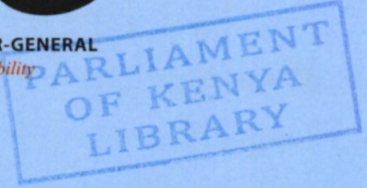


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability



# REPORT

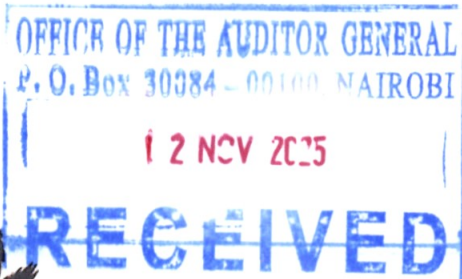
THE NATIONAL ASSEMBLY	
PAPERS LAID	
DATE:	12 FEB 2026 <i>Thursday</i>
TABLED BY:	<i>Hon. George Mwangi</i>
CLERK-AT-THE-TABLE:	<i>Kamela T.</i>

**THE AUDITOR-GENERAL**

**ON**

**TANA AND ATHI RIVERS  
DEVELOPMENT AUTHORITY**

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



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***TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2025**

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

***Tana and Athi Rivers Development Authority (TARDA)***

**Annual Report and Financial Statements**

**for the year ended June 30, 2025**

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TARDA

Annual Report and Financial Statements

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## 1. Acronyms and Definition of Key Terms

### A: Acronyms

AIA	Appropriation in Aid
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CSCEC	China State Construction Engineering Corporation
CSR	Corporate Social Responsibilities
ESP	Economic Stimulus Programme
EU	European Union
GoK	Government of Kenya
HGF	High Grand Falls
ICPAK	Institute of Certified Public Accountants of Kenya
ICS	Internal Control Systems
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Co-operation Agency
LPO	Local Purchase Order
LSO	Local Service Order
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OECD	Overseas Economic Co-operation Fund
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
TARDA	Tana and Athi Rivers Development Authority
TDIP	Tana Delta Irrigation Project
WB	World Bank

**B: Definition of Key Terms**

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

**Comparative Year-** Means the prior period.

## **2. Key Entity Information and Management**

### **(a) Background information**

TARDA was established by an Act of Parliament, Cap. 443 of 1974. It is responsible to the Government of Kenya through the Ministry of East African Community, & Regional Development

The Authority's areas of jurisdiction approximate coverage is 138,000km<sup>2</sup> and includes nineteen (19) current counties within the former Nairobi, Central, Eastern and parts of Coast, N/Eastern and Rift Valley provinces. The area has an estimated population of 20 million inhabitants based on 2019 census.

### **Governance Structure**

The Authority has a governance structure consisting of seventeen (17) Board Members, including the Chairman appointed by the President and the MD as the Secretary to the Board.

### **(b) Principal Activities**

#### **Vision**

"Sustainable Tana and Athi Rivers basins for social-economic wellbeing of households and livelihoods."

#### **Mission**

"To provide evidence-based advisory to the Government; undertake integrated planning; promote conservation and development of natural resources by strengthening collaborations and partnerships within the Tana and Athi River Basins".

#### **Mandate**

River basin based integrated development aimed at spurring Socio-economic growth and environmental conservation of Tana and Athi River Basin.

#### **Key objectives**

This includes:

- Sustainable integrated regional planning and development;
- Development of multipurpose water reservoirs along the Tana and Athi Rivers;
- Conservation of water towers, river banks and water reservoirs;
- Community empowerment, support and employment.

**Key Entity Information and Management (continued)**

**(c) Key Management**

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

No.	Designation	Name
1.	Board of Directors	1. Mr. Patrick Gichohi 2. Mr. Liban R. Duba 3. Prof. Rueben Muasya 4. Mr. James N. Gatuku 5. Ms. Joyce N. Wamucii 6. Mr. Andrew W. Muritu 7. Eng. Robinson Gaita
2.	Managing Director	Mr. Liban R. Duba
3.	Director, Corporate Services	Mr. David K. Kimaiyo
4.	Director, Resource Planning and Development	Ms. Irene Ndavi
5.	Director, Business Development and Investment	Mr. Parmenas Mukeku
6.	Manager, Finance and Accounts	Ms. Maureen Oloo
7.	Manager, Human Resource and Administration	Ms. Gertrude Ngaruiya
8.	Manager, Internal Audit and Risk	Mr. Joseph K. Mwangi
9.	Manager, Supply Chain Management	Mr. Wycliffe Sava
10.	Manager, Legal Services	Ms. Maureen Nyamai

**Key Entity Information and Management (continued)**

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	Mr. Liban R. Duba
2.	Director Corporate Services	Mr. David Kimaiyo
3.	Director Resource Planning & Development	Ms. Irene Ndavi
4.	Director Business Development & Investment	Mr. Parmenas Mukeku
5.	Manager Finance & Accounts	Ms. Maureen Oloo
6.	Manager Human Resource & Administration	Ms. Gertrude Ngaruiya
7.	Manager Internal Audit & Risk	Mr. Joseph Kahindigi
8.	Manager Supply Chain Management	Mr. Wycliffe Sava
9.	Manager Legal Services	Ms. Maureen Nyamai

**(e) Fiduciary Oversight Arrangements**

The Board of Directors of the Tana and Athi Rivers Development Authority (TARDA) is constituted in accordance with Section 4 of the TARDA Act, CAP 443 of the Laws of Kenya. The Board is responsible for overseeing the activities of the Authority and plays a central role in setting strategic direction, exercising oversight, and ensuring accountability. It discharges its responsibilities with effective leadership, integrity, sound judgment, and a commitment to sustainable organizational performance.

Board members are expected to act in the best interests of the Authority and to fulfil their fiduciary duties and duty of care. This includes acting in good faith, avoiding actual or perceived conflicts of interest, and prioritizing the interests of the Authority above personal or external considerations.

To support the effective execution of its mandate, the Board has established various committees, each with defined terms of reference. While these committees perform specific delegated functions, the Board retains collective responsibility for all decisions and actions undertaken by any committee. Importantly, no committee may exercise powers or authority beyond those delegated by the Board itself.

## **Key Entity Information and Management (continued)**

The Board has established the following standing committees: -

### **1. Governance, Audit and Risk Management Committee**

The Governance, Audit & Risk Management Committee formulates and oversees implementation of systems and process of accountability, risk management and internal controls, ethical practices and effective management of stakeholder interest. It also reviews reports on risk management, regulatory compliance, business resilience, contentious matters and other ad hoc reports covering such other matters relating to systems and process of accountability, risk management.

### **2. Finance and Supply Chain Committee**

The Finance and Supply Chain Committee formulates and oversees the financial and procurement in all projects and plans including reviewing on behalf of the Full Board Financial performance on quarterly basis of the organization.

### **3. The Planning & Natural Resources Conservation Committee**

The Planning & Natural Resources Conservation Committee will formulate and oversee implementation of all projects, plans and policies regarding resource planning and conservation of natural resources being undertaken by the Authority.

### **4. Human Resource & Administration Committee**

The Human Resource & Administration Committee formulates and oversees the human capital utilization and administration in all projects and plans. It also oversees formulation and monitor human resource policies for implementation being undertaken by the Authority.

#### **(f) TARDA Headquarters**

Tana and Athi Rivers Development Authority  
Dundori Road, Industrial Area  
P.O. Box 47309 - 00100  
**NAIROBI, KENYA**

#### **(g) TARDA Contacts**

Telephone: (254) 020 3341788/2  
E-mail: [info@tarda.go.ke](mailto:info@tarda.go.ke)  
Website: [www.tarda.go.ke](http://www.tarda.go.ke)

#### **(h) TARDA Bankers**

National Bank of Kenya Ltd  
Harambee Avenue  
P.O. Box 41862 - 00100  
**NAIROBI**

**Key Entity Information and Management (continued)**

Kenya Commercial Bank Ltd  
Moi Avenue  
P.O. Box 48400 - 00100  
**NAIROBI**

Consolidated Bank of Kenya Ltd  
Koinange Street  
P.O. Box 51133-00200  
**NAIROBI**

**(i) Independent Auditor**


Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084- 00100  
**NAIROBI, KENYA**



**(j) Principal Legal Advisor**



Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112- 00200  
**NAIROBI, KENYA**



**Key Entity Information and Management (continued)**



**3. The Board of Directors**

Ref	Directors	Details
1.	 <p><b>Patrick Gichuru Gichohi, CBS</b> Chairperson of the TARDA Board of Directors</p>	<p><b>D.o.B: 18<sup>th</sup> December 1952</b></p> <p>Former Clerk of the National Assembly</p> <p>Commissioner - Judicial Service Commission (JSC) 2018 – 2023</p> <p>Commissioner - Public Service Commission (PSC) 2013 – 2018</p> <p>Secretary - Parliamentary Service Commission (PSC) 2007 – 2013</p>
2.	 <p><b>Mr. Liban R. Duba</b> Managing Director</p>	<p><b>D.o.B: 30<sup>th</sup> September 1981</b></p> <p>Maastricht School of Management Master Degree – Business Administration</p> <p>University of Nairobi Bachelor of Arts – Economics</p> <p>Member-Institute of Directors, IOD(K)</p> <p>Full Member- IHRM (K)</p> <p>Manager Industrial Training – National Industrial Training Authority</p> <p>Managing Director – Burqa Holdings Ltd</p> <p>Manager – Human Resources - ALGAK</p>

Ref	Directors	Details
3.	 <p>Prof. Reuben Muasya <b>Independent Board Member</b></p>	<p><b>D.o.B: 12<sup>th</sup> September 1960</b> Ph.D. Wageningen Agricultural University, Wageningen, The Netherlands (1997 – 2001). Thesis Title Crop physiological analysis of seed quality variation in common bean (<i>Phaseolus vulgaris</i> L.).</p> <p>Master of Philosophy Moi University, Eldoret, Kenya (1993 – 1996)</p> <p>B.Sc. Agric. (Hons) University of Eastern Africa Baraton, Kenya (1988 – 1992)</p> <p>Certificate Agric. Eng. Eldoret Institute of Agriculture, Eldoret, Kenya (1983)</p> <p>Deputy Vice Chancellor Finance, Planning and Development at South Eastern Kenya University</p> <p>Acting Deputy Vice Chancellor (Academic), Kenyatta University (March 2010 to date)</p>
4.	 <p>James Nyamu Gatuku <b>Independent Board Member and Chairperson of the Human Resource &amp; Administration Committee</b></p>	<p><b>D.o.B: 17<sup>th</sup> November 1962</b></p> <p>Bachelor of Laws (LL.B)</p> <p>Private Practice and Business</p>




Ref	Directors	Details
5.	 <p>Joyce Ndumia Wamucii <b>Independent Board Member and Chairperson Finance &amp; Supply Chain Committee</b></p>	<p><b>D.o.B: 3<sup>rd</sup> July 1978</b></p> <p>LL.B, Bachelor of Laws University of Nairobi, Diploma Kenya School of Law (2004); Certified Public Secretary CPS (K), Certified Corporate Governance Auditor</p> <p>Advocate of the High Court of Kenya and a member of the Law Society of Kenya and has been practicing law in Nairobi, Kenya since her admission in 2004. -Partner in Kairu &amp; McCourt Advocates since December 2007</p> <p>Registered Patent Agent, Commissioner for Oaths and Notary Public.</p>
6.	 <p>Wachira Muritu <b>Independent Board Member</b></p>	<p><b>D.o.B: 8<sup>th</sup> April 1952</b></p> <p>Entrepreneur and Business Mogul Bachelor's Degree in Economics</p>



Ref	Directors	Details
7.	 <p>Eng. Robinson Gaita <b>Independent Board Member and Chairperson Planning &amp; Natural Resources Conservation Committee</b></p>	<p><b>D.O.B 1956</b> 2008- 2019 Director, Irrigation and Water Storage. Ministry of Water and Irrigation and Ministry of Agriculture</p> <p>2005-2008:- CEO Rift Valley Water Services Board</p> <p>2002-2005- Deputy Director of Water Development- Ministry of Water and Irrigation</p> <p>1982-2005- Engineer at Ministry of Water holding various positions</p> <p>B.Sc. (Hons). Civil Engineering University of Nairobi (1979)</p> <p>Postgraduate Diploma, Water &amp; Water-Water Engineering, University of Nairobi (1981)</p> <p>Post Graduate Diploma, Hydraulic Engineering, International Institute of Hydraulic &amp; Environmental Engineering, Delft, Netherlands (1988)</p>
8.	 <p>Charles Mwalimu <b>Independent Board Member &amp; Chairperson Governance Audit &amp; Risk</b></p>	<p>D.O.B 03-11-1985</p> <p>2016- to date : Managing/Founding Partner MCM Advocates LLP, Nairobi</p> <p>2015- 2016 : Senior Associate Momanyi &amp; Associates Advocates, Nairobi</p> <p>2013-2014 : Associate Legal Consultant Poverty Eradication Network, Nairobi</p> <p>2012: Legal Assistant/Pupil J.M Makau &amp; Company Advocates, Mombasa</p>

Ref	Directors	Details
	<b>Management Committee</b>	2022- to Date : Master of Laws (LL.M): Energy and Environmental Law University of Birmingham - Birmingham, United Kingdom  2011-2012: Post Graduate Diploma: Law Kenya School of Law - Nairobi, Kenya  2006-2010: Bachelor of Laws (LL. B): Law Busoga University - Iganga, Uganda
9.	 Dr. Alfred Mungai	Alternate Director to the Principal Secretary, State Department for ASALs & Regional Development Ministry of East African Community (EAC) The ASALs & Regional Development
10.	 Mr. Mirasi Tom	Alternate Director to the Principal Secretary, State Department for Environment and Climate Change, Ministry of Environment Climate Change & Forestry

*Tana and Athi Rivers Development Authority (TARDA)*


Annual Report and Financial Statements  
for the year ended June 30, 2025




Ref	Directors	Details
11.	 Moimbo Momanyi	Designated Representative of the Honorable Attorney General, State Law Office
12.	 Ms. Joy Brenda Masinde	Chairperson Kenya Power and Lighting Company Limited
13.	 Eng. Ndegwa Muhwanga	Alternate Director to the Principal Secretary, State Department for Irrigation, Ministry of Water Irrigation and Sanitation

Ref	Directors	Details
14.	 <p data-bbox="284 779 692 815">Mr. Ronald Inyangala, OGW</p>	Alternate Director to the Cabinet Secretary, National Treasury & Economic Planning
15.	 <p data-bbox="276 1473 655 1509">Ms. Jane Kahithe Ndung'u</p>	Alternate Director to the Principal Secretary, State Department for Crop Development, Ministry of Agriculture & Livestock Development

4. Key Management Team

	Management	Details
1.	 <p><b>Mr. Liban R. Duba</b></p> <p>Maastricht School of Management Master Degree – Business Administration</p> <p>University of Nairobi Bachelor of Arts – Economics</p> <p>Member-Institute of Directors, IOD(K)</p> <p>Full Member- IHRM (K)</p>	<p>Managing Director</p>
2.	 <p><b>David K. Kimaiyo</b></p> <p>MBA (Finance Option) – 2010 BBA (Finance &amp; Accounts Option) – 2008 CPA, KISM Certified Trustee – RBA</p>	<p>Director Corporate Services</p>

Management	Details
 <p><b>Irene Ndavi</b>                      3. MSC International Development Studies                      BA (Agricultural Education)</p>	<p>Director Resource Planning &amp; Development</p>
 <p><b>Parmenas Mukeku</b>                      4. BSc (Animal Production) – 1992</p>	<p>Director Business Development and Investment</p>
 <p><b>Maureen Oloo</b>                      5. MBA (Finance Option)- 2017                      BBA (Finance option) – 2006                      CPA-K. Reg. No.28501</p>	<p>Manager Finance &amp; Accounts</p>

	Management	Details
6.	 <b>Gertrude Ngaruiya</b> MBA – Strategic Management (2013); B Com – HRM (2007); Higher National Diploma – HRM (2010)	Manager Human Resources & Administration
7.	 <b>Joseph K. Mwangi</b> B. Com(Finance Option)- 2011 CPA-K. Reg. No.6127	Manager Internal Audit and Risk
8.	 <b>Wycliffe Sava</b> MBA (Procurement & Supplies) - 2013	Manager Supply Chain Management

	Management	Details
	<p>B Com (Marketing) - 2005</p> <p>Member –Kenya Institute of Supplies Management (KISM)</p>	
9.	 <p><b>Maureen Nyamai</b></p> <p>Certified Trustee -RBA 2025 CPS (K)-2019 Commissioner for Oaths- 2017 Advocate-2014 LSK No. P.105/10167/14 KSL. DIP 2013 LLB – 2011</p>	<p>Manager Legal Services</p>

## **5. Chairman's Statement**

### **Assumption of Office**

In Exercise of the powers conferred by Section 4(1) of the Tana and Athi Rivers Development Authority Act Cap 443 of the Laws of Kenya, His Excellency Hon. William Samoei Ruto, PhD, CGH, the President of the Republic of Kenya and Commander-in-Chief of the Defence Forces appointed me as the Chairman of Tana and Athi Rivers Development Authority (TARDA), for a period of three (3) years with effect from 20<sup>th</sup> January 2023.

