

REPUBLIC OF KENYA



Enhancing Accountability

45



REPORT

OF

THE AUDITOR-GENERAL

ON

**NATIONAL DROUGHT MANAGEMENT
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2021**



NATIONAL DROUGHT MANAGEMENT AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDING

30TH JUNE 2021

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

**National Drought Management Authority
Annual Reports and Financial Statements
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1. KEY ENTITY INFORMATION AND MANAGEMENT

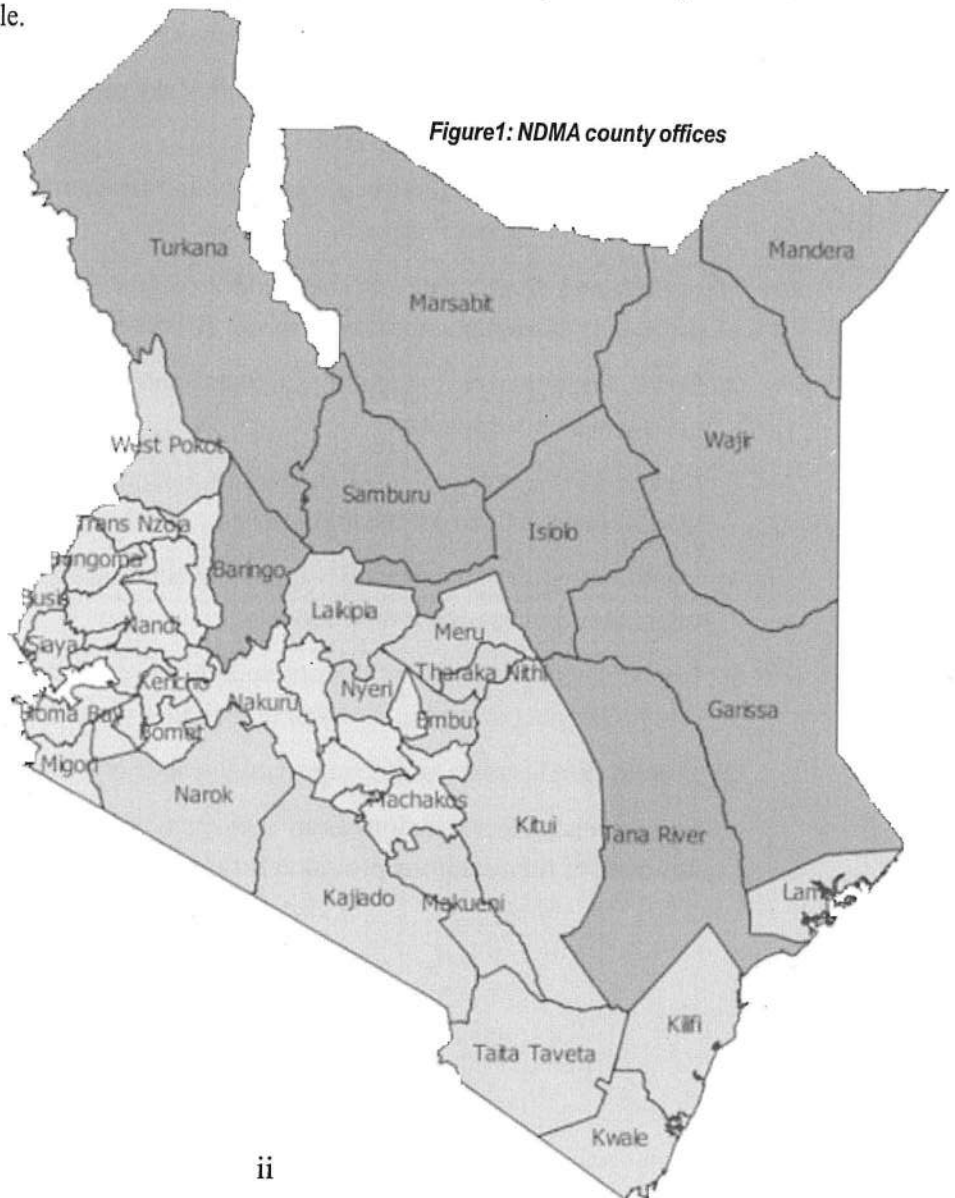
(a) Background Information

The National Drought Management Authority (NDMA) is a State Corporation established by the NDMA Act, 2016, with perpetual succession, the power to sue and be sued in its own name, and ability to own and alienate movable and immovable property. The Authority is governed by provisions of the State Corporations Act, Chapter 446 of the Laws of Kenya - an Act of Parliament which provides for control and regulation of State Corporations.

The Authority is in the Ministry of Devolution and Arid and Semi-Arid Lands (ASALs) and is the national Authority responsible for drought risk management. The Authority is a national institution that has already set up operational offices in 23 drought-prone counties categorized as ASAL. In addition, the Authority has satellite offices in Ijara, Mwingi and Moyale.

Table 1: Current geographical coverage of NDMA

Arid counties	Semi-Arid counties
1. Baringo	10. Embu
2. Garissa	(Mbeere)
3. Isiolo	11. Kajiado
4. Mandera	12. Kilifi
5. Marsabit	13. Kitui
6. Samburu	14. Kwale
7. Tana River	15. Laikipia
8. Turkana	16. Lamu
9. Wajir	17. Makeni
	18. Meru (North)
	19. Narok
	20. Nyeri (Kieni)
	21. Taita Taveta
	22. Tharaka Nithi
	23. West Pokot



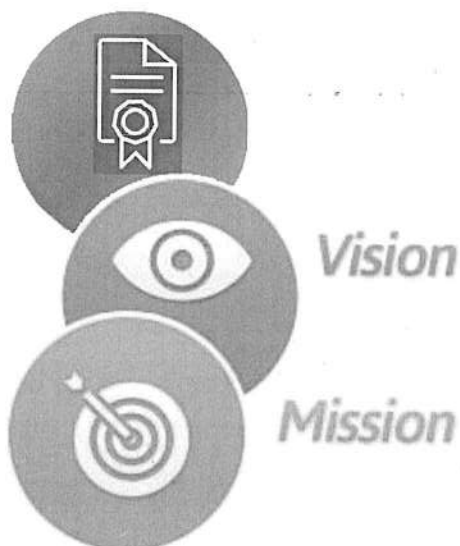
(b) Principal Activities

The functions of the Authority as per the NDMA Act 2016 are as follows:

- a) Exercise overall coordination over all matters relating to drought management including implementation of policies and programmes relating to drought management.
- b) Coordinate drought response initiatives being undertaken by other bodies, institutions and agencies.
- c) Promote the integration of drought response efforts into development policies, plans, programmes and projects in order to ensure the proper management of drought.
- d) Develop, in consultation with stakeholders, an efficient drought early warning system and operate the system.
- e) Facilitate national and county level drought contingency processes and the preparation of national and county level drought contingency plans.
- f) Establish and review, in consultation with stakeholders and relevant institutions and agencies, drought preparedness strategies.
- g) Identify, design and implement projects and programmes that shall strengthen resilience to drought and climate change.
- h) Publish and disseminate manuals, codes or guidelines relating to drought management and prevention or abatement of the extreme effects of drought on human, plant and animal life.
- i) Conduct research on drought management and generate, consolidate and disseminate drought management information.
- j) Render advice and technical support to persons, bodies or institutions engaged in drought management so as to enable them to carry out their responsibilities effectively.
- k) Coordinate with the national government where a drought situation requires the declaration of a national or international disaster.
- l) Coordinate the design and implementation of the country's regional and international commitments pertaining to drought management.
- m) Prepare and issue an annual report on the state of drought management in Kenya.
- n) Perform such other functions as are incidental or conducive to the exercise, by the Authority, of any or all of the functions provided for under this Act.

Mandate

The NDMA Act, 2016 mandates the Authority to exercise overall coordination over all matters relating to drought risk management and to establish mechanisms, either on its own or with stakeholders that will end drought emergencies in Kenya.



To be a world-class Authority in drought risk management and climate change adaptation for sustainable livelihoods.

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

Strategic Objectives

The goal of the NDMA 2018 to 2022 strategic plan is enhanced drought resilience and climate change adaptation. To realize this goal, the Authority is pursuing the following seven strategic objectives:

- a) To strengthen institutional and community resilience to drought risk and climate change.
- b) To provide drought and climate information to facilitate concerted actions by relevant stakeholders.
- c) To protect livelihoods of vulnerable households and community systems to cope and recover from drought shocks.
- d) To ensure coordinated action on drought risk management by government and other stakeholders.
- e) To enhance resource mobilization and partnerships for drought risk management and climate change adaptation at county, national, regional and global levels.
- f) To strengthen planning, performance management and knowledge management (for DRM and CCA).
- g) To strengthen NDMA institutional capacity to provide leadership in drought risk management at national and county levels.

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(c) Key Management

The Authority's day-to-day management is vested in the following:

- i. Eight (8) Board of Directors
- ii. The Chief Executive Officer
- iii. Three (3) Departmental Directors
- iv. Ten (10) Section Managers

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

Designation	Name
1. Chief Executive Officer	Mr. James Oduor
2. Director Corporate Services	Mr. Hashim Ali
3. Director Technical Services	Mr. Sunya Orre
4. Director, Planning, Monitoring and Evaluation	Ms. Stella Kiptoo
5. Head of Finance	Mr. Yussuf Bagaja
6. Head of Procurement	Mr. Hussein Bilala

(e) Fiduciary Oversight Arrangements

The Authority has four committees in line with The Code of Governance for State Corporations (Mwongozo) guidelines namely;

- i. Human Resources Committee
- ii. Technical Committee
- iii. Finance Committee
- iv. Audit and Risk Management Committee

The Board committees consider management reports ahead of the Full Board meeting. This allows for in-depth consideration of issues to enable

decision-making. After scrutiny, the specific committee presents its report and recommendations to the Full Board for consideration.

NDMA Board Committees

<p>1) Human Resources</p> <ul style="list-style-type: none"> i) Emily Mworia – Chairperson ii) Nasiuma Kasembeli – Member iii) Benson Longaritom – Member iv) Robert Kiteme – Member 	<p>2) Technical</p> <ul style="list-style-type: none"> i) Abdirahman Hassan – Chairperson ii) Nancy Muthoni Njiro – Member iii) Emily Mworia – Member iv) Micah Powon – Member
<p>3) Finance</p> <ul style="list-style-type: none"> i) Nancy Muthoni Njiro – Chairperson ii) Micah Powon – Member iii) Nasiuma Kasembeli – Member iv) Benson Longaritom – Member 	<p>4) Audit and Risk Management</p> <ul style="list-style-type: none"> i) Robert Kiteme – Chairperson ii) Emily Mworia – Member iii) Abdirahman Hassan – Member iv) Nasiuma Kasembeli – Member

Human Resources Committee

This committee ensures that the Authority has sound human resource strategies that enable it to attract, develop, motivate, and retain the right calibre of staff.

The committee has the following duties and responsibilities as directed by the Board:

- a) Periodic review and advice to the main Board on appropriate human resource strategies, policies and procedures.
- b) Advise the Board and guide the process on staff recruitment, manpower planning and related budgets.
- c) Advise the Board on any reviews required to enhance the effectiveness of manpower development and staff training.
- d) Advise the Board on reviews which may be necessary to make the organizational structure, appraisal system, grading system, and salary structures more relevant and effective.
- e) Review proposals and advise the Board on staff benefit schemes including medical, retirement benefits, and insurance schemes, among others.

Technical Committee

The committee handles all technical issues of the Authority including *inter ALIA*, strategic planning, work planning, budgeting, resource mobilization, programmes, projects, and visibility. Its specific mandate includes advising the Board on the following:

- a) The overall performance of the Authority.
- b) Strategic documents guiding the work of the Authority, including its strategic plan, work plan, budget, and performance contract.
- c) Identification, development and implementation of strategic initiatives, programmes and projects, and resource mobilization.

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- d) Technical issues concerning the drought status, including early warning information, food security assessments, and response.
- e) Measures to enhance the visibility and accountability of the Authority.
- f) Periodic reviews to evaluate the progress and impact of the Authority.

Finance Committee

The Finance Committee ensures that the Authority has sound financial management strategies, policies and systems that promote accountability, prudent use of resources, and compliance with statutory and all regulatory requirements.

The committee has the following duties and responsibilities as directed by the Board:

- f) Review the Authority's annual work plans and associated budgets prepared by management and submit them to the Board for approval.
- g) Ensure that the allocation of resources is aligned to the priority areas identified within the Strategic Plan.
- h) Review quarterly financial reports submitted by management and submit the same to the Board for discussion and adoption.
- i) Provide general direction in the Authority's budgeting matters.
- j) Advise the CEO and the Board on financial management approaches that enhance internal controls to improve efficiency, transparency, and accountability.
- k) Review major audit issues raised by both internal and external auditors.
- l) Periodic review of the adequacy of management procedures with regard to risk management control and governance issues.
- m) Review special audits/ investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency brought to the committee's attention by management and present to the Board for discussion and direction.

Audit and Risk Management Committee

The committee ensures that the Authority has sound financial management strategies, policies and systems that promote accountability, prudent use of resources, and compliance with statutory and all regulatory requirements.

The committee has the following duties and responsibilities, as well as any other duties and responsibilities it deems appropriate to carry out its purposes or as directed by the Board:

- a) Advise the CEO and the Board on financial management approaches that enhance internal controls to improve efficiency, transparency and accountability.
- b) Review major audit issues raised by both internal and external auditors.
- c) Periodic reviews of the adequacy of management procedures with regard to issues relating to risk management, control and governance.

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- d) Review special audits/investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency brought to the committee's attention by management and present to the Board for discussion and direction.

Board Meetings

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

Unit	No. of meetings
Technical Committee	4
Human Resources	4
Finance Committee	4
Audit & Risk Management Committee	4
Full Board	4

The calendar of the meetings is circulated well in advance while invitations to Board meetings are sent out to members two weeks in advance.

Communication

The management submits Board papers and reports two weeks in advance of Board meetings. The Board communicates to staff through memos while policy matters to the wider public are communicated by the Board and the CEO. The Authority has a communication policy whose provisions it strives to abide by.

(f) Entity Headquarters

National Drought Management Authority
Lonrho House, 7th, 8th and 17th floors
Standard Street
Nairobi, KENYA

(g) Entity contacts

P.O Box 53547-00200
Nairobi, Kenya
Telephone: +254 020 2227496 / 2227168 / 2224324 / 2216962 / 2227223
Mobile: +254 0722 200656
Email: info@ndma.go.ke
Website: www.ndma.go.ke

(h) Entity bankers

NCBA Bank
Harambee Avenue Branch P.O Box 44599,00100
Nairobi, Kenya
Kenya Commercial Bank KICC Branch
P.O. Box 30081-00100
Nairobi, Kenya

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(i) Independent Auditors

Auditor General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084-00100
Nairobi, Kenya

(j) Principal Legal Advisor

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

2. THE BOARD OF DIRECTORS



Mr. Raphael Nzomo, MBS

Chairperson to the Board- Non-Executive Director

Born on October 18th 1965

Master of Business Administration

Bachelor's Degree in Economics

Has over 20 years Aviation Sector Experience

Appointed on February 11th 2019



Ms. Emily Mworira

Independent Board member

Born on February 7th 1959

MBA Global Business Administration - USIU

Bachelor of Arts - The University of Nairobi

Chairs the HR committee

Member of Audit & Risk Management committee

Re-appointed on May 03, 2019



Hon. Abdirahman Hassan

Independent Board member

Born on June 11th 1961

Former senator Wajir County

Chairs Technical Committee

A member of Audit & Risk Management committee

Former Senator Wajir County

Re-appointed on May 03, 2019



Ms. Nancy Njiro

Independent Board member

Born on December 21st 1960

Chairperson, Finance Committee

Member of Technical committee

B. Com Accounting – The University of Nairobi

Certified Public Accountant (K) - MNo. 24855

Diploma in Banking

7 years Director ADCA International Company Limited

Re-appointed on May 03, 2019



Dr. Benson Longaritom

Independent Board member

Born on 1965

Member of finance and Human Resource committees

MBA (Entrepreneurship)

Bachelor of Veterinary Medicine

20 years of Managing Director of Paves Vetgro Limited

Appointed on October 21, 2019



Mr. Nasiuma Kasembeli

Board member Alternate

Representing PS The National Treasury

Born on July 22nd 1963

Member of Human Resource, finance and Audit & risk committees

Master's in Business Administration Bachelor of Social Science

Advanced Diploma in Financial Management

Over 20 years Civil Servant



Mr. Micah Powon

**Board Member - Permanent Secretary State
Department for Development of the Arid and Semi-
Arid Lands**

Member of Finance and Technical committees

MSc. in Horticulture



Mr. Robert Kiteme

Board Member - representing the Council of Governors

Born on 1988

BSc. in Agriculture (Agricultural Economics Major)

Chairperson - Audit & Risk Management Committee

6 years Council of Governors employee

Appointed on July 31, 2017



Mr. James Oduor

Chief Executive Officer and Secretary to the Board

Born on February 7th 1958

MSc. Agricultural extension & training

BSc. General Agriculture

NDMA CEO from 2013

Appointed on February 15th

3. MANAGEMENT TEAM

The following was the Senior Management team during the 2019/20 financial year:



Mr. James Oduor
Chief Executive Officer
MSc. Agricultural Extension &
Training | BSc. General Agriculture



Mr. Sunya Orre
Director, Technical Services
MSc. Range Management
BSc. Animal Production
Diploma Animal Husbandry



Ms. Stella Kiptoo
**Director, Planning Monitoring &
Evaluation**
Bachelor of Arts and social Science
Master's in Business Administration
Master of Arts in Economics



**Mr. Hashim Ali Director, Corporate
Services**
MBA, Strategic Management
Certified Public Accountant *MNo. 2980*
Certified Internal Auditor
Certifies Information Systems Auditor
Certified Data Privacy Solution
Engineer

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Mr. Paul Kimeu
Deputy Director, Drought Resilience

- MBA Strategic Management
- MSc Agricultural Engineering
- Diploma Agricultural Engineering
- Diploma Management of NGOs



Mr. John Mwangi
Deputy Director, Drought Information retired

- MA Project Planning & Management
- BSc Animal Production
- Diploma Range Management



Mr. Saiyana Lembara
Deputy Director, Drought Contingency Planning and Response

- MA Environmental Planning and Management
- BSc Agriculture
- Certificate Forestry



Eng. Hussein Jirma
Deputy Director, Resource Mobilization and Partnership
MSc Water and Environmental Management
BSc Civil Engineering



Mr. Paul Obunde
Deputy Director, Policy and Planning

- MSc Environmental Economics & Environmental Management
- BA Economics



Mr. Patrick Musichi
Deputy Director, Human Resource & Administration

- Bachelor of Arts, Sociology
- Higher Diploma in Human Resources Management
- Diploma in Sales and Marketing



Mr. Yussuf Bagaja
Deputy Director, Finance and Accot

- MBA Finance Option
- Bachelor of Commerce
- Certified Public Accountant *MNo. 833*
- Diploma in Accountancy



Mr. Hussein Bilala
Deputy Director, Supply Chain

MSc Supply Chain & Logistics
BSc Business Administration
Advanced Diploma - CIPS



Mr. Martin Kiveu
Deputy Director, Internal Audit

BSc International Business Administration
Certified Public Accountant
MNo. 4221



Mr. George Kimunguyi
Deputy Director, ICT

MSc Information Technology
BSc Applied Statistics
Cisco Certified
Certified Information Systems Auditor
Certified Data Privacy Solution Engineer

4. CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, I have the honor and pleasure to present the Annual Report and Financial Statements for the year ended 30th June 2021 for the National Drought Management Authority. During the year under review, the Authority discharged its mandate as stipulated in the NDMA Act, 2016. I am pleased to report that the NDMA achieved most of the targets set for the financial year despite the impact of the Coronavirus pandemic on business globally.

Although the pandemic changed our operational context in the third and fourth quarters, I am pleased to report that the Authority quickly readjusted the work environment for personnel and resumed service delivery to citizens.

Our drought early warning system, which integrates field data and remote-sensed information, continues

to inform our drought risk management initiatives. However, collective efforts are necessary for the realization of resilient and food secure ASAL communities. Thus, as the first responders to catastrophes such as droughts, county governments have remained our key partners in resilience building and response to drought. While the Authority registered substantial achievements in resilience building, these still pale against the long-term aspiration to end drought emergencies. I, therefore, call upon the devolved units to allocate more resources to drought risk management.

