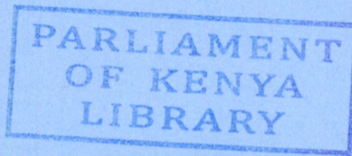


REPUBLIC OF KENYA



**REPORT**



**OF**


**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED**

**30 JUNE, 2025**

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
<b>DATE:</b>	<b>03 DEC 2025</b>
	<b>DAY:</b> <i>Wednesday</i>
<b>TABLED BY:</b>	<i>Hon. Nancy Waga, MP</i>
<b>CLERK-AT-THE-TABLE:</b>	<i>Rehinde Chebet</i>



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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

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

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



**Ewaso Ng'iro North River Basin Development Authority**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025.**

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<b>Table of Contents.....</b>	<b>Page</b>
1. Acronyms and Definition of Key Terms .....	iii
2. Key Entity Information and Management .....	iv
3. The Board of Directors .....	vii
4. Key Management Team.....	xi
5. Chairman's Statement.....	xiii
6. Report of the Chief Executive Officer.....	xv
7. Statement of Performance against Predetermined Objectives for FY 2024/2025 .....	xix
8. Corporate Governance Statement.....	xxi
9. Management Discussion and Analysis .....	xxiv
10. Environmental and Sustainability Reporting .....	xxvii
11. Report of the Directors .....	xxx
12. Statement of Directors Responsibilities .....	xxxi
13. Report of the Independent Auditor for the Financial Statements of Ewaso Ng'iro North River Basin Development Authority .....	xxxiii
14. Statement of Financial Performance for the year ended 30 June 2025 .....	1
15. Statement of Financial Position as at 30 June 2025 .....	2
16. Statement of Changes in Net Assets for the year ended 30 June 2025.....	4
17. Statement of Cash Flows for the year ended 30 June 2025 .....	5
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025 .....	6
19. Notes to the Financial Statements.....	8
20. Appendices.....	37

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

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**1. Acronyms and Definition of Key Terms**

**A: Acronyms**

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

**B: Definition of Key Terms**

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

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

## 2. Key Entity Information and Management

### (a) Background information

Ewaso Ng'iro North River Basin Development Authority (ENNRBDA) is a statutory body created through the ENNRBDA Act (Cap 448) of 1989. Inter alia, the mandate of ENNRBDA as specified in Cap 448 of 1989 is to promote economic development within the Ewaso Ng'iro River Basin.

The Authority is domiciled in Kenya and has branches in five Counties namely;

1. Wajir regional office
2. Marsabit regional office
3. Nanyuki regional office
4. Garissa Desk Office
5. Maralal Desk office

### (b) Principal Activities

The principal activity/mission of the Authority is to contribute to development in the Ewaso Ng'iro North River Basin area through promotion of agro-industry development, creation of employment, resource conservation, sustainable exploitation and management of natural resources, promotion of tourism and sustainable utilization of the environment to alleviate poverty and enhancement of food self-sufficiency.

### (c) Key Management

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

- Board of Directors
- Managing Director
- Directorates

### (d) Fiduciary Management

The key Management Personnel who held office during the financial Period ended 30<sup>th</sup> June, 2025 and who had direct fiduciary responsibility were: -

No	Designation	Name
1.	Managing Director/Chief Executive Officer	Eng. Ali Ibrahim Hassan, PhD
2.	Director, Infrastructure & Natural Resource Development	Mr. Josiah W Mulwa, HSC
3.	Director, Internal Audit and Risk Management	Mr. Mohamed Issack Hassan
4.	Ag Director, Corporate Services	Ms. Fouzia Hared Abdi
5.	Director, Planning, Business Development and Investments	Mr. Mohamed Doyo
6.	Manager, Planning Research & Development	John Mwaniki Njoka
7.	Manager, Business Development, Investments & Enterprise Management	Ms. Lucy W. Wamaru
8.	Manager, Regional Coordination	Ms. Esther K. Rimberia
9.	Manager, Infrastructure and Energy Development	Mr. Diba Qalicha
10.	Manager, Human Resource and Administration	Mr. Hussein Boru Guyo
11.	Manager, Supplies Chain Management	Mr. Abdikadir Mohamed

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

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

**(e) Fiduciary Oversight Arrangements**

The Audit committee (AC) and the Finance & Administration committee of the of the Authority's board provide overall fiduciary oversight on the activities of Ewaso Ng'iro North River Basin Development Authority. The reports and recommendations of the Audit committee and the finance & Administration committee when adopted by the board are forwarded to the management for implementation. Any other issues that require policy guidance are forwarded by the board to the Cabinet Secretary through the office of the Principal Secretary.

**(f) Authority's Headquarters**

**REGISTERED OFFICE:**

Ewaso Ng'iro North River Basin Development Authority  
P.O. Box 203-60300  
**ISIOLO, KENYA.**  
Tel.064 – 5352002/5352507/08  
Email: [ewasonorth14@gmail.com](mailto:ewasonorth14@gmail.com)  
[info@ennda.go.ke](mailto:info@ennda.go.ke)

**(g) Authority's Contacts**

Telephone: (254) 5352507  
E-mail: [ewasonorth14@gmail.com](mailto:ewasonorth14@gmail.com)  
Website: [www.ennda.go.ke](http://www.ennda.go.ke)

**(h) Authority's Bankers**

- |    |                       |                                   |
|----|-----------------------|-----------------------------------|
| 1) | Consolidated Bank     | - Isiolo Branch                   |
| 2) | National Bank         | - Isiolo Branch                   |
| 3) | Kenya Commercial Bank | -Isiolo Branch<br>-Garissa Branch |

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

**(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

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**







**3. The Board of Directors**


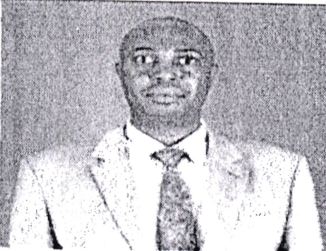

No.	Directors	Details
1.	 <p><b>Mr. Ahmed Duale Ahmed Chairman</b></p>	<p>He was born in 1955 and was appointed as the Chairman of the Board on 28<sup>th</sup> July 2022.</p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>❖ Masters of Masters of Arts in Security Studies and Criminology</li> <li>❖ Bachelors of Business Administration majoring in Human Resource Management</li> <li>❖ Certifies Public Accountant – CPA 2</li> </ul> <p><b>Work Experience:</b>            Jan - April 2021: Human Resource and Finance Consultant - Vision Quest            2010-2020: Chairman, Board of Management - Garissa County High School            1984-2005: Executive Officer in charge of Human Resource - Ministry of Education            1994-1982: Clerical Officer – Office of the President</p>
2.	 <p><b>Eng. Ali Ibrahim Hassan, PhD Managing Director/CEO</b></p>	<p><b>Date of birth:1965</b></p> <p><b>Qualifications:</b>            Senior-Level Executive - Corporate Strategy, Development &amp; Implementation.            Holder of Degrees of Doctor of Philosophy (PhD) in Project Management, Master of Science in Project Management (MSc), Masters in Business Administration (MBA) and Bachelor of Science in Civil Engineering (BSc).</p> <p><b>Work Experience:</b>  <i>32 years' experience (1989-2020) in Construction Projects Management, Financial Management and Human Resources Management and Administration in the public sector.</i></p> <p><b>1<sup>st</sup> October, 2019 to date:</b>            Ewaso Ng'iro North River Basin Development Authority            Position: Managing Director</p> <p><b>3<sup>rd</sup> April, 2017 to 29<sup>th</sup> March, 2018:</b>            National Water Conservation &amp; Pipeline Corporation            Position: Acting Managing Director</p> <p><b>4<sup>th</sup> January, 2016 to 3<sup>rd</sup> September, 2019:</b>            National Water Conservation &amp; Pipeline Corporation            Position: General Manager, Construction &amp; Electro - Mechanical Department</p> <p><b>18<sup>th</sup> February, 2009 to 31<sup>st</sup> December, 2015:</b>            Kenya Rural Roads Authority</p>

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

		<p>Position: Manager/ Regional Manager: <b>2<sup>nd</sup> April, 1998 to 17<sup>th</sup> February 2009:</b> Ministry of Roads and Public Works Position: District works officer/District Roads Engineer: <b>19<sup>th</sup> December, 1989 to 1<sup>st</sup> April, 1998:</b> Ministry of Agriculture Position: Soil and Water Conservation Officer</p>
3.	 <p>Aden Sugow Ahmed</p>	<p>Aden Sugow Ahmed was born on 30<sup>th</sup> August 1961 and joined the Board on 25<sup>th</sup> May 2023.</p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>❖ He holds a Higher Diploma in Security and Aviation Maintenance and Safety Management, Higher Diploma in Intelligence and International Security.</li> </ul>
4.	 <p>Daud Yakub Guliye</p>	<p>Daud Yakub Guliye was born on 1<sup>st</sup> February 1960 and joined the Board on 31<sup>st</sup> May 2023.</p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>❖ He holds A bachelors' Degree (Bsc) in Animal Production /Natural Resources</li> </ul>
5.	 <p>Jane Tingis Putunoi</p>	<p>Jane Tingis Putunoi was born on 23<sup>rd</sup> March 1974 and joined the Board on 31<sup>st</sup> May 2023.</p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>❖ She holds a Bachelors' Degree in Sociology (BA Arts)</li> </ul>
6.	 <p>Joseph Lorunyei Kuwam</p>	<p>Joseph Lorunyei Kuwam was born on 12<sup>th</sup> July 1972 and joined the Board on 30<sup>th</sup> June 2023.</p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>❖ He holds a Bachelors' Degree in Theology and Leadership</li> </ul>
7.	 <p>Lenaiyara Lenana Nixon</p>	<p>Lenaiyara Lenana Nixon was born on 10<sup>th</sup> September 1984 and joined the Board on 31<sup>st</sup> May 2023.</p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>❖ He holds a Masters' Degree in Telecommunication Engineering</li> <li>❖ Bachelors' Degree in Electrical Engineering</li> <li>❖ Expertise in Technology Consultant</li> </ul>







**Ewaso Ng'iro North River Basin Development Authority**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025.**

8.	 Lina Adikento Marleni	<p>Lina Adikento Marleni was born on 26<sup>th</sup> June 1991 and joined the Board on 31<sup>st</sup> May 2023.</p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>❖ She holds a Bachelors' Degree in Finance</li> </ul>
9.	 Melus Londung'okiok	<p>Melus Londung'okiok was born on 1<sup>st</sup> January 1985 and joined the Board on 31<sup>st</sup> May 2023.</p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>❖ He holds a Bachelors' Degree in Education</li> </ul>
10.	 Musa Ibrahim Dimbil	<p>Musa Ibrahim Dimbil was born in 1975 and joined the Board on 20<sup>th</sup> June 2023.</p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>❖ He holds a Bachelors' Degree in Education</li> </ul>
11.	 Maj. Gen. (Rtd.) Anthony M. Rop	<p>Maj. Gen. (Rtd.) Anthony M. Rop was born on 25<sup>th</sup> December 1954 and joined the Board on 7<sup>th</sup> June 2023.</p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>❖ He holds a Diploma in International Studies</li> <li>❖ Bachelor of Laws (BLL) ongoing</li> </ul>
12.	 Stephen Lekupe	<p>Stephen Lekupe joined the Board on October 2023.</p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>❖ Ph.D. (Business Administration) Ongoing</li> <li>❖ MBA (Master of Business Administration)</li> <li>❖ Bachelor of Commerce (Accounting &amp; Business Administration Option).</li> </ul>
13.	 Ahmed Ibrahim Abass	<p>Ahmed Ibrahim Abass was born on 12<sup>th</sup> August, 1975 and joined the Board on October, 2023.</p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>❖ Masters in Business Administration (Strategic Management)</li> <li>❖ Bachelor of Commerce</li> </ul>




