Wajir, Turkana, another hazard after a prolonged drought. However, some pocket zones across the counties did not receive significant rainfall and thus were mapped out as hotspots that required close monitoring. Recovery of the socio-economic indicators was slow as a consequence of the prolonged drought (2020 – 2022).

The food security situation as at February 2023 remained critical in Turkana, Marsabit, Samburu, Wajir, Mandera, Garissa, Tana River, Kitui, Isiolo counties and some parts of West Pokot, Baringo and Makueni counties whereas across the MAM 2023 season, Marsabit, Turkana, Wajir, Mandera, and Garissa counties were classified under emergency food security phase (Figure 3).

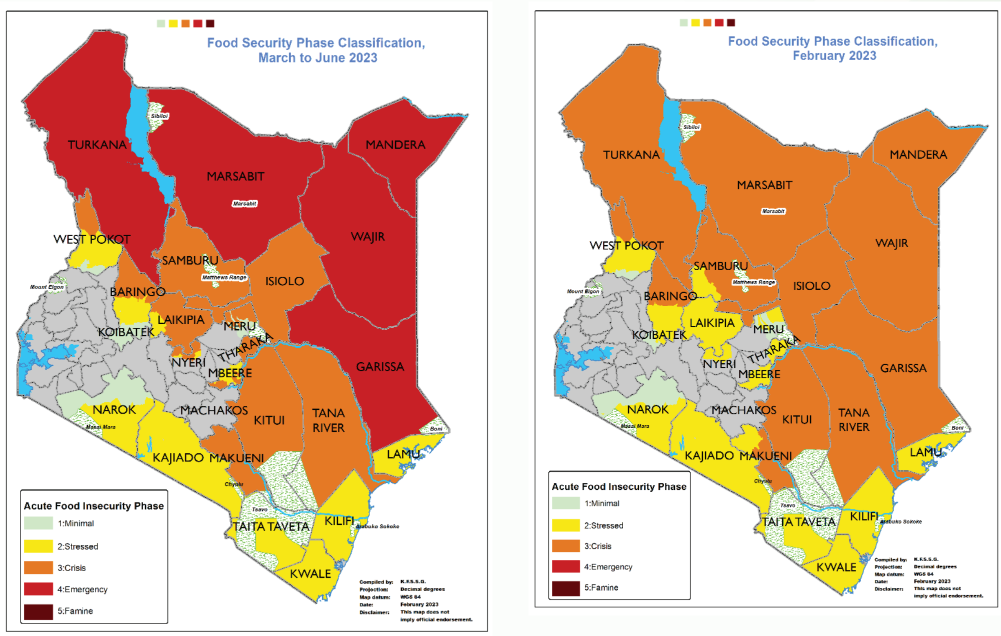


Figure 3: Food Security Situation

Among some of the identified drought impacts as at the end of the reporting period included:

1) An estimated 2.8 million people were facing high levels of acute food insecurity (IPC Phase 3 or 4) in the 23 ASAL counties although the number was projected to decrease to 1.6 million between October 2023 and January 2024 (Table 4).

2) Nine (9) ASAL counties Turkana, Marsabit, Mandera, Wajir, Garissa, Tana River, Makueni and Isiolo were in Crisis (IPC Phase 3) level of food insecurity while 14 counties Baringo, Laikipia, Meru (Meru North), Embu (Mbeere), Taita Taveta, Kilifi, Kwale, Lamu, Narok, Tharaka Nithi, Kitui, Kajiado, Nyeri (Kieni), Samburu and West Pokot were in the Stressed (IPC Phase 2) level of food insecurity.

3) 945,610 children below 5yrs and 144,940 lactating mothers suffered from acute malnutrition and required treatment.

4) Despite the improvement recorded, high rates of acute malnutrition were reported in Marsabit, Mandera, Turkana, Wajir, West Pokot, Isiolo, Garissa, Tana River, Samburu and Baringo counties.

Table 4: Population in need of food assistance

County	County population KNBS 2023 projection	Population in need of assistance Aug 2021	Population in need of assistance Feb 2022	Population in need of assistance Aug 2022	Population in need of assistance Feb 2023	Population in need of assistance Aug 2023
Pastoral Livelihoods						
Turkana	1,022,773	370,800	370,800	463,500	511,400	358,050
Mandera	959,236	173,500	303,700	390,400	527,600	287,700
Garissa	927,031	168,300	210,400	378,600	509,900	324,450
Marsabit	515,292	160,900	229,900	206,900	283,400	206,000
Wajir	870,636	195,300	273,400	351,600	478,900	261,300
Narok	1,284,000	57,900	57,900	57,900	128,400	64,200
Kajiado	1,268,261	55,900	111,784	55,900	190,200	126,800
T/ River	352,549	63,200	79,000	94,800	158,600	88,250
Samburu	348,298	46,500	108,600	139,600	156,700	104,400
Isiolo	315,937	107,200	80,400	134,000	110,600	79,000
Baringo	733,333	133,400	233,400	139,700	220,000	109,950
W/ Pokot	676,326	31,100	31,100	31,100	33,800	67,600
Laikipia	561,223	25,900	51,900	129,600	84,200	56,100
Sub-total, Pastoral	9,834,895	1,589,900	2,142,284	2,573,600	3,393,700	2,133,800
Agro pastoral Livelihoods						
Kilifi	1,577,335	145,400	218,100	72,700	78,900	78,850
Kitui	1,229,790	113,600	227,200	284,000	307,400	61,500
Makueni	1,042,300	98,800	98,800	197,500	208,500	52,100
Kwale	944,464	86,700	130,000	86,700	94,400	47,200
Meru (North)	794,476	38,200	152,900	153,000	158,900	39,750
Taita Taveta	363,990	17,000	34,100	34,100	54,600	18,200
Nyeri (Kieni)	205,139	9,900	19,800	29,800	30,800	10,250
T/Nithi (Tharaka)	177,709	6,700	13,300	26,700	17,800	8,900
Lamu	167,332	14,400	21,600	14,400	16,700	8,350
Embu (Mbeere)	280,979	27,200	13,600	40,900	28,100	0
Sub-total Marginal Agriculture	6,783,514	557,900	929,400	939,800	996,100	652,750
Total	**16,618,409**	**2,147,800**	**3,071,684**	**3,513,400**	**4,389,800**	**2,786,550**

Drought early warning and food security assessment information were disseminated widely. The Authority;

1) Convened two (2) Kenya Food Security Meeting (KFSM) forums for validation and sharing of the long and short rains food and nutrition security assessment findings.

2) Published 48 food and nutrition security assessment reports (46 county and 2 national) and 288 monthly drought bulletins (276 county and 12 national) on the NDMA website to enhance dissemination.

3) Disseminated messages on drought status and interventions to communities through community meetings, use of drought early warning flags and local radio stations.

5 DROUGHT CONTINGENCY PLANNING, RESPONSE AND RECOVERY

5.1 Drought Contingency Planning

During the period under review, the Authority coordinated and supported drought contingency and response planning at county and ward level in all the 23 ASAL counties. Ward level contingency plans inform response planning and execution during drought episodes. Further, they inform development, review and update of the relevant county drought contingency plans.

During the period under review;

1) 115 ward contingency plans were developed, five in each of the twenty-three (23) ASAL counties covered by NDMA.
2) Each of the resulting ward plans was validated by the County Steering Group (CSG) for ratification and stakeholder ownership.
3) Further, a total of 690 stakeholders involved in the PDRA processes benefitted from the on-job training on community managed drought risk management/ participatory disaster risk assessment.

Drought contingency plans require regular reviews and updates in order to accommodate adjustments necessitated by changes in contexts of coping capacities. During the period under review, the Authority supported all the 23 ASAL counties to review and update their drought contingency plans, which were then validated for adoption by their CSGs. Further, prior to OND 2022 and MAM 2023, the Authority coordinated the development of post-season drought response plans for all the 23 ASAL counties. The pre-MAM 2023 response planning was coupled to participatory scenario planning, and drought response SIMEX supported by the Authority, both providing further insights and inputs for post-season response plans. During the same period, the Authority coordinated the production of two national-level drought response plans informed by the corresponding seasonal county-level response plans. The response plans informed the mobilisation of resources and stakeholders for drought response, as well as actual drought response implementation in the counties and nationally.

During the reporting period, the 23 ASAL counties, at various times attained early warning indicator thresholds for response activation and scalability. A majority of counties oscillated between drought ALERT and drought ALARM phases, with parts of Marsabit County tending towards drought EMERGENCY phase. The Authority coordinated stakeholders of the different drought prone sectors to activate and implement drought response at scale during the pre-MAM 2023 period.

To enhance triggering sensitivity of the drought early warning system, the Authority supported 12 of the 23 ASAL counties that were not covered during the previous reporting period, to review their EWI trigger thresholds. The review creates a band that extends to one standard deviation above and below the Long-Term Average (LTA). The upper and lower limit of the ranges are the decision points for drought phase transitions to either worse or better. This enables response triggering when the indicators register unfavorable values falling outside the range, a shift from triggering on by point-values of the Long-Term Averages (LTA), triggering response activation, upscaling, downscaling or cessation, and the eventual transitioning to drought recovery activities.

5.2 NDEF Business Process Training

The National Drought Emergency Fund (NDEF) received KSh 200 million towards the end of the 2021/2022 financial year. As stipulated in the regulations, and in order to support the utilization of NDEF funds for drought response and recovery, the Authority trained the gazetted members of the County Drought and Food Security Committees (CDFSC) in all the 23 ASAL counties.

5.3 Drought Response

Kenya faced the worst drought in the last 40 years during the reporting period with some parts of the ASALs counties experiencing up to four successive failed rain seasons. As such, 17 of the ASAL counties activated drought response activities. Majority of the sectoral drought response interventions were in the water, livestock, health & nutrition, education and peace and security sectors. During FY 2022/2023 a total of KSh 418,214,229 from the drought contingency fund was disbursed to 17 counties. The benefiting sectors were Water (KSh 110,470,477), Livestock (KSh 251,711,412), Health and Nutrition (KSh 8,536,050), Education (KSh 6,716,200), Agriculture (KSh 2,181,590), Peace and Security (KSh 11,645,400) and Coordination (KSh 26,953,100).

Martha Wambua was among the beneficiaries of the livestock feeds in Makueni County who received bags of the highly nutritious feed supplements to avert livestock deaths.

5.4 Shock Responsive Cash Transfers

The shock responsive cash transfers targets vulnerable households at the risk of asset consumption to survive a drought. During the reporting period, KSh 409,074,300 billion was paid to 59,651 households in Turkana, Marsabit, Wajir and Mandera counties.