Our development partners have continued to offer significant material and technical support, which substantially contributed to our achievements during the reporting period. I hereby acknowledge and appreciate the continued support of our partners during the year namely; the European Union, UK Department for International Development, World Bank, WFP, UNDP, and UNICEF. This is a sign of confidence in us. I pledge commitment to ensure that their resources are utilized as intended - mainly to cushion the most vulnerable communities.

The NDMA Board of Directors has been strengthening corporate governance to boost stakeholder confidence. It is worth noting that during the period under review, the Authority's corruption prevention efforts were highly rated by the Ethics and Anti-Corruption Commission. As part of strengthening corporate governance, the Board also undertook several field visits to gain insights into the execution of the Authority's mandate and service delivery to citizens. The interaction with stakeholders greatly informed reflection on our business processes as articulated in the service charter.

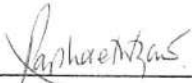
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The Constitution obliges the State to protect the vulnerable. Thus, our national social protection portfolio is expanding and strengthening. As part of from a donor-led to a Government-led cash transfer initiative as well as the expansion from four to eight arid counties.

It is with pleasure and optimism that we welcome the amendments to the NDMA Act, 2016. This will pave way for the much-awaited operationalization of the National Drought Emergency Fund. However, the reporting period saw the recall of the previously allocated Ksh 2 billion to the NDEF and interest amounting to Ksh 300 million by the National Treasury. The NDEF is designed as a multi-donor basket Fund that will ensure readily

this, the Authority is overseeing the transition and mainstreaming of the Hunger Safety Net Programme

As you go through the Authority's performance during the year 2020/21, I urge you to identify opportunities to partner with us in our drought risk management efforts. The Board is committed to ensuring that progress towards ending drought emergencies remains on course



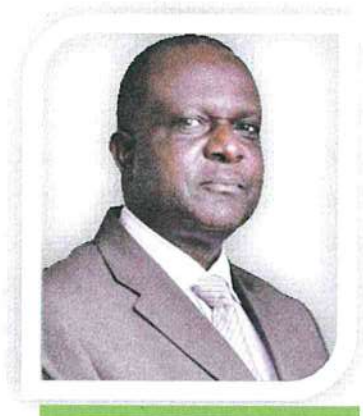
Raphael Nzomo, MBS

CHAIRMAN, Board of Directors

29/08/22

Date

5. REPORT OF THE CHIEF EXECUTIVE OFFICER



Drought is probably the most complex and severe weather-related natural hazard due to its intrinsic nature and wide-ranging impacts. It affects agricultural production, water availability and access, energy production, tourism, human health, biodiversity, and natural ecosystems.

Most parts of the country experienced above-average rains during the October to December 2019 short rains and March to May 2020 long rains. The two consecutive good seasons impacted positively on crop production and enhanced pasture regeneration, leading to improved livestock productivity in terms of increased live weight, body condition, and milk production. However, despite the good rains, the country experienced other shocks such as desert locust infestation, floods and landslides. The Authority was, therefore, called upon to provide technical expertise and coordination support for response at both national and county levels.

Since March 2020 when the first cases of Coronavirus disease was reported in the country, a wide range of containment measures were adopted to save lives and ensure that health systems were not overwhelmed. Accordingly, the Authority changed its mode of operation once the Government instituted Covid-19 mitigation measures but remained focused on delivering services to citizens.

For instance, the drought early warning information system adopted alternative data collection strategies such as co-opting mothers and caregivers in the assessment of the nutrition status of their children. This minimised direct contact between the children sampled for screening for malnutrition and our field monitors.

The Authority also shifted from face-to-face interviews for drought early warning data collection from households, key informants and traders to remote collection through telephone interviews. This necessitated NDMA to upgrade its drought early warning system to accommodate digital data collection and also expand the web-based database capability to manage, synchronize, and analyze data collected virtually.

Building drought resilience requires investments in various enablers such as infrastructure, human capital development, livestock marketing, production and disease control, trade, wealth creation, and agriculture. The Authority, therefore, prioritised targeted investments and mainstreaming of drought risk reduction in policy, planning, and community capacity building during the

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reporting period. We supported the implementation of strategic drought preparedness projects valued at Ksh 360.8 million, which are expected to reduce the impacts of future droughts.


vulnerable households in Turkana, Mandera, Marsabit and Wajir.

Despite our achievements, resource constraints remain the Authority's main challenge to resilience. I, therefore, appeal to The National Treasury to consider adequate budgetary allocation to the Authority. I also urge line ministries to provide adequate funding for their respective priority areas for ending drought

The Authority further spent a total of Ksh 202.5 million on various drought response activities in 12 arid and semi-arid counties that experienced drought during the first quarter of the reporting period. Under the Hunger Safety Net Programme, we disbursed unconditional cash transfers worth Ksh 3.3 billion to 100,532 emergencies.

I wish to acknowledge and appreciate the great support from other Government departments, development partners and other stakeholders, as well as the strategic vision and policy guidance from the Board of Directors.

Lastly, I would like to thank the management and staff for their dedication and commitment.


James Oduor
Chief Executive Officer

29/8/2022
Date

6. STATEMENT OF NDMA PERFORMANCE AGAINST PREDETERMINED

OBJECTIVES FOR FY 2020/21

Drought and Food Security Information

The NDMA operates and maintains the national drought early warning information system, coordinates national and county food security assessments, and processes and disseminates drought early warning and food security assessment information to stakeholders for decision-making.

The drought early warning system provides timely and credible information with the objective of delivering advisories on the most appropriate and timely action to be implemented to protect lives and livelihoods. The timely Early Warning Information aids in decision making on resource allocation and programming of food and livelihood assistance as well as drought preparedness and response in the country.

National Drought Early Warning and Information

The national drought early warning system (EWS) is web-based and integrates remote sensing (satellite monitoring) and primary and secondary socio-economic data. The data is categorized into biophysical and socio-economic indicators. Biophysical indicators consider rainfall patterns and hydrological data, while the socio-economic data is collected monthly from 30 households in each of the 154 sentinel sites using mobile devices to ensure timeliness and cost-effectiveness. The system early warning system has ability to provide drought forecast for up to three months in advance. The data is broadly classified into three categories;

- 1) Biophysical indicators which provide trends on rainfall patterns and hydrological data.
- 2) Production indicators which provide effects on both crop and livestock production.
- 3) Access indicators which monitor access to markets, food, and water.
- 4) Utilization indicators which monitor Nutrition and coping strategies.

Data collected is analyzed and drought bulletins generated on monthly basis that indicates the drought status of each county as per the drought cycle management indicated in Figure XXX.

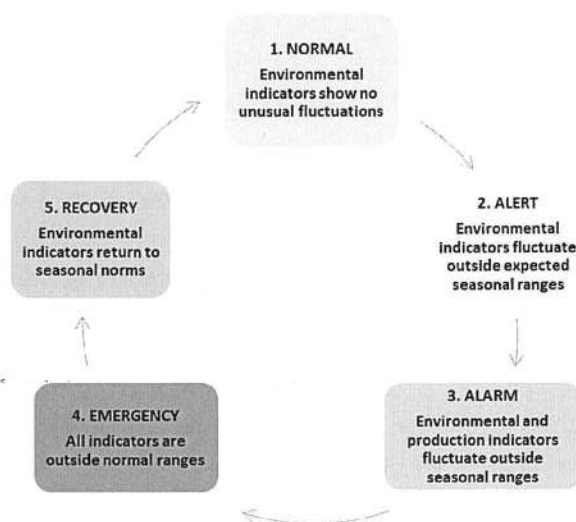


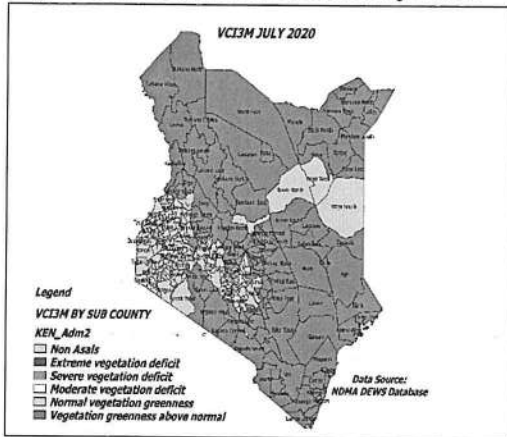
Figure 1.

County bulletins during the reporting period indicated that the ASAL counties were affected by multiple shocks including; poor rainfall performance during the 2020 short rains season and 2021 long rains; COVID-19 pandemic and resource-based conflicts (Isiolo, Meru North, Marsabit, Garissa, Laikipia, Tharaka Nithi, Samburu and Turkana), locust invasion (Wajir, Mandera, Kitui, Tharaka Nithi and Marsabit). These shocks contributed to increased vulnerability among the communities in ASAL counties.

During the last half of the previous reporting period (March to May 2020), the ASAL region received above average rains. However, the situation changed following poor performance of October to December 2020 short rains and March to May 2021 long rains, which led to negative impact on various sectors and thus increasing the number of vulnerable populations that required immediate food assistance.

All the Counties were in ‘Normal’ Drought phase from July 2020 to February 2021. From March 2021 to June 2021, seven counties were in ‘Alert’ drought phase, three were classified in Alarm drought phase while the rest were in ‘Normal’ drought stage.

Vegetation Condition Index July 2020



Vegetation Condition Index June 2021

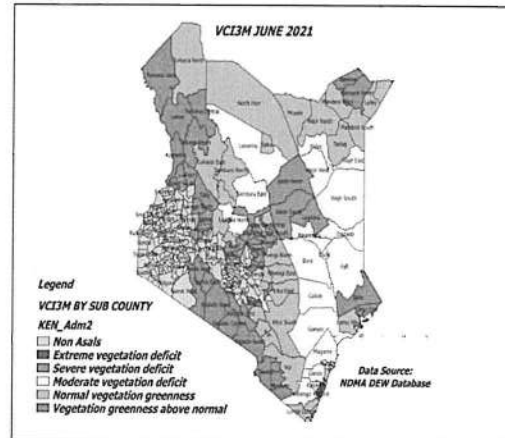
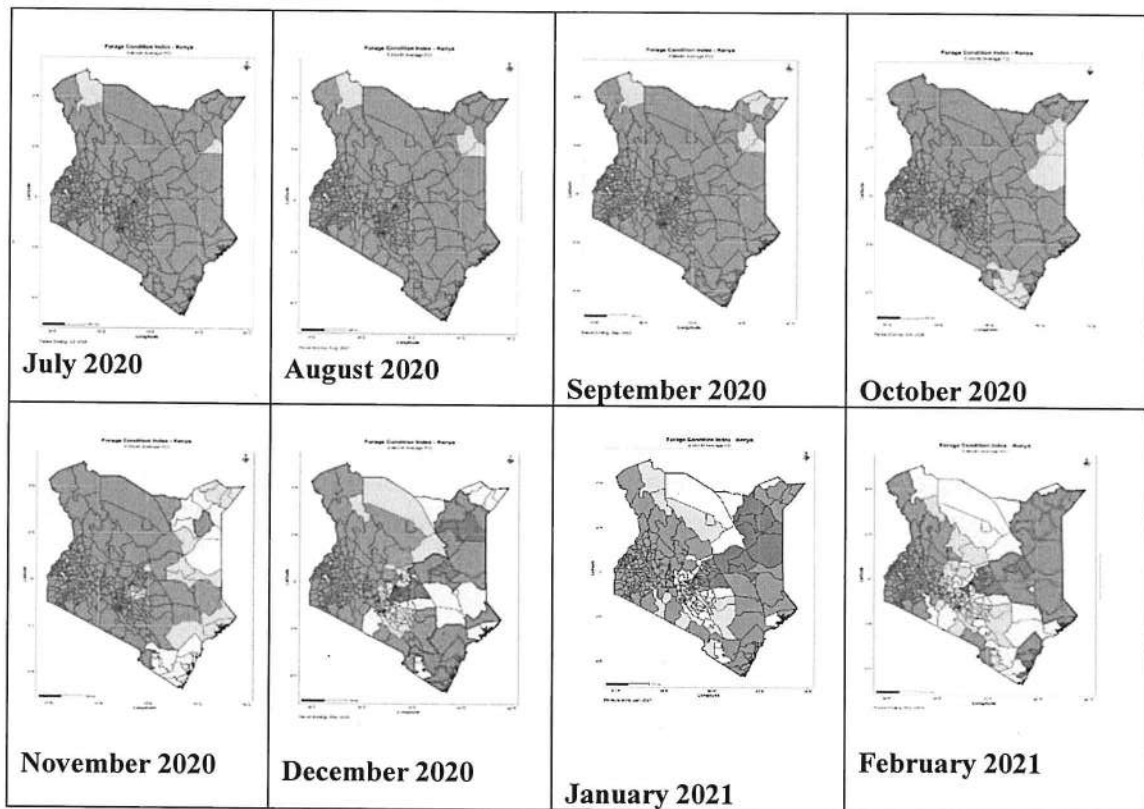


Figure 1: Illustration of Vegetation Condition Index (VCI), July 2020 and June 2021

Forage Condition Index (FCI) was forecasted for the reporting period as shown in Figure 2.



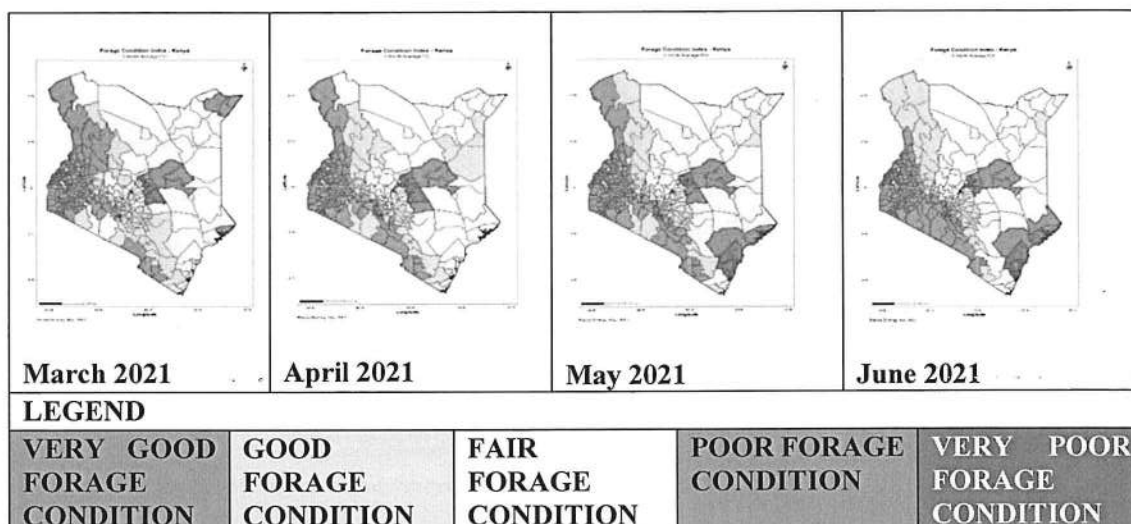


Figure 1: Forage condition index forecast

The following results were achieved during the reporting period;

- 1) The Authority introduced forecast based reporting for action in the drought early warning through monitoring of forage condition, Standard Precipitation, Soil Moisture and Vegetation Condition. This enabled drought early warning system to forecast up to 3 months in advance with linkage to early action.
- 2) Continued application of alternative data collection strategies that were introduced during the previous reporting period to ensure continuity of data collection in view of COVID-19 containment measures. The changes introduced include remote EWS data collection through phone interviews with households, key informants and traders. The adoption of this new approach ensured availability of drought and food security information in spite of the disruption of traditional face-to-face interviews.
- 3) The Authority upgraded its drought early warning system to accommodate the improvements made on the digital data collection tools. In addition, it expanded the web-based database to manage, synchronise and analyze data collected virtually to accommodate the changes in data collection occasioned by COVID-19 containment guidelines.
- 4) Built the capacity of county staff and some field monitors on DEWS. In addition, 16 data quality assessments were carried out in 16 counties.
- 5) Continued use of family MUAC data approach to sustain surveillance of acute malnutrition in 23 ASAL counties throughout the review period in view of corona virus pandemic.
- 6) Produced and disseminated 23 monthly county drought early warning bulletins, totaling 276.
- 7) Produced and disseminated 12 consolidated monthly national drought early warning bulletins.
- 8) Provided monthly remote sensed information up to Ward level for the 23 ASAL counties for objective evidence-based information on the drought status.

- 9) Continued backup of remote sensing information datasets to a cloud server (Earth Observation Data Centre).
- 10) 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). This ensured accuracy and reliability of EWS biophysical indicators such as information on rainfall.
- 11) NDMA through KFSSG started livelihood zone review process across 45 counties of Kenya in effort to improve programming.

Drought and Food Security Assessments

The Authority achieved the following during the 2020/2021 financial year.

- 1) Coordinated the KFSSG to carry out two seasonal drought and food security assessments. The assessments determined that the number of households in need of food assistance rose from 1.4 million in February 2021 to 2.1 million in June 2021. 2020 long rains assessment was undertaken in July 2020 while 2020 short rains assessment was carried out in February 2021
- 2) Produced quarterly food security updates in collaboration with FEWS NET, which synthesized and summarized drought early warning information during the period. The updates informed short and medium-term decision making based on seasonal trends.

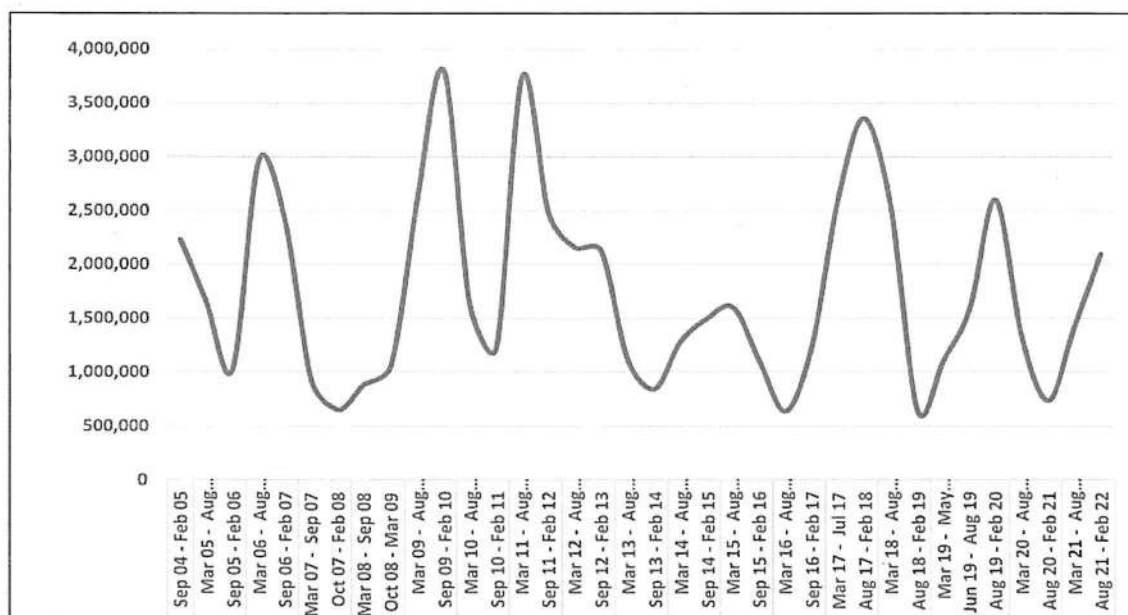


Figure 1.3: Trends of food insecure populations

Figure 2: Graph showing food insecure populations

Drought Information Dissemination and Feedback

NDMA disseminates drought early warning and food security assessment information to a wide range of stakeholders. This informs early action by the national government, county governments, UN agencies, NGOs and communities, among others. The national early warning

system also contributes to other regional early warning initiatives. During the reporting period, the Authority;

- 1) Convened two (2) KFSM forums for validation and sharing of the long and short rains seasons for food and nutrition security assessment findings.
- 2) The Authority 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 to a wider audience.
- 3) The Authority has developed and piloted use of bulk sms for dissemination of drought early warning and food security information to various stakeholders including the community. The pilot counties include Kajiado, Turkana and Baringo, with a total of 600 subscribers.
- 4) Used electronic media, especially twitter and bulk email, to communicate drought information and food security assessment findings to stakeholders.
- 5) Disseminated messages on drought status and interventions to communities through community meetings, Use of Early Warning Flags and local radio stations.

6.4 Drought Resilience, Climate Change Adaptation and Social Protection

Enhancing community resilience to drought and other compounding climate change-related risks, continue to be the primary focus of the Authority and mandate that drought should not result into emergencies. Partnerships with our stakeholders, through a common programming approach (es) has facilitated a coordinated investment and resources mobilizations during the reporting period. This remains the Authority’s strategy and cornerstone in strengthening existing or establishing new mechanisms either on our own or jointly with our stakeholders.

