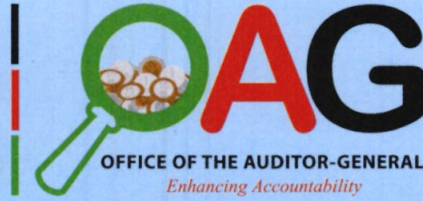


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability

**REPORT**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 FEB 2026	DAY: <u>WEDNESDAY</u>
TABLED BY:	LEADER OF MAJORITY PARTY <u>HON. WILSON KITHURU WATH</u>
OF THE REPORT:	<u>J. LEMERELLE</u>

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**THE AUDITOR-GENERAL**

**ON**

**AGRICULTURE AND FOOD AUTHORITY (AFA)**

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



OFFICE OF THE AUDITOR GENERAL  
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**AGRICULTURE AND FOOD 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)**

**Agriculture and Food Authority**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2025**

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**1. Acronyms, Abbreviations and Glossary of Terms**

**A: Acronyms and Abbreviations**

AIA	Internally Generated Funds
AFA	Agriculture and Food Authority
AGPO	Access to Government Procurement Opportunities.
BA	Bachelor of Arts
BAGC	Board Audit and Governance Committee
BETA	Bottom-Up Economic Transformation Agenda
BSc	Bachelor of Science
CEO	Chief Executive Officer
CPA	Certified Public Accountant
CPA K	Certified Public Accountant of Kenya
CSR	Corporate Social Responsibility
CTU	Cane Testing Units
CUF	Common User Facility
DG	Director General
EOCPP	Edible Oil Crops Promotion Project
EU	European Union
EUDR	European Union Deforestation Regulation
ERM	Enterprise Risk Management
GoK	Government of Kenya
GPO	General Post Office
Ha	Hactres
HCD	Horticultural Crops Directorate
HSC	Head of State's Commendation
ICPAK	Institute of Certified Public Accountants of Kenya
IT	Information Technology
ICT	Information Communication Technology
ICPAK	Institute of Certified Public Accountants
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
JKUAT	Jomo Kenyatta University of Technology
KEMU	Kenya Methodist University
KESREF	Kenya Sugar Research Foundation
KEPROBA	Kenya Export Promotion and Branding Agency
KES	Kenyan Shillings
KIM	Kenya Institute of Management
KSB	Kenya Sugar Board
KU	Kenyatta University
LAN	Local Area Network
LLB	Bachelor of Laws
MBA	Master of Business Administration
M&E	Monitoring and Evaluation
MT	Metric Tonnes

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MTP	Medium Term Planning
MSc	Master of Science
NPCC	National Productivity & Competitiveness Centre
OAG	Office of the Auditor General
OGW	Order of the Grand Warrior
PC	Performance Contract
PLC	Public Limited Company
PO	Post Office
PS	Permanent Secretary
PFM	Public Finance Management
PPCK	Pyrethrum Processing Company of Kenya
PPE	Property Plant & Equipment
PPRA	Public Procurement Regulatory Authority
PSASB	Public Sector Accounting Standards Board
QMS	Quality Management Systems
RIA	Regulatory impact assessment
RIS	Regulatory impact statement
SAGAs	Semi-Autonomous Government Agencies
SCs	State Corporations
SCAC	State Corporations Advisory Committee
SDF	Sugar Development Levy
TNA	Training Needs Assessment
UoN	University of Nairobi
USA	United State of America
WIBA	Work Injury Benefits Act

**B: Definition of Key Terms:**

<b>The Authority</b>	– Agriculture and Food Authority
<b>Fiduciary Management</b>	– Members of Management directly entrusted with the responsibility of financial resources of the organisation
<b>Comparative Year</b>	– Means the prior period.

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

### **a) Background information**

Agriculture and Food Authority (AFA) is a state corporation established under section 3 of the Agriculture and Food Authority Act No. 13 of 2013, amended in 2016. AFA is domiciled at Tea House along Naivasha Road, Off Ngong Road. The Authority has its presence in 30 out of the 47 Counties of Kenya and in 7 out of the 8 former provincial regions.

The Authority was formed by merging 8 former regulatory bodies under the Ministry of Agriculture namely the Sugar Board of Kenya, Coffee Board of Kenya, Tea Board of Kenya, Kenya Sisal Board, Cotton Development Authority, Coconut Development Authority, Horticultural Crops Development Authority, and Pyrethrum Regulatory Authority. Upon the formation of AFA, the former institutions became Directorates of the Authority where the former Sisal Board of Kenya and the former Cotton Development Authority were merged to form Fibre Crops Directorate. A new directorate, the Food Crops Directorate, was formed to carry out the mandate of AFA on food crops.

In 2021, upon the commencement of the Tea Act 2020, the Tea Directorate ceased as the Tea Board of Kenya came to be. This means that - the directorates reduced to 7, which are:

- i) Sugar Directorate,
- ii) Coffee Directorate,
- iii) Fibre Crops Directorate,
- iv) Nuts and Oil Crops Directorate,
- v) Horticultural Crops Directorate,
- vi) Miraa, Pyrethrum and other Industrial Crops Directorate, and
- vii) Food Crops Directorate

Sec. 11(3) of the Act provides that each directorate of the Authority shall have such autonomy as to enable it to discharge its professional mandate and shall for purposes of enabling Kenya to meet the relevant international obligations, especially with respect to standards, each directorate shall be the recognized Authority to represent Kenya in that behalf as the competent authority. Subsection (4) provides that without prejudice to the general power of the Authority to establish directorates as contemplated under subsection (1), the Authority may establish directorates for each produce as may be necessary to enable the carrying out of any specialized activities with respect to the promotion or management of that agricultural product. This means as more crops are added to the list of the scheduled crops the Authority may establish a directorate to discharge its mandate in that respect or expand a directorate's mandate to include related crops among the crops regulated therein.

**b) Principal Activities**

To discharge her mandate, AFA is guided by the following Vision, Mission and Core values:

**Vision, Mission and Core Values**

**Vision:**

A world class crop regulator for improved livelihood

**Mission:**

To develop, promote and regulate scheduled crops value chains for sustainable economic growth and transformation

**Motto:**

“Our Crops, Our Wealth”

**Core Values:**

Integrity; Professionalism; Innovativeness, Customer focus and Teamwork.

**Functions**

Sec. 4 of the Agriculture and Food Authority Act provides that the Authority shall, in consultation with the county governments, perform the following functions:

- a) Administer the Crops Act, in accordance with the provisions of these Acts (AFA Act, 2013 and the Crops Act, 2013).
- b) Promote best practices in, and regulate, the production, processing, marketing, grading, storage, collection, transportation and warehousing of agricultural products, excluding livestock, livestock products, as may be provided for under the Crops Act.
- c) Collect and collate data, maintain a database on agricultural products excluding livestock products, document and monitor agriculture through registration of players as provided for in the Crops Act.
- d) Be responsible for determining the research priorities in agriculture and to advise generally on research thereof.
- e) Advise the national government and the county governments on agricultural levies for purposes of planning, enhancing harmony and equity in the sector.
- f) Carry out such other functions as may be assigned to it by this Act, the Crops Act, and any written law while respecting the roles of the two levels of governments.
- g) Formulate general and specific policies for the development of scheduled crops.

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**c) Key Management**

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

- i. Board of Directors
- ii. Senior Management comprised of:
  - a. The Director General
  - b. Heads of Directorates
  - c. Heads of Departments

The members of the Key Management are given in the table below.

No.	Designation	Name
1.	Board of Directors – Chairman	Hon. Cornelly Serem
2.	Board of Directors – Member	Mr. Joseph Kirubi, MBS
3.	Board of Directors – Member	Mr. Harun R. Khator, OGW
4.	Board of Directors – Member	Dr. Patrick Mugo
5.	Board of Directors – Member	Dr. Rosebella Langat
6.	Board of Directors – Member	Mr. Christopher K. Nkangi
7.	Board of Directors – Member	Mr. Daniel Kitivo, OGW
8.	Board of Directors – Member	Ms. Lucy Njeri Njine
9.	Board of Directors – Member	Mr. Peterson Muthathai, HSC
10.	Board of Directors – Member	Mr. Jairus Ombui
11.	Board of Directors – Member	Mr. Wachira Kaguongo
12.	Board of Directors – Member	Mr. Samwel Onyango Ong'ow
13.	Board of Directors – Member	Mr. Isaac Odek Omondi
14.	Board of Directors – Member	Mrs. Sarah Chelimo Maina
15.	Director General and Authority's Secretary	Dr. Bruno Linyiru, OGW
16.	Director Finance	CPA Rephah M. Kitavi
17.	Director Human Resource Development	Mr. Kibwana Mataka
18.	Director Internal Audit and Risk Assurance	Mr. Isaac Meto
19.	Deputy Director Planning, Strategy and Risk Management	Ms. Sylvia Chemjor
20.	Deputy Director Corporate Communication	Ms. Trizer Wawuda
21.	Deputy Director Supply Chain Management	Ms. Mary Mkamburi
22.	Ag. Director Sugar Directorate up to 31 <sup>st</sup> December 2024	Mr. Jude Chesire
23.	Director Nuts and Oil Crops Directorates	Ms. Ann Gikonyo
24.	Director Fibre Crops Directorates	Ms. Grace Kyalo
25.	Director Horticultural Crops Directorate	Ms Christine Chesaro

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No.	Designation	Name
26.	Director Miraa, Pyrethrum and Other Industrial Crops Directorate	Mr. Benjamin Tito
27.	Director Coffee Directorate	Mr. Felix Mutwiri
28.	Director Food Crops Directorate	Mr. Calistus Kudu

**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.	Director General	Dr. Bruno Linyiru, OGW
2.	Director Finance up to May 2025	CPA Joseph W. Muigai
3.	Director Finance as at 30 <sup>th</sup> June 2025	CPA Rephah M. Kitavi
4.	Director Human Resource Management	Mr. Kibwana Mataka
5.	Director Internal Audit and Risk Assurance	Mr. Isaac Meto
6.	Deputy Director PSR	Ms, Sylvia Chemjor
7.	Ag. Assistant Director Corporate Communication up to May 2025	Ms. Tricxie A. Ogembo
8.	Deputy Director Corporate Communication as at 30 <sup>th</sup> June 2025	Ms. Trizer Wawuda
9.	Deputy Director Supply Chain Management	Ms. Mary Mkamburi
10.	Deputy Director ICT	Ms. Winfred Mbithe
11.	Director Nuts and Oil Crops Directorates	Ms. Ann Gikonyo
12.	Director Fibre Crops Directorates	Ms. Grace Kyalo
13.	Director Horticultural Crops Directorate	Ms. Christine Chesaro
14.	Director MPOICD	Mr. Benjamin Tito
15.	Director Coffee Directorate	Mr. Felix Mutwiri
16.	Director Food Crops Directorate	Mr. Calistus Kudu
17.	Ag. Director Sugar Directorate up to 31 <sup>st</sup> December 2024	Mr. Jude Chesire

**e) Fiduciary Oversight Arrangements**

The Authority's fiduciary oversight is comprised of the Internal Audit and Risk Assurance department whose mandate is to provide assurance about the availability of internal control systems and process giving assurance that risks are kept at the least level possible; The Audit and Governance Committee of the board to which the Internal Audit and Risk Assurance Department reports; the Finance, Strategy and Risk Management Committee of the Board overseeing the financial and risk management functions of the Authority; top management and the Board of the Authority providing general fiduciary oversight for the Authority.

Agencies that provide fiduciary oversight over the Authority are:

**i) Audit & Risk Committee of the Board**

The function of the Audit and Risk Committee is to assist the Authority fulfil its governance and oversight responsibilities.

**ii) Finance Committee of the Board**

The Finance Committee of the Board is to provide advice and recommendations relating to the integrity of financial accounting practices and reporting

**iii) Parliamentary Oversight Committee Activities**

The Public Investment Committee is responsible for the examination of the accounts showing the appropriations of the sum voted by the House to meet the public expenditure and of such other accounts laid before the House as the Committee may think fit.

**iv) Development Partner**

Provides support, resources, and expertise to facilitate development initiatives. This can involve funding, technical assistance, or other forms of collaboration to help achieve specific development goals.

**v) Other Oversight Arrangements**

Office of the Auditor General (OAG) audit and report on the management of public resources held by the Authority with an objective of improving service delivery to the Kenyan people.

Public Procurement Regulatory Authority (PPRA) Oversees all procurements by ensuring that the Authority follows procurement laws and regulations set to ensure transparency and value for money in procurement of goods and services.

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**f) Authority Headquarters**

P.O. Box 37962-00100  
Tea House, Naivasha Road  
Nairobi, Kenya

**g) Authority Contacts**

Telephone: (254) 722200556/  
E-mail: info@afa.go.ke  
Website: www.afa.go.ke

**h) Authority Bankers**

**i) Kenya Commercial Bank**

Kencom House, Moi Avenue  
P.O. Box 48400  
GPO 00100  
**NAIROBI, KENYA**

**ii) National Bank of Kenya**

Harambee Avenue Branch  
P.O. Box 41862  
GPO 00100  
**NAIROBI, KENYA**

**iii) Citibank N.A**

Citi Bank House Upper Hill  
P.O. Box 30711  
**NAIROBI, KENYA**

**iv) Stanbic Bank Kenya**

Stanbic Bank Centre,  
Westlands Road, Chiromo  
P.O. Box 30711  
**NAIROBI, KENYA**

**v) Co-operative Bank of Kenya**

Co-operative Bank House  
P.O. Box 48231  
GPO 00100  
**NAIROBI, KENYA**

**vi) Absa Bank**

Absa Bank Kenya PLC Headquarters  
P.O. Box 30120  
GPO 00100  
**NAIROBI, KENYA**

**vii) Standard Chartered Bank**

Stanbank House, Moi Avenue  
P.O. Box 30001  
**NAIROBI, KENYA**

**i) Independent Auditor**




**Auditor-General**




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

**j) Principal Legal Adviser**




The Attorney General  
State Law Office and Department of Justice,  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
**NAIROBI, KENYA**

**3. The Board of Directors**




<b>Ref</b>	<b>Directors</b>	<b>DETAILS</b>
1.	<p><b>Hon. Cornelly Serem</b></p> 	<p><b>Position:</b> Chairman  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 31<sup>st</sup> December 1970  <b>Qualification and Work Experience:</b> Bachelor of Science, Biology  <b>Appointment Category:</b> Appointed  <b>Date the Board Member was appointed;</b> 22<sup>nd</sup> March 2023  <b>Date of Expiry of the Board Member:</b> 21<sup>st</sup> March 2028</p>
2.	<p><b>Mr. Harun R. Khator, OGW</b></p> 	<p><b>Position:</b> Member – Alternate to Ps State Department of Crops Development (Ministry of Agriculture &amp; Livestock Development)  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 25<sup>th</sup> June 1971  <b>Academic Qualifications:</b> Masters  <b>Appointment Date:</b> 11<sup>th</sup> September 2023  <b>Term Expiry Date:</b> Termination/Replacement by Representative Body - PS State Department for Crops Development  <b>Committees:</b> Finance, Strategy and Risk Committee and Technical, Operations and Compliance Committee</p>
3.	<p><b>Dr. Patrick Mugo</b></p> 	<p><b>Position:</b> Member – Alternate to Ps State Department of National Treasury Ministry of National Treasury and Economic Planning  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 3<sup>rd</sup> January 1980  <b>Area of Expertise:</b> Mathematics, Economics &amp; Public Finance  <b>Highest Academic Qualification:</b> Doctorate  <b>Appointment Category:</b> Appointed under Section 3 of the AFA Act, No 13 of 2013  <b>Date appointed:</b> 4<sup>th</sup> May 2023  <b>Term Expiry Date:</b> Termination/Replacement by Representative Body - PS National Treasury  <b>Committees:</b> (1) Finance, Strategy and Risk Committee, (2) Human Resource and Administration Committee and (3) Audit and Governance Committee</p>

<p>4.</p>	<p><b>Dr. Rosebella Langat</b></p> 	<p><b>Position:</b> Member- Representing Horticultural Crops  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 7<sup>th</sup> July 1967  <b>Area of Expertise;</b> Business  <b>Highest Academic Qualification:</b> Doctorate  <b>Appointment Category:</b> Appointed  <b>Appointment Date:</b> 16<sup>th</sup> March 2023  <b>End of Term:</b> 15<sup>th</sup> March 2028  <b>Committees:</b> (1) Audit and Governance Committee and (2) Technical, Operations and Compliance Committee</p>
<p>5.</p>	<p><b>Mr. Christopher K. Nkangi</b></p> 	<p><b>Position:</b> Member - Representing the Miraa Crops  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 19<sup>th</sup> April 1979  <b>Area of Expertise:</b> Marketing  <b>Highest Academic Qualification:</b> Higher/Postgraduate Diploma  <b>Appointment Category:</b> Appointed  <b>Appointment Date:</b> 16<sup>th</sup> March 2023  <b>End of Term:</b> 15<sup>th</sup> March 2028  <b>Committees:</b> (1) Finance, Strategy and Risk Committee, and (2) Human Resource and Administration Committee</p>
<p>6.</p>	<p><b>Mr. Daniel Kitivo, OGW</b></p> 	<p><b>Position:</b> Member - Representing - Fibre Crops  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 25<sup>th</sup> March 1952  <b>Area of Expertise:</b> Tropical Agriculture  <b>Highest Academic Qualification:</b> Masters  <b>Appointment Category:</b> Appointed  <b>Appointment Date:</b> 16<sup>th</sup> March 2023  <b>End of Term:</b> 15<sup>th</sup> March 2028  <b>Committees:</b> (1) Human Resource and Administration Committee, and (2) Technical, Operations and Compliance Committee</p>

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7.	<p><b>Ms. Lucy Njeri Njine</b></p> 	<p><b>Position:</b> Member - Representing the Coffee Crop  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 13<sup>th</sup> June 1964  <b>Area of Expertise:</b> Business and Risk Management  <b>Highest Academic Qualification:</b> Masters  <b>Appointment Category:</b> Appointed  <b>Appointment Date:</b> 16<sup>th</sup> March 2023  <b>End of Term:</b> 15<sup>th</sup> March 2028  <b>Committees:</b> (1) Finance, Strategy and Risk Committee, and (2) Human Resource and Administration Committee</p>
8.	<p><b>Mr. Peterson Muthathai, HSC</b></p> 	<p><b>Position:</b> Member - representing Nuts &amp; Oils Crops  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 24<sup>th</sup> January 1952  <b>Area of Expertise;</b> Education  <b>Highest Academic Qualification:</b> Masters  <b>Appointment Category:</b> Appointed  <b>Appointment Date:</b> 16<sup>th</sup> March 2023  <b>End of Term:</b> 15<sup>th</sup> March 2028  <b>Committees:</b> (1) Member and Chair, Finance, Strategy and Risk Committee, (2) Technical, Operations and Compliance Committee</p>
9.	<p><b>Mr. Jairus Ombui</b></p> 	<p><b>Position:</b> Member - Representing Pyrethrum Crops  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 2<sup>nd</sup> June 1961  <b>Area of Expertise;</b> Human Resource  <b>Highest Academic Qualification:</b> Masters  <b>Appointment Category:</b> Appointed  <b>Appointment Date:</b> 16<sup>th</sup> March 2023  <b>End of Term:</b> 15<sup>th</sup> March 2028  <b>Committees:</b> (1) Member and Chair, Human Resource and Administration Committee and (2) Audit and Governance Committee</p>

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10.	<p><b>Hon. Samwel Onyango Ong'ow</b></p> 	<p><b>Position:</b> Board Member Representing Sugar Crop  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 15<sup>th</sup> December 1970  <b>Area of Expertise:</b> Public Management  <b>Highest Academic Qualification:</b> Bachelors  <b>Appointment Category:</b> Appointment  <b>Appointment Date:</b> 29<sup>th</sup> November 2023  <b>End of Term:</b> 28<sup>th</sup> November 2028</p>
11.	<p><b>Mr. Wachira Kaguongo</b></p> 	<p><b>Position:</b> Member - Representing Food Crops  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 2<sup>nd</sup> June 1966  <b>Area of Expertise;</b> Agriculture Economics  <b>Highest Academic Qualification:</b> Masters  <b>Appointment Category:</b> Appointed  <b>Appointment Date:</b> 16<sup>th</sup> March 2023  <b>End of Term:</b> 15<sup>th</sup> March 2028  <b>Committees:</b> Audit and Governance Committee and Technical, Operations and Compliance Committee</p>
12.	<p><b>Mr. Isaac Odek Omondi</b></p> 	<p><b>Position:</b> Member - Representing Office of the Inspector General  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 29<sup>th</sup> January 1965  <b>Area of Expertise;</b> Business and Economics  <b>Highest Academic Qualification:</b> Masters  <b>Appointment Category:</b> In Line with State Corporations Act, CAP 446  <b>Appointment Date:</b> 2<sup>nd</sup> May 2023  <b>End of Term:</b> Termination/Replacement by Representative Body - Office of the Inspector General.</p>




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<p>13.</p>	<p><b>Mrs. Sarah Chelimo Maina</b></p> 	<p><b>Position:</b> Member – Alternate to Ps State Department of Lands and Physical Planning (Ministry of Lands, Public Works, Housing and Physical Planning.  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 1979  <b>Area of Expertise;</b> Law  <b>Highest Academic Qualification:</b> Masters  <b>Appointment Category:</b> Established under Section 5 of the AFA Act, No 13 of 2013  <b>Date the Board Member was appointed;</b> 24<sup>th</sup> May 2023  <b>Date of Expiry of the Board Member:</b>  Termination/Replacement by Representative Body – State Department of Lands and Physical Planning  Committee: Audit and Governance Committee</p>
<p>14.</p>	<p><b>Dr. Bruno Linyiru, OGW</b></p>  <p><b>Director General</b></p>	<p><b>Position:</b> Director General and Company Secretary  <b>Nationality:</b> Kenyan  <b>Date of Birth:</b> 6<sup>th</sup> October 1969  <b>Area of Expertise:</b> Trade, Accounting and Finance  <b>Highest Academic Qualification:</b> PhD  <b>Appointment Category:</b> Ex – Officio Member</p>

**4. Key Management Team**

During the period ended 30<sup>th</sup> June 2025, the following was the management team who oversaw operations of the Authority:




Ref	Management	Details
1.	<p><b>Dr. Bruno Linyiru, OGW</b></p>  <p><b>Director General</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• Doctor of Philosophy (Entrepreneurship) (JKUAT)</li> <li>• Master of Business Administration (UON)</li> <li>• Bachelor of Commerce (Accounting Option) UON</li> <li>• Member of ICPAK</li> </ul> <p>The DG is responsible for the strategic direction and the day-to-day management of the Authority. He oversees the exercise, discharge and performance of Authority's objectives, functions and duties, and the general administration. The Director General is also the Secretary to the Board of the Authority</p>
2.	<p><b>Grace Kyallo</b></p>  <p><b>Director Fibre Crops Directorate</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• MSc in Horticulture, UON, Kenya</li> <li>• BSc in Horticulture, Egerton University, Kenya</li> <li>• Management of Agriculture Extension Programs by Devolved government at JICA Kansai, Japan</li> <li>• Postharvest Technology certificate, UC Davis, California, USA</li> </ul> <p>Director Fibre Crops Directorate is responsible for administration of the Crops Act in relation to Fibre crops and to promote best practices in, and regulate the production, processing, marketing, grading, storage, collection, transportation and warehousing of the same</p>




<p>3.</p>	<p style="text-align: center;"><b>Felix Mutwiri</b></p>  <p style="text-align: center;"><b>Director Coffee Directorate</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• Doctor of Philosophy (Finance) Degree</li> <li>• Master of Business Administration</li> <li>• Bachelor of Commerce (Marketing)</li> </ul> <p>Director Coffee Directorate is responsible for the Administration of the Crops Act, 2013 and its subsidiary legislation in relation to the <b>Coffee Industry</b> and to promote best practices in, and regulate the production, processing, marketing, transportation and warehousing of the same.</p>
<p>4.</p>	<p style="text-align: center;"><b>Christine Chesaro Yebei</b></p>  <p style="text-align: center;"><b>Director Horticulture Crops Directorate</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• Masters in International Relations,</li> <li>• Bachelor of Arts in French &amp; History,</li> <li>• Post Graduate Diploma in Public Relations Management</li> <li>• Member, Public Relations Society of Kenya</li> </ul> <p>The Director HCD is responsible for administration of the Crops Act in relation to <b>Horticultural Crops</b> and to promote best practices in, and regulate the production, processing, marketing, grading, storage, collection, transportation and warehousing of the same</p>
<p>5.</p>	<p style="text-align: center;"><b>Jude Chesire</b></p>  <p style="text-align: center;"><b>Ag. Director Sugar Directorate up to 31<sup>st</sup> December 2024</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• LLB degree (Moi University)</li> <li>• Post Graduate Diploma in Law.</li> <li>• Advocate of the High Court of Kenya</li> </ul> <p>Responsible for administration of the Crops Act in relation to <b>Sugar Crop</b> development, promotion and regulation. The Directorate promotes best practices in regulating the production, processing, marketing, grading, storage, collection, transportation and warehousing of the sugar crops and their products</p>


<p>6.</p>	<p><b>Calistus Kudu Efukho</b></p>  <p><b>Director Food Crops Directorate</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• Master of Agricultural Science, University of Tsukuba, Japan</li> <li>• Bachelor of Science in Horticulture, Egerton University</li> <li>• Member of Japanese Society for Horticultural Science</li> </ul> <p>The Director Food Crops Directorate is responsible for administration of the Crops Act in relation to <b>Food Crops</b> and to promote best practices in, and regulate the production, processing, marketing, grading, storage, collection, transportation and warehousing of the same</p>
	<p><b>Benjamin Tito</b></p>  <p><b>Director Miraa, Pyrethrum, and Other Industrial Crops Directorate</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• MSc in Agricultural Production Chains Management, (Horticulture Chains), Van Hall Larenstein University of Applied Sciences, The Netherlands.</li> <li>• BSc in Horticulture, Jomo Kenyatta University of Science and Technology, Kenya</li> <li>• Diploma in Horticulture, Jomo Kenyatta University of Science and Technology</li> <li>• Certificate in One Health (University of Copenhagen, Denmark) and Food safety training (International Food Protection Training Institute, USA) Certificate in One Health (University of Copenhagen, Denmark) and Food safety training (International Food Protection Training Institute, USA)</li> </ul> <p>The Director is responsible for administration of the Crops Act in relation to <b>Miraa, Pyrethrum, and Other Industrial Crops Directorate</b> to promote best practices in and regulate the production, processing, marketing, grading, storage, collection, transportation and warehousing of the same.</p>

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7.	<p><b>Anne W. Gikonyo</b></p>  <p><b>Director Nuts and Oils Crops Directorate</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• MBA, University of Nairobi (UoN), Kenya</li> <li>• BA Economics, University of Bombay, India</li> <li>• Certificate in Agricultural Marketing System (University of Missouri –USA)</li> <li>• Member, Marketing Society of Kenya</li> </ul> <p>The Director NOCD is responsible for administration of the Crops Act in relation to <b>Nuts and Oil Crops</b> and to promote best practices in, and regulate the production, processing, marketing, grading, storage, collection, transportation and warehousing of the same</p>
8.	<p><b>CPA Joseph W. Muigai</b></p>  <p><b>Director Finance up to May 2025</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• Master of Business Administration, Finance (UoN);</li> <li>• Bachelor of Commerce, Accounting (UoN)</li> <li>• Certified Public Accountant of Kenya, CPA(K)</li> <li>• Membership: ICPAK; M/No. 5605</li> </ul> <p>The Director Finance is responsible for Financial Accounting, Financial Management and Financial Reporting</p>
9.	<p><b>CPA Rephah M. Kitavi</b></p>  <p><b>Director Finance as at 30<sup>th</sup> June 2025</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <p>Master of Science, Finance and Investment (KEMU) Bachelor of Arts, Economics, First Class Honours (KU) Certified Public Accountant of Kenya, CPA (K) Membership: ICPAK; M/No. 11437</p> <p>The Director Finance is responsible for Financial Accounting, Financial Management and Financial Reporting.</p>

<p>10.</p>	<p><b>Sylvia J. Chemjor</b></p>  <p><b>Deputy Director Planning, Strategy and Risk</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• Master of Business Administration, Finance -UoN</li> <li>• BSc. Agriculture Economics -Egerton University</li> <li>• Member of Kenya Institute of Management - KIM</li> </ul> <p>The Deputy Director of Planning, Strategy and Enterprise Risk Management is responsible for the Authority’s performance management monitoring and evaluation, enterprise risk and database management.</p>
<p>11.</p>	<p><b>Isaac C. Meto</b></p>  <p><b>Director Internal Audit</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• Executive Master of Business Administration,</li> <li>• Bachelor of Commerce (Accounting).</li> <li>• Member of Institute of Internal Auditors.</li> </ul> <p>The Director Internal Audit is responsible for assuring Management and the Board that internal control systems are in place and working and that the risk management framework is working considering management awareness of risks and mitigation measures thereof.</p>
<p>12.</p>	<p><b>Kibwana K. Mataka</b></p>  <p><b>Director Human Resource Development</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• Masters in Business Administration, Strategic Management</li> <li>• Post graduate diploma in Human Resource Management</li> <li>• Bachelor of Arts, Geography and Government</li> <li>• Member, Institute of Human Resource Management and Kenya Institute of Management</li> </ul> <p>The Director Human Resource Development is responsible for the Human resource recruitment, development and among others and general administration</p>

<p>13.</p>	<p><b>Tricxie A. Ogembo</b></p>  <p><b>Assistant Director Corporate Communications up to May 2025</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• Master of Science in Project Management (JKUAT)</li> <li>• Bachelor Degree in Agribusiness Management (Egerton University)</li> <li>• Diploma in Farm Management (Egerton University)</li> <li>• Member African Association of Agricultural economists</li> <li>• Member Society of Crop Agribusiness Advisors</li> <li>• Member of Kenya Association of Project Managers</li> </ul> <p>The Deputy Director Corporate Communication is responsible for managing Corporate Communications at AFA</p>
<p>14.</p>	<p><b>Trizer Wawuda Mwanyika</b></p>  <p><b>Deputy Director Corporate Communications as at 30<sup>th</sup> June 2025</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• Master of Science in Mass Communications</li> <li>• Bachelor of Science in Communications and Public Relations</li> <li>• Diploma in Mass Communications</li> <li>• Member, Public Relations Society of Kenya</li> <li>• Member, Women in Public Relations, Kenya</li> <li>• Member, Association of Media Women in Kenya</li> </ul> <p>The Director Corporate Communication is responsible for managing Corporate Communications at AFA</p>
<p>15.</p>	<p><b>Mary Mkamburi</b></p>  <p><b>Deputy Director SCM</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• Master of Science in Procurement and Logistics (JKUAT)</li> <li>• Bachelor of Purchasing and Supplies Management (JKUAT)</li> <li>• Post Graduate Diploma in Purchasing and Supplies Management (KIM)</li> <li>• Post Graduate Diploma in Procurement and Supply (CIPS)</li> <li>• Licensed Practitioner and Member, Kenya Institute of Supplies Management (KISM)</li> </ul>

		<ul style="list-style-type: none"> <li>• Member, Chartered Institute of Procurement and Supplies (CIPS)</li> </ul> <p>The Deputy Director Supply Chain Management is responsible for Supply Chain and Procurement and Disposal of unserviceable assets of the Authority</p>
<p><b>16.</b></p>	<p><b>Winfred Mbithe</b></p>  <p><b>Deputy Director ICT</b></p>	<p><b>Qualifications and Membership to a Professional Body</b></p> <ul style="list-style-type: none"> <li>• Master of Science (MSC) in ICT Policy and Regulation (JKUAT)</li> <li>• Bachelor of Science (BSc) Information Technology (JKUAT)</li> <li>• Member of Information Systems Audit and Control Association (ISACA), Computer Society of Kenya, CSK</li> </ul> <p>The Deputy Director-ICT is responsible for Driving the Digital agenda of the Agriculture and Food Authority (AFA)</p>

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



On behalf of the Board of Directors of the Agriculture and Food Authority (AFA), I am pleased to present the Annual Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2025. This year has been marked by significant consolidation of our regulatory functions, execution of strategic agricultural development interventions, and improved internal revenue performance amidst considerable fiscal constraints and operational challenges.

### **Key Activities and Highlights**

In line with our mandate under the Crops Act, 2013, the Authority implemented far-reaching programmes across its strategic pillars:

#### **1. Production and Productivity**

Through twenty-nine (29) needs assessments on good agricultural practices (GAPs) and sixteen (16) capacity-building frameworks, AFA supported farmers and value chain actors to improve crop productivity. Notable achievements included the establishment of seven (7) multiplication sites for planting materials and eight (8) centres for accessible quality farm inputs. In line with youth empowerment and commercial agriculture, five agricultural forums were conducted to showcase agribusiness opportunities.

#### **2. Market Development**

The Authority undertook market research, developing four (4) crops-specific market exploration frameworks and establishing twenty-five (25) partnerships for market research and information sharing. In total, twenty-four (24) stakeholder sensitization forums and twenty-three (23) market linkage sessions were conducted, resulting in expanded domestic and export markets for scheduled crops.

#### **3. Regulatory Oversight and Compliance**

AFA reviewed two key crop standards and implemented regulations with a 100% inspection and registration rate of value chain actors. Eight (8) standards/codes of practice and one (1) traceability system were developed, with efforts made towards harmonization of national and international regulations.

#### **4. Institutional Capacity Development**

The Authority continued to implement governance frameworks and institutional reforms, including a risk-based audit framework, updated asset management plans, and digitization of services. Staff training, performance contracting, and procurement systems significantly improved under the Public Finance Management (PFM) and Public Procurement and Asset Disposal (PPAD) Acts.

### **5. Financial Performance**

Despite a reduction in exchequer support from Kshs. 2.6 billion to Kshs. 1.05 billion, AFA surpassed its Appropriation-in-Aid (AIA) target, generating Kshs. 4.48 billion through levies, licenses, and non-exchange income.

