

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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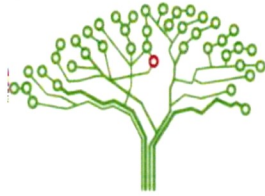
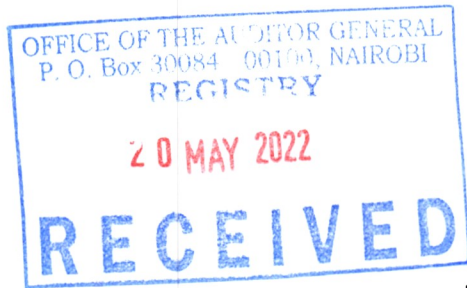
THE AUDITOR-GENERAL

ON

**KONZA TECHNOPOLIS DEVELOPMENT
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2021**

**KONZA TECHNOPOLIS DEVELOPMENT AUTHORITY FINANCIAL
REPORT & STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**



**KONZA TECHNOPOLIS
DEVELOPMENT AUTHORITY**



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Konza Technopolis Development Authority was established under the Legal Notice Number 23 on 28 March 2012 under State Corporations Act (cap. 446). The entity is domiciled in Kenya. The objective of the Authority is to ensure that Konza Technopolis grows into a sustainable world class technology hub and a major economic driver for the nation with vibrant mix of businesses, workers, residents and urban amenities.

The vision, mission, core values and core function of the Authority include:

Vision

To be a leading global technology and innovation hub

Mission

To develop a sustainable smart city and innovation ecosystem, contributing to Kenya's knowledge-based Economy

Core values

a) Simplicity: Through innovation and guided by clarity and consistency, we deliver simple, elegant and quality solutions to our customers and stakeholders.

b) Professionalism: We are a qualified, skilled and committed team striving to always deliver exceptional services to our customers, driven by independence, objectivity, best practices, always acting with integrity and keeping our promises while treating others with respect.

c) Passion for Excellence: We are passionate on delivering a better Konza to live, work and play through innovative and creative solutions inspired by outstanding services in time.

d) Agility: We are a vibrant and dynamic team that identifies and responds to emerging issues in an ever-changing globally competitive environment, hence giving our customers a competitive edge.

e) Collaboration

We optimize results by working smarter together. We multiply our contribution through partnerships and deliver with speed, trust and respect.

(b) Principal Activities

The principal activities of the Authority are to:

- 1) Develop all aspects of the Area with particular emphasis on:
 - (i) Developing integrated infrastructural facilities, and
 - (ii) Provision of advice to the Government on the removal of impediments to, and creation of incentives for trade, services and manufacturing in the Area.

- 2) Regulate and administer approved activities within the Area. Generate additional economic activities in the Area, through implementation of a system in which the Area enterprises are self-regulatory to the maximum extent possible.
- 3) Plan for the development of the Area and initiate project activities identified for such planning through the Government.
- 4) Develop and keep up to date a long-term development plan for the Area.
- 5) Initiate studies and carry out surveys of the Area as may be considered necessary by the Government or the Authority, and to assess the alternative and substitute demands within the Area on the available resources.
- 6) Co-ordinate the various studies of, and schemes within the Area so that human, land, energy, water and other resources are utilized to the best advantage and monitor the design and execution of planned projects within the Area.
- 7) Effect a program of both monitoring and evaluation of the performance of any project within the Area so as to improve that performance, establish responsibility and improve planning.
- 8) Cause the construction of any works necessary for the protection and preservation of natural resources within the Area.
- 9) Maintain liaison between the Government, the private sector and other Government agencies including but not limited to any specialized economic zone agency, in matters of development of the Area with a view to maximizing resource utilization and benefits to the people of Kenya
- 10) Liaise with relevant government institutions to promote both locally and internationally the opportunities for investment in information and communications technology and such other industrial activities of the Area
- 11) Facilitate and manage information and communication technology, industrial incubation parks and science and technology parks together with related facilities within the Area and buffer zone.
- 12) Liaise with Machakos, Makueni and Kajiado County Authorities in coordinating regulatory matters relating to investment requirements of the Area. Carry out any other activity that the Board considers necessary for the promotion and facilitation of development of information and communications technology products and services within the Area

(c) Key Management

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

- i. Board of Directors
- ii. Management of the Authority headed by the Chief Executive Officer

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Eng. John Tanui
2.	Chief Manager, Corporate Services	Norman Mwangi
3.	Chief Manager, Business Development, and Innovation	Stella Muhoro
4.	Chief Manager Construction, Operations and Management	Eng. Anthony Sang
5.	Chief Manager, Physical Planning, Design and Compliance	Arch. Annah Musyimi
6.	Ag. Chief Manager Corporate Research, Policy & Strategy	Josephine Ndambuki
6.	Manager, Procurement	John Paul Okwiri
7.	Ag. Corporation Secretary Manager & Chief Manager Legal Services	Gladys Koletit
8.	Manager Internal Audit	John Karanja

(e) Fiduciary Oversight Arrangements

(i) Audit and Risk Committee

The Audit and Risk Board Committee comprises of four (4) non-executive directors and chaired by a non-executive director. The Committee's composition is as follows:

- i. Eng. Kaburu Mwirichia – Chairperson from 16.03.2021
- ii. Mr. Ismail Dhora – Member from 16.03.2021
- iii. Mr. James Agin - Member from 16.03.2021
- iv. Mr. Hezbourne Mackobongo - Member from 05.05.2021
- v. Ms. Eunice Kigen – Member up to 04.05.2021
- vi. Mrs Pamela Tutui – Chairperson up to 16.03.2021
- vii. Mr Elias Yano – Member up to 16.03.2021

The main role of this Committee is to provide an oversight on the Authority's accounting and financial reporting processes, conduct audits of financial statements and internal control systems, monitor compliance with financial, legal and regulatory requirements, and report back to the Board its findings and recommendations. The Committee also empowers the Internal Audit unit to ensure it has an independent environment for its operations. The Authority's Internal Auditor has therefore been incorporated into the Committee to provide technical and secretarial service to the Board.

(ii) Public Procurement and Asset Disposal Act 2015

In compliance with the **Public Procurement and Asset Disposal Act 2015**, The Authority relies on the constitution of the following ad hoc committees to provide procurement oversight and advisory role during tenders:

- i) Tender Opening Committee, to adjudicate Open tenders and Request for Proposals/Quotations.
- ii) Tender Evaluation Committees
- iii) Inspection and Acceptance Committee, to inspect and certify that goods and services delivered to the Authority are timely, conform to specifications and are delivered in right quality and quantity.
- iv) Contracts Implementation Committee- To Monitor & Evaluate specialized Contract

(f) Entity Headquarters

Konza Complex, 7th Floor, Konza,
Nairobi-Mombasa Highway

(g) Entity Contacts

P.O. Box 1– 90150, Konza Kenya
Telephone: (+254) (0)204343013/4
E-mail: konza@konzacity.go.ke
Website: www.konzacity.go.ke

(h) Entity Bankers

Kenya Commercial Bank
P. O. Box 30012 - 00100
Kipande House Branch,
Nairobi, Kenya

(i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

II. THE BOARD OF DIRECTORS

DR. ARCH. REUBEN MUTISO, MBS (CHAIRMAN)

D.O.B 6TH NOVEMBER 1948



Dr. Mutiso qualified as an Architect after completing his master's degree and later Doctor of Philosophy (PhD) in Architecture from the University of Texas (Austin). He was awarded a Doctor of Philosophy (Honoris Causa) by the Management University of Africa for his outstanding contribution to his field of expertise. In addition to winning many international architectural awards, Dr. Mutiso is a Paul Harris Fellow as well as a Member of the WHO's Historical Society.

Dr. Mutiso has served in various capacities in professional associations, including being elected by his peers to serve as the Vice President of the International Union of Architects (IUA). He is a Fellow of various professional associations, including the Architectural Association of Kenya, Kenya Institute of Management, Institute of Project Managers, American institute of Architects as well as the College of Architects, Spain. In addition, Dr. Mutiso has participated in and chaired many International Architectural Design competitions.

Dr. Mutiso is a Founding Partner and Group Chairman of Tectura International. With over 40 years of professional experience, he has helped guide the firm to a position of continental prominence. Under his leadership, Tectura International has developed a well-earned reputation for consistency of quality Architecture. Dr. Mutiso has helped shepherd over 500 design projects, including the design of corporate headquarters, universities, general offices, stadiums, retail, residential mixed-use projects and High Security facilities for various governments.

**CS, THE NATIONAL
TREASURY, AMB. UKUR
YATANI KANACHO
D.O.B 12TH MARCH 1967**



Amb. Ukur Yatani Kanacho has over 27-year experience in public administration, politics, diplomacy and governance in public sector since 1992. Before his appointment as Cabinet Secretary for the National Treasury & Planning he served as the Cabinet Secretary for Labour and Social Protection. He was a Member of Parliament for North Horr constituency and served as an Assistant minister for Science and Technology between 2006-2007. He was the pioneer Governor of Marsabit County (2013- 2017). He was Kenya's Ambassador to Austria with Accreditation to Hungary and Slovakia and Permanent Representative to the United Nations in Vienna (2009-2012). He has held senior leadership positions at various diplomatic and international agencies such as International Atomic Energy Agency (IAEA), United Nations Organization on Drugs and Crimes (UNODC), United Nations Industrial Development Organization (UNIDO), Vice Chairperson of United Nations Convention Against Transnational Organized Crime (UNTOC), Vice President of Convention on Crime Prevention and Criminal Justice (CCPJ), and chair of African Group of Ambassadors among others. Between 1992—2015, he served in different positions in Kenya's Public Administration including a District Commissioner, where sharpened his management and administrative skills. He has Master of Arts in Public Administration and Public Policy, University of York, United Kingdom, 2005; and Bachelor of Arts in Economics, Egerton University, Kenya, 1991.

**PS JEROME OCHIENG
D.O.B 15TH MARCH 1970**



Mr. Jerome Ochieng is a Principal Secretary in the Ministry of Information, Communications & Technology, responsible for the State Department of ICT & Innovation. Before his appointment, Mr. Ochieng was the Director of the Integrated Financial Management Information System (IFMIS) at the National Treasury and a member of Board of Directors at the Information, Communication Authority.

Mr. Ochieng has over 17 years' work experience in the field of information and communication technology in the Public Service. He also served as ICT Manager with Public Procurement Oversight Authority for 6 years. He holds a Masters' Degree in Information Engineering from the University of the Ryukyus, Okinawa, Japan. He is a registered fellow of the Computer Society of Kenya and a Licentiate Member of the Institute of Management Information Systems (IMIS), UK.

CAROLINE WANGUI KARIUKI
D.O.B 11TH JANUARY 1968



Carol holds a Master's in Business Administration from Warwick Business School, UK and a Bachelor of Commerce from University of Nairobi. She has had an exemplary career in the Housing and Financial Sector spanning 20 years, where she served in leadership positions both in Corporate and as an entrepreneur. Her contribution to the Housing sector is noteworthy especially as the Managing Director of Savings & Loan, Kenya Commercial Bank's mortgage subsidiary where she championed the growth of the mortgage sector and home ownership for many Kenyans.

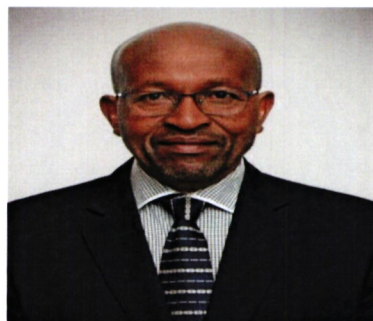
She started the Mortgage Company as mortgage brokerage business seeking to simplify access to mortgages and build affordable homes for Kenyans. Currently, she is the Co-founder and Chief Executive Officer of Greenpot Enterprises Limited, a wholly integrated Bamboo business ranging from large scale nurseries, plantations. She brings her entrepreneurial and innovative approach to business to the Board of KoTDA where she chairs Business Development, Innovation, Research and Strategy committee.

PAMELA TUTUI
D.O.B 22ND OCTOBER 1958



Pamela Tutui holds a Master's in leadership from Pan Africa Christian university and a Bachelor of Law degree from University of Nairobi. She is an Arbitrator, a Chartered Mediator and a Legal Consultant with a vast experience in both public and private sector. She has served as Judge in the High Court, Commissioner on elections, Chairperson Law Society of Kenya (Mombasa chapter), Chairperson Task force drafting The National Lottery Bill and The Gaming and Lottery Policy. She has also served in various boards the capacity of Chairperson or member. Her contribution to Institutional Reform and Capacity building in the Judiciary of South Sudan led to a strong collaboration between Judiciaries of Kenya and South Sudan. She is a Consultant and Trainer in areas of the Law, Leadership and Governance. She chairs the Corporate Services committee of the board.

**ENG. KABURU MWIRICHIA
D.O.B 31ST MARCH 1958**



Eng. Kaburu Mwirichia is a Registered Engineer (R Eng.) and a member of the Institution of Engineers of Kenya (IEK). He holds a Master of Business Administration degree (MBA) from the United States International University-Africa (USIU) and a Bachelor of Science degree in Mechanical Engineering from the University of Nairobi. He has extensive work experience in the fields of Engineering, Manufacturing, Corporate Governance, Human Resources Management, Strategic Planning and Customer Service.

He worked as Director General/Chief Executive Officer of the Energy Regulatory Commission (ERC) for six years from 2007 to 2013. He chairs the Audit and Risk Assurance committee of the board.

**ISMAIL GULAM YUSUF DHORA
D.O.B 4TH MARCH 1991**



Mr. Ismail holds Diploma in Business Management and Operations – Nottingham Trent International College UK. He has wide experience in Business Operations. He is currently the operations Director at Kyoga Hauliers (Kenya) Limited.

**KEN WAIBOCHI
D.O.B 7TH JANUARY 1966**

Mr. Waibochi is a holder of B.Sc. Degree in Mechanical Engineering from Bath University, UK. He has over 20 years' experience in Business operation and strategic management in various firms. He served as Technical Services Group manager for Proctor and Gamble (EA) and Managing director Aberdare safari hotels. He also serves at Kenya Tourism Board as a director. He chairs the technical committee of the Board.

EUNICE KIGEN
ALTERNATE TO CABINET SECRETARY, THE NATIONAL TREASURY
D.O.B 22ND FEBRUARY 1973



Ms Eunice Kigen holds a Bachelor of Commerce Degree (Accounting Option) from the University of Nairobi and an Executive Master of Business Administration from the Jomo Kenyatta University of Science and Technology. She is also a Certified Public Accountant CPA (K).

Eunice has wide experience in Public Sector Financial Management, having worked in the Government in senior positions in that field for the past 18 years. Currently, she is the Senior Deputy director of budget at the National Treasury. She is also the Alternate director representing the Cabinet Secretary National Treasury at the Board of Kenya Airports Authority.

Eunice term as alternate director ended on 11.06.2021 following appointment Mr. Hezbourne Mackobongo as the alternate director to Cs, National Treasury.

CHRISTOPHER KARIUKI
ALTERNATE TO PRINCIPAL SECRETARY, MINISTRY OF ICT & INNOVATION
D.O.B 21ST JUNE 1961



Mr. Kariuki is a holder of Master's in Business Administration (Finance) from University of Canberra Australia and Bachelor of Education (Economics and Business Studies) from Kenyatta Universities. He has over 25 years of experience in Public Financial Management in government Ministries and Agencies. He served as Chief Finance Officer in the State Department of ICT & Innovation under the Ministry of ICT until 30.06.2021.

JAMES AGIN
D.O.B 1ST SEPTEMBER 1969



James is a seasoned banker with 25 years Pan-Africa Experience He has held several executive management positions including Corporate Banking Director - Barclays Bank Uganda and KCB Bank Kenya, Managing Director - KCB Bank Uganda Ltd, Chief Businesses Officer International - KCB Bank Group and is currently the Regional Corporate Director - East Africa at Barclays Bank.

James has also served in the Board of Barclays Bank Uganda and the Boards of KCB Group subsidiaries in South Sudan, Tanzania,

Uganda, Rwanda and Burundi. He holds an Advanced Management Program Certificate from Harvard Business School, an MBA from the IESE Business School, an Associateship from the Chartered Institute of Bankers and a Bachelor of Science from the University of Nairobi

ELIAS YANO
D.O.B 21ST DECEMBER
1965



Elias Maiyo Yano is a seasoned professional with over 20 years hands-on experience in sales and marketing management. He has a proven ability to consistently achieve set goals having worked for some of the leading global brands.

He worked with Coca-Cola Rift Valley Bottlers Ltd as the Distribution Manager for four years, Kenya Tea Packers Ltd as the Regional Sales Manager for 11 years and Kenya Co-operative Creameries Ltd as the Depot Sales Manager for eight years He also worked as an assistant lecturer, Business Department at the Railway Training Institute and the Kenya Commercial Bank Ltd. Mr. Yano has a Bachelor of Commerce (BCOM) Degree in Business Administration from the University of Nairobi, a Master's degree in Business Administration, Marketing option, from the United States International University, and a Diploma in Marketing (Dip CIM) from the Chartered Institute of Marketing.

