


REPUBLIC OF KENYA



 REPORT NATIONAL ASSEMBLY PAPERS LAID	
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TABLED BY: OF	LEADER OF MAJORITY PARTY (HON. KIMANI ICHUNGWATH)
CLERK-AT THE-TABLE:	J. LEMERELLE

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ON

**KENYA AGRICULTURAL AND LIVESTOCK
RESEARCH ORGANIZATION**

**FOR THE YEAR ENDED
30 JUNE, 2025**



**KENYA AGRICULTURAL AND LIVESTOCK RESEARCH
ORGANIZATION
(KALRO)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
30TH JUNE 2025**

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

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1. ACRONYMS, ABBREVIATIONS AND DEFINATION OF KEY OF TERMS

A. Acronyms and Abbreviations

AIA	Appropriation in Aid
APVC	Agricultural Product Value Chains
ASAL	Arid and Semi-Arid Lands
BAT	British American Tobacco
BETA	Bottom-up Economic Transformation Agenda
BoM	Board of Management
BSc	Bachelor of Science
CBPP	Contagious Bovine Pleuro-Pneumonia
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CPA	Certified Public Accountant
CSR	Corporate Social Responsibility
DG	Director General
DR	Doctor of Philosophy
DUS	Distinctness Uniformity Stability
ECF	East Coast Fever
ERP	Enterprise Resource Planning
GAP	Good Agricultural Practices
ICWES	International Conference of Women Engineers and Sciences
IPSAS	International Public Sector Accounting Standards (IPSAS)
ICPAK	Institute of Certified Public Accountants of Kenya
ICRC	Industrial Crop Research Centre
ICT	Information Communication Technology
KALRO	Kenya Agricultural and Livestock Research Organization
KEPHIS	Kenya Plant Health Inspectorate Services
KG	Kilo Grams
KPCU	Kenya Planters Co-operative Union
KSHS	Kenya Shillings
MNLD	Maize Lethal Necrosis Disease
MoUs	Memorandum of Understandings
MRLs	Minimum Residue Levels
MSc	Master of Science
MT	Metric Tons
MTP	Medium Term Plan
NACOSTI	National Commission for Science, Technology and Innovation
NARS	National Agricultural Research System
NAVCDP	National Agricultural Value Chain Development Project
NGO	Non-Governmental Organizations
NPCC	National Productivity and Competitiveness Centre
NPT	National Performance Trials
NSE	Nairobi Securities Exchange
OGW	Order of the Grand Warrior
PCPB	Pest Control Products Board
PhD	Doctor of Philosophy

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PLC	Public Limited Company
PPR	Peste des Petits Ruminants
STI	Science, Technology and Innovation
TIMPS	Technologies, Innovations, and Management Practices
ToTs	Trainer of Trainers
UK	United Kingdom
USSD	Unstructured Supplementary Service Data

B: Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the responsibility of financial resources of the Organization.

Comparative Year - Means the prior period.

Our Vision

Excellence in agricultural and livestock research towards transformed livelihoods.

Our Mission

To conduct agricultural research through application of science, technology and innovation to catalyse sustainable growth and development in agriculture and livestock Product Value Chains.

Organization Goal

To contribute to the growth of the agricultural sector through research coordination and regulation; technology and innovation development; and catalyse transfer and utilization of agricultural research outputs.

Our Guiding Core Values

KALRO will be guided by the following core values in its operations:

a) Customer orientation

The central focus of KALRO is to provide timely and responsive demand-driven research interventions aimed at addressing the needs of the customers within the agricultural sector. KALRO will achieve this by maintaining a culture that promotes responsiveness to customer needs.

b) Professionalism

KALRO will uphold high standards of excellence in the provision of services to their customers. One of the hallmarks of excellence is integrity and ethics in all areas of operation. In this regard, KALRO research outputs and recommendations will adhere to the highest standards of scientific rigour, ethics and sound evidence base.

c) Innovativeness

KALRO recognizes the need for innovation in order to be responsive to the agricultural sector challenges. In this regard KALRO commits to develop flexible and integrated solutions in-tandem with the needs of customers and stakeholders.

d) Collaboration

Given the multi-stakeholder interest that the agricultural sector attracts, KALRO is expected to collaborate and forge partnerships for the development of the sector in Kenya and beyond. KALRO will therefore endeavor to create beneficial opportunities for agricultural research and development.

e) Environmental consciousness

KALRO will ensure that the environment is conserved while discharging its mandate.

f) Integrity

KALRO is committed to ethical delivery of its mandate to all stakeholders.

2. KEY ORGANIZATION INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Agricultural and Livestock Research Organization (KALRO) is a State Corporation established under the Kenya Agricultural and Livestock Research Act, No 17 of 2013, with perpetual succession, the power to sue and be sued in its own name and the ability to own and alienate movable and immovable property. The organization is also governed by the provisions of the State Corporations Act, Chapter 446 of the Laws of Kenya, an Act of Parliament providing for control and regulation of state corporations. KALRO falls under the Ministry of Agriculture and Livestock Development, and is the country's principal national organization responsible for research and technology generation on crops, livestock, soil and water management and their socio-economics.

(b) Principal Activities

The Organization's mandate is to undertake, streamline, coordinate and regulate all aspects of research in agriculture and livestock development, and promote the application of the research findings, technologies and innovations. Its mission is to conduct agricultural research through application of science, technology and innovation to catalyze sustainable growth and development in agriculture and livestock product value chains. In pursuit of this mission, KALRO seeks to acquire and contribute knowledge and creative solutions that are participatory and client-oriented; holistic and system-oriented; gender-sensitive and affordable to its stakeholders.

(c) Key Management

The Organization's day-to-day management is under the following:

No.	Designation	Name
1	Director General	Dr. Eliud K. Kireger
2	Deputy Director General-Livestock	Dr. Evans Ilatsia
3	Deputy Director General -Crops	Dr. Felister Makini
4	Director, Livestock Systems	Dr. Kipkemoi Changwony
5	Director, Socio-Economics & Policy Development	Dr. Alice Murage
6	Director, Knowledge Information and Outreach	Dr. Karl Nyabundi
7	Director, Crops Systems	Dr. Lusike Wasilwa
8	Director, Natural Resources Management	Dr. David Kamau
9	Director, Partnership & Business Development	Dr. Margaret Makelo
10	Director, Planning & Performance Management & Quality Control	Dr. Mumina Shibia
11	Director, Human Resources Management & Administration	Mr. Benjamin Onyantha
12	Director, Finance & Accounts	Mr. David Muriithi
13	Director, Supply Chain Management	Mr. Stevens Musewe
14	Director, Information, Communication and Technology	Mr. Salim Kinyimu
15	Director, Corporate Communication	Dr. Florida Maritim
16	Director, Internal Audit	Mr. Francis Langat

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No.	Designation	Name
17	Corporation Secretary	Ms. Patricia Ngutu
18	Director, Agricultural Research Funds	Mr. Henry Tanui

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were;

1. Directors

No.	Designation	Name
1	Director General	Dr. Eliud K. Kireger
2	Deputy Director General-Livestock	Dr. Evans Ilatsia
3	Deputy Director General -Crops	Dr. Felister Makini
4	Director, Livestock Systems	Dr. Kipkemoi Changwony
5	Director, Socio-Economics & Policy Development	Dr. Alice Murage
6	Director, Knowledge Information and Outreach	Dr. Karl Nyabundi
7	Director, Crops Systems	Dr. Lusike Wasilwa
8	Director, Environment and Natural Resources Management	Dr. David Kamau
9	Director, Partnership & Business Development	Dr. Margaret Makelo
10	Director, Planning & Performance Management & Quality Control	Dr. Mumina Shibia
11	Director, Human Resources Management & Administration	Mr. Benjamin Onyancha
12	Director, Finance & Accounts	Mr. David Muriithi
13	Director, Supply Chain Management	Mr. Stevens Musewe
14	Director, Information, Communication and Technology	Mr. Salim Kinyimu
15	Director, Corporate Communication	Dr. Florida Maritim
16	Director, Internal Audit	Mr. Francis Langat
17	Corporation Secretary	Ms. Patricia Ngutu
18	Director, Agricultural Research Funds	Mr. Henry Tanui

2. Assistant Directors

No.	Designation	Name
1	Assistant Director, Crop Production & Seed Systems	Dr. Benjamin Kivuva
2	Assistant Director, Crop Health	Dr. Zakayo Kinyua
3	Assistant Director, Livestock Production, Breeding & Commercialization	Dr. Elkana Nyambati
4	Assistant Director Livestock Health	Dr. Eric Mungube
5	Assistant Director, Socio-Economics & Policy Development	Dr. Wellington Mulinge
6	Assistant Director, Research Methods and Analytics	Mr. Reuben Rutto
7	Assistant Director, Planning, Monitoring and Evaluation	Ms. Betty Cheroigin
8	Assistant Director, Performance Management Quality Control	Mr. David K. Nyamasia
9	Assistant Director, Partnership and Resource Mobilization	Dr. Scholastica Wambua

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No.	Designation	Name
10	Assistant Director, Technology Transfer	Dr. Fredah Maina
11	Assistant Director, Knowledge and Information Management.	Ms. Violet Kirigua
12	Assistant Director, Environment & Natural Resource Management	Dr. Duba Golicha
13	Assistant Director, Environment and Sustainability	Ms. Agnes Yobterik
14	Assistant Director, Finance & Accounts	Ms. Ebby Musembi
15	Assistant Director, Supply Chain Management	Mr. Amos Mugo
16	Assistant Director, Information Communication and Technology	Mr. Simon Mulwa
17	Assistant Director, Administration	Ms. Gladys Wangia
18	Assistant Director, Human Resource Development	Dr. Kepha Ombui
19	Assistant Director, Internal Audit	Mr. Stephen Kigo
20	Assistant Director, Security Services	Mr. Dennis Khisa
21	Assistant Director, Property Management	Mr. Samuel Khaemba
22	Assistant Director, Corporate Communication	Mr. Stephen Odipo
23	Assistant Director, Legal Services	Ms. Brenda Waitthaka
24	Assistant Director, Partnership & Business Development	Dr. Everlyne Kirwa

(e) Fiduciary Oversight Arrangements

- Ministry of Agriculture and Livestock Development
- The National Treasury and Economic Planning

(f) Entity Headquarters

Kaptagat Road, Loresho
P.O. Box 57811-00200
Nairobi, Kenya

(g) Entity Contacts

Telephone: 0709 104 000, 0722 206 986/8/ 0733 333 223/4
Email: director@kalro.org
Website: www.kalro.org

(h) Organization Bankers

1. Kenya Commercial Bank
P.O. Box 46950-00100
Nairobi
Tel No. 020-2214878,
2. NCBA Bank Kenya
P.O. Box 44599- 00100
Nairobi.
Tel No. 020-4450882,
3. Co-operative Bank of Kenya Ltd
P O Box 48231 - 00100
Nairobi

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Tel No. 020-2776000

4. Stanbic Bank Kenya
P.O Box 30550-00100
Nairobi.
Tel No. 020-3268888.
5. National Bank of Kenya
P.O Box 72866-00200
Nairobi.
Tel No.020-2828000.
6. Absa Bank Kenya
Westend Building,
Off Waiyaki Way.
PO Box 30120 - 00100.
Nairobi.
Tel: +254 (20) 3900000. Cell: +254 (722) 130120. Cell: +254 (732) 130120.

(i) Independent Auditor

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

(j) Principal Legal Adviser

KALRO Legal Office
P.O. Box 57811 – 00200
Cellphone. 0709 104 000, 0722 206 986/8/ 0733 333 223/4
Email: director@kalro.org
Nairobi, Kenya

3. THE BOARD OF MANAGEMENT

Dr. Thuo Mathenge



Dr. Thuo Mathenge has extensive knowledge and experience in the various sectors in the development of the nation through Trade, Industry and Value addition in Kenya and beyond. Dr. Thuo is trained in Community Nursing from Kenya Medical Training College – Kenyatta, Nairobi and has Diploma in Business Management and Administration from Cambridge Tutorial College. He has a Bachelor degree in Business Administration (Management and Organizational Behavior,) Presbyterian University of East Africa.

He holds Doctor of Social sciences (Honoris Causa), Finland University. He is a Member of Institute of Professional Managers and Administrators.

Dr. Thuo Mathenge is appointed Member, Chairman KALRO BoM.

Dr. David Ngigi



Dr. David Ngigi is a distinguished Entomologist with over 22 years of professional experience in both Public and Private Sectors. He is a known Champion for Science, Technology and Innovation in Kenya. He has served as the Head of the Institutional Registration and Accreditation Department at NACOSTI. In that capacity he has successfully spearheaded national initiatives towards attainment of aspirations of STI Act of 2013 that include mainstreaming STI in Government Agencies, strengthening research ethics oversight in the country, and facilitating the establishment of new research institutions.

Earlier, Dr. Ngigi successfully coordinated NACOSTI's initiatives to operationalize the Government Science Technology and Innovation Fund that was set to intensify innovations and promote uptake of STI output in priority areas in line with Vision 2030 aspirations. Through his leadership the STI Fund grew to nurture and support over 1,800 research and Innovation projects, solidifying his commitment to propelling Kenya's scientific landscape forward.

He was one of the pioneer members of the secretariat that was tasked to operationalize the current National Research Fund (NRF), the successor of the STI Fund. He made a significant contribution in supporting the Board of Trustees to set-up organization structures, build linkages and spearheaded resource mobilization to support research and Innovation in Government priority areas

Dr. David Ngigi is a member of KALRO BoM.

CPA Margaret Wamuyu



CPA Margaret Wamuyu is a professional accountant with experience at different Boards and is currently pursuing a PhD in Finance. She is a Certified Public Accountant and a Member of Institute of Certified Public Accountants of Kenya (ICPAK).

She also holds a Master of Business Administration degree from the University of Nairobi and Bachelor of Commerce degree (First Class Honors) from KCA University. She is a Senior Government Officer with a wealth of experience in Accounting, Performance Contracting and Public Financial Management. She is currently working at the National Treasury and Economic Planning.

She represents, PS National Treasury and Economic Planning.

Ms. Judy Ngene



Ms. Judy Ngene is an appointed Member of the Board and chairs the Research, Technical & Innovation committee of the Board. She is a dynamic entrepreneur and wine industry leader, serving as the CEO of Galina Kenya, a premier wine importation company. She is the founder of Lolie Wines, a Kenyan-owned brand produced in France, which was nominated for *Best New Product Strategy* at the prestigious V d'Or Awards in Paris. Lolie Wines is now successfully available in both the Kenyan and UK markets. Judy is also the co-founder of the Wine Fair Kenya, a platform that continues to shape and grow the local wine industry. In 2024, she was honored to serve on the jury panel for the selection of Vin de France wines in Paris, a testament to her deep industry knowledge and international recognition.

She holds a Wine and Spirit Education Trust (WSET) Level 3 certification in Wines and earned her Master's degree in Global Business Administration from United States International University (USIU-Africa). Judy brings to the KALRO board a passion for global trade, value addition, and market development, with a strong belief in expanding opportunities for Kenyan agricultural products through innovation and international best practices. She chairs the Research, Technical and Innovation Committee of the Board.

Ms. Teresia Wambui Karanja



Ms. Karanja holds a Master Degree in Plant Pathology. She heads the Pathology, Weeds and Pesticide Advisory Services Branch at Plant Protection Services Division. She is also a Board Committee Member of Technical Registration of new pest control products and Audit committees.

She represents, Principal Secretary, State Department for Agriculture, Ministry of Agriculture and Livestock Development.

Mr. Johana K. Cheruiyot



Mr. Johana Kipkorir Cheruiyot is an appointed Member. He chairs the Finance and Administration Committee of the Board. He holds a Bachelor of Science Degree in Animal Production and a Post Graduate Diploma in Education. He has wide experience in leadership skills. Was Chairperson for various Secondary Schools; County Executive Committee Member in-Charge of Transport, Roads and Public Works Narok County. Was Chief Officer also in Narok County Government.

Dr. Mukiri Wa Githendu, HSC



Dr. Githendu holds a Ph.D. in Agricultural Education from Iowa State University and an M.Sc. in Seed Technology from Edinburgh University. He also holds HSC (Head of State Commendation). He is an appointed Member.

He chairs the Audit, Risk and Governance Committee of the Board.

Dr Christopher Wanga, PhD, MBA, MPH&E, BVM (EBS, MBS, OGW)



Christopher is the Director of the Livestock Policy Research and Regulations Directorate and is Director alternate to the Principal Secretary State Department of Livestock Development in the Ministry of Agriculture and Livestock Development. Christopher has over 31 years of experience in Sub-Saharan Africa (SSA), especially Kenya leading implementation, development and review of Agricultural Sector related strategies, policies and legislative issues, leadership, governance and management of the Agricultural Sector and rural development issues important for economic growth and food security. Further, he has previously served as the Chairman of the Kenya Veterinary Board and the Kenya Veterinary Association. He is a PhD holder in Veterinary Epidemiology and Economics; Masters Degree in Public Health & Epidemiology; Masters of Business Administration in Strategic Management; Bachelor's Degree in Veterinary Medicine; and a post graduate Diploma in Financial Management.

Mr. George Ombua

Mr. Ombua represents Inspector General, State Corporations. He is a Member with no voting rights.

Dr. Eliud K. Kireger, OGW



Dr. Eliud Kiplimo Kireger is the Director General/CEO of KALRO. Prior to this appointment, he served as the Managing Director/CEO of the Tea Research Foundation of Kenya. Dr.Kireger attained his PhD in Plant Eco-physiology from the University of Wales, (UK), MSc in Genetics and Tree breeding from University of Toronto (Canada) and a BSc in Forestry from Moi University (Kenya). He has trained in Conflict Management and Resolution, Strategic Leadership, Company Directorship and Change Management among others. He was an Appointed Member of the board of management of Kenya Agricultural Research Institute (KARI) where he chaired the Audit Committee. He is the Secretary to the KALRO Board of Management.

4. KEY MANAGEMENT TEAM

1. Dr. Eliud K. Kireger-B.Sc.; M.Sc.; PhD, OGW
Director General



Dr. Eliud Kiplimo Kireger is the Director General/CEO of KALRO. Prior to this appointment, he served as the Managing Director/CEO of the Tea Research Foundation of Kenya. Dr Kireger attained his PhD in Plant Eco-physiology from the University of Wales, (UK), MSc in Genetics and Tree breeding from University of Toronto (Canada) and a BSc in Forestry from Moi University (Kenya). He has trained in Conflict Management and Resolution, Strategic Leadership, Company Directorship and Change Management among others. He was an Appointed Member of the board of management of Kenya Agricultural Research Institute (KARI) where he chaired the Audit Committee.