### **6. Programmatic Successes**

- a) Disbursement of Kshs. 1.05 billion to sugarcane farmers and factory rehabilitation projects.
- b) Implementation of the Edible Oil Promotion Programme at Kshs. 260 million.
- c) 21 cottage industries and 10 aggregation centres were set up to support value addition and market access.
- d) The successful distribution of 950 MT of OPVs and 15 MT of hybrid cotton seed revitalized cotton farming covering over 100,000 acres.

### **Challenges**

The year under review was not without significant challenges:

1. Non-operationalization of regulations for the Quality-Based Sugarcane Payment System hindered full deployment of Cane Testing Units.
2. Long-outstanding land ownership documentation and irregularities in asset registration affected the completeness of the asset register.

### **Outlook and Way Forward**

Looking forward, the Authority seeks to:

1. Expedite the gazettment and enforcement of all draft regulations under the Crops Act.
2. Foster institutional sustainability by diversifying revenue sources and fully implementing the AFA branding and digitization strategies.
3. Finalize land ownership resolutions and implement the recommendations of the Office of the Auditor General (OAG).
4. Enhance partnerships with County Governments and private sector actors for co-implementation of programmes, especially in value addition, research, and youth engagement in agriculture.
5. Roll out traceability systems and adopt the upcoming IPSAS standards (IPSAS 43–50) to further strengthen compliance and transparency.


### **Appreciation**

I wish to express my sincere appreciation to the Cabinet Secretary, the Principal Secretaries of Agriculture, National Treasury, and Lands, and the Council of Governors for their policy guidance. I extend great thanks to my fellow Board Members for their commitment, and to the management and staff under the leadership of the Director General, Dr. Bruno Linyiru, OGW, for their tireless service.

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In conclusion, the Agriculture and Food Authority remains dedicated to transforming Kenya's agriculture by regulating scheduled crops, promoting market access, and ensuring sustainable growth for the benefit of farmers and the nation at large.



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**Hon. Cornelly Serem**  
**Chairman of the Board**

## **6. Report of the Director General**



It is with great privilege that I present this report on behalf of the Management of the Agriculture and Food Authority (AFA) for the financial year ended 30<sup>th</sup> June 2025. The year was marked by significant progress towards our strategic objectives across the four pillars defined in our mandate—production and productivity, market development, regulatory oversight, and institutional capacity strengthening. Despite facing several structural, legal, and operational challenges, the Authority made commendable strides in service delivery, industry regulation, and financial management, all while maintaining focus on agricultural transformation and value-chain development of scheduled crops.

## **2. Strategic Performance Highlights**

### **2.1 Production and Productivity of Scheduled Crops**

During the year, the Authority prioritized building the capacity of actors in scheduled crop value chains to enhance efficiency, productivity, and inclusivity. Key achievements include:

1. Twenty-nine (29) capacity needs assessments on Good Agricultural Practices (GAPs).
2. Sixteen (16) frameworks developed to guide capacity-building interventions.
3. Fifteen (15) training forums on agricultural practices and input usage.
4. Seven (7) multiplication sites established to produce certified planting materials.
5. Eight (8) centres for access to quality farm inputs established.
6. Twenty-two (22) forums held to sensitize farmers on available quality agricultural inputs.
7. Five (5) youth forums organized to unveil investment opportunities in agribusiness, as a deliberate effort to accelerate youth participation.
8. 950 MT of Open Pollinated Varieties (OPV) and 15 MT of hybrid cotton seed distributed across over 100,000 acres under the Cotton Revitalization Programme.

### **2.2 Market Development and Value Addition**

Enhancing market access was a strategic imperative for 2024/25. We implemented multiple interventions to unlock domestic and export opportunities:

1. Six (6) market research studies on new market potential and product differentiation.
2. Four (4) crop-specific market exploration frameworks developed and applied.
3. Twenty-five (25) market research and strategic partnerships fostered.
4. Twenty-four (24) stakeholder sensitization forums and Twenty-three (23) market linkages enabled greater visibility of scheduled crops.
5. Twenty-one (21) cottage industries and Ten (10) aggregation centres established to support agri-processing and bulking.
6. Eighteen (18) forums on value addition and Fifty-four (54) brand development forums conducted across counties.
7. Twelve (12) dissemination forums held to share actionable market intelligence.

### **2.3 Regulatory Oversight and Compliance**

Our regulatory role remained core to streamlining scheduled crop value chains. In this realm, we recorded these key achievements:

1. 100% of qualified value chain actors registered and inspected.
2. Eight (8) standards and codes of practice developed and disseminated.
3. Two (2) crop-specific standards reviewed.
4. Seventeen (17) sensitization forums held on regulatory compliance.
5. One (1) traceability system developed and two (2) under implementation.
6. Five (5) sensitization forums conducted for self-regulation frameworks.
7. Draft Crops (Sugar) – Quality-Based Sugarcane Payment System Regulations developed and are pending final gazettelement.

However, the full operationalization of Cane Testing Units (CTUs) was inhibited due to pending approval of these sugar regulations, limiting the implementation of the Quality-Based Sugarcane Payment model.

### **2.4 Institutional Capacity Strengthening**

Management remains committed to building a transparent, professional and technology-driven organization. Strategic institutional actions included:

1. Implementation of a Risk-Based Audit Framework, and submission of four (4) quarterly financial reports.
2. Development and partial rollout of digitization initiatives, resulting in:
  - a) Acquisition of 84 laptops and desktops,
  - b) Upgrade of 1 LAN network,
  - c) Procurement of 7 software licenses and 1 monitoring tool.
3. Implementation of improved procurement practices, with 100% compliance with PFM and PPAD regulations.
4. Performance management and capacity development enhanced through:
  - a) 4 implementation reports submitted to NPCC,
  - b) 1 employee satisfaction survey,
  - c) 1 reward and sanction policy drafted and awaiting alignment with SCAC guidelines.
5. Approved Organization Structure, Grading & Staff Establishment, Career Guidelines, Human Resource Policy and Procedures Manual

Despite these gains, progress has been slowed by the non-operationalization of critical Human Resource Instruments—an issue which has severely impacted staffing decisions, performance appraisal, and talent retention.

### **3. Financial Performance**

The financial year 2024/25 witnessed a mixed financial climate. Government funding declined to Kshs. 1.05 billion (from Kshs. 2.56 billion the previous year), but internal revenue generation rose sharply, indicating improved regulatory enactment and enforcement.

1. Kshs. 4.48 billion was collected in regulatory levies, licenses, and penalties.
2. The Authority earned Kshs. 5.98 billion in total revenue, surpassing the revised target of Kshs. 5.58 billion.
3. Total expenditure stood at Kshs. 5.02 billion, resulting in a gross surplus of Kshs. 958.83 million.

The financial turnaround was driven by robust enforcement of crop-specific regulations (especially in oilseed, food, and fiber crops), licensing activities through the eCitizen platform, and prudent financial management.

#### **4. Key Programmatic Achievements**

Some of the funded programs that significantly changed farmer livelihoods and market systems include:

- a) Fabricated, installed and commissioned the Cotton Seed Milling Equipment at Muluanda Cotton Cooperative Union and Homabay Cooperative Union.
- b) Distributed and planted 102,000 cashew seedlings in model nurseries in Embu, Makueni, Kilifi and Baringo for distribution to farmers.
- c) Implemented using internally generated funds of Kshs. 260 million and aimed at reducing palm oil dependency and boosting local oilseeds farming.
- d) Reached over 100,000 acres, supporting Kenya's re-industrialization vision for the textile sector.

#### **5. Challenges**

While AFA achieved commendable results in key mandates, several institutional and systemic issues continued to affect performance:

- a) Deferred Operationalization of Key Regulations: Particularly in the sugar sector, which impeded rollout of the Quality-Based Payment System and undermined CTU impact.
- b) Unresolved Land Ownership Issues: Several assets, including depots of defunct boards, lack legal documentation, affecting full inclusion in the asset register.
- c) Overdue Receivables and Legacy Payables: These continue to raise audit issues, including salary harmonization arrears of Kshs. 1.26 billion, and unverified outstanding assets and liabilities related to defunct boards.

#### **6. Way Forward**

As an institution, we are taking deliberate corrective and strategic steps to strengthen performance in the years to come:

1. Rapid Finalization and Gazettement of Regulations: Working closely with the Ministry and Parliament, we intend to operationalize all outstanding regulations under the Crops Act.
2. Reinstitution of Asset Integrity: Update and comprehensively validate the asset register by resolving all outstanding land titles and equipment inventories.

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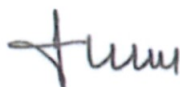
3. Implement Staff Rationalization and HR Policy Instruments.
4. Enhance Financial Sustainability by expanding the scope of regulatory levies, increasing use of online platforms, and diversifying revenue from new scheduled crops.
5. Accelerate automation of licensing, inspection, and data analytics; enhance internal efficiency and transparency.
6. Improved Stakeholder Engagement especially with County Governments, research institutions, and youth organizations to co-deliver programmes and scale localized solutions.
7. Implement all audit recommendations including those from the Office of the Auditor General and internal systems review.

**7. Acknowledgement**

I extend heartfelt appreciation to the Hon. Cornelly Serem, Chairman of the Board, and all Board Members for their strategic support throughout the year. I also recognize the unwavering dedication of AFA's management, technical teams, and support staff.

Most importantly, I am grateful to our stakeholders—farmers, County Government officials, development partners, the Ministry of Agriculture & Livestock Development, National Treasury, and Parliament—for providing the support and feedback that continue to shape our reform trajectory.

Kenya's scheduled crops sector holds immense potential to transform rural livelihoods, boost industrial linkages, and drive inclusive economic growth. It is our call, our duty, and our resolve to lead this transformation through sound policy implementation, market facilitation, and regulatory innovation.



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**Dr. Bruno Linyiru, OGW**  
**Director General**

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

Agriculture and Food Authority has four (4) strategic pillars and objectives within the current strategic plan for the FY 2024/2025. These strategic pillars are as follows:

**KRA 1:** Production and Productivity of Scheduled Crops.

**KRA 2:** Market Development of Scheduled Crops.

**KRA 3:** Regulation of Scheduled Crops; and

**KRA 4:** Institutional Capacity Development.

AFA develops its annual work plan based on the above four pillars. Assessment of the Authority'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 four (4) strategic pillars, as indicated in the table below:

<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Pillar 1:</b> Production and Productivity of Scheduled Crops	To promote production and productivity in the scheduled crops value chains	No. of capacity needs assessments	Conduct capacity needs assessment on GAPs	<i>Twenty-Nine capacity needs assessments on GAPs were undertaken against an annual target of Seven (7)</i>
		No. of Frameworks	Develop a framework for capacity building on identified needs	<i>Sixteen capacity-building frameworks on identified needs developed</i>
		No. of capacity building forums	Carry out capacity building on identified needs	<i>Fifteen capacity-building forums on identified needs conducted</i>
		No. of Registers	Develop, update and maintain the farmers register in collaboration with other stakeholders	<i>Four (4) Registers developed and</i>
		No. of Reports	Collect, collate, maintain, and disseminate data on scheduled crops	<i>One (1) report (AFA Yearbook of Statistics 2025) developed</i>
		No. of reports	Collect, collate, maintain and disseminate data on scheduled crops	<i>The AFA Yearbook of Statistics 2025 was shared and uploaded</i>
		No. of studies	Conduct studies on production and productivity	<i>Various scheduled crops production were undertaken during the period. The output of</i>

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
				<i>production studies is the preparation of quarterly statistics bulletins and AFA annual Yearbook of Statistics which was done and uploaded in AFA website.</i>
		No. of dissemination forums	Disseminate findings to stakeholders	<i>One (1) sensitization forum held</i>
		No. of Reports	Identify innovations and technologies on scheduled crops in collaboration with relevant stakeholders	<i>Five (5) innovations and technologies on scheduled crops were identified</i>
		No. of dissemination forums	Disseminate innovations and technologies on scheduled crops in collaboration with relevant stakeholders	<i>Seven (7) dissemination forums to disseminate innovations and technologies on scheduled crops conducted</i>
		No. of forums	Conduct linkage forums among value-chain players	<i>Eleven linkage forums among value chain players were conducted</i>
		No. of Reports	Identify priority research areas for scheduled crops in collaboration with relevant stakeholders	<i>Two (2) priority research areas for scheduled crops in collaboration with relevant stakeholders identified</i>
		No. of linkages	Establish collaborations with various research institutions to undertake research	<i>Two (2) linkage with various research institutions to undertake research established</i>
		No. of Research findings dissemination forums	Disseminate research findings in collaboration with relevant stakeholders	<i>Three (3) forums for dissemination of research findings held</i>

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
		No. of sensitization forums	Sensitize stakeholders on climate-smart agricultural practices in collaboration with relevant stakeholders	<i>Eleven stakeholders' sensitization forums on climate-smart agricultural practices in collaboration with relevant stakeholders were held</i>
		No. of sensitization forums	Sensitize value chain players on the use of green energy in collaboration with relevant stakeholders	<i>Three (3) sensitization forums for value chain players on the use of green energy conducted</i>
		No. of awareness forums	Create awareness on quality inputs and the input suppliers	<i>Twenty-two awareness creation forums on quality inputs and the input suppliers were conducted</i>
		No. of forums	Establish linkages on the acquisition of clean planting materials	<i>Six (6) linkages forums on the acquisition of clean planting materials held</i>
		No. of centres established	Collaborate with stakeholders in establishing centres for accessing quality farm inputs	<i>Eight (8) centres for accessing quality farm inputs established</i>
		No. of sensitization forums	Sensitize value chain players on the formation of economically viable producer entities (associations, PMOs, Co-operatives, self-help groups) in collaboration with relevant stakeholders	<i>Seven (7) forums to sensitize value chain players on the formation of economically viable producer entities held</i>
		No. of surveys	Undertake baseline survey on youth involvement	<i>One (1) baseline survey on youth involvement undertaken</i>
		No. of Forums (fairs, exhibitions,	Organize forums for youth to showcase existing opportunities in agriculture	<i>Five (5) forums were organized for youth to showcase existing opportunities in agriculture</i>

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
		congress, value addition forums)		
		No. of reports	Consolidate existing data to establish the status of enterprises	<i>The Authority has a profile of existing MSMEs will be regularly updated. The profile was updated during the period.</i>
		No. of multiplication sites	Establish multiplication sites for planting materials in existing and non-traditional areas in collaboration with relevant stakeholders	<i>Seven (7) multiplication sites established</i>
		No. of forums	Establish linkages between farmers, input providers and markets in collaboration with relevant stakeholders	<i>Eight (8) linkages forums undertaken</i>
		No. of reports	Conduct consultative engagements on investment opportunities	<i>Three (3) consultative engagements on investment opportunities conducted</i>
		No. of investment guides	Develop investment guides for scheduled crops	<i>One (1) investment guide for scheduled crops developed (Food Crops)</i>
		No. of sensitization forums	Sensitize potential investors on the identified opportunities	<i>Five (5) potential investors forums held on the identified opportunities</i>
		No. of collaborative frameworks	Develop a framework for collaboration	<i>One (1) framework for collaboration developed</i>
<b>Pillar 2: Market Development</b>	To increase market access for produce	No. of studies carried out	Carry out studies to identify potential new markets	<i>Six (6) studies were carried out to identify potential new markets</i>

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
for scheduled crops	and products of scheduled crops	No. of markets identified	Carry out studies to identify potential new markets	<i>Six (6) new market was identified</i>
		No. of crops specific market exploration frameworks	Develop a framework for exploring the identified markets	<i>Four (4) crops specific market exploration frameworks developed</i>
		No. of Sensitization forums	Sensitize stakeholders on the opportunities within the identified markets	<i>Twenty-four sensitization forums on the opportunities within the identified markets held</i>
		No. of market linkages	Create linkages between stakeholders and potential markets	<i>Twenty three linkages between stakeholders and potential markets created</i>
		No. of market information sharing platforms	Establish market information sharing platforms	<i>Five (5) market information sharing platforms established.</i>
		No. of crops-specific market exploration frameworks	Develop a framework for exploring the identified markets	<i>Four (4) crops-specific market exploration frameworks developed</i>
		No. of awareness forums	-Create awareness on local utilization of agricultural products	<i>Seventeen awareness forums on local utilization of agricultural products held</i>
		No. of market surveys undertaken	Undertake market research and analysis to identify market needs for new products	<i>Thirteen (market research and analysis to identify market needs for new products undertaken</i>
		No. of forums	-Establish market linkages for the new products	<i>-Thirteen forums to establish market linkages for the new products held</i>
		No. of capacity building forums	Build capacity of value chain players on branding, packaging and brand visibility in	<i>Fifty-four forums to build capacity of value chain players on branding, packaging and brand visibility in</i>

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
			collaboration with relevant stakeholders	<i>collaboration with relevant stakeholders held</i>
		No. of reports on value addition opportunities	Undertake a study to identify value addition opportunities	<i>Twelve studies to identify value addition opportunities undertaken</i>
		No. of capacity building forums	Build capacity of value chain players on value addition	<i>Eighteen capacity building forums of value chain players on value addition held.</i>
		-No. of cottage industries/ outlets established	-Establish cottage industries/ outlets in collaboration with relevant stakeholders	<i>Twenty-one cottage industries/ outlets established</i>
		-No. of Platforms established	-Provide platforms to showcase value addition technologies and products	<i>-Twelve platforms to showcase value addition technologies and products established</i>
		-No. of incubation frameworks developed	-Develop a framework for incubation and commercialization of innovations	<i>One (1) framework for incubation and commercialization of innovations developed</i>
		-No. of reports on financial needs for value chain players	-Conduct survey to identify financing needs for value chain players	<i>Nine (9) surveys to identify financing needs for value chain players conducted</i>
		No. of linkages	Link value chain players with financial institutions, crop insurance service providers and other relevant stakeholders	<i>Fifteen value chain players linkage forums with financial institutions, crop insurance service providers and other relevant stakeholders held.</i>
		No. of financial products developed	Collaborate with financial institutions in the development of tailor-made products	<i>Six (6) collaboration forums with financial institutions in the development of tailor-made products held</i>
		No. of risk mitigation frameworks	Develop risk mitigation framework in collaboration with stakeholders	<i>Five (5) risk mitigation framework in collaboration with stakeholders developed</i>

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
		-No. of sensitization forums	-Sensitize stakeholders on alternative financial instruments	<i>One (1) stakeholder sensitization forum on alternative financial instruments held</i>
		-No. of training forums	-Build capacity on contract agreement between value chain players	<i>Twenty-four training forums on contract agreement between value chain players held</i>
		-No. of training forums	-Build capacity of value chain players on market requirements, trade agreements and existing opportunities	<i>Seventeen training forums on market requirements, trade agreements and existing opportunities held</i>
		No. of aggregation Centre's established	Collaborate with other stakeholders to establish aggregation Centre's	<i>Ten collaborations with other stakeholders to establish aggregation Centre's established.</i>
		No. of linkages	Create linkages among the value chain players	<i>Seventeen linkages among the value chain players No. of linkages forums held</i>
		No. of trade agreements and negotiation meetings	Participate in trade agreements and negotiations	<i>Three (3) trade agreements and negotiations meetings attended</i>
		No. of forums	Participate in development and reviewing of trade guidelines	<i>Six (6) development and reviewing of trade guidelines forums attended</i>
		No. of trade procedures on prioritized	Collaborate with other agencies to harmonize trade procedures	<i>One (1) collaboration forum with other agencies to harmonize trade procedures held</i>
		No. of trade dispute resolution reports	Identify recipes for trade disputes, resolve and settle	<i>Two (2) forums to identify recipes for trade disputes, resolve and settle held</i>

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
		No. of trade sensitization forums	Disseminate Trade blocs' trading rules and regulations and Investment Regulations	<i>Seven (7) forums to disseminate Trade blocs' trading rules and regulations and Investment Regulations held</i>
		No. of forums	Provide platforms for MSMEs to showcase products in trade fairs and exhibitions	<i>Eleven platforms for MSMEs to showcase products in trade fairs and exhibitions provided.</i>
		No. of dissemination forums	Disseminate market information to stakeholders	<i>Twenty-four forums to disseminate market information to stakeholders held.</i>
		No. of reports	Collect and collate data on trade and market	<i>Sixteen reports on collected and collated data on trade and market prepared</i>
		No. of collaboration frameworks	Establish partnerships and collaborations for market research and information sharing	<i>Twenty-five partnerships and collaborations for market research and information sharing frameworks established.</i>
<b>Pillar 3:</b> Regulation of Scheduled Crops	To create an enabling legal and regulatory framework for scheduled crops	No. of standards/codes of practice	Develop standards, Codes of Practice and their customized manuals for scheduled crops in collaboration with relevant stakeholders	<i>Eight (8) standards, Codes of Practice for scheduled crops developed in collaboration with relevant stakeholders</i>
		No. of manuals	Develop standards, Codes of Practice and their customized manuals for scheduled crops in collaboration with relevant stakeholders	<i>One (1) customized manual for scheduled crops developed in collaboration with relevant stakeholders</i>
		No. of standards	Review the scheduled crops standards and Codes of Practice	<i>Two (2) reviews of the scheduled crops standards and Codes of Practice undertaken</i>

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
		No. of sensitization forums	Implement scheduled crops standards and Codes of Practice	<i>Thirteen sensitization forums on scheduled crops standards and Codes of Practice held</i>
		No. of surveillance and verification audits	Implement scheduled crops standards and Codes of Practice	<i>Twenty-one (21) surveillance and verifications audits carried out</i>
		% of implementation	Implement scheduled crops standards and Codes of Practice	<i>Fifty (50%) crops standards and Codes of Practice implemented</i>
		No. of self-regulations industry guides developed	Develop self-regulation industry guides in collaboration with stakeholders	<i>One (1) self-regulation industry guide developed in collaboration with stakeholders</i>
		No. of sensitization forums	Sensitize the registered industry players on the guides for self-regulation	<i>Five (5) sensitization forums for the registered industry players on the guides for self-regulation held</i>
		No. of international and regional forums identified and participated	Participate in international and regional forums related to agricultural policies and standards	<i>Six (6) international and regional forums related to agricultural policies and standards attended</i>
		No. of crops regulations harmonized	Harmonize crops regulations with regional and international policies and regulations	<i>One (1) crop regulation harmonized with regional and international policies and regulations</i>
		No. of regulations developed	Develop and review scheduled crops regulations	<i>Two (2) scheduled crops regulations developed</i>
		No. of regulations reviewed	Develop and review scheduled crops regulations	<i>One (1) scheduled crops regulations undertaken</i>
		No. of sensitization forums	Implement scheduled crops regulations	<i>Seventeen (17) scheduled crops regulations sensitization forums held</i>
		% of value chain players registered and licensed	Implement scheduled crops regulations	<i>One hundred (100%) scheduled crops regulations</i>

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
				<i>qualified value chain players registered and licensed</i>
		% of value chain players inspected	Implement scheduled crops regulations	<i>One hundred (100%) scheduled crops value chain players inspected.</i>
		% of notifications	Notify the WTO and all regional trading blocks on proposed regulations having impact on trade of scheduled crops through the relevant contact points	<i>Thirty-three (33.3%) notifications on proposed regulations having impact on trade of scheduled crops through the relevant contact points to WTO and all regional trading blocs done</i>
		No. of Regulations Published/ gazetted	Lobby for the gazette/publishing of the regulations in collaboration with other stakeholders	<i>During the FY the Authority had targeted to complete the preparation of the Fibre crops regulations and lobby for gazette of the Bixa regulations. By the end of the period Fibre crops regulations were still at the pre-publication stage, however Bixa regulations were at post-publication stage.</i>
		No. of traceability systems	Develop and implement traceability systems	<i>One (1) traceability systems under development.</i>
		% implementation of traceability systems	Develop and implement traceability systems	<i>Two (2) traceability systems under implementation.</i>
		No. of guidelines	Develop guidelines on safe use of agro-chemicals in collaboration with relevant stakeholders	<i>Two (2) guidelines on safe use of agro chemicals in collaboration with relevant stakeholders developed</i>
		No. of sensitization forums	Sensitize value chain players on safe use of	<i>Twelve (12) value chain players sensitization forums on</i>

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
			agro- chemicals for scheduled crops	<i>safe use of agro chemicals for scheduled crops held</i>
<b>Pillar 4: Institutional Capacity Development</b>	To strengthen the Authority's institutional capacity	No. of plans	Develop and implement human resource plan	<i>One (1) human resource plan developed and implemented</i>
		-No. of Human Resource Instruments	-Develop and implement human resource instruments and policies	<i>- HR instruments approved awaiting implementation, (Approved Organization Structure, Grading &amp; Staff Establishment, Career Guidelines, Human Resource Policy and Procedures Manual)</i>
		No. of reports	-Develop and implement productivity and performance measurement framework	<i>Productivity mainstreaming strategy implementation ongoing. Productivity and performance measurement framework is a 4-year framework to be implemented from 2024/25 FY – 2027/28 FY. The framework will attain complete implementation in the FY 2027/28 FY.</i>
		-Reward, Recognition and Sanction Policy	-Develop and implement productivity and performance measurement framework	<i>- A draft reward, Recognition and Sanction policy was developed waiting alignment with SCAC guidelines which have since been challenged in Court.</i>
		-No. of implementation reports	-Undertake staff competence development	<i>-Four (4) implementation reports submitted to NPCC</i>
		Skill gap analysis report	Undertake staff skill gap	<i>-One (1) report of skill gap analysis undertaken on the basis of current deployments</i>
		-No. of TNA reports	-Undertake staff competence development	<i>-One (1) TNA report</i>

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
		-No. of approved training plans	-Develop and implement coaching and mentorship framework	<i>-One (1) approved training plan developed</i>
		-Coaching and mentorship framework	Develop coaching and mentorship framework	<i>- Coaching and mentorship framework developed and submitted for approval</i>
		-No. of surveys undertaken	Undertake a employee satisfaction survey	<i>-One (1) employee satisfaction survey undertaken</i>
		-No. of compliance reports	-Comply with provisions of Occupational Safety and Health Act 2007	<i>-One (1) compliance report to Occupational Safety and Health Act 2007</i>
		-% of recommendations Implemented	-Comply with provisions of Occupational Safety and Health Act 2007	<i>-Recommendations implemented 50%</i>
		-WIBA Cover	-Undertake safety and health audits	<i>-WIBA cover taken out annually</i>
		-Group Life Assurance Cover	Place AFA staff under Group Life Assurance Cover	<i>- Group Life Assurance Cover provided annually for staff</i>
		-No. of Approved Safety and Health Audit reports	Carry out Safety and Health Audit	<i>-One (1) safety and health audit report done</i>
		-% of implementation	-Undertake safety and health audits	<i>- Safety and Health Audits recommendations implemented 70%</i>
		-No. of vehicles acquired	-Acquire utility vehicles	<i>-Twenty-one (21) utility vehicles acquired</i>
		-Updated appraisal report	-Undertake appraisal of records	<i>-One (1) updated report on appraisal undertaken</i>
		-No. of programme-based budgets prepared	-Prepare programme-based budgets	<i>-One (1) programme-based budget prepared</i>

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
		-No. of disposal plans		<i>-One (1) disposal plan undertaken</i>
		-Asset Register		<i>-One (1) asset register maintained</i>
		-No. of annual reports and financial statements	-Comply with PFM Act, 2012	<i>-One (1) annual report and financial statement on compliance with PFM Act, 2012</i>
		-No. of annual reports and financial statements audit reports	-Comply with PFM Act, 2012 -Comply with PPAD Act, 2015 and subsidiary legislations	<i>-One (1) annual report and financial statement audit report</i>
		-No. of quarterly reports and financial statements	Prepare reports	<i>-Four (4) quarterly reports and financial statements done</i>
		-No. of approved procurement Plans	Prepare procurement plan	<i>-One (1) approved procurement Plan</i>
		-No. of reports on compliance with AGPO	-Comply with PPAD Act, 2015 and subsidiary legislations	<i>-One (1) reports on compliance with AGPO</i>
		-Board Charter	-Implement corporate governance in line with prevailing legislations and government guidelines	<i>-One Board Charter</i>
		-No. of Board Work plans	-Implement corporate governance in line with prevailing legislations and government guidelines	<i>-One (1) Board Work plan</i>
		-Culture audit report	Undertake Culture audit report	<i>- Culture audit report Audit undertaken in November 2023</i>
		-Culture change strategy	-Undertake culture change program	<i>-Culture change strategy undertaken</i>

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Strategic Pillar	Objectives	Key Performance Indicators	Activities	Achievements
		-Risk-based compliance framework	-Develop and implement Enterprise Risk Management (ERM)	- <i>Risk-based compliance framework developed</i>
		-Updated risk register	-Develop and implement Enterprise Risk Management (ERM)	- <i>Risk register updated</i>
		No. of training for Board and top management	-Develop and implement an internal audit and risk assurance framework	- <i>One (1) training for top management undertaken</i>
		-% of staff sensitized	Sensitize staff on ERM	- <i>50% of staff sensitized on ERM</i>
		-No. of risk monitoring, evaluation and assessment reports	Undertake risk monitoring, evaluation and assessment	<i>One (1) risk monitoring, evaluation and assessment report</i>
		-Internal audit and risk assurance framework	Develop Internal audit and risk assurance framework	- <i>Internal audit and risk assurance framework developed</i>
		-No. of approved Risk-based audit annual work plans	-Develop and implement an internal audit and risk assurance framework	- <i>One (1) Risk-based audit annual work plan approved by the Board Audit and Governance Committee</i>
		-No. of internal audit reports to the Board Audit and Governance Committee (BAGC)	-Develop and implement a corruption prevention framework	- <i>Three (3) internal audit reports to Board Audit and Governance Committee (BAGC) tabled</i>
		-No. of legal and governance compliance audit reports	Conduct legal and governance compliance audits	- <i>Legal audit compliance conducted. No capacity to undertake governance audit</i>

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
		-% level of implementation	-Develop and implement QMS	-70% implementation level of QMS. Sensitization of staff on gong to attain.
		-No. of PC's	Prepare annual performance contract.	-One (1) annual PC prepared and implemented
		-No. of approved work plans	-Prepare annual corporate works plans	-One (1) approved annual corporate work plan prepared
		-An approved M&E Frameworks	-Develop and implement an M&E framework of monitoring operations of the Authority	- An approved M&E Framework developed
		-AFA branding framework	-Develop and implement AFA branding framework	- AFA branding framework not developed
		-Internal branding alignment plan	-Develop and implement AFA branding framework	- Internal branding alignment plan not conducted
		-No. of signages	-Develop and implement public relations framework	-Twenty-five (25) signages
		-No. of outdoor advertisements	Develop outdoor advertisements	-Eighteen (18) outdoor advertisements
		-No. of social media campaigns	Social media campaigns	-Ten (10) social media campaigns
		-No. of fairs, exhibitions or shows	Fairs, exhibitions or shows	-Twelve (12) fairs, exhibitions or shows
		-No. of media shows and documentaries	Media shows and documentaries	-Six (6) media shows and documentaries
		-No. of CSR Activities undertaken	CSR Activities undertaken	-One (1) CSR activity undertaken
		-No. of Media Relations Plan	-Develop and implement public relations framework	-One (1) Media Relations Plan developed

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<b>Strategic Pillar</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
		-No. of brand strategic partnership agreements	-Develop strategic brand partnerships	- One (1) brand strategic partnership agreement developed
		-No. of ICT infrastructure systems and processes assessment reports	-Evaluate existing ICT infrastructure, systems and processes	-One (1) report on ICT infrastructure systems and processes assessment done
		- No. of server upgrades procured	-Develop and implement technology roadmap	-No server upgrade procured
		-No. of desktops and laptops procured	Desktops and Laptops	-Eighty-four (84) desktops and laptops procured
		No. of networks (LANs) upgraded	Networks (LANs) upgrade	- One (1) (LANs) network upgraded
		-No. of new software licenses	New software	-Seven (7) new software licenses acquired
		-No. of custom software acquired	Acquire custom software	-One (1) custom software acquired
		-No. of network security enhancements implemented	Enhance network security	-One (1) network security enhancements implemented
		-No. of network monitoring tools acquired	Acquire network monitoring tools	-One (1) network monitoring tool acquired
		-No. of IT consultancy services engaged	engage IT consultancy services	-One (1) IT consultancy service engaged
		-No. of on boarding reports	On-board all citizen services to E-citizen	-Three (3) citizen services on boarded to E-citizen

## **8. Corporate Governance Statement**

The Cabinet Secretary appointed the Board of the Agriculture and Food Authority via Gazette Notice Vol. CXXV No 69 dated **24<sup>th</sup> March 2023** with the Commencement dates as **16<sup>th</sup> March 2023** for the Board Members. The Office of the President also appointed the Chair on the same notice, with the commencement on **22<sup>nd</sup> March 2023**. Principal Secretaries from the Ministries of Agriculture and Livestock Development, Lands, and National Treasury also have alternate member representatives. On 29<sup>th</sup> November 2023 vide Gazette Notice Vol. CXXVI - No.33, one other Board member was appointed to join the Board. All Board Members are to serve for **Five (5) years**.

The AFA Board brings together diverse backgrounds and expertise necessary to provide leadership to the Authority. The Board and Management of the Authority continue to comply with Corporate Governance Guidelines and the Mwongozo Code of Governance for State Corporations. The Board recognizes the fundamental role of corporate governance in enhancing the culture and performance of the Authority and further, that high standards of corporate governance are a key contributor to the long-term success of the Authority.

### **Process of Appointment of Chairperson and Board Members**

The process of appointment of the Chairperson and the Board members is provided for under the Agriculture and Food Authority Act section 5. The Chairperson is appointed by the President while the other board members are appointed by the Cabinet Secretary. The Board of the Authority consists of the chairman, eight farmer representatives, three alternate directors representing the Principal Secretaries for the State Department for Agriculture, the National Treasury, and the State Department for Lands and Physical Planning and the Director General who is an ex-officio member and the Board Secretary. In appointing the eight farmer representatives the Cabinet Secretary is required to consult with the Council of County Governors. Every appointment is by name and by notice in the Kenya Gazette.

