

REPUBLIC OF KENYA



*Enhancing Accountability*

<b>REPORT</b>	
NATIONAL ASSEMBLY	
DATE: 22 FEB 2023	
TABLED BY: <b>OF</b>	HON. DWEN BAYA, MP
CLERK AT THE TABLE:	DEPUTY LEADER OF MAJORITY
	CHRISTINE NDIRITU

**THE AUDITOR-GENERAL**

**ON**

**COAST DEVELOPMENT AUTHORITY**

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







# COAST DEVELOPMENT AUTHORITY



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

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

OFFICE OF THE AUDITOR GENERAL  
P.O.Box 95202, MOMBASA

27 JUL 2022

RECEIVED  
COAST HUB

ISO 9001:2015 CERTIFIED







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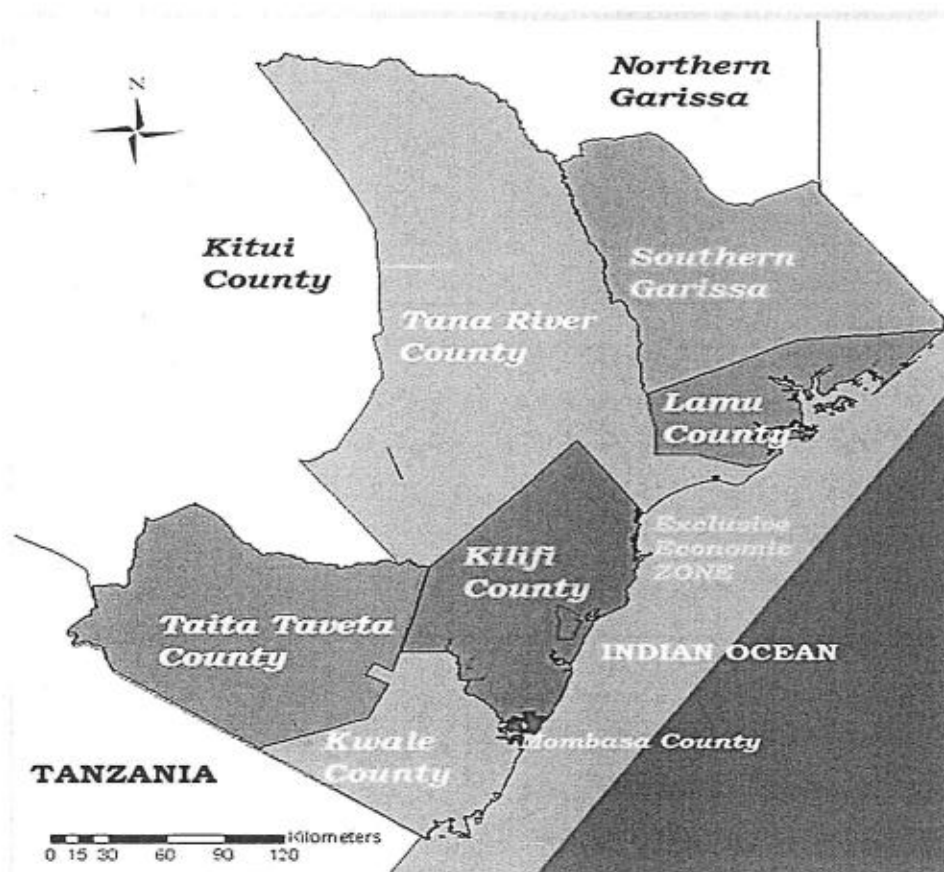
## 1. KEY ENTITY INFORMATION AND MANAGEMENT

### a) Background information

Coast Development Authority (CDA) is a State Corporation established by an Act of Parliament No. 20 of 1990 (Cap 449), revised in 1992 with the mandate to provide integrated development planning, coordination and implementation of projects and programmes within the whole of Coast region and the southern part of Garissa County and the Kenya's Exclusive Economic Zone (EEZ) and for connected purposes.

### Area of Jurisdiction

CDA's area of jurisdiction covers seven counties in coastal Kenya namely: Taita Taveta, Kwale, Mombasa, Kilifi, Tana River, Lamu and Southern part of Garissa County. The estimated area covered is 103,326 sq. km (Kilifi 13,013km<sup>2</sup>, Kwale 8,322 km<sup>2</sup>, Taita -Taveta 16,556 km<sup>2</sup>, Mombasa 282 km<sup>2</sup>, Tana-River 38,694 km<sup>2</sup>, Lamu 6,814 km<sup>2</sup>, Southern Part of Garissa 19,465 km<sup>2</sup>) and Kenya's Exclusive Economic Zone (EEZ) (200 Nautical Miles of the Indian Ocean).