5.5 Integrated Response and Recovery of Livelihoods Project

The project aimed to enhance response and recovery of communities affected by drought through humanitarian response and recovery activities, capacity building to prevent violent extremism and alternative livelihoods and employment opportunities. The objectives of the project were to 1) to restore and rehabilitate productive assets and 2) to restore community infrastructure to improve market access and other critical services.

Under the first result area, the project invested in five water projects (three piped water projects, one borehole and one earth pan) benefitting 49,999 people (24,138 female; 25,861 male). The water investments support food production for 6,354 households through micro-irrigation thus enhancing food security. Under the second result area, 10.5km of roads were graded, 6.7km of drainage constructed, 6.5km gravelled, 90.5m of culverts, and 1km of *Do Nou*[1] of improved access to markets, health facilities and other social facilities by 50,000 community members (25,500 male; 24,500 female) in West Pokot and Elgeyo Marakwet Counties. The activity utilized cash for work approach and paid Ksh. 2,735,000 to the community workers. Besides improved market access, transport costs reduced by 25% owing to the better roads.

1 *Do Nou* is a construction method that combines labour-intensive road maintenance with low-cost materials borrowed from Japan.

6 DROUGHT RESILIENCE, CLIMATE CHANGE ADAPTATION AND SOCIAL PROTECTION

The main resilience building projects implemented were Kenya Social and Economic Inclusion Hunger Safety Net Programme (KSEIP-HSNP), Towards Ending Drought Emergencies (TWENDE) and Support to Drought Risk Management (SDRM).

6.1 Kenya Social and Economic Inclusion Hunger Safety Net Programme

The program's main objective is to provide consistent and immediate cash transfers while also establishing an integrated social protection system at the national and county levels in Kenya. The HSNP Program, is a crucial part of the larger Kenya Social and Economic Inclusion Programme (KSEIP), implemented in collaboration with the State Department for Social Protection and supported by the World Bank.

In recent years, the KSEIP-HSNP disbursement ratio has improved significantly, reaching 46% from its previous level. This improvement is attributed to a change in policy to prioritise HSNP disbursements by reallocating funds from development to recurrent expenditure. Additionally, the program expanded its coverage to Isiolo, Tana River, Garissa, and Samburu.

In the reporting period, KShs. 2,410,894,800 was disbursed under the regular unconditional component. Of the total amount disbursed, Ksh. 2,152,828,800 benefitted 94,908 households in pioneer counties (Turkana, Marsabit, Wajir and Mandera) whereas Ksh. 258,066,000 benefitted 23,895 households in the expansion counties (Isiolo, Tana River, Garissa and Samburu). Details of scale-up cash transfers are provided in subsection 5.4 of this report.

The NDMA supports HSNP by providing timely, unconditional cash transfers to vulnerable households in 8 ASAL counties in Kenya.

6.2 Towards Ending Drought Emergencies

TWENDE planned to;

1) Enhance timely information sharing of early warning actions.
2) Enhance community capacity for coordination and evidence-based decision making for climate resilience.
3) Conduct vulnerability impact assessment.
4) Strengthen and scale-up inter-county integrated landscape planning and management.
5) Optimise existing drought reduction coordination framework and management structure.
6) Develop a stakeholder engagement and communication strategy
7) Disseminate project outputs and share experiences and
8) Enhance learning for adaptive management.

Key successes in the three landscapes included;

1) Increased women participation in planning for drought risk and conflict management.

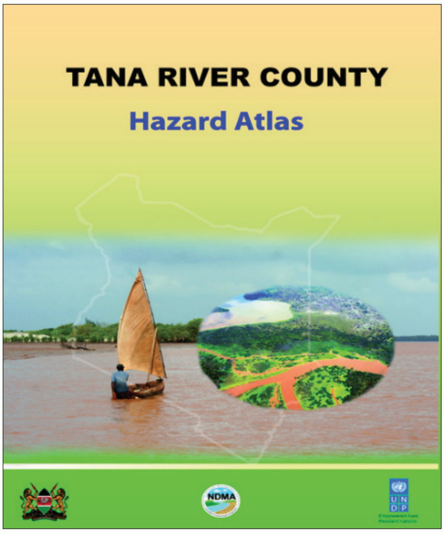
2) Drought risk management plans were integrated in the third generation County Integrated Development Plans (CIDPs) and are being used by other county stakeholders to prioritise climate adaptation and DRM interventions.

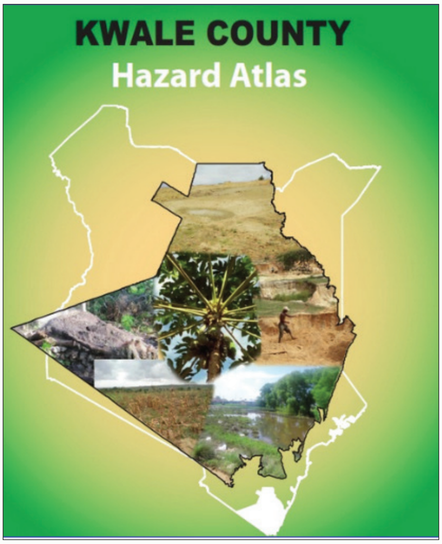
3) Stakeholder engagements across the landscape ignited the need for cross border interaction, joint planning and coexistence.

4) There are indications of crowding in of partners to collaborate with the project particularly in strengthening the management of rangelands.

6.3 Consolidating Gains and Strengthening Devolution

The United Nations Development Programme (UNDP) funded the Authority to develop multi-hazard risk profiles for thirteen (13) counties (Turkana, Baringo, Garissa, Tana River, Kilifi, Kwale, Laikipia, Marsabit, Isiolo and Samburu, West Pokot, Narok and Elgeyo Marakwet). This was possible through a partnership with the Regional Centre for Mapping of Resources for Development (RCMRD). Through the hazard atlases, counties are able to make evidence-based decisions towards addressing the effects of climate change.





6.4 Support to Drought Risk Management

During the reporting period, SDRM funded 35 community micro projects in 17 counties at a cost of Ksh. 133.9 million, 28 of which restored the functionality of water facilities through desilting of water pans, rehabilitation of boreholes, construction of masonry tanks and installation of gutters and plastic water tanks for roof water harvesting. Four of the micro projects supported the livestock sector while three rehabilitated irrigation systems to support agriculture.

In addition, two macro projects were implemented in Marsabit and Garissa Counties in the water sector focusing on water storage facilities at a cost of Ksh. 15.8 million. The immediate outcomes from the projects implemented included:

1) Replication of the micro projects by communities to reach a wider coverage.
2) Desilted water pans impounded enhanced volume of water during the March to May 2023 long rains season thus improving water access.
3) Harnessing of green energy reducing water pumping cost.
4) Contribution to livelihoods through opportunities for household incomes.

Cherumbo Water Pan in Baringo county before desilting.

Cherumbo Water Pan after desilting collected water enough to serve the community.

7 KNOWLEDGE MANAGEMENT

7.1 Monitoring and Evaluation

Ten monitoring missions were conducted in 15 Counties Lamu, Kilifi, Kwale, Garissa, Kitui, Tana River, Makueni, Mandera, Isiolo, Marsabit, Kajiado, Narok, Baringo, West Pokot and Wajir. The Authority continuously monitored implementation of preparedness and response activities in the 23 counties where it operates. Monitoring activities were organised at county level by the implementing teams and at the national level to validate the county monitoring reports. By the end of the financial year, all the planned activities were delivered on time and within budgets. Several lessons from the monitoring experiences were learnt;

1) Formal project handover is important. In instances where investments were not formally handed over to the beneficiaries, challenges of ownership were observed jeopardizing sustainability of such investments. The Authority will officially hand over investments to beneficiaries and issue a handover certificate. During the handover, the beneficiaries will be sensitized on their responsibility in managing the investment.

2) Adopt vandalism proof technologies. Most of the metallic branding signages and auxiliary structures were vandalized in almost all the counties. NDMA will adopt use of concrete signages to discourage vandalism. Moreover, NDMA should make a decision on the need of the auxiliary structures as it seems communities do not value them. Perhaps, part of the community contribution should be construction of the auxiliary structure for them to appreciate and take care of them.

A team from NDMA during a monitoring mission to Olooichumari water pan in Kajiado County.

3) Capacity of communities will be continuous. It was noted that communities were at different levels of their capacity and needed training on various aspects of project management especially on sustainability after the investments were handed to them. It was a huge risk to invest millions of Kenya Shillings and not build the capacity of communities on sustaining the investments thereafter. The training will be on need basis.

In the reporting period, the SDRM was evaluated by the European Union and reported the following achievements.

1) The grant was relevant i.e., the investments responded to felt needs of the target communities e.g., bringing water investments closer to the people reduced the time taken to access water for domestic and livestock use.

2) The grant was coherent with national, regional and global strategies including ending drought emergencies initiative in Kenya and IGAD's Drought Disaster Resilience Sustainability Initiative (IDDRSI) for the IGAD region.

3) The grant was effective in delivering the planned results amidst various challenges. For instance, distance to water points were reduced by more than 50% in some instances. There were cases of water dams and pans that had not dried for over five years such as Bulto Abarufa pan in Tana River County and Kwa-Ndaki dam in Kitui County ensuring access to water, year-round.

4) The EU model was efficient.

5) There were indications of sustainability strategies such as mainstreaming EDE in county CIDPs, establishment of NDEF and community engagement through Participatory Disaster Risk Assessment (PDRA) processes. However, a main gap in sustainability was inadequate investment of county governments in resilience building thus more work is required.

6) The implementation approaches were inclusive.

7) Working directly with the needy communities ensured impact including access to water, foods, markets and capacity improvement.

NDMA has taken various steps to address the identified gaps.

1) Taking advantage of the fact counties have a constitutional mandate to implement devolved programs, the Authority will engage counties more in project identification, implementation and resource mobilisation. Moreover, the Authority will work with partners to enhance the capacity of county governments for prudent investment.

2) Implementation strategies will employ the light touch sustainability approach focusing on building the capacity of the beneficiaries and local institutions.

3) The Authority will incorporate end-to-end vision in DRM investments to optimise benefits e.g., investments involving agricultural production to have input supply, value addition and marketing elements.

7.2 Ending Drought Emergencies

In the 2020/2021 financial year, the Midterm Review (MTR) of the ending drought emergencies (EDE) initiative was completed recommending for an extension of implementation period to 2032 to achieve its goal. In the reporting period, the various sectors that have a stake in the EDE validated the EDE-MTR recommendations, prepared an action plan for developing the second phase of EDE and resource mobilisation initiated for the process.