Drought resilience building and adaptation to climate change by communities and their supporting institutions, is best demonstrated when communities, supporting institutions/mechanism collectively work and grow organically as a system(s). The systems should also provide and demonstrate space and voice for effective community participation, especially for those at risk in reducing individual and community risks to drought and other secondary hazards that may be triggered by drought. This is expected to result in functional systems at community and supporting institutions that are capable of undertaking or guiding;

1. Coordinated climate risk planning and re-planning.
2. Protection intervention for the very vulnerable individuals and households.
3. Climate financing to support risk-informed communal investments.
4. Sustainable operations and management of investments

Programs Contributing to DRR/CCA/SP

The following programs contribute in setting firm foundations for the DRR/CCA/SP systems and institutions

	Project/programme name	Financier	Target counties
1.	Kenya Cereal Enhancement Program - Climate Resilient Agricultural Livelihoods Program (KCEP-CRAL)	IFAD/ GoK	Kwale, Kilifi, Taita Taveta, Machakos, Makueni, Kitui, Tharak Nithi, Embu
2.	Integrated Support to the Devolution Process in Kenya: Climate Change Adaptation and DRR Component	UNDP/ GoK	??
3.	EDE-Support to Drought Risk Management and Coordination (DRMC) and Support to Drought Risk Management (SDRM),	EU/ NDMA	In the 23 ASAL Counties
4.	Resilience and Sustainable Food System Program (directly implemented by counties)	WFP/ GoK	Turkana, Baringo, Samburu, Isiolo, Marsabit, Garissa and Tana River
5.	Kenya Social and Economic Inclusion Project - Hunger Safety Net Project (KSEIP-HSNP)	IDA-WB/ FCDO/ GoK	Turkana, Samburu, Marsabit, Isiolo, Mandera, wajir, Mandera, Garissa, Tana River

6.	Over 150 authority’s technical staffs provide technical support to stakeholder (Put this in the introduction or the sub-section of coordination in design and implementation)	GoK	In the 23 ASAL counties
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Mainstreaming DRR/CCA/SP in Planning

To ensure community participation in the prioritization of resilience activities and targeting, NDMA continued to promote the use of various participatory risk analysis and planning tools namely Community Managed Disaster Risk Reduction - CMDRR, Participatory Vulnerability Capacity assessment-PVC in the reporting year. The participatory approaches culminate in preparations of local drought risk reduction plans/ prioritized community action plans. These initiatives are designed to improve local capacity in planning and budgeting process through linkages and synergies within the county planning/budgeting process and drought risk management system. Where gaps in understanding or capacity among policy makers and implementing departments/sectors had been identified, targeted training and capacity building actions are supported to build the desired critical mass.

The following milestones were realized in production of risk informed plans, formulation of policy/Guidelines for planning, budgeting, and creation community space. Various climate risk awareness creation actions and capacity building were undertaken at national and county levels.

6.7 DRR/CCA/SP policies and regulations

Development and review of policies and regulation were done in partnership with National Disaster Operations Centre (NDOC), Kenya Institute for the Public Policy Research and Analysis (KIPPRA), Kenya Law reforms Commissions (KLRC), various county governments, WFP, UNDP, UNCEF, ministry of labor and social protections, ministry of devolution and Asals, AGs office, and national treasury. The consultative and inclusive approach saw an increase in the political commitment to DRR/CCA/SP at both level of governments. The coordinated support from the National Government and other state and non-state actors, has seen an increasing trend by county Government (First responders) in taking lead in matters DRR/CCA/SP is emerge in the reporting.

- 1) PFM Act-NDEF regulation 2021, enacted and gazetted on??
- 2) The authority continues to participate in ongoing social protection policy formulation
- 3) At national level, partnered with Department of Veterinary Service in the drafting of “national”? guidelines on Disaster Risk Management for Animal Health, Welfare, and Veterinary Public Health
- 4) .
- 5) Finalized and shared with counties and other stakeholders, guidelines and facilitation process in formulation of County Climate Change Funds (CCCF) funding mechanism.
- 6) Supported Tharaka Nithi County to develop and enact a Climate Change Fund Act while Embu County has a Climate Change Fund bill in the County Assembly awaiting debate and public consultation before being enacted

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- 7) Supported development of drought risk management policies for Kilifi, Tana-river, Garissa, Kwale, Embu, Taita Taveta counties.
- 8) Status of the DRM policies supported during the reporting year is presented next.

	<i>County</i>	<i>DRR/CCA/SP (DRM Policy)</i>	<i>DRR/CCA/SP (DRM Bill)</i>
1.	Tana River	DRM Policy passed	DRM Bill enacted
2.	Kilifi	Policy at public participation stage	Policy at public participation stage
3.	Garissa	2 nd Reading	2 nd Reading
4.	Kwale	1 st Reading	1 st Reading
5.	Embu	CCCF Policy passed	CCCF Bill enacted
6.	Taita Taveta	CCCF Policy passed	

DRR/CCA/SP training and awareness creation

Trained and established 12 Ward Climate Change Planning Committees (WCCPC), six in each of Embu and Tharaka Nithi counties focusing on basics of climate change; CC policy landscape; Leadership in climate change action; the CCCF mechanism; CCCF. This is in addition to 13 existing committees, seven in Makueni and six in Kitui counties that were assisted in proposal writing to funding community investments.

- 1) requirements; and, WCCPC internal governance and financial management.
- 2) Trained 18 NDMA and county staffs trained on PVC assessment tool to improve climate risk assessment capacity.
- 3) Cumulatively 1762 community members from the 7 counties (Embu, T/Nithi, makueni, kitui, Kilifi, kwale, Taita-Taveta,) have received theoretical and practical training PVC process of which 388(Embu-237, T/Nithi 151) were delivered during the reporting period
- 4) Held 5 County planning meetings on establishment of CCCF in Embu, Taita Taveta, Kwale, Kilifi and Tharaka Nithi counties.
- 5) Awareness created among 22 MPS, 4 Women representatives, 4 senators and the 120 MCAS (From 4 HSNP counties through targeted stakeholder engagement
- 6) Awareness created among Administrators (4 county commissioners, 60 DCCs/ACCs, 120 ward administrators 1,600 chiefs/asst chiefs on social protection and HSNP and their role in HSNP project, through targeted stakeholder management and training
- 7) 70 authorities' staffs drawn from 8 HSNP arid counties trained on social safeguards to improve project decision making, including framework for creating space for inclusion of vulnerable and marginalized groups.
- 8) Regional Centre for Mapping of Resources for Development (RCMRD) capacity and expertise in remote sensing and mapping improved through partnership and field level interaction with NDMA technical team
- 9) Number of county-based decision makers trained on interpretation, use and updating of multi hazards atlases

- 10) Trained over 8,400 enumerators. 96 validators on to use the National Harmonized registration/targeting tools to help establishment of national social assistance and UHC programming in Kenya (8,329 UHC + 296 HSNP).

6.9 DRR/CCA/SP planning and decision-making tools

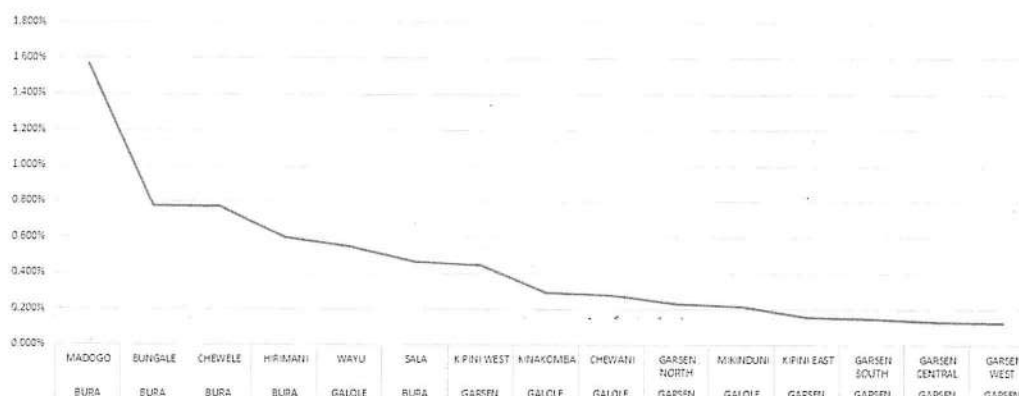
DRR/CCA/SP planning tools developed during the reporting period were manuals, guidelines, atlases, social/environment/economic maps and a social register.

As part of its contribution to understanding risk to help in planning, decision making in Kenya, since 2015, the Authority through its programs and technical staff, have developed/validated or in the process of finalizing a total 13 multi hazard county atlases in Kenya. Eight multi-hazard atlases, one for each of Baringo, Tana River, Kwale, Kilifi, Garissa, Marsabit, Laikipia and Turkana counties were in use of over the year. In the reporting year, six more counties were supported. The results of the support were;

- 1) Isiolo and Samburu counties finalized and validated their atlases and profiles.
- 2) Kajiado, West-Pokot, Marakwet and Wajir counties-initiated development/validation of their atlases.
- 3) Successfully developed, tested and implemented KSEIP-HSNP community-based validation guide for the Pioneer/OLD KSEIP-HSNP counties that provides space for stakeholders and communities to improve and validate the scientific proxy mean test (PMT) poverty listing to generate county enhanced single registry
- 4) Successfully developed a new HNSP registration guide that prioritizes poverty and long-term drought to fast-track onboarding of vulnerable HH into social protection programs
- 5) ??VMG mapping undertaken (4 HSNP counties?)
- 6) The authority is using existing technical capacity among its stakeholders to update the existing livelihood zones to improve in programming.

The atlases developed in the reporting year, contributed to one of the result areas for National Treasury to successfully access World bank Funded, CAT-DDO risk financing instrument, in support of the recent Covid-19 response by Kenya. (Insert in a text box as a success/grab attention- we can get amount accessed by NT if it is politically correct).

TANA RIVER: VCI to POVERTY PRIORITIZATION



CBV process pictures. Listing etc, Insert the VCI/Poverty Vs WARD graph for expansion counties

Development of community DRR/CCA/SP action plans

The budgeting process envisages sector approved plans that are aligned to sector strategies and community priorities. These sector/community plans are expected to continuously reduced community risks to climate change while building on existing capacity and adaptation measures. During the reporting period, the authority continued to support communities to undertake PV/PDRA processes to inform Risk reduction measures that are technological, socially, and environmentally sound. The Risk reduction measures proposed should be alive to communities, sector and third-party services providers capacity to continue providing operation and maintenance capacity to guaranteed sustainability and continued functionality post implementations. During the reporting year, the authority supported;

- 1) Twelve ward level PDRAs, six in each of Embu, Tharaka Nithi, as a resource mobilization tool.
- 2) Development of feasibilities, BoQs and EIA of 16 (Embu-6, Tharak Nithi 6, makueni-4) ready to fund community prioritized investments as extracted from the PDRA.

DRR/CCA/SP Investments

Social protection

The Kenya Constitution (2010) under Article 43 (3) provides all citizens social, economic and cultural rights. **Moreover**, the Kenya Social Protection Policy and other poverty reduction policy documents provide social protection guarantees to vulnerable individuals and communities. Underlying poverty and climate vulnerabilities, especially extreme climate events in the form of floods and cyclic droughts witnesses, continues to exerciabtes/compounds individual and community vulnerabilities. The Government has made deliberate effort in its ‘big 4 agenda’ pronouncements alongside strengthening of social protection sectors to responded to compounding vulnerabilities. Food security, universal health care, economic inclusion through investments in agriculture and agro-processing (60% of Kenyans rely on agriculture—sources??) and social assistance through cash transfers are multiple strategy the government has deployed in its constitutional commitments.

Over the last 7 years, the government of Kenya has increased the % of its GDP contribution towards social protection from (2009) to a current 0.35% (2021) to fund its social protection program. In this regard, the authority implements a social assistance project, Hunger Safety Net Project, funded by the national government's Kenya-Social Economic Inclusion Program (KSEIP) whose objectives.

The KSEIP program is jointly implemented by NDMA and the ministry labor and social services. The program brings together the four cash transfer projects (OP-CT, OVC-CT, PWS-CT and HSNP). KSEIP is also implementing a pilot health insurance/nutrition, economic inclusion project targeting the most vulnerable individuals and communities that have compounding vulnerabilities (underlying poverty and climate vulnerabilities). During the reporting year, the Authority successfully contributed to the objective of the KSEIP program objective and result areas as follows;

KSEIP development objective: *“Strengthen delivery systems for enhanced access to social and economic services and shock-responsive safety nets for poor and vulnerable households in Kenya”*

Result areas/Components

- 1) Strengthen social protection delivery system (*NDMA takes lead in 8 Arid counties Counties and ministry of labour and social services take lead in 39 remaining counties*)
- 2) Increase access to social-economic inclusion interventions (*Ministry of labour and social services takes lead through pilot project, for future up-scaling*)
- 3) Improve shock responsiveness of the safety net systems (NDMA takes lead through its HSNP project covering 8 arid counties)

Strengthening social protection delivery systems

In the reporting year, under its contribution to KSEIP program result/component one (??), the Authority completed the door-to-door re-registration of households in Wajir, Mandera, Turkana and Marsabit counties and successfully delivered a digital based enhanced single registry for Marsabit, Turkana, Mandera and Wajir counties, and covering 100% of the households in the four counties This is the first of its kind in Kenya. The single register is linked to the 4 government cash transfers and captures all beneficiaries, thus also the county specific first social register showing all individuals and HH receiving cash benefits from the Government. This can easily be updated to incorporate government subsidies or benefits extended by non-state actors to individuals and HH within the county.

The data based has detailed household social-economic data, in line with national government Harmonized targeting methodology guidelines/tools. The data-sets have been analyzed and HH poverty-ranked, using proxy mean test and further subjected to community validation process, improving confidence and ownership by stakeholders and communities in the register.

The enhanced poverty ranked single registry and the resultant social register of those receiving social assists benefits, provides a very good opportunity for targeting and programming by all stakeholders, thus contributing significantly to the KSEIP development objective of! *Strengthen delivery systems for enhanced access to social and economic services and shock-responsive safety nets for poor and vulnerable households in Kenya*”

The Authority has rolled out similar registration community validation process in its four expansion counties of Samburu, Isiolo, Garissa, and Tana River. As at the end of the reporting period, the progress is as per table 2b (Thirikwa/Boniface to show status and targets) and planned to be completed by December 2022. In responding to increased community expectations and avail the ESR system to help in any interventions due to shocks, the authority has prioritized the process such that the ward level single register and resultant social register takes shape immediately and be at the disposal of the stakeholders for DRR/CCA/SP programming. This means a ward level single register and social register is delivered progressively contributing to delivery of the additional four county single register /social registry by December 2022.

Table 1:

	Target Households using Census (2019)	Households registered as at 30th june	Individuals registered
Garissa	141,394	5,680	28,400
Isiolo	58,072	4,363	21,815
Samburu	65,910	2,913	14,565
Tana River	68,242	4,121	20,605
Total	333,618	17,077	85,385

Table 2b similar to table above for the new counties as at 30th june 2020

As part of establishing systems jointly with others stakeholders, During the reporting year, the social protection secretariat and the ministry of health requested for the deployment of the HSNP registration tools to fast track the UHC program in Homabay, Nakuru, Nairobi, the HSNP system was tested to its limit with over 8,500. Registration clerks able to capture and upload the HH data in real time, in total HSNP system extend its reach to support registration of 25,000 households in Homa Bay County. 45,000 households in Nakuru county and 230,000 in Nairobi County. The data can be used for other social protection programs beyond health insurance.

Through the integrations with the enhanced single registry, the Authority through elimination of double dipping has increased the coverage of social protection from 26% to 35% in Wajir, Mandera, Marsabit and Turkana counties as shown in the table below.

Through the support provided to UHC on registration of households in Homabay, Nakuru and Nairobi, 24,033 households have been enrolled in the programme in Homabay, 36,202 households in Nakuru and 66,324 households in Nairobi.

Another success text box, how the HSNP Mis system was able to register urban poor households to fast track the UHC program that had been delayed. NHIF/Ministry of health was able to enrol 226,559 households in Nairobi, Nakuru and Homa Bay to NHIF cover under the WB supported UHC programs

County	Census Population	# of HSNP Households	Sister CT Households	Total	Perc
Turkana	164,519	39,918	27,374	67,292	41%
Wajir	127,932	19,201	12,596	31,797	25%
Mandera	125,763	22,229	20,929	43,158	34%
Marsabit	77,495	20,452	11,491	31,943	41%
Total	495,709	101,800	72,390	174,190	35%

Shock responsive safety net project

NDMA implements the Hunger Safety Net Programme (HSNP), an unconditional cash transfer program targeting the poorest, arid counties in Kenya. The project main objective is to deliver bi-monthly regular cash payments to the most vulnerable households in these counties to cushion them against extreme hunger and protect their productive assets. As part of Climate Change adaptation, the project has an objective in built trigger mechanisms that informs the geographical and beneficiaries targeting for possible expansion (scaleup) and/or contract (scale down) during a climate shock/hazard event.

HSNP has demonstrate its capacity to scale up in times of floods and drought using climate information (for flood shocks) and environmental indicators (for drought shock). The new single register for the 8 counties has capacity to generate any scale up for other man-made or health hazards using its mapping database. Refer to 6.4 for HSNP shock responsive achievements for the reporting period.

expand and contract above the capable of expanding and contracting based on an objective climate information/indicator. climate shocks, like drought, floods. The programme also has a scalability component that allows for emergency payments during shocks such as floods and drought).

Disbursement of regular cash transfer payments /Regular unconditional cash transfers

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The current phase (KSEIP-HSNP Phase 3) started in April 2019, with an initial target of 101,800 regular beneficiaries and projects to progressively increase to 133,800 beneficiaries by 2023/24 financial year. The additional households will be enlisted from Samburu, Isiolo, Garissa and Tana River counties. See table 3 for distribution of HH on regular cash transfer for all the 8 counties.

	County table 3	HH on regular cash transfer (Thirikwa to confirm)
Pioneer HSNP - Arid counties	Marsabit	20,477 (20,453)
	Turkana	39,152 (39,917)
	wajir	19,145 (19,201)
	mandera	22,145(22,229)
TOTAL		100,919 (101,800) the difference is due to ongoing case management at any particular time
New HSNP expansion counties		Soon to be on boarded HH on regular cash transfer
	Samburu	8,344
	Isiolo	7,027
	Garisa	9,252
	Tana river	7,377
TOTAL		32,000

During the reporting period, the following was achieved under the various activities related to cash transfers;

- 1) The programme successfully delivered **Kes 2.8 billion** through five (5) regular cash transfer cycles to **100,919 households**, out of which 60% of recipients were women. The entire cash transfer caseload was fully financed by the Government of Kenya.
- 2) Disbursements to the households were delivered through a contracted payments service provider with a network of 682 bank agents and 11 bank branches across the four counties.

