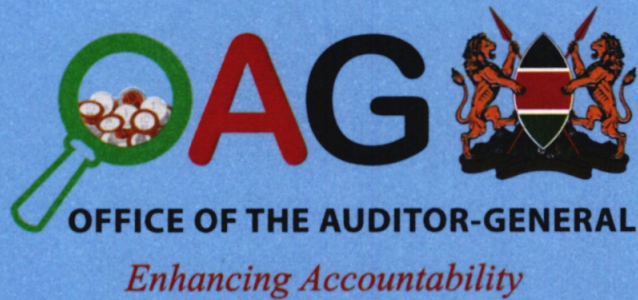


REPUBLIC OF KENYA



REPORT

OF

PAPERS LAID	
DATE	23/04/2024
TABLED BY	Dep-Senate Majority Whip
COMMITTEE	-
CLERK AT THE TABLE	CAROLINE C.

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2023**



**EWASO NGIRO SOUTH
DEVELOPMENT AUTHORITY**



**2022 -
2023**

ANNUAL CORPORATE REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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



www.ensda.go.ke
accounts@ensda.go.ke



020-4409774
020-4409775



Narok Bomet Road
Opposite Maasai Mara University

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Ewaso Ng'iro South River Basin Development Authority
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1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A. Acronyms and Abbreviations

Ag.	Acting
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MCIPS	Member of the Chartered Institute of Procurement and Supply
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies

B. Glossary of Terms

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

Comparative Year – Means the prior period.

PART ONE: CORPORATE REPORT

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

Mandate

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

Functions of the Authority

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

1. To plan for the development of the Area and initiate project activities identified from such planning in the Area through the Government generally;
2. To develop an up-to-date long-range development plan for the Area;
3. To initiate such studies, and carry out such surveys, of the Area as may be considered necessary by the Government or the Authority, and assess alternative demands within the Area on the natural resources thereof, and to initiate, operate or implement such projects as may be necessary to exploit those natural resources including agriculture (both irrigated and rain fed) forestry, or wildlife and tourism industries, electric power generation, mining, and fishing, and to recommend economic priorities.
4. To co-ordinate the various studies of schemes within the Area such that human, water, animal, land and other resources are utilized to the best advantage and to monitor the design and execution of planned projects within the Area;

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

Vision

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

Mission

To initiate, plan and implement integrated, equitable socio-economic development programs through sustainable utilization of basin-based resources and promotion of investments within the Authority's jurisdiction for improved livelihoods.

Core Objectives

The Authority's Strategic Objectives are: -

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

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(c) Key Management

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

- Board of Directors
- Accounting officer/MD
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

The Board has fiduciary oversight responsibility over the Authority's operations that is achieved by putting in place adequate systems and processes of accountability, risk management and controls. The key Board Committees with fiduciary oversight responsibility are the Audit and Risk Management Committee and the Finance and Establishment Committee.

The Authority's Board was however not fully constituted during 1st, 2nd and the 3rd quarter of FY 2022/2023. It comprised of the Chairman and three (3) independent members appointed W.E.F 28th July 2022, vide Gazette notice no. 8801 and 8832 respectively of 28th July 2022. Additionally, the Board comprised three Alternate Directors together with the Managing Director. The Managing Director was appointed for a period of three (3) years with effect from 1st July 2020. The term of the previous Board Chairman expired on 2nd May 2022 and that of the independent members on 6th February 2022.

It is worth noting that H.E. the President of the Republic of Kenya and the Commander-in-Chief of the Defence Forces, appointed Mr. Samuel Sakita Kutata to be the Chairperson of ENSDA, for a period of three (3) years, with effect from 5th April 2023, vide Gazette Notice No. 4391 dated 3rd April, 2023. Mr. Samuel



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Sakita Kutata replaced the previous Chairman who had served from 28th July 2022. On the other hand, the Cabinet Secretary (CS) for the East African Community, the ASALs and Regional Development appointed nine (9) persons to be members of ENSDA, for a period of three (3) years, W.E.F 4th April, 2023, vide Gazette Notice 4397 dated 3rd April, 2023. The CS also revoked Gazette Notice No. 8832 of 2022.

The Authority's Board membership at the end of the FY 2022/2023 ended 30th June 2023 comprised of chairman, nine (9) Independent members, three (3) Alternate members and the Managing Director. Membership of ENSDA Board is as listed below:

Chairman

Mr. Samuel Sakita Kutata

Independent Members

1. Ms. Caroline Pulei
2. Hon. Eunice Singoei
3. Mr. Silas Kasura Tumpeini
4. Dr. Nkaesha Naikuni
5. Mr. Mathew Gathua
6. Mr. Elijah Kesei Metian
7. Mrs. Veronica Silantoi Mwangi
8. Mr. William Kenteyia
9. Mr. Silas Otieno Ojienda Victors

Alternate Members

- | | |
|-------------------------|---|
| 1. Ms. Wanjiku Manyatta | - Alternate Director, PS. The State Department for the ASALs & Regional Development |
| 2. Mr. Stephen Mbatia | - Alt. Director, Inspector - General (Corporations) |
| 3. CPA Dudley Matagi | - Alt. Director, CS. The National Treasury and Planning |

Managing Director

Mr. Ngala Oloiptip, MCIP

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(f) CORPORATE HEADQUARTERS

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

(g) Our Contacts

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

(h) Our Bankers

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

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

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

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3. THE BOARD OF DIRECTORS

DIRECTORS	DETAILS
 Mr. Samuel Sakita Kutata, Board Chairman	Mr. Samuel Sakita Kutata, Board Chairman Mr. Samuel Sakita Kutata was born on 26th August 1982. He was appointed by H. E The President of Kenya as ENSDA's Board Chairman for a three (3) years term W.E. F 5th April 2023, vide Kenya Gazette Notice No. 4391 dated 3rd April 2023. Mr. S. Sakita Kutata holds a Bachelor of Education Degree of St. Paul University and a Diploma in Early Childhood Development and Educational Training of Alliance ECDE Teachers College. He also trained in Primary Teachers Education Course at Garissa Teachers College. Mr. Samuel Sakita Kutata served as the Head Teacher (TSC) of two (2) schools namely: Orbili Primary School (January 2020 – January 2022); Lemasusu Primary School (January 2014 – December 2019) and as a Deputy Head Teacher of Impiron Primary School (January 2012 – January 2014). He served as a teacher at Kalesirwa Primary School where he was not only a class teacher but also a Head of Department and Games teacher. The mentioned schools are all in Kajiado County. Mr. Samuel Sakita Kutata while serving as the Head Teacher Orbili Primary school was awarded year 2020 Certificate of recognition for top KCPE performance in Kajiado County. Mr. S. Sakita Kutata was also recognized as an active member, Garissa TTC Wildlife club on 15th July 2007. He has served in different capacities as follows: Presiding Officer, Kajiado South (2013 General Elections); Voter Educator for the 2012 voter registration; Presiding Officer, the by-election Entarara ward (May 17th 2011); Supervisor Kenya National Examination Council, Shilishili examination Centre (7th November to 10th November 2011) and Voter Registration Head Clerk for IIEC (2010). Mr. Samuel Sakita Kutata holds a Certificate of Participation in Youth Entrepreneur Training, Loitokitok Youth District Office (22nd & 26th March 2010). He served as an Assistant Mission and Outreach Coordinator Garissa Training Teachers College (2006-2007) and also participated in training for the 2009 Population and Housing Centre and worked as a supervisor for 23 days. He also served as an Environmental scout member Isinet Primary School.

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**Mr. Elijah Kesei Metian,
Independent Member**

Mr. Elijah Kesei Metian, Chairman Finance and Establishment Committee

Mr. Elijah Kesei Metian was born on 20th Dec. 1973. He was appointed to the Authority's Board for a term of three (3) years W.E. F 4th April 2023, vide Kenya Gazette Notice No. 4397 dated 3rd April 2023. He is currently the Chairman of the Finance and Establishment Committee which was constituted on 4th May 2023.

Mr. Elijah Kesei Metian holds a Diploma in Peace and Conflict Resolution from Nazerene University. He is presently pursuing a Bachelor's Degree in Peace and Conflict resolution with the same University. He also holds a Diploma in Ceramics from Rift Valley Institute of Science and Technology.

Mr. Elijah Kesei Metian served as the Councilor of Magadi Ward for three (3) terms, that is, in 1998 – 2002 and 2007 -2013 and 2013 -2017. He also served as the Kanu Branch Chairman of Kajiado North during the period 2004 -2007.



**Mr. William Kenteyia,
Independent Member**

Mr. William Kenteyia, Chairman Development and Environmental Conservation Committee

Mr. William Kenteyia was born in 1977. He was appointed to the Authority's Board for a term of three (3) years W.E. F 4th April 2023, vide Kenya Gazette Notice No. 4397 dated 3rd April 2023. He is the current Chairman of the Development and Environmental Conservation Committee which was constituted on 4th May 2023.

Mr. William Kenteyia holds a Master of Business Administration Degree (Marketing and Human Resource Management) from Periyar University and Bachelor of Commerce Degree (Accounting) from Periyar University. Mr. W. Kenteyia has also pursued various short courses namely: Training on Job Analysis (Price Water House Coopers); Induction Training for County Government Chief Officers (Kenya School of Government); 1st International Cooperatives summit: Excellence in corporate Leadership Today-Facing New Realities-White Sand Beach Resort-Mombasa; Induction Training on County Budget, Preparation Module (Kenya School of Government); Team Building Course (Outward Bound Trust of Kenya); Cashier's/Passing Clerks Course-National Bank of Kenya Ltd, Training Centre, Nairobi; Induction Course (National Bank of Kenya Ltd, Training Centre Nairobi).

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Mr. William Kenteyi worked with the Narok County Government as the Chief Officer, Administration from January 2014 – January 2017. He was in charge of Labor Relations and Disaster Management during the period. In January 2010 to July 2014, Mr. W. Kenteyi was an employee of the National Bank of Kenya Ltd where he served as the Back Office Executive & Cashier as well as Accounts Administration & Clearing Clerk. Mr. W. Kenteyi was working with the Prime Bank Ltd in March 2009 – Sep. 2009.



Ms. Caroline Pulei,
Independent Member

Ms. Caroline Pulei, Chairperson Audit and Risk Management Committee

Ms. Caroline Pulei was born on 16th June 1980. She was appointed to the Authority's Board for a term of three (3) years W.E. F 4th April 2023, vide Kenya Gazette Notice No. 4397 dated 3rd April 2023. She is currently the Chairperson of the Audit and Risk Management Committee which was constituted on 4th May 2023.

Ms. Caroline Pulei holds a Diploma in Hotel Management of Kimathi Institute of Technology and she is presently pursuing a Bachelor's Degree in Policy and Administration of Jomo Kenyatta University of Agriculture and Technology (Sep. 2022 to date).

Ms. Caroline Pulei served as the Guests Relations Officer of Silver Springs from 2005 to 2013. She is the Founder/ Director of Naneuleshan Apparel (2013 to date) as well as Founder/ Director of Naneuleshan Apparel Men's Clothing.



Mr. Silas Kasura Tumpeini, Member Audit and Risk Management Committee

Mr. Silas Kasura Tumpeini was born on 22nd November 1967. He was appointed to the Authority's Board for a term of three (3) years W.E. F 4th April 2023, vide Kenya Gazette Notice No. 4397 dated 3rd April 2023. He is currently a member of the Audit and Risk Management Committee which was constituted on 4th May 2023.

Mr. Silas Kasura Tumpeini holds a Masters Degree in Food, Nutrition and Dietetics of Kenyatta University and a Bachelor of Science in Food, Nutrition

**Mr. Silas Kasura
Tumpeini, Independent
Member**

and Dietetics Degree of Egerton University. He is presently pursuing Doctor of Philosophy Degree in applied Human Nutrition at the University of Nairobi. Mr. S. K. Tumpeini also holds a Diploma in Nutrition from Kenya Medical Training College and a Certificate in Nutrition from Maasai Technical School.

Mr. Silas Kasura Tumpeini has diverse work experience as follows: Nutritionist, Lodwar District Hospital, Turkana District (1987-1989); District Nutritionist, Turkana District (1989-1994); District Nutritionist, Kajiado District (1996-1999); District Nutritionist, Narok County (2001-2005); Nutrition Officer in charge of Narok District Hospital (2007-2008); Provincial Clinical Nutrition Officer, Rift Valley Province, Ministry of Medical Services (2009-2013); County Nutrition Officer, Narok (2013 to date). In 1994 – 1996, Mr. S. K. Tumpeini was attached to UNICEF at the request of the fund to preside over the implementation of emergency measures to save drought victims in Narok and Kajiado. This programme was later expanded to cover ten districts.

Mr. Silas Kasura Tumpeini has had remarkable achievements including: implementing a community-based nutrition programme for drought recovery sponsored by the Netherlands through the Turkana drought Planning Unit; the 1991 – 1994 drought – along with UNICEF personnel, implemented a supplementary feeding programme (SFP) in Turkana District; as the Provincial Clinical Nutrition Officer, supervised staff and nutrition projects/programmes in the Rift Valley Province for all levels under the ministry of medical services. The projects/programmes included; infant and young child feeding (IYCF), integrated management of acute malnutrition (IMAM), food by prescription (FBP) targeting HIV positive patients among others; District Drought Manual (Turkana) – was responsible for the vital Health and Nutrition section.

Membership of Mr. Silas Kasura Tumpeini includes: The County Health Management Team (CHMT); Kenya Nutrition and Dietetic Institute (KNDI); Nutrition Association of Kenya (NAK) and Drought Steering Committee Narok County.



Nkaesha Naikuni (Dr.)
Independent Member

Dr. Nkaesha Naikuni, Member Development and Environmental Conservation Committee

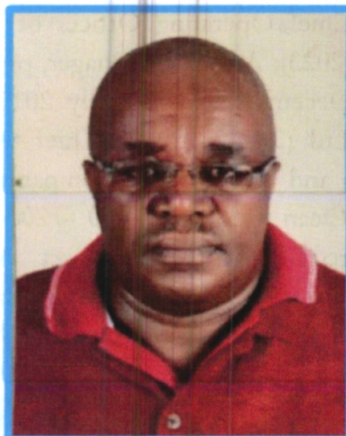
Dr. Nkaesha Naikuni was born on 1st June 1969. He was appointed to the Authority's Board for a term of three (3) years W.E.F. 4th April 2023, vide Kenya Gazette Notice No. 4397 dated 3rd April 2023. He is currently a member of the Development and Environmental Conservation Committee which was constituted on 4th May 2023.