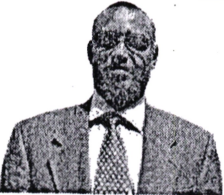

<p>14.</p>	 <p>Ms. Janet W. Kungú</p>	<p><b><u>ALTERNATE DIRECTOR</u></b></p> <p>Ms. Janet W. Kungú was appointed as the representative of the Hon. Attorney General to the Board on April 2022. She is a Deputy Chief State Counsel at the Office of the Attorney General &amp; Department of Justice (OAG &amp; DOJ), Acting as the Head of County Legal Services coordinating the County/Regional offices for the OAG&amp;DOJ Ms. Kungú is accomplished Private and Public Sector Advocate with 18 years legal experience in Civil Litigation, leadership, management and corporate governance.</p>
<p>15.</p>	 <p>Patrick Mugo, PhD</p>	<p><b><u>ALTERNATE DIRECTOR</u></b></p> <p>Dr. Patrick Mugo is a seasoned economist with rich experience spanning over 15 years in the National Treasury. He holds a Doctor of Philosophy Degree in Economics, a Masters of Arts Degree in Economics (from the University of Nairobi) and a Bachelor's Degree in Mathematics &amp; Economics from Moi University. He possesses a wide range of experiences including public policy formulation and implementation, public finance management, development financing, public expenditure reviews, public policy analysis, integrated development planning and public investment management, among others.</p>
<p>16.</p>	 <p>Rosemary Kamau</p>	<p><b><u>ALTERNATE DIRECTOR</u></b></p> <p>Rosemary Kamau was born on 27<sup>th</sup> June 1966 and Joined the board on 4<sup>th</sup> March, 2025</p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>➤ Masters in Labour Laws and Labour and Labour welfare.</li> <li>➤ Post Graduate Diploma in Human Resource</li> <li>➤ A member of Institute of Human Resource Management</li> </ul> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>➤ Worked in various capacities in different government ministries as a human resource professional for the last 34 years.</li> </ul>

**Ewaso Ng'iro North River Basin Development Authority**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025.**

**4. Key Management Team**

	Manager's passport-size photo and name	Profession/academic qualifications and main area of Responsibility
1.	 Eng. Ali Ibrahim Hassan, PhD <b>Managing Director</b>	Managing Director /Chief Executive Officer  <b>Area of responsibility</b> Managing the Affairs of the Authority
2.	 Josiah W. Mulwa, HSC.	Director, Infrastructure & Natural Resource Development - B.Sc (Agric. Eng), M.Sc. (S & W/Eng.)  <b>Area of responsibility</b> In charge of Technical Services and Operations of the Authority
3.	 Mohamed Issack Hassan	Director, Internal Audit & Risk Management - Masters in Project Planning  <b>Area of responsibility</b> Internal Audit & Risk Management
4.	 Fouzia Hared Abdi	Ag Director, Corporate Services – MBA (Finance)  <b>Area of responsibility</b> <ul style="list-style-type: none"> <li>❖ In charge of corporate affairs of the Authority.</li> <li>❖ Finance and Accounts Department</li> </ul>
5.	 Mohammed Doyo Abdullahi	Director, Planning, Business Development and Investments - Masters of Science in Development Studies  <b>Area of responsibility</b> In charge of Planning, Business Development, and Investments of the Authority.
6.	 John N. Mwaniki	Manager, Planning, Research & Development - MSc (Reg. Dev. Planning)  <b>Area of responsibility</b> Planning, Research & Development

Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.

	Manager's passport-size photo and name	Profession/academic qualifications and main area of Responsibility
7.	 Lucy Wamaru	Manager, Business Development, Investments & Enterprise Management - BBA (Accounting option)  <b>Area of responsibility</b> Business Development, Investments department
8.	 Esther K. Rimberia	Manager, Regional coordination - Msc (Business Adm. & Project Mgt)  <b>Area of responsibility</b> Coordination of Regional offices
9.	 Abdikadir Mohamed Ali	Manager, Supplies Chain Management - MBA (Supply Chain)  <b>Area of responsibility</b> Procurement Department
10.	 Hussein Boru	Manager, Human Resource & Administration  <b>Area of responsibility</b> Human Resource and Administration
11.	 Diba Qalicha Boru	Manager, Infrastructure and Energy Development  <b>Area of responsibility</b> Infrastructure and Energy

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



On behalf of the Board of Directors, I am pleased to present the annual report and financial statements of Ewaso Ng'iro North River Basin Development Authority (ENNDA) for the financial year ended 30th June 2023.

ENNDA is a statutory body established by an Act of Parliament, CAP 448 of the laws of Kenya, to promote integrated and sustainable social, economic and political development in the Ewaso Ng'iro North River Basin and its catchment area. The basin covers 36.4% of Kenya land surface of which 92% of the basin is Arid and Semi-Arid Lands (ASAL) and has an estimated population of 4 million Kenyans. The basin is richly endowed with various natural resources ranging from large tracks of natural forest, rich diversity of flora and fauna and minerals.

### **CORPORATE SOCIAL RESPONSIBILITY**

As the Authority continues to achieve the set strategic objectives, it considers Corporate Social Responsibility as an integral part of its core values. The Authority during the year under review, carried out water trucking for drought hit areas in Jabi and Bambo (Mandera County) These ensured water availability to the communities in areas where there were alternative water sources.

### **KEY ACHIEVEMENTS**

During the reporting period, ENNDA implemented basin-wide programmers and projects aimed at reducing poverty, enhancing food security, improving water access, conserving the environment, promoting peace and cohesion, and creating employment opportunities for local communities. Notable achievements include:

#### **(i) Water Projects – Restoring Dignity and Livelihoods**

ENNDA successfully executed 28 water projects in underserved regions, including borehole drilling and installation of water piping systems. These efforts led to reduced waterborne diseases, improved school attendance, increased household incomes, and enhanced safety and social cohesion.

#### **(ii) Youth Empowerment – Digital Literacy Hub**

The Authority completed a modern ICT hub designed to equip youth with digital skills such as coding and online marketing. This initiative supports remote work, entrepreneurship, and addresses youth unemployment by nurturing a generation of tech-savvy innovators.

#### **(iii) Environmental Stewardship – Tree Planting Campaign**

ENNDA planted over 900,000 trees and distributed more than 1.5 million seedlings across ten counties, reaffirming its commitment to climate resilience and sustainable land restoration.

**(iv) Ewaso Ng'iro North Catchment Conservation & Riparian Protection**

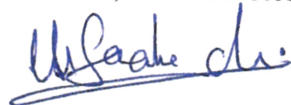
To promote conservation of the Ewaso Ng'iro River, the Authority organized a camel caravan involving over 300 participants from across the Basin. This initiative fostered environmental awareness, community cohesion, and protection of the river ecosystem.

**FUTURE OUTLOOK**

In light of shifting development paradigms, the Authority is committed to aligning its projects and programmes with the Government's BETA framework. Future initiatives will focus on inclusive stakeholder participation, integrated multi-sectoral approaches, and full alignment with the Strategic Plan 2023–2027. ENNDA will place strong emphasis on adding value to local products as a means of improving livelihoods across the Basin. Public-Private Partnerships (PPP) are poised to play a pivotal role in driving future growth. Planned projects include the development of small-scale irrigation systems and harnessing solar and wind energy to promote sustainable development.

On behalf of the Board of Directors, I extend heartfelt congratulations to the ENNDA team for their outstanding achievements during the year. We deeply appreciate the unwavering support of our Board Members, Management, and staff, whose dedication has been instrumental in realizing our goals. We also acknowledge the continued commitment of our shareholders—the Government of the Republic of Kenya—through its organs, the Ministry of East Africa Community, ASALs & Regional Development, and The National Treasury.

Thanks, and God bless you.



**Ahmed Duale Ahmed**  
**Chairman**

## **6. Report of the Chief Executive Officer**



It is my pleasure to present the Annual Report and Financial Statements of the Ewaso Ng'iro North River Basin Development Authority (ENNDA) for the financial year ending 30th June 2024.

During the current reporting period, the Management continued to implement its core functions, which include the planning, coordination, and execution of integrated multi-sectoral projects and programmes. These efforts remain anchored in the Authority's four strategic programme areas as outlined in the 2023–2027 Strategic Plan: development of riverbanks, water bodies, and catchment areas; regional development planning; integrated basin-based development; and community empowerment and support programmes.

In alignment with the national development priorities under the Big Four Agenda, the Authority sustained its focus on initiatives that promote inclusive growth and sustainable development. Notable activities included expanding the Gum Arabic and Resins Development Project in Wajir to support employment in the manufacturing sector, scaling up tree and fruit planting in community farms to enhance food and nutrition security, and continuing the development of hygienic water supply systems to improve community health. These ongoing efforts are expected to deliver greater impact and reinforce the Authority's role in regional transformation.

### **OPERATIONAL PERFORMANCE**

During the year under review, notable progress was made in the development of twenty-seven (27) water harvesting and storage facilities. These included six (6) boreholes equipped with modern solar-powered pumping systems, the upgrading of one (1) water supply scheme, twenty-five (25) water pans, one (1) river training and restoration initiative, and one (1) mega dam—collectively providing an incremental storage capacity of 945,000 cubic meters within the Basin. Additionally, one (1) digital ICT literacy hub was established. These investments, distributed across the basin counties, have strengthened the Authority's operational footprint and marked significant strides toward our development goals. They have positively impacted both our customers and local communities by improving livelihoods and securing water supply, while also enhancing service delivery for our shareholders—the Government.

During the year under review, ENNDA continued to implement its Strategic Plan for the period 2023–2027, which aligns with key national development frameworks including Vision 2030, the Big Four

Agenda, and the Sustainable Development Goals. The Strategic Plan is anchored on four core objectives:

- i) To enhance water availability and accessibility for domestic, livestock, irrigation, and industrial use;
- ii) To promote sustainable management and utilization of natural resources within the Basin;
- iii) To facilitate socio-economic empowerment and livelihood improvement for basin communities;
- iv) To strengthen institutional capacity and stakeholder engagement for effective service delivery.

In pursuit of these objectives, ENNDA executed a range of programme and projects that have delivered tangible benefits to the basin communities. Key highlights include:

- i) Implementation of participatory catchment conservation initiatives such as tree planting, soil and water conservation, and rangeland management, which have contributed to environmental sustainability and increased resilience to climate change;
- ii) Active participation in the 2024 edition of the Camel Caravan—a six-day advocacy walk along the Ewaso Ng'iro River involving over 400 participants from diverse communities, stakeholders, and partners. The caravan promoted the protection and restoration of the river ecosystem, supported livelihood security, and fostered peaceful coexistence among communities.

### **A Strong Foundation**

ENNDA, as a resource-driven River Basin Organization operating beyond administrative boundaries, is uniquely positioned to implement cross-regional development initiatives. Unlike institutions limited by jurisdictional constraints, ENNDA's mandate enables it to deliver integrated, multi-sectoral projects across diverse agro-ecological zones. Its broad programme portfolio, skilled multidisciplinary workforce, regional footprint, and global partnerships—combined with substantial infrastructure investments—provide a strong platform for sustainable growth.

To enhance operational efficiency and service delivery, the Authority has introduced an Enterprise Resource Planning (ERP) system across its departments. This digital tool streamlines processes, improves data management, and enables remote coordination, regardless of location. The ERP has already been installed in several directorates and is slated for full rollout, including integration with the Wajir factory. While this transition may increase operational costs, it is expected to significantly boost productivity, transparency, and responsiveness to stakeholder needs.

#### **Corporate Social Responsibility**

ENNDA's Board of Directors remains firmly committed to upholding strong corporate governance and ethical business practices, with a focus on advancing the long-term interests of all stakeholders. We are dedicated to being a responsible corporate citizen, recognizing that corporate social responsibility is not only the right thing to do—it's also smart business. Building a solid reputation, managing resources responsibly, protecting the environment, and fostering a workplace where employees take pride in their contributions are all integral to our success.

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

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**Shared Value Creation**

As global calls intensify for businesses to take on greater societal responsibility, government corporations—particularly River Basin Organizations—are increasingly expected to contribute meaningfully to social and environmental progress. The push for private sector engagement in advancing the United Nations Sustainable Development Goals underscores the need for collaborative action across public, private, and civil sectors to drive meaningful impact.

Addressing complex challenges such as sustainable food production, water security, and environmental stewardship demands innovation, technology, and shifts in behavior. ENNDA is at the forefront of this transformation, focusing on maximizing the efficiency of limited resources like water and energy, enhancing food safety and traceability, and promoting employee well-being and animal welfare. At its core, ENNDA's mission is to deliver more value with fewer resources—ensuring sustainability and resilience for future generations.

