

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT DATE: 03 MAR 2026

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TUESDAY

TABLED
BY:

Hon. Naomi Waggimf
Deputy Majority Whip

CLERK-AT
THE-TABLE:

Mado Atabo

OF

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

KENYA ROADS BOARD

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



KENYA ROADS BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025

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

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Our Vision:

An efficient road network for a prosperous nation

Our Mission:

To oversee and coordinate road maintenance, rehabilitation, and development through optimal utilization of the Fund for a sustainable road network.

Our Core Values:

The board's core values constitute the fundamental beliefs that drive it. These beliefs define expected standards of behaviour and culture aimed at propelling the board in pursuit of its vision and to accomplish its mission. These beliefs follow Chapter Six (6) of the Constitution of Kenya, 2010, and shall form the institution's backbone in observing national values and principles of governance. The implementation of this Strategic Plan shall be driven by four (4) core values, namely: Excellence, Integrity, Inclusiveness, and Innovation, with the following commitments:

- i. ***Excellence*** - We shall strive and commit to high standards of professional competence, passion for quality, and uphold customer-focused service delivery as we embrace continuous improvement.
- ii. ***Integrity*** - We are committed to ensuring responsibility, transparency, accountability, and good governance in resource management and service delivery to the Kenyan people.
- iii. ***Inclusiveness*** - We shall embrace inclusiveness and promote diversity in the Board and ensure adherence to the Constitution of Kenya, 2010, requirements on gender, disability, and minorities, among others.
- iv. ***Innovation*** - We are committed to fostering an enabling environment that encourages innovation, creativity, and continuous learning to achieve efficiency and effectiveness in service delivery.

ACRONYMS, ABBREVIATIONS, AND GLOSSARY OF TERMS

KRB – Kenya Roads Board

KeNHA – Kenya National Highways Authority

KURA – Kenya Urban Roads Authority

KeRRA – Kenya Rural Roads Authority

KWS – Kenya Wildlife Service

RICS – Road Inventory & Condition Survey

RSIP – Road Sector Investment Programme

APRP – Annual Public Roads Programme

KEY ENTITY INFORMATION AND MANAGEMENT

a) Background Information:

Kenya Roads Board (KRB) is a state body corporate established under Chapter 408 of the Laws of Kenya, 'Kenya Roads Board Act', which came into effect under Legal Notice No. 7 of 1999. The Board was established by Chapter 446 (State Corporations Act) of the Laws of Kenya, which is 'An Act of Parliament to make provision for the establishment of state corporations; for control and regulation of state corporations; and connected purposes.

The Board is domiciled and operates within the Republic of Kenya. The registered office is as set out in this report.

b) Principal Activity:

As stipulated in the Kenya Roads Board Act, 1999, "The object and purpose for which the Board is established is to oversee the road network in Kenya and coordinate the maintenance, rehabilitation, and development funded by the fund and to advise the Minister responsible for matters pertaining to roads on all matters related thereto."

c) Specific Mandates:

The mandates of KRB are provided for in the Kenya Roads Board Act, No. 7 of 1999, as hereunder:

- (a) *'Coordinate the optimal utilization of the Fund in implementation of programmes relating to the maintenance, rehabilitation, and development of the road network;*
- (b) *seek to achieve optimal efficiency and cost effectiveness in roadworks funded by the Fund;*
- (c) *manage the Fund;*
- (d) *Based on a five-year road investment programme approved by the Minister and the Minister for Finance, determine the allocation of financial resources from any other source available to the Board required by road agencies for the maintenance, rehabilitation, and development of the road network to ensure that the allocation of funds is pegged to specific categories of roads and that not less than*
 - (i) *twenty-two per cent (22%), which shall be deposited into a special bank account to be called Constituency Road Fund Account to be maintained by every constituency. Monies from the Fund are allocated equally to all Constituencies in the country to be administered by the Rural Roads Authority.*
 - (ii) *ten percent (10%) of the monies from the Fund is allocated for the maintenance or development of link roads between constituencies and to serve as Government counterpart funds in funding works on rural roads, to be administered by the Kenya Rural Roads Authority and that the said per centum shall be equally distributed to the constituencies where Kenya Rural Roads Authority has the mandate.*

- (iii) forty percent (40%) of the monies from the Fund is allocated in respect of the national roads to be administered by the National Highways Authority;
 - (iv) fifteen percent (15%) of the monies from the Fund is allocated in respect of the Urban Roads Authority;
 - (v) one percent (1%) of the monies from the Fund is allocated in respect of roads in national parks and reserves to be administered by the Kenya Wildlife Service, and
 - (vi) a maximum of two percent (2%) of the monies from the Fund is allocated in respect of recurrent expenditure of the Board under section 31(5).
- (e) ensure that the remainder of the monies from the Fund (10%) described in paragraph (d) shall be allocated annually by the Board with the approval of the Minister to the road investment programme derived from the five-year road investment programme approved by the Minister responsible for roads and the Minister for Finance.
 - (f) ensure that a maximum of ten percent (10%) of all monies allocated to each road agency is utilized for development purposes by the said agency
 - (g) monitor and evaluate, by means of technical, financial, and performance audits, the delivery of goods, works, and services funded by the Fund;
 - (h) In implementing paragraph (g), pay due regard to public procurement and disposal regulations and additional guidelines issued or approved by the Minister;
 - (i) recommend to the Minister appropriate levels of road user charges, fines, penalties, levies, or any sums required to be collected under the Road Maintenance Levy Fund Act, 1993, and paid into the Fund.
 - (j) recommend to the Minister such periodic reviews of the Fuel Levy as are necessary for the purposes of the Fund, and
 - (k) identify, quantify and recommend to the Minister such other potential sources of revenue as may be available to the Fund for the development, rehabilitation and maintenance of roads.'

d) Key Management:

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

- Board of Directors
- Accounting officer/ Director General
- Executive Committee of Management (ExCom)

e) 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. Director General - Rashid Mohamed, MBS
2. Director, Finance & Finance Management - CPA Martin Agumbi
3. Director, Policy & Planning - Eng. Tom Omai
4. Director, Rural & County - Eng. Wilson Kosgey
5. Director, Highways - CPA Paul Kibet
6. Director, Urban & Park - Eng. Isaac Maina
7. Director, Corporate Services - Mr. Hamoud M. Mguza

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8. Deputy Director, Internal Audit & Assurance – CPA James Mugoh
9. Deputy Director, Legal Services – Ms. Catherine Kassim
10. Deputy Director, Supply Chain Management – Mr. Isaack Ibrahim

f) Fiduciary Oversight Arrangements:

The following committees provide fiduciary oversight over the management and activities of the Board;

1. Audit and Risk Management Committee of the Board
2. Finance Committee of the Board
3. Technical Committee of the Board
4. Human Resources and Management Committee of the Board
5. Executive Committee of Management (Ex-COM)

g) Financial Statements:

Kenya Roads Board was established by the KRB Act No. 7 of 1999, which states as follows;

Section 4 (1): *“There is established a Board to be known as the Kenya Roads Board.”*

Section 6 (2) (a): *“Without prejudice to the generality of subsection (1), the Board shall – manage the Fund;”*

The KRB Act No. 7 of 1999 also establishes the Kenya Roads Board Fund as follows;

Section 31 (1): *“There is established a Fund to be known as the Kenya Roads Board Fund which shall vest in the Board.”*

Section 31 (2): *“There shall be paid into the Fund –*

- (a) all proceeds from the Road Maintenance Levy Fund;*
- (b) such moneys or assets as may accrue to or vest in the Board in the course of the exercise of its powers or the performance of its functions under this Act or under any other written law;*
- (c) such sums as may be payable to the Board pursuant to this Act or any other written law, or pursuant to any gift or trust;*
- (d) all moneys from any other source provided for or donated, or lent to the Board;*
- (e) such monies as may be appropriated by the National Assembly for the development, maintenance, and rehabilitation of roads. (a) all proceeds from the Road Maintenance Levy Fund.”*

These Financial Statements are presented in respect of all monies accruing to the Kenya Roads Board as stipulated by Section 84 (1) of the Public Finance Management Act, No. 18 of 2012.

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Section 84. (1): *“The administrator of a national public fund established by the Constitution, or an Act of Parliament, shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board”.*

Section 31 (4) of the KRB Act provides that *“There shall be paid out of the Fund any expenditure incurred by the Board in the exercise of its powers or the performance of its functions under this Act. This expenditure is presented as part of the Financial Statements.*

h) Registered Office/Headquarters & Contacts:

Kenya Re-Towers, 3rd Floor
Off Ragati Road, Upper Hill
P.O. Box 73718- 00200, City Square
NAIROBI, KENYA

Tel. No.: 4980000, 2722865/6
Fax No.: 254-020-2723161
Website: www.krb.go.ke
E-mail address: info@krb.go.ke

i) Principal Bankers:

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000-00200,
NAIROBI, KENYA

Citibank N.A
Citibank House, Upper Hill
P.O Box 30711-00100, GPO
NAIROBI, KENYA

j) Independent Auditors:

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

k) Principal Legal Adviser:



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

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THE BOARD OF DIRECTORS

The Board draws representatives from public and private stakeholders, as set out in Section 7 of the Kenya Roads Board Act, 1999.

Board members in FY 2024/2025 include the following: -

Representative	Organization
 <p>Hon. Aisha Jumwa Katana, EGH <i>Appointed on 17th January 2025</i></p> <p>Hon. Ahmed Kolosh (<i>Served from 5th April 2023 to 16th January 2025</i>)</p>	<p>Chairman, Kenya Roads Board Kenya Transporters Association</p>
 <p>CPA. Rashid Mohamed, MBS (Director General)</p>	<p>Kenya Roads Board</p>



Eng. Joseph M. Mbugua

PS, State Department of Roads
Ministry of Roads & Transport



Dr. Chris Kiptoo, CBS

PS, The National Treasury




Teresia Mbaika Malokwe

PS, State Department for Devolution -
Ministry of Devolution

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 <p>Abdi Dubat Fidhow</p>	<p>PS, State Department for EAC, Ministry of EAC ASALs & Regional Development</p>
 <p>Mohamed Daghar</p>	<p>PS, State Department for Transport - Ministry of Roads & Transport</p>
 <p>Mr. Francis Theuri <i>Appointed on 5th August 2022</i></p>	<p>Member Automobile Association of Kenya</p>


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 <p>Ms. Phyllis Wakiaga <i>Appointed on 5th August 2022</i></p>	<p>Member Kenya Association of Manufacturers</p>
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Alternate Board members in FY 2024/2025 include the following:

Alternate Representative	Organization
<p>Mr. Philip Wachira <i>Appointed on 15th January 2024</i></p>	<p>State Department of Roads - Ministry of Roads & Transport</p>
<p>Mr. Jackson Mwangi <i>Served from 20th Dec 2022 to 14th May 2025</i></p>	<p>State Department for Devolution - Ministry of Devolution</p>
<p>Mr. Osman Shalle <i>Appointed on 15th May, 2025</i></p>	
<p>Mr. Julius Mwabu <i>Appointed on 7th October 2019</i></p>	<p>State Department for EAC - Ministry of EAC, ASALS, and Regional Development</p>
<p>Dr. Stephen Ikikii <i>Appointed on 8th November, 2023</i></p>	<p>The National Treasury</p>

KEY MANAGEMENT TEAM

<u>Name</u>	<u>Profile</u>
 <p data-bbox="252 981 507 1048">R. Mohamed, MBS <i>Director General</i></p>	<p data-bbox="810 472 1428 1061">The Director General holds a Master’s in Business Administration from Oxford University, United Kingdom, and a Bachelor of Commerce from the University of Nairobi. He is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK) and has served on the Council of ICPAK. The Director General joined the Board as a Financial Controller and was appointed the Director of Finance in 2008 on return from the University of Oxford. He briefly served as the inaugural Director of Corporate Services in the Kenya National Highways Authority and was instrumental in setting up the institution during its formative years.</p> <p data-bbox="810 1104 1428 1541">The Director General has over 30 years of managerial experience in finance in both public and private sector institutions and has been engaged in public policy and governance matters. He is a highly respected thought leader with exposure in advocacy, strategy, risk management, private equity, and resource mobilization initiatives. He was recognized for his exemplary service to the nation and conferred with the prestigious Moran of the Order of the Burning Spear (MBS) award.</p> <p data-bbox="810 1583 1428 1727">The Director General is also involved in various social enterprise initiatives in Northern Kenya targeting the youth and women.</p>



CPA Martin Agumbi
Director - Finance & Fund Management

CPA Martin Agumbi holds a Bachelor of Commerce from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK).

CPA Martin has over 25 years' experience in financial management, audit, financial reporting, Strategic Planning, and budgeting, gained in both the Public and Private sectors.

CPA Martin has attended leadership programmes in Strategic Development, Enterprise Risk Management, Ethics & Governance, and Performance Budgeting.

Before joining the Board, CPA Martin worked for leading Audit & Accounting Firms in the region.



Eng. Tom Omai
Director - Policy & Strategy

Eng. Omai holds a Master's in Project Planning & Management and a Bachelor of Science in Civil Engineering, both from the University of Nairobi. He is a registered professional engineer with the Engineers Board of Kenya and a corporate member of the Institution of Engineers of Kenya.

Eng. Omai has over 20 years' practical experience in Strategic Planning, Project management, Performance Based Contracting, Procurement of Roadworks and services, Highway designs and management using computer-aided tools and Road Management Systems, Roadworks Cost Estimation Systems, Road Transport Policy formulation, and Research & Development. Before joining the Board in 2015, Eng Omai worked in the Ministry of Roads, the Kenya Urban Roads Authority, and the Machakos County Government.

Eng. Omai is actively involved in community work and is the current patron of Kawangare Pirates Football Club, Nyamira County.

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CPA Paul Kibet
Director, Highways

CPA Kibet holds an MBA and a Bachelor of Commerce Degree from the University of Nairobi. He is a CPA and a member of ICPAK.

CPA Kibet joined the Board in November 2009. Before joining the Board, he was the Head of Internal Audit at Kenya Medical Research Institute (KEMRI), where his main role was providing audit and assurance services to the Institute. Kibet has also worked with the Office of the Auditor General, where he was responsible for various audit portfolios.

CPA Kibet has a wealth of audit work experience spanning over 25 years in the public sector. These include audit assurance, risk management, monitoring, evaluation, and impact assessment of projects for Value for Money.



CHRP Hamoud Mguza
Director, Corporate Services

Hamoud holds a master's degree in Public Policy & Administration, a bachelor's degree in Government & Public Administration, a Higher Diploma in Human Resource Management, and is a Certified Human Resource Professional, CHRP(K).

Hamoud has over 25 years' experience in Human Resources and Administration, having worked in both the Public and Private sectors.

 <p>Eng. Wilson Kosgey <i>Director, Rural & County Roads</i></p>	<p>Eng. Kosgey holds a master's degree in Transportation Engineering and a Bachelor of Science Degree in Civil Engineering from the University of Nairobi. He is a registered engineer with the Engineers Board of Kenya and a member of the Institution of Engineers of Kenya.</p> <p>He has over 26 years' experience in design and supervision of road construction projects, work planning, monitoring and evaluation of roadworks programs, socio-economic & impact studies of road projects, and Value for Money audits of RMLF-funded programs.</p>
 <p>Eng. Isaac Maina <i>Director, Urban & Park Roads</i></p>	<p>Eng. Maina holds a Bachelor of Science in Civil Engineering from the University of Nairobi. He is a registered engineer with the Engineers Board of Kenya and a member of the Institution of Engineers of Kenya.</p> <p>Before joining the Board in 2018, Isaac served as an Assistant Director in KURA, Design & Construction Department- Structures Section, and KURA Central Regional Office. Isaac has worked with TerraConsult Engineers, a private Civil Engineering firm, and the Ministry of Public Works (Structural Department) as a structural Engineer.</p>

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 <p>Isaack Mohamed Ibrahim <i>Deputy Director, Supply Chain Management</i></p>	<p>Mr. Issack Ibrahim has been the Deputy Director, Supply Chain Management since 1st March 2023. He holds an MBA and a Bachelor of Commerce Degree from the University of Nairobi.</p> <p>He also holds a postgraduate Professional Diploma from the Chartered Institute of Purchasing & Supplies, CPA Part II, and Member of the Kenya Institute of Supplies Management and Chartered Institute of Supplies Management (UK). Before joining the Board, Issack was an Auditor at the Office of the Auditor General.</p>
 <p>CPA James K. Mugoh <i>Deputy Director, Internal Audit & Risk Assurance</i></p>	<p>James is currently pursuing a Master of Science (Finance and Accounting) from the University of Nairobi and holds an undergraduate BA (Economics) degree from the University of Nairobi.</p> <p>He is also a Certified Public Accountant of Kenya (ICPAK), Certified Internal Auditor (THEIIA-USA), Certified Information Systems Auditor (ISACA-USA), and Certified Forensics Examiner (ACFE - USA).</p> <p>In addition, he is a certified AgilePM (APMG International - UK), has certificates in Anti-Money Laundering (AML) and Anti-Fraud & Corruption Strategies from BDO East.</p> <p>CPA James K. Mugoh is a multiskilled agile strategic thinker with over 20 years of proven work experience in internal audit, risk management, compliance, and corporate governance, 16 years of which have been at the management level.</p>

CHAIRPERSON'S STATEMENT

On behalf of the Members of the Board, it is my pleasure to present the Annual Report and Financial Statements for the Kenya Roads Board for the year ended 30th June 2025.