Dr. Nkaesha Naikuni holds Masters Degree in Medical Microbiology of the University of Nairobi (U.O.N) and Bachelor of Veterinary Degree in Medicine - (U.O.N). Dr. Nkaesha Naikuni has trained in different courses as follows; Biosafety and Biosecurity Risk Management TOT Training form Defence Threats Reduction Agency (2023); Basic Biosafety and Biosecurity Training, Food and Agricultural Organization of the UN (2023); State Corporations Governance Training, State Corporations' Advisory Council (2023); Frontline Health Workers Training, USAID (2022); Lumpy Skin Disease; Surveillance, diagnosis and Control for Africa, EU-FMD of the European Union (2022).

The employment history of Dr. Nkaesha Naikuni is as follows: County Director Veterinary Services, Narok County (2017 – 2023); Senior Deputy Secretary, Narok County Public Service Board (2014 – 2017); Asst. Lecturer, Technical University of Kenya, School of Health Sciences (2009 – 2012); Lecturer, The Kenya Polytechnic University College (1999-2009); Asst Lecturer, The Kenya Polytechnic (1996-1999); Course Coordinator, The Kenya Polytechnic Department of Health (2005-2012); Course Tutor, The Kenya Polytechnic (1997-2005); Program Officer, Samburu Awareness and Action Program (1995-1996).

Dr. Nkaesha Naikuni has diverse administrative experience having served in different positions. He was the Senior Deputy Secretary, Narok County Public Service Board (2014 – 2017); Chairman, Board of Directors, Neighbours Initiative Alliance (2007-2012); Chairman, Board of Governors, Nkoile Boys Sec. School (2010-2012); Member, Board of governors, Olkejuado High school (2007-2010); Member, Board of Governors, Meto Mixed Sec. School center of Excellence (2010-2012); Member, District Education Board, Kajiado Central District (2010-2012); Dr. Nkaesha Naikuni Registered by the Kenya Veterinary Board - member No. 001730.

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**Mr. Mathew Gathua,
Independent Member**

Mr. Mathew Gathua, Member Audit and Risk Management Committee

Mr. Mathew Gathua was born on 18th May 1969. He was appointed to the Authority's Board for a term of three (3) years W.E. F 4th April 2023, vide Kenya Gazette Notice No. 4397 dated 3rd April 2023. He is currently a member of the Audit and Risk Management Committee which was constituted on 4th May 2023.

Mr. Mathew Gathua holds a Diploma in Food Production from Utalii College. He has served in different capacities in the Hotel Industry as follows: Assistant cook, Golden Beach Hotel (1990-1993); Pastry cook, Intercontinental Hotel (1993- 1996); Pastry chef, Mnarani Club Kilifi (1997 – 1999); Pastry Chef, Panafric Hotel Nairobi (2000 – 2001); Managing Director, Valentine Cake House (2002 to date).

Mr. Mathew Gathua has held various other positions as follows: Managing Director, Zambezi Cabin Resort; Managing Director, Valentine School of Cake; Director, Naomi Kairu Foundation; Trustee, KICE Foundation; Senior Mentor, Kenyatta Foundation; Mentor, Edument Trust. He has also served as a chairman of various community projects.



**Mr. Silas Otieno Ojienda
Victors, Independent
Member**

Mr. Silas Otieno Ojienda Victors, Member Finance and Establishment Committee

Mr. Silas Otieno Victors was born in 1967. He was appointed to the Authority's Board for a term of three (3) years W.E. F 4th April 2023, vide Kenya Gazette Notice No. 4397 dated 3rd April 2023. He is currently a member of the Finance and Establishment Committee which was constituted on 4th May 2023.

Mr. Silas Otieno Victors holds BSc (Hons), Botany & Zoology, from the University of Nairobi. Professional qualifications of Mr. S. Otieno O. Victors include: Strategies for successful Agro - Forestry / Forestry Extension in ASALs of Kenya facilitated by Forestry Department;

Participatory rural appraisal work in Agro forestry – SIDA: (Nov 1992); Household technologies for safe water, facilitated by UNICEF/ CARE Kenya (2004); Seed Technology facilitated by KEFRI; proposal writing and presentation: report writing facilitated by KIA.

Mr. S. Otieno O. Victors has worked with different organizations where he held different positions. He served as the Chief Operating Officer of Practical Innovation Ltd from Aug. 2013 – April 2023); Assistant Manager, production of roses in Van Den Berg (K) Ltd (December 2010 – July 2013); Chief Operating Officer, Gibby Enterprises Ltd (2009 – 2010); Chief Operating Officer, Safoma Ltd - Civil Engineering and Construction Company (2005 – 2008); Chief Operating Officer, Tesia Clean Care Ltd (2000 – 2004); Chief Operating Officer, Kenya Forest Seed Enterprises; Project Assistant, Environment Quality Monitoring Projects (1997); microbiologist, Mac's Pharmaceuticals (May - Dec 1990). Mr. S. Otieno O. Victors also has wide experience in consultancy.



Mrs. Veronica Silantoi Mwangi, Independent Member

Mrs. Veronica Silantoi Mwangi, Member Finance and Establishment Committee

Mrs. Veronica Silantoi Mwangi was born on 26th November 1964. She was appointed to the Authority's Board for a term of three (3) years W.E. F 4th April 2023, vide Kenya Gazette Notice No. 4397 dated 3rd April 2023. She is currently a member of the Finance and Establishment Committee which was constituted on 4th May 2023.

Mrs. Veronica Silantoi Mwangi holds a Diploma in Education Management of Kenya Education Management Institute (KEMI) and a Certificate in Education Management of the Kenya Education Staff Institute (KESI). She has been teaching from 1989- to date. The Sintakara Secondary school is her brain child and she is serving as the Principal. She has participated in administration curriculum supervision and appraisal of performance management.

Achievements of Mrs. Veronica Silantoi Mwangi include: fight against Female Genital Mutilation; Rehabilitation of the boy child; planning for a Health Center in Sintakara to save mothers from pre and anti - natal morality; promoting tree planting and investing in fruit farming.

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**Hon. Eunice Singoei,
Independent Member**

**Hon. Eunice Singoei, Member Development and Environment
Conservation Committee**

Hon. Eunice Singoei was born on 1st June 1978. She was appointed to the Authority's Board for a term of three (3) years W.E. F 4th April 2023, vide Kenya Gazette Notice No. 4397 dated 3rd April 2023. She is currently a member of the Development and Environmental Conservation Committee which was constituted on 4th May 2023.

Hon. Eunice Singoei holds a Certificate in Corporate Governance; Ethics and Responsibilities; Conflict Management and Resolution; Communication and Public Relation skills from Lessos Technical. She was a Member of County Assembly, Nandi County in 2013 – 2017 and a Board member of Sirwa Secondary School from 2022 to date.



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

**CPA Dudney O. Matagi, Member Finance and Establishment
Committee**

CPA Dudney O. Matagi was born on 14th November, 1976. He joined the Authority's Board on 5th May, 2021 and attended the first meeting on 28th July 2021. He served as a member of the Finance and Establishment Committee and Audit and Risk Management Committee till expiry of term of the previous Independent Board members on 6th February 2022. He is still a member of the two (2) committees in the current Board. Prior to his appointment to the Authority, he served in the Board of Kerio Valley Development Authority where he served as a member of both Finance Committee and Audit and Risk Management Committee.

CPA Dudney O. Matagi holds a Bachelor of Commerce Degree (Finance option) from Catholic University of Eastern Africa (CUEA) and a holder of CPA (K). He also holds a Diploma in Banking from Kenya School of Monetary Studies and a Certificate in Board Leadership and Development by Silver Paradigm Consultants. He is currently pursuing Masters' of Business Administration Degree (Finance option) at Mt. Kenya University.

CPA Dudney O. Matagi has also attended Senior Management Course (SMC) and Strategic Leadership Development Program (SLDP) of Kenya School of

Ewaso Ng'iro South River Basin Development Authority
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Government. He is an active member of the Institute of Certified Public Accountants of Kenya (ICPAK). CPA Dudney O. Matagi is currently an Assistant Accountant General and Ag. Deputy Director, the National Sub County Treasuries at The National Treasury and Planning. He earlier served as the Accountant in charge of Kenya Prison Industries Revolving Fund during the period 2001 – 2009. He was the District Accountant, Kisumu North in 2010 – 2015.



Mr. Stephen Mbatia Kamau,
Alt. Director, Inspector -
General (Corporations)

Mr. Stephen Mbatia Kamau, Member Audit and Risk Management Committee

Mr. Stephen Mbatia Kamau was born on 30th June 1965. He joined the Authority's Board on 7th May, 2021 and attended the first meeting on 28th September, 2021. He served as a member of the Audit and Risk Management Committee till expiry of term of the previous Independent Board members on 6th February 2022. He is still a member of the Audit and Risk Management Committee in the current Board. Prior to his appointment to the Authority, he represented the Inspector - General Corporations in the Boards of Retirement Benefits Authority and Policy Holders Compensation Fund.

Mr. Stephen Mbatia Kamau holds a Masters' Degree in Business Administration, Finance and Banking from Moi University and a Bachelor of Commerce Degree, Accounting Option. He also holds CPA K, CPS K and Certified Investment and Financial Analyst (CIFA) Final Certificate has attended Senior Management Course (SMC), Performance Audit Course with the Swedish Audit Office, Frauds and Investigation Course at the Kenya School of Government and Induction Course on Corporate Governance in State Corporations. He is member of the Institute of Certified Public Accountants of Kenya and Institute of Certified Public Secretaries of Kenya.

Prior to joining the Inspectorate of State Corporations in December 2009, Mr. Stephen Mbatia Kamau worked with the Nyayo Tea Zones Development Corporations and later the Teachers Service Commission. He has experience in Finance, Administration and Accounting Fields.



**Ms. Wanjiku Manyatta, Alt.
Director, CS. The Ministry of
East African Community
(EAC), Arid & Semi – Arid
Lands (ASALs) & Regional
Development**

Ms. Wanjiku Manyatta, Member Development and Environmental Conservation Committee

Ms. Wanjiku Manyatta was born on 28th September 1968. She was appointed to the Authority's Board on 12th November 2019. She served as a member of both Audit and Risk Management Committee and the Development and Environmental Conservation Committee until 18th November 2020 when reconstitution was conducted. She was a member of the Finance and Establishment Committee as well as the Development and Environmental Conservation Committee till expiry of term of the previous Independent Board members on 6th February, 2022. She is presently a member of the Development and Environmental Conservation Committee that was constituted on 4th May 2023.

Ms. Wanjiku Manyatta holds a Masters Degree in Population, Resources and Environmental Economics of China University of Geosciences, School of Economics and Management. She also holds a Bachelor Degree in Agricultural Economics of Egerton University. Ms. Wanjiku Manyatta is a member of Forestry Society of Kenya - No: FSK/F/0611 and has attended various leadership courses and resource mobilization and investment forums. These short courses include: Senior Leadership Program on Public Private Partnership; Cities Forum (June 2022); Induction Programme for Public Sector Boards; Kenya School of Government (Oct. 2020); Strategic Leadership Development



**Mr. Ngala Oloiptip, MCIPS,
Managing Director/ Secretary**

Mr. Ngala Oloiptip, MCIPS, Managing Director/ Secretary

Mr. Ngala Oloiptip was born on 22nd November 1976. He was reappointed the Managing Director of Ewaso Ng'iro South Development Authority for a period of three (3) years with effect from 1st July 2023. Following his appointment, he effectively joined the Board as per the Authority's Act Cap 447 of the Laws of Kenya, Section 4 subsection (1) (m).

Prior to his appointment as the Managing Director of ENSDA, Mr. Ngala Oloiptip served as the Head of Supply Chain Management at the East African Portland Company, a position he had held since August 2016. He had served as the Procurement Manager in the same Company from 2013 to July 2016. Mr. Ngala was previously a Procurement Manager at Kenya Meat Commission, a position he held for about two (2) years. Overall, Mr. Ngala Oloiptip has over two decades' experience in supplies, procurement, operations and general supply chain management and logistics both in the private and public sector having served in different positions.

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

4. MANAGEMENT TEAM

DETAILS



MANAGING DIRECTOR - MR. NGALA OLOITIPTIP

Mr. Ngala Oloitiptip holds a Master of Science Degree in Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Arts Degree in Economics from the University of Nairobi.

He is responsible for Developing and implementing the strategic plan and the Authority policies, maintaining an open dialogue with stakeholders, and driving overall Authority's success. He is also responsible day to day operations of the Authority.



RICHARD M. TANKILLE -CHIEF MANAGER, HR & ADMINISTRATION.

Mr Richard Tankille joined the Authority in the year 2011 from Action Aid Kenya. He also worked with World Vision Kenya and brings along experience in project planning and management. He is a HR professional with a Masters (M-PHIL in Human Resource Development) and B-ED arts degree. He is a certified educator in holistic management, also trained in Senior Management Course- Kenya School of Government (KSG), Monitoring and Evaluation certification program- Kenya Institute Management (KIM), and SAGE 50 Quantum Accounting software Kenya Mathematics Institute, public Procurement by Kenya Institute of Supplies Management (KISM), and Governance Accountability course.

He is responsible for developing and executing human resource strategy in support of the overall Authority plan and strategic direction, specifically in the areas of succession planning, talent management, change management, organizational and performance management, training and development, and compensation. He provides strategic leadership by articulating HR needs and plans to the executive management team, shareholders and the board of directors.



CPA. JONATHAN LEYIAN NAMPASO- CHIEF MANAGER FINANCE.

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

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



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

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

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

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

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



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

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

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

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5. CHAIRMAN'S STATEMENT



The Board is committed to ensuring that the Authority delivers services to the public in line with the constitution of Kenya 2010 by discharging its governance and oversight functions that enable the management to improve on efficiency and effectiveness of the Authority's operations.

