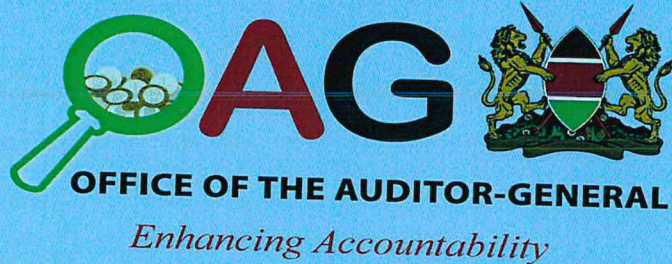


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 03 FEB 2022

DAY: Thurs

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CLERK-AT THE-TABLE: Leah Wanjiru

REPORT

OF

THE AUDITOR-GENERAL

ON

EWASO NG'IRO SOUTH DEVELOPMENT
AUTHORITY

FOR THE YEAR ENDED
30 JUNE, 2020

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

31 MAY 2021

RECEIVED



EWASO NGIRO SOUTH
DEVELOPMENT AUTHORITY



2019
-2020

**ANNUAL CORPORATE REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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



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Opposite Maasai Mara University

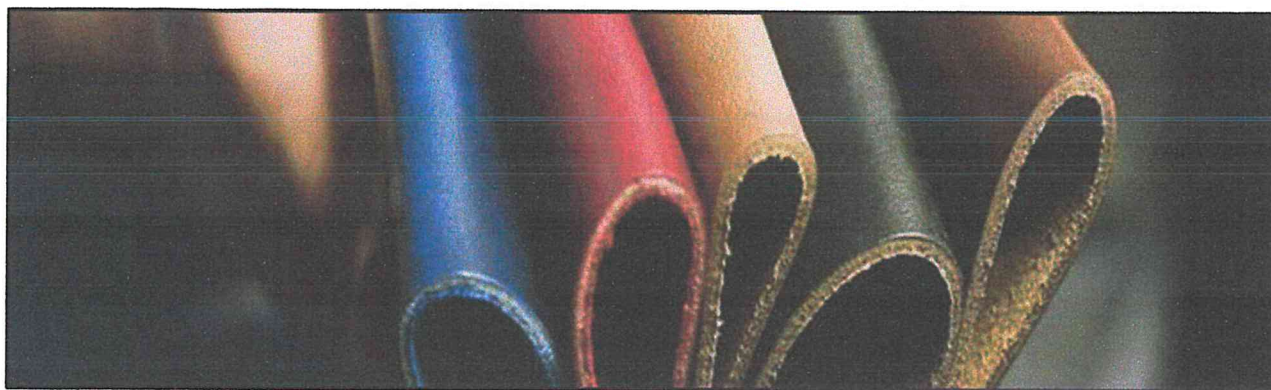


Table Of Contents

| | |
|---|----|
| Key Entity Information And Management..... | 1 |
| Board Committees | 14 |
| Management Team | 15 |
| Chairman's Statement | 18 |
| Report Of The Ceo | 19 |
| Statement Of Director's Responsibilities | 20 |
| Review Of Performance Fy 2019/2020 Matrix | 22 |
| Management Discussion And Analysis | 24 |
| Key Projects And Investments Decisions The Entity Is Implementing | 26 |
| Corporate Governance Statement..... | 28 |
| Report Of The Directors | 36 |
| Statement Of Financial Performance As At 30 th June 2020 | 24 |
| Statement Of Financial Position As At 30 June 2020 | 38 |
| Statement Of Changes In Net Assets As At 30 th June 2020..... | 39 |
| Statement Of Cash Flows As At 30 June 2020 | 40 |
| Statement Of Comparison Of Budget And Actual Amounts As At 30 th June 2020 | 41 |
| Notes To The Financial Statements | 43 |
| Progress On Follow Up Of Auditor Recommendations..... | 74 |
| Appendix 1: Status Of Projects Completion..... | 74 |
| Appendix 2: Inter-Entity Transfers..... | 75 |
| Appendix 3: Recording Of Transfers From Other Government Entities..... | 76 |



KEY ENTITY INFORMATION AND MANAGEMENT

Background information

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

Principal Activities

Mandate

The Authority's mandate is to plan and coordinate the implementation of development projects in the Ewaso Ng'iro River Basin and its catchment areas and for connected purposes.

Functions of the Authority

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

1. To plan for the development of the Area and initiate project activities identified from such planning in the Area through the Government generally
2. To develop an up-to-date long-range development plan for the Area
3. To initiate such studies, and carry out such surveys, of the Area as may be considered necessary by the Government or the Authority, and to assess alternative demands within the Area on the natural resources thereof, and to initiate, operate or implement such projects as may be necessary to exploit those natural resources including agriculture (both irrigated and rain fed) forestry, or wildlife and tourism industries, electric power generation, mining, and fishing, and to recommend economic priorities
4. To co-ordinate the various studies of schemes within the Area such that human, water, animal, land and other resources are utilized to the best advantage and to monitor the design and execution of planned projects within the Area
5. To effect a program of both monitoring and evaluating the performance of projects within the Area so as to improve such performance and establish a responsibility thereof, and to improve future planning.
6. To co-ordinate the present abstraction and use of natural resources, especially water, within the Area and to set up an effective monitoring of abstraction and usage;
7. To cause and effect the construction of any works deemed necessary for the protection and utilization of the water and soils of the Area;
8. To ensure that landowners in the Area undertake all the measures specified by the Authority to protect the water and soils of the Area
9. To identify, collect, collate and correlate all such data related to the use of the water and other resources and also economic and related activities within the Area as may be necessary for the efficient forward planning of the Area
10. To maintain a liaison between the Government, the private sector and other interested agencies in the matter of the development of the Area with a view to limiting the duplication of effort and to ensuring the best use of the available technical resources
11. To examine the hydrological and ecological effects of the development programs and



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

evaluate how they affect the economic activities of the persons dependent on river environment

12. To consider all aspects of the development

Vision

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

Mission

To initiate, plan and implement integrated, equitable socio-economic development programs through sustainable utilization of basin based resources and promotion of investments within the Authority's jurisdiction of consultative partnership platform with the aim of improving livelihood in the ENSDA region.

Core Objectives

The Authority's Strategic Objectives are: -

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

Fiduciary Management

The key management personnel who held office during the Fiscal Year ended 30th June 2020 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|---|-------------------------|
| 1. | Ag. Managing Director | Mr. Peter Bw'Ogero |
| 2. | Chief Manager Finance | Mr. Jonathan L. Nampaso |
| 3. | Chief Manager Human Resource & Administration | Mr. Richard Tankille |
| 4. | Chief Manager Technical Services & Operations | Eng. Ali J. Boru |
| 5. | Chief Manager Planning Research & Development | Mr. Peter Bw'Ogero |



Fiduciary Oversight Arrangements

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

In addition to its normal oversight function, the Board was involved in the recruitment process to fill the position of Managing Director which fell vacant with effect from 3rd February 2020. The recruitment process was concluded in May 2020 and subsequently, the appointment of the Managing Director was done effect from 1st July 2020.

The Finance and Establishment Committee of the Board later convened in June 2020 for deliberations on important issues and made recommendations to the Board for adoption.

During the period under review the Board ensured the following among other things: timely preparation of financial statements and reports; continuous risk assessment; and maintenance of an effective and efficient system of internal controls. The Audit and Risk Management Committee oversees the internal audit function and follows up on the observations of the external audit.



ENSDA HEADQUARTERS

Building Off Narok - Bomet Rd.
Opposite Maasai Mara University
P.O. BOX 213 – 20500
Narok.

CONTACTS

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

BANKERS

National Bank of Kenya,
Narok Branch,
P.O. Box 348,
NAROK.

Co - operative Bank of Kenya,
Narok Branch,
P.O. Box 632,
NAROK.

Kenya Commercial Bank
Narok Branch,
P.O Box 406,
NAROK.

INDEPENDENT AUDITORS

Office of the Auditor General
Anniversary Towers
University Way
P.O Box 30084-0100
Nairobi.

PRINCIPAL LEGAL ADVISER

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



BOARD OF DIRECTORS



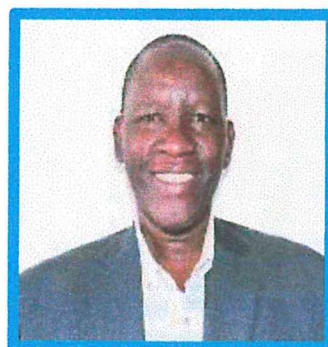
Mr. Seleila Ole Mwanik - Board Chairman

Mr Seleila Ole Mwanik served as the Authority's Board Chairman during the period 18th March 2016 to 17th March 2019. He was reappointed to a 2nd term of three (3) years on 3rd May 2019. He holds a Bachelor's Degree in Social Sciences (Sociology and Political Science), Second Class Honours, Upper Division from Catholic University of Eastern Africa. He is presently pursuing a Master's Degree in Business Administration (MBA) at Maasai Mara University.

Mr Seleila Ole Mwanik has also attended various short courses on leadership and management including Senior Management Course, Kenya School of Government; Lead Auditor Course for Education Institutions based on ISO/DIS 9001: 2015 and ISO 9001:2011 (KEBS); Internal Quality Auditing, ISO 9001:2002 Standard (Alpex Consulting Africa Ltd); Leadership Course for Building Kenya's Future (Clemson University and Maasai Mara University); Implementation of Quality Management System, ISO 9001: 2008 (Alpex Consulting Africa Ltd) and Audit Committee and Risk Management Training (KCA Uni.).

Mr Seleila Ole Mwanik also served as an elected Councillor in the defunct Narok County Council between 1990 and 1997. Other positions that he has held include; member of the Board of Trustees for Kenya Wildlife Service between 1998 and 2002 and a

member of Narok Water and Sewerage Company for one term of three years.



Hon. Moses Ole Sakuda

Hon. Moses Ole Sakuda joined the Authority's Board on 7th February 2019. He is the current Board Vice Chairperson. He holds a Master of Divinity (M. Div.) Degree of Eastern Mennonite University, Harrisonburg, VA and a Master of Arts Degree in Education Leadership (M.A. Ed.), from the same University.

Hon. Sakuda is also a holder of Bachelor's Degree in Finance/Development of Eastern Mennonite University, Harrisonburg, VA and a Diploma in Teaching from Kenya Technical Teachers Training College, Nairobi, Kenya. He is presently pursuing a PHD in Public Administration/Development/Leadership at Wilmington College, Wilmington, De.

Hon. Sakuda also holds a Certificate in Reading French from Princeton University, Princeton, NJ

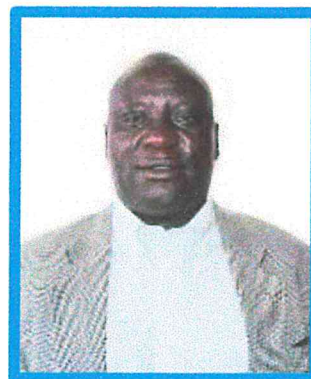
Hon. Sakuda has wide experience in leadership and management having served in different positions. He was elected as the Member of Parliament, Kajiado North Constituency in Sep 2012 to Mar 2013 and served as Assistant Minister/Acting Minister Foreign Affairs in Feb 2013 to Aug 2013. He was the Assistant Minister Regional Development in Oct 2012 to Aug 2013.

**Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020**

He was re-elected as a Member of Parliament for Kajiado West Constituency, in March 2013 to 2017. He served as the Vice Chairman, Parliamentary Departmental Committee on Lands and a member of Parliamentary Budget Committee.

Hon. Sakuda was the Chief Executive Officer & Managing Director of Rapid Energy Solutions, Kenya in 2011 to 2012. He was the General Manager, Administration, Geothermal Development Company (GDC), Kenya in 2009 to 2011. He also served as Associate Director, Mission Relationships and Partnerships, Church World Service, New York, NY in Jun 2001 to July 2007. Hon. Sakuda also served as the Cultural Ambassador/Maasai Artist in August 1995 to July 2007. He was the Program Supervisor of Friendship Community, Lancaster, PA in Nov 2000 to May 2001. In June 1987 to July 1995, Hon. Sakuda served as the Director for Programs, Simba Maasai Outreach Organization, Ngong Hills, Kenya. He was the Associate General Secretary of Soul Winners Evangelistic Ministries International (SWEM), Kiserian Kenya in Dec 1986 to May 1987.

Hon. Sakuda also has immense International Community Involvement. He was the Founder of Annual Exchange Program for Americans to Africa; Tour Coordinator - coordinates semi-annual mission tours to East and West Africa since 1995; Founder - Aided development of a non-governmental organization in the Maasai region (SIMOO), which is currently in operation; One-Year Exchange Program in US (Aug 95-Aug 96) - Participated in exchange program with MCC (Mennonite Central Committee) for one year in the US; One-Year Exchange Program in US (Aug95-Aug96): Participated in exchange program with MCC (Mennonite Central Committee) for one year in the US and Market Development- Worked with AMREF (African Medical Research Foundation).



Mr. David K. Kitasho - Director

Mr. David K. Kitasho was appointed to the Authority's Board on 7th February 2019. He is currently serving as the Chairperson of the Tannery and Leather factory Ad – Hoc Committee and a member of Development and Environmental Conservation Committee. Mr. David Kitasho has a Certificate in Sanctuary Management, Diploma Wildlife Management and a Diploma in Environmental Management all from Kenya Wildlife Service Training Institute (KWSTI). He presently pursuing BSc Dry-lands and Natural Resource Management of African Nazareth University.

Mr. Kitasho has gained wide experience in Wildlife management, Human wildlife Conflict resolutions and understanding wildlife policy both at local and national levels while working with Eselenkei Porini Conservancy (under the Management of Game Watchers Ltd) and in close partnership with Eselenkei Porini Conservancy (KWS) Amboseli National Park. He has 7 years hands-on experience in conducting EIA/EA and developing environmental related policies for the organization and its partners. He is currently the Senior Warden, Eselenkei Porini Conservancy, Kajiado County, Loitokitok Division.





Mr Sammy Rorat Kisaika - Director

Mr Sammy Rorat Kisaika was reappointed as a Board member of the Authority on 7th February 2019 having earlier served as a Director for 3 yrs.' during the period 2nd November 2015 to 1st November 2018. He is the current Chairman of the Finance and Establishment Committee of the Board. Mr Sammy R. Kisaika holds a Bachelor of Commerce Degree of Nairobi University and is presently pursuing a Master's Degree in Business Administration at Kenyatta University. He also holds a Diploma in Communication, Print and Electronic Media of Daystar University.