A member of the Board may at any time resign from office by notice in writing to the Cabinet Secretary. A member may also be removed from office if the member is:

- (a) Absent, without the permission of the Chairperson, from three consecutive meetings; or
- (b) Convicted of an offense and sentenced to imprisonment for a term exceeding six months or to a fine exceeding ten thousand shillings; or
- (c) Incapacitated by prolonged physical or mental illness or is deemed otherwise unfit to discharge his or her duties as a member of the Board;
- (d) Adjudged bankrupt or enters into a composition scheme or arrangement with his or her creditors;
- (e) Convicted of an offense involving dishonesty or fraud;
- (f) Otherwise fails to comply with the requirements of Chapter Six of the Constitution

The removal of a Board member shall be through formal revocation.

### **The Board's Charter**

In line with good corporate governance and the provisions of the Mwongozo Code, the Authority has prepared a Board Charter which has been adopted by the Board of the Authority. The Board Charter defines the Board's Roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. The Charter will help the Board in directing the organization to maximize the long-term value of services provided for all stakeholders. It will also assist members in understanding their individual and collective roles to help the organization fulfil its mandate. The Charter is complementary to the provisions as contained in the Agriculture and Food Authority Act and other applicable Kenyan laws and regulations. The charter will be reviewed annually.

### **The Roles and Functions of the Board**

The basic responsibilities of the Board members are to exercise their best judgment and to act in a manner that they reasonably believe to be in the best interest of the Authority and its stakeholders. The Roles and Functions of the Board are to:

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

To effectively discharge its mandate, the Board established the following four (4) committees with specific terms of reference: -

1. Audit and Governance Committee.
2. Human Resource and Administration Committee
3. Finance, Strategy and Risk Committee.
4. Technical Operations and Compliance Committee

The committee members have the requisite skills and expertise and they execute their responsibilities with the highest degree of professionalism.

**Board Induction, Training and Development**

New board members are inducted by the Chair of the Board and the Executive Director on the operations of the Authority and the role of the member in the board. The Authority also builds the capacity of the board to enable them to have an effective oversight role on the management.

**Board and Members Performance**

Board evaluation is key in assessing the performance, efficiency and effectiveness of an organization. Regular performance evaluations also enable the Authority to review its strategies with a view to ensuring continuous growth and sustainability. During the year, a Board evaluation exercise was carried out and it was conducted by the State Corporations Advisory Committee (SCAC) and the Inspectorate of State Corporations.

**Board Meetings**

The board members participated in the business of the board by attending the scheduled meetings. The table below provides the record of meetings each director attended in the year under review:

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No	NAME	BOARD		Finance, Strategy, & Risk		Human Resource & Administration		Technical Operations & Compliance		Audit and Governance	
		Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total
1	Hon. Cornelly Serem	9	9	-	-	-	-	-	-	-	-
2	Mr. Harun R. Khator, OGW	9	9	8	11	-	-	4	4	-	-
3	Dr. Patrick Mugo	9	9	11	11	5	5	-	-	4	4
4	Dr. Rosebella Langat	9	9	-	-	-	-	4	4	4	4
5	Mr. Christopher K. Nkangi	9	9	11	11	5	5	-	-	-	-
6	Mr. Daniel Kitivo, OGW	9	9	-	-	5	5	4	4	-	-
7	Ms. Lucy Njeri Njine	8	9	11	11	5	5	-	-	-	-
8	Mr. Peterson Muthathai, HSC	8	9	10	11	-	-	4	4	-	-
9	Mr. Jairus Ombui	9	9	-	-	5	5	-	-	4	4
10	Mr. Wachira Kaguongo	8	9	-	-	-	-	4	4	4	4
11	Mr. Samwel O. Ong'ow	9	9	10	11	5	5	-	-	-	-
12	Mrs. Sarah C. Maina	7	9	7	11	5	5	-	-	3	4

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**Succession/Term Limits**

Board members shall hold office for a period not exceeding five (5) years and are eligible for reappointment for one more term not exceeding five (5) years. The renewal of a Board member's tenure for a second term is subject to an acceptable evaluation as determined during Board evaluations.

**Conflict of Interest**

The Mwongozo Code of Governance for State Corporations, the Leadership and Integrity Act, 2012, Public Officer Ethics Act, 2003, and other relevant laws have set standards on the management of conflict of interest. The Authority is in compliance with the requirements set out in the code and the relevant laws. The Directors are required to disclose their areas of conflict. Directors are required to refrain from contributing to or voting on matters in which they have such conflict or influence a decision with respect to such a matter. The Authority also maintains a register to record conflict of interest.

**Board Remuneration**

The Board of the Authority recommended the remuneration and sitting allowances paid to the Chairman and members of the Board in line with the currently prevailing government guidelines on payment of remuneration and allowances for Board members. The Chairman and Board were therefore paid Sitting allowances and other allowances in line with the guidelines.

**Ethics and Conduct and Governance Audit**

The Authority has adopted high standards and applies strict rules of conduct, based on the best corporate practices. As part of this commitment, the Board continued to adhere to good corporate governance by embracing the following principles: -

1. Observing high standards of ethical and moral behaviour;
2. Acting in the best interests of the organization;
3. Remunerating and promoting staff fairly and responsibly;
4. Recognizing the legitimate interests of all stakeholders; and
5. Ensuring that the Authority acts as a good corporate citizen.

In general, Board members upheld their fiduciary responsibilities and duty of care by acting in the best interest of the organization. The members promoted the creation of a culture built on principles of integrity, accountability and transparency.

**9. Management Discussion and Analysis**

**Financial Performance**

In FY 2024/2025, the Authority's approved budget of Kshs 5.57 billion comprised of Kshs. 4.329 billion internally generated funds and KShs. 1.25 billion governments, Kshs 960 million for development projects and Kshs. 1.584 billion for sugar sector. The total actual expenditure for the period was Kshs. 5.88 billion.

The Cotton Revitalization Project, a BETA project, which had been ongoing with support from Exchequer was not funded in the 2024-25 FY, The Edible Oil Promotion Project was funded internally at KShs 260 million. During the year, the Authority received Kshs 1.25 for the Sugar Reforms Project while the Authority supported the operations of the Kenya Sugar Board at Kshs 398 million

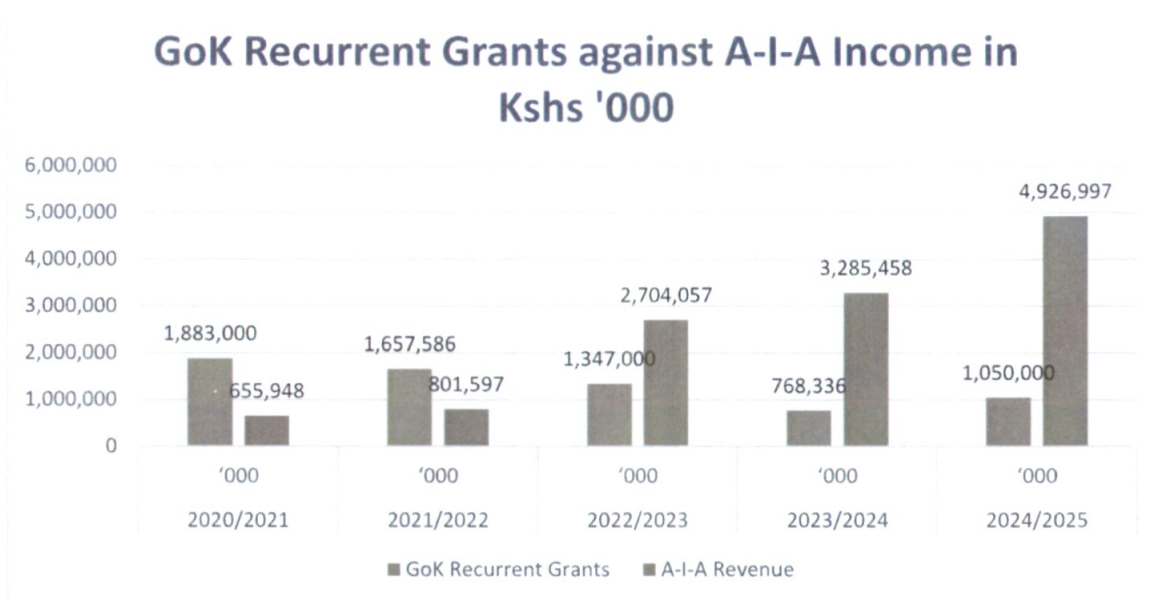
The Authority surpassed its AIA target, this was mainly attributed to the Authority's regulatory mandate through enhanced implementation of Crop Regulations including Nuts and Oils Crops, Miraa, and Food Crops Regulations among others.

The table below shows the revenue performance of AFA over the last four years:

**Table 1: Five Years Revenue Performance**

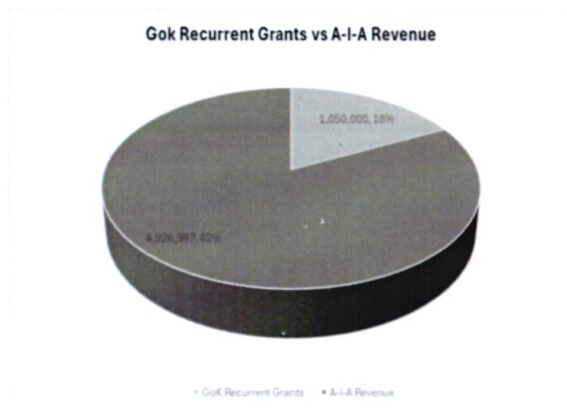
<b>DESCRIPTION</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>	<b>2024/2025</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
GoK Recurrent Grants	1,883,000	1,657,586	1,347,000	768,336	1,050,000
A-I-A Revenue	655,948	801,597	2,704,057	3,285,458	4,926,997
<b>TOTAL Recurrent Income</b>	<b>2,538,948</b>	<b>2,459,183</b>	<b>4,051,057</b>	<b>4,053,794</b>	<b>5,976,997</b>

Figure 1 below shows a comparison of the funds generated internally and government grants over the last five years from the 2020/2021 financial year. During this period, government funding has reduced while A-I-A has increased over the years.



**Figure 1: Bar chart on GoK Recurrent Grants against A-I-A Income**

In the year under review, the GoK recurrent revenue contributed 18% of total revenue while A-I-A contributed 82% as depicted in the pie chart below:



The Authority continue to implement the 222222 Pay Bill number for revenue collection through PesaFlow on the e-Citizen platform. AFA started using the PayBill in August 2023 and collected more than 99% of the total A-I-A through the new system.

GoK funds received at AFA included KShs. 1.05 billion for the payment of sugarcane farmers' arrears and sugar mill staff arrears.

### **Operational Performance**

The mandate of the Authority is delivered through the seven directorates under AFA which are Fibre Crops, Nuts and Oil Crops, Food Crops, Coffee, Miraa, Pyrethrum and other Industrial Crops, and Horticultural Crops.

Below is a summary of the operational performance of each directorate for the year under review.

#### **Fibre Crops Directorate**

The Authority through Fibre and Other Industrial Crops Directorate undertook key strategic initiatives to promote production, regulation and marketing of respective value chains.

In 2024, area under cotton was 16,469 Ha, a significant increase of 36% compared to 2023 which had 12,152 Ha. A total of 6,234 MT of seed cotton valued at KES 464.88 million was produced in comparison to 3,863 MT valued at KES 231.57 million in the previous season, representing a 61% increase. This increase was attributed to a concerted effort by both private sector and government in supporting cotton especially on seed provision. A total of 950 MT of open pollinated varieties (OPVs) and 15 MT of BT hybrid cotton seeds were distributed to farmers for planting during the year. The directorate established six (6) cotton model farms in Taita Taveta, Homabay, Kitui, Tharaka Nithi, Busia and Baringo Counties and conducted educational field days where farmers were trained on good agricultural practices.

The total area under sisal was estimated at 33,124 Ha in 2024, a decrease of 9% compared to 36,443 Ha recorded in 2023. This drop could be attributed to divestiture of the sisal estates into real estate development, a phenomenon being experienced in majority of the estates in the coastal region. Sisal fibre production was 30,893.44 MT valued at approximately KES 6.71 billion. Estates produced the lion's share of about 96%, with smallholder growers producing 4%.

The directorate supported the value chain by establishing three (3) sisal nurseries of one acre each in Machakos, Lamu and Migori Counties. Additionally, the directorate provided 60,000 Suckers for planting to four counties (Baringo-10,000, Siaya- 10,000, Lamu- 20,000 and Tharaka Nithi- 2) to promote production of sisal.

The directorate initiated the development of "The Crops (Fibre Crops) Draft Regulations, 2024 following the annulment of "The Crops (Fibre Crops) Regulations, 2020 in 2022. The directorate undertook public participation, Regulatory impact assessment (RIA) and statement (RIS) and a National validation workshop in line with the Constitution. The Regulations have been submitted to the Solicitor General for onward transmission to the parliament.

The area under pyrethrum was 9,549 acres in 2024 reflecting 2% increase from 9,362 acres recorded in 2023. Dry flowers production was 1,634.4 MT in 2024, representing a 2.8 % decrease from the 1,680 MT recorded in 2023 valued at KES 503.4 million.

compared to KES 512.4 million in 2023. To promote pyrethrum production, one million-pyrethrum tissue culture seedlings were distributed to four counties (Nakuru, West Pokot, Nyandarua & Elgeyo Marakwet) each receiving 250,000 seedlings. Additionally, 10,400 clonal planting materials were also distributed to Nyandarua county.

The directorate continued the process of developing the draft Crops (Pyrethrum) Regulations, 2024 which were presented to the Senate Committee on Delegated Legislation for comments and pre-publication scrutiny. The process of public participation was completed in April, 2025 and are awaiting Regulatory Impact Assessment (RIA). Additionally, the “The Pyrethrum (Repeal) Bill, 2024 was introduced to the National Assembly. The Bill seeks to harmonize the regulations of pyrethrum and ensure is regulated through the Crops Act, 2013.

The final draft Crops (Bixa) Regulations, 2025 was finalized by the AFA and the Ministry of Agriculture and Livestock Development, with the final draft copy forwarded to the Solicitor General for publication.

The Authority in collaboration with the Ministry of Agriculture and Livestock Development and the Ministry of Foreign Affairs and Diaspora finalised the negotiation of the new export opportunities for Kenyan miraa to Djibouti. This information was communicated to the Miraa exporters, traders and associations. This development marks a major milestone in diversifying Kenya’s miraa export markets.

#### **Nuts and Oil Crops Directorate**

The Nuts and Oil Crops Directorate's activities are aimed at increasing the production of nuts and oil crops (Coconut, Cashew and Macadamia) in the Country. To this end, the Directorate raised and distributed 100,000 cashew seedlings (40,000 seedlings in Kibwezi, 40,000 in Mtwapa, 10,000 in Embu in 10,000 Baringo. The seedlings were distributed in Kwale, Kilifi, Lamu, Makueni, Kitui, Machakos, Taita Taveta, Baringo, Embu and Tharaka Nithi Counties. The Directorate also distributed 20,000 macadamia seedlings in Tharaka Nithi and Meru Counties. A total of 23,140 coconut seedlings have been distributed in Lamu, Kilifi, Taita Taveta, Kwale, Tharaka Nithi, Siaya and Busia Counties.

The Directorate identified, trained and distributed certified peanut seeds to community farmer groups for seed multiplication in Homabay, Migori, Lamu, Kwale and Kilifi Counties. This is aimed at ensuring availability of clean quality planting materials to farmers. The seeds are also aflatoxin tolerant which is a new technology to be embraced by farmers. A total of 2,000kgs of peanut and 500 kgs seed was distributed to the groups.

The Authority through the Directorate participated in the International Coconut Conference – bringing members together to synergise on the improvement of coconut production. The Directorate also participated in the Fruit Logistica in Berlin. The Directorate also conducted a study tour on groundnut production in Malawi to benchmark on their success of the groundnut value chain. The Directorate

also organized a national macadamia conference that brought together processors, exhibitors and international guests to discuss on the status and growth of macadamia subsector in Kenya.

The government approved the Edible Oil Crops Promotion Project (EOCPP) for implementation with effect from the 2024/2025 financial year. The Government approved a total of 260 million for second year funding in A-I-A. The Directorate received partial funding from the National Treasury in its first year in addition to the A-I-A. In the second year, the funding will be purely from A-I-A as the GOK development grant component was not approved. The project has just completed its second year.

Further to the Edible Oil Crops Promotion Project, the Directorate distributed 556MT of sunflower seed to increase production acreage from 40,000 Ha to 250,000 Ha by 2027. The seed has already been distributed TO 35 beneficiary Counties. Most of the crop has been harvested and farmers are processing oil in the local level cottages and others selling their produce to off takers e.g. Mama Millers Ltd. The Directorate also distributed 23MT of canola,13MT of soya and 13,140 coconut seedlings.

The Directorate has also reinforced inspections and surveillances to ensure adherence on the ban of exportation of Nut in Shell which is prohibited under the law. The Directorate has also developed 3 codes of practice for oil crops and finalized on the annual nuts code of practice.

In line with BETA, the Directorate continues to capacity-built Ministry of Agriculture staff in 35 Counties on GAPS on Sunflower, Soya, and Canola. The Directorate in collaboration with other government institutions has also sensitized National government officers, the Council of Governors, and County Administration officers as we rolled out this national agenda. The Directorate in collaboration with the state department of Agriculture and Livestock Development developed specifications of the Common User Oil Pressers to be installed in 15 national government facilities in the selected 15 project beneficiary Counties. Constructions of the 5 of the 15 CUF has commenced in Lamu, Nyeri, Nakuru, Eldoret and Homabay Counties and should be operationalized before the end of the year 2025

### **Food Crops Directorate**

The Directorate implemented the Gazette Crops (Food Crops) Regulations, 2019 and the crops (Irish Potato) Regulations, 2019 through which fees on import and export permits were enforced in August 2023 and levies from August 2024. As a result, a total of KES 1.181Billion was generated for the year against a projection of KES 692 million. Additionally, compliance audits through inspections and certification of warehouse, silos and food processing facilities for food safety compliance. Continuous surveillance and sampling of maize for aflatoxin testing were done every quarter along the borders, learning institutions and milling facilities.

The Directorate has been implementing Wheat Purchase Programme (WPP) initiated in 2010. Its main objective is to spur local wheat production and reduce over-reliance on imports. The Directorate oversees negotiations for a minimum premium price based on the cost of production. Under the programme, millers are required to purchase all the locally produced wheat at a premium negotiated price as a precondition on import at a reduced rate of 10% instead of the full 35% duty subjected to

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sensitive products under the common External Tariff (CET). In 2024/25 FY, A total of 1.7 million 90kg bags were sold as compared to 1.5 million bags in 2023/24 FY showing 13.33% increase in wheat production.

The Directorate capacity-built smallholder farmer groups in Narok, Nakuru, Uasin Gishu, Laikipia and Meru Counties on good Agricultural practice and the EAS 51:2011 standard for wheat grain specifications and quality testing to enhance production, productivity and quality. Additionally, in consultation with Cereal Growers Association (CGA), Stakeholders and the County Government of Laikipia held a field day to showcase modern technologies in wheat production. The Directorate carried out market research and analysis to identify market needs for new production in Ten (10) Counties and held one forum to build capacity of value chain players on branding, packaging and brand visibility in Six (6) Counties.

In Collaboration with KALRO, the Directorate promoted access to clean planting materials and production of traditional climate-resilient crops including sorghum, peral millet, sweet potato, green grams and pigeon peas, through the supply of drought-resistant crop varieties to farmers and sensitizing growers on climate-smart agricultural technologies to diversify crops and reduce pressure on maize and wheat imports. High quality clean planting materials of rice also distributed to growers in Taita Taveta and Tana River Counties.

## **Coffee Directorate**

### **Production**

Kenya's coffee year is aligned to the international coffee organization (ICO) which is intergovernmental global body responsible for coffee production and marketing. During the year under review, the country produced a total of 49,501.22 MT of clean coffee was produced which was an increase by 2% as compared to the 48,648.54 MT produced in the 2022/23. Cooperatives produced 34,874.97 MT while estates produced 14,626.26 MT.

**Table 1: Coffee Production - Top 10 Counties**

No	County	Estate (Kgs)	Cooperatives (Kgs)	Total (Kgs)	% Share
1	Kiambu	6,975,108.64	1,982,327.16	8,957,435.80	18.10%
2	Kirinyaga	752,641.53	8,178,854.81	8,931,496.34	18.04%
3	Nyeri	852,049.87	5,668,074.26	6,520,124.13	13.17%
4	Murang'a	599,253.11	4,474,562.26	5,073,815.37	10.25%
5	Kericho	886,236.41	3,958,273.42	4,844,509.82	9.79%
6	Bungoma	157,328.88	2,205,297.13	2,362,626.01	4.77%
7	Meru	299,875.87	2,013,588.66	2,313,464.53	4.67%
8	Embu	241,325.58	1,953,310.97	2,194,636.55	4.43%
9	Nandi	395,795.09	1,409,240.97	1,805,036.05	3.65%
10	Machakos	330,214.22	980,094.95	1,310,309.16	2.65%
11	Top 10*	11,489,829.20	32,823,624.59	44,313,453.76	89.52%
12	Others (23)	3,136,427.88	2,051,340.52	5,187,768.41	10.48%
	<b>Total</b>	<b>14,626,257.08</b>	<b>34,874,965.11</b>	<b>49,501,222.17</b>	<b>100.00%</b>

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Table 1 above shows the ten top leading coffee producing counties during the year. The top 3 producing counties in the year were Kiambu with 8,957,435.80 Kgs of clean coffee (accounting for 18.10% of the total national coffee production), Kirinyaga 8,931,496.34 Kgs (18.04%) and Nyeri 6,520,124.13 Kgs (13.17).

The increase in production is directly attributable to continuous efforts by the Directorate to increase production and productivity through consistent capacity building as well as seedling distribution. The Directorate distributed a total of 60,000 seedlings with a corresponding value of 2.3 million across counties in the East and West of Rift (West Pokot, Elgeyo Marakwet, Tharaka Nithi and Homa Bay).

**Coffee Marketing**

The Directorate successfully re-introduced Direct Sales of coffee with a focus of growers undertaking direct marketing. The top 3 destinations for direct sales coffee in the 2023/2024 coffee year by volumes were United Kingdom (66.94%), Switzerland (14.23%) and USA (7.32%) as shown in Table 2.

**Table 2: Direct Sales Destinations**

No	Destination	Volumes (MT)	Value (Million USD)	Avg Price USD/50 Kg	% Share
1	United Kingdom	4,407.09	26.37	299.16	66.94%
2	Switzerland	936.79	5.13	274.06	14.23%
3	USA	481.72	2.80	290.99	7.32%
4	Norway	349.05	2.95	421.94	5.30%
5	Korea, Republic of	163.74	0.83	252.61	2.49%
6	Ukraine	50.19	0.44	443.16	0.76%
7	Denmark	47.75	0.50	521.04	0.73%
8	Germany	44.31	0.41	459.64	0.67%
9	Spain	40.44	0.30	373.76	0.61%
10	Netherlands	32.94	0.28	431.48	0.50%
11	China	21.96	0.17	383.59	0.33%
12	Hungary	6.53	0.06	433.08	0.10%
13	Italy	0.91	0.02	1,085.61	0.01%
<b>Total</b>		<b>6,583.42</b>	<b>40.26</b>	<b>305.78</b>	<b>100.00%</b>

The countries that paid the highest price for a 50 Kg bag were Italy (USD 1,085.61), Denmark (USD 521.04) and Germany (USD 459.64).

In line with the above, The Directorate undertook grower sensitization in both the East and West of Rift to sensitize growers on the requirements for Direct sales. These trainings included trainings on contracts, export procedures, phytosanitary procedures as well as customs requirements and incoterms.

The growers underwent further capacity buildings on Coffee Quality to align with market requirements as well as foster an understanding of the worth of the grower's coffee before contract negotiations. These were done in the East and West of Rift. As well as a collaborative workshop between the Directorate, ARABIKA Project and Kenya Export Promotion and Branding Agency (KEPROBA) which featured all the active players in the coffee export process.

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In the coffee year 2023/2024, a total of 59 traders including farmers exported their coffee amounting to 819,983 60-Kg bags with a corresponding volume of 49,199 MT GBE which was 3% higher as compared to 47,957 MT recorded in the 2022/2023 coffee year. Export earnings also increased by 16% from USD 251.86 million to USD 292.88 in 2022/23 and 2023/24 respectively. The value of exports in Kenyan shillings was 39.95 billion Kenyan shillings which indicated an increase compared to KES 34.07 billion.

These increases are attributable to various promotional events in the international target markets. These include:

- Africa Fine Coffee Expo and Exhibition – Dar Es Salaam Tanzania targeting the Regional Market
- Specialty Coffee Association Exhibition (USA) Targeting the Americas Markets
- World of Coffee Geneva targeting the European Market
- Specialty Coffee Association Exhibition (Japan) Targeting the Asian Markets

These all immensely contributed to the increase in export volumes and value in the year under review as shown on table 3 below.

Table 3: Top 10 Export Destination for 2022/2023 and 2023/2024

No	Export Destination	2022/2023				2023/2024			
		Weight (MT)	Value (Million USD)	Value (Billion KES)	% Share	Weight (MT)	Value (Million USD)	Value (Billion KES)	% Share
1	Belgium	5,026.00	29.12	3.91	10.50%	8,275.79	53.51	7.42	16.82%
2	USA	11,228.00	59.2	7.93	23.46%	7,917.13	48.96	6.68	16.09%
3	Germany	8,320.00	39.34	5.44	17.38%	5,622.67	32.33	4.40	11.43%
4	Korea, Republic Of	3,119.00	16.88	2.25	6.52%	4,019.75	23.86	3.22	8.17%
5	Sweden	4,128.00	21.79	2.93	8.62%	3,830.34	20.91	2.83	7.79%
6	Canada	709.46	3.6	0.5	1.48%	2,295.39	6.56	0.90	4.67%
7	United Kingdom	814.25	5.01	0.85	1.70%	1,834.32	10.22	1.37	3.73%
8	Finland	1,045.00	6.02	0.77	2.18%	1,611.15	10.57	1.47	3.27%
9	Australia	1,823.00	9.24	1.23	3.81%	1,551.52	9.14	1.25	3.15%
10	Netherlands	1,303.00	6.22	0.85	2.72%	1,473.43	7.81	1.08	2.99%
11	Others (49)	10,345.29	55.44	7.41	21.62%	10,767.60	69.01	9.32	21.89%
<b>Total</b>		<b>47,957</b>	<b>251.86</b>	<b>34.07</b>	<b>100.00%</b>	<b>49,199.09</b>	<b>292.88</b>	<b>39.95</b>	<b>100.00%</b>

Further, the Directorate undertook various local capacity building of growers on value addition of coffee as well as collaborate with stakeholders to undertake local value addition campaigns. These collaborations included events with NICE Coffee and Barista competitions with Kenya Coffee Events.

**Pressing Issues in the Coffee Industry:**

**European Union Deforestation Regulation (EUDR)**

Challenges observed in the market include the race to comply with the European Union Deforestation Regulations (EUDR)

- i. The EUDR is aimed at reducing the EU’s contribution to global deforestation and climate change which was adopted by the EU Parliament on April 19, 2023
- ii. It was initially set to be fully enforced by December 30, 2024, the EU passed a resolution to extend the deadline to December 30, 2025.

- iii. The EUDR applies to key commodities linked to deforestation: coffee, cocoa, soy, beef, palm oil, rubber, and wood.
- iv. Under EUDR, all companies exporting to the EU must prove their products are deforestation-free (produced on land not deforested after 31st December 2020), Submit precise geo-coordinates of production plots, comply with legal requirements in origin countries and submit a due diligence statement.

#### **Consequences of Non-Compliance with EUDR**

- i. **Reduced Market Access:** The EU could restrict entry of Kenya coffee exports if compliance is not proven by the December 2025 deadline.
- ii. **Reputational Risks:** Kenya's globally acclaimed specialty coffee could lose its reputation and may be viewed as not being sustainably produced.
- iii. **Impact negatively on the Coffee reforms outlined in BETA Policy:** will result to shrink farmers income considerably disrupting the government programs in expanding Coffee production and productivity. The programs will no
- iv. **Reduced Trade Confidence by buyers:** EU coffee buyers may shift to sourcing coffee to countries that are EUDR compliant.

#### **Multi-Agency Approach to Geo-Mapping**

The Objective was to create a verifiable national database mapping all coffee farms and factories in the 33 coffee-growing counties.

- i. The Agencies Involved are:
  - a. DRSRS – Geo-spatial data analysis and satellite image interpretation,
  - b. Kenya Forest Service (KFS) – Forest conservation baseline and overlap analysis,
  - c. Kenya Space Agency (KSA) – Satellite data access and validation and
  - d. AFA/Coffee Directorate – Coordination, farmer data, IMIS integration.
- ii. Mapping Tools and Approach included:
  - a. Use of WorldView-3 satellite imagery and Quantum GIS (QGIS) for high-resolution mapping,
  - b. Field surveys with GPS gadgets to geo-locate coffee farms and factories, grower codes for traceability,
  - c. Integration of farm data with forest cover maps to determine compliance risk and
  - d. Building of a centralized Coffee Traceability Portal at AFA.

The Directorate aims to achieve full compliance with the EUDR regulations by end of October 2025.

## **Miraa, Pyrethrum, and other Industrial Crops Directorate**

### **Miraa Sub-Sector**

The current annual production of miraa in Kenya is estimated at 32,000 MT, with a valued at Kes13.1 Billion. About 80% of miraa produced in the country is consumed locally. Somalia serves as the primary export market, accounting for over 99% of the total export volume.

#### **Keys achievements**

- i. Sustained export market of miraa at an average of 19 MT per day.
- ii. Development and implementation of the Crops (Miraa) Regulations 2023.
- iii. Implementation of Miraa (Khat) industry KNWA 2940:2021 – Code of practice.
- iv. Development of a miraa documentary to promote the value chain.

#### **Key challenges**

- i. The classification of miraa as a psychotropic substance under the Narcotics Drugs and Substances Act (1994).

The active elements in miraa (cathine and cathinone) are classified as psychotropic substances under the UN Convention Charter of 1971. This classification limits the marketing and market entry of Miraa into the European market and further hinders innovations in the value addition.

- ii. Unhygienic miraa handling/packaging and poor labelling.

Capacity building of stakeholders on Miraa (Khat) Industry Code of Practice KNWA 2940:2021 has been continuous on the recommended handling practices as per the Code.

- iii. Multiple charges of agricultural produce on transit across the counties of Kenya.

Agricultural produce (miraa and pyrethrum) is subjected to multiple charges of cess while on transit through various counties notwithstanding the provisions of Article 209 (5) of the Kenyan Constitution and the Crops Act (2013). This increases the cost of production and shrinks the farmers' revenue. Enactment of a universal Act of Parliament to regulate charges of goods on transit applicable to all counties.

- iv. Overreliance on a single market- Somalia market

Promotion of Kenyan miraa in other markets like Djibouti, Eritrea, DRC Congo, and Sierra Leon in collaboration with other government agencies and the private sector. The Directorate in collaboration with State Department for Trade and Foreign Affairs undertook a Trade Mission to Djibouti in October 2024 and a reciprocal mission done in Kenya in January 2025. Following this development, the two countries reached a trade agreement and exports will begin soon.

### **Pyrethrum Sub-Sector**

The pyrethrum sub-sector has continued to record growth as evidenced by the increase in area under the crop and production. In 2023, production increased to 1,680MT from 942MT in 2022 representing 78% increase. However, Kenya has the potential to produce and process over 20,000 MT of dry pyrethrum flowers annually.

#### **Keys achievements**

- i. Development of Pyrethrum (Repeal) Bill 2023 to repeal the Pyrethrum Act No. 22 of 2013. Now awaiting consideration in the National Assembly.
- ii. Development of the Draft Crops (Pyrethrum) Regulations 2024 which are now at the pre-publication scrutiny stage at the National Assembly Select Committee on Delegated Legislations.
- iii. The directorate supported the industry with 64 solar dryers in four pyrethrum-growing counties (Bomet, Nakuru, West Pokot and Nyandarua) to address post-harvest losses as espoused in the BETA priority crops.
- iv. 1,060,000 pyrethrum seedlings were distributed to growers in the counties of Nakuru, Elgeyo Marakwet, Kericho, West Pokot and Nyandarua

#### **Key challenges**

- i. Double legislation in the Pyrethrum sub-sector has resulted in a lack of regulations for the Pyrethrum sub-sector.

There exists a double legislation for regulating the pyrethrum sub-sector, ie. the Crops Act No. 16 (2013) and Pyrethrum Act No. 22 (2013). This situation has led to legal confusion due to their conflicting provisions. As a result, the Pyrethrum (Repeal) Bill 2023 has been proposed to repeal the Pyrethrum Act No. 22 of 2013 and is currently awaiting enactment in the National Assembly. The repeal will allow for publication of the Crops (pyrethrum) Regulation 2024 which has undergone extensive public participation.

- ii. Postharvest losses in pyrethrum crop handling especially during harvesting and drying.

Capacity building of county extension officers and industry stakeholders on Good Agricultural Practices. Additionally, promotion of solar dryer technologies to reduce postharvest losses and improve on quality and farmers' earnings.

- iii. Expensive Market registration for pyrethrum products in the international markets

There is need to renew EU market registration and carry out registrations of the Kenya Pyrethrum in other markets like the USA, Canada, India and China.

### **Bixa Sub-Sector**

Bixa was scheduled in March 2020 which mainstreamed it for development, promotion and regulation. The directorate collaborated with the coastal counties of Kwale, Kilifi, and Lamu to

promote bixa production through provision of clean planting materials, sensitization of county agricultural staff on good agricultural practices and operationalization of county bixa working groups.

### **Keys achievements**

- i. Development of the Crops (Bixa) Regulations 2024. The regulations are at the pre-publication scrutiny stage with the National Assembly Select Committee on Delegated Legislations.
- ii. Bixa production trials in Kitui county.
- iii. Develop and launch bixa production handbook to guide growers on GAPs.
- iv. Development of a bixa documentary to promote the value chain.

### **Key challenges**

- i. Lack of regulations for the bixa sub-sector.