2. Dr. Evans D. Ilatsia (BSc, MSc, Dr.sc.agr.)
Deputy Director General, Livestock



Dr. Evans D. Ilatsia holds a Doctorate degree in Animal Breeding and Genetics from University of Hohenheim, Germany; a Master of Science degree in Animal Breeding and a Bachelor of Science in Agriculture Extension from Egerton University. Prior to his current position, he served as the Institute Director, Dairy Research Institute where he led a team of scientists in implementing over 22 research and development projects. Dr.sc.agr. Ilatsia is an accomplished scientist who has (co) authored over 80 research publications including refereed journal articles, conference papers, technical bulletins, reports and training manuals and contributed to various policy documents. He also holds various academic supervisory roles for post graduate MSc and PhD candidates in local and international universities

3. Dr. Felister W. Makini - B. Sc.; M.Sc.; PhD.
Deputy Director General, Crops



Dr. Felister Makini holds a BSc in Botany and Chemistry from the University of Nairobi, Kenya and an MSc in Plant Pathology from Georgia State University, USA. She also has a PhD in Plant Pathology from the University of Greenwich, UK and has done several short courses in various fields. Prior to her current position, she worked as the Deputy Director in charge of the Department of Outreach and Partnerships at KARI. Recently together with others she published an operational field guide to innovation platforms as the lead author.

5. CHAIRMAN'S STATEMENT

The financial year under review marked the second year of implementation of the 2nd KALRO Strategic Plan (2023/24–2027/28). During this period, the Board of Management (BoM) worked to strengthen and maintain a conducive environment for the organization's operations. In particular, we oversaw the alignment of KALRO's programmes to the Government's Bottom-Up Economic Transformation Agenda (BETA), ensuring mainstreaming of the agenda in all the organization activities.

The Board guided the development and implementation of policies that informed annual planning and the achievement of milestones. A performance contract with the Ministry of Agriculture and Livestock Development was signed, committing the organization to deliver on set targets. I am pleased to report that we recorded commendable achievements on the targets for the year. KALRO has continued to adopt and institutionalize the Agricultural Productivity Value Chain (APVC) approach in all research programmes and projects, ensuring that research outcomes translate into tangible benefits for farmers and the agricultural sector.

The Board of Management acknowledges the crucial role of internal revenue generation in sustaining research and capital investments, particularly in the face of declining development funding from the exchequer. Leveraging the growing confidence of development partners in KALRO, we secured increased donor funding, much of it in the form of direct project support. In addition, income from the sale of farm produce surpassed the set Appropriations-in-Aid (AIA) targets, reflecting these efforts.

We also ensured that the Organization's innovation programs were developed and efficiently implemented in collaboration with sector stakeholders, especially the county governments, private sector players, international institutions and donors to amplify research impact and align priorities with national needs. The BoM will sustain strategic collaborations and partnerships to propel KALRO in developing and disseminating technologies, innovations and catalyze knowledge sharing in both local, regional and global markets.

I am proud to present the achievements of the Kenya Agricultural and Livestock Research Organization (KALRO) for the reporting period. Through its strategic pillars, KALRO has delivered impactful research and innovations that continue to drive agricultural transformation in Kenya. The organization has made significant strides in advancing agricultural research and innovation, focusing on crop and livestock improvement, knowledge dissemination, policy alignment, and institutional strengthening. Among the key achievements were the development and release of improved crop varieties, enhancement of livestock breeds, and introduction of climate-smart farming practices aimed at boosting productivity and resilience. Post-harvest technologies and food safety measures were prioritized to reduce losses and promote

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value addition. Digital platforms were strengthened to provide real-time advisories to farmers, while scientific publications and field-based training ensured effective dissemination of research findings. Efforts in policy support and market development focused on aligning research outputs with economic opportunities in priority value chains to enhance farmer livelihoods. To reinforce institutional capacity, KALRO invested in staff development, modernization of ICT systems, and improved performance management processes, ensuring greater efficiency and service delivery.

In fulfilling its mandate, KALRO incorporated the BETA Agricultural Transformation and Inclusive Growth agenda and supported public participation through regular stakeholder consultations, as required by the Constitution of Kenya, 2010. These consultations have been instrumental in fostering good governance, transparency, and accountability, while also strengthening the implementation of the Strategic Plan.

Looking ahead, KALRO remains committed to advancing sustainable agricultural transformation through innovation, partnerships, and evidence-based solutions, further reinforcing its role in promoting food security and contributing to Kenya's food security and economic growth. I wish to express my appreciation to the Government of Kenya, development partners, collaborators, farmers, the KALRO management, and the entire staff for their dedication and hard work that made these achievements possible.



Dr. Thuo Mathenge
Chairman, KALRO BoM

6. REPORT OF THE CHIEF EXECUTIVE OFFICER

Kenya Vision 2030 envisages the country's transformation into a knowledge-based economy. Guided by this vision and the Government's Bottom-Up Economic Transformation Agenda (BETA), KALRO recognizes its critical role in generation of technologies, knowledge, and skills that drive economic growth and competitiveness. During the year under review, management continued to apply these ideals in the planning and implementation of projects and programs aimed at embedding innovation, modern technologies, and knowledge into Kenya's agricultural sector, which constitutes the core mandate of KALRO.

To ensure quality research, the management invested in its human resource through staff development and welfare, both of which are meant to provide a conducive working environment, through compensation and motivation of staff. This included capacity building, compensation, and motivation of staff. In addition, efforts were directed towards the development, upgrading, and maintenance of research infrastructure in line with national research priorities.

All research projects implemented during the reporting period were aligned to the Second KALRO Strategic Plan (2023/24–2027/28), the Fourth Medium-Term Plan (MTP IV 2023–2027) of Kenya Vision 2030, the Agriculture Sector Growth and Transformation Strategy (ASTGS 2019–2029), and the Bottom-Up Economic Transformational Agenda (BETA). A strong emphasis was placed on climate-smart agriculture (CSA), with research focusing on the assessment, validation, and development of CSA technologies along Agricultural Product Value Chains (APVCs) as a key measure to mitigate the adverse effects of climate change.

The reporting period witnessed notable progress in agricultural research, innovation, and dissemination of knowledge. Under technologies and innovations, KALRO developed and released 15 improved crop varieties, commercialized 3 varieties, and submitted 60 promising lines for further evaluation. Additionally, 10 agronomic technologies focusing on crop health management were disseminated, benefitting more than 1,000 pest and disease cases. Livestock productivity was enhanced through the validation of 3 improved breeds, provision of artificial insemination services, and the establishment of a camel nucleus herd to support breeding programs.

In the area of knowledge and information management, KALRO launched a comprehensive online electronic repository, updated 20 crop health fact sheets, and produced 197 scientific publications. Digital platforms such as the Agro-weather Tool and USSD-based services were strengthened, enabling farmers to access real-time advisories and decision-making support.

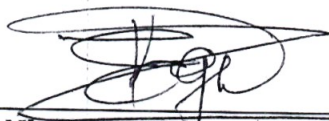
Policy and market research efforts emphasized the socio-economic impact of agricultural research, with targeted studies conducted on banana, milk, and cotton

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value chains. To strengthen organizational capacity, KALRO enhanced its performance management systems, recruited 833 interns and attachés, and conducted a skills gap analysis to improve workforce efficiency. Revenue generation initiatives remained strong, with the organization realizing Ksh 1.09 billion from internal revenue generation activities and partnerships. Additionally, 144 consultative forums were convened to ensure that research priorities were aligned with national development goals, while collaborations with county governments and seed companies expanded KALRO's outreach and impact.

These achievements reflect KALRO's ongoing commitment to delivering evidence-based solutions, fostering innovation, and building partnerships to transform Kenya's agricultural sector.

On behalf of the management, I extend sincere appreciation to the Government of Kenya, development partners, and all stakeholders whose continued support enabled KALRO to meet its targets for the period, resulting in the commendable attainment of most of our Performance Contract targets



Eliud Kiplimo Kireger (PhD, OGW)
DIRECTOR GENERAL

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025

Section 81 Subsection 2(f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

KALRO has five strategic pillars and objectives within its Strategic Plan (2023/24-2027/28). These strategic pillars are as follows:

Pillar 1: Technologies, Innovations and Management Practices for Agricultural Products Value Chains Generated;

Pillar 2: Knowledge, Information and Technologies on Agricultural Products Value Chains Research Collated, Stored and Shared;

Pillar 3: Socio-Economics Information, Market and Policy Options Supporting Agricultural Product Value Chains (APVC) Generated and Advocated;

Pillar 4: Organisational Capacities and Resource Management Strengthened;

Pillar 5: Systems for Prioritization, Coordination and Regulation of Agricultural Research Developed and Operationalized.

KALRO develops its annual work plans based on the above five pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Organization achieved its performance targets set for the FY 2024/2025 period for its strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Technologies and innovations for priority agricultural products value chains generated and disseminated	To improve crop production, productivity and utilization (The objective targets all 18 value chains under BETA, and 14 value chains will be	No. of crop varieties developed	Develop improved crop varieties for better nutrition and industrial development.	<ul style="list-style-type: none"> i. Submitted sixty (60) promising lines to KEPHIS for evaluation in National Performance Trials (NPTs): rice, coffee, sugarcane, tea, sunflower, cotton, wheat, sorghum, castor, cassava, and tea; ii. Participated in National Performance Trials (NPTs) for Distinctness, Uniformity and Stability (DUS) process for thirty (30) accessions; iii. Developed and released fifteen (15) crop varieties; iv. Commercialized three (3) crop varieties.

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	evaluated for productivity: Rice, Cotton, Avocado, Passion Fruit, Coffee, Pyrethrum, Banana, Potato, Coconut, Ground nuts, Cashew nuts, African Indigenous vegetables, Tea, Tomato)			
		No. of underutilized and Emerging Crops Developed, Validated, Promoted and Commercialized	Underutilized and Emerging Crops Developed, Validated, Promoted and Commercialized	<ul style="list-style-type: none"> i. Identified and maintained one (1) medicinal/aromatic plant; ii. Promoted and commercialized one (1) medicinal/ aromatic plant (Bixa/black pepper);
		No. of good agronomic technologies and practices for priority APVCs Technologies developed and evaluated	Develop good agronomic technologies and practices for priority APVCs	<ul style="list-style-type: none"> i. Validated/ disseminated ten (10) crop health management technologies and practices; ii. Diagnosed and prescribed management for one thousand (1,000) pest/disease cases; iii. Developed one (1) pest/disease monitoring and early warning protocol; iv. Evaluated forty (40) crop lines for resistance to key

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
				<ul style="list-style-type: none"> v. Diseases/insect pests; Developed/disseminated 4(four) weed management technologies; vi. Mapped one (1) invasive weed (dodder)
		No. of pesticides evaluated for crop pest management	Evaluation of Pesticides for Crop Pest Management	<ul style="list-style-type: none"> i. Evaluated ten (10) pesticides for efficacy;
		No. of disease resistant crop varieties for food safety.	Improve and maintain crop health and food safety	<ul style="list-style-type: none"> vii. Validated/ disseminated ten (10) crop health management technologies and practices; viii. Diagnosed and prescribed management for one thousand (1,000) pest/disease cases; ix. Developed one (1) pest/disease monitoring and early warning protocol; x. Evaluated forty (40) crop lines for resistance to key diseases/insect pests; xi. Developed/disseminated 4 (four) weed management technologies; xii. Mapped one (1) invasive weed (dodder).
		No. of pre and post-harvest Technologies developed	Develop pre and post-harvest handling and storage technologies and practices	<ul style="list-style-type: none"> i. Validated six (6) post-harvest tea-leaf handling and storage technologies and practices; ii. Developed two (2) technologies for food and feed management; iii. Disseminated two (2) post-harvest technologies to reduce food/feed contamination and wastage; iv. Developed and validated three (3) technologies and innovations for processing herbs and extracts for flavouring processing tea

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	To develop, validate and promote Processing, Food Bio-fortification and Value Addition Technologies, Best and Best Practices for Crops	No. of Processing, Food Bio-fortification and Value Addition Technologies and Best and Best Practices for Crops Developed, Validated and Promoted	Processing, Food Bio-fortification and Value Addition Technologies and Best and Best Practices for Crops Developed, Validated and Promoted	<p>products.</p> <ol style="list-style-type: none"> i. Three (3) bio fortified products from (i) iron rich beans, (ii) orange fleshed sweet potatoes, (iii) arrow roots developed and promoted. (Kitale, Njoro, Kakamega). ii. Promoted and documented (i) five (5) orange fleshed sweet potato recipes, (ii) six (6) iron rich beans, (iii) one (1) arrow root recipes, (iv) two (2) Teff recipes, and (v) one (1) Yams. (Kitale, Njoro, Muguga, Kakamega). iii. Established Herbal/Botanical Garden with six (6) medicinal herbs. iv. Developed and validated technologies and innovations for processing herbs and extracts for flavouring processing tea products. v. Developed and validated 20 flavoured teas for antioxidant capacity and biochemical profile. vi. Promoted adoption of technologies and innovations for packaging and consumption flavoured tea products based on their health benefits.
		No. of Genetic resources conserved	Support plant and livestock genetic resources conservation.	<ol style="list-style-type: none"> i. Monitored 1000 accessions for viability; ii. Analyzed three (3) species for biodiversity status; iii. Collected and conserved one hundred (100) livestock and microbial genetic resources; iv. Maintained ten (10) field genebanks;

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		No. and quantity of Disease free planting materials	Material produced and disseminated	i. Produced 138.19 MT of Basic seed (Cereals, Rice, Potatoes, and Grain legumes), Produced 3.70 million Tea plants and cuttings, Produced 983,492 Coffee planting material, Produced 55,707 coconut seedlings, Produced 4.83 million cassava cuttings, Produced 3.45 million sweet potato vines, Produced 2,849.42 MT seed cane, Produced 126,830 cashewnut seedlings, Produced 75,796 mulberry cuttings, Produce 2.97 million Pyrethrum splits, Produced 204,990 fruit seedlings (citrus, plantain, sweet yellow passion, purple passion, tree tomato, banana), Produced 744,652 of assorted fruits seedlings of Loquat, Guava, Custard apple, Jack fruit, Tamarind, Zambarau, Pomegranate, Amarula Pawpaw, sour soap, white sapote, mango, papaya, avocado, cocoa dragon fruit, Pitange (Surinam cherry), Jaboticaba, Sapodilla, black raspberry, Produced 15,333 macadamia seedlings, Produced 139,800 palm seedlings, Produced seeds for oil crops 21.78 MT (Sunflower, Soybean seeds, and groundnut)
	To improve livestock production, productivity and products utilisation	Number of improved livestock breeds Developed	Productivity and utilisation of safe livestock products increased for BETA value chains	i. Improved and validated three (3) livestock breeds for milk and meat; ii. Conducted 295 artificial inseminations iii. Aailed 309 breeding beef cattle iv. Aailed 209 breeding dairy cattle

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
				<ul style="list-style-type: none"> v. 240 breeding goats and sheep were availed to farmers vi. Developed a camel breeding program; vii. Established a camel nucleus herd. viii. 505,428 chicks were produced
		No. of Processing and Value Addition of Livestock Products Developed and Promoted	Processing and Value Addition of Livestock Products Developed and Promoted	<ul style="list-style-type: none"> i. Production of butter was carried out and awaits commercialization at Ol Joro Orok. ii. Fermented milk products such as mala, yoghurt and ghee were processed from camel and goats' milk during the Marsabit county trade fair and KALRO Open week
		No. of forage varieties, improved feeds and feeding systems developed and promoted	Develop and promoted forage varieties and improved feeds and feeding systems	<ul style="list-style-type: none"> i. Developed one (1) forage variety; ii. Commercialized two (2) forage varieties; iii. Formulated and disseminated ten (10) feed rations; iv. Analyzed 3,377 feed samples against a target of 2,700 samples.
		Number of robust and sustainable forage seed systems Developed	Develop robust and sustainable forage seed systems	<ul style="list-style-type: none"> i. Availed 4,485,461 napier grass cuttings; ii. Availed 5,776.6 kg rangelands grass seed iii. Evaluated super Napier, <i>Patchong</i> and <i>Juncao</i> for nutritional quality
		No. of vaccines developed	Improve and maintain livestock health and food safety	<ul style="list-style-type: none"> i. Determined immunogenicity of a sub-unit Peste des Petits Ruminants (PPR) /camel pox vaccine in rabbits. ii. Produced thermos-tolerant pre-industrial PPR vaccine for external quality testing at the Pan African vaccine Centre (PANVAC) of the African Union; iii. Disseminated 3,000 ECF vaccine

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
				<ul style="list-style-type: none"> iv. doses to counties (trained vaccinators); Validated bivalent Newcastle Disease & Infectious Bovine Disease (IBD) vaccine; v. Conducted CBPP transmission experiment to improve on vaccine efficacy trials; vi. Registration of pen side mastitis test kit by veterinary medicine directorate.
		No. of Food safety technologies for microbial and mycotoxin management developed, validated and promoted	To develop, promote and validate food safety technologies for microbial and mycotoxin management	<ul style="list-style-type: none"> i. Promoted one (1) food safety technology for microbial and mycotoxin management; ii. Analyzed 354 against a target of 300 food samples for mycotoxin contaminants, Minimum Residue Levels (MRLs), heavy metals contaminants and biological toxins in produce or products; iii. Developed/promoted one (1) rapid diagnostic kit for MRLs, heavy metals, fluorides, biological toxins; iv. Conducted two (2) awareness creation programs on MRLs, heavy metals, biological toxins contamination, antibiotic residues and biological toxins in Kirinyaga and Kajiado Counties; v. Analyzed 300 against a target of 200 feed samples for microbial, heavy metals, drug residues and mycotoxins; vi. Produced and availed to farmers 100 MT of Aflasafe KE01™; vii. Conducted five (5) awareness creation fora on food safety (Aflasafe, MRLs, heavy metals, biological toxins contamination and biological toxins).