### **Mandate of TARDA**

TARDA's jurisdiction spans approximately 138,000km<sup>2</sup> covering nineteen (19) counties namely; Nyeri, Kirinyaga, Nyandarua, Murang'a, Embu, Tharaka Nithi, Meru, Isiolo, Kiambu, Nairobi, Machakos, Kajiado, Makueni, Kitui, Garissa, Taita Taveta, Tana River, Lamu and Kilifi. This vast Region is inhabited by diverse communities and is endowed with natural resources and enabling infrastructure; all offering significant development opportunities.

### **Vision**

In line with TARDA's Strategic Plan 2023–2027, the Board remains committed to fostering a sustainable socio-economic wellbeing of households and livelihoods within the Authority's jurisdiction. TARDA's overarching goal is to support the realization of the Bottom-Up Economic Transformation Agenda (BETA) on Food Security, in alignment with Kenya Vision 2030 and the Fourth Medium Term Plan (2022–2026), which prioritizes national socio-economic advancement. To this end, the Board has prioritized key initiatives aimed at promoting equitable and sustainable development through the execution of integrated, multi-purpose programs and projects, as well as the enhancement of resource-based investments within the Tana and Athi River Basins.

### **Performance Highlights:**

During the year under review, TARDA actively collaborated with stakeholders on initiatives that contributed to improved social and economic outcomes, particularly in areas such as catchment conservation, water resource management, and irrigation development. The Authority remains dedicated to providing outstanding customer service across all platforms by continuously enhancing its processes and procedures.

### **Acknowledgement**

I sincerely thank the Members of the Board for their invaluable guidance, support, and thoughtful counsel. I also express deep appreciation to our stakeholders for their continued partnership. Most importantly, I acknowledge and commend our dedicated staff for their unwavering commitment to the Authority throughout the financial year, despite the many challenges encountered.



**Patrick Gichuru Gichohi, CBS**  
**BOARD CHAIRMAN**

## 6. Report of the Managing Director

It is my privilege to present this comprehensive report on TARDA's performance for the Financial Year ended 30th June 2025. As we reflect on our journey, I am proud to share how we have advanced our mandate of integrated water resource management and regional development across the Tana and Athi River basins, despite facing significant institutional and financial challenges.

This year marked a period of strategic consolidation and measured progress. We maintained our focus on delivering tangible results for basin communities while navigating the uncertainties arising from proposed institutional reforms. Through prudent financial management and operational adjustments, we ensured continuity of our core programs while laying foundations for sustainable transformation.

Our flagship Tana Delta Irrigation Project achieved a major milestone through our partnership with Agri All Africa, realizing 1,375 tonnes of rice from 500 acres with expansion underway to 1,225 acres. This demonstrates the project's potential to significantly contribute to national food security when fully developed across 17,300 acres. Similarly, the Kiangochi-Muchungucha irrigation scheme reached 54% completion, bringing us closer to delivering year-round water access to 20,000 farmers in Murang'a County.

In water resource management, we made substantial progress on multiple fronts. The Kieni Integrated Irrigation Project advanced its feasibility studies, while the Lower Murang'a initiative completed designs for a 5,000-hectare scheme with mini-hydropower potential. Our drought mitigation efforts delivered six completed water projects, including five solar-powered boreholes, directly benefiting vulnerable communities, delivering measurable, wide-reaching impact, directly improving the lives of over 100,000 people and safeguarding more than 50,000 head of livestock through expanded access to clean water, modernized irrigation, and climate-smart livelihoods. These interventions are unlocking productivity in agriculture, bolstering market access, and enabling communities to adapt to climate change while contributing directly to the Bottom-Up Economic Transformation Agenda (BETA), Kenya Vision 2030, and the Sustainable Development Goals.

Environmental conservation within the two basins remained central to our work, with over 1.2 million tree seedlings propagated and planted across 1,267 acres. These efforts, combined with empowerment of six (6) Community-Based Organizations (CBOs) and training programs for 391 farmers in climate-smart practices, are building resilience in our catchment areas while creating sustainable livelihoods. Complementing this, our honey value chain development has created new economic opportunities for 1,200 beekeepers, with women comprising the majority of beneficiaries. These initiatives exemplify our commitment to translating water access into economic empowerment.

In the strategic period, TARDA set in motion a bold agricultural transformation agenda by embedding Public-Private Partnerships (PPPs) at the heart of Kenya's food systems revolution. TARDA is currently positioning itself as a frontline agency in unlocking the commercial potential of over 48,000 hectares of prime irrigable land across the Tana and Athi River Basins. This strategic pivot is designed to attract substantial private sector investment and innovation to scale up irrigated agriculture in high-potential zones,

establish modern agro-processing infrastructure to cut post-harvest losses, and embed climate-resilient farming practices that safeguard livelihoods for more than 5 million Kenyans dependent on agriculture. By fusing public mandate with private enterprise, TARDA is not only driving food security and economic competitiveness but also anchoring Kenya's transition towards sustainable, high-value agricultural production aligned with local and international development goals.

Technology adoption was scaled up to underpin evidence-based decision-making. Our Geographic Information Systems (GIS) capability was strengthened to map irrigation assets, monitor land use, and support precision agriculture. We digitized core service processes, improving transparency, reducing turnaround times, and enhancing stakeholder engagement. These steps place TARDA on the path toward fully integrated, tech-enabled basin management, aligning with national digital transformation priorities.

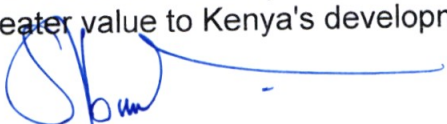
The year also brought into sharper focus the institutional reforms confronting Regional Development Authorities (RDAs). The Cabinet Memo dated 21<sup>st</sup> January 2025 proposed either divestiture or dissolution of the RDAs, citing outdated mandates. Subsequently, in February 2025, our line Ministry issued a directive requiring all RDAs to prepare and submit comprehensive sustainability papers outlining strategies to progressively reduce and ultimately cease reliance on the exchequer. In response, TARDA developed and submitted a robust roadmap to self-sufficiency, anchored in PPP-driven investments, asset optimization, and revenue diversification. This framework now serves as our guiding compass toward institutional renewal and long-term viability.

The year presented considerable financial challenges stemming from our historical dependence on government funding and unresolved claims related to transferred power assets. In response, we have developed a comprehensive financial sustainability plan focusing on public-private partnerships, asset optimization, and diversified revenue streams. This strategic shift will be critical as we work to restore TARDA's financial autonomy while continuing to deliver on our development mandate.

Recognizing that our mandate exceeds the capacity of any single institution, we have deepened collaborations with county governments, development partners, and research institutions and various relevant sector players. These partnerships have not only extended our reach but also enriched our interventions with diverse expertise and resources.

I wish to acknowledge the steadfast support of our Board, whose guidance has been invaluable in navigating this complex period. To our dedicated staff, I extend profound gratitude for their commitment to serving basin communities despite operational constraints. Our partners in national and county government, as well as development organizations, have been instrumental in amplifying our impact and are also highly appreciated.

As we look ahead to the next FY 2025/26, TARDA remains committed to being a catalyst for sustainable development in our river basins. We will intensify our focus on completing priority infrastructure projects, expanding climate-smart agriculture, and implementing our financial sustainability roadmap. Through these efforts, we are confident of delivering even greater value to Kenya's development agenda in the coming year.

  
**Liban R. Duba**  
**MANAGING DIRECTOR**

**7. Statement of Performance against Predetermined Objectives for FY 2024/2025**

TARDA developed 9 strategic objectives for the 5 year 2022/2023 to 2026/2027 with 6 key result areas (KRA). The key result areas are as follows:

- KRA 1: Integrated planning and development
- KRA 2: Livelihood diversification
- KRA 3: Catchment conservation and restoration
- KRA 4: Governance and administration
- KRA 5: Knowledge management
- KRA 6: Resource mobilization

Annual work plans are developed based on the 6 key result Areas, assessment of the management’s performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2024/2025 period for its 6 strategic pillars, as indicated in the table below:

<b>PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025</b>				
<b>Strategy</b>	<b>Key Activities</b>	<b>Expected Output</b>	<b>Output Indicators</b>	<b>Achievements</b>
<b>KRA 1: Integrated planning and development</b>				
<b>Strategic Objective 1: To enhance evidence-based decision making for sustainable development</b>				
<b>S1: Develop an Integrated Basin Based Plan</b>	Conduct baseline natural survey assessment and mapping	Tana River Basin Baseline Resource Study Conducted	1Report	Prepared a comprehensive report on Tana River Basin.
<b>S2: Promote natural resources research and development</b>	Conduct feasibility studies	Feasibility study reports developed	1No.	Insufficient funding thus no feasibility studies were done.
	Proposal Development	Proposals Developed	2No.	Developed five (5) proposals under the AFDB call under Climate Action Window for resource mobilization.

<b>Strategic Objective 2: To Coordinate, develop and implement integrated projects and programmes in the basins</b>				
<b>S1:</b> Coordinate, Implement integrated development projects and programmes	Develop water harvesting and storage projects.	Volumes of water provided	150,000 M <sup>3</sup>	1,969,042 M <sup>3</sup> water harnessed.
<b>KRA 2: Livelihood diversification</b>				
<b>Strategic Objective 3: To enhance food systems and value chains</b>				
<b>S1:</b> Promote adoption of climate smart technologies and practices (TIMPs)	Train farmers on identified TIMPs	TIMPs Adopted	4No.	Trained 361 farmers and four (4) TIMPs Adopted in honey, fodder and rice production.
<b>S2:</b> Enhance value chains development	Process and market honey	Tonnes of honey processed and sold	30Tons	4.0 tonnes of honey processed and sold.
	Develop community Irrigation Schemes	Irrigation schemes developed	400 acres	500 acres opened up for rice production.
	Rice production at TDIP	Area under irrigation	4,000 acres	500 acres of land opened up for rice production.
		Rice production	80,000 Tons	1,375 tonnes of paddy rice produced.
<b>KRA 3: Catchment conservation and restoration</b>				
<b>Strategic Objective 4: To implement the Presidential Directive on production of 5B fruit seedlings by RDAs</b>				
<b>S1:</b> Increase production of fruit tree seedlings from 300,000 up to 1.4B	Produce fruit tree seedlings.	Fruit tree Seedlings produced	4.5M	51,103 tree fruit seedlings produced.
	Technology transfer for communities.	CBOs trained	14No.	Five (5) CBOs trained on catchment conservation activities.
<b>Strategic Objective 5: To protect, restore and manage the catchment areas within Basins</b>				
<b>S1:</b> Enhance conservation, rehabilitation and management of catchment areas	Tree seedlings growing	Area forested	3,125acres	1,267 acres forested within the Tana and Athi River Basins catchment area.
<b>KRA 4: Governance and administration</b>				

<b>Strategic Objective 6: To enhance Internal processes</b>				
<b>S1:</b> Institutionalize risk management	Prepare annual risk registers	Register developed	1No.	Annual risk register developed.
<b>S3:</b> Enhance brand resonance, visibility and corporate image	Review and implement the Citizens' service delivery charter	Citizens' service delivery charter developed	1No.	Translated to Kiswahili, brailled and audio visual.
<b>S4:</b> Enforce Oversight	Conduct Board Evaluation	Board Evaluation Conducted	1No.	Board Evaluation conducted for 14 Board Members.
<b>Strategic Objective 7. To strengthen human resource capacity</b>				
<b>S2:</b> Enhance Staff Capacity	Staff Capacity building, training and professional development.	Staff trained.	100No.	31 staffs trained.
<b>S5:</b> Improve work environment	Procurement of insurances.	Insurances Procured	7No.	Nine (9) Insurance Covers procured.
	Rehabilitation and maintenance of TARDA offices.	Rehabilitated offices/centres	3No.	Rehabilitation of TARDA offices at Industrial Area, Renovation of the Tana Delta Resort and Administration Block.
<b>KRA 6: Resource Mobilization</b>				
<b>Strategic Objective 9: To Broaden the development resource base</b>				
<b>S1:</b> Strengthen resource mobilization	Engage relevant GoK institutions for allocation of funds.	Funds Allocated	Kshs 1,231 M	562.1M
	Optimize revenue generation from the enterprises.	A-in-A generated	Kshs 180M	117M

## 8. Corporate Governance Statement

The Tana and Athi Rivers Development Authority (TARDA) Act, Chapter 443 of the Laws of Kenya, serves as the primary legal framework governing the Authority's membership and procedures. Section 4(1) of the Act provides for a Board comprising seventeen (17) members, including a Chairman appointed by the President and the Managing Director appointed by the Cabinet Secretary of the Authority's line Ministry.

### OVERVIEW

Corporate governance refers to the principles, systems, and practices through which an organization is directed, regulated, and controlled to achieve its objectives in a manner that adds value and ensures long-term sustainability. It focuses on the frameworks that define the relationships between the Board, management, shareholders, and other stakeholders, ensuring transparency, accountability, and efficiency in the organization's operations.

At its core, good corporate governance provides the necessary structures and procedures to support sound decision-making, safeguard stakeholder interests, and maintain organizational integrity. It plays a critical role in:

- Attracting both local and foreign investment by assuring investors of secure, transparent, and well-managed operations;
- Creating competitive, efficient, and high-performing institutions;
- Enhancing the accountability of those entrusted with managing corporate resources;
- Promoting the effective and responsible use of limited resources.

Without well-functioning and efficiently governed enterprises, a country cannot generate wealth, employment, or economic growth. Business stagnation, tax losses, and economic decline are the inevitable consequences of poor governance. On the other hand, well-governed institutions can attract investment, create jobs and wealth, and remain competitive in a globalized market.

Good corporate governance is, therefore, essential for national economic development.

Tana and Athi Rivers Development Authority (TARDA) recognizes that sound corporate governance is fundamental to its continued success and sustainability. The Authority is fully committed to upholding these governance standards to remain a viable, globally respected institution. This statement outlines TARDA's key corporate governance structures and practices.

**COMPOSITION OF THE BOARD OF DIRECTORS****i) Membership of the Board**

According to the TARDA Act CAP443, The Authority should consist a total of seventeen (17) members who include: -

- a) A chairman who shall be appointed by the President;
- b) Seven members who shall be the Principal Secretaries of the scheduled Ministries;
- c) The General Manager of the National Irrigation Authority;
- d) The Chairperson of the Kenya Power & Lighting Company Limited;
- e) The Director of the Water Department;
- f) Five other members, who shall not be members of the Government service, and who shall be appointed by the Minister in consultation with the President; and
- g) The Managing Director.