ENG. JOHN TANUI
CHIEF EXECUTIVE OFFICER
D.O.B 7th MARCH 1973



Eng. John Tanui is the Chief Executive Officer of the Konza Technopolis Development Authority, which is mandated by the Government of Kenya to implement the Konza Technopolis project. The Authority, a semi-autonomous government agency is tasked with building Kenya's first smart city whose vision is to be a global Hub of technology and innovation.

Eng. Tanui has over 24 years work experience in both public and private sector which include implementation of turnkey projects covering areas of infrastructure, ICT and innovation. Eng Tanui has worked in several countries in Africa and in China. He holds a Bachelor's degree of Technology in Electrical and Communication Engineering and MBA in International Business

GLADYS KOLETIT
AG. CORPORATION SECRETARY & CHIEF MANAGER LEGAL SERVICES



Ms. Koletit is a skilled advocate, negotiator and corporate legal specialist with more than 12 years' diversified experience and exposure in legal practice, leadership, and management. Gladys has expertise in all legal aspects of business operations; contract drafting and negotiation, employment law, conveyancing, company secretarial, governance, litigation, conveyancing, and regulatory compliance.

She holds a Bachelor of Laws degree (LLB) from the University of Nairobi, Diploma in Law from the Kenya School of Law and a Master of Business Administration in Strategic Management from the University of Nairobi. She is an Advocate of the High Court of Kenya and a Certified Public Secretary - CPS (K). She is a member of Law Society of Kenya (LSK) and Institute of Certified Secretaries

III. MANAGEMENT TEAM

ENG. JOHN TANUI CHIEF EXECUTIVE OFFICER



Eng. John Tanui is the Chief Executive Officer of the Konza Technopolis Development Authority, which is mandated by the Government of Kenya to implement the Konza Technopolis project. The Authority, a semi-autonomous government agency is tasked with building Kenya's first smart city whose vision is to be a global Hub of technology and innovation.

Eng. Tanui has over 24 years work experience in both public and private sector which include implementation of turnkey projects covering areas of infrastructure, ICT and innovation. Eng Tanui has worked in several countries in Africa and in China. He holds a Bachelor's degree of Technology in Electrical and Communication Engineering and MBA in International Business.

NORMAN MWANGI CHIEF MANAGER, CORPORATE SERVICES



Norman Mwangi is in charge of corporate services (Finance, HR, Administration and City management). He has working experience of over 19 years in the public sector.

Norman holds a Master of Business Administration (Finance) and Bachelor of Education (Maths & Business Studies) First Class Honours. He is a Certified Public Accountant of Kenya and a member of the ICPAK.

ANNAH MUSYIMI CHIEF MANAGER, PHYSICAL PLANNING, DESIGN AND COMPLIANCE



Annah holds Masters and Bachelors degree of Architecture from University of Nairobi. She is a member of Architectural Association of Kenya and registered with Board of Registration of Architectures and Quantity Surveyors of Kenya.

Her docket includes: Physical planning design and compliance

ANTHONY K.SANG
CHIEF MANAGER, CONSTRUCTION, OPERATION & MANAGEMENT



Eng. Anthony K. Sang is the Charge of Construction Operations and Management at the Authority. Before Joining KoTDA he served as a Depot Manager at Kenya Pipeline Company, having worked for over two decades in the Petroleum Sector holding various positions.

He holds a Bachelor's degree of Technology in Production Engineering and MSc in Entrepreneurship, Post Graduate Diploma in Project Planning and Management. He has served as a Council Member at the Institution of Engineers of Kenya (IEK) and is a Fellow of the Institution. He is also a Member of the Chartered Institute of Arbitrators.

STELLA MUHORO
CHIEF MANAGER BUSINESS DEVELOPMENT & INNOVATION



Stella's experience is anchored well by her cross cutting education background in Marketing as Chartered Marketer (MCIM), Certified Accountant (CPA). She holds an MBA in Strategic Management among other management courses - always updating her skills with changing macro and micro environment.

GLADYS KOLETIT
AG. CORPORATION SECRETARY & CHIEF MANAGER LEGAL SERVICES



Ms. Koletit holds a Bachelor of Laws degree (LLB) from the University of Nairobi, Diploma in Law from the Kenya School of Law and a Masters of Business Administration in Strategic Management from the University of Nairobi. She is an Advocate of the High Court of Kenya and a Certified Public Secretary - CPS (K). She is a member of Law Society of Kenya (LSK) and Institute of Certified Secretaries.

She is in charge of Legal Services division and Board Secretariat Services.

JOHN PAUL OKWIRI
MANAGER, PROCUREMENT



John holds an MBA (Procurement & Supply Chain Management) from the University of Nairobi and Bachelor of Commerce. He is a member of Chartered Institute of Purchasing & Supply and of Kenya Institute of Supplies & Management. He is in charge of supply chain and procurement department

JOHN KARANJA
MANAGER, INTERNAL AUDIT & ASSURANCE



John Karanja is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), The Institute of Internal Auditors (THEIIA) and Information Systems Audit and Control Association (ISACA). He holds a Bachelor of Commerce (BCOM) Degree, First Class Honours and Master of Business Administration (MBA) from the University of Nairobi.

He has over 18 years' experience in internal audit, compliance, finance and quality assurance obtained from a variety of international and local organizations drawn from the private and public sectors. He gives assurance to the Board on the effectiveness of internal controls and risk management framework. He looks at the organization operations at a wide scale, providing solutions from business strategy perspective while seeking to enhance the effectiveness of governance, risk management and control processes.

JOSEPHINE NDAMBUKI
AG. CHIEF MANAGER RESEARCH, POLICY AND STRATEGY



Josephine holds a Bachelor of computer Science degree first Class honours, and MBA in Strategic planning. She is a technology Strategy specialist with over 13 years' experience working in technology, telecoms and development sector in Kenya and beyond. She has a diverse experience in business strategy, research, partnerships and project management as well as the technical project planning, implementation and support of core networks in both terrestrial and submarine segments. She is a member of the Kenya institute of Management

IV. CHAIRMAN'S STATEMENT

I am pleased to present the Konza Technopolis Development Authority annual report for the financial year 2020/2021. During the period, the Authority remained resilient despite disruption occasioned by the Covid19 pandemic. As the world adapts to this new normal, the need for innovation and adoption of technology in all facets of life has become a necessity rather than a want. In this regard, we continue to make significant progress in the establishing ourselves as an ecosystem enabler by creating institution linkages with other actors in technology space and leveraging on our unique position in innovation ecosystem. With the support of our partners and stakeholders in the innovation space, I'm happy with the outcome of the great Covid-19 challenge which has not only developed solutions for SMEs to work remotely but enabled temporary workers to connect to opportunities and urban Agri business to use technology to address the Covid-19 economic challenges.

Globally competitive smart cities leverage on both infrastructure and technology to drive social-economic development. During the period, we continued with construction of integrated horizontal infrastructure incorporating smart city facilities that will supports delivery of connected urban services and allow for efficient management of those services on a large scale upon completion. In addition, we operationalized Phase Konza National Tier III Certified Data Centre that is providing cloud services to both public and private entities in the country.

Kenya's growing reputation, as the Silicon Savannah is evidenced by the country's significant contribution in the global innovation space, with innovations such as the pioneer mobile money service (M-PESA). Investments in innovation continue to increase with many local and international investors seeking to tap into the innovation ecosystem of the country. Konza Technopolis presents an ecosystem to support the growth of these innovators. As one of the largest planned technology parks in Africa, Konza offers a promise of harnessing the Kenyan business drive as it directs the economy toward a knowledge- based future. During the year, the Technopolis gained recognition as an area of innovation through admission as a full member of the Association of Science Parks and Areas of Innovation (IASP). In addition to hosting the IASP Africa Chapter 2021 forum bringing together over 20 counties from within Africa and beyond.

Konza National Data Centre and Smart City Facilities

The Authority is envisaged to offer comprehensive ICT and smart city services including internet enabled public space with robust communication and exchanges in real-time, high-speed broadband, Smart parking, lighting, waste management systems, smart grid, environment and health solutions. The Konza National Data Centre and Smart City Facility project under development seeks to provide the platform for the services to be rendered. During the year, the Authority operationalized Phase 1 Data centre providing cloud backup services, virtual desktop, physical server/space renting, cabinet/rack renting, as well as email services. The construction Primary data centre is ongoing and is expected to be completed in the next financial year.

The Horizontal Infrastructure

A smart city uses Information and Communications Technology (ICT) to enhance its livability, workability and sustainability. The integrated Horizontal Infrastructure which is 54% complete include Phase I streetscapes, Utilities & utility tunnel, automated waste collection, landscaping & parks, Electrical system & ICT conduits, and public utilities. Upon completion in the year 2022/23, the Authority will offer reliable, high quality and low-cost utilities and services. The electrical system will deliver redundant and reliable electricity at affordable prices while the streetscapes have been designed to a high environmental sustainability standard will offer pleasant tree lined boulevards and facades. Most of the services will be information technology enabled and the buildings will be constructed to green standards with low carbon emission.

Strategic Partnerships and Investors

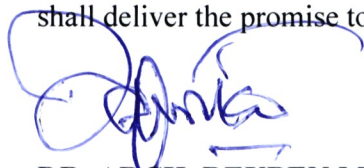
During the financial year, the Authority continued engagements with key partners and stakeholders through strategic activities to achieve mutual benefits. The Authority partnered with the Ministry of Health to provide to Covid-19 information centre to support health workers, the call centre data and information is currently hosted at the Konza National Data centre. Together with the Embassy of China and Communication Authority of Kenya we established a tree nursery at the Technopolis as part of our greening initiatives. We also partnered with Isreal Embassy among other partners to support innovators and accelerate their ideas to innovations.

The future outlook

The emergence of Covid-19 pandemic brought with it challenges and opportunities for the Authority to exploit. Although the future looks quite uncertain as the global economy has not fully recovered from the disruptive effects of the Covid-19 pandemic, a strong rebound in economy is expected once a good proportion of people are vaccinated. The uptake of investment at the Technopolis during the year was low and the need for acceleration of digital economies and nurturing a sustainable business environment is an opportunity the Authority will exploiting going forward. The Authority in the medium term will focus on completion of Phase 1 integrated horizontal infrastructure and Konza National Data Centre which is aimed at making the Technopolis a thriving sustainable smart city. I'm confident the Post Covid-19 Economic Recovery measures instituted by the government will spur economic growth and drive both local and international investment at the Technopolis.

Appreciation

On behalf of the Board, I wish to thank staff and management for their exceptional effort during the year that contributed to the milestones so far achieved. My gratitude is to Ministry of ICT, the National Treasury and our partners and stakeholders for significant contribution towards achievement of our mandate. Our commitment to develop a sustainable smart city and an innovation ecosystem, contributing to Kenya's knowledge-based economy remains strong. With our new strategic plan in place, we are confident that we shall deliver the promise to Kenyans.



DR. ARCH. REUBEN MUTISO, MBS.
CHAIRMAN, BOARD OF DIRECTORS

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

It is my pleasure to present to you the annual report for financial year ended 30th June 2021. It is a year we achieved significant milestones in actualizing our vision of becoming a global technology and innovation hub despite the economic and social challenges triggered by the Covid-19 pandemic. During the year, we continued construction of the Horizontal infrastructure, Konza National Data Centre and Smart City facilities in addition to the Investor onboarding and innovation activities. The accomplishments of the year were made possible by the effort of our staff, the support received from National government, neighbouring county governments and our stakeholders and partners. We remain committed and resilient in undertaking our mandate innovatively while at the same considering the wellbeing of our staff and the sustainability of the Authority.

Financial Performance

During the year, the revenue realized from government grants totalled to Ksh.1.02 Billion which represented a decline of 11% compared to Ksh. 1.147 billion realised in the previous financial year. The reduction in government grants arose from budget rationalization for both the recurrent and development exchequer grant through the supplementary budget. Revenues from other incomes increased by Kshs.23 Million to Kshs. 45.2 Million (a growth of 103.74%) compared Kshs. 22.2 Million realized in the year 2019/20. The increase in other incomes is attributed to the increase in revenues for water reimbursement, donation received and data center income. During the year, the Authority expenses increased by Kshs.173.8 Million from Kshs. 328 Million to Kshs. 501 Million. The increment was a result of enhanced staff compliment, operationalization of Phase 1 data centre and increased marketing and investor outreach activities. The Net financial position of the Authority as at 30th June 2021 was Ksh.38.19 Billion representing a growth of 51% compared to Ksh.25.14 Billion at the end of year 2019/20. The growth of in assets base of the Authority is mainly as a result of investments in the ongoing works for Horizontal Infrastructure and Konza Data Center projects.

Konza Infrastructure Portfolio

The Authority asset base as at 30.06.2021 was valued at Kshs. 38 Billion consisting mainly of the Konza complex, Horizontal infrastructure, Data centre and other property plant and equipment. The Konza complex has three components: Office block, Conference facility and hotel. The office block is complete currently hosting Konza staff with spaces available for letting in the next financial year. The Conference facility is under construction and is expected to be completed in year 2022/23.

The construction of the Horizontal infrastructure is at 58.28% complete, the project consists of three lots; Lot 1 covering the construction of approximately 40 km of streetscapes, grading, drainage facilities, water distribution and treatment, sewage collection and treatment plant, landscaping of streets and parks, Lot 2; electrical system including approximately 40 km of electrical power lines, substations, transformers and other accessories. Lot 3 involving construction of public facilities: 2,500 M² Solid Waste Handling Facility, 4,400 M² Police and Fire Station, Entrance and Security Feature and 3,000 M² Transit Hub. Upon completion Konza will provide fully serviced parcels connected to fibre internet and security surveillance system. All the walkways and streets will be paved to world class standards and residents will enjoy reliable, high quality and low-cost utilities and services.

The construction of the Data Centre and Smart City facilities is 56% complete. The project includes Konza Phase I Smart City Services and a computing resource (the city data centre) and a National computing Centre for resource sharing. Phase I of Data Centre is operational and has so far onboarded eleven (11) tenants from both public and private institutions. The Data Centre provides cloud backup services, physical server/space renting, cabinet /rack renting, as well as email services. The Construction of Phase II of the Konza National Data Centre is ongoing, upon completion it will support provision of comprehensive ICT and smart city services, including high-speed broadband, Smart parking, lighting, waste management systems, smart grid, environment, health solutions.

Investor attraction and the Anchor Tenants:

The Authority remains instrumental in creating high value jobs and boosting the country's GDP by focusing on Research, Development and Entrepreneurship in the Science Technology and Innovation Sector. We began the year cognizant of the fact that disruptions of Covid-19 would continue to affect the global economy and the need to devise strategies to respond to this new norm. Through webinars and outreach programs, innovative financing models were adopted to facilitate onboarding of investors including the Kenya Advanced Institute of Science and Technology (KAIST), Modelled after the Korean Advanced Institute of Science & Technology. KAIST will be an institution of strategic national importance as a catalyst for the growth of science and engineering through research and training.

The Authority made significant strides in targeting and attracting investors. Aware of the turbulent economic situation in the country, the Authority initiated early bird incentive to investor geared towards attracting them. So far, the Technopolis attracted over a hundred investment interests both local and international for the parcels under development in Phase 1.

Strategic direction

Our mission in the new strategic plan 2021-2025 is develop a thriving sustainable smart city and a vibrant innovation ecosystem contributing to Kenya's knowledge Economy. We shall continue to Partner with stakeholder and partners in ICT and Innovation space, as a full member of International Association of Science Park and Areas of innovation and a leader of Africa chapter, we shall continue to create an environment that enhances innovation, creativity, and quality of life. We hosted IASP Africa Chapter during the year where more than 20 countries participated in the event. We held several Innovation activities including innovation challenges and hackathons of which 15 ideas were identified for nurturing to innovations.

Going forward, we will continue to develop the horizontal infrastructure and open the remaining land for development. We intend to commercialize our services and diversify our revenue streams. We shall market both locally and internationally and create an innovation ecosystem that drives Kenya's knowledge economy.

Compliance with PFM Act and Regulations

During the reporting period, Authority has complied with the PFM Act 2012 and the PFM Regulations of 2015 therefore, the Authority is not exposed to any liabilities, contingent or otherwise.

Appreciation

On behalf of the management team, I wish to express my gratitude to Chairman and the Board of Directors for their continued support and guidance provided to the management team during the year. I also wish to sincerely appreciate the efforts of the Authority's staff in delivering on set targets. Ministry of ICT, the National Treasury and our stakeholder thank you for continued support. I remain committed to steering the team towards building Africa's Silicon Savanna and a global technology and innovation hub.