**Future Outlook**

Looking ahead to the 2025–2026 financial year, the Authority is confident in its strategic direction despite persistent challenges across the Basin. A focused operational plan has been crafted to guide priority initiatives, define measurable goals, and align resources with impact-driven outcomes. To support implementation, the Authority has introduced a dynamic resource mobilization framework aimed at diversifying funding streams, strengthening partnerships, and ensuring efficient allocation of financial and technical support. The Authority has also identified various opportunities and prospects that can enhance its growth and development. These include:

- i) The Institution of Surveyor of Kenya Apportioning space and need, Green land management option for posterity. Due to our mandate significant impact on our organization and members in particular and Kenya economic Development;
- ii) The Engineering Board of Kenya enhances the Authority's engineers' skills through plenary sessions with renowned speakers, technical presentations, and hands-on training in emerging technologies and innovations.

The green economy concept that can promote renewable energy sources such as solar, wind and biogas in the basin;

The newly built Jitume digital literacy Hub can accommodate training of upto Hundred persons can boost Youth in acquiring knowledge

The Authority also proposes to take part in various forums and platforms to enhance collaboration and coordination with other stakeholders such as the county governments, national government agencies, development partners, civil society organizations, private sector actors and academic institutions. These include:

Signing of Memoranda of Understanding (MoUs) with county governments of Marsabit to facilitate joint planning, implementation of WALDA Integration Development Programme projects in the basin;

Participation in the Ewaso Ng'iro North Catchment Area Advisory Committee (CAAC) meetings to discuss water resources management issues;

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

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Participation in the National Drought Management Authority (NDMA) county steering group meetings to discuss drought response interventions;  
Participation in the Lake Olbollosat marathon in enhancing catchment conservation;  
Participation in various workshops, seminars, conferences and exhibitions to showcase ENNDA's achievements, challenges and opportunities;

**Appreciation**

I would like to thank our customers, our dedicated and talented staff, our service providers, the County Governments under the jurisdiction of the Authority and all other stakeholders for their contribution during the year. The collaborative efforts provided by Peace link, Isiolo Conservation Trust, Kenya Forest, NEEMA, Jukwaa La Usalama and the various County Governments cannot be left unmentioned. We express our thankfulness to them all among others. I look forward to their continued support as we strive to provide unparalleled services to the community and stakeholders of the Basin.



Eng. Ali Ibrahim Hassan, PhD  
Managing Director.

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

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

The Annual Workplan for the Financial Year 2023-2024 was derived from the ENNDA Strategic plan 2023-2027 and developed through a process of consultation to guide the Authority to deliver on its mandate to enhance service delivery within its area of jurisdiction.

Broadly, the Strategic Plan outlines four (4) strategic issues that were identified through a rigorous situational and stakeholder analysis, namely:

- i). Large partially-exploited resource base in the Basin
- ii). Sustainable livelihoods and income diversification
- iii). Institutional financial sustainability
- iv). Institutional governance

These strategic issues form the basis of the previous year's workplan. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority derived the 20<sup>th</sup> Cycle (FY 2023-24) Performance Contract targets from the Strategic Plan 2023-27 and the Work Plan FY 2023-24, and achieved its performance targets set for the same period for all its strategic pillars, as indicated in the table below:

Strategic Issues	Objective	Key Result Areas	Activities/ Programmes	Achievements
Issue 1: Large partially exploited resource base in the Basin	Sustainable development and utilisation of basin-based resources	Integrated development planning, research and coordination	Development of Strategic Plan	<ul style="list-style-type: none"> <li>• 1 Strategic Plan developed for the period 2023-2027</li> </ul>
		Catchment conservation and climate change mitigation and adaptation	Ewaso Ng'iro North Catchment & Riparian Conservation Project	<ul style="list-style-type: none"> <li>• 4 nurseries established</li> <li>• 1.5 million seedlings produced</li> <li>• 1.3 million assorted tree seedlings distributed &amp; planted</li> <li>• 1 Conservation and peace caravan campaign conducted</li> <li>• 2 water pans constructed with a cumulative capacity of 30,000 cubic metres</li> </ul>
		Water resource management and conservation	• Ewaso Ng'iro North Integrated Water, Drought & Food Security Development Project	<ul style="list-style-type: none"> <li>• 24 water pans and dams constructed</li> <li>• 8 boreholes drilled &amp; equipped</li> <li>• Cumulatively supplying more than 1.7 million cubic metres of water to about 200,000 households across the basin.</li> </ul>

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

			<ul style="list-style-type: none"> <li>• Drought Mitigation Intervention Programme</li> <li>• BETA priorities &amp; Flood Control</li> </ul>	
Issue 2: Sustainable livelihoods and income diversification	Enhanced socio-economic development and improved livelihoods within the basin	Income and livelihoods diversification	Rehabilitation of small-holder farmer irrigation schemes	<ul style="list-style-type: none"> <li>• 5 irrigation scheme clusters designed and improved, covering about 50 acres of land</li> </ul>
Issue 3: Institutional financial sustainability	Enhanced institutional financial stability	Resource mobilization	Number of resource mobilization, branding & marketing, and income generating investments/ initiatives undertaken	<ul style="list-style-type: none"> <li>• Three proposals were submitted for funding consideration, ranging from climate change mitigation and adaptation to renewable energy</li> </ul>
Issue 4: Institutional governance	Enhanced efficient service delivery	Institutional Capacity	Number of governance frameworks and competency development initiatives implemented	<ul style="list-style-type: none"> <li>• Continuous professional development for 10 staff members</li> <li>• Management courses conducted for 10 staff members</li> </ul>
		Service Delivery	Digitalization of Government Services	<ul style="list-style-type: none"> <li>• Implemented the Enterprise Resource Planning (ERP) system for financial and human resource management</li> <li>• Onboarded 4 citizen-facing services on the e-citizen platform</li> </ul>

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

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## **8. Corporate Governance Statement**

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

1. To cultivate, observe and promote high standards of ethical corporate culture and moral behaviour;
2. To manage conflicts of interests, and act in the best interests of ENNDA;
3. To remunerate and promote fairly and responsibly;
4. To recognize the legitimate interests of all stakeholders;
5. To ensure that the organization acts as a good corporate citizen; and
6. Appreciate that strategy, risk, performance and sustainability are inseparable.

In general, Board members shall act in the best interest of ENNDA and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of ENNDA over other interests. They will act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency.

### **The Board Size and Composition**

The overall policy making organ of the Authority is the Board of Directors who are appointed as per Section 4 of the ENNDA Act. The Board consists of the: -

- i) The Chairman who is appointed by the President;
- ii) Twelve non-official members appointed by the Cabinet Secretary, in consultation with the President, ten of whom shall be appointed from the Area affected by the operations of the Authority;
- iii) Twelve (12) Alternate directors representing; Principal Secretaries of State Departments Responsible for (RDAs, finance, agriculture, health, livestock, energy, water, and environment), the Regional Commissioners for Rift Valley, Central, Eastern and North-Eastern Provinces, and the Inspector of State Corporations; and
- iv) The Managing Director.

### **Process of appointment of directors**

Every appointment of the Chairman and non-official member is by name and by notice in the Gazette for a term of three years from the date of appointment and are eligible for re-appointment.

### **Removal of directors**

A member can be removed if the Cabinet Secretary is satisfied that any of the non-official members—  
(a) has been guilty of improper conduct considered to be inconsistent with membership of the Authority; or

(b) is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Authority; or

(c) is unable or unfit, for any other reason, to discharge the duties of his office, and that it would be in the interest of the Authority so to do, he may terminate the appointment of that member.

Office of a non-official member becomes vacant under the following circumstances—

- (a) upon the expiry of his term of appointment; or

(b) upon the termination of his appointment; or  
(c) by resignation, upon the expiry of one month, or such shorter period as may be mutually agreed, after the date upon which the Cabinet Secretary receives a written notice signed by the member of his intention to resign; or

(d) if he is absent without the permission of the Authority from three consecutive meetings of the Authority of which he had reasonable notice.

#### **Existence of a board charter**

The Board has a Board Charter 2018 which defines the roles and responsibilities of the board in order to promote high standards of corporate governance in accordance with the Constitution of Kenya 2010, the ENNDA Act, State Corporations Act and the Mwangozo Code of Governance for State Corporations. Each member upon appointment is issued with a copy of the Charter.

#### **Roles and functions of the Board**

The Board's principal duty is to promote the long-term success of the Authority, and delivering sustainable value to the General public, the government and the major stakeholders, the community's resident in the area of the Authority's jurisdiction.

The Board Charter defines the governance parameters within which the board exists and operates, sets out specific responsibilities of the board, its committees and directors collectively, as well as certain roles and responsibilities incumbent upon directors as individuals.

A summary of the Board responsibilities are as follows:

- ❖ Providing sound entrepreneurial leadership to the Authority within a framework of prudent and effective controls which allow risk to be assessed and managed.
- ❖ Strategy formulation and ensuring that there are adequate policies, systems and structures to successfully implement the Authority's Strategic Plan.
- ❖ Monitoring the Authority performance against Strategic Plans and objectives on a going concern basis, as well as holding mandatory quarterly meetings.
- ❖ Selection, appointment and appraisal of Senior Managers.
- ❖ Approve the risk management framework and ensuring that there are adequate structures and systems to identify measure and monitor key risks facing the Authority.
- ❖ Reviewing the effectiveness of systems for monitoring and ensuring compliance with laws of the land, rules and regulations as promulgated by the government from time to time.
- ❖ Reviewing and monitoring the Port's corporate governances, policies and practices.
- ❖ Reviewing the Authority's finances to ensure that there are adequate funds for the planned implementation of projects and programmes to allow growth and expansion of Authority activities as envisaged in the Strategic Plan, and the overall Authority's development portfolio.
- ❖ Approval of among other things major capital expenditure, borrowings, budget, acquisition of land and other heavy capital Assets among others.

#### **Induction and training, board and member performance**

There being no new board members there was no training and induction.

A board evaluation exercise was undertaken on the 2nd October 2024 under the leadership of the State Corporations Advisory Commission whereby the performance of the board and each individual member of the board was conducted.

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

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**The number of Board meetings held and the attendance to those meetings by members**

The Act provided that the Board meet at least four times in every financial year and not more than four months shall elapse between the date of one meeting and the date of the next meeting.

**Full Board Meetings**

During the year the board held Four (4) full board meetings on: -

1. 7th August 2024 which was attended by 17 members and no member was absent
2. 2nd October 2024 which was attended by 17 members and no member was absent
3. 30th January 2025 which was attended by 17 members and 1 member being absent with apology
4. 8th May 2025 which was attended by 14 members and 1 member being absent with apology.

**Committee Meetings**

The board has three committees are namely; Finance, Administration and General purpose, Planning, Resource Mobilization and Development and Audit, Risk Management and Compliance Committees. Each of the committees held a total of Four (4) sittings during the financial year.

**Succession plan**

The chairman and the board member were appointed at different date to ensure their term does not end together as a way of providing for a smooth transition and continuity from one board to the other. The Authority updates the Cabinet Secretary on a regular basis on the expiry dates for appointment of the chairman and each of the non-official board member for advance planning.

**Conflict of interest, ethics and conduct as well as governance audit**

Directors have a statutory duty to avoid situations in which they have interest which may conflict with the interest of the Authority. The Director usually declares their interests on any matter before the board for deliberation in all the meetings of the board.

**Board remuneration**

The Act provides that the non-official members shall be paid by the Authority such remuneration and allowances as the Cabinet Secretary may from time to time determine in concurrence with the State Corporations Advisory Committee (SCAC). The members are paid sitting allowances for every meeting attended, including travelling and accommodation allowance to and from the meeting to their home county. The chairman is also paid a monthly honorarium and telephone expenses as determined by the government from time to time.

**Communication Policy**

The Act provides that no member, officer or servant of the Authority shall disclose any information which he has acquired in the performance of his functions as such member except in so far as may be necessary for the performance of such functions or for due compliance with the order of any court. Any member who contravenes the Secrecy Provision shall be guilty of an offence and liable to a fine not exceeding three thousand shillings or to imprisonment for a period not exceeding six months or to both.

## 9. Management Discussion and Analysis

### Historical Budget Performance

Over the past three years, ENNDA has seen substantial increases in budget allocations, peaking in 2023–2024 at KES 1.24 billion before dropping to KES 524 million in 2024–2025. This trajectory reflects not only shifting institutional priorities but also the broader economic and fiscal dynamics shaping the national resource distribution. During the period under review, prioritization was largely driven by intensified investment in climate change adaptation, catchment conservation, and water, drought, and food security interventions as these were the areas that gained prominence due to escalating environmental stress, community vulnerability, and national policy alignment.