In line with our mandate, the Authority during the FY 2022/2023 continued with implementation of six (6) priority projects and programmes geared towards community livelihood improvement and environmental conservation within the region. These projects and programmes include: Ewaso Ng'iro Tannery and Leather factory; Bamboo Commercialization, Value Addition and Climate Change Adaptation; Oloyiangalani/Oloshoi-Oibor Integrated Food Security and Water Supply project; Oloitokitok Agro-processing factory; Integrated Tea Development Programme and Drought Mitigation programme. The six (6) projects were a continuation from FY 2021/22.

The challenges that the Authority faced during the FY 2022/2023 included insufficient resource allocation compared to the high demand for development in the region and inadequate legal and regulatory framework to facilitate effective operations. The Authority also experienced budgetary cuts and delay in disbursement of allocated funds during the Financial Year ended 30th June 2023. Generation of Appropriation in Aid (A.I.A) was adversely affected by severe drought experienced across the ASALs. To enhance financial sustainability for effective engagement in development, the Authority will continue to initiate and implement investment projects. Further, the Authority has developed a resource mobilization and partnership strategy aimed at attracting additional financing for projects to augment financial support by the exchequer. The Board, with a view to mitigating the high costs of chemicals used at the Tannery and Leather factory, has also granted approval for importation of chemicals as opposed to using dealers. With support of the Parent Ministry and stakeholders, the process of harmonization of the Authority's legal and regulatory framework is underway.

Signed: Samuel Date: 30/09/2023

MR. SAMUEL SAKITA KUTATA, CHAIRMAN BOARD OF DIRECTORS

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6. REPORT OF THE MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER



During the Financial Year 2022/2023, ENSDA's management demonstrated professionalism, transparency and accountability in delivery of its mandate as well as provision of critical services to the communities and stakeholders in its area of jurisdiction comprising Narok, Kajiado and parts of Nakuru and Nyandarua Counties.

The strategic programmes that were being implemented during the Financial Year are namely, the Ewaso Ng'iro Tannery and Leather factory Leather (processing and Value addition); Integrated Bamboo Commercialization, Value Addition and Climate Change Mitigation and Adaptation;

Oloyiangalani/Oloshoi-Oibor Integrated Food Security and water Supply project; Oloitokitok Agro – processing factory; Integrated Tea Development Program and Drought mitigation programme.

The Ewaso Ng'iro Tannery and Leather factory remained a priority investment project for the Authority. The factory produced 511,045.75 sq. ft against a target of 650,140.20 sq. ft of finished leather by the end of the Financial Year 2022/ 2023. The drop in production was attributable to poor quality of hides and skins as a result of prolonged drought, delayed disbursement, high cost of chemicals and machine downtime due to routine maintenance and repairs. To cushion against these, the management put in place measures to enhance production of the Tannery and Leather factory as well as mitigating the cost centers. The measures include marketing of leather products on diverse media platforms and direct importation of chemicals. In line with the presidential directive on leather and leather products, the Authority received additional funds from the National Treasury to support tannery expansion and also signed a contract with the State Department of Livestock for mopping - up of raw hides.

All Authority's programmes/ projects are aligned to the Sector Performance Standards, the Bottom-up Economic Transformation Agenda (BETA), Vision 2030, and the Global Sustainable Development Goals (SDGs). The Authority experienced budgetary cuts at the beginning of the financial year and delayed disbursement of allocated funds which affected implementation of projects especially the Tomato Agro-Processing factory, in Oloitokitok, Kajiado County and the Integrated Bamboo Commercialization programme. Additionally, Authority's jurisdiction area is predominantly Arid and Semi-arid (ASAL) hence, several parts of the region experienced effects of drought during the Financial Year. In order to cushion the local communities from the effects of the drought, the Authority mobilized funds from the National Treasury and Economic planning to drill and equip 11No. new boreholes, construct 6No. small dams/water pans, rehabilitate 8No. boreholes, construct 5km pipeline and 2No. masonry tanks in the region.

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The Authority ensured compliance with various statutory and constitutional requirements during the implementation of projects and delivery of services. More specifically, the Authority complied with Public Procurement requirements, such as, ensuring that 30% of all procurement is reserved for the youth and women and that 2% of that goes to People with Disabilities. In FY 2022/2023, the Authority complied with the applicable Executive Orders, for instance, by updating and publishing all tender information to the public procurement information portal, and the presidential directive on the 15 billion national trees growing and restoration campaign by propagation and raising of over 270, 000 tree seedlings and 100,000 bamboo seedlings.

The challenges that faced the Authority in FY 2022/2023 included budget rationalisation, delay in disbursement of allocated funds, effects of severe drought, environmental and social challenges, high cost of inputs attributable to rising fuel prices and global economic meltdown.

Signed:



Date:

30/09/2023

NGALA OLOITIPTIP, MCIPS

CHIEF EXECUTIVE OFFICER/ MANAGING DIRECTOR

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**STATEMENT OF EWASO NG'IRO SOUTH DEVELOPMENT AUTHORITY'S
PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023.**

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

ENSDA has 6 strategic programmes and objectives within the current Strategic Plan for the FY 2017- FY 2022. The programmes and projects are:

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

ENSDA develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Authority* achieved its performance targets set for the FY 2022/2023 period for its programme and projects as indicated in the table below:

Programme Area	Objective	Key Performance indicators	Activities/ Project	Achievements
Ewaso Ng'iro Tannery and Leather Factory	To improve livelihoods and enhance socio - economic development in the region through livestock by -product value addition, industrialization and employment creation.	Square feet of leather produced	Processing of finished leather	Produced 511,045.75 Sq. ft of finished leather valued at Ksh.48,860,662
		Number of pair of shoes produced	Production of Footwear and leather articles	Produced 969 pairs of shoes
Integrated Bamboo Commercialization and value addition	To enhance environmental conservation and	No. of bamboo seedlings propagated	Raising of bamboo seedlings	Propagated and raised 100,410 bamboo seedlings

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Programme Area	Objective	Key Performance indicators	Activities/ Project	Achievements
	sustainability through bamboo commercialization and value addition and conservation of	Acreage of bamboo planted	Establishment of bamboo plantation	126.9 acres of bamboo plantation established across the region
	of the Mau Forest Catchment	No. of community groups trained	Conducting training and sensitization of community groups on Bamboo value chain.	5 No community groups trained.
Oloyiangalani/ Oloishoibor Food Security and Water Supply Programme	To improve food security, increase access to clean water and enhance climate change resilience hence improve livelihoods and alleviate human suffering from the impacts of drought.	Number of acreages established.	Develop an irrigation demonstration farm in Kimuka	Establishment of a 50-acre model farm ongoing
		% level of completion	Fencing of the 50-acre demonstration farm	Fencing works complete 100%
		Number of acres cultivated.	De-stump and plough the 50-acre demonstration farm.	Ploughing of the 50 acres 100% complete.
Tomato Agro Processing factory	To improve livelihoods and enhance socio-economic development in the region through value addition, industrialization and employment creation	% level of completion	Construction of the factory building (super-structure)	Construction of superstructure is at roofing level - about 70% complete.

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Programme Area	Objective	Key Performance indicators	Activities/ Project	Achievements
Integrated Tea development project	To improve livelihoods, create employment and resolve conflict between Maasai and Kisii communities living along the border of Transmara	Kgs of green tea leaves produced	Tea farm management and plucking of green tea leaves.	Produced 282,349 kg of green tea.
Drought Mitigation Programme	To enhance drought resilience, improve water and food security and increase access to clean water and improve the livelihoods of the communities in the region.	Number of boreholes drilled equipped and provided with auxiliary facilities	Drilling and equipping of 11No. New Boreholes	Completed drilling and equipping of 6No new boreholes. While 5No. boreholes at various stages of completion (approximately 80% complete).
		Number of boreholes rehabilitated and provided with auxilliary facilities	Rehabilitation of 8 boreholes and equipping with solar	Completed rehabilitation and solar installation for 5No boreholes. While 3No. boreholes at various stages of completion (approximately 60% complete)
		Number of water storage tanks constructed and km of pipeline installed	Construction of 2No. 100m ³ masonry tanks, laying and installation of 5km pipeline	Completed construction of 2No. 100m ³ masonry water tanks and laying of 5km pipeline

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Programme Area	Objective	Key Performance indicators	Activities/ Project	Achievements
		Volume of water harvested and stored	Construction of 50,000m3, 6 No. Small dams/water pans	Construction works ongoing at various stages of completion. Approximately 80% complete

During the review period, some of the pending FY2021/2022 drought mitigation projects were also completed as summarized in the table below.

Programme Area	Objective	Key Performance indicators	Activities/ Project	Achievements
Kimintet peace dam	To improve access to clean water, enhance climate change resilience and promote peace between Maasai and Kipsigis communities living along the border of Kimintet	Volume of water stored	Construction of 200,000m3 earth dam	Construction works complete at 100%
Nairabala water pan	To enhance drought resilience, improve water and food security and increase access to clean water	Volume of water harvested and stored	Construction of 60,000m3 earth dam/water pan	Construction works complete at 100%
Boreholes	To enhance drought resilience, improve water and food security and increase access to clean water	Number of boreholes drilled, equipped and provided with auxiliary facilities	Drilling and equipping of 6No. New Boreholes, Equipping of 4No boreholes	Drilling and equipping of 6No. New Boreholes, Equipping of 4No boreholes complete

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CORPORATE GOVERNANCE STATEMENT

1. Statement of Corporate Governance

The Board plays a critical role of ensuring achievement of the Authority's strategic objectives. In execution of its mandate, the Board is guided by the Constitution of Kenya (2010), the enabling Act Cap 447, relevant Legislations and Governance blue prints, that is, Mwongozo, The Code of Governance for State Corporations.

Board of Directors

Board Meetings

The Board as well as Committee meetings held during the Fiscal Year 2022/23 and their attendance were as tabulated below:

Date Meeting Held	Finance & Establishment Committee	Development & Environmental Conservation Committee	Audit and Risk Management Committee	Board meetings
4 th May 2023	_____	_____	_____	Thirteen (13) Board members attended
16 th May 2023	Six (6) Committee members attended	Five (5) Committee members attended	_____	Sixteen (16) Board members attended
17 th May 2023	Six (6) Committee members attended	_____	_____	_____
18 th May 2023	_____	_____	Five (5) Committee members attended	_____
6 th June 2023	_____	_____	_____	Fourteen (14) Board members attended
6 th June 2023	_____	_____	_____	Fourteen (14) Board members attended

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Appointment of the Board

Board membership at the beginning of the Fiscal Year 2022/23 comprised four (4) Alternate Directors only following expiry of term of the Board Chairman on 2nd May 2022 and that of the independent members on 6th February 2022. H.E The President of the Republic of Kenya, vide Gazette Notice No. 8801 appointed a new Chairman for a three (3) Year term W.E.F 28th July 2022. H.E The President however revoked the appointment of the Chairman through Gazette Notice No. 15793 dated 20th December 2022. On the other hand, the cabinet Secretary for the East African Community and Regional Development appointed three (3) Independent Directors for a three-Year term W.E.F 28th July 2023, vide Gazette Notice No. 8832.

The Authority remained without a fully constituted Board until April 2023 when the Chairman and nine (9) Independent members were appointed. Appointment of the current Board Chairman by H.E. the President of the Republic of Kenya and the Commander-in-Chief of the Defence Forces for a period of three (3) years took effect on 5th April 2023, vide Gazette Notice No. 4391 dated 3rd April, 2023 while appointment the Independent members by the Cabinet Secretary (CS) for the East African Community, the ASALs and Regional Development for a period of three (3) years was effective 4th April, 2023, vide Gazette Notice No. 4397 dated 3rd April, 2023. The CS through the same Gazette notice revoked appointment of the previous three (3) Board members.

The Board by the end of the Financial Year 2022/2023 comprised the Chairman, appointed by the President, nine (9) non – official members appointed by the Cabinet secretary of the Parent Ministry, the Managing Director and three (3) Alternate Directors. The Board membership was diverse in terms of gender, competencies, skills and experience to facilitate effective leadership of the Authority.

Board removal process

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

- (i) Has been found guilty of improper conduct considered to be inconsistent with membership of the Authority; or
- (ii) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Authority; or
- (iii) Is unable or unfit, for any reason, to discharge the duties of his office, and that it is in the interest of the Authority to do so, may terminate the appointment of that member.

It is worth noting none of the Board members was terminated from the Board during the FY 2022/2023 on account of the grounds stipulated above.

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Roles and functions of the Board

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

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

Board Remuneration

Authority's Board remuneration and benefits were as follows;

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

Ethics and Conduct

The Code of Conduct and Ethics for State Corporations (SCs) as contained in Mwongozo: The Code of Governance for State Corporations defines the standards of behaviour required to be observed by Board members. The main focus is on ethical conduct and integrity at the work place. In line with relevant

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corruption prevention guidelines, the ENSDA's Board is committed to implement various prevention activities and submit Quarterly reports accordingly. The Board is also committed to comply with provisions of MWONGOZO, The Code of Governance for State Corporation as well as other relevant laws and regulations.

Succession planning

The Board monitors and evaluates performance of the Authority's management team with a view to enhancing succession planning. The outcome of the performance evaluation could be a reason for the Board to replace the Managing Director and other members of management team. The Board annually agrees on the performance targets with the Managing Director against which he is evaluated. The MD on the other hand negotiates and annually signs agreed performance targets with the senior management team against which they are evaluated after the end of the year. The term of the Board is three (3) years renewable once which ultimately ensures fresh infusion of skills and experience.

Board Charter, Induction and Training

The Charter, defining the Board governance model as well as addressing a number of organizational and operational issues, was adopted on 11th April 2018. Upon appointment of the Board in April 2023, sensitization unto the Board Charter was part of the induction program and compliance with its diverse aspects is anticipated always.

Coverage of the Board Charter includes: the size and composition of the Board, the appointment of directors, Chairman and the Executive Director, the tenure of office of the Chairman and the directors, the roles and responsibilities of the Board, Chairman, Managing Director and Secretary to the Board, the remuneration of directors, induction of directors and succession planning, conduct of Board and Committee meetings, Board committees and evaluation of the performance of the directors. The Board participated in an Induction workshop for Board members that was facilitated by the Institute of Certified Secretaries (ICS) in partnership with the State Corporations Advisory Committee (SCAC) in April, 2023.