Since November 2015 to date, Mr Sammy R. Kisaika, is the Narok Branch Manager, Bank of Africa. He has served in the Banking Sector in different positions including; Credit Manager, Family Bank (2014), Business Manager, K-rep Bank, 2012 – May 2014; Credit administration Unit, Kenya Commercial Bank, 2010 – June 2012 and Credit Officer, Faulu Kenya (2008)



Mr. Philemon Lotudo - Director

Mr. Philemon Lotudo joined the Authority's Board on 7th February 2019. He is the current Chairperson of the Audit and Risk Management Committee of the Board. He holds a Master of Business Administration (MBA) Strategic Management option of Jomo Kenyatta University of Agriculture and Technology and is presently pursuing Doctor of Philosophy (PhD) in Business Administration, Jomo Kenyatta University of Agriculture and Technology.

Mr. Philemon Lotudo also holds a Bachelor of Science Agricultural Education & Extension (AGED) Second Class Honours Upper Division, Egerton University and a Diploma in Agricultural Education & Extension (AGED) CREDIT, Egerton University.

Mr. P. Lotudo served as the Deputy Director, Administration, Planning & Finance Kisii University, Kapenguria Campus in October 2014 to February 2017. He was a Part Time Lecturer Kisii University in 2015-2016 and a Treasurer, Constituency Development Fund (CDF) Kapenguria Constituency, West Pokot County in 2008-2012.

Mr. Lotudo served as a secondary School Teacher in 2006 – 2012 following appointment by the Teachers Service Commission.



Hon. Jacob Macharia - Director

Hon. Jacob Macharia joined the Authority's Board on 7th February 2019 and is a member of the Audit and Risk Management Committee of the Board. He holds a Masters of Business Administration (MBA) - Strategic Management (KU) and Masters of Arts (MA) in International Relations (KU). He also holds a Bachelor of Education Degree (KU). Hon. Jacob Macharia served as the Member of Parliament for Molo constituency in 2013 – 2017 and also served in various Committees namely: Education Committee, Defence and Foreign Relations Committee and implementation Committee of Parliament. In 2003 – 2010.

Hon. Jacob Macharia was the Regional sales director East and southern Africa Pearson UK.



Hon. Consolata Rop - Director

Since January 2019 to date Hon. Rop is the Chairlady, Board of Management Our Lady of Peace Nandi Hills. She has also served as a Board member, Equity Bank Nandi Hills (Wings to fly) since 2016 to date and also a Board member Loreto Convent Girls Matunda from 2016 to date. Hon Rop served as a teacher in different schools between 2004 and 2013.

Hon. Consolata Rop was a nominated Member of County Assembly Nandi in 2013 – 2017 where she served in different capacities namely: Speakers Panel; Chairperson ECD and vocational training; Member of budget and appropriation committee; Member of transport and infrastructure committee; Member of procedures and rules committee & Member of Devolution committee.

Hon. Consolata Rop joined the Authority's Board on 7th February 2019. She is the Chairperson of the Development and Environmental Conservation Committee of the Board. She holds a Bachelors in Education Degree of Moi University and is presently pursuing a Masters in Gender Policy and Development of Catholic University.



Hon. Joseph Kiuna Ng'ang'a - Director

Hon. Joseph Kiuna Ng'ang'a was appointed to the Authority's Board on 7th February 2019 and he is presently a member of the Finance and Establishment Committee of the Board Committee. He holds a Diploma Aeronautical engineering of Kenya Armed Forces Technical Engineering College (K.A.F.T.E.C) and presently pursuing a Degree Development Studies of Mt. Kenya University.

Hon. Joseph Kiuna served as a Member of Parliament, Njoro Constituency in 2013 – 2017 and a Committee Member National Defence and Foreign Affairs. He was also a Member of Parliament Molo Constituency in 2007 – 2012 during which time he served as Committee Member, National Internal Security and Resettlement of IDP and Peace and Reconciliation programs.



Mr Samuel Kinya Rukahu - Director

The appointment of Mr Samuel Kinya Rukahu to the Authority's Board took effect on 7th February 2019. He holds a Bachelor of Commerce degree in Finance of Saint Mary's University, Halifax, Nova Scotia, Canada and a Bachelor of Commerce degree in Business Administration and Management of Daystar University, Nairobi, Kenya.

Mr. Samuel Kinya Rukahu left formal employment in 2009 and became an entrepreneur. He manages businesses mainly in the Real Estate, ICT and Beauty Products Industries. He has been serving as the Managing Director of Perfume World Limited Nairobi, Kenya since 2016. He is also serving as a Director in Key Homes Limited Nairobi, Kenya (2012 to date) and in Xcite Network Limited Nakuru, Kenya (2010 to date). Mr. Samuel Kinya Rukahu served in diverse management positions in companies both in Kenya, Canada and SA as follows: Account Executive of Scotia Bank Halifax, Nova Scotia, Canada in 2008 APRIL-2009; Direct Investment Investor Agent (DI), Minacs Worldwide, Halifax, Nova Scotia, Canada (2006 JULY- 2008) ; Customer Service Representative, Teletech Halifax, Nova Scotia, Canada (2005 - 2006 JUNE); Campus Security, Saint Mary's University, Halifax, Nova Scotia, Canada (2003 – 2005); Marketing Manager, X-cite Networks Limited, Nairobi, Kenya (2000 – 2002); Account Manager, Africa-online Limited, Nakuru, Kenya (2000); Sales Representative, Dektech Communications, Rivonia, South Africa (1997)

Mr. Samuel Kinya Rukahu received the best distributor award for the year 2001-2002 by Kencell.





Mr. Hassan Ali Adams - Director

Mr. Hassan Ali Adams appointment to the Authority's Board took effect on 7th February 2019 and is a member of the Development and Environmental Conservation Committee of the Board. He holds a Diploma in Water Engineering and worked the Ministry of Water and Development in different positions namely: District Water Officer, Hola Tana River District (1986 - 1987); District Water Officer, Kilifi District (1988 - 1989); Officer in charge of logistics, statistics and monitoring, National Water Conservation and Pipeline Corporation, Mombasa Regional HQS(1990 - 1991); Officer in charge of Logistics, operations and maintenance of Giant NOL Turesh (Kilimanjaro Water project) under the National Water Corporation (1991 - 1992).

Mr. Hassan Ali served as the Programme Manager Coast with Local NGO Kenya Water for Health Organization in 1991 - 1992.



Mrs. Tabitha Njeri Murigi – Director

Mrs. Tabitha Njeri Murigi was appointed to the Authority's Board on 7th February 2019 and is a member of the Finance and Establishment Committee of the Board. She holds a Bachelor of Arts Degree (Economics and Sociology) of Kenyatta University. Madam Tabitha was an employee of Equity Bank from 2010 - 2014 where she served in different capacities namely: Customer Service Supervisor (2012 - 2014) and Header Teller/ Cashier (2010 - 2011).

Madam Tabitha also served as an Office Administrator at Embcomm Network Ltd in April - December 2009.

**Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020**



Mr. Mohamud Mohamed Awale - Director

Mr. Mohamud Mohamed Awale was appointed to the Authority's Board on 7th February 2019 and is a member of the Development and Environmental Conservation Committee of the Board. Mr. Awale attended Kenya Power training College and Kenya Red Cross Society. He has served in Oman, Qatar and Emirates has 20 years of experience in different fields of necessity.



Mrs. Mabel Muruli – Director

Mrs. Mabel Muruli's appointment to the Board took effect on 7th February 2019 and is a member of the Audit and Risk Management Committee of the Board. She holds a Master's of Science in Diplomatic Studies with Merit, London Academy of Diplomacy (An Affiliate of the University of Stirling); Post Graduate Degree in management and Leadership, City of Landon College and Extended Diploma in Strategic Management and leadership, City of Landon College. Mrs. Mabel Muruli has undertaken other courses at the College of North West London including: Women

Return to Study course; Information Technology; Communication and Assertive Skills and In House immigration Law.

Mrs. Mabel Muruli was awarded a contract by Kimberly Group Housing Limited in 2006 – 2009 to house thousands of asylum seekers through out the North East of England and later Middlesbrough, Wallsend, Stockton, Newcastle, Sunderland and Wembley. Madam Maruli served as the Director/ Manager of Kimberly Group Housing Limited in 2000 – 2005.



**Mrs. Diana Mwikali Mutinda Mutysia - Alt.
Director, CS. The National Treasury**

Mrs. Diana M. M. Mutysia was appointed to the Authority's Board on 19th August 2019. She is a member of the Finance and Establishment Committee and also the Audit and Risk Management Committee of the Board. She holds an MBA (Finance Option) of Kenyatta University and a Bachelor of Arts Degree (Accounting and Finance Option) of Kenya Methodist University. She also holds a Diploma in Information Technology.

Mrs. Diana M. M. Mutysia has a wealth of experience having served in the Public Service for 39 years. She is a Financial Analyst and is currently working with the National Treasury, Directorate of Budget, Fiscal and Economic Affairs(Budget Department)





Mr. James Sitienei - Alt Director, Inspector - General (Corporations)

Mr. James Sitienei was appointed to the Authority's Board on 16th May 2018 and he is a member of the Audit and Risk Management Committee of the Board.

He holds a Master of Arts in Public Policy and Administration (MPPA) of Kenyatta University; and Bed (Arts) Economics and Business of University of Nairobi-Bed (Arts) Economics and Business.

Mr. James Sitienei has served in various position in the Public Service as below: Cabinet Office; Assistant Inspector General (AIG)- Inspectorate of State Corporations (2017 to date); Office of the Deputy President; Efficiency Monitoring Officer (2012-2016); Ministry of Youth Affairs and Sports; District Youth Development Officer; 2007-2012



Ms. Wanjiku Manyatta – Alt. Director, CS. The Ministry of East Africa Community & Regional Development

Ms. Wanjiku Manyatta was appointed to the Authority's Board on 12th November 2019. She is a member of the Audit and Risk Management Committee and also the Development and Environmental Conservation Committee.

Ms. Wanjiku Manyatta is a holder of a Masters Degree in Population, Resources and Environmental Economics of China University of Geosciences, School of Economics and Management. She also holds a Bachelors Degree in Agricultural Economics of Egerton University.

Besides, Ms. Manyatta has attended various leadership courses and resource mobilization and investment forums.

Ms. Wanjiku Manyatta has served as the Regional Development Officer in the Regional Development Directorate since 2011 to date and is currently the Acting Deputy Director in the Regional Development Directorate in the MEAC and RD. In the year 1993-2011 Ms. Manyatta worked with the Ministry of Agriculture in the field of Agribusiness and rose the ranks to the position of Chief Agricultural officer.



Mr. Ngala Oloiptip: Managing Director

Mr. Ngala Oloiptip was appointed the Managing Director of Ewaso Ng'iro South Development Authority with effect from 1st July 2020. Following his appointment, he effectively joined the Board as per the Authority's Act Cap 447 of the Laws of Kenya, Subsection (1) (m). Prior to his appointment as the MD of ENSDA, Mr. Ngala Oloiptip served as the Head of Supply Chain Management at the East African Portland Company, a position he had held since August 2016. He had served as the Procurement Manager in the same Company from 2013 to July 2016. Mr. Ngala was previously a Procurement Manager at Kenya Meat Commission, a position he held for about two (2) years. Overall, Mr. Ngala Oloiptip has close to two decades' experience in supplies, procurement, operations and general supply chain management and logistics both in the private and public sector having served in different positions.

Mr. Ngala Oloiptip holds a Master of Science Degree in Procurement and Logistics of Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Arts Degree in Economics of the University of Nairobi. He is a member of the

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



BOARD COMMITTEES

| NAMES | MEMBERS |
|---|--|
| FINANCE AND ESTABLISHMENT COMMITTEE | Mr. Sammy Rorat Mr. S. Kinya Rukahu Hon. Joseph Kiuna Hon. Moses Ole Sakuda Mrs. Tabitha Njeri Mrs. Diana M. Mutinda Mutisya |
| DEVELOPMENT AND ENVIRONMENTAL CONSERVATION COMMITTEE | Hon. Consolata Rop Mr. David Kitasho Mr. Mohamud M. Awale Mr. Hassan Ali Adams Ms. Wanjiku Manyatta |
| AUDIT AND RISK MANAGEMENT COMMITTEE | Mr. Philemon Lotudo Mrs. Mable Muruli Hon. Jacob Macharia Mr. James Sitienny Mrs. Diana M. Mutinda Mutisya Ms. Wanjiku Manyatta |

AD HOC COMMITTEES OF THE BOARD

| TITLE OF THE AD HOC COMMITTEE | MEMBERSHIP |
|--|---|
| RESOURCE MOBILIZATION AD HOC COMMITTEE | Hon. Joseph Kiuna Mrs. Mable Muruli Mr. Philemon Lotudo Hon. Consolata Rop Mr. S. Kinya Rukahu Hon. Jacob Macharia Ms. Wanjiku Manyatta |
| TANNERY AND LEATHER FACTORY AD HOC COMMITTEE | Mr. David Kitasho Ms. Tabitha Njeri Mr. Sammy Rorat Mrs. Mable Muruli Mr. Mohamud M. Awale Mr. Hassan Ali Adams Ms. Wanjiku Manyatta |
| MOU BETWEEN ENSDA & KEIYIAN FARMERS' COOPERATIVE SOCIETY AD HOC COMMITTEE | Mr. Seleila Ole Mwanik Hon. Moses Ole Sakuda Hon. Consolata Rop Mr. Hassan Ali Adams Hon. Jacob Macharia |



MANAGEMENT TEAM



Mr. PETER BW'OGERO – CHIEF MANAGER PLANNING RESEARCH & DEVELOPMENT

Mr Peter Bw'Ogero joined the Authority in the year 1996. He holds a M.Sc. in Hydrological Engineering from the International Institute for Hydraulic and Environmental Engineering (IHE), Delft, the Netherlands, a M.Sc. in Civil Engineering - Water Supply and Sewerage Engineering from Moscow State University of Civil Engineering, Russia, Technician Part I-III in Irrigation Engineering from Jomo Kenyatta College of Agriculture and Technology (JKCAT).

He has attended several courses, among them - the 11th Regional Water and Sanitation Seminar, Nairobi, Kenya, the Total Quality Management (TQM) course with the Kenya Institution of Management, the National Workshop on the Draft Water Bill 2000, Nairobi, the 'Water Resources Management and Development Priority Setting Workshop' – by the World Bank, the Workshop on International Water Law and Negotiation Skills / Conflict Resolutions' by the World Bank, the 'National Workshop on Monitoring and Information System in Water Sector, 'Results Based Management Capacity Building Training Programme', refresher course on 'Environmental Water Assessment and Allocations for Rivers' by UNESCO-IHE and the University of Dar Es Salaam, Performance Appraisal Systems Training Seminar', a 'Project Management Course' at the Strathmore University,

Nairobi, Kenya, and the 'Essentials of Project Management Course' at the Kenya Development Learning Centre (KDLC), Nairobi. He presented research Papers at the 11th and 12th Stockholm Water Symposia (Stockholm, Sweden).

