


REPUBLIC OF KENYA



*Enhancing Accountability*

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: <b>22 SEP 2021</b>	DAY: <b>Wednesday</b>
<b>REPORT</b>	
TABLED BY:	<b>L.O.M</b>
CLERK-AT THE TABLE:	<b>Mamah Wangiku</b>

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL DROUGHT MANAGEMENT  
AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2019**









OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

26 OCT 2020

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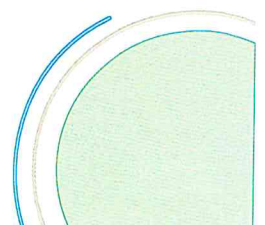


**NATIONAL DROUGHT MANAGEMENT AUTHORITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019**

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

**Level of rounding off: To the nearest shilling**









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## ACRONYMS

ACP	Asset Creation Programme
ASALs	Arid and Semi-Arid Lands
CCCCF	County Climate Change Fund
CIDP	County Integrated Development Plans
CMDRR	Community Managed Disaster Risk Reduction
CSG	County Steering Group
CSO	Civil Society Organization
EDE	Ending Drought Emergencies
EU	European Union
EWS	Early Warning System
FBO	Faith Based Organization
FEWS NET	Famine Early Warning Systems Network
GCF	Green Climate Fund
HSNP	Hunger Safety Net Programme
IUCN	International Union for Conservation of Nature
KFSM	Kenya Food Security Meeting
KFSSG	Kenya Food Security Steering Group
KMD	Kenya Meteorological Department
LRA	Long Rains Assessment
NDCs	Nationally Determined Contributions
NDEF	National Drought Emergency Fund
NDMA	National Drought Management Authority
NEMA	National Environment Management Authority
NSNP	National Safety Net Programme
SDGs	Sustainable Development Goals
VCI	Vegetation Condition Index
WFP	World Food Programme



## PART ONE: ANNUAL PERFORMANCE

### 1.0 KEY ENTITY INFORMATION AND MANAGEMENT

#### 1.1 Background information

The National Drought Management Authority (NDMA) is a State Corporation established by the 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.

NDMA falls under the Ministry of Devolution and Arid and Semi-Arid Lands (ASALs) and is the national authority responsible for drought risk management. The NDMA is a national institution that has already set up operational offices in 23 drought prone counties categorized as ASAL. It plans to expand to other counties over the next few years (Table 1: Current geographical coverage of NDMA). The 23 counties cover over 80% of Kenya's land mass as shown in Figure 1. In addition, NDMA has satellite offices with limited functions in some former districts where distances from the county offices are long. These include Ijara, Mwingi and Moyale.

Figure 1: NDMA county offices

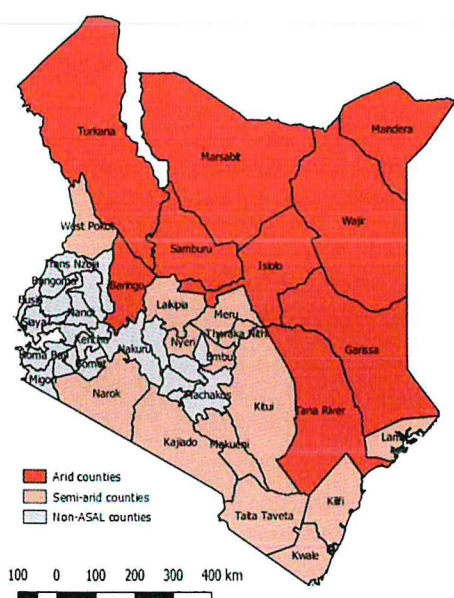


Table 1: Current Geographical coverage of NDMA

Arid counties	
1. <b>Baringo</b>	1. Embu (Mbeere)
2. <b>Garissa</b>	2. Kajiado
3. <b>Isiolo</b>	3. Kilifi
4. <b>Mandera</b>	4. Kitui
5. <b>Marsabit</b>	5. Kwale
6. <b>Samburu</b>	6. Laikipia
7. <b>Tana River</b>	7. Lamu
8. <b>Turkana</b>	8. Makueni
9. <b>Wajir</b>	9. Meru (North)
	10. Narok
	11. Nyeri (Kieni)
	12. Taita Taveta
	13. Tharaka Nithi
	14. West Pokot

#### 1.2 Principal Activities

**Our Mandate:** The National Drought Management Authority 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.

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

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

### 1.3 Our Core functions

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.

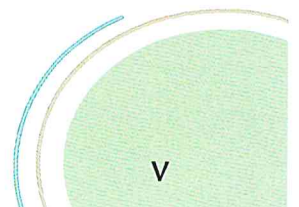
### 1.4 Key Management

The Authority's day-to-day management is under the following key organs:

Eight (8) Board of Directors

The Chief Executive Officer

Three (3) Directors





Ten (10) Managers

### 1.5 Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	-Mr. James Oduor
2	Director Support Services	-Mr. Hashim Ali
3	Director Technical Services	-Mr. Sunya Orre
4.	Head of Finance	-Mr. Yussuf Bagaja
5.	Head of Procurement	-Mr. Hussein Bilala

### 1.6 Fiduciary Oversight Arrangements

*Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):*

- *Audit and finance committee activities*
- *Parliamentary committee activities*
- *Development partner oversight activities*
- *Other oversight activities*

## KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

### I.7 Corporate Information

#### Authority Headquarters

P.O Box 53547-00200  
Lonrho House, 7<sup>th</sup>, 8<sup>th</sup> and 17<sup>th</sup> floors  
Standard/ Kimathi Street  
Nairobi, KENYA

#### Authority Contacts

Telephone: (020) 2227496  
Fax: (020) 2227982  
E-mail: [info@ndma.go.ke](mailto:info@ndma.go.ke)

#### Authority Bankers

Kenya Commercial Bank  
Moi Avenue and KICC Branches  
P.O. Box 30081-00100, GPO  
Nairobi, Kenya

NIC Bank  
Harambee Avenue  
P.O.BOX 44599-00100, GPO  
Nairobi, Kenya

#### Independent Auditors

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

#### Principal Legal Adviser

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



## 1.8 THE BOARD OF DIRECTORS



*Mr Raphael Nzomo, MBS*

**Chairperson to the Board**  
*Master of Business Administration*  
*Bachelor's Degree in Economics*  
*Appointed in January 2019*



*Mr James Oduor*

**Chief Executive Officer and Secretary to the Board**  
*MSc. Agricultural extension & training*  
*BSc. General Agriculture*



*Ms Emily Mworira*

**Board Member**  
*MBA Global Business Administration - USIU*  
*BA- University of Nairobi*  
*Chairs the HR committee*  
*Member of the finance committee*  
*Member of Audit & Risk Management committee*  
*Term ended on April 2018*  
*Reappointed in May 2019*



**M. Nasiuma Kasembeli**

**Board Member, representing PS National Treasury**  
*Master of Business Administration*  
*Bachelor of social science University of Nairobi*  
*Advanced Diploma in Financial Management KCA*  
*Attends all full Boards' and Committee meetings/proceedings*



*Hon. Abdirahman Hassan*

**Board Member**

*Chairs Technical Committee*

*A member of Audit & Risk Management committee*

*Joined the Authority in May 2019*



*Ms. Nancy Njiro*

**Board Member & Chairperson, Finance Committee**

*B. Com Accounting – University of Nairobi*

*Certified Public Accountant (K) - ICPAK*

*Diploma in Banking*

*Chairperson, Finance Committee*

*Attends all full Boards', Audit & Technical Committee meetings/proceedings.*

*Chairs The Finance Committee of the Board*

*Term ended October 2018*

*Reappointed May 2019*



*Amb (Dr) Leonard Ngaithe*

**Board Member, Representing PS Ministry of Devolution & ASAL**

*Member of Technical Committee*

*Member of Finance Committee*

*Joined the Authority in July 2018*



*Mr Timothy Mosiany*

**Board Member & Chairperson, Audit Committee**

*B.Sc. in Management and Conservation – University of Nairobi*

*Diploma in Tourism Management- Technical University of Kenya*

*Chairperson, Audit Committee*

*Attends all full Boards', Audit, Finance & Technical Committee meetings/proceedings.*

*Appointed in October 2016*





**Mr. Robert Kiteme**

**Board Member, representing the Council of Governors**  
*B.Sc. in Agriculture (Agricultural Economics Major)*  
*Attends all full Boards', Audit & Technical Committee*  
*meetings/proceedings.*

## 1.9 MANAGEMENT TEAM



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



**CPA Hashim Ali**  
*Masters, Business Administration*  
*CPAK*  
*CIA*  
*ICPAK Membership No.2980*  
*CISA Certified*  
*Director, Support Services*



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



**CPA Yussuf Bagaja**  
*MBA (Finance Option)*  
*Bachelor of Commerce*  
*CPAK*  
*Diploma in Accountancy, Senior management course*  
*ICPAK Membership No.8335*  
*Manager, Finance & Accounts*



**Mr. Hussein Bilala**  
*MSc. Supply Chain & Logistics*  
*BSc. Business Administration*  
*Advanced diploma-CIPS*  
*Manager, Supply Chain*



**Mr. Patrick Musichi**  
*Bachelor of Arts*  
*Higher Diploma in Human Resources*  
*Management*  
*Diploma in Sales and Marketing*  
*Manager, HR & Administration*



**Mr. George Kimunguyi**  
*MSc. Information Technology*  
*BSc. Applied Statistics*  
*Certificate in Senior Management course*  
*Cert. Public Enlightenment using Multimedia,*  
*Mail System & Network Administration*  
*Cisco Certified*  
*Manager, Information, Communication &*  
*Technology*

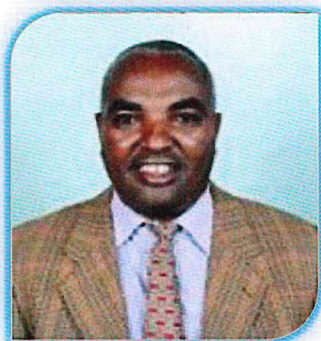




**Eng. Hussein Jirma**  
*MSc. Water and Environmental  
management  
BSc. Civil Engineering  
Manager, Resource Mobilisation and  
Partnership*



**Mr. John Mwangi**  
*Masters in Project Planning & Management  
BSc. Animal Production  
Diploma in Range Management  
Manager, Drought Information*



**Mr. Saiyana Lembara**  
*MA Environmental Planning  
BSc. Agriculture  
Cert. Forestry  
Cert. EIAA  
Manager, Contingency Planning and Response*



**Mr. Paul Kimeu**  
*MBA Strategic Management  
MSc. Agricultural Engineering  
Dip. Agricultural Engineering  
Dip. Management of NGOs  
Manager, Drought Resilience*



**Mr. Martin Kiveu**

*BSc. International Business Administration*

*CPAK*

*Diploma in Cooperative Management*

*ICPAK Membership No.4221*

*Manager, Internal Audit*



**Mr. Paul Obunde**

*MSc. Environmental Economics &*

*Environmental Management*

*BA Economics*

*Manager, Policy & Planning*

*Ag. Director, Policy & Planning*



## CHAIRMAN'S STATEMENT



*Mr. Raphael Nzomo, Chairman*

On behalf of the Board, I have the pleasure of presenting the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2019. During the year under review, the Authority discharged its mandate as stipulated in the NDMA Act, 2016. I'm pleased to report that the NDMA was able to achieve all the targets set for the financial year.

The NDMA was established as a specialised institution based on the fact that droughts, due to their slow onset nature, are different from other kinds of hazards, thus require specialist attention. Long-term solutions to drought emergencies and the activities required to deliver them cut across sectors and involve a wide range of stakeholders at both the national and county levels. Under the ending drought emergencies (EDE)

strategy, therefore, we lead the effort across Government to ensure effective response when drought arises and use of development funds to strengthen the resilience of communities to future shocks.

I'm proud to confirm that the NDMA is walking the talk of ending drought emergencies. Our 2018-2022 Strategic Plan is aligned to His Excellency the President's Big Four Agenda, especially the action on Food Security and Nutrition, and the Sector Plan for drought risk management and EDE of the Third Medium Term Plan. These goals that the NDMA has set for itself are also anchored in our mission to provide leadership and coordination of Kenya's efforts in the management of drought risk and adaptation to climate change.

Our progressive Constitution has provided for devolution, not only of functions but also of resources, under county governments. In this regard, the county governments are the first point of response to calamities such as drought. It is with this in mind that we need to work together and take far-reaching measures that can ensure long-term food security.

In the pursuit of our mission, we have amassed a rich portfolio of drought risk management innovations that are attracting global interest. During the year, for instance, we hosted high-level regional and international delegations from Bangladesh, Ethiopia, Uganda, Sudan and Zimbabwe, all seeking to learn from us. We were also privileged to host different delegations from the Republic of Ethiopia that comprised the EU Delegation to Ethiopia and officials from Ethiopia's National Disaster Risk Management Commission as well as a delegation from the World Bank in the same country who were interested in learning about the Hunger Safety Net Programme.

Our forte includes a drought early warning system that has incorporated satellite monitoring and not only informs planning by stakeholders but also contributes to other regional early warning initiatives. In addition, and with the support of our development partners, we have successfully piloted an objective drought response financing mechanism with dedicated funds that enable the NDMA to disburse funds to drought-affected counties for early and no-regrets action before drought deteriorates.

Encouraged by the results of this approach, the Government is now working to operationalise the National Drought Emergency Fund (NDEF) - a multi-donor basket fund - and has already committed initial capital of Kshs 2 billion to ensure that funds are readily available for disbursement as soon as drought conditions reach a certain threshold.





Under our safety net approach, poor households receive cash transfers to enable them to meet basic needs. A scale-up mechanism is also in place to cushion more households during drought periods.

I wish to acknowledge the invaluable support by development partners, without whom we would not have achieved so much. I will single out the following; European Union, World Bank, UK Department for International Development (DFID), United Nations Development Programme and the World Food Programme. Their continued partnership is evidence of their confidence in us. I affirm my commitment that their resources will go towards the intended purpose, which is mainly to cushion the most vulnerable amongst our communities.

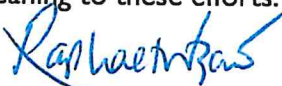
The NDMA Board of Management was fully constituted in the second half of the reporting period after almost three years. This optimises the Board performance under its various committees. We commit to continue looking out for innovations to make our drought interventions more robust, effective and efficient, and with linkage to global good practices towards resilience building and EDE.

In a bid to entrench the gains made thus far, the Board also commits to a collective institutional resolve to adhere to our core values of integrity and accountability, responsiveness to vulnerable groups and participatory approaches in executing our mandate.

While our achievements are substantial, they are still insufficient. I laud the Government's move to institutionalise the NDEF as a risk financing instrument and, therefore, appeal for fast-tracking of its operationalisation.

As you go through the Authority's performance during the last financial year, I invite you to walk with us to close the gaps in our efforts to end drought emergencies.

I reiterate the Board's commitment to ensure that the process towards ending drought emergencies remains on course. The NDMA remains at your service to coordinate and bring meaning to these efforts.

  
**Mr Raphael Nzomo, MBS**  
*Chairman, Board of Directors*

**Date**

06/08/2020





## REPORT OF THE CHIEF EXECUTIVE OFFICER

**D**roughts directly affect Kenya's socio-economic development due to their adverse impacts on various sectors such as food security, livestock, crop, water, education, energy, forestry, wildlife, health, nutrition, peace and security. In the last decade, droughts have become more frequent and severe. In fact, during the reporting period, there was a mild drought situation attributed to depressed rainfall during the October-November-December 2018 rainfall season, and delayed and poor performance of March-April-May 2019 rains season.



Mr James odour, CEO

The Authority has strengthened its drought early warning system to incorporate remote-sensed objective triggers for drought mitigation. In addition, multi-sectoral drought and food security assessments were undertaken to inform the level of community need and requisite resources for intervention. In the intervening period between December 2018 and April 2019, the web-based National Drought Early Warning System operated by the Authority flagged widespread hydrological drought and severe vegetation deficit affecting 11 ASAL counties.

The situation necessitated drought response interventions mainly in water, livestock, peace and security and social protection sectors. To this end, NDMA coordinated the National and County Governments, development partners and other non-State actors to implement interventions to mitigate drought effects on lives and livelihoods.

Drought preparedness entails accurate data and information to trigger '*early action, no-regrets*' approach to drought risk management adopted by NDMA. More significantly, building drought resilience and ensuring adequate preparedness from drought shocks calls for investment in various enablers such as infrastructure, human capital development, livestock marketing, production and disease control, trade, wealth creation and agriculture. In this regard, NDMA prioritised targeted investments and mainstreaming drought risk reduction in policy, planning and community capacity building.

Additionally, the Authority implemented two key social protection programmes namely the Hunger Safety Net Programme (HSNP), which provides unconditional cash transfers to the extreme poorest households in four counties and productive safety net asset creation programme in 14 counties. In January 2019, the Government and the World Bank signed a Financing Agreement for implementation of the Kenya Social and Economic Empowerment Programme (KSEIP), that consolidates all cash transfer programmes. Under the five-year programme, NDMA will implement the third Phase of HSNP.

I'm glad to report that during the reporting period, the amendment process for the NDMA Act 2016 to harmonise it with the Public Finance Management Act 2012 steadily progressed through Parliament. The amendments will allow for tabling of regulations for operationalisation of the National Drought Emergency Fund (NDEF) in Parliament. Subject to completion of the ongoing legislative process and ultimately the operationalisation of the fund,

the World Bank has already earmarked a further capital injection of KSh 2 billion. The NDEF will adopt the model already piloted through the EU funded contingency fund business process.

Despite our achievements, the Authority suffered myriad challenges during the reporting period. Key among these is resource constraints. Droughts have become more frequent, leaving little room for communities to bounce back to normalcy between episodes. With depleted internal resources, community reliance on external aid has increased exponentially. This demand is, however, at cross purposes with the Authority's annual budgetary allocation.

Additionally, coordination of drought risk management is curtailed by lack of information, especially data on response interventions by different stakeholders and the two levels of Government.