7.3 Knowledge Management

7.3.1 The Knowledge Management and Information Sharing Platform

Development of the NDMA Knowledge Management System (KMS) was finalised. All the NDMA staff were sensitised on the system to enhance ownership. During the reporting period, 32 NDMA managers and 47 knowledge management champions were trained. The Authority appointed the champions as focal persons for knowledge management, 23 in each of the counties where NDMA operates and the rest from the headquarters. In their role, the champions trained 102 staff in 13 counties and HQ of the 242 staff to be trained. Training will continue for the rest of the staff. For sustainability, NDMA included in its strategic plan (2023-2027) an activity to provide refresher training to the champions to enhance their support capacity and review the platform after two years of utilisation to incorporate staff experiences.

The KMS enhances the efficiency of the Authority in various ways;

1) As a central repository of knowledge products enables securing of knowledge products for timely retrieval.

2) The investment tracker is an important tool for decision making on investment prioritisation. It is also key in resource mobilisation because it enables the Authority to identify investment gaps.

3) The forums module enables technical teams (communities of practice) to share experiences.

4) The monitoring module has streamlined and standardised planning and reporting of NDMA's operational plans.

7.4 Knowledge Sharing and Application

NDMA is mandated to share information with its stakeholders. This information is in the form of drought early warning, recommended community actions and ongoing interventions. Information dissemination is done through various channels and media such as Information, Education and Communication (IEC) materials, the NDMA website, mass media, social media platforms, a bulk email sharing platform and peer forums.

7.4.1 Information, education and communication materials

The Authority disseminates knowledge through various information products such as reports and manuals. During the period under review, the following was achieved;

1) Disseminated the 2022 long rains and short rains assessment reports, drought early warning bulletins via email and the website to inform action by stakeholders and for public information.
2) Press releases/briefs: Several press briefs were developed during the commissioning and implementation of several community-level activities targeted at raising awareness of ongoing drought response interventions.
3) Branded materials: Activity banners showcasing outcomes of EU support to drought risk management and visibility plaques placed on different components of interventions, i.e commemorative plaques. The Authority also produced 100 shirts and 100 caps for senior staff members.
4) Publications: These included project brochures, outdoor banners, folders and newsletters were circulated to stakeholders through mailing lists, website, and social media accounts.

7.4.3 Publicity events

These included national and county-level events for awareness creation of NDMA strategic investments in drought resilience/preparedness and response interventions. During the reporting period, the Authority commissioned and handed over several drought preparedness projects as follows;

- The Ministry of East African Community, Arid and Semi-Arid Lands (ASALs), and Regional Development Cabinet Secretary Rebecca Miano, MBS presented a cheque to NDMA Board Chairman Mr. Raphael Nzomo and CEO Hared Hassan Adan Lt. Col. (Rtd) for cash transfer disbursements to 23,895 families in Samburu, Garissa, Tana River and Isiolo counties in July 2023.

- The Authority participated in the launch of the 3rd edition of the LEGS (Livestock Emergency Guidelines and Standards) Project handbook on July 5th 2023. LEGS offers decision-making tools for emergency response activities in the livestock sector by stipulating standard operating procedures for interventions.
- A team from NDMA participated in the 21km half marathon and 10km race in the Nairobi City Marathon 2023 in support of efforts to green the city and increase forest cover to mitigate effects of climate change.
- The NDMA participated in the 6th KIPPRA Kenya Annual Regional Conference at Pwani University from June 21st-23rd. The conference theme was 'Accelerating Economic Growth and Development for ASALs in Kenya'. The Authority showcased its services and products at an exhibition stand.
- CS, Environment, Climate Change and Forestry Hon. Soipan Tuya CBS and CS Tourism, Wildlife and Heritage Hon. Peninah Malonza, OGW, inaugurated construction of Mwania Sand Dam in Mwingi Central as part of activities to mark World Desertification and Drought Day 2023. When complete, the dam will provide water to over 1,400 households and support tree growing in the area.
- NDMA Board Chairman Mr. Raphael Nzomo MBS joined other chairpersons of State Corporations in a tree planting exercise at Lenana Forest. The exercise was organised by NETFUND Kenya as part of the campaign to achieve 30% national tree cover by 2032 in June 2023.
- In June 2023, the Authority participated in the Resilience Knowledge Fair in Samburu County under the theme 'strengthening community learning to increase adaptive capacity to shocks and stresses".
- Principal Secretary Arid, Semi-Arid lands and Regional Development Dr. Idris Dokota_commissioned a water project at Melikubwa Primary School in Mackinon Ward of Kwale County in May 2023. Melikubwa water project is providing safe and adequate water to more than 4,600 people.
- A tree planting exercise was organised by the Towards Ending Drought Emergencies project, which seeks to increase resilience of livestock and other land-use sectors through restored and effectively governed rangeland ecosystems was conducted in Kajiado County. Deputy President H.E Rigathi

Gachagua presided over the exercise, he was in the company of Kajiado County Governor Joseph Ole Lenku at Ngong Township Primary School in April 2023. This was part of the campaign to plant 15B trees to achieve 30% tree cover.

- The NDMA participated in the 2023 Social Protection Conference whose theme was "Accelerating inclusive and integrated social protection systems in Kenya". NDMA CEO Hared Hassan Adan Lt. Col. (Rtd) was part of a panel discussion at the Social Protection Conference discussing implementation of HSNP which targets 133,800 vulnerable households in 8 arid counties in April 2023.
- The Prime Cabinet Secretary Mr. Musalia Mudavadi presided over the launch of the Dryland Climate Action for Community Drought Resilience (DCADR) project, an EU-funded project implemented by the NDMA in April 2023. Present during the launch were CS Rebecca Miano, EU Ambassador to Kenya Ms. Henriette Geiger, Members of EU Parliament Committee on Development and NDMA Board Chairman Mr. Raphael Nzomo.
- NDMA CEO Hared Hassan Adan Lt. Col. (Rtd) commissioned and handed over the Afwein Masonry water storage tank in March 2023 to Afwein community in Lagdera Subcounty. NDMA supported construction of the tank through funding from the EU following a request by the community to enable them to harvest rainwater and to provide storage during water trucking.
- Principal Secretary Arid, Semi-Arid lands and Regional Development Dr. Idris Dokota commissioned The Garseni Central Integrated Livelihood Project in Tana River County in December 2022. The project consists of 115 acres under irrigation and beekeeping. The project is aimed at diversifying livelihoods through crop and pasture production and beekeeping.
- The Meru NDMA staff planted 300 trees in Tigania East Sub County in collaboration with local administration and Kenya Forest Service. This was towards the Government's initiative to increase the national tree cover.
- The European Union Policy Officer for Sustainable Agri-Food Systems and Fisheries International Partnerships Mr. Nick Goetschalckx, visited Makueni County to assess the drought resilience and response interventions. He was accompanied by the Programme Manager – EU delegation Nairobi, Kenya Mr. Alaine Castermans during the tour.
- NDMA Board Chairman Mr. Raphael Nzomo commissioned Mbarani Earth Dam in Mumoni Ward, Kitui County in September 2022. The dam

was established through a partnership with the State Department for Crop Development under the KCEP-CRAL programme funded by the European Union through IFAD and Adaptation for Smallholder Agriculture Programme.

- Chief Administrative Secretary, Ministry of Devolution and ASAL Mr. Abdul Bahari commissioned the Merti-Korbesa Water Supply Project in Isiolo County in July 2022. The project total cost is Ksh 96.7M through a collaboration between the NDMA with support of European Union, Northern Water Works Development Agency and Isiolo County. The project benefits more than 8,000 people, 6 schools, 4 dispensaries and 11,000 livestock in Cherab Ward.
- Principal Secretary, State Department for Arid and Semi-Arid Lands, Mr. Micah Powon commissioned the Kainuk Livestock Saleyard in Turkana County in July 2022. The project is part of the broader Peace Dividend program aimed at building long-term peaceful co-existence among neighboring communities through co-shared public facilities.
- The NDMA staff led by the CEO Hared Hassan Adan Lt. Col. (Rtd) participated in a tree planting exercise at Ngong forest as part of the activities to commemorate Africa Public Service Day 2022 in an event graced by Chief Administrative Secretary, Ministry of Devolution and ASAL Abdul Bahari.
- In an effort to mitigate the nation's drought situation, President William Ruto established a National Steering Committee on Drought Response. As the secretariat, the NDMA has been in charge of coordinating the distribution of relief food as part of the Wakenya Tulindane campaign.

County Drought Coordinators during food distribution exercises dubbed Wakenya Tulindane Campaign.

The NDMA team that participated in the Nairobi City Marathon 2023.

CEO Hared Hassan Adan Lt. Col. (Rtd) commissioning a masonry water storage tank in Lagdera Subcounty.

The NDMA team takes visitors through its services and products at the Authority's exhibition stand on the sidelines of the 6th KIPPRAKENYA Annual Regional Conference at Pwani University

NDMA Board Chairman Raphael Nzomo and Garissa County Deputy Governor H.E. Abdi Dagane flagging off drought mitigation interventions in Garissa County.

NDMA CEO Hared Hassan Adan Lt. Col. (Rtd) together with Safaricom PLC CEO Peter Ndegwa in distribution of food hampers to communities in Isiolo under Pamoja Tuungane initiative.

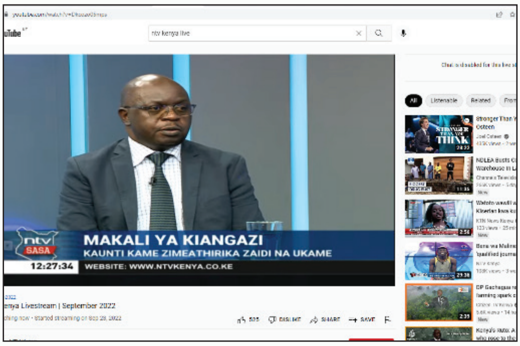
7.4.4 Media engagement

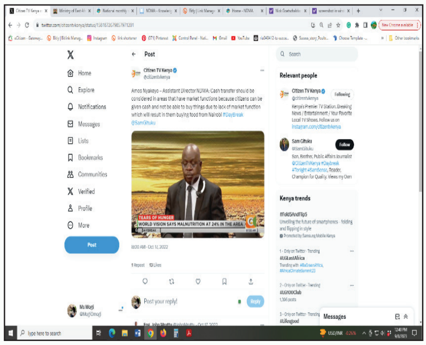
Over the reporting period, NDMA engaged media as follows;

1) Disseminated information on drought status and interventions to media houses and journalists through the Authority's electronic newsletter.