ENG. JOHN TANUI, MBS
CHIEF EXECUTIVE OFFICER

VI. STATEMENT OF KOTDA'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

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. The Authority has 2 strategic pillars and 3 enablers with set objectives outlined within the Strategic Plan for the FY 2016- 2020. These strategic pillars and enablers are as follows:

- 1. Infrastructure Development Pillar:** It is the foundational pillar whose objective is to develop and manage a world class smart city with a vibrant, safe, secure, healthy, and sustainable ecosystem.
- 2. Knowledge Economy and Innovation Pillar:** The objective of this pillar is to develop high-end talent and create smart innovative solutions and commercialize them.
- 3. Financing Enabler:** The objective of the enabler is to facilitate mobilization of adequate and sustainable funding to meet the Authority's mandates and the changing needs of the business community and residents.
- 4. Marketing and Business Development Enabler:** The strategic objective of the enabler is to create a strong brand and image of the Konza Technopolis that will attract facilitate and retain investors.
- 5. Institutional Development Enabler:** The strategic objective of the enabler is to assist the Authority builds adequate capacity to fulfill its mandate

The Authority develops its annual work plans based on the above pillars and enablers and the assessment of the Board's performance is done on a quarterly basis against its annual work plan. The Authority achieved its performance targets set for the FY 2020/2021 period as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Infrastructure Development pillar	Plan and develop smart and Sustainable "World Class" infrastructure.	<ul style="list-style-type: none"> • Km of streetscape established • Km of subsurface utilities established • No of Municipal 	<ul style="list-style-type: none"> • Complete and commission Phase I Horizontal and Vertical Infrastructure • Establish ancillary social infrastructure 	Implementation of the Horizontal Infrastructure project is at 60%, construction of Wastewater Reclamation Facility and other Ancillary Facilities

		<p>Buildings and Social Amenities established</p> <ul style="list-style-type: none"> • % Completion of Horizontal Infrastructure works 	<p>and amenities</p> <ul style="list-style-type: none"> • Collaborate with national government for offsite infrastructure • Environmental conservation <p>Develop integrated masterplan for horizontal infrastructure</p>	<p>is ongoing,</p> <p>A one-million tree nursery has been established as a measure towards environmental conservation.</p>
Knowledge Economy and Innovation	<p>Convene, Connect and Catalyse a conducive environment for technology start-ups and enterprises to thrive and scale in partnership with other actors in the Innovation Ecosystem,</p>	<ul style="list-style-type: none"> • No. of start-ups • No. of innovations 	<ul style="list-style-type: none"> • Develop and implement Innovations Acceleration Programme • Provide effective platform for innovators and entrepreneurs • Establish linkages and synergies with academia, public sector and the industry to nurture enterprises • Implement idea management system 	<p>Covid-19 Hackathon held, 15 innovators are under the Konza acceleration programme, Linkages and synergies with academia, industry and public sector established. Innovation events held each quarter.</p>
Marketing and Business Development	<p>Attract, onboard and retain key</p>	<ul style="list-style-type: none"> • No. of Investors 	<ul style="list-style-type: none"> • Operationalize SEZ and other 	<p>Konza granted the SEZ status,</p>

Pillar	investors and create a strong brand	onboarded	<p>Incentives</p> <ul style="list-style-type: none"> • Implement One-Stop-Shop • Collaboration with private sector bodies and relevant agencies to attract investors • Generate investor leads and referrals • Implement Marketing Plan 	Partnership forum with stakeholders established, and over 50% of parcels in Phase 1 sold off to investors.
Institutional Development	Develop adequate institutional capacity for efficiency, effectiveness, and sustainability	<ul style="list-style-type: none"> • Staff compliment against establishment in the organogram • Trainings and Capacity Building activities • Reports 	<ul style="list-style-type: none"> • Recruit, develop and retain highly skilled talents • Institutional process maturity • Leverage technology for process and delivery efficiency 	The Authority has recruited staff to support the delivery of its mandates and objectives. It is also leveraging on ITES for effective service delivery and resource mobilization.
Financing	mobilize adequate and sustainable funding to meet the Authority's mandates	<ul style="list-style-type: none"> • Budgetary Allocation • Level of adequacy of funds to finance investment and operations 	<ul style="list-style-type: none"> • Develop Innovative financing mechanisms for resource mobilization • Prepare budget proposal and engage potential 	<ul style="list-style-type: none"> • Increased financial allocation for the project. • The sourcing of approximately Ksh 40 Billion through an ongoing EPCF

			development partners & GoK <ul style="list-style-type: none"> • Develop Resource Mobilization strategies	model.
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During the financial year 2020/21, the Authority made significant progress in achievement on its strategic objectives despite the challenges occasioned by the global Covid-19 Pandemic. We remained focused on priority areas of infrastructure development, Business development and Knowledge Economy and innovation. We quickly adopted to the new way of work, supporting our staff to embrace hybrid work culture as part of the initiatives to curb the spread of the pandemic while ensuring continuity in business operations. The Authority activities for the year were aligned to the strategic plan and formed part of the targets in the Government of Kenya Performance contract

Alignment of strategic initiatives with Government of Kenya Performance contracting targets:

For the financial year ended 30th June 2021, KoTDA Board signed a Performance Contract with the Government of Kenya, through the Ministry of ICT covering the following broad areas.

Finance Stewardship and Fiscal Discipline: The Authority’s projects and activities are financed through Gok exchequer grants, external funding through borrowings and internally generated funds. During the period, the absorption of Gok funds was Kshs.960 million representing absorption rate of 98% against a target of Kshs 980.2 million while absorption of externally mobilized development funds over the same period was KShs.12.8 billion against a target of KShs. 13 billion. representing 98% absorption rate. The Authority realised revenues amounting to KShs. 32.3 million from Appropriation in Aids (A-in-A) against a target of KShs. 37 million.

Service Delivery: The Authority provided services to customers and stakeholders as per the commitments in the citizen service delivery charter. To boost service delivery and outreach activities during the year, the Authority brailed the service charter played Audio-visuals during outreach activities to address the needs of Persons Living with Disabilities. Customer complaints received during the reporting period were resolved promptly. The Authority also updated the Website to facilitate interaction between the Authority and our customers in additional to launching the Investor Handbook which provides all information that

investors require in one simplified booklet accessible digitally. The Konza Resource centre platform was also launched to facilitate access to information internally by the staff.

Core Mandate: The Authority continued with development of infrastructure laying the foundation for provision of city services. Construction of Phase1 horizontal infrastructure continued during the reporting period, the project comprises of access roads, utility ducts/tunnels, clean and wastewater reticulation and recycling systems, automatic waste collection facilities, electricity, public facilities, landscaping for walkways and parks for phase1 of Konza Technopolis. The project is currently at 58% completion level and is expected to deliver world class infrastructure to power the Smart city's ambition.

The Authority continued with the construction of Konza complex building comprising of 3 facilities namely: the Konza Technopolis office block, The Konza conference Facility and the Konza Technopolis Hotel. The three-building facility is expected to create one of the most vibrant convention facilities in the region. During the reporting period, the Authority commenced the construction of the conference facility following the completion of the office block. The completed office block is currently hosting the Authority headquarters and leasing of unoccupied space is expected to begin in the next financial year.

The Konza National Data Center under development is a Tier III, Uptime Certified data centre hosted on a 3068 M² of build-up area and additional 654 M² of whitespace. During the financial year under review, the Authority completed and operationalised phase1 of the Data centre providing services to both the public sector and private firms. The Authority also installed three video conferencing facilities at Konza complex, Ministry of ICT and KenInvest offices. The Video conference facility provides new ways of convening especially in the times of restricted movements occasioned by the pandemic.

To deliver its Innovation Ecosystem programmes, the Authority continued with the implementation of knowledge economy and innovation initiatives. In the reporting period, the Authority engaged 1000 young people in innovation programs, ICT workshops, training and acceleration programs. The Authority hosted two innovation challenges from which 19 innovators were selected for acceleration and support. From these initiatives, the Authority has witnessed initial impact being the job creation and new value delivered through new products and serviced rendered using diverse forms of technology. The Authority also engaged 160 young people for Cloud computing and cyber security training programs and a further 40 young people who were training on coding and programming while being mentored on emerging careers in technology sector.

The Authority's business development initiatives focus on attracting, onboarding and retaining key investors and creating a strong brand. In the FY 2020/21, the Authority engaged investors in different fora such as investor conferences, targeted meetups, attendance to strategic conferences, virtual roadshows with both local and international investors. The Authority enlisted the commitment of 63 investors who are being supported to establish their businesses at Konza. During the same period, the investor handbook was launched. The handbook will inform investors the opportunities and incentives off at Konza Technopolis. Additionally, the Authority developed and rolled out an incentive program for early investors to accelerate onboarding of its early off takers.

The Authority developed the 2nd strategic plan 2021 -2025 which will be launched in FY 2021/22. The strategic initiatives in the plan are aimed at developing the Technopolis as a thriving sustainable smart city with a vibrant innovation ecosystem contributing to Kenya's knowledge economy. The Authority also kicked off webinar forums to provide a platform for engagement with its stakeholders on development agenda, through the forums, the Authority was able to communicate its vision and reach out to more investors and stakeholders for collective development of the Technopolis.

Implementation of Presidential Directives During the year under review, the Authority with support of partners accelerated the greening initiative. The authority participated in Tree planting at Ngong forest and Chemusus in addition to establishing a tree nursesey at Konza. The Authority instituted several measures to prevent spread of Covid-19 virus including allowing the staff to work on rotation basis, provision of mask and sanitizers and continuous facilitating testing and vaccination of the staff.

Access to Government Procurement Opportunities and Promotion of Local Content in Procurement: The Authority in its effort to promote access to procurement opportunities by special interest groups specifically reserved several tenders for them in line with the approved procurement plan and adverts. The total procurement opportunities awarded to this category during the year totalled to Kshs. 64.5 million. The Authority also promoted local content in procurement through embracing the Buy Kenya Build Kenya initiative. The total procurement opportunities awarded to local contractors during the reporting were worth Kshs. 618.6 million.

Cross Cutting Initiatives During the period, The Authority implemented cross-cutting initiatives geared towards promotion of effectiveness and efficiency in service delivery. The Authority during the year was able to maintain and update the Asset and Inventory registers of the Authority in line with public procurement and disposal regulations.

To provide training and experiential learning opportunities for the development of skills for the youth, the Authority offered attachment and internship opportunities to 19 youths during the year. The staff of the Authority were also given opportunities to grow their competency through the performance management programs and training. KoTDA launched the Resource centre as part of Knowledge Management Initiatives, training and learning challenges were implemented to drive the learning and innovation culture in the Authority.

In the reporting period, the Authority sensitized staff on disability mainstreaming and conducted Accessibility Audit for Konza Complex to ensure that the complex is all inclusive and responsive to the needs of Persons with Disabilities (PWDs). The Authority also undertook various initiatives to promote wellbeing of the staff including sensitization of staff on HIV prevention, Alcohol, drug and substance abuse, stress management and mental health.

The Authority enhanced the security of its assets with deployment of additional officers from the Security of Government Building and VIP Protection Unit in collaboration with the National Police Service. To promote a value driven corporate culture, KoTDA inculcated the national values and principles of governance as enshrined in Articles 10 and 232 of the Constitution of Kenya and was ranked 5th nationally in Survey of the values of Public Service conducted by the Public Service Commission. Road safety training was undertaken which enhanced management of transport logistics. Corruption risk mitigation plans were implemented in line with Authority's commitment to combat and prevent corruption, unethical practices and promote best practices in governance as per the Ethics and Anti-Corruption Act No. 22 of 2011 and the Leadership and Integrity Act of 2012.

VII. CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Konza Technopolis Development Authority are responsible for the governance of the Authority and are accountable to the shareholders and stakeholders in ensuring that the Authority complies with the laws and the highest standards of business ethics and corporate governance. Accordingly, the Board attaches very high importance to the generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practice of good corporate governance.

1. Board of Directors Governance Charter

The Board charter outlines the responsibilities to be discharged by the directors collectively and individually. Each director has subscribed to the charter and signed the Authority's code of ethics. The Board members have committed to dedicate their service to the Authority and uphold the principles of good corporate governance and exercise fairness in all their dealing.

The roles and functions of the Chairman and the Chief Executive are distinct, and their respective responsibilities clearly defined within the charter.

2. Board Appointment and Membership

The Board recognizes that the Law has delegated the power of appointing Board members to the Cabinet Secretary, Ministry of Information, Communications and Technology, the Board engages with the Cabinet Secretary to ensure the individuals with the right skills are appointed as members of the Board. The Board comprises of 10 (ten) directors including the Chairman.

The Konza Technopolis Development Authority Order, 2012, vests the management of the Authority on the Board, which is composed of:

1. A Chairman appointed by the President.
2. The Cabinet Secretary National Treasury.
3. The Principal Secretary in the Ministry for the time being responsible for matters relating to information and communications technology.
4. Two persons of opposite gender, being public officers, appointed by the Minister in consultation with the Public Service Commission.
5. Not more than seven other members, two of whom shall be of the opposite gender and not being employees of the Authority, not public officers, appointed by the Minister in consultation with the Public Service Commission: and,
6. The Chief Executive Officer.

The following members served the Authority Board for the financial year 2020/21

1. Dr.Arch. Rueben Mutiso- Board Chairman-Re-Appointed 26/04/2019
2. Amb. Ukur Yatani Kanacho - The Cabinet Secretary to the National Treasury
3. Jerome Ochieng-The Principal Secretary in the Ministry of ICT
4. Ms. Eunice Kigen - Alternate to Cabinet Secretary National Treasury upto 10th June,2021
5. Christopher Kariuki- Alternate to Ps Ministry of ICT
6. James Agin – Member Appointed 19/08/2019
7. Elias Maiyo Yano- Member Appointed 19/08/2019
8. Caroline Kariuki- Member Re-Appointed 03/05/2019
9. Kaburu Mwirichia- Member Re-Appointed 03/05/2019
10. Pamela Tutui- Member Appointed on 03/05/2019
11. Ismail Gulumu Dhora- Member Appointed on 03/05/2019
12. Ken Waibochi- Member Appointed on 03/05/2019
13. Hezbourne Mackobongo -Alternate to Cs, National Treasury and Planning from 11th June 2021
14. Eng. John Tanui- Chief Executive officer
15. Ms. Gladys Koletit -Ag Corporation secretary and Chief Manager Legal Services

3. Role of the Board

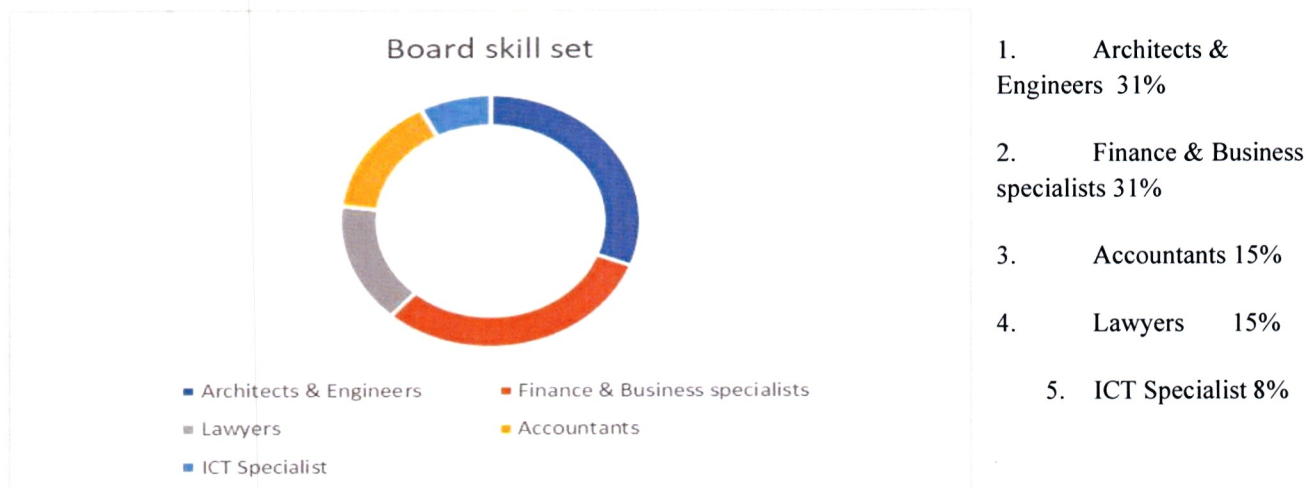
The Board defines the Authority's strategies, objectives and values and ensures that procedures and practices are set in place to ensure effective control over strategic, financial, operational and compliance issues by:

- i. Overseeing implementation of the plans and strategies by Management.
- ii. Ensuring the Authority complies with relevant laws and regulations,
- iii. Instituting effective mechanisms that monitor the performance of the management team.
- iv. Safeguarding the assets of Authority and ensuring they are administered in a manner that best promotes the purpose for which the Authority was formed.
- v. Approving capital and recurrent budget provisions, Work plans and procurement plans.
- vi. Approving partnership and MOUs with other organisations.
- vii. Authorising the opening of bank accounts for the Company's funds.