These allocations were not merely reactive but are firmly aligned with ENNDA's Strategic Goals under the 2023–2027 Plan, reflecting a deliberate move toward resilience-building and livelihood protection across arid and semi-arid zones. They have substantially strengthened our institutional capacity to address critical basin challenges, ranging from water scarcity and land degradation to food insecurity, while positioning us to respond more effectively to the evolving needs of the communities we serve.

However, despite the increase in budgetary allocations in individual programmes as show in Table 1 below, there have been major delays in disbursement of these funds and in some instances, funds have not been disbursed at all. This situation has diminished the Authority's effectiveness and capacity to address the challenging basin concerns and numerous community requests, as well as resulting in pending bills.

*Table 1: Summary of historical analysis of ENNDA Development Budget for the past four (4) years*

No	Project/Programme Name	Financial Year			
		2021-2022	2022-2023	2023-2024	2024-2025
1.	Ewaso Ng'iro North Catchment & Riparian Conservation Project	57,392,000	8,597,500	16,000,000	182,569,484
2.	Gums & Resins Integrated Development Programme	78,000,000	12,128,753	41,940,000	-
3.	Drought and Floods Emergency Interventions	95,000,000 (Suppl)	300,000,000 (Suppl)	80,000,000	-
4.	Ewaso Ng'iro Integrated Water, drought and Food Security	-	4,500,000	71,030,000	127,000,000
5.	Northern Kenya Integrated Camel Development Programme	-	3,750,000	10,000,000	-
6.	ENNDA for BETA priorities and flood control (Supplementary I & II)	-	-	1,020,000,000	215,000,000
	<b>Total</b>	<b>230,392,000</b>	<b>328,976,253</b>	<b>1,238,970,000</b>	<b>524,569,484</b>

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

**Budget Performance for the Financial Year 2024-2025**

In the year under review, ENNDA demonstrated robust financial performance, marked by prudent fiscal management and strategic investments. The Authority successfully mobilized resources to fund key projects, resulting in significant improvements in water infrastructure, agricultural development, environmental conservation and management, and community empowerment initiatives compared to the previous years.

The Authority operated with a budget of Kshs. 821,374,506 as outlined in the final Supplementary Budget during the year 2024-2025. This included a Recurrent Budget of Kshs. 251,405,022 comprising Kshs. 236,405,022 from the Government of Kenya (GOK) Grant and Kshs. 15,000,000 from Appropriations-in-Aid (AIA), and a Development Budget of Kshs. 569,969,484

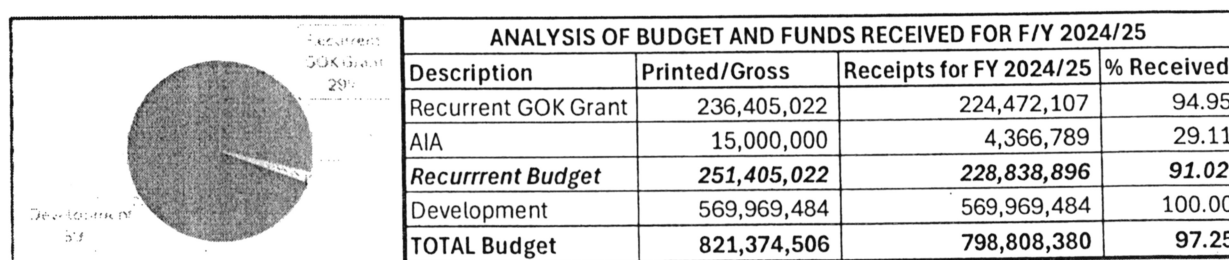


Figure 1: Analysis of Budget Allocation and Funds Received for the FY 2024-2025

**Key Projects and Investment Decisions Implemented in FY 2024/25**

During the FY 2024/2025, the Authority had three (3) ongoing Programmes at various stages of implementation, each aligned with ENNDA’s strategic priorities under the 2023–2027 Strategic Plan and tailored to address the region’s pressing environmental and socio-economic challenges. These included the Ewaso Ng’iro North Catchment & Riparian Conservation Project focused on rehabilitating degraded areas, Drought and Floods Emergency Interventions focused on developing water points to build community resilience, and Ewaso Ng’iro Integrated Water, drought and Food Security aimed at increasing water access and promote food security. The budget breakdown for the above projects has been outlined in Table 1 above.

**Compliance with Statutory Requirements**

ENNDA remains committed to upholding stringent compliance with statutory requirements. During the period under review the Authority has diligently adhered to all relevant legal and regulatory obligations, ensuring transparency and accountability. We have maintained meticulous records and reporting practices to ensure that we are fully aligned with statutory provisions. Additionally, our commitment to ethical practices has enabled us to successfully navigate any compliance challenges that may have arisen.

**Major Risks Facing the Authority**

ENNDA acknowledges the presence of several significant risks that impacted our operations and objectives. The most notable among these include;

- i). Funding challenges due to insufficient exchequer funding
- ii). Huge historical pending bills

- iii). Climate change which poses a long-term threat to water availability in our region, requiring adaptive measures and robust resource management. Moreover, securing sustainable funding sources remains a challenge, given the volatile economic environment
- iv). During the review period, human resource-related challenges were also experienced which included understaffing in the technical departments with requisite staff and skills.

In addition to these, the Authority was involved in five ongoing court cases. These cases include claims for unpaid insurance cover, special and general damages related to accidents involving the Authority's vehicles, and a significant consultancy fee dispute. The total amounts claimed range from Kshs. 2,500 to over Kshs. 42 million. Some cases have seen progress, such as recorded consents for payment in instalments, while others are awaiting court decisions or hearing dates.

### **Material Arrears in Statutory and Other Financial Obligations**

ENNDA recognizes that managing financial obligations is crucial for operational stability. During the fiscal year, there have been no material arrears in statutory or financial obligations. We have diligently met our financial commitments, including payments to suppliers, employees, and statutory bodies. Our robust financial management practices have allowed us to maintain a healthy financial position and uphold our reputation for fiscal responsibility.

### **Review of the Economy**

The economic landscape within our jurisdiction has seen both challenges and opportunities. The effects of climate change have continued to pose threats to the Basin's economy as a result of prolonged droughts and severe floods destroying the livelihoods of the communities. However, we have also observed signs of recovery, with increased agricultural production and a growing interest in sustainable water resource management. As economic conditions stabilize, ENNDA is poised to play a pivotal role in supporting the region's economic growth through our sustainable development initiatives.

### **Review of the Sector and Future Developments**

The natural resource management sector is undergoing transformation, with a heightened focus on sustainability and climate resilience. ENNDA remains at the forefront of these developments, actively engaging with stakeholders and partners to enhance our capabilities. In the coming years, we plan to expand our infrastructure, improve water resource management practices, and promote community engagement for the sustainable development of the Ewaso Ng'iro North River Basin. We are committed to embracing innovative technologies and practices to address the evolving challenges in our sector.

In conclusion, ENNDA maintains a steadfast commitment to compliance, risk management, financial responsibility, and sustainable development. While challenges persist, our proactive approach and dedication to our mission ensure that we are well-prepared to navigate the dynamic landscape of water resource management in the Ewaso Ng'iro North River Basin. We remain focused on achieving our goals and serving the best interests of our stakeholders, both now and in the future.

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

ENNDA is dedicated to fostering sustainable development within the Basin through initiatives in sustainable water management, agricultural and livestock development, environmental conservation, and community engagement. The Authority has achieved significant improvements in water access by developing water pans and boreholes, enhanced agricultural productivity by supporting local farmers with training and sustainable practices, and preserved the natural ecosystem through reforestation and environmental conservation efforts. These initiatives align with international best practices such as Integrated Water Resource Management (IWRM) and Community-Based Natural Resource Management (CBNRM). However, ENNDA still faces challenges including political and economic instability, adverse climate conditions like prolonged droughts and flooding, resource constraints, and insecurity in some parts of the basin which hinder effective project supervision and implementation. Despite these hurdles, ENNDA remains committed to leveraging community involvement and adhering to international best practices to achieve her sustainability goals.

### **i) *Environmental performance***

ENNDA has a strong background in environmental management and conservation. This is firmly grounded on its strong environmental policy which focuses on sustainable water management, biodiversity conservation, community involvement, and pollution control. The authority has achieved significant improvements in water access, agricultural productivity, and ecosystem preservation through reforestation and wildlife protection. In biodiversity management, ENNDA undertakes habitat restoration, reforestation projects, and biodiversity diversification efforts. Our waste management policy is anchored on “zero-waste” concept where all the by-products are recycled and re-used as raw materials for other products, as is evident in the Gums & Resins Project. Additionally, ENNDA is committed to reducing the environmental impact of its projects and activities by promoting sustainable exploitation of natural resources within the Basin, implementing pollution control measures, and engaging in community education programs to raise awareness about environmental conservation.

### **ii) *Employee welfare***

ENNDA's hiring process is designed to be inclusive and equitable, with a focus on maintaining a balanced gender ratio and promoting diversity. Our recruitment process aligns with organizational goals and community needs, and is purposefully designed to ensure that the Authority attracts and maintains the highest performing talents at all professional levels. The hiring practices are regularly reviewed and updated based on feedback to stay competitive and responsive to the community needs and evolving job market. ENNDA is committed to professional development, offering various training programs and workshops to enhance skills and support career advancement. The Authority's structured appraisal system evaluates employee performance fairly and transparently, providing regular feedback and recognizing outstanding performance with promotions, salary increments, and other incentives.

In terms of safety and compliance, ENNDA adheres to the Occupational Safety and Health Act of 2007 (OSHA) to ensure a safe and healthy working environment. Our safety policy includes regular risk assessments, safety training programs, and the implementation of safety protocols to prevent workplace accidents and injuries. Compliance with OSHA standards is a top priority, and ENNDA continuously monitors and updates its safety practices to maintain high standards of workplace safety.

**iii) Market place practices-**

**a) Responsible competition practice.**

ENNDA ensures responsible competition practices through stringent anti-corruption measures, including regular internal audits checks, and maintains neutrality in political matters to avoid undue influence. The Authority places a significant emphasis on strict adherence to fair competition laws, avoiding anti-competitive practices like collusion and market manipulation. We also show respect for competitors by engaging in ethical business practices and focusing on improving our own services in order to stay more competitive. These policies are regularly reviewed and updated to align with best practices, fostering a fair, transparent, and competitive market environment.

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

ENNDA maintains good business practices by adhering to principles of integrity, transparency, and accountability in all its operations. We ensure responsible treatment of suppliers by strictly honouring contracts and adhering to agreed-upon terms and conditions. This includes timely payments and clear communication to avoid any misunderstandings or disputes. By fostering strong, respectful relationships with suppliers, ENNDA ensures a reliable supply chain and promotes mutual trust and cooperation. These practices not only enhance operational efficiency but also contribute to a positive reputation and long-term sustainability for both ENNDA and its partners.

**c) Responsible marketing and advertisement**

To maintain ethical marketing practices, ENNDA prioritises transparency and compliance with relevant laws, ensuring all communications are clear and truthful. Respect for customer privacy is upheld, with culturally sensitive and inclusive campaigns that avoid misleading claims. Third-party partners are vetted to ensure they adhere to the same ethical standards. Additionally, feedback from stakeholders, project beneficiaries and development partners are actively sought to continuously improve marketing efforts, fostering trust and upholding high ethical standards.

**d) Product stewardship**

At ENNDA, our customers or consumers are the 4.2 million inhabitants of the basin and their livestock, to whom we diligently deliver relevant development projects and programmes. To safeguard their rights and interests, ENNDA ensures transparency by

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

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providing clear and truthful information about their project funding, descriptions and scopes. The Authority engages in regular stakeholder consultations to address consumer concerns, provide channels for complaints and redress, and resolve grievances promptly. These efforts foster trust and accountability, resulting in greater success of development projects long after they have been implemented.

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

In the year under review, ENNDA carried out several impactful CSR activities, including supporting sports development programs to nurture local talent and promote active lifestyles, improving water and sanitation facilities in underserved communities, and implementing climate action initiatives such as reforestation and protection of springs and wetlands areas. These efforts have significantly enhanced community well-being, promoted hygiene, and educated residents on climate-resilient practices. Additionally, ENNDA focused on economic empowerment by providing training and resources to women and youth groups, helping them achieve financial independence and self-reliance.

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

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**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 Ewaso Ng'iro North River Basin Development Authority's affairs.

**i) Principal activities**

The principal activities of the Ewaso Ng'iro North River Basin Development Authority are to contribute to development in the Ewaso Ng'iro North River Basin area through promotion of agro-industry development, creation of employment, resource conservation, sustainable exploitation and management of natural resources, promotion of tourism and sustainable utilization of the environment to alleviate poverty and enhancement of food self-sufficiency.