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		No. of apiculture Technologies, Innovations and Management Practices Developed, Validated and Promoted	To develop , validate and promote apiculture Technologies, Innovations and Management Practices Developed, Validated and Promoted	<ul style="list-style-type: none"> i. Established two (2) apiculture research apiaries; ii. Validated and promoted one (1) honey processing technology; iii. Promoted two (2) beekeeping husbandry practices; iv. Promoted one (1) bee pest and disease management technology and innovation; v. Promoted two (2) stingless beehive value added products.
		No. of Agricultural Machinery and Equipment/impl ements fabricated and promoted	To fabricate and promote agricultural Machinery and Equipment/impl ements.	<ul style="list-style-type: none"> i. Validated two (2) agricultural machines/equipment; ii. Evaluated and adapted one (1) agricultural machine; iii. Designed and fabricated one (1) agricultural machine/implement; iv. Promoted two (2) agricultural machineries/equipment.
	To Develop and/or Validate Technologies for Optimal Plant Nutrition and Crop Productivity	No. of Technologies for Optimal Plant Nutrition and Crop Productivity Developed and/or Validated	Develop and/or Validate Technologies for Optimal Plant Nutrition and Crop Productivity	<ul style="list-style-type: none"> i. Validated eight (8) Integrated Soil Fertility Management (ISFM) technologies; ii. Promoted eight (8) ISFM technologies; iii. Analyzed 26,970 samples of soil, water, leaf, manure and fertiliser samples; iv. Validated three (3) soil and water management technologies.
		No. of Organic Farming Developed and Promoted	Develop and Promote Organic Farming	<ul style="list-style-type: none"> i. Validated and promoted three (3) organic farming technologies; ii. Disseminated the evaluation findings of six (6) bio-fertilizer.
		No. of Technologies for Planning and Sustainable	Develop Technologies for Planning and Sustainable	<ul style="list-style-type: none"> i. Conducted ten (10) land suitability surveys/assessments; ii. Conducted soil digital fertility characterization of all agricultural and grazing lands in

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		Land Management in Crops and Livestock Developed	Land Management in Crops and Livestock	Kenya and produce; pH, Organic carbon, Nitrogen, Phosphorus and Potassium soil maps to inform agricultural policy; iii. Conducted three (3) land degradation assessments; iv. Rehabilitated eighty (80) hectares of degraded land within KALRO.
		No. of Climate Change Adaptation and Mitigation Technologies Developed and Promoted	Develop and Promote Climate Change Adaptation and Mitigation Technologies	i. Validated four (4) climate smart and natural resource adaptation technologies, innovation and management practices; ii. Promoted one (1) sustainable energy technology; iii. Developed one (1) crops and livestock waste management technology.
Pillar 2: Knowledge, information and technologies on priority agricultural products value chains research collated, stored and shared	1.Promote knowledge and information management and outreach	Collect and collate KALRO Knowledge Information and Technologies (KITs) for storage, ease of retrieval and dissemination;	To develop, update and avail online electronic knowledge banks repositories and inventories	i. Developed one online electronic repository.
		No. of packaged technologies developed/updated	To develop/update packaged technologies	i. Updated 20 crop health fact sheets ii. Updated two (2) electronic knowledge banks, repositories and inventories updated and availed online iii. Developed/updated 31 Brochures/pamphlets iv. Developed/updated six (6) manuals/handbooks v. Developed/updated 102 Fact sheets/leaflets vi. Developed/updated 197

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	To develop and promote digital online platform for outreach	No of digital online platform for outreach developed and promoted,	Develop and promote digital online platform for outreach	<p>Scientific technical reports/publications</p> <ol style="list-style-type: none"> i. Provided support for access of KALRO Big data platform and cloud services as a way of providing information on line; ii. Carried out digitization by implementing One (1) crop model; iii. Supported and maintained the Agro-weather Tool, which will be able to provide insights based on agriculture and weather as well as targeted advisories for farmers; iv. Customer support for ICT based agro-advisory system for on-line access by stakeholders; <ul style="list-style-type: none"> • https://kalro.ecitizen.go.ke/ • https://accounts.ecitizen.go.ke/en/ministries/ministry-of-agriculture-and-livestock-development?department=state-department-for-crop-development&agency=kenya-agriculture-and-livestock-research-organisation-kalro • https://statistics.kilimo.go.ke/en/ • https://www.kalro.org/kiamis/ • USSD (*616#) • https://www.kalro.org/kyf/ • https://fsd.kilimo.go.ke/
		No of Improved Journals for information sharing	Sustain and improve publication of the organization's peer reviewed journals to international repute,	<ol style="list-style-type: none"> i. Submitted 102 internally reviewed papers for publications in peer reviewed refereed journals; ii. Developed 177 internally reviewed technical publications; iii. Developed and updated 140 extension materials; iv. Submitted 115 papers internally

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			including the East African Agricultural and Forestry Journal and the Tea Quarterly Journal	reviewed for presentation in scientific conferences;
		No. of Capacity building activities	Conduct capacity building activities	<ul style="list-style-type: none"> i. Conducted 37 field days ii. Conducted 21 KALRO On-station demonstrations iii. Conducted 82 KALRO On-farm demonstrations iv. Conducted 9 KALRO Exhibitions v. Participated in 10 agricultural shows vi. Hosted 9 seminars vii. Conducted 8 joint field days viii. Conducted 1 joint field demonstrations ix. Hosted 14 joint exhibitions x. Held 4 expos
Pillar 3: Policies and market options supporting and facilitating priority agricultural product value chains developed and advocated	To generate socio-economics, gender and promotion of Participatory Research Methods information	No. of Improved information generated and shared	Generate and promote socio-economics information;	<ul style="list-style-type: none"> i. Conducted two (2) adoption /impact assessment study for KALRO TIMPS; ii. Conducted economic analysis studies in two institutes (Food Crop Research Institute and Veterinary Science Research Institute); iii. Conducted market studies for three (3) commodities (banana, milk, and cotton).
Pillar 4: Organizational capacities and resource management strengthened	To improve human resource capacity development and management	No. annual of staff appraisal conducted	Conduct annual staff appraisal	<p>Undertook Employee Performance Management by carrying out the following-:</p> <ul style="list-style-type: none"> a) Set individual employees' annual performance targets for FY 2024/25 using the prescribed format; b) Undertook Staff Performance

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	t			Appraisal for all employees and compiled the appraisal report for the FY 2023/24; c) Developed an action plan and implemented the recommendations emanating from the staff appraisal reports.
	To improve employee planning and staff development for optimal workforce requirement and succession	No. of succession policy developed and implemented	Develop and implement succession policy	i. Developed a succession policy
		No. of intern and attaché recruited	Recruit intern and attachés	i. 17 interns and 816 attachés were engaged in various programmes in the organization.
		No. Skill gap analysis conducted	Conduct skills gap analysis	i. Undertook one skills gap analysis; ii. Undertook one staff Training Needs Assessment (TNA) and prepared annual staff training projections;
		No. of training needs assessment conducted	Conduct training needs assessment	iii. Addressed the identified skills gaps and training needs;
		No. of staff who have received short term training	To facilitate staff to undergo short term training	i. Undertook statistical training for five staff ii. In-house training of 20 interns (10-crops and 10-livestock) on development of research proposals and publications
	2. To mobilize and manage financial resources	Revenue generated	Increase Internally Generated Revenue through	i. A-I-A realisation in the FY was Kshs. (Million) Ksh.1,085.14 ii. Developed and submitted 32 research proposals for funding

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			commercialization of technologies, products and services; Strengthening the KALRO Seed Unit (KSU); Raising revenue from royalties, contract research and consultancies;	
	3.To strengthen and manage information communication technology (ICT) infrastructure and services	No. of ICT platform and databases developed, updated and maintained.	Develop, update and implement ICT platform and databases	<ul style="list-style-type: none"> i. Identified and prioritized Core services for BPR: Re-engineer technology transfer, soil profiling and mapping and leave management end to end; ii. Re-engineered end-to end: Two core services Digitalized soil profiling and mapping; iii. Re-engineered service processes digitalized: TIMPs, Leave Management and Soil analysis and reporting; iv. Digitalized customer services and on boarded onto the e-citizen platform.
	To enhance security services	No. of contracted and supervised security services.	To enhance and supervise security services.	<ul style="list-style-type: none"> i. One security company contracted ii. Conducted four trainings on security case handling management
	4. To enhance collaboration and partnerships	No. of collaborative initiatives	Build and maintain collaborations with other	<ul style="list-style-type: none"> i. MoUs signed with County Governments of Muranga, Laikipia and Busia. ii. One (1) training conducted for Seed Companies on licensing

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			NARS such as Universities, County Governments, NGOs, agro-industry, commercially-oriented farms, and international organizations	requirements
Pillar 5: Systems for Prioritization, Coordination and Regulation of Agricultural Research Developed and Operationalized	To set priorities of crops and livestock research in Kenya	No. research priority undertaken	To undertake research priority setting	i. Held 144 consultative fora as follows, Institute-based research on their Agricultural Product Value Chains (APVC) mandate, engagements with strategic partners, training of Agricultural Product Value Chain (APVC) and Innovation Platform champions

TECHNICAL RESEARCH PROGRAMME ACHIEVEMENTS: FY 2024/2025

The year recorded significant achievements in various projects under Crops and Livestock Research. Presented below is the summary of the key achievements for the FY 2024/2025 as per the set Performance Contracting document.

Improved crop production, productivity and utilization

Development of improved crop varieties

During the contract period, the following activities were undertaken:

- i) Submitted sixty (60) promising lines to KEPHIS for evaluation in National Performance Trials (NPTs): rice, coffee, sugarcane, tea, sunflower, cotton, wheat, sorghum, castor, cassava, and tea;
- ii) Participated in National Performance Trials (NPTs) for Distinctness, Uniformity and Stability (DUS) process for thirty (30) accessions;
- iii) Developed and released fifteen (15) crop varieties;
- iv) Commercialized three (3) crop varieties.

Production of crops' planting materials

During the contract period production of planting materials is as shown in Table 1 below.

Table 1. Planting materials

Sub-Indicator	Total FY
Produce 50 MT of Basic seed (cereals, Rice, potatoes, and grain legumes),	138.19
Produce 3.6 million Tea plants and cuttings	3.70
Produce 700,000 Coffee planting material	983,492
Produce 30,000 coconut seedlings	55,707
Produce 5 million cassava cuttings	4.83
Produce 4 million sweet potato vines	3.45
Produce 3000 MT seed cane	2,849.42
Produce 60,000 cashewnut seedlings	126,830
Produce 200,000 mulberry cuttings	75,796
Produce 2 million Pyrethrum splits	2.97
Produce 100,000 fruit seedlings (citrus, plantain, sweet yellow passion, purple passion, tree tomato, banana)	204,990
Produce 500,000 of assorted fruits seedlings of Loquat, Guava, Custard apple, Jack fruit, Tamarind, Zambarau, Pomegranate, Amarula Pawpaw, sour soap, white sapote, mango, papaya, avocado, cocoa dragon fruit, Pitange (Surinam cherry), Jaboticaba, Sapodilla, black raspberry	744,652
Produce 10,000 macadamia seedlings	15,333
Produce 60,000 palm seedlings	139,800
Produce seeds for oil crops (5 MT Sunflower, 55 MT Soybean seeds, and	21.78

1MT groundnut)	
Produce 5 MT cotton basic seed	6.5
Produce 1800 MT of certified seed	2,161

Post-harvest handling and storage innovation, technologies and practices developed, validated and promoted

During the contract period KALRO:

- i) Validated six (6) post-harvest tea-leaf handling and storage technologies and practices;
- ii) Developed two (2) technologies for food and feed management;
- iii) Disseminated two (2) post-harvest technologies to reduce food/feed contamination and wastage;
- iv) Developed and validated three (3) technologies and innovations for processing herbs and extracts for flavouring processing tea products.

Crop health management technologies and practices developed

During the contract period KALRO:-

- i) Validated/ disseminated ten (10) crop health management technologies and practices;
- ii) Diagnosed and prescribed management for one thousand (1,000) pest/disease cases;
- iii) Developed one (1) pest/disease monitoring and early warning protocol;
- iv) Evaluated forty (40) crop lines for resistance to key diseases/insect pests;
- v) Evaluated ten (10) pesticides for efficacy;
- vi) Developed/disseminated 4 (four) weed management technologies;
- vii) Mapped one (1) invasive weed (dodder).

Underutilized and emerging crops promoted and commercialized

During the period under review, the following activities were carried out:-

- i) Identified and maintained one (1) medicinal/aromatic plant;
- ii) Promoted and commercialized one (1) medicinal/ aromatic plant (Bixa/black pepper)

Genetic Resources Conserved and promoted

During the FY the following activities were done: -

- i) Monitored 1000 accessions for viability;
- ii) Analyzed three (3) species for biodiversity status;
- iii) Collected and conserved 100 livestock and microbial genetic resources;
- iv) Maintained 10 field genebanks.

Agricultural Machinery and Equipment/implements fabricated and promoted

During the contract period the organization;

- i) Validated two (2) agricultural machines/equipment;
- ii) Evaluated and adapted one (1) agricultural machine;
- iii) Designed and fabricated one (1) agricultural machine/implement;
- iv) Promoted two (2) agricultural machineries/equipment.

Technologies for optimal plant nutrition and crop productivity developed and/or validated and promoted

During the contract period, KALRO:-

- i) Validated eight (8) Integrated Soil Fertility Management (ISFM) technologies;
- ii) Promoted eight (8) ISFM technologies;
- iii) Analyzed 26,970 against a target of 30,000 samples of soil, water, leaf, manure and fertilizer samples;
- iv) Validated three (3) soil and water management technologies.

Organic farming Developed/Promoted

During the period under review, the following activities were carried out: -

- i) Validated and promoted three (3) organic farming technologies;
- ii) Disseminated the evaluation findings of six (6) bio-fertilizer.

Planning and sustainable land management technologies in crops and livestock developed

During the quarter the following activities were carried out: -

- i) Conducted ten (10) land suitability surveys/assessments;
- ii) Conducted soil digital fertility characterization of all agricultural and grazing lands in Kenya and produce; pH, Organic carbon, Nitrogen, Phosphorus and Potassium soil maps to inform agricultural policy;
- iii) Conducted three (3) land degradation assessments;
- iv) Rehabilitated eighty (80) hectares of degraded land within KALRO.

Climate change adaptation and mitigation technologies developed and promoted

Climate change affects the most vulnerable members of our communities, particularly those who live and work in close contact with the natural environment (farms, rangeland) and who stand to lose most, and perhaps even their livelihoods, when ecological resources are under threat. In the FY 2024/25, the organization:-

- i) Validated four (4) climate smart and natural resource adaptation technologies, innovation and management practices;
- ii) Promoted one (1) sustainable energy technology;

- iii) Developed one (1) crops and livestock waste management technology.

Improve livestock production, productivity and product utilization
Breeding bulls and heifers availed

Sahiwal (milk and beef) and Boran (beef production) cattle breeds are tolerant to a wide range of climatic conditions and diseases that limit dairy and beef production in the country. The use of Sahiwal and Boran bulls to improve local breeds will go a long way in improving milk and beef production in Kenya. During the contract period, KALRO:

- i) Improved and validated three (3) livestock breeds for milk and meat;
- ii) Conducted 295 artificial inseminations against a target of 355;
- iii) Availed 309 breeding beef cattle
- iv) Availed 209 breeding dairy cattle

The negative variance was a result of a short fall in the artificial inseminations' conducted

Breeding goats and sheep availed

Goats and sheep are critical livestock for food and nutrition security in the country. KALRO researches and produces high quality breeding sheep and goats for availing to farmers. During the FY, 240 breeding goats and sheep were availed to farmers against a target of 300.

Breeding camels

In support to food security in the ASAL areas, the organization:-

- i) Availed 6 breeding camels;
- ii) Developed a camel breeding program;
- iii) Established a camel nucleus herd.

Improved indigenous chicken

Chicken play an important role in the rural communities as a source of protein delicacy and cash from the sale of eggs and meat.

During the FY 2024/25, 505,428 chicks were produced against a target of 600,000, the performance felt short of the target due to breakdown of the incubators at DRI Naivasha, and failure to install the chiller machine. The expected commissioning of the 19,200 hatching capacity incubator and hatcher at NRI Kakamega delayed.

Animal and forage genetic resources conservation promoted

Livestock productivity depend on the genetic characteristic of the animal and quality of feed given to the animals. KALRO endeavor to improve on these two factors. During the contract period the organization -:

- i) Selected fifteen (15) bulls for semen collection;
- ii) Conserved fifty (50) forage collections.

Apiculture technologies, innovations and practices developed, validated and promoted

Beekeeping is increasingly becoming important because it contributes to enhanced income as well as food security through provision of honey, beeswax, propolis and improved pollination for field crops. Kenya has a rich biodiversity of honey bees due to the varied geographical agro ecological zones.

During the contract period, the organization:-

- i) Established two (2) apiculture research apiaries;
- ii) Validated and promoted one (1) honey processing technology;
- iii) Promoted two (2) beekeeping husbandry practices;
- iv) Promoted one (1) bee pest and disease management technology and innovation;
- v) Promoted two (2) stingless beehive value added products.

Insect-based feed and food technologies, innovations and management practices developed, validated and promoted

Nutrient composition of feed and food for animal and human is vital. Protein is very expensive, but essential in feed and food ingredient and thus alternate source of it need to be developed and adopted for sustainable nutrients supply. Diversification of food and feed ration necessitate venturing to new front given the costs of protein supplements in the two components:-

During the contract period, the following activities were undertaken:-

- i) Developed one (1) database for insect bio-resources for animal feed in Kenya;
- ii) Developed five (5) counties diet maps of insect foods;
- iii) Developed, validated and promoted one (1) insect-based feed;
- iv) Validated and promoted two (2) insect food and by-products.

Forages and improved feeds and feeding systems developed and promoted

During the FY, the organization:-

- i) Developed one (1) forage variety;
- ii) Commercialized two (2) forage varieties;
- iii) Formulated and disseminated ten (10) feed rations;
- iv) Analyzed 3,377 feed samples against a target of 2,700 samples.

Livestock and food health technologies improved and maintained

KALRO had targeted vaccine development, testing and strategic use as key factors in maintenance of animal disease-free zones.

During the contract period, the following activities were undertaken:-

- i) Determined immunogenicity of a sub-unit Peste des Petits Ruminants (PPR) /camel pox vaccine in rabbits.

- ii) Produced thermos-tolerant pre-industrial PPR vaccine for external quality testing at the Pan African vaccine Centre (PANVAC) of the African Union;
- iii) Disseminated 3,000 ECF vaccine doses to counties (trained vaccinators);
- iv) Validated bivalent Newcastle Disease and avian paramyxovirus (APMV); Infectious Bovine Disease (IBD) vaccine;
- v) Conducted CBPP transmission experiment to improve on vaccine efficacy trials;
- vi) Registration of pen side mastitis test kit by veterinary medicine directorate.