In the financial year 2024/ 2025 the Board members were as follows:-

NO.	NAME	POSITION	DATE OF APPOINTMENT	EXPIRY DATE OF THE APPOINTMENT	TERM
1.	Mr. Patrick Gichuru Gichohi, CBS	Chairman	20 <sup>th</sup> January 2023	19 <sup>th</sup> January 2026	1 <sup>st</sup> Term
2.	Prof. Reuben Muasya	Independent Board Member	6 <sup>th</sup> October 2021	5 <sup>th</sup> October 2024	1 <sup>st</sup> Term
3.	Mr. Charles Mwalimu	Independent Board Member	29 <sup>th</sup> November 2024	28 <sup>th</sup> November 2027	1 <sup>st</sup> Term
3.	Ms. Joyce Ndumia Wamucii	Independent Board Member	28 <sup>th</sup> July 2022	27 <sup>th</sup> July 2025	1 <sup>st</sup> Term
4.	Mr. James Nyamu Gatuku	Independent Board Member	28 <sup>th</sup> July 2022	27 <sup>th</sup> July 2025	1 <sup>st</sup> Term
5.	Mr. Andrew Wachira Muritu	Independent Board Member	28 <sup>th</sup> July 2022	27 <sup>th</sup> July 2025	1 <sup>st</sup> Term
6.	Eng. Roninson Gaita	Independent Board Member	9 <sup>th</sup> June 2023	8 <sup>th</sup> June 2026	1 <sup>st</sup> Term
8.	Dr. Alfred Mungai	Alternate Director to the Principal Secretary, State Department for ASALs and Regional Development Ministry of East African Community (EAC) The ASALs & Regional	15 <sup>th</sup> March 2024	14 <sup>th</sup> March 2027	1 <sup>st</sup> Term

**Tana and Athi Rivers Development Authority (TARDA)****Annual Report and Financial Statements****for the year ended June 30, 2025**

NO.	NAME	POSITION	DATE OF APPOINTMENT	EXPIRY DATE OF THE APPOINTMENT	TERM
		Development			
9.	Mr. Mirasi Tom	Alternate Director to the Principal Secretary, State Department for Environment and Climate Change, Ministry of Environment Climate Change & Forestry	17 <sup>th</sup> May 2023	16 <sup>th</sup> May 2026	1 <sup>st</sup> Term
11.	Mr. Momanyi Moimbo	Designated Representative of the Honorable Attorney General, State Law Office	9 <sup>th</sup> November 2023	8 <sup>th</sup> November 2026	1 <sup>st</sup> Term
12.	Ms. Joy Brenda Masinde	<b>Chairperson</b> Kenya Power and Lighting Company Limited	19 <sup>th</sup> June 2023	15 <sup>th</sup> December 2025	1 <sup>st</sup> Term
13.	Eng. Ndegwa Muhwanga	Alternate Director to the Principal Secretary, State Department for Irrigation, Ministry of Water Irrigation and Sanitation	31 <sup>st</sup> March 2020	30 <sup>th</sup> June 2025	N/A
14.	Mr. Ronald Inyangala, OGW	Alternate Director to the Cabinet Secretary, National Treasury & Economic Planning	16 <sup>th</sup> April 2018	30 <sup>th</sup> June 2025	N/A
15.	Ms. Jane Kahithe Ndung'u	Alternate Director to the Principal Secretary, State Department for Agriculture, Ministry of Agriculture & Livestock Development	20 <sup>th</sup> April 2023	19 <sup>th</sup> April 2026	1 <sup>st</sup> Term

NO.	NAME	POSITION	DATE OF APPOINTMENT	EXPIRY DATE OF THE APPOINTMENT	TERM
16.	Mr. Liban Roba Duba	Managing Director TARDA	14 <sup>th</sup> January 2025	13 <sup>th</sup> January 2028	2 <sup>nd</sup> Term
17.	Mr. Livingstone Kimani Mburu	Inspectorate of State Corporations- Deputy Inspector General	8 <sup>th</sup> December 2022	N/A	N/A

**ii) Functions of the Board are inter alia:**

- a) Determine TARDA's mission, vision, purpose and core values.
- b) Set and oversee TRADA's overall strategy and approve significant policies
- c) Approve TARDA's organizational structure
- d) Approve the annual budget and annual procurement plan of TARDA
- e) Monitor TARDA's performance and ensure sustainability and regularly access the performance of top management.
- f) Enhance TARDA's corporate image of TARDA
- g) Ensure effective communication with stakeholders
- h) Regularly undertake overall board performance evaluation.

**Role of the Chairman of the Board of Directors**

- a) Provides overall leadership to the Board especially on area of policy development
- b) Conducts efficient Board meetings and guide the Board's decision –making process.
- c) Leads the Board evaluation process.
- d) Promotes a positive image of TARDA.

**Conduct of Board's Business**

TARDA Act CAP 443 provides that the Board shall meet at least once every three months or more depending on the requirements of the business. A work plan and schedule of meetings is prepared annually at the beginning of each financial year. Directors receive adequate notice for meetings and detailed papers on issues to be discussed before the meetings.

In the Financial year 2024/2025 The Board held a total of Five (5) Board meetings during the year comprising Four (4) regular Board meetings, one (1) special Board meeting for the Board self- evaluation for the financial year 2023/2024.

The Board also appointed sub-committees whose main responsibilities are to engage management in providing detailed information and disclosure in readiness for subsequent full Board meetings. However, all decisions made by the sub-committees require confirmation and/or modifications during full Board meetings.

The current sub-committees' activities and their responsibilities are as follows;

**(a) Planning & Natural Resources Conservation Committee of the Board**

This Committee formulates and oversees implementation of all projects, plans and policies regarding resource planning and conservation of natural resources being undertaken by the Authority. It also oversees formulation and monitors policies for implementation being undertaken by the Authority.

**Roles and Responsibility**

The Planning & Natural Resources Conservation committee mainly will:

- i) Formulate and oversee implementation of projects plans, research and development policies
- ii) Advise the Board on the overall strategy, directions and effectiveness of the Authority's planning, research and development programmes.
- iii) Evaluate the Authority progress and success in achieving its planning development.

<b>PLANNING &amp; NATURAL RESOURCES CONSERVATION COMMITTEE</b>		
<b>No</b>	<b>Name</b>	<b>Particulars</b>
1.	Eng. Robinson Gaita	<b>Chairperson</b> Independent Board Member
2.	Ms. Joyce Ndumia	Independent Board Member
3.	Mr. Andrew Wachira Muritu	Independent Board Member
4.	Dr. Alfred Mungai	Alternate Director to the Principal Secretary, ASALs & Regional Development, Ministry of East African Community, the ASALs and Regional Development
5.	Ms. Jane Kahithe Ndung'u	Alternate Director to the Principal Secretary, State Department for Crop Development, Ministry of Agriculture & Livestock Development
6.	Eng. Ndegwa Muhwanga	Alternate Director to the Principal Secretary State Department for Water and Sanitation Ministry of Water, Sanitation and Irrigation
7.	Ms. Joy Brenda Masinde	Chairperson, Kenya Power & Lighting Co. Ltd

The Planning & Natural Resources Conservation Sub-Committee held (5) meetings in the Financial year 2024/2025.

**(b) Finance & Supply Chain Committee of the Board**

The Board, as per section 12 of the TARDA Act CAP 443, shall be responsible for the management of the affairs of a state corporation and shall be accountable for the moneys, the financial business and the management of a state corporation i.e. no corporation may incur expenditure for which provision was not made in an annual estimate prepared and submitted to the National Treasury before the end of

February every year. Thus it is important for the Board to formulate work plan and meet regularly to ensure that the estimates are prepared and submitted in time.

### **Roles and Responsibility**

The Finance & Supply Chain Committee mainly will:

- i. Review and recommend annual budget and the procurement Budget and continuously review the adherence to budget provisions;
- ii. To review the Annual Report on behalf of the Board every year;
- iii. Assess and ensure effectiveness of processes in place for preparation of the annual financial statements; and
- iv. Review on behalf of the Board Financial performance on quarterly basis;

This committee constitutes of the following members:

<b>FINANCE &amp; SUPPLY CHAIN COMMITTEE</b>		
<b>No.</b>	<b>Name</b>	<b>Particulars</b>
1.	Ms. Joyce Ndumia	<b>Chairperson</b> Independent Board Member
2.	Mr. James Gatuku	Independent Board Member
3.	Mr. Andrew Wachira Muritu	Independent Board Member
4.	Dr. Alfred Mungai	Alternate Director to the Principal Secretary, ASALs & Regional Development, Ministry of East African Community, the ASALs and Regional Development
5.	Mr. Ronald Inyangala, OGW	Alternate Director to Cabinet Secretary, the National Treasury & Economic Planning
6.	Ms. Joy Brenda Masinde	Chairperson, Kenya Power & Lighting Co. Ltd
7.	Mr. Tom Mirasi	Alternate Director to the Principal Secretary, State Department for Environment, Ministry of Environment & Forestry

The Finance & Supply Chain committee held Four (4) meetings in the financial year 2024/2025.

### **(c) Human Resource & Administration Committee of the Board**

This Committee considers all matters associated with the policies and practices of the Authority in relation to its Human Resources & Administration. This committee constitutes of the members:

**Roles and Responsibility:**

- i. To review and recommend to Board all the Policies under the Department of Corporate Services and to review the human resource policies from time to time to best serve the Authority's human resource strategies.
- ii. To guide the Board on all the matters concerning top talent recruitment, retention, remuneration and general welfare of the staff;
- iii. To deal with any human resource & administration related matter that the Board considers appropriate to be referred to the Human Resource & Administration Committee.

<b>HUMAN RESOURCE &amp; ADMINISTRATION COMMITTEE</b>		
	<b>Name</b>	<b>Particulars</b>
1.	Mr. James Nyamu Gatuku	<b>Chairperson</b> Independent Board Member
2.	Dr. Alfred Mungai	Alternate Director to the Principal Secretary, ASALs & Regional Development, Ministry of East African Community, the ASALs and Regional Development
3.	Mr. Moimbo Momanyi	Designated Representative of the Hon. Attorney General, State Law Office
4.	Mr. Tom Mirasi	Alternate Director to the Principal Secretary, State Department for Environment, Ministry of Environment & Forestry
5.	Ms. Jane Kahithe Ndung'u	Alternate Director to the Principal Secretary, State Department for Crop Development, Ministry of Agriculture & Livestock Development

The Human Resource & Administration Sub-Committee held four (4) regular meetings in the financial year 2024/2025.

**(d ) Governance, Audit & Risk Management Committee of the Board**

The committee is responsible for a thorough and detailed review of Audit matters. It enables the Board members to contribute an independent judgment. The Committee formulates and oversees implementation of systems and process of accountability, risk management and internal controls, ethical practices and effective management of stakeholder interest.

**Roles and Responsibility**

The Governance, Audit & Risk committee will:

- i. Promptly address issues in governance and accountability;
- ii. Monitor the integrity of the financial statements, including the Authority's annual report relating to its financial performance, and review and report to the Board on significant financial reporting issues;

- iii. Discuss with external auditors any reservations and problems arising in the course of audit and any audit management letters and management responses prior to the issuance of the audit certificate.

This committee constitutes of the following members:

<b>GOVERNANCE AUDIT &amp; RISK MANAGEMENT COMMITTEE</b>		
<b>No.</b>	<b>Name</b>	<b>Particulars</b>
1.	Mr. Charles Mwalimu	Chairperson Independent Board Member
2.	Eng. Robinson Gaita	Independent Board Member
3.	Mr. Ronald Inyangala, OGW	Alternate Director to Cabinet Secretary, the National Treasury & Economic Planning
4.	Mr. Moimbo Momanyi	Designated Representative of the Hon. Attorney General, State Law Office
5.	Eng. Ndegwa Muhwanga	Alternate Director to the Principal Secretary State Department for Water and Sanitation Ministry of Water, Sanitation and Irrigation

The Audit, Risk Management and Compliance Sub-Committee held Four (4) regular meetings in the Financial Year 2024/2025.

**(e) Adhoc Committees Meetings**

During the financial year 2024/2025 the Board directed various Adhoc Committees to sit and deliberate on various pertinent issues: These Adhoc Committees were:

**Adhoc Board Committee on Protection of Public Land**

The Adhoc Board Committee on the Protection of Public Land held two (2) meetings during the 2024/2025 financial year to review the status and progress of the ongoing Government Directive on safeguarding public land under the management of the Tana and Athi Rivers Development Authority (TARDA) from encroachment. This follows the directive issued under Ref: OP.CAB3/35A dated 10th February 2025.

**Joint meeting of the Board Finance & Supply Chain and the Planning and Natural Resources Conservation Committees**

The Board Finance & Supply Chain Committee and the Planning and Natural Resources Conservation Committee held One (1) joint meeting in the financial year 2024/2025 to discuss proposals for re-inventing TARDA. This was following the Government's directive to all Government Ministries, Departments and Agencies to rationalize its recurrent budget for FY 2024-25 by 30% based on the approved budget for the FY 2023/24. Further, TARDA had a budget cut of Kshs 124.4 Million having substantial effect on personal emoluments, operations and maintenance costs for F/Y 2024-25.

**(f) Directors' Training and Development**

The Authority recognizes the importance of having a well informed and fully empowered Board of Directors. In this regard, relevant training and capacity development opportunities are organized to equip directors with skills and knowledge necessary to effectively perform their responsibilities. In line with this Further, Board members are encouraged to attend training conducted by the State Corporations Advisory Committee (SCAC).

In this regard, the new independent Board members attended an induction workshop for Boards/Council members which was conducted from Thursday 27th March to Saturday, March 29<sup>th</sup>, 2025 at Lake Naivasha Resort, Naivasha-Nakuru County hosted by SCAC and Institute of Certified Secretaries (ICS).

**(g) Conduct of the Board Members**

TARDA Act CAP 443 provides that the Board shall meet at least once every three months or more depending on the requirements of the business. A work plan and schedule of meetings is prepared annually at the beginning of each financial year. Directors receive adequate notice for meetings and detailed papers on issues to be discussed before the meetings.

In line with the Mwongozo Code of Governance for State Corporations, TARDA remains committed to upholding the highest standards of integrity, transparency, and accountability in the conduct of its Board members. During the financial year under review, the Board ensured that all members conducted their duties in accordance with the provisions of the TARDA Act, Chapter 443 of the Laws of Kenya, the Mwongozo Code, the Leadership and Integrity Act, and the Public Officer Ethics Act.

In particular there were no reported cases of conflict of interest or ethical breaches during the financial year. In the Financial year 2024/2025 The Board held a total of Five (5) Board meetings during the year comprising Four (4) regular Board meetings, One (1) special Board meeting for the Board performance self-evaluation in the financial year 2023/2024. Board members contributed meaningfully to strategic discussions and oversight.

The Board oversaw key financial, procurement, and operational decisions, ensuring compliance with the Public Finance Management Act and relevant circulars from the National Treasury and the State Corporations Advisory Committee. Board remuneration and sitting allowances were paid in accordance with guidelines issued by the Chief of Staff and Head of Public Service and the State Corporations Advisory Committee (SCAC). The Board reaffirmed its commitment to uphold good governance practices and to continuously improve performance monitoring and strategic oversight functions.

## 9. Management Discussion and Analysis

### 9.0 Overview

The Authority's Financial and Operational performance for the period is based on the Strategic Plan 2023-2027, the Budget 2024/2025 and the Performance Contract signed between the Board and the Principal Secretary, State Department of Regional Development and ASALs and Cascaded down to the Managing Director and all Staff.

The financial year 2024/25 was marked by continued implementation of key strategic initiatives and disciplined financial management. Despite funding constraints, the Authority successfully executed the majority of its planned activities, reflecting strong institutional resilience.

### 9.1 Summary of Financial Performance

#### 9.1.1 Revenue Analysis

Total revenue for the year amounted to **KSh816.1 million**, representing a **17.2% decrease** from **KSh986.5 million** in 2023/24. The decline was primarily attributed to reduced government transfers and lower operating income.