The graphs below should be editable,

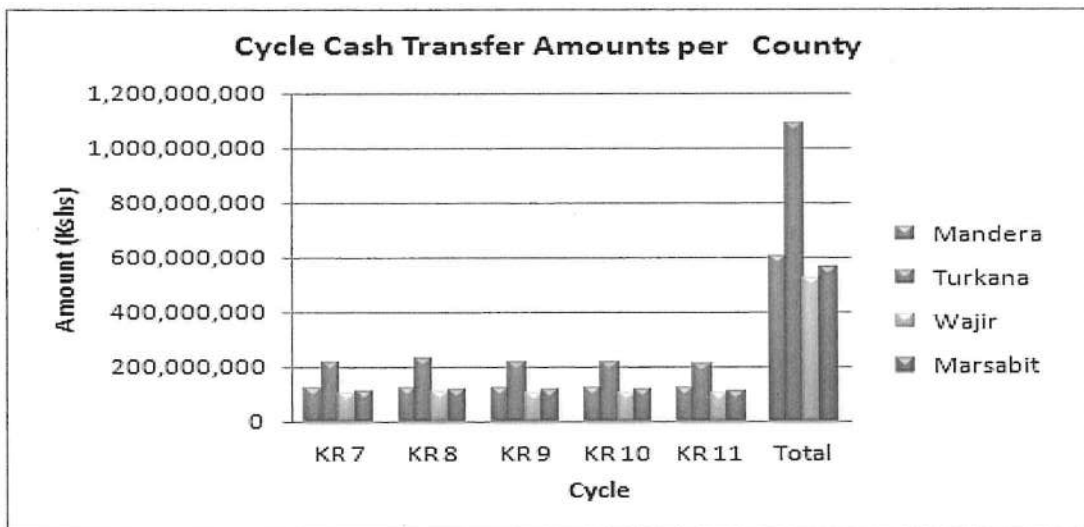
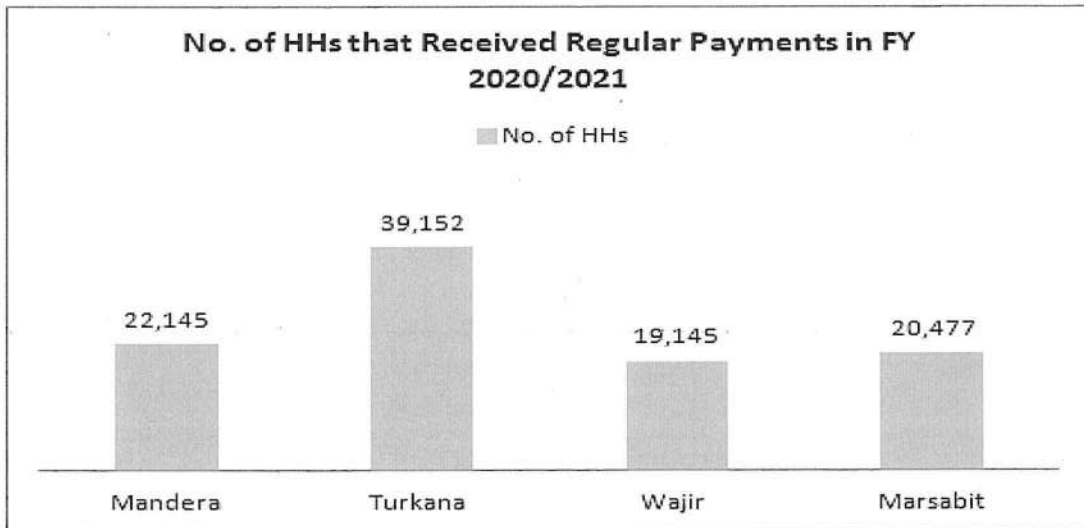


Figure 2: Regular cash transfer payments during the 2020/2021 financial year.

Investments in drought risk management

Healthy and productive landscapes are central to productivity and water security. It is essential in building of climate resilience and creating livelihood options for communities in the face of climate change. In ASALs, resilience in landscapes is determined by seasonal access to productive resources, including water, pasture to support primary (Livestock) and secondary non-livelihoods/incomes. Options to generate income from rangeland resources is determined by access to markets, which is generally weak throughout the ASALs.

NDMA, in collaboration with communities, county governments, relevant line ministries and other stakeholders, identifies and implements strategic drought preparedness projects across the ASALs aimed at:

- 1) Drought Preparedness projects- To improve the capacity to withstand the drought or for early and efficient response during drought crises (macro/communal assets)
- 2) Directly contribute to HH livelihood production, value chain development and market access (micro)
- 3) Coordination of design and implementation of preparedness/livelihood investment

During the reporting period the Authority implemented interventions with support of the following partner projects

- 1) EDE-Support to Drought Risk Management and Coordination (DRMC) and Support to Drought Risk Management (SDRM), funded by the EU.
- 2) Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihoods Programme (KCEP-CRAL).
- 3) Integrated Support to the Devolution Process in Kenya: Climate Change Adaptation and DRR Component supported by UNDP.
- 4) Resilience and Sustainable Food System Programme-WFP/GoK.

Coordination of design and implementation of preparedness/ livelihood investments

The authority encourages community and sector ownership in all its Drought Preparedness projects (macro and livelihood supporting-micro projects). Towards this end, the sectors and communities are involved from prioritization, design, co-financing and implementation phases of the project cycle. Sector's role in design, supervision and capacity building need not be over emphasised. Role of communities and sectors in Contract Implementation Committee (CIT) in line with public procurement act is also given prominence where projects are funded and implemented directly by the Authority. Co-financing arrangements with county governments, communities and/or other county stakeholders is manifested through a binding Financing agreement (FA) arrangement to guaranteed commitments through annual budgets of the parties to the FA.

In the absence of FA or any partnership agreements between the sectors and communities or non-state actors that also contribute towards drought preparedness projects, the authority, leverages on its county coordination stature to pitch for expertise/skills of non-state actors, mandate of devolved functions at county level, for counties, communities and non-state actors to mobilise resources towards DPP. More often, these additional resources are geared toward livelihood projects, markets access and capacity building for value chain development.

During the reporting period, the Authority supported coordination of implementation of project activities and pitched for resources by the county governments through the WFP and Call for proposals- EU-CfP funding channel directly to the support sectors/ counties

Achievements

- 1) Co -Financing agreements signed and honored by counties/partners (9 No)
- 2) Four Non state actor accessed over ksh 2 billion to support the counties of Isiolo, Baringo, west-pokot and Tanariver from EU

- 3) The Authority supports Resilience Livelihood Project activities in seven arid counties, of Turkana, Baringo, Samburu, Isiolo, Marsabit, Garissa and Tana River, where it provides technical-backstopping and coordination. The 7 counties were able to access kshs 980 million towards implementation of Resilience and Sustainable Food System investment. During the reporting period, the project supported 344 micro-Projects, geared towards rainwater harvesting and management technologies for domestic and production, livestock, crop production and alternative livelihoods, with 20,773 households benefiting.
- 4) 1 coordination meeting for CfP was undertaken improve programme delivery in view of the covid 19- challenges
- 5) 9 backstopping missions undertaken to support the seven counties implementing the resilience livelihoods project.
- 6) 9 CIT supported
- 7) In both instances, NDMA availed its county and national coordination structures to facilities designs and implementation of the projects and strengthened project reporting to the donors.

Drought preparedness projects (macro)

Drought Preparedness projects (DPP) are implemented under the direct management of the Authority and technical supervision by the relevant sectors who also provide the project designs. The DPPs are designed for co-financing arrangements with county governments, communities and/or other county stakeholders. During the reporting period, the NDMA contributed about 60% of the funds for strategic preparedness projects with the support of the European Union while the other stakeholders contributed 40% as illustrated below:

Table 2: Stakeholders' contribution to strategic preparedness projects

<i>Sector</i>	<i>Number of Projects</i>	<i>NDMA</i>	<i>County Govt/Communities and others</i>	<i>Total</i>
Water	9	95,687,135	100,127,469	195,814,604
Education	4	14,458,634	263,750.00	14,722,384
Livestock	12	95,005,660	30,290,500	125,296,160
Integrated Livelihood support	4	110,435,979	81,490,598	191,926,575
Total	29	315,587,408	212,172,317	527,759,725

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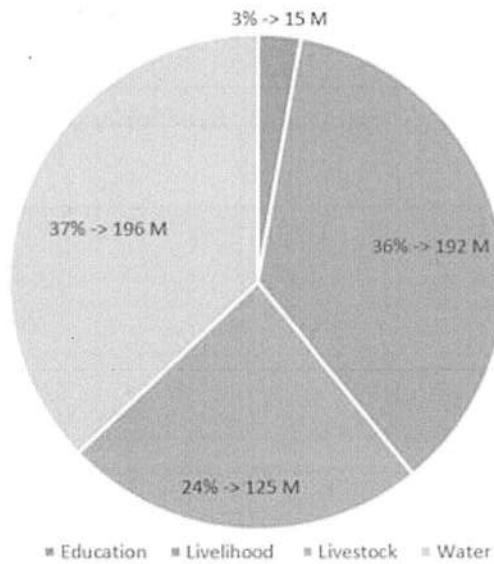


Figure 4: Funds distribution by sector

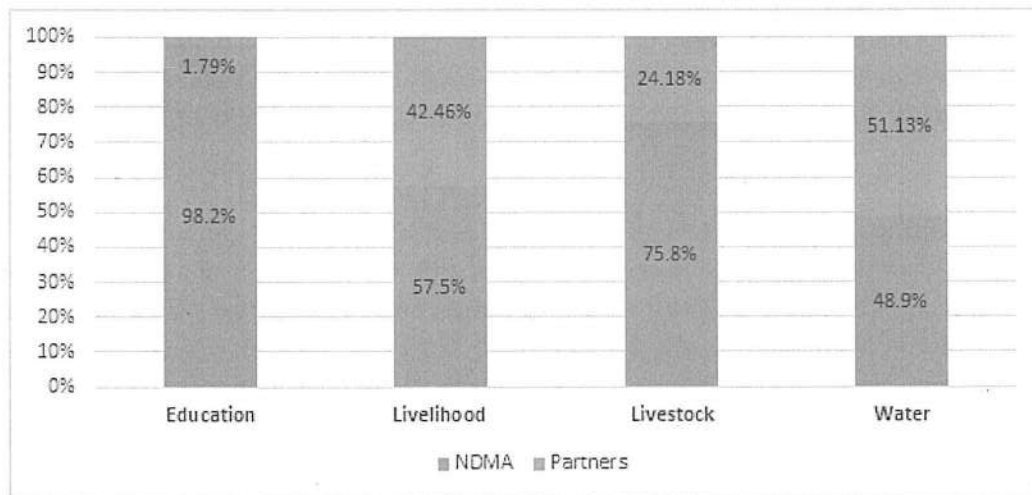


Figure 5: Proportion of funds contribution by NDMA and partners

During the reporting period, the Authority provided assorted farm tools and equipment; trained technical officers on water harvesting technologies and agricultural value chain; and lining up of 1.2 km canal for Rapsu small scale irrigation scheme in Isiolo county. All the project targeted beneficiaries were compensated with cash/food rations for the work done.

Resilience and Sustainable Food System Programme -Wfp				
Sector	Projects	Status	cost (Ksh.)	Beneficiaries (HH)
Agriculture	Rapsu Irrigation scheme	complete	4,500,000	200
Total			4,500,000	200

Investments in community DRR (micro) projects

To ensure a linkage between community capacity building through PDRA and tangible DRR projects, especially in drought hot spots, the authority earmarked investments in community DRR interventions to strengthen community organisations. Community micro projects are designed to improve community capacity to prepare and respond to impending droughts within the context of the county drought management system. The community projects target implementation of micro projects that bear immediate benefits to the vulnerable communities. The Authority set the funding ceiling for micro projects at a maximum of Ksh.5 million per project.

The implementation for the 19 micro projects initiated in FY2019/20 continued in FY 2020/21 whereby 13 of the projects were completed and handed over to the communities during the reporting period while 6 projects were at different completion stages. The 13 completed projects are in 9 Counties namely Lamu (1No.), Kilifi 2No.), Kwale (1No.), Embu (2No.), TaitaTaveta(2No.), Laikipia(1No.), Makueni(2No.), Narok(1No.) and Tharaka Nithi(1No.) while the 6 incomplete micro projects are in Kitui(1No.), Kajiado(2No.), West Pokot (2No.) and Laikipia(1No.).

The impact of the micro interventions was:

- 1) Water sector - improved access for domestic use, livestock, crop productivity for institutions and reduced resource-based conflicts.
- 2) Education sector - improved capacity for school enrolment, retention, transition during drought periods, and enhanced integration among communities in the region.
- 3) Livestock sector - increased livestock productivity and incomes through improved access to livestock market, fodder production and conservation and animal health.

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EDE-Support to Drought Risk Management and Coordination (DRMC) and Support to Drought Risk Management (SDRM)

Micro Project	County	Estimated budget		Total (Kshs)	Status	Beneficiaries
		NDMA Contribution (Kshs)	Partner Contribution (Kshs)			
Water Sector						
Ikungu water project pipeline: 3.2km water pipeline, with associated facilities	Makueni	3,200,000	Community 200,000	3,400,000	Complete	300 persons (140 male, 160 female)
Ulu 3 community water project: 4km water pipeline with associated facilities	Makueni	3,200,000	Community 200,000	3,400,000	Complete	800 (520 male, 280 female)
Rehabilitation of Kishenyi Tunnel – Vipalo tanks section of Kishenyi Water Project: 1.88 km pipeline with associated facilities	Taita Taveta	4,987,186	-	4,987,186	Complete	7,000 persons (3,656 male, 3,344 female)
Olesere community water project: extension of 4km pipeline with associated facilities	Narok	3,155,000	-	3,155,000	Complete	3,600 (1,570 male, 2,030 female)
Kishushe Water project: 5km water pipeline extension and tanks	Taita Taveta	2,137,093	-	2,137,093	95%	675 (368 male, 307 female)
Total (Water)		16,679,280	400,000	17,479,279		
Education Sector						
Provision of water for Kianjoya Primary, Igumori Secondary, Ngunyumu Secondary, & Cieria Primary School: water harvesting & solarisation of Ciera borehole.	Embu	3,160,750	BoM 263,750	3,424,500	Complete	938 pupils (418 boys, 520 girls), 41 teachers (20 males, 21 females)
Construction of Chiakariga Girls Boarding School water project: Construction of 2 No. 50 m ³ masonry tanks	Tharaka Nithi	3,999,272	-	3,999,272	90%	449 pupils (girls), 10 teachers (3 male, 7 teachers)
Olkinyei Primary borehole rehabilitation: 100 m ³ masonry tank, extension of pipeline, & hybridization/solarisation of borehole	Laikipia	3,424,228	-	3,424,228	50%	256 (127 boys, 129 girls) 10 teachers (8 male, 2 female)

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II Motiok primary school water project: construction of 135 m ³ masonry storage tank and guttering	Lalikipia	3,874,384	-	3,874,384	Complete	261 (141 boys and 120 girls), 11 teachers (10 male & 1 teachers)
Total (Education)		14,458,634	263,750	14,722,384		
Livestock Sector						
Mwereni community pasture & breed improvement project: Galla Goat restocking & pasture conservation	Kwale	3,000,590		3,000,590	Complete	617 (311 males, 306 females)
Sustainable goat rearing in Bamba Ward: Galla goats restocking/buck exchange and pasture conservation	Kilifi	3,075,000	County 750,000 Community	5,025,000	Complete	200 direct beneficiaries (90 male, 110 female)
Sustainable goat rearing in Adu ward: Galla goats restocking / buck exchange and pasture conservation	Kilifi	3,075,000	County 750,000 Community 1,200,000	5,025,000	Complete	200 direct beneficiaries (90 male, 110 female)
Kiambere Community breed improvement: Galla Goat restocking & improvement of local goat	Embu	2,988,290	-	2,988,290	Complete	118 direct beneficiaries (35 male, 83 female)
Chepkobegh community project: promotion of local poultry	West Pokot	3,820,400	Community 2,111,000	5,931,400	80%	500 direct beneficiaries (300 male, 200 female)
Kamketo honey value addition project: Pokot log-hive and introduction of(KTBH)	West Pokot	3,494,800	Community 640,000	4,134,800	80%	400 direct beneficiaries (280 male, 120 female)
Community hay conservation pasture production &conservation	Kajiado	3,040,000	Community 3,270,000	6,310,000	75%	300 persons (117 male, 183 female)
Promotion of Kuchi indigenous chicken	Lamu	2,999,975	Community 2,400,000 County 27,500	5,427,475	70%	45 persons (13 male, 32 female)
Tseikuru integrated DRR Project: promotion of local poultry	Kitui	3,078,300	Community 117,000 County	3,815,300	50%	320 persons (34 male, 286 female)

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Imbirikani integrated livelihood diversification project: micro irrigation & beekeeping	Kajiado	3,406,600	620,000 Community 750,000	4,156,600	75%	300 persons (117 male, 183 female)
Total Livestock		31,978,955	13,835,500	45,814,455		
GRAND TOTAL		63,116,869	14,499,250	78,016,118		

Investment in strategic preparedness macro projects

Strategic preparedness projects are aimed at enhancing the capacities of counties to effectively manage adverse drought effects, targeting more than one community. The Authority set the minimum budget for macro projects at Ksh.5 million per project. The macro projects initiated in FY2019/2020 in Kitui, Isiolo, Kajiado, Marsabit, Wajir and West Pokot Counties were completed in the first quarter of the FY2020/21 except the small-scale irrigation macro project in West Pokot that was still ongoing by the end of the reporting period. In addition, a further 9 strategic preparedness projects were initiated in Turkana, West Pokot, Isiolo, Makeni, Taita Taveta, Kilifi, Nyeri, Tana River and Laikipia/Baringo Counties. The macro projects involved works and/or supplies contracts and were at different stages of completion ranging from 40% to 95% except for the Lelan Highland dairy project that commenced in February 2021 but equipment has not yet been delivered/installed. The NDMA's financial contribution to the 10 strategic preparedness projects under implementation during the reporting period amounted to Kshs 252 million.

The table below demonstrates the financial contributions shared between NDMA and other stakeholders, the target beneficiaries, status of completion as at June 2021 and expected impacts for each of the macro projects.

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Macro Project	County	Estimated budget		Estimated budget (Kshs)	Beneficiaries	Status	Expected impacts
		NDMA (Kshs)	Partners (Kshs)				
Water Sector							
Ngomeni earth dam: excavation 120,000m ³ dam and auxiliaries	Makueni	19,702,035	Makueni County Government 9,737,215 Community 3,050,000	32,492,253	20,000 (6,300 male, 13,700 female)	95%	Improved access and utilisation of water for domestic use, livestock, crop productivity for institutions and reduced resource-based conflicts.
Mt. Kenya Neema Self Help Group Project: Solarisation of Gatuanyaga borehole, 4.2 km pipeline, 4 No. 10m ³ plastic tank	Nyeri	6,521,863	Community 1,035,000 Sportpesa 1,5000	9,056,863	800 (352 male, 448 female)	80%	
Mbomboni integrated drought preparedness project: construction of 96,000m ³ water pan & auxiliaries	Kilifi	22,778,007	Kilifi CG 10,861,000 Kilifi South CDF 2,841,250	40,480,257	3,000 (1,300 male, 1,700 female)	70%	
Korbessa water community water project: 13km water pipeline, 225m ³ masonry tank	Isiolo	30,005,950	NWWDA; 40,000,000 ICG: 21,000,000 Community 5,700,000	96,705,950	1,446 (755 male, 691 female)	30%	
Total Water		79,007,855	99,727,468	178,735,323			
Integrated Livelihood Support							
Sagalla Ward integrated livelihood drought preparedness project: beekeeping, indigenous poultry, high value horticulture crops & extension of	Taita Taveta	22,035,079	STE 15,856,000 Taita Taveta CG 3,618,498 Community 2,648,500	44,158,077	40 (male 29, 11 female)	95%	Improved food and nutrition security through promotion of integrated and diversified livelihoods,

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water 11 KM pipeline (NDMA) human wildlife conflict resolution										and pastoral and agro-pastoral value chain and addition.
Support for small scale irrigation in West Pokot construction of 120 water ponds beehiving and provision of irrigation starter kits	West Pokot	17,139,500	NIB 19,995,00 CIM 13,966,100 Community 6,850,000	57,950,600	3,750 (1,450 male, 2,300 female)	70%				In addition, reduced elephant's penetration in the farms
Garseni Central integrated livelihood project: irrigation infrastructure, farming, pasture production and conservation & bee keeping	Tana River	12,714,200	Community 4,500,000 TRCG 850,000.00 WFP 2,114,200	21,678,400	600 (400 male, 200 female)	60%				
Laikipia-Baringo inter-county integrated drought preparedness and resilience project: livestock fattening and breeding stock improvement, beehiving, pasture production and conservation/d conflict resolution	Laikipia & Baringo	58,397,200	LNC 6,564,00 Community 3,178,750	68,139,500	5,694 (2,694 male, 3,000 female)	40%				
Total Livelihood support		110,285,979	81,490,598	191,926,577						
Livestock Sector										
Kainuk livestock market project: construction of livestock sale yard with accessories/auxiliary & establishment of a co management structure through LMAs	Turkana	33,167,205	Turkana CG: 5,100,000 Community 1,500,000	39,767,205	2,500 (833 male, 1,667 female)	30%				Increased livestock productivity and incomes through improved access to livestock market, fodder production and conservation and animal health.
Lelan highland dairy commercialisation programme	West Pokot	29,859,500	LDHC 9,855,000	39,714,500	6,600 (Females 2,640, Males 3,960)	20%				

7. CORPORATE GOVERNANCE STATEMENT

Role of the Board of Directors

The Board of Directors is responsible for the governance of the Authority to ensure compliance with the law and best practices. The Directors attach great importance to the need to conduct the business and operations of the Authority with integrity, professionalism, and as per the generally accepted international corporate practice. The Board's responsibilities are clearly stated in the Authority's Board Charter and the NDMA Act, 2016. These include:

- Formulating policies to achieve its mandate.
- Providing strategic direction, leadership, and oversight to the Secretariat.
- Undertaking such activities as may be necessary for the discharge of its functions and the exercise of its powers.