To address these, NDMA actively embarked on resource mobilisation mechanisms, including the use of drought coordination structures and presentations to development partners for support.



**Mr James Oduor**  
Chief Executive Officer

Date 06/02/2020



## **2.0 CORPORATE GOVERNANCE STATEMENT**

### **2.1 Core Values**

- Committed to results
- Integrity and accountability
- Responsive to the needs of vulnerable groups
- Empowering and participatory approach
- Transformative innovation
- Respect for diversity

### **2.2 Role of Board of Directors**

The Board of Directors is responsible for governance of the Authority and accountable to the Ministry of Devolution and ASALs to ensure compliance with the law and best practices in ensuring increase in stakeholders' values and satisfying them as confirmed in the presented financial statements.

The Directors attach great importance to the need to conduct the business and operations of the Authority with integrity, professionalism and in accordance with the generally accepted international corporate practice.

The Board's responsibilities are clearly stated in the Authority's Board Charter and the NDMA Act. These include:

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

### **2.3 Board Meetings**

The Board and its committees met five times during the financial year. The calendar of the meetings is circulated well in advance, while meeting invitations to Board members are sent out two weeks in advance.

### **2.4 Board Committees**

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

- i. Human Resource Management Committee
- ii. Finance Committee
- iii. Audit Committee
- iv. Technical Committee

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



## 2.4.1 Committee Membership

### A. Technical

- i. Hon. Abdirahman Hassan - Chairman
- ii. Nancy Muthoni Njiro - Member
- iii. Timothy Mosiany - Member
- iv. Amb (Dr) Leonard Ngaithe - Member

### B. Audit & Risk Management

- i. Robert Kiteme - Chairman
- ii. Emily Mworio - Member
- iii. Hon. Abdirahman Hassan - Member
- iv. Timothy Mosiany - Member

### C. Finance

- i. Nancy Muthoni Njiro - Chairperson
- ii. Amb (Dr) Leonard Ngaithe - Member
- iii. Nasiuma Kasembeli - Member
- iv. Emily Mworio - Member

### D. Human Resources

- i. Emily Mworio - Chairperson
- ii. Nasiuma Kasembeli - Member
- iii. Timothy Mosiany - Member
- iv. Robert Kiteme - Member

## 2.4.2 Human Resources Management Committee

The main purpose of this committee is to ensure 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:

- a) Periodic review and advise 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 organisational 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.

## 2.4.3 Finance Committee

The main purpose of this committee is to ensure 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:

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

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

#### **2.4.4 Audit Committee**

This committee is mandated to ensure 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 such other duties and responsibilities as 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 which serve to enhance internal controls in order to improve efficiency, transparency and accountability.
- b) Review major audit issues raised by both internal and external auditors.
- c) Periodic reviews of 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 the Authority's management and present to the Board for discussion and direction.

#### **2.4.5 Technical Committee**

The Committee handles all technical issues of the Authority, including strategic planning, work planning, budgeting, resource mobilisation, 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 mobilisation for these.
- 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.

## 2.5 Communication

The Board and the CEO communicate policy matters to the wider public. Board decisions are communicated to staff through memos therefore individual Board members does not have informal discussions with staff. The Board receives management reports two weeks in advance of Board meetings.

## 2.6 Sustainability Statement

NDMA is committed to the sustainability of its operations, including environmental sustainability and application of climate-proofing principles in implementation of EDE investments. Towards this, the Authority has adopted a participatory approach to planning, implementation, monitoring, and evaluation of its operations.

In particular, the use of community managed disaster risk reduction (CMDRR) processes, and Ward and County drought contingency planning process have contributed towards building capacity of communities and sectors to develop their own plans and mobilise resources for drought risk management.

The Authority has supported mainstreaming of drought risk reduction in planning and budgeting processes at national and county level. For example, it has mainstreamed drought risk management in the Vision 2030 Medium Term Plan 3 (2018-2022) and CIDPs in ASAL counties.

As part of its environmental sustainability agenda, the Authority has developed an environmental sustainability policy and has been submitting its reports to the National Environment Management Authority (NEMA).

NDMA has established an elaborate infrastructure to deliver cash transfers to vulnerable households in Marsabit, Turkana, Mandera and Wajir counties. This infrastructure has been used by partners, especially UN agencies and NGOs to adopt and expand cash transfers as mode of intervention.

The Government has also established the NDEF to ensure contingency funds are available for drought resilience building and response following successful piloting of use of such funds supported by the European Union.



### 3.0 DROUGHT COORDINATION

Drought directly affects the socio-economic development of Kenya through its adverse impacts on various sectors such as food security, livestock, crop, water, education, energy, forestry, wildlife, health, nutrition, peace and security. More significantly, building drought resilience, ensuring adequate preparedness, effective response and recovery from drought shocks calls for investment in various enablers such as infrastructure, human capital development, livestock marketing, production and disease control, trade, wealth creation and agriculture.

In this regard, efficient and effective drought coordination requires a multi-sectoral approach. Inter-agency and inter-governmental collaboration continued to be the focus of the Authority in this reporting year.

The NDMA Act (2016) mandates the Authority to carry out the following coordination functions:

- 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) Coordinate the design and implementation of the country's regional and international commitments pertaining to drought management.

These coordination functions are actualised through the following mechanisms;

#### 3.1 Programme Coordination

NDMA runs several programmes and projects that enable it deliver on its vision, mandate and strategic objectives. The programmes are further informed by the flagship projects and result areas under the Kenya Vision 2030 and the Sector Plan for Drought Risk Management and Ending Drought Emergencies (EDE MTP III 2018-2022). The EDE strategy, which is aimed at ending drought emergencies by 2022, is implemented through a Common Programme Framework (CPF) across various sectors within National and County Governments and coordinated by the Authority.

The key programmes and projects implemented during the reporting period were:

- i. EDE - Drought Risk Management and Coordination Project funded by the Government of Kenya (GoK) and European Union.
- ii. Hunger Safety Net Programme II (HSNP II) funded by GoK and DFID.
- iii. Protracted Relief and Rehabilitation Operation (Asset Creation Programme) funded by GoK and WFP.
- iv. Kenya Drought Early Warning Project funded by GoK.
- v. Drought Response and Resilience in the Arid and Semi-arid Regions project funded by UNDP.

Implementation of the programmes and projects was overseen by the NDMA Board, programme steering committees, and pillar groups in the case of EDE strategy. These coordination and institutional arrangements guarantee that the programmes deliver on the agreed targets within the expected timeframes and cost. Some of the key achievements made during the reporting period were;

- Held quarterly planning and review meetings for the programmes and projects.
- Held two (2) EDE Steering Committee Meetings.
- Supported 13 EDE Pillar Group meetings.
- Held 12 HSNP National Programme Steering Group Meetings.
- Participated in four joint National Safety Net Programme (NSNP) review missions.
- Held 12 HSNP technical working group meetings.
- Held two meetings for County Drought Coordinators (CDCs) to review progress, challenges and agree on a roadmap on service delivery by the Authority.

The Authority continued to influence sectors to adopt evidence-based policies that address underlying challenges to long term resilience to drought. This was done through various coordination mechanisms and strategic documents, while policy influencing was coordinated through the Intergovernmental Committee on Drought and Food Security, ASAL Stakeholders Forum (ASF) and the Pastoralist Parliamentary Group (PPG).

In this light, the following achievements were made during the reporting period:

- EDE-Sector MTP III was launched by H.E the Deputy President in November 2018 alongside other sector plans and overall MTP III 2018-2022. This plan elaborates priority programmes and projects that each sector will focus on during 2018-2022 to end drought emergencies in Kenya.
- The ASF was supported to hold its 5<sup>th</sup> National Annual General Meeting in partnership with Kenya Pastoralist Week.
- The PPG was facilitated to hold the Pastoralist Leadership Summit (PLS) in Garissa County from 28<sup>th</sup> February to 3<sup>rd</sup> March 2019. The PLS is a bi-annual event for the leadership of 15 majority pastoralist counties to agree on development priorities and actions for counties and constituencies. The theme of the 2019 Summit was *"Fostering peace and security and enhancing socio-economic development in pastoral areas"*.
- The Authority supported EDE Pillar Three on Human Capital Development through the National Council for Nomadic Education in Kenya (NACONEK) to assess status and climate adaptability of low-cost boarding primary schools in eight (8) ASAL counties, namely; Turkana, Narok, Kajiado, Taita Taveta, Kwale, Kilifi, Garissa and Tana River.



### 3.2 Drought Coordination Structures

The Authority strengthened drought and food security coordination structures at national and county levels to enhance drought risk management, decision making, accountability to stakeholders and reporting. The coordination structures guide drought risk management common programming, strategic planning, synergy and collaboration among stakeholders.

#### 3.2.1 Intergovernmental Technical Committee on Drought and Food Security

The Intergovernmental Committee on Drought and Food Security is chaired by the Principal Secretary responsible for drought matters. The committee considers drought and food security reports and sector response plans with the view of advising sectors on appropriate drought measures and resource mobilisation for drought response interventions. It also makes recommendations to Cabinet Secretaries on appropriate drought response measures and resource requirements.

The committee draws membership from State Department for ASALs, Ministry of Water, Ministry of Agriculture, Ministry of Education, Ministry of Health, Ministry of Interior and Coordination of National Government, Controller of Budgets, the National Treasury and NDMA.

The committee held three meetings during the reporting period.

The Authority supported three (3) intergovernmental technical committee meetings. The output of that meeting was useful in galvanising county governments to take their statutory responsibility for emergency response and financing.

#### 3.2.2 Kenya Food Security Meeting

The Kenya Food Security Meeting (KFSM), which is led by NDMA, generates and quality-assures drought and food security information for decision making by Government and non-Governmental agencies and communities. KFSM brings together experts drawn from relevant Government departments, UN agencies and international NGOs.

The forum met two (2) times during the reporting period to validate findings of the 2018 and 2019 Long Rains and Short Rains drought and food security assessments. The assessments were carried out by a multi-agency technical team referred to as Kenya Food Security Steering Group (KFSSG).

#### 3.2.3 Kenya Food Security Steering Group

The Authority continued to coordinate and provide financial support to KFSSG, which is the technical arm of the KFSM. KFSSG undertakes drought and food security assessments and draws membership from the Ministries of Devolution and ASALs, Agriculture, Livestock and Fisheries, Water and Irrigation, Health, and Education, Science and Technology, UN Agencies, FEWS NET and NGOs.



During the reporting period, KFSSG conducted the following assessments;

- i. The 2018 long rains assessment in August 2018.
- ii. The 2019 short rains assessment in February 2019.
- iii. Mid-season assessment in May 2019.

### **3.2.4 County Steering Groups**

The Authority continued to support County Steering Group (CSG) meetings in 23 ASAL counties. The role of the CSG is to coordinate drought risk management in the counties and provide oversight role. Specifically, the CSGs prioritises sector drought resilience building investment needs; approve food security assessment reports and drought response plans; and develop criteria for beneficiary and geographical targeting based on early warning information provided by NDMA. The structure is replicated at sub-county level.

CSG membership is drawn from organisations and departments handling drought-related matters at county level, civil society organisations, faith-based organisations and community representatives. The Groups are co-chaired by the Governor and by the County Commissioner, with NDMA as the secretariat.

During the reporting period:

- A total of 267 CSG meetings were held by 23 ASAL counties. The number of meetings varied from county to county, based on the need and ranged from five meetings in Embu County to 27 in Garissa County.
- In addition to the regular meetings, the Authority supported 49 ad hoc CSG meetings in ASAL counties.
- NDMA carried out rapid drought assessments in 20 counties to determine the areas and population in need of assistance in drought affected hot spots.

### **3.2.5 Drought Response Coordination Framework (January - June 2019)**

In February 2019, the NDMA provided an advisory on deteriorating drought and food security situation across the country. In order to protect the vulnerable communities and sectors from drought impacts, the Cabinet established additional committees to advise on day-to-day situation and recommend appropriate interventions. The Cabinet established following drought response coordination committees:

#### **i) Standing Committee**

A Standing Committee for Principal Secretaries established to coordinate drought mitigation activities. The committee held meetings on weekly basis for appraisal on implementation progress of drought response interventions. The weekly updates were provided by a command centre and in turn the Principal Secretaries provided updates to Cabinet Secretaries.

#### **ii) Command Centre**

The functions of the Command Centre were to monitor the drought situation, and collect and consolidate response needs, available resources and gaps from various counties. It also

collected reports on the progress of implementation of prioritised and supported response interventions by national and county governments as well as development partners.

The Command Centre was composed of representatives from key technical departments with drought mitigation and response mandates as follows; Ministry of Interior and Coordination of National Government; National Disaster Operations Center; Ministry of Devolution and ASALs; National Drought Management Authority; State Departments for: Livestock; Crops Development; Wildlife; Health; Water; and ICT.

Achievements made through the coordination structures;

- i. **Drought and food security information** -NDMA provided regular updates on drought and food security situation to county and national stakeholders for decision making.
- ii. **Drought response plans** -The Authority coordinated preparation and consolidation of drought response requirements and available resources and gaps. The objectives of these drought response plans were to;
  - facilitate food availability and access to affected vulnerable communities.
  - ensure availability of portable water to vulnerable communities and their livestock.
  - protect drought sensitive sectors such as livestock, health and nutrition, education, energy, peace and security, forestry and wildlife from the impacts of drought.

iii. **Funding required and approved for the response plan**

The Command Centre collected, consolidated, analysed and rationalised reports from counties. The estimated cost of response for the period between May to December 2019 was **Ksh 8,023,950,000**. This amount was submitted to the National Treasury for consideration and approval under Article 223 of the Constitution.

### 3.3 Global and Regional Commitments

#### **(a) IGAD Regional Drought Disaster Resilience and Sustainability Initiative**

The Intergovernmental Authority on Development (IGAD) Drought Disaster Resilience and Sustainability Initiative (IDDRSI) is a long-term strategy by Horn of Africa nations to end drought emergencies in the region. The IDDRSI strategy commits all parties to focus on sustainability of drought resilience initiatives.

Kenya has domesticated this commitment through the EDE strategy and adopted a Common Programme Framework (CPF) for EDE implementation coordinated by the NDMA. The framework provides for alignment and coordination of investment and harmonisation of programming among various actors.

Achievements during the reporting period are as follows:

- NDMA participated in IDDRSI Platform Steering Committee meeting held in Djibouti on December 17 to 18, 2018. During the meeting, member states committed to commence development of IDDRSI phase two (2018-2022) and strengthen coordination frameworks at the national, cross-border and regional level.



- Hosted the Greater Horn of Africa Cross-Border Learning Conference in Nairobi on February 25-26, 2019.
- As focal point for IDDRSI, coordinated Kenya's participation in the inauguration of the IGAD cross border facilitation unit on 26<sup>th</sup> July, 2018 in Moroto, Karamoja, Uganda. The meeting was attended by the Cabinet Secretary for Devolution and ASALs, Hon. Eugene Wamalwa, and senior ministry and NDMA officers. The unit is expected to serve cross-border development and drought resilience aspirations of Kenya, Ethiopia, South Sudan and Uganda.
- Participated in joint IGAD knowledge management and cross border working group meetings in Addis Ababa on May 29-31, 2019 that focused on cross-border cooperation framework and promotion of knowledge management tools and knowledge sharing.
- Participated in the 7th meeting of IGAD Member States ministers responsible for women/gender affairs on 6<sup>th</sup> December 2018 in Khartoum, Sudan under the theme *"Leaving no one behind: Promoting gender equality and women's empowerment to enhance drought resilience, regional integration and peace for sustainable development"*.

#### **(b) Sustainable Development Goals**

The NDMA contributes to implementation of a number of Sustainable Development Goals (SDGs) as shown below:

i) *SDG 1 - End poverty in all its forms everywhere*

The Authority serves the poorest and most vulnerable parts of the country. NDMA programmes, projects and activities are all aimed at poverty reduction and resilience building.

ii) *SDG 2 - End hunger, achieve food security and improved nutrition and promote sustainable agriculture*

The Authority contributes to Government's commitment to the constitutional obligation of freedom from hunger. It also contributes to SDG 2 through support to livelihoods that are key to food and nutrition security across the ASALs. Some of the key interventions through which the Authority contributes to the SDG 2 are provision of drought early warning information, coordination of bi-annual food security assessments, and establishment and operation of an elaborate structure that deals with drought, preparedness, response and resilience building.

During the reporting period, the NDMA executed this action through, *inter alia*;

- HSNP where bi-monthly unconditional cash transfers of Ksh 5,400 were made to 100,868 households that are most vulnerable to drought. It also disbursed drought shock-responsive cash transfers targeting up to 274,000 households as dictated by drought severity.
- Invested in water infrastructure projects for human, livestock and crop production in ASAL counties.



- Invested in building and protection of community assets through cash and food programmes.
- Supported income generating investments among youth and women.

**iii) SDG 13 - Take urgent action to combat climate change and its impacts**

The Authority contributes to this commit by leading the climate change adaptation negotiations at global level, mainstreaming drought risk management in the National Climate Change Adaptation Action Plan, the Paris Work Programme, the Nationally Determined Contributions and reporting on adaptation progress to UNFCCC.

During the reporting period NDMA:

- Participated in the 2018 UN Climate Change Conference (COP) held in Katowice, Poland in December 2018.
- Led Kenyan delegation in negotiating articles relating to climate change adaptation and loss and damage in the meetings of the bodies under the UNFCCC held in Bonn, Germany in June, 2019 and succeeded in prioritising drought and food security for the 2019/20 Nairobi Work Programme.
- Contributed to the Kenya Position Paper on the adaptation agenda items for Conference of Parties held in December, 2018 and the 50<sup>th</sup> Session of Subsidiary Bodies of the UNFCCC.
- Continued being one of Kenya's lead negotiators for the climate change adaptation agenda items at global level.

### **3.4 Citizen Participation**

The Constitution's Bill of Rights, which provides a framework for social, economic and cultural policies, guarantees a raft of rights and fundamental freedoms for citizens. For instance, Article 33 (1) guarantees every person freedom to seek, receive or impart information or ideas.

