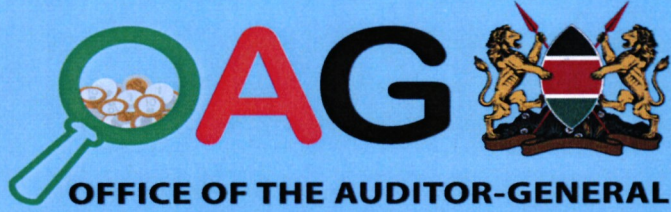


REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY
REPORT
DATE: 08 JUN 2023 Thursday

TABLED BY:	Hon. Kimani Ichungwaa, MP Leader, Majority Party
CLERK OF THE HOUSE	Anne shubuko

PARLIAMENT OF KENYA LIBRARY

THE AUDITOR-GENERAL

ON

**EWASO NG'IRO SOUTH RIVER BASIN
DEVELOPMENT AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2022**



Ewaso Ng'iro South River
Basin Development
Authority



FY 2021 - 2022

ANNUAL CORPORATE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022.

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



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Narok Bomet Road
Opposite Maasai Mara University

Ewaso Ng'iro South Development Authority is ISO 9001:2015 Certified



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PART ONE: CORPORATE REPORT

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Ewaso Ng'iro South River Basin Development Authority was formed in 1989 by an Act of Parliament CAP 447 of the Laws of Kenya. The Authority's headquarters is at Narok Town in the Republic of Kenya. Its operations are spread out across 4 (four) Counties of its jurisdiction, that is, Narok, Kajiado, parts of Nakuru and Nyandarua. To ensure effectiveness and efficiency of operations, the Authority has established sub-basin offices in the respective Counties namely; the Mara Sub-basin in Kilgoris, Narok County, the Njoro Sub-basin in Nakuru County, Malewa Sub-basin in Nyandarua County, Olkejuado Sub-basin, Noolturesh Sub-basin in Kajiado County and Nairobi Liaison office.

(b) Principal Activities

Mandate

The Authority's broad mandate is to plan and coordinate the implementation of development projects in the Ewaso Ng'iro River Basin and catchment areas. In order to realize this mandate, the Authority's fundamental goal is to promote, implement and coordinate integrated, sustainable and equitable socio-economic development within the Ewaso Ng'iro River Basin, as well as related catchments and basins under its jurisdiction, namely, the Mau Water Catchment, Njoro River Basin, Malewa River Basin, Olkejuado River Basin, Mara Basin and Noolturesh River Basin.

Functions of the Authority

The functions of the Authority under the Act are outlined below: -

1. To plan for the development of the Area and initiate project activities identified from such planning in the Area through the Government generally;
2. To develop an up-to-date long-range development plan for the Area;
3. To initiate such studies, and carry out such surveys, of the Area as may be considered necessary by the Government or the Authority, and assess alternative demands within the Area on the natural resources thereof, and to initiate, operate or implement such projects as may be necessary to exploit those natural resources including agriculture (both irrigated and rain fed) forestry, or wildlife and

tourism industries, electric power generation, mining, and fishing, and to recommend economic priorities.

4. To co-ordinate the various studies of schemes within the Area such that human, water, animal, land and other resources are utilized to the best advantage and to monitor the design and execution of planned projects within the Area;
5. To effect a programme of both monitoring and evaluating the performance of projects within the Area so as to improve such performance and establish a responsibility thereof, and to improve future planning;
6. To co-ordinate the present abstraction and use of natural resources, especially water, within the Area and to set up an effective monitoring of abstraction and usage;
7. To cause and effect the construction of any works deemed necessary for the protection and utilization of the water and soils of the Area;
8. To ensure that landowners in the Area undertake all the measures specified by the Authority to protect the water and soils of the Area;
9. To identify, collect, collate and correlate all such data related to the use of the water and other resources and also economic and related activities within the Area as may be necessary for the efficient forward planning of the Area;
10. To maintain a liaison between the Government, the private sector and other interested agencies in the matter of the development of the Area with a view to limiting the duplication of effort and to ensuring the best use of the available technical resources;
11. To examine the hydrological and ecological effects of the development programmes and evaluate how they affect the economic activities of the persons dependent on river environment; and
12. To consider all aspects of the development of the Area and its effects on the river's inflow and outflow.

Vision

To be a leading agency in promotion of integrated, sustainable and equitable social-economic development in the region.

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Mission

To initiate, plan and implement integrated, equitable socio-economic development programs through sustainable utilization of basin-based resources and promotion of investments within the Authority's jurisdiction of consultative partnership platform with the aim of improving livelihood in the ENSDA region.

Core Objectives

The Authority's Strategic Objectives are: -

1. To promote management of natural resources and environmental conservation.
2. To formulate Integrated Regional Development Plans and prepare and update resource maps in consultation with stakeholders.
3. To improve livelihoods of the communities in the region by enhancing investments.
4. To promote community participation in development while ensuring equitable benefit sharing from the economic exploitation of resources within the region
5. To enhance the coordination, monitoring and evaluation of projects in the region

(c) Key Management

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

- Board of Directors
- Accounting officer/MD
- Management



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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	Mr. Ngala Oloiptip, MCIPS
2.	Chief Manager Finance	CPA Jonathan L. Nampaso
3.	Chief Manager Human Resource & Administration	Mr. Richard Tankille
4.	Chief Manager Technical Services & Operations	Eng. Peter Bw'Ogero
5.	Ag. Chief Manager Planning Research & Development	Mr. David Lemiso

(e) Fiduciary Oversight Arrangements

Board Committees

ENSDA has three standing committees whose purpose and membership are determined by the Board. The Chairperson of the Board is not a member of any of the standing committees which are namely: Audit and Risk Management Committee; Finance and Establishment Committee and the Development and Environmental Conservation Committee.

The Board had two Ad Hoc Committees at the beginning of the FY 2021/22 only to dissolve them in July 2021 for not being active and assigned their responsibilities to the Finance and Establishment Committee. One of the Ad Hoc Committee was responsible for the Tannery and Leather factory and the other for Resource Mobilization. The two Ad Hoc Committees did not hold any meeting during the Financial Year under review.

The membership of the three standing committees before expiry of term of the Independent Directors was as stipulated below:

Audit and Risk Management Committee



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1. Mr. Rorat Kisaika Sammy - Chairperson
2. Hon. Joseph Kiuna Ng'ang'a - Member
3. Hon. Consolata Rop - Member
4. Mr. Mohamud Mohamed Awale - Member
5. CPA Dudley Matagi - Alt. Director, CS. The National Treasury
6. Mr. Stephen Mbatia - Alt. Director, Inspector – General (Corporations)

Finance and Establishment Committee

1. Mr. S. Kinya Rukahu - Chairperson
2. Mr. Philemon Lotudo - Member
3. Mr. Hassan Ali Adams - Member
4. Mr. David Kitasho - Member
5. Ms. Wanjiku Manyatta - Alt. Director, CS. The Ministry of EAC & Regional Development
6. CPA Dudley Matagi - Alt. Director, CS. The National Treasury

Development and Environmental Conservation Committee

1. Mrs. Tabitha Njeri Murigi - Chairperson
2. Hon. Moses Ole Sakuda - Member
3. Hon. Jacob Macharia - Member
4. Ms. Wanjiku Manyatta - Alt. Director, CS. The Ministry of EAC & Regional Development
5. Mr. Julius Kieni - Alt. Director, CS. The Ministry of Water and Sanitation and Irrigation

The term of the independent members and the Chairman expired on 6th February 2022 expired and 2nd May 2022 respectively. Due to the lack of quorum there was no further meeting held after January 2022.

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(f) CORPORATE HEADQUARTERS

P.O. Box 213-20500
Off Narok Sotik Rd
Opposite Maasai Mara University
Narok, KENYA

(g) Our Contacts

Telephone: (254) 020 – 8082493
E-mail: md.ensda@gmail.com, md.ensda@go.ke
Website: www.ensda.go.ke

(h) Our Bankers

- i. National Bank of Kenya,**
Narok Branch,
P.O. Box 348,
NAROK.
- ii. Co - operative Bank of Kenya,**
Narok Branch,
P.O. Box 632,
NAROK.
- iii. Kenya Commercial Bank**
Narok Branch,
P.O Box 406,
NAROK.

(i) Independent Auditors

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



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(j) Principal Legal Adviser

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

Kanchori & Co Advocates
Betty plaza, Opposite Kitengela mall
3rd Floor, room 311
P.O Box 81-00242,
Kitengela, Kenya.



THE BOARD OF DIRECTORS

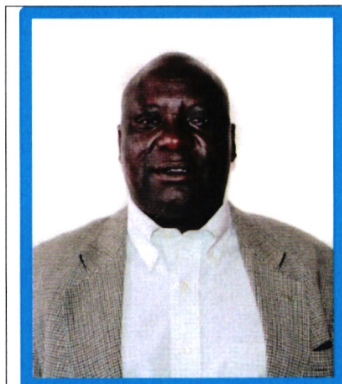
DIRECTORS	DETAILS
 <p>Mr. Seleila Ole Mwanik, Board Chairman</p> <p>Holds a Bachelor's Degree in Social Sciences (Sociology and Political Science), Second Class Honours, Upper Division from Catholic University of Eastern Africa</p>	<p>Mr. Seleila Ole Mwanik - Board Chairman</p> <p>Mr. Seleila Ole Mwanik was born on 18th December 1962. He served as the Authority's Board Chairman during the period 18th June 2016 to 17th June 2019 and was reappointed to a second (3) years term on 4th May 2019 that expired on 2nd May 2022. During expiry of term, he was pursuing a Master's Degree in Business Administration (MBA) at Maasai Mara University.</p> <p>Mr. Seleila Ole Mwanik has also attended various short courses on leadership and management including Senior Management Course, Kenya School of Government; Lead Auditor Course for Education Institutions based on ISO/DIS 9001: 2015 and ISO 19011:2011 (KEBS); Internal Quality Auditing, ISO 19011:2002 Standard (Alpex Consulting Africa Ltd); Leadership Course for Building Kenya's Future (Clemson University and Maasai Mara University); Implementation of Quality Management System, ISO 9001: 2008 (Alpex Consulting Africa Ltd) and Audit Committee and Risk Management Training (KCA Uni.).</p> <p>Mr. Seleila Ole Mwanik also served as an elected Councillor in the defunct Narok County Council between 1990 and 1997. Other positions that he has held include; member of the Board of Trustees for Kenya Wildlife Service between 1998 and 2002 and a member of Narok Water and Sewerage Company for one term of three years.</p>
 <p>Hon. Moses Ole Sakuda, Independent Director and Board Vice Chairperson</p> <p>Holds a Master of Arts Degree in Education Leadership (M.A. Ed.),</p>	<p>Hon. Moses Ole Sakuda was born on 1st January 1968. He joined the Authority's Board on 7th February 2019 and served as the Board Vice Chairperson until expiry of his term on 6th February 2022. He was a member of the Development and Environmental Conservation Committee with effect from 18th November 2020 having previously been a member of the Finance and Establishment Committee.</p> <p>Hon. Sakuda holds a Master of Divinity (M. Div.) Degree of Eastern Mennonite University, Harrisonburg, VA and by the time his term expired he was pursuing a PhD in Public Administration/Development/Leadership at Wilmington College, Wilmington, De. Hon. Sakuda also holds a Certificate in Reading French from Princeton University, Princeton, NJ. Hon. Sakuda has wide</p>



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<p>from Eastern Mennonite University, Harrisonburg, VA. He is also a holder of Bachelor's Degree in Finance/Development of Eastern Mennonite University, Harrisonburg, VA and a Diploma in Teaching from Kenya Technical Teachers Training College, Nairobi, Kenya.</p>	<p>experience in leadership and management having served in different positions. He was elected as the Member of Parliament, Kajiado North Constituency in September 2012 to March 2013 and served as Assistant Minister/Acting Minister Foreign Affairs in Feb 2013 to August 2013. He was the Assistant Minister Regional Development in October 2012 to August 2013. He was re- elected as a Member of Parliament for Kajiado West Constituency, in March 2013 to 2017. He served as the Vice Chairman, Parliamentary Departmental Committee on Lands and a member of Parliamentary Budget Committee.</p> <p>Hon. Sakuda was the Chief Executive Officer & Managing Director of Rapid Energy Solutions, Kenya in 2011 to 2012. He was the General Manager, Administration, Geothermal Development Company (GDC), Kenya in 2009 to 2011. He also served as Associate Director, Mission Relationships and Partnerships, Church World Service, New York, NY in Jun 2001 to July 2007. Hon. Sakuda also served as the Cultural Ambassador/ Maasai Artist in August 1995 to July 2007. He was the Program Supervisor of Friendship Community, Lancaster, PA in November 2000 to May 2001. In June 1987 to July 1995, Hon. Sakuda served as the Director for Programs, Simba Maasai Outreach Organization, Ngong Hills, Kenya. He was the Associate General Secretary of Soul Winners Evangelistic Ministries International (SWEM), Kiserian Kenya in December 1986 to May 1987.</p> <p>Hon. Sakuda also has immense International Community Involvement. He was the Founder of Annual Exchange Program for Americans to Africa; Tour Coordinator - coordinates semi-annual mission tours to East and West Africa since 1995; Founder - Aided development of a non-governmental organization in the Maasai region (SIMOO), which is currently in operation; One-Year Exchange Program in US (August 95-August 96) - Participated in exchange program with MCC (Mennonite Central Committee) for one year in the US; One-Year Exchange Program in US (Aug. 95-Aug. 96): Participated in exchange program with MCC (Mennonite Central Committee) for one year in the US and Market Development- Worked with AMREF (African Medical Research Foundation).</p>
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**Mr. David K. Kitasho,
Independent Director**

Holds a Certificate in Sanctuary Management, Diploma in Wildlife Management and a Diploma in Environmental Management all from Kenya Wildlife Service Training Institute (KWSTI)

Mr. David K. Kitasho was born on 22nd December 1970. He was appointed to the Authority's Board on 7th February 2019. He served as a member of the Development and Environmental Conservation Committee until 18th November 2020 when he became a member of Finance and Establishment Committee. The term of Mr. Kitasho expired on 6th February 2022. He was pursuing Bachelor of Science, Drylands and Natural Resource Management of African Nazareth University by the time his term expired.

Mr. Kitasho has gained wide experience in Wildlife Management, Human Wildlife Conflict Resolutions and Understanding Wildlife policy both at local and national levels while working with Eselenkei Porini Conservancy (under the Management of Game Watchers Ltd) and in close partnership with Eselenkei Porini Conservancy (KWS) Amboseli National Park. He has 7 years hands-on experience in conducting EIA/EA and developing environmental related policies for the organization and its partners. He was the Senior Warden, Eselenkei Porini Conservancy, Kajiado County, Loitokitok Division by the time his term expired.



**Mr. Sammy Rorat Kisaika,
Independent Director**

Holds a Bachelor of Commerce Degree from Nairobi University

Mr. Sammy Rorat Kisaika was born on 21st November 1980. He was reappointed as a Board member of the Authority on 7th February 2019 having earlier served as a director for 3 yrs' during the period 2nd November 2015 to 1st November 2018. He served as the Chairman of the Audit and Risk Management Committee of the Board with effect from 18th November 2020 till the expiry of his term on 6th February 2022. He previously chaired the Finance and Establishment Committee.

Mr. Sammy R. Kisaika was pursuing a Master's Degree in Business Administration at Kenyatta University by the time his term expired. He also holds a Diploma in Communication, Print and Electronic Media of Daystar University. Mr. Sammy R. Kisaika has wide experience in the Banking Sector having served in different positions including; Narok Branch Manager, Bank of Africa (Nov. 2015 – 2021); Credit Manager, Family Bank (2014); Business Manager, K-rep Bank (2012 – May 2014); Credit Administration Unit, Kenya Commercial Bank (2010 – June 2012) and Credit Officer, Faulu Kenya (2008).



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**Mr. Philemon Lotudo,
Independent Director**

Holds a Master of Business Administration (MBA) Strategic Management option of Jomo Kenyatta University of Agriculture and Technology. He also holds a Bachelor of Science Agricultural Education & Extension (AGED) Second Class Honours Upper Division, Egerton University and a Diploma in Agricultural Education & Extension (AGED) CREDIT, Egerton University.

Mr. Philemon Lotudo was born on 20th September 1980. He joined the Authority's Board on 7th February 2019. He served as the Chairperson of the Audit and Risk Management Committee of the Board until 18th November 2020 when membership was reconstituted. He thereafter served as a member of the Finance and Establishment Committee until expiry of his term on 6th February 2022. He was pursuing Doctor of Philosophy (PhD) in Business Administration, Jomo Kenyatta University of Agriculture and Technology.

Mr. P. Lotudo served as the Deputy Director, Administration, Planning & Finance at Kisii University, Kapenguria Campus in October 2014 to February 2017. He was a Part Time Lecturer, Kisii University in 2015-2016 and a Treasurer, Constituency Development Fund (CDF) Kapenguria Constituency, West Pokot County in 2008-2012. Mr. Lotudo served as a secondary School Teacher in 2006 – 2012 following appointment by the Teachers Service Commission.



**Hon. Jacob Macharia,
Independent Director**

Holds a Masters of Business Administration (MBA) - Strategic Management (KU) and Masters of Arts (MA) in International Relations (KU). He also holds a Bachelor of Education Degree (KU).

Hon. Jacob Macharia was born on 30th December 1974. He joined the Authority's Board on 7th February 2019 and became a member of the Audit and Risk Management Committee until 18th November 2020 when reconstitution was conducted. He thereafter became a member of the Development and Environmental Committee till expiry of his term on 6th February 2022.