Board Committees

The Authority has four committees in line with The Code of Governance for State Corporations (Mwongozo) guidelines namely;

- i. Human Resources Committee
- ii. Technical Committee
- iii. Finance Committee
- iv. Audit and Risk Management Committee

The Board committees consider management reports ahead of the Full Board meeting. This allows for in-depth consideration of issues to enable decision-making. After scrutiny, the specific committee presents its report and recommendations to the Full Board for consideration.

<p>Human Resources</p> <p>v) Emily Mworio – Chairperson vi) Nasiuma Kasembeli – Member vii) Benson Longaritom – Member viii) Robert Kiteme – Member</p>	<p>Technical</p> <p>v) Abdirahman Hassan – Chairperson vi) Nancy Muthoni Njiro – Member vii) Emily Mworio – Member viii) Micah Powon – Member</p>
<p>Finance</p> <p>v) Nancy Muthoni Njiro – Chairperson vi) Micah Powon – Member vii) Nasiuma Kasembeli – Member viii) Benson Longaritom – Member</p>	<p>Audit and Risk Management</p> <p>v) Robert Kiteme – Chairperson vi) Emily Mworio – Member vii) Abdirahman Hassan – Member viii) Nasiuma Kasembeli – Member</p>

Human Resources Committee

This committee ensures that the Authority has sound human resource strategies that enable it to attract, develop, motivate, and retain the right caliber of staff.

The committee has the following duties and responsibilities as directed by the Board:

- f) Periodic review and advice to the main Board on appropriate human resource strategies, policies and procedures.
- g) Advise the Board and guide the process on staff recruitment, manpower planning and related budgets.
- h) Advise the Board on any reviews required to enhance the effectiveness of manpower development and staff training.
- i) Advise the Board on reviews which may be necessary to make the organizational structure, appraisal system, grading system, and salary structures more relevant and effective.
- j) Review proposals and advise the Board on staff benefit schemes including medical, retirement benefits, and insurance schemes, among others.

Technical Committee

The committee handles all technical issues of the Authority including *inter ALIA*, strategic planning, work planning, budgeting, resource mobilization, programmes, projects, and visibility. Its specific mandate includes advising the Board on the following:

The overall performance of the Authority.

- a) Strategic documents guiding the work of the Authority, including its strategic plan, work plan, budget, and performance contract.
- b) Identification, development and implementation of strategic initiatives, programmes and projects, and resource mobilization.
- c) Technical issues concerning the drought status, including early warning information, food security assessments, and response.
- d) Measures to enhance the visibility and accountability of the Authority. f)

Periodic reviews to evaluate the progress and impact of the Authority.

Finance Committee

The Finance Committee ensures that the Authority has sound financial management strategies, policies and systems that promote accountability, prudent use of resources, and compliance with statutory and all regulatory requirements.

The committee has the following duties and responsibilities as directed by the Board:

- e) Review the Authority's annual work plans and associated budgets prepared by management and submit them to the Board for approval.
- f) Ensure that the allocation of resources is aligned to the priority areas identified within the Strategic Plan.

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- g) Review quarterly financial reports submitted by management and submit the same to the Board for discussion and adoption.
- h) Provide general direction in the Authority's budgeting matters.
- i) Advise the CEO and the Board on financial management approaches that enhance internal controls to improve efficiency, transparency, and accountability.
- j) Review major audit issues raised by both internal and external auditors.
- k) Periodic review of the adequacy of management procedures with regard to risk management control and governance issues.
- l) Review special audits/ investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency brought to the committee's attention by management and present to the Board for discussion and direction

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Audit and Risk Management Committee

The committee ensures that the Authority has sound financial management strategies, policies and systems that promote accountability, prudent use of resources, and compliance with statutory and all regulatory requirements.

The committee has the following duties and responsibilities, as well as any other duties and responsibilities it deems appropriate to carry out its purposes or as directed by the Board:

- a) Advise the CEO and the Board on financial management approaches that enhance internal controls to improve efficiency, transparency and accountability.
- b) Review major audit issues raised by both internal and external auditors.
- c) Periodic reviews of the adequacy of management procedures with regard to issues relating to risk management, control and governance.
- d) Review special audits/investigations on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency brought to the committee's attention by management and present to the Board for discussion and direction.

Board Meetings

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

Unit	No. of meetings
Technical Committee	4
Human Resources	4
Finance Committee	4
Audit & Risk Management Committee	4
Full Board	4

The calendar of the meetings is circulated well in advance while invitations to Board meetings are sent out to members two weeks in advance.

Communication

The management submits Board papers and reports two weeks in advance of Board meetings. The Board communicates to staff through memos while policy matters to the wider public are communicated by the Board and the CEO. The Authority has a communication policy whose provisions it strives to abide by.

8. MANAGEMENT DISCUSSION AND ANALYSIS

Drought shock responsive cash transfers

Under the Hunger Safety Net Programme (HSNP) cash transfer initiative, 568,539 households from the four pioneer HSNP counties (147,099 in Wajir, 151,011 in Mandera, 169,891 in Turkana and 100,538 in Marsabit) listed in the social protection Single Registry are targeted for cash transfers. The poorest 101,800 households receive the regular, unconditional cash transfers. The rest (466,739 households) are potentially targeted for the conditional, emergency scale up cash transfers. In the HSNP expansion counties (Samburu, Isiolo, Garissa and Tana River), registration of households which begun during the reporting period to be completed during the FY 2021/2022 will add a further 32,000 households into the regular unconditional cash transfer targets while the rest of the households registered will be included in the expanded target for emergency scale up cash transfers.

During the reporting period, the Authority effected payouts to 16,942 households as scalable, drought-shock responsive cash transfers at a total cost of KES 88,761,533.23. The payouts were triggered by the attainment of VCI thresholds in two of the counties covered by the HSNP III, namely Mandera and Wajir counties (coverage was 5,152 households in December 2020; 5,309 households in January 2021; 16,942 households in February 2021; and 5,495 households in March 2021).

Knowledge Management

Knowledge Management is the sixth strategic objective of the the Authority's Strategic Plan. In line with strategy number 6.2, to strengthen research and Knowledge Management for continuous improvement, the following results were delivered in the 2020/2021 financial year.

Knowledge Management and Learning Strategy

The NDMA Knowledge Management and Learning (KM&L) Strategy was approved by the board in February 2021. The strategy will be implemented for five years (2020/2021 - 2024/2025 FYs). During the reporting period, the strategy document was disseminated to the 23 ASAL counties where NDMA operates and the headquarters. Moreover, 53 staff were sensitized on the use of the strategy.

Knowledge Management and Information Sharing Platform

The development and design of the NDMA Knowledge Management and Information Sharing platform was completed in the reporting period. Moreover, the platform design was validated and approved by various user departments in NDMA. The platform will be managed and updated by NDMA as a repository of DRM related information that will be accessible to all users. The platform will be rolled out for use by the public during the 2021/2022 FY.

Research Bursaries

The NDMA supported six PhD students with bursaries to conduct DRM related research. The bursary was worth KES 8 million. The last disbursement of KES 2,818,812.5 was expensed during the reporting period. The topics of research were;

- 1) Design of a vacuum solar water desalination plant in Makueni County.
- 2) Gully erosion stabilization in Wanjoga River catchment of Tana River Basin, Embu County.
- 3) Effects of super-absorbent polymers on irrigation water requirement, efficiency on African leafy vegetables growth in greenhouse: case study of Kitui County.
- 4) Efficacy of plasma technology in eliminating fungi and aflatoxins in maize in Makueni and Baringo counties.
- 5) Pasture production under different micro-catchments and their economic optimization in agro-pastoral areas in Kenya.
- 6) Breeding Dolichos bean (*lablab purpureus (L.) sweet*) using gamma induced mutation for earliness and yield related traits.

Although the bursary was supposed to terminate in June 2021, the students requested for a no cost extension of their contracts by two months to August 2021. Due to the Covid-19 pandemic, the students were not able to deliver fully the planned deliverables by June 2021 when their contracts were expected to end. As of the end of June 2021, the following results were delivered;

- 1) All the students had completed collecting data.
- 2) Four papers had been published.
- 3) Three papers were under review by various journals.
- 4) Five papers were in drafts, yet to be submitted to a journal.

The research findings are expected to be disseminated in 2021/2022 financial year.

Knowledge Sharing and Application

NDMA is mandated to share information with its stakeholders. This information is in the form of 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 and a bulk email sharing platform and peer forums. The following was achieved;

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 2020 long rains and short rains assessment reports via email and the website to inform action by stakeholders and public information.
- 2) Printed and distributed 1,000 copies of the Kenya Drought Response Guidelines (drought response manual) to stakeholders at national level and in all counties of coverage.

- 3) Produced and distributed 2,000 wall calendars, 300 desk calendars and 500 desk diaries to publicise its mandate and interventions.
- 4) Produced 2,000 copies of the HSNP brochure.
- 5) Produced (3) project fact sheets, and distributed 600 printed copies of the same.

Electronic platforms

During the reporting period, the Authority;

- 1) Reached more than 2,000 subscribers of the NDMA national and county mailing lists on which drought early warning information is shared.
- 2) Shared a total of 340,553 messages with cash transfer beneficiaries through the Authority's bulk SMS and toll-free number as part of beneficiary outreach, social accountability and complaints and grievance handling mechanism. The messaging focused on cash transfer payments, re-registration of potential beneficiaries and case management of beneficiaries.
- 3) Initiated development of a mobile application for HSNP case management and M&E. Software specifications have been developed and reviewed with the involvement of the development team and users.
- 4) Developed and piloted use of bulk sms for dissemination of drought early warning and food security information to various stakeholders including the community. The pilot counties include Kajiado, Turkana and Baringo, with a total of 600 subscribers.
- 5) Regularly used Tweeter for information dissemination during the reporting period. The tweets focused on ongoing activities and drought and social protection related reports.
- 6) Continuously updated the NDMA corporate and HSNP programme website with information for the public.

Publicity events

These included national and county-level events to create awareness 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;

- 1) 154,000 m³ earth dam Kwa Ndaki Earth Dam and auxiliary structures in Kitui County. The event was officiated by the Cabinet Secretary for Devolution and ASALs Hon. Eugene Wamalwa and Kitui Governor Hon. Charity Ngilu in October 2020.
- 2) Rehabilitated and equipped Moi Masol Primary School in West Pokot County by CS for Devolution and ASALs Hon. Eugene Wamalwa in February 2021. Rehabilitation of the school was aimed at improving access, retention, transition and quality of education for vulnerable children from Masol Ward and neighbouring Turkana South Sub-County.
- 3) Construction and equipping (beds, mattresses and bedding) of two separate modern girls' and boys' dormitories at Plesian Primary School in Baringo County in October 2020. The dormitories have 165 total bed capacity and are aimed at addressing rampant school dropout rates as a result of drought.
- 4) EU REBUILD project in Tana River County officiated jointly by the Cabinet Secretary for Devolution and ASALs Hon. Eugene Wamalwa, the Deputy Head of EU Delegation to Kenya Ms. Katrin Hagemann, and Tana River Governor Hon. Dr. Dhadho Godhana in June

2021. The project is co-funded by EU and implemented by a 4-member consortium led by CISP Kenya and in collaboration with NDMA.

- 5) Flagged-off of registration and targeting of households to HSNP 3 in Tana River County in June 2021.

Media engagement

Over the reporting period, NDMA engaged media as follows;

- 1) Disseminated drought status and interventions information to media houses and journalists through the Authority's electronic newsletter.
- 2) Undertook 30 radio talk shows on local radio stations in Mandera, Wajir, Marsabit and Turkana on social protection cash transfer programming and ongoing drought interventions.
- 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. A total of 4 press releases/media briefs were issued during the reporting period.
- 4) Facilitated field visits for journalists to help them gain a better understanding of the Authority's interventions and capture beneficiary voices. Field visits were organised for both national and county level journalists to projects in Kitui, West Pokot, Baringo and Tana River counties.

Monitoring and Evaluation

The Authority recognizes that successful implementation of its strategies and plans depends on effectiveness of its tracking of implementation of planned activities and prompt response to challenges and changes in policy, legal and socio-economic environment. Effective M&E enables management to make evidence-backed decisions. Effectiveness in tracking progress depends on robustness of monitoring and evaluation frameworks. The Authority has developed and operationalized robust monitoring and evaluation frameworks. These frameworks have clearly spelt out expected outcomes, outputs, targets, indicators and timelines.

During the reporting period, the following results were achieved.

- 1) The Mid Term Review on Implementation of EDE was carried in line with provided set of terms of reference. Consultancy was hired through a competitive process and Preliminary findings shared with sector representatives (EDE TWG).
- 2) NDMA, M&E guide was reviewed and approved with 53 staff from both HQ and counties trained on its use. The same was validated and adopted and now in use by both counties and HQ.
- 3) NDMA carried EDE progress Partnership with TWG for 2019 and 2020 calendar years with key findings, challenges and lesson learned documented.
- 4) The Authority produced quarterly progress reports of the implementation of the Annual work plan at both National and county levels
- 5) The Authority carried out 53 M&E missions in, Tana River, Tharaka Nithi, Laikipia, Embu, Nyeri, West Pokot, Taita Taveta, Kwale, Kajiado, Kilifi, Turkana, Makueni and Lamu

Counties. These were Macro and Micro projects on drought Preparedness, with key findings, challenges and lessons learned reported.

- 6) Implementation of 2020/21 Performance Contract was evaluated in accordance with the 17th cycle guidelines and performance targets set based on the third Medium Term Framework (MTP III), the Sector Performance Standards, the “Big Four” Agenda, NDMA strategic plan 2018-22 and post COVID-19 Recovery strategies and plans. The performance contract was and approved by the Board and submitted the Inspectorate of State Corporations with copies to the Ministry of Devolution and ASALs; and The National Treasury and Planning. The score was given as good at 3.0308. However, this was an improvement compared to the previous year 2019/2020 which was 3.1646.

Several challenges the affected the M&E function were;

- 1) Inadequate budgetary allocation: The M&E function still has financial inadequacies that has seen several monitorable activities unattended. These include baselines, Internal evaluations among others.
- 2) Human capital constraints: The M&E Function is under-staffed and lacks enough Human capital to effectively carry out its work.
- 3) Delay in funds disbursement: There has been delays in disbursement of funds by Exchequer and Partners, thereby affecting smooth flow and operationalization of activities and related M&E works
- 4) Covid-19 Pandemic: Owing to covid 19 related travel restrictions, there has been delayed activities or lack of the same. This greatly affected general programming as set out in the work plans in both HQ and counties.

Institutional Development

The NDMA in the reporting period undertook various activities aimed at strengthening its institutional capacity for effective and efficient service delivery. The Authority prioritized human resource development, performance management and work environment.

Human Resource Development

The Authority has continued to enhance capacity by attracting, training and retraining staff. Capacity building was executed through individual and group trainings, workshops and conferences, aimed at enhancing technical and behavioral competencies. In addition, the Authority recruited, offered internship/apprenticeship and continued to leverage on ICT to improve its efficiency of internal operations.

Capacity Building

A) Training

The Authority supported 149 staff on various trainings during the reporting period as follows:

<i>Type of training</i>	<i>No. of officers trained</i>	<i>Duration</i>
Senior Management Course	20	4 weeks
Strategic leadership Development Program	5	6 weeks
Driver refresher course/ Defensive driving & first Aid course	2	2 weeks
Supervisory Skills Development Course	3	2 weeks
Management Challenge Course	5	1 week
New Standard Tender Documents- KISM	4	1 week
Fundamentals of auditing the Supply Chain/ Procurement Function	3	1 week
Job Evaluation in Public Service	14	1 week
Professional development and emerging trends in Procurement	9	1 week
ICPAK Annual Seminar	31	1 week
NDMA Monitoring and evaluation guide	53	1 week

B) Recruitment, internship and career growth

The Authority aims at attracting and retaining skilled and competent workforce. During the reporting period, the Authority embarked on the review of its human resource instruments including the Career Guidelines, Staff Establishment, Organization Structure, Human Resource Policy, Procedure Manual and Career Guidelines. In addition, the Salaries and Remuneration Commission evaluated 98 jobs and results of the job grading structure disseminated to NDMA management.

In the same period, seven staff exited the service because of retirement and natural attrition. The Authority recruited eight and replaced 12 staff in various cadres as shown in Table. Towards supporting the Government’s agenda of equipping the youth with requisite skills and capacities, the Authority engaged 23 youths comprising of 10 interns and 13 attachés from various specializations attached to both headquarters and county offices.

Table: Recruitments and Staff Replacements

<i>Designation</i>	<i>County</i>	<i>Grade</i>
Assistant Director, Drought Information	Garissa	NDMA 4
Senior Internal Auditor	Nairobi	NDMA 6
Internal Auditor	Nairobi	NDMA 7
Internal Auditor	Nairobi	NDMA 7
Drought Information officer	Nairobi	NDMA 7
Drought Information officer	Nairobi	NDMA 7
Drought Information officer	Nairobi	NDMA 7
Drought Information officer	Nairobi	NDMA 7
Drought Information officer	Tharaka Nithi	NDMA 7
Drought Information officer	Nyeri	NDMA 7
Drought Information officer	Mandera	NDMA 7
Drought Information officer	Meru	NDMA 7
Drought Information officer	Wajir	NDMA 7
Supply Chain Management Officer	Lamu	NDMA 7
Driver	Turkana	NDMA 8
Driver	Turkana	NDMA 8
Driver	Turkana	NDMA 8
Driver	Baringo	NDMA 8
Office Assistant 1	Nairobi	NDMA 9
Office Assistant 1	Tana River	NDMA 9

C) Technology and innovation

The Authority in the period under review, continued to keep a breast with technology and innovation which aided its operations. It achieved the following milestones:

- 1) The modules and testing for the Knowledge Management Information Sharing Platform for Drought Risk Management and Ending Drought Emergencies system modules was completed.
- 2) To strengthen monitoring and evaluation, the activity memo and the monitoring data collection tool in the NDMA M&E guide were automated in the KMISP.
- 3) In line with the Government directive on Covid-19, the Authority implemented web conferencing and online meeting tools including Zoom, Google Meet, Microsoft Teams and CISCO WebEx to aid its operations.
- 4) To strengthen HSNP KSEIP operations, the MIS was upgraded to support registration of households, targeting, enrollment, case management, NICHE, VMG mainstreaming, payroll management, scalability strategy, document management, communication and

linkages to social media, document management and machine learning. The system is integrated with the Payments Service Provider through Application Programming Interface (API) to support seamless exchange of data and information between NDMA and Equity Bank.

- 5) Due the Covid-19 Pandemic, the Authority upgraded its Early Warning System into a hybrid system where counties are able to collect data remotely using digital devices.
- 6) During the reporting period, the Authority incorporated forecast based reporting for action in the Drought Early Warning System (DEWS). The system is able to forecast for up to three months in advance.

Performance Management

During the period under review the Authority achieved the following:

- 1) Implemented the performance contract for FY 2020/21. The self-evaluated composite score was 3.0308, thus “*Good*”.
- 2) The Authority in collaboration with EDE pillar group members developed and disseminated the EDE progress report for 2019 and 2020.
- 3) In compliance to the government’s access to procurement opportunities for special groups, Youth, Women and People with Disabilities supplied goods, services and works worth Ksh. 205.9 million, 33% of total the procurable in the year under review against a compliance target of 30%.
- 4) Procurement of local content was Ksh 228 million, representing 36.9 per cent of the total procurement cost.
- 5) The Authority’s average score on the implementation of Resolution of Public Complaints was 94% as per the evaluation of the Commission on Administrative Justice based on quarterly reports submitted.
- 6) The HSNP met outlined Disbursement Linked Indicators (DLIs), which in the period unlocked disbursement of grants amounting to USD 11 million and IDA of EUR 2.57 million to the National Treasury as per the financing agreement. Below are the DLIs achieved:
 - i) HSNP scalability strategy reviewed and adopted by July 2020;
 - ii) Emergency payments made in FY20/21 for 100% of the total number of households triggered in 4 counties where HSNP is functional and financing plan for FY21/22 updated.

Work Environment

Initiatives aimed at improving service delivery in the period under review were:

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability strategy and profile

Project Sustainability

In order to ensure communities coping capacities are enhanced, capacity development of community systems and institutions forms an integral part of prioritized and implemented drought risk resilience strategies. Continuous improvement of operational and management skills of committees to operate and manage investments in strategic infrastructure contributes to project sustainability.

To ensure project sustainability, the Authority mainstreamed capacity development of community systems by;

Training committees in basic financial skills to ensure cost recovery of accompanying services provided and ring-fencing potential revenues generated from the services provided.