## **Our Vision**

To be the lead agency in implementing sustainable integrated development

## **Our Mission**

To accelerate socio-economic development through innovation, planning, coordination and partnerships in implementation of integrated programs, value-addition and environmental management

## **Our Core Values**

- Efficiency and effectiveness
- Transparency,
- Accountability
- Integrity
- Professionalism
- Good Leadership
- Respect
- Dignity
- Team Work
- Empowerment
- Commitment

## **Core Objectives**

- Promote ownership and commercial sustainable exploitation of the region's natural resources
- Enhance food security in the region
- Reduce poverty and improve livelihoods of the community in the region
- Reduce unemployment in the region
- Conserve the environment and manage the natural resources for sustainable development.



Based on the general functions as outlined in section (8) of the CDA ACT CAP.449, the functions of the authority are: -

1. Plan for the development of the Area and initiate project activities identified from such planning in the development and through the Government generally;
2. Develop an up-to-date long range development plan for the Area;
3. Initiate such studies, and carry out 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 initiate, operate, or implement such projects as maybe necessary to exploit those natural resources including Agriculture (both irrigated and rain fed), forestry, wildlife and tourism industries, electric power generation, mining and fishing, and to recommend economic priorities;
4. Coordinate 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. Effect a programme of both monitoring and evaluating the performance projects within the Area so as to improve such performance and establish responsibility thereof, and to improve future planning;
6. Coordinate the present abstraction and use of natural resources, especially water within the Area and to set up effective monitoring of the abstraction and usage;
7. Cause and effect the construction of any works deemed necessary for the protection and utilization of the water and soils of the Area including hydro-power development for the multipurpose utilization of water resources;
8. Ensure landowners in the Area undertake all the measures specified by the Authority to protect the water and soils of the Area;
9. Identify, collect, collate and correlate all such data related to the use of water and other resources and also economic and related activities within the Area as maybe necessary for the efficient forward planning of the Area;
10. 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 ensuring the best use of the available technical resources
11. Examine the hydrological effects and the subsequent ecological changes on the development programmes and evaluate how they affect the economic activities of the persons dependent on river environment;
12. Implement development projects and programmes whose primary objective is to promote socio-economic development of the Coast Province in particular and Kenya in general;
13. Plan and liaise with the relevant authorities as necessary in exploration and development of the extensive fishing and marine activities in Kenya especially in the exclusive economic zone.

**C) Key Management**

**The entity's day to day management is under the following key organs**

- Board of Directors
- Managing Director
- Directors
- Managers

**d) Fiduciary Management**

During the fiscal period to 30 June 2021, the following members of the management team were charged with direct fiduciary responsibility

1. Dr. Mohamed Keinan Hassan, OGW	Managing Director
2. Ms. Pamela Maghema Ngure	Director Corporate Services
3. Mr. Swaleh Gongo	Corporation Secretary
4. Mr. Hassan Bori	Director Research & Planning
5. Mr. Griffin Muthomi	Director Business Devpt & Marketing
6. Mr. William Fondo Gona	Manager Technical Services
7. Ms. Violet Indiazi	Manager Procurement & Supplies
8. Ms. Josephine Jumwa Chikololo	Ag. Manager, Internal Audit

**e) Fiduciary Oversight Arrangements**

1. Human Resource Advisory Committee
2. Project Implementation Unit
3. Project Appraisal Unit
4. Management Committee
5. Training Committee
6. Corruption and Prevention Committee
7. Resolution of Public Complaints Committee
8. Safety and Health Committee
9. Road Safety Committee
10. Alcohol and Drug Abuse Committee
11. Cohesion Committee
12. HIV Committee
13. Disability Mainstreaming Committee



**f) Entity Head Quarters**

Coast Development Authority  
Mama Ngina Drive,  
P.O.Box 1322-80100  
Mombasa  
Kenya

**f) Contact Information**

 + 254 020 8009196  
 +254 0794 100000  
 [cda@cda.go.ke](mailto:cda@cda.go.ke)  
 [www.cda.go.ke](http://www.cda.go.ke)  
 @CoastDev  
 Coast Development Authority