Hon. J. Macharia served as the Member of Parliament for Molo constituency in 2013 – 2017 and also served in various Committees namely: Education Committee, Defence and Foreign Relations Committee and implementation Committee of Parliament. In 2003 – 2010, Hon. Jacob Macharia was the Regional sales Director East and Southern Africa Pearson UK.



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**Hon. Consolata Rop,
Independent Director**

Holds a Bachelors Degree in Education of Moi University

Hon. Consolata Rop was born on 22nd January 1975. She joined the Authority's Board on 7th February 2019 and served as the Chairperson of the Development and Environmental Conservation Committee until 18th November 2020 when reconstitution of membership was conducted. She thereafter served as a member of the Audit and Risk Management Committee until expiry of her term on 6th February 2022.

Hon. Consolata Rop was pursuing a Masters Degree in Gender Policy and Development of Catholic University by the time her term expired. She was a nominated Member of County Assembly Nandi in 2013 – 2017 where she served in different capacities namely: Speakers Panel; Chairperson ECD and vocational training; Member of budget and appropriation committee; Member of Transport and Infrastructure Committee; Member of procedures and rules committee & Member of Devolution committee.

Hon. Rop was the Chairlady, Board of Management Our Lady of Peace Nandi Hills by the time her term expired, a position she held since January 2019. Other positions that Hon Rop served by the time of expiry of her term included: Board member, Equity Bank Nandi Hills (Wings to fly) since 2016 and also a Board member Loreto Convent Girls Matunda from 2016. Hon Rop served as a teacher in different schools between 2004 and 2013.



**Hon. Joseph Kiuna Ng'ang'a,
Independent Director**

Holds a Diploma in Aeronautical Engineering of Kenya Armed Forces Technical Engineering College (K.A.F.T.E.C).

Hon. Joseph Kiuna Ng'ang'a was born on 26th February 1965. He was appointed to the Authority's Board on 7th February 2019 and served as a member of the Finance and Establishment Committee until 18th November 2020. Following reconstitution of Committees' membership, he became a member of the Audit and Risk Management Committee until expiry of his term on 6th February 2022. He was pursuing a Degree in Development Studies of Mt. Kenya University by then.

Hon. Joseph Kiuna served as a Member of Parliament for Njoro Constituency in 2013 – 2017 and a Committee Member National Defence and Foreign Affairs. He was also a Member of Parliament, Molo Constituency in 2007 – 2012 during which time he served as a Committee Member, National Internal Security and Resettlement of IDP and Peace and Reconciliation programs.



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Mr. Samuel Kinya Rukahu,
Independent Director

Holds a Bachelor of Commerce degree in Finance of Saint Mary's University, Halifax, Nova Scotia, Canada and a Bachelor of Commerce degree in Business Administration and Management of Daystar University, Nairobi, Kenya.

Mr. Samuel Kinya Rukahu was born on 16th May 1978. His appointment to the Authority's Board took effect on 7th February 2019. He served as a member of the Finance and Establishment Committee of the Board Committee until 18th November 2020 when membership was reconstituted. He thereafter served as the Chairman of the Finance and Establishment Committee until expiry of his term on 6th February 2022.

Mr. S. Kinya Rukahu left formal employment in 2009 and became an entrepreneur. He manages businesses mainly in the Real Estate, ICT and Beauty Products Industries. He was serving as the Managing Director of Perfume World Limited Nairobi, Kenya by the time of expiry of his term, a position he held since 2016. He was also serving as a Director in Key Homes Limited Nairobi, Kenya since 2012 and in Xcite Network Limited Nakuru, Kenya since 2010.

Mr. S. Kinya Rukahu served in diverse management positions in companies both in Kenya, Canada and SA as follows: Account Executive of Scotia Bank Halifax, Nova Scotia, Canada in 2008 APRIL- 2009; Direct Investment Investor Agent (DI), Minacs Worldwide, Halifax, Nova Scotia, Canada (2006 July- 2008) ; Customer Service Representative, Teletech Halifax, Nova Scotia, Canada (2005 - 2006 June); Campus Security, Saint Mary's University, Halifax, Nova Scotia, Canada (2003 – 2005); Marketing Manager, X-cite Networks Limited, Nairobi, Kenya (2000 – 2002); Account Manager, Africa-online Limited, Nakuru, Kenya (2000); Sales Representative, Dektech Communications, Rivonia, South Africa (1997). Mr. S. Kinya Rukahu received the best distributor award for the year 2001-2002 by Kencell.



Mr. Hassan Ali Adams,
Independent Director

Holds a Diploma in Water Engineering

Mr. Hassan Ali Adams was born on 10th December 1962. His appointment to the Authority's Board took effect on 7th February 2019 and served as a member of the Development and Environmental Conservation Committee until 18th November 2020 when membership was reconstituted. He thereafter served as a member of the Finance and Establishment Committee until expiry of his term on 6th February 2022.

Mr. Hassan Ali Adams served the Ministry of Water and Development in different positions namely: District Water Officer, Hola Tana River District (1986 - 1987); District Water Officer, Kilifi District (1988 – 1989); Officer in charge of logistics, statistics and monitoring, National Water Conservation and Pipeline Corporation, Mombasa Regional HQS(1990 – 1991); Officer in charge of Logistics, operations and maintenance of Giant NOL Turesh (Kilimanjaro Water project) under the National Water Corporation (1991 – 1992). He served as the Programme Manager Coast with Local NGO Kenya Water for Health Organization in 1991 – 1992.



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Mrs. Tabitha Njeri Murigi, Independent Director

Holds a Bachelor of Arts Degree (Economics and Sociology) of Kenyatta University

Mrs. Tabitha Njeri Murigi was born on 30th September 1985. She was appointed to the Authority's Board on 7th February 2019 and served as a member of the Finance and Establishment Committee until 18th November when reconstitution of membership was conducted. She thereafter served as the Chairperson of the Development and Environmental Conservation Committee until expiry of her term on 6th February 2022.

Mrs. Tabitha Njeri Murigi was an employee of Equity Bank from 2010 – 2014 where she served in different capacities namely: Customer Service Supervisor (2012 – 2014) and Header Teller/ Cashier (2010 – 2011). Madam Tabitha also served as an Office Administrator at Embcomm Network Ltd in April – December 2009.



Mr. Mohamud Mohamed Awale, Independent Director

A professional teacher having trained with the Teachers Service Commission

Mr. Mohamud Mohamed Awale was born on 1st January 1963. He was appointed to the Authority's Board on 7th February 2019 and became a member of the Development and Environmental Conservation Committee until 18th November 2020 when membership was reconstituted. He thereafter served as a member of the Audit and Risk Management Committee until expiry of his term on 6th February 2022.

Mr. Awale attended Kenya Power Training College and Kenya Red Cross Society. He has served in Oman, Qatar and Emirates and has 20 years of experience in different fields of necessity.



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The Late Mr. George Saruni Nang'unin, Independent Director

He was a holder of a Master of Public Administration Degree of Mount Kenya University, a Bachelor of Arts Degree in Sociology and Public Administration of the University of Nairobi

Mr. George Saruni Nang'unin was born in 1968 and was appointed a member of Authority's Board on 26th February 2021. He served as a member of the Development and Environmental Conservation Committee until his demise in August 2021 when he succumbed to Covid – 19.

Mr. George Saruni Nang'unin had also pursued a Surveying course (Land Surveying Grade II) at Survey Training School as well as a course in Natural Resources Management Course (University of Nairobi). He was also a member of the Institute of Surveyors of Kenya.

Mr. George Saruni Nang'unin had held different positions namely: Director of Kajiado Municipality recommended by ISK Institution of Surveyors of Kenya (2018 to date); Coordinator of Land Issues under the National Lands Commission, Taita Taveta County (2017); Coordinator of Land Issues under the National Lands Commission, Machakos County (2016); Secretary to the County Land Management Board Kitui under the National Lands Commission, Kitui County (2014 – 2015); Chief Surveyor, Ol Kejuado County Council (2010). Mr. Saruni had also offered consultancy services in implementation of Local and International collaborations in Kajiado County.



CPA Dudney O. Matagi, Alt. Director, CS. The National Treasury

Holds a Bachelor of Commerce Degree (Finance option) from Catholic University of Eastern Africa (CUEA) and a holder of CPA (K). He also holds a

CPA Dudney O. Matagi was born on 14th November, 1976. He joined the Authority's Board on 5th May, 2021 and attended the first meeting on 28th July 2021. Until expiry of term of the Independent Board members on 6th February, 2022, he was a member of two Committees namely; Finance and Establishment Committee and Audit and Risk Management Committee. Prior to his appointment, he served in the Board of Kerio Valley Development Authority from 1st September, 2019 where he was a member of both Finance Committee and Audit and Risk Management Committee.

CPA Dudney O. Matagi was pursuing Masters of Business Administration (Finance option) at Mt. Kenya University as at February, 2022. He has also attended Senior Management Course (SMC) and Strategic Leadership Development Program (SLDP) of Kenya School of Government. He is an active member of the Institute of Certified Public Accountants of Kenya (ICPAK).

CPA Dudney O. Matagi was an Assistant Accountant General and Ag. Deputy Director, the National Sub County Treasuries at The National Treasury and Planning as at February 2022. He had earlier served as the Accountant in charge



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<p>Diploma in Banking from Kenya School of Monetary Studies</p>	<p>of Kenya Prison Industries Revolving Fund during the period 2001 – 2009. He was the District Accountant, Kisumu North in 2010 – 2015.</p>
<div data-bbox="161 454 491 846" data-label="Image"> </div> <p>Mr. Stephen Mbatia Kamau, Alt. Director, Inspector - General (Corporations)</p> <p>Holds a Bachelor of Commerce Accounting Option and Master of Business Administration Finance and Banking from Moi University. He also holds CPA K, CP S K and Certified Investment and Financial Analyst (CIFA) Final Certificate</p>	<p>Mr. Stephen Mbatia Kamau was born on 30th June 1965. He joined the Authority's Board on 7th May, 2021 and attended the first meeting on 28th September, 2021. Until expiry of term of the Independent Board members on 6th February, 2022, Mr. Stephen Mbatia Kamau was a member of the Audit and Risk Management Committee. Prior to his appointment, he represented the Inspector - General Corporations in the Boards of Retirement Benefits Authority and Policy Holders Compensation Fund.</p> <p>Mr. Stephen Mbatia Kamau has attended Senior Management Course (SMC), Performance Audit Course with the Swedish Audit Office, Frauds and Investigation Course at the Kenya School of Government and Induction Course on Corporate Governance in State Corporations. He is member of the Institute of Certified Public Accountants of Kenya and Institute of Certified Public Secretaries of Kenya.</p> <p>Prior to joining the Inspectorate of State Corporations in December 2009, Mr. Stephen Mbatia Kamau worked with the Nyayo Tea Zones Development Corporations and later the Teachers Service Commission. He has experience in Finance, Administration and Accounting Fields.</p>
<div data-bbox="161 1391 491 1704" data-label="Image"> </div> <p>Ms. Wanjiku Manyatta – Alt. Director, CS. The Ministry of East Africa</p>	<p>Ms. Wanjiku Manyatta was born on 28th September 1968. She was appointed to the Authority's Board on 12th November 2019. She served as a member of both Audit and Risk Management Committee and the Development and Environmental Conservation Committee until 18th November 2020 when reconstitution was conducted. She thereafter became a member of the Finance and Establishment Committee as well as the Development and Environmental Conservation Committee until expiry of term of the Independent Board members on 6th February, 2022.</p> <p>Ms. Wanjiku Manyatta has attended various leadership courses and resource mobilization and investment forums. She served as the Regional Development Officer in the Regional Development Directorate since 2011 and as at February 2022 she was the Acting Deputy Director in the Regional Development Directorate in the MEAC and RD. Ms. Manyatta worked with the Ministry of</p>



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<p>Community & Regional Development</p> <p>Holds a Masters Degree in Population, Resources and Environmental Economics of China University of Geosciences, School of Economics and Management. She also holds a Bachelor Degree in Agricultural Economics of Egerton University</p>	<p>Agriculture in the field of Agribusiness during the duration 1993 - 2011 and rose the ranks to the position of Chief Agricultural Officer.</p>
<div data-bbox="161 775 475 1144" data-label="Image"> </div> <p>Mr. Julius Kieni, The Ministry of Water & Sanitation and Irrigation</p> <p>Holds a Masters Degree in Procurement and Logistics of Jomo Kenyatta University of Agriculture and Technology (JKUAT) and also a Bachelor of Commerce Degree of the University of Nairobi (UoN)</p>	<p>Mr. Julius Kieni was born on 27th July 1964. He was appointed to the Authority's Board on 30th June 2020 and until expiry of term of the Independent Board members on 6th February, 2022, he was a member of the Development and Environmental Conservation Committee.</p> <p>Mr. Julius Kieni is also a holder of a Diploma in Materials Management of Kenya School of Government (KSG). He is an accredited member of the Institute of Supplies Management (KISM).</p> <p>Mr. Julius Kieni as at February 2022 held the position of Deputy Supply Chain Management with the Ministry of Water & Sanitation and Irrigation. His experiences include being the in charge of Procurement and Logistics in the State Department of Water and Sanitation and also participates in drafting of the Public Procurement and Assets Disposal 2015.</p>







**Mr. Ngala Oloiptip,
MCIPS Secretary to the
Board/CEO**

Holds a Master of Science Degree in Procurement and Logistics of Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Arts Degree in Economics of the University of Nairobi.

Mr. Ngala Oloiptip, MCIPS was born on 22nd November 1976. He was appointed the Managing Director of Ewaso Ng'iro South Development Authority with effect from 1st July 2020. Following his appointment, he effectively joined the Board as per the Authority's Act Cap 447 of the Laws of Kenya, Subsection 4 (1) (m). Prior to his appointment as the MD of ENSDA, Mr. Ngala Oloiptip, MCIPS served as the Head of Supply Chain Management at the East African Portland Company, a position he had held since August 2016. He had served as the Procurement Manager in the same Company from 2013 to July 2016. He was previously a Procurement Manager at Kenya Meat Commission, a position he held for about two (2) years. Overall, Mr. Ngala Oloiptip, MCIPS has close to two decades experience in supplies, procurement, operations and general supply chain management and logistics both in the private and public sector having served in different positions.

Mr. Ngala Oloiptip is a member of the Chartered Institute of Procurement and Supply as well as a member of Kenya Institute of Supplies Management. Moreover, He is a Licensed Procurement Practitioner by the Kenya Institute of Supplies Management (KISM). He has taken several professional courses among them being: Corporate Governance for Public Service Boards of Kenya School of Government; Senior Management Leadership program of Strathmore University; Procurement Process Optimization in Public Sector Organizations and Counties; Channel Transformation: Management, Selection and Empowerment; Strategic Sourcing and Supply Market Analysis.

MANAGEMENT TEAM

MANAGEMENT	DETAILS
	<p><u>MANAGING DIRECTOR - MR. NGALA OLOITIPTIP</u></p> <p>Mr. Ngala Oloitiptip holds a Master of Science Degree in Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Arts Degree in Economics from the University of Nairobi.</p> <p>He is responsible for Developing and implementing the strategic plan and the Authority policies, maintaining an open dialogue with stakeholders, and driving overall Authorities success. He is also responsible day to day operations of the Authority</p>
	<p><u>RICHARD M. TANKILLE -CHIEF MANAGER, HR & ADMINISTRATION.</u></p> <p>Mr Richard Tankille joined the Authority in the year 2011 from Action Aid Kenya. He also worked with World Vision Kenya and brings along experience in project planning and Management. He is a HR professional with a master (M-PHIL in Human Resource Development) and B-ED arts degree. He is a certified educator in holistic management also trained in Senior Management Course- Kenya School of Government (KSG) Monitoring and Evaluation certification program- Kenya Institute Management (KIM) and SAGE 50 Quantum Accounting software Kenya Mathematics Institute, public Procurement by Kenya Institute of Supplies Management (KISM), and Governance Accountability course.</p> <p>He is responsible for developing and executing human resource strategy in support o the overall Authority plan and strategic direction, specifically in the areas of successor planning, talent management, change management, organizational and performance management, training and development, and compensation. He provides strategic leadership by articulating HR needs and plans to the executive management team shareholders and the board of directors.</p>

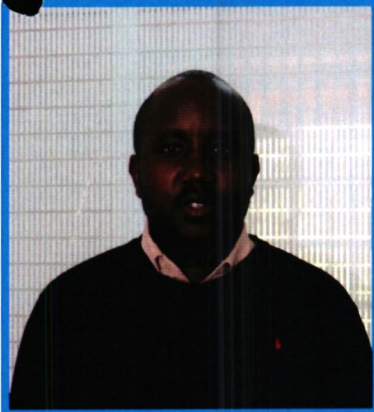




CPA. JONATHAN LEYIAN NAMPASO- CHIEF MANAGER FINANCE.

Mr Jonathan Leyian Nampaso Joined the Authority August 2018 as a Chief Finance Manager having worked with Maasai Mara Wildlife Conservancies Association (MMWCA) as a Chief Finance Officer (CFO), World Vision of Kenya as a Senior Grants Accountant, and Pillar of Hope as a programme Accountant. He holds an MBA in Finance 2017, Bachelors of Commerce Degree- (Accounting Option), 2011, CPA (K) 2005. He is a member of ICPAK. He has also attended other short courses and trainings such as Sun Systems & Vision/Q&A Certification Program, course designed to assess the proficiency in the utilization of Sun Systems and Vision/Q&A, the Global Finance Capacity Training on Cash and Expenses, the Microsoft Office 2010 course at Institute of Advanced Technology, the European Union/European Commission government Grant Management Certification Program Training, the United States Government Grant Management Certification training on Global Fund Management responsibility Accounting and Variance Analysis Training, and the Government of Germany Grants Regulations Training.