Article 21 (3), on the other hand, obligates the State to protect the vulnerable within society by addressing their needs. The vulnerable groups are listed as; women, older members of society, persons with disabilities, children, youth, members of minority or marginalised communities, and members of particular ethnic, religious or cultural communities.

The State is further required to take legislative, policy and other measures, including the setting of standards, to achieve the progressive realisation of economic and social rights guaranteed under Article 43. In executing its mandate, the NDMA works with vulnerable communities in the ASAL region, where the human development index is low.

To respond to these constitutional requirements, the Authority uses a set of processes and procedures that put citizens at the centre of its interventions. Key among these are:

#### **(a) Participatory planning and implementation**

Participatory planning ensures that vulnerability analysis is undertaken to engender all NDMA drought risk management projects and programmes and improve project ownership. During the period, participatory planning enabled:

- Community-based targeting and validation for drought risk management interventions.
- Community involvement in identification and registration of potential beneficiaries for HSNP 3 cash transfers.
- Supported establishment of county climate change funds (CCCF) and Ward level climate change committees.
- Drought early warning system community feedback mechanism, which helps communities in decision making.
- Adoption of Ward level Participatory Disaster Risk Assessment (PDRA), which has empowered communities to effectively incorporate their development priorities in the 2018-2022 County Integrated Development Plans (CIDPs) and 2019/20 county annual budget.
- Development of 107 Ward level contingency plans in 23 counties.

**(b) Citizen access to information and social accountability**

Information access is critical to achievement of the SDGs. Access to information enables vulnerable segments of the population to claim their rights more consistently and use State services more purposefully to pull themselves out of poverty. Thus, in line with the requirements of Article 35 (1) of the Constitution and Access to Information Act (2016), the Authority promotes citizen access to information to enhance participatory planning, monitoring and evaluation and social accountability.

Towards this, the Authority implemented a citizen service charter which obligates it to provide a framework for citizen participation on decisions that impact their lives. As part of its performance contract, the Authority;

- Implements an elaborate complaint handling mechanism with a standby committee that addresses citizen concerns with regard to its activities. The NDMA reports to the Commission on Administrative Justice (Ombudsman) on a quarterly basis.
- NDMA also has a team dedicated to handling issues relating to access to information. This committee ensures that requests for information by the public are addressed subject to provisions of the Access to Information Act.

Additionally, with the support of the EU, the Authority has adopted a social accountability initiative implemented in collaboration with Transparency International-Kenya. This is implemented in Turkana, West Pokot, Wajir, Marsabit, Kilifi, Samburu and Isiolo counties and is aimed at enhancing citizen participation, peer-to-peer reflection and monitoring action by all stakeholders. During the reporting period;

- Citizens in the seven target counties were empowered to monitor aid and basic service delivery, leading to increased rate of resolution of community feedback.
- There is increased knowledge of alternative reporting avenues for suspected/potential corruption cases (public forums, social auditors, community drought management committees and through the *Uwajibikaji Pamoja* platform.
- 169 social auditors were trained in Isiolo, Marsabit, Samburu and Kilifi counties.



- 120 awareness forums were conducted, reaching a total of 8,084 community members.

**c) Cash transfers case management**

Under the Hunger Safety Net Programme (HSNP) cash transfer initiative, the Authority operated a decentralised, computerised case management system that enabled beneficiaries to register complaints or raise any other issues in their respective counties. The case management system ensured efficient delivery of cash transfers to beneficiaries, thereby protecting vulnerable households from hunger and drought shocks.

HSNP also partnered with Chiefs and Assistant Chiefs through the programme field communication model to enhance communications and community feedback at the grassroots level. The administrators, supported by village elders, played a crucial role of ensuring that communities received timely, accurate and credible key programme information. They also supported in sharing feedback from the HSNP communities.

The following was achieved during the period;

- Use of a toll-free number through which community members lodged complaints.
- Use of official email and social media for feedback and information sharing.
- During the period, a total of 3,043 cases were logged onto the MIS. Out of these, 95% of the cases were resolved.



#### 4.0 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 information to stakeholders for decision making.

##### 4.1 National Drought Early Warning System

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 categorised into biophysical and socio-economic indicators. Biophysical indicators look at rainfall patterns and hydrological data. 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 data is broadly classified into three categories;

- Drought effects on both crop and livestock production.
- Access to markets, food, and water.
- Nutrition and coping strategies.

The EWS supports analysis and synchronisation of data collected from all the ASAL counties in real-time. This provides timely information in advance of, or during, the early onset of drought to prompt action and reduce potential negative impacts. The recommended interventions are categorised into immediate, medium-term and long-term. The following was achieved during the period under review;

- Produced and disseminated 23 monthly county drought early warning bulletins, totalling 276.
- Produced and disseminated 12 consolidated monthly national drought early warning bulletins.
- Monthly provision of remote sensing information up to Ward level.
- Upgraded remote-sensing to incorporate an on-demand process that enables the NDMA to share weekly information.
- Migration of datasets to a cloud server - Earth Observation Data Centre.
- Produced 24 remote-sensed vegetation condition index reports (one at mid-month and the other at end month) for the 23 ASAL counties. The reports provided objective evidence-based information on the drought status.
- Improved the accuracy and reliability of biophysical indicators, such as rainfall data, cumulative amounts, and distribution by combining and triangulating data from various sources and sectors, including Kenya Meteorological Department (KMD), Famine Early Warning Systems Network (FEWS NET) and World Food Programme (WFP).
- Collected field data at the county level and developed models for the production of land cover maps.

##### 4.2 Drought and Food Security Assessments

The Authority achieved the following during the 2018/19 financial year;

- Coordinated the KFSSG to carry out two seasonal drought and food security assessments.
  - 2018 long rains assessment in August 2018
  - Short rains assessment in February 2019

- Conducted one mid-season assessment in May 2019 due to the poor performance of the 2019 long rains and the 2018 short rains seasons. The assessment determined that the number of households in need of food assistance rose from 1.1 million in February 2019 to 1.6 million in May.
- Conducted 20 rapid food security assessments in 12 counties, which informed priority areas for sector interventions, assisted in the identification of the response needs and resource requirements and gaps.
- 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.

### 4.3 Drought Information Dissemination and Feedback

NDMA disseminates information from the national drought early warning system to a wide range of stakeholders. This informs early action by the national government, county governments, UN agencies, NGOs and communities, among others. The NDMA early warning system contributes to other regional early warning initiatives.

During the reporting period, the Authority;

- Strengthened two-way communication with communities and grassroots action for drought risk management by use of an early warning information dissemination and feedback mechanism.
- Convened two (2) KFSM forums for validation and sharing of seasonal rains assessment reports.
- Published food security assessment reports and monthly drought bulletins on the NDMA website to enhance dissemination to a wider audience.
- Used electronic media, especially twitter and bulk email, to communicate drought information and assessment findings to stakeholders.
- Disseminated messages on drought status and interventions to communities through community meetings and local radio stations.
- Completed development of climate information service plans for Wajir, Isiolo, Garissa, Kitui and Makueni counties which provide timely and relevant climate information to different users at different scales.



## **5.0 DROUGHT RESILIENCE, CLIMATE CHANGE ADAPTATION AND SOCIAL PROTECTION**

Drought resilience and adaptation to climate change implies that communities and their supporting institutions collectively function as a system to enable them to navigate through impacts of extreme climate variability. Community resilience is best demonstrated through functional community readiness systems, including improved planning, climate-proofed investments, and sustainable management of investments to reduce individual and communal risk to hazards.

Drought emergencies are largely avoidable and ending them requires actions on two fronts;

- Reducing the high levels of vulnerability in ASALs through targeted investments.
- Building the human capital and strengthening institutions and governance of Disaster Risk Reduction/Climate Change Adaptation structures at national, county and community levels.

Investments in drought risk reduction was, therefore, a priority focus of the NDMA during the reporting period. This included continuous capacity development of DRR/CCA institutions at all levels. This focus is in line with the Sendai Framework 2015-2030, IDDRSI and the EDE., remained a priority for the authority. During the reporting period, focus was on mainstreaming DRR and CCA in planning, social protection and investments in drought risk management;

### **5.1 Mainstreaming DRR/CCA in policy, planning and alignment to budgetary processes**

Mainstreaming DRR/CCA planning processes into sector plans and CIDP guarantees a complementary approach to climate adaptation and drought risk management. These plans are reviewed and monitored regularly to establish progress towards climate adaptation and drought resilience. During the reporting year, the following key milestones were realised under policy, planning and capacity building;

#### **5.1.1 Support to county policy and legal reforms**

- Makueni County was supported to develop CCA and environmental policy.
- NDMA supported development of drought risk management policies for Samburu and Marsabit counties.
- Supported development of agricultural policy to enhance food security for Turkana County.
- Supported development of Agriculture Bill for Turkana County.
- Developed a model County Climate Change Law to align with national CCA policies and strategies.
- Developed model County Climate Change Fund regulations informed by the review of existing CCCF regulations/Act in Kitui, Makueni, Isiolo, Garissa and Wajir counties.

#### **5.1.2 Planning and alignment to budgeting processes**

- Established climate change adaptation Ward development planning committees in 20 Wards in Isiolo, Garissa, Kitui, and Makueni counties.
- Makueni and Isiolo counties were supported to incorporate DRR/CCA in sector plans.

#### **5.1.3 Community and institutional capacity building on DRR/CCA**



Community institutions help to address drought risk vulnerabilities by enabling communities to improve planning, implementation and sustainable management of the targeted investment undertaken in readiness for drought risks. The Authority worked in collaboration with other stakeholders to build the capacities of local institutions and communities.

The following activities were achieved during the reporting period;

- 20 Ward committees trained on CCA.
- In partnership with Kenya School of Government, reviewed the Climate Change Management Curriculum to integrate DRR/CCA for Training of Trainers.
- Trained 115 MCAs and CECMs from 23 ASAL counties on the DRR/CCA.
- Trained 47 county directors of communication on DRR/CCA to improve awareness creation and Climate information sharing.
- Developed a practitioner's guidelines on how to set up County Climate Change Fund.
- 280 county technical staff from 14 counties (Turkana, Baringo, Samburu, Marsabit, Mandera, Garissa, Tana river, Kilifi, Kwale, Taita-taveta, Makueni, Kitui, Tharaka Nithi and Isiolo) were trained on PDRA tools and processes.
- Trained 540 newly elected MCAs and CECs from Samburu, Marsabit, Garissa, Wajir, Tana River, Turkana, Baringo, Kilifi, Kwale, Kitui, Makueni and Laikipia on prioritisation of DRR and Climate Change adaptation in planning and budgeting.

## 5.2 Social Protection

Article 43 (3) of the Constitution states that every person has the right to social security and that the State shall provide appropriate level of support to those *“who are unable to support themselves and their dependents”*. In fulfillment of this, the Government has upgraded social protection into a flagship project in the Kenya Vision 2030 development blueprint. Moreover, the Kenya Social Protection Policy provides social protection guarantees to those vulnerable to climate-related shocks or to other natural and manmade disasters.

Kenya applies different social protection approaches and combinations of interventions including social health insurance, social assistance, and employment support schemes. Social protection is one of the Government's measures for addressing issues of extreme poverty and vulnerability in the extreme poorest households. In this regard, NDMA implements two programmes under its social protection portfolio;

- i. Hunger Net Safety Programme (HSNP).
- ii. Productive Safety Nets – Asset Creation Programme.

### 5.2.1 Hunger Safety Net Programme

The Hunger Safety Net Programme is an unconditional cash transfer programme implemented in four poorest and arid counties in Kenya, namely; Turkana, Wajir, Mandera and Marsabit. The programme's main objective is to deliver regular and emergency cash transfers and influence development of an integrated social protection mechanism both at the national and county levels.

NDMA has implemented HSNP since 2009 in two phases with financial support from GoK and DFID. Phase I was implemented between 2009 and 2012 and targeted 69,000 households. Phase 2 was implemented between 2014 and March 2019, targeting 101,800 households.

In January 2019, GoK and the World Bank signed a financing agreement for implementation of the Kenya Social and Economic Empowerment Programme, which consolidates all cash transfer programmes. Under KSEIP, HSNP 3 will continue operating in the four existing counties and expand to four additional drought-affected counties (Garissa, Isiolo, Samburu, and Tana River) to provide regular cash transfers to approximately 32,000 additional households. Implementation of HSNP 3 started in April 2019.

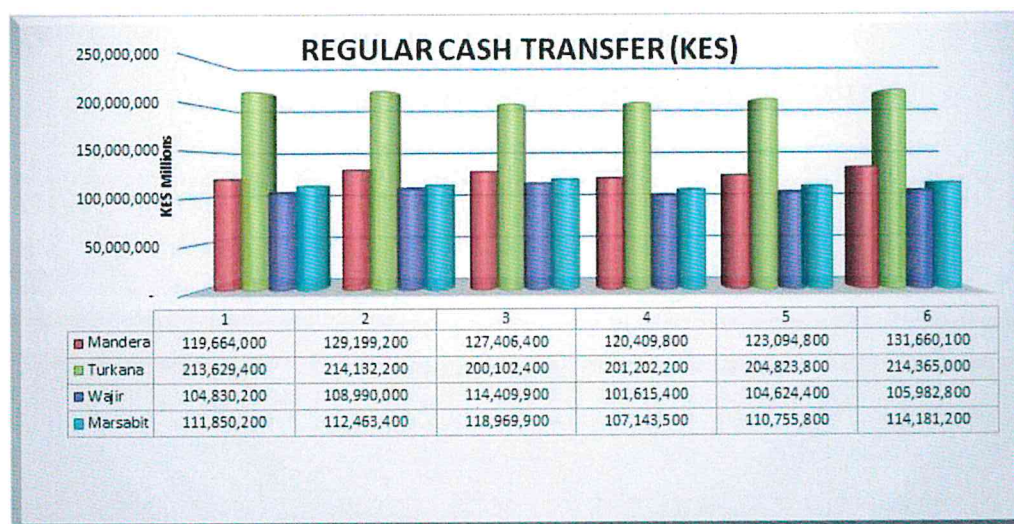
HSNP regular beneficiaries receive Kshs5,400 every two months through bank accounts. In addition, over 300,000 beneficiaries have bank accounts through which scale-up payments can be delivered during periods of severe drought or floods. The bank accounts are linked to debit cards that are operated through two factor authentication- access using biometrics or PIN. The debit cards also have a wallet facility that can be used to do both cash and non-cash interventions by HSNP or any interested organisation working in the four counties. Beneficiaries are paid through Equity Bank branches, Automated Teller Machines for those with PIN or via selected Equity Bank agents.

During the reporting period, NDMA realised the following achievements;

**a) Regular Cash Transfers**

- i. The Authority successfully procured the services of Equity Bank Kenya Limited as the payment service provider for HSNP 3 through a national competitive bidding process. Unlike HSNP II where the services were managed through a third party, the PSP contract is now managed by NDMA.
- ii. NDMA successfully delivered six (6) regular cash transfer cycles to 97,661 households in Turkana, Mandera, Marsabit and Wajir, amounting to Ksh 3.3 billion.
  - 60% of the regular cash transfer beneficiaries were women.
  - The Government financed 72% while DFID financed 28 %.
- iii. Maintained a wide cluster of payment agents across the four counties, including areas considered hard-to-reach.
  - Beneficiaries were served by 408 pay agents and 11 branches across the 4 counties.





### b) Re-registration

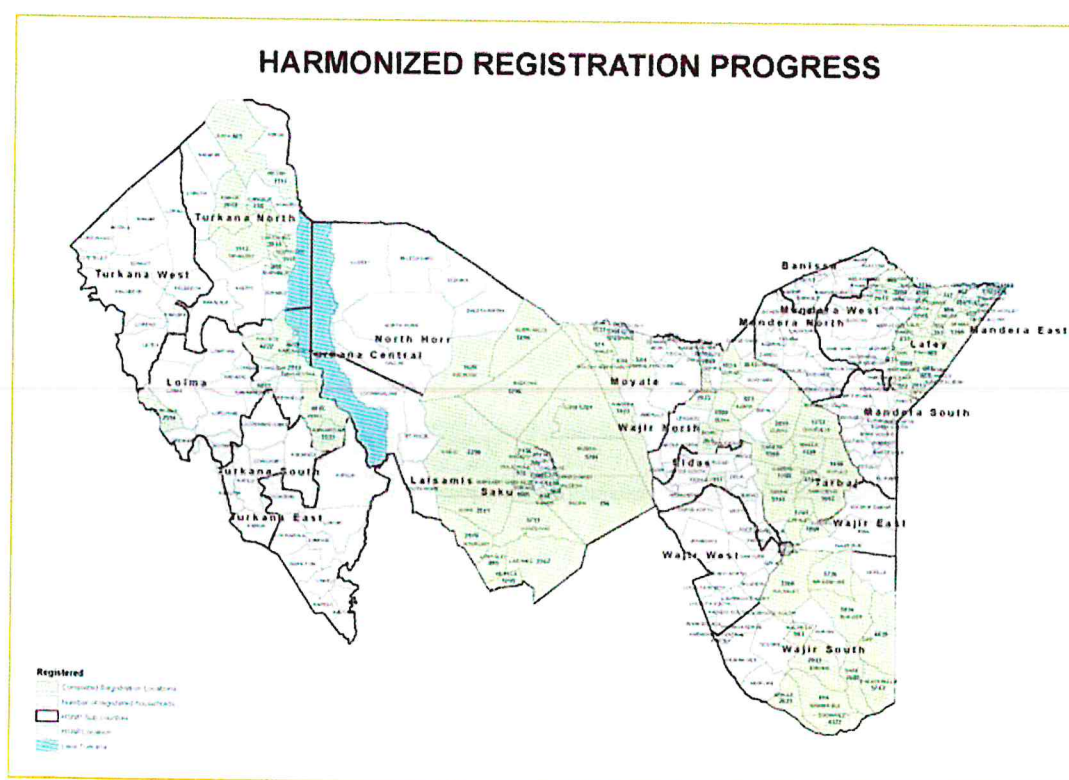
The re-registration uses a modified version of the harmonised targeting mechanism, a tool that was developed to support targeting across social protection programmes. Registration data includes information on;

- geographic locations of households (especially GPS coordinates)
- demographic profiles (name, age, gender, ID, education, employment, disability)
- assets and other information.