Robust and sustainable forage seed systems developed

During the contract period, the following activities were undertaken:-

- i) Aailed 4,485,461 napier grass cuttings;
- ii) Aailed 5,776.6 kg rangelands grass seed against a target of 5,850 kg;
- iii) Evaluated super Napier, Patchong and Juncao for nutritional quality

Knowledge, information and technologies on agricultural products value chains research collated, stored and shared

Promotion of knowledge, information and technologies

The board committed to collate, store and share knowledge, information and technologies on agricultural products value chains research.

During the contract period, the organization:-

- i) Held 144 against a target of 100 consultative fora as follows:-
 - a) Fourty eight (48) against a target of 40 Institute-based research on their Agricultural Product Value Chains (APVC) mandate ;
 - b) Fifty nine (59) against a target of 30 engagements with strategic partners;
 - c) Thirty seven (37) against a target of 30 research coordination forums (i.e. project steering committee meetings).
- ii) Developed twelve (12) visibility materials and disseminate the same through all available media fora;
- iii) Updated eight (8) against a target of twenty (20) crop health fact sheets.;
- iv) Trained sixty-six (66) Agricultural Product Value Chain (APVC) and Innovation Platform champions;
- v) Developed one online electronic repository.
- vi) The organization had targeted to update twenty (20) crop health fact sheets but it was underachieved due to funds constraints.

Research Proposals and Publications developed

To enhance research funding and ensure research findings are shared with stakeholders on timely basis, KALRO undertook the following activities during the contract period;

- i) Submitted 102 internally reviewed papers for publications in peer reviewed refereed journals against a target of 250;

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- ii) Developed 177 internally reviewed technical publications against a target of 250;
- iii) Developed and updated 140 extension materials against a target of 150;
- iv) Submitted 115 papers internally reviewed for presentation in scientific conferences against a target of 100;
- v) Conducted two (2) adoption /impact assessment study for KALRO TIMPS;
- vi) Conducted economic analysis studies in two institutes (Food Crop Research Institute and Veterinary Science Research Institute);
- vii) Conducted market studies for three (3) commodities (banana, milk, and cotton).

Project completion rate

During the contract period, the 14 projects committed were 100% completed.

Science and Technology and Innovation (STI) mainstreaming

During the contract period, KALRO:-

- i) Established collaborations and partnerships in RSTI to implement STI strategic issues with various private and public organizations;
- ii) Initiated mechanism to protect technology and/or innovation(s) through the acquisition of IP rights (breeders rights, patents, copy right, trademarks) commercialized and/or transferred established;
- iii) Submitted quarterly reports to NACOSTI.

Productivity mainstreaming

For effective implementation of the performance indicator, KALRO created an enabling environment through establishing and operationalizing a Productivity Mainstreaming Committee, trained the Productivity Champions. Preliminaries done as per guidelines issued by Ministry of Labour and Social Protection, State Department of Labour and Skills Development by training the productivity champions/Committee. In addition, awareness creating /sensitization on productivity mainstreaming for all senior staff was done.

During the FY, the following targeted activities were undertaken:-

- i) Developed workplace productivity improvement strategy;
- ii) Validated data and computed productivity index for 2023/24FY which formed the baseline of productivity improvement strategy;
- iii) Improved index computed;
- iv) Implemented workplace productivity improvement strategy;
- v) Submitted quarterly performance reports to National Productivity and Competitiveness Centre (NPCC) in the Ministry of Labour and Social Protection using the prescribed format.

Food safety technologies for microbial and mycotoxin management developed, validated and promoted

Food safety is of great importance with globalization of food trade due to phyto-sanitary requirements for market participation by food merchants. KALRO supports the food sector through provision of services towards mitigation of food safety problems.

During the contract period the following activities were undertaken:

- i) Promoted one (1) food safety technology for microbial and mycotoxin management;
- ii) Analyzed 354 against a target of 300 food samples for mycotoxin contaminants, Minimum Residue
- iii) Levels (MRLs), heavy metals contaminants and biological toxins in produce or products;
- iv) Developed/promoted one (1) rapid diagnostic kit for MRLs, heavy metals, fluorides, biological toxins;
- v) Conducted two (2) awareness creation programs on MRLs, heavy metals, biological toxins contamination, antibiotic residues and biological toxins in Kirinyaga and Kajiado Counties;
- vi) Analyzed 300 against a target of 200 feed samples for microbial, heavy metals, drug residues and mycotoxins;
- vii) Produced and availed to farmers 100 MT of Aflasafe KE01™;
- viii) Conducted five (5) awareness creation fora on food safety (Aflasafe, MRLs, heavy metals, biological toxins contamination and biological toxins).

Sericulture Technologies, Innovations and Management Practices Developed, Validated and Promoted

Sericulture is the production of raw silk by means of raising caterpillars (larvae), particularly those of the domesticated silkworm (*Bombyx mori*).

During the contract period, the following activities were undertaken:-

- i) Maintained and sustained eight (8) silkworm lines;
- ii) Developed and promoted one (1) silkworm breed;
- iii) Developed, validated and promoted two (2) cocoon silk processing products;
- iv) Developed, validated and promoted one (1) silk biomaterial innovation;
- v) Generated and promoted 0.5 million silkworm feed plants planting material;

8. CORPORATE GOVERNANCE STATEMENT

Overview

The Kenya Agricultural and Livestock Research (KALR) Act, No 17 of 2013 established the Kenya Agricultural and Livestock Research Organization (KALRO) as a consequence, Kenya Agricultural Research Institute (KARI), Kenya Sugar Research Foundation (KESREF), Tea Research Foundation of Kenya (TRFK) and the Coffee Research Foundation (CRF) were merged. The Organization consists of the Board of Management and a Secretariat which implements Board decisions. The Act further established 16 Research Institutes which focus on different thematic research areas. KALRO complies fully and strictly with all requirements of the regulatory and other non-commercial entities in Kenya including clarity of financial reporting and accountability to the public (citizens and stakeholders) and aims to set best practice standards in agricultural research and fair conduct towards its staff, suppliers and general public.

The KALRO Board of Management held 19 Board meetings during the period under review. A schedule of the board meetings held and attendance by members is attached herein. The Board has a board charter; new members are issued with a copy upon joining the board. The process of appointment and removal of board members is outlined in the KALR Act Sections 6,7 and 8. Further, the roles and functions of the Board are listed under Section 9 of the KALR Act. The Board ensures that a performance evaluation is conducted annually and results therefrom discussed. The Board's remuneration is guided by the Guidelines for Terms and Conditions of Service for Chancellors of Public Universities, Board Chairpersons, Board Members and Staff of State Corporations. New members are taken through induction by being issued with copies of the KALR Act, Strategic Plan, Board Charter, main organizational policies and a presentation on the Organization which is done by the Director General. Training for Board Members is conducted from time to time on a need basis.

Organization structure

KALRO is governed by a Board of Management as per the KALR Act No. 17 of 2013, while the day to day management is vested in the Director General who is the secretary to the Board.

The object and function for which the organization is established is to:

- a). Promote, streamline, coordinate and regulate all research in crops, livestock, genetic resources and biotechnology in Kenya;
- b). Promote, streamline, coordinate and regulate research in crops and animal diseases; and
- c). Expedite equitable access to research information, resources and technology and promote the application of the research findings and technology in the field of agriculture.

Appointment of the Board

The Board is appointed pursuant to the provisions of KALRO Act No 17 of 2013. The Chairman of the Board is appointed by the President of the Republic of Kenya. Members of the Board are appointed by the Cabinet Secretary, Ministry of Agriculture and Livestock Development on recommendation of various nominating institutions provided under the KALR Act.

Board Organization and Structures

The composition of the KALRO Board of Management consists of

- a) Chairperson appointed by the President;
- b) The Principal Secretary in the Ministry for the time being responsible for agriculture;
- c) The Principal Secretary in the Ministry for the time being responsible for finance;
- d) The Principal Secretary for the time being responsible for livestock;
- e) The Secretary to the Science Council appointed under paragraph 6 of the Second Schedule to the Science and Technology Act;
- f) Five persons appointed by the Cabinet Secretary, of whom
 - i) One represents the interests of farmers;
 - ii) One shall represent the interest of the general public;
 - iii) One shall be a representative of an institution of higher learning;
 - iv) Two persons co-opted by the Board, who may be non-citizen scientists in the field of agriculture and who possess such knowledge and experience as may be necessary for the better carrying out of the functions of the Board; and
 - v) The Director General appointed in accordance with Section 14.

Role of the Board of Management

The Board provides organizational strategic direction and oversight to management as provided in the KALR Act which states that the functions of the Board of Management of KALRO shall be:

- a) Carry out the objects and functions of the Organization;

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- b) Advise the Cabinet Secretary on Matters of policy relating to agricultural research;
- c) Oversee the effective co-ordination of the operations of the Organization;
- d) Ensure that the activities of the Organization are consistent with the policy and objectives of the government, and the national priorities relating to agriculture and agricultural research;
- e) Approve, oversee and evaluate on a continuing basis the programs being implemented by the Organization;
- f) Direct strategic research and policy and prioritize and determine the research agenda;
- g) Co-operation with other lead agencies and organizations in carrying out agricultural research;
- h) Development of an economic, efficient and cost effective internal management structure, strategic Annual plan of the Organization;
- i) Implementation and fulfilment of the polices and agreed objectives, performance targets and service standards of the Organization;
- j) Provision of advice as required on all matters within the responsibility of the Organization; and
- k) Perform such other functions as may be necessary for the exercise of its powers under the Act.

Board Meetings

The Board and its Committees' are required to meet not less than four times in any calendar year and not more than four months shall lapse between the date of one meeting and the date of the next meeting. In addition to the regular Board meetings, there may be other special meetings to deal with specific matters. During the financial year under review the KALRO BoM held meetings as per attendance report Table below;

Names of Members	Full Board Meetings		Board Committee Meetings			
			Research, Technical & Innovation	Finance & Administration		Audit, Risk & Governance
	Scheduled	Special	Scheduled	Scheduled	Special	Scheduled
	4	1	4	4	0	4
Hon. Peter W. Kinyua	1	1				
Dr. Thuo Mathenge	1					
Ms. Clara W. Mwangi	2	1		4		
Dr. Mukiri Wa Githendu	2	1	3			4
Mr. Johana K. Cheruyiot	2	1				3
Ms. Teresa Karanja	2	1	4	4		
Ms. Margaret Wamuyu	2	1		4		4

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Prof. Walter O. Oyawa	2	1	3			
Dr. David Ngigi			1			
Dr. Christopher Wanga	2	1	4			4
Mr. George Ombua	2	1	3	4		3
Dr. Eliud K. Kireger	2	1				

Other Board information

The KALRO Board of Management is answerable to the Government through the parent Ministry. The board signs a Performance Contract (PC) every financial year with the Government through the same Ministry outlining performance targets in line with the above stated functions. The signed PC is monitored and evaluated periodically and at the end on the contract term.

Board Committees

To effectively discharge its mandate, the Board established committees with specific terms of reference.

The Board appointed into committees, members with requisite skills and competence to discharge allocated responsibilities. In the event that a committee lacked specific skills within its membership, the Board, with the approval of the oversight body, co-opt skilled non-Board members to serve on the committee, provided that the chair of a committee shall not be a co-opted member or the Chairperson of the Board. The Board may, from time to time, rotate Board members between the Committees.

The Board remains collectively responsible for the decisions and actions taken by any committee. A committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board.

The Chairperson of each Committee, in consultation with the Board, determined the frequency of committee meetings as is necessary to fulfill the committee's functions. The Chairperson of each committee, in consultation with management, developed the committee's agenda. The Board however determined the procedure and process within which committees take independent professional advice at the organization's expense. The committees promptly reported to the Board any actions taken for ratification and any major developments that they become aware of. The Board as set out in the terms of reference of the respective committees, received reports of the committee's findings and actions.

The Board established the following standing committees: -

- i. Audit, Risk and Governance,
- ii. Finance and Administration,

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iii. Research, Technical and Innovation

The Organization may establish any other ad hoc committees to handle any special business. The above committees permit and facilitate more in-depth deliberations on issues that would otherwise, not be possible in a normal full Board Meetings. The Committees undertake preliminary discussions of the business of the board and prepare their resolutions for deliberations and adoption by the full Board Meetings. A decision of any of the Committees only becomes effective after it has been approved and confirmed by the full board.

Communication

The Board receives management reports in advance of all scheduled meetings and in turn formally, communicates to staff through the Director General. Informal communication to staff may be made during Board meetings while in the Organization. Board members cannot commit the Board in any way when having informal communication with staff.

9. MANAGEMENT DISCUSSION AND ANALYSIS

a) Operational performance

During the Financial Year 2024/25, KALRO implemented various projects and programmes under the Crops and Livestock Research as discussed in detail in the report of the directors. The Programmes were mainly funded through Government grants, Development partners and internally generated funds.

Government grants were mainly used for personnel emoluments, operations and maintenance. Donor funds were used for research technologies in line with partnership agreements. Internally generated funds were used to cater for utility bills and ploughed back to generate revenue

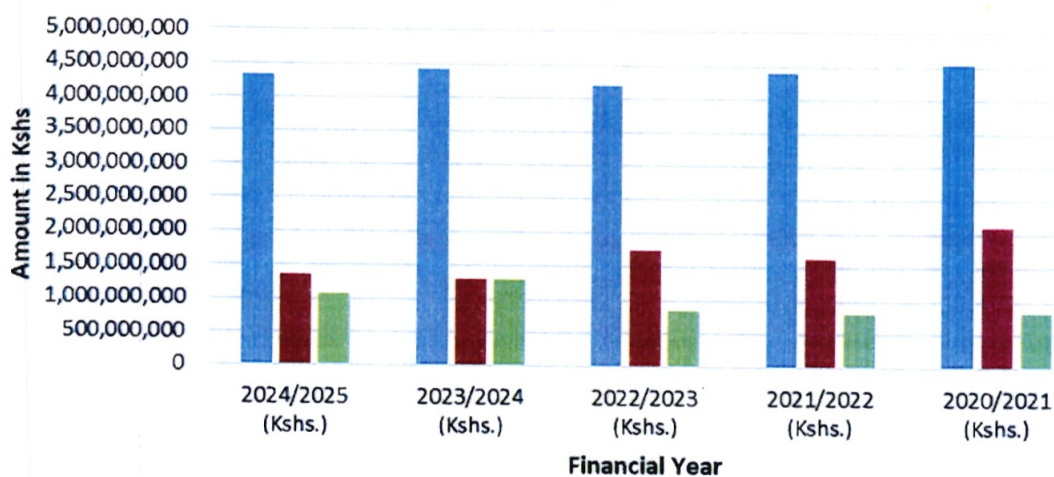
b) Financial performance

i. Funding trends

The following is a summary of the income organization received in the last five years;

Source of Funds	2024/2025 (Kshs.)	2023/2024 (Kshs.)	2022/2023 (Kshs.)	2021/2022 (Kshs.)	2020/2021 (Kshs.)
GoK Funds	4,315,000,000	4,423,000,000	4,190,068,749	4,396,714,989	4,534,643,420
Donor funds	1,356,782,097	1,291,211,945	1,735,141,390	1,617,359,474	2,086,566,905
Internally Generated Revenue	1,071,150,344	1,307,003,519	848,930,544	797,953,098	818,259,466
Total Revenue	6,742,932,441	7,021,215,464	6,774,140,683	6,812,027,561	7,439,469,791

Funding Trend

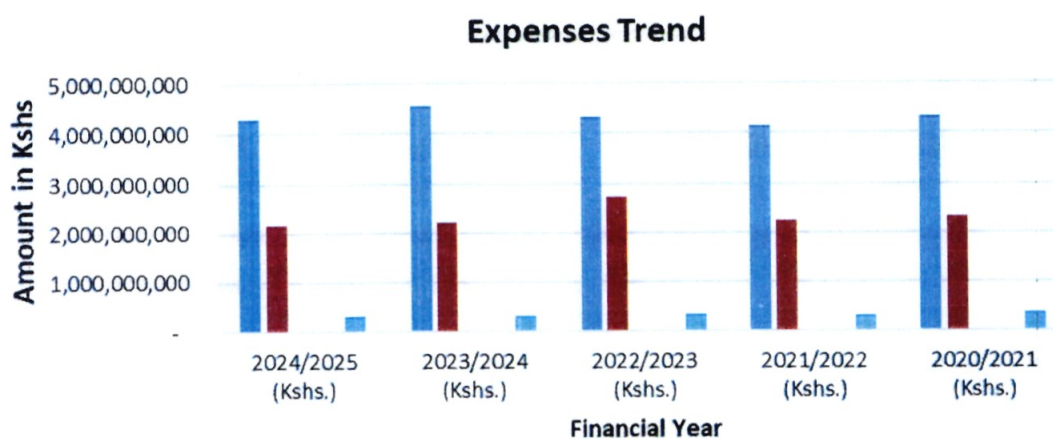


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ii. Expenditure trends

The following is a summary of the expenditure in the last five years;

Expenses	2024/2025 (Kshs.)	2023/2024 (Kshs.)	2022/2023 (Kshs.)	2021/2022 (Kshs.)	2020/2021 (Kshs.)
Staff Costs	4,281,565,285	4,544,376,508	4,317,996,436	4,141,215,771	4,325,254,026
Use of Goods and Services	2,169,376,714	2,218,365,355	2,741,377,064	2,239,010,959	2,320,604,466
Board Expenses	13,335,479	15,985,602	3,842,209	12,582,898	5,962,481
Depreciation & Amortization	297,371,721	305,212,635	326,566,564	319,960,553	352,557,374
Total	6,761,649,199	7,083,940,100	7,389,782,273	6,712,770,181	7,004,378,347



The staff costs decreased during the year under review as compared to 2023/24 FY.

Use of Goods and Services costs caters for research materials, travelling and accommodation, farm development, fuel and lubricants supplies for production, laboratory materials, utilities cost, repairs and maintenance, contracted services, finance costs, property & staff insurance, purchase of animals & seeds, farmer grants, office running expenses, cafeteria expenses, security expenses, legal dues, Contracted Services and provision for bad debts.

Board expenses cater for sitting allowances, travelling and accommodation and honorarium.

c) Compliance with statutory requirements

During the current financial year, KALRO complied with all the statutory requirements and remitted all taxes due in good time. There was no penalty for failure to comply with the statutory requirements.

d) Material arrears in statutory and other financial obligations

KALRO had no material arrears in statutory and other financial obligations during the period.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT

Demand of agricultural technologies and increased consumption of agricultural products obligates KALRO to provide demand-driven solutions to agricultural challenges locally, regionally and internationally through cutting-edge research. This is achieved through observation of the Organization's core values, namely; Customer focus, Professionalism, Integrity, Innovativeness, Collaboration and Environmental consciousness. Below is an outline of the Organization's policies and activities that promote sustainability:

i) Environmental performance

a) Environment policy

Sustainability is a guiding influence for all KALRO research programs. It is based on a simple principle: Everything that we need for our survival and well-being depends either directly or indirectly, on our natural environment. To pursue sustainability is to create and maintain the conditions under which the Kenyan communities can co-exist in sustainably productive harmony to support present and future generations.