Board members' performance

In compliance with Mwongozo, the Code of Governance for State Corporations, the Authority has always complied with the requirement that Board Performance Self Evaluation exercise, with the facilitation of officers from the State Corporation Advisory Committee (SCAC), is conducted within the first four months of every Financial Year. The current Board was however only two (2) months old by the end of FY 2022 - 23 following appointment of the Chairman with effect from 5th April and Members from 4th April 2023. The Board held its first meeting on 6th - 7th June 2023. Board Performance Self Evaluation exercise for FY ended 30th June 2023 was thus not conducted and communication on the same was made to the State Corporations Advisory Committee.

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Conflict of interest

In all the Board meetings during the FY 2022/2023, “Declaration of Conflict of Interest (s) if any” was always an agenda item and a register was availed for the purpose. No conflict of interest was declared during the year ended 30th June 2023

Governance Audit

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



MANAGEMENT DISCUSSION AND ANALYSIS-OPERATIONAL AND FINANCIAL PERFORMANCE.

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

OPERATIONAL PERFORMANCE

During the period under review FY 2022/2023, 7 key priority projects were implemented.

i. Ewaso Ng'iro Tannery & Leather Factory.

Leather processing is one of the main sub-sector in the livestock value chain contributing to employment creation, foreign exchange earnings and industrialization. The leather sector in Kenya generated over \$100 Million in revenue in the year 2020 (KNBS) and contributed to approximately 1.5% of the GDP. Ewaso Tannery and Leather factory is one of the ongoing initiatives by the Authority under the Bottom-up economic Transformation Agenda (BETA) of the Kenya Government. The project is located in the largest livestock dispersal area with more than 10 abattoirs and is expected to process about 1.2 million square feet annually of finished leather when fully operational. The main objectives of the project are to improve livelihoods, enhance GDP growth and create employment through manufacturing and value addition.

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

During the period under review, operations of the factory continued at an estimated capacity of 41% of factory throughput. A total of 511,045.75 square feet of finished leather was produced mainly wet blue leather, crust leather and finished leather. In addition, a total of 969 pairs of shoes were produced.

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

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Through this project, the Authority has created 85 direct jobs and over 3,000 indirect jobs along the value chain while generating revenue for the Authority. In addition, the factory provides opportunities for setting up of leather goods cottage industries (Leather SMEs) which will create additional job opportunities and incomes for local communities.



Raw hides and skins collection section



Plating machine at the Factory



Shoe section



Effluent Treatment Plant aerial View

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ii. Agro processing (Tomato processing factory).

Agriculture sector remains one of the largest contributor to the Kenya's economy, contributing approximately 21.4 percent of the GDP directly. Despite its role, the sector is still struggling with myriad of challenges which includes post-harvest losses, poor market prices and exploitation from middlemen. The Authority therefore initiated a tomato Agro-processing factory to cushion local small-scale farmers. The project entails establishment of a tomato processing factory with a capacity of 20,000 tons/annum. It is located in Oloitokitok which is one of the largest producers of fresh tomatoes and a major supplier of tomato to both Nairobi and Mombasa cities with an annual production of 70,000 tones. The main objectives of the project are; employment creation, enhance GDP growth and reduce postharvest losses through value addition.

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

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

During the review period, FY 2022/2023, the construction of the superstructure roof did not continue due to budget rationalization.



Oloitokitok Agro-Processing project super structure under construction



Steel structure ready for roofing.

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

The Oloyiangalani dam/Olosho-Oibor food security and water supply project is one of the Authority's initiatives to realize the government Agenda on Agricultural Transformation and Inclusive Growth. The project is located in Kajiado West Constituency, Kajiado County which is an ASAL county with an annual rainfall of 600mm per annum. Community members trek for more than 15km during the dry seasons to water sources and migrate in search of pasture for their livestock. The main objective of the project is to improve food security, increase access to clean water for domestic, livestock and irrigation use.

Implementation of the project is ongoing and started in the FY 2019/2020. It entails; development of Oloyiangalani dam (earth dam with storage capacity of 100,000m³), Kimuka-Olosho Oibor water supply (24km water pipeline, 19 water kiosks and 2No.100m³ elevated steel tanks) and model irrigation farm.

During the review period, FY 2022/2023, the Authority completed land preparation and commenced operations of the farm.



The Ploughed Demo farm



Committee meeting in progress.

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iv. Integrated Bamboo commercialization and Environmental conservation.

The project main objective is to increase forest cover and promote environmental conservation in Mau catchment through seedling propagation, plantation establishment, and value addition. During the financial year 2022/23, the Authority has propagated seedlings at HQ nurseries, cumulatively The Authority had an achievement of 100,410 bamboo seedlings. The Authority's conservation efforts impacted positively on the environment on the following ways;

Forest ecosystems are the largest terrestrial carbon (C) sink on Earth and their management has been recognized as a cost-effective strategy for mitigating greenhouse gas emissions and mitigating effects of climate change. The authority has contributed to the restoration of degraded catchments through soil conservation by plantation establishment. This is because bamboo has long underground root systems that can bind soil, prevent water run-off and survive even when the biomass above ground is destroyed by fire. The Authority has contributed to climate change mitigation through continuous afforestation efforts in the Maasai Mau forests and its environs through the continuous green school program.

The Authority has built capacities of communities within the area of jurisdiction in conservation issues and further supported them with seedlings to establish woodlots within their individual farms. This strategy enhances sustainability of conservation issues at the community level. Through Strategic partnerships with government agencies, the Authority has enhanced partnership with like-minded government institutions like KEFRI, KFS, KWT, KALRO, Netfund, and county governments to ensure successful conservation efforts in water towers, riparian lands and other catchment areas.

The Authority has conserved degraded catchments in the Mau Forest in partnership with communities and government agencies. This has contributed to a well-balanced ecosystem in which all flora and fauna thrive with minimal disturbances. Due to these increased conservation efforts, there is an increased water levels in all rivers emanating from the Mau Forest down and up-stream. E.g., Ewaso Ng'iro, Enkare Narok, Njoro, and Mara rivers

Conservation efforts upstream (Maasai Mau) have contributed to improved livelihoods for community members around the upper and downstream catchment. For example, the communities in Shompole have enjoyed increased water levels in Ewaso Ng'iro river which has necessitated sustenance of livestock and crops in this dry spell. Due to conservation efforts in the Mau complex communities upstream have enjoyed increased rainfall levels which has improved farming and food security.

The Authority has been a centre of excellence in conservation efforts in the region and has raised a bar of afforestation through supporting like-minded partners with seedlings. The Authority introduced bamboo farming and plantation within its area of jurisdiction, the uptake of this has introduced a new cash crop for farmers due to commercialization and value addition along its value chain. Finally, the Authority has contributed to the Presidential Directive of growing 15Billion tree seedling by 2032 through propagation

of seedlings, establishment of bamboo plantations, woodlots in learning & religious institutions and support to individual farmers through the out-grower program.



Bamboo propagation at the green house

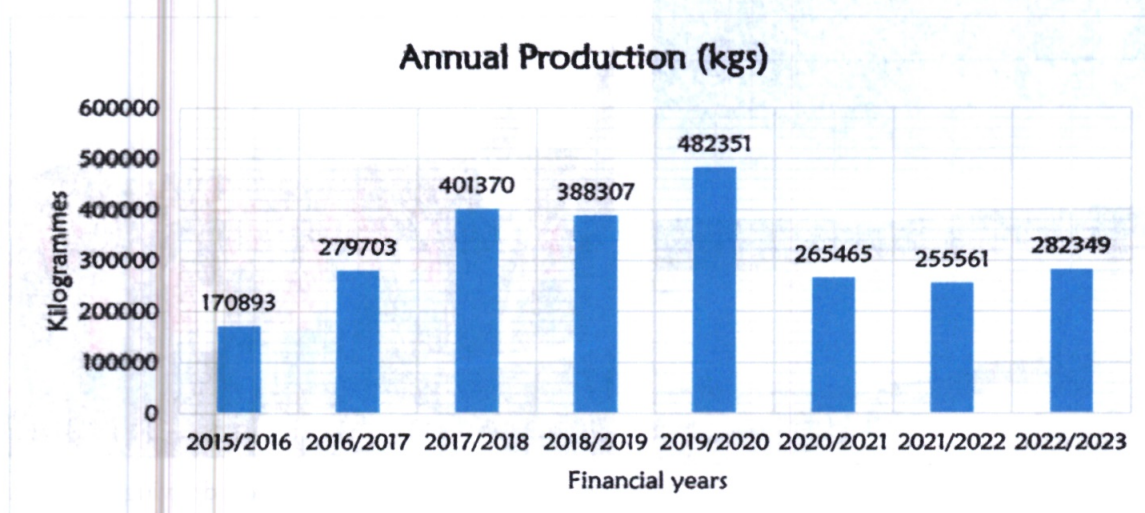
v. Expansion of tea development project

This is an ongoing project initiated in 2005 with an objective of conflict resolutions between communities living along the borders of Transmara as well as diversifying economic activities among pastoral communities. The project was strategically located along the Kisii – Transmara border to serve as a buffer zone to address resource use / ethnic conflicts between the Maasai and Kisii communities. To date, the Authority has established over 300 acres of tea plantation which has created more than 100 casual jobs daily and also generated revenue for the Authority through sale of tea leaves.

Production of tea leaves increased steadily up to FY2019/2020 but drastically reduced when the land lease for Keyian farm, one of the farms leased for tea cultivation, elapsed. During the period under review, FY2022/23, the Authority produced 282,349 kgs of green tea leaves which created employment opportunities to over 100 casuals.



Tea plucking at Shankoe Tea Farm.



vi. Drought Mitigation Programme

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

Most households in the region derive their livelihoods from livestock and livestock related products providing incomes, employment and food security. Despite its economic importance, livestock production in the area faces water scarcity constraints leading to low productivity and loss of livelihoods during

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drought. According to the Kenya Economic survey of 2018, livestock and its related products contributed more than Ksh135.6 Billion to the GDP making it one of the highest contributor to the GDP. The Kenya livestock sector supports the livelihoods of a significant part of the population and is key to attaining food and nutrition security in the country. The sector contributes approximately 12 per cent to the national Gross Domestic Product (GDP) and 42 per cent to agricultural GDP. It is also the main source of livelihood to the people in the Arid and Semi-Arid Lands (ASALs), accounting for 90% of employment and more than 95% of family incomes in these areas according to The International Livestock Research Institute (ILRI). Provision of water to this very important sector of the economy is necessary to sustain economic development of the region.

During the review period, FY2022/2023, the Authority commenced implementation of 11No. new boreholes, construction of 6 small dams/water pans, rehabilitation of 8No. boreholes, construction 5km pipeline and completed implementation of the pending drought mitigation projects for FY 2021/2022 which included; Kimintet Peace dam, Nairabala dam, 6No. new boreholes, equipping of 4No boreholes.



Completed Nkineji water pan



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

COMPLETED FY 2021/2022 DROUGHT MITIGATION PROJECTS

i. Kimintet Peace dam

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

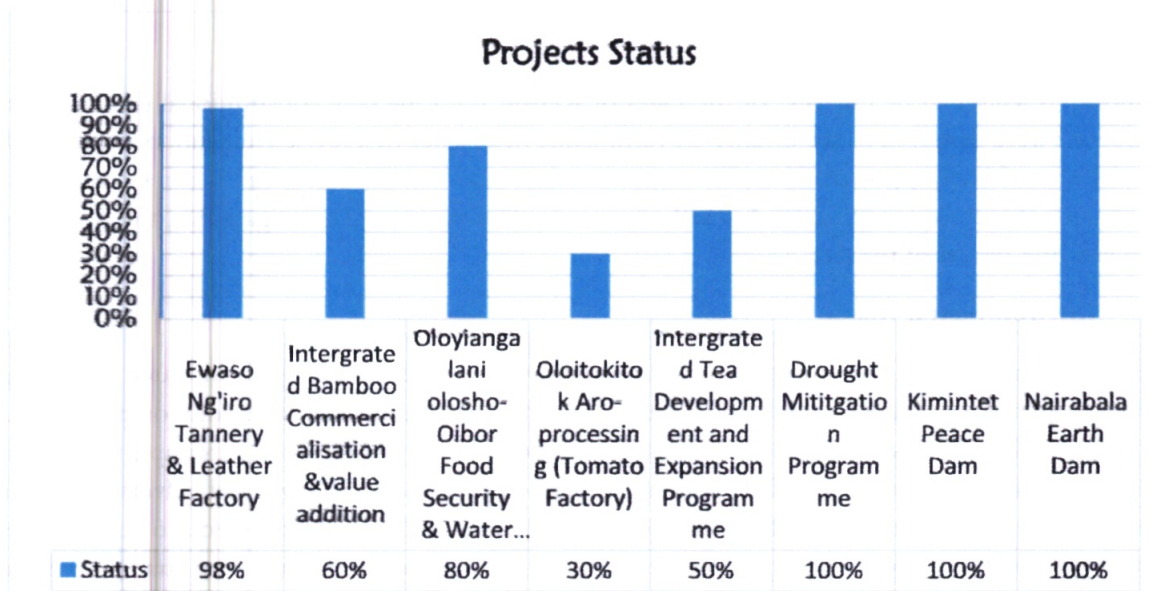
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To promote peace between these communities living along the border, the Authority initiated and implemented Kimintet peace dam project. Scarce water resources has been identified as one of the main causes of conflict in the ASAL areas. This is because,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



Kimintet Peace dam. Volume 200,000m3

Project completion rate



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ii. Forest and Land Restoration Action for Kenya (Suswa-Magadi Ecosystem Project)

Over the years, degradation of the landscape in the Suswa-Magadi ecosystem has threatened existence of Lake Magadi and livelihoods in the area as a result of erosion and deposition of sediments into the lake. Preliminary assessment estimates the deposition of more than 20 square km which is approximately 20 percent of the lake surface area. In addition, most farmers have abandoned cultivation on their land in the upper catchment due to soil infertility and erosion that has resulted into reduced yields.

Suswa – Magadi ecosystem is one of the landscapes identified for restoration under the Forest and Land Restoration Action for Kenya (FLaRAK). The project is being funded by the Government of Japan and implemented by UNDP. The Authority is one of the implementing partners taking lead in the ecosystem restoration.