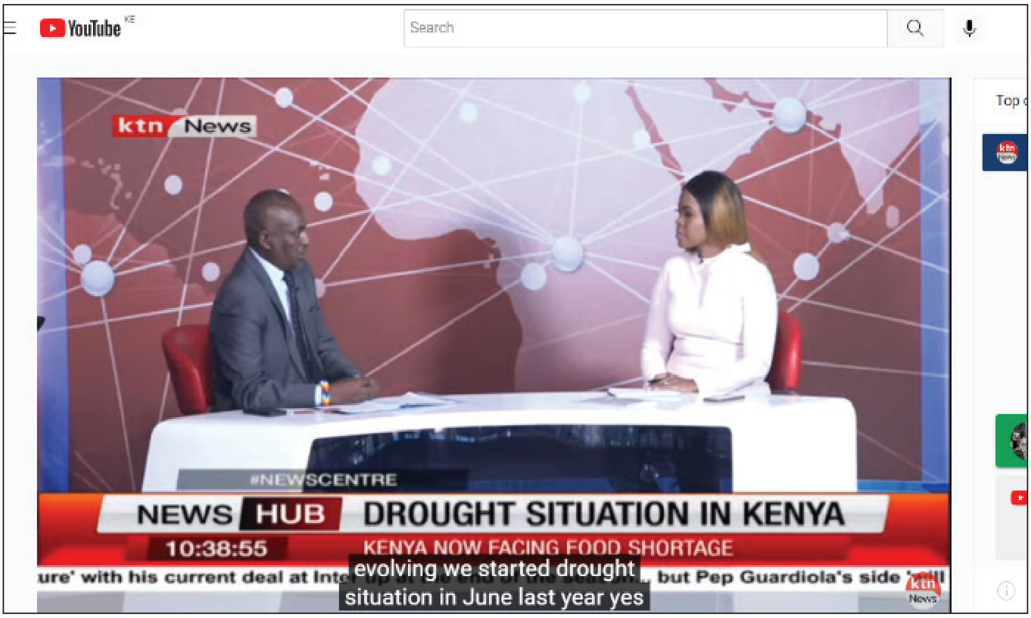
2) NDMA participated in several TV talk shows, which are a powerful and effective way to increase the visibility of the agency and reach a larger audience. Television has a large and diversified audience, providing it a good platform for highlighting the organisation's activities, raising awareness about its objective, and engaging with the public.

3) Prepared press releases and media briefs on specific interventions to aid both print and electronic media coverage, especially during commissioning of projects and other public events.





Deputy Director, Drought Contingency Planning and Response Mr. Amos Nyakeyo at different TV stations for interview sessions.



Director Technical Services Mr. Saiyana Lembara at a TV interview.

8 RESOURCE MOBILISATION AND PARTNERSHIPS

During the reporting period, NDMA mobilised KShs. 8,084,140,964 from the Government and development partners (Figure 5).

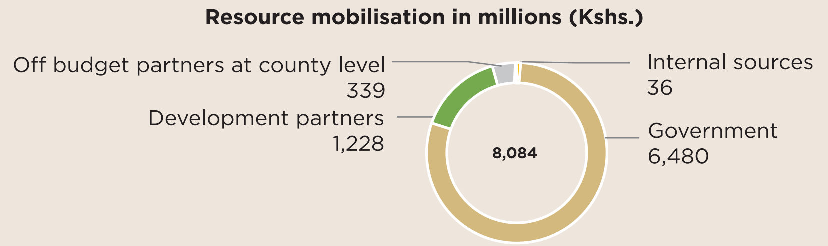


Figure 5: Funds mobilised

8.1 National Treasury Budget Allocation Printed Estimates

The Authority was allocated KShs. 7,708,231,331 by the National Treasury under the Medium-Term Expenditure Framework (MTEF) for the 2022/2023 Financial Year, a 16% increase from the KShs. 6,614,395,464 allocated in the 2021/2022 Financial Year. Out of the Authority's budget, Kshs. 6.48 billion was from the Government while Kshs. 1.22 billion was from development partners (Table 5).

Launch of Dryland Climate Action for Community Drought Resilience – DCADR Project in April 2023.

Table 5: Government appropriation

Programme / Project	*Source of Funding*		*Total*
	GoK	*Donor*	
Ending Drought Emergencies - Support to Sustainable Livelihoods -SDRM (GoK/EU)	100,000,000	339,010,000	439,010,000
Dryland Climate Action for Community Drought Resilience - DCADR (GoK/EU)	0	360,000,000	360,000,000
Resilience and Sustainable Food Systems Program - SFSP (GoK/WFP)	31,000,000	70,000,000	101,000,000
Kenya Social and Economic Inclusion project - KSEIP	0	241,000,000	241,000,000
Integrated response and recovery of livelihood for communities affected by crisis in Kenya -IRRLC (UNDP)	0	97,691,331	97,691,331
Towards Ending Drought Emergencies – Adaptation on Kenya ASAL - TWENDE (GoK/ IUCN)	50,300,000	120,490,000	170,790,000
Hunger Safety Net Programme - HSNP III	5,081,300,000	0	5,081,300,000
Recurrent	924,140,000	0	924,140,000
Kenya Drought Early Warning	30,000,000	0	30,000,000
National Drought Emergency Fund - NDEF	263,300,000	0	263,300,000
Total	**6,480,040,000**	**1,228,191,331**	**7,708,231,331**

8.2 Internal Resource Mobilisation Strategies

During the reporting period, the Authority generated revenue internally through disposal of idle assets, premium from banks and rental income. A total of Kshs. 36,437,444 was generated, with Kshs. 23,256,668 from sale of disposable assets, Kshs. 13,013,376 from premium from banks and Kshs. 167,400 generated from rental income.

8.3 Partnerships

Besides the government and internal resources, NDMA worked with partners namely World Vision, German Agro-Action, Concern World Wide, Plan International, International Committee for the Development of Peoples (CISP), Kenya Red Cross Services (KRCS), World Vision Kenya, Food for the Hungry, Hand in Hand, FAO, Welthungerhilfe, Church of Jesus Christ of Latter, Kenya Agricultural and Livestock Organisation, the Agricultural Market Development Trust (AGMARK), Centre for Training and Integrated Research in ASAL Development (CETRAD),Kenya Meteorological Department, Equity Group Foundation, Eastern Africa Grain Council, Ripples International, and Netherlands Development Organisation (SNV). The joint activities with partners raised additional Ksh. 339,472,189 that were invested in various activities including social protection, improving nutrition status, provision of livestock feed and agricultural inputs, solarisation of water pumping mechanisms to reduce cost of water, provision of irrigation infrastructure, water trucking and school feeding and food for fees programs.

9 INSTITUTIONAL DEVELOPMENT

The Authority recognises the need for training and development of all employees. It therefore, offers training opportunities to its employees in order to improve their work performance and personal development growth 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. Capacity building methods included individual and group trainings, workshops, conferences and internships/apprenticeships.

9.1 Training

The Authority supported 49 staff to attend various trainings during the reporting period as follows:

Table 6: Staff training

Type of training	*Number of staff trained*	*Duration*
Environmental and Social Management Systems (ESMS)	11	3 days
Programme Based Budgeting (ESAMI)	14	2 weeks
Programme on Information Systems Auditing	13	2 weeks
World Bank New Procurement Framework	5	2 weeks
Financial Management for Project Accountants in Government and World Bank Funded Projects	6	1 week

9.2 Recruitment, internship and career growth

During the reporting period, the Authority reviewed its human resource instruments including staff establishment, organisation structure, human resource policy procedure manual, and career guidelines. NDMA recruitment the following staff:

Table 7: Recruitment and internships

Designation	*County*	*Grade*
Supply Chain Management Officer	Garissa	NDMA - 7
Supply Chain Management Officer	West Pokot	NDMA -7
Office Assistant	Narok	NDMA -10
Office Administrator 1	Nyeri	NDMA- 8
Driver	Samburu	NDMA -10
Office Administrator 1	Nairobi	NDMA-7
Accountant	Baringo	NDMA-7
Supply Chain Management Officer	Kitui	NDMA-7
Office Assistant	Embu	NDMA -11
Accountant	Kwale	NDMA -7
Supply Chain Management Officer	Taita Taveta	NDMA -7
Driver	Mandera	NDMA -10

In the same period, five staff exited the Authority.

Table 8: Staff Attrition

Designation	*County*	*Exit Date*
Supply Chain Management Officer	Garissa	17/11/2022
Supply Chain Management Officer	Samburu	21/11/2022
Deputy Director, Technical Services	Makueni	06/12/2022
Deputy Director, Technical Services	Kwale	20/12/2022
Deputy Director, Technical Services	Lamu	09/11/2022

9.3 Internship

Towards supporting the Government agenda of equipping the youth with requisite skills and capacities, the Authority offered internship and attachment opportunities to 80 youths (38 interns and 42 attachés) from various specialisations at both headquarters and county offices.

10 Financial Statements

10.1 Statement of Financial Performance for the year ended 30th June 2023

Description	*Notes*	*2022-2023*	*2021-2022*
Assets		**Ksh**	**Ksh**
Revenue from non-exchange transactions			
Public contributions and donations	*6*	855,232,005	681,681,715
Transfers from other governments – gifts and services-in-kind	*7*	6,480,040,000	5,212,440,000
Total Revenue from non-exchange transactions		**7,335,272,005**	**5,894,121,715**
Revenue from exchange transactions			
Rental revenue from facilities and equipment	*8*	167,400	477,350
Other income	*9 (a)*	19,271,074	57,041,227
Extra income	*9(b)*	150,257,358	58,577,313
Total Revenue from exchange transactions		**169,695,833**	**116,095,890**
Total revenue		**7,504,967,838**	**6,010,217,605**
Expenses			
Use of goods and services	*10*	111,456,435	215,427,857
Employee costs	*11*	631,864,390	612,423,697
Board expenses	*12*	13,087,772	19,269,875
Depreciation and amortization expense	*13*	85,916,821	79,348,428
Repairs and maintenance	*14*	31,882,371	35,276,850
Grants and subsidies	*15*	5,960,318,949	5,161,975,770
Finance costs	*16*	2,522,562	2,641,497
Extra expenses	*17*	104,448,595	82,105,937
Total expenses		**6,941,497,895**	**6,208,469,911**
Gain on disposal	18	14,015,494	1,069,226
Surplus/(deficit) for the period		**577,485,437**	**(197,183,080)**

The notes set out on pages 16 to 54 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 15 were signed on behalf of the Board of Directors by:

....	....	....
Hared Hassan Lt. Col (Rtd)	Yussuf Roba Bagaja	Mr. Raphael Nzomo, MBS
Accounting Officer	**Head of Finance ICPAK M/No: 8335**	**Chairman of the Board**
Date	**Date**	**Date**

10.2 Statement of Financial Position as at 30th June 2023

Description	Notes	2022-2023	2021-2022
Assets		**Kshs**	**Kshs**
Current assets			
Cash and cash equivalents	19	974,871,034	720,033,004
Receivables and prepayments	20	773,303,798	183,126,159
Inventories	21	2,031,560	3,601,575
Total current assets		**1,750,206,392**	**906,760,738**
Non-current assets			
Property, plant and equipment	22 a	459,128,284	430,585,210
Intangible Assets	22 b	64,018,830	39,834,728
Total non-current assets		**523,147,114**	**470,419,938**
Total assets		**2,273,353,506**	**1,377,180,676**
Liabilities			
Current liabilities			
Trade and other payables	23	394,550,741	76,824,924
Net assets		**1,878,802,766**	**1,300,355,753**
Financed By			
Capital fund		372,983,050	372,983,050
General Reserve		1,453,407,341	874,960,326
Revaluation Reserve		52,412,375	52,412,375
Total net assets and liabilities		**1,878,802,766**	**1,300,355,753**

10.3 Statement of Changes in Net Assets for the year ended 30th June 2023

Description	*Capital fund (Ksh)*	*General Reserve (Ksh)*	*Revaluation Reserve (Ksh)*	*Total (Ksh)*
Balance as at June 30th, 2021	**372,983,050**	**1,070,941,995**	**52,412,375**	**1,496,337,420**
Balance as at July 1st, 2021	372,983,050	1,070,941,994	52,412,375	1,496,337,419
Transfers to/from accumulated surplus	-		-	-197,183,080
Prior year adjustment	-	1,087,748	-	1,087,748
Prior year adjustment	-	-6,930	-	-6,930
Prior year adjustment	-	120,594	-	120,594
Balance as at June 30th, 2022	**372,983,050**	**874,960,326**	**52,412,375**	**1,300,355,751**
Balance as at July 1st,2022	**372,983,050**	**874,960,326**	**52,412,375**	**1,300,355,751**
Transfers to/from accumulated surplus		577,485,437	-	577,485,437
Prior year adjustment		961,578		961578.32
Balance as at June 30th, 2022	**372,983,050**	**1,453,407,341**	**52,412,375**	**1,878,802,766**

Note: Statement of Changes in Net Assets

1. The Prior year adjustment of Kshs 961,578 relates to transaction omissions and commissions errors in the financial year 2021-2022. The tabulation of the amount is as indicated below:

Ledger	*Debit*	*Credit*	*Cumulative*	*Remarks*
Prepayments		189,324	189,324	To correct error of transposition FY.2021/22 (JV12599)
Salary Advances	130,000		(130,000)	Correcting salary advance deposit for FY 2020/21 that was posted under rental income
General Provisions		106,836	106,836	To correct provision 2018/19 Q4 rent for Kitui office which was erroneously expensed in YR.2019.
General Provisions		147,567	147,567	To correct provision 2019/20 rent for Nyeri office which was already paid vide PVs.Nos:0108, 058...
General Provisions		1,033	1,033	To correct over-provisions
Accounts Payable		666,046	666,046	To correct JV.No.10335 for provision already paid via INV.42996, Vch.No.104
Refundable Deposits Payable		10,672	10,672	To recognize sales of tender erroneously posted as a liability in FY 2021/22
Sale of Motor Vehicle	30,000		(30,000)	To correct overstatement of sale of motor vehicle FY 2021/22
Totals			**961,478**	

10.4 Statement of Cash Flows for the year ended 30th June 2023

Description		*2022-2023*	*2021-2022*
Cash flows from operating activities	*Notes*	*Kshs*	*Kshs*
Receipts			
Public contributions and donations	6	855,232,005	681,681,715
Transfers from other governments – gifts and services-in-kind	7	6,480,040,000	5,212,440,000
Rental revenue from facilities and equipment	8	167,400	477,350
Other income	9 (a)	19,271,074	57,041,227
Extra income	9(b)	150,257,358	58,577,313
Total Receipts		**7,504,967,838**	**6,010,217,605**
Payments			
Use of goods and services	10	111,456,435	215,427,857
Employee costs	11	631,864,390	612,423,697
Board expenses	12	13,087,772	19,269,875
Repairs and maintenance	14	31,882,371	35,276,850
Grants and subsidies	15	5,960,318,949	5,161,975,770
Finance costs	16	2,522,562	2,641,497
Extra expenses	17	104,448,595	82,105,937
Net cash flows from/ (used in) operating activities		**6,855,581,074**	**6,129,121,483**
		649,386,764	**(118,903,878)**
Cash flows from other operating activities			
Increase/decrease in receivables-non exchange	20	(590,177,639)	1,476,093,306
Increase/decrease in trade and other payables	23	317,725,817	-956,949,378
Increase/decrease in inventories	21	1,570,015	-1,028,280
Total cashflow from other operating expenses		**(270,881,808)**	**518,115,648**
Cash flows from investing activities			
Computers	22a	(19,691,857)	(60,797,863)
Furniture and fixtures	22a	(437,800)	(14,954,208)

Description		*2022-2023*	*2021-2022*
Cash flows from operating activities	*Notes*	*Kshs*	*Kshs*
Motor Vehicle	22a	(103,571,413)	(40,448,350)
Buildings	22a	-	-7,392,558
Intangible assets		(24,184,102)	-
Proceeds from disposal	22d	23,256,668	2,095,701
prior year adjustment		961,578	1,080,818
prior year adjustment		-	120,594
Net Cash flows from investing activities		**(123,666,925)**	**(120,295,866)**
Increase / (decrease) in cash and cash equivalents		254,838,031	278,915,904
Cash and cash equivalents at July 1st, 2022		720,033,004	441,117,101
Cash and cash equivalents at June 30th, 2022		**974,871,034**	**720,033,004**

10.5 Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023

Description	Original budget	Adjustments	Final budget		Actual on comparable basis	Performance difference	% 0f Utilization	Ref
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b=c-a	c		d	e=c-d	f=e/c	
Revenue	Kshs	Kshs	Kshs	Notes	Kshs			
Public contributions and donations - EDE SDRM (AIA)	279,010,000	60,000,000	339,010,000	6	336,663,435	2,346,565	0.69	
Public contributions and donations - DCADR (AIA)	360,000,000	-	360,000,000	6	356,981,202	3,018,798	0.84	
Public contributions and donations - WFP/SFSP (Donor)	56,460,000	13,540,000	70,000,000	6	19,079,577	50,920,423	72.74	*a*
Public contributions and donations - IPF Grant (Donor)	192,000,000	-	192,000,000	6	142,507,791	49,492,209	25.78	*b*
Public contributions and donations - IPF - IDA Loan	59,700,000	(10,700,000)	49,000,000	6	-	49,000,000	100.00	
Public contributions and donations - UNDP-IRRLC	-	-	97,691,331	6	-	97,691,331	100.00	*c*
Public contributions and donations - Twende IUCN	120,490,000	-	120,490,000	7		120,490,000	100.00	*d*
Government grants - TWENDE GOK	50,300,000	-	50,300,000	7	50,300,000	-	-	
Government grants and subsidies WFP	45,000,000	(14,000,000)	31,000,000	7	31,000,000	-	-	
Government grants - KSEIP-HSNP III	5,081,300,000	-	5,081,300,000	7	5,081,300,000	-	-	
Government grants - SDRM GoK	100,000,000	-	100,000,000	7	100,000,000	-	-	

Description	Original budget	Adjustments	Final budget		Actual on comparable basis	Performance difference	% 0f Utilization	Ref
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b=c-a	c		d	e=c-d	f=e/c	
Government grants - Operational Grant - Recurrent	679,140,000	(50,000,000)	629,140,000	7	629,140,000	-	-	
Government grants -Kenya Drought Early Warning	30,000,000	-	30,000,000	7	30,000,000	-	-	
Government grants -NDEF	500,000,000	(236,700,000)	263,300,000	7	263,300,000	-	-	
Government grants - EDPRCWI	-	295,000,000	295,000,000	7	295,000,000	-	-	
Total	**7,553,400,000**	**57,140,000**	**7,708,231,331**		**7,335,272,005**	**372,959,326**		

Description	Original budget	Adjustments	Final budget		Actual on comparable basis	Performance difference	% 0f Utilization	Ref
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b=c-a	c		d	e=c-d	f=e/c	
Extra & Other Incomes								
KCEP-CRAL Funds	-	109,624,208	109,624,208	9 b	109,624,208	-	-	**e**
Drought Coordination Response (DCR)	-	25,000,000	25,000,000	9 b	25,000,000	-	-	
Twende -SDL	-	6,182,400	6,182,400	9 b	6,182,400	-	-	
World Food Programme - SFSP	-	9,450,751	9,450,751	9 b	9,450,751	-	-	
Asset Disposal	-	23,256,668	23,256,668	9 b	23,256,668	-	-	
Insurance Compensation		-	5,750,000	9 b	5,750,000	-	-	
Tender sale	-	59,770	59,770	9 a	59,770	-	-	
Interest income	-	13,013,376	13,013,376	9 a	13,013,376	(0)	-	
Rents and Rates -Non Residential	-	167,400	167,400	8	167,400	-	-	
Others (Miscellaneous incomes)	-	447,928	447,928	9 a	447,928	-	-	
Total Extra and other Incomes	**-**	**187,202,501**	**192,952,501**		**192,952,501**	**(0)**		
Total income	**7,553,400,000**	**244,342,501**	**7,901,183,832**		**7,528,224,506**			