**h) Principal Bankers**

National Bank of Kenya  
Nkrumah Road Branch  
P.O. Box 90363 – 80100  
Mombasa

Kenya Commercial Bank  
Treasury Square  
P.O. Box 90254-80100  
Mombasa

Equity Bank  
Mombasa Supreme Centre  
UTC Building,  
P. O. Box 84618-80100  
Mombasa

Absa Bank Kenya PLC  
P.O Box 30120, 00100 GPO  
Nkrumah Road  
Mombasa

**i) Independent Auditors**

Auditor General

Office of the Auditor General Anniversary Towers,

P.O. Box 30084 GPO 00100

Nairobi, Kenya

**j) Principal Legal Adviser**

Attorney - General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya



## 2. BOARD OF DIRECTORS

During the period under review the Board was composed as detailed below.

The term for the Board Chairman expired on 18<sup>th</sup> April 2021 and he has not been replaced.

The Independent Board members terms expired on 5<sup>th</sup> June 2021. The board members had not been replaced.

 <p><b>Hon. Samwel Kazungu Kambi</b> <b>Chairman</b> Date of Birth. 12.2.1962 Appointed on 18<sup>th</sup> April 2018 Gazette Notice No. 3139 <b>Term expired 18<sup>th</sup> April, 2021</b></p>	<p><b>Education</b> Ph.D. in Finance, Maseno University (on-going) MBA. Finance &amp; Strategic Management option, University of Eastern Africa Baraton BA Development Studies, University of Eastern Africa Baraton</p>	<p>Hon. Samwel Kazungu Kambi was the Chairman of the Board of Directors. Hon. Samwel Kazungu Kambi was a former Cabinet Secretary in the Ministry of Labour, Social Security and Service and Asst. Minister for Medical Services He was elected as Member of Parliament, Kaloleni Constituency. In Parliament he was the Vice –chair Agriculture and Energy committee Hon. Samwel Kazungu Kambi is also a Trained Public Relations Manager and expert in Policy development, project planning and management, conflict and resolution management and Community mobilization. Hon. Samwel Kazungu Kambi represented the Republic of Kenya in various capacities. He has vast experience in project distribution, cultural and environment resource management and youth empowerment.</p>
 <p><b>Mohamed Keinan Hassan, Ph. D, OGW Managing Director</b></p>	<p>Doctor of Philosophy (PhD) and M.Sc. from Jomo Kenyatta University of Agriculture and Technology Post Graduate Certificate- Enhancing Food Security in Africa, Murdoch University/West Australia B. in Vet Medicine, University of Nairobi Accounting Officers Course – KSG Strategic Leadership development Program- Kenya School of Government, Kabete Senior Management Course-Kenya School of Government, Kabete.</p>	<p>Managing Director Coast Development Authority since 2016. Before this appointment, he worked with the Ministry of Devolution and Planning. He has served in the Civil Service for over 30 years in different capacities and Ministries namely: Ministry of Livestock and la in the office of the President Special Programmes in the Arid Lands Resource Management Project (a food security project jointly funded by World Bank and GOK). Awarded Order of Grand Warrior of Kenya, OGW by the President of Kenya in December, 2011. The award was in recognition of his approach to service delivery i.e., participatory methodology which empowered community to successfully identify, implement and sustain priority projects that address food security and reduce livelihood vulnerability. He is also a trainer of Community Managed Disaster.</p>