**ii) Results**

The results of the Ewaso Ng'iro North River Basin Development Authority for the year ended June 30, 2025, are set out on page (xiii-xxix)

**iii) Directors**

The members of the Board of Directors who served during the year are shown on page vii-x. During the year no director retired/ resigned and none was appointed with effect from 1<sup>st</sup> of July, 2024.

**iv) Auditors**

The Auditor-General is responsible for the statutory audit of the Ewaso Ng'iro North River Basin Development Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Ewaso Ng'iro North River Basin Development Authority for the year/period ended June 30, 2025.

By Order of the Board

Name

  
JOSIAH W. MULWA

Corporation Secretary/Secretary to the Board

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

Section 81 of the Public Finance Management Act, 2012 and ENNRBDA Act (Cap 448) of 1989 require the Directors to prepare financial statements in respect of that Ewaso Ng'iro North River Basin Development Authority, which give a true and fair view of the state of affairs of the Ewaso Ng'iro North River Basin Development Authority at the end of the financial year/period and the operating results of the Ewaso Ng'iro North River Basin Development Authority for that year/period. The Directors are also required to ensure that the Ewaso Ng'iro North River Basin Development Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Ewaso Ng'iro North River Basin Development Authority. The Directors are also responsible for safeguarding the assets of the Ewaso Ng'iro North River Basin Development Authority.

The Directors are responsible for the preparation and presentation of the Ewaso Ng'iro North River Basin Development Authority's financial statements, which give a true and fair view of the state of affairs of the Ewaso Ng'iro North River Basin Development Authority for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Ewaso Ng'iro North River Basin Development Authority; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Ewaso Ng'iro North River Basin Development Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and ENNRBDA Act (Cap 448) of 1989. The Directors are of the opinion that the Ewaso Ng'iro North River Basin Development Authority's financial statements give a true and fair view of the state of Ewaso Ng'iro North River Basin Development Authority's transactions during the financial year ended June 30, 2025, and of the Ewaso Ng'iro North River Basin Development Authority's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Ewaso Ng'iro North River Basin Development Authority, which have been relied upon in the

**Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.**

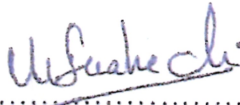
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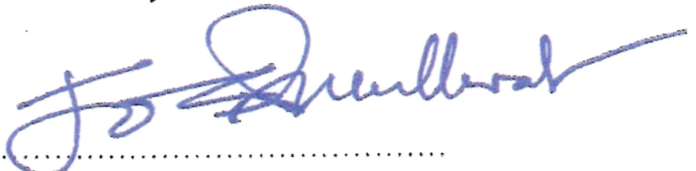
preparation of the Ewaso Ng'iro North River Basin Development Authority's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern and Nothing has come to the attention of the Directors to indicate that the Ewaso Ng'iro North River Basin Development 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 Ewaso Ng'iro North River Basin Development Authority's financial statements were approved by the Board on \_\_\_\_\_ 2025 and signed on its behalf by:

  
.....  
Name **AHMED DUALE AHMED**  
Chairperson of the Board/Council

  
.....  
Name **JOSIAH W. MULWA**  
Accounting Officer

# REPUBLIC OF KENYA

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HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON EWASO NG'IRO NORTH RIVER BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025**

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on the Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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 Ewaso Ng'iro North River Basin Development Authority set out on pages 1 to 40, which comprise of the statement of

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*Report of the Auditor-General on Ewaso Ng'iro North River Basin Development Authority for the year ended 30 June, 2025*

financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ewaso Ng'iro North River Basin Development Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Ewaso Ng'iro North River Basin Development Authority Act, CAP 448 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Long Outstanding Accounts Payables**

The statement of financial position and Note 19 to the financial statements reflect Kshs.163,527,039 in respect of trade and other payables. However, as previously reported, these payables have remained outstanding for more than three (3) years, and the Management did not provide a satisfactory explanation or evidence of a settlement plan. This is contrary to The National Treasury Circular No. 10 of 2020, Ref: DGIPE/A/1/80 of 16 June, 2020 which requires pending bills to be treated as a first charge in subsequent year's budget.

Further, the payables include unremitted statutory deductions comprising staff pension of Kshs.10,878,823, PAYE of Kshs.13,788,365, and VAT and Withholding tax of Kshs.20,000,000, also outstanding for more than three (3) years. This is contrary to Section 27(1) of the National Social Security Fund Act, 2013 and Section 35(5) of Income Tax Act, Cap 270, which require timely remittance of statutory deductions. In addition, no provisions were recognized for penalties and interest expected to accrue on the long-outstanding statutory payables, contrary to IPSAS 1 22, which requires recognition of liabilities where a present obligation is expected to result in an outflow of resources.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.163,527,039 could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budgeted and actual amounts reflects final budgeted receipts of Kshs.1,274,340,000 budget against the actual receipts on a comparable basis of Kshs.1,331,486,391, resulting in a shortfall of Kshs.175,531,620 or 14% of the budget. However, the Authority spent an amount of Kshs.1,258,149,399, resulting in an under-absorption of Kshs.73,336,992 or 6% of the actual receipts.

The shortfall in receipts affected the planned activities, and the Authority may have experienced delays in executing planned activities and service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Audit Matters**

In the previous audit report several issues were raised under Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Control, Risk Management and Governance. However, although Management has indicated in the progress on implementation of auditor's recommendations section that most of the prior year audit matters have been resolved, no evidence was provided for audit review to show how and when they were resolved. The issues included the following:

1. Long Outstanding Trade and Other Payables.
2. Budgetary Control and Performance.
3. Non-Utilization of Enterprise Resource Planning (ERP) System.
4. Employee Costs
  - 4.1 Non-Compliance with the One-Third of Basic Salary Rule
  - 4.2 Non-Adherence to Gender Rule
5. Trade Creditors and Other Payables - Accrued Statutory Obligations.
6. Unapproved Investment.
7. Project Implementation Status
  - 7.1 Delayed Desilting and Rehabilitation of Chaffa Chachane Dam

- 7.2 Construction of Bori Water Pan
- 7.3 Construction of Nana Water Pan
- 7.4 Construction of Libi Water Pan
- 7.5 Drilling, Test Plumbing and Equipping of Matetu Borehole
- 7.6 Drilling, Test Plumbing and Equipping of Natiri Borehole
- 8. Lack of Functional Internal Audit.
- 9. Lack of Approved Information Technology (IT) Security Policy.
- 10. Use of Personal Email in Official Communication.

### **Other Information**

The Management is responsible for the Other Information set out on page iv to xxxii, which comprise of Key Entity 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 and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the 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. Unutilized Enterprise Resource Planning System**

As previously reported, the statement of financial position and as disclosed in Note 17 to the financial statements reflects a balance of Kshs.10,794,522 in respect to intangible assets which relates to the procured Enterprise Resource Planning (EPR) system from a local supplier. However, three (3) years after its procurement, Management has not provided justification for its continued non-utilization. No implementation status report, deployment plan, or reasons for delayed activation were availed for audit.

In the circumstances, the value for money derived from the intangible asset balance of Kshs.10,794,522 could not be confirmed.

### **2. Non-Compliance with the Law on Staff Ethnic Composition**

The Authority had a total staff of one hundred and ninety-six (196) employees out of whom eighty-three (83), or 42% and sixty-one (61), or 31% members of staff were from the two dominant ethnic communities. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff, and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

### **3. Non-Compliance with the Law on Gender Rule**

During the year under review, the Authority had one hundred and ninety-six (196) employees consisting of one hundred and thirty-four (134), or 68% and sixty-two (62), or 32% as male and female respectively. In addition, included in the one hundred and ninety-six (196) employees is a Management team of eleven (11) employees consisting of eight (8), or 73% male and three (3) employees, or 27% as female. This is contrary to Article 27(8) of the Constitution of Kenya, 2010 which states that, in addition to the measures contemplated in clause (6), the State shall take legislative and other measures to implement the principle that not more than two-thirds of the members of elective or appointive bodies shall be of the same gender.

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

### **4. Non-Compliance with the Law on One-Third of Basic Salary Rule**

The statement of financial performance and Note 9 to the financial statements reflects employee costs balance of Kshs.243,018,531. However, review of the payroll records revealed that twenty-eight (28) employees earned a net salary of less than a third (1/3) of their basic salary. This was contrary to Section 19(3) of the Employment Act, 2007 which states that the total amount of deduction of the wages of an employee shall not exceed two thirds (2/3) of such wages.

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

#### **5. Non-Submission of Reports to Public Procurement Regulatory Authority**

The statement of financial performance and Note 18 to the financial statements reflect development expenses balance of Kshs.975,970,963 in respect of expenses incurred in the procurement of development projects. However, the Authority did not prepare and submit the required semi-annual procurement reports to the Public Procurement Regulatory Authority (PPRA). Further, there was no evidence of correspondence or justification provided to PPRA regarding the delay or non-submission of the reports. This was contrary to Section 157(12), (13)(b) of the Public Procurement and Asset Disposal Act, 2015 which require all procuring entities at the national and county levels to submit biannual procurement reports to PPRA, including disaggregated data indicating the number of youths, women, and persons with disabilities whose goods and services were procured by the entity.

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

#### **6. Late Submission of Quarterly Reports**

The Authority's quarterly reports for the periods ended 30 September, 2024, 31 December, 2024 and 31 March, 2025 were submitted to the Office of the Auditor-General on 19 May, 2025. This was contrary to Regulation 220(1) of the Public Finance Management (National Government) Regulations, 2015 which states that pursuant to Section 83(6) of the Act, the accounting officer of a national government entity listed in Schedules 2, 3 and 4 shall prepare and submit quarterly financial and non-financial statements within fifteen (15) days after the end of each quarter to the Cabinet Secretary responsible for the National Government entity with a copy to The National Treasury and the Auditor-General.

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

#### **7. Failure to Insure Assets**

The statement of financial position and Note 16 to the financial statements reflect property, plant and equipment balance of Kshs.187,017,268 which include a balance of Kshs.117,107,541 in respect of buildings. However, audit review established that the Authority had not insured its buildings against potential risks or losses. This was contrary to Regulation 139(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that the accounting officer of a national government entity shall take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse.

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

## **8. Project Implementation Status**

The statement of financial performance and Note 18 to the financial statements reflect Kshs.975,970,963 in respect of development expenditures. However, physical inspection of various projects totalling Kshs.168,470,591 carried out in the month of May, 2025 revealed the following anomalies;

### **8.1 Construction of Gullane Water Pan**

The development expenditure includes an amount of Kshs.18,600,540 for the construction of Gullane Water Pan. However, the site of the dam was in an area with loose gravels which was porous leading to high water losses through seepage and no feasibility study reports were provided show how the area was selected. In addition, while the bill of quantities provided for 283 precast fencing posts, the contractor fenced using 270 concrete posts.

### **8.2 Construction of Eldas Water Pan**

The development expenditure includes an amount of Kshs.18,501,525 for the construction of Eldas Water Pan. However, at the time of the audit, the project was incomplete and the contractor was not on site due to flooding during construction.

### **8.3 Construction of Youth Literacy Hub**

The development expenditure includes an amount of Kshs.35,945,639 for the construction of Youth Literacy Hub. However, it remains unused as Management waits for budgetary allocation for equipping.

### **8.4 Construction of Buuri Water Pan**

The development expenditure includes an amount of Kshs.95,422,887 for the construction of Buuri Water Pan. However, as at the time of the audit, construction of a silt trap billed at Kshs.1,440,000, construction of the spillway billed at Kshs.997,500, construction of sills and riprap works billed at Kshs.856,000, construction of cofferdams diversion trenches billed at Kshs.920,000 and auxiliary works billed at Kshs.700,000 had not been done.

In the circumstances, the value for money on the implementation of the above projects totalling Kshs.168,470,591 could not be confirmed.

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

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

## **Conclusion**

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

## **Basis for Conclusion**

### **1. Failure to Tag Assets**

The statement of financial position and Note 16 to the financial statements reflect property, plant and equipment balance of Kshs.187,017,268 which includes a balance of Kshs.12,536,854 in respect of furniture and fittings and a balance of Kshs.5,710,552 in respect of computers. However, physical inspection carried out in the month of September, 2025 of sampled office desks, chairs and desktop computers revealed that the assets were not tagged. This was contrary to Regulation 139(2) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall ensure that processes and procedures both electronic and manual are in place for the effective, efficient, economical and transparent use of the government entity's assets.