The Organization's pursuit for Environmental Sustainability is anchored in law. We integrate environmental considerations in our operations to fulfil the requirement of a clean, healthy and sustainable environment for all as per article 42 of the Constitution and Environmental Management and Coordination Act Cap 387. KALRO also has a draft Environment Policy domesticated from the 'National Environment Policy-2013', that guides its research activities to adopt and maintain good practices that contribute to the quality of environment on a long-term basis.

b) Successes

Institutionalization and mainstreaming of environment issues by creating an office that coordinates and oversees environment sustainability issues. This ensures that environmental issues are integrated in all research undertaken by KALRO.

In 2021, KALRO established an Annual KALRO Tree planting day where all staff participate in the tree growing exercise that has contributed greatly to restoring our environment. The 2025 Annual KALRO Tree planting Day was observed on the 11th April 2025. In addition, KALRO collaborated with partners to participate in the World Environment Day that was observed on the 5th June 2025, the World Day to Combat Desertification and Drought, held on 17th June 2025, and the National Tree planting day that was observed on 10th May 2025, after having been gazetted as the National Tree Growing day/holiday by the Interior and National Administration Cabinet Secretary. During the 2024-25 FY, over 700,000 assorted trees were planted by KALRO staff and stakeholders during various events and tree growing days and numbers were recorded in the JAZAMITI App.

The Organization also maintains fruit and tree nurseries located in more than 30 Centres/Sub-centres which also serve in KALRO's CSR activities. The main nurseries are located in; KALRO Mwea, KALRO Ruiru, KALRO Molo, KALRO Matuga, KALRO Mtwapa, KALRO Sericulture, KALRO GeRRI, KALRO Muguga, KALRO Kandara, KALRO Kitale, KALRO Koru, KALRO Namwela, KALRO Mariene, KALRO Kericho, KALRO Kibos, KALRO Katumani, KALRO Marigat, and KALRO Lanet. In the current year, over 8,900,000 assorted tree seedlings (including fruit trees) were raised in these KALRO nurseries to boost the tree growing efforts.

For better land, soil and irrigation water health, KALRO collects and also receives soils, leaf, fertilizers, manures and water samples at its referral laboratories at KALRO Kabete, as well as in other Institute laboratories, e.g. Tea Research Institute -Kericho, Coffee Research Institute-Ruiru, Sugar Research Institute-Kibos, Non-Ruminant Research Institute-Kakamega, Food Crops Research Institute -Muguga, Food Crops Research Institute -Embu, Food Crops Research Institute -Kisii, and Food Crops Research Institute Alupe. These laboratories make recommendations to farmers on the health status of the soils and management; recommended fertilizer use; crops suitability using leaf analysis; promotion of efficient drip irrigation for water conservation. The Land-use planning section of KALRO-Kabete also has a GIS/Remote sensing laboratory that develops the soil and crop suitability digital maps when samples collected in the field contain GPS coordinates.

Soil conservation measures, KALRO has been upscaling several technologies aimed at managing soil degradation challenges. These include; terracing, in-situ and ex-situ water harvesting, conservation agriculture and mulching using locally available materials.

c) Shortcomings

Whereas KALRO has vast research land in the various Centres, there are limited financial resources to scale up the environmental related activities.

d) Efforts to manage biodiversity

KALRO through the Genetic Resources Research Institute (GERRI) has conserved various plant accessions that can be used in future. Other efforts to conserve biodiversity include; in-situ sites at Tea Research Institute, Coffee Research Institute and Sugar Research Institute. Through its activities like field days, farmer demonstration and trainings, the organization also creates awareness to its stakeholders on the importance of biodiversity.

e) Waste management policy

The Organization promotes waste separation at source in the various Institutes and Centre's. Some of the waste is incinerated at source and some is taken to licensed

incinerators. The KALRO Waste Disposal guidelines is as prescribed in the Environmental policy.

f) Efforts to reduce environmental impact of the Organization's products.

To reduce the environmental impact of the organizations products, Climate Smart Agricultural (CSA) practices and Good Agricultural Practices (GAP) are promoted in all the farming systems. These practices aim at optimizing production and at the same time conserving the environment. Environmental Impact Assessment (EIA) is done for all major projects and programs that may have an environmental impact. In many cases controlled trials are undertaken to minimize or reduce any negative environment externalities.

ii) Employee welfare

KALRO has a Human Resource Policy & Procedures Manual developed to support service delivery, commitments and obligations of the Kenya Agricultural & Livestock Research Organization (KALRO) to the targeted beneficiaries. The manual sets the guidelines on recruitment and selection of members of staff, management and development of human resource in the Organization. It is also the official means for the Organization to communicate its policies on human resource management related matters

iii) Responsible Supply chain and supplier relations

KALRO enhances responsible supply chain and supplier relations through;

- a. Making good use of government procurement policies and rules through adaptation and adherence to Public Procurement and Asset Disposal Act (PPADA) revised edition 2016 and its regulations of 2020 and any other circulars.
- b. Establishing a strong Procurement Management Framework through mapping out workflows, and building out Standard Operating Procedures (SOPs).
- c. Ensuring transparency in all organizational Procurement through managing and updating the approved supplier lists often, keeping contact information of reliable suppliers while staying on the lookout for new contacts and opportunities.
- d. Conducting audits frequently. This is done through subjecting suppliers to high standards and evaluating their performance (appraisals) regularly to ensure they're meeting organization demands at competitive rates
- e. Engaging Suppliers through Strategic supplier relationships. This is achieved by building a solid relationship, integrating with suppliers by ensuring vendors deliver reliable, high-quality goods and services on time and at the best rate.
- f. By automating procurement processes and other cognate departmental procedures e.g. ERP (Enterprise Resource Planning). This ensures efficiency and timely settlements of supplier thus honoring their credit periods.

iv) Corporate Social Responsibility / Community Engagements

KALRO seeks to participate and contribute to the Social and Economic development of local communities we operate within through Corporate Social Responsibility (CSR) activities. The CSR activities assist in building relationships with local communities, internal and external stakeholders, and the society at large.

KALRO's CSR Policy is in with the strategic plan to sustainable development and social responsibility, demonstrating its role as a key contributor to community well-being beyond agricultural research. It lays down guidelines and mechanisms for adoption by the organization to carry out all CSR Projects/ Programs. The Policy guides the implementation of KALRO's CSR activities intended to support local communities on various socially suitable activities to enable high impact and ensure measurable outcomes of the funds deployed towards such activities.

KALRO management, with the guidance of the strategic plan, sets aside funds for CSR activities. CSR Committees manage the planning and monitoring of expenditure of CSR activities at the secretariat and center level.

All CSR activities undertaken in the financial year, July 1, 2024, to June 30, 2025, were implemented through a focused approach towards target beneficiaries for generating maximum impact, with most of the activities being carried out in partnership with other credible stakeholders.

During this 2024/2025 financial year, the organization supported various efforts aligned with national development goals such as environmental sustainability, food security, youth empowerment and inclusive education.

Centre	Venue and intended beneficiary	Nature of CSR event (Environmental conservation, education, health, community welfare and staff welfare)	Remarks
KALRO, Industrial Crop Research Centre (ICRC)- Mtwapa	Mtepeni Ward Mtwapa Beneficiary - Sarafina Children's Home and Rescue Centre	ICRC Staff Visited the Sarafina Children Home and Rescue Centre, Donated improved fruit tree seedlings, food and other gift items and planted trees in the compound. Donated firewood to Sarafina Children's Home and Rescue Centre	Environmental conservation, community and staff welfare

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Centre	Venue and intended beneficiary	Nature of CSR event (Environmental conservation, education, health, community welfare and staff welfare)	Remarks
	Sahajanand Special School - Staff and Children with different disabilities, those that are Rescued, abandoned and complete orphans.	ICRC Staff Visited the Sahajanand Special School and donated improved fruit tree seedlings, food stuffs and other gift items. Both ICRC staff, teachers, workers and learners at the facility planted trees and offered technical advice on management.	
	Community welfare, FKF League between Hildana Queens from Taita and resident Komboa FC from Mtwapa; FKF League between Komboa FC Mtwapa and Msambweni Youth FC	ICRC provided the Centre football ground to Komboa Coast Football club for Boys and Girls from Mtwapa Community for regular practice and tournaments	
KALRO, Apiculture and Beneficial Insects Research Institute (ABIRI)	Smallholder farmers in targeted wards of Baringo County	Donation and planting of 8,787 Cashewnut tree seedlings to smallholder farmers in Baringo County	Environmental conservation and community welfare
KALRO, Arid and Rangelands Research Institute	KARI Mwaitu Primary School students (PPI & PP2) travel to Kiboko Primary for Music festival and on participation in Madaraka day on 1st June 2025	Provision of transport on CSR basis to support education	Education and community welfare

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Centre	Venue and intended beneficiary	Nature of CSR event (Environmental conservation, education, health, community welfare and staff welfare)	Remarks
	KARI Mwaitu Primary school students to participate in Chess competition at Nairobi-Parklands		
	Kiboko ward in Makindu Sub-County Madaraka day celebration	Bought soda and drinking water during the gracing of the occasion by the Deputy County Commissioner –Makindu Sub-County	Support of the National Event
	KALRO ARLRI Kiboko youth travel to Jettin in Masimba	Provision of transport on CSR basis to support sensitization on Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS), drugs abuse and bonding	Education and community welfare
KALRO Sheep and Goat Research Institute, Marsabit	The neighborhood community	The Centre carried out an environmental sustainability initiative through proper disposal of waste from the village and road users	Environmental conservation
KALRO -Coffee Research Institute	CRI KORU Sub-Centre community within the local area.	Tree planting initiative by donating 750 assorted tree seedlings (Sigiroi Primary School- 450 seedlings and Kiptenden Secondary School-300 seedlings)	Environmental conservation
	CRI Ruiru	A clean up exercise was held on to commemorate the World Environmental Day 2025	
	CRI Kitale, Kisii and Mariene Sub-Centre community within the local	Staff and the available workers and went round the compound and residential areas collecting both plastic bottles and other	

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Centre	Venue and intended beneficiary	Nature of CSR event (Environmental conservation, education, health, community welfare and staff welfare)	Remarks
	area.	plastic materials according to the day's theme " <i>Ending Plastic Pollution</i> ".	
KALRO Non-Ruminant Research Institute Kakamega	Daisy Special School Kakamega for the benefit of the pupils	Had interactive playtime, mentorship session, cutting of the cake and handing over of the gifts	Support the education and community welfare

12. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Kenya Agricultural and Livestock Research Organization (KALRO) affairs.

a) Principal activities

The principal mandate of KALRO is to undertake, streamline, coordinate and regulate all aspects of research in agriculture and livestock development, and promote the application of the research findings, technologies and innovations

b) Results

The results of the entity for the year ended June 30, 2025, are set out on page 1 to 6

c) Directors

The members of the Board of Directors who served during the year are shown on page X-XIII. During the financial year, Prof. Walter O. Oyawa, PhD was replaced by Dr. David Ngigi as Ag. Chief Executive Officer of the NACOSTI as from 1st May 2025. Hon. Peter W. Kinyua was replaced by Dr. Thuo Mathenge as Board Chairman on the 15th November 2024 while Ms. Clara W. Mwangi was replaced by Ms. Judy Ngene as Board member on the 23rd May 2025.

d) Surplus remission

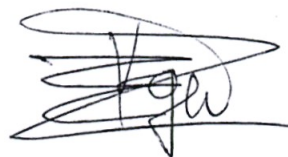
In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. KALRO being a non-regulatory entity, hence no remittance to the Consolidated Fund.

e) Auditors

The Auditor General is responsible for the statutory audit of the KALRO in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Name: E. K. Kireger (PhD, OGW) **Signature**
Secretary to the Board



Date 29/10/2025

13. STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of that organization, which give a true and fair view of the state of affairs of the organization at the end of the financial year/period and the operating results of the organization for that year/period. The Directors are also required to ensure that the organization keeps proper accounting records which disclose with reasonable accuracy the financial position of the organization. The Directors are also responsible for safeguarding the assets of the organization. The Directors are responsible for the preparation and presentation of the organization's financial statements, which give a true and fair view of the state of affairs of the organization for and as at the end of the financial year (period) ended on June 30, 2025. 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 organization; (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 organization; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

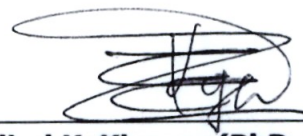
The Directors accept responsibility for the organization's financial statements, which have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the organization's financial statements give a true and fair view of the state of organization's transactions during the financial year ended June 30, 2025, and of the organization's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the organization, which have been relied upon in the preparation of the organization's financial statements as well as the adequacy of the systems of internal financial control.

With effect from 1st July 2014, Kenya Agricultural Research Institute (KARI), Kenya Sugar Research Foundation (KESREF), Tea Research Foundation (TRF) and Coffee Research Foundation (CRF), were dissolved in pursuant to the Kenya Agricultural and Livestock Research Act, 2013. Its newly acquired name is Kenya Agricultural and Livestock Research Organization (KALRO). This will not affect the organization going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The KALRO financial statements were approved by the Board on 29/10/2025 and signed on its behalf by:


Dr. Thuo Mathenge
Chairman, KALRO BoM


Eliud K. Kireger (PhD, OGW)
Director General

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA AGRICULTURAL AND LIVESTOCK RESEARCH ORGANIZATION FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Agricultural and Livestock Research Organization set out on pages 1 to 20, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Agricultural and Livestock Research Organization as at 30 June, 2025 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 Kenya Agricultural and Livestock Research Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivable from exchange transactions balance of Kshs.212,424,000 which as disclosed in Note 22 to the financial statements includes amounts due from Kenya Seed Company, Bungoma Union, Mugama Co-op Union, rent due and other receivables of Kshs.19,945,000, Kshs.746,000 Kshs.4,400,000 and Kshs.22,623,000 respectively all totalling to Kshs.47,714,000 that have remained outstanding more than three years.

In the circumstances, the accuracy and recoverability of the receivables from exchange transactions balance of Kshs.212,424,000 could not be confirmed.

2. Long Outstanding Receivables from Non-Exchange Transactions

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.345,200,000 which includes commodity levy of Kshs.314,497,000 as disclosed in Note 23 to the financial statements. Included in the commodity levy are balances due from Nyambene Mills (in receivership), Coffee Board of Kenya and Kenya Planters Co-operative Union (KPCU) of Kshs.7,073,687, Kshs.23,445,000 and Kshs.124,496,000 respectively. These balances have been outstanding for more than four (4) years. Although Management has made a full provision of Kshs.124,496,000 in

respect of KPCU debt and forwarded a claim to the receiver Manager of Nyambene Mills (in receivership), no progress has been reported towards recovery of this debt and provision made for the other long outstanding debts appears inadequate.

In the circumstances, the accuracy and recoverability of the receivables from non-exchange transactions balance of Kshs.345,200,000 could not be confirmed.

3. Property, Plant and Equipment

The statement of financial position reflects property plant and equipment balance of netbook value of Kshs.26,101,821,000 as disclosed in Note 27 to the financial statements. Review of related records revealed the following anomalies;

3.1 Failure to Disclose the Fair Value of Fully Depreciated Assets

Included in the balance for property, plant and equipment are fully depreciated assets with original cost/valuation of Kshs.2,537,675,728 that are still in use. The fully depreciated assets might indicate a possible material variance between the fair value and the carrying value of the assets. The continued use of fully depreciated assets without reassessment of their useful lives indicates that the entity's depreciation policy may not accurately reflect the economic life of assets.

3.2 Unresolved Land Matters

The statement of financial position reflects property, plant and equipment balance of Kshs.26,101,821,000 which includes Kshs.18,208,626,000 in respect of land as disclosed in Note 28 to the financial statements. Review of records revealed that Management had not resolved previous years land issues as detailed below:

- i. As previously reported, land with a value of Kshs.400,000,000 and measuring 400 acres was allocated to the Kenya Agricultural Research Institute in 2011. However, Management did not provide for audit, ownership documents for the parcel of land.
- ii. As previously reported, included in the property, plant and equipment balance of Kshs.24,106,637,000 (2022 - Kshs.24,123,928,000) as at 30 June, 2023 was an amount of Kshs.2,932,785,960 in respect of six (6) parcels of land owned by the former Kenya Agricultural Research Institute which did not have ownership documents.
- iii. Further, part of the Organization's land and another parcel measuring approximately 100 hectares were illegally acquired by informal developers in the year 2000. Further, part of this land was used as a dumping site by a County Government and construction of a power station was also taking place on the same land.

- iv. In January, 2011, some individuals invaded the Organization's land in Naivasha, claiming ownership. The Organization filed a case in court to have them evicted, and a ruling in favor of the Organization was made on 29 March, 2012, revoking their title. However, the informal settlers had not vacated the land.
- v. As reported in the previous years, fifty (56) parcels of land all under the Sugar Research Institute did not have ownership documents.
- vi. The property, plant and equipment balance exclude undetermined value of parcels of land measuring 99 hectares and 127 hectares, which the Coffee Research Institute used for farming. The titles to the parcels of land were in the name of the Coffee Board of Kenya (CBK) which has since merged to form the Agricultural Food Authority.
- vii. The Agricultural Mechanization Services (AMS) - a department within the Ministry of Agriculture, Livestock, Fisheries and Co-operatives occupied a portion of the Organization's land and had set up its own buildings. The Management clarified that the value of the constructions/improvements by the AMS was not included in the assets balance, and AMS was devolved from the National Government to the County Government. The County Government had however, neither signed any lease agreement nor paid any rent to the Kenya Agricultural and Livestock Research Organization.
- viii. The property, plant and equipment balance also exclude the value of twenty (20) acre piece of land developed by the Tea Research Institute with an estimated value of Kshs.8,430,634.
- ix. The property, plant and equipment balance include an amount of Kshs.81,650,080, being the value of buildings allocated to the Kenya Plant Health Inspectorate Service in 1998.
- x. The property, plant and equipment balance include the value of an office block completed in the year 2012/2013 at a cost of Kshs.663,772,203 for Sugar Research Institute. As previously reported, the valuation report amount was however, Kshs.447,992,751 resulting in an overstatement of Kshs.215,779,452. No explanation was provided on how the value of the new building dropped below the actual construction cost with such a high margin.
- xi. As reported in the previous year, the Organization's residential building at Kisii Sub-Centre of Coffee Research Institute was taken over by the Kisii County Government with no compensation to the Organization.
- xii. Included in the value of land balance as at 30 June, 2023 was an amount of Kshs.117,000,000 being the cost of land occupied by Coffee Research Institute. Although Management indicated that the title deed was misplaced, evidence of steps taken to replace the title deed was not provided.