Development of the Crops (bixa) Regulations is ongoing and currently at the pre-publication stage. Bixa code of practice targets to facilitate trade and increase value chain actors' incomes through expanded markets.

- ii. Low crop yields and high post-harvest losses

The Directorate in collaboration with other stakeholders has developed a bixa production handbook to address production issues and crop development.

- iii. Fluctuating and unfavourable global Bixa prices

Need to diversify markets in collaboration with other government agencies and the private sector to open specialty markets like Germany, China, Scandinavian countries, South America

### **Horticultural Crops Directorate**

The horticulture industry in Kenya is a vital pillar of the country's economy, making significant contributions to national GDP, offering employment opportunities, contributing towards food and nutrition security and promoting local and international trade. With a strong focus on export, Kenya stands as a global leader in the export of cut flowers and Avocado. The country also exports a diverse range of fresh produce including, mangoes, peas, beans in pod Herbs, Medicinal and Aromatic Plants. It is worth noting that 5% of horticulture production is exported while 95% is traded locally.

The mandate of the Horticultural Crops Directorate is to Develop Regulate and Promote the Horticulture industry. Key among its roles is the registration and licencing of value chain players including importers, exporters, marketing agents, clearing & forwarding agents pack house operators.

Kenya is currently one of the leading producers of avocado in Africa and ranked 6th in the world's Avocado production. Avocado export volumes rose from 103,000 MT to 114,073 MT to 123,127 MT with a corresponding rise on value from Ksh. 19.04 Billion to Ksh. 24.08 Billion.

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This growth notwithstanding, there have been concerns on the quality of Kenyan Avocado exported to the international market. To address this, at the end of the harvesting season, the Directorate undertook a survey to authenticate the maturity indices of the avocado fruits in the major production zones. Following the findings of the survey, we closed the export by sea season with effect from 25th October 2024 and opened on 7th February 2025 for Fuerte variety and 17th March 2025 for the Hass variety. The Authority has also invested in an Avocado sorting machine to facilitate 100 percent sorting of Avocado to improve the quality of export Avocado. This will be complimented by a Kenya Premium Avocado brand for packaging and marketing the quality assured produce.

To meet the rising global demand of Avocado the Authority is working towards increasing production. To achieve this, the Authority distributed over 100,000 Avocado seedlings to Avocado growing Counties.

Flowers account for the largest export share in values. Kenya exported 102,475 tonnes valued at Ksh 72.1 billion (53% of total export values) 2024, accounting for 52% of total export values.

The flower sector was however affected by the False Codling Moth (FCM), an endemic pest widely distributed in Kenya. FCM is a quarantine pest in Europe. To mitigate against its spread in Europe, the European Union (EU) EU enacted a new regulation the stringent measures for export of Kenyan fresh cut roses to the EU. The regulation which came into force on 26th April 2025, required significant changes in production and supply of roses and offered various options of ensuring compliance. In line with this, Kenya chose to implement the Systems approach which includes;

- Development and submission of FCM System Approach Protocol to EU.
- Submission to EU evidence of efficacy of the systems approach being used for FCM management at the production sites.
- Submission of the list of approved production sites to EU.

Kenya was in a position to demonstrate compliance by the deadline of 26th April 2025 and was cleared to continue exporting cut flowers to the EU.

Other challenges that affected the performance of the industry in the period under review is the persistent situation at the Red Sea that has necessitates shipment of Kenya's horticulture exports round South and North Africa to Europe. This has lengthened the shipment period affecting the management of perishable produce while on transit and significantly increased the cost of exporting.

The horticulture sector enjoys private sector support, with a number of organizations funding various aspects of production, value addition and exports. During the financial year, the Authority secured Kshs. 105 Billion from a development partner. Ksh. 55 Billion for the upgrade of the Kibwezi pack house and Ksh. 50 Billion for the procurement of the Mango Hot Water treatment plant. This has gone a long way in complimenting the Authority's budget for the development of the sector.

The future prospects for the industry are currently to increase production of horticulture produce and products and diversify market destinations for Kenya's horticultural produce.

## **10. Environmental and Sustainability Reporting**

### **i) *Sustainability strategy and profile***

Interventions to ensure sustainability were mainstreamed in AFAs enforcement of various regulations, policies and legislations governing the scheduled crops to ensure Good Agricultural and Manufacturing practices. The Authority undertakes routine monitoring of its flagship projects address emerging gaps through the support of management and ensure future sustainability of the projects.

### **ii) *Environmental performance***

The Authority contributes largely on environmental management. The Authority carried out several capacity building forums on Good Agricultural Practices, Climate Smart Agriculture, Codes of Practice and specific industry standards, emphasizing adherence and compliance. The Authority, through its regulation mandate ensured licensed industry players complied to the set standards with regards to technical aspects and environmental management.

In the implementation of the Directive on National Tree growing, the Authority procured, supplied and planted forest trees in twelve counties. The Authority went further and initiated a campaign on clean planting materials, with the theme “Clean Planting Material for Increased Productivity”. This program focused on selected value chains, with the objective of promoting production and productivity. This notwithstanding, fruit trees form a sustainable part of environmental conservation strategy as they contribute to income and hugely supports all environmental benefits. The types of seedlings distributed to farmers and staff included macadamia, avocado, cashew, coffee and pyrethrum.

### **iii) *Employee welfare***

The mandate of AFA is to regulate the agriculture sector in Kenya to ensure compliance with the regulatory framework, standards, and codes of practice. Regulation fosters a thriving competitive environment where innovation, technological progress, order and quality flourish, for sustainable economic growth. In execution of AFA mandate our programs, projects and activities are aligned to the Government’s development priorities as reflected in MTP IV and the Bottom-up Economic Transformation Agenda (BETA). As an Authority we envisioned to be “A world class crops regulator for improved livelihoods” Thus we are on a mission to “Develop, Promote and Regulate scheduled crops value chains for sustainable economic”

In pursuit of the stated mandate, vision and our mission statement general staffing matters are guided by the fourth strategic objective of our strategic plan which focuses on Enhancing organizational effectiveness, efficiency and sustainability. Human Resource is a crucial resource and most important resource, and its effectiveness is anchored requisite skills and competencies aligned to the mandate, vision and mission are very crucial and of paramount importance.

The legal framework on matters of the Human Resource Management administration, processes and practices in AFA anchored on the Constitution of Kenya, the Employment Act, the Labour Relations Act, the Labour Institutions Act, the Occupational Health and Safety Act, and the Work Injury Benefits Act. In addition to the labor statutes in managing human resources, the Authority refers to

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the AFA Act and States Corporation Act, among others. To supplement the statutes in handling Human Resource matters, AFA makes reference to regulations and directives communicated through circulars issued from time to time.

The Public Service Commission (PSC) as the lead agency in the management of the human resource in the Public Service has instituted reforms geared towards improving efficiency and effectiveness in service delivery and making the Public Service more responsive to the needs and demands of the Citizens. As an authority on Human Resource matters, the PSC developed guidelines for development of Human Resource Instrument and subsequently directed all government agencies and state corporations to develop and Human Resource Instruments and submit them for approval. AFA has complied with this directive.

Thus, AFA has the following approved Human Resource Instruments which guides and forms a reference point for the management of human resource matters.

1. The Organization Structure.
2. Staff Establishment.
3. The Twelve (12) tier Grading Structure.
4. Qualification Matrix
5. Career Guidelines.
6. Human Resource Policies and Procedures Manual.

A career guideline is an important human resource management tool that facilitates recruitment, retention, development, training and promotion based on merit, competence and ability. The approved Career Guideline is in tandem with government policies and relevant circulars and its effective implementation of the career guideline is objectively facilitating career planning and succession management in the Authority. Staff members will be empowered, motivated and facilitated to contribute effectively towards the achievement of the Authority's mandate.

These career guidelines provide a linkage between an officer's performances and adopt a new job classification based on complexities of the roles, qualifications and competencies required to undertake work at different levels. This shall be mirrored on Authority's workforce which is expected to be robust, energized and who will offer efficient service delivery to our stakeholders

The Human Resource Policies and Procedures Manual incorporates provisions of the Constitution, Labour Laws and other Legislation that govern various aspects of industrial relations in the Public Service, as well as circulars issued from time to time. In this regard, the Authority has developed a benchmarked Human Resource Policies and Procedures Manual, which is a crucial instrument in an organization. The Human Resource Policies and Procedures Manual gives information on human resource issues, and as such helps in resolving human resource issues and finding solutions which are fair and objective. Indeed, the Authority recognizes that prudent management of its human resource is key to achieving its mission as it provides the foundation for recruiting and retaining competent staff.

The Human Resource Policies and Procedures Manual attempts to consolidate provisions of the various documents and at the same time address emerging issues in human resource management and development at the Authority. The manual is intended to inform, guide, and provide an objective way of handling issues between the employer and employee. It provides details of processes that lead to attraction, motivation, retention or exit of staff from the Authority. It is expected that with the manual in place, many routine decisions and transactions will proceed with minimal encumbrance.

The effective implementation of the manual is geared towards reaffirming the Authority's commitment to improving efficiency and effectiveness in the delivery of service and steering the Authority to being "A world class crops regulator for improved livelihoods" The implementation of the various strategies outlined in the Human Resource Policies and Procedures Manual will go a long way in ensuring the Authority achieves its mandate of and the mission of Developing, Promoting and Regulating scheduled crops value chains for sustainable economic.

The perennial staffing challenges which have been engulf the Authority which ranges from stagnation, inadequacy and demotivated staff will expeditiously be addressed by implanting the approved Human Resource Instruments

The Authority recognizes that a healthy workforce contributes to the productivity of the organization. It therefore invests in the welfare of its employees through the provision of a medical scheme that caters to all the medical needs of the employees and their immediate family members. In addition to the scheme, the Authority has established additional safety nets to address medical matters. Specifically, the authority has a medical ex-gratia arrangement, and an excess of loss cover as part of the medical scheme. Furthermore, the Authority has put in place insurance cover for staff such as Group life cover, WIBA/GPA and Public Liability Cover. The Insurance cover is to address any illnesses, accidents, or injuries that may arise in the course of work. The WIBA/GPA 24-hour cover comes into play to compensate the specific staff as provided in the WIBA Act.

The Authority has an OSH policy that guides in the undertaking of Safety and Health matters through the OSH Committee and Sub-committees. The main objective of the OSH Policy is to ensure a conducive work environment free from injuries and accidents for all staff members in line with the Occupational Safety and Health Act, 2007. The Authority has appointed and undertaken annual training for the OSH Committee, First Aiders and appointed Fire Marshalls to be equipped with the necessary skills to execute their roles.

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

The Authority ensures full compliance and adherence to the Public Procurement and Asset Disposal Act 2015 and the Public Procurement and Asset Disposal Regulations 2020 in addition to other supporting regulations/legislation.

The Supply Chain Department is responsible for the acquisition of goods, works and services at the right price, from the right source, at the right specification that meets the user's needs in the right quantity and delivery done at the right time and to the right internal customer.

**a. Responsible Competition Practice**

The Supply Chain Management function draws its mandate from Article 227 of the Constitution and relies on the provisions of the Public Procurement and Asset Disposal Act, 2015 (PPADA), the attendant Regulations, Directives from the Public Procurement Regulatory Authority (PPRA) and standard tender documents which are customized to the specific circumstances of the Authority. Responsible Competition Practice include: -

**1) *Anti-Corruption Measures:***

Agriculture and Food Authority implements strict anti-corruption policies, such as a zero-tolerance approach to bribery or fraud through regular audits and compliance checks conducted to ensure transparency in business operations.

The staff and partners are trained on ethical practices and the consequences of engaging in corrupt activities, adherence to Kenya's anticorruption laws, the Public Procurement and Asset Disposal Act 2015, and the Public Procurement and Asset Disposal Regulations 2020 which guides the procurement processes and gives sanctions for those who fail to comply. The Authority also facilitates professional training for Supply Chain staff every financial year for capacity building.

**2) *Responsible Political Involvement:***

The Authority maintains neutrality in political affairs, avoiding any undue influence or favouritism. Advocacy efforts focus on improving industry standards rather than gaining unfair advantages through political connections.

**3) *Fair Competition:***

The Authority abides by the Constitution of Kenya (2010) Article 227 which states that:

“When a State organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective”.

The Authority also takes into consideration all competition laws and regulations, avoiding monopolistic practices, price-fixing, or predatory pricing. Through open tender it fosters an environment of healthy competition, encouraging innovation and offering products/services at fair prices by giving Kenyan citizens the opportunity to compete fairly.

**4) *Respect for Competitors:***

The Authority maintains professional respect for competitors, refraining from making false claims, engaging in defamation, or any actions that could harm a competitor's reputation. It promotes fair competition through honest marketing and advertising practices, focusing on the strengths of its products and services.

**b. Responsible Supply Chain and Supplier Relations**

i. Good Business Practices:

The Authority adheres to ethical business practices by ensuring that all dealings with suppliers are fair, transparent, and mutually beneficial. We also regularly evaluate suppliers for sustainability, social responsibility, and compliance with labour laws and human rights

ii. Treating Suppliers Responsibly:

Contracts with suppliers are honoured as per the terms agreed upon, with timely payments and fair pricing to ensure the sustainability of the supplier's business. The Authority works collaboratively with suppliers, providing support and guidance where necessary, rather than exploiting its position of power.

Disputes that may arise are resolved fairly and promptly to maintain healthy long-term relationships. Moreover, the Authority ensures timely payments to suppliers, per the terms of the contracts, to maintain a healthy and reliable business relationship. Clear communication about payment schedules and procedures is maintained to avoid misunderstandings

iii. Responsible Marketing and Advertisement

a) Ethical Marketing Practices:

The Authority ensures that all marketing efforts are truthful, accurate, and not misleading. This includes clear labelling and honest representation of product benefits and potential risks. It follows advertising guidelines and codes of conduct that promote fairness and decency, avoiding exploitation of vulnerable populations. Marketing campaigns are designed to promote diversity and inclusion, avoiding offensive or discriminatory content.

b) Transparency in Advertising:

The Authority is transparent in its advertising, disclosing all relevant information about the products or services it offers, including costs, terms, and conditions. It avoids hidden fees or misleading promotions that could deceive customers.

**c. Product Stewardship**

The organization prioritizes consumer safety and rights by ensuring that products meet or exceed safety standards and regulations. It offers clear and accessible information about products, including instructions for safe use, warranty details, and contact information for customer support.

The Authority has a robust feedback mechanism that allows consumers to voice concerns, lodge complaints, and seek redress. It takes responsibility for any product defects or safety issues, providing refunds, replacements, or repairs where necessary. The Authority promotes sustainability by considering the environmental impact of its products, including using eco-friendly materials, reducing waste, and promoting recycling.

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

The Agriculture and Food Authority has constituted a Corporate Social Responsibility (CSR) committee to ensure AFA engages with the communities on the commitments it has set in leveraging corporate resources for societal benefit, with relevant impact. AFA aims at contributing to inclusive and sustainable development and aligning to national goals.

AFA recognizes individual members and communities in which it operates as important stakeholders. The Authority's commitment to support and empower communities cannot be understated. During the year under review, the Authority donated dry food stuff and toiletries to Kibunja Foundation, Vision Centre in Dagoretti, Nairobi County. The CSR event was held during the International Women's Day.

AFA also had activities that have contributed in bringing communities together in organized farmers field day events. In these field days several aspects of Good Agricultural Practices like the right harvesting stage were emphasized, as part of ethical trade practices in the farming communities that form core of AFA's stakeholders. The farmers also received forest and fruit trees; avocado, macadamia and coffee donations which were distributed through farmers groups and cooperatives.

**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 the Authority's affairs.

**i) Principal activities**

The principal activities of the Authority are to develop, promote and regulate the scheduled crops in line with the provisions of the Agriculture and Food Authority Act No. 13 of 2013 and the Crops Act No. 16 of 2013.

**ii) Results**

The results of the Authority for the year ended June 30, 2025, are set out on page 1 to 9

**iii) Directors**

The members of the Board of Directors who served during the year are shown on page xi to xiv. All the members of the Board were appointed on 24<sup>th</sup> March 2023 vide Gazette Notice No. 3667. There were therefore no Board members due for retirement, and none has exited the Board.

**iv) Surplus remission**

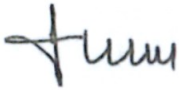
Under Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into the Consolidated Fund, ninety per centum of their surplus funds reported in the audited financial statements after the end of each financial year. The Authority has reported a surplus of Kshs. 523.463 million out of which Kshs. 471.117 million is the 90% remittable to the Consolidated Fund. During the financial year under review, the Authority remitted Kshs 571.622 million to the consolidated fund relating to previous financial years (FY 2023-24).

**v) Auditors**

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

By Order of the Board

**Name: Dr. Bruno Linyiru, OGW**  
**Director General / Secretary to the Board**

  
Sign. ....

**Date: 5<sup>th</sup> December 2025**

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

Sec. 81 of the Public Finance Management (PFM) Act 2012, Sect 19 of the Agriculture and Food Authority Act 2013, and Sec. 14 of the State Corporations Act Cap 446 require the Board of the Authority to prepare financial statements in respect of Agriculture and Food Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Board is also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Board is also responsible for safeguarding the assets of the Authority.

The Board is responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2025. These responsibilities include:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority.
- (iii) Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
- (iv) Safeguarding the assets of the Authority.
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board accepts responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Board is of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2025, and of the Authority's financial position as at that date. The Board further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The Authority's financial statements were approved by the Board on 21<sup>st</sup> August 2025 and signed on its behalf by:



.....  
**Hon. Cornelly Serem**  
**Board Chairman**



.....  
**Dr. Bruno Linyiru, OGW**  
**Director General**

# REPUBLIC OF KENYA



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## **REPORT OF THE AUDITOR-GENERAL ON AGRICULTURE AND FOOD AUTHORITY (AFA) 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Agriculture and Food Authority (AFA) set out on pages 1 to 104, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement 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 Agriculture Food and Authority (AFA) 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), Agriculture and Food Authority Act, 2013 and comply with and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unconfirmed Revenue from Exchange Transactions**

The statement of financial performance reflects revenue from exchange transactions amount of Kshs.5,272,615,000. Included in this amount is levies, fines and penalties revenue amounts of Kshs.4,128,190,000 net of capital funding of Kshs.355,900,000 as disclosed in Note 7 to the financial statements. In addition, the amount includes licenses, fees and permits revenue amount of Kshs.94,424,000 as disclosed in Note 8 to the financial statements. The following anomalies were noted; -

- i. The Authority did not maintain corresponding internal records for the levies, fines and penalties revenue amounts of Kshs.4,128,190,000 and an amount of Kshs.93,769,000 for licenses revenues all totalling Kshs.4,577,859,000 to support the amounts collected through E-Citizen (PesaFlow) and the Trade Facilitation Platform (KenTrade). In the absence of such records, the audit could not ascertain whether all revenue collected on behalf of the entity by the National Treasury and KenTrade was fully and accurately recorded in the financial statements.
- ii. The supporting records from E-citizen (Pesaflow) and Trade Facilitation Platform (Ken Trade) and the report provided for review, lacks key details like individual customer data, invoice numbers and sequential flow of receipts numbers against the monies received for ease of tracking and reconciling all payments that were received within that period on behalf of AFA.
- iii. Management reported an amount of Kshs.655,000 as income received from fees. However, it could not be confirmed how this income was realized from each directorate since the supporting schedules lacked key details like individual customer data, description of service rendered, invoice numbers and sequential flow of receipts numbers against the monies received for ease of tracking and reconciliation of these receipts.

In the circumstances, the accuracy and completeness of the revenue amounts of Kshs.4,232,859,000 could not be confirmed.

## **2. Receivables from Exchange Transactions**

The statement of financial position reflects receivable from exchange transaction of Kshs.526,256,000 as at 30 June 2025. The composition of the amount is disclosed in Note 23 as Rent debtors Kshs.71,507,000, Trade debtors Kshs.35,799,000, Prepayments Kshs.33,000, Other debtors Kshs.1,446,000, Cess Debtors Kshs.69,271,000, Receivable from PPCK Kshs.196,631,000 and Interest receivable from bank Kshs.151,568,000. However, review of the aging analysis of receivables from exchange transaction revealed that debts totalling Kshs.308,341,000 has been outstanding with Kshs.7,342,000 outstanding for more than two - three years and Kshs.300,999,000 outstanding for more than three years. However, no explanation was provided as to why Management did not enforce the provisions of paragraph 7.5 of the Authority's finance policy and procedure manual 2018.

In the circumstances, the recoverability of Kshs.308,341,000 outstanding for over two years could not be confirmed.

## **3. Non-Current Employee Benefit Obligations**

The statements of financial position reflect current employee benefit obligation of Kshs.1,257,386,000 as disclosed in Note 32 to the financial statements, in respect to the current benefit obligation (provision for salaries harmonization arrears). Review of documents for audit revealed that, salaries and remuneration commission vide letter REF SRC/TS/JE/SRSC/3/33/4 VOL.IX(106) dated 19 August, 2020 approved the salary structure for Agricultural and Food Authority which was to be implemented from 1 July, 2020 without backdating of the salaries. However, the Corporation had requested for the consideration of un-harmonized arrears dating back to when the Corporation was formed and therefore initiated an appeal for the consideration of salary arrears accrued from un-harmonized salary structure from 2014 until the harmonization of salaries in 2020 letter REF: AFA/HRM/7/VOL.V(6) of 11 October, 2023. In this regard, the Board held its first meeting on 16 May, 2023 and gave the matter consideration. However, the AFA is still negotiating for the arrears to be considered and be approved by SRC five (5) years since the initial SRC approval. In addition, the probability of outflow of this amount is uncertain yet it has been classified as a provision. Management acted contrary to the Salaries and Remuneration Commission circular REF SRC/TS/JE/SRSC/3/33/4 VOL.IX(106) dated 19 August, 2020.

In the circumstances, the accuracy and occurrence of the current employee benefit obligation of Kshs.1,257,386,000 could not be confirmed.

## **4.0 Property, Plant and Equipment**

### **4.1 Unconfirmed Ownership of Land**

The statement of financial position reflects property, plant and equipment net book balance of Kshs.8,674,588,000 as disclosed in Note 25 to the financial statements. As previously report review of records revealed the following anomalies.

- i. The balance includes seventeen (17) parcels of freehold land valued at Kshs.6,664,284,000 out of which thirteen (13) parcels of land valued at Kshs.5,170,700,000 had no evidence of ownership vesting with the Authority due to lack of the documents,

- ii. The balance includes land on which six of the seven depots of the defunct Horticultural Crops Development Authority (HCDA) are located do not have ownership documents. In addition, the depot located in Machakos County was taken over by the County Government of Machakos for office use in the year 2013 and is no longer accessible to the Authority staff and no evidence was provided that the County Government signed a lease agreement with the HCDA.
- iii. Included in the property, plant and equipment balance are two parcels of land valued at Kshs.1,280,000,000 relating to the former Horticultural Crops Development Authority. The parcels include a plot situated along Mombasa Road, measuring 3.5 hectares valued at Kshs.692,000,000 which was allocated to a private developer despite the Authority having an allotment letter and a parcel of land at the Jomo Kenyatta International Airport (JKIA) valued at Kshs.588,000,000 where the Horticultural Crops Directorate (HCD) is located whose details of ownership was not provided.

#### **4.2 Exclusion of Land Parcels from Property, Plant and Equipment Balance**

As reported in previous years, the property, plant and equipment balance exclude values of various assets as explained below:

- i. Ten (10) acres of land situated in Wundanyi, Taita-Taveta
- ii. Land of undetermined acreage situated in Kitui valued at Kshs.36,600,000 allocated to the defunct Horticultural Crops Development Authority.
- iii. Land of undetermined acreage valued at Kshs.4,000,000 allocated to the defunct Cotton Board of Kenya.
- iv. Seven (7) acres of land in Mtwapa that was allocated to the defunct Kenya Coconut Development Authority by the defunct Kenya Agricultural Research Institute. (KARI). In addition, the ownership had not been transferred by the KARI to the Authority by the time it ceased to exist upon the commencement of the Crops Act, 2013
- v. The property in Riverside Estate where the defunct Cotton Development Authority's head office was located.

In the circumstances, the accuracy, ownership and completeness of property, plant and equipment net book balance of Kshs.8,674,588,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Agriculture Food and Authority (AFA) 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.

#### **Emphasis of Matter**

##### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects budgeted and actual revenue amounts of Kshs.6,285,503,000 and Kshs.5,622,846,000 respectively resulting in an underfunding of Kshs.662,657,000 or 11% of the budget. Similarly, the statement reflects actual revenues and expenses of Kshs.5,622,846,000 and

Kshs.5,100,017,000 respectively resulting in an underutilization of Kshs.522,829,000 or 9% of the budget.

In the circumstances, the underfunding and affected planned activities and may have impacted negatively on service delivery.

## **2. Long Outstanding Payables**

The statement of financial position and Note 28 to the financial statement reflects trade and other payables balance of Kshs.663,873,000. However, review of the Horticultural Crops Directorate ageing analysis revealed a significant balance payable to Kenya Airports Authority totalling Kshs.156,437,152. The amount represents approximately 23.56% of total payables indicating a significant concentration of liability owed to a single service provider.

Such a significant outstanding balance on one Supplier may expose the entity to service disruption risks, potential penalties, and questions regarding the adequacy of its payable management practices

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Audit issues**

Several issues were raised in the audit report of the previous year. However, Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and the National Treasury's Circular;

1. Long-Outstanding Debts from Exchange Transaction
2. Property, Plant and Equipment
  - 2.1 Unconfirmed Ownership of Land
  - 2.2 Exclusion of Property, Plant and Equipment
  - 2.3 Failure to Revalue Fully Depreciated Assets
  - 2.4 Logbooks in the Name of Defunct Institutions and Boards
3. Unsupported Fixed Deposit Account
4. Failure to Operationalize the Cane Testing Unit

### **Other Information**

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

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance 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 effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1. Construction and Equipping of Hot Water -Treatment Plant at the Nairobi Horticulture Centre

The Authority awarded the contract for construction and equipping of hot water treatment plant at the Nairobi Horticulture Center through contract No AFA /LM/CON/23/2022 at contract sum of Kshs.85,319,345.38. The contract was supposed to run for a period of five (5) months from the signing date of on 22 June, 2022. The project commenced on 14 July, 2022 with original completion date expected to be 17 January, 2023. The following additional anomalies are detailed below:

- i. The contractor requested for extension of contract period for six (6) months on 1 February, 2023 starting from 1 January, 2023 to 30 June, 2023 stating that delayed payment of certified works caused the project to stall. The project manager granted the extension on 26 April, 2024. Further, the second extension was requested on 29 June, 2023 extending the completion date from July, 2023 to 30 November, 2023 which was extended from 1 October, 2023 to 30 November, 2023. The project manager issued the default notice to the contractor on August, 2023 for abandoning the site without notice. The contract period was further extended with eight (8) months from 1 December, 2023 to 31 July, 2024
- ii. Review of minutes of project implementation committee revealed that there was no clear justification from the technical department for variation of contract in writing backed by supporting evidence and submitted to the head of the procurement function for processing. In addition, Public Procurement and Assets Disposal Regulation, 2020
- iii. The concept Note on establishment of hot water treatment facility for mango at Nairobi Horticultural centre (NHC) date 20 December, 2021 to Principal

Secretary - National Treasury and planning indicated that the estimated cost of the project was Kshs.79,000,000. The amount to be financed by Government of Kenya was Kshs.54,000,000 and Kshs.25,000,000 by development partners. However, the project cost had been funded from internally generated funds. Further, the successful bidder quoted a price of Kshs.88,505,545 as per the bill of quantity thus exceeding the engineers estimated cost by Kshs.9,505,545. Additionally, the price was further negotiated hence revising the tender price to Kshs.85,319,345.38 inclusive of all taxes.

- iv. The original contract period expired on December, 2022 and extension of contract period was done through letters. However, the addendum extending the original contract period was not provided for audit. There was no binding contractual agreement existing between the contractor and Authority as at the time of the audit.

The performance bond issued on 28 January, 2024 expired on 30 May, 2025 contrary to PPDA Act, 2015 and regulations which requires performance security to be returned to the successful tenderer within thirty (30) days following the final acceptance by the accounting officer of the procuring entity and in case the contract is not fully or well executed, the performance security shall unconditionally be fully seized by the procuring entity as compensation without prejudice to other penalties provided for by the Act.

- v. Physical verification carried out in June, 2025 the project was still not complete and there was no evidence for extension of the contract period and the contractor had abandoned the site.

In the circumstances, delays in completion of project may attract unavoidable cost due to price fluctuation of the equipment and possible loss of public funds through abandonment of the uncompleted project.

## **2. Delay in Renovations at Coffee Plaza Building Exchange Lane of Haile Selassie Avenue**

The Agriculture and Food Authority entered into a contract for provision of renovation services at Coffee Plaza building exchange lane off Haile Selassie Avenue vide contract No. AFA/CON/6/2024 at a contract sum of Kshs.58,613,685 for a period of six (6) months. The site was handed over on 5 August, 2024 and works commenced on 2 September, 2024 with expected completion date of 20 January, 2025.

However, the following observations were noted;

### **2.1 Extension of the Contract Period**

Examination of records provided for audit revealed that the contractor on 9 January, 2025 requested for extension of contract period for ten (10) weeks citing delays due to issuance of electrical drawings, handing over of eight floor and additional works not in the initial scope. However, the project manager recommended the extension of contract period on 20 January, 2025 from 20 weeks to 25 weeks revising the completion date to 24 February, 2025 which was approved by the Director General on 20 January, 2025.

Further, the contractor vide letter dated 11 February, 2025 thirteen days to the proposed completion date of the contract submitted another application for extension of the contract period for another eight (8) weeks in which only seven (7) weeks was

granted on 21 February, 2025 extending the contract period from 20 weeks to 33 weeks with revised completion date of 23 April, 2025. However, by the time of audit in May, 2025, the contract was still ongoing.

In the circumstances, delayed works may attract unavoidable costs due to price fluctuation and possible loss of public funds

## **2.2 Budgetary Allocation and Approvals**

Review of procurement plan and approved budget for the financial year 2024/2025 revealed that expenditure on refurbishment works totaling Kshs.58,613,685 had not been approved. Further, the supplementary budget was not provided for audit to demonstrate how the unapproved amount was regularized.

In the circumstances, the unauthorized expenditure and failure to provide supplementary budget for audit review may lead to loss of public funds.

## **3. Rehabilitation of Nzoia Sugar Company**

### **3.1 Delay in Delivery of Machine**

The statement of financial performance reflected disbursement of Kshs.1,475,023,000 and as disclosed in Note 13 to the financial statements includes Kshs.256,599,000 disbursed to Nzoia Sugar Company which further includes 46,000,000 for rehabilitation of the sugar processing plant through the procurement of key equipment and replacement of obsolete parts. Further, an amount of Kshs.43,419,529 was used to procure mill rollers and boiler tubes. However, examination of records provided during audit verification revealed that the factory procured parts of processing machines, including blank mill roller shells, through tenders initiated in May, 2022, and boiler bank tubes in December, 2024 and fully paid

Physical verification in July, 2025 (six months later), the machines had not been delivered to the Sugar Company and the Management explained that the machinery had been imported into the port of Mombasa and no proper explanation was provided to why the machinery was not be delivered to the factory.

In addition, it could not be confirmed whether the new investor will make use of the machinery once delivered and installed, since the company has been leased to a private investor for a 30-year lease term and whether the lease agreement took into account cost of the imported machinery.

In the circumstances, the delay in delivery of Machine may attract unavoidable cost due to price fluctuation of the equipment and the unconfirmed use by the new investor may lead to possible loss of public funds.

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

### **4.1 Failure to Operationalize Cane Testing Unit**

The contract agreement for provision of comprehensive support and maintenance services to eleven (11) testing units between Agriculture and Food Authority was entered on October, 2023 vide contract No:AFA/LM/CON/60/2024. The contract was to run for a period of three (3) years from 25 October, 2023 to 24 October, 2026. During the 1<sup>st</sup> year, the Authority was to pay the contractor amount not exceeding

Kshs.406,037,942 and subsequent 2<sup>nd</sup> and 3<sup>rd</sup> years would be agreed upon by both parties in writing at the end of the 1<sup>st</sup> year.

Further, addendum to the contract for provision of comprehensive support and maintenance services to eleven cane (11) testing units software licenses was signed on 6 November, 2024 vide contract No:AFA/LM/CON/60A/2024 at an annual cost of Kshs.446,552,203 inclusive of all taxes for the period of one(1) year running from 25 October, 2024 to 24 October, 2025.

Review of the letter from Supplier to Director General - Agriculture and Food Authority dated 28 October, 2024 indicates that the second-year contract value was Kshs.470,054,950 but was discounted at 2.5% which is applicable in the second year of the contract. Further, the Authority incurred a cost of Kshs.178,620,851 being 40% of the contract sum for provision of comprehensive support and maintenance services to eleven cane (11) testing and software licenses for the second year of the contract Cane Testing Unit (CTU) period covering 25 October, 2024 to 24 October, 2025 on 11 December, 2024 vide payment voucher no 16345. Further, the supplier was paid 60% of contract sum of Kshs.267,931,351 on 29 December, 2024 vide payment all totaling to Kshs.446,552,202.

Further, audit verification in the month of July on the operation of cane testing units observed the following:

**i. Lack of Legal Framework to Operationalize the Cane Testing Units**

The eleven (11) cane testing units were installed in the sugar companies and calibration of the equipment was done but not operational since the Sugar (Quality-Based Sugarcane Payment System) Regulations, 2025 has not been enacted, therefore, there is no legal frame work to anchor the rolling out of cane testing units.

In the circumstances, lack of legal framework to operationalize the cane testing units implies that the set objectives have not been achieved.