The directors bring a wealth of experience and knowledge to the Board's deliberations. Except for direction and guidance on general policy, the Board delegates authority of its day-to-day business to the Management through the CEO. The Board nonetheless is responsible for the stewardship of the Authority and assumes responsibilities for the effective control over the Authority.

4. Board diversity

The Authority believes that the current composition comprises of the required mix of skills and core competencies required to enable the Board to operate effectively and efficiently. The gender composition of the Board is 63% male and 27% female.



5. Directors Induction and Training

All the Members of the board on appointment, undergo induction to enhance their understanding of the Authority business and align to new developments in the industry. The induction programme involves presentations by management, review of policy documents and expert briefs by consultants. During the year under review, some of members of the board attended training on Mwongozo the Code of Governance for State Corporations, certification programmes for directors, leadership training, conferences and workshops aimed at enhancing their understanding of the Authority’s mandate and best management practice.

6. Board Evaluations

The Board annually reviews its effectiveness as a whole and that of individual committees as well as the Chief Executive Officer to ensure that the Authority’s goals are achieved. The process involves evaluation of each director done by the Chairman, CEO is evaluated by all directors and in turn all directors individually evaluate the Chairman. The Board ensured that all assessments and evaluations carried out are properly documented and filed. The State Corporation Advisory Committee evaluated the Board performance during the year and feedback received was used to design interventions appropriately.

7. Meetings of the Board

According to Section 8 (1) (a) of the State Corporations Act, Cap 446 the Board of every State Corporation should meet at least four times in every financial year. During the period under review, the Board held 7 meetings as per board almanac and special meetings as per the necessity to consider critical matters relating to the business of the Authority. The notice, agenda and Board papers were circulated within the stipulated timeliness.

Name	29.07.20	15.09.20	27.10.20	07.01.21	27.01.21	16.03.21	03.06.21	Total
Reuben Mutiso-Chairman	☑	☑	☑	☑	☑	☑	☑	7
Eunice Kigen	☑	☑	☑	☑	☑	☑	☑	7
Carol Kariuki	☑	☑	☑	☑	☑	☑	☑	7
Elias Yano	☑	☑	☑	☑	☑	☑	☑	7
Christopher Kariuki	☑	☑	☑	☑	☑	☑	☑	7
Pamela Tutui	☑	☑	☑	☑	☑	☑	☑	7
Ken Waibochi	☑	☑	☑	☑	☑	☑	☑	7
Ismail Dhora	☑	☑	☑	☑	☑	x	☑	6
James Agin	☑	x	☑	☑	☑	☑	☑	6
Eng. Kaburu Mwirichia	☑	☑	☑	☑	☑	☑	☑	7
John Tanui	☑	☑	☑	☑	☑	☑	☑	7

8. Directors Remuneration

The Directors remuneration is based on the GoK regulations which recommend that Directors will be paid Ksh.20, 000 per sitting while the Chairman will be paid Ksh.80, 000 per month and Ksh.7, 000 per month as telephone allowance. The aggregate amount of emoluments paid to directors for services rendered during the financial year 2020/21 are disclosed in the notes to the financial statements under note 9.

9. Conflict of Interest

The Authority maintains a register where Board the directors are required to make a declaration of any interest they may have in the business under discussion. As per Mwongozo code of conduct the board members are under a statutory obligation to avoid a situation in which they may have a direct or indirect interest that conflicts or may conflict with the interest of the Authority. In all Board meetings, any conflicted director is obligated to declare the same and exclude himself/herself from any discussion or decision over the subject matter.

10. Board Committees

a. Finance, Human Resources and Administration Committee

This Committee has oversight responsibility on all financial, human resources and organisational administration issues at the Authority. The Committee is composed of four members. The composition of the Committee is reviewed annually. During the year, five (5) committee meetings were held as outlined in the table below:

Name	Corporate Services Board Committee					Total
	15.07.20	25.08.20	22.10.20	18.01.21	20.05.21	
1. Caroline Kariuki- Chairperson (up-to 16 March 2021)	☑	☑	☑	☑		4
2. Christopher Kariuki	☑	x	x	☑	☑	3
3. Eunice Kigen	☑	☑	☑	☑	☑	5
4. Ismail Dhora	☑	x	☑	☑		3
5. Pamela Tutui – Chairperson (from 16 March 2021)					☑	1
6. Elias Yano					☑	1

b. Technical and Infrastructure Development Committee

This Committee's role is to review, oversee and advise the Board on the quality of technical standards, assurance processes and impact assessment and reporting during implementation of the Konza Technopolis Master Plan. The Committee is composed of four members. The composition of the Committee is reviewed annually. The committee held five meetings during the year as outlined in the table below.

	Technical and Infrastructure Development Committee					Total Attendance
	08.07.20	15.10.20	24.02.21	13.04.21	13.05.21	
Eng. Kaburu Mwirichia- Chairperson upto 16.03.21	☑	☑	☑	☑	☑	5
Christopher Kariuki	☑	☑	☑	☑	☑	5
Pamela Tutui	☑	☑	☑			3
Elias Yano	☑	☑	☑			3
Ken Waibochi- Chairperson upto 16.03.21				☑	☑	2
Ismail Dhora				☑	x	1

c. Business Development, Innovation and Research Committee

This Committee's role is to review, oversee and advise the Board on research and innovation activities and advise on and monitor performance in these areas, as well as to develop its commercial services and to create new revenue generating opportunities. The committee has a membership of four directors rotated annually following implementation of guidelines issued by Head of Public Service on management of State Corporations. The Committee held five meetings in the year.

	Business Development, Innovation and Research Committee					Total
	07.07.20	08.10.20	14.01.21	18.02.21	11.05.21	
Ken Waibochi- Chairperson upto 16.03.21	☑	☑	☑	☑	☑	5
Carol Kariuki- Chairperson from 16.03.21	☑	☑	☑	☑	☑	5
James Agin	☑	x	☑	x		2
Ismail Dhora	☑	x	x	☑		2
Pamela Tutui					☑	1
Elias Yano					☑	1

d. Audit and Risk Management Committee

This Committee reviews, oversees and advises the Board on the Authority's internal control and risk management systems; oversees the integrity of the financial statements of the Authority, and any formal announcements relating to the financial performance, including significant financial reporting judgements contained in them; reviews the internal financial controls; review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process; monitor and review the effectiveness of the internal audit function; and review whistleblowing arrangements. It consists of four members and held four meetings in the year.

Members	Audit and Risk Management Committee				
	05.07.2020	13.10.2020	23.02.2021	21.05.2021	Total
Pamela Tutui – Chairperson up to 16.03.2021	☑	☑	☑		3
Eng. Kaburu Mwirichia – Chairperson w.e.f. 16.03.2021	☑	☑	☑	☑	4
Eunice Kigen - Member up to	☑	☑	☑	☑	2

16.03.2021					
Elias Yano - Member up to 16.03.2021	☒	☒	☒		3
James Agin - Member w.e.f. 16.03.2021				☒	1
Ismail Dhora				☒	1

The Committee was reconstituted. Ms. Pamela Tutui served as a chairperson up to 16th March 2021 and Eng. Kaburu Mwirichia succeeded her thereafter

11. Risk Management and Internal Controls

The Corporation has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for all transactions and for ensuring compliance with the laws and regulations that have significant financial implications.

In reviewing the effectiveness of the internal control system, the Board takes into account the results of work carried out to audit and review the activities of the Corporation. The Board also considers the management accounts for each quarter, reports from each Board Committee, annual budgetary proposals, major issues and strategic opportunities for the Corporation. As an integral strategy in achieving its corporate goals, the Board ensures that an optimal mix between risk and return is maintained. To achieve this goal, a risk management and governance framework has been put in place to assist the Board in understanding business risk issues and key performance indicators affecting the ability of the Corporation to achieve its objectives. Audit, Risk & Assurance Committee of the Board regularly reviews the effectiveness of the internal control system and guides the board on the same.

12. Code of Conduct and Ethics

The Authority has a code of conduct relating to lawful and ethical conduct of business which is aligned to the Authority's core values of integrity, professionalism, Agility and innovation and passion for excellence. The code of conduct provides fundamental principles and guidelines that govern the ethical and legal obligations of all employees at all levels. All employees are bound by the provisions of the public officers Ethics Act 2003, the Authority's Code of Conduct and any other statutory regulations issued from time to time. The Board, Management and employees are required to observe the code and high standards of integrity. These standards are applied in all dealings with customers, suppliers, and other stakeholders.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Konza Technopolis Development Authority is an entity fully funded by the National Government. This therefore means its performance depends on the National Government budget cycle and funding as availed by the National Government through the Ministry of ICT. For the year under review the Authority had an approved budget of Kshs. 14.62 Billion and the total expenditure incurred for the year was Kshs.13.6 Billion translating to 93% absorption. The bulk of the budget was expended on development of the Horizon horizontal infrastructure and the construction and equipping of the Konza National Data Centre. The year 2020/21 is a year that was marked with acceleration of Knowledge economy and innovation initiatives with the advent of Covid-19 Pandemic. The digital solution became a necessity rather than a want in this regard, the Authority hosted two innovation challenges from which 19 innovators were selected for acceleration and support. From these initiatives, the Authority witnessed initial impact being job creation and new value delivered through new products and serviced rendered using diverse forms of technology.

In the reporting period, the Authority engaged investors in different fora such as investor conferences, targeted meetups, attendance to strategic conferences, virtual roadshows both local and international investors. The Authority enlisted the commitment of 63 investors who are being supported to establish their businesses at Konza, the construction of the vertical infrastructure is expected to begin in the next financial year.

Financial Performance

The Authority total budgetary allocation for the year ended 30th June 2021 was Kshs 14.62 Billion. This represented an increase of 33.8% compared to Kshs. 10.92 Billion allocation for the financial year 2019/20. The increase in the budgetary allocation is attributed mainly to the enhanced funding of the Horizontal infrastructure which is at an advanced stage of development. In the reporting period, the Authority was able to absorb 93% of the allocated resources expended on infrastructure development and operation activities.

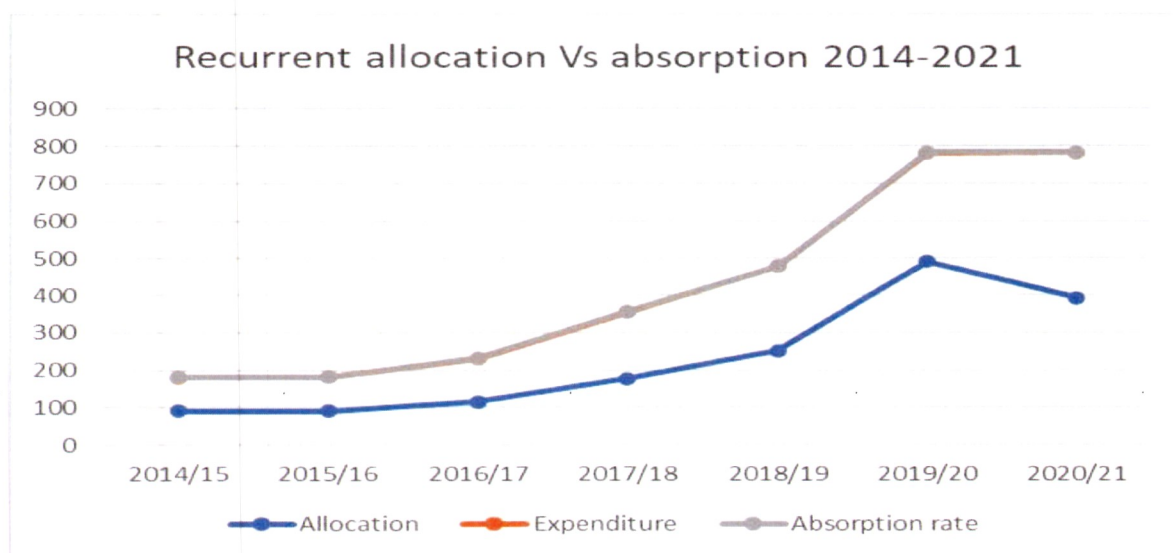
The total revenues realized by the Authority for the year was Kshs. 13.7 Billion comprising of A-in-A (foreign loans) Kshs. 12.7 Billion disbursement paid directly to the contractors by the National Treasury and Exchequer grants of Kshs. 1.02 Billion for development and recurrent budget. The Exchequer grant of Kshs. 1.2 Billion received during the year represented a reduction of 12.3% compared to Kshs 1.16 Million realized for the Financial year 2019/20. The total operation expenditure incurred by the Authority

during the year was Kshs. 506.2 Million. This was representing a growth of 29% compared with Kshs. 328 Million incurred for the FY 2019/20. The growth in operations expenditure is attributed to enhanced staff compliment and investor outreach activities undertaken during the year. For the capital expenditure, a total of Kshs.13.9 billion was incurred during the year representing an increase of Kshs. 4.2 Billion compared to Kshs. 9.4 Billion for Financial year 2019/20. The funds were incurred on infrastructure development, consultancies and construction of Konza Complex conference facility.

Seven Year Review of Authority Financial Performance

a) Recurrent Budget Expenditure Analysis

FY	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Description	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'
Allocation	90	91	115	177	252	490	392
Expenditure	90	90	115	177	225	290	389
Absorption rate	100%	99%	100%	100%	89%	59%	99%



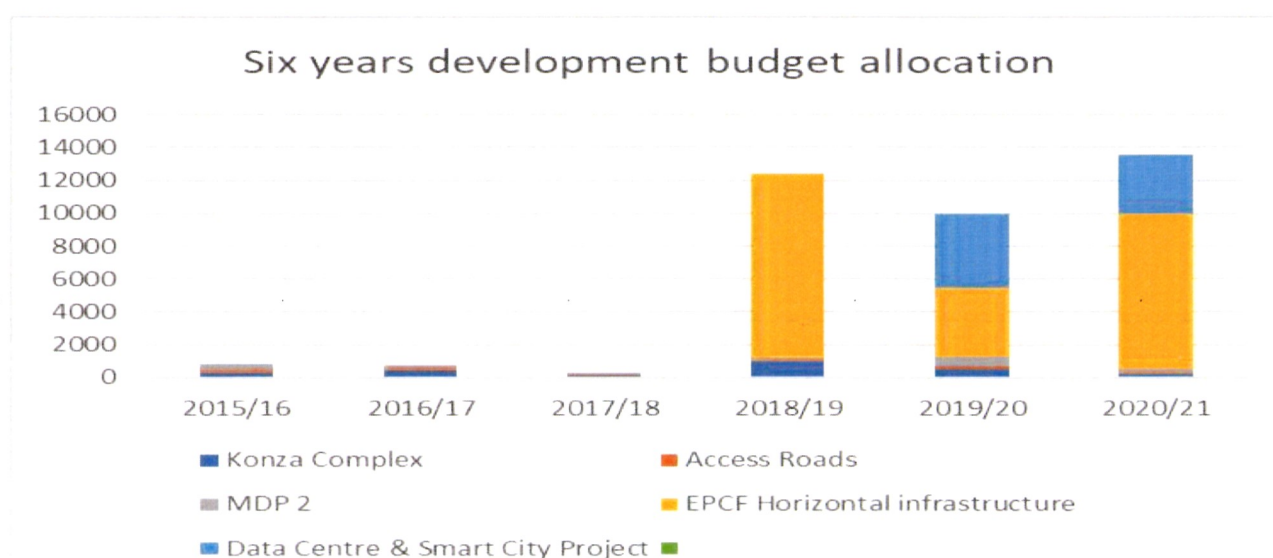
The budget absorption for the FY 2020/21 was 99% as there was enhanced staff compliment and enhanced investor outreach activities.

Development Budget Analysis Financial year 2015 -2021

A significant budget growth was realized in the financial year 2018/19 when the Authority embarked on construction of the Horizontal infrastructure, this marked the first milestone in realization of the Smart Infrastructure. In the FY 2019/20 the Authority commenced the construction of the Konza National Data

Centre and Smart City Facility project, although there was a budget reduction which contributed to scale down in construction works and the pending bills for EPCF Horizontal infrastructure. The year 2020/21 realized enhanced works for the Horizontal infrastructure, the Konza National Data Centre project works were affected by Covid-19 pandemic especially the training and importation of equipment delayed during the period.