General Economic Environment

The Government has undertaken deliberate and bold policy actions to cushion the economy against persistent global and domestic shocks, which have significantly weakened economic performance. Through targeted structural reforms under the Bottom-Up Economic Transformation Agenda (BETA), the Government has stabilized public finances, improved macroeconomic fundamentals, and laid a strong foundation for economic recovery and resilience.

In 2023, the economy expanded by 5.6 percent, up from 4.9 percent in 2022, driven mainly by a strong rebound in the agriculture sector following two years of severe drought. This growth was higher than the global average of 3.3 percent. However, economic growth decelerated to an estimated 4.6 percent in 2024 due to a slowdown in activity in key sectors and constrained private sector credit growth. The economy is projected to recover to 5.3 percent in 2025, supported by enhanced agricultural productivity, a resilient services sector, and continued implementation of BETA priorities.

Macroeconomic indicators showed marked improvement as follows:

- Inflation declined from 9.6% in October 2022 to 3.0% in December 2024, reflecting tight monetary policy and a stronger shilling.
- The Kenya Shilling appreciated by 19% over 2024, strengthening from an average of Kshs 160.8/USD in January to Kshs 129.4/USD in December 2024.
- Foreign exchange reserves rose to USD 10.1 billion in December 2024, providing 5.1 months of import cover.
- Interest rates eased, with the 91-day Treasury Bill rate dropping from 15.7% in December 2023 to 10.0% in December 2024.
- Tax revenue increased by 11.5% in FY 2023/24, attributed to the successful implementation of revenue mobilization measures.

To consolidate these gains, the Government remains committed to fiscal consolidation by rationalizing expenditures and scaling up domestic revenue mobilization. Reforms include expenditure controls through zero-based budgeting, digitization of procurement, migration to accrual-based accounting, and operationalization of a Treasury Single Account. These efforts aim to improve cash management, eliminate inefficiencies, and ensure debt sustainability.

National Agenda

The 2025 Budget Policy Statement (BPS) articulates fiscal and economic policy interventions to reinforce sustainable, inclusive economic growth. These policies are aligned with the Fourth Medium Term Plan (MTP IV) of Vision 2030 and emphasize enabling business recovery, industrial competitiveness, job creation, and safeguarding livelihoods.

Key among the measures is the implementation of the National Tax Policy and Medium-Term Revenue Strategy (MTRS), which are expected to raise tax revenue to above 20% of GDP over the medium term. These will be complemented by enhanced tax administration through automation and technology adoption, including improvements in iTax, the Integrated Customs Management System (iCMS), and the Tax Invoice Management System (e-TIMS). Further, Ministries, Departments, and Agencies (MDAs) are expected to mobilize more non-tax revenue and remit collections to the exchequer. Over time, most MDAs are expected to be self-financing.

Additionally, the Government will continue strengthening expenditure management by rolling out an end-to-end e-procurement system; operationalizing the Public Investment Management Information System (PIMIS); Enhancing wage bill management through a new Human Resource Management System across national and county governments; and accelerating governance reforms in State corporations.

Public-Private Partnerships (PPPs) will be scaled up to crowd in private capital for infrastructure and service delivery. These strategies are expected to expand the primary fiscal surplus and maintain debt on a sustainable path, thereby improving the country's overall fiscal health.

Kenya Roads Board Strategy

The Board's Strategic Plan (2023 - 2027) targeted to have 100% of maintainable roads (roads in good or fair condition) included in the APRP by the end of the plan period. The Board commenced implementation of its five-year Strategic Plan and formulated a Business Plan for FY 2024/25 from the Strategic Plan. The deliverables that were set out in the business plan and performance contract for FY 2024/25 were achieved.

Specifically, during the FY 2024/2025 the Kenya Roads Board Fund collections exceeded the estimates with the additional seven shillings taking effect from July 2024; the APRP for FY 2024/25 was approved and implemented during the year; the Board carried out monitoring and evaluation of utilization of the KRB Fund; and the internal capacity was strengthened to ensure effective delivery of the Board's mandates. Other achievements are enumerated in a different section of this report.

The Annual Public Roads Programme (APRP) for FY 2025/26 is aligned with the BPS 2025 and will contribute to the maintenance and rehabilitation of roads in the medium term to spur economic growth and development. Further, the APRP will

promote the Roads 2000 strategy where applicable, through investments that utilize more local resources, create jobs, and thereby support the Government's Local Content Policy.

Outlook

Kenya Roads Board shall continue to maximize opportunities for enhanced partnerships and collaborations with other agencies, development partners, and the private sector for better service delivery to the public.

Acknowledgement

On behalf of KRB directors and staff, I express my sincere gratitude to the Government of Kenya, the Ministry of Roads and Transport, Road Agencies, taxpayers, and other stakeholders for their continued support. This has gone a long way towards building a solid institution that is responsive to its mandates and stakeholders' expectations.

I also thank my fellow directors for dedicating their time and effort to steer the Board. Their advice and guidance have played a key role in the attainment of the impressive results. Our management and staff have risen to the challenges with a great deal of resourcefulness, diligence, resilience, and determination. We are proud of the team and greatly appreciate their ability and commitment towards achieving the Board's vision, mission, and objectives.

I look forward to a promising financial year 2025/26. God bless you all.

HON. AISHA JUMWA KATANA, E.G.H
CHAIRPERSON

DATE

REPORT OF THE DIRECTOR GENERAL

Overview

Kenya Roads Board has continued to carry out its mandate of effectively and efficiently managing the Kenya Roads Board Fund. FY 2024/2025 marked the second year of the Board's 5th Strategic Plan (2023-2027). We are pleased to note that the Board has achieved its ambitious performance targets set in the annual business plan for FY 2024/2025, which ensured the overall achievement of the goals and objectives outlined in the second year of the strategic plan.

The Annual Public Roads Programme

The Board has a mandate to oversee the road network in Kenya and to coordinate the maintenance, rehabilitation, and development funded by RMLF, and to advise the Cabinet Secretary on all matters related thereto.

Section 19 (4) of the KRB Act requires KRB to review, individually, the Annual Road Works Programmes (ARWPs) submitted by Road Agencies and consolidate these ARWPs into an Annual Public Roads Programme (APRP). During the year, the Board allocated and released funds through the Annual Public Roads Programme (APRP).

The approved APRP FY 2024/2025 was fully funded, and the APRP FY 2025/2026 has been compiled and submitted to the Cabinet Secretary, Roads and Transport.

In addition to funding the APRP, Technical, Financial, and Performance inspections for FY 2024/25 are planned to be conducted from the first quarter of FY 2025/2026.

Section 19 (4) of the KRB Act requires the Board to review the annual road programmes submitted by each of the road agencies and consolidate the annual road programmes into the Annual Public Roads Programme (APRP), which shall: -

- i. Specify the amount allocated for the maintenance, rehabilitation, and development of each class of roads.
- ii. Match the cost of implementing the annual roads programme with revenues collected or estimated to be collected by and within the Fund; and
- iii. Identify roads requiring maintenance, rehabilitation, or development in order of priority, considering social and economic requirements of the country or any part thereof in which roads are located.

Further, Section (5) of the Act requires the Board to submit the APRP to the Cabinet Secretaries for Roads and Finance for approval. The approved APRP forms the basis for funds allocation and auditing of works by the Board and may not be varied by any road agency without the prior written approval of the Board.

Rural Accessibility Index

The Rural Accessibility Index (RAI) is a vital global indicator that measures the proportion of rural populations with access to all-season roads within a radius of two kilometers or an equivalent of 25 minutes of walking. RAI serves as a benchmark for evaluating rural mobility for access to economic opportunities and social inclusion.

In FY 2024/25, the Board prepared the second RAI for all 47 counties, reflecting changes in road infrastructure and connectivity since the last assessment in 2018. The RAI increased from 70% in 2018 to 81% in 2025, indicating significant investment in rural roads.

Automation for Efficiency

Automation is key to enhanced efficiency and productivity, and the Board has prioritized automation of its processes over the last 4 years. In FY 2023/2024, the Board concluded the automation of the Annual Public Roads Programme (APRP) Management Process.

The Annual Public Roads Programme Management System (APRPMS) is a web-based integrated system used for management and oversight of road work planning and reporting by the Board. In addition, the system is used in the monitoring and evaluation of the implementation of the APRP. The key modules in the APRPMS include the User module, Planning module, Disbursement module, Monitoring & Evaluation module, and Reporting Module.

During FY 2024/2025, the APRPMS was operationalized enhancing the planning, reporting, and oversight of road works across the Board. The system generated FY 2025/2026 budget ceilings and consolidated the FY 2025/2026 APRP.

Cost Estimation for Roadworks

A unified, logical, and traceable cost estimation system is essential to promote transparency and accountability, and to mitigate the risk of substandard works resulting from abnormally low tenders. The cost estimation process employs a scientific approach, utilizing cost breakdown sheets and standardized procedures. The Board documents the applicable unit rates for roadworks in the Cost Estimation Manual (CEM). In recognition of evolving work methodologies and fluctuating economic conditions that influence resource costs, the CEM is reviewed and updated biennially.

During FY 2024/2025, the Board developed the fifth edition of the Cost Estimation Manual (CEM), comprising ten (10) regional manuals and one national popular edition manual. The manuals will be disseminated to Road Agencies and county governments. In addition, the Board will update the web-based cost estimation system to reflect the revised unit rates.

Job Creation through Roads 2000 Strategy

The Roads 2000 Strategy is a road development and maintenance delivery mechanism that optimizes the utilization of locally available resources where technically and economically feasible, and in a socially responsible manner. The strategy aims to create employment through the rehabilitation of rural access roads and other labor-intensive projects. The strategy has been in place for approximately two decades, during which it has had a great impact in providing employment opportunities and facilitating the training of several small to medium-scale contractors on local resource-based methods.

During FY 2024/2025, a total of 36,383.07 km of roads was developed and maintained under the R2000 Strategy. The implementation of these works created 14,736 full-time jobs, 25.6% of which were held by women. A total of Kshs. 2.74 billion was paid out as wages.

Performance Contracting

Kenya Roads Board signed the FY 2024/2025 Performance Contract with the Government of Kenya through the Ministry of Roads & Transport.

The Key Result Areas requiring strategic focus of the Board are management of the Road Fund, oversight, and coordination of the Road Network, and strengthening the institutional capacity.

Appreciation

I would like to thank the Board of Directors, Management, and Staff of Kenya Roads Board for their continued support and dedication, which have been instrumental in the achievement of our ambitious goals. I would also wish to extend our gratitude to the Government of Kenya, the Ministry of Roads and Transport, the National Treasury, and Road Agencies for their continued collaboration and support.

Lastly, I would like to thank all taxpayers and stakeholders for their trust and engagement and reaffirm our steadfast commitment to delivering outstanding value to the people of Kenya.



MARTIN AGUMBI
Ag. DIRECTOR GENERAL

19th Dec. 2025
DATE

**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED
OBJECTIVES FOR FY 2024/2025**

The Board operationalizes its Strategic plan through the development and implementation of annual workplans/Business plans. These Business plans serve as a basis for the development of the yearly Performance Contracts (PC), as the PC targets are derived from the Business plan for the respective periods. The Board's FY2024/2025 Performance Contract achievements, therefore, form part of the FY2024/2025 Business plan achievements outline above.

Kenya Roads Board has three (3) strategic pillars/ themes/issues and objectives within the current Strategic Plan 2023-2027. These strategic pillars are as follows:

Pillar 1: Management of the Road Fund

Pillar 2: Oversight and coordination of the Road Network

Pillar 3: Institutional Capacity

Kenya Roads Board develops its annual work plans based on the above three (3) pillars. Assessment of the Board's performance against its annual work plan is done every quarter. Kenya Roads Board achieved its performance targets set for the FY2024/2025 period for its three (3) strategic pillars, as indicated in the table below:

**STRATEGIC PILLARS, OBJECTIVES, KEY PERFORMANCE INDICATORS,
ACTIVITIES, AND ACHIEVEMENTS FOR FY 2024/2025**

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Management of the Road Fund	Objective 1. To mobilize resources to meet the current and future demand for road maintenance, rehabilitation, and development	Amount of funds mobilized for the KRB Fund	Mobilize 81.5 billion Road Maintenance Levy Funds.	Road Maintenance Levy Funds amounting to Kshs 116.5 billion were realized.
		Amount of additional funds raised	Raise additional funds for road maintenance, rehabilitation, and development.	The Board successfully implemented the securitization of Kshs 7 billion of Road Maintenance Levy Fund towards an infrastructure bond of Kshs 175 billion. As of 30 th June 2025, the Board had raised Kshs 69.8 billion under the securitization programme and applied these funds to settle pending bills at the Road Agencies.
		No. of reports	Recommend and lobby for a review of the RMLF rate	The Board achieved a revision of the Road Maintenance Levy Fund (RMLF) rate from Kshs 18 to Kshs 25 per litre of petrol/diesel, which resulted in an increase in RMLF

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
				collections from an original estimate of Kshs 81.5 billion to actual collections of Kshs 116.5 billion.
		No. of Board Programmes supported by Development Partners	Seek support from Development partners for Board programmes	A Concept note on Dou Nou Technology Upscaling and capacity building was prepared. The Board sought and obtained support from the World Bank for its staff capacity building programme.
	Objective 2. To ensure prudent and sustainable utilization of the KRB Fund	Number of Approved Annual and Revised KRB Fund and KRB Operations budgets	Prepare and submit the Annual and Revised KRB Fund and KRB Operations budgets in accordance with the PFM Act/Regulations	Annual and Revised KRB Fund and KRB Operations budgets prepared in accordance with the PFM Act/Regulations and approved
		No. of Management Accounts for KRB Fund and KRB Operations	Prepare quarterly Management Accounts for KRB Fund and KRB Operations	Quarterly Management Accounts for KRB Fund and KRB Operations were prepared, and quarterly financial reports were submitted to the National Treasury and Economic Planning
		No. of Annual Reports and Financial Statements for KRB Fund and KRB Operations	Prepare and publish Annual Reports and Financial Statements for KRB Fund and KRB Operations.	FY2023/2024 Annual Report and Financial Statements for KRB Fund and KRB Operations were prepared
		No. of reports	Ensure financial controls and Accountability through internal and external audits.	Quarterly internal audits for FY2024/2025 were conducted, and annual FY2023/2024 KRB Fund and Operations reports were submitted to the Auditor General for audit. Audit recommendations implemented
		Updated KRB Fixed Asset Register	Manage and safeguard KRB Assets and conduct asset revaluation	KRB assets verification, tagging & re-valuation conducted. The Fixed Asset Register was updated.