<p><b>Said Swaleh Gongo</b> <b>Director Legal</b> <b>Services/Corporation</b> <b>Secretary</b></p>	<p>Certified Public Secretary (CPS) (K) at East Africa School of Management – Nairobi Post Graduate Diploma in Human Resource Management at Kenya Institute of Management Nairobi Post-graduate Diploma in Law (Bar admission course) at Kenya School of Law – Nairobi Associated of Institute of Chartered Arbitrators at Institute of Chartered Arbitrators, Kenya Branch Bachelor degree in Laws (LLB) at International University of Africa – Sudan Masters in Laws (LLM) at Al-Nilein University – Sudan Masters in African Studies (Political Science) at International University of Africa – Sudan Diploma in Arabic Language at International University of Africa – Sudan Mangu High School (KCSE)</p>	<p>Mr. Swaleh Gongo is currently the December 2020- Legal Manager/ Corporation at Secretary/Coast Development Authority</p> <p>He is formerly an Officer-in-charge, Isiolo Branch Office Commission on Administrative Justice</p> <p>He was previously Lecturer in Business law Technical University of Kenya and Mombasa University College</p> <p>He was an Associate Advocate at Okongo Wandago Advocates and S.M Kimani &amp; Co. Advocates</p>
 <p><b>Beatrice Mbodze Gambo</b> <b>Independent Director</b> Date of Birth. 1.6.1976 Appointed on 6<sup>th</sup> June 2018 Gazette Notice No. 5589 <b>Term expired 5<sup>th</sup> June, 2021</b></p>	<p>Bsc. Zoology, Botany and Chemistry, Punjab University, India. French Level 1, Alliance Francoise, Mombasa Project Management, Center for Project Management and Finance Nairobi Project Risk Management, Kampala Alumni, International Visitors Leadership Program</p>	<p>Ms. Beatrice Mbodze Gambo was an Independent Director and the Chairperson for the Planning and Projects Committee. She was a former CEO at Pwani Projects Development Consultants Ltd Consultant DANIDA (Danish International Development Agency)</p> <p>She has vast experience in project management, advocacy and Community Economic Development.</p> <p>She Initiated Income based projects for Girl Child in Kilifi County</p> <p>She was involved in the development of the Kilifi County Coconut Bill in 2014.</p> <p>She was a formerly the Gender Advisor (Strategy&amp; Delivery Unit) in the Office of the Prime Minister</p> <p>She was a Senior Agronomist, USAID, Kenya Horticultural Development Program and a Palm Products Promoter at Palm International.</p>



**George Kithi**  
**Independent Director**

**Date of Birth .1.1.1976**  
Appointed on 6<sup>th</sup> June  
2018 Gazette Notice No.  
5589  
**Term expired 5<sup>th</sup>**  
**June,2021**

L.L.B from the University of  
Nairobi, Postgraduate Diploma  
,Kenya School of Law  
LLM (Intellectual property) ,  
University of Nairobi.(Ongoing

Mr. George Kithi was an independent director  
and the Chairperson of the Audit Committee  
He is the Managing Partner at Kithi &  
Company Advocates.  
He is an Advocate of the High Court of Kenya.  
He has worked with as an Advocate with  
Mungatana & Company Advocates and  
Madzayo Mrima & Company Advocates



**Hon. Julius Ndegwa**  
**Independent Director**  
**Date of Birth .1973**  
Appointed on 6<sup>th</sup> June  
2018 Gazette Notice No.  
5589  
**Term expired 5<sup>th</sup>**  
**June,2021**

Diploma in Cooperative Audit,  
Cooperative College  
CPA Part II.  
Bachelor of Commerce at  
Mt. Kenya University.  
(Ongoing)

Hon.Julius Ndegwa was an independent  
director and the Chairperson of the Finance and  
Establishment Committee of the Board.  
Hon. Julius Ndegwa is an established  
businessman  
He was Member of Parliament for Lamu West  
in 2013.  
He was a former Councilor for Lamu County  
Council.  
He previously worked as Business  
Development Officer at the Kenya Women  
Finance Trust.



**Swaleh Kadara**  
**Independent Director**  
Date of Birth. 23.11.1969  
Appointed on 6<sup>th</sup> June  
2018 Gazette Notice No.  
5589  
**Term expired 5<sup>th</sup>**  
**June,2021**

BA in Sociology and Arabic  
language,  
MA from the University of Nairobi  
Ph.D. from the University of  
Nairobi/University of Cape Town.

Mr. Swaleh Kadara was a member of the  
Projects and Planning Committee. He was a  
Lecturer at Pwani University in the Department  
of Philosophy and Religious studies.  
He is currently also Director of Political  
Affairs for Jubilee Party in the office of the  
Secretary General.



**Hon. Ibrahim Sane**  
**Independent Director**  
**Date of Birth. 1.1.1974**  
Appointed on 6<sup>th</sup> June  
2018 Gazette Notice No.  
5589  
**Term expired 5<sup>th</sup>**  
**June,2021**

B.A International Relations and  
Diplomacy, University of Atlanta,  
Georgia USA.

Hon. Ibrahim Sane was an independent director  
and a member of the Finance Establishment  
committee of the board.