#### 9.1.2 Transfers from Government:

Ministry allocations for recurrent expenditure, declined to **KSh432.1 million** from **KSh556.5 million**, a drop of **KSh124.4 million (-22.4%)**.

Capital Fund transfers, for development expenditure, decreased to **KSh322.9 million** from **KSh375.2 million**, a reduction of **KSh52.3 million (-13.9%)**.

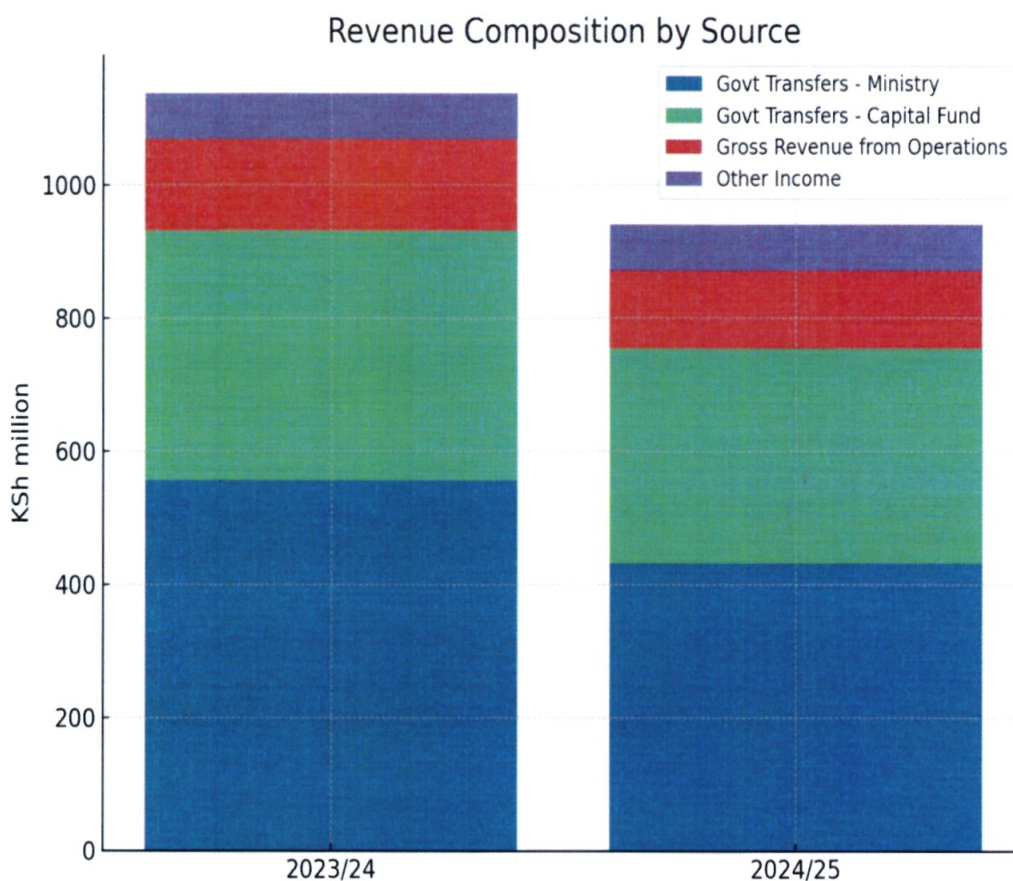
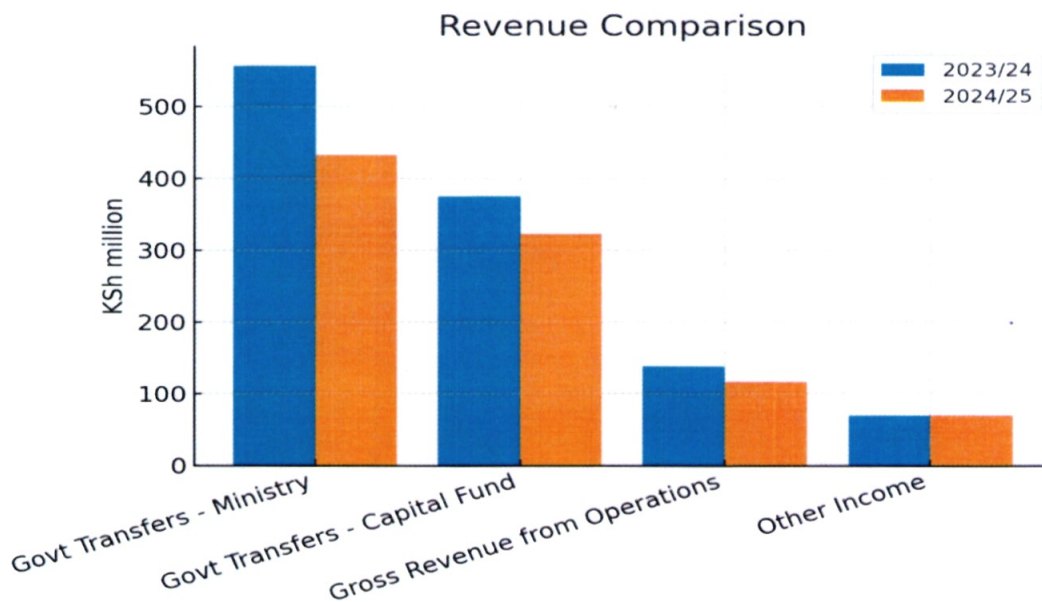
#### 9.1.3 Operating Income:

Gross revenue from operations fell by **15.6%**, from **KSh138.6 million** to **KSh117 million**.

Notably, net revenue after cost of sales rose by **33.8%**, from **KSh46.3 million** to **KSh62 million**, indicating improved cost efficiency.

#### 9.1.4 Other Income:

Remained stable at approximately **KSh69 million**, showing that the overall revenue decline was largely due to lower government funding and reduced operating income.

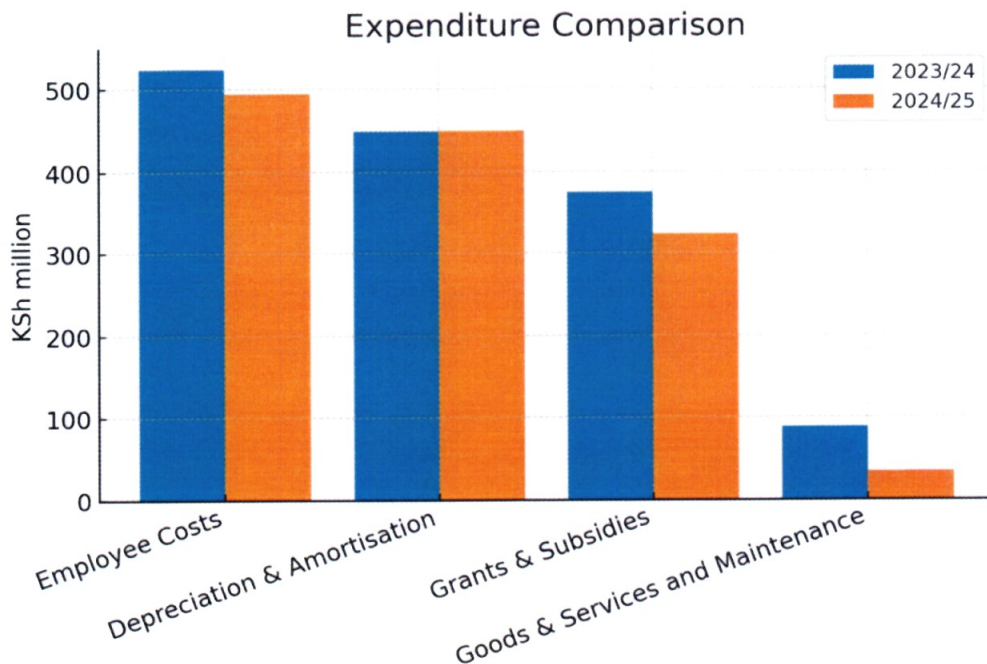


The Authority remains heavily dependent on Exchequer funding, with fluctuations in allocations having a direct and material impact on revenue performance.

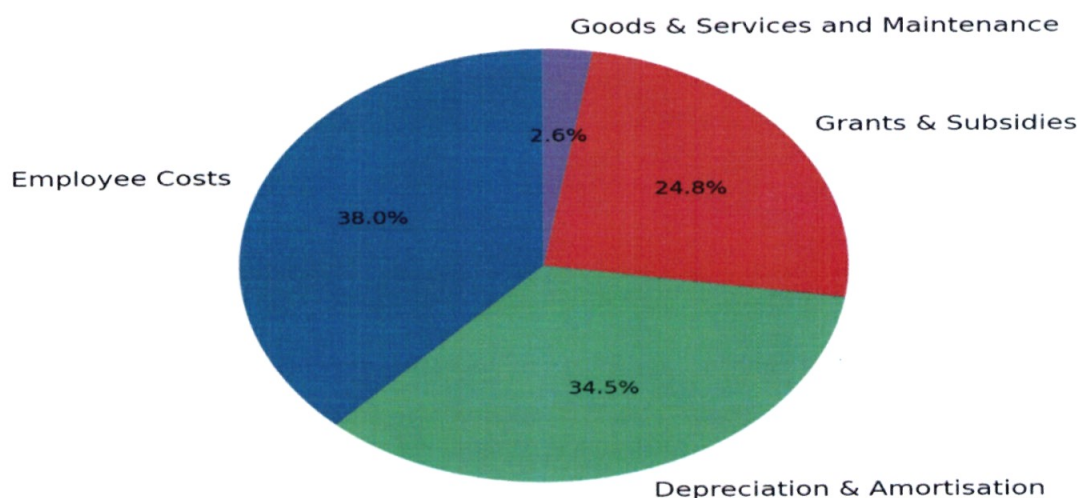
## 9.2 Expenditure Analysis

Total expenditure decreased by **9.0%**, from **KSh1,442.4 million** in 2023/24 to **KSh1,312.3 million** in 2024/25. This was largely due to scaled-down capital projects and prudent cost control.

- **Employee Costs:** Slightly decreased to **KSh495.8 million**, from **KSh523.5 million**.
- **Depreciation & Amortisation:** Continued to be a major non-cash expense at **KSh449.1 million**, significantly impacting the expense base.
- **Grants & Subsidies:** Aligned with reduced transfers, down to **KSh322.3 million** from **KSh375.2 million**.
- **Goods & Services and Maintenance:** Sharply reduced to **KSh41.1 million** and **3.5 million** from **KSh88.2 million** and **5.4 million** respectively in response to lower operational intensity.



2024/25 Expenditure Composition



Despite reductions in variable spending, fixed and non-cash expense, particularly depreciation, continue to keep total expenditures elevated.

### 9.3 Programme Implementation

In alignment with its mandate to promote sustainable development within the Tana and Athi River basins, TARDA successfully expanded several key initiatives:

### 9.4 Drought Mitigation & Conservation:

The Authority drilled and equipped 5 boreholes, serving 2,300 households in water-stressed regions.

TARDA Propagated and distributed 1,179,677 tree seedlings to support catchment restoration.

### 9.5 Smallholder Water Access for Food Security

The Authority initiated development of three smallholder irrigation schemes aimed at enhancing food security and rural livelihoods.

### 9.6 Sustainability and Strategic Partnerships

To reduce reliance on Exchequer support, TARDA advanced efforts in revenue diversification and partnerships:

### **9.6.1 Agricultural Development in Tana Delta:**

TARDA is in advanced discussions with Agri All Africa to unlock up to 20,000 hectares for large-scale, high-impact agricultural production.

### **9.6.2 Collaborative Projects:**

TARDA has strengthened partnerships with KALRO, Strathmore University, RCMRD, and the Kenya Investment Authority, promoting technical collaboration and joint funding.

Steady progress has been made in the implementation of the Kieni and Murang'a Integrated Programmes, with ongoing fundraising efforts.

### **9.7 Financial Performance Trend (FY 2017/18 – 2024/25)**

Since the transfer of power generation and distribution functions to KenGen and KPLC, TARDA has operated without its former primary revenue stream. This shift has increased reliance on government funding while depreciation on legacy assets like Masinga and Kiambere reservoirs continues to weigh on the books in compliance with international accounting standards, without corresponding income generation.

However, through targeted cost containment, operational efficiencies, and growth in own-source revenues, the Authority is progressively strengthening its capacity to sustain core operations.

## 10. Sustainability Strategy and Profile

The Tana and Athi River Basins remain at the centre of Kenya's socio-economic development. Yet, these vital ecosystems face intensifying pressure from population growth, climate change, land degradation, and uncoordinated resource use. The rise in unregulated abstraction, deforestation, catchment encroachment, and rapid urbanization within the basins has increased the risk of resource-based conflicts, reduced ecosystem services, and undermined the productivity of natural capital—threatening both livelihoods and long-term basin resilience.

As the lead institution mandated with integrated river basin development, TARDA recognizes that sustainable development within its jurisdiction cannot be achieved without deliberate, science-informed, and community-driven action. For FY 2024/25, TARDA's sustainability strategy is centred on restoring balance between ecological integrity and economic development, with a strong focus on climate resilience, inter-county coordination, and public-private partnerships.

To this end, the Authority will prioritize:

- Evidence-based resource planning and environmental stewardship to reverse degradation trends and build long-term ecological resilience.
- Aggressive resource mobilization, including climate and blended finance, to scale basin-level investments.
- Technological adoption and innovation in water resource management, sustainable agriculture, and early warning systems.
- Inclusive development interventions that empower local communities, especially women and youth, in river basin economies.
- Capacity strengthening and institutional renewal to enhance TARDA's ability to deliver on its mandate effectively.

This strategy is fully aligned with Kenya's Bottom-Up Economic Transformation Agenda (BETA) and the objectives of Vision 2030, while also contributing directly to the UN Sustainable Development Goals (SDGs) and the African Union's Agenda 2063.

FY 2024/25 marks a critical window for TARDA to reposition itself as a climate-smart, people-centred, and investment-ready Authority—one that not only protects shared natural resources but unlocks their full potential for inclusive, green growth across the basins.

### ii) Environmental Performance

Environmental sustainability lies at the heart of TARDA's mandate. As the Authority charged with the integrated development of the Tana and Athi River Basins, TARDA recognizes that long-term socio-economic growth is inseparable from the health and resilience of the ecosystems it oversees. The increasing impacts of climate change, catchment degradation, resource overuse, and unregulated development demand a more

urgent, coordinated, and innovation-driven approach to conservation and resource stewardship.

In FY 2024/25, TARDA scaled up its environmental sustainability agenda by embedding **ecosystem resilience**, **climate responsiveness**, and **natural capital valuation** into all facets of project planning, investment design, and implementation.

The Authority remains guided by the following environmental governance principles:

1. **Environmental Right** – Upholding every Kenyan's right to a clean and healthy environment, while reinforcing their duty to protect and restore it.
2. **Right to Development** – Promoting sustainable development that balances social, economic, and ecological well-being.
3. **Ecosystem-Based Management** – Applying integrated, catchment-wide approaches that recognize the interdependence of ecosystems, land, and water.
4. **Total Economic Value** – Integrating the economic, cultural, and ecological value of ecosystem services into all project and national accounting frameworks.
5. **Sustainable Resource Use** – Ensuring that all natural resource utilization preserves ecosystem functions and future regenerative capacity.
6. **Equity and Intergenerational Justice** – Facilitating fair and inclusive access to environmental resources for present and future generations.
7. **Precautionary Principle** – Applying rigorous environmental safeguards and risk assessment in all innovations and new project investments.