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

He served as Acting Managing Director at the Tana and Athi Rivers' Development Authority (TARDA) on secondment from ENSDA from February 2011 to July 2012.



**Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020**



**RICHARD M. TANKILLE – CHIEF MANAGER,
HR & ADMINISTRATION**

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

He is responsible for the general administration and the physical assets of the organization. Develops long range strategic Human resource planning and innovations, initiate innovative strategies to promote staff productivity and growth of the organization. Develops and communicate organizational values to all levels, business environment and up-to-date modes of working in a competitive environment, Formulate strategic employee recruitment and retention plans. Design staff training and talent development programs. Keep abreast with latest industry trends and best practices to ensure optimal performance of the department and the organization. Participate in committee meetings as appropriate.



**CPA. JONATHAN LEYIAN NAMPASO - CHIEF
MANAGER FINANCE**

Jonathan Leyian Nampaso Joined the Authority in August 2018 as Chief Finance Manager having worked with Maasai Mara Wildlife Conservancies Association (MMWCA) as a Chief Finance Officer (CFO), World Vision of Kenya as a Senior Grants Accountant, and Pillar of Hope as a programme Accountant.

He holds an MBA in Finance 2017, Bachelors of Commerce Degree- (Accounting Option), 2011, CPA (K) 2005. He is a member of ICPAK and a member of Kenya Institute of Management (KISM). He has also attended other short courses and trainings such as Sun Systems & Vision/Q&A Certification Program, course designed to assess the proficiency in the utilization of Sun Systems and Vision/Q&A, the Global Finance Capacity Training on Cash and Expenses, the Microsoft Office 2010 course at Institute of Advanced Technology, the European Union/European Commission government Grant Management Certification Program Training, the United States Government Grant Management Certification training on Global Fund Management responsibility Accounting and Variance Analysis Training, and the Government of Germany Grants Regulations Training.

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



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020



**ENG. ALI J. BORU - CHIEF MANAGER,
TECHNICAL SERVICES & OPERATIONS**

Boru joined the Authority in August 2018. He holds a BSc Hons in Agricultural Engineering, Masters in Project Planning and Management and currently pursuing PhD in Project Planning and Management. Registered with among others, Engineers Board of Kenya, Kenya Association of Project Managers and Environmental Impact Assessment and Auditing Lead expert with NEMA. Has attended short professional and management courses among them GIS resource mapping and planning from CETRAD, Contract management by IEK, International Course on the Practical Use FIDIC Conditions of Contract by Association of Consulting Engineers of Kenya, Urban and Regional Development Planning and Management course from Singapore, UNCRD-JICA, Senior Management Course from Embu Staff College, Senior Management Seminar Kenya School of Government, Corporate Governance Certificate from Centre of Corporate Governance. He has been a Member of the Task Force appointed to review the Act of Parliament for RDA's and Board of Governors of Waso Secondary School. Boru is a career Public Servant with over 30 years of experience.

Engineer is responsible for the overall coordination and management of Technical Services and Operation Department, ensuring effective and efficient integrated programming within the Authority. This covers core business namely; natural resources, Community development and all engineering services. He is responsible for coordinating planning, designs implementing, supervision and commissioning strategic projects and programmes within the

Authority. He is responsible for providing technical guidance in Technical services and management of operations for the projects and programmes, ensuring strict adherence to specification and acceptable standards. He will be further responsible in developing policies and guidelines for efficient running of the department.





CHAIRMAN'S STATEMENT

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

In line with our mandate, the Authority is implementing a number of Key projects geared towards community livelihood improvement and environmental conservation within the region. These projects include; The Ewaso Ng'iro Tannery and Leather factory, Oloyiangalani/ Oloshoibor Integrated Food Security project, the integrated Bamboo Commercialization and value addition and the Tomato Agro-processing project in Loitoktok. Most of the projects were ongoing and at various stages of implementation, while the Ewaso Ng'iro Tannery and Leather factory was in operation.

The main activities during the financial year included monitoring of implementation progress of the projects ahead of commissioning. The Board also concluded recruitment of a new Managing

Director, who took over office effective 1st July 2020.

The challenges facing the organization are insufficient resource allocation compared to the high demand for development in the region and inadequate legal and regulatory framework to facilitate effective operations. This additionally includes delay in release of allocated funds. To enhance financial sustainability for effective engagement in development, the Authority is implementing a number of investment projects for example the Leather Factory and Bamboo Value Addition Projects. Further, the Authority has developed a resource mobilization and partnership strategy aimed at attracting additional financing for projects to augment financial support by the exchequer. With support of the Parent Ministry and stakeholders, the process of harmonization of the Authority's legal and regulatory framework is underway.

Signed: 

SELEILA OLE MWANIK

Chairman, Board of Directors

Date. 30.09.2020



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020



REPORT OF THE CEO

During the Financial Year 2019/2020, the management continued to implement the Authority's strategic programmes and projects, namely, the Ewaso Ng'iro Tannery and leather factory, the Bamboo Commercialization and Value Addition programme, the Oloyiangelani/Oloshoi-Obor Integrated Food Security Programme, Catchment Conservation and Protection programme, the Tea Expansion Programme and commenced the construction of the Agro-processing (Tomato) Factory in Oloitokitok, Kajiado. The Authority has remained actively involved in a Joint Research Program with JKUAT on the use of climate smart agricultural technologies, remote sensing and GIS for ecological restoration of Lake Magadi Catchment and Organizational development. All these programmes / projects are aligned to the Sector Performance Standards, the Government's Big 4 Agenda, vision 2030, and the global Sustainable Development Goals (SDGs).

The management adhered to the Public Finance Management Act 2012 and National Treasury guidelines on Public Expenditure, to ensure the funds received by the Authority were utilized on budgeted projects and programmes.

Degradation of catchment areas, river basins, and fragile landscapes, compounded with climate change are major challenges hampering development in the region. To address and mitigate against negative environmental impacts the management continued to implement conservation projects across the region. Riparian / river banks of Ewaso Ng'iro and Njoro Rivers were protected and conserved in collaboration with stakeholders throughout the fiscal year.

In the implementation of projects and delivery of services, the Authority ensured compliance with statutory and constitutional requirements. More specifically the Authority endeavoured to comply with Procurement requirements that 30% of all procurement is reserved for the youth and women and that 2% of that goes to People with Disabilities. The Authority complied with the Orders and Directives stipulated in the Executive order no. 2 of 2018 by updating and publishing all tender information to the public procurement information portal.

In the period under review the authority was faced with challenge related to global Covid -19 pandemic. The lockdowns and cessation of movement and subsequent directives by Government and Ministry of Health greatly affected service delivery in the 3rd and 4th quarters. Other challenges impacting on the Authority's performance include inadequate financial resources resulting from budget cuts, inadequate legal and legislative framework, high levels of poverty and unemployment in the region.

Signed: 

Ngala Oloiptip

Managing Director

Date: **3rd SEP 2020**



Statement of Directors' Responsibilities



STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Public Finance Management Act, 2012 and the State Corporations Act, require the Directors to prepare financial statements in respect of Ewaso Ng'iro South River Basin Development Authority, which give a true and fair view of the state of affairs of the Authority at the end of each quarter and its operating results for that period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy its financial position. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for the financial year 2019/2020 ended 30th June, 2020. This responsibility includes:

- Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority
- 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
- Safeguarding the assets of the Authority
- Selecting and applying appropriate accounting policies; and



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

- Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, Cap 446. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of the Authority's transactions during the financial year 2019/2020 ended 30th June, 2020, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained on the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the 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 Annual financial statements were approved by the Board on 30th June 2020 and signed on its behalf by:

Chairman

Managing Director



REVIEW OF PERFORMANCE FY 2019/2020 MATRIX

| Strategic pillar | Objective | Key Performance indicators | Activities/projects | Achievements |
|---|--|---|---|---|
| Ewaso Ng'iro Tannery and Leather Factory | To improve livelihoods and enhance socio-economic development in the region through livestock by-product value addition, industrialization and employment creation | Square feet of leather produced | Production of 1.5 Million square feet of finished leather | Produced approximately 544,281 square feet of wet blue and crust leather valued |
| | | Sale agreements documents or land title deed | Acquire 10 acres for establishment of SME leather park | Land acquisition not successful |
| | | Signed Contract document and % level of completion | Construction of 1No. Leather goods workshop and 5No. leather SME cottages | Construction of leather goods workshop complete |
| | | Reports on capacity building and training | Engage 15 Training of Trainers (ToT) to train 290 flayers | Identified and engaged TOT to train flayers |
| Integrated Bamboo Commercialization and value addition | To enhance environmental conservation and sustainability through bamboo commercialization and value addition and conservation of the Mau Forest Catchment | Progress reports on status of bamboo seedling propagation | Raise 500,000 bamboo seedlings | Propagated and raised 500,112 bamboo seedlings |
| | | ISO, deliveries of propagation materials | Establishment of 300 acres bamboo plantation | 320 acres of bamboo plantation established across the region |



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

| | | | | |
|---|---|---|---|--|
| | | Reports on capacity building and training | Community capacity building of 10 community groups | |
| Oloyiangelani/Oloishoibor Food Security and Water Supply Programme | To improve food security, increase access to clean water and enhance climate change resilience hence improve livelihoods and alleviate human suffering from the impacts of drought. | Signed Contract document and progress report on % level of completion | Develop 50 acre community irrigation in Kimuka | Detail design completed Contract awarded for construction of 20Ha model farm and commenced construction |
| | | Signed Contract document and progress report on % level of completion | Establish 5 acre demonstration farm at K'TII | Contract awarded for construction of 20Ha model farm and commenced construction |
| | | Reports on capacity building and training done | Train project committee and sensitize 100 farmers on irrigation and agricultural production | Training of management committee done and farmers sensitized |
| Tomato Agro Processing factory | To improve livelihoods and enhance socio-economic development in the region through value addition, industrialization and employment creation | Signed Contract document | Detail design for tomato Agro processing factory | Detail design completed |
| | | Detail design reports for the Agro processing factory | | |
| | | Signed Contract document and progress report on % level of completion | Commence construction of sub-structure for the tomato Agro processing factory | Contract awarded for construction of substructure Construction of substructure commenced |





Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial Performance

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

OPERATIONAL PERFORMANCE

In the FY 2019/20, the Authority is implementing 6 key projects that are in line with the Big Four government development agenda.

i. Manufacturing – Ewaso Ng'iro Tannery & Leather Factory.

During the 4th Quarter of FY2019/20, operations of the factory was adversely affected by COVID -19 pandemic. However production continued but at a lower capacity estimated to be approximately 35% of factory throughput. As at close of the quarter, approximately 544,281 square feet of wet blue leather and crust leather which is valued at approximately Kshs. 23,586,200 had been processed. The current staff establishment is 85 comprising skilled and unskilled.

In addition, the Authority commenced construction and equipping of 1 No leather goods workshop and establishment of leather SME as well as improvement of the other physical facilities.



ii. Agro processing (Tomato processing factory) -

The project entails establishment of a tomato processing factory of 20,000 tonnes/annum capacity in Oloitokitok, Kajiado County. Oloitokitok is a major supplier of fresh tomatoes to both Nairobi and Mombasa cities with an annual production of 70,000 tones. However, due to the perishability nature of tomato, producers and marketers incur post-harvest losses ranging up to 30-70%.

During the 4th quarter of FY2019/20, the procurement process was finalized and construction the factory substructure completed.

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

The Oloyiangelani dam and Olosho Oibor food security development project is one of the Authority's initiative to realize "The Big 4" agenda on food security. The project is located in Kajiado County and entails development of Oloyiangelani dam (100,000m³) and Kimuka-Olosho oibor water supply (1,700m³/hr high flow, 400m³/hr low flow from

Ngong SGR tunnel). The main objective of this project is to improve food security, increase access to clean water and enhance climate change resilience through water storage and irrigation hence improve livelihoods.

So far, development of 24km pipeline, 16 water kiosks, 100m³ elevated steel tanks for the water supply component and dam construction are complete and provides water to approximately 11,000 people, 9 schools, 3 health facilities, 2 shopping centres and over 30,000 livestock in the area.

During 4th Quarter FY 2019/20, the Authority completed tendering process for establishment of 20 ha model irrigation farm and commenced construction.

**iv. Integrated Bamboo
commercialization,
Environmental
conservation, tea
development**

The project main objective is to increase forest cover and promote environmental conservation.

During 1st Quarter FY 2019/20, the Authority imported 55kg of bamboo seeds, commenced raising

of bamboo seedlings and established additional 40 acres of bamboo plantation in Nakoben area in the Mau which increased a total acreage of bamboo plantation to 204 acres. Additionally, a total of 164 acres of land planted with assorted species of bamboo seedlings planted precisely 32,800 at Nkoban area of the upper Mau catchment

**v. Expansion of tea
development project.**

This is an ongoing project whose main objective is conflict resolutions between Masai and Kisii communities living along the border, create employment and for revenue generation for the Authority through sale of green tea leaves. The Authority has a total of over 200 Acres under tea production.

At the end of FY2019/20, the Authority had raised a total of 2 Million tea seedlings, registered 118 farmers and planted additional 100 acres in Transmara for tea expansion programme. In addition, the programme provided a total of 109 daily casual jobs to the communities and 115,916 kg of green tea produced.



KEY PROJECTS AND INVESTMENTS DECISIONS THE ENTITY IS IMPLEMENTING

The projects under implementation are geared towards improvement of livelihood of the community and promotion to environmental conservation within the Basin. The report highlights progress in implementation of projects for the FY 2019/20.

The projects under implementation in the FY 2019/20 are six (6) as detailed below:-

Ewaso Ng'iro Tannery & Leather factory.



Inside the Tannery

This is an on-going project initiated with the main objective of improving livelihoods through value addition and employment creation. The project is located in Ewaso Ng'iro centre and has

the largest livestock dispersal area with more than 10 abattoirs. The project involves establishment of a tannery and leather factory with a capacity of processing 4,000 tonnes of hides and skins annually. Construction of factory building, effluent treatment plant, and machine installation were completed in FY2018/2019 and the factory commenced operations.