In finance department, he provides Financial Management and control of services to the Authority specifically spear heading financial forward planning in line with the overall ENSDA's strategic operations and the Public Financial Management Act 2012, promote transparency, effective management and accountability with regard to the Authority's resources, monitor, evaluate and review the Authority's risk management strategies and governance structures, ensure that procurements of goods, works and services of the Authority are within the approved budget and in conformity with of the Public Procurement and Asset Disposal Act 2015.



DAVID LEMISO – AG. CHIEF MANAGER, PLANNING, RESEARCH & DEVELOPMENT.

Mr. Lemiso David Joined the Authority on the 1st of August 2012. He is a Corporate Strategy and Economic Planning Expert with over 10 years of experience working in the Planning, Research and Development sector at Ewaso Ng'iro South Development Authority a Regional Development Authority having risen through the ranks within the Authority.

Academically, David holds a Master of Business Administration (Strategic management), University of Nairobi, a Bachelor's Degree in Economics and Finance (Kenyatta University), and is currently pursuing a Ph.D. in Business Administration with a bias in Strategic management at Jomo Kenyatta University of Agriculture and Technology.

He heads the Planning, Research and Development department, where he oversees the development and establishment of policies, procedures and objectives of the Authorities; coordinates the development of organizational strategic plans; oversees integrated development planning, preparation of projects concept and proposals and budgets as well as monitoring and evaluation of the projects and programs. He initiates research and development proposals and ensures Authority remains up to date in terms of technological changes.

He was appointed Ag. Chief Manager Planning, Research and Development on 1st February 2022.



PETER BW'OGERO – CHIEF MANAGER, TECHNICAL SERVICES & OPERATIONS

Mr Peter Bwogero joined the Authority in the year 1996. He holds a M.Sc. in Hydrological Engineering from the International Institute for Hydraulic and Environmental Engineering (IHE), Delft, the Netherlands, a M.Sc. in Civil Engineering - Water Supply and Sewerage Engineering from Moscow State University of Civil Engineering, Russia, Technician Part I-III in Irrigation Engineering from Jomo Kenyatta College of Agriculture and Technology (JKCAT). He has attended several courses, among them - the 11th Regional Water and Sanitation Seminar, Nairobi, Kenya, the Total Quality Management (TQM) course with the Kenya Institution of Management, the National Workshop on the Draft Water Bill 2000, Nairobi, the 'Water Resources Management and Development Priority Setting Workshop' –by the World Bank, the Workshop on International Water Law and Negotiation Skills / Conflict Resolutions' by the World Bank, the 'National Workshop on Monitoring and Information System in Water Sector, 'Results Based Management Capacity Building Training Programme', refresher course on 'Environmental Water Assessment and Allocations for Rivers' by UNESCO-IHE and the University of Dar Es Salaam Performance Appraisal Systems Training Seminar', a 'Project Management Course' at the Strathmore University, Nairobi, Kenya, and the 'Essentials of Project Management Course' at the Kenya Development Learning Centre (KDLC), Nairobi. He presented research Papers at the 11th and 12th Stockholm Water Symposia (Stockholm, Sweden)

Mr. Bw'Ogero provides Technical Services on development of policies and strategies for initiation, planning, coordination, design, and implementation of projects and programmes. The officer provides technical guidance in the operations of projects and programmes, and ensures adherence to specifications and standards so that projects and programmes achieve the Authority's mandate to improve livelihoods in the region.

CHAIRMAN'S STATEMENT



The Board is committed to ensuring that the Authority delivers services to the public in line with the constitution of Kenya 2010 by discharging its governance and oversight functions that enable the management to improve on efficiency and effectiveness of the Authority's operations. The appointment of the current Board Chairman, Lt. Gen. (Rtd.) Walter Raria Koipaton, took effect on 28th July 2022 following expiry of term of the former on 2nd May 2022.

In line with our mandate, the Authority implemented a number of Key projects and programmes geared towards community livelihood improvement and environmental conservation within the region. These projects and programmes include: Ewaso Ng'iro Tannery and Leather factory; Bamboo Commercialization, Value Addition and Climate Change Adaptation; Oloyiangalani/Oloshoi-Obor Integrated Food Security and Water Supply project; Catchment Conservation and Protection programme; Integrated Tea Development Programme; and the construction of the Agro-processing (Tomato) Factory. Additionally, the Authority initiated the construction of the Kimintet peace dam, Nairabala Water pan, drilling and equipping of 6 boreholes as well as rehabilitation of 4 existing boreholes under the drought mitigation programme. These projects were ongoing during the Financial Year ended 30th June 2022 and are at various stages of implementation. The Tannery and Leather factory is operational and preparations for its commissioning are ongoing.

The challenges facing the organization are insufficient resource allocation compared to the high demand for development in the region and inadequate legal and regulatory framework to facilitate effective operations. To enhance financial sustainability for effective engagement in development, the Authority will continue to initiate and implement investment projects. Further, the Authority has developed a resource mobilization and partnership strategy aimed at attracting additional financing for projects to augment financial support by the exchequer. With support of the Parent Ministry and stakeholders, the process of harmonization of the Regional Development Authorities legal and regulatory framework is underway.

Signed: Date:

LT. GEN. (RTD.) WALTER RARIA KOIPATON MGH CBS OGW 'NDC' (K) 'PSC' (TZ).
CHAIRMAN, BOARD OF DIRECTORS



REPORT OF THE CHIEF EXECUTIVE OFFICER



The tenure of all the eleven (11) Independent Members of the Authority expired on the 6th February 2022 whereas that of the Chairman expired on 2nd May 2022. The management, vide letter referenced ENSDA/HRAD/02/FM/04/VOL. VII, dated 25th January 2022 communicated to the Principal Secretary, the Ministry of East African Community and Regional Development informing of the date of expiry and requested for appointment of another Board. Appointment of new Independent Directors had however not taken place as at the close of Financial Year 2021/22 on 30th June 2022. I take cognizance of the Board's fiduciary oversight responsibility over the Authority's operations of which the management achieved by putting in place adequate systems and processes of accountability, risk management and controls.

In the FY 2021/2022 the management demonstrated professionalism, transparency and accountability in the delivery of its mandate as well as the provision of critical services to the communities and stakeholders. The Authority continued to implement the following programmes; Ewaso Ng'iro Tannery and Leather factory; Bamboo Commercialization, Value Addition and Climate Change Adaptation; Oloyiangalani/Oloshoi-Obor Integrated Food Security and Water Supply project; Catchment Conservation and Protection programme; Integrated Tea Development Programme; and the construction of the Agro-processing (Tomato) Factory. Additionally, the Authority initiated the construction of the Kimintet peace dam, Nairabala Water pan, drilling and equipping of 6 boreholes as well as rehabilitation of 4 existing boreholes under the drought mitigation programme.

The Ewaso Ng'iro Tannery and Leather factory is operational and during the financial year under review the management was focusing on increasing production as well as cost reduction of key inputs. The Authority has however continued to experience high cost of Tannery inputs occasioned by the global economic meltdown. It is worth noting that the Tannery and Leather factory registered significant increase in production of finished leather from 345,915 in the FY 2019/2020 to 649,570 Sqft of finished leather during the year under review representing a 88% increase. Of importance to note also is that all Authority's programmes/ projects are aligned to the Sector Performance Standards, the Government's Big 4 Agenda, Vision 2030, the Global Sustainable Development Goals (SDGs) and the strategic plan

The Authority operates in arid and semi-arid region and most of these areas continue to be affected by drought towards the end of the financial year under review creating demand for water and pasture. In its endeavour to mitigate against adverse effects of the drought, the management submitted a proposal to the National Treasury through the parent Ministry for additional resource allocation during the fourth quarter which were allocated to a tune of 200 million. The Authority engaged the United Nations Development Programme on the financial mobilization of Kshs 29.5 Million for the implementation of the Forest Land

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Restoration Action for Kenya's NDC Project under the Integrated Suswa Lake Magadi Restoration Programme.

In the implementation of projects and delivery of services, the Authority ensured compliance with various statutory and constitutional requirements.

The challenges that faced the Authority during the financial year included drought that affected tea production and the conservation initiatives, high cost of inputs and the rising fuel prices occasioned by the global economic crisis leading to weakening of the shilling against the world currencies. The Authority experienced budget cuts on the development vote affecting the Agro processing and the Bamboo commercialization programmes which will further delay completion of these programmes. As from February 2022 the Board had not been able to meet due to quorum hitches. This therefore hampered the approval of various reports including the Financial statements.



Signed:

Date:

NGALA OLOITIPTIP, MCIPS
MANAGING DIRECTOR



**STATEMENT OF EWASO NG'IRO SOUTH DEVELOPMENT AUTHORITY'S
 PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022.**

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

ENSDA has 5 strategic programmes and objectives within the current Strategic Plan for the FY 2017- FY 2022. These strategic programmes are as follows:

1. Ewaso Ng'iro Tannery and leather Factory
2. Integrated Bamboo Commercialization and value addition.
3. Oloyiangalani/ Oloishoibor Food Security and Water Supply Programme.
4. Tomato Agro Processing factory.
5. Integrated Tea development project.
6. Drought mitigation, water harvesting and storage programmes.

ENSDA develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Authority* achieved its performance targets set for the FY 2021/2022 period for its 5 strategic pillars, as indicated in the diagram below:

Programme Area	Objective	Key Performance indicators	Activities/ Project	Achievements
Ewaso Ng'iro Tannery and Leather Factory	To improve livelihoods and enhance socio - economic development in the region through livestock by -product value addition, industrialization and employment creation.	Square feet of leather produced	Production of 700,000 square feet of finished leather	Produced approximately 649,570 Sqft of finished leather valued at Ksh.58 Million
		Number of pair of shoes produced	14,000 pairs of foot ware	4,163 pairs of shoes produced
Integrated Bamboo Commercialization and value addition	To enhance environmental conservation and sustainability through bamboo commercialization and	Progress reports on status of bamboo seedling propagation	Raise 250,000 bamboo seedlings	Propagated and raised 254,466 bamboo seedlings



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	value addition and conservation of of the Mau Forest Catchment	Deliveries of propagation materials		
		Progress reports on status of bamboo acreage established	Establishment of 200 acres bamboo plantation	264.75 acres of bamboo plantation established across the region
		Reports on capacity building and training	Community capacity building of 10 community groups	20 groups capacity built
Oloyiungalani / Oloishoibor Food Security and Water Supply Programme	To improve food security, increase access to clean water and enhance climate change resilience hence improve livelihoods and alleviate human suffering from the impacts of drought.	Number of acarage established.	Develop 50 acre community irrigation in Kimuka	Establishment of 50 acre model farm ongoing,
		% level of completion	Fencing works for 50 acre demonstration farm	Fencing ongoing. Works estimated at 90% complete
		Number of farmers capacity built/ trained	Train/capacity building of 100 farmers	Training of 118 farmers done
Tomato Agro Processing factory	To improve livelihoods and enhance socio-economic development in the region through value addition, industrialization and employment creation	% level of completion	Construction of super-structure roof for the tomato Agro processing factory	Construction of superstructure roof ongoing estimated at 70% complete.
Integrated Tea development project	To improve livelihoods, create employment and resolve conflict between Maasai and Kisii communities living	Kgsof green tea leaves produced	Production of 300,000 kg of green tea leaves	produced 255,561kg of green tea leaves



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	along the border of Transmara	Acres of land leased for tea expansion	Lease 50 acres for establishment of tea plantation for expansion programme	23.5 acres of land leased
		Number of tea seedlings issued to farmers	Support farmers to establish 50 acres of tea plantation.	350,000 tea seedlings issued to farmers for tea expansion programme enough to meet cover 70 acres
Drought Mitigation Programme	To improve food security, increase access to clean water and enhance climate change resilience	Number of boreholes drilled and equipped	Drilling and equipping of 6No. Boreholes	Construction works ongoing at 35%.
		Number of boreholes installed with auxilliary works	Construction of auxilliary works for 2 boreholes	Auxilliary works ongoing at 50%
Kimintet peace dam	To improve access to clean water, enhance climate change resilience and promote peace between Maasai and Kipsigis communities living along the border of Kimintet	Volume of water stored	Construction of 200,000m ³ earth dam	Construction works ongoing at 10%
Nairabala water pan	To improve food security, increase access to clean water and enhance climate change resilience	Volume of water harvested and stored	Construction of 60,000m ³ earth dam/water pan	Construction ongoing at 10%



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CORPORATE GOVERNANCE STATEMENT

1. Statement of Corporate Governance

The Board plays a critical role of ensuring achievement of the Authority's strategic objectives. In execution of its mandate, the Board is guided by the Constitution of Kenya (2010), the enabling Act Cap 447, relevant legislations and governance blue prints i.e. Mwongozo.

Board of Directors

Board Meetings

The Board as well as Committee meetings held during the Fiscal Year 2021/22 and their attendance were as tabulated below:

Date Meeting Held	Finance & Establishment Committee	Development & environmental Conservation	Audit and Risk Management Committee	Full Board
14 th July 2021	Six (6) Committee members attended	All the Committee members attended (7)	Four (4) Committee members attended	_____
28 th July 2021	_____	_____	_____	Seventeen (17) Board members attended
29 th July 2021	_____	_____	_____	Sixteen (16) Board members attended
28 th September 2021	_____	_____	_____	Seventeen (17) Board members attended
25 th October 2021	All Committee members attended (7)	_____	_____	_____
26 th October 2021	All Committee members attended (7)	Six (6) Committee members attended	All Committee members attended (6)	_____



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16 th November 2021	_____	_____	_____	Sixteen (16) Board members attended
12 th January 2022	All Committee members attended (7)	Six (6) Committee members attended	All Committee members attended (6)	_____
26 th January 2022	_____	_____	_____	Seventeen (17) Board members attended

Appointment of the Board

The Board as at the beginning of the Fiscal Year 2021/22 comprised the Chairman, appointed by the President, twelve non – official members appointed by the Cabinet secretary of the Parent Ministry, the Managing Director and four Alternate Directors. The Board membership was diverse in terms of gender, competencies, skills and experience to facilitate effective leadership of the Authority.

The term of the Independent Directors and the Chairman however expired on 6th February and 2nd May 2022 respectively. On the other hand, one Independent Director succumbed to Covid – 19 in August 2021. Appointment of a new Chairman and Alternate Directors had not taken place by end of the Financial Year on 30th June 2022.

Board removal process

In accordance to the Authority Act Cap 447, membership of a non – official member of the Board may be terminated by the Cabinet Secretary of the parent Ministry on the following grounds;

- (i) Has been found guilty of improper conduct considered to be inconsistent with membership of the Authority; or
- (ii) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Authority; or



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- (iii) Is unable or unfit, for any reason, to discharge the duties of his office, and that it is in the interest of the Authority so to do, may terminate the appointment of that member.

It is worth noting none of the Board members was terminated from the Board during the FY 2021/22 on account of the grounds stipulated above.

Roles and functions of the Board

The roles and functions of the Board are as stipulated in the enabling Act Cap 447 and Mwongozo, the Code of Governance for State Corporations. The Board should:

1. Exercise its role collectively and not individually.
2. Determine the organization's mission, vision, purpose and core values.
3. Set and oversee the overall strategy and approve significant policies of the organization.
4. Ensure that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its shareholders and other stakeholders
5. Ensure that the strategy of the organization is aligned to the long term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
6. Approve the organizational structure.
7. Approve the annual budget of the organization.
8. Monitor the organization's performance and ensure sustainability
9. Enhance the corporate image of the organization.
10. Ensure availability of adequate resources for the achievement of the organization's objectives.
11. Hire the CEO, on such terms and conditions of the service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff.
12. Ensure effective communication with stakeholders.



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Board Remuneration

Authority's Board remuneration and benefits were as follows;

Type of payment	Chairman Kshs (Kshs.)	Member (Kshs.)
Honoraria (per month)	80,000	-
Sitting allowance (per sitting)	20,000	20,000
Airtime – Mobile phone (per month)	7,000	-
Transport allowance/ Mileage	Reimbursement is based on actual mileage at the prevailing AA rates capped at 1800 CC	Reimbursement is based on actual mileage at the prevailing AA rates capped at 1800 CC
Lunch Allowance (in lieu)	2,000	2,000
Accommodation allowance	18,200	18,200

Ethics and Conduct

The Code of Conduct and Ethics for State Corporations (SCs) as contained in Mwongozo:

The Code of Governance for State Corporations defines the standards of behaviour required to be observed by Board members. The main focus is on ethical conduct and integrity at the work place. Pursuant to the provisions of Executive Order No. 7, issued by H.E. the President on 25th March, 2015 and Performance Contracting obligation for Financial Year 2015/2016, the Authority's Board committed that they shall comply and implement the provisions of MWONGOZO: Code of Governance for State Corporation.

Succession planning

The Board monitors and evaluates performance of the Authority's management team with a view to enhancing succession planning. The outcome of the performance evaluation could be a reason for the Board to replace the Managing Director and other members of management team. The Board annually agrees on the performance targets with the Managing Director against which he is evaluated. The MD on the other hand negotiates and annually signs agreed performance targets with the senior management team



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against which they are evaluated after the end of the year. The term of the Board is three (3) years renewable once which ultimately ensures fresh infusion of skills and experience.