To operationalize these principles, TARDA will continue to strengthen the role of its **Natural Resources Conservation Directorate**, which will focus on:

- **Rehabilitation and protection of catchment areas**, including afforestation and riparian buffer restoration.
- **Climate change action**, through basin-level mitigation and adaptation initiatives, including early warning systems and ecosystem-based adaptation models.
- **Environmental and Social Safeguards**, including rigorous impact assessments for all proposed TARDA interventions, aligned with national and global ESG standards.
- **Sustainable land and water management**, through stakeholder engagement, nature-based solutions, and enforcement of land use planning frameworks.
- **Annual Environmental Audits**, to assess the compliance and impact of ongoing TARDA projects on local ecosystems and communities.
- **Knowledge generation and innovation**, by fostering research partnerships in ecological monitoring, carbon accounting, and landscape resilience.

In FY 2024/25, TARDA's environmental agenda will shift from compliance to impact—moving toward a future where basin ecosystems not only survive, but thrive as engines of economic opportunity, biodiversity conservation, and climate resilience.

### iii) **Employee Welfare**

TARDA recognizes that well being, capacity, and professionalism of its workforce are integral to the successful delivery of its mandate. In FY 2024/25, the Authority continued to prioritize a supportive and equitable work environment that promotes staff development, safety, and inclusion across all project areas.

### **Recruitment and Inclusion**

The Authority is committed to the inclusive representation of Persons with Disabilities (PWDs) and in line with the Persons with Disability Act (2025), the Authority endeavors to ensure that 5% of its staff complement consists of persons with disability. During recruitment, the Authority encourages persons living with disabilities to apply for these positions.

The Authority remains committed to gender equity where it has been able to uphold the two thirds (2/3) rule where the dominant gender does not exceed two thirds of the staff complement. This rule is also applicable during the process of recruitment, constitution of Committees and nominations for training opportunities.

### **Capacity Development and Career Progression**

TARDA remains committed to continuous staff development. Training needs are identified through Training Needs Assessments (TNAs) and addressed through targeted programs aimed at enhancing technical, managerial, and leadership competencies. The performance appraisal system (Clause 9.5 of the HR Manual) guides personal development and progression, while the reward system (Clause 9.1.1) ensures that high performance and commitment are recognized and supported.

### **Health, Safety, and Compliance**

Employee safety is a key priority. TARDA's health and safety framework is anchored in Section 15 of the HR and Procedures Manual, and includes routine safety audits, workplace risk assessments, and compliance with relevant national labour and safety regulations across all operational sites.

The Authority endeavors to promote a safe and healthy working environment through the provision of office spaces with adequate lighting and air circulation, ensuring that all staff are covered under the Workers Injury Benefit Act, making sure that staff maintain a healthy work life balance by encouraging them to utilize their leave days, creating an enabling environment for flexi time and putting in place fire safety measures.

#### **iv) Market place practices-**

TARDA upholds ethical, transparent, and socially responsible business practices across its value chains. The Authority's approach to marketplace engagement is structured around four pillars: responsible competition, responsible supply chain and supplier relations, ethical marketing, and product stewardship.

##### **a) Responsible competition practice.**

TARDA maintains a standing Anti-Corruption Committee tasked with promoting integrity and ethical behaviour across all operations. Through

education and internal controls, the committee advances transparency and accountability in procurement, contracting, and project implementation.

In addition, the Authority's PPP Committee ensures fair competition in investment partnerships by working closely with the National Treasury's PPP Unit. All commercial contracts are vetted through the Legal Department to ensure compliance with Kenyan law and industry standards.

**b) Responsible Supply chain and supplier relations**

The Authority engages pre-qualified suppliers based on a competitive procurement framework. All suppliers are paid promptly upon delivery, in line with the approved procurement plan and payment timelines, fostering a culture of trust and financial discipline.

**c) Responsible marketing and advertisement or Responsible engagement with the citizens.**

TARDA's marketing and public engagements are grounded in the Authority's core values of Integrity, Professionalism, Accountability, and Teamwork. Product promotions—especially for enterprises like the Kiambere Honey Refinery and Masinga Dam Resort (MDR)—are conducted responsibly, with all messaging approved and managed by the Corporate Communications Department. No misleading information is shared across TARDA's digital or public platforms.

**d) Product stewardship or Awareness creation**

As a development agency anchored in environmental sustainability, TARDA ensures that its projects and enterprises minimize environmental harm.

Key stewardship measures include:

Use of environmentally safe pesticides to maintain quality without ecological damage,

Tree planting initiatives to offset carbon emissions and protect catchments,

Adoption of bee-friendly harvesting practices at the Kiambere Honey Refinery to reduce bee mortality and preserve biodiversity.

**v) Corporate Social Responsibility / Community Engagements**

TARDA's corporate Social Responsibility (CSR) program is an integration of business operations and values, whereby the interests of the stakeholders and the environment are reflected in the company's policies and actions.

TARDA recognizes that it has the potential to make significant impact on its staff, customers and business partners, the communities around it and largely on the environment. Our CSR programs are hinged on the belief that we can transform lives by supporting various programs and creating positive changes in the community. This is achieved by building and maintaining strong relationships with our stakeholders, giving back to the communities within our jurisdiction and partnering with other likeminded organizations that strive to impact positively on their environment.

**(i) Environmental Conservation & Climate Resilience**  
**Tree Planting & Afforestation:**

Supported the planting of **786,327 trees** in Nyandarua, Meru, Machakos, and Tana River counties, with **164,250 seedlings** produced for future planting.

Partnered with Lukenya University to plant **50,000 trees** along Athi River riparian zones.



***Signing of MOU with Lukenya University and Athi Basin Regional Office (December 2024)***

Restored **Aberdare Tower ecosystem** by planting **520 trees** at Kioneki Primary School.



***Tree planting through our Aberdare Regional Office at Kioneki Primary School (September 2024)***

Collaborated with Kenya Forest Service (KFS) to plant **2,000 seedlings** in Machakos riparian zones.



***Athi Basin Regional Office in partnership with KFS for tree planting (November 2024)***

Supported **World Environment Day 2025** with **16,000+ seedlings** planted in Tharaka Nithi and Machakos Counties and sponsoring medals for a Football Tournament in Tharaka-Nithi.



***Tree Planting and Certification in our Tana and Athi Basin Regional Offices during World Environment Day 2025***



*Sponsorship of trophy and medals for World Environment Day 2025 (June)*

#### **Wetland & River Restoration:**

Rehabilitated Athi River banks with **200 bamboo cuttings** and **100 acacia seedlings** to combat erosion.



*Restoration of Athi River Ecosystem through Athi Basin Regional Office*

Joined **World Wetlands Day** activities at Matetani Wetlands (Machakos) and Gakungu Springs (Embu). In Machakos, TARDA conducted capacity-building training for over 600 community members on agroforestry practices, including grafting, budding, and tree nursery establishment. Additionally, we donated more than 1,000 assorted agroforestry and fruit trees to promote reforestation and sustainable land use.



*Tana and Athi Basin Regional Offices during World Wetlands Day, (February 2025).*

**(ii) Food Security & Agricultural Development**

**Community Empowerment:**

Distributed hybrid maize seeds, indigenous seeds, and tree seedlings to farmers in Meru and Machakos.



*Tana Basin Regional Office distributing seeds to farmers in Meru (June 2025)*

Trained 229 farmers in agroforestry, grafting, and beekeeping in Mwala Sub-county.



***Athi Basin Regional Office training farmers in beekeeping in Mwala Sub-County (February 2025)***

Commemorated the International Day of Forests, where we also equipped farmers with value addition skills.

- 3,530 agroforestry trees planted
- 230 fruit seedlings distributed to the community
- 60 fruit trees donated to Masii Vocational Training Centre

At Mucheene Forest Station, Buuri Sub-County, Meru County, TARDA contributed:

- 2,000 tree seedlings donated to Mucheene Forest Station
- 5,000 seedlings allocated to other forest restoration sites in the region



***Tana and Athi Basin Regional Offices during International Day of Forests, March 2025***

### **(iii) Water Access & Sanitation**

#### **Flood Mitigation:**

Completed **gabion protection works** at Kelona Brook (Tana Delta) to safeguard farmlands from flooding.



***TARDA Chair and MD at the Completed Gabion Protection Works at Kelona (April 2025)***

**(iv) Education & Youth Empowerment**

**School Greening Programs:**

Greened **85 schools** in Machakos/Makueni and **60 schools** with Kenya Red Cross, planting **10,000+ seedlings**.



***Athi Basin Regional Office with Red Cross during the tree planting (April 2025)***

Donated **5,000 tree seedlings** to St. Mary's Girls (Meru) for environmental education.

**Skills Development:**

Partnered with **University of Nairobi's Innovation Fellowship** to co-create solutions for basin resilience.



**TARDA Team with University of Nairobi Fellows during the launch of the UON Innovation Fellowship**

**(v) Community Engagement & Partnerships**

**Stakeholder Collaboration:**

Joined **MaMa Doing Good** TARDA collaborated with alongside the Ministry of Environment, Climate Change & Forestry,, Kenya Forest Service, and the local community for a tree planting programme at Corner Baridi, Ngong Hills, where 3,000 acacia tree seedlings were planted in a spirited effort to restore our natural heritage..



**TARDA through our Tana Regional Office collaborating with MaMa Doing Good for a tree planting programme at Corner Baridi, Ngong Hills, where 3,000 acacia tree seedlings were planted (May 2024)**

**11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of Tana and Athi Rivers Development Authority's affairs.

**i) Principal activities**

The principal activities of Tana and Athi Rivers Development Authority are to undertake integrated planning and development through maximization and utilization of water and land-based resources within the Tana and Athi River basins.

**ii) Results**

The results of Tana and Athi Rivers Development Authority for the year ended June 30, 2025 are set out on page 1 – 32

**iii) Directors**

The members of the Board of Directors who served during the year are shown on page x-xvi

**iv) Surplus remission**

Tana and Athi Rivers Development Authority did not make any surplus during the year 2024/25 and hence no remittance to the consolidated fund.

**v) Auditors**

The Auditor General is responsible for the statutory audit of Tana and Athi Rivers Development Authority in accordance with Article 229(7) of the Constitution of Kenya and the Public Audit Act, 2015 which empowers the Auditor General to nominate other Auditor to carry out the Audit on his behalf.

By Order of the Board



.....  
**Name: Liban R. Duba**

## **12. Statement of Directors Responsibilities**


Section 81 of the Public Finance Management Act 2012 and the State Corporation Act, require the Directors to prepare financial statements in respect to Tana and Athi Rivers Development Authority, which give a true and fair view of the state of affairs of TARDA at the end of the financial year and the operating results of TARDA for the year. The Directors are also required to ensure that TARDA keeps proper accounting records which disclose with reasonable accuracy the financial position of TARDA. The Directors are also responsible for safeguarding the assets of TARDA.

The Directors are responsible for the preparation and presentation of Authority's financial statements, which give a true and fair view of the state of affairs TARDA for and as at the end of the financial year ended June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Tana and Athi Rivers Development Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensure that they are free from material misstatement, whether due to error or fraud; (iv) safeguarding the assets of Tana and Athi Rivers Development Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


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

### **Approval of the Financial Statements**

The Authority's financial statements were approved by the Board on 25<sup>th</sup> July 2025 and signed on its behalf by:-

Sign   
Name P. K. Njirani

**CHAIRMAN OF THE BOARD**

Sign   
Name Peter Njiru

**MANAGING DIRECTOR**

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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 Tana and Athi Rivers Development Authority set out on pages 1 to 47, which comprise of the statement of

financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Tana and Athi Rivers Development Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Tana and Athi Rivers Development Authority Act, 1974 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

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

The statement of financial position reflects a balance of Kshs.7,893,805,816 in respect of property, plant and equipment as disclosed in Note 24 to the financial statements. However, as previously reported, several anomalies were noted as indicated below;

#### **1.1. Land Without Ownership Documents**

The property, plant and equipment balance of Kshs.7,893,805,816 includes a balance of Kshs.1,909,135,430 relating to land which in turn include a parcel of land measuring 0.6 hectares valued at Kshs.1,539,000. However, ownership documents for the parcel of land were not provided for audit. Further, the land balance of Kshs.1,909,135,430 include two parcels of land measuring 929 hectares in aggregate valued at Kshs.21,135,600 whose respective leases had expired as at 30 June, 2025. In addition, the property, plant and equipment balance of Kshs.7,893,805,816 excludes land of undetermined value measuring 152 hectares. Further. records provided for audit indicated that some of the land owned by the Authority had been unlawfully occupied by informal settlers.

#### **1.2. Fully Depreciated Assets**

The property, plant and equipment balance of Kshs.7,893,805,816 include fully depreciated assets with a total historical cost value of Kshs.2,237,524,962 which were still in use. However, the Authority did carry out annual review of the asset's residual values and useful life to ensure accurate reporting in financial statements. This was contrary to IPSAS 17 which requires that the residual value and the useful life of an asset shall be reviewed at least at each annual reporting date and if expectations differ from previous estimates.

In the circumstances, the valuation, ownership and fair presentation of the property, plant and equipment balance of Kshs.7,893,805,816 could not be confirmed.

## **2. Revaluation Reserve**

The statement of changes in net assets reflects a balance of Kshs.19,697,833,221 being revaluation reserve. Review of the Authority's documents and inquiry from Management revealed that the balance was as a result of a revaluation which took place in the year 2006. Further, during the year 2023/2024, the Authority disposed plant and equipment with a revalued cost of Kshs.35,370,406. However, despite the disposal of revalued assets over the years, Management did not pass the relevant adjustments on the revaluation reserve account resulting into an overstatement of revaluation reserve.

In the circumstances, the accuracy of revaluation reserve balance of Kshs.19,697,833,221 could not be confirmed.

## **3. Inaccuracies in the Reported Capital Funds and Accumulated Deficit**

The statement of changes in net assets reflects balances of Kshs.6,242,841,140 and Kshs.17,697,034,951 being capital fund and accumulated deficit respectively as at 30 June, 2025. However, review of records provided indicated that balances were accumulation of development grants from the parent Ministry over the years. The development funds were utilized on infrastructure and irrigation projects, some of which have been handed over to the community after completion. Over the past five years, the Authority has handed over to the community, projects valued at Kshs.692,740,141. Although the handed over community projects were expensed in the financial statements, their corresponding revenue were not reflected in the statements of financial performance resulting to deficits while no adjustments were made on the capital fund.

In the circumstances, the accuracy of the capital fund and accumulated deficit of Kshs.6,242,841,140 and Kshs.17,697,034,951 respectively could not be confirmed.

## **4. Work-In- Progress**

The statement of financial position reflects property, plant and equipment balance of Kshs.7,893,805,816 which, as disclosed in Note 24 to the financial statements, includes a balance of Kshs.234,152,289 in respect of work in progress relating to the Tana Delta Irrigation Project. As previously reported, the amount relates to construction works on staff houses, a school and a dispensary initiated in 1990 under Tana Delta Irrigation Project in Garsen, Tana River County. Management indicated that the structures were damaged by El Nino floods in 1997.

Although the structures have remained incomplete for a long time and the physical condition of the works has degenerated, Management has not made any provision for impairment of the work in progress in the financial statements. Further, delay in completion of the projects implies that their intended purpose and value for money were not realized.

In the circumstances, accuracy and valuation of the work in progress for Tana Delta Irrigation Project balance of Kshs.234,152,289 could not be confirmed.

## **5. Long Outstanding Receivables**

The statement of financial position reflects trade receivables balance of Kshs.321,131,227 as disclosed in Note 21 to the financial statements. However, the receivables include a debtors balance of Kshs.281,043,721 or 88% of the total receivables which has remained outstanding for more than three (3) years.

In the circumstances, the accuracy, completeness and existence of the trade receivables balance of Kshs.321,131,227 could not be confirmed.

## **6. Long Outstanding Payables**

The statement of financial position reflects trade and other payables balance of Kshs.120,404,270 as disclosed in Note 26 to the financial statements. However, included in the payables balance are creditors of Kshs.88,832,883 or 74% of the total payables which has remained outstanding for more than three (3) years.