In the circumstances, existence of effectiveness on controls of assets could not be confirmed.

### **2. Failure to Conduct Performance Assessment of the Internal Audit Unit**

Review of the Internal Audit Unit revealed that, there was no evidence of completed periodic assessment including the plan, working papers and communications to indicate that the Internal Audit Unit performed an internal performance appraisal to assess its effectiveness. Additionally, there was no evidence of an external professional assessment of the Unit's effectiveness by a recognized professional body or institution. This was contrary to Regulation 166(1) of the Public Finance Management (National Government) Regulations, 2015 which requires every internal audit unit of a national government entity to conduct an annual internal performance appraisal and to review and report on the effectiveness of its activities in the annual report submitted to The National Treasury.

In the circumstances, the adequacy of internal controls and governance processes could not be confirmed.

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

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

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

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

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

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

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities

that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

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

**Nairobi**



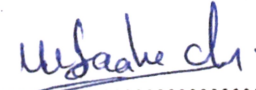
**13 November, 2025**

Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
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	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	1,094,441,591	845,173,333
		<b>1,094,441,591</b>	<b>845,173,333</b>
<b>Revenue from exchange transactions</b>			
Other income	7	4,366,789	16,033,873
<b>Total revenue</b>		<b>1,098,808,380</b>	<b>861,207,006</b>
<b>Expenses</b>			
Use of goods and services	8	16,732,391	47,902,596
Employee costs	9	243,018,531	284,347,921
Board Expenses	10	16,593,193	24,339,479
Depreciation and amortization expense	11	16,705,939	18,973,258
Repairs and maintenance	12	3,070,514	9,360,934
Contracted services	13	2,763,807	11,002,977
Development Expense	18	975,970,963	534,500,881
<b>Total expenses</b>		<b>1,274,855,338</b>	<b>930,428,046</b>
<b>Surplus/ Deficit before other Incomes</b>		<b>(176,046,958)</b>	<b>(69,221,040)</b>
<b>Other gains/(losses)</b>			
Gain/Loss on sale of assets		-	(5,776,000)
<b>Surplus/ (deficit) before tax</b>		<b>(176,046,958)</b>	<b>(74,997,040)</b>

The notes set out on pages 8 to 48 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 48 were signed on behalf of the Board of Directors by:

		
Name: <u>JOSIAH W. MUTISO</u>	Name: <u>Peter Gauda</u>	Name: <u>AHMED DUALE AHMED</u>
Accounting Officer	Head of Finance	Chairman of the Board
	ICPAK M/No: <u>ASSOC/3107</u>	
Date: <u>1/10/2025</u>	Date: <u>1/10/2025</u>	Date: <u>01/10/2025</u>

Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.

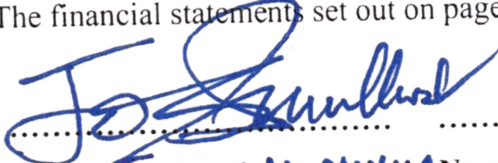

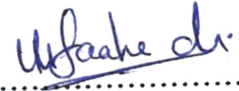
15 Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	14	51,355,588	245,513,329
Inventories	15	125,000	125,000
<b>Total Current Assets</b>		<b>51,480,588</b>	<b>245,638,329</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	16	187,017,268	199,656,046
Intangible Assets	17	10,794,522	10,794,522
<b>Total Non- Current Assets</b>		<b>197,811,790</b>	<b>210,450,568</b>
<b>Total Assets (A)</b>		<b>249,292,378</b>	<b>456,088,897</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	19	163,527,039	194,276,601
<b>Total Current Liabilities</b>		<b>163,527,039</b>	<b>194,276,601</b>
<b>Non-Current Liabilities</b>			
Bank Overdrafts		-	-
<b>Total Non- Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities (B)</b>		<b>163,527,039</b>	<b>194,276,601</b>
<b>Net Assets (A-B)</b>		<b>85,765,339</b>	<b>261,812,296</b>
<b>Represented by:</b>			
Reserves		-	-
Accumulated Surplus		85,765,339	261,812,296
Capital Fund		-	-
<b>Net Assets</b>		<b>85,765,339</b>	<b>261,812,296</b>

Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.

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The financial statements set out on pages 1 to 48 were signed on behalf of the Board of Directors by:

		
Name <b>JOSIAH W. MULWA</b>	Name <b>Peter Guxra Darro</b>	Name <b>AHMED DUALE AHMED</b>
Accounting Officer	Head of Finance	Chairman of the Board
Date <b>01/10/2025</b>	ICPAK Member Number: <b>Assa/3107</b> Date <b>01/10/2025</b>	Date <b>01/10/2025</b>

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

Description	ENNNCRP	Revaluation reserve	Retained earnings	Total
	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	28,725,000	16,760,000	291,324,336	336,809,336
Surplus/ deficit for the year	-	-	(74,997,040)	(74,997,040)
Capital/development grants received during the year	-	-	-	-
Write off ENNNCRP and Revaluation Reserve	(28,725,000)	(16,760,000)	45,485,000	45,485,000
As at June 30, 2024	-	-	261,812,296	261,812,296
As at July 1, 2024	-	-	261,812,297	261,812,297
Surplus/ (deficit) for the year	-	-	(176,046,958)	(176,046,958)
Capital/development grants received during the year	-	-	-	-
As at June 30, 2025	-	-	85,765,339	85,765,339

**Ewaso Ng'iro North River Basin Development Authority**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025.**

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

	Notes	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	1,094,441,591	845,173,333
Other income	7	4,366,789	16,033,673
<b>Total receipts</b>		<b>1,098,808,380</b>	<b>861,207,006</b>
<b>Payments</b>			
Use of goods and services	8	16,732,391	47,902,596
Employee costs	9	243,018,531	284,347,921
Board Expenses	10	16,593,193	24,339,479
Repairs and maintenance	12	3,070,514	9,360,934
Contracted services	13	2,763,807	11,002,977
Development Expense	18	975,970,963	534,500,881
<b>Total payments</b>		<b>1,258,149,399</b>	<b>911,454,788</b>
<b>Increase/Decrease in Creditors</b>		<b>(30,749,562)</b>	<b>(4,266,114)</b>
<b>Net cash flows from/(used in) operating activities</b>	20	<b>(190,090,581)</b>	<b>(54,513,897)</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets		(4,067,160)	(3,880,460)
<b>Net cash flows from/(used in) investing activities</b>		<b>(4,067,160)</b>	<b>(3,880,460)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from issue of shares		-	-
<b>Net cash flows from financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>(194,157,741)</b>	<b>(58,394,357)</b>
Cash and cash equivalents at 1 July	14	245,513,329	303,907,686
<b>Cash and cash equivalents at 30 June</b>	14	<b>51,355,588</b>	<b>245,513,329</b>

Ewaso Ng'iro North River Basin Development Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2025.

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

	Original budget	Adjustment s	Final budget	Actual on comparable basis	Performance difference	% of utilizat ion
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c* 100
Budget carryovers from the previous year*	-	-	-	232,678,011	-	100
<b>Receipts</b>						
Transfer from other Government Entities	1,259,340,000	-	1,259,340,000	1,094,441,591	164,898,409	87
Other Income	15,000,000	-	15,000,000	4,366,789	10,633,211	29
<b>Total Receipts</b>	<b>1,274,340,000</b>		<b>1,274,340,000</b>	<b>1,098,808,380</b>	<b>175,531,620</b>	
<b>payments</b>						
Use of Goods and Services	30,803,820	-	30,803,820	16,732,391	14,071,429	54
Employee costs	255,296,180	-	255,296,180	243,018,531	12,277,649	95
Remuneration of Directors	15,020,000	-	15,020,000	16,593,193	(1,573,193)	110
Repairs and Maintenance	5,250,000	-	5,250,000	3,070,514	2,179,486	58
Contracted Services	44,000,000	-	44,000,000	2,763,807	41,236,193	6
<b>Total Payments</b>	<b>350,370,000</b>	-	<b>350,370,000</b>	<b>282,178,436</b>	<b>68,191,564</b>	<b>81</b>
<b>Capital Expenditure Payments</b>	<b>938,970,000</b>		<b>691,374,506</b>	<b>975,970,963</b>	<b>(284,596,457)</b>	<b>141</b>
<b>Surplus</b>				<b>(159,341,019)</b>		

**Ewaso Ng'iro North River Basin Development Authority**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025.**

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**Budget Reconciliation**

	Description of Particulars	Amount in Kshs.
	Actual Surplus Amounts as per the statement of Budget	(159,341,019)
1	Purchase of Assets	(4,067,160)
2	Payments of Payables	(30,749,562)
3	Opening Balances (Budget Carryovers)	245,513,329
	Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>51,355,588</b>

**Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.**

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**19. Notes to the Financial Statements**

**1. General Information**

Ewaso Ng'iro North River Basin Development Authority is established by and derives its authority and accountability from Ewaso Ng'iro North River Basin Development Authority Act Cap 448 Laws of Kenya. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to contribute to Development in the Ewaso Ng'iro North River Basin area through promotion of Agro-Industry development, creation of employment, resource conservation, sustainable exploitation and management of natural resources, promotion of tourism and sustainable utilization of the environment to alleviate poverty and enhancement of food self-sufficiency.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Ewaso Ng'iro North River Basin Development 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 Ewaso Ng'iro North River Basin Development Authority. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act Cap 448 Laws of Kenya and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<b>Applicable 1<sup>st</sup> January 2025</b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<b>Applicable 1<sup>st</sup> January 2025</b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by:

**Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.**

	<ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><b><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>
IPSAS 48: Transfer Expenses	<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>
IPSAS 49: Retirement Benefit Plans	<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>
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> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's 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> </ul>

*iii. Early adoption of standards*

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Taxes, Levies and fines**

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

**Transfers from other government entities**

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

**Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.**

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

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

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Ewaso Ng'iro North River Basin Development 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 Entity's right to receive payments is established.

**Rental income**

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

**b) Budget information**

The original budget for the FY 2024-2025 was approved by the National Assembly on 21<sup>st</sup> June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of 639,969,484 on the 2024 budget following the governing body's approval.

**Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.**

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

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

**Budget information (continued)**

The Ewaso Ng'iro North River Basin Development 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 cash flows has been presented under notes 17 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 *Entity* 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.

**Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.**

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

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

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

**Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.**

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

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

*Sales tax*

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

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

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

**Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.**

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

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

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The Authority's Property, Plant and Equipment are depreciated using Reducing balance method and the rates stated as below for each class of assets:

Building	2.5%
Plant and Machinery	12.5%
Motor Vehicle	25%
Computers	30%
Furniture and Fittings	12.5%

**f) Leases**

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**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.

**h) Biological Assets**

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

**i) Research and development costs**

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

**j) 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 entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**a) Financial assets**

**Classification of financial assets**

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

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

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

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity 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.

**Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.**

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

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

**Fair value through surplus or deficit**

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

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

**b) Financial liabilities**

**Classification**

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

**k) Inventories**

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**l) Provisions**

Provisions are recognized when the *Entity* 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 *Entity* 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.

**m) Social Benefits**

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

**n) Contingent liabilities**

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

**o) Contingent assets**

The Entity 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 Entity 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.

**Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.**

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

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

**p) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

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

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

**r) Employee benefits**

**Retirement benefit plans**

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**s) Foreign currency transactions**

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**t) 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.

**u) Related parties**

The *Entity* 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 *Entity*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and managers.