Board Charter, Induction and Training

The Charter, defining the Board governance model as well as addressing a number of organizational and operational issues, was adopted on 11th April 2018. Upon appointment of the Board in 2019, sensitization unto the Board Charter was part of the induction program and compliance with its diverse aspects is upheld always.

Coverage of the Board Charter includes: the size and composition of the Board, the appointment of directors, Chairman and the Executive Director, the tenure of office of the Chairman and the directors, the roles and responsibilities of the Board, Chairman, Managing Director and Secretary to the Board, the remuneration of directors, induction of directors and succession planning, conduct of Board and Committee meetings, Board committees and evaluation of the performance of the directors. Training of the Board for FY 2021/22 was undertaken in the 2nd quarter. Appointment of new Independent Directors had not taken place by end of the Financial Year under review.

Board members' performance

In compliance with Mwongozo, the Code of Governance for State Corporations, the Board with the facilitation of officers from the State Corporation Advisory Committee (SCAC) carried out evaluation of its annual performance for FY 2020/2021 in July 2021.

The results of the self-evaluation were thereafter released in November 2021 and the Corporate Performance Score was 91.5%, falling in the category of 'Very Good'. Individual score for the fifteen (15) participants ranged between 85.03% and 94.81%.

The Board appreciated the performance evaluation results and registered its commitment to address any aspects that required improvement. The management as a requirement shared the Board Self Evaluation Results (FY 2020/2021) with the parent Ministry as well as SCAC.



Conflict of interest

In all the Board meetings during the FY 2021/2022, “Declaration of Conflict of Interest (s) if any” was always an agenda item and a register was availed for the purpose. No conflict of interest was declared during the year ended 30th June 2022.

Governance Audit

The Authority is subject to an annual governance audit in consultation with State Corporations Advisory Committee (SCAC) in line with Mwongozo, the Code of Governance for State Corporations.



MANAGEMENT DISCUSSION AND ANALYSIS-OPERATIONAL AND FINANCIAL PERFORMANCE.

Ewaso Ng'iro South River Basin Development Authority is fully committed to improving livelihoods of communities in its jurisdiction area. This has been made possible through implementation of integrated, sustainable, socio-economic development projects and programmes.

OPERATIONAL PERFORMANCE

During the period under review FY 2021/2022, 7 key priority projects were implemented.

i. Ewaso Ng'iro Tannery & Leather Factory.

Ewaso Tannery and Leather factory is one of the initiatives by the Authority under the **Big Four Agenda** programs on manufacturing. It is located in the largest livestock dispersal area with more than 10 abattoirs and is expected to process about 1.2 million square feet of processed hides and skins when fully operational. The main objectives of the project are to improve livelihoods, enhance GDP growth and create employment through manufacturing and value addition.

Implementation of the project started in the FY 2014/2015 and comprises of; a tannery and leather factory building (3,200 m²), leather tanning and processing machines, effluent treatment plant (350m³ /day), water supply system, access roads, perimeter fence, administration block, leather good workshop, small and medium enterprises (SME) cottages and electricity supply (600kva) coupled with a stand by generator (400kva).

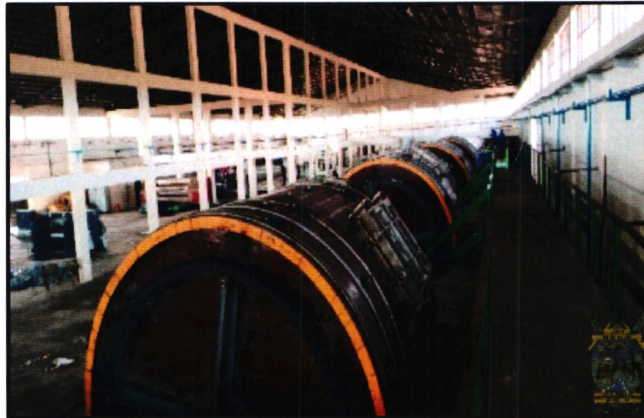
During the period, FY 2021/2022, operations of the factory continued at an estimated capacity of 52% of factory throughput. A total of 649,572 square feet of finished leather was produced mainly wet blue leather, crust leather and finished leather. In addition, a total of 4,163 pair of shoes was produced.

Sale of finished leather products to market outlets is mainly to SMEs in markets like Nairobi, Nakuru and other regions. Niche markets like upholstery and fashion have begun to show interest. Raw materials are sourced locally from local abattoirs and Kenya Meat Commission (KMC). The main beneficiaries are the pastoralist communities.

Through this project, the Authority has created 80 direct jobs and over 3,000 indirect jobs along the value chain while generating revenue for the Authority. In addition, the factory provides opportunities for setting up of leather goods cottage industries (Leather SMEs) which will create additional job opportunities and incomes for local communities.



Aerial view of the ETP Tanning



Equipment inside the Factory

ii. Agro processing (Tomato processing factory).

The project entails establishment of a tomato processing factory with a capacity of 20,000 tons/annum. It is located in Oloitokitok which is one of the largest producers of fresh tomatoes and a major supplier of tomato to both Nairobi and Mombasa cities with an annual production of 70,000 tones. The main objectives of the project are; employment creation, enhance GDP growth and reduce postharvest losses through value addition.

Tomatoes, like other vegetables/fruits is a perishable commodity and has a shorter shelf life in normal temperature. Due to the perishability nature of these products, producers and marketers incur post-harvest losses ranging between 30 - 75%. In most instances, prices of fresh tomatoes fluctuate as a result of supply and demand forces hence sold at throw away prices in the local markets.

To address this problem, the Authority initiated and commenced implementation of the project in the FY2019/2020. The project entails; construction of factory building, tomato processing plant with a capacity of 20,000 tons/annum, water supply system, access roads, perimeter fence, administration block and waste water treatment plant.

During the review period the construction of the superstructure roof continued up to 70% completion level.



Oloitokitok Agro-Processing project super structure under construction



Steel structure erection in preparation for roofing.

iii. Food Security - Oloyiungalani dam and Olosho Oibor food security and Water project.

The Oloyiungalani dam/Olosho-Oibor food security and water supply project is one of the Authority's initiatives to realize "The Big 4" agenda on food security. The project is located in Kajiado West Constituency, Kajiado County which is an ASAL county with an annual rainfall of 600mm per annum. Community members trek for more than 15km during the dry seasons to water sources and migrate in search of pasture for their livestock. The main objective of the project is to improve food security, increase access to clean water for domestic, livestock and irrigation use. Implementation of the project is ongoing and started in the FY 2019/2020. It entails; development of Oloyiungalani dam (earth dam with storage capacity of 100,000m³), Kimuka-Olosho oibor water supply (24km water pipeline, 19 water kiosks and 2No.100m³ elevated steel tanks) and model irrigation farm.

During the review period, FY 2021/2022, consultative meetings were held and negotiations with the community on ownership and operationalization of the model farm were concluded. In addition, fencing work and installation of irrigation system on the model farm are ongoing.



The Managing Director and the Kimuka Community Steering Committee during the signing of the MOU

iv. Integrated Bamboo commercialization and Environmental conservation.

The project main objective is to increase forest cover and promote environmental conservation in Mau catchment through seedling propagation, plantation establishment, and value addition.

During the financial year 2021/22, the authority has propagated seedlings at HQ nurseries. Cumulative achievement is 254,466 seedlings

The Authority's conservation efforts impacted positively on the environment on the following ways;

Forest ecosystems are the largest terrestrial carbon (C) sink on Earth and their management has been recognized as a cost-effective strategy for mitigating greenhouse gas emissions. ENSDA has contributed to climate change mitigation through continuous afforestation efforts in the Mau forests and its environs.

Community empowerment in environmental conservation- the authority has built the capacity of communities within the area of jurisdiction in conservation issues and further supported them with seedlings to establish woodlots within their individual farms. This strategy enhances sustainability of conservation issues at the community level

Strategic partnership with government agencies- the authority has enhanced partnership with like-minded government institutions like KEFRI, KFS, KWT, KALRO, Netfund, and county governments to ensure successful conservation efforts in water towers, riparian lands and other catchment areas.

The authority has conserved degraded catchments in the Mau forest in partnership with communities and government agencies. This has contributed to a well-balanced ecosystem in which all flora and fauna thrive with minimal disturbances. Due to increased conservation efforts by the authority, there is increased water levels in all rivers emanating from the Mau forest down and up-stream. Eg Ewaso N'giro, Enkare Narok, Njoro, and Mara rivers

Conservation efforts upstream (Maasai Mau) have contributed to improved livelihoods for community members around the upper and downstream catchment. For example, the communities in shompole have enjoyed increased water levels in Ewaso N'giro river which has necessitated sustenance of livestock and crops in this dry spell.

Due to conservation efforts in the Mau complex communities upstream have enjoyed increased rainfall levels which has improved farming and food security.

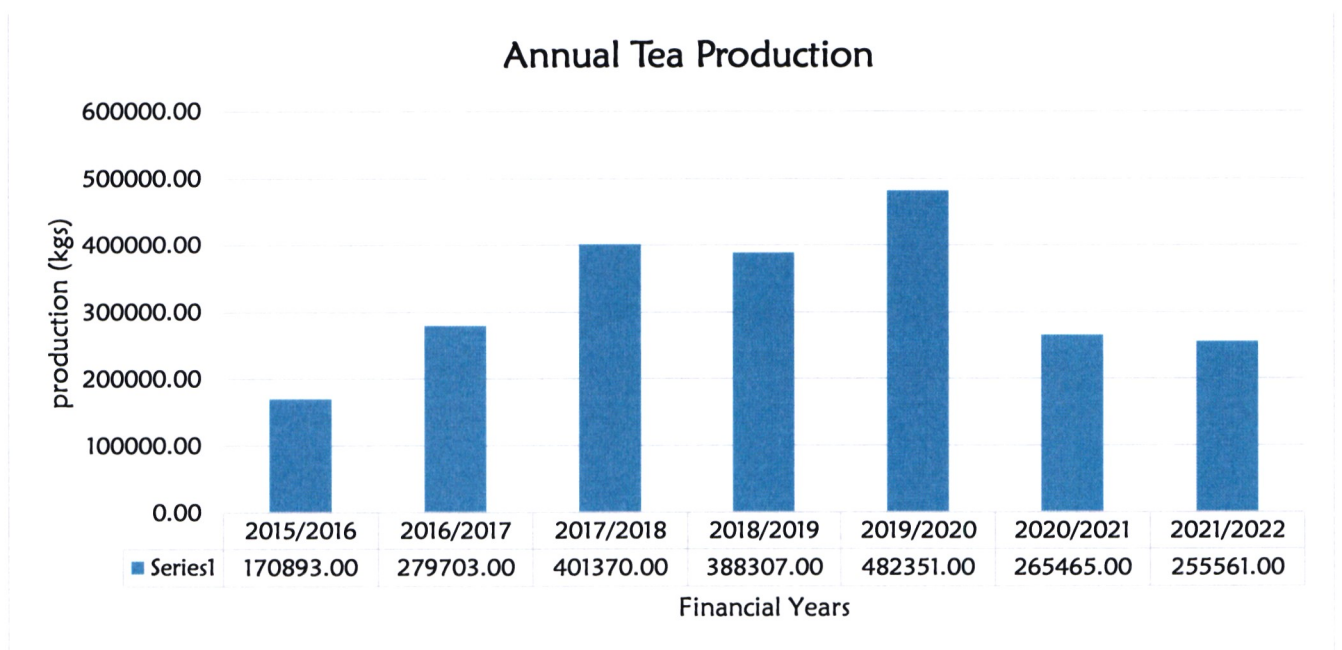
The authority has been a centre of excellence in conservation efforts in the region and has raised a bar of afforestation through supporting like-minded partners with seedlings. The authority introduced bamboo farming and plantation within its area of jurisdiction and uptake of this has introduced a new cash crop for farmers due to commercialization and value addition along its value chain.

The authority has improved the school environment for all schools in its area of jurisdiction through establishment of woodlots which aesthetic and conservation values in learning institutions

v. Expansion of tea development project

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This is an ongoing project initiated in 2005 with an objective of conflict resolutions between communities living along the borders of Transmara. The project was strategically located along the Kisii – Transmara border to serve as a buffer zone to address resource use / ethnic conflicts between the Maasai and Kisii communities. To date, the Authority has established over 300 acres of tea plantation which has created more than 100 casual jobs daily and also generated revenue for the Authority through sale of tea leaves. Production of tea leaves increased steadily upto FY2019/2020 but drastically reduced when the land lease for Keyian farm, one of the farms leased for tea cultivation, elapsed.



During the period under review, FY2021/22, the Authority distributed a total of 350,000 tea seedlings to farmers, leased additional 23.5acres. In addition, 255,561kg of green tea leaves were produced.



Drought Mitigation Programme

ENSDA region is predominantly Arid and Semi-arid (ASALs) and therefore water scarcity is a major challenge facing local communities. Incidences of drought have increased in severity and frequency over the years. To address these challenges and further enhance the resilience of the local communities, the Authority initiated drought mitigation programme which entails drilling and rehabilitation of boreholes, construction of small dams and water pans, to cushion the local communities from the impacts of drought.

Most households in the region derive their livelihoods from livestock and livestock related products providing incomes, employment and food security. Despite its economic importance, livestock production in the area faces water scarcity constraints leading to low productivity. According to the Kenya Economic survey of 2018, livestock and its related products contributed more than Ksh135.6 Billion to the GDP making it one of the highest contributor to the GDP. Provision of water to this very important sector of the economy is necessary to sustain economic development of the region.

During the review period, FY 2021/2022, implementation of the programme commenced and entails; drilling and equipping of 6No. new boreholes, construction of auxiliary works for 2No. boreholes and construction of 1No. 60,000m³ water pan.



Equipment mobilization to Lemek bore hole



Pupils and community members drawing water from the completed and equipped Lemek bore hole



Kimintet Peace dam

Kimintet peace dam is located in Esoit Naibor sub-location, Kimintet ward, Narok County. The area is mainly inhabited by the Kipsigis and Maasai community and prone to border conflicts. In the year 2015/2016, several people were killed and many hundreds displaced as a result of tribal clashes between the two neighbouring communities. The situation was so severe prompting the Government of Kenya through the local administration and police department to intervene by setting up a police post and a GSU camp in the area.

To promote peace between Maasai and Kipsigis communities living along the border, the Authority initiated and currently implementing Kimintet peace dam. Scarce water resources have been identified as one of the main causes of conflict in the ASAL areas. This is because, local pastoral communities who mainly rely on livestock as their main source of livelihoods always travel long distances in search of water and pasture during the drought. Along the way, they are met with resistance from communities who have settled and engaging in crop cultivation.

During the review period, FY 2021/2022, implementation of the project commenced and entails; construction of 1No. 200,000m³ earth dam, water treatment plan, conveyance mains and community water points.

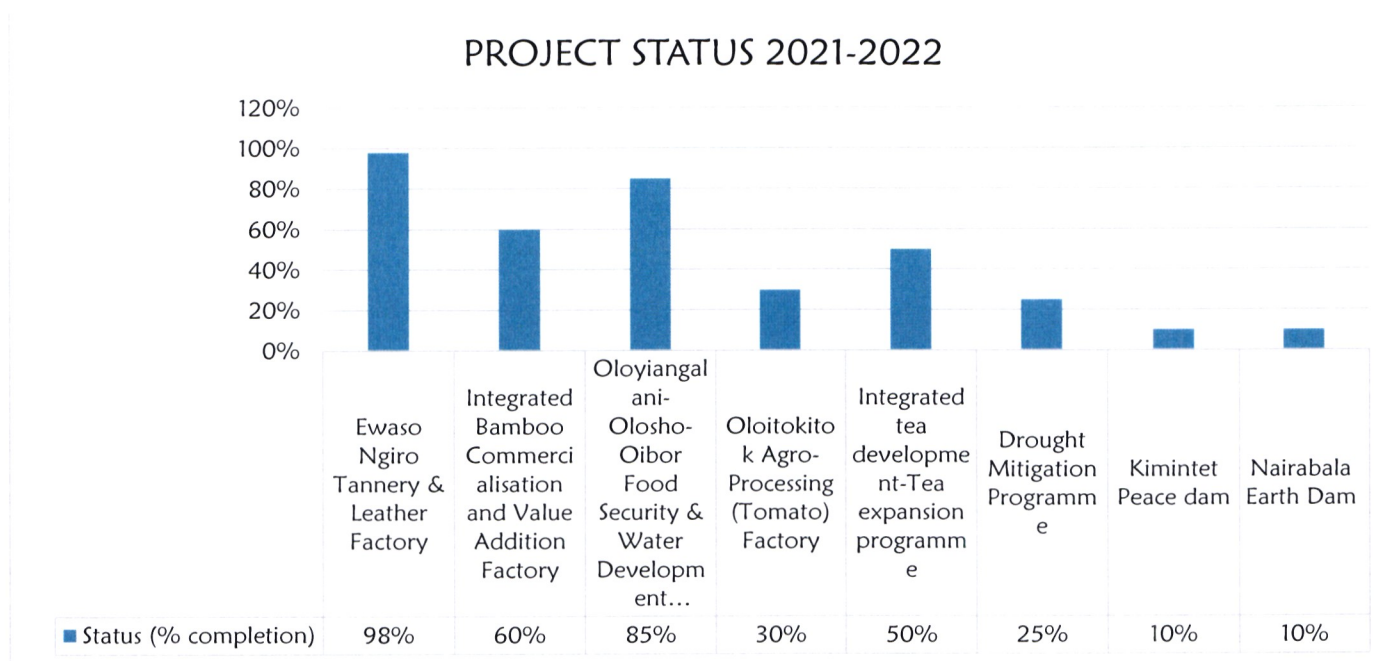


The National Government Administration Officers, The Managing Director and the Project Implementation Committee consultative meeting before commencement of construction of the Kimintet Peace Dam.