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Description	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'
Konza Complex	300	458	171	950	490	200
Access Roads	150	116	37	133	166	125
MDP 2	360	200	75	150	630	164
EPCF Horizontal infrastructure	-	-	-	11,200	4,200	9,500
Data Centre & Smart City Project	-	-	-	-	4,480	3,600
Total	810	774	283	12,433	9,966	13,589



a. Operational Performance

As a young and fast-growing organisation, the Authority is working to institute robust systems and policies to set a strong foundation for its growth. Benchmarking with best in class and implementing technology enabled system to drive operational excellence. During the financial year, The Authority-

initiated ISO 9001-2015 certification process focusing to achieve excellence in service delivery. The Process is expected to be completed in 2021.

As part of process automation, the Authority continued to enhance its ERP solution with modules tailored to enhance service delivery. The HR and performance management modules were completed during the year enabling staff to get HR services digitally. Additionally, the Authority implemented its performance management processes aligning to it the Performance contract cycle and implementing technology to support digital individual performance tools for talent management. The Authority also engaged in various capacity building initiatives complementing both formal training with peer learning and on the job training to ensure its staff continued to acquire requisite skills for high performance. The Authority also initiated the development of its Resource centre platform, a learning as well as a repository platform of critical institution digital assets for posterity. Key staff were recruited during the year to support the delivery of its mandates and objectives, The Authority has now a staff complement of 63 comprising a well-balanced and diverse team with a 50/50 mix of male and female staff at all levels of its structure. In its efforts to deliver a competitive working environment, the Authority has instituted diversity and inclusion programs Women forums and town halls to address the diverse staff needs.

The Authority equipped Konza Complex Office Block which had been completed in March 2020 and the now hosting the Authority headquarters. This has helped in facilitating onsite coordination and administration of ongoing projects at the Technopolis.



The official opening of Konza complex by the president



The Konza Reception area

ii. Infrastructure Development

During the reporting period, the Authority continued with infrastructure development for the city. The major projects undertaken included:

Horizontal Infrastructure:

This Project covers 400 acres of Phase 1 of the Master plan and the Contract was awarded to Impresa Costruzioni Maltauro (ICM S.P.A.) in 2017. The Notice of Commencement of works for the project was granted to the Contractor- ICM SpA on 3rd August 2018 and is due for completion early 2022.

The project entails:

1. Phase 1 streetscapes - roads, storm water drainage facilities, water distribution, sewage collection & treatment, electrical distribution conduits (passageways), fibre optics conduits and landscaping of streets and parks.
2. Wastewater reclamation facility.
3. Electrical system; including power lines and numerous electrical substations.
4. Public facilities that include Solid Waste Handling Facility; Police and Fire Station; an Entrance and Security Feature; and a Transit Hub.

Physical progress of the project is at 53.66% with **USD 227.3 million** spent of the total project cost of **USD 391.9 million**. The key activities undertaken during the period include:

a) Development of Project Design

As at the end 30.06.2021 the overall percentage completion of design deliverables was at 95%. The Project Management Administration Controls were at 68.70% completion rate. The Basis of Design, Design Coordination and Drawings and specifications 95% completion stage and Construction Administration at 68.7%

b) Construction

The overall construction progress is as follows:

- ✓ **Streetscape Phase 1 A:** Clearing, grubbing and excavation are substantially complete at about 100%. Excavation and Concrete works for utilities tunnel is a about 100% of completion and Back filling is at 100% of completion. Roadworks – Asphalt progress was at 21%.



Asphalt laying at LR01

- ✓ **Streetscape Phase 1B:** Clearing, grubbing and excavation were substantially complete at about 100%. Excavation and Concrete works for utilities tunnel is about 98.79% of completion and Back filling is at 85% of completion. Roadworks - Back filling (embankments including subgrade) is at 95% of completion. Utilities networks (Stormwater, Portable water, Irrigation and Foul water) networks are ongoing and were at an average 80%., installations Solid Waste collection System are ongoing 12% complete.



Pipe laying for Solid Waste network along Green Transit Corridor

- ✓ **City Perimeter Landscape Grading Phase 1B- North:** Dumping of material was complete at 100%. Excavation and Back filling were 100% complete.

North berm-dumping of material and shaping



- ✓ **Parks phase 1B- Summary of City Perimeter Landscape- South:** Dumping of material is resulting from excavation was substantially complete at 100%. Excavation work was at 73.30% completion stage. Back filling had not yet begun.

- ✓ **Utility Tunnel:** Excavation activity and concrete works, concerning Utility Tunnel, along the University Boulevard is on Progress at 100% of completion while the tunnel on Technology boulevard 99% and Auto Boulevard is at 99%.



Installation of Utilities Racks inside Tunnel C situated along Auto boulevard.

- ✓ **Water Reclamation Facility:** As at 30.06.2021 the excavation works at the Water Reclamation Facility (WRF) had been completed at 100% while casting and steel works have is ongoing. Electromechanical equipment installations were ongoing and at an average of 82%



MBBR tank under construction

Water Treatment Plant: As at 30.06.2021 the excavation works at the Water Treatment had been completed at 100% while casting and steel works have been ongoing. Civil/structural works such as

concrete works for portable water storage tank, non-portable water storage tanks, Administration buildings, maintenance building and other various site works are ongoing.



Water Treatment under Construction

1. Konza Data Centre and Smart city project

The Ministry of Information, Communications and Technology and Huawei Technologies Co. Ltd signed a Commercial Contract for Konza Data Centre and Smart City Facilities on 26th June 2017. The project consists of:

- a) Phase 1 Data Centre which is a temporary containerized data centre to serve the Authority current requirements and government agencies that will require the service.
- b) Phase 2 Data Centre consisting permanent building and equipment to serve the long-term needs of the Authority.
- c) Smart City Facilities/Services & Virtual Desktop Infrastructure

Phase I Data Centre was completed, power connected, and commissioning done.

During the period, the Contractor began installation of video conferencing facilities. The Phase 1 of the three Video Conference Sets at Konza Complex, MoICT & KenInvest which are at 75% completion level. Plans underway to identify other government sites for i.e. County Commissioners, Governors, KEMRI, KALRO, KARI etc. for video conference implementation.



Set up of video Conference facility at Konza complex.

Phase 2 Data Centre: The project is at 95% completion level for the Civil works as outline shown in the picture below:



Konza Conference Facility

The Designs for the conference were concluded during the year, contractor continued with mobilization and strengthening of pillars during the year. The construction work is expected to begin in the next financial year.

Business development

The Authority's business development focused on attracting, onboarding and retaining key investors and to create a strong brand. The Authority has enlisted the commitment of 63 investors so far who are being supported to establish their businesses at Konza. Additionally, the Authority developed an investors Handbook that aims to provide all information that our investors require in one simplified booklet accessible digitally. The investor handbook ensures that our investors are informed of the opportunities and incentives at Konza Technopolis. Additionally, the Authority

developed and rolled out an incentive program for early investors to accelerate onboarding of its early off takers.

The Authority kicked off webinar forums to provide a platform for engagement with its stakeholders on development agenda, through the forums, the Authority is communicating its vision and reaching out to more investors and stakeholders for collective development of the Technopolis

Physical Planning, Infrastructure Development and Environment

The Authority continued to provide both planning and oversight function to ensure the master plan is implemented as envisioned. Through its physical planning, design and compliance department; the Authority is working to ensure the City is developed in line with the approved master plan. In the year 2020/21, the Authority engaged the neighbouring counties of Machakos, Makueni and Kajiado to ensure controlled development of the buffer zone. In this regard an MOU was formed and will enable a collaborative approach towards master planning for the buffer zone to ensure the city seamlessly integrates to its neighbouring communities.

The Authority faced the following challenges during the year:

- **Budgetary Constraints.** The Authority development budget was reduced by 60% and recurrent budget by Kshs.50 Million. This affected the ongoing project and resulting in scale down of the planned activities.
- **Delay in disbursement** of the development and Recurrent exchequer also affected payments to contractors and consultants supporting projects at the Authority.
- **Covid-19 Pandemic:** The contractors and Authority's work was affected by the pandemic especially importation of goods from the countries that had been affected by Covid-19 Pandemic.

SECTION B

Entity's compliance with Statutory Requirements

Konza Technopolis Development Authority has so far complied with all its statutory and contractual obligations. This therefore means that the Authority is so far not exposed to any liabilities, contingent or otherwise.

SECTION C

Key Projects and Investment the entity is planning/ implementing

In accordance with the Authority's mandate of developing the Konza Technopolis to smart standards the following projects were the Key projects for the 2020/ 21 FY:

1. Master Delivery Partner 2 (MDP 2) Consultancy Services

PROJECT NAME	Master Delivery Partner 2 (MDP 2) Consultancy Services
Project Purpose:	This is a consultancy partnering with Konza Technopolis Development Authority in development of smart technology city standards. This will ensure that Konza Technopolis is implemented as envisioned in Vision 2030 to be a smart city and operated as such in order to generate more than 2% GDP.
Brief Description of Project:	<p>This is a consultancy project signed in August 2014 between the Authority and Tetra Tech consortium to support the Authority in implementing Phase 1 of the Konza Technopolis. The consultancy brings together professionals in smart city development including Project Managers, Financial experts, Branding and communication experts, Architects (Architects, urban designers landscape Architects), Planners, Engineers (ICT, Civil, Electrical, Structural and Chemical), land economists, land surveyors, environmental specialists, and Lawyers.</p> <p>The scope of the consultancy includes:</p> <ul style="list-style-type: none"> • Project leadership. • Financial planning. • Project communication and marketing. • Development guidelines. • Land administration. • Management of design consultants. • Management of Construction contractors.
Economic and social benefit	<ul style="list-style-type: none"> • Provide professional consultancy services ensuring the development and operations of a smart city that will grow the GDP of Kenya by 2%.
Sources of finance	<ul style="list-style-type: none"> • GoK through direct allocation

2. Konza Complex

PROJECT NAME:	KONZA COMPLEX
Project Purpose:	To house the Konza Development Authority personnel and provide additional flexible office space for use by investors as well as ICT innovators.
Brief Description of Project:	<p>The project entails design and construction of the building (Konza Complex) which comprises of three components with an estimated cost of 3.92 billion as shown below.</p> <ol style="list-style-type: none"> a) The Office Block, Kshs 1.9 Billion: This will host the Authority personnel's as well as the initial investors and innovators to Konza Technopolis b) Conference facility, Kshs 0.72 Billion: This will host a model Huduma center and smart city exhibition spaces for both local and international partners. c) Residential (Hotel) block Kshs 1.2 Billion:

	d) The construction of the office block is complete while the Conference and Hotels block will be constructed in Phase 2
Economic and social benefit	<ul style="list-style-type: none"> • Provision of an approximate income of Ksh. 0.5 Billion per year to the GoK through the Authority from office space rent and leases. • Bringing GoK services closer to the people of Makueni, Machakos and Kajiado through the Model Huduma Centre in the building. • Spurring construction of buildings at Konza Technopolis this being the first building in the Technopolis. • Increase in government assets because it is a government building.
Sources of finance	GoK. Through direct allocation

3. Phase 1A Public Buildings

PROJECT NAME	PUBLIC BUILDINGS
Project Purpose:	To operationalise Phase 1 City Management by the Authority.
Brief Description of Project:	<p>This covers the design, procurement and construction of the following municipal buildings essential for the operationalization of the Phase 1 Technopolis</p> <ul style="list-style-type: none"> • 2,500 m² Solid Waste Handling Facility • 4,400 m² Police and Fire Station • Entrance and Security Feature • 3,000 m² Transit Hub
Economic and social benefit	<ul style="list-style-type: none"> • Facilitate ease of Konza Technopolis Management Services in operating the Phase 1 of the Technopolis. • Support and foster development activities within the city's Phase 1 areas. • Enhance access to jobs, services and social networks to city inhabitants in Phase 1.
Sources of finance	GoK – Through EPCF or Direct allocation

4. Wastewater Reclamation Facility (Phase 1 sewer treatment plant)

PROJECT NAME	WASTEWATER RECLAMMATION FACILITY (Phase 1A sewer treatment plant)
Project Purpose:	<p>To provide wastewater reclamation (sewer treatment) for Phase 1A of Konza Technopolis.</p> <p>To provide the city with water for parks and gardens landscaping, firefighting and toilet flushing from the recycled (reclaimed) water at the facility or plant.</p>
Brief Description	The project entails the design of the Technopolis Wastewater Reclamation Facility (Sewer treatment plant) and construction of Phase 1 of the plant to

of Project:	cater for sewer treatment of Phase 1A of the Technopolis. It is designed following the total estimated wastewater (sewer) to be produced in the city development as follows. <ol style="list-style-type: none"> i. Phase 1A approximately 6,000 m³ per day (m³/ day), ii. Phase 1B approximately an additional 6,000 m³/ day, iii. Phase 2 approximately 12,000 m³/ day, iv. Phase 3 approximately 12,000 m³/ day,
Economic and social benefit	Minimize potable water usage and maximize wastewater reuse for the city's parks and gardens landscaping, firefighting and toilet flushing. Maximize the potential of resource recovery such as bio-methane and bio-solids production for cooking gas and fertilizer for use in the Technopolis respectively. Promote water conservation both within and outside of all structures at Konza Technopolis.
Sources of finance	GoK. Through direct allocation for design and supervision. GoK through EPCF or direct allocation for construction.

5. Phase 1B Streetscape and Sub-Surface Utilities

PROJECT NAME	PHASE 1B STREETScape & SUBSURFACE UTILITIES
Project Purpose:	To facilitate tarmacked road access to Phase 1 of Konza Technopolis from Mombasa Road. To Provide other 80+ (plus) parcels within Phase 1 with water distribution network, sewer collection network, electrical distribution duct network (Power lines) and Fibre distribution duct network. To provide the Technopolis with digital lighting and signage system.
Brief Description of Project:	This is design and construction of the approximate 30 Km roads at Konza Technopolis to tarmacked standards. The project covers design and construction of the tarmacked roads, sidewalks (pedestrian ways), lighting and signage, utilities distribution facilities (sewage collection lines, water distribution lines, storm drainage lines, reuse lines, power lines and fibre optic line). It also contains transportation scope including the design and construction of internal roads, connection/s to existing road network, traffic circulation, pedestrian & bicycles facilities and bus facilities.
Economic and social benefit	<ul style="list-style-type: none"> • Provide investors to Konza Technopolis with universal access to public utilities i.e. water, power, fibre, waste water lines, etc. • Support and foster development activities within the cities phase 1A areas. • Enhance access to jobs, services and social networks including for the

	most disadvantaged.
Sources of finance	<ul style="list-style-type: none"> • GoK. Through EPCF or Direct allocation

6. Konza Technopolis Electrical Network in phase 1

PROJECT NAME	KONZA TECHNOPOLIS ELECTRICAL NETWORK (PHASE 1)
Project Purpose:	To provide electrical power for operations of phase 1 of the Konza Technopolis
Brief Description of Project:	The project encompasses a complete electrical system including approximately 40 km of electrical power lines, substations, transformers and other appurtenances (electrical conduits and pull boxes are included in the scope of Lot 1), including Kenya Power and Lighting Company.
Economic and Social Benefit	<ul style="list-style-type: none"> • Operationalize the first phase of Konza Technopolis • Support the ICT network for Phase 1 of the Technopolis.
Sources of financing	GoK through EPCF or direct allocation

7. Konza Data Centre and Smart City Facilities Project

PROJECT NAME	KONZA DATA CENTRE AND SMART CITY FACILITIES PROJECT
Project Purpose	<p>To Develop a National Data Centre in Konza Technopolis</p> <p>To Provide Smart ICT Network and Electrical Network for Konza Technopolis</p> <p>To Provide Virtual Desktop Infrastructure (Citizen and SME Services)</p> <p>To Provide Public Safety and Security Solution for Konza Technopolis</p> <p>To Provide Telepresence and Video conferencing (for government)</p>
Brief Description of Project:	<p>The Konza project is aimed at establishing a smart mixed-use city with a system of innovations that combines the industry, government and academia with a view to contributing towards the growth of a knowledge economy in Kenya. According to the Vision 2030 blueprint, Konza will be a smart city, with an integrated urban information and communication technology (ICT) network that supports delivery of connected urban services and allows for efficient management of those services on a large scale.</p> <p>A smart city uses Information and Communications Technology (ICT) to enhance its livability, workability and sustainability. A smart city is a synthesis of hard infrastructure with the availability of quality knowledge communication and social infrastructure. A smart city collects information about itself through devices, dedicated sensors and existing systems. It</p>

	<p>communicates that data using networks and analyses it for decision making and action.</p> <p>In order to be considered a smart city there are a number of core infrastructure and services that are required as part of Phase 1. These will ensure that Konza is able to carry out the core functions of a smart city. This collection of infrastructure and services are known as the <i>smart city facilities</i>. Together these represent the essential facilities to be built upon to eventually achieve the complete smart city functions envisioned.</p> <p>While Konza requires the project for her own purposes, the undertaking of the <i>Data Centre and Smart City Facilities</i> project represents an opportunity for resource sharing and revenue generation. There are over 189 government entities (commissions, authorities, agencies etc.) and 22 ministries. These government organs can make use cloud backup services, virtual desktop as a service, physical server or space renting, cabinet or rack renting, as well as email services. When Phase 1 is complete it is expected to house at least 30,000 individual residents, these would be a large customer base for connectivity providers who would lease the optical fibre network or portions of it. As the ICT network is intended to be unified the population also forms a pool that needs mobile connectivity (voice and data) through broadband network leasing. There are currently over 21 telecommunications service providers in Kenya. 1500 business entities of various sizes are expected to be resident in Phase 1. They would also be able to make use of cloud backup services, virtual desktop as a service, physical server or space renting, cabinet or rack renting, as well as email services.</p>
Sources of finance	GoK. Through Government-to-Government Partnership with the Government of China.