- xiii. KALRO owns 142.06 hectares which has a title deed but which has been encroached by informal settlers making it impossible for the Organization to utilize the land for the purposes of agricultural research.
- xiv. Included in the balance of land of Kshs.18,208,626,000 is a beach plot valued at Kshs.56,734,160. However, the Organization did not have a title deed for the land. The Management explained that the land was illegally subdivided into five plots, but the Commissioner of Lands revoked the allotments. A private developer filed a suit in court to affirm ownership of the beach plots but the matter had not been determined as at 30 June, 2023 and ownership of the plots could not be confirmed.
- xv. The balance also excluded the value of a parcel of land on which five (5) buildings are located in Kitale and staff houses belonging to the Non-Ruminant Centre in Kakamega. The houses were constructed on twenty (20) acres of land that were left out during allotment of the land to the Organization.
- xvi. Further, included in the balance of land of Kshs.18,208,626,000 are 1,418 hectares of land where a National Beef Research Centre is located. Records held at the Organization indicated that in 1984 a farmer surrendered two hundred and thirty (230) acres of his land to the Government, and it was agreed that he would be compensated with an equivalent acreage of vacant land at the Beef Research Institute. The farmer was however allotted two hundred and seventy acres (270), an excess of forty (40) acres. Further, the farmer violated the conditions of the land exchange and occupied the developed part of the land leading to destruction of property belonging to KALRO. The said part of the land had since been subdivided into plots for sale to the public. In addition, records provided indicated that another farmer agreed to surrender three hundred and twenty (320) acres of his land in Nakuru but during exchange and transfer he irregularly acquired an extra one hundred and fifty-two (152) acres of KALRO's land. Additionally, informal settlers have been trying to encroach the land since year 2014. There is a high risk that the Organization may lose the disputed parts of its land.
- xvii. The balance of land of Kshs.18,208,626,000 does not include the value of the parcels of land situated in Msabaha in Kilifi, Njoro in Nakuru, five (5) parcels of land in Limuru, Kiambu and a parcel of land in Alupe Sub-Centre, Busia.
- xviii. Examination of various documents at Beef Research Institute in Lanet, Nakuru County revealed that informal settlers have been encroaching the land. There is therefore a high risk that the Organization may lose parts this land in Lanet. Further, the County Government of Kisii had taken over part of the Organization land meant for food Crop Research Institute Kisii. The County Government was constructing the Governor's residence in approximately two acres of the grabbed land while a cancer centre was illegally being constructed in another parcel estimated at one acre.

In the circumstances, the ownership, completeness and accuracy of land balance of Kshs.18,208,626,000 could not be confirmed.

3.3 Land Parcels Without Ownership Documents

Review of ownership records and supporting documents established that the organization does not have custody of title deeds or any formal ownership documents for the following parcels of land: -

- i. Marimanti, Tharaka Nithi – 100 acres
- ii. Igoji, Meru – 33 acres
- iii. ICRC, Mwea – 17.34 hectares
- iv. Kimbimbi, Mwea – acreage not established

3.4 Failure to Operationalize and Disclose the Tea Factory at the Tea Research Institute

Physical inspection conducted in June, 2025 revealed that among non-disclosed assets of the organization at the Tea Research Institute is a Tea Factory building that was constructed at the institute and completed in 2015. However, the facility had not been equipped or made operational as at the time of the audit.

Additionally, the building had not been recorded in the organization's fixed asset register, making it difficult to ascertain the total cost of construction and verify its proper capitalization in the organization's books of account.

3.5 Encroachment of Ithookwe Sub-Center

Review of the asset records revealed that land in Kyangithya, Tungulu was reserved for Ithookwe Sub-Station of Agriculture Research as per a search dated 11 October, 2006. A resolution was passed by the County Council of Kitui on 25 November, 2009 vide Min, EHSS/27/2009 and adopted by the ordinary full council meeting held on 27 November, 2009 as captured in minute number 31/2009(9) recommending the transfer of the said land of approximately 17.5Ha from County Council of Kitui to Kenya Agricultural Research Institute currently Kenya Agricultural and Livestock Research Organization. This was further communicated to the commissioner of lands on 19 January, 2011. However, there had been a dispute between the Research Organization and St. Charles Lwanga Secondary School dating back to 1982 on the same land which had not been resolved.

Out of the total land area of 17.5Ha, approximately 9.6Ha had been used by Kitui County for show ground. During the audit of the year 2024/2025 it was noted that the remaining 7.9 ha which were occupied by the Research Organization was under encroachment by

the County Government of Kitui who started a construction of 10,000 seat stadium. There was no evidence to indicate that the research organization was involved in the decision to construct the stadium on the said land.

3.6 Encroachment of Kambi Mawe Sub-Centre Land

Review of the land documents for KALRO Kambi Mawe, a sub-center of Katumani in Machakos revealed that Makueni County Council had reserved 47.8 ha of land for agricultural trials for the center as per search dated 23 June, 2013. In the year 2018, the County Government of Makueni earmarked 25 ha of land allocated for the agricultural experiments to be utilized in construction of Agricultural Training Centre without approval of KALRO Management. On 14 May, 2023 the department of infrastructure, transport, public works, housing and energy requested for authority to construct access road to the Agricultural mechanization center which was not granted but the works were still done, hence invasion into KALRO premises.

On 26 May, 2025 the department of devolution, county administration, public service and special programme requested for authority to construct water tank tower through Thwake water project. However, the authorization was not granted but the works commenced on 20 June, 2025. Hence, land coverage of 37.35Ha reserved for KALRO trials has been encroached affecting the research activities of KALRO which is their core mandate.

In the circumstances, the ownership, accuracy and completeness of property plant and equipment balance of Kshs.26,101,821,000 could not be confirmed

4 Inconsistencies in Budget Performance and Presentation

The statement of comparison of budget and actual amounts reflects budgeted final payments of Kshs.6,509,000,000 and actual payments on comparable basis of Kshs.6,727,047,000 resulting to over-spending of Kshs.218,047,000 or 3%. Similarly, there was an overspending of Kshs.130,464,000 or 7% and Kshs.31,912,000 or 80% of budget in respect to use of goods and services and on contracted services respectively.

Management submitted for review a total expenditure budget of Kshs.6,650,600,000 including recurrent expenditure of Kshs.6,509,000,000 and development budget of Kshs.141,600,000 which was reduced to Kshs.5,020,117,844. The development expenditure budget was totally cut. Examination of asset movement schedule in Note 27 to the financial statement revealed additional assets of Kshs.1,413,602,000 on acquisition of fixed assets which includes revaluation of Kshs.1,187,150,000 and new acquisition of Kshs.226,000,000. However, the organization did not have a development budget it was therefore not clear how acquisition of property, plant and equipment was done.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts and the compliance with the budgetary provisions could not be confirmed

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Directors are responsible for the Other Information set out on page vi to lvii which comprise of Key Organization Information and Management, The Board of Management, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Organization in 2024/2025 revealed that the following nine (9) issues remained unresolved:

Report of the Auditor-General on Kenya Agricultural and Livestock Research Organization for the year ended 30 June, 2025

No.	Financial Year	Audit Issue
1	2023/2024	Unaccounted for cash
2	2023/2024	Inventory-stock taking
3	2023/2024	Long outstanding receivables from exchange transactions
4	2023/2024	Long outstanding receivables from non-exchange transactions
5	2023/2024	Unresolved land matters
6	2023/2024	Employment of staff with disability
7	2023/2024	Insurance of motor vehicles
8	2023/2024	Staff establishment
9	2023/2024	Gender imbalance of board members

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with One-third Basic Rule

Examination of the Organization payroll for the month of June, revealed that twenty-one (21) employees were earning salaries below the recommended one-third of their basic salary. This was contrary to section 19(3) of the Employment Act, 2007 which states that all deductions made by the employer from the wages of his employee at any one time shall not exceed two-thirds of such wages or salaries. This may expose staff to pecuniary embarrassment.

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

2. Non-Compliance with the Law on Employment of Persons with Disability

Review of the staff biodata provided during the audit revealed that the staff with disability were found to be 1.9% (39 out of 2043) of the total staff. This is contrary to the required percentage of at least 5% of the threshold set out in the Persons with disabilities Act, 2003 and Public Service Commission Human Resource Policies of May, 2016.

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

3. Non-Operationalization of the Milk Processing Plant at Dairy Research Institute

The statement of financial position and Note 27 of the financial statement reflect property plant and equipment net book value of Kshs.26,101,821,000. This includes work-in-progress amount of Kshs.43,393,000 out of Kshs.14,279,557 in respect to construction of a milk processing plant at Dairy Research Institute in Naivasha. Physical inspection carried out in the month of June, 2025 revealed that the plant had not been equipped or operationalized despite the construction works with respect to civil works being substantially complete. The processing plant is therefore depreciating with passage of time without being put to use. Further, the building was also not included in the Organization 's fixed asset register.

In the circumstance, the organization may not receive value for money from the project.

4. Non-compliance with Fiscal Responsibility Principles

The statement of financial performance reflects revenue from exchange transactions amount of kshs.1,085,141,000 and revenue from non-exchange transactions amount of Kshs.4,315,000,000 (Gok Recurrent) all totaling to Kshs.5,400,141,000. Management spent Kshs.4,281,565,000 on staff costs accounting for 79 % of the total percent of national government exchequer and A.I.A. The entity therefore contravened the requirements of regulation 26(a) of the Public Finance Management Regulation of 2015 which provides that National government's expenditure on the compensation of employees shall not exceed 35 percent of the national government's equitable share of the revenue raised nationally plus other revenue generated by the national government pursuant to Article 209(4) of the constitution.

In the circumstances, the entity was in breach of law and development projects may not be to be implemented.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of 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 governance were not effective.

Basis for Conclusion

Understaffing of Staff Establishment

Review of the staff establishment revealed that the entity had an in-post staffing of two thousand seven hundred and thirteen (2,713) against an approved establishment of three thousand six hundred and twelve (3612) officers, hence an understaffing by eight hundred and ninety-nine (899) officers or 25%.

In the circumstances, the organization may not achieve the strategic objectives due to insufficient human resources.

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

Responsibilities of the Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Organization's financial reporting process, reviewing the effectiveness of how Management monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL
Nairobi

18 December, 2025

Report of the Auditor-General on Kenya Agricultural and Livestock Research Organization for the year ended 30 June, 2025

14. STATEMENT OF FINANCIAL PERFORMANCE

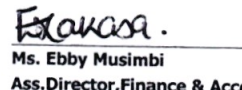
For the year ended 30 June 2025

	Notes	2024-2025 Kshs'000	2023-2024 Kshs'000'
Revenue from non-exchange transactions			
GoK Recurrent	6	4,315,000	4,315,000
GoK Development	7	-	108,000
World Bank	8	445,925	502,260
Other Grants	9	910,857	788,952
		5,671,782	5,714,212
Revenue from exchange transactions			
Goods	10	748,087	774,726
Services	11	258,910	238,422
Interest Received	12	4,329	5,112
Other Receipts	13	73,815	107,534
		1,085,141	1,125,794
Total Revenue		6,756,923	6,840,006
Expenses			
Use of Goods and Services			
Staff Costs	14	2,059,887	2,082,886
Board Expenses	15	4,281,565	4,544,377
Depreciation & Amortization expense	16	13,335	15,986
Repairs and Maintenance	17	297,372	305,213
Contracted Services	18	109,490	104,152
	19	71,912	31,327
Total Expenses		6,833,561	7,083,940
Other gains/(losses)	20	-13,991	181,210
Surplus/(deficit) for the year		(90,629)	(62,725)

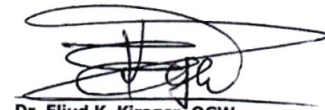
The Financial Statements set out on pages 1 to 18 were signed on behalf of the Board of Directors by:


Dr. Thuo Mathenge
Chairman, KALRO BoM

Date: 29/10/25


Ms. Ebby Musimbi
Ass. Director, Finance & Accounts
ICPAK Member Number: 10936

Date: 29/10/25


Dr. Eliud K. Kireger, OGW
Director General

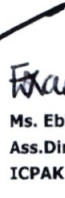
Date: 29/10/25


15. STATEMENT OF FINANCIAL POSITION
As at 30th June 2025

	Notes	2024-2025	2023-2024
		Kshs'000	Kshs'000
Assets			
Current Assets			
Cash and Cash equivalents	21	519,081	592,027
Receivables from Exchange Transactions	22	212,424	171,651
Receivables from Non-exchange Transactions	23	345,200	385,816
Prepayments	24	66,041	114,213
Inventories	25	356,835	258,688
Deposits	26	2,585	2,585
Total Current Assets		1,502,166	1,524,981
Non-Current Assets			
Property, Plant and Equipment	27	26,101,821	23,928,234
Investments	30	604	591
Intangible Assets	28	8,240	27,637
Biological Assets	29	1,271,251	1,224,387
Total Non- Current Assets		27,381,916	25,180,849
Total Assets		28,884,082	26,705,830
Liabilities			
Current liabilities			
Trade & Other Payables	31	169,568	154,241
Total Current Liabilities		169,568	154,241
Non-Current liabilities			
Deferred Income	32	2,235	37,218
Total Non- Current Liabilities		2,235	37,218
Total Liabilities		171,803	191,459
Net assets		28,712,279	26,514,371
Capital and Reserves			
General Reserve	33	577,892	668,521
Capital Fund	34	7,178,990	5,980,474
Revaluation Reserve	36	20,955,397	19,865,377
Total Capital and Reserves		28,712,279	26,514,371

The Financial Statements set out on pages 1 to 18 were signed on behalf of the Board of Directors by:


Dr. Thuo Mathenge
Chairman, KALRO BoM
Date: 29/10/25


Ms. Ebby Musimbi
Ass. Director, Finance & Accounts
ICPAK Member Number: 10936
Date: 29/10/25


Dr. Eliud K. Kireger, OGW
Director General
Date: 29/10/25

16. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2025

	Notes	Capital Fund	Revaluation Reserve	General Reserve	Totals
		Kshs'000'	Kshs '000'	Kshs'000'	Kshs'000'
At 1st July 2023		5,980,474	19,865,377	731,245	26,577,096
Capital grants received during the period			-		-
Revaluation gain					-
Surplus/(Deficit) for the period		-	-	(62,725)	(62,725)
Prior year adjustments			-		-
At 30 June 2024		5,980,474	19,865,377	668,521	26,514,371
At 1st July 2024		5,980,474	19,865,377	668,521	26,514,371
Capital grants received during the period		1,198,517	-		1,198,517
Revaluation gain			1,090,020		1,090,020
Surplus/(Deficit) for the period		-	-	(90,629)	(90,629)
Prior year adjustments		-	-		-
At 30 June 2025		7,178,990	20,955,397	577,892	28,712,279

17. STATEMENT OF CASHFLOWS

For the year ended 30th June 2025

		2024-2025	* Amended 2023-2024	Audited 2023-2024
	Notes	Kshs'000	Kshs'000	Kshs'000
Cash Flow from Operating Activities				
Receipts				
Transfers from GoK for Recurrent	6.a	4,315,000	4,615,000	-
Transfers from GoK for Development	7	-	108,000	-
World Bank	8	445,925	502,260	-
Other Grants	9.a	875,874	605,032	-
Sales of Goods	10	748,087	774,726	-
Rendering of Services	11.a	191,071	223,568	-
Interest Received	12	4,329	5,112	-
Other Receipts	13	73,815	107,534	-
Other gains/(losses)		-	-	-
Total receipts		6,654,101	6,941,232	-
Payments				
Use of Goods and Services	14.a	2,090,446	2,226,096	-
Staff Costs	15	4,281,565	4,544,377	-
Board Expenses	16	13,335	15,986	-
Repairs and Maintenance	18	109,490	104,152	-
Contracted Services	19	71,912	31,327	-
Total payments		6,566,749	6,921,937	-
Net cash flows from/(used in) operating activities	35	87,352	19,295	464,371
Cash flow from Investing Activities				
Purchase of Biological assets		(2,640)	(7,113)	
Purchase of property, plant & equipment	27	(151,585)	(76,597)	(76,597)
Purchase of intangible assets	28	(11,440)	(5,721)	(5,721)
Gain/(Loss) on Valuation of Investments	20			132
Revaluation of Biological assets	29			(268,402)
Gain on Sale of Fixed Assets	20	5,366	20,186	20,186
Cash generated from/(used in) investing activities		(160,299)	(69,244)	(330,401)
Cash flow from Financing Activities				
Deferred Income (Capital)	32	-	-	(183,920)
Cash generated from/(used in)Financing activities		-	-	(183,920)
Increase/(Decrease) in Cash and Cash Equivalent for the Year		(72,946)	(49,950)	(49,950)
Cash and Cash Equivalent at the Start of the Year	21	592,027	641,977	641,977
Cash and Cash Equivalent at the End of the Year	21	519,081	592,027	592,027

** A prior year adjustment in the cash flow statement on the previous year's figures, is due to restatement following adoption of direct method of cashflow presentation whereas the previous year had been disclosed using Indirect method

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 30th June 2025

	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% of utilisation
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025
	Kshs'000	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	
	A	B	C=(A+B)	D	E=(C-D)	F=D/C
Budget carryovers from the previous year		592,027	592,027	592,027	-	100%
Receipts from non-exchange transactions						
GoK Personal Emoluments	4,315,000		4,315,000	4,315,000	-	100%
GoK Development	109,600	-109,600	-	-	-	
World Bank	700,000		700,000	445,925	(254,075)	64%
Other Grants	600,000		600,000	875,874	275,874	146%
Sub total	5,724,600	-109,600	5,615,000	5,636,799		100%
Receipts from exchange transactions						
Goods	629,000		629,000	748,087	119,087	119%
Services	165,000		165,000	191,071	26,071	116%
Interest Received	10,000	-	10,000	4,329	(5,671)	43%
Other Receipts	90,000		90,000	73,815	(16,185)	82%
Sub total	894,000	-	894,000	1,017,302		114%
Total Receipts	6,618,600	-109,600	6,509,000	6,654,101		102%
Payments						
Use of Goods and Services	1,959,982		1,959,982	2,090,446	(130,464)	107%
Staff Costs	4,359,018		4,359,018	4,281,565	77,453	98%
Board Expenses	20,000		20,000	13,335	6,665	67%
Repairs and Maintenance	130,000		130,000	109,490	20,510	84%
Contracted Services	40,000		40,000	71,912	(31,912)	180%
Capital Expenditure (Development)	109,600	-109,600	0	160,299	(160,299)	
Total Payments	6,618,600	-109,600	6,509,000	6,727,047	-218,047	103%
Surplus/(Deficit)	-	592,027	592,027	519,081	218,047	(0)

The notes set out on pages 6 to 18 form an integral part of the financial statements.