Ground breaking of the Kimintet Peace dam

Project completion rate



Major Risks Facing the Authority

Risk management has grown to be a serious concern for every organization since the operational environment is often uncertain. Because risk is inherent in the Authority's operations. In the year we conducted and addressed several risks to ensure that the Authority achieve its objectives. The Authority faced the following risks in the course of operations through the year;

i) Legal Risk

The Authority is legislated by Cap 447 of the Laws of Kenya. With the new constitutional dispensation, some functions were devolved to the County Governments. In absence of a revised legislation aligned with the Constitution of Kenya, potential conflicts may arise between the Authority and other Government agencies in case of inconsistency of the Act with the current Constitution. To mitigate this, the Authority is fast tracking the review of the Act.

ii) Environmental Risks

In the current financial year, the Authority implemented diverse projects ranging from water harvesting and storage programs, catchment conservation, bamboo commercialization and value addition project and agro-processing. The projects are dependent on climatic and environmental factors for example the rainfall patterns. The Authority's area of jurisdiction being semi-arid, climatic change and adverse weather conditions has continued to adversely affect the region and the intended impact of projects to beneficiaries



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may be hampered. The Authority has implemented a robust environmental management strategies and the Bamboo commercialization and climate change, adaptation and mitigation programme. to mitigate the same.

iii) Sustainability risks

Most of the projects implemented by the Authority are usually handed over to communities who then operate, maintain and even upscale the project where possible. However, due to lack of capacity of the communities to operate such projects sustainably, the projects are normally faced with sustainability risks. Also, some projects particularly water and environmental conservation projects are faced with threats of human wildlife conflict as most parts of the region have wildlife. To mitigate such risks the beneficiary communities are usually trained on operation and maintenance and management committees strengthened.

However, in wildlife areas the Authority collaborated with relevant agencies to minimize such incidences.

To achieve sustainability, the Authority should implement diverse income generating projects to enhance levels of internally generated funds. However, due to inadequacy of resources allocated by the exchequer the Authority may take longer time to achieve financial sustainability hence potential liquidity risks in the event of delay in release of budgetary allocation. To mitigate on such risk, the Authority is giving priority to projects that will enhance revenue generation such as the Tannery and Leather factory, Bamboo commercialization, increase tea acreage, Oloitokitok agro processing project and Narok natural resources data centre projects. In addition, aggressive resource mobilization through PPP and other development partners has been prioritized.

iv) Technological Risks

With technological advancements, there are higher risks of information shared on web based platforms. In the year there were uncertainties as to the security of the Authority's information shared on various platform, posing the risk of compromising confidentiality of information shared through platforms like websites, online payment systems, Stuck on old/obsolete technology, data banks and social media.

The Authority is focused towards strengthening all its automated processes through the use of internal and external firewalls, encryption of data and establishing secure channels of data processing and sharing. Further The Authority has roll out the use of official emails and a daily data and information back up system both internally and in cloud.

v) Liquidity Risks

In the current financial year, the Authority implemented capital projects such as Oloitokitok agro processing factory, Oloyiangalani Oloshoibor food security and water supply project, Bamboo commercialization and operationalization of Tannery and leather factory which are continuing projects that depends on the National government on funding for their next phases. During the year under review the Authority experienced budget cuts leading to pending bills in two of its projects i.e. Oloitokitok Agro processing and Bamboo Commercialization and Value addition.

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The Authority is currently liaising with Parent Ministry and the National Treasury with a view of addressing the situation through a forward cash flow plan.

Compliance with Statutory Requirements

As the end of FY 2021-2022 the Authority endeavored to comply with the Constitutional provision and other statutory obligations. The Authority endeavored to comply with Procurement requirements that 30% of all procurement is reserved for the youth and women and that 2% of that goes to People with Disabilities. The Authority observed the legal requirement in respect to submission of statutory deductions (PAYE, Pension, NSSF, NHIF, and HELB) and other relevant taxes. During the period under review, no unclaimed financial asset was reported.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING.

ENSDA exists to improve livelihoods through development and implementation of basin-based integrated projects and programmes in the region. Towards this the Authority's focus is on efficiently delivering relevant services and goods to citizens and promoting operational excellence.

Below is an outline of the organisation's policies, strategic programmes and activities that promote sustainability.

i) Sustainability strategy and profile.

The sustainability strategy of the Authority focusses on the economy, environment, society and good governance practices in the implementation of its activities. All these strategies have been well developed for implementation on a short-, medium- and long-term basis. To realize the sustainability objectives the Authority implements the following programmes.

1. Integrated Basin Based Planning through regional development plans
2. Exploitation of basin based resources and investments for Authority's financial sustainability
3. Protection and conservation of the environment for sustainable development
4. Promotion of partnership development
5. Community empowerment
6. Institutional development

i) Environmental performance

The Authority has an Environmental Policy in Place since the year 2013, and has been guiding all conservation activities. Key areas include reduction of carbon emission, waste management and enhancement of biological diversity.

• Successes on conservation

Ewaso Ng'iro South River Basin Development Authority has been involved in raising awareness, sensitization and implementation of programmes and projects aimed at conserving and protecting the



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major water catchments within its area of jurisdiction; namely the Aberdares and the Mau ecosystems. These also include conservation of critical water bodies and wetlands within the Authority's area of jurisdiction. Some of the programmes initiated over the past ten years include the Community-based Conservation of the Maasai Mau Forest (COMIFORM), Catchment Conservation, the Green School Programme, Urban Rivers Restoration Program, Conservation of Enapuyapuy Wetland and the Bamboo Plantation establishment in and around the Maasai Mau Forest. During this period, the Authority has raised and planted over 5 million tree seedlings and provided support for schools and organized community groups to plant trees across the region. At the global level, these efforts play a key role in climate regulation. Forests are major reservoirs and sinks of carbon dioxide; the main greenhouse gas behind global warming and climate change.

- **Shortcomings**

In the endeavor to conserve environment, various challenges have been encountered as follows:

- ✓ Adoption of bamboo farming by famers is still slow; need to more sensitization to recruit more out- grower farmers
- ✓ Effects of Prolonged draught on the bamboo plantations and conservation in general
- ✓ During the rainy season it's extremely difficult to access the plantation due to poor roads thus transportation of seedlings is affected during rainy season.
- ✓ Attacks from forest rodents the new shoots are sweet and rodents feed on it thus affecting growth of bamboo.

Efforts to manage biodiversity.

The Authority has played a great role in the conservation of biological diversity. Major conservation efforts have been concentrated on the Mau Ecosystem. Mau Forest complex is a significant habitat to various live forms of both flora and fauna. The forest is also the source of major rivers that traverse the Ewaso Ng'iro South Development Authority's area of jurisdiction. The rivers that originate from the Mau Ecosystem include the Njoro River, Mara River, Molo River, Ewaso Ng'iro River and their tributaries which include the Enkare Narok River, Siyapei River, Amala, Naishi river, Makalia river and Nyangores rivers. These rivers have a huge ecological significance as some of them are transboundary and drain to other countries in Africa. Ewaso Ng'iro River plays an important role in the ecology of Lake Natron in Tanzania, the main regular breeding site for the near-threatened lesser flamingoes. In addition, the Mara River basin is one of the ten drainage basins that feed into Lake Victoria, and is therefore functionally and ecologically related to the socio-economic activities in Lake Victoria and along the River Nile. Most of these rivers are critical to major conservation areas such as the Maasai Mara National Reserve, Serengeti National Park and the Kam narok game reserve among others.

In collaboration with other stakeholders; such as the Water Resource User's Associations, Community Forest Associations, Kenya Forest Service, Kenya Wildlife Service, NEMA, WRA, KNCCI, CBO's and County Governments of the counties that we operate, the Authority has conserved the source and the



riparian lands of major rivers such as the Njoro River and Enkare Narok River through securing and planting of appropriate tree species.

- **Waste management policy.**

The Authority has employed the 3Rs principle of Reduce, Reuse and Recycle throughout its operations. For example, most operations have been digitalized and use of printing paper has greatly been reduced. Some wastes, such as the organic ones (horticultural) are reused as manure to the Authority bamboo plantations and forests. Recycling is majorly done at the Leather and tanning factory, where processing of the waste water is done making it available for use as a raw material.

ENSDA has always advocated for clean energy and has done a lot of capacity building of the communities within its area of jurisdiction. The Authority has trained organized Women groups on how to make and use fuel briquettes from wastes such as paper and other organic wastes.

In efforts to reduce environmental impact of the organization's products, all Authority's new projects are subjected to Environmental Impact Assessment. Monitoring and evaluation of progress at all phases of development is also carried out through environmental management tools such as the Environmental Audits. These ensure that Environmental Management Plan is adhered to and thus minimize negative impacts to the environment. The Authority normally appoints committees such as the ISO Committee; Monitoring and Evaluation committee as well as the Environmental Sustainability and Safety Committee which ensure that all Authority's products conform to national and international standards and that the Authority observes continual improvement in all areas.

- ii) Employee welfare.**

The Authority has developed a comprehensive Human Resource policy. It contains guidelines in regard to publication, printing and use of office stationery. The policy also provides rules governing recruitment, appointment, confirmation in appointment and promotion of the Authority's officers. It also provides guidelines on career progression, secondments and transfer of officers from one organization to another and other related matters.

It further provides guidelines for the prevention and protection of officers against accidents and occupational hazards arising at the work place. It also provides for guidelines, procedures and modalities for the administration and payment of compensation for work related injuries and accidents contracted during and outside the course of work, it provides for guidance and Counseling and putting in place measures for the management of HIV/AIDS at the workplace and the rehabilitation of officers who may be facing challenges of drugs and substance abuse.

iii) Market place practices

a) Responsible competition practice.

The Authority conducts all procurement processes in line with The Public Procurement & Asset Disposal Act 2015, Regulations of 2020 and the Public Finance Management Act. All statutory reports are submitted to relevant regulatory Authority's as per the requirements.

b) Responsible Supply chain and supplier relations

Suppliers are engaged through a free, fair and competitive process and are selected based on capacity. The obligations of both The Authority and the suppliers are clearly stated in the contract agreement which is enforceable by law. Payments are made based on work done as per the contact agreements.

c) Responsible marketing and advertisement (

- ✓ The Authority is Transparent in marketing and advertising its products
- ✓ The Authority Protects Consumer Data and Privacy
- ✓ The Authority Commits to Sustainability and Human Rights
- ✓ The Authority Responds to Meaningful Consumer Concerns
- ✓ It Maximizes Benefits and Minimize Risks.

d) Product stewardship

- ✓ Access of consumers to adequate information to enable them to make informed choices according to individual wishes and needs;
- ✓ Consumer Education;
- ✓ Availability of effective consumer redress and a public complaints reporting and handling mechanism;
- ✓ Freedom to form consumer and other relevant groups or organizations and the opportunity of such organizations to present their views in decision-making processes affecting them
- ✓ Uploaded our charters in the websites

e) Corporate Social Responsibility / Community Engagements

The Authority is committed to improving livelihoods and undertakes social economic programs in the river basin by creating an enabling environment for economic growth and ensuring sustainable and equitable development through optimum utilization, coordination and management of resources

for enhanced quality of life. Towards this the Authority implements core mandate programmes and projects.

During financial year 2021/2022 that ended in 30th June, 2022 the Authority undertook Corporate Social Responsibility activities in environmental conservation, water and sanitation, Health, Education and Sports.

The specific activities and beneficiaries undertaken under CSR include the following:

1. Donation of 202,075 assorted tree and bamboo seedlings to learning institutions, 200, 597 seedlings to community groups & religious institutions and 108,860 seedlings to government institutions across the Authority areas of jurisdiction.
2. Participation and support of the World Disability Day on 3rd December, 2021
3. Participation and support of the World AIDS Day on 1st December, 2021.
4. Participation and support of the tree planting at Kajiado in collaboration with stakeholders
5. Contribution towards Universal Health Coverage in partnership with NHIF in effort to ensure improvement of health status of the economically disadvantaged, elderly people and persons with disability in Narok County.
6. Participated in the Narok Peace initiative in Narok

Ewaso Ng'iro South River Basin Development Authority
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REPORT OF THE DIRECTORS

The Directors submit their report together with the financial statements for the year ended June 30, 2022, which show the state of ENSDAs' affairs.

i) Principal activities

The principal activities of the Authority continue to be; the Ewaso Ng'iro Tannery and Leather Factory project, Integrated Bamboo commercialization and Environmental conservation programme, Oloyiangalani dam and Olosho Oibor food security and Water project, Agro processing (Oloitokitok Tomato processing factory) and Integrated tea development project

ii) Results

The results of the entity for the year ended June 30, 2022, are set out on page 1 to 6

iii) Directors

The members of the Board of Directors who served during the year are shown on page Viii to page Xvii. During the year 2021 director Mr. George Saruni Nang'unin passed on

Surplus remission

Ewaso Ng'iro South Development Authority has reported a deficit of Ksh **7,858,974** during the end of FY 2021-2022 hence no remittance to the Consolidated Fund.

iv) Auditors

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

By Order of the Board

NGALA OLOITIPTIP
NAME
MANAGING DIRECTOR



SIGNATURE

DATE

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act 2012, section 14 of the State Corporations Act, and the Act of parliament that formed ENSDAs CAP 447 of the Laws of Kenya require the Directors to prepare financial statements in respect of ENSDA which give a true and fair view of the state of affairs of the *Authority* at the end of the financial year/period and the operating results of the *Authority* for that year/period. The Directors are also required to ensure that *ENSDA* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Authority*. The Directors are also responsible for safeguarding the assets of the *Authority*.

The Directors are responsible for the preparation and presentation of the *Authority's* financial statements, which give a true and fair view of the state of affairs of the *Authority* for and as at the end of the financial year (period) ended on June 30, 2022. 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 *Authority*;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for ENSDAs financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) and the Authority's Act of Parliament CAP 447 of the Laws of Kenya. The Directors are of the opinion that ENSDAs' financial statements give a true and fair view of the state of *the Authority's* transactions during the financial year ended June 30, 2022, and of the *Authority's* financial position as at that date.



**Ewaso Ng'iro South River Basin Development Authority
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The Directors further confirms the completeness of the accounting records maintained for the Authority which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

APPROVAL OF THE FINANCIAL STATEMENTS

The Authority's financial statements have not been approved by the Board due to lack of quorum.

SIGNATURE

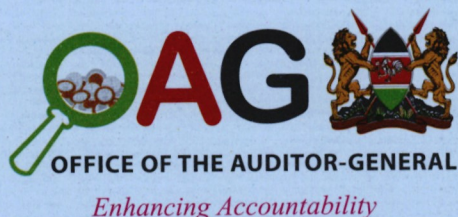
**NAME: LT. GEN. (RTD.) WALTER RARIA
KOIPATON MGH CBS OGW 'NDC' (K) 'PSC' (TZ).
CHAIRPERSON OF THE BOARD/COUNCIL**



SIGNATURE

**NAME: MR. NGALA OLOITIPTIP
ACCOUNTING OFFICER**

REPUBLIC OF KENYA



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REPORT OF THE AUDITOR-GENERAL ON EWASO NG'IRO SOUTH RIVER BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ewaso Ng'iro South River Basin Development Authority set out on pages 1 to 33, which comprises the statement of financial position as at 30 June, 2022, and the statement of financial performance, the 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

Report of the Auditor-General on Ewaso Ng'iro South River Basin Development Authority for the year ended 30 June, 2022

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ewaso Ng'iro South River Basin Development Authority as at 30 June, 2022 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 Public Finance Management Act, 2012 and Ewaso Ng'iro South River Basin Development Authority Act, 1989.

Basis for Qualified Opinion

1. Understatement of Depreciation and Amortization Expense

The statement of financial performance reflects depreciation and amortization expense of Kshs.17,991,064 and disclosed in Note 5 to the financial statements. However, records provided for audit revealed that assets valued at Kshs.815,418,790 used in the Authority's tannery plant were not depreciated in the year under review.

In the circumstances, the accuracy and fair statement of the depreciation and amortization expense of Kshs.17,991,064 for the year ended 30 June, 2022 could not be confirmed.

2. Administration Expenses

The statement of financial performance reflects administration expenses of Kshs.95,507,255 and disclosed in Note 10 to the financial statements. The following unsatisfactory matters were however noted:

2.1. Unaccounted for Fuel

Included in the expense is Kshs.7,414,781 incurred in respect of fuel, oil and lubricants out of which Kshs.1,158,952 was not accounted for by way of detail orders, fuel register and work tickets. Further, the Authority does not have a fuel policy and does not maintain the fuel register despite purchasing fuel on credit terms for use by its motor vehicles.

2.2. Overpayment of Insurance Services

Included in the expense is Kshs.30,555,588 incurred on medical insurance cover out of which Kshs.27,731,926 was in respect for medical cover for the period 1 November, 2021 to 31 October, 2022. However, the amount differed with policy document and invoice amount of Kshs.25,741,743, resulting to an overpayment of Kshs.1,990,183. As at the time of audit, there was no evidence that Management had sought refund on the overpayment.

In the circumstances, the accuracy and validity of the administration expenses of Kshs.28,890,878 for the year ended 30 June, 2022 could not be confirmed.