**ii. Uncertainty Time-Scale for the Accreditation of Wet and Dry Laboratories**

Verification of the installed Sugar Cane Testing Units within the South Nyanza Sugar factory and Chemilil Sugar factory, Muhoroni Sugar Factory and Nzoia Sugar Factory established that, the Cane Testing Units are not in operation. Further, the wet and dry Laboratory are yet to be accredited by Kenya Accreditation service (KENSA) due to the following pending requirements;

- i. Lack of a Quality Manual, procedures and policies on operationalizing Sugar Cane Testing Units.
- ii. Incomplete results of successful participation in proficiency testing in tests applied for application.
- iii. Resumes of nominated technical signatories
- iv. Mandatory procedures and documentation as required by ISO/IEC 17025:2017 on testing laboratories and Calibration laboratories processes for accreditation.
- v. Outline and identify the key areas of risks and develop a risk register with mitigation strategies for the Cane Testing Units.
- vi. A cross reference matrix to standard requirements showing proper mapping on compliance against the set standards.
- vii. Evidence of legal entity status of the client

- viii. Evidence of staff having been trained on the requirements of ISO/IEC 17025:2017.
- ix. A complete periodic internal audit and management reviews conducted prior to the Accreditation assessment to ensure compliance and integrity/quality of the system.
- x. Five-year proficiency testing schedule for testing/calibration laboratories.
- xi. AFA to satisfy all other relevant ISO/IEC Standard/Guide and any International interpretation thereof, and requirements to enable the assessment team to make positive recommendations to the Accreditation Committee (AC).

In the circumstances, lack of delivery of Accreditation of Wet and Dry Laboratories may hinder project delivery on time.

### **iii. Lack of integration of LMIS and Weigh Bridge System**

The Cane Testing Units are yet to be integrated with the existing Factory Enterprise Resource System, Weigh bridge and Laboratory Information Management System (LIMS) due to issues of incompatibility. These are further hampered by the new leasing of Sugar factories to private owners while the Cane Testing Units are still under Agriculture and Food Authority. There are no guidelines on how the CTUs will be acquired, operated and maintained forthwith with the new factory management.

In the circumstances, lack of compatibility of the integration of LMIS and Weigh Bridge System could delay completion and the objectives of the project may not be achieved.

### **iv. Inadequate Personnel in the Cane Testing Units Laboratories.**

The Sugar Cane Testing Units are also incapacitated in terms of the number of personnel in charge of the laboratories. All of the Cane Units visited for verification had only one staff in charge who was carrying out all the activities within the lab which is in contrast with the CTU operations manual guides that no one should work alone in the laboratory. A resumption of full adoption and operationalization of the CTUs will require more laboratory staff to enhance efficiency in operations and the expected outputs from the Laboratory.

In the circumstances, the set objectives for the CTU's may fail to be achieved and the value for money may not be realized.

## **5. Failure to Deduct and Remit Procurement Capacity Building Levy to PPRA**

The statement of receipts and payments for the year ended 30<sup>th</sup> June 2025 reflects an amount of Kshs.1,733,516,000 under note 12 relating to Use of Goods and Services. During the financial year under review, it was noted that the authority had entered into contracts with various suppliers for crop development, capacity building and technology transfer, compliance monitoring, surveillance and market development activities to support functions of the authority as highlighted in note 12 to the financial statements. However, it was observed that the authority did not deduct and remit returns to Public Procurement Regulatory Authority (PPRA). The PPRA Authority on 30<sup>th</sup> August, 2024 notified all procuring entities and other stakeholders through a public notice of the commencement date as 1<sup>st</sup> September, 2024 for the Levy Order, 2023.

In the circumstances, the authority was in breach of the law on deduction and remittance of 0.03% of the value of all signed contracts with the authority.

## **6.0 Human Resource**

### **6.1 Irregular Payment of Special Duty Allowance**

Examination of documents provided for audit revealed that twenty-five (25) officers have been receiving special duty allowance way past the legal period of six (6) months contrary to section C 15 (4) of the Public Service Human Resource Manual, the irregular allowance advanced for the period amounts to Kshs.2,322,832.

In the circumstances, Management acted contrary to the Public Service Human Resource Manual which may lead to loss of public funds.

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(s) of the matter(s) 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. Failure to Collect Rental Revenue (HCD)**

During the audit of the Horticultural Crops Directorate (HCD) rental aged accounts receivable, the auditors noted that the Directorate had an outstanding rental income balance of Kshs.37,265,142 as of 11 June, 2025. Out of this amount, Kshs.32,651,148.25 is owed by the County Government of Machakos, which has been occupying the packhouse facility in Machakos.

Further, the audit established that the last rental invoice was raised on 3 July 2023, indicating that HCD has not invoiced the County Government for nearly 2 years. This suggests that the actual outstanding balance could be significantly higher than what is recorded.

In the circumstances, management may have failed in the delivery of services to members of public.

## **2. Board Matters**

Examination of board of Director's records provided for audit revealed the following issues:

### **2.1 Failure to Carry Out Annual Governance Audit.**

Examination of the Corporation's board minutes on governance revealed that the organization did not carry out an annual governance audit within the period under review and as such, the Board was in breach of the law.

In the circumstances, the Board was in violation of the Mwongozo Code of Governance.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance 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 State Department'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 *State Department's* financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

## **Auditor-General's Responsibilities for the Audit**

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

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

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

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



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

**Nairobi**

**18 December, 2025**

**Agriculture and Food Authority**  
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**For the year ended June 30, 2025.**

**14. Statement of Financial Performance for the year ended 30 June 2025**

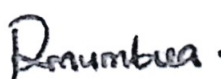
	Notes	2024-2025	2023-2024
		Kshs 000	Kshs 000
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	1,050,000	2,560,336
Levies, Fines, and penalties	7	4,128,190	2,805,022
Licenses and permits	8	94,424	141,473
<b>Sub Totals Revenue from non-exchange transactions</b>		<b>5,272,615</b>	<b>5,506,831</b>
<b>Revenue from exchange transactions</b>			
Rental revenue from facilities and equipment	9	130,205	117,467
Finance income	10	207,506	221,265
Other income	11	12,520	231
<b>Total revenue</b>		<b>5,622,846</b>	<b>5,845,794</b>
<b>Expenses</b>			
Use of goods and services	12	1,733,516	1,639,367
Disbursements	13	1,475,023	1,464,472
Special Programmes	14	556,006	540,278
Employee costs	15	945,713	1,082,550
Board Expenses	16	28,561	35,597
Depreciation and amortization expense	17	280,518	384,954
Repairs and maintenance	18	80,681	67,513
<b>Total expenses</b>		<b>5,100,017</b>	<b>5,214,731</b>
<b>Other gains/(losses)</b>			
Gain/Loss on sale of assets	19	658	4,198
Gain/Loss on foreign exchange transactions	20	(23)	(126)
<b>Surplus/ (deficit) before tax</b>		<b>523,463</b>	<b>635,136</b>
<b>Surplus/(deficit) for the period/year</b>		<b>523,463</b>	<b>635,136</b>
Remission to National Treasury		471,117	571,622
<b>Net Surplus for the year</b>		<b>52,346</b>	<b>63,514</b>

The notes set out on pages 10 to 55 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 9 were signed on behalf of the Board of Directors by



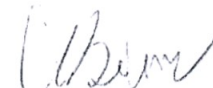
.....  
 Dr. Bruno Linyiru, OGW  
**Director General**

**Date: 5<sup>th</sup> December 2025**



.....  
 CPA Rephah Kitavi  
**Director Finance**  
 ICPAK M/No: 11437

**Date: 5<sup>th</sup> December 2025**



.....  
 Hon. Cornelly Serem  
**Chairman of the Board**

**Date: 5<sup>th</sup> December 2025**

**Agriculture and Food Authority**  
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**15. Statement of Financial Position as at 30 June 2025**

	Notes	2024-2025	2023-2024
		Kshs '000	Kshs '000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	21	3,623,102	3,095,712
Staff Mortgage Fund	22	514,857	636,133
Receivables from Exchange Transactions	23 (a)	526,256	549,035
Receivables from Non-Exchange Transactions	24	204,115	119,663
<b>Total Current Assets</b>		<b>4,868,330</b>	<b>4,400,543</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	25	8,674,588	11,241,351
Investments	26	389	389
Intangible Assets	27	780	86,766
Receivables from Exchange Transactions	23 (b)	-	3,112,161
<b>Total Non- Current Assets</b>		<b>8,675,757</b>	<b>14,440,666</b>
<b>Total Assets</b>		<b>13,544,087</b>	<b>18,841,210</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	28	663,873	562,693
Refundable Deposits from Customers	29	50,060	48,460
Current Provision	30	99,580	35,808
Deferred Income	31	30,000	30,000
Employee Benefit Obligation	32	1,257,386	1,257,386
<b>Total Current Liabilities</b>		<b>2,100,900</b>	<b>1,934,347</b>
<b>Non-Current Liabilities</b>			
Non-Current Provisions	33	-	771,597
Ninety Percent Surplus Provision	34	471,117	571,622
<b>Total Non- Current Liabilities</b>		<b>471,117</b>	<b>1,343,219</b>
<b>Total Liabilities</b>		<b>2,572,017</b>	<b>3,277,566</b>
<b>Net Assets</b>			
Reserves		8,840,659	9,270,533
Accumulated Surplus		(1,507,789)	(914,405)
Capital Fund		1,869,966	1,320,966
Grant Reserves		1,769,235	5,886,548
<b>Total Net Assets</b>		<b>10,972,070</b>	<b>15,563,642</b>
<b>Total Net Assets and Liabilities</b>		<b>13,544,087</b>	<b>18,841,209</b>

**Agriculture and Food Authority  
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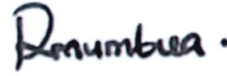
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The financial statements set out on pages 1 to 9 were signed on behalf of the Board of Directors by:



.....  
Dr. Bruno Linyiru, OGW  
**Director General**

**Date: 5<sup>th</sup> December 2025**



.....  
CPA Rephah Kitavi  
**Director Finance**  
**ICPAK M/No: 11437**

**Date: 5<sup>th</sup> December 2025**



.....  
Hon. Cornelly Serem  
**Chairman of the Board**

**Date: 5<sup>th</sup> December 2025**

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

	<b>Revaluation Reserve</b>	<b>Retained Earnings</b>	<b>Capital Reserve</b>	<b>Grants Reserve</b>	<b>Total</b>
	<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>
<b>As at July 2023</b>	<b>9,270,533</b>	<b>(236,268)</b>	<b>1,320,966</b>	<b>5,886,548</b>	<b>16,241,779</b>
Adjustments on Retained Earnings	-	16,160	-	-	16,160
Surplus for the Period	-	63,514	-	-	63,514
Remission of Surplus Funds to Consolidated Fund	-	(757,810)	-	-	(757,810)
<b>Balance as at 30 June 2024</b>	<b>9,270,533</b>	<b>(914,405)</b>	<b>1,320,966</b>	<b>5,886,548</b>	<b>15,563,642</b>
<b>As at July 2024</b>	<b>9,270,533</b>	<b>(914,405)</b>	<b>1,320,966</b>	<b>5,886,548</b>	<b>15,563,642</b>
Adjustments on Retained Earnings	-	36,503	-	-	36,503
Surplus for the Period	-	52,346	-	-	52,346
Project Funding	-	-	555,900	-	555,900
Adjustment of Mortgage Fund	-	635	-	-	635
Transfers to Kenya Sugar Board	(429,874)	(682,868)	(6,900)	(4,117,313)	(5,236,955)
<b>Balance as at 30 June 2025</b>	<b>8,840,659</b>	<b>(1,507,789)</b>	<b>1,869,966</b>	<b>1,769,235</b>	<b>10,972,070</b>

**\*Note:**

❖ The nature and purpose of reserves for AFA is explained below;

**1. Revaluation Reserve** – This is the reserve created from revaluation of fixed assets i.e. the difference between the carrying amount and the fair value of fixed assets in accordance with IPSAS 45: Plant, Property and Equipment. This is necessary for the proper accounting of fixed asset values, under fair value accounting and therefore has been reported separately in financial statements.

**2. General Reserve (Retained Earnings)** – This is created from accumulated surplus of the Authority and is used to strengthen the liquid resources of the Authority.

**3. Capital Reserve** – This represents the seed money/capital advanced or granted by the government for establishment of the defunct State Corporations forming the Authority. It is primary reserve that finances major assets of the Authority.

**4. Grant Reserve** – This relates to grants received from the government for development of the horticultural and sugar industry and

❖ Adjustment on retained earnings of Kshs 36.5million relates the adjustment of prior years' long outstanding payables for the Horticultural Directorate, Coffee Directorate and former Sugar Directorate and adjustments of provisions of legal costs after conclusions of cases. There was a prior year adjustment of the mortgage fund of Kshs 634,845

❖ Project Funding of Kshs 555.9 million is disclosed under Note 36

❖ Transfer to KSB of Kshs 5.237 billion relates to transfer of the respective reserve funds from AFA to the Kenya Sugar Board after the operationalization of the Sugar Act 2024.

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

	NOTES	2024-2025	2023-2024
		Kshs '000	Kshs '000
<b>Cash Generated from Operations</b>			
<b>Surplus for the Year Before Tax</b>		<b>52,346</b>	<b>63,514</b>
<b>Adjusted for:</b>			
Depreciation	17	280,518	384,954
Adjustments on Retained Earnings		36,503	16,160
Adjustment of Mortgage Fund		635	-
Gains and Losses on Disposal of Assets/ Foreign Exchange		(634)	(4,072)
Remission of Surplus Funds to Consolidated Fund		-	(757,810)
Transfers to Kenya Sugar Board- Reserve Fund		(5,236,955)	-
Finance Income	10	(207,506)	(221,265)
<b>Working capital adjustments:</b>			
Increase/Decrease in Receivables	23&24	3,050,487	(135,214)
Increase/Decrease in Deferred Income		-	(103,365)
Increase/Decrease in Payables	28-34	(705,550)	622,312
<b>Net Cash Flows from Operating Activities</b>		<b>(2,730,156)</b>	<b>(134,787)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Property, Plant, Equipment and Intangible Assets	25&27	(73,375)	(289,546)
Proceeds from Sale of Property, Plant and Equipment		87	84
Transfer to Kenya Sugar Board- Assets		2,445,519	-
Gains and Losses on Disposal of Assets	19	658	4,198
Gains and Losses on Foreign Exchange	20	(23)	(126)
Finance Income	10	207,506	221,265
<b>Net Cash Flows used in Investing Activities</b>		<b>2,580,371</b>	<b>(64,126)</b>
<b>Cash Flows from Financing Activities</b>			
Mortgage and Car Loan Fund		121,276	96,786
Project Funding		555,900	-
<b>Net Cash Flows used in Financing Activities</b>		<b>677,176</b>	<b>96,786</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>527,390</b>	<b>(102,127)</b>
Cash and Cash Equivalents at 1 July		3,095,712	3,197,838
<b>Cash and Cash Equivalents at 30 June</b>		<b>3,623,102</b>	<b>3,095,712</b>

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**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 utilisation
	Kshs 000'	Kshs 000'	Kshs 000'	Kshs 000'	Kshs 000'	
<b>RECURRENT BUDGET</b>	<b>A</b>	<b>b</b>	<b>C=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>F=d/c</b>
<b>Revenue</b>						
Transfers from other governments entities	607,835	642,165	1,250,000	1,050,000	(200,000)	84%
Levies, Fines, and penalties	3,489,699	1,243,104	4,732,803	4,128,190	(604,613)	87%
Licences and permits	94,000	-	94,000	94,424	424	100%
Rental revenue from facilities and equipment	136,654	(2,067)	134,587	130,205	(4,382)	97%
Finance income	78,046	(3,933)	74,113	207,506	133,393	280%
Other income	-	-	-	12,520	12,520	100%
Reserves	-	-	-	-	-	100%
<b>Total income</b>	<b>4,406,234</b>	<b>1,879,269</b>	<b>6,285,503</b>	<b>5,622,846</b>	<b>(662,657)</b>	<b>89%</b>
<b>Expenses</b>						
Use of goods and services	1,639,548	146,229	1,785,777	1,733,516	52,261	97%
Employee costs	1,372,239	(205,442)	1,166,797	945,713	221,084	81%
Board Expenses	30,000	-	30,000	28,561	1,439	95%
Disbursements	-	1,600,000	1,600,000	1,475,023	124,977	92%
Special projects	960,000	200,000	1,160,000	556,006	603,994	48%
Depreciation & amortization expense	305,982	(97,435)	208,547	280,518	(71,918)	134%
Repairs and maintenance	98,465	(13,065)	85,400	81,681	4,298	95%
<b>Total expenditure</b>	<b>4,406,234</b>	<b>1,630,287</b>	<b>6,036,521</b>	<b>5,100,017</b>	<b>936,504</b>	<b>84%</b>
Provision for Ninety Percent	-	-	-	471,117	(470,785)	100%
Gain on sale of assets	-	-	-	634	<b>634</b>	100%
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,346</b>		

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<b>CAPITAL EXPENDITURE</b>						
Automobiles	28,000	-	28,000	26,499	1,501	95%
Computer and Electronic Equipment and Software	15,756	5,500	21,256	16,824	4,432	79%
Plant and Equipment	20,000	5,000	25,000	20,911	4,089	84%
Office and Communication Equipment	16,000	(6,000)	10,000	8,688	1,312	87%
Furniture and Fittings	5,500	6,000	11,500	10,192	1,308	89%
Laboratory Equipment/avocado equipment	106,390	-	106,390	99,929	6,461	94%
ICT Software	80,000	30,000	110,000	105,172	4,828	96%
<b>TOTAL CAPITAL BUDGET</b>	<b>271,646</b>	<b>40,500</b>	<b>312,146</b>	<b>288,216</b>	<b>23,930</b>	

**VARIANCE ANALYSIS**

Variances arising from a comparison between the budget and actual performance is explained as follows:

**1. Transfers from Other Government Entities**

The Authority received an amount of Kshs 1,050,000 from the State Department for Agriculture and Crop Development for the payment of farmers arrears Kshs 504 million and Kshs 546 million for payment of government owned mills staff arrears for the previous year. The Authority had not received Kshs 200 million capital funds as at 30<sup>th</sup> June 2025, this amount was recognised as a receivable in the financial statements.

**2. Levies, Fines and Penalties**

The Authority realised Levies, Fines and Penalties of Kshs 4.484 billion of which Kshs 4.128 billion was applied for recurrent expenditure as explained under Note 7. The target of Kshs. 4.732 billion was not met registering a negative variance of Kshs 604.613 million. This was due to the fact that the expected Fibre Crops Regulation did not take effect. The Authority initiated the development of “The Crops (Fibre Crops) Draft Regulations, 2024 following the annulment of “The Crops (Fibre Crops) Regulations, 2020 in 2022. The directorate undertook public participation, Regulatory impact assessment (RIA) and statement (RIS) and a National validation workshop in line with the Constitution. The Regulations have been submitted to the Solicitor General for onward transmission to the parliament.

**3. Licences and Permits**

The total amount received by the Authority at the end of the year is Kshs 94.4 million against a target of Kshs. 94 million registering a positive variance.

**4. Rental Income from Facilities and Equipment**

The total amount received by the Authority at the end of the year is Kshs 130.2 million against a target of Kshs. 134.587 million registering a negative variance of Kshs 4.382 million. Renovation of the Authority’s Kahawa house and pack houses are expected to be finalised for the Authority to achieve its target rental income.

**5. Investment Income**

The Authority targeted to receive Kshs 74.113 million, as at the end of the year the Authority had realised investment income of Kshs 207. 506 million giving a positive variance of Kshs 133.393 million.

**6. Use of Goods and Services**

This Comprises of expenditure for technical and administrative functions of the authority as follows:

	<b>KShs ‘000</b>
Technical and Advisory	179,369,931.17
Regulation and Marketing	228,640,900.68
Market & Market Development	222,406,533.74
Corporate	1,103,098,158.71
<b>Total</b>	<b>1,733,515,524.30</b>

The Authority had budgeted to spend KShs. 1.785 billion on the use of goods and services in the financial year 2024/25. The actual expenditure was KShs 1.733 billion registering a positive variance of KShs 52.261 million this was after the implementation of the revised budgeted by the AFA Board.

#### **7. Personnel Cost**

The Authority had budgeted to spend KShs 1.116 billion on staff salaries and wages for staff in the year, the actual expenditure was KShs. 945.713 million, registering a positive variance of Kshs 221.08 million. The recruitment of new staff to fill the gaps which existed came towards the end of the financial year.

#### **8. Board Expenses**

The Authority had budgeted to spend KShs. 30 million on board expenses in the year the actual expenditure was KShs. 28.56 million, registering a negative variance of Kshs 1.43 million

#### **9. Disbursements to Sugar Industry**

Total budget for disbursement to the Sugar Industry was Kshs 1.6 billion. The Authority received an amount of Kshs 1.05billion of which Kshs 504 million is for the payment of farmers arrears and Kshs 546 million for payment of government owned mills staff arrears and disbursements of operations to the Kenya Sugar Board. The Authority disbursed an amount of Kshs 425 million to the Kenya Sugar Board. A variance of KShs 124.9 million was reported

#### **10. Special Project**

The Authority had budgeted to spend KShs. 1,160 million the actual expenditure as at the end of the year is Kshs 556 on the edible oil promotion programme project and Kshs 446 million for the cane testing units. The projects were financed from internally generated funds while Kshs 200 million from Gok. The positive variance of Kshs 603.994 is to finance pending works for the edible oil promotion project and the amount of Kshs 200 million had not been received as at 30<sup>th</sup> June 2025.

#### **11. Depreciation and Amortisation**

The Authority had provided for KShs. 208.547 million for depreciation of assets in period. Depreciation as at the end of the year was reported to be Kshs 280.518 million

#### **12. Repairs and Maintenance**

The Authority had budgeted to spend Kshs. 85.4 million on maintenance of its assets, the actual expenditure was KShs. 80.681 million, registering a positive variance of Kshs 4.719 million.

#### **13. Capital Expenditure**

Capital expenditure was budgeted at Kshs. 312.146 million the reported utilization and commitments at KShs. 288.216 million, registering a positive variance of Kshs 23.93 million.

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

### **1. General Information**

Agriculture and Food Authority is established by and derives its authority and accountability from the Agriculture and Food Authority Act No. 13 of 2013. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to develop, promote and regulate the scheduled crops in Kenya.

### **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 and impaired assets at their estimated recoverable amounts. 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 Authority's accounting policies. The areas involving a higher degree of judgement 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 the Authority. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Agriculture and Food Authority Act and International Public Sector Accounting Standards (IPSAS). The statements also comply with the guidelines issued by the Public Sector Accounting Standards Board (PSASB). The accounting policies adopted have been consistently applied to all the years presented.

### **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

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*Notes to the Financial Statements (Continued)*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>IPSAS 43 may have an impact on the operating leases of the Authority and this may therefore mean the Authority will adopt for proper presentation of leases in the financial Statements</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p> <p>IPSAS 44 may have an impact on the operations of the Authority and may therefore be applicable in the future</p>
IPSAS 45: Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be 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.</p> <p>IPSAS 45 may have an impact on Property, Plant and Equipment (PPE) the of the Authority and this may therefore mean the Authority will adopt for proper presentation of PPE in the financial Statements</p>

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<p>IPSAS 46: Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol 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> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>IPSAS 46 may have an impact on the operations of the Authority and may therefore be applicable in the future</p>
<p>IPSAS 47: Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></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 IPSAS is applicable to revenues collected by the Authority and therefore will affect the presentation of revenues in the future</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></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> <p>IPSAS 48 is relevant to the Authority as AFA receive funding from the exchequer. Transfers from the exchequer may have an impact on the cash flows of the Authority and may therefore be relevant to provide useful information to users</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></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>

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	IPSAS 49 may not have a direct impact on the operations of the Authority and may therefore not be applicable in the future. Yes the Authority has retirement benefits but the services for administration have been outsourced from various providers
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></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> <ol 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 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.</li> </ol>

**iii. Early adoption of standards**

AFA did not early adopt any new or amended standards in the financial year.

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Levies and Fees**

The Authority recognizes revenues from levies and fees 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 Authority 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 the Authority 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**

The Authority 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.

**Sale of goods**

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

**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 the Authority's right to receive payments is established.

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

**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 FY 2023/2024 was approved by the National Assembly on 30<sup>th</sup> June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations was added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget as reported in the statement of budget vs actual. Accordingly, the Authority recorded budget of KShs 6.157 billion in the FY 2023/2024 comprising of recurrent and development budget following the governing body's approval.

The Authority'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 xxx 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 the Authority 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.

**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

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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 *Authority* and the same taxation authority.

***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. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. 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

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

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 Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value

The Authority applied the Straight-Line Method for depreciating all fixed assets as follows: -

<b>Asset</b>	<b>Depreciation Rate</b>	<b>Useful Life</b>
Land		Leasehold period
Buildings	2.50%	40yrs
Plant & Equipment	12.50%	8yrs
Motor Vehicles	25.00%	4yrs
Computers	33.30%	3yrs
Office & Communication Equipment	12.50%	8yrs
Furniture, Fixtures & Fittings	12.50%	8yrs

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Authority. 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. The Authority 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 the Authority 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 the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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**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.

The Authority applied the Straight-Line Method for amortizing intangibles as follow;

<b>Asset</b>	<b>Amortizing Rate</b>	<b>Useful Life</b>
Intangible Assets	20%	5yrs

**h) Research and development costs**

The Authority expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Authority 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. The Authority does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Authority's financial statements. A financial instrument is any contract that gives rise to a financial asset of one Authority and a financial liability or equity instrument of another Authority. At initial recognition, the Authority 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.

**j) Financial assets**

**Classification of financial assets**

The Authority 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 Authority's management model for financial assets and the contractual cash flow characteristics

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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 cash flows 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 Authority 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, the Authority 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 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 Authority 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.

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**Impairment**

The Authority 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 Authority recognizes a loss allowance for such losses at each reporting date.

**k) Financial liabilities**

**Classification**

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

**l) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

**m) Provisions**

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement. During the FY 2023/2024, the Authority made a provision of KShs 571.622 as ninety percent of the surplus which is payable to the Kenya Revenue Authority.

**n) 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 Authority 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 Authority will incur in fulfilling the present obligations represented by the liability.

**o) Contingent liabilities**

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

**p) Contingent assets**

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

**q) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements. In accordance with IPSAS 1: Presentation of financial Statements, where an entity has no share capital, it shall disclose net assets/ equity, either on the face of the statement of financial position or in the notes, showing separately: contributed capital, accumulated surpluses, reserves (including a description of the nature and purpose of each reserve within net assets/ equity; and minority interests. The Authority maintains the following reserves for the purposes stated: -

- 5. Capital Reserve** – This represents the seed money/capital advanced or granted by the government for establishment of the defunct State Corporations forming the Authority. It is primary reserve that finances major assets of the Authority.
- 6. Revaluation Reserve** – This is the reserve created from revaluation of fixed assets i.e. the difference between the carrying amount and the fair value of fixed assets in accordance with IPSAS 17: Plant, Property and Equipment. This is necessary for the proper accounting of fixed asset values, under fair value accounting and therefore has been reported separately in financial statements.
- 7. General Reserve** – This is created from accumulated surplus of the Authority and is used to strengthen the liquid resources of the Authority.
- 8. Grant Reserve** – This relates to grants received from the government for development of the sectors

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

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

**s) Employee benefits**

**Retirement benefit plans**

The Agriculture and Food Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an Agriculture and Food Authority pays fixed contributions into a separate Agriculture and Food Authority (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold

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

**Gratuity Obligations**

The Authority pays service gratuity to staff on contract under their terms of employment. Employee entitlements to gratuity at thirty-one percent of basic pay are recognised when they are accrued to employees. A provision for gratuity payable is made in the statement of financial position. The gratuity is not subject to actuarial valuation.

**t) Foreign currency transactions**

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

**u) 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.

**v) Related parties**

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the Director General, Heads of Directorates and Heads of Departments.

**w) Service concession arrangements**

The Authority 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, the Authority recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Authority also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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

**x) 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.

**y) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. The Authority has noted amended its 2022/2023 financial statements

**z) 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 30<sup>th</sup> June 2024.

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

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

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. 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 Authority.
- 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.

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

- 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.

This was a contravention of Article 41 of the Constitution of Kenya 2010 and Sec. 5 of the Employment Act 2007. The Authority has provided for an amount of KShs. 1.257 billion.

**6. Transfers from Other Government entities**

This relates to funds received from the exchequer through the parent Ministry for programmes for the FY 2024/2025.

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
<b>Unconditional grants</b>		
Operational grant	-	768,327
Other grants	1,050,000	1,792,009
<b>Total Unconditional Grants</b>	<b>1,050,000</b>	<b>2,560,336</b>
<b>Conditional grants</b>		
Other organizational grants	-	-
<b>Total government grants and subsidies</b>	<b>1,050,000</b>	<b>2,560,336</b>

**b) 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 2024/25	Prior year
	Kshs "000"	Kshs "000"			2023/2024
			Kshs "000"	Kshs "000"	Kshs "000"
Ministry of Agriculture/State Department of Crop Development	1,050,000	-	200,000	1,250,000	2,560,336
<b>Total</b>	<b>1,050,000</b>	<b>-</b>	<b>200,000</b>	<b>1,250,000</b>	<b>2,560,336</b>

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*Notes to the Financial Statements (Continued)*

**7. Levies, Fines and Penalties**

This relates to funds received from cess charged from exports and imports

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Cess	2,090	116,542
Regulatory Levies	4,482,000	2,688,481
<b>Total Levies, Fines and Penalties</b>	<b>4,484,090</b>	<b>2,805,022</b>
Capital Funding	(355,900)	-
<b>Total</b>	<b>4,128,190</b>	<b>2,805,022</b>

The Authority realised Levies, Fines and Penalties of Kshs 4,484,090,064 of which Kshs 4,128,190,354 was applied for recurrent expenditure and Kshs 355,899,710 was reserved for project funding.

**8. Licenses, Fees and Permits**

This relates to funds received for the issuance of licenses and permits and fees paid for services rendered

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Licenses	93,769	117,138
Fees	655	15,687
Permits	-	8,648
<b>Total</b>	<b>94,424</b>	<b>141,473</b>

**9. Rental Revenue from Facilities and Equipment**

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Operating lease revenues	130,205	117,467
<b>Total rentals</b>	<b>130,205</b>	<b>117,467</b>

**10. Finance Income**

It relates to interest from short-term deposits made within the financial year and a portion of interest income from short-term deposits that has been earned but not received by the reporting date

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Cash investments and fixed deposits	207,506	221,265
<b>Total finance income</b>	<b>207,506</b>	<b>221,265</b>

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**11. Other Income**

Other income includes monies received from stakeholders to help in financing the Macadamia conference held by the Nuts and Oil Crops Directorate and support for local and international forums for farmers and exhibitors for the Horticultural and Coffee sector

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs "000"</b>	<b>Kshs "000"</b>
Others	12,520	231
<b>Total other income</b>	<b>12,520</b>	<b>231</b>

**12. Use of Goods and Services**

This relates to expenditure on crop development, capacity building and technology transfer, expenditure on the regulatory function including compliance monitoring, surveillance, and market development activities including market research, product promotion, and expenditure on the support functions of the Authority.