Data collection is done at the doorstep of the households, allowing enumerators to physically verify household members, assets and collect accurate data. During the period, the Authority;

- Developed an innovative, in-house web-based registration software that operates both in offline and online modes.
- Successfully rolled out a harmonised registration exercise in Turkana, Marsabit, Mandera and Wajir counties.





**Number of households registered in FY 2018/2019**

	31,364	124,720	4	64,902	59,817
	22,897	111,253	5	57,280	53,973
	29,912	162,194	5	82,521	79,673
	42,669	211,398	5	112,74	98,650
			8		
	126,842	609,565			

### 5.2.2 Productive Safety Nets

The Authority implemented productive safety nets in partnership with WFP through the Asset Creation Programme (ACP). The programme was implemented through cash or food-for-asset initiatives aimed at protecting and rebuilding livelihoods as well as building community resilience to drought and its related shocks through.

The reporting period marked a transition from the ACP to Sustainable Food Systems Programme (SFSP) in line with the WFP Country Strategic Plan (July 2018 – June 2023). The implementation of the SFSP will be led by county governments, a transition from the NGO-led approach in the previous programme. The programme covers 14 Counties, with NDMA providing technical-backstopping and coordination.

During the reporting period, preparatory activities undertaken at the county and community level included;

- i. Targeting done in 7 counties, covering 90 Wards and 368 communities/project areas.
- ii. County Technical Teams (CTTs) from 14 counties trained on Community Based Participatory Planning (CBPP) and PDRA methodologies.
- iii. 368 community members and community leaders trained on CBPP/PDRA.
- iv. 368 Community Action Plans (CAPs)/ proposals developed and validated at the county level.
- v. 40,773 beneficiary households identified through community participatory processes and electronically registered.
- vi. Capacity needs mapping conducted in Garissa Turkana, Baringo, Samburu, Marsabit, Isiolo, Tana river, and Wajir counties.
- vii. Cascaded sustainable livelihoods technical manual training for extension officers to county and sub county levels.

**Summary of geographical and beneficiary targeting in 7 counties**

County	Sub counties	N0. of Wards	N0. of project areas/village s/communities	Number of beneficiaries Households	Number of beneficiaries
Tana River	3	13	39	5833	34,998
Turkana	7	26	142	12,167	73,000
Baringo	5	18	27	4500	27,000
Marsabit	4	15	30	9168	54,994
Isiolo	3	4	37	5775	34,650
Samburu	2	4	26	3330	20,000
Garissa	5	10	67	11600	69,600
<b>Total</b>		<b>90</b>	<b>368</b>	<b>40,773</b>	<b>314,242</b>





*An Isiolo County official takes Kambi Garba community in Burat Ward through the targeting process.*

### 5.3 Investments in Drought Risk Reduction/CCA

The Authority focused on influencing investment priorities for drought resilience building among actors that include National and County Governments and non-State actors. During the reporting period, the Authority prioritised investment for implementation of drought preparedness projects/investments, through participatory processes (PDRA) and aligned sector plans and priorities.

Potential of the investment to reduce impacts of future droughts and collaborations with county and community to co-finance and implement was put into consideration. The co-financing commitments were further formalised through financial agreements. The following drought resilience and climate change adaptation programmes and projects were implemented during the reporting period;

- i. EDE-Support to drought risk management and coordination project funded by European Union.
- ii. Drought response and resilience in arid and semi-arid regions of Kenya supported by UNDP.

The specific resilience components achieved are as below;

#### 5.3.1 Support to education sector

The following activities were implemented during the period;

- Rehabilitation and expansion of Masol Primary School - the project components include; reconstruction and equipping of 9 classrooms, ECD block, completion of a boys' dormitory and fencing of the school compound at a cost of **Kshs 25 million**. The boarding facilities are expected, to accommodate 160 pupils (80 boys and 80 girls). The intervention is a partnership between NDMA, County Government of West Pokot, Italian Cooperation and the community. The intervention is expected to improve access, retention, transition and quality of education for vulnerable children from West Pokot and Turkana counties.



- Provision of storage water tanks for schools
  - Tharaka - six schools were provided with 6 tanks (10,000 litres) with gutters & platforms) to provide potable water and improve hygiene for 1,416 pupils, at **Kshs 2 million**.
  - Laikipia - four schools were provided with 6 tanks (10,000 litres), gutters and platforms to increase their water storage capacity and improve hygiene for 498 pupils (277 boys and 221 girls) at **Kshs 2.5 million**.
  - Lamu - 10 schools were provided with 6 tanks (10,000 litres) with gutters & platforms to provide potable water and improve hygiene for 2,667 pupils at **Ksh 1,506,700**.
- Construction of boarding facilities at Plesian Primary School in Churo Amaya Ward in Baringo County. The catchment for the school is Tangelbei and Silale Wards in Baringo, Sosian Ward in Laikipia and Suguta Marmar in Samburu County. The intervention entails construction and equipping of two boys and girls dormitories to accommodate 120 pupils each, and provision of water through a borehole at **Ksh 25 million**. The current enrolment is 236 pupils (130 boys and 106 girls) and 50 pupils at ECDE level. The works were awarded in May 2019 and are ongoing.

The expected outcome is to reduce school dropout rates during drought and to enhance integration between warring communities in the region.

### 5.3.2 Support to water and irrigation infrastructure

During the reporting period, Naoyawoi Irrigation Scheme in Turkana was supported in drilling and equipping of a solar powered borehole. The borehole benefits 500 community members (292 women and 208 men) affected by drought to maintain food security all year round.

Other water works activities implemented during the period were;

- Rehabilitation of Mbasya water pan (73,000 M<sup>3</sup> water pan) in Makueni at Ksh. 6,500,000 after the pan breached during the 2018 enhanced long rains. The intervention will benefit 60,000 people (25,000 Male and 35,000 Female), and about 50, 000 livestock. The works are complete.
- Support to Qubi Qallo strategic borehole - The Authority procured a 40KVA diesel powered generator at Ksh3,000,000 for Qubi Qallo Community borehole in Marsabit County while the County Government constructed a generator house at Ksh350,000. The strategic borehole is providing water for 20,000 herders, and water trucking for Marsabit town during drought periods.
- Rehabilitation of Kwa Ndaki Earth Dam in Kitui at Ksh 6,428,961 - The intervention involves stabilization of embankment and spillway improvement for climate proofing and provision of filtration system to improve water quality. The 150,000M<sup>3</sup> dam, that was completed last year, is benefiting over 10,000 beneficiaries and over 2000 cattle and 30,000 sheep and goats.

The following water works were awarded in May 2019 and are at initial stages of implementation;

- a. Construction of 50,000m<sup>3</sup> Nagelle Water Pan in Lamu at Kshs 26,238.113.
- b. Construction of 50,000m<sup>3</sup> Oloochumari water pan in Kajiado at Kshs19,308775.
- c. Construction of 40,000m<sup>3</sup> Qachacha Water Pan, Jaldesa in Marsabit at Ksh. 15,700,000.
- d. Construction of 50,000m<sup>3</sup> Shallety Water Dam construction in Wajir at Kshs 24,918,410.

- e. Construction of 50,000m<sup>3</sup> Kariwo Water Earth dam in Laikipia at Kshs 25,211,276.
- f. Construction of 15Km pipeline and auxiliary works for Mokori Water project in Oldonyiro ward in Isiolo County at Kshs 25,000,000.

### 5.3.3 Livelihood value chains /value addition on existing livelihoods

During this reporting period,

- Kakuma Slaughter House was operationalised and handed to the County Government. The slaughter house is a category B facility serving 60,000 (30,720 female, 29,280 male) residents of Kakuma town as well as 147,365 (67,668 female, 79,697 male) refugee population. The commissioning of the facility is a great milestone in realisation of meat hygiene in Kakuma and surrounding areas.
- Construction of Vaccine cold chain & storage in Marsabit, at Ksh 6 million.  
The project is ongoing, at 80% completion. The project is expected to improve storage of vaccines and cold chain management of vaccines leading to effective and efficient prepositioning of vaccines. The facility has the potential to support the neighbouring counties of Isiolo, Wajir and Mandera counties. The county government provided a standby generator and generator house.
- Dairy milk cooling plant construction in Samburu, at Kshs 46,708,000.  
The project is a collaboration between Samburu Dairy Cooperative Society, NDMA, RPLRP, and the County government of Samburu. NDMA is contributing Ksh12,000,000 towards the construction of the building. Samburu County Government has provided septic tanks, water storage tanks and a perimeter fence and expansion of fodder production.  
The project is ongoing and on completion will have 1000 direct beneficiaries and indirect beneficiaries. NDMA supported farmers to establish on farm fodder production. The target is 200 cooperative members. Other partners are Regional Pastoral Livelihoods Resilience Project (RPLRP), which provided 3 No. 10,000lts water tanks-, Department of Livestock provided a 3,000 litre cooling plant ,provision of land, capacity building, and support pasture production, while Samburu Dairy Cooperative, will manage the facility, hiring of Milk shop at six sites and procurement of milk ATMs.
  - Construction of Sale yard at Lolmolog in Samburu, at Ksh. 8,938,245  
The works are 90% complete. The community provided land, and the facility is managed through a co-management arrangement, that will allow for sustainable management of the livestock sale yard. Expected benefits are to improve offtake and incomes for livestock producers and other actors along the value chain.
  - Meru sweet potato processing plant  
Procurement of additional oven and drier, at Ksh.6, 500,000 and 40KVA Diesel Power Generators was done during the reporting period, to improve efficiency in operation & maintenance and production.

### 5.3.4 Support to Income generation activities for Youth and Women

During the reporting period;

1,443 youth and women from Kilifi, Kwale and Tana River counties were trained on business skills, value chains, product marketing and group dynamics. The youth and women were supported through



start up small scale businesses. As a result of these interventions, the target beneficiaries have earned an additional Ksh 1,348,000 from January 2019 to April 2019.

A youth forum for supported groups (27 in Tana-river; 27 in Kwale; 21 in Kilifi county) was held for experience sharing and promote marketing linkages and areas of partnerships.

#### **5.4 Drought Recovery Initiatives**

During the reporting period, recovery activities were aimed at enabling communities to bounce back from the drought that affected most ASAL counties since 2016 and also to enhance preparedness for subsequent droughts. These investments during the post 2016/17 drought recovery period ultimately enhanced community preparedness capacities as the 2019 drought situation unfolded. A total of Ksh 5,380,500 was utilized for livestock sector drought recovery. A total of 28,421 cattle were treated against Black Quarter (BQ) alongside use of pour-on acaricides to control ticks and tsetse flies in Lamu while in Kilifi, NDMA supported RVF vaccination to a total of 83,376 livestock.

#### **5.5 Project Sustainability**

Continuous improvement of operational and management skills of committees to operate and manage investments in strategic infrastructure contributes to project sustainability. Of significance is the financial skills to ensure cost recovery of accompanying services provided and ring-fencing of potential revenues generated from the services provided.

Environmental impact assessment and follow up on environment mitigation plans also contributes to project sustainability. During the reporting year, the Authority prioritised training of management structures at the community level and supported EIA activities.





## 6.0 DROUGHT CONTINGENCY PLANNING, RESPONSE AND RECOVERY

The Constitution of Kenya obligates the State to protect the vulnerable groups in society to achieve progressive realization of the rights guaranteed under Article 43, including the right to be free from hunger. However, drought erodes economic gains and undermines efforts to progressively realize this right. As a specialized institution, NDMA prioritizes drought response to cushion livelihoods of vulnerable households from drought shocks.

In addition to providing drought early warning information (*refer to section 4*), the Authority coordinates preparation of drought contingency plans and mobilizes resources for timely response. Availability of drought contingency finance ensures that action is taken early to protect lives and livelihoods and avoid the high cost of emergency response. Consequently, the Government is establishing the National Drought Emergency Fund to ensure that resources will always be available for quick action before a drought deteriorates. NDMA has been pilot testing the approach with a Drought Contingency Fund (DCF) provided by the European Union, which it has been disbursing in drought-affected counties in partnership with the county governments.

To cushion the poorest and most vulnerable households during droughts, NDMA has been disbursing shock responsive cash transfers under the HSNP II in 4 counties namely Turkana, Marsabit, Wajir and Mandera. The drought shock responsive cash transfers were previously supported by development partners however going forward in HSNP 3, the transfers are now fully covered by GoK.

### 6.1 Drought Contingency Planning and Response Implementation

The NDMA has institutionalized a bottom-up contingency planning process, with the Ward as the lowest unit of response planning. This makes use of participatory processes at ward level which produce contingency plans that provide input for county level drought contingency planning. These processes also build capacity of communities and sectors to develop their own plans and mobilise resources for drought response activities.

During the reporting period, the NDMA;

- Conducted six cluster workshops to enhance capacity of NDMA county teams and a select drought sensitive sectors to revise contingency plans, conduct scenario building and drought response simulation exercises (specific to arid counties only), and drought response planning with sector representatives from hotspot sub-counties. Sectors targeted in this capacity enhancement were; Livestock, Water, Nutrition and Education.
- Reviewed and updated 23 County drought contingency plans that were adopted by stakeholders at the national and county levels. The reviews took advantage of the newly developed ward contingency plans.
- Supported 7 arid counties namely Wajir, Garissa, Isiolo, Marsabit, Samburu, Baringo and Tana River to conduct scenario building and response simulation as a means for strengthening drought response capacity.

- Supported capacity building on drought contingency planning targeting sub-county level technical officers in the 14 semi-arid counties.<sup>1</sup>
- Coordinated and supported development of drought response plans for all the 23 ASAL counties. Of these, 15 drought response plans for counties facing drought stress (Mandera, Turkana, Garissa, Baringo, Kilifi, Tana River, West Pokot, Marsabit, Makueni, Kajiado, Kwale, Isiolo, Samburu and Wajir) were implemented according to the evolving drought situations in the specific counties.
- These drought response plans were used by the counties and stakeholders to mobilize resources for drought response from diverse sources including the NDMA set-aside funds for drought response supported by the EU under DRMC SP5 from which 20 requisitions from drought affected counties were submitted (20 RFs) during the 2018/19 drought.
- 8 follow up and monitoring missions were conducted on response implementation in Mandera, Wajir, Garissa, Tana River, Baringo, Laikipia, Samburu and Isiolo counties. The missions were meant to ensure stakeholders involvement, functionality of coordination structures and adherence to Standard Operations Procedures (SOP).
- Enhanced Capacity of County Technical Working Groups (CTWG) on Participatory Disaster Risk Analysis (PDRA) to improve ward level contingency planning capacities targeting sub-county Technical Working Groups (STWG) in 5 counties (Baringo, Samburu, Isiolo, Laikipia and Tana River Counties). A pool of 85 facilitators were trained to conduct PDRA process.
- Mobilised resources for drought response as follows, KSh 1.852 Billion from the National Treasury, KSh 1.2 Billion from County Governments, and over KSh 218 million from the EU (being drought contingency funding disbursed to 11 counties for response), KSh 395.3 million for cash transfer scale ups (jointly funded by GoK and EU).

## 6.2 Drought Response Financing Mechanism

The EDE strategy envisages strong institutional and financing mechanisms for drought risk management. The Authority is guided by the 'no-regrets, early action' principle aimed at protecting lives and livelihoods, thus avoiding the high cost of emergency response. In order to ensure effective drought response coordination, NDMA has;

- Improved on guidelines, standard operating procedures and mobilized and allocated resources for drought contingencies to fund early actions for drought response and recovery.
- Promoted the use of the reviewed and updated drought response guidelines incorporating lessons learnt from previous drought response interventions and scalability mechanisms.
- Improved the contingency funding business process resulting in shorten the turnaround time, on average 9 days from requisition to disbursement of funds for response and exclusive use of MIS for all contingency funding response requisitions.
- Entrenched the use of vegetation condition index (VCI) as the objective trigger for drought response and justification for accessing contingency funding. The VCI is produced bi-monthly for county and sub-county levels.
- Enhanced internal capacity to produce VCI at the Ward level.

<sup>1</sup> The semi-arid counties are Lamu, Kilifi, Kwale, Taita Taveta, Kajiado, Makueni, Kitui, Narok, Embu, Tharaka Nithi, Meru, Laikipia, Nyeri and west Pokot



- In order to operationalize the National Drought Emergency Fund (NDEF), the amendment process for the NDMA Act 2016 to harmonize it with the Public Finance Management Act 2012 has progressed to Parliament for legislation. The amendments have gone through First Reading and they have also been subjected to deliberations of the Assembly Committee on Labour and Social Protection. The relevant accompanying regulations will be tabled in parliament after the amendment to the Act is passed Subject to completion of the ongoing legislative process and ultimately the operationalization of the fund, the World Bank has already earmarked a further capital injection of KSh 2 Billion. The NDEF will adopt the model already piloted by NDMA's business process for the EU funded contingency fund.

### 6.3 Drought response initiatives

During the reporting period, there was a mild drought situation attributed to depressed rainfall in October-November-December 2018 rainfall season, and delayed and poor performance of March-April-May 2019 rains season. The intervening period between December 2018 and April 2019 was characterized by unusually high temperatures which led to widespread hydrological drought and severe vegetation deficit which initially affected 11 ASAL counties.

The situation necessitated drought response mainly with interventions in water, livestock, peace & Security and social protection sectors. To this end, NDMA coordinated the National and County Governments, development partners and other non-State actors initiated implementation of drought response actions.

NDMA responded as follows:

- a) Resource mobilisation from the National Treasury, county governments and other partners.
- b) Disbursement of funds for response from the EU funded Drought Contingency Fund to finance drought mitigation activities and shock responsive scalable cash transfers.
- c) Effected the drought shock responsive scalable cash transfers based on attainment of VCI thresholds to 60,566 households at a cost of KSh 395,344,800.