He was Member of Parliament Garsen  
Constituency, Tana River between 2013-2017.  
He has vast experience to draw up plans and  
strategies for community development to  
delivery of quality that sets the stage for long  
term success and partnerships in development.



**Amina Abdalla**  
**Independent Director**  
**Date of Birth .1973**  
Appointed on 6<sup>th</sup> June  
2018 Gazette Notice No.  
5589  
**Term expired 5<sup>th</sup>**  
**June,2021**

Diploma, Beauty Therapy

Ms. Amina Abdalla was an independent  
director and a member of the Audit Committee.  
She is a founder and Chairperson, Fight  
Against Drugs for Women.

She was an Organizing Secretary Jubilee  
Party, Mombasa County.

She is a Committee Member, Drug demand  
and supply reduction committee,  
Mombasa County

She is also a Member Coast Regional  
Peace Group.



**Hon. Mshenga Ruga**  
**Independent Director**  
**Date of Birth .1.1.1970**  
Appointed on 6<sup>th</sup> June  
2018 Gazette Notice No.  
5589  
**Term expired 5<sup>th</sup>**  
**June,2021**

Diploma in County Governance.  
Bachelor's Degree in Community  
Development, Mount Kenya  
University (Ongoing)  
Diploma in Plant mechanics, NYS.

Hon Mshenga Ruga was an independent  
director and member of the Projects and  
Planning Committee. He was previously a  
Councillor and Mayor with Kwale County  
Council.

He previously served as a Board member of Ke  
Ferry services.





**Omar Famau****Independent Director****Date of Birth .2.3.1965**Appointed on 6<sup>th</sup> June  
2018 Gazette Notice No.  
5589**Term expired 5<sup>th</sup>  
June, 2021**Post Graduate Diploma in Project  
Management and Evaluation,  
Cambridge University

Mr. Omar Famau was a member of the Finance and Establishment Committee of the Board. He was formerly a CEO and Chairman at Tawasal Foundation. He was the Trust Fund Chairman of Lamu County Council from 2004 - 2007. He has wide experience in creating awareness for the Swahili Speaking people of the Kenya Coast and the modes of cultural heritage.

Mr. James Nyamweya Mageto Mr. Maina Kiondo Mr. Charles Mwanda	Alternate Board Members representing the PS, State Department for Regional and Northern Corridor Development	Member Finance and Establishment Committee, Projects and Planning Committee
Ms. Theresa Wasike	Alternate Director Representing the PS—Ministry of Water and Sanitation	Member Audit Committee
Mr. Timothy Ogwang	Alternate Director Representing the PS - Ministry of Agriculture and Livestock Development.	Member Audit Committee.
Mr. Joseph Kimemia	Representing PS, The National Treasury	Member of the Finance and Establishment Committee and Audit Committee
Mr. John Elungata	Regional Commissioner, Coast Region	Member of the Finance and Establishment Committee
Mr. John Kisegu	Representing the Inspector of State Corporations	Member of the Finance and Establishment Committee

### 3. MANAGEMENT TEAM

No	Management	Details	Areas of Responsibility
1	 <p><b>Mohamed Keinan Hassan, Ph. D, OGW</b> <b>Managing Director</b></p>	<p>Doctor of Philosophy (PhD) and M.Sc. from Jomo Kenyatta University of Agriculture and Technology Post Graduate Certificate-Enhancing Food Security in Africa, Murdoch University/West Australia B. in Vet Medicine, University of Nairobi Accounting Officers Course – KSG Strategic Leadership development Program- Kenya School of Government, Kabete Senior Management Course-Kenya School of Government, Kabete.</p> <p>Managing Director Coast Development Authority since 2016. Before this appointment, he worked with the Ministry of Devolution and Planning. He served in the Civil Service for over 30 years in different capacities and Ministries namely: Ministry of Livestock and later in the office of the President Special Programmes in the Arid Lands Resource Management Project (a food security project jointly funded by World Bank and GOK). Awarded Order of Grand Warrior of Kenya, OGW by the President of Kenya in December, 2011. The award was in recognition of his approach to service delivery i.e., participatory methodology which empowered community to successfully identify, implement and sustain priority projects that address food security and reduce livelihood vulnerability. He is also a trainer of Community Managed Disaster.</p>	<p>The Managing Director is the Chief Executive Officer (CEO) is responsible to the Board of Directors for day-to-day management and coordination of activities in the Authority. Duties and responsibilities</p> <ul style="list-style-type: none"> <li>(i) Coordinating the operations and administrative functions</li> <li>(ii) Developing policies and programmes</li> <li>(iii) Managing funds and property and other resources</li> <li>(iv) Managing and developing staff</li> <li>(v) Developing operations plans and programmes for achieving the Authority's objectives</li> <li>(vi) Co-operating with lead agencies and organizations locally and globally</li> <li>(vii) Developing economic, efficient and cost-effective internal management structure</li> <li>(viii) Formulating, implementing and reviewing the Strategic Plan, business plan and annual plans</li> <li>(ix) Ensuring implementation and fulfilment of the policies and agreed objectives; performance targets and service standards of the Authority</li> <li>(x) Providing advice as required on all matters within the Authority's mandate</li> <li>(xi) Performing any other duty necessary as stipulated in the Act.</li> </ul>