In the fiscal year 2019/2020 factory operation was adversely affected by COVID-19 pandemic during the third and fourth quarter. However production continued and production capacity is estimated to be approximately 35% of factory throughput. As at close of the 4th quarter, approximately 544,281 square feet of wet blue leather and crust leather which is valued at approximately Kshs. 23,586,200 had been processed.



Aerial view of the ETP

Integrated bamboo commercialization and value addition

The project main objective is to increase forest cover and promote environmental conservation in Mau forest through seedling propagation, plantation establishment and value addition. During FY 2018/2019, the Authority attained certification from KEPHIS and registered as seed merchant. 164 acres of bamboo plantation and 6 acres of other tree seedlings was established in Nkoben within the Mau forest block.

As at the end of, FY 2019/2020, the Authority imported 55kg of bamboo seeds, raised 500,112 bamboo seedlings, established 320 acres of bamboo plantation in Nkoben Mau forest block, and supported 91 out-grower farmers, 21 institutions and 5 groups with 32,365 bamboo seedlings estimated to be 161.825 acres sensitization and training on adoption of bamboo plantation establishment is ongoing.

Oloyiungalani Dam & Olosho Oibor – Kimuka Water Supply Projects.

The Oloyiungalani dam development project is one of the Authority's initiative to realize "The Big 4" agenda on food security. The project is located in Kajiado County and entails development of the dam to harvest and store water (100,000m³) and Kimuka-Oloshooibor water supply (Total flow volume from Ngong SGR tunnel per annum is 1,440,000m³ at low flows and 3.8MCM at peak flows). The main objective of this project is to improve food security, increase access to clean water and enhance climate change resilience hence improve livelihoods.

So far, development of 24km pipeline, 16 water kiosks, 2No. 100m³ elevated steel tanks for the water supply component and dam construction are complete and provides water to approximately 11,000 people, 9 schools, 3 health facilities, 2 shopping centres and over 30,000 livestock in the area.

During the fourth quarter of the FY 2019/2020, the Authority completed the tendering process and

commenced construction of the 20 ha irrigation model farm.

Agro processing (Tomato processing factory) and Value Addition

The project entails establishment of Tomato processing factory of 20,000 tonnes capacity annually in Oloitoktok, Kajiado County. The project will reduce post-harvest losses and increase incomes of tomato farmers through value addition.

During the 4th quarter of FY2019/20, the Authority finalized the procurement process and commenced construction of the factory. As at the end of quarter 4 the substructure of the factory was substantially complete.

Expansion of Tea Development Project

This is an ongoing project whose main objective is conflict resolutions between Masai and Kisii communities living along the border, create employment and for revenue generation for the Authority through sale of green tea leaves. The Authority has a

total of over 200 Acres under tea production.

At the end of 4th Quarter FY2019/20, the Authority had supported tea farmers plant over 300,000 tea seedlings out of the 2 Million tea seedlings raised. A total of 100 acres of tea plantation was established. In addition, the programme provided a total of 139 daily casual jobs to the communities and 153,507 kg of green tea produced.



CORPORATE GOVERNANCE STATEMENT

Statement of Corporate Governance

The Authority's Board plays a critical role of ensuring achievement of the Authority's strategic objectives. In execution of its mandate, the Board is guided by the Constitution of Kenya 2010, the enabling Act Cap 447, relevant legislations and governance blue prints i.e. Mwongozo.

Board of Directors

Appointment of the Board and removal process

The current Board comprises the Chairman, appointed by the President, nine non – official members appointed by the Cabinet secretary of the Parent Ministry, the Managing Director and three Alternate Directors. The Board membership is diverse in terms of gender, competencies, skills and experience to facilitate effective leadership of the Authority.

In accordance to the Authority Act Cap 447, membership of a non – official member of the

Board may be terminated by the Cabinet Secretary of the parent Ministry on the following grounds;

- (i) Has been found guilty of improper conduct considered to be inconsistent with membership of the Authority; or
- (ii) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Authority; or

Is unable or unfit, for any reason, to discharge the duties of his office, and that it is in the interest of the Authority so to do, may terminate the appointment of that member.

Roles and functions of the Board

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

1. Exercise its role collectively and not individually.
2. Determine the organization's mission,

vision, purpose and core values.

3. Set and oversee the overall strategy and approve significant policies of the organization.
4. Ensure that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its shareholders and other stakeholders
5. Ensure that the strategy of the organization is aligned to the long term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
6. Approve the organizational structure.
7. Approve the annual budget of the organization.
8. Monitor the organization's performance and ensure sustainability
9. Enhance the corporate image of the organization.
10. Ensure availability of adequate resources for



the achievement of the organization's objectives.

11. Hire the CEO, on such terms and conditions of the service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff.
12. Ensure effective communication with stakeholders.

Ethics and Conduct

The Code of Conduct and Ethics for State Corporations (SCs) as contained in Mwongozo:

The Code of Governance for State Corporations defines the standards of behaviour required to be observed by Board members. The main focus is on ethical conduct and integrity at the work place. Pursuant to the provisions of Executive Order No. 7, issued by H.E. the President on 25th March, 2015 and Performance Contracting obligation for Financial Year 2015/2016, the Authority's Board committed that they shall comply and implement the provisions of MWONGOZO: Code of

Governance for State Corporation.

Board Remuneration

Authority's Board remuneration and benefits during the financial year ended 30th June 2019 was as follows;

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

Board meetings

In FY 2019/2020 the Board held six (6) meetings, three (3) being special meetings attributable to appointment of the MD, Mr. Sammy Naporos, as the Ag. MD of Kerio Valley Development Authority (KVDA) and subsequent appointment of the Chief Manager Planning, Research & Development as the Ag. MD, ENSDA W.E.F 23rd July 2019. The former was eventually appointed the substantive MD of KVDA W.E.F 3rd February 2020. The Board embarked on a recruitment process to fill the position of MD which culminated in appointment of the current MD W.E.F 1st July 2020.

Quorum for conduct of Board meetings

The Board meetings during FY 2019/2020 always met quorum of two – thirds of the total

number of members. The rate of absence during the Board meetings was actually minimal.

Declaration of Conflict of Interest in Board meetings

In all the Board meetings during the FY 2019/2020, “Declaration of Conflict of Interest (s) if any” was always an agenda item and a register was availed for the purpose.

Board Charter

The Charter, defining the Board governance model as well as addressing a number of organizational and operational issues, was adopted on 11th April 2018. Upon appointment of the Board in 2019, sensitization unto the Board Charter was part of the induction program and compliance with its diverse aspects is upheld always.

Coverage of the Board Charter includes: the size and composition of the Board, the appointment of directors, Chairman

and the Executive Director, the tenure of office of the Chairman and the directors, the roles and responsibilities of the Board, Chairman, Managing Director and Secretary to the Board, the remuneration of directors, induction of directors and succession planning, conduct of board and committee meetings, board committees and evaluation of the performance of the directors.

Succession Planning

The Board monitors and evaluates performance of the Authority's management team with a view to enhancing succession planning. The outcome of the performance evaluation could be a reason for the Board to replace the Managing Director and other members of management team. The Board annually agrees on the performance targets



with the Managing Director against which he is evaluated. The MD on the other hand negotiates and annually signs agreed performance targets with the senior management team against which they are evaluated after the end of the year. The term of the Board is three (3) years renewable once which ultimately ensures fresh infusion of skills and experience.

Evaluation of Board Performance

The Board with the facilitation of the State Corporation Advisory Committee (SCAC) evaluated its own performance during FY 2019/2020 in July 2020. The results of the Board self-evaluation exercise are expected to be shared within the 1st Quarter, FY 2020/2021 and recommendations of the report will be implemented accordingly. The report will be shared with the relevant

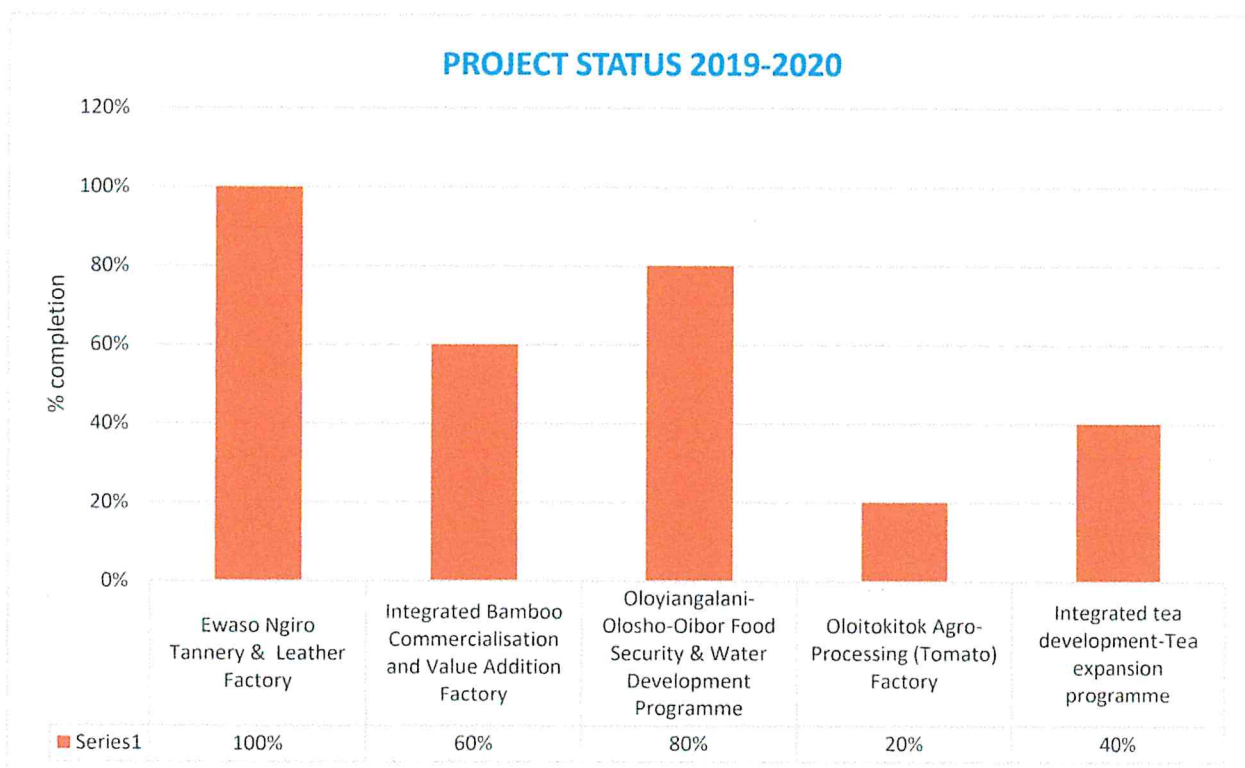
stakeholders including the parent Ministry and SCAC.

GOVERNANCE AUDIT

In FY 2019/2020, the Authority undertook a governance audit that was facilitated by a consultant. The consultant has since shared the penultimate report and submission of the final report is expected within the 1st Quarter of the current FY 2020/2021 for implementation of recommendations. The purpose of the audit was to identify and review the extent of compliance and effectiveness of the Authority in complying with laws and regulations in force; identify and review the status of compliance as necessary and identify any specific gaps that require intervention and evaluate existing policies and procedures that support the legal compliance functions.



PROJECT COMPLETION STATUS





MAJOR RISKS FACING THE AUTHORITY

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

i) Legal Risk

The Authority is legislated by Cap 447 of the Laws of Kenya. With the new constitutional dispensation, some functions were devolved to the County Governments. In absence of a revised

legislation aligned with the Constitution of

Kenya, potential conflicts may arise between the Authority and other Government agencies in case of inconsistency of the Act with the current Constitution.

To mitigate this, the Authority is fast tracking the review of the Act.

ii) Environmental Risks

In the current financial year the Authority implemented diverse projects ranging from water harvesting and storage programs, catchment conservation, bamboo commercialization and value addition project and agro-processing. The projects are dependent on climatic and environmental factors for example the rainfall patterns.

The Authority's area of jurisdiction being semi-arid, climatic change and adverse weather conditions has

continued to adversely affect the region and the intended impact of projects to beneficiaries may be hampered.

The Authority has implemented a robust environmental management strategies and adopted programs to mitigate the same.

iii) Sustainability risks

Most of the projects implemented by the Authority are usually handed over to communities who then operate, maintain and even upscale the project where possible. However, due to lack of capacity of the communities to operate such projects sustainably, the projects are normally faced with sustainability risks. Also, some projects particularly water and environmental conservation projects are faced with threats of human

wildlife conflict as most parts of the region have wildlife.

To mitigate such risks the beneficiary communities are usually trained on operation and maintenance and management committees strengthened.

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

To achieve sustainability, the Authority should implement diverse income generating projects to enhance levels of internally generated funds. However, due to inadequacy of resources allocated by the exchequer the Authority may take longer time to achieve financial sustainability hence potential liquidity risks in the event of delay in release of budgetary allocation.

To mitigate on such risk, the Authority is giving priority to projects that will enhance revenue generation such as the Tannery and Leather factory, Bamboo commercialization and Narok natural resources data centre projects. In

addition, aggressive resource mobilization through PPP has been prioritized.

iv) Technological Risks

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

The Authority is focused towards strengthening all its automated processes through the use of internal and external firewalls, encryption of data and establishing secure channels of data processing and sharing.

v) Liquidity Risks

In the current financial year the Authority implemented capital projects such as water harvesting, Bamboo commercialisation and construction of Tannery and leather factory which are continuing projects that depends on the National government on funding for

their next phases. There instances where there is delayed funding impacting negatively on the project funding.

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

COMPLIANCE WITH STATUTORY REQUIREMENTS

As the end of FY 2019-2020 the Authority endeavoured to comply with the Constitutional provision and other statutory obligations. The Authority endeavoured to comply with Procurement requirements that 30% of all procurement is reserved for the youth and women and that 2% of that goes to People with Disabilities

As the end of FY 2019-2020 the Authority observed the legal requirement in respect to submission of statutory deductions (PAYE, Pension, NSSF, NHIF, and HELB) and other relevant taxes. During the period under review, no unclaimed financial asset was reported.



CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

During the financial year 2019/2020 that ended in 30th June, 2020 the Authority undertook Corporate Social Responsibility activities in environmental conservation, water and sanitation, Health, Education and Sports.

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

1. Donation of 150,700 assorted tree and bamboo seedlings to 274 learning and religious

institutions distributes as follows; 142 institutions in Narok county 113 institutions in Kajiado County and 19 institutions in Njoro basin.