#### ***a) Response funding from the National Treasury, County Governments and other partners***

Following the worsening drought situation, NDMA developed a consolidated summary of prioritized drought response needs for the ASAL counties from their submitted response plans.

The resulting summary response plan was rationalised to KSh 8 Billion and adopted to inform funding for ongoing drought response. During the reporting period, the resource mobilization was as follows;

- Following recommendations by NDMA, the National Treasury approved allocation of Kshs. 2.158 Billion for drought response under Article 223 of the Constitution of Kenya to the State Department of Devolution, Ministry of Agriculture and Ministry of Water.

The funds were apportioned as tabulated below;

### Funds allocated from National Treasury for various intervention

S/No	Intervention Category and Implementing Agency	Amount KSh
1	Food and safety net implemented by the State department for Devolution	902,000,000
2	Household Irrigation water storage programme implemented by the Ministry of Agriculture	600,000,000
3	Provision of strategic water facilitates maintenance and rehabilitation implemented by the Ministry of Water and Irrigation, and Regional Development Authorities	650,000,000

The details for these interventions in the ASAL counties are as tabulated below;

### Extract of relief food allocations for ASAL Counties

County	Maize (50kg bag)	Rice (50kg bag)	Beans (50kg bag)	Veg. Oil (24x1/2 ltr. Ctn.)
Baringo	3,600	600	1,800	240
Garissa	350	5,600	2,100	280
Isiolo	150	1,500	600	90
Kilifi	2,500	1,000	1,500	200
Kitui	5,400	900	2,860	40
Kwale	200	1,000	400	0
Laikipia	0	500	800	250
Lamu	200	1,000	400	0
Makueni	3,800	1,400	1,800	0
Mandera	350	5,600	2,100	280
Marsabit	2,764	700	1,400	210
Meru	3,000	800	310	60
Narok	600	400	200	200
Nyeri	600	200	400	80
Samburu	1,500	1,800	1,000	200
Tana River	1,500	600	600	0
Turkana	7,200	400	2,490	190
Wajir	200	4,300	1,200	160
West Pokot	2,500	420	1,000	150

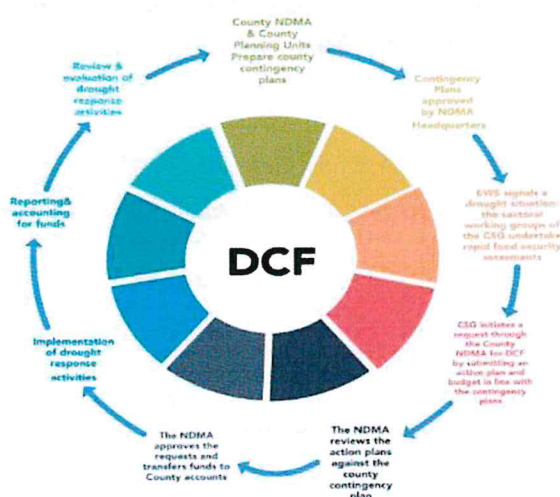


<b>Grand Total</b>	<b>36414</b>	<b>28720</b>	<b>22960</b>	<b>2630</b>
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**NB:** see annex for sub-county allocations by end of June 2019

- The Authority with support from EU disbursed KSh 218 million to eleven (11) counties for drought response interventions. The activities funded included enhancement of supportive livestock health services, maintenance of water facilities, fuel subsidies for strategic water facilities, water trucking to communities and institutions, nutrition mass screening and integrated health outreaches, and peace initiative activities. The beneficiary counties were Baringo, Garissa, Isiolo, Laikipia, Mandera, Marsabit, Samburu, Tana River, Turkana, Wajir and West Pokot.
- The Government and EU through the shock responsive scalable cash transfers mechanism operated under HSNP provided KSh. 395.3 million for emergency cash transfers to 60,566 households in Wajir, Mandera, Turkana and Marsabit Counties. Wajir County was worst affected and received the highest scalable cash transfer payout as informed by the Vegetation Condition Index.
- County governments allocated approximately KSh 1.2 Billion, which is equivalent to 0.8 % of county revenue, which is lower than the statutory 2% of the actual allocation of 2018/19 budget provided for under PFM 2012 for disaster management. <sup>2</sup>

## b) Drought Contingency Funding Business Process



The Drought Contingency Funding Business Process is a web-based MIS that seeks to automate the business processes of NDMA in order to facilitate drought contingency fund requisition for drought response. The system links county drought coordinators, the NDMA HQ staff and third parties (e.g. donors) involved so as to enhance information sharing and meet the objectives of the Authority. The system also links contingency planning, drought early warning and rapid food security assessments.

The Authority, through the EU support, disbursed KSh 218 million to support drought response

activities identified by sectors in 11 drought affected counties. Focus was mainly on the livestock and water sectors, which were the most affected by the drought. Consequently, 53 % of the funds was spent on livestock sector interventions while 29 % was used for water sector interventions. The remainder was used for peace and security, health and nutrition as well as coordination.

<sup>2</sup> Editorial team to capture the variance in county allocations for emergency response between the statutory 2% in PFM 2012 to actual 0.8% as a challenge in the CEO's report.

### Support to the livestock sector

During the reporting period, the Authority re-tendered and launched a framework contract for supply of livestock feed supplements. Through the launched contract, 41,770 bags (50 kg) of drought pellets were procured to support livestock feeding in drought affected counties. NDMA also supported livestock health interventions at a cost of KSh 11,691,000 in the same counties, pasture establishment and livestock pasture access at a cost of KSh 1,973,800 in Marsabit County and commercial destocking to stimulate local markets to function at a cost of KSh 1,962,000 in Garissa County.

### Support to water sector

During the reporting period, the Authority rehabilitated 5 water bowzers and 1 lorry at KSh 10 million to enhance drought response capacity at county level. Further, NDMA's drought response funding supported water trucking at KSh 27,908,000, rapid response teams for emergency repairs of strategic water facilities at KSh 18,482,950, fuel subsidy for strategic boreholes in affected counties at a cost of KSh 9,253,600, the supply of water equipment to strategic water facilities costed KSh 2,503,250 and for installation of tanks and associated water harvesting infrastructure for institutions at KSh 8,552,400 in the 11 counties affected by drought.

### Support to health Sector

During the reporting period, the Authority supported drought response interventions in health sector that included mass screening and integrated health outreaches at KShs 6,168,450, in 5 of the 11 drought affected counties namely Garissa, Mandera, West Pokot, Samburu and Isiolo.

### Support to peace and security

In order to promote coexistence among neighbouring communities and resource user groups, KSh 17,010,110 was used to support intercommunity peace dialogues on access to drought survival fall back grazing and watering zones.

### Allocation of drought response funds per county

County	Agriculture	Coordination	Health & Nutrition	Livestock	Security	Water	Total
Baringo		1,733,900	1,615,200	14,093,450	1,068,000	7,219,600	25,730,150
Garissa		4,990,800		27,605,600	843,500	7,034,000	40,473,900
Isiolo		686,650		2,876,650	807,800	5,219,200	9,590,300
Laikipia		678,800				1,286,100	1,964,900
Mandera	867,700	1,471,600	634,500	23,514,350		15,777,100	42,265,250
Marsabit		982,000		1,011,600	1,456,200	5,373,800	8,823,600
Samburu		659,250	1,050,900	963,600		1,671,800	4,345,550
Tana River		756,100	713,650		470,000	3,359,700	5,299,450
Turkana		3,576,200	1,380,000	23,504,000	4,103,500	9,144,250	41,707,950
Wajir		1,184,000	207,200	21,392,800	3,788,560	6,836,400	33,408,960



West-Pokot		851,600			2,530,950	964,900	4,347,450
<b>Total Kshs.</b>	<b>867,700</b>	<b>17,570,900</b>	<b>5,601,450</b>	<b>114,962,050</b>	<b>15,068,510</b>	<b>63,886,850</b>	<b>217,957,460</b>

### c) Drought shock responsive scalable cash transfers

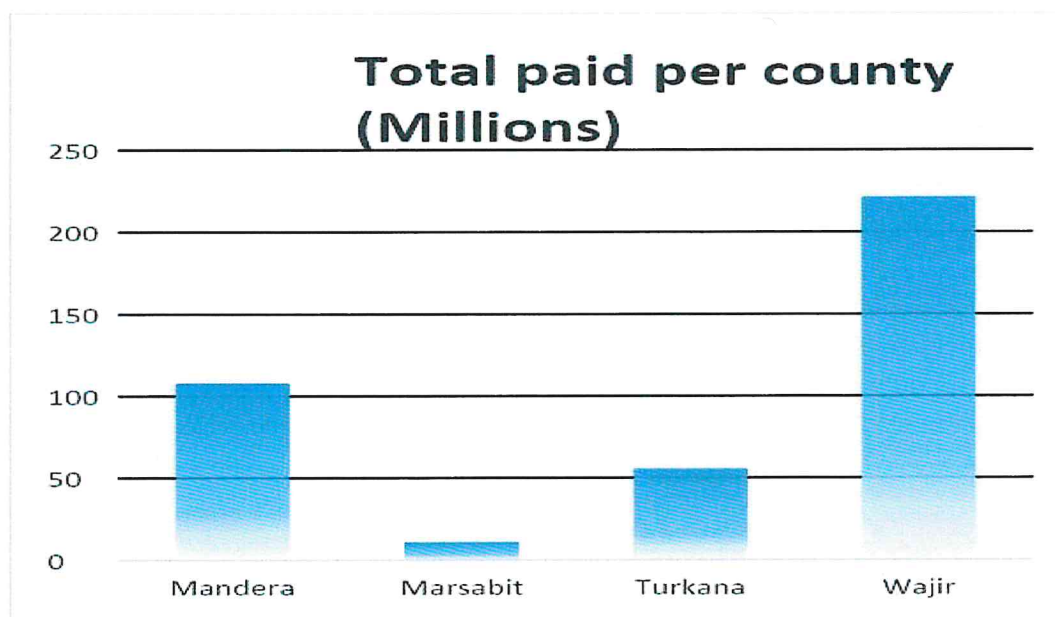
Shock responsive cash transfers have an important role to play in reducing vulnerability and risk throughout the drought cycle. In this intervention just like in other response actions, the Authority is guided by the 'no-regrets, early action' principle aimed at protecting lives and livelihoods, thus avoiding the high cost of emergency response.

The scalability of cash transfers provides a fast and effective response to large proportions of the population during severe drought and support the resilience of the poor and vulnerable populations in response to regular, local climatic fluctuations. There is a lot of evidence in arid areas of the strong and direct correlation between worsening drought conditions and decreased household consumption and expenditure. Timely scaling up and down of cash payments before situations deteriorate has been shown to be more effective and cost-efficient than initiating ad hoc emergency responses.

Scalable cash transfers were paid based on vegetation condition index thresholds from January to June 2019, with each household receiving KSh 2,700 per month through the HSNP programme. Over the reporting period, the Authority paid a total of six (6) shock responsive cash transfers totaling to KSh 395 million.

The payments were made to 60,566 households (363,396 Members) in Turkana, Wajir, Mandera and Marsabit and reaching a population of household members. Wajir received KSh 221 million, Marsabit received KSh 108 million, Turkana KSh 55 million and Marsabit KSh 11 million.

## 6.3 Drought Recovery Initiatives







## 7.0 KNOWLEDGE MANAGEMENT

This section focuses on knowledge generation, storage, distribution and application, and monitoring and evaluation.

### 7.1 Knowledge Generation

During the reporting period, NDMA undertook the following as part of knowledge generation;

- NDMA, in collaboration with BOKU University, initiated the process of modelling the classification of land cover based on data collected from the field. The maps will characterize land cover across the 23 ASAL counties and will be useful in augmenting the livelihood zone profiles.
- A lessons learnt workshop on best practices and innovations in implementation of drought preparedness interventions was held in October 2018. The key lessons learned were documented and shared with stakeholders.
- Used open source Software for Processing and Interpreting Remote Sensing Image Times Series (SPIRITS) for rapid mapping, statistical plotting, interpretation of vegetation indices and their anomalies in seasonal graphs.
- Developed Hazard Atlases for Marsabit and Laikipia counties. The atlases provide policy-relevant information on the occurrences and spatial distribution of hazards and disasters, including key vulnerabilities of communities living in climate risk areas.
- Produced a number of online publications on climate change adaptation namely;
  - Gender inclusion and the CCCF mechanism: Increasing the voice and the benefits for Women  
<https://www.adaconsortium.org/index.php/component/k2/item/389-gender-inclusion-and-the-cccf-mechanism-increasing-the-voice-and-the-benefits-for-women>
  - Assessing the “Business Case” for investing in the CCCF Mechanism  
<https://www.adaconsortium.org/index.php/component/k2/item/386-e-ective-innovation-assessing-the-business-case-for-investing-in-the-cccf-mechanism>
  - Strengthening the CIDP process and contribution of CCCF Mechanism  
<https://www.adaconsortium.org/index.php/component/k2/item/390-strengthening-the-cidp-process-and-contribution-of-cccf-mechanism>
  - The science of adaptation: A framework for assessing the effectiveness  
<https://www.sciencedirect.com/science/article/pii/B9780128118917000165>
  - Taking stock since the Paris climate agreement.  
<https://www.adaconsortium.org/index.php/component/k2/item/376-joto-afrika-issue-23>
  - Learning to Engage with inequality in Context of Resilience-Building Programming: Experiences from Isiolo, Kenya,  
<https://www.ids.ac.uk/publications/learning-to-engage-with-inequality-in-the-context-of-resilience-building-programming-experiences-from-isiolo-kenya/>
  - How bottom-up M&E insights can inform national adaptation planning and reporting.  
<https://pubs.iied.org/pdfs/17488IIED.pdf>
  - Ecosystem Based approaches to adaptation: Strengthening the evidence and informing policy

- <https://pubs.iied.org/I7620IIED/>
- Climate Information Services Toolkit: A toolkit  
<https://www.adaconsortium.org/index.php/component/k2/item/377-climate-information-services-toolkit>
- Makueni County Climate Change Fund inventory of investments.  
[https://www.adaconsortium.org/images/downloads/Makueni\\_Inventory\\_I70818-2.pdf](https://www.adaconsortium.org/images/downloads/Makueni_Inventory_I70818-2.pdf)
- Kitui County Climate Change Fund inventory of investments.  
[https://www.adaconsortium.org/images/downloads/Kitui\\_County\\_Climate\\_Change\\_inventory.pdf](https://www.adaconsortium.org/images/downloads/Kitui_County_Climate_Change_inventory.pdf)
- Garissa County Climate Change Fund inventory of investments.  
<https://www.adaconsortium.org/images/downloads/Garissa%20County%20Climate%20Change%20inventory.pdf>
- County Climate Change Fund Guidelines  
<https://www.adaconsortium.org/index.php/component/k2/item/380-guidelines-for-mainstreaming-climate-change>

## 7.2 Knowledge Storage

During the reporting period, NDMA continued to strengthen its knowledge storage systems as follows;

- Developed specifications, requirements and user guidelines for a knowledge and information sharing platform. The platform will be operationalised in the next reporting period to enhance storage and dissemination of internally and externally generated DRM knowledge.
- Ensured cloud-based backup for drought early warning systems data.
- Integrated a cash transfer monitoring tool in the early warning database to track post-payment utilisation of funds in every quarter.
- Developed a requirements and specifications document for upgrade of the Authority's drought contingency funds requisition and reporting MIS to support new requirements and changes in the business process.
- Maintained a secure HSNP database and household registry for Turkana, Wajir, Marsabit and Mandera counties that is linked to the NSNP Single Registry.

## 7.3 Knowledge Distribution and Application

Information sharing is one of the key mandates of the NDMA. 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 the NDMA website, Twitter and a bulk email sharing platform (*Mailchimp*), mass media and forums. During the reporting period, the following was achieved with regard to knowledge distribution and application;

### 7.3.1 Publicity and awareness creation

#### a) Media engagement

Over the reporting period, various NDMA representatives gave interviews on international, national and local (county) media. These included media interviews on national TV and radio as well as side interviews in the field and during public events. Additional engagements include press conference for



the release of the 2018 short rains assessment report and radio talk shows by County Drought Coordinators in local stations.

In addition, early warning information was shared directly with journalists and media houses through mailing lists, strongly positioning the Authority as the source of accurate and reliable drought information and the authority on all matters regarding drought risk management in Kenya.

#### **b) Publicity events**

These included county level publicity events and launches to create awareness of NDMA preparedness and response activities.

- The Authority was a key actor in the DRM platform at the inaugural ASALs conference in Malindi, where it shared experiences to participants. This was complemented by an exhibition stand. The conference was attended by more than 700 stakeholders.
- Displayed and distributed NDMA publicity materials during the Pastoralist Leadership Summit held in Garissa between 28<sup>th</sup> February and 2<sup>nd</sup> March 2019. The NDMA brand and that of its partners was conspicuous during the event that brought together more than 400 delegates.
- The NDMA showcased *Kenya's financing mechanism for early no-regrets drought response* at the European Development Days held in Brussels, Belgium on June 18 and 19, 2019. The stand attracted governments, development partners and private sector representatives, thus providing very good visibility for the Authority and the country.
- Kwa Ndaki earth dam implemented by the NDMA in Mutomo Sub county was used as the event venue for World Water Day 2019 celebrations on March 22, 2019. This provided an opportunity for promoting climate-proofed water infrastructure technologies. The 150,000m<sup>3</sup> dam serves 8,500 people and approximately 32,100 livestock.

#### **c) Electronic platforms**

- The Authority reached more than 2,000 subscribers of the NDMA national and county mailing lists where drought early warning information is shared on the *Mailchimp* mailing lists.
- The Authority runs a bulk SMS and toll-free number as a social accountability and complaints and grievance handling mechanism. During the reporting period, a total of 80,556 messages were shared with cash transfer beneficiaries through bulk SMS. The messages were about cash transfer payments, the recertification of potential beneficiaries and case management of beneficiaries.
- During the reporting period, The NDMA twitter handles had 2028 followers. A total of 1271 tweets were shared with members of the public.