In the circumstances, the accuracy, completeness and existence of the trade and other payables balance of Kshs.120,404,270 could be confirmed.

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

## **Material Uncertainty Related to Going Concern**

During the year under review, the Authority recorded a deficit of Kshs.502,657,09 (2024 – Kshs.455,908,190) increasing the accumulated deficit to Kshs.17,697,034,951. Management attributed the deficit to depreciation charges of Kshs.387,984,973 on Masinga and Kiambere Dams and non-remittance of accrued revenue due from the Kenya Power and Lighting Company (KPLC) and the Kenya Electricity Generating Company (KenGen).

Although the hydro power generation plants were handed over to KenGen, the two dams are owned by the Authority. The dams have been recognized in the books at a combined net book value of Kshs. 5,431,789,619 as at 30 June, 2025 and depreciated at a rate of 2.5% per annum. However, the Authority does not receive any consideration from the right of use of the dams by KenGen since there is no existing lease arrangement.

The financial statements have been prepared on a going concern basis on the assumption of continued financial support from its creditors and the National Government.

My opinion is not modified in respect of this matter.

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual on comparable basis of Kshs.719,115,910 and Kshs.678,931,187 respectively, resulting to an underfunding of Kshs.40,184,722 or 6% of the budgeted revenue. The underfunding affected the operations and negatively impacted on the planned activities of the Authority and the non-remittance of the statutory and employee's deductions.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Information**

The Management is responsible for the Other Information set out on page v to Liii which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

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

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

### **Basis for Conclusion**

#### **Non-Remittance of Payroll Deductions**

Review of payroll records indicated that the Authority's wage bill for the month of June amounted to Kshs.37,962,479. The Authority paid net pay amounting to Kshs.14,654,546 and withheld deductions. However, deductions amounting to Kshs.23,167,362 had not been remitted at the time of audit in October,2025. This was contrary to Section 19 (4) of the Employment Act, 2007 on payroll deduction which requires that an employer who deducts an amount from an employee's remuneration in accordance with subsection (1)(a),(f),(g) and (h) shall pay the amount so deducted in accordance with the time period and other requirements specified in the law, agreement, court order or arbitration as the case may be.

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Manual Processing of Information**

During the financial year under audit, the Authority's financial information and the books of account were processed manually. Manual processing of transaction is time consuming and prone to errors.

In the circumstances, the completeness of reported transactions and audit trail for transactions could not be achieved in the manual system.

## **2. Incomplete Asset Register**

The Asset and Liability Reporting Template issued by The National Treasury in June 2020 requires the Asset register to include key details such as serial numbers, asset status, and adjustments for disposals to ensure uniformity and completeness in asset management and reporting. However, the Authority currently maintains a manual asset register that was incomplete and did not include all classes of assets and key details such as serial numbers, asset status, and adjustments for disposals. Further, the Authority's assets have not been tagged.

In the circumstances, the effectiveness of the Authority's internal controls in the management of assets could not be confirmed.

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

### **Responsibilities of the Management and the Board of Directors**

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Board of Directors is responsible for overseeing the 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**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**


**17 November, 2025**





**15 Statement of Financial Position as at 30 June 2025**

	Notes	June 2025	June 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	20a/b	138,309,870	371,474,146
Trade Receivables	21	321,131,227	360,222,747
Inventories	22	32,375,328	16,359,947
Biological Assets	26	3,425,500	25,325,760
<b>Total Current Assets</b>		<b>495,241,925</b>	<b>773,382,599</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	24	7,893,805,816	8,326,712,109
Investment - Portfolio	23	24,500,000	24,500,000
Intangible Assets	25	2,436,383	3,636,393
<b>Total Non- Current Assets</b>		<b>7,920,742,199</b>	<b>8,354,848,502</b>
<b>Total Assets</b>		<b>8,415,984,125</b>	<b>9,128,231,102</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	27	120,404,270	184,484,527
Employee Benefit Obligation	28	24,679,804	5,747,506
Deposits and Retentions	29	27,252,752	2,000,000
<b>Total Current Liabilities</b>		<b>172,336,826</b>	<b>192,232,033</b>
<b>Net Assets</b>		<b>8,243,647,298</b>	<b>8,935,999,069</b>
<b>Represented by:</b>			
Revaluation Reserves		19,697,833,221	19,697,833,221
Climate change fund		7,888	10,288
Accumulated Surplus		(17,697,034,951)	(17,197,010,633)
Capital Fund		6,242,841,140	6,435,166,192
<b>Net Assets</b>		<b>8,243,647,298</b>	<b>8,935,999,069</b>

The financial statements set out on pages 1 to 32 were signed on behalf of the Board of Directors by:

Sign   
Name: Urban Roba  
Accounting Officer

Sign   
Name: Mwambi  
Head of Finance

Sign   
Name: P. Gichohi  
Chairman of the Board

Date: 23/10/2025

ICPAK M/No: 28501  
Date: 23/10/2025

Date: 23/10/25

**16. Statement of Changes in Net Assets for the year ended 30 June 2025**

Description	Capital Fund	Revaluation Reserve	Retained Earnings	Climate Change	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As at July 1, 2023</b>	<b>6,581,415,614</b>	<b>19,697,833,221</b>	<b>(16,742,807,104)</b>	<b>905,979</b>	<b>9,537,347,710</b>
Climate change expenses	-	-	-	(895,691)	<b>(895,691)</b>
Capital/development grants received during the year	228,980,000		-	-	<b>228,980,000</b>
Transfer to income statement	(375,229,422)	-	-	-	<b>(375,229,422)</b>
Prior year adjustment	-	-	1,704,661	-	<b>1,704,661</b>
Surplus/ deficit for the year	-	-	(455,908,190)	-	<b>(455,908,190)</b>
<b>As at June 30, 2024</b>	<b>6,435,166,192</b>	<b>19,697,833,221</b>	<b>(17,197,010,633)</b>	<b>10,288</b>	<b>8,935,999,068</b>
<b>As at July 1, 2024</b>	<b>6,435,166,192</b>	<b>19,697,833,221</b>	<b>(17,197,010,633)</b>	<b>10,288</b>	<b>8,935,999,068</b>
Climate change expenses	-	-	-	(2,400)	<b>(2,400)</b>
Transfer to income statement	(322,325,052)	-	-	-	<b>(322,325,052)</b>
Prior year adjustment	-	-	2,632,772	-	<b>2,632,772</b>
Surplus/ (deficit) for the year	-	-	(502,657,091)	-	<b>(502,657,091)</b>
Capital/development grants received during the year	130,000,000	-	-	-	<b>130,000,000</b>
<b>As at June 30, 2025</b>	<b>6,242,841,140</b>	<b>19,697,833,221</b>	<b>(17,697,034,951)</b>	<b>7,888</b>	<b>8,243,647,298</b>

**Note: Prior year adjustments relate to the following adjustments:**

NITA opening balance of Kshs. 77,600 was adjusted as payments in the FY 2023/2024 were posted to training expenses resulting to overstating the expenses account. Additionally, Kshs. 2,555,175 which was reported as prepaid income from Astond Ltd has been reversed due to cancellation of license as a consequence of non-performance

. 17. Statement of Cash Flows for the year ended 30 June 2025

	Notes	June 2025	June 2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6c	482,115,910	556,500,000
		<b>482,115,910</b>	<b>556,500,000</b>
<b>Receipts from exchange transactions</b>			
Rendering of services	7	17,967,243	25,511,940
Sale of goods	8	6,642,364	10,741,306
Rental revenue from facilities and equipment	9	22,910,026	34,441,849
Other income	10(a)	58,387,164	44,530,261
Less: Cost of production	11	(55,144,605)	(92,339,377)
		<b>50,762,192</b>	<b>22,885,979</b>
<b>Total receipts</b>		<b>532,878,102</b>	<b>579,385,979</b>
<b>Payments</b>			
Use of goods and services	12(a)	96,672,657	117,729,411
Employee costs	13(a)	476,884,719	519,196,037
Board Expenses	14	6,380,116	11,920,832
Repairs and maintenance	16	3,529,060	5,433,997
Grants and subsidies	17	297,072,300	353,229,422
Finance costs	18	488,058	601,436
<b>Total payments</b>		<b>881,026,910</b>	<b>1,008,111,135</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>(348,148,808)</b>	<b>(428,725,156)</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	24	(15,013,067)	(77,532,092)
Proceeds from sale of PPE		-	1,852,220
<b>Net cash flows from/(used in) investing activities</b>		<b>(15,013,067)</b>	<b>(75,679,872)</b>
<b>Cash flows from financing activities</b>			
Transfers from other government entities	6	130,000,000	178,980,000
Transfers to climate change fund		(2,400)	(895,691)
<b>Net cash flows from financing Activities</b>		<b>129,997,600</b>	<b>178,084,309</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>(233,164,275)</b>	<b>(326,320,719)</b>
Cash and cash equivalents at 1 July 2024		371,474,145	697,794,864
<b>Cash and cash equivalents at 30 June 2025</b>		<b>138,309,870</b>	<b>371,474,145</b>

**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	412,161,247	-	412,161,247	412,161,247	-	100%
<b>Receipts</b>						
Transfers from Other Governments entities	361,715,910	200,400,000	562,115,910	562,115,910	-	100%
Rendering of Services	40,000,000	-	40,000,000	17,967,243	22,032,757	45%
Sale of Goods	32,000,000	-	32,000,000	6,642,364	25,357,636	21%
Rental Revenue from Facilities and Equipment	23,000,000	-	23,000,000	22,910,026	89,974	100%
Other Income	62,000,000	-	62,000,000	69,295,644	(7,295,644)	112%
<b>Total Receipts</b>	<b>518,715,910</b>	<b>200,400,000</b>	<b>719,115,910</b>	<b>678,931,188</b>	<b>40,184,722</b>	<b>94%</b>
<b>payments</b>						
Use of Goods and Services	54,190,831	3,950,000	58,140,831	41,110,052	17,030,779	71%
Employee costs	556,500,000	(30,000,000)	526,500,000	495,817,017	30,682,983	94%
Remuneration of Directors	6,000,000	-	6,000,000	6,380,116	(380,116)	106%
Repairs and Maintenance	2,500,000	1,330,000	3,830,000	3,529,060	300,940	92%
Grants and Subsidies	537,161,247	4,000,000	541,161,247	322,325,052	218,836,195	60%
Cost of Production	60,000,000	-	60,000,000	55,144,605	4,855,395	92%
Finance Costs	600,000	-	600,000	488,058	111,942	81%
<b>Total Payments</b>	<b>1,216,952,078</b>	<b>(20,720,000)</b>	<b>1,196,232,078</b>	<b>924,793,960</b>	<b>271,438,118</b>	<b>77%</b>
<b>Capital Expenditure Payments</b>	<b>45,200,000</b>	<b>(15,500,000)</b>	<b>29,700,000</b>	<b>15,013,067</b>	<b>14,686,933</b>	<b>51%</b>
<b>Surplus</b>	<b>(331,274,921)</b>	<b>236,620,000</b>	<b>(94,654,921)</b>	<b>151,285,407</b>	<b>(245,940,329)</b>	

## BUDGET NOTES

### Income

- **Rendering of Services – Adverse Variance (45%)**

The resorts recorded lower-than-expected performance due to reduced client patronage. This was largely attributed to challenging economic conditions, which left potential clients with lower disposable incomes.

- **Other Income – Positive Variance (12%)**

The positive variance reflects higher-than-projected receipts from miscellaneous income sources.

### Expenses

- **Use of Goods and Services – Under-expenditure (15%)**

The under-expenditure was mainly due to resource constraints arising from unmet revenue targets.

- **Capital Expenditure – Under-expenditure (51%)**

The under-expenditure was primarily driven by late disbursement of development funds. In addition, several projects remained in progress at various stages of completion, as reflected in the absorption rate.

### Adjustment

- **Transfers from Other Government Entities – Adjustment (+KSh200.4 million)**

This adjustment reflects an increased funding allocation for recurrent expenditure.

- **Use of Goods and Services – Adjustment (–KSh1.45 million)**

This reflects reduced spending projections resulting from lower-than-expected revenue collections.

- **Employee Costs – Adjustment (–KSh30 million)**

This adjustment reflects management's decision to cut expenditure on staff medical insurance, opting instead for coverage under the Social Health Insurance Fund (SHIF).

- **Repairs and Maintenance – Adjustment (+KSh1.3 million)**

This adjustment arose from the need to overhaul the engine of one of the official vehicles and undertake unanticipated major repairs at the head office following relocation.

## ADJUSTMENT NOTES

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This adjustment arose from the need to overhaul the engine of one of the official vehicles and undertake unanticipated major repairs at the head office following relocation.

## BUDGET STATEMENT Vs CASHFLOW STATEMENT RECONCILIATION

Description	Employee Costs	Grants and Subsidies
Expenditure as per performance	495,817,017	322,325,052
<b>Add</b>		
Previous year’s accrued cost	5,747,506	2,000,000
<b>Less</b>		
Current year’s accrued cost	24,679,804	27,252,752
<b>Cash paid as per cashflow statement</b>	<b>476,884,719</b>	<b>297,072,300</b>

## **19. Notes to the Financial Statements**

### **1. General Information**

TARDA was formed through an Act of Parliament Cap 443 in 1974 and was mandated to undertake long term integrated land and water based natural resources development planning of the Tana river Basin, initiate, regulate and coordinate all development activities and actors within the basin for optimal socio-economic welfare of the surrounding people and Kenya at large. Tana and Athi Rivers Development Authority (TARDA) is one of the six Regional Development Authorities (RDA) established under specific Parliamentary Acts in Kenya. TARDA is responsible to the Government of Kenya through the Ministry of East African Community and Regional Development. The Authority has a governance structure consisting of Thirteen (13) Board Members, Including the Chairman appointed by the President and the MD as the Secretary to the Board

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the TARDA's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of TARDA. The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act 446, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Notes to the Financial Statements (Continued)**

**3. Adoption of New and Revised Standards**

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b>Applicable 1<sup>st</sup> January 2025</b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.  The standard is not yet implemented
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<b>Applicable 1<sup>st</sup> January 2025</b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by:

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	<ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The standard is not yet implemented</p>
IPSAS 48: Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's</li> </ul>

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	financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.
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***iii. Early adoption of standards***

TARDA did not early – adopt any new or amended standards in the financial year

**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

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

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

**ii) Revenue from exchange transactions**

**Rendering of services**

TARDA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**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 TARDA.

**Interest income**

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

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or TARDA's right to receive payments is established.

**Rental income**

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

**b) Budget information**

The original budget for the Current FY was approved by the National Assembly on 19<sup>th</sup> June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by TARDA upon receiving the respective approvals in order to conclude the final budget. Accordingly, TARDA recorded additional appropriations of Ksh. 157 million on the 2025 budget following the governing body's approval.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Budget information (continued)**

TARDA's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where TARDA operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable TARDA and the same taxation authority.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Sales tax**

Expenses and assets are recognized net of the amount of sales tax, except:

i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

ii) When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to TARDA. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. TARDA also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that TARDA will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to TARDA. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**h) Research and development costs**

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

- 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.

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

**i) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**a) Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual

Notes to the Financial Statements (Continued)

**Summary of Significant Accounting Policies (Continued)**

cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, TARDA classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Impairment**

TARDA assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 5.

**b) Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**j) 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:

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

- 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 TARDA.

**k) Provisions**

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

**l) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**m) Contingent liabilities**

TARDA 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.

**n) Contingent assets**

TARDA 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 TARDA in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**o) Nature and purpose of reserves**

TARDA creates and maintains reserves in terms of specific requirements.

**p) Changes in accounting policies and estimates**

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

**q) Employee benefits**

**Retirement benefit plans**

TARDA provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which TARDA pays fixed contributions into a separate Entity (a fund) and 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. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**r) 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.