During the review period, FY2022/2023, the Authority implemented the following activities; laying and construction of 20km terraces, construction of gabions, farm ponds as well as de-silting of small water pans within the upper catchment. Furthermore, laying of 'Do Nou' bags- a Japanese technology - was used to stabilize farm ponds and control erosion in the farms. The Authority also conducted capacity building of farmers on best farming practices such as ploughing along the contours to minimise soil erosion and minimise surface runoff.

MAJOR RISKS FACING THE AUTHORITY

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

i) Legal Risk

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

ii) Environmental Risks

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

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Bamboo commercialization and climate change, adaptation and mitigation programme. to mitigate the same.

iii) Sustainability risks

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

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

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

iv) Technological Risks

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

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

v) Liquidity Risks

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

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

COMPLIANCE WITH STATUTORY REQUIREMENTS

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

ENVIRONMENTAL AND SUSTAINABILITY REPORTING.

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

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

a) Sustainability strategy and profile

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

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

b) Environmental performance

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

c) Successes on conservation

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

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

d) Shortcomings

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

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

e) Efforts to manage biodiversity.

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

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

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

f) Waste management policy.

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

The Authority has always advocated for clean energy and has done a lot of capacity building of the communities within its area of jurisdiction.

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

g) Employee welfare.

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

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



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h) Market place practices

i. Responsible competition practice.

The Authority conducts all procurement processes in line with The Public Procurement & Asset Disposal Act 2015, Regulations of 2020 and the Public Finance Management Act.

All statutory reports are submitted to relevant regulatory Authority's as per the requirements.

ii. Responsible Supply chain and supplier relations

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

iii. Responsible marketing and advertisement

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

iv. Product stewardship

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

v. Corporate Social Responsibility / Community Engagements

The Authority is committed to improving livelihoods and undertakes social economic programs in the river basin by creating an enabling environment for economic growth and ensuring sustainable and equitable development through optimum utilization, coordination and management of resources for enhanced quality of life. Towards this the Authority implements core mandate programmes and projects.

During financial year 2022/2023 that ended in 30th June, 2023 the Authority undertook Corporate Social Responsibility activities in environmental conservation, water and sanitation, Health, Education and Sports.

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

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1. Donation of 134,339 assorted tree and bamboo seedlings to were donated to 143 learning institutions community groups & religious institutions and government institutions across the Authority areas of jurisdiction.
2. Participation and support of the World Disability Day on 3rd December, 2022
3. Participation and support of the World AIDS Day on 1st December, 2022.
4. Participation and support of the tree planting at Kajiado in collaboration with stakeholders
5. Contribution towards Universal Health Coverage in partnership with NHIF in effort to ensure improvement of health status of the economically disadvantaged, elderly people and persons with disability in Narok County.

The Authority participated in the Narok Peace initiative in Narok though support of 5000 seedlings to be planted in Olokurto zone.



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REPORT OF THE DIRECTORS

The Directors submit their report together with the financial statements for the year ended June 30, 2023, which show the state of ENSDAs' affairs.

i) Principal activities

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

ii) Results

The results of the Authority for the year ended June 30, 2023, are set out on page 1 to 5

iii) Directors

The members of the Board of Directors who served during the year are shown on page x to page xix

iv) Surplus remission

Ewaso Ng'iro South Development Authority has reported a surplus of Ksh 262,883,437 during the end of FY 2022-2023. The surplus is meant for Tannery expansion hence no remittance to the Consolidated Fund.

v) Auditors

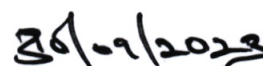
The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board

NAME: NGALA OLOITIPTIP
MANAGING DIRECTOR



SIGNATURE



DATE

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



STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes:

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

The Directors accept responsibility for ENSDAs financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) and the Authority's Act of Parliament CAP 447 of the Laws of Kenya. The Directors are of the opinion that ENSDAs' financial statements give a true and fair view of the state of the Authority's transactions during the financial year ended June 30, 2023, and of the Authority's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Authority which have been relied upon in the preparation of the ENSDAs' financial statements as well as the adequacy of the systems of internal financial control.

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

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APPROVAL OF THE FINANCIAL STATEMENTS

The Authority's financial statements were approved by the Board 19th September, 2023 and signed on its behalf by:

Samuel

SIGNATURE

NAME: MR. SAMUEL SAKITA KUTATA
CHAIRPERSON OF THE BOARD

Ngala Oloitiptip

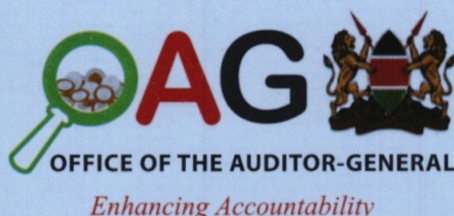
SIGNATURE

NAME: MR. NGALA OLOITIPTIP
ACCOUNTING OFFICER



REPUBLIC OF KENYA

phone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON EWASO NG'IRO SOUTH RIVER BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- 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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ewaso Ng'iro South River Basin Development Authority set out on pages 1 to 48, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

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

In my opinion, except for the 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 South River Basin Development Authority as at 30 June, 2023 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 Public Finance Management Act, 2012 and Ewaso Ng'iro South River Basin Development Authority Act, 1989.

Basis for Qualified Opinion

Unconfirmed Land Ownership

The statement of financial performance reflects drought mitigations programs expenditure of Kshs.266,214,719 as disclosed in Note 15 to the financial statements. The amount includes expenditure incurred on the construction of seven (7) dams, nine (9) boreholes and a pipeline at a cost of Kshs.150,735,114, Kshs.93,065,642 and Kshs.12,209,124 respectively totalling Kshs.256,009,880. However, acquisition agreements for the land parcels for which the constructions of the projects were undertaken were not provided. Further, the projects were not branded to inform on the project scope, contractor and timelines despite the cost being factored in the contract price. The completed projects have not been handed over to the relevant authorities or beneficiaries.

In addition, Nkineji dam retainer wall and Nkoirienito pipeline tank ground were affected by heavy soil erosion that may affect the project integrity which may impact on its lifespan and pose danger to the community downstream.

In the circumstances, the rightful ownership to the parcels of land on which investments totalling Kshs.256,009,880 in the year under review were made could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Ewaso Ng'iro South 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 budget and actual amounts reflects total expenditure budget and actual on comparable basis of Kshs.1,083,019,288 and Kshs.830,476,935 respectively resulting to under absorption of Kshs.274,872,782 or 23% of the budget. The

under-absorption affected the Authority's planned activities and may have impacted negatively on service delivery to the residents of the Ewaso Ng'iro South River Basin.

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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

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

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

2. Non-Implementation of E-Procurement

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

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 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 sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or to cease its 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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 March, 2024

Ewaso Ng'iro South River Basin Development Authority
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PART TWO: FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2023

	Note	2022-2023	2021-2022
Revenue from non-exchange transactions			
		KShs	KShs
Transfers from Gok- Ministry of East Africa Community, Asals & Regional Development	6(a)	999,519,288	744,890,000
Donor Funds – UNDP		28,638,366	
Total revenue from non-exchange transactions		1,028,157,654	744,890,000
Revenue from exchange transactions (AIA)	7 (a)	65,352,718	75,241,314
Total revenue		1,093,510,372	820,131,314
Expenses:			
Administration Expenses	8(a)	75,462,275	95,507,255
Cost on Use of Goods/Services	8(b)	41,329,884	58,544,679
Loss on Disposal	8(c)	150,000	
Employee costs	9	248,192,442	250,773,406
Remuneration of Directors	10	9,124,047	21,197,313
Depreciation and amortization expense	11	22,330,429	17,991,064
Repairs and maintenance	12	2,809,528	9,395,289
Contracted services	13	12,122,000	10,811,505
Development expenses	14 (a)	111,985,287	201,546,835
Flarak Project-UNDP	14 (b)	26,270,666	
Drought Mitigations Programs	15	266,214,719	59,995,819
Total expenses		815,991,277	725,763,165
Surplus/(Deficit) before Tax		277,519,095	94,368,149
Taxation			
Surplus /(Deficit) for the period		277,519,095	94,368,149

N/B.The above surplus includes the cost of capital items amounting to Ksh 14,635,658 hence the net surplus is Ksh 262,883,437

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


MANAGING DIRECTOR
NAME: NGALA OLOITIPTIP

DATE: 30.09.2023


HEAD OF FINANCE
NAME: JONATHAN LEYIAN
ICPAK MEMBER NO: 22633
DATE: 30.09.2023


CHAIRMAN OF THE BOARD
NAME: SAMUEL S. KUTATA
DATE: 30.09.2023



Ewaso Ng'iro South River Basin Development Authority
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STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

	Note	2022-2023	2021-2022
Assets		KShs.	KShs.
Current assets			
Cash and Cash Equivalents	16	603,983,083	255,365,160
Receivables from exchange transactions	18	8,059,968	3,207,874
Receivables from Non-exchange transactions	18	-	126,500
Prepayments	19	11,346,485	14,748,278
Inventories	20	41,577,563	50,855,724
Total Current Assets		664,967,099	324,303,536
Non-current assets			
Property, Plant and Equipment	21	1,590,915,824	1,307,243,537
Biological Assets	22	36,454,000	65,366,669
Intangible Asset	23	14,506,490	15,303,415
Total non - current assets		1,641,876,314	1,387,913,621
Total assets		2,306,843,413	1,712,217,157
Liabilities			
Current liabilities			
Trade and other payables from non-exchange transactions	24	317,158,248	264,564,312
Non-current liabilities		-	-
Total liabilities		317,158,248	264,564,312
Net assets		1,989,685,165	1,447,652,845
Capital Reserves			
Accumulated Development Fund	26	967,656,695	948,457,740
Surplus		268,336,865	5,453,428
Revaluation Reserves	28	589,617,503	288,603,190
Deferred Income	25	164,074,102	205,138,487
Total Capital Reserves		1,989,685,165	1,447,652,845

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


MANAGING DIRECTOR
NAME: NGALA OLOITIPTIP
DATE: 30.09.2023


HEAD OF FINANCE
NAME: JONATHAN LEYIAN
ICPAK MEMBER NO: 22633
DATE: 30.09.2023


CHAIRMAN OF THE BOARD
NAME: SAMUEL S. KUTATA
DATE: 30.09.2023

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



Ewaso Ng'iro South River Basin Development Authority
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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2023

	Accumulated Development Fund	Revaluation Reserve	Surplus/ Deficit	Deferred Income	Total
Balance as at 1 July 2021	952,805,926	288,603,190	13,312,402	103,357,358	1,358,078,876
Transferred to PPE	1,530,428				1,530,428
Accumulated depreciation.	(17,991,064)				(17,991,064)
Deferred Income				113,893,579	113,893,579
Surplus/Deficit for the period			(7,858,974)		(7,858,974)
Transfers to/from accumulated surplus	12,112,450			(12,112,450)	-
Balance as at 30 June 2022	948,457,740	288,603,190	5,453,428	205,138,487	1,447,652,845
Balance as at 1 July 2022	948,457,740	288,603,190	5,453,428	205,138,487	1,447,652,845
Surplus/(Deficit) for the period			262,883,437		262,883,437
Less Depreciation	(22,330,430)				(22,330,430)
Transferred to PPE	465,000				465,000
Gain on Revaluation		301,014,313			301,014,313
Transferred to Accumulated fund	41,064,385			(41,064,385)	-
Balance as at 30 June 2023	967,656,695	589,617,503	268,336,865	164,074,102	1,989,685,165



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2023

Cash flows from operating activities	Notes	2022-2023	2021-2022
Cash receipts from GOK Grants -Development, Peace Dam and Drought Mitigation Grant	6(a)	652,629,288	340,000,000
Cash receipts from GOK REC		346,890,000	404,890,000
Donor Funds.		28,638,366	
Cash receipts from (A I A)	7(b)	57,292,750	72,233,440
Receipts from Receivables	18	810,167	511,212
Total receipts		1,086,260,571	817,634,652
Cash paid to suppliers		(310,977,381)	(112,405,175)
Cash paid to Board Members	28 (b)	(8,994,047)	(21,197,313)
Administrative Expenses	28 (b)	(75,397,360)	(92,507,255)
Cash paid to employees		(248,192,442)	(247,952,896)
Repairs and Maintenance		(2,809,528)	(9,395,289)
Contracted security Services		(12,122,000)	(10,811,505)
Use of Goods/services		(41,329,884)	(58,544,679)
Net cash flow from operating Activities		386,437,929	264,820,540
Cash used in investing activities			
Disposal of Assets	8 (c)	1,050,000	-
Acquisition of Assets	28b	(1,545,000)	(1,530,428)
Work in progress	28b	(37,325,006)	(67,819,971)
Net cash used in investing Activities		(37,820,006)	(69,350,399)
Net increase/(Decrease) in Cash and Cash Equivalents		348,617,923	195,470,141
Cash and Cash Equivalents at beginning of period		255,365,160	59,895,019
Cash and Cash Equivalents at the end of the period		603,983,083	255,365,160

Note no 28 (b) will give a detail analysis of both Operating & Investing Activities.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2023

	Original Budget	Adjustment	Final Budget	Actual	Variance	% Utilizat ion	REMARKS
REVENUE	KShs.	KShs.	KShs.	KShs.	KShs.		
Recurrent Grant	346,890,000	-	346,890,000	346,890,000	-	100%	
Development Grant	52,629,288	300,000,000	352,629,288	352,629,288	-	100%	
Appropriation In Aid	82,300,000	(28,300,000)	54,000,000	65,352,718	(11,352,718)	121%	Surpass the Target
Drought Mitigation Grant	0	300,000,000	300,000,000	300,000,000	-	100%	
Donor Funds – UNDP	29,500,000	-	29,500,000	28,638,366	861,634	97%	
Total income	511,319,288	571,700,000	1,083,019,288	1,093,510,372	(10,491,084)	101%	
EXPENSES							
Recurrent & Administration							
Compensation of employees	249,598,910	(567,900)	249,031,010	248,192,442	838,568	100%	
Administration costs	74,588,149	(1,050,559)	73,537,590	75,462,275	(1,924,685)	103%	The cost is below 5%
Repairs and Maintenance	2,000,000	810,000	2,810,000	2,809,528	472	100%	
Remuneration of Directors	18,000,000	(8,619,000)	9,381,000	9,124,047	256,953	97%	
Contracted services	10,902,000	1,228,400	12,130,400	12,122,000	8,400	100%	
Cost on Used of Goods	74,100,941	(20,100,941)	54,000,000	41,329,884	12,670,116	77%	
Depreciation				22,330,429			
Sub-total	429,190,000	(28,300,000)	400,890,000	411,370,605	11,849,824	103%	

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Development Expenses							
Ewaso Ng'iro Leather Factory	29,129,288	299,250,000	328,379,288	101,566,127	226,813,161	31%	There was a delay in disbursement of funds which affected the procurement process.
Integrated Bamboo	5,000,000	-	5,000,000	6,168,118	(1,168,118)	123%	The project had experienced budget cuts necessitating the over expenditure as several expenses had already been incurred before budget cuts.
Oloitoktok Tomato agro-processing	15,500,000	750,000	16,250,000	15,540,050	709,950	96%	
Oloyarigalani Dam	3,000,000	-	3,000,000	3,346,650	(346,650)	112%	Project had experienced budget cuts and commitment had been done before budget cuts
Drought Mitigations	-	300,000,000	300,000,000	266,214,719	33,785,281	89%	
Flarak Project.	29,500,000	-	29,500,000	26,270,666	3,229,334	89%	
Sub-total	82,129,288	600,000,000	682,129,288	419,106,330	263,022,958	61%	
Total Expenditure	511,319,288	571,700,000	1,083,019,288	830,476,935	274,872,782	77%	
Surplus for the period	-			263,033,437			

The net Surplus in the face of statement of Performance of Ksh **262,883,437**, differ with the one in the face of statement of comparison of Budget and Actual expenditure Ksh **263,033,437** by Ksh **150,000** which the loss on disposal of motor vehicle

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of compliance and basis of preparation

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

The financial statements have been prepared on the basis of historical cost, unless stated otherwise.