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs "000"</b>	<b>Kshs "000"</b>
Collaborations and Coordination	31,803	37,107
Stakeholders Capacity Building	80,514	89,207
Environmental Sustainability	4,836	3,248
International Fora/Meetings	6,740	7,867
Seeds Supply & Management	6,443	10,492
Crop Census	15,395	16,485
Crop Support	33,640	279,442
Registration & Licensing	12,788	24,865
Inspections & Surveillance	46,904	40,957
Development and Review of Standards	86,535	35,479
Quality Analysis	18,494	18,269
Stakeholders Fora	49,520	70,762
International Fora/Meetings	9,833	16,306
Consultancies	1,192	3,750
Enforcement of Regulations and Standards	11	146
Training of Inspectors	3,364	2,105
Generic Promotion	49,772	32,187
Market Research & Development	29,322	33,187
Subscriptions to Associations	440	3,530
Product Promotion	41,350	43,661
International Conference	65,483	43,959
Value Addition Promotion	24,324	23,434
Market Registration	11,717	6,229

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Printing and Stationery	13,917	16,839
Communication Telephone and Postage	51,815	48,620
Vehicle Running Expenses	49,362	55,475
Insurance Expenses	22,545	21,950
Local Travel Expenses	211,388	202,288
Planning Research, Strategy and Monitoring	33,588	39,241
International travel	3,854	7,084
Security	34,196	37,892
Electricity and water	24,761	35,324
Rent and rates	157,236	32,926
Computer Accessories	18,612	17,687
Record management	6,938	7,521
Cleaning, Garbage & Sanitary	18,244	15,022
Management Fees/Refunds	2,732	3,180
Newspapers, Periodicals, Journals and subscriptions	2,139	2,881
Bank Charges	4,474	4,295
Staff Welfare	31,896	33,855
Trainings, Seminar, Retreats, Workshops & Conferences	97,302	92,124
Consultancies	12,289	-
Subscriptions to Professional Bodies	432	1,566
Staff Uniforms	2,324	1,301
Team Building	4,859	3,071
Audit Fees	4,948	5,655
Internal Audit/ ISO Audits	14,762	17,544
Legal Services	19,015	35,589
Public relations and corporate branding	5,841	12,733
Shows, Exhibitions & trade fairs	20,621	27,679
Corporate Social Responsibility and Tree Planting	154,503	2,716
General Expenses	13,506	14,636
Revaluation of Assets	65,000	-
<b>Total Use of Goods and Services</b>	<b>1,733,516</b>	<b>1,639,367</b>

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**13. Disbursements**

Disbursement done during the year to the Sugar Sector

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs "000"</b>	<b>Kshs "000"</b>
Mumias Farmers	-	66,541
Sony Farmers	334,417	697,095
Muhoroni Farmers	216,495	251,355
Nzoia Farmers	256,599	213,114
Chemilil Farmers	196,489	183,103
Muhoroni Sugar Factory Rehabilitation	-	11,703
Nzoia Sugar Factory Rehabilitation	46,000	-
Chemilil Sugar Factory Rehabilitation	-	41,563
Kenya Sugar Board	425,023	-
<b>Total</b>	<b>1,475,023</b>	<b>1,464,472</b>

**14. Special Programmes**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs "000"</b>	<b>Kshs "000"</b>
Cotton Revitalisation	10,040	61,677
Cane Testing Units	446,552	434,643
Edible Oil Promotion Programme	99,413	43,958
<b>Total</b>	<b>556,006</b>	<b>540,278</b>

**15. Employee Costs**

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs "000"</b>	<b>Kshs "000"</b>
Salaries and wages	511,646	569,329
Employer contribution to health insurance schemes	149,293	135,222
Employer contribution to pension schemes	87,072	170,229
Housing benefits and allowances	93,865	105,931
Social contributions	15,841	9,154
Extraneous Allowance	2,298	439
Commuter Allowance	32,931	37,642
Airtime	-	-
Entertainment Allowance	1,200	660
Remunerative Allowance	26,723	29,277
NITA	267	322
Leave Allowance	11,077	14,970
Employer Contribution to housing levy	9,988	9,375
Fringe Benefit	3,513	-
<b>Employee costs</b>	<b>945,713</b>	<b>1,082,550</b>

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**16. Board Expenses**

Board expenses include cost incurred when the Board sit for strategic meetings. Members of the Board of AFA were appointed on 24<sup>th</sup> March 2023

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Sitting allowances	9,137	10,420
Board Accommodation and Travel	15,408	19,527
Chairmans Honoraria	960	960
Corporate Governance and Board Training	450	1,711
Board Other Allowances	65	262
Telephone and Airtime	-	14
Board Foreign Travel	1,833	2,062
Board Medical and Insurances	709	642
<b>Total</b>	<b>28,561</b>	<b>35,597</b>

**17. Depreciation and Amortization Expense**

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Property, plant and equipment	265,435	355,612
Intangible assets	15,083	29,342
<b>Total depreciation and amortization</b>	<b>280,518</b>	<b>384,954</b>

**18. Repairs and Maintenance**

This relates to expenditure on repairs and maintenance of the Authority's assets

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Property	17,514	13,901
Equipment and machinery	2,948	3,182
Vehicles	23,985	29,205
Furniture and fittings	150	433
Computers and accessories	36,085	20,792
<b>Total repairs and maintenance</b>	<b>80,681</b>	<b>67,513</b>

**19. Gain on Sale of Depreciable Assets**

This relates to the gain realized after compensation from insurance companies for unserviceable assets

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Property, plant and equipment	658	4,198
<b>Total gain on sale of assets</b>	<b>658</b>	<b>4,198</b>

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**20. Loss on foreign exchange transactions**

This relates to the exchange differences arising from translating balances in accounts with USD balances into the reporting currency

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs "000"</b>	<b>Kshs "000"</b>
Loss on Foreign Exchange	23	126
	<b>23</b>	<b>126</b>

**21. Cash and Cash Equivalentents**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs "000"</b>	<b>KShs "000"</b>
Current account	1,448,287	936,487
On - call deposits	474,814	556,037
Fixed deposits account	1,700,000	1,603,189
<b>Total cash and cash equivalentents</b>	<b>3,623,102</b>	<b>3,095,712</b>

Fixed deposits relate to funds on three months fixed deposits awaiting approval for settling related liabilities

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*Notes to the Financial Statements (Continued)*

**Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account No	2024-25	2023-24
		Amount in KShs 000	Amount in KShs 000
<b>A. Current Account</b>			
Kenya Commercial Bank	1110499213	54,898	51,457
Kenya Commercial Bank	1136148655	189,533	49,308
Kenya Commercial Bank	1113721383	108	109
Kenya Commercial Bank	1135213151	5	5
Kenya Commercial Bank	1134347472	36	46
National Bank of Kenya	1003000903600	65,524	56,373
Stanbic Bank Kenya Limited	100002304702	2,913	5,380
Co-operative Bank	1141588031600	-	80,501
Co-operative Bank	1120012923300	-	149
Absa Bank	945019115	32,687	59,681
Absa Bank	731081123	60,006	86,578
Citibank N.A.	300026028	109,701	16,491
Citibank N.A.	300026055	86,905	18,584
National Bank of Kenya	1003000906900	787,043	379,909
Citibank N.A.	300027008	13,082	13,082
Co-operative Bank	1120000543400	39,952	10,099
National Bank of Kenya	1001031599900	-	107,062
National Bank of Kenya	1001033092200	-	30
Stanbic Bank-USD	100000672248	5,895	1,643
<b>Sub-Total</b>		<b>1,448,288</b>	<b>936,487</b>
<b>B. On - Call Deposit</b>			
National Bank of Kenya	1400031599902	-	81,223
Co-operative Bank	1150000543405	214,731	214,731
Co-operative Bank	1150000543406	260,083	260,083
<b>Sub-Total</b>		<b>474,814</b>	<b>556,037</b>
<b>C. Fixed Deposit</b>			
Euro Bank	Euro bank	-	51,188
Cooperative bank	1320080011002	-	1,552,000
Kenya Commercial Bank	MM25048ZFMCG	1,700,000	-
<b>Sub-Total</b>		<b>1,700,000</b>	<b>1,603,188</b>
<b>TOTAL</b>		<b>3,623,102</b>	<b>3,095,712</b>

**22. Mortgage and Car Loan Fund**

Description	2024-2025	2023-2024
	Kshs "000"	Kshs "000"
Staff Mortgage	514,857	636,133
<b>Total Fund</b>	<b>514,857</b>	<b>636,133</b>

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**23. Receivables from Exchange Transactions**

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

This relates to accounts receivables arising from prepaid expenses, trade and rent debtors

	<b>2024-2025</b>	<b>2023-2024</b>
<b>Current receivables</b>	<b>Kshs "000"</b>	<b>Kshs "000"</b>
Rent Debtors	71,507	72,059
Trade Debtors	35,799	63,464
Prepayments	33	33
Other Debtors	1,446	6,955
Cess Debtors	69,271	74,898
Receivable from PPCK	196,631	196,631
Interest Receivable from Bank	151,568	134,996
<b>Total current receivables</b>	<b>526,256</b>	<b>549,035</b>

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

This relates to long-term receivables from Levy arrears and Sugar Development Fund (SDF) now transferred to the Kenya Sugar Board after the separation

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs "000"</b>	<b>Kshs "000"</b>
Total Receivables		
Levy Arrears	-	2,883,039
SDF Receivables	-	229,122
Less: impairment allowance	-	-
	-	<b>3,112,161</b>
Current portion transferred to current receivables	-	-
<b>Total non-current receivables</b>	<b>-</b>	<b>3,112,161</b>
<b>Total receivables (a+b)</b>	<b>526,256</b>	<b>3,661,196</b>

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

<b>Description</b>	<b>2024/2025</b>		<b>2023/2024</b>	
	<b>Kshs 000</b>		<b>Kshs 000</b>	
	<b>Current FY</b>	<b>% of the total</b>	<b>Comparative</b>	<b>% of the total</b>
Under one year	123,054	23.38%	229,048	6.26%
Between 1- 2 years	94,861	18.03%	4,243	0.12%
Between 2-3 years	7,342	1.40%	4,756	0.13%
Over 3 years	300,999	57.20%	3,423,150	93.50%
<b>Total (a+b)</b>	<b>526,256</b>	<b>100.00%</b>	<b>3,661,196</b>	<b>100.00%</b>

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**24. Receivables from Non-Exchange Transactions**

This relates to amounts owing from staff and recurrent grants for the month of June 2024 which was outstanding at the end of the financial year.

Description	2024-2025	2023-2024
	KShs "000"	KShs "000"
Staff Debtors	2,177	4,399
Staff Advance	1,938	2,825
Grant Receivable	200,000	111,667
Deposits	-	772
<b>Total current receivables</b>	<b>204,115</b>	<b>119,663</b>

**(a) Ageing analysis for Receivables from Non-Exchange Transactions**

Description	2024/2025		2023/2024	
	Kshs 000		Kshs 000	
	Current FY	% of the total	Comparative FY	% of the total
Under one year	202,921	99.42%	113,087	94.50%
Between 1- 2 years	187	0.09%	2,418	2.02%
Between 2-3 years	98	0.05%	517	0.43%
Over 3 years	909	0.45%	3,641	3.04%
<b>Total (a+b)</b>	<b>204,115</b>	<b>100.00%</b>	<b>119,663</b>	<b>100.00%</b>

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**25. Property, Plant and Equipment**

	Free Hold Land	Lease Hold Land	Buildings	Plant and Equipment	Automobiles	Computer and Electronic Equipment	Office and Communication Equipment	Furniture and Fittings	WIP	TOTAL
Cost	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000
At 30 June 2023	6,664,284	273,000	2,821,863	1,705,627	374,960	230,469	200,245	149,063	733,654	13,153,165
Additions	-	-	-	-	143,388	34,022	12,434	17,133	82,044	289,021
Transfers/Adjustments	-	-	-	-	-	(13)	(90)	103	-	-
Disposals	-	-	-	(620)	(23,768)	(7,402)	(2,416)	(1,460)	-	(35,666)
<b>At 30 June 2024</b>	<b>6,664,284</b>	<b>273,000</b>	<b>2,821,863</b>	<b>1,705,007</b>	<b>494,579</b>	<b>257,076</b>	<b>210,174</b>	<b>164,838</b>	<b>815,698</b>	<b>13,406,520</b>
Additions	-	-	-	-	26,499	16,824	8,688	10,192	10,587	72,791
Transfers to KSB	(382,500)	-	(453,076)	(1,216,866)	(82,224)	(79,118)	(58,354)	(39,511)	(721,937)	(3,033,587)
Disposals	-	-	-	-	(3,238)	(502)	-	-	-	(3,740)
<b>As at 30 June 2025</b>	<b>6,281,784</b>	<b>273,000</b>	<b>2,368,787</b>	<b>488,141</b>	<b>435,616</b>	<b>194,280</b>	<b>160,508</b>	<b>135,520</b>	<b>104,348</b>	<b>10,441,985</b>
<b>Depreciation and Impairment</b>										
At 30 June 2023	-	54,600	365,167	635,530	284,024	198,632	171,290	135,895	-	1,845,140
Depreciation	-	9,100	71,373	156,634	66,123	27,280	17,510	7,591	-	355,612
Disposal	-	-	-	(620)	(23,768)	(7,402)	(2,374)	(1,418)	-	(35,582)
<b>As at 30 June 2024</b>	<b>-</b>	<b>63,700</b>	<b>436,540</b>	<b>791,544</b>	<b>326,379</b>	<b>218,511</b>	<b>186,426</b>	<b>142,068</b>	<b>-</b>	<b>2,165,169</b>
Depreciation	-	9,100	65,653	79,880	72,803	23,602	7,625	6,772	-	265,435
Transfer to KSB	-	-	(50,501)	(383,515)	(65,050)	(72,141)	(50,918)	(37,430)	-	(659,555)
Disposal	-	-	-	-	(3,238)	(415)	-	-	-	(3,653)
<b>As at 30 June 2025</b>	<b>-</b>	<b>72,800</b>	<b>451,692</b>	<b>487,909</b>	<b>330,895</b>	<b>169,556</b>	<b>143,133</b>	<b>111,411</b>	<b>-</b>	<b>1,767,396</b>
<b>Net Book Values</b>										
<b>As at 30 June 2025</b>	<b>6,281,784</b>	<b>200,200</b>	<b>1,917,095</b>	<b>232</b>	<b>104,721</b>	<b>24,724</b>	<b>17,375</b>	<b>24,109</b>	<b>104,348</b>	<b>8,674,588</b>
<b>As at 30 June 2024</b>	<b>6,664,284</b>	<b>209,300</b>	<b>2,385,323</b>	<b>913,463</b>	<b>168,200</b>	<b>38,565</b>	<b>23,743</b>	<b>22,775</b>	<b>815,698</b>	<b>11,241,351</b>

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Work in Progress includes Hot water treatment which is still under construction at the Horticultural Directorate headquarters. Transfers of assets of the former Sugar Directorate were transferred from AFA to Kenya Sugar Board after the operationalization of the Sugar Act 2023.

**Land on Leasehold**

AFA has in accordance with IPSAS 13 on Leases; amortized land, which states that operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

The Authority has been amortizing property BLOCK 1/251, BLOCK 1/187, BLOCK 1/188, and BLOCK 1/198 leased from Kenya Railways Corporation.

**25 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>
Land- Free Hold	6,281,784	-	6,281,784
Building	2,368,787	451,692	1,917,095
Plant and machinery	488,141	487,909	232
Motor vehicles, including motorcycles	435,616	330,895	104,721
Computers and related equipment	194,280	169,556	24,724
Office equipment, furniture and fittings	296,028	254,544	41,485
<b>Total</b>	<b>10,064,637</b>	<b>1,694,596</b>	<b>8,370,040</b>

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

Category of Assets	Cost	Normal Annual Depreciation charge
	Kshs'000	Kshs'000
Plant and machinery	487,770	60,971
Automobiles	408,971	102,243
Computers and related equipment	146,115	48,705
<i>Furniture and Fittings</i>	<i>100,455</i>	<i>12,557</i>
<i>Office and communication equipment</i>	<i>129,654</i>	<i>16,207</i>
Total Office equipment, furniture and fittings	230,109	28,764
<b>Total</b>	<b>1,272,964</b>	<b>240,682</b>

**26. Investment Property**

The investment relates to the shares held in Kenya Coffee Auctions Limited.

Description	2024/2025	2023/2024
	Kshs '000	Kshs '000
Shareholding in Kenya Coffee Auctions Limited	389	389

The defunct Coffee Board of Kenya held 9,880 shares of the 15,200 issued and fully paid ordinary shares of KShs. 20 each at Kenya Coffee Auctions Limited. The Authorized Share Capital is 30,000 shares of KShs 20 each. It is not clear how the defunct board valued its shares to Kshs. 389,000

26b) Shares in Other Entities							
Name of entity where investment is held	No of shares		Indirect shareholding	Effective shareholding	Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding					Current year	Prior year
	%	%	%	Kshs '000'	Kshs '000'	Kshs '000'	
Kenya Coffee Auctions Limited	100	-	-	389	389	389	
	<b>100</b>	<b>-</b>	<b>-</b>	<b>389</b>	<b>389</b>	<b>389</b>	

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**27. Intangible Assets**

	<b>2024/2025</b>	<b>2023/2024</b>
	<b>Kshs '000</b>	<b>Kshs '000</b>
<b>COST</b>		
At July 1	262,461	261,936
Software Additions	583	525
Transfer to Kenya Sugar Board	(143,761)	-
<b>At June 30</b>	<b><u>119,283</u></b>	<b><u>262,461</u></b>
<b>AMORTISATION</b>		
At July 1,	175,695	146,353
Charge for the year	15,083	29,342
Transfer to Kenya Sugar Board KSB	(72,275)	-
<b>At June 30</b>	<b><u>118,503</u></b>	<b><u>175,695</u></b>
<b>NET BOOK VALUE</b>		
<b>At June 30</b>	<b><u>780</u></b>	<b><u>86,766</u></b>

**28. Trade and Other Payables**

This comprises money owed to suppliers and contractors, income received in advance and payroll liabilities as at 30th June 2025.

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs "000"</b>	<b>Kshs "000"</b>
Trade payables	453,061	559,513
Payments received in advance	-	1,000
Salary Deductions Payables	43,051	2,179
Third-party payments	100	-
Other Payables	1	2
Kenya Sugar Board Mortgage Fund	167,660	-
<b>Total trade and other payables</b>	<b>663,873</b>	<b>562,693</b>

**Ageing analysis: Trade and Other Payable**

<b>Description</b>	<b>2024/2025</b>		<b>2023/2024</b>	
	<b>Current FY</b>	<b>% of the total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Under one year	532,135	80.16%	409,564	72.79%
Between 1- 2 years	63,682	9.59%	1,252	0.22%
Between 2-3 years	769	0.12%	5,048	0.90%
Over 3 years	67,287	10.14%	146,829	26.09%
<b>Total (a+b)</b>	<b>663,873</b>	<b>100.00%</b>	<b>562,693</b>	<b>100.00%</b>

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**29. Refundable Deposits and Prepayments from Customers**

This relates to customers' deposits on rental properties

Description	2024-2025	2023-2024
	KShs "000"	KShs "000"
Customer deposits	50,060	48,460
<b>Total deposits</b>	<b>50,060</b>	<b>48,460</b>

**Ageing analysis: Trade and Other Payable Refundable Deposits**

Description	Insert Current FY		Insert Comparative FY	
	Kshs "000"		Kshs "000"	
	Current FY	% of the total	Comparative FY	% of the total
Under one year	20,464	40.88%	21,019	43.37%
Between 1- 2 years	2,154	4.30%	3,634	7.50%
Between 2-3 years	3,634	7.26%	9,537	19.68%
Over 3 years	23,807	47.56%	14,270	29.45%
<b>Total (a+b)</b>	<b>50,060</b>	<b>100.00%</b>	<b>48,460</b>	<b>100.00%</b>

**30. Current Provisions**

This is a current provision provided for consultancy services and the utilization of provisions by payment of audit fees for the FY 2023/2024. Transfers include the transfer of the provisions for the Kenya Sugar Board.

Description	Other provision	Total
	Kshs "000"	Kshs "000"
<b>Balance b/d (1.07.2024)</b>	<b>35,808</b>	<b>35,808</b>
Additional Provisions	78,898	78,898
Provision utilised	(11,983)	(11,983)
Transfers from non -current provisions	(3,143)	(3,143)
<b>Total provisions as at 30.6.2025</b>	<b>99,580</b>	<b>99,580</b>

The deferred income movement is as follows:

**31. Deferred Income**

Deferred income includes deferred income for funds received for Irish potato project 30 million.

Description	2024/2025	2023/2024
	Kshs '000	Kshs '000
Deferred Income	30,000	30,000
<b>Deferred Income</b>	<b>30,000</b>	<b>30,000</b>

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Description	2024/2025	2023/2024
	KShs'000	KShs'000
National Government- Irish Potato Project	30,000	30,000
<b>Total Deferred Income</b>	<b>30,000</b>	<b>133,365</b>

	National government	Total
	KShs'000	KShs'000
Balance Brought Forward	30,000	30,000
Transfers to Income Statement	-	-
<b>Balance Carried Forward</b>	<b>30,000</b>	<b>30,000</b>

**32. Employee Benefit Obligations**

Description	2024/2025	2023/2024
	KShs "000"	KShs "000"
Current benefit obligation (Provision for Salaries Harmonization Arrears)	1,257,386	1,257,386
<b>Total employee benefits obligation</b>	<b>1,257,386</b>	<b>1,257,386</b>

The amount of Kshs 1.257 billion has been provided for staff salary arrears. The Authority intends to pay staff once the necessary approvals are received,

**33. Non-Current Provisions**

Noncurrent provisions for Sugar levy arrears and Sugar Research levy have been transferred to the Kenya Sugar Board.

**34. Surplus Remission**

	2024-2025	2023-2024
	KShs "000"	KShs "000"
Surplus for the period	523,463	635,136
Less: Allowable deductions by NT	-	-
90% computation (Included in Statement of Financial performance)	471,117	571,622
	<b>471,117</b>	<b>571,622</b>
<b>Surplus Remission Payable</b>	<b>2024-2025</b>	<b>2023-2024</b>
	KShs "000"	KShs "000"
Payable at the beginning of the year	571,622	757,810
Paid during the year	571,622	757,810
<b>Payable at end of the year</b>	<b>471,117</b>	<b>571,622</b>

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**35. Financial Risk Management**

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority's overall risk management program 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 Authority does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Authority's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The Authority 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 Authority'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 Authority's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	2024/2025	2023/2024	Total
	Ksh 000	Ksh 000	Ksh 000
<b>As at 30 June 2025</b>			
<b>Financial assets</b>			
Investments	389	389	778
Cash	3,623,102	3,095,712	6,718,814
Debtors	730,371	668,698	1,399,069
<b>Total financial assets</b>	<b>4,353,861</b>	<b>3,764,799</b>	<b>8,118,660</b>
<b>Financial Liabilities</b>			
Trade and other payables	663,873	562,693	1,226,567
Borrowings	-	-	-
<b>Total financial liabilities</b>	<b>663,873</b>	<b>562,693</b>	<b>1,226,567</b>
<b>Net foreign currency asset/(liability)</b>	<b>3,689,988</b>	<b>3,202,106</b>	<b>6,892,094</b>

**Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Authority has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated

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**ii) Liquidity risk management**

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

**iii) Market risk**

The Authority has put in place an internal audit function to assist it in assessing the risks it faces on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Authority's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Authority's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Authority's exposure to market risks or the way it manages and measures the risk.

**Financial Risk Management**

**a) Foreign currency risk**

The *Authority* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Authority* manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

**b) Interest rate risk**

Interest rate risk is the risk that the Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The Authority's interest rate risk arises from bank deposits. This exposes the Authority to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Authority's deposits.

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**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**Financial Risk Management**

**Sensitivity analysis**

The Authority analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Authority's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Authority* considers relevant and observable market prices in its valuations where possible.

**Capital Risk Management**

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

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs 000</b>	<b>Kshs 000</b>
Revaluation reserve	8,840,659	9,270,533
Retained earnings	(1,507,789)	- 914,405
Capital reserve	1,869,966	1,320,966
Grant Reserve	1,769,235	5,886,548
<b>Total funds</b>	<b>10,972,070</b>	<b>15,563,642</b>
Total borrowings	-	-
Less: cash and bank balances	3,623,102	3,095,712
<b>Net debt/(excess cash and cash equivalents)</b>	<b>14,595,172</b>	<b>18,659,355</b>
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

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**36. Capital Commitment**

Capital Commitments	2024-2025	2023-2024
	KShs "000"	KShs "000"
Tender for supply, Installation, and Support of an Enterprise Resource Planning System (ERP).	55,420	-
Tender for Supply, Installation, and Customization of an Electronic Document Management System (EDMS)	7,520	-
Supply, installation, and commissioning of the internal audit management system	6,528	-
Upgrade of the national horticulture traceability system (NHTS)	27,570	-
Design, fabrication, shipping, installation, testing, training, and commissioning of an avocado grading and packing line	89,343	-
Supply And Installation Of Geographical Information System (GIS) Software To Map Scheduled Food Crops In Kenya.	8,134	-
Supply, delivery, and installation of machinery for Common User facilities (edible Oil project)	54,775	-
Construction of Common user facilities	58,213	-
Renovations of pack houses at Nkubu, Sagana, Mwea, and Nairobi.	15,070	-
Renovations of pack houses at Limuru	5,840	-
Renovation works and the Supply and delivery of Cold Storage rooms.	27,487	-
Cane Testing Units	200,000	-
<b>Total Capital Commitment</b>	<b>555,900</b>	<b>-</b>

Capital Commitment of Kshs 355.9 million to be financed from internally generated funds and Kshs 200 million to be financed from Government funds.

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*Notes to the Financial Statements (Continued)*

**37. Events after the Reporting Period**

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

**38. Ultimate and Holding Authority**

The Authority is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Agriculture and Livestock Development. Its ultimate parent is the Government of Kenya.

**39. Currency**

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

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**40. Segment Information**

A detailed Directorate's financial performance and financial position for the year under review is given below,

**a. Financial Performance for the year ended 30<sup>th</sup> June 2025**

Name		CONSOLIDATE D	COFFEE	FIBRE	FOOD	HCD	HQ	NOCD	POICD	SUGAR
Revenue	NOTE	KShs. '000	KShs. '000	KShs. '000	KShs. '000	KShs. '000	KShs. '000	KShs. '000	KShs. '000	KShs. '000
<b>Government Grant</b>										
Development Grant from Government		1,050,000	-	-	-	-	-	-	-	1,050,000
<b>Total Government</b>	<b>6</b>	<b>1,050,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,050,000</b>
<b>Internally Generated Income</b>										
<b>Revenue from non-exchange Transactions</b>										
<b>Levies, Fines and Penalties</b>										
Cess		2,090	-	-	-	2,090	-	-	-	-
Levies and Others		1,454	-	-	-	150	-	-	-	1,304
Regulatory Levies		4,124,646	-	-	-	-	4,124,646	-	-	-
	<b>7</b>	<b>4,128,190</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,240</b>	<b>4,124,646</b>	<b>-</b>	<b>-</b>	<b>1,304</b>
<b>Licences, Permits and Fees</b>										
Licenses and permits		93,769	4,325	-	-	60	79,383	-	-	10,000
Fees		655	-	325	241	90	-	-	-	-
	<b>8</b>	<b>94,424</b>	<b>4,325</b>	<b>325</b>	<b>241</b>	<b>150</b>	<b>79,383</b>	<b>-</b>	<b>-</b>	<b>10,000</b>
<b>Total Revenue from Non-exchange transactions</b>		<b>5,272,615</b>	<b>4,325</b>	<b>325</b>	<b>241</b>	<b>2,390</b>	<b>4,204,030</b>	<b>-</b>	<b>-</b>	<b>1,061,304</b>
		-	-	-	-	-	-	-	-	-

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<b>Revenue from exchange transactions</b>		-	-	-	-	-	-	-	-	-
Rental Income	9	130,205	83,073	25,783	-	1,324	19,846	-	-	180
Investment Income	10	207,506	34,752	340	-	39	-	169,215	-	3,159
Other Incomes	11	12,520	6,031	-	-	5,340	1,150	-	-	-
<b>Total Revenue from exchange transactions</b>		<b>350,231</b>	<b>123,855</b>	<b>26,123</b>	<b>-</b>	<b>6,703</b>	<b>20,996</b>	<b>169,215</b>	<b>-</b>	<b>3,339</b>
<b>Total Revenue</b>		<b>5,622,846</b>	<b>128,181</b>	<b>26,448</b>	<b>241</b>	<b>9,093</b>	<b>4,225,025</b>	<b>169,215</b>	<b>-</b>	<b>1,064,644</b>
<b>EXPENSES</b>										
<b>Use of Goods and Services</b>										
Collaborations and coordination		31,803	1,275	4,053	3,081	9,502	-	1,659	6,478	5,755
Stakeholders Capacity Building		80,514	5,343	8,799	12,941	17,936	-	12,640	11,339	11,517
Environmental sustainability		4,836	1,126	2,400	464	-	-	846	-	-
International Fora/Meetings		6,740	129	760	458	2,443	-	982	1,488	480
Seed Supply Management		6,443	2,884	993	-	1,327	-	52	-	1,188
Crop Support		49,035	6,505	1,016	3,843	6,809	-	20,068	5,579	5,215
Registration & licensing		12,788	601	1,805	138	3,218	-	3,002	2,231	1,794
Inspections & Surveillance		46,904	8,849	4,576	6,427	10,530	-	10,876	3,120	2,525
Development and Review of Standards		86,535	3,429	29,886	3,894	2,770	-	7,311	10,370	28,876
Quality analysis		18,494	6,307	880	2,404	1,457	-	4,064	2,405	977
Stakeholders Forums		49,520	3,691	4,018	9,480	10,734	-	9,395	5,033	7,167
International Forum/Meetings		9,833	1,129	1,297	268	3,971	-	2,480	124	563
Technical Consultancies		1,192	-	-	-	1,192	-	-	-	-
Enforcement of Regulations and Standards		11	-	-	-	-	-	11	-	-
Training of Inspectors		3,364	-	-	-	2,042	-	1,322	-	-

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Generic Promotion & Market Development.		49,772	5,562	4,308	4,941	6,499	-	18,389	6,027	4,045
Market Research		29,322	6,624	1,166	3,671	4,597	-	5,705	3,423	4,135
Subscriptions to Associations		440	-	409	-	-	-	-	-	31
Product Promotion		41,350	7,050	4,334	746	2,254	-	15,143	1,499	10,324
Overseas conference Expenses		65,483	14,899	1,480	3,006	38,151	-	3,507	1,090	3,351
Value Addition		24,324	1,303	2,509	4,595	2,547	-	6,190	1,271	5,909
Market registration		11,717	1,592	-	-	1,688	-	305	8,131	-
Common user items- Stationery		13,917	2,101	740	466	1,910	3,134	4,636	624	305
Comm Telephone and Postage		51,815	2,814	2,827	1,424	5,692	33,802	2,041	1,729	1,485
Vehicle Running Expenses		49,362	4,197	4,630	4,433	10,339	14,602	3,049	4,348	3,763
Insurance Expenses		22,545	-	-	-	-	22,545	-	-	-
Local Travelling Expenses		211,388	10,798	13,541	16,337	23,908	108,898	13,569	14,762	9,574
Planning Research, Strategy and Monitoring		33,588	-	-	-	-	33,588	-	-	-
International travel		3,854	869	-	-	-	2,984	-	-	-
Security		34,196	-	-	-	-	33,647	-	-	549
Water and Electricity		24,761	6,604	819	-	8,991	6,295	-	-	2,052
Rent and rates		157,236	361	-	-	92,891	63,985	-	-	-
Computer Accessories		18,612	1,643	1,634	1,767	3,879	5,966	417	598	2,707
Record management		6,938	1,556	-	-	968	3,109	744	-	561
Cleaning, Garbage & Sanitary		18,244	-	-	-	-	18,090	154	-	-
Management Fees		2,732	2,732	-	-	-	-	-	-	-
Newspapers, Periodicals, Journals & Subs		2,139	374	354	87	335	231	341	151	266
Advertising and Publicity		-	-	-	-	-	-	-	-	-
Bank Charges		4,474	413	275	257	872	1,834	324	290	211

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Staff Welfare		31,896	4,727	3,694	654	9,522	5,578	1,808	2,327	3,584
Training, Retreats & Workshops		97,302	2,205	1,687	1,094	2,646	76,332	7,931	2,946	2,462
Subscriptions to Professional Bodies		432	-	-	-	-	432	-	-	-
Staff Uniforms		2,324	-	-	-	-	2,324	-	-	-
Team Building		4,859	-	-	-	-	4,093	766	-	-
Audit Fees		4,948	-	-	-	-	4,948	-	-	-
Internal Audit /ISO		14,762	-	-	-	-	14,762	-	-	-
Legal Services		19,015	-	-	-	-	19,015	-	-	-
Public Relations & Corporate Branding		5,841	-	-	-	-	5,841	-	-	-
Shows , Exhibition & trade fairs		20,621	-	-	-	-	20,621	-	-	-
Corporate Social Responsibility		154,503	-	-	-	-	154,503	-	-	-
General Expenses		13,506	2,178	394	581	5,829	3,170	-	625	730
Consultancies		12,289	-	-	-	-	12,289	-	-	-
Revaluation of Assets		65,000	-	-	-	-	65,000	-	-	-
<b>Total Use of Goods</b>	<b>12</b>	<b>1,733,516</b>	<b>121,870</b>	<b>105,284</b>	<b>87,457</b>	<b>297,448</b>	<b>741,619</b>	<b>159,729</b>	<b>98,009</b>	<b>122,099</b>
<b>Disbursements to Sugar Farmers</b>										
Sony Farmers		334,417	-	-	-	-	-	-	-	334,417
Muhoroni Farmers		216,495	-	-	-	-	-	-	-	216,495
Nzoia Farmers		256,599	-	-	-	-	-	-	-	256,599
Chemilil Farmers		196,489	-	-	-	-	-	-	-	196,489
Nzoia Sugar Factory Rehabilitation		46,000	-	-	-	-	-	-	-	46,000
Kenya Sugar Board		425,023	-	-	-	-	425,023	-	-	-
<b>Total Disbursement</b>	<b>13</b>	<b>1,475,023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>425,023</b>	<b>-</b>	<b>-</b>	<b>1,050,000</b>

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<b>Special Programme</b>											
Cotton Revitalisation		10,040	-	10,040	-	-	-	-	-	-	-
Cane Testing Units		446,552	-	-	-	-	446,552	-	-	-	-
Farmers Data Registration		99,413	-	-	-	-	-	99,413	-	-	-
<b>Total Special Programme</b>	<b>14</b>	<b>556,006</b>	<b>-</b>	<b>10,040</b>	<b>-</b>	<b>-</b>	<b>446,552</b>	<b>99,413</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Personnel cost</b>											
Basic Pay		511,646	-	-	-	-	511,646	-	-	-	-
Medical expenses		149,293	-	-	-	-	149,293	-	-	-	-
Pension/Gratuity		87,072	-	-	-	-	87,072	-	-	-	-
House Allowance		93,865	-	-	-	-	93,865	-	-	-	-
NSSF		15,841	-	-	-	-	15,841	-	-	-	-
Other Employee Related Costs		84,483	-	-	-	-	84,483	-	-	-	-
Fringe Benefit		136,036	-	-	-	-	3,513	-	-	-	-
<b>Total Personnel cost</b>	<b>15</b>	<b>945,713</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>945,713</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Board Expenses</b>											
Board-Sitting Allowance		9,137	-	-	-	-	9,137	-	-	-	-
Board Accom & Subsistence		15,408	-	-	-	-	15,408	-	-	-	-
Directors' Honoraria		960	-	-	-	-	960	-	-	-	-
Board Corporate Govern Trainings		450	-	-	-	-	450	-	-	-	-
Board Foreign Travel		1,833	-	-	-	-	1,833	-	-	-	-
<b>Total Board Expenses</b>	<b>16</b>	<b>28,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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<b>Depreciation and Amortization</b>										
<b>Depreciation</b>		-	-	-	-	-	-	-	-	-
Depre Buildings		65,653	38,998	7,005	-	13,930	-	-	-	5,720
Depre Plant and Equipment		79,880	3,177	-	-	-	-	-	-	76,703
Depre Automobiles		72,803	2,627	-	4,875	5,555	46,861	6,868	1,750	4,267
Depre Computer and Electronic Equipment		23,602	2,538	-	981	6,236	6,011	1,900	816	5,119
Depre Office and Communication Equipment		7,625	640	-	127	1,829	4,378	-	-	651
Depre Furniture and Fittings		6,772	1,194	10	329	727	3,855	469	-	187
Amortization of Land		9,100	-	9,100	-	-	-	-	-	-
<b>Total Depreciation</b>		<b>265,435</b>	<b>49,175</b>	<b>16,115</b>	<b>6,312</b>	<b>28,277</b>	<b>61,105</b>	<b>9,238</b>	<b>2,566</b>	<b>92,647</b>
<b>Amortization</b>										
Amortization of Intangible Assets		15,083	-	-	-	-	706	-	-	14,376
<b>Total Amortization</b>		<b>15,083</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>706</b>	<b>-</b>	<b>-</b>	<b>14,376</b>
<b>Total Depreciation and Amortization</b>	<b>17</b>	<b>280,518</b>	<b>49,175</b>	<b>16,115</b>	<b>6,312</b>	<b>28,277</b>	<b>61,811</b>	<b>9,238</b>	<b>2,566</b>	<b>107,023</b>
<b>Repairs and Maintenance</b>										
Buildings		17,514	83	3,026	-	9,134	3,430	1,018	-	823
Automobiles		23,985	2,169	3,653	1,731	5,572	6,101	2,265	1,690	803
Computer and Electronic Equipment		36,085	414	9	29	-	35,628	-	-	6
Furniture and equipment		150	50	50	-	-	50	-	-	-
Lift/ Generators/ Borehole maintenance		2,948	-	569	-	-	2,306	22	-	51
<b>Total Repairs and Maintenance</b>	<b>18</b>	<b>80,681</b>	<b>2,715</b>	<b>7,307</b>	<b>1,760</b>	<b>14,705</b>	<b>47,536</b>	<b>3,284</b>	<b>1,690</b>	<b>1,683</b>
<b>TOTAL EXPENSES</b>		<b>5,100,017</b>	<b>173,760</b>	<b>138,746</b>	<b>95,530</b>	<b>340,431</b>	<b>2,696,815</b>	<b>271,664</b>	<b>102,265</b>	<b>1,280,806</b>