**s) 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.

**t) Related parties**

TARDA regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over TARDA, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**u) Service concession arrangements**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**v) Cash and cash equivalents**

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

**w) Comparative figures**

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

**x) Subsequent events**

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

**5. Significant Judgements and Sources of Estimation Uncertainty**

The preparation of the Tana and Athi Rivers Development Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. TARDA based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Tana and Athi Rivers Development Authority (TARDA)****Annual Report and Financial Statements**

for the year ended June 30, 2025

**Notes to the Financial Statements (Continued)****6. Transfers from Ministries, Departments and Agencies (MDAs)**

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers June 2025	June 2024
	KShs	KShs	KShs	KShs	KShs
Ministry of EAC, ASALs & Regional Development//State Department for ASALs and Regional Development	432,115,910	-	-	432,115,910	556,500,000
Ministry of EAC, ASALs & Regional Development//State Department for ASALs and Regional Development	-	-	130,000,000	130,000,000	228,980,000
<b>Total</b>	<b>432,115,910</b>	<b>-</b>	<b>130,000,000</b>	<b>562,115,910</b>	<b>785,480,000</b>

**b) Transfers from capital fund**

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers June 2025	June 2024
	KShs	KShs	KShs	KShs	KShs
Transfers from capital fund	322,325,052	-	-	322,325,052	375,229,422
<b>Total</b>	<b>322,325,052</b>	<b>-</b>	<b>-</b>	<b>322,325,052</b>	<b>375,229,422</b>

*Tana and Athi Rivers Development Authority (TARDA)*

Annual Report and Financial Statements

for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

c) Transfers from Ministries, Departments and Agencies (MDAs)

Description	June 2025	June 2024
	KShs	KShs
Transfers from other government entities as per statement of performance	432,115,910	556,500,000
Receivables received during the year	50,000,000	-
<b>Total transfers as received under cash flows</b>	<b>482,115,910</b>	<b>556,500,000</b>

7. Rendering of Services

Description	June 2025	June 2024
	KShs	KShs
Tana Delta Resort	1,713,568	8,842,415
Kiambere Guest house	3,242,884	1,943,070
Masinga Dam Resort	13,010,791	14,726,455
<b>Total Revenue from The Rendering Of Services</b>	<b>17,967,243</b>	<b>25,511,940</b>

Decrease in rendering services revenue is mainly attributed to decrease of revenue at Tana Delta Resort. This is because the Resort was under renovation and reduced farm activities resulting to low number of visiting clients.

8. Sale of Goods

Description	June 2025	June 2024
	Kshs	Kshs
Sale of farm produce	4,224,057	6,647,263
Sale of tree seedlings	2,418,307	4,094,043
<b>Total revenue from the sale of goods</b>	<b>6,642,364</b>	<b>10,741,306</b>

Decrease in sale of seedlings is as a result of closure of Kamiti tree nursery which contributed major proportion of sales due to its strategic location. Additionally,

**Notes to the Financial Statements (Continued)**

inadequate funding resulted in to less investment in to seedlings production and therefore low available seedlings for sale.

9. Rental Revenue from Facilities and Equipment

Description	June 2025	June 2024
	Kshs	Kshs
Operating Lease from CIC and Safaricom	13,238,938	13,104,742
Operating Lease from Licenses	5,802,456	17,262,675
Rent – KENGEN staff houses	3,868,632	4,074,432
<b>Total Rentals</b>	<b>22,910,026</b>	<b>34,441,849</b>

***Tana and Athi Rivers Development Authority (TARDA)***

**Annual Report and Financial Statements**

**for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

Decrease in rental revenue from facilities and equipment is mainly due to decrease in revenue land leases. The decrease was as a result of termination of majority of the licenses due to non-performance by the partners.

**10. Other Income**

Description	June 2025	June 2024
	Kshs	Kshs
KenGen – Rehabilitation of dam Catchment	61,999,992	61,999,992
Kiambere – Sale of Reservoir waste and Honey	7,294,152	5,928,412
Miscellaneous incomes	1,500	1,174
<b>Total Other income</b>	<b>69,295,644</b>	<b>67,929,578</b>

The marginal increase in other income is due to increased sale of honey and desilted waste

**10(a) Other Income**

Description	June 2025	June 2024
	Kshs	Kshs
Total other income as per statement of performance	69,295,644	67,929,578
Add: Previous year's receivables	310,222,747	286,823,430
Less: Current year's receivables	(321,131,227)	(310,222,747)
<b>Total</b>	<b>58,387,164</b>	<b>44,530,261</b>

**11. Cost of Production**

Description	June 2025	June 2024
	Kshs	Kshs
Tana Delta Irrigation Project	4,165,628	5,726,081
Tana Delta Resort	2,481,759	4,688,553
Masinga Dam Resort	12,817,493	14,819,155
Lower Athi Region	3,255,065	3,266,052
Bufferzone Conservation	12,098,604	9,843,185
Tana Region	2,034,803	2,356,035
Upper Athi Region	1,312,706	4,196,838
Strategic Objectives	9,438,942	15,307,522
Catchment Rehabilitation	7,539,605	32,135,959
<b>Total</b>	<b>55,144,605</b>	<b>92,339,377</b>

Decrease in cost of sales is attributed to reduced activities in most of the enterprises due to inadequate funding especially catchment conservation and strategic objective activities.

## Notes to the Financial Statements (Continued)

## 12. Use of Goods and Services

Description	June 2025	June 2024
	Kshs	Kshs
General Insurances	2,226,559	1,683,641
Legal fees, Licenses and Subscriptions	7,786,563	5,474,859
Motor Running – Fuel and Oil	3,872,200	5,453,424
Rent and Rates	1,902,950	19,701,425
Water and Electricity	683,705	1,416,250
Security Expenses	1,038,960	1,777,680
Stationery Expenses	929,517	2,343,700
Printing and Publishing	41,665	43,580
Advertising and Publicity	346,590	2,375,779
Telephone and Internet	1,418,751	2,196,687
Postage Expenses	20,164	35,243
Hire of Transport	158,960	707,662
Travelling and Accommodation	11,431,941	21,939,764
Library Expenses	-	210,400
Audit Fees	696,000	696,000
Training	1,082,644	2,370,110
Stock Taking	932,900	987,000
Uniform and Clothing	11,460	57,872
Official Entertainment	581,085	663,723
Staff Welfare	2,634,597	3,514,179
Strategic Plan	689,340	11,163,211
Asset Valuation	-	1,241,150
Sundry Expenses (VAT paid on lease income)	2,623,500	2,200,500
<b>Total</b>	<b>41,110,052</b>	<b>88,253,840</b>

Use of goods and services costs largely reduced as a result of cost cutting measures due to budgetary constraints. During the year under review, Authority relied mainly on internally generated revenue for operations and maintenance (O&M) activities due to decline in internal AIA which is the budgetary allocation expected to finance O&M. However, there was no expenditure on office rent since the Authority now operates from own offices. An expenditure of **Kshs. 19.7M** was incurred on the same in the 2023/2024.

**Notes to the Financial Statements (Continued)**

**12(a) Use of goods and services**

Description	June 2025	June 2024
	Kshs	Kshs
Total use of goods and services as per statement of performance	41,110,052	88,253,840
Add: Previous year's trade payables	184,484,527	166,982,200
Less: Current year's trade payables	(120,404,270)	(133,158,945)
Add: Current year's inventory	10,475,068	16,359,947
Less: Previous year's inventory	(16,359,947)	(20,707,631)
Less: Prior year adjustment on payables	(2,632,773)	-
<b>Total</b>	<b>96,672,657</b>	<b>117,729,411</b>

Inventory has been adjusted for non cash items.

**13. Employee Costs**

Description	June 2025	June 2024
	Kshs	Kshs
Salaries	414,607,062	426,133,426
Casual Wages	4,404,790	4,143,989
Medical Expenses	20,870,298	47,116,077
Leave Allowances	1,941,833	1,934,000
Pension and Gratuity	44,180,735	43,445,305
Group Life Insurance	3,568,955	748,367
Housing Levy	6,051,244	-
National Industrial Training Levy	192,100	-
<b>Total</b>	<b>495,817,017</b>	<b>523,521,164</b>

The reduction in employee cost is as a result of non-renewal of staff medical cover due to lack of budgetary allocation, staff salaries reduced as a consequence of retired staff members during the period

**13(a) Employee Costs**

Description	June 2025	June 2024
	Kshs	Kshs
Total employee costs as per the statement of performance	495,817,017	523,521,164
Add: Previous year accrued employee cost	5,747,506	1,422,379
Less: Current year accrued employee cost	(24,679,804)	(5,747,506)
<b>Total</b>	<b>476,884,719</b>	<b>519,196,037</b>

*Tana and Athi Rivers Development Authority (TARDA)*

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for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

**14. Board Expenses**

Description	June 2025	June 2024
	Kshs	Kshs
Chairman/Directors' Honoraria	975,300	974,025
Sitting Allowances	4,057,900	6,436,100
Mileage	261,180	1,000,800
Airtime Expenses	60,000	60,000
Training	313,400	-
Travel and Accommodation	505,310	3,060,200
Printing, Stationery and Other Expenses	207,026	389,707
<b>Total</b>	<b>6,380,116</b>	<b>11,920,832</b>

Decrease in directors' remuneration is attributed to reduced activities as a consequence of financial challenges during the year under review

**15. Depreciation and Amortization Expense**

Description	June 2025	June 2024
	Kshs	Kshs
Property, plant and equipment	447,919,360	437,401,487
Amortization of Software	1,200,010	-
<b>Total depreciation and amortization</b>	<b>449,119,370</b>	<b>437,401,487</b>

Depreciation expense marginally increased due to motor vehicle and buildings additions which were capitalised in the month of June 2024 hence depreciated in the year under review.

**16. Repairs and Maintenance**

Description	June 2025	June 2024
	Kshs	Kshs
Building and station	1,086,267	911,538
Motor Vehicles	1,951,743	3,957,710
Office Equipment	87,528	117,453
Computer and Accessories	403,522	447,296
<b>Total Repairs and Maintenance</b>	<b>3,529,060</b>	<b>5,433,997</b>

The reduction in repairs and maintenance expenses is due to cost cutting measures applied due to inadequate funding. On the other hand, station maintenance increased due to repairs that were undertaken at the Queensway CBD office after vacating the premises

*Tana and Athi Rivers Development Authority (TARDA)*

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for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

17. Grants and Subsidies

Description	June 2025	June 2024
	Kshs	Kshs
Community Development-Muranga Integrated Project	7,133,471	770,000
Community Development-Kieni Integrated Project	726,800	667,835
Community Development-Kiangochi Muchungucha Integrated Project	59,386,030	135,376,097
Community Development-Thiha Kiruka Water Integrated Project	107,800	592,600
Tana Delta Irrigation Project	193,234,332	212,298,140
Drought Mitigation	61,495,959	25,524,750
Kathiani Community Water Project	36,400	-
Katothya Water Project	204,260	-
<b>Total Grants and Subsidies</b>	<b>322,325,052</b>	<b>375,229,422</b>

These are development activities undertaken during the period under review, there was a reduction in the expenditure mainly due to reduced activities at Kiangochi Muchungucha Integrated project. Out of the reported development expenditure Kshs. 8,523,675 remained payable as retention as at year end.

17(a) Grants and Subsidies

Description	June 2025	June 2024
	Kshs	Kshs
Total use of goods and services as per statement of performance	322,325,052	375,229,422
Add: Previous year's grants and gratuity payables	2,000,000	(20,000,000)
Less: Current year's grants and gratuity payables	(27,252,752)	(2,000,000)
<b>Total</b>	<b>297,072,300</b>	<b>353,229,422</b>

18. Finance Costs

Description	June 2025	June 2024
	Kshs	Kshs
Bank charges	488,058	601,436
<b>Total finance costs</b>	<b>488,058</b>	<b>601,436</b>

19. Gain on Sale of Assets

Description	June 2025	June 2024
	Kshs	Kshs
Property, plant and equipment	-	8,439,270
<b>Total gain on sale of assets</b>	<b>-</b>	<b>8,439,270</b>

There were no assets disposals during the year under review

*Tana and Athi Rivers Development Authority (TARDA)*

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for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

20. Cash and Cash Equivalents

Description	June 2025	June 2024
	Kshs	Kshs
Current Account	138,296,087	371,457,787
Cash at hand	5,895	6,070
<b>Total Cash and Cash Equivalents</b>	<b>138,301,982</b>	<b>371,463,857</b>

(b) Cash and Cash Equivalents

Description	June 2025	June 2024
	Kshs	Kshs
Climate change programme	7,888	10,288
<b>Total Cash and Cash Equivalents</b>	<b>7,888</b>	<b>10,288</b>

This is cash balance from a fund which was used to implement climate change programme activities.

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	June 2025	June 2024
		Kshs	Kshs
<b>a) Current Account</b>			
HQ-NBK-General Harambee Avenue	0100302843702	85,091,070	256,493,642
HQ-Consolidated Bank-Koinange Street	10011200000277	49,252,174	105,667,605
TDIP-KCB Malindi	1103078933	42,721	1,739,105
TDR-KCB Garsen	1114749478	406,784	467,935
MDR-KCB Embu	1104419815	640,340	450,759
KHR-NBK Kitui	0100151520000	1,182,222	1,321,010
Tana Region-KCB Embu	1121371620	593,449	1,048,411
Lower Athi Region-KCB Machakos	1121408125	431,350	3,268,095
Upper Athi Region-KCB Moi Avenue	1123225583	655,977	1,001,225
<b>Sub- Total</b>		<b>138,296,087</b>	<b>371,457,787</b>
<b>b) Others (Cash on hand)</b>			
MDR-Pettycash		297	75
TDIP-Pettycash		342	5,960
TDR-Pettycash		5,256	35
<b>Sub- Total</b>		<b>5,895</b>	<b>6,070</b>
<b>Grand Total Cash and Cash Equivalent</b>		<b>138,301,982</b>	<b>371,463,857</b>

*Tana and Athi Rivers Development Authority (TARDA)*

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for the year ended June 30, 2025

Financial Institution	Account number	June 2025	June 2024
		Kshs	Kshs
c) Climate Change-NBK		7,888	10,288

Bank balances for NBK Harambee avenue and Consolidated bank Koinange street reduced due payments made mainly towards the development activities during the year.

**21. Trade Receivables from Exchange Transactions**

**(a) Receivables from Exchange Transactions (Current)**

Description	June 2025	June 2024
	Kshs	Kshs
<b>Receivables</b>		
State Department for ASALs and Regional Development	-	50,000,000
Other Exchange Debtors	18,872,395	7,963,915
<b>Total Current Receivables</b>	<b>18,872,395</b>	<b>57,963,915</b>

The increase in current exchange transactions receivables is due to accrued rental, conservation and lease income from KenGen and CIC ltd respectively.