Description	Original budget	Adjustments	Final budget		Actual on comparable basis	Performance difference	% 0f Utilization	Ref
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b=c-a	c		d	e=c-d	f=e/c	
Expenses	**Original budget**	**Adjustments**	**Final budget**	**Notes**	**Actual on comparable basis**	**Performance difference**	**% 0f Utilization**	***Ref***
Recurrent Expenses								
Compensation of employees	537,094,000	2,705,860	539,799,860	11	530,968,819	8,831,041	1.64	
Utility costs (Electricity and Water & sewerage)	4,010,000	(822,602)	3,187,398	10	3,182,680	4,718	0.15	
Travelling & accommodation (Domestic)	-	492,807	492,807	11	484,795	8,012	1.63	
Communication costs	9,328,000	(6,890,912)	2,437,088	10	2,279,134	157,954	6.48	
Postal & Courier Services	1,700,000	(1,263,484)	436,516	10	365,512	71,004	16.27	*a*
Publishing & printing	1,000,000	(702,270)	297,730	10	287,956	9,774	3.28	
Subscription to newspapers	1,000,000	(564,386)	435,614	10	419,446	16,168	3.71	
Rents and Rates -Non Residential	28,024,000	(227,475)	27,796,525	10	28,426,134	(629,609)	(2.27)	
Training costs	-	219,295	219,295	10	217,235	2,060	0.94	
Hospitality and Conference facilities	5,000,000	(2,885,875)	2,114,125	10	2,113,717	408	0.02	
Board and Hospitality	15,553,400	(2,843,174)	12,710,226	12	11,492,869	1,217,357	9.58	*b*

Description	Original budget	**Adjustments**	**Final budget**		**Actual on comparable basis**	**Performance difference**	**% 0f Utilization**	***Ref***
	Kshs.	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	**Kshs.**	
	a	**b=c-a**	**c**		**d**	**e=c-d**	**f=e/c**	
Insurance costs	56,500,000	(2,441,142)	54,058,858	10&11	66,459,295	(12,400,437)	(22.94)	**c**
General office Supplies (Consumables)	3,496,000	(568,974)	2,927,026	10	4,515,801	(1,588,775)	(54.28)	***d***
Membership, finance costs & contracted costs	10,284,600	2,581,287	12,865,887	10&16	10,246,682	2,619,205	20.36	**e**
Audit fees	1,160,000	-	1,160,000	10	1,160,000	-	-	
Advertising & Publicity	990,000	67,769	1,057,769	10	1,057,751	18	0.00	
Maintenance of office equipment	1,500,000	(901,691)	598,309	14	11,456	586,853	98.09	***f***
Maintenance of building & station	2,000,000	3,714,983	5,714,983	14	537,132	5,177,851	90.60	
Maintenance of ICT equipment	-	2,723,205	2,723,205	14	1,281,100	1,442,105	52.96	
Purchase of Furniture & Fitting	500,000	-	500,000	22	437,800	62,200	12.44	***g***
Totals	**679,140,000**	**(7,606,779)**	**671,533,221**		**665,945,313**	**5,587,908**		

Description	Original budget	Adjustments	Final budget		Actual on comparable basis	Performance difference	% 0f Utilization	Ref
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b=c-a	c		d	e=c-d	f=e/c	
KSEIP GoK Expenses								
Grants & subsidies cash Transfer	4,396,720,000	-	4,275,720,000	10,11,12,15&16	4,186,374,531	89,345,469	2.09	
Payment to Service Provider	277,146,000	17,176,860	294,322,860		289,920,192	4,402,668	1.50	
Staff compensation PMs & POs	102,500,000	-	102,500,000		101,391,905	1,108,095	1.08	
Insurance Costs	28,500,000	-	28,500,000		14,626,749	13,873,251	48.68	*a*
Finance Costs	1,500,000	-	1,500,000		377,958	1,122,042	74.80	*b*
Other Project Operating &Coordination	274,934,000	181,895,591	456,829,591		449,138,257	7,691,334	1.68	
Totals	**5,081,300,000**	**199,072,451**	**5,159,372,451**		**5,041,829,593**	**117,542,858**		

Description	Original budget	Adjustments	Final budget		Actual on comparable basis	Performance difference	% 0f Utilization	Ref
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b=c-a	c		d	e=c-d	f=e/c	
KSEIP IPF Grant Expenses								
Staff compensation PMU	40,788,800	657,234	41,446,034	10,11,12,15 16 &22	38,243,450	3,202,584	7.73	
Insurance costs	7,000,000	-	7,000,000		1,280,701	5,719,299	81.70	*a*
Finance Costs	1,000,000	-	1,000,000		27,146	972,854	97.29	*b*
Purchase of motor vehicle	75,000,000	4,030,000	79,030,000		77,667,413	1,362,587	1.72	
Other Project Operating &Coordination	68,211,200	35,827,880	104,039,080		48,304,371	55,734,709	53.57	*c*
Totals	**192,000,000**	**40,515,114**	**232,515,114**		**165,523,081**	**66,992,033**		
KSEIP IPF Loan Expenses								
Purchase of assets	24,700,000	-	24,700,000	22	19,691,857	5,008,143	20.28	*a*
Finance Costs	200,000	-	200,000	16	61,958	138,042	69.02	*b*
Other Project Operating &Coordination	34,800,000	(10,700,000)	24,100,000	10,12 & 15	24,169,963	(69,963)	(0.29)	
Totals	**59,700,000**	**(10,700,000)**	**49,000,000**		**43,923,778**	**5,076,222**		
EDE SDRM Expenses								
SDRM -Donor	279,010,000	213,120,925	492,130,925	15	553,789,009	(61,658,084)	(12.53)	
Totals	**279,010,000**	**213,120,925**	**492,130,925**		**553,789,009**	**(61,658,084)**		

Description	Original budget	Adjustments	Final budget		Actual on comparable basis	Performance difference	% 0f Utilization	Ref
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b=c-a	c		d	e=c-d	f=e/c	
SDRM Gok								
Govt contribution to projects	23,283,107	7,808,075	31,091,182	10,11,15	31,020,147	71,035	0.23	
Communication costs	7,914,615	903,107	8,817,722	10	7,782,464	1,035,258	11.74	*a*
Travel Costs - Domestic	16,600,000	(446,800)	16,153,200	11	15,152,840	1,000,360	6.19	
Motor vehicle maintenance	18,200,000	(2,279,703)	15,920,297	14	15,424,348	495,949	3.12	
Fuel & lubricants	12,200,000	1,543,065	13,743,065	10	13,740,966	2,099	0.02	
Finance Costs	630,000	2,957	632,957	16	359,161	273,796	43.26	*b*
Publishing & printing	842,276	-	842,276	10	827,041	15,235	1.81	
Subscription to newspapers	593,670	-	593,670	10	320,550	273,120	46.01	*c*
Advertising & Publicity	1,076,198	-	1,076,198	10	807,894	268,304	24.93	*d*
Training costs	4,000,000	(3,000,000)	1,000,000	10	468,035	531,965	53.20	*e*
Hospitality and Conference facilities	2,068,388	600,000	2,668,388	10	2,601,774	66,614	2.50	
Board and Hospitality	3,162,181	(600,000)	2,562,181	12	1,594,903	967,278	37.75	*f*
General office Supplies (Consumables)	3,917,987	-	3,917,987	10	1,554,382	2,363,605	60.33	*g*
Maintenance of building & station	5,511,578	(2,500,000)	3,011,578	14	2,335,322	676,256	22.46	*h*
Purchase of Motor vehicle	-	-	26,000,000	22	25,904,000	96,000	0.37	
Totals	**100,000,000**	**2,030,701**	**102,030,701**		**119,893,826**	**8,136,875**		

Description	Original budget	Adjustments	Final budget		Actual on comparable basis	Performance difference	% 0f Utilization	Ref
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b=c-a	c		d	e=c-d	f=e/c	
Other Donor related expenses								
Kenya Drought Early Warning Program	30,000,000	-	30,000,000	15&16	29,014,374	985,626	3.29	
WFP SFSP	101,460,000	(460,000)	101,000,000		27,409,516	73,590,484	72.86	*a*
UNDP-IRRL	-	97,691,331	97,691,331		75,713,484	21,977,847	22.50	*b*
TWENDE	170,790,000	117,617,764	288,407,764		106,574,697	181,833,067	63.05	*c*
NDEF	500,000,000	(36,700,000)	463,300,000		61,016,226	402,283,774	86.83	*d*
DCADR AIA	360,000,000	-	360,000,000		18,561,296	341,438,704	94.84	*e*
Totals	**1,162,250,000**	**178,149,095**	**1,340,399,095**		**318,289,593**	**1,022,109,502**		

Extra Expenses								
KCEP CRAL	-	115,845,550	115,845,550	16&17	72,229,150	43,225,750	37.31	*a*
Drought Coordination Response (DCR)	-	25,000,000	25,000,000		21,252,208	3,747,792	14.99	*b*
TWENDE -SDL	-	6,182,400	6,182,400		4,911,655	1,270,746	20.55	*c*
World Food Programme - SFSP	-	8,954,240	8,954,240		-	8,954,240	100.00	*d*
ZEF Funds			4,842,338		4,729,900	112,438	2.32	
UNICEF - FUNDS			1,770,803		1,770,803	-	-	
Total Extra Expenses	**-**	**155,982,190**	**162,595,331**		104,893,715	**57,310,965**		
Total expenditure	**7,553,400,000**	**770,563,697**	**8,209,576,838**		7,014,087,908			
Surplus/deficit for the period					514,136,597			

Reconciliation	Kshs
Total Surplus/Deficit as per the above analysis	514,136,597
Add costs of assets purchased	123,701,070
Less depreciation for the year	85,916,821
Prior Year Adjustment	34,805,764
Gain on disposal	14,015,494
Asset Disposal	23,256,668
Surplus/Deficit as per statement of financial performance	**577,485,436**

BUDGET NOTES

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

Revenues

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

Expenses (Recurrent)

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

KSEIP – GoK

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

KSEIP – IPF GRANT

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

KSEIP – IPF LOAN

1) Finance costs savings were as a result of minimal transactions during the year.

2) Procurement of assets expenditure was under-utilised due to procurement process and which were awaiting 'no objection' opinion from the Bank.

EDE – SDRM DONOR

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

EDE – SDRM GoK

1) Internet costs were under-utilized since the Authority was anticipating to procure a new service provider which was anticipated to be higher.

2) Favourable variance on finance costs was as result of continued use of online payment system.

3) Subscription to newspapers expenditure went down due to the Authority embracing the E-subscription.

4) The adverse variance on advertising was occasioned by the Authority not being in a position to place adverts for various vacant positions during the year.

5) Most of the planned training activities which were to be conducted in groups could not materialise due to the budget cuts hence the reported under-expenditure.

6) Board expenses went down as a result of exit of some members whose term expired before end of the Financial and there was no immediate replacement done.

7) Favourable variance on consumables was occasioned by under-utilisation of inventories that was deferred to the next financial year.

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

Other Donor related expenses

1) WFP funds activities were not executed since the Authority did not receive funds from the Donor as earlier anticipated.

2) UNDP-IRLL incurred minimal expenditure due to the procurement processes that took long.

3) TWENDE project low absorption was occasioned by the delay in sensitization process at the County level as well as the lengthy procurement process of identification of consultants.