### **7.3.2 Symposia**

The NDMA coordinated and participated in the following symposia;

**Drought Risk Reduction symposium** - The 6th National Disaster Risk Reduction (DRR) symposium was held in November 2018 in Kilifi County. This is a knowledge sharing platform where participants drawn from academia, research institutions, UN agencies and sectors congregate to share information/learning and advice on drought risk management priority areas for concerted action. The Authority used this platform to share its experiences on drought risk management

**IGAD Drought Resilience Platform Steering Committee meeting that was held in Djibouti on 17-18 December 2018.** The meeting was convened and hosted by the Inter-Governmental Authority on Development (IGAD). Each member state reported on progress made on implementation of the recommendations of the previous Steering Committee meeting of May 2018; progress on implementation of EDE related projects, lessons learnt, challenges faced and recommendations. Kenya's presentation was made by NDMA Chief Executive Officer.

**Participated in a workshop to share learning and experiences on Devolved Climate Finance DCF approaches from different contexts in February 2019, Nairobi and regional conference in Mali in April 2019 with over 100 attendees.** DCF Alliance is a platform for sharing knowledge, networking, building capabilities, technical expertise and responding to shared challenges within country Devolved Climate Finance approaches. NDMA represent Kenya as a pioneer member country that first piloted devolved climate finance.

**NDMA also participated in Community Based Adaptation (CBA) 13 conference in Ethiopia** where experiences and lessons were shared in several sessions.

#### **7.4 Monitoring and Evaluation**

##### **7.4.1 Web-based M&E tool**

- The Authority developed and adopted an M&E framework.
- NDMA has customised and adopted an MIS tool from IGAD. This tool (DI –monitoring) tracks progress of both the NDMA Strategic Plan and the EDE milestones. During the period, 20 NDMA officers were trained on the use of the tool, with the objective of ensuring provision of adequate support to existing monitoring and reporting tools in the institution.

##### **7.4.2 Monitoring missions**

During this reporting period, a number of monitoring missions were carried out to track progress, document challenges and lessons learned to inform implementation of activities, projects and programmes as follows;

**NSNP and KSEIP missions** - 4 joint implementation support missions by the World Bank and the United Kingdom's Department for International Development (DFID) during the reporting period. The mission covered the National Safety Net Program (NSNP) and the Kenya Social and Economic Inclusion Project (KSEIP).

**EU Court of Auditors mission-** The European Court of Auditors (ECA), an independent institution of the European Union, conducted a performance audit mission of the EU's development cooperation with Kenya in February 2019.

**Assessment of low-cost boarding schools in ASALs** - NDMA supported the National Council for Nomadic Education in Kenya (NACONEK) to carry out an assessment to establish Climate Resilient Green Model Schools as centers of focus in developing sustainable home-grown communities. The assessment was conducted in Turkana, Narok, Kajiado, Garissa, Tana River, Taita Taveta, Kwale and Kilifi Counties.



### Monitoring of drought preparedness projects

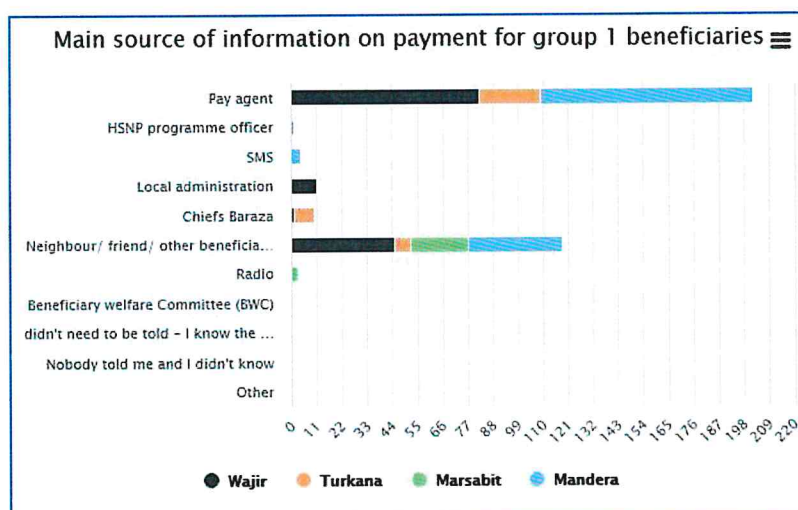
During the reporting period, the following drought preparedness projects were monitored to measure progress and efficient use of resources

- i) Construction of vaccine cold storage project in Marsabit.
- ii) Construction of Dairy milk cooling plant in Samburu.
- iii) Provision of storage water tanks in schools: 6 tanks of 10,000 litres (with gutters & platforms) Tharaka Nithi.
- iv) Provision of storage water tanks in schools: 6 tanks of 10,000 litres (with gutters & platforms) in Laikipia.
- v) Rehabilitation of Masol Primary School in West Pokot.
- vi) Rehabilitation of Mbasya Water Pan in Makueni.
- vii) Meru Sweet potato project.

### Monitoring cash transfer programme

Monitoring was in the form of;

- Post payment monitoring and data collection. The Authority undertook 6 regular cash transfer payment cycles and 6 shock responsive to beneficiary communities in Marsabit, Turkana, Wajir and Mandera counties. 450 households on cash transfers and 14 Equity payment agents in 20 Sub-locations were sampled during the monitoring which sought to establish, among others;
  - general awareness of key programme information
  - the experience of beneficiaries in accessing their cash transfers
  - the experience of payment agents and
  - feedback on use of HSNP case management system.
- Developed a HSNP registration monitoring tool.



### Monitoring of Social Accountability Component

NDMA and TI-Kenya conducted joint monitoring missions of the social accountability component implemented in seven counties namely; Isiolo, Marsabit, Samburu, Kilifi, Wajir, West Pokot and Turkana. This was aimed at monitoring aid and basic service delivery, raise accountability issues and influence decisions related to humanitarian support at county level.

## 8.0 RESOURCE MOBILISATION AND PARTNERSHIPS

During 2018/19, the Authority employed a three-pronged approach to resource mobilization as follows:

- i. Active engagement of The National Treasury to allocate funding to priority programs, projects and activities;
- ii. Partnerships with agencies with shared vision; and
- iii. Resource mobilization for drought response interventions.

### 8.1 National Treasury Budget Allocation

The Authority continued to actively participate in the annual national budget and planning processes. The allocation to the Authority grew marginally from Kshs 5.8 billion in 2017/18 to Kshs. 5.81 billion in 2018/19. The development budget represented 90% of total allocation. The allocation to regular and shock responsive cash transfers represented 86% of all the development expenditure. The recurrent budget remained unchanged at Kshs 594 million from that of the previous year. Of the development budget, 47% came from development partners.

### 8.2 Resource Mobilisation from Development Partners

#### 8.2.1 Ongoing projects

During the reporting period, the Authority received support from strategic development partners namely the EU, DFID, UNDP and WFP.

- a) The EU supported the Authority through the EDE-Support to Drought Risk Management and Coordination project, which focuses on drought preparedness, response, coordination and strengthening of ASAL transformative institutions. In 2018/19, the project was allocated Kshs. 440 million as grant from the EU.
- b) DFID supported regular and shock responsive cash transfers to vulnerable households through the HSNP.
- c) The Authority in partnership with WFP targeted 7 ASAL counties through the Protracted Relief and Rehabilitation Operation (PRRO) programme, benefiting 314,242 beneficiaries through asset creation at community level.
- d) The UNDP during the reporting period provided Kshs. 32 million under the Drought Response and Resilience in the ASAL project for resilience building and support to drought recovery in drought affected counties.

#### 8.2.2 New and upcoming projects

During the reporting period, the Authority focused on resource mobilisation through negotiations with various development partners with the following results:

##### i) Kenya Social and Economic Inclusion Project (KSEIP)

The is a social protection programme implemented by the Ministry of Labour and Social Protection; and the Ministry of Devolution and ASALs through the National Drought Management Authority. The project has three components and NDMA implements Component 3 on shock responsive safety



nets. The total project cost for the NDMA component is Kshs. 32.1 billion. The project covers the HSNP II counties (Turkana, Marsabit, Wajir and Mandera) and is expected to expand to cover an additional four (4) arid counties namely Garissa, Tana River, Isiolo and Samburu.

#### **ii) Ending Drought Emergencies: Support to Resilient Livelihoods and Drought Risk Management**

The project has 2 components, namely: Drought Risk Management which focuses on supporting drought early warning, preparedness and response. The second component is Resilient Livelihoods which is implemented by NGOs through call for proposals (CfP). The drought risk management component which is implemented by NDMA covers all the 23 ASAL counties while the support to resilient livelihoods component covers Tana River, Baringo, Isiolo and West Pokot counties. The total EU contribution to the project is Euro 30.5 million.

#### **iii) Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi- Arid Rangelands**

The project proposal was approved by Green Climate Fund Board in June, 2019. The component to be implemented by NDMA is expected to be USD 5.3 million while other components will be implemented by the State Department of Livestock and International Union for Conservation of Nature (IUCN).

#### **8.2.3 Other Partnerships**

The Authority entered into agreement with some institutions with shared vision to jointly implement mutually agreed activities. Organizations with which joint activities were implemented were:

- i. WFP on drought early warning.
- ii. Ministry of Agriculture, Livestock, Fisheries and Irrigation on three projects namely Kenya Cereals Enhancement Project on community resilience projects; the Regional Pastoral Livelihoods Resilience Project on drought early warning; and Climate Smart Agriculture Project on capacity building on drought risk management and climate change adaptation.

#### **8.3 Resource mobilisation for drought response**

Drought coordination committees were instrumental in mobilizing resources for drought response during the period under review. The structures facilitated identification of resource requirements and gaps and resource mobilisation from Government and partners. The resource requirements and gaps were based on county drought contingency plans and national level priority needs.

- In April 2019, the Cabinet approved a Cabinet Memorandum on Drought Situation with the advice of the National Technical Development and Implementation Coordination Committee on Drought composed of Principal Secretaries. Following that approval, the National Treasury under Article 223 of the Constitution allocated Kshs 1.852 billion for drought response that included Kshs. 602 million to the State Department of Devolution for procurement and distribution of relief food; Kshs. 512 million to State Department of Water and Water Service Boards for repair of boreholes and water trucking; Kshs. 138 million to Regional Development Authorities for rehabilitation and maintenance of strategic water facilities; and Kshs. 600 million to State Department of Irrigation for construction of small pans.

- Following the late onset of rains and depressed March to May long rains, National Development and Implementation Coordination Cabinet Committee approved allocation of Kshs. 8 billion for drought response interventions for the period May to December, 2019. Following this approval, The National Treasury released Kshs. 300 million to the State Department of Devolution for procurement and distribution of relief food to affected communities.
- NDMA, through the EU funded Drought Contingency Fund disbursed Kshs 218 million to support drought response activities identified by sectors in 11 drought affected counties.
- The Authority with the funding from GoK and EU disbursed Kshs. 395 million as shock responsive (drought) cash transfers to cushion vulnerable households in Wajir, Mandera, Marsabit and Turkana counties.
- Through the drought response coordination framework, the county governments in the drought affected areas set aside **Kshs. 1.2 billion** for key interventions such as water trucking, drilling/equipping of boreholes, health and nutrition, livestock off-take and provision of relief food.



## PART TWO: ANNUAL ACCOUNTS

### 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 (2018/2019) ended on June 30, 2019. 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, 2019, 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.

LAJEMBEH  
[NASIUNA]

Director

EMILY  
[NNORIK]

Director

NANCY  
[NIRE]

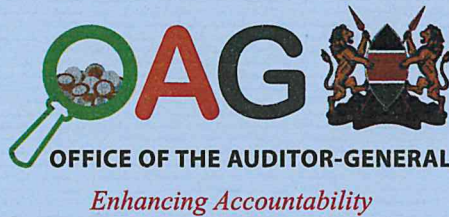
Director





# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL DROUGHT MANAGEMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Drought Management Authority set out on pages 2 to 29, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 National Drought Management Authority as at 30 June, 2019, 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 Public Finance Management Act, 2012 and the National Drought Management Authority Act, 2016.

#### **Basis for Qualified Opinion**

##### **1. Unconfirmed Property, Plant and Equipment Balance**

###### **1.1 Motor Vehicles Without Logbooks**

The statement of financial position reflects property, plant and equipment totalling Kshs.309,392,813 as at 30 June, 2019. The balance includes the cost of motor vehicles worth Kshs.109,611,588. However, the list of motor vehicles presented for audit included fifty four (54) vehicles without ownership documents. No satisfactory explanation was provided by Management for the failure to obtain the documents from the relevant authorities.

In view of the anomaly, it was not possible to confirm whether the fifty four (54) motor vehicles were owned by the Authority as at 30 June, 2019.



## **1.2 Unsupported Revaluation Balance**

As reported in the previous year, the property, plant and equipment balance totalling Kshs.309,392,813 includes assets that were revalued by the Authority in the financial year 2016/2017 from their book value of Kshs.637,151,088 at the beginning of the year to Kshs.361,849,239,239 as at 30 June, 2017. However, the revaluation report did not include a certificate issued by the firm or person that revalued the assets. In addition, the method used to revalue the assets was not disclosed and as a result, there was no confirmation whether the method conformed to International Public Accounting Standards and, therefore, whether the balances arrived at after the reevaluation could be used for accounting purposes. In view of the missing disclosures, the validity of the valuation report could not be confirmed.

Consequently, the completeness, accuracy and validity of the property, plant and equipment balance totalling Kshs.309,392,813 as at 30 June, 2019 could not be confirmed.

## **3. Unsupported Grants and Subsidies**

The statement of financial performance reflects grants and subsidy payments totalling Kshs.3,966,478,404 disbursed to the Authority's offices in various Counties. However, payment vouchers to support Kshs.160,184,174 of the disbursements were not provided for audit. The missing records are highlighted in Appendix I to this report.

In the circumstance, the occurrence, accuracy and validity of the grants and subsidies expenditure totalling Kshs.160,184,174 included in the aggregate balance totalling Kshs.3,966,478,404 reflected in the statement of financial performance 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.



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

### Conclusion

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

### Basis for Conclusion

#### Lack of Policy Guidelines on Temporary Employees

The statement of financial performance reflects employee costs totalling Kshs.584,839,901 for the year ended 30 June, 2019. Included in the balance are payments totalling Kshs.7,300,645 made to temporary/casual employees. However, the Authority's Human Resource Policy and Procedures Manual does not provide guidelines on wages for such employees. As a result, earnings by the employees range from Kshs.45,000 to Kshs.100,000 per month.

In view of the foregoing, the regularity of the expenditure totalling Kshs.7,300,645 spent on wages for casual employees 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 so as 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 procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### Basis for Conclusion

#### Failure to Hold Audit Committee Meetings

Examination of records for the Authority's Audit Committee indicated that the Committee did not hold any meetings during the year under review. The latest meeting held by the

Committee was on 14 December, 2017. The Authority was therefore in breach of the Board's Charter and the governance requirements set in the Mwongozo Code of Governance for State Corporations. In addition, oversight over the Authority's financial affairs was inadequate.

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

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

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

In preparing the financial statements, Management is responsible for assessing the ability of the Authority to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention dissolve 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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 review 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Authority's 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**18 August, 2021**



## Appendix

### Unsupported Grants and Subsidies

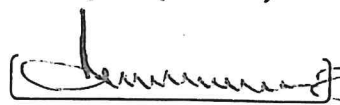
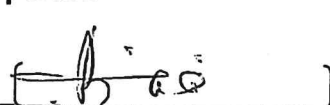
<b>Activity</b>	<b>(a) Financial Statements Balance (Kshs.)</b>	<b>(b) Ledger Balance Supported With Payment Vouchers (Kshs.)</b>	<b>(a)-(b) Balance Not Supported With Payment Tested (Kshs.)</b>
Community Development KRDP (GoK)	29,737,700	0	29,737,700
Community Development HSNP (GoK)	2,098,520,689	2,023,808,728	74,711,961
EDE DRMC (GoK)	85,846,459	45,944,583	39,901,876
Expenses on UNDP (Donor Revenue)	708,730	122,130	586,600
Expenses on WFP	34,677,186	19,431,149	15,246,037
Community Development HSNP (Donor AIA)	1,111,007,545	1,111,007,545	0
Expenses on EDE DRMC – AIA	605,980,096	605,980,096	0
<b>Total</b>	<b>3,966,478,405</b>	<b>3,806,294,231</b>	<b>160,184,174</b>





# STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2019

	Notes	2018-2019 Kshs	2017-2018 Kshs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	6	2,063,994,063	3,858,592,007
Transfers from other governments – gifts and services-in-kind	7	3,845,060,062	3,284,875,071
<b>Total Revenue from non-exchange transactions</b>		<b>5,909,054,124</b>	<b>7,143,467,078</b>
<b>Revenue from exchange transactions</b>			
Rental revenue from facilities and equipment	8	163,094	233,500
Other income	9a	10,579,047	6,983,834
Extra incomes	9b	61,495,765	4,648,400
<b>Total Revenue from exchange transactions</b>		<b>72,237,906</b>	<b>11,865,734</b>
<b>Total revenue</b>		<b>5,981,292,030</b>	<b>7,155,332,812</b>
<b>Expenses</b>			
Use of goods and services	10	5,131,700	-
Employee costs	11	584,839,901	586,000,352
Remuneration of directors	12	14,816,852	15,917,545
Depreciation and amortization expense	22	52,180,032	50,399,382
Repairs and maintenance	13	32,154,566	34,476,482
Contracted services	14	7,785,358	-
Grants and subsidies	15	3,966,478,404	6,329,893,097
General expenses	16	144,546,030	160,211,541
Finance costs	17	1,717,374	961,939
Extra expenses	18	62,011,286	2,546,152
<b>Total expenses</b>		<b>4,871,661,503</b>	<b>7,180,406,491</b>
<b>Surplus/( deficit) for the period</b>		<b>1,109,630,527</b>	<b>(25,073,679)</b>