Adhering to statutory requirements such environmental impacts assessment (EIAs) for all approved projects.

ii) Environmental performance

Drought Contingency Planning, Response and Recovery

Impacts of severe drought episodes reverse gains in the economy and communities, often slowing progress towards the attainment of socio-economic well-being. The National Drought Management Authority (NDMA) works to strengthen drought risk management with particular focus on drought preparedness, mitigation and recovery phases. Therefore, appropriate and timely drought response actions remain critical as they provide a cushion to livelihoods of vulnerable households against severe drought impacts, while enabling better rebound from drought associated shocks.

The Authority coordinates preparation of drought contingency plans, mobilizes resources to finance timely response action and coordination of drought response interventions. Availability of drought contingency finances enables early response interventions to protect lives and livelihoods.

Hitherto, the Authority has modelled and adopted a system of availability of real-time funds for drought response, through Drought Contingency Fund (DCF) kitty supported by the European Union. The kitty runs on a web-based business process, from requisition to disbursement and subsequent response implementation reporting. This has been operational since 2014 with disbursements of funds to drought-affected counties to meet drought response resource gaps as identified by the county governments and other stakeholders.

The Government has established the National Drought Emergency Fund (NDEF) to guarantee constant availability of resources for quick drought response action before drought situations deteriorate, and for financing enhanced drought resilience investments and capacities for

building back better. The legal and regulatory frameworks for the fund are in place and the roadmap for capitalization and operationalization has been developed.

The Authority also disburses shock responsive cash transfers under the KSEIP-HSNP in Turkana, Marsabit, Wajir and Mandera counties as a cushion to the poorest and most vulnerable households during droughts. The disbursements are triggered when the drought early warning system indicators attain predefined trigger-thresholds. This is a social safety net programme that is fully funded by Government of Kenya (GoK) under the KSEIP-HSNP. The fund protects vulnerable households from extreme hunger and the stripping of their livelihood assets.

Drought Contingency Planning

The Authority continued to institutionalize the community-participation approach in drought contingency planning processes. The ward is considered as the lowest unit of contingency planning. The participatory approach in the development of ward-level contingency plans has been promoted in all of the ASAL counties, with the resulting ward contingency plans informing county-level drought contingency plans. These processes also build capacities of communities and sectors to take the mantle in the development of their own plans and also in resource

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mobilization for drought risk reduction initiatives.

In the event of a drought, contingency plans are activated for response action as source documents for priority interventions included in response plans. This involves building of drought scenarios informed by DEWI and seasonal weather outlooks in order to sharpen geographical and beneficiary targeting while guiding suitable timing and scale of response interventions.

During the reporting period, majority of the planned activities that were envisaged to involve physical meetings became difficult to implement due to the issued protocols for the containment of COVID 19. However, the Authority realized the following achievements;

- 1) Four ward level contingency plans were developed (two in Baringo and one each in Narok and West Pokot). In Narok and Baringo, the processes were supported by NDMA and stakeholders including Welthungerhilfe and Reconcile respectively.
- 2) Five ward-level contingency plans were reviewed during the reporting period. Ward CPs for Purko, Matapato North, Matapato South and Dalalekutuk in Kajiado County were reviewed with support from Deputo Emaain while in Kitui county, Kyuso Ward CP was reviewed with support from Adventist Development and Relief Agency (ADRA).
- 3) Drought response simulations and lifeline messaging were conducted in 16 wards. Simulations enable testing of response capacities well in advance of the need to respond thereby providing an opportunity to address shortcomings and enhance preparedness. Lifeline messaging enable creation and design of key messages targeted at vulnerable populations for timely dissemination prior to and during a drought crisis, alongside the drought response interventions to minimize severe impacts.
- 4) 23 ASAL county drought contingency plans were reviewed and updated as informed by the outputs of participatory scenario planning conducted as well as the ward level CPs developed or reviewed.
- 5) The county drought contingency plans reviewed and updated during both 2019/2020 and 2020/2021 were disseminated to 51 organizations and agencies during the reporting period.
- 6) 300 stakeholders were trained on participatory processes for DRR.
- 7) Nine counties conducted participatory scenario building based on seasonal weather forecasts. This activity was supported by diverse stakeholders in different counties including the European Union, Reconcile and Agriculture Sector Development Support Programme (ASDSP).
- 8) The Authority spent a total of KES 88,761,533.23 on scalable drought-shock responsive cash transfers to 16,942 vulnerable households in Mandera and Wajir in December 2020, and January to March 2021. The cash transfers were triggered by predefined VCI thresholds and covered 5,152 households in December 2020; 5,309 households in January 2021; 16,942 households in February 2021 and 5,495 households in March 2021.
- 9) In order to streamline coordination and sectorial operations during drought response projects, two cluster workshops for the development of standard operating procedures (SOPs) for water, livestock and coordination sectors were supported. The workshops drew participants from the relevant sector technical lead persons as well as the NDMA County Coordinating Units from all the nine arid counties.
- 10) Supported the review and development of sector standard operating procedures for water, livestock and coordination aimed at streamlining actions and operations during drought response projects.

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11) In anticipation of a drought episode, the Authority provided coordination and technical support for drought response planning in all the nine arid counties following the underperformance of OND 2020 season. Of these, four drought response plans for counties facing drought stress (Wajir, Isiolo, Garissa and Marsabit) started being implemented during the reporting period.

iii) Employee Welfare

The Authority in the period under review established a staff welfare and provided staff medical scheme, group personal accident, and group life insurance.

Cross cutting issue

The Authority implemented various cross cutting activities in the period as follows:

- 1) Sensitized 53 staff on mainstreaming people with disability within the Authority, prevention of HIV & AIDs and enhancing Ethics & Anti-corruption. The sensitization was conducted by the relevant agencies.
- 2) To strengthen safety and security by mitigating against technological hazards, terrorism, fire and natural disasters, the Authority maintained its backup systems; installed antivirus and firewall protections; conducted quarterly fire drills; and enhanced the CCTV surveillance at the NDMA headquarter office.

Support to operations

In the year under review, the Authority undertook the following in support of its operations:

- 1) Complied with Covid-19 protocols as laid out by the Ministry of Health including acquiring additional office space for head quarter staff.
Renovated office buildings in Marsabit County and constructed a perimeter wall in Samburu County

iv) Corporate social responsibility / Community engagement

As a responsible corporate citizen, the NDMA invests in and implements corporate social responsibility (CSR) activities that complement its work. The Board ensures that the Authority has a workable budget that's allocated CSR as provided for in the Mwongozo Code of Governance for State Corporations. The CSR activities are aimed at increasing awareness of and improving the Authority's public image as a responsible corporate citizen.

During the reporting period, NDMA donated a total of 2,256 packets (10pcs each) of sanitary towels to School girls in West Pokot County. The donation;

1. Benefited 225 girls at Moi Masol Primary School and Masol Mixed Secondary School. Where most pupils from the primary school transition, thereby enhancing the girls' Dignity and boosting their confidence to remain in school.

2. Complemented the Authority's work in the rehabilitation and equipping of Moi Masol Primary School to retain pupils in school during droughts.

3. Increased awareness of the NDMA and improved its public image as a responsible Corporate citizen.

10 REPORT OF THE DIRECTORS

i) Principal activities

Drought Response Financing Mechanism

The Authority has adopted the EDE strategy which envisages strong and functional institutional and financing mechanisms for drought risk management. The Authority is guided by the 'no-regrets' approach to *early action* in its efforts to protect lives and livelihoods. In order to ensure effective drought response coordination, the Authority implemented the following;

- 1) Maintained the DCF MIS and the contingency funding business process to retain capacity for exclusive use of MIS for all contingency funding response requisitions and reduced average turnaround time to not more than 30 days, from county-level response triggering to disbursements of requisitioned DCF funds, achieved during the last drought response period.
- 2) The use of vegetation condition index (VCI) as an objective and early trigger indicator remains a key consideration for justification for activation of drought contingency plans, the disbursement of contingency funds as well as the triggering for scaleup cash transfers. The VCI is produced bi-monthly for county and sub-county levels. There exists internal capacity to produce scaled-down VCI at ward level enabling activation of ward level contingency plans.
- 3) Following the amendment of the NDMA Act 2016 to conform to the Public Finance Management Act (PFMA 2012) and the gazettment of NDEF regulations, Government has established the NDEF and the process to capitalize and operationalize the Fund is now underway.

ii) Results

The reporting period was characterized by the underperformance seasonal rainfall during OND 2020 and MAM 2021. This led to erosion of drought recovery attributed to the preceding good seasons. Coupled with the waves of desert locust invasion, the poor rains resulted in pasture and browse deficits with greatest impacts being felt initially in Wajir, Marsabit, Garissa, Isiolo and Tana River and later spreading to Samburu, Kajiado, Kitui, Makueni, Kilifi, Lamu, Laikipia, Meru, Baringo and Turkana counties. By the end of the reporting period, 12 counties had attained early warning thresholds for activation of contingency plans. The sectors affected by the evolving drought, across these counties, were water and livestock.

Drought response action funded by the Authority during the reporting period was the drought-shock responsive cash transfers. The Authority did not disburse DCF funds to counties for sectorial drought response activities since no resource gaps were raised by CSGs in the affected counties, implying that the drought stress experienced remained within the response capacities of affected counties. Since majority of these counties were at early stages of drought Alert, response interventions mainly involved activation of community drought coping strategies and interventions for water access supported by county governments and county-based stakeholders.

This period also saw the aftermath of the widespread locust invasion which affected 26 counties (15 ASAL counties) affecting 62,000 ha and negatively impacting livelihoods of 3.1 million people during 2019/2020 reporting period. The COVID-19 pandemic also continued to negatively

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impact the socio-economic wellbeing of ASAL communities, diminishing drought survival natural vegetation and worsening vulnerabilities to severe drought impacts.

To protect 16,942 vulnerable households in Mandera and Wajir counties from hunger and loss of livelihood assets, the Authority effected drought-shock responsive scalable cash transfer payouts at a cost of KES 88,761,533.23. The pay-outs covered 5,152 households in December 2020; 5,309 households in January 2021; 16,942 households in February 2021 and 5,495 households in March 2021.

The Authority also supported technical backstopping missions to all the nine arid counties following the poor OND 2020 season. The missions supported the technical CSGs to build drought scenarios development of corresponding drought response plans for a period of at least 90 days post-MAM 2021. The intent was to give different sectors and their stakeholders a head-start to mobilize for likelihood of activation of drought contingency plans.

Drought contingency fund business process



The drought contingency funding business process is a web-based MIS that facilitates requisition of drought contingency funds provided by the EU. The system links contingency planning, drought early warning and rapid food security assessments.

During the reporting period, no DCF disbursements were done by the Authority as none of the counties that attained drought early warning thresholds for transitioning from Normal Phase raised funds requisitions to address any identified priority drought

response resource gaps. However, the business process still remained primed to disburse response funding as soon as justifiable requisitions are raised.

In further steps to institutionalize and guarantee drought response financing, the legal and regulatory framework for the NDEF have been gazetted. In order to operationalize the fund, taskforce has been put in place, which has developed a roadmap towards its capitalization and eventual operationalization. The already piloted and operation DCF MIS business process provides tested infrastructure to operate the fund when activated.

iii) Directors

The members of the board of directors who served during the year are shown on page xi & xii. None of the director retired or resigned during the year FY 2020/21.

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iv) Auditors

The auditor general carried out the audit of the authority for the financial year ended 2021. The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The Auditor General is thus anticipated to carry out the audit of the Authority for the year ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015

By Order of the Board

[]

Secretary to the Board

Name	Signature	Date
<u>James Oduor</u>	<u>[Signature]</u>	<u>29/8/2022</u>

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Public Finance Management Act, 2012 and section 446 (Cap.255) of the State Corporations Act, require the Board to prepare financial statements in respect of the National Drought Management Authority, which gives a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Board is also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Board is also responsible for safeguarding the assets of the Authority.

The Board is responsible for the preparation and presentation of the Authority's financial statements, which must give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (2019/2020) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board accepts responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Board is of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2021, and of the Authority's financial position as at that date. The Board further confirms the completeness of the accounting records maintained for the Authority which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

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Approval of the financial statements

The entity's financial statements were approved by the board on 28 sept 2021 and signed on its behalf

Rachael Nzeako
RACHAEL NZEAKO

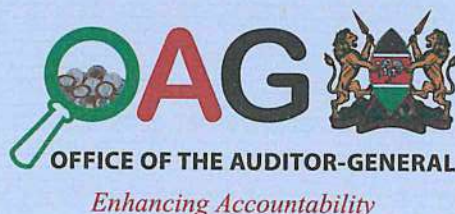
of the Board _____

Signature *[Signature]*
Name JAMES ODUOR

Accounting Officer _____

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL DROUGHT MANAGEMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Drought Management Authority set out on pages 1 to 44, which comprise the statement of financial position as

at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Drought Management Authority as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the National Drought Management Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0. Anomalies in Property, Plant and Equipment

The statement of financial position and as disclosed in Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.387,367,134. However, review of the asset register provided for audit indicates that some of the assets did not have attached values. In addition, the balance includes an amount of Kshs.174,577,706 in respect of land and buildings whose ownership documents, such as title deeds, were not provided for audit. Further, the balance includes motor vehicles valued at Kshs.33,045,239 captured in the asset register, with private number plates but no logbooks in the name of the Authority while logbooks for GK motor vehicles and motor cycles valued at Kshs.91,330,231 were not provided for audit.

In the circumstances, the accuracy, completeness and ownership of the reported property, plant and equipment balance of Kshs.387,367,134 could not be confirmed.

2.0. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects increase/decrease in inventories, receivables from non-exchange transactions and other payables and accruals amounts of Kshs.538,213, Kshs.1,376,750,011 and Kshs.207,050,691 respectively, under cash flows from investing activities. However, these items relate to operating activities and not investing activities.

Further, the statement of financial position reflects an unexplained balance of Kshs.39,834,728 in respect of intangible assets which have also been included in the statement of changes in net assets. However, the amount has not been included in the statement of cash flows as an investing activity.

In the circumstances, the accuracy of the reported net cash flows from operating activities and net cash flows from investing activities amounts of Kshs.225,162,215 and negative Kshs.1,193,052,857 respectively, could not be confirmed.

3.0. Misstatement of Comparative Amount for Employee Costs

The statement of financial performance reflects a comparative balance of Kshs.586,178,009 in respect of employee costs while Note 11 to the financial statements reflects comparative amount of Kshs.533,488,344, resulting to an unreconciled variance of Kshs.52,689,665.

In the circumstances, the accuracy of the reported comparative balance of Kshs.533,488,344 in Note 11 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual expenditure on comparable basis of Kshs.4,871,420,330 and Kshs.4,318,266,186 respectively, resulting to an under-expenditure of Kshs.553,184,144 or 11% of the budget.

The under expenditure may be an indication that some programs and activities that had been planned were not implemented and hence denied the public of the would be benefits.

2.0 Unresolved Prior Year Matters

The audit report for the previous year included audit issues which remained unresolved as at 30 June, 2021. However, Management has not resolved the issues nor disclosed all the prior year matters as required by the financial reporting templates issued by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and

Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0. Grants and Subsidies

The statement of financial performance and as disclosed in Note 15 to the financial statements reflects grants and subsidies amounting to Kshs.3,370,613,072 which includes community development – EDE SDRM (donor) expenditure of Kshs.189,843,752. The following observations were made:

1.1. Irregular Renewal of Insurance Services

The community development expenditure of Kshs.189,843,752 includes an amount of Kshs.6,671,815 spent on provision of medical insurance. The Authority entered into a contract in the year 2012/2013 with an insurance company for the provision of medical insurance for a period of one year. However, this contract continued to be renewed every year for eight (8) years up to the year under review without competitive bidding. This was contrary to Article 227(1) of the Constitution of Kenya, 2010, which requires a public entity contracting for goods and services to do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

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

1.2. Implementation of Kwa Ndaki Earth Dam-Mathima Integrated Drought Preparedness Project on Land Without Title Deed

The community development expenditure also includes an amount of Kshs.5,490,214 spent on Kwa Ndaki Earth Dam-Mathima Integrated Drought Preparedness Project whose contract price was Kshs.28,790,000 with the Authority contributing Kshs.22,259,880. Audit inspection in the month of March, 2022 revealed that the project was completed, commissioned and handed over to the community. However, the Authority implemented the project on donated land without title deed.

In the circumstances, the value for money of the expenditure of Kshs.5,490,214 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 July, 2022

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13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30, JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Public contributions and donations	6	848,004,388	461,917,858
Transfers from other governments – gifts and services-in-kind	7	3,581,581,021	5,099,940,000
Total Revenue from non-exchange transactions		4,429,585,408	5,561,857,858
Revenue from exchange transactions			
Rental revenue from facilities and equipment	8	317,200	419,400
Other income	9a	19,999,119	12,413,722
Extra income	9b	4,842,338	122,555,470
Total Revenue from exchange transactions		25,158,656	135,388,592
Total revenue		4,454,744,064	5,697,246,450
Expenses			
Use of goods and services	10	184,959,452	4,460,872
Employee costs	11	583,389,352	586,178,009
Board expenses	12	15,015,157	18,563,129
Depreciation and amortization expense	13	65,865,980	84,617,598
Repairs and maintenance	14	32,726,060	35,888,837
Contracted services	14a	-	8,814,779
Grants and subsidies	15	3,370,613,072	5,270,890,399
General expenses	16	-	112,180,654
Finance costs	17	2,804,088	2,176,343
Extra expenses	18	40,074,669	58,716,612
Total expenses		4,295,447,830	6,182,487,231
Surplus/(deficit) for the period		159,296,235	(485,240,781)

Accounting Officer

Head of Finance

Chairman of the Board

• Name James Odwar Name PRINCE BAGATA
 • Date 29/8/2022 ICPAK Member MNo 8335
 • Signature [Signature] Date 29/08/2022
 Signature [Signature]

Name RAPHAEL NZOMO
 Date 29/08/22
 Signature [Signature]

National Drought Management Authority
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14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
Assets		Kshs	Kshs
Current assets			
Cash and cash equivalents	19	441,117,101	1,409,007,744
Receivables and prepayments	20	1,659,219,465	282,469,453
Inventories	21	2,573,295	2,035,083
Total current assets		2,102,909,861	1,693,512,280
Non-current assets			
Property, plant and equipment	22	387,367,134	430,414,757
Intangible Assets	22b	39,834,728	-
Total non-current assets		427,201,862	430,414,757
Total assets		2,530,111,722	2,123,927,037
Liabilities			
Current liabilities			
Trade and other payables	23	1,033,774,302	826,723,611
Net assets		1,496,337,420	1,297,203,427
Financed By			
Capital fund		372,983,050	372,983,050
General Reserve		1,070,941,994	871,808,002
Revaluation Reserve		52,412,375	52,412,375
Total net assets and liabilities		1,496,337,420	1,297,203,427

Accounting Officer

Head of Finance

Chairman of the Board

• Name James Odwar Name PROF. BAGATA
 • Date 29/8/2022 ICPAK Member MNo/8335
 • Signature [Signature] Date 29/08/2022
 Signature [Signature]

Name RAPHAEL
NZOMO
 Date 29/08/22
 Signature [Signature]

National Drought Management Authority
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15. STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2021

	Capital fund	General Reserve	Revaluation Reserve	Total
	Kshs	Kshs	Ksh	Kshs
Balance as at June 30, 2019	372,983,050	1,357,048,783	-	1,730,031,833
Balance as at July 01, 2019	372,983,050	1,357,048,783	-	1,730,031,833
Revaluation Reserve	-	-	52,412,375	52,412,375
Transfers to/from accumulated surplus	-	(485,240,781)	-	(485,240,781)
Balance as at June 30, 2020	372,983,050	871,808,002	52,412,375	1,297,203,427
Balance as at July 01, 2020	372,983,050	871,808,002	52,412,375	1,297,203,427
Prior year adjustment FY 2019/20	-	3,030	-	3,030
Intangible assets	-	39,834,728	-	39,834,728
Transfers to/from accumulated surplus	-	159,296,235	-	159,296,235
Balance as at June 30, 2021	372,983,050	1,070,941,994	52,412,375	1,496,337,420