4) NDEF adverse variance is a result of the nature of the fund. During the financial year the Authority concentrated much on the response activities while the recovery and preparedness activities appear to have been shelved.

5) DCADR under-expenditure was as a result of delay in receipt of the funds and the Authority could not mobilise for proposals before receipt the funds.

Extra Expenses

1) The favourable variance under KCEP-CRAL was as a result of delay in receipt of the funds and the Authority could not sign contracts before receipt the funds, these were treated as receivable at the closure of the financial year 2022-2023.

2) The Authority received some funds in respect to drought response and coordination (DCR) activities but the same could not be fully utilized by end of the year due to logistical issues in relation to transport/mobilisation.

3) TWENDE-SDL; The Authority was sub-contracted by the State Department of Livestock to undertake some activities on it's behalf but due to the delay on Community sensitization the same could not be fully executed.

4) The Authority received additional funds directly from WFP that was not part of the approved budget hence the non-expenditure.

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

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

2) Final budget in relation to expenses was a result of the Authority utilizing part of the surpluses reported from previous year that was initially approved though funds were released during closure of the financial year 2021-2022.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: 1) Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; 2) Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and 3) Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: 1) The nature of such social benefits provided by the Entity. 2) The key features of the operation of those social benefit schemes; and 3) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.

Standard	Effective date and impact:
Amend-ments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023:** 1) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. 2) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. 3) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. 4) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other im-provements to IPSAS	**Applicable 1st January 2023** 1) IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). 2) IPSAS 39: Employee Benefits. Now deletes the term composite social security benefits as it is no longer defined in IPSAS. 3) IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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

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

Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	**Applicable 1st January 2025** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for the Current FY was approved by the National Assembly on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of xxx on the 20xx budget following the governing body's approval.

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

c) Taxes

Current income tax

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

Deferred tax

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

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

Sales tax

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

1) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

2) When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

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

e) Property, plant and equipment

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

f) Leases

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

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

g) Intangible assets

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

h) Research and development costs

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

1) The technical feasibility of completing the asset so that the asset will be available for use or sale.

2) Its intention to complete and its ability to use or sell the asset.

3) How the asset will generate future economic benefits or service potential

4) The availability of resources to complete the asset.

5) The ability to measure reliably the expenditure during development.

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

i) Financial instruments

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

a) **Financial assets**

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

b) Financial liabilities

Classification

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

j) Inventories

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

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

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

k) Provisions

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

l) Social benefits

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

m) Contingent liabilities

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

n) Contingent assets

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

o) **Nature and purpose of reserves**

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

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

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

q) **Employee benefits**

Retirement benefit plans

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

r) **Foreign currency transactions**

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

s) **Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t) Related parties

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

u) Service concession arrangements

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

v) Cash and cash equivalents

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

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30th, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

1) The condition of the asset based on the assessment of experts employed by the Entity.
2) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
3) The nature of the processes in which the asset is deployed.
4) Availability of funding to replace the asset.
5) Changes in the market in relation to the asset

Provisions

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

6. Public contributions and donations

Description	2022-2023	2021-2022
	KShs	KShs
Receipts from EDE SDRM (AIA)	336,663,435	447,976,121
Receipts from KSEIP HSNPIII-IPF Grant (Donor)	142,507,791	73,396,499
Receipts from DCADR (AIA)	356,981,202	-
Receipts from WFP-SFSP (Donor)	19,079,577	-
Receipts from UNDP-IRRL (Donor)	-	97,691,331
Receipts from TWENDE IUCN GCF (Donor)	-	62,617,764
Total transfers and sponsorships	**855,232,005**	**681,681,715**

7. Transfers from other Government Entities

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

8. Rental revenue from facilities and equipment

Description	2022-2023	2021-2022
	KShs	KShs
Rental income	167,400	477,350
Total rentals	**167,400**	**477,350**

9 (a) Other incomes

Description	2022-2023	2021-2022
	KShs	KShs
Income from sale of tender	59,770	28,000
Miscellaneous income	447,928	-
Premiums on bank balances - Gross	18,094,646	72,969,493
Tax on premiums withheld	(5,081,269)	(15,956,266)
Insurance Compensation	5,750,000	-
Total other income	**19,271,074**	**57,041,227**

9. (b) Extra incomes

Description	2022-2023	2021-2022
	KShs	KShs
ZEF funds	-	6,785,373
UNICEF	-	12,182,590
WFP SFSP	9,450,751	-
KCEP-CRAL	109,624,208	39,609,350
TWENDE - SDL	6,182,400	-
DCR	25,000,000	-
Total Extra incomes	**150,257,358**	**58,577,313**

10. Use of goods and services

Description	2022-2023	2021-2022
	KShs	KShs
Electricity - Recurrent	2,896,059	3,360,688
Electricity - KSEIP - GOK	1,939,932	1,266,104
Water - Recurrent	286,621	259,770

Description	2022-2023	2021-2022
	KShs	KShs
Water - KSEIP-GOK	627,898	635,818
Contracted Services Security & Cleaning services - Recurrent	8,558,056	9,430,266
Contracted Services Security & Cleaning services - KSEIP-GOK	1,043,478	661,766
Subscription to prof. Bodies - Recurrent	801,781	778,564
Subscription and Newspapers - Recurrent	419,446	746,137
Subscription and Newspapers - KSEIP-GOK	102,140	198,031
Subscription and Newspapers - WFP	-	2,476
Subscription and Newspapers - SDRM-GOK	320,550	-
Advertising and Publicity - Recurrent	1,057,751	1,534,785
Advertising and Publicity - KSEIP	-	212,115
Advertising and Publicity - SDRM-GOK	807,894	-
Provision for Audit Fees- for 2022/23 - Recurrent	1,160,000	1,160,000
Hospitality and Conference facilities-Recurrent	2,113,717	5,222,861
Hospitality and Conference facilities-KSEIP-GOK	1,475,415	1,394,813
Hospitality and Conference facilities-SDRM-GOK	2,601,774	-
Consumables - Recurrent	4,515,801	7,362,692
Consumables - KSEIP-GOK	2,574,070	3,390,467
Consumables - SDRM-GOK	1,554,412	-
Fuel, oil & Lubricant -SDRM-GOK	13,740,966	13,399,970
Fuel, oil & Lubricant - KSEIP-GOK	14,108,163	5,076,381
Fuel, oil & Lubricant - TWENDE	111,317	-
Fuel, oil & Lubricant - KCEP CRAL	292,637	-
Motor vehicle insurance - Recurrent	1,023,802	2,778,379
Motor vehicle insurance - KSEIP-GOK	1,279,752	812,648
Motor vehicle insurance - WFP	255,950	-
Postage – Recurrent	365,512	538,690
Postage – KSEIP-GOK	327,049	219,330
Postage SDRM-GOK	25,820	-
Publishing and Printing - Recurrent	287,956	1,079,980
Publishing and Printing - KSEIP-GOK	-	28,500

Description	2022-2023	2021-2022
	KShs	KShs
Publishing and Printing - SDRM-GOK	827,041	-
Rental - Recurrent	28,426,134	27,318,011
Rental – KSEIP-GOK	3,171,404	2,902,338
Telecommunication - Recurrent	2,279,134	8,482,951
Telecommunication- KSEIP-GOK	1,609,271	1,358,000
Telecommunication- SDRM-GOK	7,782,464	15,293,810
Training -Recurrent	217,235	-
Training -KSEIP-GOK	-	4,062,573
Training –SDRM-GOK	468,035	-
Training – Recurrent	-	21,672,788
Travel costs (Domestic) KSEIP-GOK	-	27,643,861
Travel costs (Domestic) - Recurrent	-	19,143,164
Travel costs (Domestic) - SDRM-GOK	-	25,999,129
Total Use of Goods and services	**111,456,435**	**215,427,857**

11. Employee Costs

Description	2022-2023	2021-2022
	KShs	KShs
Salaries and wages - Recurrent	466,937,581	467,512,347
Medical Insurance - Recurrent	59,022,895	46,214,461
Medical Insurance- TWENDE	248,239	-
Medical Insurance – WFP	575,142	937,500
Medical Insurance -KSEIP-HSNP III -GOK	11,284,328	22,861,741
Medical Insurance - KSEIP IPF- Grant	981,287	1,180,236
Group Insurance - Recurrent	6,412,598	2,508,656
Group Insurance -WFP SFSP	109,048	500,000
Group Insurance -TWENDE	42,403	-
Group Insurance -KSEIP-HSNP III -GOK	3,342,421	2,647,368
Group Insurance -KSEP IPF Grant	299,414	1,765,070
Employee related costs -Contribution to Pension - Recurrent	58,574,586	57,513,562
Employee related costs -Contribution to NSSF - Recurrent	2,145,640	892,620
Employee related costs -Contribution to NITA - Recurrent	192,350	184,500
Gratuity -WFP	-	370,760

Description	2022-2023	2021-2022
	KShs	KShs
Gratuity -Recurrent	3,118,662	4,170,495
Gratuity -IPF	-	1,530,342
Gratuity -KSEIP-HSNP III -GOK	-	1,634,040
Travel costs (Domestic) KSEIP-HSNP III -GOK	2,940,160	-
Travel costs (Domestic) - Recurrent	484,795	-
Travel costs (Domestic) - SDRM-GOK	15,152,840	-
Employee costs	**631,864,390**	**612,423,697**

12. board expenses

Description	**2022-2023**	**2021-2022**
	KShs	**KShs**
Chairman's Honoraria - Recurrent	960,000	670,000.00
Directors emoluments (CEO) - Recurrent	6,050,000	4,807,939.65
Allowances - KSEIP-HSNP III -GOK	-	160,000
Allowances - Recurrent	2,935,431	6,588,113
Allowances - SDRM-GOK	1,127,723	-
Allowances - EDE DRMC	-	-
Domestic Travel - Recurrent	990,998	4,448,732
Domestic Travel - EDE DRMC	-	266,000
Domestic Travel - SDRM-GOK	105,150	-
Training expenses -Recurrent	22,440	1,028,060
Telephone expenses -Recurrent	-	549,000
Telephone expenses -KSEIP-HSNP III -GOK	-	260,000
Telephone expenses -Recurrent	69,000	-
Telephone expenses -SDRM-GOK	35,000	-
Medical expenses- Recurrent	-	327,030
Medical expenses- SDRM-GOK	327,030	-
Club Membership- Recurrent	465,000	165,000.00
Total director emoluments	**13,087,772**	**19,269,875**