2	 <p><b>Said Swaleh Gongo</b> <b>Director Legal</b> <b>Services/Corporation</b> <b>Secretary</b></p>	<p>Certified Public Secretary (CPS) (K) at East Africa School of Management – Nairobi Post Graduate Diploma in Human Resource Management at Kenya Institute of Management Nairobi Post-graduate Diploma in Law (Bar admission course) at Kenya School of Law – Nairobi Associated of Institute of Chartered Arbitrators at Institute of Chartered Arbitrators, Kenya Branch Bachelor degree in Laws (LLB) at International University of Africa – Sudan Masters in Laws (LLM) at Al-Nilein University – Sudan Masters in African Studies (Political Science) at International University of Africa – Sudan Diploma in Arabic Language at International University of Africa – Sudan Mangu High School (KCSE)</p>	<p>Duties and responsibilities</p> <ol style="list-style-type: none"> <li>Ensuring that the Authority meets all its statutory obligations</li> <li>Complies with the provisions of all relevant legislative instruments</li> <li>Provide recommendations and legal advice</li> <li>Liaise with external counsel for representation of the Authority on legal matters</li> <li>Represent the Authority in various litigation</li> <li>Provide legal support to the draw up of legal documents, contracts leases and other related documents</li> <li>Provide legal advice and secretariat services to the Board</li> <li>Keep custody of the Authority Seal and all legal instruments</li> <li>Liaise with the Department of Justice on behalf of the Authority</li> <li>Open and prepare files for cases instituted against the Authority</li> <li>Open, maintain and update case registers</li> <li>Liaise with Department of Justice on litigation of national interest.</li> </ol>
3	 <p><b>Pamela Maghema Nguire</b> <b>Director Corporate</b> <b>Services</b></p>	<p>B. Com (Accounting) University of Nairobi Strategic Leadership development Program- Kenya School of Government, Kabete MBA Public Policy and Administration (on-going) Member Association of Chartered Certified Accountants IPSAS Reporting -Public Sector Accounting, Deloitte &amp; Touché /National Treasury, Kenya School of Government, Nairobi Kenya Corruption Prevention and Good</p>	<ol style="list-style-type: none"> <li>Developing and overseeing the implementation of a dynamic corporate strategy that is able to deliver exemplary services and results as envisioned in the strategic plan;</li> <li>Developing the Authority's budget and continuously monitor and evaluate its implementation;</li> <li>Giving oversight to the Authority financial affairs and advise the Authority on financial planning strategies and policies;</li> <li>Ensuring effective and</li> </ol>



		<p>Adaptation, Transparency International Kenya  ISO 19011: IFS System Certified Trainer, Kenya Tax Risk Management, KPMG, SAP R/3 Systems Certified Trainer, A.P. Moller – Maersk, Cape Town South Africa</p>	<p>efficient management of the Authority's Resources including Finances and Assets;  (v) Ensuring the provision of meaningful, accurate and prompt management accounts and reports to the Managing Director and the Board;  (vi) Negotiating with banks and donors for appropriate support;  (vii) Giving oversight to the Authority's human capital affairs, ensuring that the Authority has the right and sufficient human resource to meet its objectives;  (viii) Ensuring that current and future space and other facility needs are provided for;  (ix) Providing oversight for effective records management operations;  (x) Overseeing performance management system in the Authority;  (xi) Participating in the development and review of the Institution's strategic plan;  (xii) Ensuring compliance with labour laws, public, Public Financial Management Act, IPSAS and IFRS and ISO Standards;  (xiii) Reviewing the Corporate Services business plans in line with the overall strategic objectives and government performance contract;  (xiv) Overseeing operations of HRM, Administration, ICT and Finance &amp; Accounting departments.</p>
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4