**(b) Receivables from Exchange Transactions (Long-term)**

Description	June 2025	June 2024
	Kshs	Kshs
<b>Total receivables</b>		
Other exchange debtors	1,563,636,035	1,563,636,035
Less: impairment allowance	(1,261,377,203)	(1,261,377,203)
<b>Total receivables</b>	<b>302,258,832</b>	<b>302,258,832</b>
Current portion transferred to current receivables	-	-
<b>Total non-current receivables</b>	<b>302,258,832</b>	<b>302,258,832</b>
<b>Total receivables (a+b)</b>	<b>321,131,227</b>	<b>360,222,747</b>

**(c) Ageing analysis for Receivables from exchange transactions**

Description	June 2025		June 2024	
	Kshs		Kshs	
	June 2025	% of the total	June 2024	% of the total
Less than 1 year	18,872,395	6%	57,963,915	3%
Between 1- 2 years	10,189,411	3%	8,115,815	3%
Between 2-3 years	11,025,700	3%	13,785,226	4%
Over 3 years	281,043,721	88%	280,357,791	92%
<b>Total (a+b)</b>	<b>321,131,227</b>	<b>100%</b>	<b>360,222,747</b>	<b>100%</b>

Notes to the Financial Statements (Continued)

(d) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	June 2025	June 2024
	Kshs	Kshs
At the beginning of the year	1,261,377,203	1,261,377,203
At the end of the year	<b>1,261,377,203</b>	<b>1,261,377,203</b>

**22. Inventories**

Description	June 2025	June 2024
	Kshs	Kshs
Stationery	614,826	953,120
Household goods	57,980	49,944
Fertilizers	189,200	533,460
Spare parts	8,764,239	9,598,544
Construction & Honey packing materials	958,914	210,200
Refreshment and beverages	305,996	581,406
Farm inputs-chemicals, seeds & drugs	546,910	529,529
Seedlings	19,038,954	-
Fuel & lubricants	550,932	612,526
Vet drugs	-	27,900
Farm produce	-	339,600
Honey	248,000	1,007,300
Food	200,427	190,818
Animal feed-Bran & Hay	898,950	1,725,600
<b>Total inventories at the lower of cost and net realizable value</b>	<b>32,375,328</b>	<b>16,359,947</b>

The opening inventories were all utilized or net off from the cost of sales, the closing stationeries is the value of seedlings as at the close of the year under review

Detailed disclosure on inventories

	June 2025
Opening balance	16,359,947
Additional Inventory in the year	34,578,520
Inventory expensed in the year	18,563,139
Closing balance	32,375,328

Notes to the Financial Statements (Continued)

**23. Shareholding in other entities**

For investments in equity share listed under note 33 above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		June 2025	June 2024
	%	%	%	Kshs	Kshs	Kshs
Consolidated bank of Kenya	100	-	-	24,500,000	24,500,000	24,500,000
	<b>100</b>	<b>-</b>	<b>-</b>	<b>24,500,000</b>	<b>24,500,000</b>	<b>24,500,000</b>

*Tana and Athi Rivers Development Authority (TARDA)*

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Notes to the Financial Statements (Continued)

24. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Capital Work in progress	Masinga Dam HEP	Kiambere Dam HEP	Total
Depreciation Rate	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As At 1 July 2023</b>	1,909,135,430	1,808,214,042	310,182,188	78,021,961	22,185,744	1,904,791,096	234,152,289	6,134,385,600	9,385,013,300	21,786,081,650
Additions	-	42,130,309	35,066,179	612,120	2,427,744	1,589,651	-	-	-	81,825,891
Disposals	-	-	-	-	-	(35,370,406)	-	-	-	(35,370,406)
<b>As at 30<sup>th</sup> June 2024</b>	1,909,135,430	1,850,344,351	345,248,367	78,634,081	24,613,376	1,871,010,341	234,152,289	6,134,385,600	9,385,013,300	21,832,537,135
Additions	-	13,330,070	-	501,450	850,000	331,547	-	-	-	15,013,067
Disposals	-	-	-	(847,302)	(2,236,355)	-	-	-	-	(3,083,657)
<b>As at 30<sup>th</sup> June 2025</b>	1,909,135,430	1,863,674,421	345,248,367	78,288,229	23,227,133	1,871,341,888	234,152,289	6,134,385,600	9,385,013,300	21,844,466,545
<b>Depreciation And Impairment</b>										
<b>At 1 July 2023</b>	-	1,500,586,205	309,864,271	68,414,709	20,542,880	1,892,746,543	-	3,680,631,360	5,631,007,977	13,103,793,945
Depreciation	-	45,202,434	136,250	1,098,810	688,690	2,290,331	-	153,359,640	234,625,332	437,401,487
Disposals	-	-	-	-	-	(35,370,406)	-	-	-	(35,370,406)
<b>As At 30<sup>th</sup> June 2024</b>	-	1,545,788,639	310,000,621	69,513,519	21,231,570	1,859,666,468	-	3,833,991,000	5,865,633,309	13,505,825,026
Depreciation	-	46,591,861	8,902,795	1,164,235	1,045,727	2,229,770	-	153,359,640	234,625,332	447,919,360
Disposals	-	-	-	(847,302)	(2,236,355)	-	-	-	-	(3,083,657)
<b>As at 30<sup>th</sup> June 2025</b>	-	1,592,380,500	318,903,316	69,830,452	20,040,942	1,861,896,238	-	3,987,350,640	6,100,258,641	13,950,660,729
<b>Net Book Values</b>										
<b>As at 30<sup>th</sup> June 2024</b>	1,909,135,430	304,555,712	35,247,846	9,120,562	3,381,806	11,343,873	234,152,289	2,300,394,600	3,519,379,991	8,326,712,109
<b>As at 30<sup>th</sup> June 2025</b>	1,909,135,430	271,293,921	26,345,051	8,457,777	3,186,079	9,445,650	234,152,289	2,147,034,960	3,284,754,659	7,893,805,816

Work in progress reported are the civil works at Tana Delta Irrigation Project (TDIP), they relate to structures which remain incomplete due to destruction by the 1997 El Nino rains and subsequent inadequate funding

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Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	1,849,781,470	184,978,656
Motor Vehicles including Motorcycles	309,637,187	77,409,297
Computers and Related Equipment	17,852,551	4,017,781
Office Equipment, Furniture and Fittings	60,253,754	4,580,965
<b>Total</b>	<b>2,237,524,962</b>	<b>270,986,699</b>

**25. Intangible Assets**

Description	June 2025	June 2024
	Kshs	Kshs
<b>Cost</b>		
At beginning of the year	9,620,099	5,983,706
Additions	-	3,636,393
At end of the year	9,620,099	9,620,099
<b>Amortization and impairment</b>		
At beginning of the year	5,983,706	5,983,706
Amortization	1,200,010	-
At end of the year	7,183,716	5,983,706
<b>NBV</b>	<b>2,436,383</b>	<b>3,636,393</b>

**26. Biological Assets**

Description	June 2025	June 2024
	Kshs	Kshs
Trees in a plantation forest	1,628,500	24,038,060
Animals: Dairy Cattle, Pigs, Sheep	1,797,000	1,287,700
<b>Total</b>	<b>3,425,500</b>	<b>25,325,760</b>

Biological assets were adjusted for seedlings which were reclassified as inventory and sorghum, maize and nappier grass which were harvested and sold.

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Notes to the Financial Statements (Continued)

27. Trade and Other Payables

Description	June 2025		June 2024	
	Kshs		Kshs	
Trade and other payables	120,404,270		184,484,527	
<b>Total trade and other payables</b>	<b>120,404,270</b>		<b>184,484,527</b>	
<b>Ageing analysis: (Trade and other payables)</b>		<b>% of the Total</b>		<b>% of the Total</b>
	<b>June 2025</b>		<b>June 2024</b>	
Under one year	14,845,064	12%	72,809,344	40%
1-2 years	11,356,569	10%	5,426,841	3%
2-3 years	5,369,754	4%	9,782,523	5%
Over 3 years	88,832,883	74%	96,465,819	52%
<b>Total (tie to above total)</b>	<b>120,404,270</b>		<b>184,484,527</b>	

Payables categorised as over 3 years are long outstanding balances which the Management is analysing for presentation to the Board of Directors to consider write off.

28. Employee Benefit Obligations

Description	June 2025		June 2024	
	Kshs		Kshs	
Employee benefit obligations	24,679,804		5,747,506	
<b>Total Employee Benefit Obligations</b>	<b>24,679,804</b>		<b>5,747,506</b>	
<b>Ageing analysis: (Trade and other payables)</b>		<b>% of the Total</b>		<b>% of the Total</b>
	<b>June 2025</b>		<b>June 2024</b>	
Under one year	24,679,804	100%	5,747,506	100%
<b>Total (tie to above total)</b>	<b>24,679,804</b>		<b>5,747,506</b>	

These payables relate to accrued June 2025 payroll deductions which were not paid due to non-allocation of budgetary provision and subsequent non release of the funds by the national Treasury. Net pay was honoured by borrowed funds.

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Notes to the Financial Statements (Continued)

29. Deposits and Retentions

Description	June 2025		June 2024	
	Kshs		Kshs	
Deposits and retentions	27,252,752		2,000,000	
<b>Total deposits and retentions</b>	<b>27,252,752</b>		<b>2,000,000</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>June 2025</b>	<b>% of the Total</b>	<b>June 2024</b>	<b>% of the Total</b>
Under one year	8,747,447	32%	2,000,000	100%
1-2 years	14,462,270	53%		
2-3 years	-	-		
Over 3 years	4,043,035	15%		
<b>Total (tie to above total)</b>	<b>27,252,752</b>		<b>2,000,000</b>	

30. Cash Generated from Operations

Description	June 2025		June 2024	
	Kshs		Kshs	
<b>Surplus for the year before tax</b>	<b>(502,657,091)</b>		<b>(455,908,190)</b>	
<b>Adjusted for:</b>				
Depreciation	449,119,370		437,401,487	
<b>Working capital adjustments</b>				
Decrease in inventory	5,884,879		4,347,684	
Decrease in receivables	39,091,520		(46,499,445)	
Transfers from capital fund	(322,325,052)		(375,229,422)	
Decrease in payables	(19,895,207)		5,062,069	
Prior year adjustments	2,632,772		1,704,661	
<b>Net cash flow from operating activities</b>	<b>(348,148,809)</b>		<b>(428,725,156)</b>	

Decrease in inventory is net of reclassified seedlings seedlings from biological assets to inventory.

31. Financial Risk Management

TARDA's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established

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**Notes to the Financial Statements (Continued)**

credit history. The Entity's financial risk management objectives and policies are detailed below:

**i) Credit risk**

TARDA 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 Entity's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

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:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Receivables from exchange transactions	1,582,508,430	18,872,395	1,563,636,035	1,261,377,203
Bank balances	138,309,870	138,309,870	-	-
<b>Total</b>	<b>1,720,818,300</b>	<b>157,182,265</b>	<b>1,563,636,035</b>	<b>1,261,377,203</b>
<b>As at 30 June 2024</b>				
Receivables from exchange transactions	1,571,599,950	7,963,915	1,563,636,035	1,261,377,203
Receivables from non-exchange transactions	50,000,000	50,000,000	-	-
Bank balances	371,474,146	371,474,146	-	-
<b>Total</b>	<b>1,993,074,096</b>	<b>429,438,061</b>	<b>1,563,636,035</b>	<b>1,261,377,203</b>

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**Notes to the Financial Statements (Continued)**

**iv) Capital Risk Management**

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

Description	June 2025	June 2024
	Kshs	Kshs
Revaluation Reserve	19,697,833,221	19,697,833,221
Retained Earnings	(17,697,034,951)	(17,197,010,633)
Capital Reserve	6,242,841,140	6,435,166,192
<b>Total Funds</b>	<b>8,243,639,410</b>	<b>8,935,988,780</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	(138,309,870)	(371,474,146)
Net Debt/(Excess Cash And Cash Equivalents)	8,105,329,540	8,564,514,634
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**32. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to TARDA include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the TARDA, holding 100% of the Tarda's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

**Other related parties include:**

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

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Notes to the Financial Statements (Continued)

Description	June 2025	June 2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Rent income from govt. Agencies	3,868,632	4,074,432
<b>Total</b>	<b>3,868,632</b>	<b>4,074,432</b>
<b>B) purchases from related parties</b>		
Purchases of electricity from KPLC	555,072	1,156,327
Purchase of water from govt service providers	128,633	259,923
Training and conference fees paid to govt. Agencies	124,305	875,496
<b>Total</b>	<b>808,010</b>	<b>2,291,746</b>
<b>b) Grants /transfers from the government</b>		
Grants from national govt	562,115,910	785,480,000
<b>Total</b>	<b>562,115,910</b>	<b>785,480,000</b>
<b>c) Key management compensation</b>		
Directors' emoluments	6,380,116	11,920,832
Compensation to key management	64,186,596	75,560,928
<b>Total</b>	<b>70,566,712</b>	<b>87,481,760</b>

**33. Contingent Assets and Contingent Liabilities**

**Contingent Liabilities**

Description	June 2025	June 2024
	Kshs	Kshs
Muchoki Kangata Njenga Advocates	2,040,000	-
Kinoti & Kibe Co. Advocates	4,043,964	-
<b>Total</b>	<b>6,083,964</b>	<b>-</b>

These are legal fees demanded by the two firms but which management has disputed and held meeting to resolve to matters. Management wish to subject the charges to taxation for a prudent cost to be determined.

**34. Events after the Reporting Period**

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

**35. Ultimate And Holding Entity**

TARDA is a State Corporation under the Ministry of East Africa, ASALs and Regional Development. Its ultimate parent is the Government of Kenya.

**36. Currency**

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

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**20. Appendices**

**Appendix 1: Implementation Status of Auditor-General's Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<b>Land without ownership documents</b>	The acquisition of the title deeds for Kibwezi, Emali and Kitui projects is in progress. The value for lamu land was determined and included in FY 2022/2023 Financial statements.	Not Resolved	June 2027
2	<b>Fully Depreciated Assets</b>	The motor vehicles valuation stagnated due to inadequate funding.	Not Resolved	June 2027
3	<b>Unsupported Revaluation of Assets</b>	Revaluation reports were misplaced and the management efforts to get a placement from the company were hampered by the closure of the organization after liquidation. Revaluation of the assets has been hampered by inadequate funds, management continues to request for additional budgetary allocation to enable funding for assets.	Not Resolved	June 2027
4	<b>Work in Progress</b>	These were buildings that were left	Not Resolved	June 2027

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		incomplete in 1997 due to El nino rains and the documents has in the process of time been displayed. The management plans to finish these projects once exchequer support is received and revaluation shall be done to incorporate in the books.		
<b>Emphasis of Matter</b>				
1	<b>Material Uncertainty Relating to Going Concern</b>	TARDA has been insolvent since the day the generating and transmission assets were transferred to KENGEN and unless the claims are honoured, the going concern and balance sheet accounting of the Authority will continue to be negative and recurring.	Not Resolved	Continuous
2	<b>Budgetary Control and Performance</b>	TARDA received funding from the Exchequer on the 29 <sup>th</sup> day of June 2023 thereby making it difficult to absorb the funding in to the planned and intended programmes. Management is however in consultation with the Parent Ministry and National Treasury for timely release of funds	Not Resolved	Continuous

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
FY 2023/2024				
5.	<b>Long outstanding payables.</b> Payables of Kshs 50,517,966 did not have supporting documents, Kshs 96,465,819 being 50% have remained outstanding for more than three (3) years.		Not Resolved	June 2027



MANAGING DIRECTOR

Date: 28/10/25

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**Appendix II: Projects implemented by Tana and Athi Rivers Development Authority**

Projects implemented by Tana and Athi Development Authority Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)

**Status of Projects completion**

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

***Tana and Athi Rivers Development Authority (TARDA)***

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**Appendix V- Inter-Entity Confirmation Letter**

**Name of Transferring entity STATE DEPARTMENT FOR ASALs & REGIONAL DEVELOPMENT**

**Name of Beneficiary entity TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY**

**Confirmation of amounts received by [Tana and Athi Rivers Development Authority as at 30<sup>th</sup> June 2025**

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	02.08.2024	19,309,659		19,309,659	
	11.09.2024	19,309,659		19,309,659	
	15.10.2024	77,238,637		77,238,637	
	20.11.2024		32,500,000	32,500,000	
	30.11.2024	38,619,319		38,619,319	
	31.12.2024	38,619,319		38,619,319	
	03.01.2025	36,928,976		36,928,976	
	11.04.2025	200,400,000		200,400,000	
	23.05.2025		32,500,000	32,500,000	
	30.06.2025		65,000,000	65,000,000	
	03.06.2025	1,690,341		1,690,341	
<b>Total</b>		<b>432,115,910</b>	<b>130,000,000</b>	<b>562,115,910</b>	

I confirm that the amounts shown above are correct as of the date indicated.

**Head of Accounts Department - Disbursing Entity:**

Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**

Name .. *N. N. N. N.* ..... Sign .. *[Signature]* ..... Date .. *23/11/2025* .....