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<b>Other Gains/(Losses)</b>										
Gain on sale of assets		658	-	-	-	281	377	-	-	-
Gain/Loss on Foreign Exchange		(23)	(13)	(10)	-	-	-	-	-	-
<b>Total Other Gains/(Losses)</b>	<b>19</b>	<b>634</b>	<b>(13)</b>	<b>(10)</b>	<b>-</b>	<b>281</b>	<b>377</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SURPLUS</b>		<b>523,463</b>	<b>(45,593)</b>	<b>(112,309)</b>	<b>(95,289)</b>	<b>(331,057)</b>	<b>1,528,588</b>	<b>(102,449)</b>	<b>(102,265)</b>	<b>(216,162)</b>
Remission to National Treasury		471,117								
<b>Net Surplus for the year</b>		<b>52,346</b>								

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**b. Financial Position for the year ended 30<sup>th</sup> June 2025**

Description		CONSOLIDATED	COFFEE	FIBRE	FOOD	HCD	HQ	NOCD	POICD	SUGAR
ASSETS	NOTE	KShs. '000	KShs. '000	KShs. '000	KShs. '000	KShs. '000	KShs. '000	KShs. '000	KShs. '000	KShs. '000
<b>Current Assets</b>										
<b>Cash and cash equivalents</b>										
Bank		1,442,392	53,034	65,673	60,006	32,687	983,649	244,431	2,913	-
Short term Deposits		2,174,814	474,814	-	-	-	-	1,700,000	-	-
USD Bank		5,895	5,895	-	-	-	-	-	-	-
<b>Total Cash and cash equivalents</b>	<b>21</b>	<b>3,623,102</b>	<b>533,743</b>	<b>65,673</b>	<b>60,006</b>	<b>32,687</b>	<b>983,649</b>	<b>1,944,431</b>	<b>2,913</b>	<b>-</b>
Collateral Deposits		347,197	242,122	44,757	-	60,318	-	-	-	-
KSB Mortgage		167,660	-	-	-	-	-	-	-	167,660
<b>Staff Mortgage Fund</b>	<b>22</b>	<b>514,857</b>	<b>242,122</b>	<b>44,757</b>	<b>-</b>	<b>60,318</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,660</b>
<b>Receivables from exchange transactions</b>										
Other Debtors		418,916	101,171	667	-	69,271	196,631	51,175	-	-
Rent Debtors		71,507	30,727	4,082	-	36,512	-	186	-	-
Trade Debtors		35,799	1,234	2,125	-	-	32,441	-	-	-
Prepayments		33	33	-	-	-	-	-	-	-
<b>Receivables from exchange transactions</b>	<b>23(a)</b>	<b>526,256</b>	<b>133,166</b>	<b>6,874</b>	<b>-</b>	<b>105,783</b>	<b>229,071</b>	<b>51,361</b>	<b>-</b>	<b>-</b>
<b>Receivables from non-exchange transactions</b>										
Staff Imprest		2,177	469	-	-	722	118	-	868	-
Staff Advance		1,938	2	-	225	-	1,711	-	-	-
Deposits & Other Receivables		200,000	-	-	-	-	200,000	-	-	-

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Total Receivables from non-exchange transactions	24	204,115	471	-	225	722	201,829	-	868	-
<b>TOTAL CURRENT ASSETS</b>		<b>4,700,035</b>	<b>908,867</b>	<b>117,304</b>	<b>60,232</b>	<b>199,510</b>	<b>1,414,549</b>	<b>1,995,792</b>	<b>3,781</b>	<b>-</b>
<b>Non- Current Assets</b>										
<b>Property, Plant and Equipment</b>										
Land										
Land Net		6,481,984	4,482,584	585,200	-	1,414,200	-	-	-	-
Buildings										
Buildings Net		1,917,095	1,247,951	223,384	-	445,760	-	-	-	-
Plant and Equipment Net		232	232	-	-	-	-	-	-	-
Automobiles Net		104,721	2,627	-	14,624	-	68,482	13,737	5,250	-
Computer and Electronic Equipment's Net		24,724	8,113	-	1,776	4,316	6,666	2,220	1,633	-
Office and Comm Equipment Net		17,375	2,972	-	760	9,235	4,403	-	-	-
Furniture and Fittings Net		24,109	6,947	25	2,304	3,748	8,274	2,816	-	-
Total Work in Progress		104,348	58,614	-	-	45,734	-	-	-	-
<b>Total Property, Plant and Equipment</b>	<b>25</b>	<b>8,674,588</b>	<b>5,810,040</b>	<b>808,608</b>	<b>19,465</b>	<b>1,922,993</b>	<b>87,826</b>	<b>18,773</b>	<b>6,883</b>	<b>-</b>
Other Investments	26	389	389	-	-	-	-	-	-	-
<b>Intangible assets</b>										
<b>Software Development</b>										
Intangible assets	27	781	-	-	-	-	781	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,675,758</b>	<b>5,810,429</b>	<b>808,608</b>	<b>19,465</b>	<b>1,922,993</b>	<b>88,607</b>	<b>18,773</b>	<b>6,883</b>	<b>-</b>

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<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
<b>Trade and Other Payables</b>										
Trade and Other Payables		453,061	39,361	728	9,541	169,193	220,377	1,490	12,372	-
Payroll Liabilities		43,051	-	-	-	-	43,051	-	-	-
Insurance Compensation		100	-	-	-	-	100	-	-	-
Other Payables		1	-	-	-	-	-	1	-	-
Kenya Sugar Board		167,660	-	-	-	-	-	-	-	167,660
<b>Trade and Other Payable</b>	<b>28</b>	<b>663,873</b>	<b>39,361</b>	<b>728</b>	<b>9,541</b>	<b>169,193</b>	<b>263,528</b>	<b>1,490</b>	<b>12,372</b>	<b>167,660</b>
Refundable deposits from customers	<b>29</b>	50,060	29,003	2,783	-	14,508	3,765	-	-	-
Current Provisions	<b>30</b>	99,580	10,762	901	-	5,231	73,736	8,950	-	-
Deferred income	<b>31</b>	30,000	-	-	-	-	30,000	-	-	-
Employee benefit obligation	<b>32</b>	1,257,386	-	-	-	-	1,257,386	-	-	-
<b>Total Current Liabilities</b>		<b>2,100,900</b>	<b>79,126</b>	<b>4,412</b>	<b>9,541</b>	<b>188,933</b>	<b>1,628,416</b>	<b>10,441</b>	<b>12,372</b>	<b>167,660</b>
<b>Non-current Liabilities</b>										
Non-current provisions	<b>33</b>									
Ninety Percent Surplus Provision	<b>34</b>	471,117	-	-	-	-	471,117	-	-	-
<b>Total non-current liabilities</b>		<b>471,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>471,117</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>2,572,017</b>	<b>79,126</b>	<b>4,412</b>	<b>9,541</b>	<b>188,933</b>	<b>2,099,533</b>	<b>10,441</b>	<b>12,372</b>	<b>167,660</b>

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**20. Appendices**

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

Management appeared before PIC and the following are the responses to the audit queries raised in 2023-2024 FY, the status of whether the issue is resolved or not resolved will be determined by the report being awaited by management and based on the report management will come up with measures to mitigate the issues by setting time frame

Ref. 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)
	<b>REPORT ON THE FINANCIAL STATEMENTS</b>			
1.	<b>Property, Plant and Equipment</b>  The statement of financial position as disclosed in Note 25 to the financial statements reflects the net book value of property, plant, and equipment balance of Kshs.11,241,351,000. The following discrepancies were observed: -			
1.1	<b>Failure to Revalue Assets</b> Review of the assets register submitted for audit revealed several			Will be resolved in the year

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Ref. 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)
	<p>items in different classes with a historical acquisition cost of Kshs. 1,415,504,584 that had been depreciated to zero net book value. However, the assets are still in use and the entity is still getting economic value from these assets.</p>	<p>The policy of AFA is to carry out revaluation for its assets after every 5 years as per clause 5.13.2 of the AFA Asset Management Policy 2017.</p> <p>The Authority revalued and adjusted its assets in the financial year 2017/2018, the next revaluation is budgeted in the financial year 2024/2025. The revaluation procurement process has commenced as per the attached advertisement</p> <p><b>Appendix</b></p> <p><b>1.1 (a)</b> Extract of the Asset management policy on revaluation. Pg. No. 6-38</p> <p><b>1.1 (b)</b> Advertisement for the tender Pg. No. 40-41</p>	Not resolved yet	2025/26 when the asset revaluation will have been completed
	<p>Further, two Cane Testing Units pilot projects with a balance of Kshs.279 095, 735 and upgrade of Sony and Nzoia Cane testing units with a balance of Kshs.442,841,740 were reported as work in progress but they were complete thus understating buildings, plant and</p>	<p>The auditor's observation is correct that the matter of the two CTU's will be addressed in the following year. As at 1<sup>st</sup> January 2025, the Cane Testing Units assets have been transferred to the Kenya Sugar Boards.</p>	Not Resolved yet	Will be resolve in the year 2025/26 under Kenya Sugar Board

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Ref. 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)
	equipment and overstating work in Progress.			
	<p><b>1.2. Undocumented Assets in the Cane Testing Units</b></p> <p>Physical verification Carried out on 12 September 2024 at the Cane Testing Units in Chemill, Muhoroni, Nzoia and Sony sugar companies revealed that although the Cane testing units had been tagged as AFA assets they have not been included in the entity's asset register.</p> <p>Further, there are no documented standard procedures on how to treat the replaced spare parts and integration them with other items so that they can be included in the entity's disposal plan thus exposing them to theft. In addition, at the time of audit verification in the month of August, 2024 no evidence was provided to prove that the fire</p>	<p>The cane testing units have been capitalised in the FY 2022-23 and categorized appropriately in the asset register as per the extract of the asset register.</p> <p>The Authority maintains a CTU Spares Monitoring Register that records replaced parts across various CTUs. All the replaced parts are stored within the various CTUs and the main store located at Nzoia CTU. Standard procedures shall be developed to guide the treatment and integration of replaced parts into the disposal plan within the FY 2024/2025.</p> <p><b>Appendices</b></p> <p><b>1.2 (a)</b> CTU Asset Registers Pg. No. 45-103</p> <p><b>1.2 (b)</b> Copy of CTU Spares Monitoring Register Pg. No. 105-106</p>	The Authority considers this as resolved as the matters have been addressed	N/A

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Ref. 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)						
	extinguishers are regularly being maintained, as a result the safety of the cane testing units are compromised.									
	<p><b>1.3. Unconfirmed Ownership of Land, Property, Plant and Equipment</b></p> <p>The statement of financial position reflects property, plant and equipment net book balance of Kshs. 11,241,351,000 as disclosed in Note 25 to the financial statements. Reviews of records revealed the following anomalies.</p> <p>i. The balance includes seventeen (17) parcels of freehold land valued at Kshs. 6,664, ,284, 000 out of which thirteen (13) parcels of land valued at Kshs.</p>	<p>Query 1.3 (i), (ii) and (iii) are addressed herewith.</p> <p>The Authority engaged the services of KOMM advocate to follow up on all the land without title documents. The status report as indicated by the advocate vide his report dated 16<sup>th</sup> September 2024 is as summarized below,</p> <table border="1" data-bbox="909 903 1525 1356"> <thead> <tr> <th data-bbox="909 903 936 1034">S / N C</th> <th data-bbox="936 903 1357 1034">DEPOT</th> <th data-bbox="1357 903 1525 1034">REMARKS</th> </tr> </thead> <tbody> <tr> <td data-bbox="909 1034 936 1356">1</td> <td data-bbox="936 1034 1357 1356">MACHAKOS PDP No. 59/96/23-MACHAKOS</td> <td data-bbox="1357 1034 1525 1356">This is a 2 acres piece of land currently occupied by the Machakos County Government. As of 3<sup>rd</sup> June 2024, the advocate is</td> </tr> </tbody> </table>	S / N C	DEPOT	REMARKS	1	MACHAKOS PDP No. 59/96/23-MACHAKOS	This is a 2 acres piece of land currently occupied by the Machakos County Government. As of 3 <sup>rd</sup> June 2024, the advocate is	Not Resolved yet	Though the Authority is actively pursuing this matter, it cannot put a timeframe on conclusion as this is also dependent on
S / N C	DEPOT	REMARKS								
1	MACHAKOS PDP No. 59/96/23-MACHAKOS	This is a 2 acres piece of land currently occupied by the Machakos County Government. As of 3 <sup>rd</sup> June 2024, the advocate is								

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	<p>5,170,700,000 had no evidence of ownership vesting with the Authority due to lack of the documents</p> <p>ii. As previously reported, the balance includes land on which six of the seven depots of the defunct Horticultural Crops Development Authority (HCDA) are located do not have ownership documents. In addition, the depot located in Machakos County was taken over by the County Government of Machakos for office use in the year 2013 and is no longer accessible to the Authority staff and</p>		<p>engaging the County Government of Machakos on accessing the land for survey purposes.</p>	Not Resolved yet	other institutions
		2	<p>LIMURU LIMURU/BIBIRIONI/1010</p> <p>This is a 6 acres piece of trust land situated in Limuru, Kiambu County. The Authority is pursuing the Kiambu County Government to release the piece of land to the National Land Commission for issuance of</p>	Not Resolved yet	Though the Authority is actively pursuing this matter, it cannot put a timeframe on conclusion as this is also dependent on other institutions

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	no evidence was provided that the County Government signed a lease agreement with the HCDA.		<p>a letter of allotment.</p> <p>3 MWEA</p> <p>This is a 2.5 acres piece of land. The Authority wrote a letter dated 31<sup>st</sup> March 2023 to the National Irrigation Board agreeing to their proposal to enter into a simple agreement. National Irrigation Board has not acquired the title for the entire land yet. The advocate is pursuing the matter.</p>	Resolved	Though the Authority is actively pursuing this matter, it cannot put a timeframe on conclusion as this is also dependent on other institutions

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Ref. 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)											
		<table border="1"> <tr> <td data-bbox="898 507 927 799">4</td> <td data-bbox="927 507 1339 799">KIBWEZI</td> <td data-bbox="1339 507 1509 799">The Authority has already obtained the title deed for the Kibwezi depot, measuring 2 acres LR No. 27422.</td> <td data-bbox="1624 507 1892 799" rowspan="3">Not Resolved yet</td> <td data-bbox="1892 507 2063 799" rowspan="3"></td> </tr> <tr> <td data-bbox="898 799 927 1219">5</td> <td data-bbox="927 799 1339 1219">SAGANA</td> <td data-bbox="1339 799 1509 1219">This is a 0.74 Ha. of land. From the report of the Authority's advocate, he is pursuing the preparation of a new Part Development Plan as the old one cannot be traced.</td> </tr> <tr> <td data-bbox="898 1219 927 1356">6</td> <td data-bbox="927 1219 1339 1356">MERU No. ABOTHUGUGUCHI/KARIENE/3165.</td> <td data-bbox="1339 1219 1509 1356">This is a 0.43-Ha land located in Kariene in</td> </tr> </table>	4	KIBWEZI	The Authority has already obtained the title deed for the Kibwezi depot, measuring 2 acres LR No. 27422.	Not Resolved yet		5	SAGANA	This is a 0.74 Ha. of land. From the report of the Authority's advocate, he is pursuing the preparation of a new Part Development Plan as the old one cannot be traced.	6	MERU No. ABOTHUGUGUCHI/KARIENE/3165.	This is a 0.43-Ha land located in Kariene in	Resolved	N/A  Though the Authority is
4	KIBWEZI	The Authority has already obtained the title deed for the Kibwezi depot, measuring 2 acres LR No. 27422.	Not Resolved yet												
5	SAGANA	This is a 0.74 Ha. of land. From the report of the Authority's advocate, he is pursuing the preparation of a new Part Development Plan as the old one cannot be traced.													
6	MERU No. ABOTHUGUGUCHI/KARIENE/3165.	This is a 0.43-Ha land located in Kariene in													

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			<p>Meru County. The Title Deed was successfully processed and Title issued on 12<sup>th</sup> August, 2024. -Copy attached.</p>	Resolved	actively pursuing this matter, it cannot put a timeframe on conclusion as this is also dependent on other institutions
			<p>7 KITHIMANI (YATTA) This involves 22 plots each measuring 0.03 Ha. for which title deeds have been issued in the name of HCDA on 18<sup>th</sup> July 2024. The Authority is in the process of transferring them in the name of AFA.</p>	Not Resolved yet	N/A

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Ref. 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)	
			8 WUNDANYI	The Part Development Plan (PDP) needs to be updated to capture contours, shows adjacent parcels, indicate the use of the adjacent parcels land preparation of shape files for the updated PDP which would require placing of advertisements in 2 local dailies (in English and Kiswahili), public	Not Resolved yet	N/A  Though the Authority is actively pursuing this matter, it cannot put a

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			participation, preparation of the allotment letter and lease and PDP approval.	Resolved	timeframe on conclusion as this is also dependent on other institutions
		9	KITUI There is a draft PDP that is pending approval, this requires to be updated through advertisement in the news papers.		
		10	RIVERSIDE The case has since been concluded and the Authority is in possession of ownership document.		

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Ref. 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)									
			<table border="1"> <tr> <td data-bbox="898 507 922 632"></td> <td data-bbox="922 507 1339 632"></td> <td data-bbox="1339 507 1509 632"></td> </tr> <tr> <td data-bbox="898 632 922 979">1 1</td> <td data-bbox="922 632 1339 979">ATHI RIVER LR NO.24848</td> <td data-bbox="1339 632 1509 979"> <p>Allotment letter and fees have been confirmed.</p> <p>Lease preparation underway at Ministry of Lands.</p> </td> </tr> <tr> <td data-bbox="898 979 922 1364">1 2</td> <td data-bbox="922 979 1339 1364">JKIA</td> <td data-bbox="1339 979 1509 1364"> <p>The land was allocated to the defunct HCDA on request from the Ministry and National treasury. A letter of offer dated 15<sup>th</sup> May, 2000 signed for</p> </td> </tr> </table>				1 1	ATHI RIVER LR NO.24848	<p>Allotment letter and fees have been confirmed.</p> <p>Lease preparation underway at Ministry of Lands.</p>	1 2	JKIA	<p>The land was allocated to the defunct HCDA on request from the Ministry and National treasury. A letter of offer dated 15<sup>th</sup> May, 2000 signed for</p>	Not Resolved yet	<p>Though the Authority is actively pursuing this matter, it cannot put a timeframe on conclusion as this is also dependent on other institutions</p> <p>N/A</p>
1 1	ATHI RIVER LR NO.24848	<p>Allotment letter and fees have been confirmed.</p> <p>Lease preparation underway at Ministry of Lands.</p>												
1 2	JKIA	<p>The land was allocated to the defunct HCDA on request from the Ministry and National treasury. A letter of offer dated 15<sup>th</sup> May, 2000 signed for</p>												

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			<p>acceptance by then Managing Director of HCDA. The letter of letter stipulated rent payable quarterly. The lease between the HCDA and KAA was never executed.</p> <p>On 3<sup>rd</sup> of April, 2023 the Authority wrote a letter to KAA requesting them to submit a lease agreement for the 5 acre piece of land. KAA has not</p>		<p>Though the Authority is actively pursuing this matter, it cannot put a timeframe on conclusion as this is also dependent on other institutions</p> <p>Though the Authority is actively pursuing this</p>

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			<p>availed the requested drafted lease agreement for consideration and execution.</p> <p>HCDA has occupied this land where it has constructed headquarters and pack houses.</p>	Not Resolved yet	matter, it cannot put a timeframe on conclusion as this is also dependent on other institutions
		1 3	MOMBASA ROAD LR. No.209/12490 The Property was subject of a court case ELC NO. 516 OF 2018 (Formerly High Court Civil Suit No 1205 of 2005) HCDA-VS-		

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	iii. Included in the property, plant and		Sakir Properties Limited & 2 Others. The Judgment was delivered on 17 <sup>th</sup> December 2020 in favor of the Authority and the land was reverted to the Authority, but vide a Ruling dated 10 <sup>th</sup> February 2022, the Court set aside the Judgment that granted AFA ownership of the land. The Authority has appealed		

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	<p>equipment balance are two parcels of land valued at Kshs. 1,280,000,000 relating to the former Horticultural Crops Development Authority. The parcels include a plot situated along Mombasa Road, measuring 3.5 hectares valued at Kshs. 692,000,000 which was allocated to a private developer despite the Authority having an allotment letter and a parcel of land at the Joma Kenyatta International Airport (JKIA) valued at Kshs. 588,000,000 where the Horticultural Crops Directorate</p>			<p>against the judgement.</p> <p>The matter is coming up in court for compliance on 28<sup>th</sup> May 2025.</p> <p>HCDA was allotted by the commissioner of lands an un-surveyed piece of land LR. No.209/12490 opposite Yana Tyres along Mombasa RD Nairobi measuring 3.5Ha. for a lease term of 99 years effective 1<sup>st</sup> February</p>		<p>Though the Authority is actively pursuing this matter, it cannot put a timeframe on conclusion as this is also dependent on other institutions</p>

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	(HCD) is located whose details of ownership was not provided.			<p>1987. On or about 2005, HCDA got information that M/S Sakir had been allotted the same land and a title deed issued. M/S Sakir claims that they got allocated the property after HCDA surrendered the land back to the government. HCDA maintained that it did not surrender the land back and therefore a</p>		

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		<div data-bbox="898 512 1512 898" style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>legal suit ensured through the then Gachiri Kariuki &amp; Kiai Advocates. M/S Sakir have developed the property by building 28 go-downs.</p> </div> <p><b>Appendices:</b>  <b>1.3 (a)</b> Engagement contract between KOMM Advocate formerly Oundo Muruiki &amp; CO Advocate and AFA. Pg. No. 110-134  <b>1.3 (b)</b> Letter to the National Irrigation Board dated 31<sup>st</sup> March 2023.Pg. No. 136  <b>1.3 (c)</b> Kibwezi title deed for the 2 acres LR No. 27422. Pg. No. 138-141  <b>1.3 (d)</b> Copy of title deed Plot No. Abothuguguchi/Kariene/3165 issued on 12<sup>th</sup> August 2024 Pg. No. 143-144  <b>1.3 (e)</b> 22 Copies of Title Deeds for Kithimani (Yatta) land.Pg. No. 146-225  <b>1.3 (f)</b> KOMM advocates status report dated 25<sup>th</sup> February 2025 Pg. No. 227-242</p>		

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Ref. 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)
		<p><b>1.3 (g)</b> Court Judgement civil appeal No.113 of 2009 Riverside LR No. 209/4389/3 Pg. No. 244-264</p> <p><b>1.3 (h)</b> Title deed for Riverside LR No. 209/4389/3 Pg. No. 266-269</p> <p><b>1.3 (i)</b> Copy of Allotment letter for Athi river LR NO.24848 Pg. No. 271-273</p> <p><b>1.3 (j)</b> Judgement in favour of AFA Mombasa road LR. No.209/12490 Pg. No. 276-281</p> <p><b>1.3 (k)</b> Copy of Appeal (Petition). Pg. No. 283-295</p> <p><b>1.3 (l)</b> Advocates Email correspondences on current status Pg. No. 297</p> <p><b>1.3 (m)</b> Amended Complaint and Affidavit Pg. No. 299-314</p>		
	<p><b>1.4. Exclusion of Property, Plant and Equipment</b></p> <p>As reported in previous years, the property, plant and equipment balance exclude values of various assets as explained below</p> <p>i. Ten (10) acres of land situated in Wundanyi, Taita-Taveta</p>	<p>Wundanyi land is valued at Kshs. 36,600,000.</p> <p>The Authority has not acquired any document of ownership to merit a claim on the two parcels of land to merit inclusions in the fixed asset register. The Authority is still pursuing letters of allotment and once this is acquired the same will be included in the assets register.</p> <p>KOMM Advocate report to the Authority dated 21<sup>st</sup> February 2025 advised as follows:</p>		

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Ref. 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)
		<p><b>Wundanyi</b> The Part Development Plan (PDP) needs to be updated to capture contours, shows adjacent parcels, indicate the use of the adjacent parcels land preparation of shape files for the updated PDP which would require placing of advertisements in 2 local dailies (in English and Kiswahili), public participation, preparation of the allotment letter and lease and PDP approval.</p>	Not Resolved yet	Though the Authority is actively pursuing this matter, it cannot put a timeframe on conclusion as this is also dependent on other institutions
	<p>ii. Land of undetermined acreage situated in Kitui valued at Kshs. 36,600,000 allocated to the defunct Horticultural Crops Development Authority</p>	<p><b>Kitui</b> This land is valued at Kshs. 4,000,000 relates to the defunct Cotton Board of Kenya. There is a draft PDP that is pending approval, this requires to be updated through advertisement in the newspapers.</p> <p><b>Appendix</b> 1.4. ii KOMM advocates status report dated 25<sup>th</sup> February 2025Pg. No. 317-332</p>	Not Resolved yet	Though the Authority is actively pursuing this matter, it cannot put a timeframe on conclusion as this is also dependent on

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				other institutions
	iii. Land of undetermined acreage valued at Kshs. 4,000,000 allocated to the defunct Cotton Board of Kenya.	This refers to the Kitui Land valued at Kshs. 4,000,000 and addressed under 1.4 ii above.	Not Resolved yet	Though the Authority is actively pursuing this matter, it cannot put a timeframe on conclusion as this is also dependent on other institutions
	iv. Seven (7) acres of land in Mtwapa that was allocated to the defunct Kenya Coconut Development Authority by the defunct Kenya Agricultural Research Institute, (KARI). In	The land in question had been reserved for the defunct Kenya Agricultural Research Institute (KARI). The defunct Kenya Coconut Development Authority applied for the parcel of land from KARI through the Ministry of Agriculture for the purpose of constructing a Headquarters at Mtwapa. Kenya Agricultural Research Institute vide their letter REF. KARI/4/023C/VOL.XIV dated 2 <sup>nd</sup> July 2012 informed the defunct Authority that the Board of Directors had resolved in their 98 <sup>th</sup> meeting to allocate 7 Acres of land to KCDA. However, the defunct KARI now KALRO have not	Not Resolved yet	Though the Authority is actively pursuing this matter, it cannot put a timeframe on conclusion as

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	<p>addition, the ownership had not been transferred by the KARI to the Authority by the time it ceased to exist upon the commencement of the Crops Act, 2013;</p>	<p>acquired title documents to enable transfer of the same to the Authority due to an ongoing court case. The land is also invaded by squatters as per the restraining order of the environment and land court, Mombasa ELC petition no 29 of 2019</p> <p>The value of the parcel can therefore not be included in the books of the Authority</p> <p><b>Appendices:</b></p> <p><b>1.4 iv (a)</b> Letter from Former KARI dated 2<sup>nd</sup> July 2012Pg. No. 335  <b>1.4 iv (b)</b> Letter from the Parent Ministry to KALRO dated 25<sup>th</sup> June 2020. Pg. No. 337-338  <b>1.4 iv (c)</b> Letter from AFA to the Cabinet Secretary, Ministry of Agriculture, Livestock, Fisheries and Cooperatives dated 5<sup>th</sup> April 2023 Pg. No. 340  <b>1.4 iv (d)</b> ELC petition no 29 of 2019 Pg. No. 342-343</p>		<p>this is also dependent on other institutions</p>
	<p>v. The property in Riverside Estate where the defunct Cotton Development Authority's head office was located.</p>	<p>The case has since been concluded and the Authority is in possession of ownership documents.</p> <p><b>Appendices:</b></p> <p><b>1.4 v (a)</b> Court Judgement civil appeal No. HCC No. 1285 Of 2001 Pg. No. 346-366  <b>1.4 v (b)</b> Title deed Pg. No. 368-371</p>	<p>Resolved</p>	<p>N/A</p>

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	<p><b>1.5. Failure to Transfer Logbooks in the Name of the Defunct Boards</b> The property, plant and equipment balance include a balance of Kshs. 168,200,000 relating to motor vehicles. Review of related records held by the Authority revealed that on commencement of the Crops Act, 2013 on 1st August, 2014, the former Regulatory Institutions in the Agriculture Sector were merged into Directorates under the Authority. As reported in the previous year, the ownership documents of seventeen (17) motor vehicles are still registered in the defunct institutions' names. Evidence of Management effort to register the vehicles in the Authority's name not provided. circumstances, the accuracy and completeness of property, plant and equipment of net book balance of Kshs. 11,241,351,000 could not be confirmed. In circumstances the</p>	<p>We concur with the observation of the auditor. At the time of the audit seventeen (17) motor vehicles were still registered in the defunct institutions' names. The process was ongoing at the National Transport and Safety Authority (NTSA). Before the merger the defunct institutions had their respective Transport Integrated Management System (TIMS) under the management of one transport officer to enable them to access NTSA Portal. After the formation of AFA everything changed because some services were centralized and staff transferred to various Directorates which disoriented some of the functions. We wrote to NTSA applying for the transfer of the said logbooks and in their response they requested us to meet the following requirements for Government Bodies Vehicles:</p> <ul style="list-style-type: none"> <li>• Request for change of phone numbers</li> <li>• Former institutions now Directorates under AFA to appoint somebody who will be in charge of the phone number to enable him/her to access the NTSA Portal.</li> <li>• The Directors of respective Directorates should swear Affidavit indicating the full names of the person, ID number and KRA PIN number who has been authorized to transact on behalf of the organization, and should be authorized by an active Advocate.</li> </ul>	Partially resolved	An ongoing process

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	<p>accuracy, ownership and completeness of property, plant, and equipment of balance of Kshs. 11,241,351,000 could not be confirmed.</p> <p>In circumstances the accuracy, ownership and completeness of property, plant and equipment of balance of Ksh. 11,241,351,000 could not be confirmed.</p>	<p>Another challenge that is slowing down the process is the amendment of the original AFFA to the current AFA since the KRA PIN for the Authority with the term 'FISHERIES' is still appearing whereby the KRA portal does not recognize the amended AFA.</p> <p>The Authority has Thirty-Two (32) Vehicles and Ten (10) motorcycles with logbooks under the former boards, i.e. Coffee Board of Kenya, Cotton Development Authority, Horticultural crops development, and sisal board of Kenya.</p> <p>The Authority has so far initiated the transfer of the assets by creating an account on the NTSA PORTAL.</p> <p>Directorates nominated transport officers to carry out all transactions in regard to the transfer of Logbooks and access eCitizen-NTSA PORTAL for the former institutions.</p> <p>Two Directorate's have uploaded the documents successfully i.e Nuts and Oil Crops Directorate and Horticultural Crops Directorate while three are still under NTSA "verification Process"</p> <p>The status of the process for the defunct institutions is as follows.</p> <ol style="list-style-type: none"> <li>1. Horticultural Crops Development Authority-Created</li> <li>2.Coffee Board of Kenya- Waiting for verification</li> <li>3.Kenya Sugar Board-Waiting for verification. This has now to be reversed with effect from 1<sup>st</sup> January, 2025. Kenya Sugar Board has become independent.</li> <li>4.Cotton Development Authority-Waiting for Verification</li> </ol>		

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		<p>5.Kenya Coconut Development Authority-Created To follow up with NTSA to finalize creation access by Directorates and finalize on transfers</p> <p><b>Appendix</b> 1.5. Screen shots of the accounts opened with NTSA Pg. No. 374-399</p>		
2	<p><b>Variance between Revenue from Exchange Transactions and Amount reflected on E-Citizen Platform</b></p> <p>The statement of financial performance reflects revenue from non-exchange transactions amount of Kshs. 5,506,831,000. Included in this amount were levies, fines and penalties and licences and permits of Kshs. 2,805,022,000 and Kshs. 141,473,000 all totaling Kshs. 2,946,495,000. However, records from the E-Citizen platform indicate an amount of Kshs. 2,370,423,691 out of which Kshs. 2,326,450,698</p>	<p>A letter to the Principal Secretary National Treasury requesting for the release of the amount of Kshs 62,784,313 has been sent</p> <p><b>Appendix</b> 2.0 Letter to the PS Ref AFA/FIN/VOL.II(16) dated 20<sup>th</sup> May 2025 Pg. No. 403-404</p>	Not yet	Awaiting for The National Treasury

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	<p>was transferred back to the Agriculture and Food Authority thus resulting to an amount of Kshs. 62,784,313 not transferred from the National Treasury. Further, it could not be confirmed why the balance was not transferred to Agriculture and Food Authority during the financial year under review and when these funds would be made available to the Authority.</p> <p>In circumstances, the accuracy and completeness of revenue from exchange transactions amount of Kshs. 5,506,831,000 could not be confirmed.</p>			
3	<p><b>Unsupported Payment of Farmers Arrears Disbursements</b></p> <p>The statement of financial performance as disclosed in Note 13 to the financial statements reflects the disbursement of Kshs.</p>	<p>The Authority received the following approvals</p> <p><b>3.0 Approvals</b></p>		