The cash flow statement is prepared using the direct method.

3. Adoption of New and Revised Standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

Transfers from other government entities

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

Sale of goods

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

b) Budget information

The Authority's budget is prepared on accrual basis which is the same basis applied in the recognition of the actual income and expenditure disclosed in the financial statements. The final revised budget for FY 2022-2023 was approved by the Board on July 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 7 of these financial statements.

c) Taxes

Current income tax

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

Deferred tax

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

Sales tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, Plant and Equipment

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

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

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

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

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

f) Leases

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

g) Intangible assets

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

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

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

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

The Authority does not handle any Financial Assets.

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.

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 of financial assets

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

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

During the FY2022/2023 the Authority did not have any financial instruments.

j) Inventories

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

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

- 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.

k) Provisions

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

l) Social Benefits

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

m) Contingent liabilities

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

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

n) Contingent assets

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

o) Nature and purpose of reserves

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

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

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

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

r) Foreign currency transactions

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

s) Borrowing costs

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

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

t) Related parties

The Authority recognizes a person or an entity with the ability to exert control individually or jointly, or exercise significant influence on the operations of the entity as a related party. The Board of directors, key management comprising of the Chief Executive Office and Chief Managers are regarded as related parties.

u) Service concession arrangements

The Authority analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party

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

v) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

w) Comparative figures

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

x) Subsequent events

The Authority recognizes events both favorable and unfavorable after the reporting date as subsequent events. During the FY 2021-2022, the Authority had no a prior year adjustment.

5. Significant Judgments and Sources of Estimation Uncertainty

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

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

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

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 period, 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 values

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

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

Provisions

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

Biological Assets

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

Work in Progress –IPSAS 11

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

Receivables from exchange and non-exchange transactions

i. Receivables from exchange transaction

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

ii. Receivables from non-exchange transactions

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

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reasonable assurance that the grant will be received, and that the entity will comply with the conditions attached to the grant.

iii. Prepayments

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

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

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

Recurrent grants are used to finance personnel emoluments and general administrative expenses whereas Development grants are used to finance capital projects as per the Authority Mandate. In FY 2022/2023, cumulatively, the Authority received **Ksh. 1,028,157,654** compared to **Ksh. 744,890,000** for FY 2021/2022. The **38%** grants increase is largely attributable to Drought mitigation monies received of **Ksh 300,000,000** and increase of Development grant by **Ksh 212,629,288**

Revenue from non-exchange transactions		2022-2023 Kshs	2021-2022 Kshs
Transfers From the government	Unconditional grants		
	Recurrent Grant	346,890,000	404,890,000
	Development Grant	352,629,288	140,000,000
	Peace Dams Grant	-	140,000,000
	Drought Mitigation	300,000,000	60,000,000
	Sub-total	999,519,288	744,890,000
	Donor Funds	28,638,366	
	Total GOK grants	1,028,157,654	744,890,000

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b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs.	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2020-2021 KShs
Ministry of East Africa Community, Asal & Regional Development .	999,519,288	14,635,658		999,519,288	744,890,000
Donor funds - UNDP	28,638,366			28,638,366	
Total	1,028,157,654	14,635,658		1,028,157,654	744,890,000

7. (a) Revenue from exchange transactions

The Authority generates revenue from sale of products such as green tea, horticultural products, tree seedlings, sale of finished leather and Milk chilling from income generating projects. In FY 2022/2023, the Authority generated Ksh 65,352,718 compared to Ksh 75,241,314 in FY 2021/2022, which is 12% decrease. The decrease is due to the severe drought that affected most parts of the country impacting on the quality of raw hides thus affecting the quality of finished leather.

	2022-2023	2021-2022
	Kshs	Kshs
Sale of Green Tea	15,244,668	5,841,802
Sale of Horticultural products	275,300	454,290
Sale of Tree Seedlings	965,560	936,775
Other income	-	2,138,750
Tannery Hides & skins	48,860,662	64,433,777
Tea seedling	-	682,600
Other income (Milk Chilling & Bulking)	6,528	753,320
Total other income	65,352,718	75,241,314

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7 (b) Revenue from exchange transactions (Actual cash received from exchange transaction)

During the Fiscal year under review the revenue earned was Ksh 65,352,718 while the actual cash received is Ksh 57,292,750 as reflected in the statement of cashflow. The difference is the receivables reflected in the Statement of position under note 18., receivables from exchange transaction

	2022-2023	2021-2022
	Kshs	Kshs
Sale of Green Tea	9,121,836	5,358,982
Sale of Horticultural products	275,300	454,290
Sale of Tree Seedlings	965,560	936,775
Other income	-	213,875
Tannery Hides & skins	46,923,526	62,036,070
Tea seedling	-	68,260
Other income (Milk Chilling & Bulking)	6,528	625,973
Total other income	57,292,750	72,233,440

8. (a) Administration Expenses

The administration expenses are the Operation & Maintenance cost that are recurrent in nature. The insurance cover both Medical and General Included the tannery staff and machinery which were not previously covered.

	2022-2023	2021-2022
Administration Expenses	Kshs	Kshs
General office Supply	2,473,493	4,909,400
Insurance (Medical cover)	31,152,520	30,555,588
Insurance (General cover)	9,732,880	8,791,364
Casual labour/office cleaning	295,200	73,200
Competency Development	970,825	13,193,085
ISO	2,691,834	813,660
Leased premises	885,000	525,000
Hospitality Supplies and service	718,218	1,311,681
Postage Services	82,197	80,040
Water & Sewage treatment costs	216,780	50,380
Subscription to Newspaper	16,800	18,360
Electricity service (Admin)	640,895	1,353,553
ICT Development	1,200,030	1,222,530
Internet connection	1,296,886	1,206,905
Automation - ERP Phase II	1,542,800	1,485,576
Sanitary & cleaning materials	45,349	93,451

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Performance contracting & Budgeting	791,835	5,459,550
Fuel, oil & Lubricants	5,876,131	7,414,781
Road safety & Mainstreaming	-	618,900
Resource Mobilization	822,800	4,342,662
Recruitment	-	98,793
Legal Due/Fees, Arbitration	489,600	2,314,776
HR Instruments	2,930,600	1,290,000
Land & Rate	-	420,000
Strategic plan	1,787,710	1,514,800
Bank charges	364,833	294,148
Work Environment	-	3,055,072
Assets Valuation	-	3,000,000
Regional Cordination	3,479,100	
Finance & stewardship	616,460	
Audit & Risk Assurance	919,786	
Monitoring & Evaluation	283,400	
Travel costs	2,138,315	
Oloitokitok Office – Landscaping & Fencing	999,998	
Total Admin. Expenses	75,462,275	95,507,255

N.B The amounts of administrative cost in the face of statement of performance is Ksh 75,462,275 differ with the one in the face of cashflow statement of Ksh (75,397,360) by Ksh 64,915 which is the the cost for electricity accrued,

(b) Use of Goods/Services

These are costs associated with raising the Authority income., they are tea & tannery finished leather

	2022-2023	2021-2022
Used of Good & Service	Ksh.	Ksh.
Tea Expenses	7,884,100	9,330,617
Shoe Accessories	0	1,739,907
Tannery electricity	0	1,169,086
Tannery Chemical	33,125,784	30,751,945
ETP Chemicals	320,000	2,863,500
Raw hides	0	11,441,175
Workshop shoes Equipment's	0	1,248,449
Total	41,329,884	58,544,679

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(c) Loss on Disposal of Asset

	2022-2023	2021-2022
	Ksh	Ksh
Revalued amount of the Motor van	1,200,000	
Less amount disposed	(1,050,000)	
Loss on Disposal	<u>150,000</u>	

9. Employee Costs.

These are costs paid to staff as basic salaries, wages, allowances, pension contributions paid to defined pension schemes and gratuity paid to staff on expiry of contracts. In FY 2022/2023, the Authority incurred employee costs amounting to Ksh. 248,192,442 compared to Ksh. 250,773,407 the previous year.

Employee costs	2022-2023	2021-2022
	Kshs	Kshs
Basic Pay	165,832,300	159,223,452
House Allowance	28,421,300	28,288,800
Acting Allowance	402,228	245,102
Benefit (Airtime)	3,809,000	3,762,500
Commuter Allowance	17,799,000	17,798,000
Leave Allowance	1,550,000	1,460,000
Other Allowance	3,516,000	3,194,000
Pension Contribution	20,221,242	19,461,239
NSSF Contribution	1,421,200	578,200
Gratuity	4,904,639	12,347,518
Transfer allowances	213,983	623,546
NITA	101,550	70,250
Capacity Building Staff	0	3,720,800
Employee costs	248,192,442	250,773,407

10. Remuneration of Directors

Board of Directors offer oversight on governance and are mandated to hold four meetings in a year, one in every quarter. During meetings, allowances payable to Board of Directors Are Sitting Allowance at the rate of Ksh. 20,000, Night out allowance at Ksh. 18,200, Lunch allowance at Ksh. 2,000 and Mileage at the prescribed AA rates but capped at 1800cc. During FY 2022/2023, the Authority incurred Ksh. 9,124,047 compared to Ksh. 21,197,313 in the previous year. The term of most of the board members expired in financial year 2021-2022 and the new Board was appointed in the 4th Quarter of FY 2022-23 which explains the reduction in the cost of remuneration of Directors.

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Remuneration of Directors	2022-2023	2021-2022
	Kshs	Kshs
Chairman's Honoraria	261,000	870,000
Mileage's	596,788	2,204,495
Accommodation	3,094,200	6,799,900
Sitting Allowances	2,116,000	4,420,000
Lunch	283,000	340,000
Training Cost/Induction	2,118,059	5,473,556
General expenses	655,000	1,089,362
Total director emoluments	9,124,047	21,197,313

N.B The amount appearing in the face of financial performance Ksh **9,124,047** differ with the one appearing in the face of cashflow statement of ksh **8,994,047** by Ksh 130,000 which was accrued. Ksh 130,000 relate to services procured to facilitate Board activities

11. Depreciation & Amortisation.

The Authority depreciates its Property, Plant and Equipment (PPE) using reducing balance method of depreciation applying different rates on different classes of PPE. This complies with IPSAS 17 and 16 on Property plant and Equipment and Investments. In FY 2022/2023, Authority revalued its Assets in January 2023 & depreciated the Assets for the remaining months to closure of FY 2022/23 i.e 5 months (February to June 2023)

	2022-2023	2021-2022
Depreciation Expense	Ksh.	Ksh.
Motor Vehicle	4,350,346	7,928,542
Furniture, Fitting & Equipment	444,361	2,230,075
Buildings	1,246,601	3,652,635
Computers & Related Accessories	650,146	1,987,265
Loose Tools	-	6,345
ERP Software	796,925	2,186,202
Tannery Assets	14,842,051	
Total depreciation	22,330,429	17,991,064

12. Repairs and Maintenance

The Authority undertakes scheduled repairs on Property, Plant and Equipment (PPE). During FY 2022-23 the Authority has incurred Ksh **2,809,528** under recurrent budget and other amount was finance through development grants under Tannery project hence the significant drift from the previous year.

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	2022-2023	2021-2022
Repairs and maintenance		
	Kshs.	Kshs.
Vehicles	2,809,528	9,395,289
Total repairs and maintenance	2,809,528	9,395,289

13. Contracted Services

The Authority outsources Security in the entire Authority offices and outsourced cleaning services in the Head office to ensure efficiency hence the Increase in cost of contracted services.

Contracted services	2022-2023	2021-2022
	Ksh	Ksh
Security services	10,067,000	8,942,220
Office cleaning	2,055,000	1,869,285
Total contracted services	12,122,000	10,811,505

14. (a) Development costs

These costs relate to capital projects undertaken by the Authority with the goal of improving livelihoods for socio-economic development as comprehensively discussed under the Management Discussion and Analysis. In the FY 2022/2023, Under Ewaso Ng'iro Leather Factory, Bamboo commercialization and value addition, Oloyiangelani and Oloitokitok Tomatoes Agro-processing the Authority spend kshs. 111,985,287.