2. Donation of fifty (50) beehives to the community living around the Enapuyapuyi swamp (MAU Forest).
3. Participation and support of the tree planting at Pirrar Hill in Trans Mara in collaboration with stakeholders
4. Contribution towards Universal Health Coverage in partnership with NHIF in effort to ensure improvement of health status of the economically disadvantaged, elderly people and persons with disability in Narok County.



REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Authority's affairs.

Results

The results of the entity for the year ended June 30, 2020 are set out on page 36 to 42

Directors

The members of the Board of Directors who served during the year are shown on page ix-xvii. During the Financial Year 2019/2020, there were no resignations or retirement of Board members. There were also no new appointments to the Board

Auditors

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

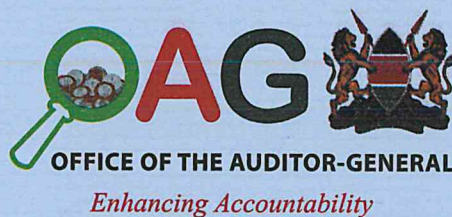
By Order of the Board

CORPORATE SECRETARY

Date: 30.09.2020

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON EWASO NG'IRO SOUTH DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Ewaso Ng'iro South Development Authority set out on pages 37 to 73, which comprise the statement of financial position as at 30 June, 2020, 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 30 June, 2020, 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 Ewaso Ng'iro South Development Authority as at 30 June, 2020, 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 Public Finance Management Act, 2012 and the Ewaso Ng'iro South Development Authority Act, Cap 447.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ewaso Ng'iro South 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.

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 overall governance were not effective.

Basis for Conclusion

Weak Internal Controls

Assessment of information systems revealed that the Authority has not developed key ICT documents such as Business Continuity Plan and Disaster Recovery Plans. This is contrary to Regulation 110(1) of the Public Finance Management Regulations, 2015 which requires an Accounting Officer for a national government entity to institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity.

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 Financial Reporting Standards 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, the 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 manner.

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Authority 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 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 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 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 the 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

02 December, 2021

STATEMENT OF FINANCIAL PERFORMANCE AS AT 30TH JUNE 2020

| | Note | 2019-2020 | 2018-2019 |
|---|--------|--------------------|--------------------|
| Revenue from non-exchange transactions | | KShs | KShs |
| Transfers from the governments– Recurrent Grant | 1 | 358,691,291 | 278,691,291 |
| Transfers from the government– Development Grant | | 457,187,500 | 541,000,000 |
| Drought Mitigation Programme Grant | | | 138,000,000 |
| Total revenue from non-exchange transactions | | 815,878,791 | 957,691,291 |
| Revenue from exchange transactions (AIA) | 2 | 22,413,761 | 20,380,031 |
| Total revenue | | 838,292,552 | 978,071,322 |
| Adjusted for ; Deferred income | 1 (c) | (145,495,332) | (125,625,567) |
| Total Net revenue | | 692,797,220 | 852,445,755 |
| Expenses | | | |
| Employee costs | 3 | 217,929,667 | 159,118,736 |
| Remuneration of Directors | 4 | 21,215,739 | 21,721,144 |
| Depreciation and amortization expense | 5 | 21,044,039 | 19,274,924 |
| Repairs and maintenance | 6 | 5,053,357 | 4,287,422 |
| Contracted services | 7 | 6,463,800 | 6,665,100 |
| Development expenses | 8 (a) | 296,819,901 | 329,230,919 |
| Drought Mitigation programme | 8 (b) | | 176,774,385 |
| Administration Expenses | 8 (c) | 105,847,930 | 84,388,726 |
| Total expenses | | 674,374,432 | 801,461,356 |
| Surplus before Tax | | 18,422,788 | 50,984,399 |
| Taxation | 9 | | 0 |
| Surplus for the period | | 18,422,788 | 50,984,399 |




Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

| | Note | 2019-2020 | 2018-2019 |
|---|--------|----------------------|----------------------|
| | | KShs. | KShs. |
| Assets | | | |
| Current assets | | | |
| Cash and Cash Equivalents | 10 | 215,999,192 | 147,048,432 |
| Work In Progress | 11 | | 13,623,485 |
| Receivables from exchange and non-exchange transactions | 12 | 60,168,872 | 24,123,560 |
| Prepayments | 13 | 8,993,089 | 7,448,832 |
| Inventories | 14 | 23,403,704 | 10,393,70 |
| Total Current Assets | | 308,564,857 | 202,637,679 |
| Non-current assets | | | |
| Property, Plant and Equipment | 15 | 1,179,583,340 | 1,150,841,617 |
| Biological Assets | 16 (a) | 30,700,000 | 30,700,000 |
| Accounting System | 16 (b) | 19,988,134 | 19,988,134 |
| Total non - current assets | | 1,230,271,474 | 1,201,529,751 |
| Total assets | | 1,538,836,331 | 1,404,167,430 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 17 | 238,978,759 | 131,432,961 |
| Total current liabilities | | | |
| Non-current liabilities | | | |
| Total liabilities | | | |
| Net assets | | 1,299,857,572 | 1,272,734,469 |
| Capital Reserves | | | |
| Accumulated Development Fund | 19 | 810,844,656 | 933,164,044 |
| Surplus | | 27,296,264 | 8,873,476 |
| Revaluation Reserves | 21 | 288,603,190 | 288,603,190 |
| Deferred Liability | 18 | 173,113,462 | 42,093,759 |
| Total net assets | | 1,299,857,572 | 1,272,734,469 |
| Total net assets and liabilities | | 1,299,857,572 | 1,272,734,469 |

The Financial Statements set out on pages 36 to 42 were signed on behalf of the Board of Directors by:


 MANAGING DIRECTOR
 NAME: NGALA OLOITIPTIP


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


 CHAIRMAN OF THE BOARD
 NAME: SELEILA OLE
 MWANIK

DATE: 30.09.2020

DATE: 30.09.2020

DATE: 30.09.2020



STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2020

| | Accumulated Development Fund | Revaluation Reserve | Surplus/Deficit | Deferred Income | Total |
|--|------------------------------------|------------------------|-------------------|--------------------|----------------------|
| | 63,563,380 | 288,603,190 | -42,110,923 | 643,456,228 | 953,511,875 |
| Balance as at 1 July 2019 | | | | - | |
| Prior year adjustment | 869,600,664 | | | - | 869,600,664 |
| Surplus/Deficit for the period | | | 50,984,476 | | 50,984,476 |
| Transfers to/from accumulated surplus | | - | - | (601,362,469) | (601,362,469) |
| Balance as at 30 June 2019 | 933,164,044 | 288,603,190 | <u>8,873,476</u> | <u>42,093,759</u> | <u>1,272,734,469</u> |
| Balance as at 1 July 2019 | 933,164,044 | 288,603,190 | <u>8,873,476</u> | <u>42,093,759</u> | <u>1,272,734,469</u> |
| | | | | - | |
| Prior year adjustment | (106,129,293) | | | - | -106,129,293 |
| Surplus for the period | | - | 18,422,788 | - | 18,422,788 |
| Accumulated depreciation and disposal on revaluation | (21,044,039) | | | - | -21,044,039 |
| Deferred Income for the year | - | - | - | 145,495,332 | 145,495,332 |
| Transferred to PPE | | | | (9,621,685) | -9,621,685 |
| Transferred to Accumulated fund | 4,853,944 | | | (4,853,944) | |
| Balance as at 30 June 2020 | <u>810,844,656</u> | <u>288,603,190</u> | <u>27,296,264</u> | <u>173,113,462</u> | <u>1,299,857,572</u> |



STATEMENT OF CASH FLOWS AS AT 30 JUNE 2020

| Cash flows from operating activities | NOTES | 2019-2020 | 2018-2019 |
|---|-----------|---------------------|----------------------|
| Cash receipts from GOK Grants DEV | | 399,000,670 | 541,000,000 |
| Cash receipts from GOK REC | | 358,691,291 | 263,691,291 |
| Cash receipts from GOK PANS & DAMS | | - | 138,000,000 |
| Cash receipts from (A I A) | | 22,413,761 | 20,380,031 |
| Total receipts | | 780,105,722 | 963,071,322 |
| Cash paid to suppliers | | (333,925,749) | (603,080,264) |
| Cash paid to Board Members | 4 | (21,215,739) | (21,721,144) |
| Administrative | 8 (c) | (105,847,930) | (84,388,726) |
| Cash paid to employees | 3 | (217,929,666) | (159,118,736) |
| Net cash flow from operating Activities | | 101,186,638 | (883,308,870) |
| Cash flows from investing activities | | | |
| Disposal of Assets | | | |
| Acquisition of Assets | | (9,018,706) | (24,723,886) |
| Work in progress | | (23,217,172) | (91,210,196) |
| Net cash flow from investing Activities | | (32,235,878) | (115,934,082) |
| Net increase in Cash and Cash Equivalents | | 68,950,760 | (21,171,630) |
| Cash and Cash Equivalents at beginning of period | | 147,048,432 | 168,220,062 |
| Cash and Cash Equivalents at the end of the period | 10 | 215,999,192 | 147,048,432 |



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30TH JUNE 2020

| REVENUE | Original Budget KShs. | Adjustment KShs. | Final Budget KShs. | Actual KShs. | Variance KShs. | % Variance | REMARKS |
|---------------------------------------|--------------------------|----------------------|-----------------------|--------------------|---------------------|---------------|---|
| Recurrent Grant | 358,691,291 | 0 | 358,691,291 | 358,691,291 | 0 | | |
| Development Grant | 620,248,000 | (137,560,500) | 482,687,500 | 457,187,500 | (25,500,000) | -5% | due to Budget cut |
| Appropriation In Aid | 16,000,000 | - | 16,000,000 | 22,413,761 | 6,413,761 | 43% | Increase in sale |
| Total income | 994,939,291 | (137,560,500) | 857,378,791 | 838,292,552 | (19,086,239) | | |
| EXPENSES | | | | | | | |
| Recurrent & Administration | | | | | | | |
| Compensation of employees | 224,329,098 | (5,577,000) | 218,752,098 | 217,929,666 | 822,432 | 0% | |
| Administration costs | 117,618,193 | 5,077,000 | 122,695,193 | 116,532,320 | 6,162,873 | 5% | |
| Remuneration of Directors | 22,044,000 | - | 22,044,000 | 21,215,739 | 828,261 | 4% | |
| Repairs and maintenance | 4,200,000 | 500,000 | 4,700,000 | 5,053,357 | (353,357) | 0% | |
| Contracted services | 6,500,000 | - | 6,500,000 | 6,463,800 | 36,200 | 0% | |
| Sub-total | 374,691,291 | 0 | 374,691,291 | 368,236,555 | 6,454,736 | | |
| Development Expenses | | | | | | | |
| Ewaso Ng'iro Leather Factory | 338,320,000 | (92,233,500) | 246,086,500 | 206,326,032 | 39,699,902 | 16% | Operations at the Tannery and authority were affected by Covid hence the under expenditure. |
| Integrated Bamboo | 85,000,000 | (26,352,900) | 58,647,100 | 57,795,012 | 852,088 | 2% | |
| Oloyiangalani Dam | 100,000,000 | (18,974,100) | 81,025,900 | 76,075,422 | 4,950,478 | 6% | |
| Agro-processing | 71,428,000 | - | 71,428,000 | 70,971,399 | 456,601 | 1% | |



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

| | | | | | | | |
|-------------------------------|--------------------|----------------------|--------------------|--------------------|------------|-----|--|
| Tea Development Expansion | 25,500,000 | - | 25,500,000 | 20,462,978 | 5,144,998 | 20% | Due to Covid-19 the activity of tea expansion at Meigura was halted as interactions and movement was restricted. |
| Sub-total | 620,248,000 | (137,560,500) | 482,687,500 | 431,630,843 | 47,520,103 | | |
| TOTAL EXPENDITURE | 994,939,291 | (137,560,500) | 857,378,791 | 799,867,398 | | | |
| SURPLUS FOR THE PERIOD | | | | 38,425,154 | | | |



NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Ewaso Ng'iro South River Basin Development Authority was formed on 1989 by an Act of Parliament CAP 447 of the Laws of Kenya. At Cabinet level, Ewaso Ng'iro South River Basin Development Authority is represented by the Cabinet Secretary for Ministry of Devolution and Planning. The Cabinet Secretary is responsible for the general policy and strategic direction of the Authority.

The principal activity of Ewaso Ng'iro South River Basin Development Authority is to plan, coordinate and implement development projects within its area of jurisdiction.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method.



ADOPTION OF NEW AND REVISED STANDARDS

| Standard | Impact |
|---|--|
| IPSAS 40: Public Sector Combinations | The Authority did not have any business combinations and combinations arising from non-exchange transactions covered purely under Public Sector combinations as amalgamations hence this IPSAS not applicable. |



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services when revenue can be measured reliably, it is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the stage of completion of the transaction at the reporting date can be measured reliably.

Sale of goods

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

Receivables from exchange and non-exchange transactions

i. Receivables from exchange transaction

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

ii. Receivables from non-exchange transactions

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

iii. Prepayments

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



b) Budget information

The Authority's budget is prepared on accrual basis which is the same basis applied in the recognition of the actual income and expenditure disclosed in the financial statements. The original budget for FY 2019-2020 was approved by the Board on 26th June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

c) Taxes

Current income tax

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

Deferred tax

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

d) Property, Plant and Equipment

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

exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

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

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

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

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



Loose Tools 33.33%

e) Leases

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

f) Intangible assets

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

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

g) Research and development costs

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

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

iv. The availability of resources to complete the asset

v. The ability to measure reliably the expenditure during development

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

h) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement 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 Entity determines the classification of its financial assets at initial recognition.

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.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are 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. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

estimated. Evidence of impairment may include the following indicators:

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

During the FY2019/2020 the Authority did not have any financial instruments.

i) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that



a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

j) Provisions

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

Contingent liabilities

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

Contingent assets

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the

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

k) Nature and purpose of reserves

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

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

l) 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.

m) Employee benefits **Retirement benefit plans**



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

n) Foreign currency transactions

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

o) 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.

p) Related parties

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

q) 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.

r) Comparative figures

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

s) Biological Assets

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

t) Work in Progress –IPSAS 11

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

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity

- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

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

u) Subsequent events

The Authority recognises events both favourable and unfavourable after the reporting date as subsequent events. During the F/Y 2017 2018, the Authority had a prior year adjustments of accumulated depreciation amounting to Ksh. 106,129,293 that was not accounted under PPE following revaluation of assets. This omission therefore overstated the PPE values by the same amount. However, correction has been made and correct values of PPE has been captured



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

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

The Authority receives grants from the Parent Ministry of East Africa Community for Personnel Emoluments and implementation of capital projects.