CEO

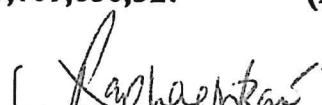
Head of Finance

Name JAMES MWAR

Name VINCENT BAGA

Date 06/08/2020

ICPAK No: 8335  
Date 06/08/2020



Chairperson

Name RAFAEL NJOMO

Date 06/08/2020





# STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	Notes	2018-2019 Kshs	2017-2018 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	19	3,002,265,501	2,236,884,106
Receivables and prepayments	20	595,630,396	51,570,966
Inventories	21	3,306,226	3,272,421
<b>Total current assets</b>		<b>3,601,202,123</b>	<b>2,291,727,493</b>
<b>Non-current assets</b>			
Property, plant and equipment	22	309,392,813	313,718,844
<b>Total non-current assets</b>		<b>309,392,813</b>	<b>2,605,446,337</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	23	2,180,563,103	2,146,461,467
<b>Net assets</b>		<b>1,730,031,833</b>	<b>458,984,870</b>
<b>Financed By</b>			
Capital fund		372,983,050	366,061,900
General Reserve		1,357,048,783	92,922,970
<b>Total net assets and liabilities</b>		<b>1,730,031,833</b>	<b>458,984,870</b>




CEO

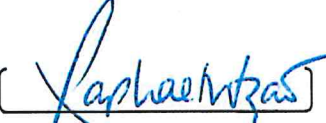
Head of Finance

Name JAMES ODHIO Name YUSEF B. GATA

ICPAK No: 8335

Date 06/08/2020

Date 06/08/2020



Chairperson

Name RAPHAEL NZOMO

Date 06/08/2020

# STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2019

	Capital fund Kshs	General Reserve Kshs	Total Kshs
<b>Balance as at 01 July 2017</b>	<b>366,338,881</b>	<b>119,121,376</b>	<b>485,460,257</b>
Transfers to/from accumulated surplus	-	(25,073,679)	(25,073,679)
Prior year adjustment - gratuity expenses	-	(1,083,681)	(1,083,681)
Loss on unrealised receivables/ & assets	(276,981)	(41,046)	(318,027)
<b>Balance as at 30 June 2018</b>	<b>366,061,900</b>	<b>92,922,970</b>	<b>458,984,870</b>
Balance as at 01 July 2018	366,061,900	92,922,970	458,984,870
Prior year adjustment - EDE DRMC	-	154,495,286	154,495,286
Transfers to/from accumulated surplus	-	1,109,630,527	1,109,630,527
Donated Vehilces (refer to note 22)	6,921,150	-	6,921,150
<b>Balance as at 30 June 2019</b>	<b>372,983,050</b>	<b>1,357,048,783</b>	<b>1,730,031,833</b>

NB: Prior year adjustment relates to funds reported by EDE-DRMC project that were incorporated into the Authority's books after recommendations by OAG. EU has previously been preparing financial reports separately.

CEO

Head of Finance


Name JAMES ODHIAMBO

Name YVONNE BAGASA

ICPAK No: 8335

Date 06/08/2020

Date 06/08/2020



Chairperson

Name RAPHAEL NZOMO

Date 06/08/2020



**STATEMENT OF CASH FLOWS (DIRECT METHOD VERSION) FOR THE YEAR ENDED JUNE 30, 2019**

		2018-2019 Kshs	2017-2018 Kshs
<b>Cash flows from operating activities</b>	Notes		
<b>Receipts</b>			
Public contributions and donations	6	2,063,994,063	3,858,592,007
Transfers from other governments – gifts and services-in-kind	7	3,845,060,062	3,284,875,071
Rental revenue from facilities and equipment	8	163,094	233,500
Other income	9a	10,579,047	6,983,834
Extra incomes	9b	61,495,765	4,648,400
<b>Total Receipts</b>		<b>5,981,292,030</b>	<b>7,155,332,812</b>
<b>Payments</b>			
Use of goods and services	10	5,131,700	-
Employee costs	11	584,839,901	586,000,352
Remuneration of directors	12	14,816,852	15,917,545
Repairs and maintenance	13	32,154,566	34,476,482
Contracted services	14	7,785,358	-
Grants and subsidies	15	3,966,478,404	6,329,893,097
General expenses	16	144,546,030	160,211,541
Finance costs	17	1,717,374	961,939
Extra expenses	18	62,011,286	2,546,152
<b>Total expenses</b>		<b>4,819,481,471</b>	<b>7,130,007,109</b>
<b>Net cash flows from operating activities</b>		<b>1,161,810,559</b>	<b>25,325,704</b>
<b>Cash flows from investing activities</b>			
Increase/decrease in inventories	21	(33,805)	752,812
Increase/decrease in receivables-non exchange	20	(544,059,430)	(859,020)
Increase/decrease in other payables and accruals	23&24	34,101,636	109,062,549
Prior year adjustment - gratuity liability payment		-	(1,083,681)
Buildings		-	(165,358)
Computer and Accessories	22	(20,658,373)	(5,590,848)
Furniture and fixtures	22	(1,078,375)	(1,894,593)
Vehicle	22	(19,196,102)	(31,874,320)
Disposal/sale of assets		-	13,552,001
<b>Net cash used in Investing Activities</b>		<b>(550,924,450)</b>	<b>81,899,542</b>
<b>Cash flows from Financing Activities</b>			
Prior year adjustment -Retained earnings EDE DRMC		154,495,286	-
Share capital reduction		-	(276,982)
<b>Net Cash flows from Financing Activities</b>		<b>-</b>	<b>(276,982)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>765,381,394</b>	<b>106,948,264</b>
<b>Cash and cash equivalents at 1 July 2018</b>		<b>2,236,884,107</b>	<b>2,129,935,843</b>
<b>Cash and cash equivalents at 30 June 2019</b>	<b>19</b>	<b>3,002,265,501</b>	<b>2,236,884,107</b>

2019

19

10

3,002,283,301

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CEO

## Head of Finance

**Chairperson**

Name JAMES ODHOOR

Name Wesley B. A. J.

Name RAPHAEL NZONGO

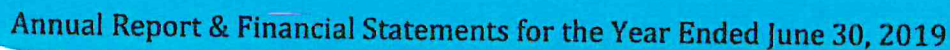
Date 06/02/2020

Date 5/6/02




Date 06/08/2020

Note: The Management adopted the direct method of preparing cash flow as per the revised IPSAS accrual template.





0	2018-19 Kshs.	2017-18 Kshs.	2016-17 Kshs.
<b>Cash generated from operations:</b>			
Surplus for the Year	1,109,630,527	(25,073,679)	(113,027,083)
add			
Depreciation	52,180,032	50,399,382	58,942,591
<b>Net Cash generated from operations:</b>	<b>1,161,810,559</b>	<b>25,325,704</b>	<b>(54,084,492)</b>
Changes in Working Capital			0
Increase/decrease in inventories	(33,805)	752,812	(1,566,982)
Increase/decrease in receivables-non exchange	(543,370,531)	(859,020)	93,249,068
Increase/decrease in other payables and accruals	34,098,635	109,062,549	1,950,425,050
Prior year adjustment - EDE DRMC surplus for f/y 17/18	154,495,286	(1,083,681)	0
<b>Net changes in working capital</b>	<b>(354,810,415)</b>	<b>107,872,660</b>	<b>2,042,107,136</b>
<b>Net cash generated from Operating Expenses</b>	<b>807,000,144</b>	<b>133,198,364</b>	<b>1,988,022,644</b>
<b>Cashflows from Investing Activities</b>			<b>0</b>
Buildings	0	(165,358)	0
Computer and Accessories	(20,658,373)	(5,590,848)	(7,285,722)
Furniture and fixtures	(1,078,375)	(1,894,593)	(1,844,177)
Vehicle	(19,196,102)	(31,874,320)	0
Disposal/Sale of assets	0	13,552,001	0
<b>Net cash used in Investing Activities</b>	<b>(40,932,850)</b>	<b>(25,973,118)</b>	<b>(9,129,899)</b>
<b>Cashflows from Financing Activities</b>			
Share capital reduction	0	(276,982)	0
Net Cashflows from Financing Activities	0	(276,982)	0
Increase / (decrease) in cash and cash equivalents	766,067,292	106,948,264	1,978,892,745
Movement in cash and cash equivalents		0	0
At start of year	2,236,884,107	2,129,935,842	151,043,097
At end of year-recurrent	3,002,951,399	2,236,884,107	2,129,935,842
<b>At the end of the year as per Bal sheet</b>	<b>3,002,265,501</b>	<b>2,236,884,107</b>	<b>2,129,935,842</b>

\_\_\_\_\_  
 CEO                                      Head of Finance                                      Chairperson

Name JAMES ODOKE      Name YUSUF BASHIR      Name RAFAEL NZOMO  
 Date 06/08/2020      ICPAK No 8335      Date 06/08/2020

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## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget		Actual on comparable basis	Performance difference	Ref.
	2018-2019	2018-2019	2018-2019		2018-2019	2018-2019	
	Kshs	Kshs	Kshs	Notes	Kshs	Kshs	
Revenue							
Public contributions and donations AIA	2,440,000,000	500,000,000	1,940,000,000	6	2,063,994,063	(123,994,063)	a
Public contributions and donations Revenue	32,000,000	32,000,000	-		-	-	
Government grants and subsidies (Recurrent)	593,938,859	11,878,798	582,060,062	7	582,060,062	-	
Government grants and subsidies (Dev)	2,748,000,000	(515,000,000)	3,263,000,000	7	3,263,000,000	-	
Tender sale / Disposal	7,000,000	7,000,000	-	9	40,000	(40,000)	b
Interest income	10,000,000	-	10,000,000	9	10,460,134	(460,134)	c
Rents and Rates -Non Residential	196,100	33,006	163,094	8	163,094	-	
Others (AIA c/f)	-	-	-	9a&b	61,574,678	(61,574,678)	d
Total income	5,831,134,959	35,911,804	5,795,223,155		5,981,292,030	(186,068,875)	
Recurrent Expenses							
Compensation of employees (NDMA)	496,078,479	(23,493,609)	472,584,870	11	472,497,964	86,906	
Utility costs	5,200,001	500,000	5,700,001	10	4,583,348	1,116,653	e
Travelling & accomodation (Domestic)	-	3,500,000	3,500,000	11	3,487,465	12,535	
Drought Coordination Response	-	9,173,969	9,173,969	16	9,114,440	59,529	
Subscription to newspapers	1,078,378	500,000	1,578,378	16	1,293,096	285,282	f
Rents and Rates -Non Residential	25,558,512	3,250,000	28,808,512	16	26,657,670	2,150,842	g
Catering services and staff Welfare	4,280,000	760,000	5,040,000	16	5,033,496	6,504	
Board and Hospitality	9,987,500	2,290,000	12,277,500	12	13,080,821	(803,321)	h
Medical insurance (NDMA)	64,000,000	(16,100,000)	47,900,000	11	45,983,929	1,916,071	
Motor Vehicle Insurance	-	2,921,223	2,921,223	16	3,724,597	(803,374)	i
Group life Insurance	-	4,500,000	4,500,000	11	1,768,969	2,731,031	j
Membership, finance costs & contracted costs	10,243,489	400,000	10,643,489	10/7/14	9,036,197	1,607,292	k
Audit fees	1,160,000	-	1,160,000	16	1,160,000	-	
Purchase of Computers, Printers & Other Eqt	15,450,000	7,000,000	22,450,000	22	21,736,748	713,252	
Depreciation	-	-	-	22	52,180,032	(52,180,032)	L





## Annual Report & Financial Statements for the Year Ended June 30, 2019

Goods supplies and services	-	286,519	286,519	16	286,519	286,519
Totals	611,134,959	(4,798,417)	628,524,461		671,625,292	(43,100,831)

### HSNP Expenses

Public Donations AIA	2,000,000,000	500,000,000	1,500,000,000	15	1,111,007,545	388,992,455	m
Grants & subsidies	2,380,650,000	499,348,653	2,879,998,653	15	2,098,520,689	781,477,964	n
Communication costs	26,440,000	1,145,128	27,585,128	16	27,586,870	(1,742)	
Travelling & accomodation (Domestic)	31,451,489	8,000,000	39,451,489	11	32,092,396	7,359,093	o
Travelling & accomodation (Foreign)	4,581,086	3,000,000	7,581,086	11	5,062,454	2,518,632	
Publishing, printing, advertising & subscription	6,020,000	(1,845,128)	4,174,872	16	2,026,675	2,148,197	p
Training costs	28,500,000	13,600,000	42,100,000	16	35,883,804	6,216,196	q
Board and Hospitality	4,600,000	(2,600,000)	2,000,000	12	1,736,031	263,969	
Conference and seminars	-	-	5,000,000		0	5,000,000	r
General office Supplies	6,000,000	(2,000,000)	4,000,000	16	2,825,955	1,174,045	s
Finance costs	527,425	1,000,000	1,527,425	17	610,263	917,162	t
Motor vehicle maintenance	7,230,000	1,000,000	8,230,000	13	7,024,652	1,205,348	u
Purchase of Motor Vehicles	-	20,000,000	20,000,000	22	19,196,102	803,898	
Totals	4,496,000,000	540,648,653	4,541,648,653		3,343,573,436	1,198,075,217	

### EDE Expenses

Public Donations AIA	440,000,000		440,000,000	15	605,980,096	(165,980,096)	v
Grants & subsidies	119,700,000	(4,200,000)	115,500,000	15	85,846,459	29,653,541	w
Communication costs	4,500,000	-	4,500,000	16	2,444,137	2,055,863	x
County coordination	25,000,000	-	25,000,000	11	23,946,724	1,053,276	
Advertising and Publicity	1,500,000	-	1,500,000	16	1,225,380	274,620	
Goods supplies and services	11,000,000	-	11,000,000	16	9,074,037	1,925,963	y
Finance costs	300,000	-	300,000	17	240,764	59,236	
Motor vehicle maintenance	18,500,000	-	18,500,000	13	17,944,921	555,079	
Maintenance of office equipments	6,500,000	700,000	7,200,000	13	7,184,993	15,007	
Fuel & lubricants	13,000,000	3,500,000	16,500,000	16	16,209,354	290,646	
Totals	640,000,000		640,000,000		770,096,865	(130,096,865)	



# Annual Report & Financial Statements for the Year Ended June 30, 2019

Other Donor related expenses							
Drought Response and Resilience	32,000,000	708,000	32,708,000	15	710,451	31,997,549	z
Kenya Drought Early Warning Program	30,000,000	-	30,000,000	15	29,748,859	251,141	
Protracted Relief and Recovery Program	22,000,000	24,810,132	46,336,104	15	34,828,503	11,507,601	aa
Totals	84,000,000		109,044,104		65,287,813	43,756,291	
Extra Expenses							
ZEF funds				18			bb
FAO funds	-	-	-	18	4,570,164	(4,570,164)	
WFP FFA expenses	-	-	-	18	2,720,897	(2,720,897)	
UNDP IPSTIC	-	-	-	18	39,293,029	(39,293,029)	
	-	-	-		15,426,859	(15,426,859)	
Total Extra Expenses	-	-	-		62,010,949	(62,010,949)	
Total expenditure	5,831,134,959	535,850,236	5,919,217,218		4,912,594,353	(11,758,742)	
Surplus/deficit for the period	-				1,068,697,677		



### **APPENDIX I: Explanation of budget versus actuals**

- a) The Authority expected to receive Kshs. 1.5 Billion whereas Kshs. 389 million less was received. In addition EU transferred Kshs. 512 Million more than the budgeted amount hence the net-off reported of Kshs. 123Million
- b) The Authority did not expect to collect income from sale of Tenders since the same are accessed free from the Authority's web-site safe for those who are not able to access. The Authority initially had planned for asset disposal which did not appear to materialize by mid-year review hence the revision.
- c) Interest income increased as a result of the Authority holding excess cash meant for transfer since the payroll had not been finalized.
- d) Other incomes increased as a result of the Authority receiving additional incomes that did not form part of the printed budget.
- e) Utility expenses were under-utilized as the Authority anticipated to occupy more offices at Bazaar though the same never materialized.
- f) Subscription to newspapers was under-utilized since the Authority anticipated to occupy the offices at Bazaar which required additional newspapers.
- g) Rent and rates budget was under-utilized due to the same reasons explained under (e) above.
- h) Board expenses was over-spent as a result of un-surrendered imprest from the previous year that was charged on the approved budget.
- i) Motor vehicle insurance was over-spent due to the actualization of the prepayment component for FY.2017/2018.
- j) Group life Insurance was under-utilized as a result of apportioning the prepayment component that will be actualized in end of FY.2019/2020.
- k) Services expenditure was under-utilized as a result of not occupying the office at Bazaar the needed extra guarding and cleaning services.
- l) Depreciation expense was not budgeted for since it's a non-cash item.
- m) Refer to explanation given on (a) above.
- n) Grants and subsidies figure on HSNP was under-utilized due to the delay in processing of the cash transfer payroll by end of the FY.2018/2019
- o) Travel costs under HSNP were not fully utilized since some planned activities during the year did not take place as the project had come to an end and the new team at office for the 3<sup>rd</sup> phase had not been recruited.
- p) Publishing and printing services were under-utilized on HSNP II as the project was ending in March while logistics on some planned activities delayed.
- q) Training budget was under-utilized since some logistics on the same had not been finalized at the end of FY.2018/2019.
- r) Seminar costs budget was not utilized since the logistics on the same had not been finalized at the end of FY.2018/2019.
- s) General office supplies were not fully utilized as the procurement process had not been finalized by end of the FY.
- t) Finance costs was as a result of the Authority strengthening use of the online banking system even at the County offices which resulted to the reported savings.