SECTION D

Major risks facing the entity

Risk Inventory

i. Operational risks

Operational risks include various factors that contribute to failures in execution of our operations and may degrade the overall performance of the organisation:

- a. Failure of full Implementation of ERP system to support its functions
- b. Disruption in Business Continuity due to change management and lack of succession plan
- c. Reliance on third party technology
- d. Employee Safety because of Covid-19 Pandemic
- e. Failure to achieve value for money on capital projects and complete projects on time.
- f. Failure to dispose parcels in an efficient manner
- g. Over reliance on external consultants to spearhead development of Technopolis

The Authority mitigates above risks by ensuring periodic risk assessment, monitoring and evaluation at regular intervals, succession planning and maintaining regular backup & recovery processes and sensitization of staff on safety guidelines and provision of sanitizers.

ii. Financial risks

Risks in this category include factors that affect both external & internal finance operations. They include:

- a. Budget constraints for business operations
- b. Currency fluctuation
- c. Contract disputes that result in unplanned costs
- d. Inability to meet financial obligations
- e. Inability to raise adequate revenue

These risks are mitigated by ensuring that procurement is done according to the act, committees are set to review contracts, planning in terms of financing to avoid collusion with service providers and hedging to protect against currency fluctuation.

iii. Regulatory & Legal risks

Risks in this category include factors that arise due to changing regulatory environment, public sector initiatives or litigations. They include:

- a. Compliance risks
- b. Service level agreements disputes
- c. Contract litigation

The Authority ensures compliance with laid down rules, procedures and acts and properly plans before engaging.

iv. Reputational/Brand risks

Risks in this category affect public confidence or trust in the organisation. They include:

- a. Adverse publicity
- b. Spontaneous social media smear campaign
- c. Negative Brand reputation

The Authority has established a crisis management team and communication strategy to counter publicity that might have adverse impact on the brand. It also maps potential crisis areas and plans predetermined responses.

v. Strategic risks

Risks in this category involve decisions the organisation makes about direction, target markets etc. they include:

- a. Failure to create effective strategy
- b. Inadequate resources to discharge mandate
- c. Departure of key employees
- d. Failure to implement business continuity
- e. Inadequate crisis management strategies

- f. Inadequate succession planning arrangements
- g. Failure to create effective strategy

The Authority mitigates above risks by ensuring periodic risk assessment, monitoring and evaluation at regular intervals. In addition, the Authority is pursuing enactment of Konza Bill to mitigate on risk of business continuity.

SECTION E

Material arrears in statutory/financial obligations

The organization is following the required statutory obligations and has not defaulted, neither has it failed to pay its tax liabilities.

SECTION F

The entity's financial probity and serious governance issues

Konza Technopolis Development Authority has designed and implemented governance arrangements, a financial reporting regime and an internal control system to enable the achievement of its objectives. These arrangements are designed to support the Authority's financial reporting requirements, the effectiveness and efficiency of its operations, and compliance with applicable legislative requirements.

The Authority has no financial probity and serious governance issues reported from the various oversight Agencies.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability strategy and profile

The Konza Technopolis as a project is aimed at establishing a smart mixed-use city with a system of innovations that combines the industry, government and academia with a view to contributing towards the growth of a knowledge economy in Kenya. The city will be integrated with urban information and communication technology (ICT) network that supports delivery of connected urban services and allows for efficient management of those services on a large scale. The smart infrastructure will enhance its livability, workability and sustainability. As per the Master Plan, smart city is a synthesis of hard infrastructure with the availability of quality knowledge communication and social infrastructure.

The Authority's first strategic plan focused on "Laying the foundation for an area of innovation." This was evidenced by the extensive engagement in infrastructure development and the establishment of the knowledge economy and innovation pillar that was driving the Technopolis's economic objectives. In the strategic plan for 2021/22 to 2025/26, the Authority is focusing its attention on the activation of the ecosystem to create a thriving economic environment contributing to Kenya's knowledge economy. The Authority's Second Strategic plan focuses on transitioning to physical planning and development for phase II infrastructure, upscale business development efforts to attract key investors and making Konza Technopolis financially sustainable.

Business Model

In the strategic plan for 2021/22 to 2025/26, KoTDA has identified business opportunities that will accelerate growth and guarantee sustainability. These includes opening of more construction areas in phases II and III to cater for new investor demands, coordinating with relevant partners to complete and operationalize the horizontal infrastructure and smart city services, construction of the conference and recreational facilities, operationalization of Investor incentives and enhancing marketing activities to attract potential investor. The Authority will create a vibrant innovation ecosystem that will attract innovators, financiers and academia. These initiatives are aligned to Konza Masterplan and environmental standards and will open new revenue streams to fund activities of the Authority.

The city infrastructure and buildings will be constructed as per the green building standards and will be environmentally friendly. Manufacturers and developers in the city will subscribe to city policy of Low carbon footprint development with emphasis on green and energy efficient solutions. The ongoing and pipeline project portfolio include: The Horizontal infrastructure project comprising of Wastewater

Reclamation Facility that will treat wastewater for reuse in watering garden, fire extinction among other uses. The streetscape will consist of pedestrians Walkways and trees to enhance livability in the city. The paved roads include underground cables and utility tunnels that will allow future expansion without causing loss or damage to the existing works. Konza greening project involving planting of trees and establishing of tree nurseries.

The Konza National Data Centre and Smart city Project not only support the city computing requirement but will offer commercial services to both public and private companys

ii) Environmental performance

Konza Technopolis is destined to be the Africa Silicon Savanna, and the construction of the city on a green field beginning from scratch. The ongoing construction works affect and affected by the environment. To guarantee success and sustainability of the city, the Authority has in place a Biodiversity management plan and the greening program. The Biodiversity Management plan is aimed at minimizing loss of habitats, species and ecological services within and around the Technopolis. The plan has provided a framework for protection of Biodiversity ecosystem and promotion of awareness for Authority staff and stakeholders within and around the Technopolis. The Authority monitors periodically Environmental management measures to ensure all stakeholders are adhering to set measures. The following initiatives were carried out during the year

Konza greening program:

KoTDA continued to partner with stakeholders in various initiatives aimed at promoting environmental conservation. During the year, the Authority established a Smart tree nursery and donated seedlings to several groups to enhance tree cover. The staff of the Authority also participated in planting trees at City and Chemusus forest during the Eldama Ravine marathon. The Authority also incorporated tree planting exercise in stakeholder visits at the Technopolis and dedicated several days in the calendar for tree planting by staff. The greening initiatives in the Technopolis compliment the planned parks and streetscape which have been designed to a high environmental sustainability standard and will offer pleasant tree lined boulevards and facades that only smart cities can deliver.



Establishment of a Tree nursery at the Technopolis

Biodiversity Management program

As the Authority progresses with construction work, the current flora on site is being removed in perpetuity and replaced with structure and infrastructure. The mitigation measures put in place by the Authority to conserve the flora and soil structure include demarcation of areas to be cleared, directing construction vehicles trans versing the site to use demarcated roads and soil erosion control and water diversion are constructed immediately the vegetation is cleared. To address the issue of Noise disturbance to ecologically sensitive species and migratory fauna, engineering controls have been put in place to reduce noise generated by equipment and vehicles during construction. To reduce the Disturbance to ecological features resulting from constructions activities, dust suppression measures have been put in place including stockpiling to reduce dust emission during construction.

iii) Employee welfare

a. The Authority human capital

Our strength and continued success is in our employees. We continue to focus on hiring people with skills that help us accelerate towards achievement of our goals. Our Human Resource Policies and Procedures on recruitment are in line with the relevant constitutional provisions and Employment Act and are continuously reviewed to align with changes in law and the dynamic environment that we operate in. We remain committed to implementing the provisions of the Constitution - Chapter 232 (1) on fair

competition and merit, representation of Kenya's diverse communities and affording equal employment opportunities to men and women, members of all ethnic groups and persons with disabilities.

b. Staff compliment and diversity

In the reporting period, the Authority had a staff compliment of 63 who supported its business operations. Our people policies are designed to provide equal opportunities and create an inclusive culture promoting gender balance and respecting the contribution of all employees regardless of gender, age and disability. KoTDA is privileged to have a diverse workforce evidenced in the current staff composition that shows 75% of the workforce are millennials and 1.5% of our staff are Person Living with disabilities. KoTDA has also complied with the not less 2/3 gender principle as per the Constitution of Kenya 2010 with 43% of the total staff complement being female and 57% male. At management level 56% of management staff are of the female gender. There was no staff turnover experienced during the year courtesy of retention strategies implemented by the Authority during the year.

c. Youth internship and attachments

We have invested in a robust graduate internship programme and partnered with local universities to tap the upcoming talent pool. At the heart of our hiring strategy is our programmes geared to upskill the students in the universities with digital skills that would help them be a future fit for the Technopolis. During the year, the Authority engaged 1000 young people in innovation programs, ICT workshops, training and acceleration programs, in addition to offering internship and attachment opportunities to 19 interns and attaches.

d. Training and development

We have taken extensive steps to support our employees, who are our greatest strength. We continuously undertake training needs assessment for our people and offer opportunities for training and development have contributed to enhanced productivity, motivation and career growth among our employees. We have invested in the tools, programmes and technology needed for staff to be continuously appraised on their performance and enable them deliver exceptional performance. Our training and development plan address both technical, professional and leadership requirements of our employees. During the year our staff were training in various disciplines including leadership and financial management, Disability and gender mainstreaming, transport management, employee wellness programs, technical skills among other trainings.

e. Employee wellness and Safety at Workplace

Through our Wellness programme, we continued to provide expert advice and guidance on the practical steps colleagues can take to look after their physical and mental health. During the year the Authority held the first men conference where speakers addressed both mental and physical health and work life balance

issues affecting men. The Authority also formed the KoTDA Women league a platform where women share ideas and mentorship programs for career growth and economic empowerment.



Authority participating in a team building event

To ensure business continuity, we invested in the tools, programmes and technology that was needed to enable colleagues to work smarter and collaborate more easily in compliance with Covid-19 protocols. We have installed Automatic hand sanitizer dispensers at entry points and common areas in addition to providing face masks to all our staff. We ensured our staff worked on rota basis to allow for sufficient space and maintenance of social distance. Our offices were regularly fumigated, and we also provided signage for visitors and staff to maintain social distance. With the support from the Ministry of Health we regularly tested our staff for covid-19 virus and facilitated their vaccinations during the period. The Authority also equipped Break out room for women to facilitate Breast feeding mothers at the Authority.



Breast feeding room for nursing mothers

The Authority appointed Occupation and Safety Health Committee to ensure compliance with the provisions of the Occupational Health and Safety Act. Members of the committee participated in accessibility audit to mainstream the needs of Persons living with Disability

f. Talent Management and Succession planning:

The Authority career guidelines have been designed to attract, develop and retain the required talent to facilitate achievement of our mandate. The training need assessment not only addressed the career growth of staff but also industry related training to facilitate retention of the staff. Mentoring, coaching and job rotation were implemented as part of succession planning initiatives. During the year, succession planning policy and submitted for Board consideration.

C) Responsible Marketing and Advertisements

Konza Technopolis has been committed to responsible marketing and advertisement. KoTDA recognizes the fact that marketing and advertisement is a powerful force to change perceptions of the stakeholders and public about the organization. It also acts as a channel to get feedback from the market that help in alignment of products and services. By using media and digital agencies, KoTDA strives to build confidence to all stakeholders through transparent and truthful communication.

KoTDA also publishes both internal and external newsletters to keep stakeholders informed on the progress of the projects being undertaken as well as other developments happening at Konza. KoTDA website is an effective marketing and advertisement channel that informs the general public about Konza and creates awareness about the Technopolis thereby attracting investors to Konza. Social media platforms channels are effectively used to reach as many potential investors as possible both locally and internationally.

KoTDA has also advertised responsibly in professional magazines such as (IEK) Institutes of Engineers of Kenya in a bid to expand its reach to professional bodies. Other methods like brochures, banners, and brand assets like Konza Logo are used to continue building a strong brand.

Responsible competition practice.

Konza Technopolis Development Authority adheres to the the Competition Act, 2010 which prohibits restrictive trade practice, controlling mergers and acquisitions and concentration of economic power while aiming to protect consumers and the public at large from unfair and misleading market.

In Kenya, Konza Technopolis has no major competition in terms of magnitude and scope. However,

Konza Technopolis Development Authority faces competition from other countries that have been developing smart cities or technology parks e.g., Botswana, Kigali Technology City in Rwanda,

innovation Hub in Pretoria, Botswana ICT Hub because investors are likely to divert their attention to these alternative destinations. In order to maintain fair competition, KoTDA joined the International Association of Science Parks (IASP) which provides a global forum for the exchange of ideas among all accredited members. The annual forum highlights successful technology parks and provides networking opportunities, tours, economic development presentations and professional development opportunities. IASP also has an African Division whose president is KoTDA's CEO Eng. John Tanui. The Africa Division provides more local resources for parks from the continent.

Responsible Supply chain and supplier relations

KoTDA offers various services to investors, one of which is to support effective networking for companies to help them develop effective supply chain relationships, driving for extensive market reach for national and international marketing success.

In procurement matters, the Authority adheres to the The Public Procurement and Asset Disposal Act, 2015. We maintain good business practices by observing and upholding procurement rules and regulations by making payments for goods and services supplied as per specifications within thirty (30) days of receipt of a valid invoice, or as per contractual obligations.

Product stewardship

KoTDA has a mandate to ensure there is effective, efficient, and transparent city coordination, stewardship, and agile governance. In the development of the 5,000 acres of the city, the Authority aims to uphold environmental stewardship in all aspects and phases of the project; from design to commissioning. The Technopolis is envisioned to be a smart and sustainable smart city is at the forefront in the fight against climate change through reduction of Green House Gases and sustainable use of resources.

The Konza sustainable development guidelines require that design, construction and operation of buildings and infrastructure in Konza be certified as sustainable green projects through Leadership in Energy and Environment Design (LEED), Edge Green Building Certification or Green Star Certification and Envision for roads.

D) Corporate Social Responsibility / Community Engagements

The Authority Social investments focuses on environmental conservation, education, health, infrastructure and promotion of sporting activities. During the reporting period, the CSR activities included sponsorships, infrastructure developments and donations as outlined below:

Eldama Ravine Half Marathon

During the reporting period, KoTDA team sponsored and participated in Eldama Ravine Half Marathon. The goal of the Marathon is to promote sports and mobilize resources towards conservation, security and supporting the education of needy children in the region.

The staff of the Authority also engaged in tree planting activity and interacted with the local business community, corporates and the entire Eldama Ravine community



KoTDA pose for a photo after the marathon in Eldama Ravine

Amboseli Cycling Safari Festival

The Authority in partnership with Olkejuado Foundation sponsored the annual Amboseli Cycling Safari Festival an initiative aimed at empowering the youth and improving the livelihoods of the rural communities through construction of spacious modern manyatta's with solar, biogas and water harvesting equipment. The festival also promotes Cycling as a sport which does not only offer health benefits but also reduces air pollution caused by other modes of transport which uses fossil fuels.





L – R: Mr. Erick Chalo, winner of the 3rd Edition of the Amboseli Cycling Festival being awarded by Ms. Brenda Kaaria, Communications Officer and Mr. Jeremiah Ndiba, Principal Marketing Officer from Konza Technopolis Development Authority (KoTDA)

Construction of Assistant Chief Office at CHUMVI-JUNCTION

KoTDA as a responsible citizen embarked on a mission to construct an office for the assistant chief at Chumvi-Junction in Machakos County. This will enhance security and good neighborliness in the community. The Authority remains committed to its responsibility to the community and remains focused in playing its role as a responsible corporate citizen.



Installation of Rainwater Harvesting Collection System and Renovation of Toilets at Konza ABC Secondary school

KoTDA participated in the renovation of toilets and assisted in putting in place rain water harvesting system at Konza ABC secondary school. This is an initiative to ensure good learning environment to the surrounding community.