Recurrent grants are used to finance personnel emoluments and general administrative expenses whereas Development grants are used to finance capital projects. In F/Y 2019/2020, cumulatively, the Authority received Ksh. **815,878,791** compared to Ksh. **957,691,291** for F/Y 2018/2019.

| Revenue from non-exchange transactions | 2019-2020 Shs | 2018-2019 Shs |
|--|--------------------|--------------------|
| Transfers From the government | | |
| Unconditional grants | | |
| Development Grant | 457,187,500 | 541,000,000 |
| Recurrent Grant | 358,691,291 | 278,691,291 |
| Drought Mitigation Grant | | 138,000,000 |
| Total government grants | 815,878,791 | 957,691,291 |

1 b) Transfers from Ministries, Departments and Agencies

| Name of the Entity sending the grant | Amount recognized to Statement of Comprehensive Income KShs. | Amount deferred under deferred income KShs | Amount recognised in capital fund. KShs | Total grant income during the year KShs | 2019-2020 KShs |
|--------------------------------------|---|---|--|--|---------------------------|
| Ministry of East Africa Community | 815,878,791 | 145,495,332 | | 815,878,791 | 815,878,791 |
| Total | <u>815,878,791</u> | <u>145,495,332</u> | | <u>815,878,791</u> | <u>815,878,791</u> |



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

1 c) Deferred Income

This include the Cost of capitalized Assets

| | 2019-2020 | 2018-2019 |
|--|--------------------|--------------------|
| ETP (Variation) | | 56,489,120 |
| Electrical installation | | 3,332,193 |
| Office Tannery | 4,003,438 | 16,879,183 |
| Land loitokitok | | 12,150,200 |
| Tannery Computers | | 2,359,500 |
| Purple Tea | | 9,691,485 |
| Motor Van -prado | | 13,825,000 |
| CCTV Camera | | 4,944,036 |
| Furniture,Fitting & Equipment (HQ & Kajiado) | | 4,181,210 |
| Computers HQ | | 1,773,640 |
| Loitokitok office | 10,684,390 | |
| Drying Bed & Waste Water | 6,893,735 | |
| Tannery workshop | 8,979,967 | |
| Tannery weighing scale machine | 849,720 | |
| Tannery Incinerator | 14,000,000 | |
| Motor bike | 850,506 | |
| Tomatoes Factory Building | 52,332,503 | |
| spraying Booth & Dry shed | 2,931,400 | |
| Soaking Drum | 10,259,040 | |
| Isuzu Tractor | 5,856,000 | |
| Staff mini-bus | 7,162,250 | |
| Cottage Industriaa | 19,765,345 | |
| Lawnmower | 927,038 | |
| Total other income | 145,495,332 | 125,625,567 |

2. Revenue from exchange transactions

The Authority generates revenue from sale of products such as green tea, horticultural products, tree seedlings, sale of finished leather and technology transfer services from income generating projects. In F/Y 2019/2020, the Authority generated Ksh **22,413,761** compared to Ksh **20,380,031** in F/Y 2018/2019 which is 10% increase. The increase is attributable to the commencement of the Tannery operations and repeated production of quality leather which saw a slight increase of customers.



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

| | 2019-2020 | 2018-2019 |
|--|--------------------------|--------------------------|
| Sale of Green Tea | 13,984,632 | 16,071,713 |
| Sale of Horticultural products | 1,125,215 | 1,202,800 |
| Sale of Tree Seedlings | 984,580 | 186,020 |
| Other income | 5,000 | 67,700 |
| Tannery Hides & skins | 4,675,522 | |
| Other income (Milk Chilling & Bulking) | 1,638,812 | 2,851,798 |
| Total other income | <u>22,413,761</u> | <u>20,380,031</u> |

As at end of the close of the financial year the outstanding debtors were **Ksh 1,982,042**

3. Employee Costs

These are costs paid to staff as basic salaries, wages, allowances, pension contributions paid to defined pension schemes and gratuity paid to staff on expiry of contracts. In F/Y 2019/2020, the Authority incurred employee costs amounting to Ksh. **217,929,667** compared to Ksh. **159,118,736** the previous year. The significant increase of Ksh **58,810,931** is due to the engagement of Tannery staff to work on contract basis pending approval of the structure and add-ons on contracts in the year.

| Employee costs | 2019-2020 | 2018-2019 |
|-----------------------|--------------------|--------------------|
| Basic Pay | 142,968,785 | 99,299,638 |
| House Allowance | 27,635,350 | 18,690,800 |
| Acting Allowance | 2,125,251 | 630,748 |
| Benefit (Airtime) | 3,940,500 | 3,175,000 |
| Commuter Allowance | 18,628,500 | 10,900,000 |
| Leave Allowance | 1,026,000 | 866,000 |
| Other Allowance | 2,773,000 | 2,509,186 |
| Pension Contribution | 14,733,023 | 16,338,256 |
| NSSF Contribution | 632,000 | 512,600 |
| Gratuity | 3,467,258 | 5,149,872 |
| MD's House Servants | 0 | 274,965 |
| Transfer allowances | 0 | 771,671 |
| Employee costs | 217,929,667 | 159,118,736 |

4. Remuneration of Directors

Board of Directors offer oversight on governance and are mandated to hold four meetings in a year, one in every quarter. During the meetings, allowances payable to Board of



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

Directors are Sitting Allowance at the rate of Ksh. 20,000, Night out allowance at Ksh. 18,200, Lunch allowance at Ksh. 2,000 and Mileage at the prescribed AA rates but capped at 1800cc. During F/Y 2019/2020, the Authority incurred Ksh. **21,215,739** compared to Ksh. **21,721,144** in the previous year. The slight reduction is attributed to restrictions in movement and number of meetings due to COVID-19

| Remuneration of Directors | 2019-2020 | 2018-2019 |
|----------------------------------|-------------------|-------------------|
| Chairman's Honoraria | 1,044,000 | 957,000 |
| Directors emoluments | 20,171,739 | 20,764,144 |
| Total director emoluments | 21,215,739 | 21,721,144 |

5. Depreciation & Amortisation

The Authority depreciates its Property, Plant and Equipment (PPE) using reducing balance method of depreciation applying different rates on different classes of PPE .This complies with IPSAS 17 and 16 on Property plant and Equipment and Investments. In F/Y 2019/2020, depreciation expense was **Ksh. 21,044,039** as detailed below.

| | 2019-2020 | 2018-2019 |
|---------------------------------|-------------------|-------------------|
| Depreciation Expense | Ksh. | Ksh. |
| Motor Vehicle | 8,009,280 | 6,908,206 |
| Furniture , Fitting & Equipment | 2,808,821 | 2,687,966 |
| Buildings | 3,253,898 | 4,238,959 |
| Computers & Related Accessories | 3,824,351 | 2,285,077 |
| Loose Tools | 14,358 | 21,383 |
| Agricultural-Shonkoe Teabushes | 1,333,332 | 1,333,333 |
| Agricultural-Keyian Teabushes | 1,800,000 | 1,800,000 |
| Total depreciation | 21,044,039 | 19,274,924 |



6. Repairs and Maintenance

The Authority undertakes scheduled repairs on Property, Plant and Equipment (PPE). In F/Y 2019/2020 an expenditure of Ksh. **5,053,357** had been incurred. A good number of the Authority's vehicle are old hence the increase in the cost of repairs and maintenance.

| | 2019-2020 | 2018-2019 |
|--|------------------|------------------|
| Repairs and maintenance | Shs. | Shs. |
| Maintenance of Furniture's & Buildings | | - |
| Vehicles | 5,053,357 | 4,287,422 |
| Total repairs and maintenance | 5,053,357 | 4,287,422 |

7. Contracted Services

The Authority outsources Security and team building services. In the previous year, these services were offered at the Headquarters only, but in F/Y 2016/2017 the services were extended to the branch (sub-basin) offices.

| Contracted services | 2019-2020 | 2018-2019 |
|----------------------------------|------------------|------------------|
| Security services | 6,463,800 | 6,665,100 |
| Team Building services | | |
| Total contracted services | 6,463,800 | 6,665,100 |

8 (a). Development costs

These costs relate to capital projects undertaken by the Authority with the goal of improving livelihoods for socio-economic development as comprehensively discussed under the Management Discussion and Analysis. In the FY 2019/20, Under Ewaso Ng'iro Leather Factory, Bamboo commercialization and value addition, Oloyiangalani, Agro-processing for Tomatoes and Tea Expansion the Authority spend kshs. **296,819,901**

| Development Expenses | 2019-2020 | 2018-2019 |
|---------------------------------|--------------------|--------------------|
| I. Ewaso Ng'iro leather factory | 124,698,099 | 57,840,881 |
| II. Integrated Bamboo | 56,944,506 | 49,478,096 |
| III. Oloyiangalani | 76,075,422 | 198,944,209 |
| IV. Tomato Agro processing | 18,638,896 | 4,103,094 |
| V. Tea Expansion | 20,462,978 | 18,864,639 |
| Total Dev. Expenses | 296,819,901 | 329,230,919 |

Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

There is a significant difference between the development expenses in the performance and the comparison of budget of **Ksh 134,810,942** being capitalized items which comprise of; Tannery Workshop 8,979,967 Tannery weighing scale 849,720 Tannery Incinerator Ksh 14,000,000, Spraying booth 2,931,400, Soaking Drums 10,259,040, Isuzu Truck 5,856,000 Staff minibus 7,162,250, Cottage Industry 19,765,345 and Lawn Mower 927,038



8 (b). Drought Mitigation Programme

The Authority received a special fund under the National drought emergency response programme to mitigate severity of the drought by enhancing levels of access to water through rehabilitation and construction new of boreholes within the area of jurisdiction. A total number of 36 boreholes were rehabilitated and equipped during the F/Y 2018/2019

| | 2019-2020 | 2018-2019 |
|------------------------------|-----------|-------------|
| Drought Mitigation Programme | | 176,774,385 |

8 (c). Administration Expenses

| Administration Expenses | 2019-2020 | 2018-2019 |
|-------------------------------------|------------|------------|
| General office Supply | 4,431,578 | 3,739,984 |
| Insurance (Medical cover) | 24,612,865 | 20,726,808 |
| Insurance (General cover) | 5,921,336 | 3,225,965 |
| Travel and Accommodation | 1,468,992 | 3,067,876 |
| Casual labour | 2,688,931 | 1,702,283 |
| Finance and stewardship | 2,602,660 | 3,586,048 |
| Work Environment | 2,437,752 | 0 |
| Competency Development | 11,090,410 | 12,511,192 |
| Internal Processes and system audit | 334,700 | 524,760 |
| Performance Contract & Budgeting | 2,458,100 | 4,669,483 |
| ISO | 475,000 | 1,709,776 |
| Leased premises | 530,550 | 525,000 |
| Legal Awards | 371,200 | 5,917,112 |
| Hospitality Supplies and service | 3,026,157 | 3,756,158 |
| Postage Services | 101,016 | 60,731 |
| Printing and stationery | 342,200 | 243,300 |
| Fuel & Lubricants | 6,782,068 | 5,622,040 |
| Water & Sewage treatment costs | 209,350 | 128,720 |
| Subscription to Newspaper | 42,720 | 143,040 |
| Electricity service | 372,426 | 795,470 |
| Bank charges | 255,071 | 226,772 |
| Research & Development-Exit survey | 1,799,700 | 0 |
| ICT Development | 5,483,497 | 0 |
| Publicity | 1,809,375 | 1,152,877 |
| Regional Coordination | 5,170,650 | 0 |
| Staff wellness | 0 | 4,317,258 |
| Internet connection | 1,860,753 | 0 |

Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

| | | |
|-------------------------------|--------------------|-------------------|
| Tradeshow | 296,460 | 0 |
| Automation - ERP Phase II | 2,561,500 | 0 |
| Staff replacement | 5,481,480 | 0 |
| Loitokitok sub-basin office | 267,700 | 0 |
| Resource Mobilization | 2,412,487 | 0 |
| Sanitary & cleaning materials | 117,228 | 0 |
| Internship Allowance | 8,032,018 | 6,036,073 |
| Total Admin. Expenses | 105,847,930 | 84,388,726 |

The administration figure in the comparison of budget verses Actuals is higher than that of the performance by **Ksh 10,684,390** being a capital cost of constructing an office block.

9. Taxation

The Authority is a Non-Commercial Parastatal exempted from taxes hence the tax liability is nil for the two financial years. Though the Authority is engaging in some agriculture activities and just commenced the production of finished leather through the leather and tannery factory it intends to liaise with KRA in case of any Tax implications.

| | 2019-2020 | 2018-2019 |
|----------------------------------|-----------|-----------|
| Taxation | | |
| Current income tax: | | |
| Current income tax charge | - | - |

10. Cash and Cash equivalents

The Authority's cash and cash equivalents are cash held at hand and banks. In F/Y 2019/2020, the closing balance was **Ksh. 215,999,192.03** which relates to commitment towards payables and deferred income on ongoing capital projects.

| Cash and Cash Equivalents | 2019-2020 | 2018-2019 |
|--|-----------------------|--------------------|
| Kenya Commercial Bank | 959,247 | 8,644,492 |
| National Bank | 194,948,012.03 | 115,971,263 |
| Co-operative Bank | 20,091,933 | 22,432,677 |
| Total Cash and Cash Equivalents | 215,999,192.03 | 147,048,432 |



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

| Bank | Account no | Cash book balance |
|----------------------------|---------------------|-----------------------|
| Development | Nbk-01003041548101 | 146,750,934 |
| Reccurent | Nbk-01003041548100 | 45,789,746 |
| Economic stimulus program | Nbk-01003041548104 | 81,982.25 |
| Farm | Nbk-01003041548102 | 2,313,103 |
| Comiform | Nbk-01003042125600 | 11,716 |
| Nakuru sub basin | Nbk-01003041548105 | 531 |
| Kilgoris savings sub basin | Coop-01141018229500 | 19,806,964 |
| Kilgoris | Coop-01141018229501 | 60,760.78 |
| Malewa | Coop-01141018229503 | 87,578 |
| Kajiado | Coop-01141018229502 | 136,630 |
| Loitokitok | Kcb-1132205514 | 3,188 |
| KCB-Tannery | Kcb-1250768489 | 956,059 |
| Total | | 215,999,192.03 |

11. Work In Progress

This relates to costs incurred on ongoing works for capital projects: Ewaso Ng'iro Tannery and Leather Factory (Construction of the factory building Procurement of, Tannery machinery and construction of Effluent Treatment Plant (ETP), office block and workshop. The total WIP as at close of FY 2019-2020 was Kshs. 32,313,934 compared to previous years of Kshs. 13,623,485.

| Work In Progress | 2019-2020 | 2018-2019 |
|-------------------------------|-------------------|-------------------|
| Land-Loitokitok | 12,150,200 | 4,932,000 |
| Tea Expansion (Meiguara) | 0 | 8,691,485 |
| Soaking Drum | 2,005,445 | |
| Loitokitok office | 950,000 | |
| Drying Bed & Waste Water | 1,689,373 | |
| Tannery hide & skins | 13,405,330 | |
| Tannery workshop | 2,113,586 | |
| Total Work in Progress | 32,313,934 | 13,623,485 |

During financial year 2018-2019 Ewaso ng'iro Tannery and leather factory has started operating and assets relating to Tannery has been transfer to Property.