	2022-2023	2021-2022
Development Expenses	Kshs	Kshs
Ewaso Ng'iro leather factory	101,101,127	40,196,482
Integrated Bamboo	6,168,118	20,802,734
Oloyiangelani	3,346,650	10,081,033
Tomato Agro processing	1,369,392	0
Narabala Dam	0	36,841,332
Kimintet Dam	0	93,625,254
Total Dev. Expenses	111,985,287	201,546,835

(b) FLARAK (Forest and Land Restoration Action for Kenya - Suswa-L. Magadi Ecosystem)

The Authority together with other stakeholders is implementing Suswa- Lake Magadi Landscape restoration under FLARAK project. The project is funded by the Government of Japan through

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UNDP at a cost of US\$250,000 (Ksh. 29,500,000). The expenditure as at the end of the FY 2022-23 is Ksh. 26,270,666

	2022-2023	2021-2022
	Ksh	Ksh
UNDP Flarak project		
UNDP Flarak project cost	26,270,666	-
Total	26,270,666	

15. Drought Mitigation Programme

During the period, the Authority was allocated emergency funds of Kshs 300,000,000 to curb the effects of drought situation in the Authority area of jurisdiction.

	2022-2023	2021-2022
	Kshs	Kshs
Drought Mitigations Programmed		
Drought mitigation cost	266,214,719	59,995,819
Total. Expenses	266,214,719	59,995,819

16. Cash and Cash equivalents

The Authority's cash and cash equivalents are cash held at hand and banks. In FY 2022/2023, the closing balance was Ksh. 603,983,083 which relates to commitment towards payables and deferred income on ongoing capital projects.

Cash and Cash Equivalents	2022-2023	2021-2022
	Kshs	Kshs
Kenya Commercial Bank	3,564,058	12,451,814
National Bank	599,748,552	241,055,263
Co-operative Bank	670,473	1,858,083
Total Cash and Cash Equivalents	603,983,083	255,365,160

Bank	Account no	Cash book balance
Development	Nbk-01003041548101	586,859,445
Recurrent	Nbk-01003041548100	12,529,043
Economic stimulus program	Nbk-01003041548104	602
Farm	Nbk-01003041548102	359,365
Nakuru sub basin	Nbk-01003041548105	97
Sub-total		599,748,552
Kilgoris savings sub basin	Coop-01141018229500	661,159

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Kilgoris	Coop-01141018229501	6,223
Malewa	Coop-01141018229503	991
Kajiado	Coop-01141018229502	2,100
Sub-total		670,473
Loitokitok	Kcb-1132205514	195
KCB-Tannery	Kcb-1250768489	3,563,863
Sub-total		3,564,058
Total		603,983,083

17. Work In Progress

This relates to costs incurred on ongoing works for capital projects: Ewaso Ng'iro Tannery and Leather Factory (Fabrication of Soaking drums, procurements and installation of a fleshing Machine and construction of Cottage Industry), Oloitokitok Tomato Agro processing Factory (Land purchase and Factory construction), Tannery ERP and construction of Kajiado office. The total WIP as at close of FY 2022-2023 was **Kshs. 127,306,163** compared to previous years of **Kshs. 127,306,163**.

Work In Progress	2022-2023	2021-2022
	Kshs	Kshs
Soaking Drum		10,259,040
Loitokitok Factory Building	108,319,953	124,237,045
Cottage Industry		18,945,484
Fleshing Machine		9,960,000
ERP software	3,687,600	1,229,600
Installation cost -Fleshing Machine	10,079,000	
Kajiado office	5,219,610	
Total Work in Progress	127,306,163	164,631,169

18. Receivables from exchange and non-exchange transactions

The Authority realized receivables at closure of the FY from its operations related to, sale of products and other debtors arising from other financial transactions. At the closure of the FY 2022/2023 receivables from exchange transaction amounted to **Kshs. 8,059,968**. The receivable from sale of Tea leaves comprises of **Ksh 475,772** for the month of June and a provision for Bonus of **Ksh 5,647,060**

Receivables from exchange transactions	2022-2023	2021-2022	Aging
	Kshs	Kshs	
Bulking & Chilling fee (Njeki Transporters)		127,347	
KVDA		200,000	
sale of Tea leave (Nyamache Tea Factory)	6,122,832	482,820	1 Month

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Tannery Hide & Skins	1,937,136	2,397,707	1 Month
Sub-Total	8,059,968	3,207,874	
Receivables non- exchange transactions			
Outstanding Imprest		126,500	
Sub-Total	-	126,500	
Total Amount	8,059,968	3,334,374	

N/B Under receivables for FY 2021-2022 of Ksh **3, 207, 874** from the exchange transaction an amount of **ksh 810,167** was received.

19. Prepayments

At the close of the FY 2022/2023, the Authority had prepayments of Ksh. **11,346,485** relating to ongoing contracted services on operating land leases rent, medical cover premiums, general insurance Cover on PPE.

	2022-2023	2021-2022
Prepayments	Kshs	Kshs
Prepayment-Leases	901,500	1,300,500
Prepayment- CIC/AAR Insurance	7,219,027	9,243,974
Prepayment – Monarch/AAR Insurance	825,182	2,375,219
Prepayment - Britam Insurance	434,927	677,366
Prepayment - Pelican Insurance	966,659	558,000
Prepayment - Raw hide	273,024	593,219
Service, water and electricity debtors	558,000	
Total Kenya- Fuel	168,166	
Total Prepayments	11,346,485	14,748,278

20. Inventories

The inventories are valued at the lower of cost or the net realizable value. As at the close of the financial year, inventories amounted to Ksh **41,577,563** as compared to the FY 2021/22 closing balance of Ksh. **50,855,724**

	2022-2023	2021-2022
Inventories	Kshs	Kshs
Tree seedlings (Bamboo)	3,257,069	22,995,200
Tea seedlings	1,200,000	1,641,606
Tree seedlings	2,204,797	5,725,300
Stores & inventory	1,121,798	1,149,606

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Tannery hide & skins	9,329,633	6,396,249
Tannery Chemical	24,464,267	12,947,763
Total inventories	41,577,563	50,855,724



21. PROPERTY, PLANT & EQUIPMENT – ASSET MOVEMENT SCHEDULE FOR YEAR ENDED 30TH JUNE 2023

	LAND	M/V	FURNITURE FITTING & EQUIP.	BUILDINGS			COMPUTERS & RELATED ACCESSORIES	LOOSE TOOLS	UWASO TANNERY PLANT	CAPITAL	TOTAL
				PERMANENT NRS	SEMI PERM. NRS	PERM. RESIDENTIAL				WIP	
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
Total assets as at 01/07/2021	193,000,000	59,500,642	29,976,365	80,599,470	23,814,398	604,014	19,408,722	144,332	815,418,790	79,425,412	1,301,892,145
Additions	-	7,162,250	530,000	-	4,950,200	-	1,000,428	-	-	85,205,757	98,848,635
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 30 th June 2022	193,000,000	66,662,892	30,506,365	80,599,470	28,764,598	604,014	20,409,150	144,332	815,418,790	164,631,169	1,400,740,780
Depreciation And Impairment											
At 1 st July 22		(34,349,976)	(12,205,603)	(5,793,838)	(12,210,257)	(47,590)	(12,960,031)	(125,086)	-	-	(77,692,381)
Depreciation		(7,928,542)	(2,230,075)	(1,496,113)	(2,145,602)	(10,920)	(1,987,265)	(6,345)	-	-	(15,804,862)
Disposals	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-
Transfers/Adjustment	-	-	-	-	-	-	-	-	-	-	-
Net book values as at 30/06/2022	193,000,000	24,384,374	16,070,687	73,309,520	14,408,739	545,504	5,461,854	12,901	815,418,790	164,631,169	1,307,243,537

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Depreciation	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-
Transfers/ Additions	-	-	840,000	-	-	-	705,000	-	39,984,385	-	41,529,385
Net book values as at 30/12/2022	193,000,000	24,384,374	16,910,687	73,309,520	14,408,739	545,504	6,166,854	12,901	855,403,175	164,631,169	1,348,772,922
Gain/Loss on Revaluation	203,000,000	17,385,626	(8,377,587)	(5,693,520)	(1,480,739)	654,496	(964,854)	-	96,490,891	-	301,014,313
WIP Movement	-	-	-	-	-	-	-	-	-	(37,325,006)	(37,325,006)
As At 31 st Jan 2023	396,000,000	41,770,000	8,533,100	67,616,000	12,928,000	1,200,000	5,202,000		951,894,066	127,306,163	1,612,449,329
Depreciation		4,350,346	444,361	563,377	673,226	9,998	650,146		14,842,051		21,533,505
NBV as at 30th June 2023	396,000,000	37,419,654	8,088,739	67,052,623	12,254,774	1,190,002	4,551,854	-	937,052,015	127,306,163	1,590,915,824
Net Book Values											
As at 30 th June 2022	193,000,000	24,384,374	16,070,687	73,309,520	14,408,739	545,504	5,461,854	12,901	815,418,790	164,631,169	1,307,243,537
As at June 2023	396,000,000	37,419,654	8,088,739	67,052,623	12,254,774	1,190,002	4,551,854	-	937,052,015	127,306,163	1,590,915,824

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22. Biological Assets

The value of biological assets is reflected in statements as per the professional valuer's estimates that was done in the financial year 2022/2023.

	2022-2023	2021-2022
Biological assets	Kshs	Kshs
Olkalau trees	12,200,000	13,000,000
Tea bushes (Shankoe/Kapune)	23,328,800	34,666,669
Shartuka Trees	0	1,700,000
Narok Head Quarter Assets-Trees bushes	925,200	16,000,000
Total Biological Assets	36,454,000	65,366,669

23. Intangible Assets

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

	2022-2023	2021-2022
	Kshs	Kshs
Accounting System	15,303,415	17,489,617
Depreciation & Amortization	(796,925)	(2,186,202)
N.B.V as at 30.06.23	14,506,490	15,303,415

24. Trade and other payables from non-exchange transactions as at 30th June 2023

Below payables relates to the ongoing project activities and services rendered to the Authority, the details of payable is in **Appendix VI**.

	2022-2023	2021-2022
	Kshs	Kshs
Recurrent Payables	11,571,827	33,033,487
Development Payables	28,463,570	64,869,016
Drought Mitigation Payables	277,122,851	166,661,809
Total Payables	<u>317,158,248</u>	<u>264,564,312</u>

25. Deferred Income

The Authority recognizes Government grants used to finance equity or acquisition of asset using the deferred income approach. The grants are recognized as a financing device and dealt with as such in the statement of financial position rather than be recognized in profit or loss to offset the items of expense that they finance. Since there is no repayment expected, such grants are recognized outside the statement of Financial Performance. In the financial year 2022/2023, the Authority deferred **Ksh 164,074,102** that was used to finance procurement of Tannery Equipment, construction of an Effluent Treatment Plant, motor vehicles and other assorted assets (land, furniture and buildings). The cost of the various assets acquired were as detailed on the table below,

	2022-2023	2021-2022
	Kshs	Kshs
Tea Expansion-	8,888,020	8,888,020
Tomatoes Factory	124,237,045	124,237,045
Soaking Drum	0	10,259,040
Cottage Industry	0	19,765,345
Fleshing Machine	0	9,960,000
Roller Coaster Machine	10,600,000	10,600,000
Kajiado office	10,098,050	10,098,050
Laptop	0	240,000
Container	0	840,000
EDMS plus ERP Tannery	10,250,987	10,250,987
Total deferred Income A/C	<u>164,074,102</u>	<u>205,138,487</u>

The deferred Income movement is as follows:

	2022-2023 Kshs.	Total
Balance brought forward	205,138,487	205,138,487
Addition.	0	0
Transfers to Capital fund	(41,064,385)	(41,064,385)
Transfers to income statement	0	0
Other transfers	0	0
Balance carried forward	<u>164,074,102</u>	<u>164,074,102</u>

26. Accumulated Development Fund

The Authority maintains an Accumulated Development Fund that accounts for government grants used in financing acquisition of Authority assets. This fund is adjusted for depreciation in the year and as at the close of financial year 2022/2023, the balance was Ksh. **967,656,696**. The significant increase was as a result of capitalizing the tannery that has been work in progress for long.

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

Summary Table: Accumulated Development Fund

	2022-2023
Balance brought forward	948,457,740
Additions:	0
Soaking Drum	10,259,040
Cottage Industry	19,765,345
Laptops/digital camera	705,000
Furniture, Fitting & Equipment's	840,000
Fleshing Machine	9,960,000
Less: Depreciation	(22,330,429)
Total	967,656,696

27. Related Parties Transactions

The related parties are:

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

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Related party transactions

	2023	2022
	Kshs	Kshs
Transfers from related parties'/Donor's	1,028,157,654	744,890,000
Transfers to related parties		0

Key Management Remuneration

	2023	2022
	Kshs	Kshs
Directors'	9,124,047	21,197,313
Key Management Compensation	23,633,268	19,858,120



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28. (a) Reserves

In FY 2022-2023 the Authority has revalued its Assets, the gain on revaluation is Ksh **301,014,313** the gain is a positive hence increases the reserved account. The total reserves as at the end of June 2023 was **Ksh. 589,617,503**. The movement in the net reserves is detailed in the statement of net assets.

Reserves Opening Balance as at 1/07/2022	288,603,190
Gain on Revaluation Reserved	301,014,313
Reserves as at 30th June 2023	589,617,503

28 (b) Summary of Cashflow Statement

-under AIA incomes that appeared in the face of cashflow of Ksh **57,292,750** differ with the one appearing in the face of statement of Performance (Ksh **65,352,718**) by ksh **8,059,968** which represent receivables for green tea & Tannery Finished leather.

The amounts of administrative cost in the face of statement of performance is Ksh **75,462,275** differ with the one in the face of cashflow statement of Ksh **(75,397,360)** by **Ksh 64,915** which is the the cost for electricity accrued,

The amount appearing in the face of financial performance Ksh **9,124,047** differ with the one appearing in the face of cashflow statement of ksh **8,994,047** by Ksh 130,000 which was accrued.