**v) Service concession arrangements**

The *Entity* 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 *Entity* 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 *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.**

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

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

**w) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

**x) Comparative figures**

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

**y) Subsequent events**

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

The preparation of the *Entity'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. State all judgements, estimates and assumptions made:

**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 Entity 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual value**

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

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

**Provisions**

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

Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2024-2025	2023-2024
	KShs	KShs
<b>Unconditional Grants</b>		
Operational Grant	224,472,107	335,370,000
Development grants	869,969,484	509,803,000
<b>Total Unconditional Grants</b>	<b>1,094,441,591</b>	<b>845,173,000</b>
<b>Total Government Grants and Subsidies</b>	<b>1,094,441,591</b>	<b>845,173,000</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	
	KShs	KShs	KShs	2024-2025	2023-2024
	KShs	KShs	KShs	KShs	KShs
State Department for Asal's and Regional Development Authority Recurrent Grant	224,472,107	-	-	224,472,107	335,370,000
State Department for Asal's and Regional Development Authority Development Grant	869,969,484	-	-	869,969,484	509,803,000
<b>Total</b>	<b>1,094,441,591</b>	<b>-</b>	<b>-</b>	<b>1,094,441,591</b>	<b>845,173,000</b>

Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

7. Other Income

Description	2024-2025	2023-2024
	Kshs	Kshs
A-I-A	67,000	10,999,752
Interest Income	4,299,789	5,033,921
<b>Total Other income</b>	<b>4,366,789</b>	<b>16,033,673</b>

8. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Electricity	626,908	568,988
Subscriptions	50,360	53,580
Advertising	383,398	241,562
Audit Fees	-	232,000
Conferences and Delegations	1,817,593	3,836,579
Fuel and Oil	6,319,225	7,952,482
Motor Vehicle Operations	-	-
Postage	301,572	336,318
Printing and Stationery	1,913,742	3,476,865
Rent expenses	960,000	820,000
Training	1,550,740	4,206,556
Travel, Subsistence & Other Allowances*	1,843,000	22,332,579
Bank charges	656,833	354,127
Medical Ex-Gratia	-	-
Staff Uniform	-	2,626,600
Detergents & Cleaning Materials	287,300	837,000
Newspaper and Periodical Reviews	21,720	27,360
	<b>16,732,391</b>	<b>47,902,596</b>

9. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries and wages	126,585,287	143,811,584
Employer contribution to health insurance schemes	25,081,543	28,858,527
Employer contribution to pension schemes	20,961,830	24,168,821
Housing benefits and allowances	67,787,784	87,508,989
House Levy	2,602,087	-
<b>Employee costs</b>	<b>243,018,531</b>	<b>284,347,921</b>

Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.

**10. Board Expenses**

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairman/Directors' Honoraria	726,177	790,104
Sitting Allowances	2,059,000	4,115,152
Per Diem	8,822,800	12,924,400
Lunch Allowance	249,452	364,000
Travel and Accommodation	4,385,164	5,527,773
Other Allowances	350,600	618,050
<b>Total</b>	<b>16,593,193</b>	<b>24,339,479</b>

**11. Depreciation and Amortization Expense**

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	16,705,939	18,972,258
<b>Total depreciation and amortization</b>	<b>16,705,939</b>	<b>18,972,258</b>

**12. Repairs and Maintenance**

Description	2024-2025	2023-2024
	Kshs	Kshs
Vehicles	2,403,801	6,163,354
Computers and Accessories	75,600	-
Building	591,113	3,197,580
<b>Total Repairs and Maintenance</b>	<b>3,070,514</b>	<b>9,360,934</b>

**13. Contracted Services**

Description	2024-2025	2023-2024
	Kshs	Kshs
Outsourced Legal Services	-	1,552,866
Asset Insurance	2,763,807	7,335,313
WIBA	-	2,114,798
<b>Total Contracted Services</b>	<b>2,763,807</b>	<b>11,002,977</b>

Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

14. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	51,341,521	245,486,302
Savings Account	14,067	27,027
<b>Total Cash and Cash Equivalents</b>	<b>51,355,588</b>	<b>245,513,329</b>

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
<b>a) Current Account</b>			
ENNDA Recurrent Account- Consolidated Bank	10111200000052	2,395,751	5,232,352
ENNDA Development Account- Consolidated Bank	10111203000200	2,814,587	196,096,068
ENNDA Retention Account- Consolidated Bank	10111203000201	40,804,624	12,835,318
ENNDA Enterprise Scheme - KCB Isiolo	114236661	43,074	164,787
ENNDA Development Account - National Bank-Isiolo	142047448000	5,283,485	1,157,777
ENNDA -Court Case		0	30,000,000
<b>Sub- Total</b>		<b>51,341,521</b>	<b>245,486,302</b>
<b>b) Savings Accounts</b>			
Kenya Commercial Bank- Garissa Savings	1107430755	14,067	27,027
<b>Sub- Total</b>		<b>14,067</b>	<b>27,027</b>
<b>Grand Total</b>		<b>51,355,588</b>	<b>245,513,329</b>

15. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Bricks	125,000	125,000
<b>Total</b>	<b>125,000</b>	<b>125,000</b>

Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.

16. Property, Plant and Equipment

Cost	Buildings	Plant & Machinery	Motor vehicles	Computers	Furniture and fittings	Capital Work in progress	Total
Depreciation Rate	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As At 1<sup>st</sup> July 2023</b>	<b>123,190,049</b>	<b>53,183,663</b>	<b>19,455,251</b>	<b>8,752,532</b>	<b>14,047,809</b>	-	<b>218,629,304</b>
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2024</b>	<b>120,110,298</b>	<b>46,535,705</b>	<b>14,591,439</b>	<b>6,126,772</b>	<b>12,291,833</b>	-	<b>199,656,047</b>
Additions	-	-	-	2,031,160	2,036,000	-	4,067,160
Disposals	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-
Revaluation adjustments	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025</b>	<b>120,110,298</b>	<b>46,535,705</b>	<b>14,591,439</b>	<b>8,157,932</b>	<b>14,327,833</b>	-	<b>203,723,207</b>
<b>Depreciation And Impairment</b>							
<b>At 1<sup>st</sup> July 2023</b>	<b>40,262,010</b>	<b>250,670,867</b>	<b>301,437,998</b>	<b>19,506,935</b>	<b>79,585,522</b>	-	<b>691,463,332</b>
Depreciation	3,079,752	6,647,958	4,863,813	2,625,759	1,755,976	-	18,973,258
Impairment	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2024</b>	<b>43,341,762</b>	<b>257,318,825</b>	<b>306,301,811</b>	<b>22,132,694</b>	<b>81,341,498</b>	-	<b>710,436,590</b>
Depreciation	3,002,757	5,816,963	3,647,860	2,447,380	1,790,979	-	16,705,939
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025</b>	<b>46,344,519</b>	<b>263,135,788</b>	<b>309,949,671</b>	<b>24,580,074</b>	<b>83,132,477</b>	-	<b>727,142,529</b>
<b>Net Book Values</b>							
As at 30 <sup>th</sup> June 2024	120,110,298	46,535,705	14,591,439	6,126,772	12,291,833	-	199,656,047
As at 30 <sup>th</sup> June 2025	117,107,541	40,718,742	10,943,579	5,710,552	12,536,854	-	187,017,268

**Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.**

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

**Valuation**

Land and buildings/ Equipment (be specific) were valued by XXX professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30<sup>th</sup> June 2020). The assets were revalued by xxx professional valuers on this date xxx. These amounts were adopted by the Board on xxx with concurrence from the National Treasury.

**35 (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:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Buildings	120,110,298	3,002,757	117,107,541
Plant And Machinery	46,535,705	5,816,963	40,718,742
Motor Vehicles, Including Motorcycles	14,591,439	3,647,860	10,943,579
Computers And Related Equipment	7,770,732	2,447,380	5,710,552
Office Equipment, Furniture, And Fittings	12,291,833	1,790,979	12,536,854
<b>Total</b>	<b>201,300,007</b>	<b>16,705,939</b>	<b>187,017,268</b>

**17. Intangible Assets**

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Cost</b>		
<b>At beginning of the year</b>	10,794,522	10,794,522
Additions	-	-
<b>At end of the year</b>	10,794,522	10,794,522
<b>At end of the year</b>	10,794,522	10,794,522
<b>NBV</b>	10,794,522	10,794,522

**Ewaso Ng'iro North River Basin Development Authority**  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2025.**

**18. Development**

Description	2024-2025	2023-2024
	Kshs	Kshs
Gum Arabic And Gum Resins Integrated Development	8,817,933	15,858,451
Northern Kenya Integrated Camel Development	3,408,300	537,877
ENNDA Integrated Water, Drought & Food Security	64,235,065	1,541,200
BETA Priorities, Flood Control Project	513,077,896	21,791,668
Catchment Conservation and Construction of Small Integrated Water Storage and Irrigation Schemes	56,754,557	15,459,108
Drought Mitigation Project	197,987,052	467,660,817
Drought and Climate Change Mitigation Project	125,606,107	-
Strategic Plan	586,000	8,064,282
Performance Contracting Activities	5,498,053	3,587,478
<b>Total</b>	<b>975,970,963</b>	<b>534,500,881</b>

**19. Trade and Other Payables**

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade payables	129,545,413		160,045,413	
Employee payables	19,417,626		19,667,188	
Other payables	14,564,000		14,564,000	
<b>Total trade and other payables</b>	<b>163,527,039</b>		<b>194,276,601</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>2023-2024</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	163,527,039	100 %	194,276,601	100 %
<b>Total (tie to above total)</b>	<b>163,527,039</b>		<b>194,276,601</b>	

Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.

Notes To The Financial Statements (Continued)

20. Cash Generated from Operations

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>(176,046,958)</b>	<b>(74,997,040)</b>
<b>Adjusted for:</b>		
Depreciation	(16,705,939)	18,973,258
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains/Loss on disposal of Biological Asset	-	(5,776,000)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	30,749,562	4,266,114
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>(190,090,581)</b>	<b>(57,533,668)</b>

21. Financial Risk Management

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

i) **Credit risk**

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or

**Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.**

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external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

The 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 Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from xxx. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**Financial Risk Management**

**ii) Market risk**

The *Entity* has put in place an internal audit function to assist it in assessing the risk faced by the Entity 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 Entity'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 Entity'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 Entity's exposure to market risks or the way it manages and measures the risk.

Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.

Notes To The Financial Statements (Continued)

22. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>A) purchases from related parties</b>		
Purchases of electricity from KPLC	626,908	568,988
Training and conference fees paid to govt. Agencies	1,552,040	4,206,556
<b>Total</b>	<b>2,178,948</b>	<b>4,775,544</b>
<b>a) Grants /transfers from the government</b>		
Grants from national govt	1,094,441,591	845,173,333
<b>Total</b>	<b>1,094,441,591</b>	<b>845,173,333</b>
<b>b) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for 203 employees	217,355,448	254,161,431
Payments for goods and services for	37,660,031	47,902,596
<b>Total</b>	<b>255,015,479</b>	<b>302,064,027</b>
<b>c) Key management compensation</b>		
Directors' emoluments	28,594,693	26,994,936
Compensation to key management	72,642,597	67,460,977
<b>Total</b>	<b>101,237,290</b>	<b>94,455,913</b>

**Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.**

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**23. Events after the Reporting Period**

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

**24. Ultimate And Holding Entity**

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of East African Community, Asal's and Regional Development Authorities. Its ultimate parent is the Government of Kenya.

**25. Currency**

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

Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.

20. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>Basis for Qualified Opinion</b>				
1.0	Long Outstanding Trade and other Payables	The Pending Bills are historical in nature and the Authority is not in a position to settle the Debt. Authority is following up with Ministry and National Treasury to secure funds for the same.	Not Resolved	
<b>Emphasis of Matter</b>				
1.0	Budgetary and Control Performance	The Budget was Modified in respect of these matter	Resolved	
<b>Basis for Conclusion</b>				
1	Non-Utilisation of ERP system			
2.1	Non-Compliance with One Third of Basic salary Rule	This was occasioned by introduction of 2.75% deducted towards the mandatory social health insurance fund and 1.5% of		

Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.

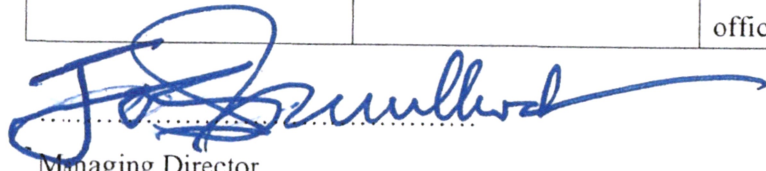
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Gross Salary for Housing Levy. The import of extra deductions is that majority of employees end up on the one-third of basic salary pay threshold.		
2.2	Non-Adherence with the one Third Gender Rule			
3	Unutilized and Idle Project			
4	Trade Creditors and other Payables-Accrued Statutory Obligations	The Pending Bills are historical in nature and the Authority is not in a position to settle the Debt. Authority is following up with Ministry and National Treasury to secure funds for the same.		
5	Unapproved Investment	The Investment was approved and the interest income used towards settlement of outstanding Kra Pending Bills	Resolved	
<b>6 Project Implementation Status</b>				

Ewaso Ng'iro North River Basin Development Authority  
 Annual Reports and Financial Statements  
 for the year ended June 30, 2025.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
6.1	Delayed Desilting and Rehabilitation of Chaffa Chachane Dam			
6.2	Construction of Bori Water Pan			
6.3	Construction of Nana Water Pan			
6.4	Construction of Libi Water Pan			
6.5	Drilling, Test Pumping and Equipping of Matetu Borehole			
6.6	Drilling, Test Pumping and Equipping of Natiri Borehole			
<b>Basis for Conclusion</b>				
1	Lack of Functional Internal Audit Department	The Authority has developed a risk Management Policy		
2	Lack of Approved IT Security Policy			
3	Use of Personal Emails in official communication	The Authority has adhered to public service Circular SH/ADM	Resolved	

Ewaso Ng'iro North River Basin Development Authority  
 Annual Reports and Financial Statements  
 for the year ended June 30, 2025.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		23(1) dated 14 <sup>th</sup> June2022 Government ICT standards ,2019. All Authority Employees are Using official email address for official Government Business.		