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 2: Oversight and coordination of the Road Network	Objective 3. To facilitate planning and programming for maintenance, rehabilitation, and development of the Road Network	No. of approved APRP	Develop APRP 2025-2026 in line with Road Sector Investment Programme III and submit to CS, Ministry of Roads and Transport for approval	1 No. APRP for FY2025/2026 prepared and approved
		No. of Monitoring reports	Monitor implementation of Annual Public Roads Programme (APRP) FY2023/2024 and FY2024/2025	Implementation of the Annual FY 2023/2024 APRP and Interim FY2024/2025 by Road Agencies (KeNHA, KURA, KeRRA, and KWS) was monitored, and reports were prepared. Findings and recommendations were disseminated to the Road Agencies for action.
		No. of field monitoring/ site inspection reports	Conduct field monitoring /site inspection of Road Maintenance Levy Fund (RMLF) funded projects.	The Board and 8No conducted field monitoring and site inspections of RMLF-funded projects. Regional reports prepared
		No. of reports	Implement and monitor the county government communication and stakeholder engagement framework, and sensitize staff on the framework.	Engagement framework for County Governments implemented and monitored, and a status report prepared. Staff were sensitized on the communication and stakeholder engagement framework for counties.
		No of reports	Coordinate implementation of the collaboration framework with the National Transport and Safety Authority (NTSA) and implement the annual work plan.	The Board participated in road safety activities and prepared an annual implementation report.
	Objective 4. To promote optimal	No. of technical audits and fund	Undertake annual and interim technical & performance audits	Annual FY2023/2024 and interim FY2024/2025 technical & performance audits and

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	efficiency and cost-effectiveness in the delivery of road works	inspection reports	and fund inspections of road network programmes funded by the Fund and submit a summary audit report to the PS, State Department for Roads	fund inspections of Road Maintenance Levy Fund (RMLF) funded programmes were conducted for Road Agencies (KeNHA, KURA, KeRRA, and KWS), and recommendations were submitted to the road agencies for action. Summary audit report submitted to the PS, State Department for Roads.
		Road Maintenance Accountability Index	Evaluate and measure the performance of all Road Agencies using the Road Maintenance Accountability Index tool.	Road Agencies' performance was assessed, and the results of the road maintenance accountability index and recommendations were disseminated to the agencies for action.
		No of follow-up audit reports	Monitor implementation of prior technical & performance and fund inspection recommendations by Road Agencies.	Follow-up conducted on implementation of prior period technical & performance and fund inspection recommendations by Road Agencies, and reports prepared
		No of reports	Undertake Baseline study and Impact Assessment of RMLF	Commenced the baseline and impact assessment study of the Road Maintenance Levy fund
	Objective 5. Provide advisory services to the Government on matters related to the road subsector	Collaboration and partnership in Research, Science, Technology, and Innovation	Establish collaboration and partnership in Research, Science, Technology, and Innovation (RSTI)	Held engagements with the Materials Testing and Research Department as part of collaboration and partnerships enhancement
		No. of reports	Monitor implementation of Road Sector Investment Programme (RSIP III) 2023-2027	Road Sector Investment Programme (RSIP III) 2023-2027 was submitted to the Ministry of Roads for approval, and a Year 1 monitoring report was prepared.
		Up-to-date RICS Database	Update and maintain Road Inventory & Condition (RICS) database	Road Inventory & Condition (RICS) database updated, and report prepared

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		Updated road register	Review road classification, update, and maintain the road register	Classification and updated register report prepared and submitted to CS, Ministry of Roads and Transport. Draft Policy on Road Classification was prepared and presented to the committee on classification for adoption.
		Automated system and the number of staff trained	Automate and implement the Annual Public Roads Programme (APRP) planning and reporting system, and train technical staff on the APRP System and location-based Android applications	APRP system implemented and 30No. Technical staff trained on the Annual Public Roads Programme System (APRPMS) and location-based Android applications
		No. of Cost Estimation Manuals	Develop Roadworks Cost Estimation Manual (CEM)	The Board developed 10No. Cost Estimation Manuals 2025 (Coast, Nyanza, Western, Nairobi, Central, Northeastern, North Rift, South Rift, Upper Eastern, and Lower Eastern Regions) to guide the Road Agencies and contractors in preparation of accurate road works unit rates.
		Number of implementation and monitoring reports	Monitor the R2000 strategy under implementation by the Road Agencies	R2000 implementation report for FY 2023/2024 prepared. During the period, 14,736 jobs were created and Kshs. 2.74 billion was paid in wages
		Updated KRB Web Map Portal	Update KRB Web Map Portal (road inventory and condition portal, which enables users to access geo-resources (Data, Maps, infographics) over the internet)	Country-wide sub-national Rural Access Index (RAI) report prepared. Web Map Portal updated, and report prepared
		Policy Recommendation report prepared	Initiate policy development and review.	Participated in policy development fora. Drafted the Road Classification Policy

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
				and submitted to the PS, State Department for Roads
Pillar 3: Institutional Capacity	Objective 6. Promote operational efficiency and governance	No. of automated processes	Digitalize Business Information Systems	The Board digitalized the following business processes: recruitment; training requests; board payroll; enhancement of assets management; enhancement of leave management; enhancement of trip management (online approval & memo generation); KRB information portal.
		No. of reports	Review and implement the ICT Policy	The ICT Policy was reviewed and implemented
		No. of reports	Review and implement the Disaster Recovery Plan	Disaster Recovery Plan reviewed and implemented
		Number of implementation reports and approved procurement plan	Develop, Implement, and Monitor KRB Procurement and Asset Disposal Plans	FY2024/2025 Procurement and disposal plan monitored and implemented. FY2025/2026 procurement and disposal plan developed and approved
		No. of Reports	Review, Implement, and Monitor the KRB Communications Strategy	KRB Communications Strategy reviewed and implemented
		No of reports	Implement FY2023/2024 customer satisfaction survey recommendations	FY2023/2024 customer satisfaction survey recommendations implemented
		Approved ESG strategy	Develop an Environmental, Social, and Governance (ESG) Strategy and train champions.	The Environmental, Social, and Governance (ESG) Strategy was developed and approved. 20No. ESG champions trained
		No. of auditors trained	Maintain KRB QMS certification & enhance internal capacity	25No. ISO 9001:2015 auditors and implementers trained

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		No. of Reports	Conduct FY2023/2024 Board evaluation	FY2023/2024 Board evaluation conducted, and report disseminated
		No. of approved Business Plans	Develop annual Business Plans	FY2025/2026 KRB Business Plan developed and approved
		No. of reports	Undertake midterm review of the Strategic Plan 2023-27	Midterm review of the KRB Strategic plan 2023-2027 was conducted, and a report was prepared
		Staff appraisal report and target setting report	Conduct staff appraisal for FY 2023-2024 and target setting for FY 2024-2025	Staff appraisal for FY 2023-2024 and target setting for FY 2024-2025 were conducted, and reports were prepared.
		Approved strategy and implementation report	Develop and implement a productivity improvement strategy	Developed and implemented a productivity improvement strategy. Productivity index improved from 2.4 to 2.922
	Objective 7. To attract, develop, and retain human capital	No. of staff recruited	Recruit, promote, and deploy staff	During the financial year, 20No. Staff recruited, 27No. Promoted and 13No. Deployed to regional offices
		No. of interns engaged	Engage youth in an internship/attachment programme	37 No. Youth engaged in an internship/attachment programme
		No. of staff trained	Capacity building for staff	102 No. Staff were trained during the period.
		No. of operational offices	Operationalization of Regional Offices	The Board's Western and Lower Eastern Regional offices were established and operationalized.
		No. of implementation reports	Implement a career progression and succession plan	Career progression and succession plan implemented
		No. of reports	Implement the Knowledge Management Strategy	Knowledge management action plan developed and implemented
		No. of survey reports	Conduct an employee satisfaction /work environment survey	Employee satisfaction /work environment survey conducted, and a report prepared

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PERFORMANCE REVIEW FOR FY 2024-2025-FUNDING

a. Road Maintenance Funding

The RMLF funding allocation has gradually increased from Kshs. 76.26 billion in FY 2020/2021 to a peak allocation of Kshs. 82.42 billion in FY 2022/2023 before a decline during the FY 2023/24 to Kshs. 79.9 billion. In FY 2024/2025, there was a notable increase in allocation to Kshs. 106.55 billion. This is primarily attributed to an increase in the fuel levy rate by KShs. 7.00, from Kshs. 18.00 to Kshs. 25.00 per litre of petrol and diesel.

Table 1: RMLF Allocations

ROAD MAINTENANCE FUNDING					
RECEIPTS	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Fuel levy	75,709,000,000	78,351,000,000	81,882,000,000	67,704,211,997	104,636,473,930
Transit Tolls	550,000,000	539,000,000	539,000,000	12,200,000,000	1,913,154,768
Total RMLF	76,259,000,000	78,890,000,000	82,421,000,000	79,904,211,997	106,549,628,698

The APRP 2024-25 took into consideration priorities as set out in the Road Sector Investment Plan (2023-2027), KRB-F works planning guidelines, and is aligned to the Government Medium Term Expenditure Framework.

The key considerations include:

- i. Road Asset Preservation - routine and periodic maintenance will be applied to the roads in good and fair condition as far as possible to preserve the existing road assets. Road Asset Restoration - some critical roads, which are in poor condition, have been included in the FY 2024/25 APRP to receive full-scale/partial rehabilitation or reconstruction. In addition, spot improvement will be undertaken on selected roads that are in poor condition or those that have failed to keep these roads in a motorable condition until major interventions are undertaken.
- ii. Road Improvement and Development - to respond to traffic growth, the capacity of roads will be improved through upgrading, widening, junction improvement, and new construction. Other improvements include the provision of non-motorized transport facilities such as cycle tracks, footpaths, and the construction of pedestrian crossings. A maximum of 10% KRB-F will be applied for road improvement and development.
- iii. Multi-year road projects - All ongoing multi-year projects are included and are adequately resourced.
- iv. Prioritizing maintenance of major transport corridors, national trunk roads, collector and access roads in the road network. These will improve

connectivity and access to agriculturally rich areas, local and international markets, spurring growth of the manufacturing sector. An improved road network will also increase accessibility to health facilities, schools, and residential areas

- v. To support employment creation, the programme should include roads which will be delivered using labor-intensive strategies such as Performance Based Maintenance Contracting and R2000 strategy.
- vi. Emergencies - Funds have been set aside for emergencies resulting from climate change, natural, and man-made factors.
- vii. Allocation of funds for road safety and environmental preservation activities in the work plans.
- viii. Stakeholder views, requests, and complaints to the Board have been considered in the preparation of the work plans.

b. Annual Public Roads Programme (APRP) FY 2024-2025

Kenya has a total network estimated at 239,122 Km out of which 157,513 Km of the network is maintainable, according to RICS 2023. The National Trunk Road network currently stands at 44,629 Km, and the rest are County roads.

In FY 2024/25, the road agencies have planned to maintain a total of 47,649 kms of road network through various intervention measures as follows:

- i. Routine Maintenance -This is a regular planned maintenance of roads that involves cleaning of drainage systems, light grading of gravel and earth roads, filling of potholes, patching and repair of edges of a pavement for paved roads, repair of shoulders and side slopes, and vegetation control on the road reserves.
- ii. Periodic Maintenance - This is maintenance carried out in periodic intervals of years to preserve the pavement structure of a road. It involves activities aimed at strengthening the road surface covering long stretches. The activities range from re-gravelling a gravel road to overlay of tarmac (AC) or surface dressing of a paved road.
- iii. Spot improvement - Spot improvement is a measure undertaken to restore a failed section of a road. This approach tries to keep roads in poor condition motorable by improving soft spots on gravel or earth roads and reconstructing failed sections of paved roads as they await periodic maintenance or rehabilitation. Spot improvement may also be carried out on specific failed sections of roads in good and fair condition, or reconstruction of collapsed culverts and short bridges.

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- iv. PBC - Performance-Based Contracting (PBC) is an approach in road maintenance where most of the risks in road maintenance contracts are transferred to the contractor. In this approach, the Road Agency sets out service levels (standards) of a road required to be achieved by the contractor and makes fixed monthly or quarterly payments to the contractor for achieving the set service levels. The contract period varies from country to country, but in Kenya, a period of 3 years is currently being used by KeNHA.
- v. Upgrading - This involves changing or improving the carriageway of a road from one surface type to a higher standard surface type. For instance, a road may be upgraded from earth to gravel standard or from gravel to bitumen standard (tarmac).

c. APRP FY 2024-25 Budgets

The Annual Public Roads Programme (APRP) for the financial year 2024-2025 was prepared based on projected collections of the Kenya Roads Board Fund (KRB-F) as approved by The National Treasury & Planning and in accordance with the KRB Act as per the table below:

Table 2: RMLF Allocation to Road Agencies

RMLF Allocation	Amount (Kshs.)
	FY 2024-2025
KeNHA (Road Classes S, A, B)	24,524,217,687
KeNHA Transit Tolls	1,274,000,000
KeNHA Development	2,100,000,000
Sub-Total for KeNHA	27,898,217,687
KeRRA - (Road Class C)	21,299,374,149
KURA - Urban Roads (Road Classes UA, UB&UC)	9,984,081,633
KWS (Roads within National Parks & Game Reserves)	665,605,442.2
KRB Board/CS Allocation	6,656,054,422
Sub-Total for Maintenance	65,229,333,333
Kenya Roads Board Operations	1,630,000,000
Road Annuity Fund	13,366,666,667
Total Allocations to Road Agencies	81,500,000,000
Additional amount from the approved Parliament estimates	2,123,000,000
TOTAL KRB-F	83,623,000,000

The table below is a summary of the planned interventions implemented in FY 2024/2025 by the different Road Agencies from the approved budgets:

Table 3: Consolidated APRP FY 2024/2025 Outputs

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Road Agency	Road Network	Routine Mtce.	Periodic Mtce.	Spot Improv.	PBC Mtce.	Up grading	Total Length Planned (Kms)	Roadworks Budget (Kshs.)
KeNHA	22,320	8,204	562.5	-	9,143	-	17,910	16,770,726,107
KeNHA Development support								2,100,000,000
KeRRA	18,378	18,181	580	3,895	-	29.0	22,684	18,107,708,565
KURA	3,826	906.3	524.2	-	1,405.7	84.8	2,921	6,607,073,432
KWS	N/A3	1,036	-	-	97.8	-	1,133.8	639,005,441
Board/CS Allocation							3,000	6,656,054,422
TOTAL	44,634	28,327.3	1,666.7	3,895	10,646.5	113.8	47,648.8	50,880,567,967

In the first 6 months of FY 2024/2025, 27,425 Km of the National Trunk Roads (NTR) were maintained, with KeNHA achieving 14,508 Km, KeRRA 9,674 Km, KURA 2,423 Km, and KWS 821 Km. Due to the late commencement of procurement, most of the works are implemented in the 3rd and 4th quarters, and it was expected that additional achievements would be recorded in the 4th quarter.

RURAL ACCESSIBILITY INDEX (RAI)

The Rural Accessibility Index (RAI) is a vital global indicator that measures the proportion of rural populations with access to all-season roads within a radius of two kilometers or an equivalent of 25 minutes of walking. RAI serves as a benchmark for evaluating rural mobility for access to economic opportunities and social inclusion.

In FY 2024/25, the Board prepared the second RAI for all 47 counties, reflecting changes in road infrastructure and connectivity since the last assessment in 2018. A county-level index helps in identifying pockets of low accessibility that need targeted infrastructure investment and empowers county governments with data for informed decision-making. The update incorporated data from RICS 2023 and projected population statistics from the 2019 census.

The RAI increased from 70% in 2018 to 81% in 2025, indicating significant investment in rural roads. Previously underserved counties experienced substantial improvements with notable increases in Kwale (+24), Kilifi (+49), Tana River (+35), Lamu (+48), Wajir (+17), and Mandera (+17). However, 15 of the counties, about 32% of the country, have RAI that is less than the national average. Eight (8) counties out of the fifteen (Tana River, Garissa, Wajir, Mandera, Marsabit, Isiolo, Turkana, and Samburu) have a RAI below 50%.

Table 4: RAI 2025: County-Level Comparison (2018 and 2025)

County Code	County Name	Total Rural Population	Rural Population within 2km	RAI 2025	RAI 2018
	Mombasa	208,286	206,758	99	95

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County Code	County Name	Total Population	Rural Population within 2km	RAI 2025	RAI 2018
	Kwale	742,567	649,115	87	63
	Kilifi	1,203,123	1,014,791	84	35
	Tana River	388,782	178,934	46	11
	Lamu	117,220	71,967	61	13
	Taita Taveta	331,124	284,887	86	48
	Garissa	1,325,366	444,943	34	24
	Wajir	1,626,013	543,790	33	16
	Mandera	2,508,557	932,995	37	20
	Marsabit	325,807	150,760	46	26
	Isiolo	153,880	69,359	45	22
	Meru	1,573,777	1,454,340	92	72
	Tharaka Nithi	405,339	366,785	90	76
	Embu	580,940	563,587	97	77
	Kitui	1,206,289	678,017	56	56
	Machakos	1,151,678	1,036,661	90	82
	Makueni	1,100,724	986,763	90	73
	Nyandarua	700,163	692,298	99	97
	Nyeri	681,774	673,418	99	96
	Kirinyaga	580,762	580,562	100	99
	Muranga	1,067,394	1,063,907	100	98
	Kiambu	836,027	832,420	100	97
	Turkana	1,218,877	310,245	25	17
	West Pokot	731,583	460,577	63	56
	Samburu	304,654	147,285	48	34
	Trans Nzoia	1,026,626	978,226	95	64
	Uasin Gishu	882,575	874,607	99	99
	Elgeyo Marakwet	544,782	465,118	85	85
	Nandi	1,120,891	960,202	86	90
	Baringo	782,800	501,126	64	46
	Laikipia	478,394	275,590	58	73
	Nakuru	1,545,542	1,472,457	95	86
	Narok	1,229,700	722,901	59	36
	Kajiado	657,163	445,773	68	44
	Kericho	973,545	936,292	96	92
	Bomet	1,055,595	1,047,132	99	96
	Kakamega	2,001,577	1,999,824	100	99
	Vihiga	729,017	727,353	100	91
	Bungoma	1,603,191	1,578,403	98	94
	Busia	855,322	846,669	99	97
	Siaya	1,039,195	1,013,286	98	98
	Kisumu	798,709	796,839	100	97
	Homabay	1,134,578	994,460	88	92
	Migori	1,072,879	1,034,410	96	85

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County Code	County Name	Total Population	Rural Population within 2km	RAI 2025	RAI 2018
	Kisii	1,306,954	1,302,875	100	100
	Nyamira	740,899	739,418	100	99
	Nairobi	64,409	64,404	100	95
	Annual Average			81	70

Some counties still face limited accessibility that could be associated with challenges such as a lack of a focused road development policy, poor road maintenance, climate change, and limited infrastructure investment.

- i. Although updated RAI indicates substantial progress has been achieved in the expansion of the network, obstacles remain, including climate-related disruptions, inadequate maintenance, and uneven investment across different regions and classes of the network. As a result, the following policy recommendations were made:
- ii. Road development and maintenance policies should focus on creating climate-resilient roads and sustainable maintenance strategies to ensure inclusive and balanced national development.
- iii. Expanding the road network should prioritize both quality and quantity-upgrading gravel roads to paved status and earth roads to well-maintained gravel roads, particularly in remote counties affected by extreme weather conditions.
- iv. Targeted interventions are needed in Northern and Eastern Kenya, prioritizing counties such as Turkana, Wajir, Mandera, Garissa, and Marsabit due to their unique accessibility challenges.
- v. Road expansion efforts should focus on connecting rural populations to markets, schools, and health facilities rather than merely increasing road length, ensuring strategic and economically beneficial development.