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	1,464,472,000. However, the following anomalies were noted; -	<p>a) Approval from the MoALD dated 29<sup>th</sup> January 2024 Kshs 1,330,000,000 Pg. No. 406</p> <p>b) Approval from the MoALD dated 5<sup>th</sup> December 2024 Kshs 546 million Pg. No. 731</p> <p>c) Certificate No 039/13<sup>th</sup>/2023) Pg. No. 732-737</p> <p>d) Extracts of bank statements cooperative bank indicating receipt of fund and release the same to beneficiaries Pg. No. 738-751</p>		
	<p><b>3.1. Chemilil Sugar Company</b></p> <p>Included in the disbursements is an amount of Kshs. 183,103,000 was disbursed to Chemilil Sugar for offsetting the farmers arrears. Review of the disbursement schedule revealed that an amount of Kshs. 140,937,757 was paid through various Savings and Credit Cooperative Societies (SACCOs) and other institutions. However, the entity did not provide any documents to show that the money</p>	<p>The Authority sought confirmation of the payments to individual farmers from Chemelil Sugar Company who have since responded vide their letter ref. CSCL/ADM/MD/MOA/029 dated 30th October 2024 (attached). In the letter, the company has indicated that they do have contracts with SACCOs /societies and outgrower institutions therefore has an obligation to them and not individual farmers. They have obtained confirmations from sampled institutions as per attached documents.</p> <p><b>Appendix 3.1</b> Letter CSCL/ADM/MD/MOA/029 dated 30th October 2024.Pg. No. 753-754 Schedule of paid farmers is also attached</p>		

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	<p>was eventually received by individual farmers as per the schedule which had been approved by the National Treasury. An enquiry from the Management of the sugar company revealed that the entity does not have any follow up mechanisms to confirm whether each farmer gets their dues as disbursed including the beneficiaries of those who might be deceased between the time of preparing the list and disbursement of funds.</p>			
	<p><b>3.2. Muhoroni Sugar Company</b> The amount further includes Kshs. 251,335,000 disbursed to Mumias Sugar Company for offsetting the farmers arrears. The funds were disbursed to various Savings and Credit Cooperative Societies (SACCOs), Farmer Cooperatives and Banks. However, it was not possible to confirm receipt of Kshs. 13,528,212 as the entity did not</p>	<p>The Authority similarly sought confirmation of the payments to individual farmers from Muhoroni Sugar Company and received a response vide letter ref. FC/BANK/02/10/2024 dated 28th October 2024 (attached). Likewise, the company do have contracts with SACCOs /societies and outgrower institutions therefore has an obligation to them and not individual farmers. The Company obtained confirmations of payments to individual farmers from sampled institutions as per attached documents.</p> <p><b>Appendix</b> <b>3.2</b> Letter dated 8<sup>th</sup> October 2024 Pg. No. 757</p>		

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	provide any remittance documents from the SACCOs and the Cooperative societies to confirm that the farmers had received the monies.			
	<p><b>3.3. Nzoia Sugar Company</b> The amount includes Kshs. 213,114,000 which was disbursed to Nzoia Sugar company which further includes an amount of Kshs. 63,114,000 for offsetting the farmers arrears. The money was sent to various SACCOs, Farmer Cooperatives and Banks. However, audit could not confirm receipt of Kshs. 20,433,934 as the entity did not provide any remittance documents from the Nzoia Sacco Society that the farmers had received the monies. In circumstances, the completeness and regularity of farmers arrears</p>	<p>Confirmation of the payments to individual farmers from Nzoia Sugar SACCO has been received vide letter ref. SCS/2735/01/19/03/09/2024 dated 3<sup>rd</sup> September 2024 (attached). The Nzoia Sugar company has a contract with Nzoia Sugar SACCO to process payments of individual farmers through the SACCO. Confirmation of sample payments to individual farmers by the SACCO are as per attached documents.</p> <p><b>Appendix</b> 3.3 Letter ref. SCS/2735/01/19/03/09/2024 dated 3<sup>rd</sup> September 2024 Pg. No. 791</p>		

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	amount Kshs.174,899,903 could not be confirmed.			
4	<p><b>Payment of Salary Arrears at Nzoia Sugar Company Limited</b></p> <p>The statement of financial performance as disclosed in Note 13 to the financial statements which further includes of Kshs. 1,464,472,000 reflects disbursement balance Kshs.213,114,000 which was disbursed to Nzoia Sugar company which further includes disbursed an amount of Kshs.150,000,000 for offsetting salary arrears for the period to February, March and April 2023. The figure comprises of Kshs,111,608,429 for Permanent staff, Kshs.17,330,600 for retirees and Kshs.21,060,971 paid to casuals. However, the payment schedule prepared by the Sugar Company and used by AFA for payment indicated that different</p>	<p>The payments of salary arrears by Nzoia Sugar included remittances through Nzoia Sugar SACCO bank Account No. 01120050002700 at Cooperative Bank. All the payments to individual employees were therefore made into this account and subsequently allocated to their respective SACCO accounts within the SACCO. Find attached sample.</p> <p><b>Appendix</b> 4. Sample payments Pg. No. 795-809</p>		

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	<p>staff members had duplicate account numbers. Included in the above figures are staff and casuals who may have irregularly been paid double as shown below;</p> <table border="1" data-bbox="394 727 781 1051"> <thead> <tr> <th>Beneficiaries</th> <th>Amount( Kshs.)</th> </tr> </thead> <tbody> <tr> <td>Retirees</td> <td>5,108,552</td> </tr> <tr> <td>Casual arrears</td> <td>20,985,168</td> </tr> <tr> <td>Permanent</td> <td>17,347,456</td> </tr> <tr> <td><b>Totals</b></td> <td><b>43,441,176</b></td> </tr> </tbody> </table> <p>In circumstances, the accuracy and regularity of salary arrears amount of Kshs.43,441,176 could not be confirmed.</p>	Beneficiaries	Amount( Kshs.)	Retirees	5,108,552	Casual arrears	20,985,168	Permanent	17,347,456	<b>Totals</b>	<b>43,441,176</b>			
Beneficiaries	Amount( Kshs.)													
Retirees	5,108,552													
Casual arrears	20,985,168													
Permanent	17,347,456													
<b>Totals</b>	<b>43,441,176</b>													
5	<b>Unsupported Non-Current Employee Benefit Obligations</b>													

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	<p>The statements of financial position and as disclosed in Note 32 to the financial statements reflects a non-current employee benefit obligation of Kshs. 1,257,386,000 which is in respect to salaries harmonization arrears. Although the Management explained that the money could not be paid as the entity was still consulting with the Salaries and Remuneration Commission (SRC). The amount was not supported with relevant documentation including approved structure that was used to come up with the amounts in the arrears schedules, interim management committee merger report on employee remunerations after merger, whether there was a committee that was appointed to deliberate and make recommendations on staff arrears after merger and the minutes of such committee and appointment of</p>	<p>The Authority initiated the process of harmonization of terms and conditions of service for staff following operationalization of AFA on 1<sup>st</sup> August 2014, with all the former Boards and Authority's having different approved salary structures, which were applicable prior to establishment of AFA. Due to the merger, staff continued to be remunerated on different salary structures, even where the job grades were the same. The Authority, in a bid to address the discriminatory practice, initiated the process of harmonization of terms, and sought approval from the Salaries and Remuneration Commission to pay staff arrears backdated to 1<sup>st</sup> August 2014.</p> <p>The SRC, however, approved the implementation of the job evaluation report 2016 and advised the Authority to effect from 1<sup>st</sup> July 2020 (Copy of SRC Approval of 19<sup>th</sup> August 2020)</p> <p>The schedule of arrears are based on the staff who were in post at the commencement of AFA, and has factored in the duration served by all officers up to their exit from employment, within the period 1<sup>st</sup> August 2014 to 30<sup>th</sup> June 2020, in view of the approval by SRC effective from 1<sup>st</sup> July 2020. The exercise was undertaken by the Human Resource and Finance Department staff, as such there was no committee.</p> <p>The Authority has appealed the decision and is consulting with the SRC with a view to have the matter resolved.</p> <p>Since the Authority uses accrual basis of accounting, the provision for the amount is in line with provisions of the IPSAS 19 on provisions, contingent liabilities and contingent assets. Provision of the amount is part of the</p>		

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	<p>committee , current employment status of the affected employees and other details of whether all the employees are still in the organization or if some had left the organization due to natural attrition factors including those who left for the now independent Tea Board of Kenya. Further, the management could not explain why they had to provide for such a huge amount without finalizing on the consultation with the SRC.</p> <p>In circumstances, the accuracy, completeness and regularity of the provision of Kshs.1,257,386,000 could not be confirmed.</p>	<p>requirements for consideration for approval by SRC, which demands confirmation of budgetary provision, before considering a request.</p> <p><b>Appendices</b></p> <ul style="list-style-type: none"> <li>5. (a) Letter forwarding request for approval by PS dated 20<sup>th</sup> April 2020 Ref AFA/HRM/33 VOL II (44)</li> <li>5. (b) SRC/TS/JE / SRC /3 /33/4 VOL. IX (106) approval letter dated 19<sup>th</sup> August 2020</li> <li>5. (c) Letters to SRC on approval of Arrears</li> <li>5. (d) SRC Letters on requirements for consideration</li> <li>9. (e) Schedule of computations Ksh.1,257,386,000</li> </ul>		
	<p><b>Other Matter</b> <b>Unresolved Prior Year Matters</b> Several issues were raised in the audit report of the previous year.</p>	<p>Prior year matters are in the process of being resolved</p>		

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	<p>However, Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circulars.</p>	<p><b>Appendix</b> Letter of invitation to appear before Ref NA/DAA&amp;GPC/PIC-SSAA/2025/(32) dated 24<sup>th</sup> April 2025 Pg 812</p>		
1	<p><b>Irregular Investment in Fixed Deposit Account</b></p> <p>The statement of financial position reflects finance income amount of Kshs.221,265,000 and as disclosed in Note 10. Analysis of the internally generated revenue sources for the entity revealed that the entity had an investment in fixed deposit account held at the National Bank of Kenya. This was contrary to the National Treasury circular No. DGIPE/A/1/10 of 27 November 2018 states that no state corporation should invest their surplus funds in</p>	<p>These were not surplus funds rather funds budgeted for operational costs which are payable as they occur. Management found it prudent to put it in short term and call deposits instead of leaving the funds in current accounts.</p> <p>Also during the financial year AFA did not have a Board of Directors and therefore could not open a CDS account to enable placement of funds in in Treasury Bills and Bonds.</p> <p>With the Board in place the Authority is in the process of opening a CDS account with the Central Bank to enable it to invest in treasury bills and bonds.</p>		

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	<p>any financial institution/bank without prior approval of the National Treasury and Planning, other than where the investment is in Treasury bills /bonds.</p> <p>In circumstances, the Authority is in contravention of the Treasury Circular No DGIPE/A/1/10 of 27 November, 2018 which prohibited the investment in financial institutions/banks.</p>									
2	<p><b>Long Outstanding Payables</b></p> <p>The statement of financial position and as disclosed in Note 28 to the financial statement reflects current liabilities balance of Kshs.562,693,000. Review of the supporting ledger revealed that payables amounting to Kshs.145,824,795 have been long outstanding for over 2 years In the circumstances, the ability of the</p>	<p>The long outstanding payables is explained below</p> <table border="1" data-bbox="813 1010 1626 1265"> <thead> <tr> <th data-bbox="813 1010 1039 1086">Payee/Name</th> <th data-bbox="1039 1010 1227 1086">Amount (KShs)</th> <th data-bbox="1227 1010 1626 1086">Response</th> </tr> </thead> <tbody> <tr> <td data-bbox="813 1086 1039 1265">Kenya Airports Authority (KAA)</td> <td data-bbox="1039 1086 1227 1265">66,346,219.48</td> <td data-bbox="1227 1086 1626 1265">This relates to outstanding land rent for the HCD HQ offices. The Authority has been negotiating for new terms of the lease with KAA which so far has not been finalized.</td> </tr> </tbody> </table>	Payee/Name	Amount (KShs)	Response	Kenya Airports Authority (KAA)	66,346,219.48	This relates to outstanding land rent for the HCD HQ offices. The Authority has been negotiating for new terms of the lease with KAA which so far has not been finalized.		
Payee/Name	Amount (KShs)	Response								
Kenya Airports Authority (KAA)	66,346,219.48	This relates to outstanding land rent for the HCD HQ offices. The Authority has been negotiating for new terms of the lease with KAA which so far has not been finalized.								

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	Authority to meet its obligations when they fall due is doubtful.	Lubulellah and Associates Company	609,000.00	This relates to provision of legal case The books were adjusted accordingly after confirmation that the case has been concluded. Attached id ledger entry		
		Kibungei and Company Advocate	854,734.00	This relates to provision of legal case The books were adjusted accordingly after confirmation that the case has been concluded.		
		Munyao, Muthama and Kshsindi Advocate	2,436,000.00	This relates to provision of legal case The books were adjusted accordingly after confirmation that the case has been concluded.		
		VAS Consultant	1,722,840.00	This was owed to a consultant whose contract was terminated. Since there was no obligation to pay the provision was reversed.		
		Controller and Auditor General - SUGAR	24,967,000	This relates to provisions for audit fees made by the defunct Kenya Sugar Board. Provisions for external audit fee from the directorates was consolidated and paid by the headquarters on 27 <sup>th</sup> February 2024		

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		Long Outstanding Payables	48,889,001.63	These relate to accounting and bookkeeping errors at the directorates and therefore not payable. This will be adjusted to correct the errors.		
		<b>TOTAL</b>	<b>145,824,795.11</b>			
		<p><b>Appendix</b>  <b>2 (a)</b> KAA offer letter Pg. No. 863-864  <b>2 (b)</b> Ledger- Lubulellah and Associates Company Pg. No. 866  <b>2 (c)</b> Ledger- Kibungei and Company Advocate Pg. No. 865  <b>2 (d)</b> Ledger- Munyao, Muthama and Kshsindi Advocate Pg. No. 867  <b>2 (e)</b> Ledger- VAS Consultant Pg. No. 868  <b>2 (f)</b> Invoice from Office of the Auditor General and Payment through CITI Bank Pg. No. 872-873</p>				
3	<p><b>Long Outstanding Receivables from Non - Exchange Transactions</b>  The statement of financial position and as disclosed in Note 24 to the</p>	<p>This relate to medical assistance that was accorded to two officers who were undergoing treatment but had exhausted their annual inpatient allocation. The Officers, Mr. Raymond Kahindi was assisted with Ksh.3,031,830 while Mr.</p>				

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	financial statements reflect an amount of KShs.119,663,000 in respect of receivables from non-exchange transactions. However, review of aging analysis revealed that debts amounting to Kshs.1,966,664 have been long outstanding for a period of more than two years In the circumstances, recoverability of receivables from exchange transactions balance of Kshs.119,663,000 could not be confirmed	<p>Peter Munyiri was assisted to the tune of Ksh.984,497.91. The Authority has been recovering the amounts on a monthly basis from the officers pay. The balance as at April 2025 is Ksh.617,497 composed of Ksh.150,000 and Ksh.467,497 for Mr. Kahindi and Mr. Munyiri, respectively.</p> <p>The advances are being recovered on a monthly basis from the Payroll as per the attached deduction by product</p> <p><b>Appendices:</b>  <b>3.0 (a)</b> Advance Recovery for Staff Pg. No. 940-948  <b>3.0 (b)</b> Letter of undertaking for Raymond Kahindi Pg. No. 950  <b>3.0 (c)</b> Letter of undertaking for Peter Munyiri Pg. No. 952  <b>3.0 (d)</b> Copies of payslips for Raymond Kahindi Pg. No. 954-955  <b>3.0 (e)</b> Copies of payslip for Peter Munyiri Pg. No. 166957-958</p>		
<b>4</b>	<b>Dormant Bank Accounts</b> The statement of financial position and as disclosed in Note 21 to the financial statements reflects cash and cash equivalents balance of Kshs.3,095,712,000 which includes money held in various bank accounts of the entity. Review of the	<p><b>Fibre Directorate - KCB Bank Account 1135213151</b></p> <p>The account at Kenya Commercial Bank was opened for operation of donor funded fund (Cotton classing systems) which ceased its operations. The account has been activated for operations by Miraa, Pyrethrum and Other Industrial Crops Directorate.</p>		

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	<p>available records including the cashbooks, bank statements and reconciliation statements revealed that three bank accounts with a total balance of Kshs.13,117,000 did not have any transactions during the year under review.</p> <p>Further, the entity maintained a total of twenty-eight (28) bank accounts held in various commercial banks and it was not clear the purpose of all those accounts. This may lead to inefficient management of the accounts, increased administrative costs and complexity in monitoring of the operations of the accounts In circumstances, the efficiency of managing these accounts could not be confirmed.</p>	<p><b>Coffee Directorate - Bank Account 300027008</b></p> <p>The Citibank bank account was being used to pay staff salaries for the former Coffee Board of Kenya before the payroll was merged at AFA Headquarters. During the financial year 2023/2024, the Authority was in the process of utilizing the bank account as a revenues collection account but then the Government directive came in directing that all revenues to be channeled through e-citizen platform. The Authority will initiate the process of closing the account.</p> <p>Sugar Development Levy collection account-Bank Account 01001033092200</p> <p>This account will be operational for Sugar Levy collections following the enactment of the Sugar Act 2024</p> <p><b>Appendices</b></p> <p><b>4. (a)</b> Letter Ref No. AFA/MPICD/FIN/1/(36) dated 6<sup>th</sup> May 2025 for activation of bank Account No. 1135213151 Pg. No. 961</p> <p><b>4. (b)</b> Schedule of bank accounts and purpose Pg. No. 967-968 (should be 4c and not 4b)</p>		

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5	<p><b>Failure to Operationalize the Cane Testing Unit</b></p> <p>The statement of financial performance reflects expenditure on special programmes of Kshs.540,278,000 which as disclosed in Note 14 to the financial statements includes expenditure on cane testing units of Kshs,434,643,000. Records provided for audit revealed that the Authority entered into a contract ref AFA/LMCON/31/2020 with a firm in the year 2020, for provision of a comprehensive support and maintenance of eleven (11) Cane Testing Units (CTUs) and upgrade of two (2) pilot Cane Testing Units (CTUs) at Sony Sugar Co. Limited and Nzoia Sugar Co. Limited at a total contract sum of Kshs. 1,395,293,094</p>	<p>The project begun with installation of 2 pilot CTUs at Nzoia Sugar Company and South Nyanza Sugar Company with the objective of generating technical information on cane testing that would guide establishment of Quality-Based Cane Payment System.</p> <p>Subsequent to the 2 pilot projects, 9 additional CTUs were installed at 9 sugar mills and commissioned in July 2017. The 2 pilot units were upgraded in 2021 to bring them to the same operational level as the 9 installed later. To support the operationalization, the following have been undertaken:</p> <ol style="list-style-type: none"> <li>1. A manual containing Methods and Procedures for management of Cane Testing Services has been developed.</li> <li>2. Technical staff have been deployed at the 11 units to calibrate the quality measurement technology.</li> <li>3. Data collection and analysis has been ongoing at the eleven CTUs. Cane quality results have been used for calibration to determine the suitability of the model to predict new samples.</li> <li>4. Sensitization of stakeholders has been ongoing to enlighten the affected parties on the proposed changes.</li> <li>5. Draft Crops (Sugar)(Quality-Based Sugarcane Payment System) Regulations, 2023 have been developed. These await public participation prior to gazettment. Once gazetted, the Regulations will guide the operationalization of the CTUs and make it mandatory for all the sugar</li> </ol>		

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	<p>Physical verification of the works in the beneficiary sugar companies in September, 2023 and review of project records revealed the following anomalies;</p> <p>i. Despite the units having been installed in the eleven (11) sugar companies, none has operationalized the Quality-Based Cane Payment System (QBCPS) on the cane delivered rather than on tonnage as no single miller has fully adopted the cane testing unit in its operation Although the Management has explained that the Authority developed regulations The Crops Act 2013, that will enable operationalization, and that the same has been</p>	<p>factories to use Quality-Based Sugarcane Payment System (QBSPS) to pay farmers.</p> <p>6. The purpose of the CTUs is to give information on the content of raw sugarcane delivered to the miller including sucrose content and fiber. The information is given to the mills to be incorporated in the calculation of the payments to the farmer. Tabulation of the payments to the farmer can be done either through an ERP or manually (as some mills without an existing ERP are currently paying its own farmers). Thus, the existence or otherwise of an ERP does not jeopardize in any way operations of the CTUs.</p> <p><b>Appendix</b> <b>5.0</b> Draft Crops (Sugar)(Quality-Based Sugarcane Payment System) Regulations, 2023 Pg. No. 970-983</p>		

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	<p>approved by the Sector Technical Working Group (SWAG) committee, the operationalization and adoption of the cane testing units by the sugar companies has still remained impossible due to failure to enact these regulations to law.</p> <p>ii. Though there is a functioning Laboratory Information Management System capable of capturing primary data, the same was not integrated with the weighbridges, sampling point, payment and data collection systems and neither were there card readers to pick the farmers details in their respective</p>			

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	<p>factories. The existing millers' ERP systems have also not been integrated with the cane testing units.</p> <p>iii. In West Sugar and Sukari Sugar Companies, weighbridges were not aligned to the Cane Testing Units making it difficult to ensure every truck goes through both the cane testing units and the weighbridge.</p> <p>In the circumstances, the delay in operationalization of the cane testing units may result to cost overruns and intended objective of the project may not be achieved.</p>			

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6	<p><b>Irregular Payments to Authority Staff</b></p> <p><b>5.1. Acting Allowance</b></p> <p>An audit of the entity's monthly payroll data revealed that between months of January to June twenty-four (24) members of staff had received acting allowances for positions they had held for more than 6 months contrary to the Human Resource Policies and Procedures Manual. The Authority therefore irregularly paid acting allowances amounting to Kshs.44,403,640.</p> <p>In addition, review of the composition of staff and their respective job placements revealed that a total of twenty-nine (29) members of staff were on acting capacity for more than the stipulated period, The analysis revealed that some staff had their acting positions</p>	<p>The Authority had been faced with a challenge in addressing human resource related issues due to lack of the approved Human Resource Instruments. The appointment of staff to acting positions was intend to forestall interruptions in service delivery, as approved instruments were awaited.</p> <p>Furthermore, due to the staff shortages experienced due to exits as a result of natural attrition, the Authority has not had adequate staff to fill existing gaps, hence the extension of the acting appointments beyond the stipulated duration.</p> <p>To address this, the Authority prepared HR Instruments and forwarded for necessary approvals. The process of approval of these HR Instruments have faced a number of hurdles in spite of the Authority's attempts to address the concern, including a court case challenging the instruments.</p> <p>The Board approved internal advertisement for the vacant positions in September 2024, which was placed in December 2024 and subsequently appointments done for officers on substantive positions with effect from 1<sup>st</sup> May 2025. This is expected to address the concern on prolonged acting appointment.</p> <p><b>Appendix</b> <b>5.1(a)</b> Letter requesting approval of HR Instruments to SCAC Pg. No. 987-990</p>		

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	<p>renewed for more than 3 times, others did not have time limits. This was done instead of the Board filling the positions with substantive personnel, as per the circular that requires the filling of acting positions within 6 months of occurrence.</p>	<p><b>5.1(b)</b> Board Minute September 2023 (Extract) Pg. No. 992-994  <b>5.1(c)</b> Advertisement Pg. No. 996-1007  <b>5.1(d)</b> Sample letters substantive appointment Pg. No. 1009</p>		
	<p><b>5.2. Special Duty Allowance</b></p> <p>Audit of the entity's payroll for the year under review revealed fourteen (14) staff that were being paid special duty allowances for more than six (6) months.</p> <p>In circumstances the Authority incurred irregular staff expenditure and was also in contravention of the Law.</p>	<p>The Authority had been faced with a challenge in addressing human resource related issues due to lack of the approved Human Resource Instruments. The appointment of staff to perform duties of a higher post (SDA), was intend to forestall interruptions in service delivery, as approved instruments were awaited.</p> <p>Furthermore, due to the staff shortages experienced due to exits as a result of natural attrition, the Authority has not had adequate staff to fill existing gaps, hence the extension of the acting appointments beyond the stipulated duration.</p> <p>To address this, the Authority prepared HR Instruments and forwarded for necessary approvals. The process of approval of these HR Instruments have faced a number of hurdles in spite of the Authority's attempts to address the concern.</p>		

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		<p>The Board approved internal advertisement for the vacant positions in September 2024, which was placed in December 2024 and subsequently appointments done for officers on substantive positions with effect from 1<sup>st</sup> May 2025.</p> <p><b>Appendix</b>  <b>5.2 (a)</b> Letter requesting approval of HR Instruments to SCAC Pg. No. 1012-1015  <b>5.2 (b)</b> Board Minute September 2023 (Extract) Pg. No. 1017-1019  <b>5.2 (c)</b> Schedule of irregular appointments with comments Pg. No. 1021-1027  <b>5.2 (d)</b> Sample revised letters Pg. No. 1029-1035</p>		
6	<p><b>Non-Compliance with the One Third of Basic Salary Deduction Rule</b>            During the year under review eighty eight (88) employees earned a net salary of than one third (1/3) of the basic Salary for varied months contrary to the provisions of Section 19(3) of the Employment Act, 2007, which states that the total amount of all deductions which may be made by an employer from the wages of his employee at any one time shall</p>	<p>The breach of one third rule for the cases arose from the implementation of the new deductions within the financial year such as revised tax brackets, increased NSSF and SHIF deductions and housing levy deductions, which were beyond the control of the employees and the employer, since these were statutory deductions.</p> <p>The staff affected have been advised to liaise with other third party lenders to restructure their loan repayments to be able to accommodate the deductions and be compliant with the law.</p> <p>In addition the ERP system has also been re-configured to restrict deductions within the approved threshold.</p>		

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	<p>not exceed two-thirds of such wages. Staff with over committed salaries may lack funds to meet their needs thus pecuniary embarrassment which leads to low morale. In the circumstances, Management was in breach of the law.</p>	<p><b>Appendix 6.0 (a)</b> Notice of implementation of Housing Levy, PAYE and NSSF Pg. No. 1039-1041</p>		
7	<p><b>Lack of Human Resource Instruments</b> Review of human resource records held by the Authority revealed that on commencement of the Crops Act, 2013 on 1 August, 2014, the former regulatory institutions in the Agriculture Sector were merged into Directorates under the Authority. A merger report that was drawn by Interim Management Committee and submitted to the cabinet secretary, Ministry of Agriculture, Livestock and Fisheries in June, 2014 contained proposed organizational chart, proposed staff establishments, proposed human</p>	<p>The Authority engaged with SCAC to develop and have the Human Resource Instruments approved. Over the years, there have been challenges since the Authority did not have a substantive Board, and the policy direction had given mixed signals on the continued existence of the Authority, with the Parent Ministry proposing a return to the former Boards, resulting in development of various crop- specific bills. However following the appointment of a Board in March 2023, the Authority initiated development of the HR Instruments and submitted for approval, through the Ministry of Agriculture, Livestock and Fisheries. The Instruments were however, challenged in court and the matter has since been determined, resulting in the HR Instruments being declared unconstitutional. Currently the HR Instruments have been forwarded to the Public Service Commission, for consideration as guided by the Court Judgement in the matter.</p>		

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	<p>resource manual for Authority staff. Audit revealed that the entity had been using the proposed documents as above, despite a further directive by SCAC for parastatal to develop and obtain approval for human resource instruments. The Authority has engaged a total of one hundred and forty-one (141) and fifteen (15) staff on temporary and contractual basis respectively without the approval of AFA staff establishment policy document.</p> <p>In circumstances the Authority was contravention to Circular ref. no. OP/CAB.9/1A on Management of State Corporation</p>	<p><b>Appendix</b>  <b>7(a)</b> Letter from SCAC to assist in developing HR Instruments Pg. No. 1046  <b>7(b)</b> Letter from Ministry of Public Service (DPSM) on Instruments development Pg. No. 1048  <b>7(c)</b> Letters forwarding Instruments to Ministry of Agriculture, Livestock &amp; Fisheries Pg. No. 1050-1051  <b>7(d)</b> Letter of approval by SCAC Pg. No. 1053-1056  <b>7(e)</b> Court documents Pg. No. 1058-1068</p>		
	<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>			
<b>1</b>	<p><b>Lack of Human Resource Plans</b>  Review of Authority's human resource records revealed that on commencement of the Crops Act, 2013 on 1st August, 2014, the</p>	<p>The lack of approved HR Instruments has made it impossible for the Authority to prepare HR plans aimed at identifying current and future hiring, talent management, and data-driven decision-making. The Authority has been awaiting the approval of the HR Instruments (Organization Structure,</p>		

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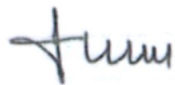
Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>former regulatory institutions in the Agriculture Sector were merged into Directorates under the Authority. A merger report that was drawn by Interim Management Committee and submitted to the cabinet secretary, Ministry of Agriculture, Livestock and Fisheries in June 2014 contained proposed organizational chart, proposed staff establishments, proposed human resource manual for AFA staff. Audit revealed that the entity had been using the proposed documents as above, despite a further directive by State Corporations Advisory Committee for parastatal to develop and obtain approval for human resource instruments.</p> <p>In the circumstances, the Authority did not have human resource plans and were operating without clear planned out structures including recruitment plans.</p>	<p>Grading, Staff Establishment and career guidelines to assist in determining gaps to be filled whenever there are exits.</p> <p>Currently, the Authority uses the proposed IMC structure and staff establishment to address HR planning issues on a need basis. Staffing needs have been identified and are filled on temporary short term contracts.</p> <p><b>Appendix</b>  <b>1(a)</b> IMC structure and staff establishment Pg. No. 816-849  <b>1(b)</b> Memo on identification of needs to Directorates Pg. No. 851-855  <b>1(c)</b> Board Paper on filling technical posts and Drivers Pg. No. 857-860</p>		

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2	<p><b>Staff Under Establishment</b></p> <p>During the year under review, examination of the human resource records provided for audit revealed that the Authority has staff establishment of seven hundred and thirty six (736) staff against five hundred and twenty one (521) staff members in post thus resulting in an overall under establishment of two hundred and fifteen (215) personnel. Further it was noted that the organization's staff establishment of 2014 had not been approved.</p> <p>In the circumstances, operations of the Authority may be affected by lack of enough staff which at end affect the authority negatively in meeting carrying its mandate.</p> <p>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</p>	<p>It is indeed true that full operationalization of the functions of the Authority has not been possible due to the lack of adequate staffing numbers. The IMC proposed staff establishment had a positive variance versus staff in post at the commencement of operations of the Authority, necessitating need for new recruitments. The recruitment of new employees on permanent terms of service was therefore inhibited due to the lack of the approved HR Instruments.</p> <p>The Authority however as a short term measure and in a bid to address the gaps, appointed a number of officers to act in higher posts and also engaged crops inspectors and technical staff on short term contracts as the approval of HR Instruments was awaited.</p> <p>To address other emerging issues, the Authority sought approval from the Cabinet Secretary to include Assistant Director positions, engagement of crops inspectors and temporary recruitments</p> <p><b>Appendix</b>  <b>2 (a)</b> Temporary engagement letters  <b>2 (b)</b> Advert for temporary employments December 2024 Pg. No. 894-926  <b>2(c)</b> Crops Inspectors engagement Pg. No. 928-932  <b>2 (d)</b> Letter of approval by Cabinet Secretary to include Assistant Director in the structure Pg. No. 935-937</p>		

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	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.			



.....  
**Dr. Bruno Linyiru, OGW**  
**Director General**

Date ...05/12/2025

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*Notes to the Financial Statements (Continued)*

**Appendix II: Projects implemented by Agriculture and Food Authority**

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

**Projects**

**Projects implemented by the State Corporation/ SAGA Funded by development partners**

<b>Projects</b>						
<b>Project title</b>	<b>Project Number</b>	<b>Donor</b>	<b>Period/ Duration</b>	<b>Donor commitment</b>	<b>Separate donor reporting required as per the donor agreement (Yes/No)</b>	<b>Consolidated in these financial statements (Yes/No)</b>
Cotton Industry Revitalization Project	1165106601	GoK	5 Yrs.	N/A	N/A	N/A
Sugar Reforms - Cane Testing Units	1169102100	GoK	6 Yrs.	N/A	N/A	N/A
Edible Oil Promotion Programme	1169109700	GoK / AIA	5 Years	N/A	N/A	N/A
Sugar Reforms - Farmers Arrear	1169102100	GoK	1 Year	N/A	N/A	N/A

**Status of Project Completion**

**Status of Project completion as at 30<sup>th</sup> June 2025 (KShs. 000')**

	<b>Project</b>	<b>Total Project Cost</b>	<b>Total expended to date</b>	<b>Completion % to date</b>	<b>Budget</b>	<b>Actual</b>	<b>Sources of funds</b>
					<b>FY 2024/2025</b>	<b>FY 2024/2025</b>	
1	Cotton Industry Revitalization Project	1,865,000	427,937	23%	-	-	GoK
2	Cane Testing Units	1,677,000	1,297,129	77%	900,000	446,552	AIA/GoK
3	Edible Oil Promotion Programme	981,000	164,369	17%	260,000	99,413	AIA/GoK
4	Farmers' Arrears and Factory Rehabilitation	1,050,000	1,050,000	100%	1,050,000	1,050,000	GoK

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*Notes to the Financial Statements (Continued)*

**Appendix IV: Transfers from Other Government Entities: Amounts in KShs '000**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development /Others	Total Amount	Where Recorded/recognized				
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific
Department for Crops Development & Agricultural Research	08/07/2024	Development	504,000	504,000	-	-	-	
Department for Crops Development & Agricultural Research	05/12/2024	Development	546,000	546,000	-	-	-	-
Department for Crops Development & Agricultural Research	10/07/2025	Development	200,000	-	200,000	-	-	-
<b>Total</b>			<b>1,250,000</b>	<b>1,050,000</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>