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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
		Kshs	Kshs
Cash flows from operating activities	Notes		
Receipts			
Public contributions and donations	6	848,004,388	461,917,858
Transfers from other governments – gifts and services-in-kind	7	3,581,581,021	5,099,940,000
Rental revenue from facilities and equipment	8	317,200	419,400
Other income	9a	19,999,119	12,413,722
Extra income	9b	4,842,338	122,555,470
Total Receipts		4,454,744,064	5,697,246,450
Payments			
Use of goods and services	10	184,959,452	4,460,872
Employee costs	11	583,389,352	586,178,009
Board expenses	12	15,015,157	18,563,129
Repairs and maintenance	14	32,726,060	35,888,837
Contracted services	14b	-	8,814,779
Grants and subsidies	15	3,370,613,072	5,270,890,399
General expenses	16	-	112,180,654
Finance costs	17	2,804,088	2,176,343
Extra expenses	18	40,074,669	58,716,612
Total expenses		4,229,581,850	6,097,869,634
Net cash flows from operating activities		225,162,215	(400,623,184)
Cash flows from investing activities			
Increase/decrease in receivables-non exchange	20	(1,376,750,011)	313,160,943
Increase/decrease in inventories	21	(538,213)	1,271,143
Computers	22	(6,887,296)	(7,322,904)
Furniture and fixtures	22	(3,098,522)	(10,270,714)
Motor Vehicle	22	-	(129,593,243)
Plant & Equipment (Motor Boat)	22	-	(6,040,308)
Buildings	22	(12,832,538)	-
Increase/decrease in trade and other payables	23	207,050,691	(1,353,839,491)
Prior year Adjustment -VAT Expenditure omitted in 2019/2020		3,032	-
Net cash used in Investing Activities		(1,193,052,857)	(1,192,634,574)
Increase / (decrease) in cash and cash equivalents		(967,890,643)	(1,593,257,758)
Cash and cash equivalents at July 01,2020		1,409,007,744	3,002,265,501
Cash and cash equivalents at June 30, 2021	19	441,117,101	1,409,007,744

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Accounting Officer

Head of Finance

Chairman of the Board

- Name James Odwar Name PRINCE BAGATA Name RAPHAEL
- Date 29/8/2022 ICPAK Member MNo 8335 NZOMO
- Signature [Signature] Date 29/08/2022 Date 29/08/22
- Signature [Signature] Signature [Signature]

National Drought Management Authority
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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget		Actual on comparable basis	Performance difference	Utilization	Ref
	2020-2021	2020-2021	2020-2021	Notes	2020-2021	2020-2021		
Revenue	Kshs	Kshs	Kshs		Kshs	Kshs		
Public contributions and donations - EDE DRMC	224,071,699	-	224,071,699	6	224,071,699	-	-	
Public contributions and donations - EDE SDRM	279,000,000	-	279,000,000	6	279,000,000	-	-	
Public contributions and donations - IPF	269,600,000	14,000,000	283,600,000	6	234,045,323	49,554,678	17	a
Government grants and subsidies - WFP	90,690,786	(27,820,420)	62,870,366	7	58,411,387	4,458,980	7	
Government grants - KESIP-HSNP III	4,383,000,000	(1,628,800,000)	2,754,200,000	7	2,753,500,000	700,000	0	
Government grants - DRMC GoK	30,600,000	-	30,600,000	7	30,600,000	-	-	
Government grants - SDRM GoK	90,000,000	-	90,000,000	7	90,000,000	-	-	
Government grants - (Recurrent)	646,940,000	-	646,940,000	7	646,940,000	-	-	
Government grants - KRDP	30,000,000	-	30,000,000	7	30,000,000	-	-	
Public contributions and donations - UNDP SRC	83,017,000	-	83,017,000	7	83,017,000	-	-	
Tender sale / Disposal	2,000,000	-	2,000,000	9a	-	2,000,000	10	b
							0	

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Interest income	7,880,000	-	7,880,000	9a	19,935,775	(12,055,775)	(15 3)	c
Rents and Rates -Non Residential	400,000	-	400,000	8	317,200	82,800	21	d
Others (Miscellaneous and extra incomes)	-	-	-	9a&b	4,905,681	(4,905,681)		
Total income	6,137,199,485	(1,642,620,420)	4,494,579,065		4,454,744,064	39,835,001		
Recurrent Expenses								
Compensation of employees	501,624,000	19,268,163	520,892,163	11	507,850,429	13,041,734	3	a
Utility costs (Electricity and Water & sewerage)	1,400,000	2,428,854	3,828,854	10	3,044,849	784,005	20	a
Travelling & accommodation (Domestic)	4,014,000	7,951,098	11,965,098	10	13,158,482	(1,193,384)	(10)	b
Travelling & accommodation (Foreign)	-	287,830	287,830	10	287,830	-	-	
Communication costs	2,650,000	1,957,527	4,607,527	10	4,084,292	523,235	11	c
Postal & Courier Services	-	978,465	978,465	10	446,687	531,778	54	
Publishing & printing	1,000,000	161,498	1,161,498	10	1,178,378	(16,880)	(1)	
Subscription to newspapers	33,000	834,895	867,895	10	694,887	173,008	20	d
Rents and Rates -Non Residential	28,900,000	22,863	28,922,863	10	22,229,566	6,693,297	23	
Training costs	5,000,000	8,386,988	13,386,988	10	11,769,704	1,617,284	12	
Catering services and staff Welfare	5,334,000	76,997	5,410,997	10	5,450,461	(39,464)	(1)	
Board and Hospitality	17,650,000	493,671	18,143,671	10	14,696,157	3,447,514	19	e

**National Drought Management Authority
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Medical insurance	45,350,000	1,191,491	46,541,491	11	47,372,909	(831,418)	(2)
Motor Vehicle Insurance	1,400,000	1,942,820	3,342,820	10	3,148,981	193,839	6
Group life Insurance	4,000,000	83	4,000,083	11	3,960,412	39,671	1
General office Supplies (Consumables)	10,590,000	1,434,464	12,024,464	10	8,655,605	3,368,859	28
Membership, finance costs & contracted costs	9,445,000	2,994,403	12,439,403	10/17	10,410,281	2,029,122	16
Audit fees	-	1,160,000	1,160,000	10	1,160,000	-	-
Advertising & Publicity	760,000	-	760,000	10	642,126	117,874	16
Consultancy Services - Asset Valuation & Tagging	-	1,082,200	1,082,200	10	751,977	330,223	31
Depreciation	-	-	-	13	65,865,980	(65,865,980)	h
Maintenance of office equipment	1,690,000	296,400	1,986,400	14	1,984,051	2,349	0
Maintenance of building & station	2,650,000	(326,942)	2,323,058	14	496,675	1,826,383	79
Maintenance of ICT equipment	3,450,000	133,514	3,583,514	14	2,535,726	1,047,788	29
Purchase of Computers	-	2,862,821	2,862,821	22	2,837,305	25,516	1
Purchase of Furniture & Fitting	-	28,267	28,267	22	-	28,267	10
Purchase of Building & Station	-	2,200,000	2,200,000	22	2,103,180	96,821	4
Totals	646,940,000	57,848,370	704,788,370		736,816,929		
KSEIP GoK Expenses							
Grants & subsidies cash Transfer	3,740,475,000	(1,391,038,600)	2,349,436,400	15	2,315,990,400	33,446,000	1

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Payment to Service Provider	98,780,600	(26,830,247)	71,950,353	15	119,559,776	(47,609,423)	(66)	a
Staff compensation PMS & POs	74,452,900	(18,937,294)	55,515,606	15	119,573,384	(64,057,778)	(115)	b
Medical Insurance	4,336,473	20,892,367	25,228,840	11	20,931,890	4,296,950	17	b
Finance Costs	1,300,000	-	1,300,000	17	1,239,459	60,541	5	c
Other Project Operating & Coordination	463,655,027	-	463,655,027	15	322,534,446	141,120,581	30	c
Totals	4,383,000,000	(1,415,913,774)	2,967,086,226		2,899,829,354			
KSEIP IPF Grant Expenses								
Staff compensation PMU	40,788,800	4,060,613	44,849,413	15	40,805,600	4,043,813	9	a
Medical Insurance	3,500,000	1,776,000	5,276,000	11	1,190,779	4,085,221	77	
Group life Insurance	5,000,000	1,494,265	6,494,265	11	879,328	5,614,937	86	
Finance Costs	1,300,000	-	1,300,000	17	48,120	1,251,880	96	
Other Project Operating & Coordination	222,520,200	22,500,712	245,020,912	11/15	8,029,410	236,991,502	97	
Totals	283,600,000	29,831,590	297,664,590		50,953,237			
EDE DRMC Expenses								
DRMC -Donor	224,071,699	-	224,071,699	15	115,544,418	108,527,281	0	
DRMC Gok								
Govt contribution to projects	39,051,985	3,874,757	42,926,742	15	53,008,416	(10,081,674)	(0)	
Travel costs- Domestic	10,334,807	12,696,493	23,031,300	10	22,529,430	501,870	0	
Advertising & Publicity	-	474,575	474,575	10	-	474,575	1	

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Training Costs	1,000,000	2,443,280	3,443,280	10	3,443,280	-	-
Consultancy Services - Asset Valuation & Tagging	500,000	1,936,782	2,436,782	10	3,364,102	(927,320)	(0)
	274,958,491	21,425,887	296,384,378		197,889,646		
EDE SDRM Expenses							
SDRM -Donor	279,000,000	-	279,000,000	15	189,843,752	89,156,248	32
SDRM Gok							
Govt contribution to projects	39,595,870	7,746,217	47,342,087	15	43,809,724	3,532,362	7
Communication costs	12,707,700	1,547,080	14,254,780	10	14,131,851	122,929	1
Travel Costs - Domestic	10,626,500	-	10,626,500	10	8,497,150	2,129,350	20
Motor vehicle maintenance	17,884,650	1,854,375	19,739,025	14	18,238,284	1,500,741	8
Fuel & lubricants	8,345,280	6,015,402	14,360,682	10	13,237,973	1,122,709	8
Finance Costs	840,000	-	840,000	17	481,471	358,529	43
Totals	369,000,000	17,163,073	385,323,073		288,240,205		
Other Donor related expenses							
Kenya Drought Early Warning Program	30,000,000	1,017,438	31,017,438	15	30,949,327	68,111	0
WFP SFSP	90,690,786	606,131	91,296,917	15	63,039,845	28,257,072	31
UNDP SRC	83,017,000	-	83,017,000	15	-	83,017,000	10
UNDP DRR	10,000,000	-	10,000,000	15	10,447,095	(447,095)	(4)

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Totals	213,707,786	1,623,569	215,331,355		104,436,267				
Extra Expenses									
ZEF Funds	4,842,338	-	4,842,338	18	2,602,606	2,239,732	46		
WFP FFA Expenses	-	-	-	18	12,030,952	(12,030,952)	-		
KCEP CRAL	-	-	-	18	25,466,989	(25,466,989)	-		
Total Extra Expenses	-	-	4,842,338		40,100,547				
Total expenditure	6,171,206,277	(1,317,852,875)	4,871,420,330		4,318,266,186				
Surplus/deficit for the period		(324,767,545)	(376,841,265)		136,477,878				
<i>Reconciliation</i>									
	Total Surplus/Deficit as per the above analysis					159,296,235			
	Add costs of assets purchased					22,818,356			
	Surplus/Deficit as per statement of financial performance					136,477,879			

**National Drought Management Authority
Annual Reports and Financial Statements
For the year ended June 30, 2021.**

Budget Notes

Revenues

- a) Donor were not received in full due to downward revision of NDMA budget by the National Treasury
- b) The Authority had planned to dispose assets during the year under audit, however due to delays in the primaries process this did not materialize.
- c) The Authority over achieved the target in interest revue as a result of holding cash awaiting payroll process for beneficiaries.
- d) Rental income reduced since the guest house at Mandera and Marsabit recorded minimal occupancy due to security challenges

Expenses

Recurrent

- a) Utility costs were under-utilized since consumption went down
- b) The extra expenditure in respect to domestic travel was drawn from unutilized funding the FY 2019/20
- c) c)There was a saving in communication and postage since the expenditure was charge on actual consumption
- d) Expenditure in respect to subscription to newspapers went down due to officers accessing the same online, rent expenses reduced due to the donor took care of part of the office rent and Training costs went down since some officer opted for virtual trainings.
- e) Board expenses went down because some planned activities were not carried out
- f) Consumables and services costs went down due to delayed procurement processes
- g) Advertising, publicity and consultancy services went down due to prolonged procurement processed
- h) Depreciation is a non-cash item thus not budgeted or
- i) Maintenance costs went down since most of the Authority assets in use were in good condition

KSEIP – Gok

- a) Payment to service provider and staff compensation reported higher expenditures though the same was drawn from unutilized funds from the previous year.
- b) b&c. Medical insurance expenses were only charged as per the actual consumption during the year while other project operating coordination expenses were underutilized due to prolonged procurement processed
- c)

KSEIP – IPF

Insurance expenses and finance costs were only charged as per the actual consumption during the year while other project operating coordination expenses were underutilized due to prolonged procurement processes.

**National Drought Management Authority
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For the year ended June 30, 2021.**

EDE – SDRM

- a) SDRM activities are responsive in nature which are triggered by weather patterns; during the FY, nothing happened to necessitate expenditure.*
- b) Due to a above monitoring cost went down hence the underutilization on travel costs as well as finance costs.*

Other Donor related expenses

- a) WFP SFSP and UNDP activities were not executed on time due to procurement processes*

Extra Expenses

The underutilization was occasioned by delay in receipt of funds from the implementing partner

18. 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) with perpetual succession, power to sue and be sued in its own name, and ability to own and alienate movable and immovable property. The Authority is governed by the provisions of the State Corporations Act, Chapter 446 of the Laws of Kenya, an Act of Parliament which provides for control and regulation of State Corporations

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, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continues)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact
<p>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: 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:</p> <ul style="list-style-type: none"> • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • 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.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 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:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the entity if relevant)</i></p>

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in the year 2020/2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

Tender sale income

Revenue from the sale of tenders is recognized when such has been received the significant risks of cancellation of the tender sale and rewards of ownership have been transferred to the buyer, usually after the close of the offer of the tender and when the amount of revenue can be measured reliably and it is probable that the economic benefits with the transaction will flow to the Authority.

The period under review there was no sale of tender documents.

Interest income

Interest income of the Authority is recognised when earned and the same reflected on the bank statement. The interest income has been as a result of the Authority opening current bank accounts with NIC where the interest is earned on daily available balances to those accounts according to the market rate.

Rental income

Rental income is arising from the Authority's guest houses in Mandera and Moyale. Initially the guest house in Mandera had been leased by the County Government which saw the incomes generated to grow. The facility is however in a deteriorating condition which has resulted to guests seek for better facilities in the area hence the continuous reduction of collections. Plans are however under way for some refurbishment. The same is recognised when earned.

b) Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Authority differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

c) 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 Authority 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.

d) 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.

e) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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 Authority.

f) Provisions

Provisions are recognized when the Authority 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 Authority 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.

The Authority did recognise provision for audit fee during the year under audit since it was evident that there was an obligation to pay.

g) Contingent liabilities

The Authority 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. Nothing has come to the attention of the Authority that there is any likely of a contingent liability to occur

h) Contingent assets

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

i) Nature and purpose of reserves

The Authority does not create and maintain reserves in terms of specific requirements. Authority's amounts reflected as reserves are made up of the surpluses/deficits realised during the years.

j) Changes in accounting policies and estimates

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NB: Please note that the amount of Kshs. 39,823,200.00 disclosed above relate salaries paid to top

Key management compensation:	2019-20	2018-19
	KShs	KShs
Directors	credi	8,168,333.00
Managers	27248400	18,843,067.00
TOTAL	39,823,200.00	27,011,400.00

management staff of the organization. These were paid through the monthly payrolls and forms part of the employee related costs figure of **Kshs. 585,597,760** on note number 11.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

k) Employee benefits

Retirement benefit plans

The National Drought Management Authority Staff Pension Scheme was registered on 14th August 2015 with an effective date of 1st March 2013. Contributions into the scheme commenced in the month of August 2015 with employees contributing 10% of basic salary and the employer (Sponsor) contributing equivalent of 20% of the employee's basic salary into the scheme.

Considering that the effective date of the scheme was 1/3/2013, the sponsor undertook to seek funds to pay into the scheme the 20% employer portion into the scheme w.e.f 1/3/2013.

In FY2017/18, an allocation to cater for the 20% employer portion was made in the NDMA budget for payment into the scheme by 30th June 2018 and the same was successfully achieved, hence the employer is not tied to any past pension benefits.

This pension scheme which is a defined contribution operates under a Trust Deed and Rules where the same has put the eligible membership age to be 55yrs and below. Any employees who had attained the age of 55yrs by the inception date was taken under Contractual terms of employment where they will be entitled to a gratuity upon their retirement dates.

l) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of reporting 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. During the financial year, the Authority did not deal with foreign exchange; neither does the Authority operate a foreign bank account.

m) 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. The Authority did not enter into any borrowing transactions during the year under audit.

n) Related parties

The Authority regards a related party as a person or an Authority with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the Board of Directors, Chief executive officer, the departmental Directors and the sectional Managers.

NOTES TO THE FINANCIAL STATEMENTS (continued)

o) Service concession arrangements

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

p) 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 various commercial banks at the end of the financial year.

q) Comparative figures

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority'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.

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 Authority 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 Authority. Such changes are reflected in the assumptions when they occur

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Useful lives and residual values

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

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

Depreciation Policy

Depreciation is calculated on reducing balance (as per the proposed finance manual) basis at annual rates from the year of purchase. All assets have been depreciated at the rates applicable as per NDMA finance manual as shown below:

- % per annum
- Land & Buildings 2.5%
- Plant and Machinery 2.5%
- Motor Vehicles & Motor Cycle 25.0%
- Furniture, Fittings & Office Equipment 12.5%
- Computer and accessories 30.0%

Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) and as a result of a past event, it is probable that an outflow of resources embodying economic benefits or services potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021

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NOTES TO THE FINANCIAL STATEMENTS (continued)

Description	2020-2021	2019-2020
		KShs
Receipts from EDE DRMC (Donor)	224,071,699	114,987,453
Receipts from EDE SDRM(Donor)	279,000,000	291,069,493
Receipts from KSEIP HSNPIII-IPF Grant (Donor)	191,851,100	-
Receipts from KSEIP- HSNPIII-IDA (Donor)	42,194,223	55,860,912
Receipts from WFP-SFSP(Donor)	27,870,366	-
Receipts from UNDP-SRC(Donor)	83,017,000	-
Total transfers and sponsorships	848,004,388	461,917,858
7. Transfers from other Government Entities		
Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Operational grant	646,940,000	646,940,000
	646,940,000	646,940,000
Conditional grants-Government Grants		
World Food Programme	30,541,021	15,000,000
Kenya Drought Early Warning	30,000,000	30,000,000
EDE- DRMC	30,600,000	212,000,000
EDE-SDRM	90,000,000	100,000,000
KSEIP- HSNPIII	2,753,500,000	4,096,000,000
	2,934,641,021	4,453,000,000
Total government grants and subsidies	3,581,581,021	5,099,940,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The receipts relate to Counter fund funding as per existing financing agreements between the Government of Kenya, World Bank, EU and UNDP. The funds were part of the approved annual budget for f/y 2020/21

Transfers from Ministries, Departments and Agencies (MDAs)

Name of the entity sending the grant	Amount recognized in the financial statements	Amount deferred under deferred income	Amount recognized in the capital fund	Total Transfer 2020/21	Prior Year 2019/20
State department for development of the als	3,581,581,021	-	-	3,581,581,021	5,099,940,000
Total	3,581,581,021			3,581,581,021	5,099,940,000

8. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT		
Description	2020-2021	2019-2020
	KShs	KShs
Rental income	317,200	419,400
Total rentals	317,200	419,400

The above rental revenue is earned from Authority's Guest houses located in Mandera and Moyale

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 (a) OTHER INCOMES

Description	2020-2021	2019-2020
	KShs	KShs
Income from sale of tender	-	13,000
Miscellaneous income	63,343	40,730
Premiums on bank balances - Gross	32,642,295	14,541,860
Tax on premiums withheld	(12,706,520)	(2,181,868)
Total other income	19,999,119	12,413,722

9. (b) EXTRA INCOMES

Description	2020-2021	2019-2020
	KShs	KShs
ZEF funds	4,842,338	4,249,275
WFP FFA funds	-	36,306,195
KCEP-CRAL	-	72,000,000
UNDP DRR	-	10,000,000
Total Extra incomes	4,842,338	122,555,470

NB: Extra incomes relate to funds received by the Authority that were not part of the approved budget F/Y 2020/21

10. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Electricity - Recurrent	2,863,996	3,082,634
Electricity - KSEIP	645,087	150,000
Water - Recurrent	180,854	509,123
Water - KSEIP	461,797	99,315
Contracted Services Security - KSEIP	628,461	-
Contracted Services Security - Recurrent	8,875,314	-
Subscription to prof. Bodies - Recurrent	742,717	619,800
Subscription and Newspapers - Recurrent	694,887	-
Subscription and Newspapers - KSEIP	246,720	-
Advertising and Publicity - Recurrent	642,126	-
Provision for Audit Fees- for 2019/2020	1,160,000	-
Hospitality and Conference facilities-Recurrent	5,450,461	-
Hospitality and Conference facilities-KSEIP	1,117,990	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Consumables - Recurrent	8,655,605	-
Consumables - KSEIP	2,199,307	-
Fuel, oil & Lubricant -SDRM	13,237,973	-
Fuel, oil & Lubricant - KSEIP	5,940,780	-
Motor vehicle insurance - Recurrent	3,148,981	-
Motor vehicle insurance - KSEIP	2,715,190	-
Motor vehicle insurance - WFP	248,614	-
Postage – Recurrent	446,687	-
Postage – KSEIP	255,840	-
Publishing and Printing - Recurrent	1,178,378	-
Rental - Recurrent	22,229,566	-
Rental – KSEIP	5,738,360	-
Telecommunication - Recurrent	4,084,292	-
Telecommunication- KSEIP	1,137,653	-
Telecommunication- SDRM	14,131,851	-
Training -EDE Gok	3,443,280	-
Training – Recurrent	11,769,704	-
Travel costs (Domestic) KSEIP	12,098,010	-
Travel costs (Domestic) - Recurrent	13,158,482	-
Travel costs (Domestic) - SDRM	8,497,150	-
Travel costs (Domestic) - EDE	22,529,430	-
Travel costs (Foreign) - Recurrent	287,830	-
Asset tagging - EDE GoK	3,364,102	-
Asset tagging -Recurrent	751,977	-
Total Use of Goods and services	184,959,452	4,460,872

NB: Comparative figures with nil amounts for the financial year 2019/2020 are reported under notes 11 and 16. This is was in compliance with the revised reporting template.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. EMPLOYEE COSTS

Description	2020-2021	2019-2020
	KShs	KShs
Salaries and wages - Recurrent	451,034,619	430,360,658
Medical Insurance - Recurrent	47,372,909	36,048,316
Medical Insurance – WFP	703,605	2,230,897
Medical Insurance - KSEIP GOK	20,931,890	6,134,966
Medical Insurance - KSEIP IPF	1,190,779	-
Group Insurance - Recurrent	3,960,412	2,770,536
Group Insurance -WFP SFSP	500,000	-
Group Insurance -KSEP IPF	879,328	1,005,735
Employee related costs -Contribution to Pension - Recurrent	55,870,011	52,925,889
Employee related costs -Contribution to NSSF - Recurrent	764,000	745,600
Employee related costs -Contribution to NITA - Recurrent	181,800	178,000
Employee related costs - Gratuity - Recurrent	-	1,087,747
Travel costs (Domestic) - HSNP II	-	143,799
Travel costs (Domestic) KSEIP	-	1,562,462
Travel costs (Domestic) - Recurrent	-	2,783,056
Travel costs (Domestic) - EDE	-	44,899,385
Travel costs (Foreign) - HSNP II	-	1,002,296
Travel costs (Foreign) - EDE DRMC	-	2,298,668
Employee costs	583,389,352	586,178,009

NB: Comparative figures for the financial year 2020/2021 in respect to travel costs are reported under use of goods and services (note 10). This is was in compliance with the revised reporting template.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. BOARD EXPENSES

Description	2020-2021	2019-2020
	KShs	KShs
Chairman's Honoraria - Recurrent	960,000	961,903
Directors emoluments (CEO) - Recurrent	5,750,000	5,750,000
Allowances - KSEIP	84,000	-
Allowances - Recurrent	4,653,481	5,455,226
Allowances - EDE DRMC	-	1,724,154
Domestic Travel - Recurrent	2,066,556	2,861,249
Domestic Travel - EDE DRMC	-	1,418,635
Domestic Travel - KSEIP	235,000	-
Training expenses -Recurrent	387,800	208,350
Telephone expenses -Recurrent	878,320	183,613
Total director emoluments	15,015,157	18,563,130

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Motor vehicles	50,511,608	67,348,811
Furniture and fittings	4,175,161	4,328,967
Computers	10,981,089	12,735,571
Plant and Equipment	198,122	204,249
Total depreciation expense	65,865,980	84,617,598

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

14. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Property & Buildings - KSEIP	116,345	209,929
Property & Buildings - Recurrent	496,675	4,272,659
Plant & Equipment - Recurrent	1,984,051	1,784,892
Plant & Equipment - KSEIP	199,500	-
Motor Vehicles - SDRM	18,238,284	25,480,956
Motor Vehicles - EDE DRMC	-	122,006
Motor Vehicles - KSEIP	8,409,680	2,283,412
Computers - Recurrent	2,535,726	1,566,077
Computers - KSEIP	745,799	168,905
Total repairs and maintenance	32,726,060	35,888,836

14 (b). CONTRACTED SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Contracted Services Security - Recurrent	-	8,814,779
Total Contracted services	-	8,814,779

NB: Comparative figures for the financial year 2020/2021 are reported under use of goods and services (note 10). This is was in compliance with the revised reporting template.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

15. GRANTS AND SUBSIDIES

Grants and subsidies / Donor related expenses	2020-2021	2019-2020
	KShs	KShs
Community development - KRDP EWS (GoK)	30,922,687	31,363,454
Community development - HSNP II (GoK)	-	753,007,563
Community development - KSEIP-HSNP III (GoK)	2,820,286,605	3,598,557,125
Community development - KSEIP-HSNP III IPF (Donor)	48,832,610	40,851,633
Community development - SDRM (GoK)	43,809,724	9,163,447
Community development - EDE DRMC (GoK)	53,008,416	122,519,733
Community development - UNDP (Donor - Revenue)	7,443,561	2,043
Community development - WFP (GoK)	60,921,298	1,495,679
Community development - EDE SDRM (donor)	189,843,752	52,516,186
Community development - EDE DRMC (donor)	115,544,418	661,413,536
Total grants and subsidies	3,370,613,072	5,270,890,399

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. GENERAL EXPENSES

Description	2020-2021	2019-2020
	KShs	KShs
Subscription and Newspapers - Recurrent	-	663,469
Subscription and Newspapers - KSEIP	-	53,640
Subscription and Newspapers - HSNP	-	47,111
Advertising and Publicity - EDE	-	2,767,645
Provision for Audit Fees- for 2019/2020	-	1,160,000
Hospitality and Conference facilities-Recurrent	-	5,806,498
Hospitality and Conference facilities-KSEIP	-	218,500
Consumables - Recurrent	-	13,127,989
Consumables - KSEIP	-	322,349
Fuel, oil & Lubricant -SDRM	-	10,245,359
Fuel, oil & Lubricant - EDE	-	1,554,940
Fuel, oil & Lubricant - KSEIP	-	1,092,940
Motor vehicle insurance - Recurrent	-	3,004,525
Postage - Recurrent	-	815,241
Postage - KSEIP	-	40,880
Publishing and Printing - Recurrent	-	1,340,407
Rental - Recurrent	-	21,967,395
Rental - SDRM	-	3,488,828
Rental - KSEIP	-	3,308,600
Telecommunication - Recurrent	-	4,696,805
Telecommunication- KSEIP	-	478,888
Telecommunication- SDRM	-	8,476,024
Telecommunication- EDE	-	7,217,754
Training -EDE Gok	-	14,286,287
Training - Recurrent	-	989,280
Drought coordination response (DCR)	-	465,100
Asset tagging - EDE GoK	-	4,026,400
Asset tagging -Recurrent	-	517,800
Total general expenses	-	112,180,654

NB:

Comparative figures for the financial year 2020/2021 are reported under use of goods and services. This was in compliance with the revised reporting template.

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17. FINANCE COSTS		
Description	2020-2021	2019-2020
	KShs	KShs
HSNP II	-	155,036
Recurrent	792,250	718,251
WFP	151,737	59,087
KRDP GoK	26,640	23,340
SDRM	481,471	539,200
UNDP DRR	36,134	-
KCEP CRAL	25,878	44,532
KSEIP HSNP III	1,239,459	635,109
KSEIP IPF GRANT	48,120	1,788
KSEIP IPF IDA	2,400	-
Total finance costs	2,804,088	2,176,343

18. EXTRA EXPENSES		
Description	2020-2021	2019-2020
	KShs	KShs
ZEF Funds	2,602,606	3,373,473
WFP FFA Expenses	12,030,952	43,732,112
KCEP CRAL	25,441,111	11,611,026
Total Extra expenses	40,074,669	58,716,611

19. CASH AND CASH EQUIVALENTS		
Bank	2020-2021	2019-2020
	KShs	KShs
KCB-NDMA 1136140255	3,309,736	28,333,111
NCBA-NDMA 2144470179	34,741,261	60,042,520
NCBA- UNDP DRR 2144470095	30,945	10,460,848
NCBA- WFP/FFA 2144470137	-	20,598,260
NCBA- WFP-SFSP 2144470142	655,429	-

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NCBA- KRDP DCF 2144470074	7,478,951	875,065
NDMA COUNTY BANKS Balances	66,752,648	22,814,785
NCBA- EDE DRMC - SP5- 1144540094	249,309	52,557,282
NCBA-EDE DRMC-SP6 1144540089	3,974,482	48,276,685
KCB-EDE-DRMC COUNTY BANKS	4,026,240	497,583
EQUITY - KSEIP/HSNP III 1770278883942	877,500	551,959,651
NCBA EDE SDRM 1144540073	9,297,324	84,832,968
NCBA -KSEIP HSNP III IPF Grant 2144470121	155,775,190	15,074,268
NCBA - KSEIP -HSNP III GOK Funds 2144470116	105,653,685	466,766,005
NCBA -KSEIP HSNP III IPF IDA CREDIT 2144470032	42,191,823	-
NCBA - KCEP CRAL 2144470108	6,102,579	45,918,713
Total cash and cash equivalents	441,117,101	1,409,007,744

20. RECEIVABLES FROM NON-EXCHANGE CONTRACTS		
	2020- 2021	2019-2020
	KShs	KShs
NDMA -Staff Debtors (Imprest)	240,300	2,251,720
EDE-Staff Debtors (Imprest)	-	98,850
Insurance prepayments	58,071,094	51,544,285
Bank clearing	14,993,011.34	3,391,368
Salary advances	1,045,133	680,302
Inter-account borrowings	39,760,000	-
Isuzu East Africa	534,365	534,365
EDE DRMC (Donor)	144,736,942	151,367
EDE - EU Inter-borrowing	246,500,000	215,000,000
Receivable: PRRO WFP-FFA	-	7,828,297
Receivable: Mandera Guest House	270,000	270,000
FAO	688,899	688,899
Equity SACCO	-	30,000
PS ASAL	1,152,379,720	-
Total current receivables	1,659,219,465	282,469,453

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. INVENTORIES		
Description	2020-2021	2019-2020
	KShs	KShs
Consumable stores	2,573,295	2,035,083
Total inventories at the lower of cost and net realizable value	2,573,295	2,035,083

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. PROPERTY, PLANT AND EQUIPMENT		Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Eqpnt	Total
Cost		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Reported As At 30.june 2016(NBV)		11,176,266	438,532,354	123,293,199	64,149,269	-	637,151,088
Revalued figures for 2016/2017		161,579,810	168,813,019	9,623,024	21,833,386	-	361,849,239
Additions		-	-	1,844,177	7,285,722	-	9,129,899
As at 30th June 2017		161,579,810	168,813,019	11,467,201	29,119,108	-	370,979,138
FO 58 Assets for disposal		-	23,878,200	461,534	1,809,874	-	26,149,608
Total Assets for depreciation		161,579,810	192,691,219	11,928,735	30,928,982	-	397,128,746
Charge for the year		-	48,172,805	1,491,092	9,278,695	-	58,942,591
NBV At end of June 2017		161,579,810	144,518,414	10,437,643	21,650,287	-	338,186,155
NBV As at 01.07.2017		161,579,810	144,518,414	10,437,643	21,650,287	-	338,186,155
Additions 2017/2018 FY		165,358	31,874,320	1,894,593	5,590,848	-	39,525,119
Less Assets disposed		-	(13,274,625)	(8,638)	(309,784)	-	(13,593,047)
Total Assets for depreciation		161,745,168	163,118,109	12,323,598	26,931,351	-	364,118,227
Charge for the year		-	40,779,527	1,540,450	8,079,405	-	50,399,382
NBV At end of June 2018		161,745,168	122,338,582	10,783,149	18,851,946	-	313,718,844
NBV AS AT 01.07.2018		161,745,168	122,338,582	10,783,149	18,851,946	-	313,718,844
Additions 2018/2019 FY		-	26,117,252	1,078,375	20,658,373	-	47,854,000

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Total Assets for depreciation	161,745,168	148,455,834	11,861,524	39,510,319	-	361,572,845
Charge for the year	-	38,844,246	1,482,690	11,853,096	-	52,180,032
NBV At end of June 2019	161,745,168	109,611,588	10,378,833	27,657,223	-	309,392,813
NBV AS AT 01.07.2019	161,745,168	139,802,000	24,361,018	35,129,000	768,000	361,805,186
Additions 2019/2020 FY	-	129,593,243	10,270,714	7,322,904	6,040,308	153,227,169
Total Assets for depreciation	161,745,168	269,395,243	34,631,732	42,451,904	6,808,308	515,032,355
Charge for the year	-	67,348,811	4,328,967	12,735,571	204,249	84,617,598
NBV At end of June 2020	161,745,168	202,046,432	30,302,766	29,716,332	6,604,059	430,414,757
NBV AS AT 01.07.2020	161,745,168	202,046,432	30,302,766	29,716,332	6,604,059	430,414,757
Additions 2020/2021 FY	12,832,538	-	3,098,522	6,887,296	-	22,818,356
Total Assets for depreciation	174,577,706	202,046,432	33,401,288	36,603,628	6,604,059	453,233,113
Charge for the year	-	50,511,608	4,175,161	10,981,089	198,122	65,865,979
NBV At end of June 2021	174,577,706	151,534,824	29,226,127	25,622,540	6,405,937	387,367,134

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22(b) Other Disclosures - Intangible Assets Held @NDMA

i) Systems in Use

NDMA holds intangible assets with an indefinite useful life worth Kshs. **39,834,728** as per the schedule below. The same has not been amortized as guided by IPSAS 31.106 which Provides that an intangible asset with an indefinite useful life shall not be amortized.

No.	Software Name	Year of Purchase	Value @ Cost
1	Early warning system (EWS)	2014	4,750,000
2	Enterprise resource planning (ERP) Software	2018	24,804,918
3	QuickBooks software	2013	141,000
4	Drought Contingency Fund Management Software	2013	5,846,810
5	Live hood Zones Mobile data collection tool and MIS	2021	4,292,000
6	Geographic Information System (GIS)	2013	0
	Total cost of software @NDMA		39,834,728

ii) Work in progress-

The Authority would like to make a disclosure on an Integrated Enterprise Resource Software- Abno system that was procured @ a Cost of Kshs. 24,804,918/-. The system is still in the implementation stage and currently is at 80% in use.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. TRADE AND OTHER PAYABLES		
	2020-2021	2019-2020
	KShs	KShs
Other payables (EDE-DRMC)	144,736,942	151,367
Refundable deposits on disposal	311,100	342,600.00
Payroll Liabilities	1,201,071	596,276
NITA	15,400	-
Withholding tax	133,824	185,701
Accrued Expenses	559,013,692	12,476,502
Audit fees accrued	1,160,000	1,160,000
Trade and Other payables	648,714	6,163,575
EDE DRMC Interest Payable	36,552,299	35,621,177
Insurance compensation-GPI	4,857,600	3,018,661
Inter-account borrowings	37,760,000	-
UNICEF	6,160	-
Other payables- UNDP Bills & IPSTC	-	48,102
Un Honored Cash Transfers	877,500	551,959,651
EDE - EU Inter borrowing	246,500,000	215,000,000
Total trade and other payables	1,033,774,302	826,723,611

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. FINANCIAL RISK MANAGEMENT

Exposure to currency, commodity, interest rate, liquidity and credit risk arises in the normal course of the Authority's operations. This note presents information about the Authority's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Authority's management of capital. Further quantitative disclosures are included throughout these financial statements.

There exists a risk matrix in the Organization under which these risks and their mitigating factors are analyzed.

Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Authority's financial instruments.

	Carrying amount	Fair value
Financial Assets	Kshs	Kshs
At June 30, 2020		
Receivables from non-exchange transactions	1,659,219,465	1,659,219,465
Cash and cash equivalents	441,117,101	441,117,101
Total	2,100,336,566	2,100,336,566

Financial Liabilities		Fair value
At 30 June 2020	Kshs	Kshs
Trade payables from exchange transactions	1,033,774,302	1,033,774,302
Total	1,033,774,302	1,033,774,302

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate the carrying amounts largely due to the short-term maturities of these instruments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Credit risk

Credit risk is the risk of financial loss to the Authority if customers or counterparties to financial instruments fail to meet their contractual obligations. The Authority's credit risk is primarily attributable to its receivables and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings. The maximum exposure to credit risk as at 30 June 2020 was:

	Fully performing	Past due	Impaired	Total
	Kshs	Kshs	Kshs	Kshs
Non-exchange receivables	281,780,554	688,899	-	282,469,453
Cash and cash equivalents	1,409,007,744	-	-	1,409,007,744
Maximum exposure to credit risk	1,690,788,298	688,899	-	1,691,477,197

Credit quality

Credit quality is assessed risk of default attached to counterparties to which the Authority extends credit and also those parties with whom the Authority invests. As such, the credit quality assessed extends to the customers, investments and banks of the Authority. For financial statement purposes, the investments and balances with banks are limited to the cash and cash equivalents line items in the statement of financial position neither does the Authority enter into any overdraft agreements with its bankers.

Receivables

The Authority does not extend credit to external parties. All services performed by the Authority are rendered upon payment by the customers. The receivables from non-exchange transactions relate to staff advances and advances to internal donor activities. The advances were made in the financial year 2019/2020 and are therefore current.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Cash and cash equivalents

The Authority limits its exposure to credit risk by investing cash and cash equivalents with only reputable financial institutions that have a sound credit rating. Consequently, the Authority does not consider there to be any significant exposure to credit risk.

Liquidity risk

Liquidity risk is the risk of the Authority not being able to meet its obligations as they fall due. The Authority's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when they fall due, without incurring unacceptable losses or risking damage to the Authority's reputation. Prudent liquidity risk management includes maintaining sufficient cash to meet the Authority's obligations.

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant

	Less than	Between	Over	
	1 month	1-3 months	5 months	Total
At 30 June 2020	Kshs	Kshs	Kshs	Kshs
Trade payables from exchange transactions	-	-	826,723,611	826,723,611
	-	-	826,723,611	826,723,611

Market risk

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the Authority's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk. The Authority is not exposed to any significant market risks.

Capital risk management policies

The primary objective of managing the Authority’s capital is to ensure that there is sufficient cash available to funding requirements, including capital expenditure, to ensure that the Authority remains financially sound. The Authority monitors capital using a gearing ratio, which is net debt, divided by total capital, plus net debt.

As at the end of the year, the Authority had no debt. The capital structure of the Authority consists only of a general fund. The gearing ratio of the Authority is therefore 0%.

APPENDIX:

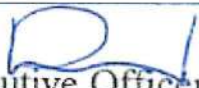
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2016/2017	<p>Qualified opinion on the basis of:</p> <ul style="list-style-type: none"> Historically valued property, plant and equipment inherited from the Project Beneficiary targeting on the cash transfers. Expenses incurred by the EU funded projects. Expenditures reported from Counties and balances held. 	<ul style="list-style-type: none"> Response prepared and the Authority appeared before parliamentary investment committee (PIC) on 18.06.2019. 	Board of Directors	Awaiting PIC recommendations.	NA
2017/2018	<p>Initial draft opinion on basis of:</p> <ul style="list-style-type: none"> Non-valuation historical assets and asset tagging. County expenses and balances held. 	<ul style="list-style-type: none"> Response and all necessary supporting documentation availed to O.A.G within 	Management on behalf of the Board of Directors	Awaiting the final opinion.	NA

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<ul style="list-style-type: none"> Incorporation of EDE-DRMC receipts, expenses and bank balances. Targeting process on cash transfer. NDEF funds and financial statement. 	<ul style="list-style-type: none"> the stipulated time. Several meetings with the OAG team on clarifications and follow-ups. 			
2018/2019	<ul style="list-style-type: none"> ML raised by OAG on 30th July 2020 	<ul style="list-style-type: none"> ML responded to and submitted on 6th August 2020 	Management on behalf of the Board of Directors	Awaiting Audit opinion	NA


 Chief Executive Officer

Date 29/8/2022

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