3. Unsupported Transfers to Sub-Basin Stations

The statement of financial performance reflects use of goods and services of Kshs.58,544,679 and disclosed in Note 11 to the financial statements. Included in the

amount are tea expenses of Kshs.9,330,617 out which Kshs.4,562,720 was transferred to various sub-basin stations. However, the expenditure was not supported by expenditure returns.

In the circumstances, the accuracy and validity of tea expenses of Kshs.4,562,720 for the year ended 30 June, 2022 could not be confirmed.

4. Failure to Prepare Segmented Reports

Review of the Authority's activities revealed existence of distinguishable activities (segments) which includes Service Delivery to Communities, Tannery and Leather Factory, Integrated Tea Development Project and Agro-Processing (tomato) Factory. However, the financial statements of these segments were not prepared in accordance with clause nine (9) of International Public Sector Accounting Standards number eighteen (IPSAS 18), which requires entities with distinguishable activities to separately report financial information for the purpose of evaluating its past performance in achieving its objectives, and making decisions about the future allocation of resources.

In the circumstances, the Management did not comply with the disclosure and financial statements presentation requirements of IPSAS 18.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Board Composition

Section 4(1) (l) of the Ewaso Ng'iro South River Basin Development Authority Act, 1989 stipulates that the membership of the Board of Directors comprises twelve (12) Members who hold office by virtue of their official capacity and other non-official members whose

number should not exceed ten. At the time of audit in January, 2023, only three non-official members were in Office through a gazette appointment of 29 July, 2022, leading to a shortfall of seven members.

In the circumstances, the Board was not likely to attain the requisite quorum to transact official business of the Authority.

2. Irregular Procurement of Goods

2.1 Office Consumables

The statement of financial performance reflects administration expenses of Kshs.95,507,255 and disclosed in Note 10 to the financial statements. The amount includes Kshs.4,909,400 incurred in respect of general office supplies, out of which Kshs.3,528,410 was applied on purchase office consumables through request for quotation tender documents instead of standard tender document for framework contracting as required by Section 58(1) of the Public Procurement and Asset Disposal Act, 2015. Further, in tender no: ENSDA/PRO/FM/03/05/2021-2022, the Tender Committee only listed three (3) successful vendors contrary to Section 114 (1)(c) of the Public Procurement and Asset Disposal Act, 2015 which recommends a minimum of seven alternative vendors. Furthermore, all suppliers were engaged without the recommendation of the Evaluation Committee as stipulated in Section 114(5) of the Public Procurement and Asset Disposal Act, 2015 which states that evaluation of bids under category specified by subsection (3)(b) shall be undertaken by an Evaluation Committee as provided for under this Act.

2.2 Tannery Chemicals and Raw Hides

The statement of financial performance reflects use of goods and services expenses of Kshs.58,544,679 and disclosed in Note 11 to the financial statements. The amount includes Kshs.30,751,945 and Kshs.11,441,175 which was incurred in respect of tannery chemicals and raw hides respectively all totalling Kshs.42,193,120 that were procured through request for quotation tender documents instead of standard tender document for framework contracting as required by Section 58 (1) of the Public Procurement and Asset Disposal Act, 2015. Further, in tender no: ENSDA/PO/T05/2021(Supply of hides and skins alternative) the statement of professional opinion only listed four (4) successful vendors contrary to Public Procurement and Asset Disposal Act, 2015 Section 114 (1)(c) which recommends a minimum of seven alternative vendors. Furthermore, no stores ledger/bin cards for chemicals and raw hides were provided for audit verification to confirm that the goods purchased were received, taken on charge and applied in the production process.

In the circumstances, the Management is in breach of the law and value for money may not have been received from the procurements.

3. Non-Implementation of E-procurement

The Management has not implemented the e-procurement system as required by Section 49(2) of Public Procurement and Asset Disposal Regulations, 2020 which states that the conduct of e-procurement procedures for the supply of goods, works and services shall be carried out by a procuring entity using an e-procurement system which is integrated to the State Portal.

In the circumstances, the Management is in breach of procurement regulations and procurement procedures are not being executed efficiently and transparently.

4. Non-Adherence to National Cohesion and Integration Act, 2008

Analysis of the Authority's staff establishment revealed that 68% of staff are from one ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

5. Non-Remittance of Contributions to National Industrial Training Authority

The National Industrial Training Authority (NITA), issued a Demand Notice to the Authority Vide a letter reference NITA/LEVY/CDAT/3932/VOL.1/3 of 12 October, 2021 for Kshs.5,029,064 comprising of Kshs.3,878,812 penalties for non-remittance of the monthly levy of Kshs.50 per employee from July, 2007 to September, 2021. This is contrary to Section 4(1) of the Industrial Training Act, 2007 (Cap.237) which provides that on or before the last working day of each month, an employer shall pay to the Director a levy of fifty shillings per employee. It is not clear why the Management has failed to remit the levy.

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

6. Irregular Payment of House Allowance

Analysis of the payroll revealed that the Authority has been paying house rent at the rate of Kshs.30,000 per month for an expatriate officer, who also earns a monthly house allowance of Kshs.40,000 from the date of appointment on 1 December, 2019. At the time of audit in January, 2023, the Authority had paid rent of Kshs.1,140,000 for his 38 months in service. This is contrary to Clause C.8 (2) of the Authority's Human Resource Management Manual, 2018 which states that officers occupying institutional houses will pay rent equivalent to the value as shall be determined by the Authority or surrender their house allowance whichever is lower.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my

report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Limited Segregation of Duties in the Store

The Authority does not have an effective inventory control management system. The stock records reviewed revealed that the requisition books are kept and approved by the storekeepers who also maintain the stock cards (S3), hence there is no segregation of duties. There is no evidence of periodic reports from the stores after carrying out inspection and physical stock count.

In the circumstances, it was not possible to confirm whether the checks and balances in the inventory management system were working as intended during the year under review.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Authority'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

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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


 CPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

09 May, 2023

Ewaso Ngiro South River Basin Development Authority
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PART TWO: FINANCIAL STATEMENTS

1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022

	Note	2021-2022	2020-2021
Revenue from non-exchange transactions			
		KShs	KShs
Transfers from Gok– Recurrent Grant		404,890,000	298,890,000
Transfers from Gok – Development, Peace Dam and Drought Mitigation Grant	1(a)	340,000,000	86,610,500
Total revenue from non-exchange transactions		744,890,000	385,500,500
Revenue from exchange transactions (AIA)	2	75,241,314	41,037,639
Total revenue		820,131,314	426,538,139
Expenses			
Employee costs	3	250,773,406	242,747,330
Remuneration of Directors	4	21,197,313	25,018,728
Depreciation and amortization expense	5	17,991,064	18,585,968
Repairs and maintenance	6	9,395,289	
Contracted services	7	10,811,505	7,788,000
Development expenses	8	201,546,835	104,087,223
Drought Mitigations Programs	9	59,995,819	-
Administration Expenses	10	95,507,255	42,294,752
Cost on Use of Goods/services	11	58,544,679	-
Total expenses		725,763,165	440,522,001
Surplus/(Deficit) before Tax		94,368,149	(13,983,862)
Taxation			
Surplus /(Deficit) for the period		94,368,149	(13,983,862)


N.B the surplus includes the cost of Capital Items of **Ksh 102,227,123** resulting to net loss of Ksh **(7,858,974)**

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:




MANAGING DIRECTOR
NAME: NGALA OLOITIPTIP

DATE: 30.09.2022



HEAD OF FINANCE
NAME: JONATHAN LEYIAN
ICPAK MEMBER NO: 22633

DATE: 30.09.2022



CHAIRMAN OF THE BOARD
NAME: LT. GEN. (RTD.) WALTER
RARIA KOIPATON MGH CBS OGW
'NDC' (K) 'PSC' (TZ).
DATE: 30.09.2022

Ewaso Ngiro South River Basin Development Authority
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2. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

	Note	2021-2022	2020-2021
Assets		KShs.	KShs.
Current assets			
Cash and Cash Equivalents	12	255,365,160	59,895,019
Receivables from exchange transactions	14	3,207,874	795,554
Receivables from Non-exchange transactions	14	126,500	326,700
Prepayments	15	14,748,278	16,537,950
Inventories	16	50,855,724	28,064,088
Total Current Assets		324,303,536	105,619,311
Non-current assets			
Property, Plant and Equipment	17	1,307,243,537	1,224,199,764
Biological Assets	18	65,366,669	65,366,669
Intangible Asset	19	15,303,415	17,489,617
Total non - current assets		1,387,913,621	1,307,056,050
Total assets		1,712,217,157	1,412,675,361
Liabilities			
Current liabilities			
Trade and other payables from Non-exchange transactions	20	264,564,312	54,596,490
Non-current liabilities			
Total liabilities		264,564,312	54,596,490
Net assets		1,447,652,845	1,358,078,876
Capital Reserves			
Accumulated Development Fund	22	948,457,740	952,805,926
Surplus		5,453,428	13,312,402
Revaluation Reserves	24	288,603,190	288,603,190
Deferred Income	21	205,138,487	103,357,358
Total Capital Reserves		1,447,652,845	1,358,078,876


The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


MANAGING DIRECTOR
NAME: NGALA OLOITIPTIP

DATE: 30.09.2022


HEAD OF FINANCE
NAME: JONATHAN LEYIAN
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DATE: 30.09.2022


CHAIRMAN OF THE BOARD
NAME: LT. GEN. (RTD.) WALTER
RARIA KOIPATON MGH CBS OGW
'NDC' (K) 'PSC' (TZ).
DATE: 30.09.2022

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3. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH
JUNE 2022

	Accumulated Development Fund	Revaluation Reserve	Surplus/Deficit	Deferred Income	Total
Balance as at 1 July 2020	810,844,656	288,603,190	27,296,264	173,113,462	1,299,857,572
Transferred to PPE	67,175,881	-	-	(67,175,881)	-
Accumulated depreciation and disposal on revaluation	(18,585,968)	-	-	-	(18,585,968)
Surplus/Deficit for the period	0	-	(13,983,862)	-	(13,983,862)
Transfers to/from accumulated surplus	93,371,357			(2,580,223)	90,791,134
Balance as at 30 June 2021	952,805,926	288,603,190	13,312,402	103,357,358	1,358,078,876
Balance as at 1 July 2021	952,805,926	288,603,190	13,312,402	103,357,358	1,358,078,876
				-	
Deficit for the period			-7,858,974		-7,858,974
Accumulated depreciation and disposal on revaluation	(17,991,064)				(17,991,064)
Transferred to PPE, (Computer, Furniture & Fitting)	1,530,428				1,530,428
Deferred Income				113,893,579	113,893,579
Transferred to Accumulated fund (Mini- Bus)	12,112,450			(4,950,200)	7,162,250
Balance as at 30 June 2022	948,457,740	288,603,190	5,453,428	205,138,487	1,447,652,845



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4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022

Cash flows from operating activities	Notes	2021-2022	2020-2021
Cash receipts from GOK Grants -Development, Peace Dam and Drought Mitigation Grant		340,000,000	86,610,500
Cash receipts from GOK REC	1	404,890,000	298,890,000
Cash receipts from (A I A)	25	72,233,440	40,526,427
Receipts from Receivables		511,212	58,186,830
Total receipts		817,634,652	484,213,757
Cash paid to suppliers		(112,405,175)	(210,459,355)
Cash paid to Board Members	4	(21,197,313)	(25,018,728)
Administrative Expenses	10	(92,507,255)	(42,294,752)
Cash paid to employees	25	(247,952,896)	(242,747,330)
Repairs and Maintenance	6	(9,395,289)	-
Contracted security Services	7	(10,811,505)	(7,788,000)
Use of Goods/services	11	(58,544,679)	-
Net cash flow from operating Activities		264,820,540	(44,094,408)
Cash used in investing activities			
Disposal of Assets		-	-
Acquisition of Assets	25	(1,530,428)	(803,465)
Work in progress	25	(67,819,971)	(111,206,300)
Net cash used in investing Activities		(69,350,399)	(112,009,765)
Net increase/(Decrease) in Cash and Cash Equivalents		195,470,141	(156,104,173)
Cash and Cash Equivalents at beginning of period		59,895,019	215,999,192
Cash and Cash Equivalents at the end of the period	12	255,365,160	59,895,019

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



MANAGING DIRECTOR
NAME: NGALA OLOITIPTIP

DATE: 30.09.2022



HEAD OF FINANCE
NAME: JONATHAN LEYIAN
ICPAK MEMBER NO: 22633

DATE: 30.09.2022

CHAIRMAN OF THE BOARD
NAME: LT. GEN. (RTD.) WALTER
RARIA KOIPATON MGH CBS OGW
'NDC' (K) 'PSC' (TZ).
DATE: 30.09.2022

5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE
2022

	Original Budget	Adjustment	Final Budget	Actual	Variance	% Variance	REMARKS
REVENUE	KShs.	KShs.	KShs.	KShs.	KShs.		
Recurrent Grant	346,890,000	58,000,000	404,890,000	404,890,000	-	0%	
Development, Peace Dam and Drought Mitigation Grant	171,000,000	200,000,000	371,000,000	340,000,000	31,000,000		
Appropriation In Aid	17,500,000	70,288,000	87,788,000	75,241,314	12,546,686	14%	surpass the Target
Total income	535,390,000	328,288,000	863,678,000	820,131,314	43,546,686		
EXPENSES							
Recurrent & Administration							
Compensation of employees	259,661,306	-	259,661,306	250,773,406	8,887,900	3%	
Administration costs	81,719,074	40,471,882	122,190,956	118,466,720	3,724,236	3%	
Remuneration of Directors	25,500,000	-	25,500,000	21,197,313	4,302,687	17%	
Repairs	4,000,000	5,396,000	9,396,000	9,395,289	711	0%	
Contracted services	11,776,000	(600,000)	11,176,000	10,811,505	364,495	3%	
Cost on Used of Goods	46,713,620	12,732,118	59,445,738	58,544,679	901,059	2%	
Sub-total	429,370,000	58,000,000	487,370,000	469,188,912	18,181,088		
Development Expenses							
Ewaso Ngiro Leather Factory	69,000,000	-	69,000,000	60,756,482	8,243,518	12%	



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Integrated Bamboo	23,000,000	-	23,000,000	20,802,734	2,197,266	10%
Oloyiagalani Dam	10,000,000	-	10,000,000	10,081,033	(81,033)	-1%
Agro-processing	69,000,000	-	69,000,000	58,707,658	10,292,342	15%
Drought Mitigations		60,000,000	60,000,000	59,995,819	4,181	0%
Kimintet Dam		100,000,000	100,000,000	93,625,254	6,374,746	6%
Narabala Dam		40,000,000	40,000,000	36,841,332	3,158,668	8%
Sub-total	171,000,000	200,000,000	371,000,000	340,810,312	30,189,688	
TOTAL EXPENDITURE	600,370,000	258,000,000	858,370,000	809,999,224	48,370,776	-



6. NOTES TO THE FINANCIAL STATEMENTS

General Information

Ewaso Ng'iro South River Basin Development Authority was formed on 1989 by an Act of Parliament CAP 447 of the Laws of Kenya. At Cabinet level, Ewaso Ng'iro South River Basin Development Authority is represented by the Cabinet Secretary for Ministry of East Africa community and Regional Development. The Cabinet Secretary is responsible for the general policy and strategic direction of the Authority. The principal activity of Ewaso Ng'iro South River Basin Development Authority is to plan, coordinate and implement development projects within its area of jurisdiction.

7. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

Adoption of New and Revised Standards

Standard	Impact
IPSAS 17: Property, Plant, and Equipment.	The Authority adopted the standard and no Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.



Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services when revenue can be measured reliably, it is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the stage of completion of the transaction at the reporting date can be measured reliably.

Sale of goods

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

Receivables from exchange and non-exchange transactions

i. Receivables from exchange transaction

Revenue arising from exchange transactions and events (rendering of services, sale of goods, and use of entity assets yielding interest) not yet received as at the close of the financial year is recognized as receivables from exchange transaction. This is measured at the fair value of the consideration to be received.

ii. Receivables from non-exchange transactions

The Authority receives grants from the government based on approved annual budgets and printed estimates. At the close of the financial year, where commitments were made towards services or goods and the equivalent funding has not been received, the outstanding grant is recognized as a receivable from non-exchange transaction. The government grant is recognized as a receivable when there is reasonable assurance that the grant will be received, and that the entity will comply with the conditions attached to the grant.

iii. Prepayments

Where the contribution already paid exceed the contribution due for service at the reporting date, the excess amount is recognized as an asset to the extent of the prepayment. The future payment will be reduced by the prepayment amount.

b) Budget information

The Authority's budget is prepared on accrual basis which is the same basis applied in the recognition of the actual income and expenditure disclosed in the financial statements. The original

Ewaso Ng'iro South River Basin Development Authority
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For the year ended June 30, 2022

budget for FY 2021-2022 was approved by the Board on January 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

c) Taxes

Current income tax

Current income tax liabilities for the current period are measured at the amount expected to be paid or remitted to the taxation authorities. The tax rates and tax laws used to compute the tax liability are consistent with those enacted, at the reporting date in the area where the entity operates.

Deferred tax

Deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

d) Property, Plant and Equipment

All property, plant and equipment are stated at revalued amounts whereas assets acquired after revaluation are stated as cost (including expenditure that is directly attributable to the acquisition of the items) on acquisition. Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Where an asset is acquired through construction or structured procurement process, the costs relating to the processes are accumulated and debited to the Work in Progress account. Work in Process comprises of all direct costs incurred in constructing an asset or acquisition of machinery including buying, transporting, installing, and testing the machinery or equipment. Once an asset is placed in service, all costs associated with it as recorded in the work in progress account are moved to the respective fixed asset account e.g. building or machinery.