PROMOTING RESEARCH THROUGH COLLABORATIONS

The Board is mandated to oversee and coordinate road maintenance, development, and rehabilitation funded by the Fund and advise the Cabinet Secretary responsible for roads on all matters related thereto. To effectively advise the Cabinet Secretary on the impact of road development programmes, there is a need for such advice to be continuously informed by research.

Over the past 5 years, the Board has supported various research initiatives as follows:

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- i. Support of fabrication of pilot Emulsion Treated Base (ETB) Mixer equipment through collaboration with Jomo Kenyatta University of Science and Technology (JKUAT) and MTRD.
- ii. Research on a 1km trial cobblestone section in Machakos County through collaboration with Machakos County and Kenya Institute of Highways and Building Technology (KIHBT).
- iii. Established a five-year collaboration framework with the University of Nairobi.
- iv. Research on “Causes of Fissures on Roads in Kenya: Case Study of Maai-Mahiu-Narok Road” in collaboration with the University of Nairobi as part of the collaboration framework.

During FY 2024/2025, the Board engaged the Material Testing and Research Division (MTRD) to explore areas of research collaboration. The proposed areas of research discussed included:

- i. Road construction materials.
- ii. Alternative construction materials.
- iii. Road construction delivery methods.

The Board will explore the development of a collaboration framework between MTRD and KRB.

JOB CREATION THROUGH ROADS 2000 STRATEGY

The Roads 2000 Strategy is a road development and maintenance delivery mechanism that optimizes the utilization of locally available resources, where technically and economically feasible, in a socially responsible manner. The Roads 2000 Strategy was derived from the vision of implementing the approach throughout Kenya by the year 2000. However, over the years, “Roads 2000” has become a generic name signifying Local Resource Based Approach (LRBA) for the delivery of road assets.

The R2000 Strategy is anchored to the National Development Agenda and is an enabler to accelerate the achievement of Kenya’s Vision 2030. The strategy contributes to the achievement of regional and global goals such as the African Union’s Agenda 2063 and the United Nations’ Sustainable Development Goals (SDGs), respectively.

The Board, through the R2000 Secretariat at KRB, has been coordinating the strategy since the start of the 2nd R2000 Strategic Plan in 2013. The main premise behind the

“Local Resource-Based Approach” is to deliver road infrastructure through cost-effective use of local skills, enterprises, labour, and materials. The delivery process optimizes the social and economic impact of investments in infrastructure by ensuring that these investments are channeled through the local economy, thus creating job opportunities and stimulating local markets, entrepreneurship, and industry, while safeguarding cost-effectiveness, quality, and sustainable asset delivery.

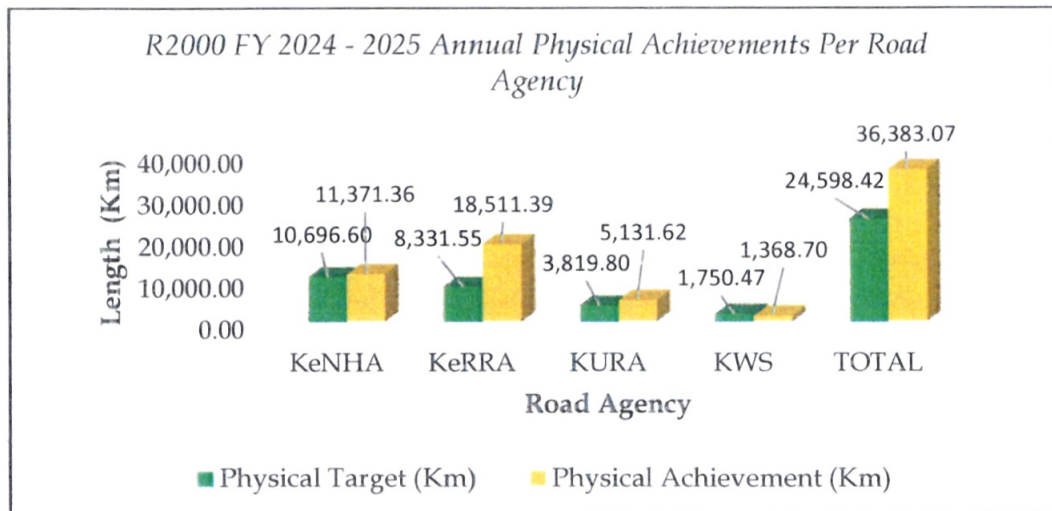
The strategy aims to create short-term employment through the rehabilitation of rural access roads and other labour-intensive projects. The strategy has been in place for approximately two decades, during which it has had a great impact in providing part-time employment opportunities to the marginalized groups, such as women, youth, and people living with disabilities. The strategy has also facilitated the training of several small to medium-scale contractors on local resource-based methods.

The Government adopted the strategy for full National implementation in 2005. Since then, the strategy has gone through two complete planning cycles. The 4th Strategic Plan for the period 2023-2027 is currently being implemented.

The outputs achieved under the 3rd Strategic Plan comprised a total of 94,024 kms (150% achievement); expenditure of Kshs. 42.118 billion (84% achievement); and 46.1 million person-days (76% achievement). Women accounted for 37% of the total employment created. It is expected that the fourth Strategic Plan will guide Road Agencies in achieving better results under R2000 in the creation of employment, with a measure of the wages paid.

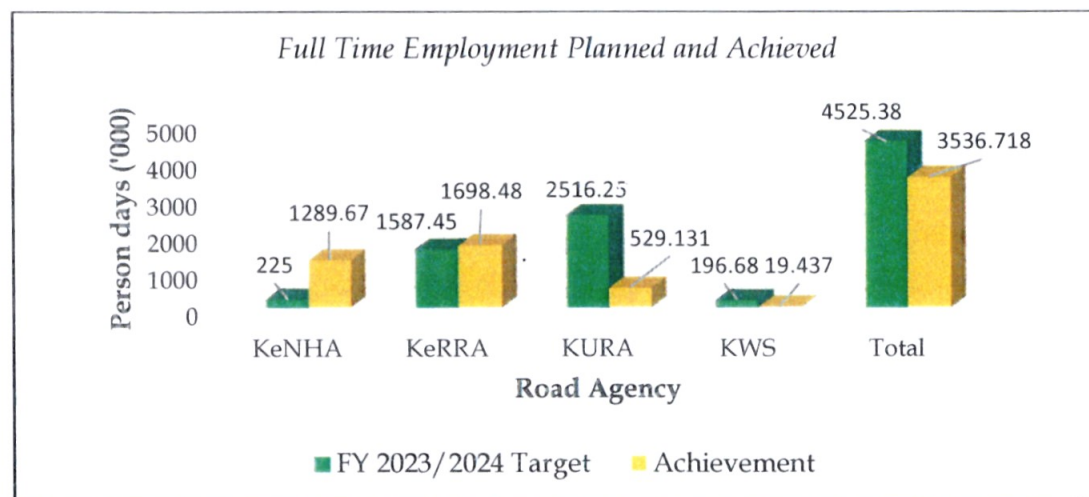
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In the Financial year 2024/2025, the R2000 achievements are as shown below:



Road Agencies budgeted Kshs. 31.2 billion for the R2000 projects, with 4.1 billion (13.2% of the total budget) earmarked for payment of wages. The expenditure on R2000 projects was Kshs. 36.2 billion (116.2% of the budget), and the wages paid amounted to Kshs. 2.739 billion, which is 66.4% of the earmarked wages.

The proportion of women employed under the R2000 program was 25.6%. All Road Agencies need to increase the number of women employed to achieve the 30% recommended by the government.



Key Recommendations

- i. Research should be enhanced, especially through collaboration with research departments and academia. Dissemination of completed research findings for application should also be enhanced. There is also a need to identify and embrace emerging technologies strategies for quick fit-in.

- ii. Need for linkage/collaboration of LB training agencies with academia for broader acceptance and foster Institutional and attitude changes to emerge from the traditional conventional methods, by upscaling the KIHBT curriculum to Universities and TVET Institutions.
- iii. Periodic Monitoring & Evaluation is a key aspect for improvement of the R2000 strategy, which stakeholders can further learn and improve on.
- iv. All the Road Agencies to enhance their efforts towards achieving the government-recommended minimum threshold of 30% women employment, thereby promoting gender inclusivity.

COST ESTIMATION MANUAL (CEM)

Under Vision 2030, cost reduction in roadworks has been identified as one of the measures that the Government will pursue to ensure there is cost-effectiveness and responsible use of public resources in service delivery.

Towards this end, some groundwork has been achieved, especially with the first cost estimation manual for road maintenance works being developed by the Ministry of Roads and Transport (MoRT) in association with the Japanese International Cooperation Agency (JICA), which was published in November 2011. Three updates of the CEM have since been done in 2017, 2019, and 2022. The purpose of the Cost Estimation Manual (CEM) is to guide Road Agencies (RA) for consistent development of project cost estimates. In addition, a web-based cost estimation system, iCOSTES, was also developed under the JICA project. KRB was appointed as the administrator for iCOSTES and was also charged with the responsibility of updating the CEM every two years.

During FY 2024/2025, the Board undertook a user needs and gap analysis, a market survey for road works inputs, and a roadworks cost analysis, which informed the development of the fifth edition of the CEM. Ten (10) Regional Manuals and a national popular edition manual were developed and published. The manuals will be disseminated to the Road Agencies and county governments.

AUTOMATION FOR EFFICIENCY

The Board has increasingly embraced ICT in the delivery of its services for enhanced efficiency:

a. Annual Public Roads Programme Management System (APRPMS)

In FY 2023/2024, the Board concluded the automation of the Annual Public Roads Programme (APRP) Management Process. The APRPMS is a web-based integrated system used by the Board for management and oversight of road work planning and reporting. In addition, the system is used to assist in the monitoring and evaluation of the implementation of APRP. The general purpose of this system is to institute effectiveness and efficiency in the management of the APRP.

The key modules in the APRPMS include the User module, Planning module, Disbursement module, Monitoring & Evaluation module, and Reporting Module. During FY 2024/2025, the APRPMS was operationalized and delivered notable outputs that significantly enhanced the planning, reporting, and oversight of road works across the Board.

Key outputs include:

- i. Road Agencies ceilings: The system generated FY 2025/2026 ceilings, which were issued to the respective Road Agencies.
- ii. ARWPs data upload: The FY 2025/2026 ARWPs for all the Road Agencies were successfully uploaded into the system, following the standardized data preparation process.
- iii. APRP Consolidation: The system enabled seamless consolidation of the FY 2025/2026 APRP.
- iv. APRP Implementation: The FY 2023/2024 implementation reports for all road agencies were uploaded into the system enabling generation of detailed reports, including: Overall Implementation, Compliance with APRP summary, Level of Implementation Status Summary, Level of Implementation (Ongoing Commitments Summary), Level of Implementation (Road condition achievement Summary) and Level of Implementation (Work category Summary).
- v. Historical data: Historical APRPs from financial year 2010/2011 to 2024-2025 were uploaded into the system to generate information as required with ease and immediate retrieval.

b. Cost Estimation System (CES)

The main challenge experienced in the implementation/use of the Cost Estimation Manual is the bulkiness of the manual and the use of the standalone Excel spreadsheets for computation of unit rates; therefore, there was a need for KRB to develop a web-based cost estimation system to improve the process of cost estimation through automation.

In FY 2023/2024, the cost estimation system was developed, and the Road Agencies and KRB regions were sensitized on its application. The web-based system is used for market survey data collection and update, road works cost analysis, rates development, and road works cost estimation by Road Agencies, contractors, Kenya Roads Board, Ministry of Roads, and County Governments.

During the FY 2024/2025, a user needs and gap analysis was carried out to evaluate the CES functionality and usage. The analysis provided recommendations to enhance the system and user experience.

Key recommendations from the analysis include:

- i. User Training - Structured training programs should be introduced to improve user proficiency and increase adoption of the system.
- ii. Integration with other software - CES should be compatible with other cost estimation and project management tools to enhance functionality and efficiency.
- iii. Mobile access for CES - Providing CES on mobile platforms would improve accessibility and usability for field-based users.

The Road Agencies can update the market rates after conducting market surveys as frequently as they desire, while KRB will continue to update the default unit rates in the system every two years, including a review of the productivity rates.

MONITORING FOR VALUE FOR MONEY IN ROADWORKS

As part of oversight and coordination of the road network, the Board conducts periodic inspections of ongoing road maintenance works throughout the country to ensure the Board of economy, efficiency, and effectiveness in the delivery of roadworks funded by the Kenya Roads Board Fund.

During the FY 2024/2025, the regional offices conducted field inspections in Upper Eastern, Lower Eastern, Northeastern, Garissa, North Rift, Central, Nyanza, and South Rift regions. The inspections were conducted to verify that work had been executed in accordance with the conditions stipulated in the contract.

The implemented projects are further expected to open these regions and enhance access. This follows the financing by the Board of key projects under the FY 2023/2024 and FY 2024/2025. The projects were at various levels of completion, and the team held consultations with the Road Agencies with a view to expediting completion of works and upholding the quality of works.

CORPORATE GOVERNANCE STATEMENT

1. Introduction

The Board of Directors recognizes the importance of applying the highest standards of corporate governance as a key contributor to its long-term success, long-term value, and prosperity.

This enables effective and efficient decision-making and gives a structural aid for the Directors to discharge their duty to promote the success of KRB while considering the interests of stakeholders.

Effective governance is achieved through a combination of strong Values and principles underpinned by the Constitution of Kenya. Further, the Kenya Roads Board Act clearly outlines the core functions to be performed in furtherance of the mandate of KRB.

The Board of Directors exercises ethical leadership, fairness, integrity, transparency, and sagacious judgment in directing and will always act in the best interest of the Board to achieve continuing prosperity, and also ensures that senior Management actively cultivates a culture of ethical conduct and ensures that integrity permeates all aspects of KRB's operations.

The Board also has the Board Charter that complements the Mwongozo Code of Governance, which are essential elements in ensuring that sustainability, performance, and excellence become the hallmark of the Board.

2. The Board

Board Size and Composition

The size, composition, and appointments of the Members of the Board are prescribed in the Kenya Roads Board Act. Kenya Roads Board comprises independent non-executive members from both private sector institutions and the public sector. Each private member serves for a maximum of two terms of three (3) years each.

The Chairman of the Board is appointed by the President from among the members of the private sector. Names of all Board members and changes thereto are published in the Kenya Gazette.

The public sector representatives are the principal secretaries or designated alternates not below the level of Deputy Secretary from the ministries responsible for matters relating to Transport & communications, EAC ASALs & Regional Development, Devolution, and the National Treasury.

The representatives from the private sector are appointed by the Cabinet Secretary responsible for roads from among the three persons nominated by each organization specified in the First Schedule to the Kenya Roads Board Act.

The Board is well composed in terms of range and diversity of skills, knowledge, age, and experience in various sectors, which makes it effective and provides an appropriate balance for the oversight of the Board's mandate.

The Director General's position is filled through public advertisement. The Director General is appointed by the Board in consultation with the Cabinet Secretary.

The Director General is an ex officio member of the Board but has no voting right at any meeting of the Board and is the secretary to the Board.

Independence and Separation of Roles & Responsibilities

The roles and responsibilities of the Chairman of the Board, the Director General, and non-Director Generals remain distinct and separate, which ensures a balance of power and authority and provides for checks and balances such that no one individual has unfettered powers of decision making. Their roles have been documented and are expected to be independent and free from conflict upon appointment.

The Chairman provides overall leadership to the Board without limiting the principles of collective responsibility for the Board's decisions. The Chairman builds an effective board and sets the board agenda in consultation with the Secretary/Director General and ensures effective communication to stakeholders.

The Director General is responsible to the Board and takes the overall responsibility for the management of the Kenya Roads Board and takes responsibility for the effective and efficient day-to-day running of the affairs of the Board. The Director General recommends the strategy to the Board and implements it, and makes operational decisions. Noting that the position also doubles as the secretary to the Board, the Director General ensures appropriate and timely information flows within the Board, its committees, and management.

The non-executive directors are independent of management; they appoint the Director General and establish a framework for the delegation of authority and ensure succession planning for the Director General and senior management is in place. Their role is to advise, constructively challenge, and monitor the success of the management in delivering the agreed strategy within the risk appetite and control framework that is set out by the Board.

Board Responsibilities

The Board's responsibility is to promote the long-term success of the Board. The Board provides leadership and concentrates its efforts on the strategic and governance issues. The Kenya Roads Board Act, the Board Charter, and the Mwongozo Code of Ethics define the governance parameters within which the Board exists and operates, the specific responsibilities to be discharged and powers of the Board, its committees, and directors collectively, as well as certain roles and responsibilities incumbent upon directors as individuals.