Budget notes

- Change between original and final budget is as a consequence of budget adjustment from Exchequer
- The % increase on revenue received from services receipts is due to use of facilities
- The % increase in revenue received from goods is due to availing of affordable certified seeds for planting to the farmers
- The % decrease in revenue from interest received is due reduction in bank balances
- The increase in revenue from other grants is as a result of increase in research collaborations resulting to realization of the grants from donors as well as recognition of deferred income in the period
- The % decrease in staff cost is due to staff attrition
- The % increase in use of goods and services is as a result of related cost of production of certified seeds for planting and planting materials that were availed to farmers and for provision of conference services
- Board expenses utilization against the budget was a result of KALRO Board being fully constituted within the period
- Repairs and maintenance decrease was as a result of slow down of the refurbishing of Research Facilities and Infrastructure funded under the NAVCDP
- Contracted services increase was as a result submission of crops varieties KEPHIS for National Performance Trials (NPT) and Distinctness, Uniformity and Stability (DUNS) and cotton seed donation clearance
- The resulting deficit in the statement of financial performance is due to submission of accountabilities for advances issued to the collaborating Institutions for research work funded under the Climate Smart Agricultural Productivity Project following the expiry of the collaborating grant award agreements.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

KALRO is established by and derives its authority and accountability from Kenya Agricultural and Livestock Research Act, No 17 of 2013. The organization is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to undertake, streamline, coordinate and regulate all aspects of research in agriculture and livestock development, and promote the application of the research findings, technologies and innovations.

2. Statement of compliance and basis of preparation – IPSAS 1

The organization's financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the organization and all values are rounded to the nearest thousand (Kshs. 000). 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 direct method. The financial statements are prepared on accrual basis.

3. Adoption of New and Revised Standards

i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	Applicable: 1st January 2025: The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17. In IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2024/2025

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions - IPSAS 23

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 organization and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The organization recognizes revenue from rendering of services only when it is probable that the economic benefits or service potential associated with the transaction will flow to the organization. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized that are recoverable.

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information – IPSAS 24

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 organization. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or organization 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. The period covered by the annual budget is the same as the period covered by the financial statements.

c) Property, plant and equipment – IPSAS 17

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. 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.

Biological assets are measured on initial recognition and at the end of each reporting period at fair value less costs to sell in accordance with IPSAS 27.

Bearer plant are "a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. This includes Coffee and Tea plants .

Before maturity, bearer plants are measured at their accumulated cost. After the bearer plants matures, KALRO measures the bearer plants using either the cost model or the revaluation model.

Depreciation is calculated to write off the cost or valuation of fixed assets using the straight-line method at the following annual rates

Buildings	2.00%
Bearer Plants	2.00%
Motor vehicles and Motor cycles	25.00%
Tractors	12.50%
Plant and machinery	12.50%
Office equipment	12.50%
Computers & Electronics	33.33%
Furniture & fittings	12.50%
Laboratory equipment	12.50%
Infrastructural Assets	25.00%

Depreciation will be charged in the year of acquisition and not charged in the year of disposal of the asset.

d) Intangible assets–IPSAS 31

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

The useful life of the intangible assets is assessed as finite and amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period (a period of 3 years) and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the reporting date.

Intangible assets	33.33%
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

a) Biological Assets-IPSAS 27

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

f) Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

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

g) Inventories – IPSAS 12

Inventories are 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.

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 Organization.

h) Nature and purpose of reserves

The organization creates and maintains reserves in terms of specific requirements. The organization states the reserves maintained and appropriate policies adopted.

i) Employee benefits – IPSAS 25

Retirement benefit plans

The organization provides retirement benefits for its employees. The retirement scheme is contributory with employee and employer contributing as below on the basis of the Basic Salary. The entity's obligation under the scheme is limited to employee and employer contributions

Employee	Employer
10%	20%

The entity also contributes to the statutory National Social Security Fund (NSSF). The entity's obligation under the scheme is limited to employee and employer contributions.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at various commercial banks at the end of the financial year net of bank overdrafts. In the Statement of Financial Position, bank overdrafts are included as borrowings under current liabilities.

j) Comparative figures

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

k) Foreign currency transactions IPSAS 4.

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period

l) Subsequent events – IPSAS 14

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, 2025.

m) Related Parties – IPSAS 20

The Organisation regards a related party as a person or an entity with the ability to exercise control or exercise significant influence over its operating and financial decision over the Organisation, or vice versa. The Government of Kenya is the principal shareholder of the entity, holding 100% of the entity's equity interest. Other related parties include the Parent Ministry (Ministry of Agriculture and Livestock Development) and Board of Management. Members of key management are regarded as related parties and comprise senior managers. No related party contracts or dealings were exchanged during the year except for earnings as employees. Further, the key management do not hold any specific interests. Allowances to members of the Board of Management are as shown (see Note 16), while the three key management emoluments for the year were Kshs.20.13million. This is included in the staff costs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

n) Taxes – IAS 12

The Organisation is only liable to income tax payable on interest and dividends received which are payable at source. The organisation is not exempt from paying corporation tax.

o) Leases – IPSAS 13

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Organization as the lessee. All other leases are classified as operating leases. Where the Organization is the lessee, the total payments made under operating leases are charged to the statement of financial performance on a straight line basis over the period of the lease.

p) Changes in accounting policies and estimates – IPSAS 3

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

q) Financial Risk Management Objectives and Policies

The Board has initiated and facilitated the process that will see the enhancement of risk management. The Board has an integrated risk management strategy. The Board's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement, monitoring and reporting. The risk management policies and systems are reviewed regularly to ensure that they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered. The Board recognizes the critical role the risk management will continue to play in its endeavor to carry out its business in a dynamic environment. The Board is committed to ensure that corporate governance and risk management are deeply entrenched in the Organisation and culture.

i) Liquidity risk

Liquidity risk is the risk that the Board will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/ operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have been discontinued, etc. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be met at expected terms and when required. The objective of the liquidity and funding management is to ensure that all foreseeable operational and capital commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels.

The table shows the undiscounted cash flows on the Organisation financial assets and liabilities on the earliest possible maturity date. The liquidity ratio in FY 2024/25 is 6.35(FY 2023/24:7.45)

Financial Assets	Note	2024-2025	2023-2024
		Kshs '000	Kshs '000
Bank and Cash Balances			
Receivables	21	519,081	592,027
Total Financial Assets	22 & 23	557,624	557,467
Financial Liabilities		1,076,705	1,149,494
Payables			
Total Financial Liabilities	32	169,568	154,241
Net Liquidity		169,568	154,241
Liquidity Ratio		907,137	995,253
		6.35	7.45

ii) Currency Risk

Currency risk arises primarily from purchasing and sales of goods and services from/to overseas or indirectly via local supplies. The currency risk is minimal as cash and cash equivalents held with banks are dominated in Kenya Shillings and there are minimal dealings in foreign currency.

iii) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Organisation's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior.

The Organisation seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks. The Organisation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Organisation's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

iv) Compliance and Regulatory Risk

Compliance and regulatory risk includes the risk of non-compliance with regulatory requirements. The Organisation has complied with all externally imposed requirements throughout the year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5) Significant judgments and sources of estimation uncertainty – IPSAS 1

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' knowledge of current events and actions, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key areas of judgments and sources of uncertainty in estimation are as set out below:

i) Useful lives of Property, Plant and Equipment

The Board make estimates in determining the depreciation rates for property and equipment. The rates used are set out in the accounting policy (c) above for property and equipment. The Board reviews the estimated useful lives of plant and equipment at the end of each reporting period. During the financial year, no changes to the useful lives were identified by the Board.

ii) Contingent Liabilities

As disclosed in these financial statements, the Board is exposed to various contingent liabilities in the normal course of business. The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

iii) Provision for Doubtful Debts

The organization reviews its receivables portfolio to assess the likelihood of impairment. Provision for impairment of receivables is established when there is an objective evidence that the Board will not be able to collect all amounts due. Where necessary, an estimation of the amounts irrecoverable is made in that year at 5% of the portfolio. Provision for impairment shall be recognized upon approval by the Board of Management.

iv) Other provisions

Other provisions are recognized when the Board has legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

This represents GoK funds received from the Government for payment of staff costs

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Grants-Personnel Emoluments	4,315,000	4,315,000
Total	4,315,000	4,315,000

	2024-2025	* Amended	Audited
	Kshs '000	2023-2024	2023-2024
	Kshs '000	Kshs '000	Kshs '000
6.a GoK Personnel Emoluments as per performance	4,315,000	4,315,000	4,315,000
Add: Previous year GoK receivables	-	300,000	-
Less: Current year receivables	-	-	-
GoK Personnel Emoluments as per cashflow	4,315,000	4,615,000	4,315,000

** A prior year adjustment in the cash flow statement on the previous year's figures, is due to restatement following adoption of direct method of cashflow presentation

7. GoK Development Funds

This represents GoK funds received from the Government for development of research activities.

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Development Grant -GoK	-	108,000
Sub-Total	-	108,000

6 & 7. Transfers from Ministries

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income Kshs '000	Amount deferred Kshs '000	Amount recognised in capital fund Kshs '000	Total grant income during the year Kshs '000	2024-2025	2023-2024
Ministry of Agriculture and Livestock Development	4,315,000	-	-	4,315,000	4,315,000	4,315,000
Ministry of Agriculture and Livestock Development	-	-	-	-	-	108,000
Total	4,315,000	-	-	4,315,000	4,315,000	4,423,000

8. World Bank

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Development Fund - NAVCDP	445,925	502,260
Total	445,925	502,260

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Development Funds - Other Donors

These represent grants received from various donors for research activities.

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Development Grant - EU		
Development Grant - USAID	37,424	119,600
Development Grant - CIAT	4,613	-
Development Grant - ICRAF	27,849	27,171
Development Grant - FAO	7,302	-
Development Grant - ILRI	3,631	1,848
Development Grant - ICRISAT	26,441	43,331
Development Grant - CIMMYT	4,005	-
Development Grant - NRF	102,043	78,172
Development Grant - IDRC	23,711	25,054
Development Grant - AGRA	23,626	-
Development Grants - CORNELL UNIVERSITY	42,895	7,282
Development Grant - Other Grants	-	11,832
Total	607,316	474,663
	910,857	788,952

	2024-2025	** Amended 2023-2024	Audited 2023-2024
	Kshs '000	Kshs '000	Kshs '000
9.a Development Funds - Other Donors as per performance	910,857	788,952	788,952
Add: Current year Deferred income	2,235	37,218	-
Less: Previous year deferred income	(37,218)	(221,138)	-
Development Funds - Other Donors as per cashflow	875,874	605,032	788,952

** A prior year adjustment in the cash flow statement on the previous year's figures, is due to restatement following adoption of direct method of cashflow presentation

10 Goods

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Sheep & Goats		
Pigs	5,692	5,152
Cows	10,935	612
Poultry	50,768	32,664
Maize	82,157	111,492
Sorghum & Millets	30,315	28,150
Rice	9,500	31,356
Root and Tuber	15,164	3,616
Vegetables	8,555	8,154
Beans	1,523	657
Fruits	97,303	130,399
Bananas	1,409	984
Wheat	1,870	1,677
Cassava	3,466	3,331
Seeds	4,273	4,455
Seedlings	110,806	110,591
Trees and Plants	108,410	104,281
Manure	3,306	433
Firewood	1,316	614
Flowers	1,095	690
Pyrethrum	136	128
Cotton	803	-
Fodder	274	141
Beef	5,893	8,592
Milk	184	140
Eggs	17,728	22,987
Tomatoes	5,251	4,280
Hay	16	96
Water	3,460	7,568
Other Farm produce	4,705	4,266
Sale of Scrap	9,751	8,258
Coffee, Milling Cane and Tea Sales	1,299	4,033
Total	150,722	134,930
	748,087	774,726

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Services	2024-2025	2023-2024
	Kshs '000	Kshs '000
Soil Analysis	12,485	14,192
Other Lab Services	2,108	1,867
Sale of Journals/Periodicals	80	537
Hire-Ground/Conference Facilities	138,017	115,784
Royalties	26,339	3,837
Rent	61,159	64,133
Other services	18,721	38,072
Total	258,910	238,422

11.a	2024-2025	* Amended 2023-2024	Audited 2023-2024
	Kshs '000	Kshs '000	Kshs '000
Services as per performance	258,910	238,422	238,422
Add: Trade debtors previous year	102,653	86,991	-
Less: Trade debtors current year	-171,569	-102,653	-
Add: Rent due previous year	5,477	6,284	-
Less: Rent due current year	-4,400	-5,477	-
Services as per cashflow	191,071	223,568	238,422

** A prior year adjustment in the cash flow statement on the previous year's figures, is due to restatement following adoption of direct method of cashflow presentation

12. Interest Received	2024-2025	2023-2024
	Kshs '000	Kshs '000
Interest Received	4,329	5,112
Total	4,329	5,112

13. Other Receipts	2024-2025	2023-2024
	Kshs '000	Kshs '000
Cafeteria Income	22,180	47,784
Guest House Income	26,259	31,784
Bus Income	4,704	9,767
Utilities Income	20,669	18,153
Grazing Fee	4	45
Total	73,815	107,534

14. Use of Goods and Services	2024-2025	2023-2024
	Kshs '000	Kshs '000
Electricity Supplies	106,171	117,092
Water Expenses	4,731	4,157
Professional Services	60,892	40,198
Subscriptions	3,448	8,610
Advertising	4,167	6,622
Admin Fees	197,076	145,173
Audit Fees ¹	7,420	3,800
Conference and Delegations	24,910	40,183
Consumables	14,583	12,860
Fuels, Oils and Lubricants	144,940	143,510
Insurance	62,982	77,538
Legal Dues, Arbitration & Compensation	18,960	16,557
Licenses and Permits	640	1,946
Research Cost	378,617	518,148
Postage and Courier Expenses	3,152	2,938
Printing and Publishing	4,442	6,540
Rent and Rates	987	10,910
Security Cost	151,974	129,407
Skills Development Levies	1,037	1,100
Telecommunication	49,284	42,613
Training	10,942	15,142
Travel, Subsistence & Other Allowances	794,632	727,890
Bank Charges	9,560	10,908
Other General expenses	3,759	3,222
Provision for bad debts	580	-4,177
Total	2,059,887	2,082,886

¹ Included in the Audit fees, is Kshs.3,800,000 payable to Office of the Auditor General

14.a	2024-2025	* Amended 2023-2024	Audited 2023-2024
	Kshs '000	Kshs '000	Kshs '000
Use of goods and services as per performance	2,059,887	2,082,886	2,082,886.38
Add: Current year prepayment	830	1,200	-
Less: Previous year prepayment	-1,200	-1,171	-
Add: Current year other receivables	22,623	48,738	-
Less: Previous year other receivables	-48,738	-147,095	-
Add: Current year provision for doubtful debts	-9,551	-8,971	-
Less: Previous year provision for doubtful debts	8,971	13,146	-
Add: Current year staff imprest	22,773	63,389	-
Less: Previous year staff imprest	-63,389	-76,873	-
Add: Current year prepayment	66,041	114,213	-
Less: Previous year prepayment	-114,213	-102,269	-
Add: Current year Inventory	356,835	258,688	-
Less: Previous year Inventory	-258,688	-197,863	-
Add: Previous year Trade and other payables	154,241	232,182	-
Less: Current year Trade and other payables	-169,568	-154,241	-
Add: Current year Staff advances	-	1,455	-
Less: Previous year Staff advances	-	-1,499	-
(Gain)/ Loss on foreign exchange	33,544	-1,656	-
Increase/ (Decrease) in Stock	30,021	-158,270	-
Increase/ (Decrease) in Biological asset	29	260,106	-
Use of goods and services as per cashflow	2,090,446	2,226,096	2,082,886

** A prior year adjustment in the cash flow statement on the previous year's figures, is due to restatement following adoption of direct method of cashflow presentation

NOTES TO THE FINANCIAL STATEMENTS (Continued)
15. Staff Costs

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Basic Salary	2,350,015	2,410,163
House Allowance	526,399	561,998
Other Personal Allowance	67,994	71,253
Commuter Allowance	150,279	162,608
Transfer Allowance	7,926	7,302
Passage & Leave Expenses	9,618	10,364
Gratuity & Pension Contribution	452,349	464,036
Housing Levy	48,454	41,017
Medical Expenses	205,872	341,766
Contractual Employee	60,813	68,618
Casual Labour	401,848	405,251
Total	4,281,565	4,544,377

16. Board Expenses

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Board		
Sitting Allowance	4,928	6,769
Travelling and Accommodation	5,531	6,356
Telephone Allowance	84	91
Mileage Expenses	1,260	1,550
Chairman Honoraria	963	1,040
Training	570	180
Total	13,335	15,986

17. Depreciation & Amortization Expense

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Buildings	136,756	136,409
Plant and Machinery	19,594	16,662
Motor Vehicles	13,432	11,529
Motor Cycles & Bicycles	0	62
Lab & Scientific Equipment	27,691	28,780
Office & Computer Equipment	47,420	34,568
Office Furniture & Fittings	8,751	14,906
Infrastructure (G/hses, fences, streetlighting)	8,587	7,807
Amortization -Bearer Plants	4,304	4,304
Amortization-Software	30,837	50,188
Total	297,372	305,213

18. Repairs and Maintenance

These refers to repairs and maintenance on the various assets of the organisation

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Repairs & Maintenance of Vehicles	36,626	38,088
Repairs & Maintenance of Motor Cycles	308	382
Repair & Maintenance of Buildings & Stations	58,009	45,950
Repair & Maintenance of Water Supplies and Pumps	4,461	4,817
Repair & Maintenance of Office Equipment	2,203	6,678
Repairs & Maintenance Laboratory Equipment	1,122	1,565
Repairs & Maintenance Furniture and Fittings	395	297
Maintenance of Plant and Machinery	5,876	4,046
Maintenance of Roads	115	1,752
Minor Alteration & Maintenance of Works	374	576
Total	109,490	104,152

19. Contracted Professional Services

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Contracted Professional Services	71,912	31,327
Total	71,912	31,327