12. Receivables from exchange and non-exchange transactions

The Authority realizes receivables at closure of the F/Y from its operations related to advances issued as imprest, sale of products and other debtors arising from other financial transactions. At the closure of the F/Y 2019/2020 receivables amounted to Kshs. 60,168,872

| Receivables from exchange transactions | 2019-2020 | 2018-2019 |
|---|-------------------|-------------------|
| Sale of Bamboo seedlings (KVDA) | 200,000 | - |
| Toyota East Africa Limited | - | 284,400 |
| Outstanding Imprest | 649,800 | 2,200,000 |
| sale of Tea leave | 449,310 | 323,673 |
| Sale of Milk | 598,590 | 1,315,487 |
| Tannery Hide & Skins | 84,342 | |
| Receivables non- exchange transactions | | |
| Motor vehicle –oloyiangelani | | 5,000,000 |
| GOK Recurrent Grant | 58,186,830 | 15,000,000 |
| Total Amount | 60,168,872 | 24,123,560 |

13. Prepayments

At the close of the FY 2019/20, the Authority had prepayments of Ksh. 8,993,089 relating to ongoing contracted services on operating land leases rent, medical cover premiums, general insurance Cover on PPE and utilities deposits as detailed below.

| Prepayments | 2019-2020 | 2018-2019 |
|--|------------------|------------------|
| Prepayment-Leases | 510,000 | 510,000 |
| Prepayment- Resolution Insurance | 5,675,231 | 3,522,850 |
| Prepayment - Britam Insurance | 1,696,490 | 1,080,927 |
| Service ,water and electricity debtors | 558,000 | 558,000 |
| Total Kenya- Fuel | 553,368 | 427,439 |
| Kingway Tyres | 0 | 1,349,616 |
| Total Prepayments | 8,993,089 | 7,448,832 |

14. Inventories

The inventories are valued at the lower of cost or the net realizable value. As at the close of the financial year, inventories amounted to Ksh **23,403,704** as compared to the FY 2018/19 closing balance of Ksh. **10,393,370**.

| | 2019-2020 | 2018-2019 |
|--------------------------|-------------------|-------------------|
| Tree seedlings (Bamboo) | 9,171,193 | 1,362,091 |
| Tea seedlings | 7,813,556 | 8,927,280 |
| Tree seedlings | 631,094 | 103,999 |
| Stores & inventory | 780,968 | |
| Tannery Chemical | 5,006,893 | |
| Total inventories | 23,403,704 | 10,393,370 |

15. PROPERTY, PLANT & EQUIPMENT – ASSET MOVEMENT SCHEDULE FOR YEAR ENDED 30TH JUNE 2020

| | LAND | M/V | FURNITURE FITTING & EQUIP. | BUILDINGS | | | | COMPUTERS & RELATED ACCESSORIES | LOOSE TOOLS | AGRICULTURAL PLANT | EWSO TANNERY PLANT | CAPITAL | TOTAL |
|--|-------------|------------|----------------------------------|------------------|----------------------|-----------------------------|------------|---------------------------------------|----------------|-----------------------|--------------------------|------------|---------------|
| | | | | PERMANENT NRS | SEMI PERM. NRS | PERM. RESIDENTIAL NRS | | | | | | | |
| | | 25% | 12.50% | 2% | 12.50% | 2% | | 30% | 33.30% | SHANKOE | KEYIAN | WIP | |
| | KSHS. | KSHS. | KSHS. | KSHS. | KSHS. | KSHS. | | KSHS. | KSHS. | | | | KSHS. |
| Total assets as at 01/07/2019 | 185,800,000 | 46,867,136 | 25,219,690 | 69,915,080 | 23,814,398 | 604,014 | 17,407,082 | 144,332 | 40,000,000 | 27,000,000 | 765,364,105 | 13,623,485 | 1,202,135,837 |
| Additions for year | | 5,850,506 | 4,181,210,00 | | | | 1,773,640 | | | | 5,666,474 | 18,690,449 | 17,471,830 |
| Total assets | 185,800,000 | 52,717,642 | 29,400,900 | 69,915,080 | 23,814,398 | 604,014 | 19,180,722 | 144,332 | 40,000,000 | 27,000,000 | 771,030,579 | 32,313,934 | 1,219,607,667 |
| Acc depreciation | | 19,830,016 | 6,930,334 | 3,149,938 | 8,558,300 | 24,864 | 6,432,887 | 101,215 | 2,666,666 | 3,600,000 | - | | 51,294,220 |
| Dep for the year | 0 | 8,009,280 | 2,808,821 | 1,335,303 | 1,907,012 | 11,583 | 3,824,351 | 14,358 | 1,333,333 | 1,800,000 | | | 21,044,041 |
| Total depreciation | 0 | 27,839,296 | 9,739,155 | 4,485,241 | 10,465,312 | 36,447 | 10,257,238 | 115,573 | 3,999,999 | 5,400,000 | 0 | | 72,338,261 |
| Net book values as at 30/06/2020 | 185,800,000 | 24,878,346 | 19,661,745 | 65,429,839 | 13,349,086 | 567,567 | 8,923,484 | 28,759 | 36,000,001 | 21,600,000 | 771,030,579 | 32,313,934 | 1,179,583,340 |



PROPERTY, PLANT & EQUIPMENT – ASSET MOVEMENT SCHEDULE FOR YEAR ENDED 30TH JUNE 2019

| | LAND | M/V | FURNITURE FITTING & EQUIP. | BUILDINGS | | | COMPUTERS & RELATED ACCESSORIES | LOOSE TOOLS | AGRICULTURAL | | EWASO TANNERY PLANT | TOTAL |
|--|-------------|------------|----------------------------------|------------------|-------------------|----------------------|---------------------------------------|----------------|------------------|------------|---------------------------|---------------|
| | | | | PERMANENT NRS | SEMI PERM. NRS | PERM. RESIDENTIAL | | | SHANKOE PLANT | KEYIAN | | |
| | | 25% | 12.50% | 2% | 12.50% | 2% | 30% | 33.30% | | | | |
| | KSHS. | KSHS. | KSHS. | KSHS. | KSHS. | KSHS. | KSHS. | KSHS. | | | | KSHS. |
| Total assets as at 01/07/2018 | 185,800,000 | 33,042,136 | 18,100,770 | 47,964,110 | 23,814,398 | 604,014 | 8,494,186 | 144,332 | 40,000,000 | 27,000,000 | | 384,963,946 |
| Additions for year | | 13,825,000 | 7,118,920.00 | 21,950,970 | | | 8,912,896 | | | | 765,364,105 | 817,171,891 |
| Total assets | 185,800,000 | 46,867,136 | 25,219,690 | 69,915,080 | 23,814,398 | 604,014 | 17,407,082 | 144,332 | 40,000,000 | 27,000,000 | 765,364,105 | 1,202,135,837 |
| Acc depreciation | | 12,921,810 | 4,242,368 | 1,899,379 | 5,581,500 | 13,264 | 4,147,810 | 79,832 | 1,333,333 | 1,800,000 | - | 32,019,296 |
| Dep for the year | 0 | 6,908,206 | 2,687,966 | 1,250,559 | 2,976,800 | 11,600 | 2,285,077 | 21,383 | 1,333,333 | 1,800,000 | - | 19,274,924 |
| Total depreciation | 0 | 19,830,016 | 6,930,334 | 3,149,938 | 8,558,300 | 24,864 | 6,432,887 | 101,215 | 2,666,666 | 3,600,000 | - | 51,294,220 |
| Net book values as at 30/06/2019 | 185,800,000 | 27,037,120 | 18,289,356 | 66,765,142 | 15,256,098 | 579,150 | 10,974,195 | 43,117 | 37,333,334 | 23,400,000 | 765,364,105 | 1,150,841,617 |



16. (a) Biological Assets

The value of biological assets are reflected in statements as per the professional valuer's estimates that was done in the financial year 2015/2016. The assets will be revalued in the FY2020/21

| | 2019-2020 | 2018-2019 |
|--|-------------------|-------------------|
| Olkalau trees | 13,000,000 | 13,000,000 |
| Tea bushes (Keyian & Shankoe) | 0 | 0 |
| Shartuka Trees | 1,700,000 | 1,700,000 |
| Narok Head Quarter Assets-Trees bushes | 16,000,000 | 16,000,000 |
| Total Biological Assets | 30,700,000 | 30,700,000 |

16 (b) Intangible Assets

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

| | 2019-2020 | 2018-2019 |
|--------------------------|-------------------|-------------------|
| Accounting System | 19,988,134 | 19,988,134 |

17. Trade and other payables from non-exchange transactions

| S/N | NAMES OF PROJECTS | DESCRIPTION | OUTSTANDING | AGING |
|----------------------------|---------------------------------|---------------------------------------|-------------------|----------|
| RECURRENT CREDITORS | | | | |
| 1 | Munyurra contractors | Construction of office | 9,734,390 | 2 months |
| 2 | Bhogals Auto garage | Motor vehicle repairs and maintenance | 367,094 | 3 months |
| 3 | Stewart International | Nairobi office partition | 380,268 | 4 months |
| 4 | National construction Authority | Legal fee | 468,197 | 1 year |
| 5 | Auditor General | Audit fee | 305,835 | 6 months |
| 6 | Insinta & co Advocates | legal Audit fees | 2,233,000 | 1 year |
| 7 | Mara oloip ltd | Supply of lawn mower | 927,038 | 1 month |
| | Sub- Total | | 14,415,822 | |



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

| DEVELOPMENT CREDITORS | | | | |
|-----------------------|--------------------------------|--|--------------------|----------|
| 1 | Kathos Building & Construction | Design, Construct, Equip and testing of tomatoes Factory | 52,332,503 | 1 month |
| 2 | Jamas Holding | supply and installation of Incinerators | 14,000,000 | 1 month |
| 3 | Waterman drilling | drilling, equipping of borehole | 10,102,312 | 1 month |
| 4 | Silat Investment co. Ltd | Model school olkerin & Gatondo mix Sec sch | 5,837,120 | 1 month |
| 5 | Luxica Enterprise | Tiritagoi Pry school | 2,959,800 | 1 month |
| 6 | Maji Africa | Rehabilitation works Kirengero borehole | 826,500 | 6 months |
| 7 | Maji Africa | Drilling of Oloropil Borehole | 2,173,706 | 7 months |
| 8 | Baquotex Enterprise | Tayari Borehole | 2,917,800 | 1 month |
| 9 | Royal seed | Supply of Seed | 102,400 | 1 month |
| 10 | Haraf Traders Ltd | Irrigation 20ha model farm | 48,000,000 | 1 month |
| 11 | Samcoll contractors | Construction of Olooyagani dam | 4,788,714 | 1 year |
| 12 | Narok site | Construction of Tannery Workshop | 6,866,381 | 2 months |
| 13 | Mbosha Flow | ETP advancement -Drying Bed | 5,204,362 | 3 months |
| 14 | Snavem Enterprises | Construction of Soaking & Linking drum | 8,253,595 | 4 months |
| 15 | Sigani Associates | Consultancy service | 4,787,940 | 6 months |
| 16 | Kaeser compressor | Tannery compressor s service | 377,066 | 1 month |
| 17 | Kanchori & Co. Advocate | Legal fee for Projects | 205,200 | 1 month |
| 18 | Derwa Enterprised | construction of cottage industries | 19,765,345 | 2 weeks |
| 19 | Toyota kenya | purchase of Tannery Bus & Prado | 13,018,250 | 3 weeks |
| 20 | Platinumray limited | Purchase of Tannery weighing scale machine | 849,720 | 4 weeks |
| 21 | Lmaya lookout solution | Supply of office stationaries | 150,026 | 4 weeks |
| 22 | Dastika limited | Supply of cartridge's | 155,900 | 4 weeks |
| 23 | Sidan suppliers | Tannery chemical | 2,221,850 | 5 weeks |
| 24 | Spenomatic group | Tannery chemical | 1,727,194 | 6 weeks |
| 25 | Nobility | Purchase of spare parts | 2,304,464 | 4 weeks |
| 26 | Davematiks General Merchants | Construction of Hand Spray Booth & Drying shade | 2,931,400 | 4 weeks |
| 27 | Far East Connection | Procurement of Tannery Equipment. | 10,630,389 | 2 years |
| 28 | Enkejumuny Construction Co. | Auxillary work for Nkiito borehole | 1,073,000 | 6 months |
| Sub Total | | | 224,562,937 | |
| GRAND TOTAL | | | 238,978,759 | |