The Board is charged with the following responsibilities: -

- a) Defining the purpose of the Kenya Roads Board, that is, its strategic intent and objectives, and its values, which should be clear, concise, and achievable.
- b) Strategy formulation and ensuring there are appropriate policies, systems, and structures to implement the strategies effectively and successfully.
- c) Provide leadership within a framework of prudent and effective structures that enable risks to be assessed.
- d) Identify the opportunities as well as the principal risks in its operating environment, including the preparation of the risk policy plans/risk management policies and implementation of appropriate measures to manage such risks or anticipated impact on the corporate business.
- e) Review regularly the adequacy and integrity of the internal controls, acquisitions and divestitures, management information systems, including compliance with applicable laws and regulations.
- f) In stewardship and in discharging its obligations, the Board assumes responsibility in the following areas:
 - o *Retaining full and effective control over KRB, and monitoring management in implementing Board plans and strategies.*
 - o *Ensuring ethical behavior and compliance with relevant laws and regulations, audit, and accounting principles, and KRB's governing documents and Code of Ethics; and*
 - o *Defining levels of materiality, reserving specific powers to the Board, and delegating other matters with the necessary written authority to management and instituting effective mechanisms that ensure Board responsibility for management performance of its functions; among other mandates and responsibilities as stipulated in the Kenya Roads Board Act.*

Meetings Attended by Board Members

The Kenya Roads Board Act provides that the Board holds a meeting at least once every quarter. The Board therefore holds regular scheduled meetings throughout the year, and supplementary meetings are held as and when necessary. In case of non-attendance due to other commitments, such information was communicated to the chair before the date of the scheduled meeting.

Board Committees and Responsibilities

The Board delegates certain functions to well-structured committees, but without abdicating its responsibilities. The Board has developed a committee structure that assists in the execution of its duties, powers, and authorities. Each Committee is guided by a Committee Charter/Terms of Reference, which outlines its responsibilities as mandated by the Board and is reviewed on a yearly basis. The Committees are appropriately constituted, drawing membership from amongst the board members with appropriate skills and experience. The Chairman of the Board and external parties/advisors are required to attend the committee meetings only by invitation.

The committees are expected to operate transparently and with full disclosure to the Board and to conduct themselves within the rules and procedures set out by the Board. Matters deliberated by the Committees are presented to the board by the respective chairman during the next board meeting.

The Board Committees are Audit & Risk Management, Finance, Human Resources, and Management and Technical. The responsibilities and attendance of meetings during the year are summarized below: -

Finance Committee

The Finance Committee assists the board in fulfilling its oversight responsibilities for funds collection and sourcing, funds allocation & disbursements, review of budgets and APRP, and the implementation reports. The responsibilities of the committee are as follows: -

1. Management of KRB Fund (Fund allocation, collections, and disbursements)
2. Budgeting and Planning (Review of KRB Operations Budget and the APRP)
3. Identification and recommending other potential sources of Revenue
4. Recommending periodic reviews of the fuel levy
5. Recommending appropriate levels of road user charges
6. Financial Reporting
7. Compliance with Public Finance Management (PFM) Act and other related legislation
8. Review of funds utilization and absorption

Audit & Risk Management Committee

The Audit and Risk Management Committee assists the board in fulfilling its oversight responsibilities for the work's programming and monitoring, as well as the advisory role to the Minister for Roads. The Audit and Risk Management committee has the authority to conduct or authorize investigations into any matters within its scope of responsibility.

The committee has the following responsibilities: -

1. Ensures external audit recommendations are fully addressed; and
2. Ensures that the quality of internal audit is of an appropriate standard and that line management has full regard to internal audit recommendations.

In particular, the Audit and Risk Management Committee shall be responsible for the review of the following areas: -

1. Risk Management and Compliance
2. Internal Audit
3. External Audit

Human Resources and Management Committee

The Management Committee oversees strategic planning, staff matters, performance contracting, and general management oversight.

Specifically, the committee is responsible for the following:-

- (a) Setting the policies and strategic direction of the organization;
- (b) Review the Strategic Plan and the Business Plan for approval by the Board;
- (c) Monitoring the implementation of the Strategic Plan;
- (d) Evaluation of the performance of the organization, Director General, staff, and departments;
- (e) Negotiating the annual performance Contract between KRB and the Ministry of Roads;
- (f) Review of the organization structure of KRB;
- (g) Reviewing KRB's staff terms and conditions of service;
- (h) Reviewing the various management policies aimed at enhancing staff performance;

Technical Committee

The Technical Committee oversees the optimal utilization of the fund by Roads Agencies.

Specifically, the committee is responsible for the following: -

- a. Coordinating the optimal utilization to achieve efficiency and cost effectiveness in road works.
- b. Monitor and evaluate by means of Technical, financial, and performance audits the delivery of road works.
- c. Coordinate/Monitor implementation of road maintenance programmes.
- d. Implementation of the Road Sector Investment Programme.
- e. Research and Development in Roads sub-sector.
- f. R2000 Strategy.
- g. Road Maintenance Management System (RMMS); and
- h. Advising the Cabinet Secretary on Road maintenance policies.

3. Remuneration of the Board

The non-ex-official Board members are paid taxable sitting allowance as approved by the Minister responsible for Roads, following guidelines from the State Corporations Advisory Committee. The Chairman is paid honoraria at a rate approved by the Government.

Transport expenses are reimbursed for travel for Board business at the prevailing AA rates. The members are also entitled to outpatient and inpatient medical cover and a personal accident cover as applicable.

4. Directors' Induction and Training

The Board develops induction and training programs designed to introduce new directors to the operations of the Board and related governance matters.

The programs are also aimed at deepening the understanding of the changes in risks, laws, and the business and political environment in which the Board operates.

5. Board Effectiveness and Evaluation

To assess and improve the capacity, functionality, and effectiveness of the Board and its committees, an annual evaluation is undertaken in accordance with the widely accepted principles of corporate governance.

The self-evaluation reviews the capacity, functionality, and effectiveness of its performance in the achievement of its goals and objectives. It assesses the

performance and independence of the Board and committees jointly, individual members of the Board, and the Director General.

The Director General is assessed in his roles as the CEO and the secretary to the Board. The Chairman's ability to add value, his performance against what is expected of his role and function, is also assessed.

The results of the evaluation form the basis on which action/work plans for the preceding year are formulated, assist in identifying the training needs for directors, and also form the basis of re-appointment.

6. Conflict of Interest, Code of Conduct and Ethics

The directors and employees of the Board have a fiduciary duty to act honestly and in the best interest of the Board. Business transactions with all parties must be carried out at arm's length and with integrity. The Board provides effective leadership based on an ethical foundation and ensures all deliberations, decisions, and actions are based on the Board's core values underpinning good governance.

The Board has developed a Code of Conduct and Ethics Manual whose aim is to enhance relationships and foster teamwork among board members and staff, and to build respect, confidence, and credibility with its citizens. The Code provides guidance to its members regarding ethical and behavioral considerations as they address their duties and obligations during their appointment and their term in KRB.

The Board has put various measures in place to ensure that there is no conflict of interest amongst its directors and staff. The Board has put in place the Corruption Prevention and Code of Conduct & Ethics Policies that bind both the directors and the employees.

At the beginning of the financial year, all directors and employees signed a declaration of interest form declaring that they will disclose any interest that conflicts or possibly may conflict with the interests of the Board. At the commencement of any business to be transacted, all directors/staff are required to declare their interest, if any.

All staff and directors declared their wealth as required by the Public Service Commission.

During the year, the directors and employees demonstrated their commitment to the public service through professionalism, integrity, moral and ethical requirements, conflict of interest, and political neutrality through compliance with relevant laws, as evident from the legal audit, internal audit, and external audit reports presented to the Board.

MANAGEMENT DISCUSSION AND ANALYSIS

RECEIPTS

The Board received revenues amounting to Kshs 175.62 billion from Fuel Levy, Transit Tolls, Interest income, and securitization compared to a target of Kshs 179.99 billion, as shown in the table below.

		COL 1	COL 2	COL 3	COL 4
		BUDGET	ACTUAL	VARIANCE:	COMPARISON
		FY 2024/25	FY 2024/25	ACTUAL TO	OF ACTUAL
		(12 Months)	(12 Months)	FORECAST	TO
		(Kshs)	(Kshs)	(Kshs)	FORECAST
<i>Receipts</i>	Note				(%)
Fuel Levy -At Kshs 25.00	a	112,000,000,000	114,599,231,129	2,599,231,129	102%
Less: Kshs 7.00 portion	a	-10,700,710,108	-11,672,852,332	-972,142,224	109%
Net Fuel Levy		101,299,289,892	102,926,378,797	1,627,088,905	102%
Transit Tolls	b	1,300,000,000	1,913,154,768	613,154,768	147%
Interest Income	c	0	1,380,073,989	1,380,073,989	N/A
Securitization Proceeds	d	77,400,000,000	174,406,737,662	97,006,737,662	225%
TOTAL KRBF Receipts		179,999,289,892	280,626,345,216	100,627,055,324	156%

- a) The Board received fuel levy of Kshs 114.59 billion compared to a budget of Kshs 112.00 billion, resulting in a positive variance of Kshs 2.59 billion (2%). The actual collections met the target for the financial year. During the fourth quarter, the Board remitted Kshs 11.67 billion to an SPV, being the Kshs 7.00 portion of RMLF that was securitized.
- b) The Board collected Transit Tolls of Kshs 1.91 billion, which is comparable with the amount collected in the 12 months to 30th June 2024, of Kshs 1.99 billion.
- c) Interest income decreased by 42% from Kshs 2.38 billion in FY 2023/24 to Kshs 1.49 billion. The decrease is attributed to the reduction in cash holdings and prevailing interest rates in the period.
- d) The Board, with the approval of the Ministry and the National Treasury, sold the Kshs 7.00 portion of Fuel Levy to an SPV on 25th February 2025 for securitization purposes, for a consideration of Kshs 174,406,737,662.00. The proceeds from securitization are to be applied to settle pending bills at the State Department for Roads. The facility is structured in 2 phases, with the first phase involving bridge financing of USD 1.1 billion.

As of 30th June 2025, the Board had received Kshs 69.41 billion as part of the bridge financing and allocated Kshs 64.4 billion to settle pending bills.

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OPERATING EXPENDITURE

Transfers to other Government entities made during the year are analyzed below;

Agency	Total	Total
	2024/2025	2023/2024
	KShs '000	KShs '000
Kenya National Highways Authority	27,898,218	27,678,093
Allocation by KRB/Ministry	6,656,054	6,625,523
Kenya Wildlife Service	665,605	662,552
Kenya Rural Roads Authority	15,745,170	21,201,674
Kenya Urban Roads Authority	6,625,929	9,938,285
County Governments	10,522,212	0
Road Annuity Programme	13,366,667	12,200,000
Securitization Disbursements	64,137,356	0
Total Funds Disbursed in the Year	145,617,211	78,306,128

The Board incurred total operating expenditure amounting to Kshs. 1.705 billion during the review period, accounting for 100% of budget utilization, as summarized in the table below.

OPERATING EXPENDITURE	FY 2024/2025	FY 2023/2024
	(12 Months)	(12 Months)
	(KSHS)	(KSHS)
Use of goods and services	278,714	394,781
Employee Costs	861,186	840,744
Board Expenses	68,793	67,889
Strategic Plan Implementation Costs	176,462	197,764
Depreciation	77,459	70,895
Contracted Services	206,263	135,359
Corporate Social Responsibility	36,165	121,573
TOTAL EXPENSES	1,705,041	1,829,005

ENVIRONMENTAL AND SUSTAINABILITY STATEMENT

Kenya Roads Board is devoted to integrating Environmental, Social, and Governance issues into its operations to ensure sustainability and alignment with the values of stakeholders and the communities it serves. To enhance knowledge of the Board of directors on ESG concerns and their impact on KRB's activities, the Board developed and adopted its first Environmental, Social, and Governance (ESG) Strategy, a key milestone in aligning its operations with global sustainability standards.

The Environmental, Social, and Governance (ESG) strategy outlines the Board's commitment to responsible governance, environmental stewardship, and social responsibility in the delivery of its mandates. It provides a framework for integrating ESG principles into policies, decision-making processes, and performance reporting, positioning the institution as a leader in sustainable infrastructure financing and oversight.

Environmental Sustainability - Journey to 15 billion trees

The directive by His Excellency, the President, Dr. William Samoei Ruto, to increase Kenya's forest cover from the current 10% to 30% by planting 15 billion trees by the year 2032 (over the next 10 years) has seen the Ministry of Transport join the effort of forest rehabilitation and tree planting.

The State Department for Roads allocated tree-growing sites and annual targets for FY 24/25 to its agencies and departments to participate in the National Tree Planting Campaign. The Board was allocated a 400-hectare site in Lambwe Forest, Homabay County, with an annual target of 374,344 trees.

Out of the target of 374,344 trees, the Board planted and maintained 383,059 trees in FY 2024/2025, which accounts for 102% of the target, underscoring the Board's commitment to promoting climate resilience and biodiversity conservation.



Environmental Stewardship and Community Support

To support the communities responsible for ecosystem protection, the Board facilitated the connection of clean and safe water to the Community adjacent to Uplands Forest in Kiambu County. This intervention addressed a critical need of improving access to water by vulnerable communities, especially women and children, supporting healthcare, and enhancing sanitation at the Uplands Dispensary. This follows the installation of a solar borehole water pump at the Uplands Forest Station that increased the Station's tree seedlings production to 1 million seedlings annually.



Developing the Next Generation of Engineers

In the Board's continued efforts to enhance technical capacity in the road sub-sector and nurture young talent, a Graduate Engineers Internship Flagship Programme was introduced in the year 2020 and came to an end in May 2025. The programme provided three-year hands-on training and mentorship to young engineers by experienced engineers, to provide them with practical skills in road design, materials testing, and supervision, among others.

While the internship programme enlisted a total of 48 engineering graduates, 43 (90%) completed the three-year programme with 5 (10%) leaving the programme mid-term. Out of the 43 (100%) who completed the programme, 29 (67%) were registered as professional engineers, while 14 (33%) are at various stages of registration. The notable success rate of 67% underscores the Board's commitment to providing a positive impact and long-term value for the road sector by improving planning, implementation, and monitoring of road works.

REPORT OF THE DIRECTORS

The Directors have the pleasure of presenting their report together with the audited financial statements for the year ended 30th June 2025, which show the state of the Board's affairs.

PRINCIPAL ACTIVITIES

The Board is primarily engaged in the management of the Kenya Roads Board together with other mandates specified in the Kenya Roads Board Act, 1999.

RESULTS

The results for the year ended 30th June 2025 are set out in these Financial Statements.

DIRECTORS

The Board of Directors that held office during the year is shown on pages VII to XII.

In accordance with Section 7(4) of the Kenya Roads Board Act, 1999, *the Chairman and members of the Board, other than ex officio members, shall hold office for three years from the date of appointment but shall be eligible for re-appointment for one further term of a period not exceeding three years.* The appointment and vacation of office of any member of the Board shall be by Section 2 of the Second Schedule to the Kenya Roads Board Act, 1999.


FINANCIAL STATEMENTS

At the date of this report, the Board was not aware of any circumstances that would have rendered the values attributed to the assets in the financial statements misleading.

AUDITORS

The Auditor General is responsible for the statutory audit of the Board's books of account by Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

BY ORDER OF THE BOARD



MARTIN AGUMBI
SECRETARY TO THE BOARD

19th Dec. 2025
DATE

STATEMENT OF THE BOARD'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, and the Kenya Roads Board Act, 1999, require the Directors to prepare financial statements in respect of the Board, which give a true and fair view of the state of affairs of the Board at the end of the financial year and the operating results of the Board for that year.

The Directors are required to ensure that the Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the Board. The Directors are also responsible for safeguarding the assets of the Board.

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board as at the end of the financial year ended on 30th June 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 entity; (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 Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and the manner required by the PFM Act, 2012, and the Kenya Roads Board Act, 1999.


The Directors think that the Board's financial statements give a true and fair view of the state of the Board's transactions during the financial year ended 30th June 2025, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements, as well as the adequacy of the systems of internal financial control.

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

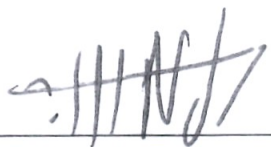
KENYA ROADS BOARD - ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2025

Approval of the Financial Statements - The Kenya Roads Board Financial Statements
were approved by the Board and signed on its behalf by:

HON. AISHA JUMWA KATANA, EGH
CHAIRPERSON
DATE:



MARTIN AGUMBI
Ag. DIRECTOR GENERAL
DATE: 19th Dec. 2025



PHILIP WACHIRA
DIRECTOR
DATE: 19th Dec. 2025

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ROADS BOARD 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 Roads Board set out on pages 3 to 40, which comprise of the statement of financial position as at 30 June, 2025 and the statement of statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial position of Kenya Roads Board 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 Roads Board Act, 1999 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variances in Inter-Agencies Balances on Fuel Levy

The statement of financial performance and Note 8 to the financial statements reflects levies, fines and penalties balance of Kshs.104,839,534,000 which includes fuel levy balance of Kshs.114,599,231,000, transit tolls of Kshs.1,913,155,000 and is net of Kshs.11,672,802,000 paid towards settlement of securitized fuel levy to the buyer. However, review of the Kenya Revenue Authority (KRA) records revealed that the Authority reported fuel levy balance of Kshs.114,377,788,119 resulting to unexplained and unreconciled variance of Kshs.221,442,881. The two balances were not reconciled.