Managing Director

Date: 01/10/2025

Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.

Appendix II: Projects implemented by Ewaso Ng'iro North River Basin Development Authority

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
River Training & Restoration-Gafarsa to Ires Boru	ENNDA/CONTR/015/2023-2024 LOT 7	N/A	3 Months	N/A	NO	YES
Saramba Borehole	ENNDA/CONTR/015/2023-2024 LOT 6	N/A	3 Months	N/A	NO	YES
Buuri water Pan	ENNDA/CONTR/015/2023-2024 LOT 5	N/A	3 Months	N/A	NO	YES
Turbi Water Pan	ENNDA/CONTR/015/2023-2024 LOT 1	N/A	3 Months	N/A	NO	YES
Afar Abaq water pan	ENNDA/CONTR/015/2023-2024 LOT 2	N/A	3 Months	N/A	NO	YES
Kob Adadi water pan	ENNDA/CONTR/015/2023-2024 LOT 3	N/A	3 Months	N/A	NO	YES
Construction & equipping of youth digital literacy hub	ENNDA/CONTR/015/2023-2024 LOT 6	N/A	3 Months	N/A	NO	YES
Construction of Gullane water Pan	ENNDA/CONTR/016/2024-2025 LOT 1	N/A	3 Months	N/A	NO	YES
Construction of Bilif water Pan	ENNDA/CONTR/016/2024-2025 LOT 2	N/A	3 Months	N/A	NO	YES
Construction of Hagar Jarer water Pan	ENNDA/CONTR/016/2024-2025 LOT 3	N/A	3 Months	N/A	NO	YES
Construction of Elderte water Pan	ENNDA/CONTR/016/2024-2025 LOT 4	N/A	3 Months	N/A	NO	YES
Construction of Alangodeer water Pan	ENNDA/CONTR/016/2024-2025 LOT.5	N/A	3 Months	N/A	NO	YES

**Ewaso Ng'iro North River Basin Development Authority**  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2025.**

Construction of Laalada water Pan	ENNDA/CONTR/016/2024-2025 LOT 6	N/A	3 Months	N/A	NO	YES
Construction of Bulla Bilcil water Pan	ENNDA/CONTR/016/2024-2025 LOT 7	N/A	3 Months	N/A	NO	YES
Desilting & expansion of Lagdima water Pan	ENNDA/CONTR/016/2024-2025 LOT 8	N/A	3 Months	N/A	NO	YES
Construction of Eldas water Pan	ENNDA/CONTR/016/2024-2025 LOT 9	N/A	3 Months	N/A	NO	YES
Construction of Bohol water Pan	ENNDA/CONTR/016/2024-2025 LOT 10	N/A	3 Months	N/A	NO	YES
Construction of Qatis water Pan	ENNDA/CONTR/016/2024-2025 LOT 11	N/A	3 Months	N/A	NO	YES
Desilting and expansion of Domog water Pan	ENNDA/CONTR/016/2024-2025 LOT 12	N/A	3 Months	N/A	NO	YES
Construction of Somarre Dam	ENNDA/CONTR/016/2024-2025 LOT 13	N/A	6 Months	N/A	NO	YES
Construction of Uyam water Pan	ENNDA/CONTR/016/2024-2025 LOT 15	N/A	3 Months	N/A	NO	YES
Construction of Karungu water Pan	ENNDA/CONTR/016/2024-2025 LOT 16	N/A	3 Months	N/A	NO	YES
Drilling and equipping of Kiwanja Community Borehole	ENNDA/CONTR/016/2024-2025 LOT 17	N/A	3 Months	N/A	NO	YES
Drilling and equipping of Lempaute Borehole	ENNDA/CONTR/016/2024-2025 LOT 18	N/A	3 Months	N/A	NO	YES
Drilling and equipping of Naimaral Borehole	ENNDA/CONTR/016/2024-2025 LOT 19	N/A	3 Months	N/A	NO	YES
Drilling and equipping of Kalalut Borehole	ENNDA/CONTR/016/2024-2025 LOT 20	N/A	3 Months	N/A	NO	YES
Drilling, equipping & water supply in Jabi East	ENNDA/CONTR/016/2024-2025 LOT 21	N/A	3 Months	N/A	NO	YES

Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	River Training & Restoration- Gafarsa to Ires Boru	38,461,500	9,798,500	75%	40,000,000	50,000,000	GOK
2	Saramba Borehole	14,488,950	9,884,000	85%	15,000,000	15,000,000	GOK
3	Buuri water Pan	95,422,887	30,000,000	70%	100,000,000	100,000,000	GOK
4	Turbi Water Pan	17,943,229	17,943,229	100%	20,000,000	30,000,000	GOK
5	Afar Abaq water pan	26,887,119	26,887,119	100%	30,000,000	30,000,000	GOK
6	Kob Adadi water pan	19,899,908	13,672,994	100%	20,000,000	30,000,000	GOK
7	Construction & equipping of youth digital literacy hub	35,945,639	19,459,723	90%	40,000,000	50,000,000	GOK
8	Construction of Gullane water pan	18,600,540	18,600,540	100%	20,000,000	20,000,000	GOK
9	Construction of Bilif water pan	17,704,837	17,704,837	100%	20,000,000	20,000,000	GOK
10	Construction of Hagar Jarer water pan	19,449,780	9,220,500	90%	20,000,000	20,000,000	GOK
11	Construction of Elderte water pan	9,583,151	6,700,000	85%	20,000,000	20,000,000	GOK
12	Construction of Alangodeer water pan	29,632,890	29,632,890	100%	30,000,000	30,000,000	GOK
13	Construction of Laalada water pan	18,899,370	9,510,000	100%	20,000,000	20,000,000	GOK
14	Construction of Bulla Bilcil water pan	17,704,837	9,542,500	85%	20,000,000	20,000,000	GOK
15	Desilting & expansion of Lagdima water pan	8,437,795	5,907,090	100%	10,000,000	10,000,000	GOK
16	Construction of Eldas water pan	18,501,525	12,710,000	95%	20,000,000	20,000,000	GOK

**Ewaso Ng'iro North River Basin Development Authority**  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2025.**

17	Construction of Bohol water pan	18,154,647	18,154,647.00	100%	20,000,000	20,000,000	GOK
18	Construction of Qatis water pan	19,884,480	19,884,480.00	100%	20,000,000	20,000,000	GOK
19	Desilting and expansion of Domog water pan	26,840,457	26,840,457	100%	30,000,000	30,000,000	GOK
20	Construction of Somarre dam	95,747,496	-	30%	100,000,000	100,000,000	GOK
21	Construction of Uyam water pan	28,366,012	28,366,013	100%	30,000,000	30,000,000	GOK
22	Construction of Karungu water pan	27,530,527	15,439,050	50%	30,000,000	30,000,000	GOK
23	Drilling and equipping of Kiwanja Community borehole	13,491,975	9,169,500	95%	15,000,000	15,000,000	GOK
24	Drilling and equipping of Lempaute Borehole	13,542,165	8,356,800	75%	15,000,000	15,000,000	GOK
25	Drilling and equipping of Naimaral Borehole	13,976,550	3,870,000	75%	15,000,000	15,000,000	GOK
26	Drilling and equipping of Kalalut borehole	13,900,000	13,900,000	100%	15,000,000	15,000,000	GOK
27	Drilling, equipping & water supply in Jabi East	19,750,500	-	-	20,000,000	20,000,000	GOK

Ewaso Ng'iro North River Basin Development Authority  
Annual Reports and Financial Statements  
for the year ended June 30, 2025.

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received As per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of East Africa Community, ASALs and Regional Development	09.07.2024	Development	300,000,000	✓	-	-	-	-	300,000,000
Ministry of East Africa Community, ASALs and Regional Development	02.08.2024	Recurrent	11,367,085	✓	-	-	-	-	11,367,085
Ministry of East Africa Community ASALs and Regional Development	11.09.2024	Recurrent	11,367,085	✓	-	-	-	-	11,367,085
Ministry of East Africa Community ASALs and Regional Development	15.10.2024	Recurrent	45,468,341	✓	-	-	-	-	45,468,341
Ministry of East Africa Community, ASALs and Regional Development	07.11.2024	Recurrent	22,734,170	✓	-	-	-	-	22,734,170
Ministry of East Africa Community, ASALs and Regional Development	20.11.2024	Development	175,242,371	✓	-	-	-	-	175,242,371
Ministry of East Africa Community,	11.12.2024	Recurrent	22,734,170	✓	-	-	-	-	22,734,170

**Ewaso Ng'iro North River Basin Development Authority**  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2025.**

ASALs and Regional Development									
Ministry of East Africa Community, ASALs and Regional Development	03.01.2025	Recurrent	10,801,256	✓					10,801,256
Ministry of East Africa Community, ASALs and Regional Development	11.04.2025	Recurrent	100,000,000	✓					100,000,000
Ministry of East Africa Community, ASALs and Regional Development	17.04.2025	Development	94,742,371	✓					94,742,371
Ministry of East Africa Community, ASALs and Regional Development	14.05.2025	Development	10,609,977	✓					10,609,977
Ministry of East Africa Community, ASALs and Regional Development	23.05.2025	Development	287,805,781	✓					287,805,781
Ministry of East Africa Community, ASALs and Regional Development	11.06.2025	Development	1,568,984	✓					1,568,984
<b>Total</b>			<b>1,094,441,591</b>						<b>1,094,441,591</b>

**Ewaso Ng'iro North River Basin Development Authority**  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2025.**

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



**Ewaso Ng'iro North River Basin Development Authority,**  
**P.O Box 203-60300,**  
**Isiolo, Kenya.**

The Ewaso Ng'iro North River Basin Development Authority wishes to confirm the amounts disbursed to us by the state Department of Regional and Northern Corridor Development for financial year 2024-2025 as indicated in the table below:

<b>Confirmation of amounts received by Ewaso Ng'iro North Development Authority for the financial year 2024/2025</b>					
<b>Reference Number</b>	<b>Date Disbursed</b>	<b>Recurrent</b>	<b>Development</b>	<b>Total</b>	<b>Financial Year</b>
FT24215HNNHQJ	02-Aug-24	11,367,085		11,367,085	2024-2025
FT242553TF52	11-Sep-24	11,367,085		11,367,085	2024-2025
FT2428951VTV	15-Oct-24	45,468,341		45,468,341	2024-2025
FT243123F9PI	07-Nov-24	22,734,170		22,734,170	2024-2025
FT24346J7N49	11-Dec-24	22,734,170		22,734,170	2024-2025
FT2500354FQV	03-Jan-24	10,801,256		10,801,256	2024-2025
FT25101T23PP	11-Apr-24	100,000,000		100,000,000	2024-2025
FT24191GKTLY	09-July-24		300,000,000	300,000,000	2023-2024

**Ewaso Ng'iro North River Basin Development Authority**  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2025.**

Confirmation of amounts received by Ewaso Ng'iro North Development Authority for the financial year 2024/2025					
Reference Number	Date Disbursed	Recurrent	Development	Total	Financial Year
FT243253Q2WK	20-Nov-24		175,242,371	175,242,371	2024-2025
FT25107DMMHN	17-Apr-25		94,742,371	94,742,371	2024-2025
FT25134H7QHW	14-May-25		10,609,977	10,609,977	2024-2025
FT251622TLLR	11-Jun-25		1,568,984	1,568,984	2024-2025
FT25143SKC6J	23-May-25		287,805,781	287,805,781	2024-2025
<b>TOTAL</b>		<b>224,472,107</b>	<b>869,969,484</b>	<b>1,094,441,591</b>	

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

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

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

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

Name Peter Gucha Dasso ..... Sign [Signature] ..... Date 01/10/2025 .....