Once the assets are placed in service and moved to their final fixed asset account, depreciation commences.

Revaluations shall be made periodically, after every 5 years, to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Motor vehicle	25%
Furniture, fitting and Equipment	12.5%
Buildings Permanent Non Residential	2%
Buildings Semi Permanent Non Residential	12.5%
Buildings Permanent Residential	2%
Computers and related Accessories	30%
Loose Tools	33.33%

e) Leases

The Authority has operating leases under leasehold land. Operating lease payments are recognized as an operating expense in the statement of financial performance on a straight-line basis over the lease term.

f) Intangible assets

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



the statement of financial performance in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

With the vast changing technology the Authority's enterprise Resource Planning (ERP) Program is being amortized over 8 years' time.

g) Research and development costs

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

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

Initial recognition of the asset, is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in the statement of financial performance.

h) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to

be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

During the FY2021/2022 the Authority did not have any financial instruments.

i) Inventories

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

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

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

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

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

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

j) Provisions

Provisions are recognized by the Authority when it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities

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

The Council of Governors had sued the Regional Development Authority's challenging their mandate. It was resolved that the RDA's mandate does not conflict with the County's government roles. If it was ruled to the favour of Council of governors then it would have rendered the RDA's redundant.

Contingent assets

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that development 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.

k) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. The Authority maintains revaluation reserves that results from revaluation of property, plant and equipment, land and biological assets. Gains on revaluations are transferred to the revaluation reserves while loss on revaluation is expensed in the statement of financial performance.

Where a revalued asset is subsequently valued down due to impairment, the loss is first written off against any balance available in the revaluation surplus and if the loss exceeds the revaluation surplus balance of the same asset the difference is charged to income statement as impairment.

l) Changes in accounting policies and estimates

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

m) Employee benefits
Retirement benefit plans

The Authority provides non-discriminatory retirement benefits for its employees. The Authority has a defined contribution scheme under which both the employees and the Authority contributes fixed amounts at the ratio of 1:2. Under this arrangement, the Authority will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

n) 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

o) Borrowing costs

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

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

p) Related parties

The Authority recognizes a person or an entity with the ability to exert control individually or

jointly, or exercise significant influence on the operations of the entity as a related party. The Board of directors, key management comprising of the Chief Executive Office and Chief Managers are regarded as related parties.

q) 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.

r) Comparative figures

The Authority provides audited comparative figures for the previous financial year to conform to the required changes in presentation. Where necessary comparative figures for the previous financial year are amended or reconfigured to conform to the required changes in presentation.

s) Biological Assets

The Biological Assets (Tea Bushes) are valued at fair value over economic life duration of lease of the land under tea bushes in line with IPSAS 27.

t) Work in Progress –IPSAS 11

This relates to construction of long term assets. Construction Work in Progress is recorded at the accumulated costs incurred until the asset is put into service. Costs are recognized in proportion to the stage of completion of contract activity and included in the financial statement.

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparation of the financial statements, the Authority's make judgments, estimates and assumptions that affect the reported amounts of

revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The Authority bases its assumptions and estimates on parameters available when the financial statements are prepared. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Authority makes judgement, estimates and assumptions in the following areas;

- i. Provision for litigations
- ii. Provision for bad debts Inventory obsolescence

Useful lives and residual values

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

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

Provisions

The Authority makes provisions based on the information available and management's best estimate of the expenditures required to settle the obligation at the reporting date. The Authority makes provisions for areas including bad debts and litigations and inventory obsolescence. Additional disclosure of these estimates of provisions is included in Note 5

u) Subsequent events

The Authority recognizes events both favourable and unfavourable after the reporting date as

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subsequent events. During the FY 2021-2022, the Authority had no a prior year adjustments.



1. a) Revenue from non-exchange transactions/ Transfers from other governments

The Authority receives grants from the Parent Ministry of East Africa Community and Regional Development for Recurrent activities and implementation of capital projects.

Recurrent grants are used to finance personnel emoluments and general administrative expenses whereas Development grants are used to finance capital projects as per the Authority Mandate. In FY 2021/2022, cumulatively, the Authority received **Ksh. 744,890,000** compared to **Ksh. 385,500,500** for FY 2020/2021. The **93%** grants increase is largely attributable to Peace dams monies received of Ksh **140,000,000**, Drought mitigation received of Ksh **60,000,000** and increase of recurrent grant by Ksh 106,000,000

Revenue from non-exchange transactions		2021-2022 Kshs	2020-2021 Kshs
Transfers From the government	Unconditional grants		
	Recurrent Grant	404,890,000	298,890,000
	Development Grant	140,000,000	86,610,500
	Peace Dams Grant	140,000,000	0
	Drought Mitigation	60,000,000	0
Total GOK grants		744,890,000	385,500,500

1 b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs.	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2020-2021 KShs
Ministry of East Africa Community	744,890,000	0		744,890,000	385,500,500
Total	744,890,000	0		744,890,000	385,500,500

2. Revenue from exchange transactions

The Authority generates revenue from sale of products such as green tea, horticultural products, tree seedlings, sale of finished leather and Milk chilling from income generating projects. In FY 2021/2022, the Authority generated Ksh **75,241,314** compared to Ksh **41,037,639** in FY 2020/2021, which is 83% increase. The increase is attributable to the upscale of the Tannery operations and repeated production of quality leather which saw a significant growth of sales volume for the finished leather



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	2021-2022	2020-2021
	Kshs	Kshs
Sale of Green Tea	5,841,802	9,264,415
Sale of Horticultural products	454,290	415,362
Sale of Tree Seedlings	936,775	774,233
Other income	2,138,750	-
Tannery Hides & skins	64,433,777	25,191,455
Tea seedling	682,600	2,509,127
Other income (Milk Chilling & Bulking)	753,320	2,883,047
Total other income	75,241,314	41,037,639

3. Employee Costs

These are costs paid to staff as basic salaries, wages, allowances, pension contributions paid to defined pension schemes and gratuity paid to staff on expiry of contracts. In FY 2021/2022, the Authority incurred employee costs amounting to Ksh. **250,773,407** compared to Ksh. **242,747,330** the previous year. The 3% increase in employee cost is largely attributable by the annual increment for both Tannery and the mainstream Authority staff.

Employee costs	2021-2022	2020-2021
	Kshs	Kshs
Basic Pay	159,223,452	156,252,499
House Allowance	28,288,800	28,757,600
Acting Allowance	245,102	1,441,625
Benefit (Airtime)	3,762,500	3,854,000
Commuter Allowance	17,798,000	18,148,000
Leave Allowance	1,460,000	1,200,000
Other Allowance	3,194,000	3,161,000
Pension Contribution	19,461,239	18,526,178
NSSF Contribution	578,200	590,200
Gratuity	12,347,518	10,166,578
Transfer allowances	623,546	649,650
NITA	70,250	
Capacity Building Staff	3,720,800	
Employee costs	250,773,407	242,747,330



4. Remuneration of Directors

Board of Directors offer oversight on governance and are mandated to hold four meetings in a year, one in every quarter. During meetings, allowances payable to Board of Directors are Sitting Allowance at the rate of Ksh. 20,000, Night out allowance at Ksh. 18,200, Lunch allowance at Ksh. 2,000 and Mileage at the prescribed AA rates but capped at 1800cc. During FY 2021/2022, the Authority incurred Ksh. **21,197,313** compared to Ksh. **25,018,728** in the previous year. The term of most the board members expired before the end of the financial year which explains the reduction in the cost of remuneration of Directors.

Remuneration of Directors	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	870,000	1,044,000
Mileage's	2,204,495	9,613,600
Accommodation	6,799,900	7,138,754
Sitting Allowances	4,420,000	3,710,131
Lunch	340,000	564,000
Training Cost	5,473,556	1,037,252
General expenses	1,089,362	1,910,991
Total director emoluments	21,197,313	25,018,728

5. Depreciation & Amortisation

The Authority depreciates its Property, Plant and Equipment (PPE) using reducing balance method of depreciation applying different rates on different classes of PPE. This complies with IPSAS 17 and 16 on Property plant and Equipment and Investments. In FY 2021/2022, depreciation expense was **Ksh. 17,991,064** as detailed below.

	2021-2022	2020-2021
Depreciation Expense	Ksh.	Ksh.
Motor Vehicle	7,928,542	6,510,680
Furniture, Fitting & Equipment	2,230,075	2,466,448
Buildings	3,652,635	3,064,685
Computers & Related Accessories	1,987,265	2,702,793
Loose Tools	6,345	9,513
ERP Software	2,186,202	2,498,517
Agricultural-Shonkoe Tea bushes	-	1,333,332
Total depreciation	17,991,064	18,585,968

6. Repairs and Maintenance

The Authority undertakes scheduled repairs on Property, Plant and Equipment (PPE). A good number of the Authority's vehicle are old hence the increase in the cost of repairs and maintenance in the current FY compare to the previous FY. Additionally the Authority procured two motor vehicles and purchased motor vehicles tyres which were not purchased in the FY 2020/21. The comparable figure for FY 2020-21 is Ksh 3,304,381 which is not included since was absorb under the projects

	2021-2022	2020-2021
Repairs and maintenance		
	Kshs.	Kshs.
Vehicles	9,395,289	-
Total repairs and maintenance	9,395,289	-

7. Contracted Services

The Authority outsources Security in the entire Authority offices. Similarly in FY 2021-2022 the Authority outsourced cleaning services in the Head office to ensure efficiency hence the Increase in cost of contracted services.

Contracted services	2021-2022	2020-2021
	Ksh	Ksh
Security services	8,942,220	7,788,000
Office cleaning	1,869,285	
Total contracted services	10,811,505	7,788,000

8. Development costs

These costs relate to capital projects undertaken by the Authority with the goal of improving livelihoods for socio-economic development as comprehensively discussed under the Management Discussion and Analysis. In the FY 2021/2022, Under Ewaso Ng'iro Leather Factory, Bamboo commercialization and value addition, Oloyiangalani, Agro-processing for Tomatoes and Peace Dams the Authority spend kshs. 201,546,835

Development Expenses	2021-2022	2020-2021
	Kshs	Kshs
Ewaso Ng'iro leather factory	40,196,482	43,416,517
Integrated Bamboo	20,802,734	18,647,556
Oloyiangalani	10,081,033	16,200,039
Tomato Agro processing	-	13,808,147
Tea Expansion	-	12,014,964

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Narabala Dam	36,841,332	-
Kimintet Dam	93,625,254	-
Total Dev. Expenses	201,546,835	104,087,223

9. Drought Mitigation Programme

During the period, the Authority was allocated emergency funds of Kshs **60,000,000** to curb the effects of drought situation in the Authority area of jurisdiction.

	2021-2022	2020-2021
Drought Mitigations Programmed	Kshs	Kshs
Drought mitigation cost	59,995,819	
Total . Expenses	59,995,819	

10. Administration Expenses

There is a significant increase in Administration cost from **Ksh 42,294,752** to **Ksh 95,507,255**. This was as a result of some of administrative expenses which were previously charged to projects been move to recurrent under Administrative Expenses they include; Fuel and Lubricants, Resource Mobilization, performance contracting, work environment among others. Additionally, during the year more staff were trained hence increase in competency Cost. The insurance cover both Medical and General Included the tannery staff and machinery which were not previously covered.

	2021-2022	2020-2021
Administration Expenses	Kshs	Kshs
General office Supply	4,909,400	376,938
Insurance (Medical cover)	30,555,588	24,000,000
Insurance (General cover)	8,791,364	6,882,006
Casual labour/office cleaning	73,200	1,247,210
Competency Development	13,193,085	3,700,000
ISO	813,660	624,312
Leased premises	525,000	525,000
Hospitality Supplies and service	1,311,681	200,000
Postage Services	80,040	90,170
Water & Sewage treatment costs	50,380	148,192
Subscription to Newspaper	18,360	18,660
Electricity service (Admin)	1,353,553	1,000,000
ICT Development	1,222,530	523,655
Telephone, fax & Mobile	-	95,215
Internet connection	1,206,905	720,000
Automation - ERP Phase II	1,485,576	2,000,000



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Sanitary & cleaning materials	93,451	143,394
Performance contracting & Budgeting	5,459,550	-
Fuel, oil & Lubricants	7,414,781	-
Road safety & Mainstreaming	618,900	-
Resource Mobilization	4,342,662	-
Recruitment	98,793	-
Legal Due/Fees, Arbitration	2,314,776	-
HR Instruments	1,290,000	-
Land & Rate	420,000	-
Strategic plan	1,514,800	-
Bank charges	294,148	-
Work Environment	3,055,072	-
Assets Valuation	3,000,000	-
Total Admin. Expenses	95,507,255	42,294,752

11. Use of Goods/Services

These are costs associated with raising the Authority income. Tea being an income generating project it's cost were moved to the recurrent budget.

	2021-2022	2020-2021
Used of Good & Service	Ksh.	Ksh.
Tea Expenses	9,330,617	-
Shoe Accessories	1,739,907	-
Tannery electricity	1,169,086	-
Tannery Chemical	30,751,945	-
ETP Chemicals	2,863,500	-
Raw hides	11,441,175	-
Workshop shoes Equipment's	1,248,449	-
Total	58,544,679	-

12. Cash and Cash equivalents

The Authority's cash and cash equivalents are cash held at hand and banks. In FY 2021/2022, the closing balance was Ksh. **255,365,160** which relates to commitment towards payables and deferred income on ongoing capital projects.



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Cash and Cash Equivalents	2021-2022	2020-2021
	Kshs	Kshs
Kenya Commercial Bank	12,451,814	9,120,509
National Bank	241,055,263	46,887,437
Co-operative Bank	1,858,083	3,887,073
Total Cash and Cash Equivalents	255,365,160	59,895,019

Bank	Account no	Cash book balance
Development	Nbk-01003041548101	209,592,180
Reccurent	Nbk-01003041548100	31,373,866
Economic stimulus program	Nbk-01003041548104	87,872
Farm	Nbk-01003041548102	688
Nakuru sub basin	Nbk-01003041548105	657
Kilgoris savings sub basin	Coop-01141018229500	1,834,395
Kilgoris	Coop-01141018229501	21,278
Malewa	Coop-01141018229503	1,077
Kajiado	Coop-01141018229502	1,333
Loitokitok	Kcb-1132205514	3,131
KCB-Tannery	Kcb-1250768489	12,448,683
Total		255,365,160

13. Work In Progress

This relates to costs incurred on ongoing works for capital projects: Ewaso Ng'iro Tannery and Leather Factory (Fabrication of Soaking drums, procurements and installation of a fleshing Machine and construction of Cottage Industry), Oloitokitok Tomato Agro processing Factory (Land purchase and Factory construction) and Tannery ERP. The total WIP as at close of FY 2021-2022 was **Kshs. 164,631,169** compared to previous years of **Kshs. 79,425,412**.