In the circumstances, the accuracy and completeness of the fuel levy balance could not be confirmed.

2. Variances in Inter-Agencies Balances on Fuel Securitization

On 25 February, 2025, the Board signed a Tripartite Receivables, Sale and Purchase Agreement with a Private Entity (as a buyer) and a Bank (as a facility agent and security trustee) for sale of Kshs.7 (approximately 28%) of fuel levy the duration of the agreement was for ten (10) years for a consideration of Kshs.174,406,737,662, as detailed in Schedule 2 of the agreement. The proceeds from the sale of the Kshs.7 portion of fuel levy were to be applied to settle pending bills at the Roads Agencies.

As at 30 June, 2025, the Buyer had only remitted an amount of Kshs.69,419,244,441 instead of the full contract amount of Kshs.174,406,737,662 as required by the agreement. As at 30 June, 2025, the pending bills in the Roads Agencies were yet to be settled as follows:

Road Agency	Pending Bills (Kshs.)	Amount Disbursed by KRB (Kshs.)	Amount Cleared (Kshs.)	Outstanding Balance As per the Financial Statements (Kshs.)
Kenya National Highways Authority (KeNHA)	89,948,141,000	31,585,994,000	Not Available	82,366,719,000
Kenya Rural Roads Authority (KeRRA)	69,147,794,000	27,527,809,000	Not Available	60,406,894,000

Road Agency	Pending Bills (Kshs.)	Amount Disbursed by KRB (Kshs.)	Amount Cleared (Kshs.)	Outstanding Balance As per the Financial Statements (Kshs.)
Kenya Urban Roads Authority (KURA)	13,773,111,000	5,023,552,000	4,673,120,000	11,366,784,000
TOTAL	172,869,046,000	64,137,355,000	4,673,120,000	154,140,397,000

The statement of financial performance and Note 9 to the financial statements reflects securitization proceeds balance of Kshs.174,406,738,000. Review of records revealed securitization disbursements balance of Kshs.64,137,356,000 which includes disbursements to Kenya National Highways Authority (KeNHA), Kenya Urban Roads Authority (KURA) and Kenya Rural Roads Authority (KeRRA) balances of Kshs.31,585,994,307, Kshs.5,023,551,870 and Kshs.27,527,809,477, respectively. However, corroboration of the respective Roads Agencies' records revealed that KeNHA, KURA and KeRRA each received disbursement of Kshs.29,000,000,000, Kshs.4,673,119,662 and Kshs.27,004,508,000 respectively, all totalling Kshs.60,577,627,662, resulting to an unexplained variance of Kshs.2,585,994,307, Kshs.350,432,208 and Kshs.523,301,477 respectively, all totalling Kshs.3,459,727,992. Except for KURA, which has reconciled their accounts with the KRB, Management of KeNHA and KeRRA had not reconciled the two sets of accounts.

It is noted that the entities continued to accumulate additional pending bills subsequent to the securitization of the fuel levy. The change in the funding model was aimed at ensuring that the pending bills were fully cleared. However, full details of the realization of the reduction of the new funding model were not provided by the date of completion of the audit. A special audit will be conducted to determine the arrangements in discharging the pending bills, including funding, compliance with laws and regulations and value for money in achievement of the intended purpose.

In the circumstances, the accuracy and completeness of the inter-agencies' securitization balances could not be confirmed.

3. Unaccounted for Proceeds from Securitization

The statement of financial performance and Note 9 to the financial statements reflects securitization proceeds balance of Kshs.174,406,738,000 which includes actual received securitization proceeds amount of Kshs.69,409,975,000. However, review of records revealed that securitization disbursements of Kshs.64,137,356,000 were transferred to various road agencies resulting to undisbursed securitization proceeds of Kshs.5,272,619,000. Management stated that the undisbursed securitization proceeds balance was as a result of the road agencies not making the cash requisitions for disbursements. However, no records were provided to support the cash disbursements made to the road agencies.

Further, the pending bills which were to be paid from the securitization proceeds, the amount paid on the pending bills, the outstanding pending bills and the returns from the road agencies on the pending bills were not provided for audit.

In the circumstances, the accuracy and completeness of the inter-agencies' securitization balances could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Roads Board 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 section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the 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 Board's in 2024/2025 revealed that the following six (6) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Avoidable Cost on Performance of Technical, Financial and Performance Audits.
2	2023/2024	Unapproved Allocation of Funds Under the 10% Road Maintenance Levy Fund
3	2023/2024	Unapproved Road Sector Investment Programme
4	2023/2024	Non-Implementation of all Enterprise Resource Planning System Modules
5	2023/2024	Inadequate Staff Establishment
6	2023/2024	Establishment of Regional Offices

Review, of issues during the 2024/2025 audit revealed that the issues remained unresolved.

Other Information

Management is responsible for the Other Information set out on page iv to Lv which comprise of Key Board Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Director General, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting,

Report of the Auditor-General on Kenya Roads Board for the year ended 30 June, 2025

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 Board's, 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 thereon.

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. Disbursement of Funds to the Road Agencies Through the State Department for Roads

The statement of financial performance reflects transfers to other Government entities amounting to Kshs.145,617,211,000 which, as disclosed in Note 11 to the financial statements was allocated to various Road Agencies, County Governments, Ministry/State Department for Roads and the Road Annuity Programme. However, it could not be confirmed whether the allocations were derived from the Five-Year Road Investment Programme approved by the Minister responsible for roads and the Minister for Finance.

Further, review of the bank statements revealed that the funds were transferred to the State Department for Roads for onward transfer to the various Roads' Agencies and Institutions. Management did not provide explanation for the failure to transfer the funds directly to the respective Agencies, which in turn should have made acknowledgements directly to the Kenya Roads Board. Further, it was noted that release of funds through the State Department for Roads delays receipt by the Road Agencies in the implementation of roadworks.

In the circumstances, value for the delay in disbursement of funds could adversely affect the effectiveness and efficiency in delivery of service to the public.

2. Non-Compliance with Persons with Disability Act, 2003

Review of the Board's staffing revealed that out of one hundred and seventy-six (176) employees, only two (2) are persons with disabilities. This representation falls significantly short of the 5% quota mandated by the Persons with Disabilities Act, 2003, which requires that at least 5% of the workforce comprise qualified individuals with disabilities. This raises serious concerns regarding the Board's commitment to inclusivity and its compliance with legal requirements, undermining efforts to promote diversity and equal opportunity in employment practices. This was contrary to Section 13 of the Persons with Disabilities Act, 2003 states that employers are required to reserve at least 5% of all jobs in both the public and private sectors for persons with disabilities.

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

3. Failure to Prepare and Submit the Fund's Financial Statements

Review of documents revealed that since financial year 2021/2022, Management has been preparing and submitting combined financial statements of the Fund and Board to the Auditor-General. The financial statements submitted reflected revenue from levies, fines and penalties, the disbursements to the road agencies and the Boards expenditure, assets and liabilities. However, it was noted that the Board did not actually prepare and submit the financial statements of the Kenya Roads Board Fund consolidating all the returns from the respective implementing road agencies. In addition, there were no returns from the respective implementing road agencies. This was contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

4. Failure to Prepare and Submit Financial Statements for Staff Car Loan and Mortgage Scheme

The statement of financial position, statement of changes in net assets and Note 25 to the financial statements reflects KRB Staff Funds balance of Kshs.424,649,000 in respect of KRB staff car loan and KRB mortgage scheme staff fund balances of Kshs.58,736,000 and Kshs.365,913,000 respectively.

However, separate financial statement had not been prepared and submitted for audit. This is contrary to the Salaries and Remuneration Commission Circular REF.SRC/ADM/CIR/1/13 Vol. III dated 17 December, 2014 on car loan and mortgage schemes for State Officers and other Public Officers of Government of Kenya and section 47(1) of the Public Audit Act, 2015.

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

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 and based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the 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

Inadequate Staffing

During the year under review, the Board had one hundred and seventy-six (176) in post employees against a staff establishment of two hundred and twenty-two (222) resulting to understaffing by forty-six (46).

In the circumstances, the understaffing may significantly undermine the Board's ability to fulfill its mandate effectively and efficiently.

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 those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal 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 Board'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 Director's is responsible for overseeing the Board'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

24 December, 2025

KENYA ROADS BOARD - ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2025

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2025

		KShs'000	KShs'000
	Note	2024/2025	2023/2024
REVENUE			
-			
Revenue from Non-Exchange Transactions			
Levies, Fines and Penalties	8	104,839,534	79,188,061
Revenue from Exchange Transactions			
Securitization proceeds	9	174,406,738	0
Finance Income	10	1,382,997	2,576,767
TOTAL REVENUE		280,629,269	81,764,827
TRANSFERS TO OTHER GOVT ENTITIES			
	11	145,617,211	78,306,128
EXPENDITURE			
-			
Use of goods and services	12	278,714	394,781
Employee Costs	13	861,186	840,744
Board Expenses	14	68,793	67,889
Strategic Plan Implementation Costs	15	176,462	197,764
Depreciation	16	77,459	70,895
Contracted Services	17	206,263	135,359
Corporate Social Responsibility	18	36,165	121,573
		1,705,042	1,829,005
TOTAL EXPENSES		147,322,253	80,135,133
OTHER GAINS/(LOSSES)			
-			
Gain/(Loss) on sale of assets	19	112	276
		112	276
SURPLUS/(DEFICIT) FOR THE YEAR		133,307,128	1,629,970

The notes form an integral part of these financial statements.

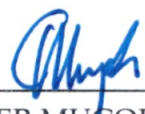
KENYA ROADS BOARD - ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2025

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2025

	Note	KShs'000 2024/2025	KShs'000 2023/2024
ASSETS			
<i>Current Assets</i>			
Cash and Cash equivalents	20	43,827,553	29,592,000
Receivables	21	110,487,678	4,793
		154,315,231	29,596,794
<i>Non-Current Assets</i>			
Property & Equipment	22	210,417	233,806
TOTAL ASSETS		154,525,648	29,830,599
LIABILITIES			
<i>Current Liabilities</i>			
Payables	23	20,627,241	17,610,390
TOTAL NET ASSETS		133,898,407	12,220,209

NET ASSETS/EQUITY			
<i>Non-Current Liabilities</i>			
KRB Fund Reserves	24	133,422,618	11,762,979
KRB Operations Reserves	25	47,863	29,582
KRB Staff Funds	26	424,649	422,531
Revaluation Reserve	27	3,277	5,117
TOTAL NET ASSETS/EQUITY		133,898,407	12,220,209

The notes form an integral part of these Financial Statements. The financial statements were submitted by the Board and signed on its behalf by:


CHRISTOPHER MUGOH
DEPUTY DIRECTOR, FINANCE & ACCOUNTS

19th Dec '2025
DATE


MARTIN AGUMBI
Ag. DIRECTOR GENERAL

19th Dec 2025
DATE


PHILIP WACHIRA
DIRECTOR

19th Dec 2025
DATE

KENYA ROADS BOARD - ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2025

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2025

CURRENT YEAR

	KRB Fund Reserves	KRB Operations Reserves	KRB Staff Funds	Revaluation Reserve	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
As of 1 st July 2024,	11,762,979	29,582	422,531	5,117	12,220,209
Surplus/(Deficit) for the Year	133,307,128				133,307,128
Disbursement of Prior Year Road Agency Funds	(11,647,490)				(11,647,490)
Transfer of savings to reserves		18,282			18,282
Interest earned on KRB Staff Funds			2,118		2,118
Unrealized loss of FOREX valuation at close of period				(1,841)	(1,841)
As of 30th June 2025,	133,422,618	47,863	424,649	3,277	133,898,407

PRIOR YEAR

	KRB Fund Reserves	KRB Operations Reserves	KRB Staff Funds	Revaluation Reserve	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
As of 1 st July 2023,	11,599,948	29,582	418,928	21,255	12,069,713
Surplus/(Deficit) for the Year	1,629,970				1,629,970
Disbursement of Prior Year Road Agency Funds	(1,466,940)				(1,466,940)
Interest earned on KRB Staff Funds			3,603		3,603
Unrealized loss of FOREX valuation at the close of the period				(16,137)	(16,137)
As of 30th June 2024,	11,762,979	29,582	422,531	5,117	12,220,209

The notes form an integral part of these financial statements.

KENYA ROADS BOARD - ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2025

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2025

	Note	2024/2025 KShs '000	2023/2024 KShs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Levies, Fines and Penalties	8	104,839,534	79,188,061
Securitization proceeds	9	174,406,738	0
Finance Income	10	1,382,997	2,576,767
Gain/(Loss) on sale of assets	19	112	276
Total Receipts		280,629,381	81,765,103
PAYMENTS			
Transfers to Other Govt Entities	11	145,617,211	78,306,128
Use of goods and services	12	278,714	394,781
Employee Costs	13	861,186	840,744
Board Expenses	14	68,793	67,889
Strategic Plan Implementation Costs	15	176,462	197,764
Depreciation	16	77,459	70,895
Contracted Services	17	206,263	135,359
Corporate Social Responsibility	18	36,165	121,573
Total Payments		147,322,253	80,135,133
<i>Adjustments for:</i>			
Non-Cash Items: Depreciation	16	77,459	70,895
Changes in working capital balances		(107,466,034)	1,176,167
Net Cashflows From (Used In) Operating Activities		25,918,553	2,877,032
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property and Equipment	22	(54,108)	(95,946)
Net Book Value of disposed assets	22	38	60
Net cash From (Used in) Investing Activities		(54,070)	(95,886)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/Increase in KRB Operations Reserves	25	18,282	0
(Decrease)/Increase in KRB Staff funds	26	2,118	3,603
(Decrease)/Increase in Revaluation Reserve	27	(1,841)	(16,137)
Disbursement of Prior Year Road Agency Funds		(11,647,490)	(1,466,940)
Net cash Inflows (Outflow) from Financing Activities		(11,628,931)	(1,479,474)
NET (DECREASE)/INCREASE IN CASH		14,235,553	1,301,674
MOVEMENT IN CASH AND CASH EQUIVALENTS			
At the beginning of the year		29,592,000	28,290,327
Net (Decrease)/Increase in Cash		14,235,553	1,301,674
AT THE END OF THE YEAR	20	43,827,553	29,592,000

KENYA ROADS BOARD - ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2025

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30TH JUNE 2025**

		Original Budget	Adjustments	Final (Revised) Budget	Actual on Comparable Basis	Performance Difference	% Of Utilization
	Note	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
		a	b	c = (a + b)	d	e = (c - d)	f = d/c * 100
REVENUE							
Levies, Fines and Penalties (RMLF)	a	85,722,685	16,876,605	102,599,290	104,839,534	-2,240,244	102%
Securitization proceeds	b	0	77,400,000	77,400,000	174,406,738	-97,006,738	225%
Finance Income	c	20,000	-16,500	3,500	1,382,997	-1,379,497	39514%
Gain/(Loss) on sale of assets		0	0		112	-112	n/a
TOTAL REVENUE		85,742,685	94,260,105	180,002,790	280,629,380	-100,626,590	156%
TRANSFERS TO OTHER GOVT ENTITIES							
	d	84,008,232	94,361,058	178,369,290	145,617,211	32,752,079	82%
EXPENSES							
Use of goods and services		366,936	-86,614	280,322	278,714	1,608	99%
Employee Costs		920,287	-58,300	861,987	861,186	802	100%
Board Expenses		69,910	0	69,910	68,793	1,117	98%
Strategic Plan Implementation Costs		198,500	-21,000	177,500	176,462	1,038	99%
Depreciation	e	0	0	0	77,459	-77,459	0%
Contracted Services		132,500	74,847	207,347	206,263	1,085	99%
Corporate Social Responsibility		46,321	-9,887	36,433	36,165	269	99%
TOTAL EXPENSES	f	85,742,685	94,260,105	180,002,790	147,322,252	32,680,538	82%
SURPLUS/(DEFICIT) FOR THE YEAR		0	0	0	133,307,128		
CAPITAL EXPENDITURE		65,352	-10,500	54,852	54	54,798	0%

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Budget Notes:

- a) *Levies, Fines, and Penalties relate to the Road Maintenance Levy amounting to Kshs. 174.29 (97%) billion was lower than the projected budget of Kshs. 179.99 (100%) billion. The budget was revised upwards from Kshs. 85.72 billion to a revised forecast of Kshs. 179.99 billion – the increase in the forecast of collections is attributed to an increase in the fuel levy rate from Kshs. 18 to Kshs. 25 in July 2024 and receipt of securitization proceeds.*
- b) *The Board, with the approval of the Ministry and the National Treasury, sold the Kshs 7.00 portion of Fuel Levy to an SPV on 25th February 2025 for securitization purposes, for a consideration of Kshs 174,406,737,662.00. The proceeds from securitization are to be applied to settle pending bills at the State Department for Roads. The facility is structured in 2 phases, with the first phase involving bridge financing of USD 1.1 billion.*
- c) *Finance income relates to interest earned on cash balances held at the bank and amounts to Kshs. 1.38 billion during the period under review. The Board does not budget for interest income, save for a minimal budget of Kshs. 3.5 million on interest on its operations funds. The finance income is lower than the prior year as a result of lower bank interest rates offered by banks during the financial year (following a reduction of the CBR rate by the Central Bank of Kenya).*
- d) *The Board disbursed Kshs. 145.61 (82%) billion against the allocations of Kshs. 178.36 (100%). Additionally, to the Kshs. 145.61 billion, Kshs. 1.63 billion was allocated to the Board's operations.*

As of 30th June 2025, the Board had received Kshs 69.41 billion as part of the bridge financing and allocated Kshs 64.4 billion to settle pending bills.