The Covid-19 Hackathon

The Authority worked with the Jua Kali Association of Kenya to disseminate information pertaining to Covid-19 with the aim of reducing the risk of disease through awareness creation within the SME sector. Together with other stakeholders, the Authority hosted Kenya's first online hackathon, seeking solutions to problems caused by the pandemic in three thematic areas – Health, Food and Dignified Work.

The Authority remains committed to its responsibility to the community and remains focused in playing its role as a responsible corporate citizen.

X. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the of Konza Technopolis Development Authority affairs.

Principal activities

The mandate of Konza Technopolis Development Authority is to develop Konza Technopolis as a globally competitive smart city by creating an enabling environment through utilization of ICT for socio- economic development. Implementation of the following infrastructure for Phase 1 is ongoing and expected to be completed in year 2022.

- a) Horizontal Infrastructure
- b) Konza complex
- c) National Data centre and Smart city Facility Project

Results

The results of the entity for the year ended June 30, 2021 are set out on page one

Directors

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

Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per cent of its surplus funds reported in the audited financial statements after the end of each financial year. Konza Technopolis Development Authority is funded by Exchequer grants and did not make any surplus during the year FY 2020/21 and hence no remittance to the Consolidated Fund.

Auditors

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

By Order of the Board

Name *GLADYS KOLETIT*

Signature 

Date *10/05/2022*

Corporate Secretary/Secretary to the Board

XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 State Corporations Act Cap 446 requires the Directors to prepare financial statements in respect of Konza Technopolis Development Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority 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 Konza Technopolis Development Authority financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2021. 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 Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Konza Technopolis Development Authority 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 Cap 446. The Directors are of the opinion that the Konza Technopolis Development Authority financial statements give a true and fair view of the Authority's state of transactions during the financial year ended June 30, 2021, and of the Konza Technopolis Development Authority 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 Konza Technopolis Development Authority financial statements as well as the adequacy of the systems of internal financial control.



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

Approval of the financial statements

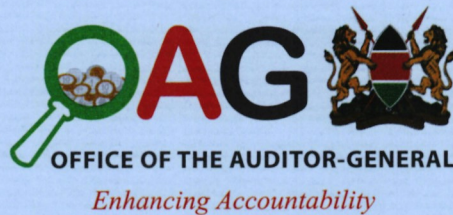
The Authority's financial statements were approved by the Board on 7TH SEPTEMBER 2021 and signed on its behalf by:

.....
Chairperson of the Board

.....
CEO

REPUBLIC OF KENYA

Telephone: +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 KONZA TECHNOPOLIS DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution 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

Opinion

I have audited the accompanying financial statements of Konza Technopolis Development Authority set out on pages 1 to 27, which comprise of the statement of

financial position as at 30 June, 2021, 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, the financial statements present fairly, in all material respects, the financial position of Konza Technopolis Development Authority as at 30 June, 2021, 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 Legal Notice No.23 of 28 March, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

1.0 Unresolved Prior Year Audit Matter

1.1 Consultancy Services Expenditure

The statement of financial position reflects property, plant and equipment balance of Kshs.5,573,232,000 as at 30 June, 2021. Included in this figure and as indicated at Note 17 to the financial statements is an amount of Kshs.1,686,204,000 relating to consultancy fees out of which the Authority paid Kshs.15,504,000 to a consultancy Firm for various consultancy services during the financial year under review.

Review of payment records revealed that the contract between the Authority and the consultancy Firm came into force on 30 June, 2014 for activities and scope to be undertaken being project leadership, financial planning, project communications, development guidelines, land administration, design management and construction management. However, no documentation was provided for audit review stating the timelines and the output of each activity and scope.

In the circumstances, it has not been possible to confirm whether value for money was realized and whether the activities achieved the intended purposes.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Understaffing of the Authority

A review of the staff establishment revealed that the Authority has a staff establishment of one hundred and eighty-seven (187) employees. However, the number of employees in position during the year under review were sixty-three (63) resulting into a staff deficit of one hundred and twenty-four (124).

In the circumstances, the Authority may not be able to deliver on its mandate while the controls realized from segregation of duties may not be realized due to the few numbers of staff.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue 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 operations.

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

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

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the 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 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 the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 July, 2022

**XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH
JUNE 2021**

	Note	2020-2021	2019-2020
		Kshs '000'	Kshs '000'
Revenue from non-exchange transactions			
Transfers from government	6	980,200	1,147,547
		980,200	1,147,547
Revenue from exchange transactions			
Other income	7	45,274	22,221
Total revenue		1,025,474	1,169,768
Expenses			
Employee Costs	8	180,759	127,969
Remuneration of Directors	9	25,273	24,001
Use of Goods and Service	10	174,179	119,868
Depreciation	11	26,318	7,802
Repairs and Maintenance	12	9,475	7,953
Other Expenses	13	85,822	40,408
Total Expenses		501,827	328,001
Surplus/Deficit for the Period		523,647	841,767

Transfers from the government consists of both recurrent and development grants. The surplus of Kshs. 519.19 million are funds committed for acquisition of assets and settlement of pending commitments.

The notes set out on pages 9 to 26 form an integral part of these Financial Statements were signed on behalf of the Board of Directors by:

CEO

Eng. John Tanui, MBS

Date...10/05/2022

Head of Finance

Norman Mwangi
ICPAK M/N: 4647

Date...10/05/2022

Chairman of the Board

Dr. Arch. Reuben Mutiso, MBS

Date...10/05/2022

**KONZA TECHNOPOLIS DEVELOPMENT AUTHORITY FINANCIAL
REPORT & STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**


XII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020-2021 Kshs '000'	2019-2020 Kshs '000'
Assets			
Current Assets			
Cash and cash equivalents	14	837,112	702,142
Receivables from exchange transactions	15	235,699	74,579
Inventories	16	4,080	1,795
Total Current Assets		1,076,892	778,517
Non-current Assets			
Property, Plant and Equipment	17	5,573,232	5,312,015
Intangible Assets	18	33,505	42,227
Work in Progress	19	31,630,115	19,011,465
Total Non-Current Assets		37,236,852	24,365,707
Total Assets		38,313,744	25,144,224
Liabilities			
Current Liabilities			
Payables from exchange transactions	20	114,949	87,728
Total Current Liabilities		114,949	87,728
Net assets		38,198,795	25,056,497
Capital Reserve	22(a)	32,632,666	20,014,016
Revaluation Reserve	22(b)	22,435	22,435
Accumulated Surplus	22(c)	5,543,694	5,020,047
Total Reserves		38,198,795	25,056,497

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

CEO


Eng. John Tanui, MBS



Date...10/05/2022

Head of Finance


Norman Mwangi
ICPAK M/N 4647



Date...10/05/2022

Chairman of the Board

Dr. Arch. Reuben Mutiso, MBS



Date...10/05/2022

XIII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

Description	Notes	2020-2021	2019-2020
		Kshs '000'	Kshs '000'
a) Capital reserve			
At beginning of the year	22 (a)	20,014,016	11,291,959
Additions-Horizontal infrastructure & Data Centre grant		12,618,650	8,722,057
At end of the year		32,632,666	20,014,016
b) Revaluation reserve			
At beginning of the year	22 (b)	22,435	15,815
Additions		-	6,620
At end of the year		22,435	22,435
c) Accumulated Surplus			
At beginning of the year		5,020,047	4,164,752
Payables W/off			13,528
Additions-Surplus for the year		523,647	841,767
At end of the year	22 (c)	5,543,694	5,020,047

Notes:

Capital Reserve

This includes assets transferred to the Authority from The National Treasury including 5,000 acres piece of land for development of Konza Technopolis and Horizontal Infrastructure and Data Centre grant totaling to Kshs. 32.63 billion

Revaluation Reserve:

This is as a result of revaluation of motor vehicles granted by the Ministry of Information Communication & Technology, which was done in 2014 and 2020.

Accumulated Surplus

This is the total surplus of funds retained by the organization since FY 2013/2014

**KONZA TECHNOPOLIS DEVELOPMENT AUTHORITY
FINANCIAL REPORT & STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

XIV. STATEMENT OF CASH FLOWS AS AT 30 JUNE 2021

	Note	2020-2021	2019-2020
		Kshs '000'	Kshs '000'
Cash flows from Operating Activities			
Receipts			
Transfers from government	6	980,200	1,147,547
Other income	7	45,274	22,221
		1,025,474	1,169,768
Payments			
Employee Costs	8	180,759	127,969
Remuneration to Board of Directors	9	25,273	24,001
Use of Goods and Service	10	174,179	119,868
Repairs and Maintenance	12	9,475	7,953
Other Expenses	13	85,822	40,408
		475,509	320,199
Increase in Inventories		(2,285)	(723)
Net cash flows from operating activities	21	547,680	848,846
Cash flows from investing activities			
Purchase of property, plant, equipment and WIP assets		(278,812)	(546,128)
Decrease/increase in Accounts Payables		27,221	(144,552)
decrease in Accounts Receivable		(161,120)	(7,076)
Net cash flows used in investing activities		(412,710)	(697,756)
Net increase/(decrease) in cash and cash equivalents		134,970	151,090
Cash and cash equivalents at the beginning of year		702,142	551,053
Cash and cash equivalent as at 30th June 2021		837,112	702,143

**KONZA TECHNOPOLIS DEVELOPMENT AUTHORITY
FINANCIAL REPORT & STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2021**

	Original Budget (A)	Adjustments (C-A)	Final budget (C)	Actual	Performance difference	Absorption rate
REVENUE	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	%
Government grants and subsidies - Development	1,105,000	(516,500)	588,500	588,500	-	100%
A-in- A Foreign Loan	11,300,000	1,700,000	13,000,000	12,746,904	(253,096)	98%
Government grants and subsidies - Recurrent	441,700	(50,000)	391,700	391,700	-	100%
Balance b/f	610,432	-	610,432	610,432	-	100%
Other Income	94,000	(57,000)	37,000	32,478	(4,522)	88% (A)
Total income	13,551,132	1,076,500	14,627,632	14,370,014	(257,618)	98%
EXPENSES						
EMPLOYEE COSTS	208,884	-	208,884	180,759	28,125	87% (B)
Salaries & Wages	178,545	-	178,545	152,406	26,139	85%
Employee related costs - contributions to NSSF	825	-	825	799	26	97%
Gratuities & Pensions	29,515	-	29,515	27,555	1,960	93%
BOARD OF DIRECTORS EXPENSES	31,316	-	31,316	25,273	6,043	81% (C)
Sitting Allowance	6,500	1,000	7,500	6,680	820	89%
Travel, Accommodation and Subsistence	5,000	1,500	6,500	5,365	1,135	83%
Hospitality and catering services	1,000	-	1,000	785	215	79%
Chairman's Honoraria	996	-	996	960	36	96%
Chairman Airtime	84	-	84	84	0	100%
CEO's Salary	8,880	-	8,880	8,880	0	100%
Board Training	4,856	(1,000)	3,856	2,519	1,337	65%
Investor outreach and Facilitation	4,000	(1,500)	2,500	-	2,500	0%
USE OF GOOD & SERVICES	380,495	(12,200)	368,295	215,820	152,475	59% (D)
Utility (Water, Electricity, sewerage & cleaning services)	9,600	3,200	12,800	9,446	3,354	74%
Postage and telephone	3,000	(2,100)	900	820	80	91%
General office and consumables	5,231	5,069	10,300	5,817	4,483	56%
Printing and stationery	5,055	(655)	4,400	3,412	988	78%
Training and development	12,000	1,000	13,000	10,314	2,686	79%

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Bank Charges	500	100	600	482	118	80%
Domestic travel and Subsistence	12,000	(2,000)	10,000	4,936	5,064	49%
PR, Advertising, Branding and Events	32,000	16,849	48,849	48,788	61	100%
Insurance	30,000	- 7,000	23,000	20,042	2,958	87%
Foreign Travel & subsistence	1,000.00	-	1,000	-	1,000	0%
Conferences and delegations	15,000	(7,849)	7,151	6,325	826	88%
Corporate Social Responsibility	1,000	-	1,000	510	490	51%
Professional services (Budget, risk, HR, Occupation Cert& Asset Valuation)	19,437	(414)	19,023	7,249	11,774	38%
Konza Security	23000	-	23,000	19,968	3,032	87%
Legal costs	13,000	-	13,000	4,335	8,665	33%
Club Membership	4,000	(1,000)	3,000	1,314	1,686	44%
Audit fee	3,000	-	3,000	1,300	1,700	43%
Staff recruitment costs	4,500	(1,500)	3,000	2,584	416	86%
Purchase of Office furniture	60,000	(31,000)	29,000	13,685	15,315	47%
Team Building	8,000	(6,500)	1,500	-	1,500	0%
Property & Building Insurance	8,000	(5,000)	3,000	2,289	711	76%
Facility Management	10,000	2,000	12,000	11,413	587	95%
Internet, Domain and Web services, laptops	30,000	-	30,000	9,692	20,308	32%
SEZA Licence	1,200	-	1,200	1,099	101	92%
Staff Uniform	2,000	(1,100)	900	792	108	88%
Strategic Planning cost	12,000	-	12,000	7,291	4,709	61%
Performance Contracting	3,000	(1,000)	2,000	-	2,000	0%
ISO Certification, Research & Policy	14,500	(5,300)	9,200	3,158	6,042	34%
Physical planning and Compliance	38,471	2,000	40,471	18,756	21,715	46%
Partitioning of 6th floor	-	30,000	30,000	-	30,000	0%
REPAIRS AND MAINTENANCE	24,000	(7,500)	16,500	9,385	7,115	57% (E)
Motor Vehicles Repair & Servicing	6,000	-	6,000	4,407	1,593	73%
Fuel and Lubricants	6,000	-	6,000	4,682	1,318	78%

**KONZA TECHNOPOLIS DEVELOPMENT AUTHORITY
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Maintenance Property & Equipment costs	12,000	(7,500)	4,500	296	4,204	7%
OTHER EXPENSES	100,000	(87,300)	12,700	5,540	7,160	44%
Konza Greening	6,000	2,000	8,000	5,540	2,460	69%
Marketing and Legal Framework	94,000	(89,300)	4,700	-	4,700	0%
CAPITAL EXPENDITURE	12,806,437	1,183,500	13,989,937	13,199,696	790,241	94%
Phase 1 A Streetscape Design & Wastewater Reclamation	164,820	-	164,820	136,710	28,110	83% (G)
Konza Complex	692,278	(200,000)	492,278	246,189	246,088	50% (H)
Master Delivery Partner 2	483,957	(316,500)	167,457	15,504	151,952	9% (I)
EPCF	6,300,000	3,200,000	9,500,000	9,255,700	244,300	97%
Data centre and Smart city Facilities	5,165,383	(1,500,000)	3,665,383	3,545,593	119,790	97%
TOTAL EXPENDITURE	13,551,132	1,076,500	14,627,632	13,636,474	991,158	93%

Budget notes

A: Other Incomes: The receipt of revenue from water reimbursables was affected by delayed payment of the outstanding water reimbursable costs by the contractor utilizing water services. The revenues have been received in FY 2021/22.

B: Employee costs: There was delay in recruitment and reporting of new staff which affected the absorption of budget for Salaries and wages.

C: Board of directors Expenses: The low budget absorption is attributed to change in planned meetings and outreach activities affected by Covid-19 Pandemic, there were restrictions in movement and meetings. Virtual meeting was adopted in certain instances and some outreach events postponement to the next financial year.

D: Use of Goods and Services: The low budget absorption was attributed to delay in disbursement of exchequer and procurement of goods and services and scale down in operation in line with Ministry of Health protocols encouraging staff to work from home.

Utilities, General office consumables and printing and stationery usage was low because several staff were working from home following the guidelines issued by Ministry of Health for staff to work from Home following the surge in Covid-19 cases.

Trainings, domestic travels, foreign travels, conferences and delegations, ISO Certification, strategic planning among other activities were affected by Covid-19 Pandemic. Ministry of Health issued meeting and movement protocol during the year following Surge in Covid-19 cases. Some of activities were done virtually where practical and others were rescheduled to the next financial year.

Other expenses including Purchase of furniture and equipment and portioning were delayed due to delay procurement process and disbursement of exchequer.

E: Repairs and Maintenance: The low budget absorption is attributed to delayed handover of Konza Complex; maintenance is scheduled to begin in the FY 2021/22

F: Other Expenses: The low budget absorption was because of delayed disbursement of exchequer affecting implementation of the greening and marketing initiatives.

G: Phase 1 Streetscape and Wastewater Reclamation Facility: The absorption of the allocated funds was affected by delayed disbursement exchequer affecting execution of the contracted works by the contractor.

H: Konza Complex: The low budget absorption is attributed to delayed disbursement of exchequer that affected mobilization by the contractor constructing the Konza conference facility. The review of the final certificate for completion was not concluded during the year hence the contractor and the supervising consultants.