20 Other gains/(losses)

	2024-2025	2023-2024
	Kshs '000	Kshs '000
(Increase)/Decrease in Stock	-30,021	158,272
Gain/(Loss) on Foreign exchange	-33,544	1,656
Gain/(Loss) on Biological assets	44,196	1,227
Gain/(Loss) on Sale of Fixed Assets	5,366	20,186
Gain/(Loss) on Valuation of Investments	12	-132
Total	-13,991	181,210

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 Cash and cash equivalents

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Current Account-Bank Balances	519,081	592,027
Bank overdraft	-	-
Total	519,081	592,027

Detailed analysis of the Cash and Cash Equivalents held in various banks is as per below summary:

	2024-2025	2023-2024
Kenya Commercial Bank	447,226	522,347
NCBA Bank	18,721	14,037
ABSA Bank Kenya	17,982	9,146
National Bank of Kenya	8,876	21,715
Cooperative Bank of Kenya	24,442	18,306
Stanbic Bank Kenya	1,833	6,477
Total	519,081	592,027

22 Receivables from Exchange Transactions

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Trade Debtors	171,569	102,653
Kenya Seed	19,945	19,945
Prepayments	830	1,200
Rent dues	4,400	5,477
Bungoma Union	746	746
Mugama Co-op Union	1,863	1,863
Other Receivables	22,623	48,738
Provision for Doubtful Debts	(9,551)	(8,971)
Total	212,424	171,651

23 Receivables from Non-exchange Transactions

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Commodity Levy	314,497	314,497
Staff Imprest	22,773	63,389
Staff advances	1,455	1,455
Coffee Board of Kenya	23,445	23,445
KPCU	124,496	124,496
Provision for Doubtful Debts	(141,466)	(141,466)
Total	345,200	385,816

24 Prepayments

These are prepayments on annual insurance covers taken by KALRO with commencement date of 1st October 2024 and 1st January 2025 and expiring on 30th September 2025 and 31st December 2025

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Insurance Premium	66,041	114,213
Total	66,041	114,213

25 Inventories

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Consumables	170,861	153,189
Crop	186,315	105,840
Provision for obsolete stock	(341)	(341)
Total	356,835	258,688

26 Deposits

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Deposits	2,585	2,585
Total	2,585	2,585

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. Property, plant and Equipment

Revaluation Adjustments	LAND	BEARER PLANTS	BUILDINGS	MOTOR VEHICLES	PLANT & MACHINERY	OFFICE EQUIP.	FURNITURE & FITTINGS	LAB EQUIPMENT	MOTOR CYCLES & BICYCLES	INFRASTRUCTURE (G/hses, fences, streetlighting)	WORK IN PROGRESS	TOTAL
	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'
Cost												
As at 1 st July 2023	18,208,626	215,195	6,807,781	770,212	356,921	674,013	312,182	966,722	7,995	202,985	63,799	28,586,430
Addition for the period	-	-	5,707		7,449	27,141	6,806	13,015		1,327	15,152	76,597
Transfer to Biological assets												-
Revaluation Adjustments												-
Disposal for the period				(19,035)					(170)			(19,205)
Transfer from WIP			28,772			433				5,617	(34,821)	-
At 30th June 2024	18,208,626	215,195	6,842,260	751,177	364,369	701,586	318,988	979,737	7,825	209,929	44,129	28,643,822
Addition for the period	1,187,150	-	0		38,568	77,348	1,750	6,178		177	38,931	1,350,102
Transfer from WIP			17,360	7,869				11,495		2,943	(39,667)	-
Reclassification of assets categories												-
Revaluation Adjustments	1,090,020											1,090,020
Disposal for the period				(7,032)					(261)			(7,293)
At 30th June 2025	20,485,796	215,195	6,859,619	752,014	402,937	778,934	320,738	997,410	7,564	213,050	43,393	31,076,650
Depreciation												
At 1 st July 2023	-	27,095	1,470,950	740,632	274,278	637,301	277,930	856,230	7,933	187,443	-	4,479,792
Charge for the period	-	4,304	136,409	11,529	16,662	34,568	14,906	28,780	62	7,807		255,025
Accumulated depreciation on disposal				(19,230)								(19,230)
Depreciation on reclassification				177					(177)			0
At 30th June 2024	-	31,399	1,607,359	733,108	290,940	671,868	292,836	885,010	7,817	195,251	-	4,715,587
Charge for the period	-	4,304	136,756	13,432	19,594	47,420	8,751	27,691	-	8,587		266,535
Accumulated depreciation on disposal				(7,032)					(261)			(7,293)
Depreciation on reclassification												-
At 30th June 2025	-	35,703	1,744,115	739,508	310,533	719,288	301,587	912,701	7,556	203,838	-	4,974,829
Net book values												
At 30th June 2025	20,485,796	179,491	5,115,504	12,506	92,404	59,646	19,151	84,710	8	9,212	43,393	26,101,821
At 30th June 2024	18,208,626	183,795	5,234,901	18,069	73,430	29,718	26,153	94,727	8	14,679	44,129	23,928,234

(i) Motor vehicles and motorcycles with a gross carrying amount of Ksh. 402,722,880 and Ksh. 6,175,660 respectively, had been fully depreciated during the year ending 30th June 2025 and are still in use

(ii) Nine parcels of Land were valued by Ministry of Lands, Public Works, Housing and Urban Development (State Department for Lands and Physical Planning) professional valuers from the Government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020) resulting to Ksh.1,250.65million additional to land. Two land parcels were revalued by Ministry of Lands, Public Works, Housing and Urban Development (State Department for Lands and Physical Planning) and Opti-Real Consultants Limited professional valuers respectively in May 2025 resulting to revaluation gain of Ksh.1,090.02million. These amounts were adopted by the Board.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 Intangible Assets	2024-2025	2023-2024
	Kshs '000	Kshs '000
Cost		
At beginning of the year	413,600	407,880
Addition for the period	11,440	5,721
At end of the year	425,040	413,600
Amortization		
At beginning of the year	385,963	335,776
Amortization for the period	30,837	50,188
At end of the year	416,800	385,963
Net Book Value	8,240	27,637

29 Biological Assets	2024-2025	2023-2024
	Kshs '000	Kshs '000
As at 1st July	1,224,387	955,985
Gain In Value during the year	46,864	268,402
Total	1,271,251	1,224,387

30 Investments	2024-2025	2023-2024
	Kshs '000	Kshs '000
Quoted Investments:		
1,672 BAT Kenya PLC shares	604	591
Other Investments:		
KPCU Unsecured Loan Stock	-	-
KPCU Redeemable Ordinary shares	-	-
Fairvalue is Kshs 0 (2023/2024 Kshs 0)		
Total	604	591

The Kenya Planters Co-operative Union unsecured loan stock and redeemable ordinary shares are unquoted Investments classified as available for sale and measured at cost. The fair value of KPCU is estimated at zero as the Government has liquidated KPCU.

For Investments in equity share listed under note 30 above, the equity investments is under the following categories:

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%		Kshs '000	Kshs '000
British American Tobacco (BAT) Kenya PLC	0.0000167	-	0.0000167	17	604	591
	0.0000167	-	0.0000167	17	604	591

The fair value of BAT Kenya PLC shares is determined by reference to published price quotation in the active market (NSE). On 30th June 2025, the shares traded at Kshs.361.00 (2023/2024:Kshs.353.75) per share.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 Trade and Other Payables

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Trade Creditors	136,397	108,171
Other Creditors	32,367	45,267
Rent Deposits	804	804
Total	169,568	154,241

32 Deferred income

Grants received from donors for specific projects are classified as non-current liabilities. They are carried at amortized cost of which amortization is recorded as other grants in proportion to expenditure incurred on the project over the life of the project.

Description	2024-2025	2023-2024
	Kshs '000	Kshs '000
National Government	-	-
International funders	-	-
Prior Year Adjustments-International funders	2,235	37,218
Public contributions and donations	-	-
Total deferred income	2,235	37,218

The deferred income movement is as follows:

	National Government	International funders	Public contributions and donations	Total	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Balance brought forward	-	37,218	-	37,218	221,138
Prior year adjustment	-	-	-	-	-
Additions	-	-	-	-	-
Transfers to Capital fund	-	-	-	-	-
Transfers to income statement	-	(34,983)	-	(34,983)	(183,920)
Other transfers	-	-	-	-	-
Balance carried forward	-	2,235	-	2,235	37,218

33 General reserve

	2024-2025	2023-2024
	Kshs '000	Kshs '000
Balance Brought Forward as at 1 July	668,521	731,245
Surplus/(Deficit) for the Year	(90,629)	(62,725)
Balance Carried Forward as at 30 June	577,892	668,521

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 Capital fund	2024-2025	2023-2024
	Kshs '000	Kshs '000
Capital Funds Brought Forward as at 1st July	5,980,474	5,980,474
Capital Funds received during the year	1,198,517	-
Balance Carried Forward as at 30th June	7,178,990	5,980,474

35 Cash Generated/(used) from Operations	2024-2025	* Amended 2023-2024	Audited 2023-2024
	Kshs '000	Kshs '000	Kshs '000
Cash Generated from Operations			
Surplus/(Deficit) for the year	(90,629)	(62,725)	(62,725)
Adjusted for:			
Depreciation and Amortisation	297,372	305,213	305,213
Gain on Sale of Fixed Assets	-5,366	-20,186	(20,186)
Gain/(Loss) on Biological assets	-44,196	-261,333	-
Gain/(Loss) on Valuation of Investments	-12	132	-
Operating profit/(loss) before working capital changes	157,169	-38,900	222,302
Working Capital adjustments			
Decrease/(Increase) in Inventories	(98,147)	(60,825)	(60,825)
Decrease/(Increase) in Receivables-Exchange	(40,773)	79,298	79,298
Decrease/(Increase) in Receivables-Non-Exchange	40,616	313,526	313,526
Decrease/(Increase) in Prepayments	48,172	(11,944)	(11,944)
Increase/(Decrease) in Current liabilities	93,313	(77,941)	(77,986)
Increase/(Decrease) in Deferred Income	(34,983)	(183,920)	-
Net changes in Working Capital	8,198	58,194	242,069
Net cash flow from operating activities	165,367	19,295	464,371

* A prior year adjustment in the cash flow statement on the previous year's figures, is due to restatement following adoption of direct method of cashflow presentation whereas the previous year had been disclosed using Indirect method

36 Revaluation reserve	2024-2025	2023-2024
	Kshs '000	Kshs '000
Balance Brought Forward as a 1st July	19,865,377	19,865,377
Revaluation gain	1,090,020	-
Balance Carried Forward as at 30th June	20,955,397	19,865,377

37 Provision for contingent liabilities

(i) During the financial year under review, liability relating to actual deficit as per the report on actuarial valuation of the Kenya Agricultural and Livestock Research Organization Staff Retirement Benefits Scheme indicated a valuation figure of Kshs.54.061million as at 31st December 2022. It is worth noting that this figure keep on changing every year and could not be disclosed under trade payables as it would materially affect the working capital of the Institute.

38 Events after the reporting period

There were no material adjusting and non- adjusting events after the reporting period.

39 Ultimate and holding entity

KALRO is a Semi- Autonomous Government Agency under the Ministry of Agriculture and Livestock Development. Its ultimate parent is the Government of Kenya.

41 Currency

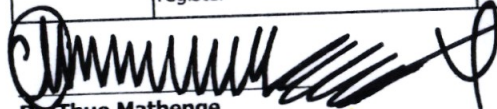
The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.'000'

APPENDIX I. 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	Status: (Resolved / Not Resolved)	Timeframe:(Put a date when you expect the issue to be resolved)
1	Unaccounted for Internally Generated Revenue	The revenue collected through payroll recoveries such as rent from staff, Interest Received, revenue from coffee sales collected in United States dollar (USD) and banked in the designated dollar account	H-Finance	Resolved	Sep-24
2	Unsupported staff cost	The unreconciled variance was as a result of the off the payroll expenditure such as last pay to the retiring staff and gratuity to contracted staff not processed in payroll	H-Finance	Resolved	Dec-24
3	Unsupported expenditure on Casual workers	All Institutes/Centres are required to abide by the regulations relating to engagement of the said casuals	H-Human Resources Management & Administration	Resolved	Sep-24
4	Unaccounted for Cash	The concerned Officers were dismissed from service on 2nd February 2011 .To seek authority for write off	H-Finance	Partially Resolved	Dec-24
5	Inventory	It's a requirement for all the Centres to be undertaking the quarterly stock and submission of the report to the KALRO Secretariat	H-Supply Chain Management	Partially Resolved	Nov-25
6	Long outstanding Receivables from exchange Transactions	To seek authority for write off.	H-Finance	Partially Resolved	Dec-25
7	Receivables from non-exchange Transactions	To seek authority for write off.	H-Finance	Partially Resolved	Dec-25
8	Unsupported work in Progress and Infrastructure Expenditure	The project implementation status report and analysis (register) is regularly updated	H-Finance	Resolved	Dec-24
9	Unresolved land Matters	Follow up on acquisition of ownership documents ongoing	DG	Partially Resolved	Continuous
10	Revenue from Exchange Transactions	KALRO acquires the names of the auctioneers in line with Section 56 (1) PPADA 2022 on Regulated Professional Body from the Auctioneers Licensing Board. The reports are now being signed by both the auctioneers and KALRO representatives	H-Supply Chain Management	Resolved	Mar-25
11	Employment of staff with disability	KALRO has in the past made deliberate effort to place job adverts in the NCPD Website/Portal but often dont get applicants. We shall strive to reach out to even the Local Administration to get PWDs for consideration when opportunities arise.	H-Human Resources Management & Administration	Partly Resolved	Continuous

12	Insurance of Motor vehicles	Management shall not be paying premiums for vehicles that are grounded. The condition for the Insurance contract for the provision of the motor vehicles insurance required the contracted Insurance company to undertake valuation	H-Supply Chain Management	Partly Resolved	Continuous
13	Procurement of laboratory Equipment	Procurement document not availed have been retrieved for verification	H-Supply Chain Management	Resolved	Dec-24
14	Anomalies in KALRO Act, 2013	The professional opinion from the Registrar of Companies is still being followed up	H-Legal	Not Resolved	Continuous
15	Lack of intergrated IT System on revenue collection	Parallel system has been discontinued and receipting its now fully in ERP	H-Finance	Resolved	Mar-25
16	Lack of policy for engagement of farmers under purchase of seeds	The growers selection criterion has been formalised	H-Finance	Resolved	Mar-25
17	Staff Establishment	Implementation of the succession strategies due to going workforce and inadequate staffing commenced with the recent appointment of 224 new staff after approval to recruit was granted by the Public Service Commission.	H-Human Resources Management & Administration	Not Resolved	Continuous
18	Non submission of work plan by the Board to the State Corporation Advisory Commiteee	Going forward, the deadlines are being observed	H-Legal	Resolved	Continuous
19	Gender imbalance of the Board members	The appointments of board members is done by the Cabinet Secretary and the Chairperson is appointed by the President as per the KALR Act, 2013 Section 6 (i). The Organization has no say in the matter	DG	Partially Resolved	Continuous
20	Management of grounded vehicles	Management has put in proper control system by ensuring that grounded vehicles are declared for disposal if not economically viable to repair them	H-Transport	Resolved	Continuous
21	Incomplete Assets Register	Management has put in proper control system to ensure that all fields in Fixed Asset Register are updated	H-Supply Chain Management	Resolved	Continuous
22	Lack of capital work in progress register	Management has put in proper control system by ensuring that the register is maintained and continually updated	H-Finance	Resolved	Continuous


Dr. Thuo Mathenge
Chairman, KALRO BoM

Date: 29/10/25


Dr. Eliud K. Kireger, OGW
Director General

Date: 29/10/25

APPENDIX II: PROJECTS IMPLEMENTED BY KALRO

Projects

Major projects implemented by KALRO and funded by development partners

	Project title	Project Number	Donor	Period/ duration	Donor commitment (Kshs'000')	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements(Yes/No)
1	AGRIFI- Climate Smart Agricultural Productivity Project (CS-APP)	FED/2018/398-876	EU	60months	567,780	YES	YES
2	National Agricultural Value Chain Development Project (NAVCDP)	Project I.D. 176758	World Bank	60months	4,900,000	YES	YES

Status of Projects completion

	Project	Total project Cost ¹ (Kshs'000')	Total expended to date (Kshs'000')	Completion % to date	Budget (Kshs'000')	Actual (Kshs'000')	Sources of funds
1	AGRIFI- Climate Smart Agricultural Productivity Project (CS-APP)	738,115	665,470	90%	37,424	37,424	EU
2	National Agricultural Value Chain Development Project (NAVCDP)	4,900,000	948,186	19%	700,000	445,925	WORLD BANK

¹The project total cost is the total financing for both the Donor and counterpart(GoK)

APPENDIX III: INTER-ENTITY TRANSFERS (Ksh'000')

ENTITY NAME: KALRO				
Break down of transfers from the State Department for Crop Development and Agricultural Research				
FY 2024/25				
a. Recurrent Grants				
		Bank Statement Date	Amount (Kshs'000')	FY to which the amounts relate
		Aug-24	359,583	2024/25
		Sep-24	359,583	2024/25
		Oct-24	359,583	2024/25
		Nov-24	359,583	2024/25
		Dec-24	359,583	2024/25
		Dec-24	359,583	2024/25
		Feb-25	359,583	2024/25
		Mar-25	359,583	2024/25
		Apr-25	359,583	2024/25
		May-25	359,583	2024/25
		Jun-25	359,583	2024/25
		Jun-25	359,583	2024/25
		Total	4,315,000	
b. Development Grants				
			0	
		Total	0	
		Total	4,315,000	

The above amounts have been communicated to and reconciled with the Parent Ministry

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES (Ksh'000')

Name of the MDA Transferring the funds	Date received as per bank statement	Nature	Total Amount	Statement of Financial Performance	Where Recorded / recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others	
Ministry of Agriculture and Livestock Development	Appendix III	Recurrent	4,315,000	4,315,000	-	-	-	-	4,315,000
	Appendix III	Development	-	-	-	-	-	-	-
Ministry of Education-National Research Fund(NRF)	Jul-24	Research Funds	14,245	14,245	-	-	-	-	14,245
	Sep-24	Research Funds	2,862	2,862	-	-	-	-	2,862
	Mar-25	Research Funds	6,604	6,604	-	-	-	-	6,604
National Agricultural Value Chain Development Project (NAVCDP)	Jul-24	Research Funds	154,727	154,727					154,727
	Oct-24	Research Funds	291,198	291,198					291,198
Total			4,784,637	4,784,637	-	-	-	-	4,784,637