- e) *Depreciation is a non-cash item that is not budgeted for.*
- f) *The Board utilized Kshs. Kshs. 147.32 (82%) billion of its revised budgets of Kshs. 180.00 (100%) billion.*

NOTES TO THE FINANCIAL STATEMENTS

1.0 GENERAL INFORMATION

Kenya Roads Board (KRB) is a state body corporate established under Chapter 408 of the Laws of Kenya, 'Kenya Roads Board Act', which came into effect under Legal Notice No. 7 of 1999. The Board is domiciled and operates within the Republic of Kenya.

As stipulated in the Kenya Roads Board Act, 1999, *"The object and purpose for which the Board is established is to oversee the road network in Kenya and coordinate the maintenance, rehabilitation, and development funded by the fund and to advise the Minister responsible for matters pertaining to roads on all matters related thereto."*

2.0 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities, and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value.

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

The financial statements are prepared on an accrual basis. The cash flow statement is prepared using the indirect method.

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3.0 ADOPTION OF NEW AND REVISED STANDARDS

- i. New and amended standards and interpretations in issued 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	<p><i>Applicable 1st January 2025</i></p> <p>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 cash flows of an Entity. The new standard requires entities to recognize, measure, and present information on right-of-use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale are 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 are to be presented separately in the statement of financial position, and the results of discontinued operations are to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property, Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>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 recognized 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.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p>

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> 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. <p>The standard also introduces a public sector-specific measurement basis called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>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.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>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.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans that 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.</p>

iii. Early adoption of standards

The Board did not early-adopt any new or amended standards in the year 2024/2025.

4.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Revenue Recognition

Revenue is generally recognized in the Statement of Financial Performance on an accrual basis.

Revenue from non-exchange transactions

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

Revenue from non-exchange transactions

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 the economic benefits or service potential associated with the transaction will probably flow to the Board.

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.

(b) Budget Information

International Public Sector Reporting Standards allow for non-disclosure where (a) an entity is not required to disclose its budget information publicly and (b) the entity has elected not to present its approved budget publicly.

It is observed that the approved KRB Budget amounts for the year have not been exceeded.

The Board's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial

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

(c) Statement of Compliance

The financial statements for the year ended 30th June 2025 have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB), the Public Finance Management Act, 2012, Public Audit Act, 2015, and the Kenya Roads Board Act.

For the Public Finance Management Act, 2012, Public Audit Act, 2015 and Kenya Roads Board Act reporting purposes, in these financial statements the “balance sheet” / “statement of assets and liabilities” is represented by and is equivalent to the statement of “financial position” and the “profit and loss account” / “statement of income and expenditure” is presented in the statement of “financial performance”.

(d) Basis of Preparation

The financial statements have been prepared under the historical cost convention, unless otherwise stated. The financial statements are presented in the functional currency, Kenya Shillings (Kshs.), and all values are rounded to the nearest thousand (Kshs. '000) except when otherwise indicated.

(e) Presentation of Financial Statements

The financial statements comprise of statement of financial performance, statement of financial position, statement of changes in net assets/equity the statement of cash flows, and the notes to the financial statements.

The Board classifies its expenditure by the nature of the expense methodology.

The disclosure of risks is presented in the financial risk management objectives and policies contained in as part of the notes.

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating, investing, and financing activities.

(f) Functional Currencies

(i) Functional and Presentation Currency

The financial statements are presented in the functional currency, Kenya Shillings (Kshs.), which is the Board's presentational currency. The financial information is rounded to the nearest thousands (Kshs. '000) except when otherwise indicated.

(ii) Transactions and Balances

a) Translation of Foreign Currencies

Transactions in foreign currencies during the year are converted into the functional currency using the prevailing exchange rates ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies have been translated at the mean rates of exchange ruling at the end of the reporting period.

The foreign currency exchange gains and losses resulting from the settlement of such transactions and the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized through the statement of financial performance in the year in which they arise.

b) Translation of Foreign Operations

The Board does not have any foreign operations.

(g) Cash and Cash Equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise cash and cash balances held at the bank with less than three months' maturity from the statement of financial position date. These include notes and coins on hand and deposits held at call with banks.

(h) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Board provides money or services directly to a debtor with no intention of trading the receivable.

Receivables are amounts due from the Kenya Roads Board Fund, which are accrued in the ordinary course of business, and there is no intention of trading the receivable.

Receivables are recognized initially at the fair value (transaction price/carrying value less any discounts). They are subsequently measured at amortized costs using the effective interest method, less provision for impairment.

A provision for impairment of receivables is made when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of receivables.

The carrying value less discounts and any impairment provision of impairment is assumed to approximate their fair values. For financial instruments such as short-term receivables, no disclosure of fair value is required when the carrying amount is a reasonable approximation of fair value.

Receivables are classified as current assets if payment is due within one year or less (or in the normal operating cycle of business, if longer). If not, they are presented as non-current assets.

(i) Inventories

Given the nature of the Board's operations and mandates, items in stock relate to stationery. Stationery costs are recognized as an expense when deployed for utilization in the ordinary course of the Board's operations. As of 30th of June 2025, the Board did not have any inventory.

(j) Property, Plant and Equipment

All property and equipment are initially stated at cost and thereafter at historical cost less accumulated depreciation and any accumulated impairment loss. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Board and the cost can be reliably measured. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial year in which they are incurred.

Depreciation is calculated on a straight-line basis at annual rates estimated to write down the carrying value of the assets over their expected useful lives. The annual depreciation rates in use are: -

	<u>Rate</u>		
Computer Equipment	33 ¹ / ₃ %	Motor Vehicles	25.0%
Office Equipment	12.5%	Furniture & Fittings	12.5%

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses on the de-recognition of the asset are included in the Statement of Financial Performance in the year the asset is de-recognized.

Depreciation is charged in full in the year of acquisition of an item of property and equipment, while nil depreciation is charged in the year of disposal.

(k) Payables

Payables include any obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and may also include payments in respect of social benefits where formal agreements for specific amounts exist.

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The historical cost carrying amount of payables subject to the normal credit terms usually approximates fair value.

Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). If not, they are presented as non-current liabilities.

(l) Leases

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 Board as the lessee. All other leases are classified as operating leases.

Where the Board 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. When an operating lease is terminated before the expiry of the lease period, any payment required to be made to the lessor by way of penalty is recognized as an expense in the year in which termination takes place.

Rentals payable under operating leases are amortized on a straight-line basis over the term of the relevant lease.

(m) Impairment of Non-financial Assets

At each reporting period end, based on internal and external sources, the Board reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Board estimates the recoverable value of the asset.

Any impairment losses are recognized as an expense in the Statement of Financial Performance whenever the carrying amount of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of impairment loss is limited to the assets' carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is credited to the Statement of Financial Performance in the year reversals are recognized.

(n) Guarantees, Acceptances, and Letters of Credit

Guarantees are accounted for as off-balance sheet statement of financial position transactions and disclosed as contingent liabilities.

(o) Provisions

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

Provisions are recognized when the Board has a present obligation (legal or constructive) as a result of a past event, the Board will probably be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period end, considering the risks and uncertainties surrounding the obligation.

(p) Contingent liabilities

The Board 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.

(q) Contingent assets

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

are recognized in the financial statements of the period in which the change occurs.

(r) Changes in accounting policies and estimates

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

(s) Employee benefits

Retirement benefit plans: The Board operates a defined contribution provident fund for eligible employees. The fund is administered by an independent administration company and Trustees. It is funded by contributions from both the employer and employees.

The Board and its employees also contribute to the statutory pension scheme, the National Social Security Fund (NSSF). Contributions are determined by the local statute. The Board also sets aside every quarter the gratuity for its employees who are on a contract basis.

The Board's contributions in respect of staff retirement benefit costs are charged to the statement of financial performance, as they fall due or, in case of service gratuity, as they accrue to each employee.

(t) Foreign currency transactions

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

(u) Related parties

The Board regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Board, or vice versa. Members of key management are regarded as related parties and comprise the members of the board of directors, the director general, and directors, including all members of the executive committee.

(v) Service concession arrangements

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

(w) Cash and cash equivalents

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

(x) Comparative figures

Except otherwise required, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

(y) Subsequent events

There have been no events after the financial year end with a significant impact on the financial statements for the year ended 30th June 2025.

5.0 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION

UNCERTAINTY - (CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS)

In the process of applying the Board's accounting policies, the directors have made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. 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 judgment and sources of uncertainty in estimation are as set out below:

(a) Critical Judgments in applying the Board's accounting policies

In the process of applying the Board's accounting policies, judgments have been made in determining: -

- Whether the assets are impaired.
- The classification of financial assets.
- The going concern.

(b) Critical Accounting Estimates and Assumptions

(i) Useful Lives of Property, Plant and Equipment

The directors make estimates in determining the depreciation rates for property and equipment. The rates used are set out in the accounting policy (j) 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 directors.

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

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

(ii) Contingent Liabilities

As disclosed in these financial statements, the Board is exposed to various contingent liabilities in the normal course of business.

The Directors evaluate the status of these exposures on a regular basis to assess the probability of the Board incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

(iii) Provision for Doubtful Debts

The organization reviews its travel advances portfolio to assess the likelihood of impairment. Provision for impairment of receivables is established when there is 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. Provision for impairment shall be recognized upon approval by the Board of Directors.

(iv) Other Provisions

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

(v) Impairment Losses

At each reporting period end, the Board reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Board estimates the recoverable value of the asset. Any impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset

is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognized as income immediately.

6.0 SEGMENT REPORTING

The Board does not have any branches/reporting segments. All the operations of the Board are managed from the registered office. The core business of the Kenya Roads Board continues to be the management of the Kenya Roads Board together with other mandates as stipulated in the Kenya Roads Board Act.

There is no distinguished component of the Board that is engaged in providing an individual service that is subject to risks and returns that are different from the main mandates of the Board.

7.0 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 framework/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 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 risk management will continue to play in its endeavor to carry out its business in a dynamic environment. The Board is committed to ensuring that corporate governance and risk management are deeply entrenched in the Board's strategy and culture. An elaborate risk management strategy that will provide direction on matters of policy and guide the implementation and control has been developed.

This risk management framework captures the following, among other things:

-

- The Board's risk appetite and parameters.
- The Board's risk matrix that highlights the rating of risks.
- The structure of managing risks and accountabilities
- The processes, procedures, and reports that manage risks.
- The mitigating factors, prevention, contingency plans, and controls.

The Board's core business involves major engagements with financial transactions and processes, which pose certain risks. Three types of risks are reported as part of the risk profile, namely operational, strategic, and business continuity risks.

- a) Operational risks are events, hazards, variances, or opportunities that could influence the achievement of the Board's compliance and operational objectives.
- b) Strategic risk is a significant unexpected or unpredictable change or outcome beyond what was factored into the organization's strategy and business model, which could have an impact on the entity's performance.
- c) Business continuity risks are those events, hazards, variances, and opportunities that could influence the continuity of the entity.

One of the key risks the Board has identified in both the operational and strategic areas is the sustainability of the Road Maintenance Levy in line with the Constitution. Financial risk, as defined in IPSAS 15 and the management thereof, forms part of this risk area.

The Members of the Board have the overall responsibility for the establishment and oversight of the Board's risk management framework. The Board has delegated its risk management to the 'Audit and Risk Committee.' One of the responsibilities of this committee is to review risk management strategies to ensure business continuity and survival. Most of the financial risks arising from financial transactions and processes are managed by the 'Finance and Planning Committee' of the Board.

The Board's exposure to risks, its objectives, policies, and processes for managing the risk, and the methods used to measure it have been consistently applied in the years presented, unless otherwise stated. The Board aims, therefore, to achieve an appropriate balance between the risk and return and minimize potential adverse effects on its financial performance.

The financial management objectives and policies are as outlined below: -

a) *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 liquidity and funding management is to ensure that all foreseeable operational, capital, and loan commitment expenditure can be met under both normal and stressed conditions, and the mismatch is controlled in line with allowable risk levels.

The Board has adopted an overall balance sheet approach, which consolidates all sources and uses of liquidity while aiming to maintain a balance between liquidity, cash flows, and interest rate considerations. The Board's liquidity and funding management process includes: -

- Projecting cash flows and considering the cash required, and optimizing the short-term requirements as well as the long-term funding,
- Maintaining balance sheet liquidity ratios,
- Maintaining/ soliciting a diverse range of funding sources with adequate backup facilities,
- Managing the concentration and profile of debt maturities, where applicable,
- Maintaining liquidity and funding contingency plans.

The table shows the undiscounted cash flows on the Board's financial assets and liabilities on the earliest possible contractual/maturity date. The liquidity ratio in FY 2024/25 is 7.48 (FY 2023/24: 1.68)

Financial Assets	Note	2024/2025	2023/2024
		Kshs '000	Kshs '000
Cash and Cash Equivalents	19	43,827,553	29,592,000
Receivables	20	110,487,678	4,793
Total Financial Assets		154,315,231	29,596,794
Financial Liabilities			
Payables	22	20,627,241	17,610,390
Total Financial Liabilities		20,627,241	17,610,390
NET LIQUIDITY		133,687,990	11,986,404
LIQUIDITY RATIO		7.48	1.68

The Board has an established corporate governance structure and process of managing risks regarding guarantees and contingent liabilities. All guarantees issued are approved by the Members of the Board and are administratively managed by the finance department.

The primary sources of revenue for the Board are receipts from the Kenya Roads Board Fund, mainly receipts from the fuel levy fund. The Board is pursuing additional sources of revenue for which approval has been sought from the Ministry of Finance.

b) Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices, and interest rates. The objective of market risk management policy is

to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The Board is exposed to the following market risks: -

(i) Currency Risk

Currency risk arises primarily from purchasing imported goods and services from overseas or indirectly via local supplies. The currency risk is minimal as cash and cash equivalents held with banks are denominated in Kenyan shillings, and there are minimal dealings in foreign currency.

(ii) Price Risk

The Board is exposed to the price risk of the fuel levy. The Board collects Kshs. 18 per liter of diesel/petrol imported into the country. The Board is exposed to the extent that the levy on diesel and petrol is reduced or eliminated due to changes in the international fuel prices, inflation, or other macro indicators. The Road Maintenance Levy is backed up by an Act of Parliament; changes thereof require approval by Parliament.

(iii) Interest Rate Risk

The Board is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margin may increase as a result of such changes, but it may reduce losses if unexpected movement arises.

The Board closely monitors interest rate movements and seeks to limit its exposure by managing the interest rate and maturity structure of assets and liabilities on the statement of financial position. The interest rates on call deposits held in financial institutions are fixed and agreed upon every month. The management is in regular contact with the approved banks in a bid to obtain the best interest rates and is therefore able to plan for the resulting income.

The interest rate risk is minimal as the Board does not have any borrowings.

c) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Board'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 Board 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 Board's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Board's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas: -

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of financial transactions
- Compliance with regulatory and legal requirements
- Documentation of controls and procedures
- Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified
- Requirement for the reporting of operational losses and proposed remedial action
- Development of Business Contingency Plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where it is effective.

Operational risks are documented in the 'Framework for Management Control' and are managed by the Internal Audit function established to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analyzing, and mitigating risks in all facets of the business.

d) Compliance and Regulatory Risk

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

e) Legal Risk

Legal risks are the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or the loss for the Board, failure to protect

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the title to and liability to control the rights to assets of the Board (including intellectual property right), changes in law, or jurisdictional risk.

The Board manages legal risk through the 'Audit Committee,' legal function, legal risk policies and procedures, and the effective use of internal controls and external lawyers.

8.0 REVENUE FROM NON-EXCHANGE TRANSACTIONS LEVIES, FINES, AND PENALTIES

	2024/2025	2023/2024
	Kshs '000	Kshs '000
Fuel Levy	114,599,231	77,189,918
Transit Tolls	1,913,155	1,998,142
Less: RMLF Allocations to SPV (Kshs 7.00 portion)	-11,672,852	0
Total	104,839,534	79,188,061

Revenue represents receipts from the Road Maintenance Levy and Transit tolls collected by the Kenya Revenue Authority.

The Board did not receive any transfers of any form (including assets, gifts, donations, goods and services-in-kind, advance receipts, pledges, expenses paid on behalf, and concessionary loans) from national and local governments, public entities, donor and international development agencies.

9.0 REVENUE FROM EXCHANGE TRANSACTIONS

	2024/2025	2023/2024
	KShs '000	KShs '000
Securitization proceeds	174,406,738	0
Total	174,406,738	0

The Board, with the approval of the Ministry and the National Treasury, sold the Kshs 7.00 portion of Fuel Levy to an SPV on 25th February 2025 for securitization purposes, for a consideration of Kshs 174,406,737,662.00. The proceeds from securitization are to be applied to settle pending bills at the State Department for Roads. The facility is structured in 2 phases, with the first phase involving bridge financing of USD 1.1 billion.