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

CREDITORS AS AT 30TH JUNE 2019

| NO | NAMES OF PROJECTS & CONTRACTORS | DESCRIPTION | OUTSTANDING AMNTS | AGING |
|------------------------------|--|---|-------------------|-----------|
| DROUGHT MITIGATIONS | | | | |
| 1 | Entauoh Enterprises Ltd. | Desilting Enkaroni Waterpan. | 3,461,418 | 3 months |
| 2 | Soiyan General Supplies. | Oloika waterpan. Nrk East. | 491,001 | 2 yrs |
| 3 | Enkejuemuny co. Ltd | Kunchu pipeline | 687,031 | 3 months |
| 4 | Serve Kenya Ltd | Auxillary work for Pilewa Borehole | 2,652,804 | 3 months |
| 5 | Narok site and services | Auxiliary work for olkinyei borehole & Narosura pipeline | 6,368,172 | 3 months |
| 6 | Ayan borehole drillers and pump services | Olokumkum Borehole and olepolos nkama | 3,554,820 | 3 months |
| 7 | Mbosha Flo Enterprises Ltd | Auxiliary work for olenkuluo & Olosho lole kaloi Borehole | 1,458,065 | 3 months |
| 8 | Capital web and communication solution Ltd | Daraja borehole | 3,147,984 | 3 months |
| 9 | Fairworld servises enterprises | Olderkesi Borehole | 1,607,382 | 3 months |
| 10 | Saitoyata Ltd | Olabei borehole | 1,273,207 | 3 months |
| 11 | Munyura construction Ltd | Ormukuna pipepline | 377,852 | 3 months |
| 12 | Denrwa enterprises Ltd | Olderkesi Borehole & ole polos nkama | 8,640 | 3 months |
| 13 | Waterman drilling Africa Ltd | Construction of boreholes | 4,986,840 | 3 months |
| 14 | Bugani construction Ltd | Rehabilitation of olkinyei & ongata naado | 541,836 | 3 months |
| 15 | Belimark contractors Ltd | Rehabilitation of noekenyi,oloika,iltumaro boreholes | 6,077,336 | 3 months |
| 16 | Kathoz building and construction Ltd | Rehabilitation of embarbali,oloirimrim.tikoishi,kipeto | 653,080 | 3 months |
| 17 | Vinama contractors and suppliers | Naisuya pipeline | 709,128 | 3 months |
| 18 | Dawn of wealth general contractors | Conservation of Enapuyapui swamp | 315,081 | 3 months |
| 19 | Timar construction | Rehabilitation of borehole | 3,318,876 | 3 months |
| 20 | Techmart investment Ltd | Construction of Ormukuna pipeline | 1,464,120 | 3 months |
| Sub-Totals | | | 43,154,673 | |
| DEVELOPMENT CREDITORS | | | | |
| 1 | Far East Connection | Procurement of Tannery Equipment. | 10,630,389 | 2 yrs |
| 2 | Masai Store Ltd. | Construction of oloyiangelani | 19,276,791 | 10 months |
| 3 | Joshua Parteyie | Tomatoes land at loitokitok | 2,268,000 | 4 months |
| 4 | Munyura construction Ltd | fencing loitokitok | 4,950,000 | 1 week |
| 5 | Hengxing Bamboo | Supply of Bamboo seedling | 2,132,208 | 1 month |
| 6 | Tea Research Institute | payment for Supply tea seedling | 1,000,000 | 2weeks |
| 7 | Sidan supplies | Tannery operations | 595,000 | 1 month |
| 8 | Yalor enterprise Ltd | Supply, Delery of Hides & Skins | 1,485,910 | 1 month |
| 9 | Olmaa Auto garage | Tannery operations | 381,640 | 1 month |



Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

| | | | | |
|----------------------------------|---------------------------------|--------------------------------------|--------------------|-----------|
| 10 | Samccol Construction | construction oloyiangalani | 4,788,714 | 10 months |
| 11 | Nation media | Tannery advert | 580,000 | 1 month |
| 12 | Solution General | Electrical Installation at Tannery | 653,799 | 7 month |
| 13 | Nossim construction | Bamboo fencing at Enapuyiapui | 8,273,468 | 2 weeks |
| 14 | Babito General Contractrs | Construction of Tannery office block | 1,663,036 | 6 months |
| 15 | Isinta & Co. Advocate | Cmpliances Audit | 4,060,000 | 2weeks |
| 16 | Osirua ltd | Supply of net shade & tubes | 3,045,360 | 1 month |
| Sub-totals | | | 65,784,315 | |
| RECURRENT GRANT CREDITORS | | | | |
| 1 | Bhogals Toyota-Narok | Repairs of Vehicles | 465,550 | 2 weeks |
| 2 | Solonka & Company Advocate | payment for legal fee | 835,200 | 3 weeks |
| 3 | Issitet Ltd | payment of consultancy fee | 2,463,840 | 1 months |
| 4 | Enaipukoi Ltd | supply of new furniture | 4,181,210 | 3 weeks |
| 5 | Symked Enterprise | General office supply | 721,730 | 4 weeks |
| 6 | Dynamic Nav Systems | Payment of erp | 1,350,000 | 10 months |
| 7 | Techmart investment ltd | Construction of office parking | 5,200,000 | 3 weeks |
| 8 | National construction Authority | legal fee | 468,197 | 1year |
| 9 | Auditor General | legal fee | 688,635 | 1year |
| 10 | Payroll Liabilities | WHT VAT and PAYE payable | 6,119,611 | 2 weeks |
| Sub-totals | | | 22,493,973 | |
| Grand Totals | | | 131,432,961 | |



18. Deferred Liability

The Authority recognizes Government grants used to finance equity or acquisition of asset using the deferred income approach. The grants are recognized as a financing device and dealt with as such in the statement of financial position rather than be recognized in profit or loss to offset the items of expense that they finance. Since there is no repayment expected, such grants are recognized outside the statement of Financial Performance. In the financial year 2019/2020, the Authority deferred Ksh. 173,113,462 that was used to finance procurement of Tannery Equipment, construction of an Effluent Treatment Plant, motor vehicles and other assorted assets (land, furniture and buildings). The cost of the various assets acquired were as detailed on the table below,

| | 2019-2020 | 2018-2019 |
|---|--------------------|-------------------|
| Tannery Equipment | 10,630,389 | 10,630,389 |
| Installation of the Electrical System Ewaso Ng'iro Leather Factory | Transfer to PPE | 653,799 |
| ICT Hardware | Transfer to PPE | 3,123,640 |
| Tannery-office block | Transfer to PPE | 1,663,036 |
| Land-Loitokitok | 12,150,200 | 12,150,200 |
| Tea Expansion-Meiguara | 9,691,485 | 9,691,485 |
| Furniture | Transfer to PPE | 4,181,210 |
| Loitokitok office | 10,684,390 | |
| Drying Bed & Waste Water | 6,893,735 | |
| Tannery workshop | 8,979,967 | |
| Tannery weighing scale machine | 849,720 | |
| Tannery Incinerator | 14,000,000 | |
| Tomatoes Factory | 52,332,503 | |
| spraying Booth & Dry shed | 2,931,400 | |
| Soaking Drum | 10,259,040 | |
| Isuzu Tractor | 5,856,000 | |
| Staff mini-bus | 7,162,250 | |
| Cottage Industria | 19,765,345 | |
| Lawnmower | 927,038 | |
| Total deferred Income A/C | 173,113,462 | 42,093,759 |

Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

During financial year 2018-2019 Ewaso Ng'iro Tannery and leather factory has started operating and new assets are acquired relating to Tannery operation hence an increased in deferred liability for FY 2019-2020 Compared to FY 2018-2019

The deferred income movement is as follows:

| | Kshs. | Total |
|--------------------------------|---------------------------|---------------------------|
| Balance brought forward | 42,093,759 | 42,093,759 |
| Additions(FY 19/20) | 145,495,332 | 145,495,332 |
| Transfers to Capital fund | (14,475,629) | (14,475,629) |
| Transfers to income statement | 0 | 0 |
| Other transfers | 0 | 0 |
| Balance carried forward | <u>173,113,462</u> | <u>173,113,462</u> |

19. Accumulated Development Fund

The Authority maintains an Accumulated Development Fund that accounts for government grants used in financing acquisition of Authority assets. This fund is adjusted for depreciation in the year and as at the close of financial year 2019/2020, the balance was Ksh. **810,844,656**. The significant increase was as a result of capitalizing the tannery that has been work in progress for long.

20. Related Parties Transactions

The related parties are:

1. The National Government
2. The Ministry of Devolution
3. Key management
4. The Directors



Related party transactions

| | 2020 | 2019 |
|---------------------------------|-------------|-------------|
| | Kshs | Kshs |
| Transfers from related parties' | 815,878,791 | 957,691,291 |
| Transfers to related parties | 0 | 0 |
| | ===== | ===== |

Key Management Remuneration

| | 2020 | 2019 |
|-----------------------------|------------|------------|
| | Kshs | Kshs |
| Directors' | 21,215,739 | 21,721,144 |
| Key Management Compensation | 21,840,960 | 22,181,521 |
| | ===== | ===== |

21. Reserves

The Authority revalued its Assets in the FY 2015/16 with a revaluation gain of Ksh. 288,032,176. However, in the financial statements for the financial year 2015/2016, the gain on revaluation was reported as Ksh. 348,320,517. In the current financial year, the Authority addressed this overstatement through a prior year adjustment. The total reserves as at the end of June 2020 was Ksh. 288,032,171. The movement in the net reserves in detailed in the statement of net assets.

| | |
|---|--------------|
| Reserves Opening Balance as at 1/07/2017 | 310, 555,848 |
| Transfers to PPE (Bearer plants – Tea Bushes) | 21,952,658 |
| Reserves as at 30 th June 2018 | 288,603,190 |

NB:

Under the amendments in IPSAS 40, Bearer plants are to be recognized under PPE. To effect this, A total of Ksh. 67,000,000 that relates to Keyian and Shankoe tea bushes was transferred to PPE. However, a total of Ksh. 21,952,658 was cost incurred to raise the tea bushes.

22. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks. The company's overall risk management programme focuses on unpredictability of



changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

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

(iii) Credit risk

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

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

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

| | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|----------------------|-----------------------------|---------------------|------------------|
| At 30 June 2020 | | | | |
| Receivables from exchange transactions | 1,982,042 | 1,982,042 | 0 | 0 |
| Receivables from non-exchange transactions | 58,186,830 | 58,186,830 | 0 | 0 |
| Bank balances | 215,999,192.03 | 215,999,192.03 | 0 | 0 |
| Total | 276,168,064 | 276,168,064 | 0 | 0 |
| At 30 June 2019 | | | | |
| Receivables from exchange transactions | 9,123,560 | 9,123,560 | 0 | 0 |
| Receivables from non-exchange transactions | 15,000,000 | 15,000,000 | 0 | 0 |
| Bank balances | 147,048,432 | 147,048,432 | 0 | 0 |
| Total | 171,171,992 | 171,171,992 | 0 | 0 |

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

Ewaso Ng'iro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2020

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

(ii) Liquidity risk management

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

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|----------------------|-----------------------|--------------------|--------------------|
| At 30 June 2020 | Kshs | Kshs | Kshs | Kshs |
| Trade payables | 0 | 211,691,478 | 27,287,281 | 238,978,759 |
| Current portion of borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Deferred income | 0 | 0 | 145,495,332 | 145,495,332 |
| Employee benefit obligation | 0 | 0 | 0 | 0 |
| Total | 0 | 211,691,478 | 172,782,613 | 384,474,091 |
| At 30 June 2019 | | | | |
| Trade payables | 0 | 126,172,651 | 5,260,310 | 131,432,961 |
| Current portion of borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Deferred income | 0 | 0 | 125,625,567 | 125,625,567 |
| Employee benefit obligation | 0 | 0 | 0 | 0 |
| Total | 0 | 126,172,651 | 130,885,877 | 257,058,528 |



PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Authority did not have any pending audit issues with the Office of the Auditor General by the close of FY 2019/2020.

PROJECTS IMPLEMENTED BY THE ENTITY

APPENDIX 1: STATUS OF PROJECTS COMPLETION

| Project | Total project Cost | Total expended date | Completion % to date | Budget | Actual | Sources of Funds |
|---|----------------------|----------------------|----------------------|--------------------|--------------------|------------------|
| | | | | FY 2019/20 | | |
| | | Ksh | | Ksh. | Ksh. | |
| 1 Ewaso Ng'iro Tannery and Leather Factory – Phase I | 1,400,000,000 | 1,015,072,670 | 98% | 246,086,500 | 210,001,890 | GOK |
| 2 Integrated Bamboo Commercialization project – Phase I | 650,000,000 | 205,500,000 | 55% | 58,647,100 | 57,795,012 | GOK |
| 3 Oloyiangalani Dam | 350,000,000 | 311,000,000 | 80% | 81,025,900- | 75,002,422 | GOK |
| 4 Drought Mitigation Programme | 300,000,000 | | 100 % | | | |
| 5 Integrated Tea Development – Tea expansion programme (phase II) | | 25,500,000 | 40% | 25,500,000 | 20,355,002 | GOK |
| 6 Tomato Agro –processing factory | 700,000,000 | 95,158,000 | 20% | 71,428,000 | 70,971,399 | GOK |
| Total | 3,400,000,000 | 1,652,230,670 | | 482,687,500 | 434,125,725 | |



APPENDIX 2: INTER-ENTITY TRANSFERS

| TRANSFERS FROM THE MINISTRY OF EAST AFRICA COMMUNITY FY 2018/2019 | | | | |
|---|--------------|--------------------|--------------|--------------------|
| Recurrent Grants | FY 2019/2020 | | FY 2018/2019 | |
| | Date | Amount (KShs) | Date | Amount (KShs) |
| | 25.09.2019 | 29,578,215 | 08/30/18 | 65,922,822.75 |
| | 25.09.2019 | 40,487,334 | 10/22/18 | 65,922,822.75 |
| | 29.10.2019 | 19,607,274 | 02/12/19 | 65,922,822.75 |
| | 29.10.2019 | 57,159,172 | 05/02/19 | 65,922,822.50 |
| | 23.12.2019 | 32,513,650 | 07/05/19 | 15,000,000 |
| | 03.02.2020 | 89,672,823 | | |
| | 15.05.2020 | 89,672,824 | | |
| | Total | 358,691,292 | Total | 278,691,291 |
| Development Grants | | | | |
| | 01.11.2019 | 152,752,670 | 24/10/18 | 115,500,000 |
| | 27.02.2020 | 246,248,000 | 24/10/18 | 42,500,000 |
| | 07.07.2020 | 58,186,830 | 24/10/18 | 112,500,000 |
| | | | 03/20/19 | 42,500,000 |
| | | | 03/20/19 | 115,500,000 |
| | | | 06/18/19 | 112,500,000 |
| | Total | 457,187,500 | Total | 541,000,000 |
| Drought Mitigation Programme | | | | |
| | | | Date | Amount (KShs) |
| | | | 05/21/2019 | 138,000,000 |
| | | | | |
| | Total | | Total | 138,000,000 |



APPENDIX 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

| Name of the MDA/Donor Transferring the funds | Date received | | Where Recorded/recognized | | | |
|--|-----------------------|--|---------------------------|------------------------------------|--------------------|---------------------------------|
| | As per bank statement | Nature: Recurrent/ Development /Others | Total Amount KES | Statement of Financial Performance | Deferred Income | Total Transfers during the Year |
| Ministry of East Africa Community (EAC) and Regional Development | Refer to Appendix 2. | Recurrent | 358,691,291 | 10,684,390 | | 358,691,291 |
| Ministry of East Africa Community (EAC) and Regional Development | Refer to Appendix 2. | Development | 457,187,500 | 139,741,906 | 150,426,296 | 457,187,500 |
| Ministry of East Africa Community (EAC) and Regional Development | Refer to Appendix 2. | Drought Mitigation | 0 | 0 | | |
| Total | | | 815,878,791 | 150,426,296 | 150,426,296 | 815,878,791 |