L: MDP 2 Consultancy: The absorption was attributed to delayed disbursement of exchequer and physical resumption of duty by the consultants during the year.

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Konza Technopolis Development Authority is established by and derives its Authority and accountability from Legal Notice No. 23 of 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is development of Konza Technopolis as Sustainable smart city and innovation hub.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment which have been measured at fair value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) which allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority and rounded off to the nearest thousands of shillings.

The financial statements have been prepared in accordance with the PFM Act, 2012, PFM Regulations of 2015, the State Corporations Act cap 446 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p><i>Adoption will enhance reliability in reporting for the staff gratuity fund run by the Authority.</i></p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in year 2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Sale of goods

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

Rendering of services

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Interest income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly in June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The Reduction in appropriations are reduced from the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded the reduction in appropriations of the budget in January 2021 and April 2021 following the approval by the Board.

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

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

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

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Authority operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The Authority is Semi- Autonomous Government Agencies funded by Government through the Ministry of Information communication through transfers and government grants which is not subject to tax.

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.

c) Property, plant and equipment

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

Class	Name	Estimated useful life	Rate
1	Motor vehicles	4 years	25%
2	Computers	3 years	30%
3	Furniture and Equipment	8 years	12.5%

e) Leases

The Authority does not have a finance lease. The Authority had an operating lease for office space and the lease did not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and

NOTES TO THE FINANCIAL STATEMENTS (Continued)

accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred

The useful life of the intangible assets is assessed as either finite or indefinite. The Amortization rate is 30% per of a fully developed Intangible Asset.

g) 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.

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.

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

h) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments Recognition and Measurement: The assets are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority has recognized the accounts received under this category.

Loans and receivables

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

Impairment of financial assets

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

- The debtors or an entity of debtors are experiencing significant financial difficulty

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- 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)

h) Provisions

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

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Authority does not recognize a contingent liability but will disclose 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.

i) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. Capital reserves for Capital Assets under development and revaluation for all revalued Assets

j) 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.

k) Employee benefits

Retirement benefit plans

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The Authority operates a Defined contribution plan.

l) 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

l) 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.

m) Related parties

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

n) 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.

o) Cash and cash equivalents

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

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Authority’s financial statements in conformity with IPSAS which requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could not result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

- The Authority is a going concern and will continue to be in the existence in the foreseeable future.
- The Accounts Receivable will be made good by debtors, no provisions have been made for bad debts.

The Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual 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

6. a) Transfers from Government

	2020-2021	2019-2020
Description	Kshs '000	Kshs '000
Operational grant	391,700	449,547
Development grant	588,500	698,000
Total	980,200	1,147,547

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2019-2020
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	KShs'000'
Ministry of ICT	1,147,547	-	-	980,200	1,147,547
Total	1,147,547	-	-	980,200	1,147,547

7. Other Incomes

	2020-2021	2019-2020
Description	Kshs '000'	Kshs '000'
Interest Income	14,835	18,150
Sale of Grass	-	500
Reimbursement costs for Water use	18,223	-
Other incomes	12,216	3,572
Total	45,274	22,221

8. Employee costs

	2020-2021	2019-2020
Description	Kshs '000'	Kshs '000'
Salaries & Wages	152,406	107,716
Employer Contribution to NSSF	799	549
Employer Contribution to Pension Scheme	10,563	6,780
Gratuity	16,991	12,924
Total	180,759	127,969

9. Remuneration of Directors

	2020-2021	2019-2020
Description	Kshs '000'	Kshs '000'
Sitting Allowance	6,680	5,780
Travel, Accommodation and Subsistence	5,365	4,230
Catering services and Hospitality	785	521
Chairman's Honoraria	960	960
Airtime	84	84
Board Secretary/CEO Salary	8,880	8,880
Board Training	2,519	242
Investor Outreach and Facilitation	-	3,304
Total	25,273	24,001

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Use of Goods and Services

Description	2020-2021	2019-2020
	Kshs '000'	Kshs '000'
Utility (water, Electricity & cleaning services)	9,446	3,410
Postage and telephone	820	1,688
General office and consumables, Hospitality & catering	5,817	3,785
Printing and stationery	3,412	3,037
Office rent	-	9,493
Training and development	13,843	6,964
Bank Charges	482	318
Domestic travel and Subsistence	9,755	4,549
PR, Advertising, Branding and Events	48,788	12,858
staff Insurance	17,773	15,362
Foreign Travel & subsistence	-	4,042
Conferences and delegations	6,325	7,443
Corporate Social Responsibility	510	817
Konza Security	19,968	17,679
Legal fee	4,335	1,850
Club Membership	1,314	3,806
staff recruitment costs	2,584	10,845
Audit fees	1,300	-
Team Bulding	-	1,435
Tax	2,225	5,551
Professional Services	12,169	4,936
Staff Uniform	792	-
General Insurance	2,289	-
Strategic Planning Costs	7,291	
ISO Certification Costs	2,940	
Total	174,179	119,868

11. Depreciation and Amortization

Description	2020-2021	2019-2020
	Kshs '000'	Kshs '000'
Property, plant and equipment	11,958	7,802
Intangible assets	14,359	-
Total depreciation and amortization	26,318	7,802

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Repairs and Maintenance

	2020-2021	2019-2020
	Kshs '000	Kshs '000
Motor Vehicles Repair and Servicing	4,407	3,737
Fuel and Lubricants	4,772	2,728
Site Maintenance costs	296	1,035
Motor Vehicles Insurance	-	453
	9,475	7,953

13. Other Expenses

	2020-2021	2019-2020
	Kshs '000	Kshs '000
Konza Greening	5,540	37
Project Administration costs	5,740	22,353
Data Centre Administration Costs	54,341	13,651
Development control expenses	16,146	-
Office Automation	4,055	4,367
TOTAL	85,822	40,408

14. Cash and Cash Equivalent

Description		2020-2021	2019-2020
	Account number	Kshs '000'	Kshs '000'
Current account	1141631520	812,585	680,796
Development A/c	1258227568	24,527	21,346
Total		837,112	702,142

Details of Cash and Cash Equivalent

Financial institution	Account number	Kshs '000'	Kshs '000'
Kenya Commercial bank			
a) Current Account	1141631520	812,585	680,796
b) Development Bank A/c	1258227568	24,527	21,346
Total		837,112	702,142

15. Receivables from Exchange Transaction

Description	2020-2021	2019-2020
	Kshs '000	Kshs '000
Staff Advances	56	
Prepaid Insurance	8,796	6,526
Prepaid Infrastructure	209,998	66,000
Water Debtors	13,149	353
KPLC Deposit	3,700	1,700
Total receivables	235,699	74,579

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Inventory

	2020-2021	2019-2020
Description	Kshs '000	Kshs '000
Stores Consumables	4,080	1,795
Total	4,080	1,795

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Intangible Assets-Software

Description	2020-2021	2019-2020
	Kshs '000	Kshs '000
Cost		
At beginning of the year	42,227	42,227
Additions	-	-
At end of the year	42,227	42,227
Additions—internal development	5,638	-
At end of the year	47,864	42,227
Amortization and impairment		
At beginning of the year	-	-
Amortization	14,359	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	14,359	42,227
NBV	33,505	42,227

19. Work in progress

	2020-2021	2019-2020
	Kshs '000	Kshs '000
Capital Reserves	19,011,465	10,289,408
Horizontal Infrastructure	9,127,446	4,328,557
National Data Centre and Smart City	3,491,204	4,393,499
Total	31,630,115	19,011,465

20. Trade and other Payables

Trade and other Payable	2020-2021	2019-2020
	Kshs '000	Kshs '000
Trade payables	8,366	5,592
Other payables	82,055	60,790
Staff gratuity Fund	24,527	21,346
Total trade and other payables	114,949	87,728

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Cash generated from Operations

Cash generated from operations	2020-2021	2019-2020
	Kshs '000'	Kshs '000'
Surplus for the year before tax	523,647	841,767
Adjusted for:		
Depreciation	26,318	7,802
Non-cash grants received		
Working Capital adjustments		
Decrease/Increase in inventory	(2285)	(724)
Decrease in receivables		
Increase in deferred income		
Increase in payables		
Increase in payments received in advance		
Net cash flow from operating activities	547,680	848,845

22. General Reserves:

a) Reserves

	2020-2021	2019-2020
	Kshs '000	Kshs '000
a) Capital Reserve	32,632,666	20,014,016
b) Revaluation Reserve	22,435	22,435
c) Accumulated Surplus	5,543,694	5,020,047
Total Reserves	38,198,795	25,056,497

b)

Description	2020-2021	2019-2020
	Kshs '000'	Kshs '000'
a) Capital reserve		
At beginning of the year	20,014,016	11,291,959
Additions-Horizontal infrastructure & Data Centre grant	12,618,650	8,722,057
At end of the year	32,632,666	20,014,016
b) Revaluation reserve		
At beginning of the year	22,435	15,815
Additions	-	6,620
At end of the year	22,435	22,435
c) Accumulated Surplus		
At beginning of the year	5,020,047	4,164,752
Payables W/off		13,528
Additions-Surplus for the year	523,647	841,767
At end of the year	5,543,694	5,020,047

**KONZA TECHNOPOLIS DEVELOPMENT AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Financial Risk Management

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the 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 Authority'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
As at 30 June 2021				
Receivables from exchange transactions	235,699	235,699	-	-
Bank balances	837,112	837,112	-	-
Total	1,072,811	1,072,811	-	-
As at 30 June 2020				
Receivables from exchange transactions	74,579	74,579	-	-
Bank balances	702,142	702,142	-	-
Total	776,721	776,721	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal. No allowance been recognized for uncollectible has recognised in the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

24. Related Party Balances

a) Nature of related party relationships

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

The entity is related to

- i) The National Government.
- ii) Ministry of Information, Communication & Technology.
- iii) Key management.
- iv) Board of directors.

b) Related party transactions

	2021	2020
	Kshs	Kshs.
Transfers from related parties'	980,200	1,147,547
Transfers to related parties	38,610	38,610
	=====	=====

c) Key management remuneration

	2021	2020
	Kshs	Kshs
Directors per sitting	20,000	20,000
Key management compensation per month	470,000	470,000

25. Events after the reporting period

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

26. Ultimate and Holding Entity

The Authority is a State Corporation under the Ministry of ICT. Its ultimate parent is the Government of Kenya.

27. Currency

The financial statements are presented in Kenya Shillings (Kshs).

XVII. APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	The contract for Tetra Tech Inc. came into force on 30 June 2014 for various activities and scope to be undertaken. However, no documentation was provided for the audit review stating the timelines and output of each activity and scope.	The matter is being handled by management	Alex Kamunyu Project Manager	Not Resolved	June 2022

C.E.O



Date.....10/05/2022

XVIII. APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the Konza Technopolis Development Authority Funded by development partners

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)
1. EPCF Horizontal Infrastructure project		ICM SPA	August 2018-Feb 2022	USD 391.9 million	No	Yes
2. Konza National Data Centre and Smart city project		Huawei Technologies Company	July 2019-June 2022	USD 175 million	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	EPCF Horizontal Infrastructure project	USD 391.9 Million	USD 227.3 Million	53.66	Kshs. 9.5 Billion	Kshs. 9.25 Billion	Foreign loans
2	Konza National Data Centre and Smart city project	USD 184.8 Million	USD 78.56 Million	56%	Kshs. 3.6 Billion	Kshs. 3.5 Billion	Foreign loans and Gok Exchequer

1. Horizontal Infrastructure Phase 1

This Project covers 400 acres of Phase 1 of the Master plan and the Contract was awarded to Impresa Costruzioni Maltauro (ICM S.P.A.) in 2017. The Notice of Commencement of works for the project was granted to the Contractor- ICM SpA on 3rd August 2018 and is due for completion early 2022.

The project entails:

5. Phase 1 streetscapes - roads, storm water drainage facilities, water distribution, sewage collection & treatment, electrical distribution conduits (passageways), fibre optics conduits and landscaping of streets and parks.
6. Wastewater reclamation facility.
7. Electrical system; including power lines and numerous electrical substations.
8. Public facilities that include Solid Waste Handling Facility; Police and Fire Station; an Entrance and Security Feature; and a Transit Hub.

Physical progress of the project is at 53.66% with **USD 227.3 million** spent of the total project cost of **USD 391.9 million**. The key activities undertaken during the period include:

c) Development of Project Design

As at the end 30.06.2021 the overall percentage completion of design deliverables was at 95%. The Project Management Administration Controls were at 68.70% completion rate. The Basis of Design, Design

Coordination and Drawings and specifications 95% completion stage and Construction Administration at 68.7%

d) Construction

The overall construction progress is as follows:

- ✓ **Streetscape Phase 1 A:** Clearing, grubbing and excavation are substantially complete at about 100%. Excavation and Concrete works for utilities tunnel is a about 100% of completion and Back filling is at 100% of completion. Roadworks – Asphalt progress was at 21%.



Asphalt laying at LR01

- ✓ **Streetscape Phase 1B:** Clearing, grubbing and excavation were substantially complete at about 100%. Excavation and Concrete works for utilities tunnel is about 98.79% of completion and Back filling is at 85% of completion. Roadworks - Back filling (embankments including subgrade) is at 95% of completion. Utilities networks (Stormwater, Portable water, Irrigation and Foul water) networks are ongoing and were at an average 80%., installations Solid Waste collection System are ongoing 12% complete.



Pipe laying for Solid Waste network along Green Transit Corridor

- ✓ **City Perimeter Landscape Grading Phase 1B- North:** Dumping of material was complete at 100%. Excavation and Back filling were 100% complete.

North berm-dumping of material and shaping



- ✓ **Parks phase 1B- Summary of City Perimeter Landscape- South:** Dumping of material is resulting from excavation was substantially complete at 100%. Excavation work was at 73.30% completion stage. Back filling had not yet begun.
- ✓ **Utility Tunnel:** Excavation activity and concrete works, concerning Utility Tunnel, along the University Boulevard is on Progress at 100% of completion while the tunnel on Technology boulevard 99% and Auto Boulevard is at 99%.



Installation of Utilities Racks inside Tunnel C situated along Auto boulevard.

- ✓ **Water Reclamation Facility:** As at 30.06.2021 the excavation works at the Water Reclamation Facility (WRF) had been completed at 100% while casting and steel works have is ongoing. Electromechanical equipment installations were ongoing and at an average of 82%



MBBR tank

Water Treatment Plant: As at 30.06.2021 the excavation works at the Water Treatment had been completed at 100% while casting and steel works have been ongoing. Civil/structural works such as concrete works for portable water storage tank, non-portable water storage tanks, Administration buildings, maintenance building and other various site works are ongoing.



Water Treatment under Construction

2. Konza Data Centre and Smart city project

The Ministry of Information, Communications and Technology and Huawei Technologies Co. Ltd signed a Commercial Contract for Konza Data Centre and Smart City Facilities on 26th June 2017. The project consists of:

- d) Phase 1 Data Centre which is a temporary containerized data centre to serve the Authority current requirements and government agencies that will require the service.
- e) Phase 2 Data Centre consisting permanent building and equipment to serve the long-term needs of the Authority.
- f) Smart City Facilities/Services & Virtual Desktop Infrastructure

Phase I Data Centre was completed, power connected, and commissioning done.

During the period, the Contractor began installation of video conferencing facilities. The Phase 1 of the three Video Conference Sets at **Konza Complex, MoICT & KenInvest** which are at 75% completion level. Plans underway to identify other government sites for i.e. County Commissioners, Governors, KEMRI, KALRO, KARI etc. for video conference implementation.



Set up of video Conference facility at Konza complex.

Phase 2 Data Centre: The project is at 95% completion level for the Civil works as outline shown in the picture below:



XIX. APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	MINISTRY OF INFORMATION, COMMUNICATION & TECHNOLOGY		
	Break down of Transfers from the State Department of Innovation and Technology			
	FY 20/21			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs '000')</u>	<u>FY to which the amounts relate</u>
	Transfers from Ministry of ICT	07.09.2020	110,425	20/21
	Transfers from Ministry of ICT	30.12.2020	110,425	20/21
	Transfers from Ministry of ICT	10.05.2021	110,425	20/21
	Transfers from Ministry of ICT	07.07.2021	60,425	20/21
			<u>391,700</u>	
b.	Development			
	Transfers from Ministry of ICT	18.01.2021	50,000	20/21
	Transfers from Ministry of ICT	26.04.2021	426,000	20/21
	Transfers from Ministry of ICT	27.05.2021	62,500	20/21
	Transfers from Ministry of ICT	06.07.2021	50,000	20/21
			<u>588,500</u>	
	Grand Total		<u>980,200</u>	

The above amounts have been communicated to and reconciled with the parent Ministry. There were no transfers from other government entities

Chief Manager Finance, HR & Admin
Konza Technopolis Development Authority

Head of Accounting Unit
Ministry of ICT



Sign -----

Sign-----