As of 30th June 2025, the Board had received Kshs 69.41 billion as part of the bridge financing and allocated Kshs 64.4 billion to settle pending bills.

10.0 FINANCE INCOME

	2024/2025	2023/2024
	Kshs '000	Kshs '000
Interest Income	1,382,997	2,576,767
Total	1,382,997	2,576,767

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11.0 TRANSFERS TO OTHER GOVT ENTITIES

The Board allocated funds to the road agencies as per the table below;

Agency	Total	Total
	2024/2025	2023/2024
	Kshs '000	Kshs '000
Kenya National Highways Authority	27,898,218	27,678,093
Allocation by KRB/Ministry	6,656,054	6,625,523
Kenya Wildlife Service	665,605	662,552
Kenya Rural Roads Authority	15,745,170	21,201,674
Kenya Urban Roads Authority	6,625,929	9,938,285
County Governments	10,522,212	0
Road Annuity Programme	13,366,667	12,200,000
Securitization Disbursements	64,137,356	0
Total Funds Disbursed in the Year	145,617,211	78,306,128

12.0 USE OF GOODS AND SERVICES

	2024/2025	2023/2024
Particulars	Kshs '000	Kshs '000
Advertising & Publicity	14,926	94,853
Audit fees	2,900	2,900
Conferences & Seminars	43,820	74,976
Rent & Rates	71,583	83,659
Telephone, Postage & Internet	13,215	11,426
Travelling, Vehicle Maintenance & Repairs	36,534	36,384
General Office Expenses	81,036	75,613
Office Printing & Stationery	14,700	14,969
Total	278,714	394,781

13.0 EMPLOYEE COSTS

	2024/2025	2023/2024
Particulars	Kshs '000	Kshs '000
Staff Emoluments	758,856	680,211
Training & Development	92,200	124,999
Other Staff Costs	10,130	35,534
Total	861,186	840,744

Other Staff Costs include staff welfare costs and staff recruitment & surveys costs.

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The average number of employees during the year was: -

No. of Employees	2024/2025	2023/2024
Regular Employees	177	169
Contract Employees (Internship Programme)	32	17
Contract Employees (Graduate Engineers Programme)	0	10
Total	209	196

Out of 177 regular employees, 43 are on Contract terms while 134 are on permanent and pensionable terms.

14.0 BOARD EXPENSES

	2024/2025	2023/2024
Particulars	Kshs '000	Kshs '000
Directors Emoluments	14,136	14,060
Insurance	652	491
Field Activity Costs	9,850	9,447
Training	39,895	39,732
Board Evaluation/Induction	4,260	4,158
Total	68,793	67,889

Directors' emoluments include members' sitting allowances, lunches, and chairperson's honoraria. Field activity costs include costs incurred for directors' field activities and transport & accommodation.

15.0 STRATEGIC IMPLEMENTATION COSTS

	2024/2025	2023/2024
Departments/Sections	Kshs '000	Kshs '000
Executive & Other Board Activities	29,087	24,781
Urban & Park Roads Directorate	7,483	16,430
Policy & Strategy Directorate	12,433	16,451
Highways Directorate	7,468	16,478
Rural & County Roads Directorate	7,471	16,474
Finance & Fund Mgmt. Directorate	12,165	14,969
Corporate Services Directorate	18,198	24,964
Legal Services Directorate	4,989	4,976
Internal Audit & Assurance Directorate	5,238	4,980
Supply Chain Management Dept.	4,959	4,976
Regional Offices	66,971	52,283
Total	176,462	197,764

Strategic Plan implementation costs are incurred by departments and sections to support the realization of the Board's Strategic Plan and other routine functions of the Board.

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16.0 DEPRECIATION

	2024/2025	2023/2024
Particulars	Kshs '000	Kshs '000
Depreciation	77,459	70,895
Total Other Operating Costs	77,459	70,895

17.0 CONTRACTED SERVICES

	2024/2025	2023/2024
Particulars	Kshs '000	Kshs '000
Legal Fees	30,910	1,412
Staff Medical Insurance	63,715	61,675
Security	11,896	8,957
Consultancies	99,742	63,314
Total	206,263	135,359

18.0 CORPORATE SOCIAL RESPONSIBILITY

	2024/2025	2023/2024
Particulars	Kshs '000	Kshs '000
Corporate social responsibility	36,165	121,573
Total CSR Costs	36,165	121,573

The Board's contribution towards the Corporate Social Responsibility (CSR) amounted to Kshs 36.16 million (FY 2023/24: Kshs 121.57 million).

These costs are mainly related to the Graduate Engineers programme, amounting to Kshs. 11.60 million and Other CSR activities amounting to a total of Kshs. 0.21 million, and the National tree planting campaign expenses amounting to Kshs. 24.34 million.

The State Department for Roads allocated tree-growing sites and annual targets for FY 24/25 to its agencies and departments to participate in the National Tree Planting Campaign. The Board was allocated a 400-hectare site in Lambwe Forest, Homabay County, with an annual target of 374,344 trees. The Board planted and maintained 383,059 trees in FY 2024/2025, which accounts for 102% of the target.

19.0 GAIN/(LOSS) ON SALE OF ASSETS

	2024/2025	2023/2024
	Kshs '000	Kshs '000
Gain on Disposal of Assets	112	276
Total	112	276

20.0 CASH & CASH EQUIVALENTS

	2024/2025	2023/2024
Particulars	Kshs '000	Kshs '000
Amounts held in Kenya KShs.	15,129,579	29,524,690
Amounts held in USD	28,697,974	67,310
Total Cash & Cash Equivalents	43,827,553	29,592,000

The Board is not exposed to credit risk on cash and bank balances, as they are held with sound financial institutions approved by the Central Bank of Kenya. The carrying amounts of the Board's cash and cash equivalents are denominated in Kenyan Shillings.

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months.

21.0 RECEIVABLES

Receivables constitute short-term liquid assets that are recoverable within one year. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Board does not hold any collateral as security.

	2024/2025	2023/2024
Particulars	Kshs '000	Kshs '000
Securitization Funds Receivable	104,996,763	0
Accrued Interest Receivable from SPV	5,487,185	0
Prepayments & Deposits	3,180	2,028
Cash Imprests and Advances	550	2,765
Total Receivables	110,487,678	4,793

The aged analysis of receivables is as follows:

	0-6 months	6-12 months	Total
Particulars	Kshs '000	Kshs '000	Kshs '000
Securitization Funds Receivable	104,996,763		104,996,763
Accrued Interest Receivable from SPV	5,487,185		5,487,185
Deposits & Prepayments		3,180	3,180
Cash Imprests and Advances	550		550
	110,484,498	3,180	110,487,678

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22.0 PROPERTY AND EQUIPMENT

	COMPUTER & SOFTWARE	FURNITURE & FITTINGS	MOTOR VEHICLES	OFFICE EQUIPMENT	TOTAL
Depreciation Rate	33.3 %	12.5 %	25 %	12.5 %	
Acquisition Cost					
Cost at start of the year	88,542	143,405	90,372	33,804	356,123
Additions/Purchases	35,532	13,065	0	5,511	54,108
Cost of Disposed Assets	(91)	(30)	(10)	(10)	(140)
Total - Acquisition Cost	123,984	156,440	90,362	39,305	410,090
Depreciation					
Depn. at start of the year	(49,704)	(35,157)	(31,547)	(5,909)	(122,317)
Depn. For the period	(31,452)	(19,056)	(22,592)	(4,358)	(77,459)
Depn. of Disposed assets	82	10	7	3	102
Total - Depreciation	(81,075)	(54,203)	(54,133)	(10,264)	(199,674)
Net Book Value (30th June 2025)	42,909	102,237	36,229	29,041	210,417
Net Book Value (30th June 2024)	38,838	108,248	58,824	27,895	233,806

The Board is of the opinion that the net book values represent the fair value of the equipment.

23.0 PAYABLES

Payables are expected to be settled in KRB's normal operating cycle and within twelve months after the reporting period and are not attached to an unconditional right to defer payment of the liability for at least twelve months after the reporting period.

	2024/2025	2023/2024
Particulars	Kshs '000	Kshs '000
Road Agency Balances Payable	14,817,994	16,203,206
Deferred Income	5,487,185	0
Other Road Activities	128,564	1,086,613
Trade & Other Payables	193,498	320,570
Total Payables	20,627,241	17,610,390

Trade and Other payables related to accrued expenses during the year, trade, and taxes payable to the Kenya Revenue Authority. The payables are incurred in the normal course of business and were settled in the period subsequent to the report date.

The maturity analysis of payables is as follows:

	0-6 months	6-12 months	Total
Particulars	Kshs '000	Kshs '000	Kshs '000
Road Agency Balances Payable		14,817,993	14,817,994
Deferred Income	5,487,185		5,487,185
Other Road Activities		128,564	128,564
Trade & Other Payables	193,498		193,498
	5,680,683	14,946,557	20,627,241

24.0 KRB FUND RESERVES

	2024/2025	2023/2024
Particulars	Kshs '000	Kshs '000
KRB Fund reserves	133,422,618	11,762,979
Total KRB Operations reserves	133,422,618	11,762,979

KRB Fund reserves increased from Kshs. 11.76 billion in the prior period to Kshs. 133.42 billion in the review period.

25.0 KRB OPERATIONS RESERVES

	2024/2025	2023/2024
Particulars	Kshs '000	Kshs '000
KRB Operations reserves	47,863	29,582
Total KRB Operations reserves	47,863	29,582

KRB Operations reserves increased from Kshs. 29.58 billion in the prior period to Kshs. 47.86 billion in the review period.

26.0 KRB STAFF FUNDS

	2024/2025	2023/2024
Particulars	Kshs '000	Kshs '000
KRB Car Loan Staff Fund	58,736	58,239
KRB Mortgage Scheme Staff Fund	365,913	364,292
Total KRB Staff Funds	424,649	422,531

The Board established independently managed Car Loan and Mortgage Scheme Funds for members of staff. KRB Staff funds increased from Kshs. 422.53 million in the prior period to Kshs. 424.64 million. The growth is represented by Kshs. 2.11 million in bank interest earned during the year.

27.0 REVALUATION RESERVE

	2024/2025	2023/2024
Particulars	Kshs '000	Kshs '000
Revaluation reserve	3,277	5,117
Total Assets Revaluation Reserve	3,277	5,117

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During the year, the Board's revaluation reserves decreased from Kshs. 5.11 million in the prior period to Kshs. 3.27 million in the review period.

28.0 RETIREMENT BENEFITS SCHEME OBLIGATIONS

The Board operates a defined contribution retirement benefit plan for eligible employees. The assets of the plan are held separately from those of the Board in funds under the control of trustees. The scheme is administered by an independent administration company and is funded by contributions from the Board and employees. The Board's obligations to the staff retirement benefits plan are charged to the Statement of Financial Position as they fall due or, in the case of service gratuity, as they accrue to each employee.

The Board also makes contributions to the statutorily defined contribution scheme, the National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The Board's obligations under the Scheme are limited to specific contributions legislated from time to time.

The total pension expense recognized in the income statement of KShs. 54.71 million (FY 2023/24: Kshs. 33.48 million) represents contributions payable to the plan by the Board at rates specified in the rules of the plan. The expense has been included within the staff pension costs under staff costs.

29.0 FAIR VALUE

The directors consider that there is no material difference between the fair value and carrying value of the company's financial assets and liabilities, where fair value details have not been presented.

30.0 POST BALANCE SHEET EVENTS

The Directors are not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which would significantly affect the financial position of Kenya Roads Board and the results of its operation as laid out in these financial statements.

31.0 COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation of the Financial Statements as required by International Public Sector Accounting Standards and any amendments whenever necessary in the current year

32.0 CURRENCY

The financial statements are presented in Kenya Shillings (Kshs.'000).

APPENDICES

**APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR GENERAL'S
RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor and management comments that were provided to the auditor.

NO.	REPORT	REASON FOR QUALIFICATION ISSUE/OBSERVATIONS FROM AUDITOR	MANAGEMENT COMMENTS	STATUS /TIME-FRAME
1	Report on the Financial Statements - Unmodified Audit Opinion	N/A	N/A	N/A
2	Report on Lawfulness and Effectiveness in the Use of Public Resources - Qualified Audit Opinion	<p>1. Avoidable cost on Performance of Technical, Financial, and Performance Audit.</p> <p>2. Unapproved allocation of funds under the 10% Road Maintenance Levy Fund</p>	<p>1. Section 6 (2) g of the Kenya Roads Board Act, 1999 mandates the Board to monitor and evaluate, by means of technical, financial, and performance audits, the delivery of goods, works, and services funded by the Fund.</p> <p>The object of the technical, financial, and performance audits is to monitor and evaluate the application of the Road Maintenance Levy Funds in the maintenance, rehabilitation, and development of roads in the country. This object differs from the audit carried out by the Office of the Auditor General as per the Public Audit Act, 2015, Section 35, which requires the Auditor General to conduct annual audits of State organs and public entities and report to Parliament or the relevant County Assembly.</p> <p>2. Effective for the Financial year 2024/2025, the funds under the 10% RMLF are allocated in accordance with the requirements of Section 6 (2) (e) of the KRB Act.</p>	<p>Resolved</p> <p>Resolved</p> <p>Resolved/</p>

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		<p>3. Unapproved Road Sector Investment Programme</p>	<p>3. Road Sector Investment Programme (RSIP) III (covering FY 2023/24 to FY 2027/28) was completed on 30th June 2024 in time as per the provisions of the contract, and there was no delay in the completion of the assignment. The completed RSIP III was presented to the Board of KRB in August 2024 and adopted. The RSIP III was then submitted to the Cabinet Secretary (through the Permanent Secretary), Ministry of Transport, on 6th November 2024 for Approval.</p> <p>KRB coordinated the development of the RSIP III as the Secretariat on behalf of the Ministry of Roads. The exercise was chaired by the Chief Engineer Roads, who was Chairman of the Taskforce developed by the PS Roads.</p>	<p>RSP III submitted for Approval.</p>
		<p>4. Non-implementation of all Enterprise Resource Planning System Modules.</p>	<p>4. The procurement module in the ERP System is fully automated; however, some of its functionalities are not fully operational as a result of the implementation of the Government-led e-GP procurement system.</p> <p>The Board was onboarded onto the Government-led e-GP procurement system, and so the requirement to automate its own system is no longer feasible.</p>	<p>Resolved. The Government, through the National Treasury, has introduced a procurement platform called the E-GP System.</p>
3	<p>Report on the Effectiveness of Internal Controls, Risk Management, and Governance - Qualified Audit Opinion</p>	<p>1. Inadequate staff establishment (approved 223 against 166 in-post).</p>	<p>1. As of 30th June 2024, the Board had 169 (76%) regular staff in-post and 54 (24%) vacant positions. The slow pace of establishment is due to resource constraints and austerity measures. The Board is intent on regularizing the staff deficit by filling the vacant positions, which shall primarily be domiciled at its regional offices. It is expected that by the end of the financial year 2026/2027</p>	<p>Unresolved/ Staff establishment to be regularized with approved establishment by the end of FY 2026/2027 (subject to available budgetary provisions)</p>

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		<p>2. Establishment of regional offices (9 zoned regions against 6 actual regions).</p>	<p>(subject to available budgetary provisions), the Board shall have its full approved staff establishment of 223 staff to fulfill its mandate.</p> <p>2. The Board approved the establishment of 9 regional Offices in October 2019 and obtained approval of the regional offices from the State Corporations Advisory Committee (SCAC) in May 2022. The Board is at an advanced stage of actualizing the decentralization of its functions to the Regions and has since established and operationalized 6 regional offices in Nyeri, Garissa, Kisumu, Nakuru, Isiolo, and Eldoret by the 30th of June 2024. The slow pace of establishment is due to resource constraints and austerity measures. The Board has, however, established and operationalized its regional offices in Machakos and Kakamega during FY 2024/25, with the Coast regional office being projected for FY 2026/2027.</p>	<p>Unresolved/ Regions to be fully established by the end of FY 2026/2027</p>
4	<p>Other Matters - Unresolved Prior Year Matter</p>	<p>1. Disbursement of Road Agencies' Funds Through the State Department for Roads - Failure to disburse funds directly to the respective road agencies may have resulted in a delay in the receipt of funds by the road agencies, leading to a delay in the implementation of the planned development programmes</p>	<p>1. Noting that the Principal Secretary (PS), State Department for Roads, is the Accounting Officer for revenues allocated to the State Department, the Board has traditionally released road maintenance funds through the PS.</p> <p>Based on the Auditor's observation, the Board is currently consulting with the State Department for Roads, with a view to releasing RMLF funds directly to the road agencies.</p>	<p>Unresolved/ Consultations ongoing</p>

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The status of the resolution of prior year audit matters and Auditors General's recommendations, including the management comments, are shown in the table above.

HON. AISHA JUMWA KATANA, EGH
CHAIRPERSON

DATE



MARTIN AGUMBI
Ag. DIRECTOR GENERAL

19th Dec 2025
DATE