Work In Progress	2021-2022	2020-2021
	Kshs	Kshs
Land-Loitokitok	-	4,950,200
Soaking Drum	10,259,040	6,906,396
Loitokitok factory Building	124,237,045	52,332,502
Cottage Industry	18,945,484	15,236,314
Fleshing Machine	9,960,000	-
ERP software	1,229,600	-
Total Work in Progress	164,631,169	79,425,412



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14. Receivables from exchange and non-exchange transactions

The Authority realized receivables at closure of the FY from its operations related to advances issued as imprest, sale of products and other debtors arising from other financial transactions. At the closure of the FY 2021/2022 receivables from exchange transaction amounted to **Kshs. 3,334,374.**

Receivables from exchange transactions	2021-2022	2020-2021
Receivables exchange transactions	Kshs	Kshs
Bulking & Chilling fee (Njeki Transporters)	127,347	209,411
KVDA	200,000	200,000
sale of Tea leave (Nyamache Tea Factory)	482,820	301,801
Tannery Hide & Skins	2,397,707	84,342
Sub-Total	3,207,874	795,554
Receivables non- exchange transactions		
Outstanding Imprest	126,500	326,700
Sub-Total	126,500	326,700
Total Amount	3,334,374	1,122,254

15. Prepayments

At the close of the FY 2021/2022, the Authority had prepayments of Ksh. **14,748,278** relating to ongoing contracted services on operating land leases rent, medical cover premiums, general insurance Cover on PPE

	2021-2022	2020-2021
Prepayments	Kshs	Kshs
Toyota-Kenya-staff Mini Bus		7,162,250
Prepayment-Leases	1,300,500	1,020,000
Prepayment- AAR Insurance /Madison	9,243,974	6,248,012
Prepayment – AAR Insurance/GA	2,375,219	1,483,594
Prepayment - Britam Insurance	677,366	
Service ,water and electricity debtors	558,000	558,000
Total Kenya- Fuel	593,219	66,094
Total Prepayments	14,748,278	16,537,950

16. Inventories

The inventories are valued at the lower of cost or the net realizable value. As at the close of the financial year, inventories amounted to Ksh **50,855,724** as compared to the FY 2021/22 closing balance of Ksh. **28,064,088**



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	2021-2022	2020-2021
Inventories	Kshs	Kshs
Tree seedlings (Bamboo)	22,995,200	3,710,000
Tea seedlings	1,641,606	3,243,252
Tree seedlings	5,725,300	1,913,818
Stores & inventory	1,149,606	1,082,327
Tannery hide & skins	6,396,249	8,276,901
Tannery Chemical	12,947,763	9,837,790
Total inventories	50,855,724	28,064,088



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17. PROPERTY, PLANT & EQUIPMENT – ASSET MOVEMENT SCHEDULE FOR YEAR ENDED 30TH JUNE 2022

	LAND	M/V	FURNITURE FITTING & EQUIP.	BUILDINGS			COMPUTERS & RELATED ACCESSORIES	LOOSE TOOLS	EWASO TANNERY PLANT	CAPITAL	TOTAL
				PERMANENT	SEMI PERM. NRS	PERM. RESIDENTIAL NRS					
				2% KSHS.	12.50% KSHS.	2% KSHS.					
Total assets as at 01/07/2021	193,000,000	59,500,642	29,976,365	80,599,470	23,814,398	604,014	19,408,722	144,332	815,418,790	79,425,412	1,301,892,145
Additions for the year/Transfer		7,162,250	530,000		4,950,200		1,000,428			85,205,757	76,512,649
Total assets as at 30/06/22	193,000,000	66,662,892	30,506,365	80,599,470	28,764,598	604,014	20,409,150	144,332	815,418,790	164,631,169	1,378,404,794
Acc depreciation		34,349,976	12,205,603	5,793,838	12,210,257	47,590	12,960,031	125,086	-	-	77,692,381
Dep for the year		7,928,542	2,230,075	1,490,113	2,145,602	10,920	1,987,265	6,345	-	-	15,804,862
Total depreciation	-	42,278,518	14,435,678	7,289,950	14,355,859	58,510	14,947,296	131,431	-	-	93,497,243
Net book values as at 30/06/2022	193,000,000	24,384,374	16,070,687	73,309,520	14,408,739	545,504	5,461,854	12,901	815,418,790	164,631,169	1,307,243,537



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PROPERTY, PLANT & EQUIPMENT – ASSET MOVEMENT SCHEDULE FOR YEAR ENDED 30TH JUNE 2021

	LAND	M/V	FURNITURE FITTING & EQUIP.	BUILDINGS			COMPUTERS & RELATED ACCESSORIES	LOOSE TOOLS	EWASO TANNERY PLANT	CAPITAL	TOTAL
				PERMANENT NRS	SEMI PERM. NRS	PERM. RESIDENTIAL					
		25%	12.50%	2%	12.50%	2%	30%	33.30%		WIP	
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
Total assets as at 01/07/2020	185,800,000	52,717,642	29,400,900	69,915,080	23,814,398	604,014	19,180,722	144,332	771,030,579	32,313,934	1,184,921,601
Additions for the year/transfer	7,200,000	6,783,000	575,465	10,684,390			228,000		44,388,211	47,111,478	116,970,544
Total assets	193,000,000	59,500,642	29,976,365	80,599,470	23,814,398	604,014	19,408,722	144,332	815,418,790	79,425,412	1,301,892,145
Acc depreciation	-	27,839,296	9,739,155	4,485,241	10,465,312	36,447	10,257,238	115,573	-	-	62,938,262
Dep for the year		6,510,680	2,466,448	1,308,597	1,744,945	11,143	2,702,793	9,513			14,754,119
Total depreciation		34,349,976	12,205,603	5,793,838	12,210,257	47,590	12,960,031	125,086			77,692,381
Net book values as at 30/06/2021	193,000,000	25,150,666	17,770,762	74,805,632	11,604,141	556,424	6,448,691	19,246	815,418,790	79,425,412	1,224,199,764



18. Biological Assets

The value of biological assets is reflected in statements as per the professional valuer's estimates that was done in the financial year 2015/2016. The assets will be revalued in the FY2021-22

	2021-2022	2020-2021
Biological assets	Kshs	Kshs
Olkalau trees	13,000,000	13,000,000
Tea bushes (Keyian & Shankoe)	34,666,669	34,666,669
Shartuka Trees	1,700,000	1,700,000
Narok Head Quarter Assets-Trees bushes	16,000,000	16,000,000
Total Biological Assets	65,366,669	65,366,669

19. Intangible Assets

During FY 2018-2019 the authority did put in place an enterprise resource planning ERP (Dynamic navigation software) system Finance, Human resource and procurement functionality. The value of ERP will be amortized over its useful life. Amortization will begin once all the functionalities of the software is operationalized.

	2021-2022	2020-2021
	Kshs	Kshs
Accounting System	17,489,617	19,988,134
Amortization	(2,186,202)	(2,498,517)
N.B.V as at 30.06.22	15,303,415	17,489,617

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20. Trade and other payables from non-exchange transactions as at 30th June 2022

NAMES OF PROJECTS	DESCRIPTION	Balance B/F	Addition	Amount Paid	Balance to date	Ageing
Recurrent						
National construction Authority	Legal fee	468,197		468,197		
Auditor General	Audit fee	305,835		305,835		
Dynamicnav System	Tannery ERP & EDMS		10,250,987	1,229,600	9,021,387	2 months
AndrimaxAgencies	Construction of Kajiado office		10,098,050	-	10,098,050	3 months
Kiblo General suppliers	Purchase of Tyres		2,937,180	-	2,937,180	1 months
Buffalo Fire safety	Purchase of Fire Extiguisher		1,359,960	-	1,359,960	1 months
GA Insurances	insurance services		931,099	-	931,099	6 months
Brett Communication Limited	Branding and Designing cost		2,401,200	1,200,600	1,200,600	2 Months
GA Insurances	insurance services		271,501	-	271,501	6 months
Kumar Selver	House Allowances Arrears		240,000	-	240,000	2 weeks
Winhas computer & stationery	Purchase of Laptops		240,000	-	240,000	2 weeks
Aceridge Enterprises	conducted assets Valuation		3,000,000		3,000,000	3 weeks
Retoe Investment	Purchase Containers		840,000	-	840,000	2 weeks
Gratuity	Staffs on Contract		2,893,710	-	2,893,710	1 month
Sub- Total		774,032	35,463,687	3,204,232	33,033,487	
Development						
Rimuco Enterprises ltd	Tannery chemical	1,400,465.00		1,400,465		
Daniel Talengo	payment for lease Agreement	216,000.00		216,000		
Josephn lemein korinko	payment for lease Agreement	81,000.00		81,000		
David ole Mambuli	payment for lease Agreement	108,000.00		108,000		
Haraf Traders ltd	Irrigation 20ha model farm	23,150,288		14,474,734	8,675,554	2year
Kathos Building & Construction	Factory construction	13,196,884	58,707,658	44,537,000	27,367,542	10 months



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Snavem Enterprises	Construction of Soaking & Linking drum	3,352,644		2,839,692	512,952	2 year
Sigani Associates	Consultancy service	4,787,940		-	4,787,940	2 year
Trison Engineering Ltd	Equipping & auxiliary works for Gatondo borehole		3,241,580	2,917,422	324,158	5 months
Baquotex Ltd	Equipping & auxiliary works for tayari borehole		3,617,449	-	3,617,449	2 months
Trison Engineering Ltd	Purchase of Fleshing Machine		9,960,000	4,000,000	5,960,000	5 months
Denrwa Enterprised	Construction of Sme cottages	4,529,031		2,754,066	1,774,965	2 year
Trison Engineering Ltd	Rollercoater machine		10,600,000	-	10,600,000	1 months
Hellen Wanja	Milk supply for the month of May & June 2022		21,420	-	21,420	2 months
Lornis supplies	payment for fencing of Kimuka		4,761,394	3,534,358	1,227,036	5 months
Sub Total		50,822,252	90,909,501	76,862,737	64,869,016	
Drought Mitigations						
Genoma Enterprises	Kiminet Dam construction		77,716,804	-	77,716,804	2 Months
Earthlink Enterprises	Narabala dam construction		29,561,038	-	29,561,038	2 Months
maji Africa	Borehole drilling	3,000,206	27,013,430	3,000,206	27,013,430	3 Months
Trisol Engineering	Tiritagoi and Ncc model		6,769,708	-	6,769,708	2 Months
Nangelesha	Auxilliary works for Daraja & Tikoish borehole		1,998,390	-	1,998,390	2 Months
Masai stores	Lemek & Noombito		15,946,427	-	15,946,427	2 Months
kanchori daniel & Co. Advocate	payment for leagal fee		208,000	-	208,000	3 weeks
Mount Everest water drilling company	Orbil		7,448,012	-	7,448,012	2 Months
Sub Total		3,000,206	166,661,809	3,000,206	166,661,809	
GRAND TOTAL		54,596,490	293,034,997	83,067,175	264,564,312	



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21. Deferred Income

The Authority recognizes Government grants used to finance equity or acquisition of asset using the deferred income approach. The grants are recognized as a financing device and dealt with as such in the statement of financial position rather than be recognized in profit or loss to offset the items of expense that they finance. Since there is no repayment expected, such grants are recognized outside the statement of Financial Performance. In the financial year 2021/2022, the Authority deferred **Ksh. 205,138,487** that was used to finance procurement of Tannery Equipment, construction of an Effluent Treatment Plant, motor vehicles and other assorted assets (land, furniture and buildings). The cost of the various assets acquired were as detailed on the table below,

	2021-2022	2020-2021
	Kshs	Kshs
Land-Loitokitok(ksh4,950,200 transfer to PPE)		4,950,200
Tea Expansion-	8,888,020	8,888,020
Tomatoes Factory	124,237,045	52,332,503
Soaking Drum	10,259,040	10,259,040
Staff mini-bus. Transfer to PPE	0	7,162,250
Cottage Industry	19,765,345	19,765,345
Fleshing Machine	9,960,000	
Roller Coaster Machine	10,600,000	
Kajiado office	10,098,050	
Laptop	240,000	
Container	840,000	
EDMS plus ERP Tannery	10,250,987	
Total deferred Income A/C	<u>205,138,487</u>	<u>103,357,358</u>

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The deferred Income movement is as follows:

	2021-2022 Kshs.	Total
Balance brought forward	103,357,358	103,357,358
Addition.	113,893,579	113,893,579
Transfers to Capital fund	(12,112,450)	(12,112,450)
Transfers to income statement	0	0
Other transfers	0	0
Balance carried forward	205,138,487	205,138,487

22. Accumulated Development Fund

The Authority maintains an Accumulated Development Fund that accounts for government grants used in financing acquisition of Authority assets. This fund is adjusted for depreciation in the year and as at the close of financial year 2021/2022, the balance was Ksh. **948,457,740**. The significant increase was as a result of capitalizing the tannery that has been work in progress for long.

The item of Biological Assets and ERP software were re-introduced back as prior year adjustments as they had been erroneously omitted.

Summary Table: Accumulated Development Fund

2021-2022	
Balance brought forward	952,805,926
Additions:	0
Staff Minibus	7,162,250
Cost of fencing -loitokitok land	4,950,200
laptops	1,000,428
Furniture, Fitting & Equipment's	530,000
Less: Depreciation	(17,991,064)
Total	948,457,740

23. Related Parties Transactions

The related parties are:

2. The National Government
3. The Ministry of East Africa community & Regional Development
4. Key management
5. The Directors

Related party transactions

	2022 Kshs	2021 Kshs
Transfers from related parties'	744,890,000	385,500,500
Transfers to related parties	0	0
	=====	=====



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Key Management Remuneration

	2022 Kshs	2022 Kshs
Directors'	21,197,313	25,018,728
Key Management Compensation	19,858,120	23,633,268
	=====	=====

24. Reserves

The Authority revalued its Assets in the FY 2015/16 with a revaluation gain of Ksh. 288,032,176. However, in the financial statements for the financial year 2015/2016, the gain on revaluation was reported as Ksh. 348,320,517. In the current financial year, the Authority addressed this overstatement through a prior year adjustment. The total reserves as at the end of June 2021 was **Ksh. 288,603,190**. The movement in the net reserves in detailed in the statement of net assets.

Reserves Opening Balance as at 1/07/2017	310, 555,848
Transfers to PPE (Bearer plants – Tea Bushes)	21,952,658
Reserves as at 30th June 2018	288,603,190

25. SUMMARY OF CASHFLOW STATEMENT

-under AIA incomes that appeared in the face of cashflow of Ksh **72,233,440** differ with the one appearing in the face of statement of Performance (Ksh **75,241,314**) by ksh **3,007,874** which represent receivables for green tea, Milk chilling/Bulking & Tannery Finished leather.

-The amounts of staff cost in the face of statement of performance is Ksh **250,846,606** differ with the one in the face of cashflow statement of Ksh **247,952,896** by **Ksh 2,893,710** which is the Accrued Gratuity.

The amounts of administrative cost in the face of statement of performance is Ksh **95,507,255** differ with the one in the face of cashflow statement of Ksh **92,507,255** by **Ksh 3,000,000** which is the the cost for Assets valuation

Analysis of Investing Activities

	Amount (Ksh)
Acquisition of Assets (Furniture & Fitting, Computers)	1,530.428
Sub-total	1,530.428
Work in progress (Investment Properties)	
Soaking Drum	2,839,692
Loitoktok factory Building	56,996,613
Cottage Industry	2,754,066
Fleshing machine	4,000,000

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ERP Software	1,229,600
Sub-Totals	67,819,971

NB:

Under the amendments in IPSAS 40, Bearer plants are to be recognized under PPE. To effect this, A total of Ksh. 67,000,000 that relates to Keyian and Shankoe tea bushes was transferred to PPE. However, a total of Ksh. 22,523,671 was cost incurred to raise the tea bushes.

26. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The company's financial risk management objectives and policies are detailed below:

(I) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	3,207,874	3,207,874	0	0
Receivables from non-exchange transactions	126,500	126,500	0	0
Bank balances	255,365,160	255,365,160	0	0
Total	258,699,534	258,699,534	0	0
At 30 June 2021				
Receivables from exchange transactions	1,122,254	1,122,254	0	0
Receivables from non -exchange transactions	0	0	0	0
Bank balances	59,895,019	59,895,019	0	0
Total	61,017,273	61,017,273	0	0



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The customers under the fully performing category are paying their debts as they continue trading with the Authority. The credit risk associated with these receivables is minimal.

The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
At 30 June 2022	Kshs	Kshs	Kshs	Kshs
Trade payables	4,528,000	208,203,565	51,832,747	264,564,312
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	4,528,000	208,203,565	51,832,747	264,564,312
At 30 June 2021				
Trade payables	-	15,002,349	39,594,141	54,596,49
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	14,000,349	14,000,349
Employee benefit obligation	-	-	-	-
Total	0	15,002,349	53,594,490	68,596,839

27. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Authority did not have any pending audit issues with the Office of the Auditor General by the close of FY 2021/2022.



PROJECTS IMPLEMENTED BY THE ENTITY

APPENDIX 1: STATUS OF PROJECTS COMPLETION

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of Funds
				FY 2021/22		
		Ksh		Ksh.	Ksh.	
1 Ewaso Ng'iro Tannery and Leather Factory – Phase I	1,400,000,000	1,159,779,006	98%	69,000,000	60,756,482	GOK
2 Integrated Bamboo Commercialization project – Phase I	650,000,000	263,442,647	58%	23,000,000	20,802,734	GOK
3 Oloyiagalani Dam	350,000,000	353,658,863	86%	10,000,000	10,081,033	GOK
4 Drought Mitigation Programme		59,818,067	20%	60,000,000	59,995,819	
5 Integrated Tea Development – Tea expansion programme (phase II)		49,487,808	40%			GOK
6 Tomato Agro – processing factory	700,000,000	194,678,836	30%	69,000,000	58,707,658	GOK
Narabala Dam		37,300,732	20%	40,000,000	36,841,332	GOK
Kimintet Dam		92,992,454	20%	100,000,000	93,417,254	GOK
Total	3,100,000,000	2,211,158,413		371,000,000	340,810,312	

APPENDIX 2: INTER-ENTITY TRANSFERS.

TRANSFERS FROM THE MINISTRY OF EAST AFRICA COMMUNITY FY 2021/2022				
Recurrent Grants	FY 2021/2022		FY 2020/2021	
	Date	Amount (KShs)	Date	Amount (KShs)
	09.08.2021	86,722,500	19.08.2020	74,722,500
	29.10.2021	28,907,500	06.11.2020	74,722,500
	29.10.2021	28,907,500	02.03.2021	74,722,500
	29.10.2021	28,907,500	22.04.2021	74,722,500
	02.03.2022	28,907,500		
	02.03.2022	28,907,500		
	02.03.2022	28,907,500		
	04.28.2022	86,722,500		
	04.28.2022	58,000,000		
	Total	404,890,000	Total	298,890,000
Development Grants				
	11.08.2021	85,500,000	01.11.2019	86,610,500
	05.12.2021	54,500,000		
	05.12.2021	40,000,000		
	05.12.2021	100,000,000		
	Total	<u>280,000,000</u>	Total	<u>86,610,500</u>
Drought Mitigations	05.12.2021	60,000,000		
	Total	<u>60,000,000</u>		

APPENDIX 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received		Total Amount KES	Where Recorded/recognized		
	As per bank statement	Nature: Recurrent/ Development/Others		Statement of Financial Performance	Deferred Income	Total Transfers during the Year
Ministry of East Africa Community (EAC) and Regional Development	Refer to Appendix 2.	Recurrent	404,890,000			404,890,000
Ministry of East Africa Community (EAC) and Regional Development	Refer to Appendix 2.	Development	280,000,000			280,000,000
Ministry of East Africa Community (EAC) and Regional Development	Refer to Appendix 2.	Drought Mitigation	60,000,000			60,000,000
Total			<u>744,890,000</u>			<u>744,890,000</u>