Analysis of Investing Activities

	Amount (Ksh)
Acquisition of Assets (Furniture & Fitting, Computers)	1,545,000
Sub-total	1,545,000
Work in progress (Investment Properties)	
Kajiado Office Block	5,219,610
Soaking Drum	512,952
Loitoktok factory Building	11,450,450
Cottage Industry	1,644,994
Installation of Roller Coaster Machine	10,079,000
Fleshing machine	5,960,000
ERP Software	2,458,000
Sub-Totals	37,325,006

30. Financial Risk Management.

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables from exchange transactions	8,059,968	8,059,968	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	603,983,083	603,983,083	0	0
Total	<u>612,043,051</u>	<u>612,043,051</u>	0	0
At 30 June 2022				
Receivables from exchange transactions	3,207,874	3,207,874	0	0
Receivables from non-exchange transactions	126,500	126,500	0	0
Bank balances	255,365,160	255,365,160	0	0
Total	<u>258,699,534</u>	<u>258,699,534</u>	0	0

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

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

(ii) Liquidity risk management

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
At 30 June 2023	Kshs	Kshs	Kshs	Kshs
Trade payables	260,880,075	10,680,012	45,598,161	317,158,248
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	260,880,075	10,680,012	45,598,161	317,158,248
At 30 June 2022				
Trade payables	4,528,000	208,203,565	51,832,747	264,564,312
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	4,528,000	208,203,565	51,832,747	264,564,312

31. Events after the Reporting Period

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

32. Ultimate and Holding Entity

The Authority is a State Corporation under the Ministry of East Africa Community, ASAL and Regional Development. Its ultimate parent is the Government of Kenya.

33. Currency

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

34. APPENDICES

APPENDIX I: 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)
	Budgetary Control and performance	The deficit resulted due to depreciation which was not factored in the Budget and the shortfall of AIA target during the year.	Resolved	
No.1	Failure to Establish a sinking fund for the Replacement of Assets	Management underscores the need to have the Sinking fund as recommended. However, The Authority's recurrent budget has been very lean and only sufficient to cater for personnel emoluments. Management will undertake aggressive resource mobilization to enhance its resources to put in place the fund.	Resolved	
No.2	Lack of ethnic Diversity in staffing	This is historical and the same will be resolved overtime as the Authority recruits competitively and give equal chance to all communities including people with disabilities.	Resolved	



MANAGING DIRECTOR

DATE:

APPENDIX II: PROJECTS IMPLEMENTED BY DONORS

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)
FLARAK		UNDP	9 MONTHS	29,500,000		

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STATUS OF PROJECTS COMPLETION

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of Funds
				FY 2022/23		
		Ksh		Ksh.	Ksh.	
1 Ewaso Ng'iro Tannery and Leather Factory – Phase I	1,400,000,000	1,264,478,061	98%	328,379,288	101,566,127	GOK
2 Integrated Bamboo Commercialization project – Phase I	650,000,000	269,624,765	58%	5,000,000	6,168,118	GOK
3 Oloyiangalani Dam	350,000,000	357,005,513	86%	3,000,000	3,346,650	GOK
4 Drought Mitigation Programme		326,032,786	50%	300,000,000	266,214,719	
5 Integrated Tea Development – Tea expansion programme (phase II)		49,487,808	40%			GOK
6 Tomato Agro – processing factory	700,000,000	210,218,886	30%	16,250,000	15,540,050	GOK
Narabala Dam		37,300,732	100%	40,000,000	36,841,332	GOK
Kimintet Dam		92,992,454	100%	100,000,000	93,417,254	GOK
Total	3,100,000,000	2,607,141,005		792,629,288	523,094,250	

APPENDIX III: INTER-ENTITY TRANSFERS.

EWASO NGIRO SOUTH DEVELOPMENT AUTHORITY			
TRANSFERS FROM THE MINISTRY OF EAST AFRICA COMMUNITY			
	Bank Statement Date	Amount (KShs)	FINANCIAL YEAR
Recurrent Grants	08.08.2022	28,907,500	FY 2022/2023
	02.09.2022	28,907,500	FY 2022/2023
	04.10.2022	28,907,500	FY 2022/2023
	02.11.2022	28,907,500	FY 2022/2023
	06.12.2022	28,907,500	FY 2022/2023
	31.12.2022	28,907,500	FY 2022/2023
	30.01.2023	28,907,500	FY 2022/2023
	06.03.2023	28,907,500	FY 2022/2023
	17.04.2023	28,907,500	FY 2022/2023
	08.05.2023	28,907,500	FY 2022/2023
	09.06.2023	28,907,500	FY 2022/2023
	23.06.2023	28,907,500	FY 2022/2023
	Total	<u>346,890,000</u>	
Development Grants	30.09.2022	34,857,500	FY 2022/2023
	13.03.2023	4,164,288	FY 2022/2023
	29.06.2023	313,607,500	FY 2022/2023
	Total	<u>352,629,288</u>	
Drought Mitigations	29.06.2023	300,000,000	FY 2022/2023
	Total	<u>300,000,000</u>	

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received			Where Recorded/recognized		
	As per bank statement	Nature: Recurrent/ Development /Others	Total Amount KES	Statement of Financial Performance	Deferred Income	Total Transfers during the Year
Ministry of East Africa Community (EAC) and Regional Development	Refer to Appendix 2.	Recurrent	346,890,000			346,890,000
Ministry of East Africa Community (EAC) and Regional Development	Refer to Appendix 2.	Development	352,629,288			652,629,288
Ministry of East Africa Community (EAC) and Regional Development	Refer to Appendix 2.	Drought Mitigation	300,000,000			300,000,000
Donor Funds			28,638,366			28,638,366
Total			1,028,157,654			1,028,157,654

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Appendix V- Inter-Entity Confirmation Letter

ENSDA

P.O. Box 213-20500

Off Narok -Sotik Rd

Opposite Maasai Mara University

Narok, KENYA

The Ministry of East Africa community, Asal and Regional Development wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by ENSDA as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Ministry of East Africa community, Asal and Regional Development (KShs) as at 30 th June 2023				Amount Received by ENSDA (KShs) as at 30 th June 2021/22 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
EFT	27 th June 2023	346,890,000	652,629,288	0	999,519,288	744,890,000	254,629,288
Total					999,519,288	744,890,000	254,629,288

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

Head of Accountants department of beneficiary Entity:

Name Sign Date

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APPENDIX VI. Detail Analysis of Payable FY 2022/2023

NAMES OF PROJECTS	DESCRIPTION	Balance B/F	Addition	Amount Paid	Balance to date	Ageing
Recurrent						
Dynamicnav System	Tannery ERP & EDMS	9,021,387		(2,458,000)	6,563,387	1 year
Andrimax Agencies	Construction of Kajiado office	10,098,050		(5,219,610)	4,878,440	1 year
Kiblo General suppliers	Purchase of Tyres	2,937,180		(2,937,180)	-	
Buffalo Fire safety	Purchase of Fire Extinguisher	1,359,960		(1,359,960)	-	
GA Insurances	insurance services	931,099		(931,099)	-	
Brett Communication Limited	Branding and Designing cost	1,200,600		(1,200,600)	-	
GA Insurances	insurance services	271,501		(271,501)	-	
Kumar Selver	House Allowances Arrears	240,000		(240,000)	-	
Winhas computer & stationery	Purchase of Laptops	240,000		(240,000)	-	
Aceridge Enterprises	conducted assets Valuation	3,000,000		(3,000,000)	-	
Retoe Investment	Purchase Containers	840,000		(840,000)	-	
Gratuity	Staffs on Contract	2,893,710		(2,893,710)	-	
Milsem Enterprise LTD	Hospitality services		130,000	-	130,000	2 weeks
Sub- Total		33,033,487	130,000	(21,591,660)	11,571,827	
Development						
Haraf Traders ltd	Irrigation 20ha model farm	8,675,554		-	8,675,554	2.5 year
Kathos Building & Construction	Factory construction	27,367,542		(24,647,334)	2,720,208	1.3 year
Sigani Associates	Consultancy service	4,787,940		-	4,787,940	2 years
Trison Engineering Ltd	Rollercoater machine Installation	10,600,000	414,615	(10,061,000)	953,615	1 year
Gevinia Investment	Establishment of 50-acre demonstration Farm at Kimuka		2,325,800	-	2,325,800	2 months
Lornis supplies	Payment for fencing of Kimuka	1,227,036		(580,795)	646,241	8 months
Snavem Enterprises	Construction of Soaking & Linking drum	512,952		(512,952)	-	

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Trison Engineering Ltd	Equipping & auxiliary works for Gatondo borehole	324,158		(324,158)	-	
Baquotex Ltd	Equipping & auxiliary works for tayari borehole	3,617,449		(3,617,449)	-	
Trison Engineering Ltd	Purchase of Fleshing Machine	5,960,000		(5,960,000)	-	
Denrwa Enterprised	Construction of Sme cottages	1,774,965		(1,774,965)	-	
Hellen Wanja	Milk supply for the month of May & June 2022	21,420		(21,420)	-	
Kenya power & lighting company	Elctricity Bill for May-June 2023		792,283	-	792,283	2 Months
E-life Technologies	Payment for ICT services		423,460	-	423,460	2 Months
Cruizing Autoworld	Payment for repairs of Motor vehicles		414,070	-	414,070	2 Months
Josatronic data System ltd	Payment for supply of Tannry Chemical		3,962,757	-	3,962,757	2 Months
Office of Auditor General (OAG)	Payment for Audit fee		688,635	-	688,635	1 Month
Narok Water & Sewarage	Payment for water bill		62,890	-	62,890	1 Month
Nasidi limited	Purchase of spare parts		2,010,117	-	2,010,117	2 Months
Sub Total		64,869,016	11,094,627	(47,500,073)	28,463,570	
Drought Mitigations						
Genoma Enterprises	Kiminet Dam construction	77,716,804		(69,910,004)	7,806,800	1 year
Earthlink Enterprises	Narabala dam construction	29,561,038		(28,084,354)	1,476,684	1 year
Maji Africa	Borehole drilling	27,013,430		(26,559,148)	454,282	1 year
Nangelesha	Auxilliary works for Daraja & Tikoish borehole	1,998,390		(1,798,551)	199,839	1 year
Masai stores	Lemek& Noombito	15,946,427		(15,469,668)	476,759	1 year
Mount Everest water drilling company	Orbili	7,448,012		(1,489,600)	5,958,412	1 year
Trisol Engineering	Tiritagoi and Ncc model	6,769,708		(6,769,708)		
kanchori daniel & Co.Advocate	payment for leagal fee	208,000		(208,000)		

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Masai Store Limited	Drilling and equipping of two number boreholes in kajiado east and kajiado west		14,377,040	-	14,377,040	1 Week
Pumptech Solutions Limited	Drilling and equipping of two number boreholes in kajiado east and kajiado south		15,386,240	-	15,386,240	1 Week
Manacon Construction Company Ltd	Drilling and equipping of two number boreholes in narok east and narok south		15,662,880	-	15,662,880	1 Week
Maji Africa Limited	Drilling and equipping of two number boreholes in kajiado central and kajiado west		17,064,296	-	17,064,296	1 Week
Masai Store Limited	Drilling and equipping of one number boreholes in narok west and construction of water pipeline and storage tank in narok west		7,188,520	-	7,188,520	1 Week
Nontotoo Enterprises Limited	Drilling and equipping of one number boreholes in narok west and construction of water pipeline and storage tank in narok west		12,116,324	-	12,116,324	1 Week
Joleek Investment Limited	Equipping with solar of one borehole in narok south		3,997,794	-	3,997,794	1 Week
Pumptech Solutions Limited	Drilling and equipping of two number boreholes in kajiado south and kajiado east		16,066,000	-	16,066,000	1 Week
Kiblo Limited	Equipping with solar of one borehole in narok south		2,996,350	-	2,996,350	1 Week

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Dedes Company Limited	Pump and motor replacement of borehole		2,958,000	-	2,958,000	1 Week
Narok Site and Services Enterprises Limited	Rehabilitation and auxiliary facilities in narok east		4,140,318	-	4,140,318	1 Week
Lewa-Magil Consult limited	Equipping borehole and auxiliary works in kajiado central		4,414,519	-	4,414,519	1 Week
Zechenu Enterprises Limited	Construction of olngarua/loita dam		20,863,876	-	20,863,876	1 Week
Sanlix Limited	Construction of kimuka dam		19,985,634	-	19,985,634	1 Week
Gemona Enterprises Limited	Construction of paranai dam		24,971,716	-	24,971,716	1 Week
Gemona Enterprises Limited	Construction of Kuku dam		26,268,316	-	26,268,316	1 Week
Zenith Office Expedition soln	Construction of kuyiana dam		27,100,152	-	27,100,152	1 Week
Josie Construction Limited	Construction of nkineji dam		24,356,900	-	24,356,900	1 Week
Kanchori Mutali & Co.Advocate	Payment for legal services		835,200	-	835,200	1 Week
Sub Total		166,661,809	260,750,075	(150,289,033)	277,122,851	
GRAND TOTAL		264,564,312	271,974,702	(219,380,766)	317,158,248	

SEGMENTED REPORT

STATEMENT OF PERFORMANCE	
Ewaso Ng'iro Tannery and Leather Factory for the period ended 30 th June 2023	
Revenues	
Grants –GOK	328,379,288
AIA. Generated	48,860,662
	<u>377,239,950</u>
Direct Cost	
Electricity Tannery	3,306,277
Tannery Chemical	71,420,913
Mopping of Raw Hides.	14,420,481
Sub-total	89,147,671
Indirect Cost	
Staff Cost	49,727,501
Machinery spares/services(etp/tannery)-Embossing plates	11,857,856
Welding and Grinding machine	45,000
Marketing Cost	3,775,702
Transport	2,900,040
Roller coaster Machine	414,615
Assorted Tannery Items	9,377,812
Casuals	3,453,186
Project Administrative	9,642,585
Waste Collection & Management	2,266,110
Containers	5,600,000
CSR	212,890
Fuel-Generator, Forklift, Lorry Bus and the pick ups	9,805,246
Furnace Oil	5,054,400
Capacity Building -Competency Development	1,781,710
Sub-total	<u>115,914,653</u>
Surplus/(Deficit)	<u>172,177,626</u>

The Surplus is the amount that will be utilized to undertake Tannery expansion through purchase of additional equipment

TEA PRODUCTION FY 2022-2023	
STATEMENT OF PERFORMANCE FOR THE PERIOD ENDED 30 TH JUNE	
2023	
Revenues	<u>15,244,668</u>
EXPENSES	
Plucking cost	3,464,110
Pruning	315,258
Manual/spot weeding	704,117
Herbicides	360,190
Herbicide application	107,335
Subsidized meal	80,686
Trimming of inspection path	15,600
Tipping inn	28,750
Farm Management	415,450
Fertilizer	1,330,000
Fertilizer Application	72,820
Decentering	9,190
Land Lease	1,139,000
Sub-total	<u>8,042,506</u>
Surplus/(Deficit)	<u>7,202,162</u>