- u) Motor vehicle maintenance had a saving since the Authority had received/acquired new vehicles which did not require major repairs.
- v) Refer to explanation given on (a) above.
- w) Grants and subsidies under EDE was under-spent since some preparedness activities that were to be under taken during the year were not finalized.
- x) Communication costs were underspent, as earlier explained being non-occupancy of the Bazaar office.
- y) Goods and supplies expense under EDE was under-spent since the Authority was to procure additional uniform for staff that did not materialize.
- z) DRR expenditure was as a result of the un-utilized balance from the FY.2017/2018 that was utilized during the year 2018/2019. However, the Authority did not receive the approved Kshs. 32 Million.
- aa) Protracted Relief & Recovery Program (PRRO) was spent from previous FY.2017/2018 savings, reason being some resilience projects that were to be undertaken that period had not been completed as per contracts.
- bb) Extra expenses were as a result of the extra funds that we received during the year though did not form part of the printed estimates as explained under note (d).

## **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 Authority's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Authority. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.



### 3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>(State the impact of the standard to the entity if relevant)</i>

## 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:
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>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"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol> <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 2019.

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Revenue recognition**

##### **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.

##### **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

##### **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.

### 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
Buildings	2.5%
Plant and Machinery	2.5%
Motor Vehicles & Motor Cycles	25.0%
Furniture, Fittings & Office Equipment	12.5%
Computer and accessories	30.0%

### Inventories

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

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

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

### 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.

### **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

### **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.

### **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.

### **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.

### **Employee benefits**

#### **Retirement benefit plans**

The National Drought Management Authority Staff Pension Scheme was registered on 14<sup>th</sup> August 2015 with an effective date of 1<sup>st</sup> 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.

Taking into account 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 30<sup>th</sup> 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.

### 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.

### 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.

### 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.

### Key management compensation:

	2018/19	2017/18
Directors	8,168,333.00	9,802,000.00
Managers	18,843,067.00	18,294,240.00
<b>TOTAL</b>	<b>27,011,400.00</b>	<b>28,096,240.00</b>

**N.B:** Please note that the amount of Kshs. 27,011,400.00 disclosed above relate salaries paid to top management staff of the organization. These were paid through the monthly payrolls and forms part of the employee related costs figure of **Kshs. 415,911,754** on note number 11.

**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.

**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.

**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

**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

### 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, 2019

## 6. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2018-2019	2017-2018
	KShs	KShs
Receipts from UNDP projects ( Revenue)	-	14,724,109
Receipts from WFP ( Revenue)	-	81,172,138
Receipts from EDE DRMC ( Donor)	952,986,518	1,018,482,060
Receipts from HSNP (Donor -AIA)	1,111,007,545	2,744,213,700
<b>Total transfers and sponsorships</b>	<b>2,063,994,063</b>	<b>3,858,592,007</b>
<b>Reconciliation of public contributions and donations</b>		
Balance unspent at beginning of the year	26,092,363	56,572,274
Current year receipts	2,063,994,063	3,858,592,007
Conditions met - transferred to revenue	1,759,366,367	3,889,071,918
Conditions to be met - remain liabilities	<b>330,720,059</b>	<b>26,092,363</b>

The donations relates to existing financing agreement between the Government of Kenya and EU and DFID. The funds were part of the annual budget for f/y 2018/19

## 7. TRANSFERS FROM OTHER GOVERNMENTS

Description	2018-2019	2017-2018
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	582,060,062	639,875,071
	<b>582,060,062</b>	<b>639,875,071</b>
<b>Conditional grants</b>		
WORLF Food Programme	22,000,000	55,000,000
Hunger Safety Net Programme	3,011,000,000	2,490,500,000
Kenya Drought Early Warning	30,000,000	30,000,000
Drought Contingency Funds	-	19,500,000
EDE- DRMC	200,000,000	50,000,000
	<b>3,263,000,000</b>	<b>2,645,000,000</b>
<b>Total government grants and subsidies</b>	<b>3,845,060,062</b>	<b>3,284,875,071</b>

## 8. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2018-2019	2017-2018
	KShs	KShs
Rental income	163,094	233,500
<b>Total rentals</b>	<b>163,094</b>	<b>233,500</b>

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



## 9 (a) OTHER INCOMES

Description	2018-2019	2017-2018
	KShs	KShs
Income from sale of tender	40,000	124,000
Miscellaneous income	78,913	14,000
Premiums on bank balances - Gross	12,182,156	7,995,299
Tax on interest withheld	(1,722,023)	(1,149,465)
<b>Total other income</b>	<b>10,579,047</b>	<b>6,983,834</b>

## 9. (b) EXTRA INCOMES

Description	2018-2019	2017-2018
	KShs	KShs
ZEF funds	5,262,020	1,456,400
FAO funds	688,899	3,192,000
WFP FFA funds	40,041,846	-
UNDP IPSTIC	15,503,000	-
<b>Total Extra incomes</b>	<b>61,495,765</b>	<b>4,648,400</b>

Extra incomes relates to funds received by the Authority that were not part of the approved budget f/y 2018/19

## 10 Use of goods and services

Description	2018-2019 KShs	2017-2018 KShs
Electricity	3,848,494	-
Water	734,854	-
Subscription to prof. Bodies	548,352	-
<b>Total good and services</b>	<b>5,131,700</b>	<b>-</b>

please refer to general expenses for comparative figures.

## 11 EMPLOYEE COSTS

	2018-2019 KShs	2017-2018 KShs
Salaries and wages ( NDMA)	415,911,754	414,521,445
Employee related costs -Contribution to NSSF ( NDMA)	775,600	745,800
Employee related costs -Contribution to Pension	51,527,445	49,262,399
Employee related costs -Contribution to NITA	131,100	182,950
Employee related costs - Gratuity	4,152,065	2,668,272
Medical Insurance -NDMA	45,983,929	45,740,093
Group Personal Insurance	1,768,969	3,938,188
Travel costs ( Domestic) HSNP	32,092,396	58,096,995
Travel costs ( Domestic) Recurrent	3,487,465	6,966,405
Travel costs ( Domestic) EDE	23,946,724	-
Travel costs ( Foreign)	5,062,454	3,877,805
<b>Employee costs</b>	<b>584,839,901</b>	<b>586,000,352</b>

## 12 REMUNERATION OF DIRECTORS

Description	2018-2019 KShs	2017-2018 KShs
Chairman's Honoraria	382,250	-
Directors emoluments (CEO)	5,750,000	5,602,000
Allowances -HSNP	1,269,631	-
Allowances - Recurrent	4,661,291	4,672,070





Domestic Travel -Recurrent	1,981,415	4,822,925
Domestic Travel -HSNP	385,200	
Trainings expenses -Recurrent	300,000	820,550
Trainings expenses HSNP	81,200	
Telephone expenses	5,865	-
<b>Total director emoluments</b>	<b>14,816,852</b>	<b>15,917,545</b>

### 13 REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	KShs	KShs
Property & Buildings (EDE)	3,165,560	3,827,100
Plant & Equipment (EDE)	2,601,061	2,534,364
Motor Vehicles (HSNP)	7,024,652	27,016,896
Motor Vehicles (EDE)	17,944,921	
Computers (EDE)	1,418,372	1,098,122
<b>Total repairs and maintenance</b>	<b>32,154,566</b>	<b>34,476,482</b>

### 14. CONTRACTED SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Contracted Services Cleaning and Security	7,785,358	-
<b>Total contracted services</b>	<b>7,785,358</b>	<b>-</b>

please refer to general expenses for comparative figures.

### 15 GRANTS AND SUBSIDIES

The following are grants and subsidies / Donor related expenses

	2018-2019	2017-2018
	KShs	KShs
Community development - KRDP EWS (GoK)	29,737,700	31,836,181
Community development - HSNP (GoK)	2,098,520,689	2,305,114,632
Community development - DCF (GoK)	-	20,741,935
EDE DRMC ( GoK)	85,846,459	35,352,901
Expenses on UNDP ( Donor - Revenue)	708,730	17,297,808

Expenses on WFP	34,677,186	155,896,680
Expenses on ADA	-	957,200
Community development - HSNP ( donor - AIA)	1,111,007,545	2,744,213,700
Community development - EDE DRMC ( donor - AIA)	605,980,096	1,018,482,060
<b>Total grants and subsidies</b>	<b>3,966,478,404</b>	<b>6,329,893,097</b>

## 16 GENERAL EXPENSES

The following are included in general expenses:

	2018-19	2017-18
	Kshs	Kshs
Advertising and Publicity - EDE	1,225,380	2,627,609
Advertising and Publicity-HSNP	346,405	-
Provision for Audit Fees- for 2018/2019	1,160,000	1,160,000
Hospitality and Conference facilities	5,033,496	4,961,817
Consumables HSNP	2,825,955	12,785,357
Consumables EDE	9,074,037	-
Consumables Recurrent	286,519	-
Consumables- FFA	-	1,363,724
Utility costs	-	4,226,641
Fuel, oil & Lubricant	16,209,354	13,048,964
Postage	1,095,318	874,387
Publishing and Printing	1,680,270	1,287,650
Subscription and Newspapers	1,293,096	1,055,733
Rental	26,657,670	24,193,749
Contracted Services Cleaning and Security	-	8,553,545
Membership to Professional Bodies	-	579,416
Telecommunication- HSNP	18,362,841	17,580,588
Telecommunication- EDE	2,444,137	-
Motor vehicle insurance	3,724,597	1,319,454
Training	35,883,804	19,566,384
Drought coordination response (DCR)	9,114,440	45,026,523
ERP Implementation and Roll Out	8,128,711	-
<b>Total general expenses</b>	<b>144,546,030</b>	<b>160,211,541</b>



Please refer to use of goods and services and contracted services for comparative figures for electricity, water and contracted services cleaning and security respectively

## 17 FINANCE COSTS

Description	2018-2019 KShs	2017-2018 KShs
HSNP	610,263	365,311
Recurrent	702,487	360,094
WFP	151,317	182,313
KRDP GoK	10,959	25,036
NDMA Development	57,206	-
EDE	183,220	14,535
FAO	-	3,245
UNDP DRR	1,722	11,406
DCF GoK	200	
<b>Total finance costs</b>	<b>1,717,374</b>	<b>961,939</b>

## 18 Extra expenses

Description	2018-2019 KShs	2017-2018 KShs
ZEF funds	4,570,163	1,386,150
FAO funds	2,720,897	1,160,002
WFP FFA expenses	39,293,367	-
UNDP IPSTIC	15,426,859	-
<b>Total Extra expenses</b>	<b>62,011,286</b>	<b>2,546,152</b>

### 19. Cash and cash equivalents

Bank	2018-2019 KShs	2017-2018 KShs
KCB-KICC 1136140255	27,630,997	43,539,074
NIC-NDMA 1000584564	39,275,840	5,319,981
NIC- UNDP (DRR)1001976911	9,266,914	736,998
NIC- WFP/FFA 1001285595	8,406,646	25,355,365
NIC- (HSNP) 1001650137	272,225,984	108,208,844
NIC- KRDP DCF 1001783153	2,468,865	1,982,087
NIC- NDEF FUND 1004546624	2,104,676,962	2,051,741,758
NDMA COUNTY BANKS Balances	11,150,405	-
NIC- EDE DRMC - SP5- 1004389332	396,399,975	-
NIC-EDE DRMC-SP6 1003942108	114,158,331	-
KCB-EDE-DRMC COUNTY BANKS	16,388,582	-
EQUITY - KSEIP/HSNP III	216,000	-
<b>Total cash and cash equivalents</b>	<b>3,002,265,501</b>	<b>2,236,884,106</b>

### 20. Receivables from non-exchange contracts

	2018-2019 KShs	2017- 2018 KShs
Staff Debtors( IMPREST)	2,523,675	6,390,420
Insurance prepayments	28,008,974	32,108,763
Rent Prepayments	136,068	-
Unutilized balances from counties	-	12,345,792
Bank clearing	13,121,582	319,385
Salary advances	134,444	406,605
Inter-account borrowings	30,219,240	-
Ministry of Devolution and ASALs	515,000,000	-
EDE DRMC ( Donor)	5,797,514	-
FAO	688,899	-
<b>Total current receivables</b>	<b>595,630,396</b>	<b>51,570,966</b>



## 21 INVENTORIES

Description	2018-2019 KShs	2017-2018 KShs
Consumable stores	3,306,226	3,272,421
<b>Total inventories at the lower of cost and net realizable value</b>	<b>3,306,226</b>	<b>3,272,421</b>

## 22. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Eq	Total
	-	0.25	0.1	0.3	0.0	<b>TOTAL</b>
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
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
<b>Total Assets for depreciation</b>	<b>161,579,810</b>	<b>192,691,219</b>	<b>11,928,735</b>	<b>30,928,982</b>	<b>-</b>	<b>397,128,746</b>
Charge for the year	-	48,172,805	1,491,092	9,278,695	-	58,942,591
<b>NBV At end of June 2017</b>	<b>161,579,810</b>	<b>144,518,414</b>	<b>10,437,643</b>	<b>21,650,287</b>	<b>-</b>	<b>338,186,155</b>
<b>NBV As at 01.07.2017</b>	<b>161,579,810</b>	<b>144,518,414</b>	<b>10,437,643</b>	<b>21,650,287</b>	<b>-</b>	<b>338,186,155</b>
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)
<b>Total Assets for depreciation</b>	<b>161,745,168</b>	<b>163,118,109</b>	<b>12,323,598</b>	<b>26,931,351</b>	<b>-</b>	<b>364,118,227</b>
Charge for the year	-	40,779,527	1,540,450	8,079,405	-	50,399,382
<b>NBV At end of June 2018</b>	<b>161,745,168</b>	<b>122,338,582</b>	<b>10,783,149</b>	<b>18,851,946</b>	<b>-</b>	<b>313,718,844</b>
<b>NBV AS AT 01.07.2018</b>	<b>161,745,168</b>	<b>122,338,582</b>	<b>10,783,149</b>	<b>18,851,946</b>	<b>-</b>	<b>313,718,844</b>
Additions 2018/2019 FY	-	26,117,252	1,078,375	20,658,373	-	47,854,000
<b>Total Assets for depreciation</b>	<b>161,745,168</b>	<b>148,455,834</b>	<b>11,861,524</b>	<b>39,510,319</b>	<b>-</b>	<b>361,572,845</b>
Charge for the year	-	38,844,246	1,482,690	11,853,096	-	52,180,032
<b>NBV At end of June 2019</b>	<b>161,745,168</b>	<b>109,611,588</b>	<b>10,378,833</b>	<b>27,657,223</b>	<b>-</b>	<b>309,392,813</b>

NB: The Authority received donated motor vehicles from Ministry of Social Protection (8 No. Pajeros) and EU (1 No. Nissan shuttle) for Ksh.50,858,952 and 6,921,150 respectively. Only the EU donated vehicle was handed over to the Authority with a log-book, the rest were not and hence could not be recorded in the books of accounts.

## 23. Trade and other payables

	2018-19 KShs	2017-18 KShs
Other payables (EDE-DRMC)	5,797,514	16,808,278
Funds received for the NDEF	2,104,676,962	2,051,741,758
Refundable deposits on disposal	342,600.00	502,877
Payroll Liabilities	383,655	122,269
Withholding tax	36,478	2,467
Accrued Expenses	4,637,562	1,160,000
Audit fees accrued	1,160,000	1,160,000

Trade and Other payables	1,324,379	730,374
EDE DRMC Interest Payable	31,242,694	-
Insurance compensation-GPI	-	100,000
Inter-account borrowings	30,219,240	-
Other payables- UNDP Bills & IPSTC	526,019	728,169
Un Honored Cash Transfers	216,000	-
<b>Total trade and other payables</b>	<b>2,180,563,103</b>	<b>2,146,461,467</b>

## 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.

<b>Financial Assets</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>At June 30, 2019</b>	<b>Kshs</b>	<b>Kshs</b>
Receivables from non-exchange transactions	72,061,143	72,061,143
Cash and cash equivalents	3,002,049,500	3,002,049,500
<b>Total</b>	<b>3,074,110,643</b>	<b>3,074,110,643</b>

<b>Financial Liabilities</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2019</b>		
Trade payables from exchange transactions	2,177,331,031	2,177,331,031
<b>Total</b>	<b>2,177,331,031</b>	<b>2,177,331,031</b>

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.



### 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 Jun 2019 was:

	Fully performing Kshs	Past due Kshs	Impaired Kshs	Total Kshs
Non exchange receivables	72,061,143	-	-	72,061,143
Cash and cash equivalents	3,002,049,500	-	-	3,002,049,500
<b>Maximum exposure to credit risk</b>	<b>3,074,110,643</b>	<b>-</b>	<b>-</b>	<b>3,074,110,643</b>

### 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, unutilized balances from the Counties and advances to internal donor activities. The advances were made in the financial year 2018/2019 and are therefore current.

### 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 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
<b>At 30 June 2019</b>				
Trade payables from exchange transactions	4,571,896	-	1,616,813	6,188,709
	<b>4,571,896</b>	<b>-</b>	<b>1,616,813</b>	<b>6,188,709</b>

### 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 II: 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"> <li>Historically valued property, plant and equipment inherited from the Project</li> <li>Beneficiary targeting on the cash transfers.</li> <li>Expenses incurred by the EU funded projects.</li> <li>Expenditures reported from Counties and balances held.</li> </ul>	<ul style="list-style-type: none"> <li>Response prepared and the Authority appeared before parliamentary investment committee (PIC) on 18.06.2019.</li> </ul>	Board of Directors	Awaiting PIC recommendations.	NA
2017/2018	<p>Initial draft opinion on basis of:</p> <ul style="list-style-type: none"> <li>Non-valuation historical assets and asset tagging.</li> <li>County expenses and balances held.</li> <li>Incorporation of EDE-DRMC receipts, expenses and bank balances.</li> <li>Targeting process on cash transfer.</li> <li>NDEF funds and financial statement.</li> </ul>	<ul style="list-style-type: none"> <li>Response and all necessary supporting documentation availed to O.A.G within the stipulated time.</li> <li>Several meetings with the OAG team on clarifications and follow-ups.</li> </ul>	Management on behalf of the Board of Directors	Awaiting the final opinion.	NA

[  ]  
Chairperson

[  ]  
Chief Executive Officer

Date.....06/08/2020

Date.....06/08/2020