13. Depreciation and amortization expense

Description	2022-2023	2021-2022
	KShs	**KShs**
Motor vehicles	56,868,904	47,740,794
Furniture and fittings	4,886,471	5,521,995
Computers	24,005,301	25,925,491
Plant and Equipment	156,145	160,148
Total depreciation expense	**85,916,821**	**79,348,428**

14. Repairs and Maintenance

Description	2022-2023	2021-2022
	KShs	**KShs**
Property & Buildings -KSEIP-HSNP III -GOK	1,532,960	1,596,443
Property & Buildings - Recurrent	537,132	1,601,905
Property & Buildings - SDRM-GOK	2,297,322	-
Plant & Equipment - Recurrent	11,456	1,284,830
Plant & Equipment - KSEIP-HSNP III -GOK	123,460	119,500
Motor Vehicles - SDRM-GOK	15,424,348	16,748,884
Motor Vehicles - KSEIP-GOK	10,194,564	10,793,920
Motor Vehicles - Recurrent	-	17,104
Motor Vehicles - KCEP CRAL	98,870	-
Motor Vehicles - TWENDE	243,158	-
Computers - Recurrent	1,281,100	1,426,835
Computers -KSEIP-HSNP III -GOK	100,000	1,687,430
Computers - SDRM-GOK	38,000	-
Total repairs and maintenance	**31,882,371**	**35,276,850**

15. Grants and subsidies / Donor related expenses

Description	2022-2023	2021-2022
	KShs	KShs
Community development - KRDP EWS (GoK)	28,821,846	30,471,991
Social Benefits - KSEIP-HSNP III -GOK	4,983,675,169	4,185,356,817
Community development - KSEIP-HSNP III IPF Grant	86,547,821	56,844,664
Community development - KSEIP-HSNP III IPF loan	24,169,963	7,267,525.60
Community development - SDRM -GOK	30,994,297	30,511,875
Community development - EDE DRMC (GoK)	-	29,751,750
Community development - UNDP IRRL	75,690,434	82,995,166.70
Community development - WFP/SFSP-GOK	26,405,577	31,705,823
Community development - EDE SDRM (donor)	553,789,009	625,850,885
Community development - EDE DRMC (donor)	(34,805,764)	81,219,273
Community development - TWENDE	105,571,941	-
Community development - NDEF	60,897,360	-
Community development - DCADR	18,561,296	-
Total grants and subsidies	**5,960,318,949**	**5,161,975,770**

16. Finance costs

Description	2022-2023	2021-2022
	KShs	KShs
Recurrent	886,845	905,223
WFP/SFSP	63,799	69,477
KRDP GoK	192,527	79,933
SDRM-GOK	358,981	532,649
UNDP IRRLC	23,050	23,506
KCEP CRAL	53,612	105,040
KSEIP HSNP III-GOK	377,958	858,686
KSEIP IPF GRANT	27,146	57,954
KSEIP IPF Loan	61,958	1,503
TWENDE	357,639	1,353
EDE	180	6,172
NDEF	118,867	-
Total finance costs	**2,522,562**	**2,641,497**

17. Extra expenses

Description	2022-2023	2021-2022
	KShs	KShs
ZEF Funds	4,729,900	3,171,784
KCEP CRAL	72,174,680	68,522,367
UNICEF - FUNDS	1,770,803	10,411,786
TWENDE SDL	4,911,654	-
DCR	21,252,208	-
Total Extra expenses	**104,839,245**	**82,105,937**

18. Gain on Sale of Assets

Description	**2022-2023**	**2021-2022**
	Kshs	**Kshs**
Motor Vehicles, Including Motorcycles	19,573,865	1,065,571
Office Equipment, Furniture, And Fittings	43,450	(2,375)
Computers	148,179	6,030
Total gain on sale of assets	**19,765,494**	**1,069,226**

19. Cash and Cash Equivalents

Bank	2022-2023	2021-2022
	KShs	KShs
KCB-NDMA 1136140255	9,417,740	4,840,039
NDMA- TWENDE PROJECT -IUCN GCF 214470087	28,726,962	62,649,210
NATIONAL DROUGHT EMERGENCY FUND-2144470163	397,761,168	200,139,726
NCBA-NDMA 2144470179	13,783,592	4,900,544
UNDP-INTEGRATED RESPONSE AND RECOV 2144470158	40,276,223	97,748,206
NCBA- WFP-SFSP 2144470142	32,229,179	6,878,466
NCBA- KRDP DCF 2144470074	42,981	39,308
NCBA- EDE DRMC - SP5- 1144540094	453,890	635,380
NCBA-EDE DRMC-SP6 1144540089	700,488	681,653
NDMA COUNTY BANKS Balances	17,463,645	45,548,177
KCB-EDE-DRMC COUNTY BANKS	176,851	16,423,164
EQUITY - KSEIP/HSNP III 1770278883942	54,234	340,201
NCBA EDE SDRM 1144540073	14,178,010	148,255,997

19. Cash and Cash Equivalents

Bank	2022-2023	2021-2022
	KShs	KShs
NCBA -KSEIP HSNP III IPF Grant 2144470121	18,240,049	23,363,817
NCBA - KSEIP -HSNP III GOK Funds 2144470116	221,186,379	41,422,444
NCBA -KSEIP HSNP III IPF IDA CREDIT 2144470032	2,265,909	65,712,485
NCBA - KCEP CRAL 2144470108	1,688,813	454,187
NBK DCADR-01570260179100	176,224,923	-
Total cash and cash equivalents	**974,871,034**	**720,033,004**

20. Receivables from Exchange Transactions (Current)

	2022-2023	**2021-2022**
	KShs	**KShs**
NDMA -Staff Debtors (Imprest)	122,700	-
Insurance & other prepayments	57,830,099	59,631,670
Bank clearing	58,543,599	1,466,687
Salary advances	353,714	696,541
Inter-account borrowings	-	16,954,115
EDE DRMC (Donor)	38,083,865	9,680,532
EDE - EU Inter-borrowing	198,179,550	35,000,000
ICRAF	23,242,798	-
FAO	688,899	688,899
PS ASAL	332,084,367	59,007,716
KCEIP- CRAL	59,624,208	-
Motor vehicle insurance compensation	4,550,000	**-**
Total current receivables	**773,303,798**	**183,126,159**

21. Inventories

Description	**2022-2023**	**2021-2022**
	KShs	KShs
Consumable stores	**2,031,560**	**3,601,575**

22. a) Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Eqpnt	Total
Cost	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
	-	**0.25**	**0.125**	**0.3**	**0.025**	
As at 30th June 2021	**174,577,706**	**269,395,243**	**37,730,254**	**49,339,200**	**6,808,308**	**537,850,711**
Additions	7,392,558	40,448,350	14,954,208	60,797,863	0	123,592,979
Disposals	0	1,360,000	5,000	3,000	0	1,368,000
As at 30th June 2022	**181,970,264**	**308,483,593**	**52,679,462**	**110,134,063**	**6,808,308**	**660,075,690**
Additions	0	103,571,413	437,800	19,691,857	0	123,701,070
Disposals	0	19,318,172	0	167,000	0	19,485,172
AS at 30th June 2023	**181,970,264**	**392,736,834**	**53,117,262**	**129,658,920**	**6,808,308**	**764,291,588**
Depreciation And Impairment (Accumulated depreciation account)						
As at 30th June 2021	**0**	**117,860,419**	**8,504,128**	**23,716,660**	**402,371**	**150,483,578**
Depreciation	0	47,740,794	5,521,995	25,925,491	160,148	79,348,428
Disposals	0	340,000	625	900	-	341,525
As at 30th June 2022	**0**	**165,261,213**	**14,025,498**	**49,641,251**	**562,519**	**229,490,481**
Depreciation	0	56,868,905	4,886,471	24,005,301	156,145	85,916,821
Disposals	0	10,134,279	0	109,719	0	10,243,998
As at 30th June 2023	**0**	**211,995,840**	**18,911,969**	**73,536,833**	**718,664**	**305,163,304**
Net Book Values						**-**
As At 30th June 2021	**181,970,264**	**143,222,380**	**38,653,964**	**60,492,812**	**6,245,789**	**430,585,209**
As At 30th June2022	**181,970,264**	**180,740,995**	**34,205,294**	**56,122,087**	**6,089,644**	**459,128,284**

22. b) Intangible Assets

Cost	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year	39,834,728	39,834,728
Additions	24,184,102	-
At end of the year	**64,018,830**	**39,834,728**

Valuation

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

23. Trade and Other Payables

Description	222-2023	2021-2022
	KShs	KShs
Other payables (EDE-DRMC)	28,967,548	564,215
Refundable deposits on disposal	234,071	5,873,866
Payroll Liabilities	382,926	**657,603**
NITA	16,050	450
Withholding tax	1,111,657	639,134
Isuzu East Africa	-	19,430
Accrued Expenses	144,634,350	13,671,451
Audit fees accrued	1,160,000	2,320,000
NDEF- Interest Payable	10,584,518	-
Insurance compensation-GPI	4,957,600	200,000
10 % Retention	4,268,237	584,459
Inter-account borrowings	-	16,954,115
Un Honored Cash Transfers	54,234	340,201
EDE - EU Inter borrowing	198,179,550	35,000,000
Total trade and other payables	**394,550,741**	**76,824,924**

	222-2023		2021-2022	
	KShs		KShs	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	394,550,741	100%	76,824,924	100%
More				
Total (tie to above total)	**394,550,741**		**76,824,924**	

24. Refundable Deposits and Prepayments from Customers

Description	222-2023		2021-2022	
	KShs		KShs	
Prepayments	144,123,950		15,991,451	
Refundable deposits	234,071		5,873,866	
Total deposits	**144,358,021**		**21,865,317**	
Ageing analysis: (Refundable deposits)	**Current FY**	**% of the Total**	**Comparative FY**	**% of the Total**
Under one year	144,358,021	100%	21,865,317	100%
Total	**144,358,021**		**21,865,317**	

6. Financial Risk Management

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

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June, 2023				
Receivables from non-exchange transactions	773,303,798	773,303,798	0	0
Bank balances	974,871,034	974,871,034	0	0
Total	**1,748,174,832**	**1,748,174,832**	**-**	**-**
As at 30th June 2022				
Receivables from non-exchange transactions	183,126,159	183,126,159	0	0
Bank balances	720,033,004	720,033,004	0	0
Total	**903,159,163**	**903,159,163**	**0**	**0**

Financial Risk Management

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

ii) Liquidity risk management

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

iii) Market risk

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

iv) Foreign currency risk

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

NATIONAL DROUGHT
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TOWARDS A GLOBALLY COMPETITIVE AND PROSPEROUS NATION