**Griffin Muthomi Aritho**  
 Director Business  
 Development Partnerships  
 & Collaborations

Masters in Economics – Finance &  
 International Trade option – Kenyatta  
 University  
 Bachelor of Arts in Economics –  
 Economics and Finance  
 Certificate in Risk and compliance –  
 Centre for Corporate Governance  
 Certificate in Corporate Governance  
 and Ethics from Institute of Certified  
 Public Accountants (ICPAK)  
 Computer Proficiency  
 Attended training and Empowerment  
 for enhanced Customer Service  
 organized by Power Play

Advising the Management on  
 Viable Business and investment  
 options and on related matters;  
 (ii) Ensure development of  
 policies, regulations, guidelines  
 and strategy for Business  
 Development and investments;  
 (iii) Ensure development of  
 CDA's investment plans;  
 (iv) Coordinate implementation  
 and compliance with the CDA  
 investment plans and strategies;  
 (v) Advising Management of  
 strategic investments  
 opportunities;  
 (vi) Ensure Establishment and  
 linkages with strategic financial  
 partners;  
 (vii) Coordinate Regularly  
 meeting with investment analysts  
 and financial strategic partners to  
 discuss investment opportunities;  
 (viii) Ensure Development of  
 Business and investment reports  
 (ix) Coordinate Investment  
 negotiations;  
 (x) Oversee prudent management  
 of all investment portfolios for  
 the Authority;  
 (xi) Oversee identification and  
 monitoring of Risk and  
 development of hedging  
 mechanism and diversification  
 strategies;  
 (xii) Ensuring investment  
 opportunities are aligned with  
 CDA's strategic objectives;  
 (xiii) Overseeing the undertaking  
 of Portfolio and Investment  
 Research;  
 (xiv) Liaison with external parties  
 including, project developers and  
 advisers;  
 (xv) Ensuring that the Authority  
 is adequately Advised on money  
 markets;  
 (xvi) Manage and supervise  
 department staff;  
 (xvii) Ensuring prudent utilization  
 of the resources of the division;

5



**Hassan Ibrahim Bori**  
Director Research &  
Strategic Planning

MA (Project Planning & Management) – University of Nairobi  
MBA (Strategic Management at Moi University  
Bachelor of Commerce at Kenyatta University  
KCSE at Starehe Boys Centre  
Strategic Leadership Development Programme  
Senior Management Course  
Awarded The Gold Standard of the President's Award Scheme for Young People  
Kenya Institute of Management (KIM)  
Association of Award Holders – President's Award Scheme – Kenya

(i) Oversee development of research and development strategies, tools, management processes and methodologies that will ensure effective identification, evaluation and implementation of projects;  
(ii) Coordinate the development of the Authority's research and planning policy, procedures, guidelines and incentives that create a system approach to research and planning;  
(iii) Coordinate building and sustaining of a deep, corporate-wide capability to innovate by driving and continually measuring innovation Authority-wide with an aim to improve the Authority business spectrum;  
(iv) Coordinate the development of skills, tools, management process, metrics and systems to support research and planning across the Authority;  
(v) Oversee innovation idea hypothesis testing, scoping, evaluation and concept experimentation;  
(vi) Oversee screening and sequencing of innovative ideas within overall strategic direction;  
(vii) Coordinate implementation of quick wins and rapid results initiative with significant value to the business and playing a key role in the identification of new business/services/products and support in their rollout;  
(viii) Manage and Supervise department staff;  
(ix) Ensuring prudent utilization of the resources of the division;  
(xi) Work as team Leader of consultancies won by CDA's consultancy wing as income generating tool for the organization

6




**William Fondo**  
**Manager Mechanical**  
**Services**  
**Education**

B.Sc. Control and Instrumentation,  
 Jomo Kenyatta University of  
 Agriculture and Technology  
 Diploma in Agriculture Engineering-  
 Farm Power Machinery, Egerton  
 University  
 Higher Diploma Mechanical  
 Engineering, Mombasa Polytechnic

- i) Formulating environmental and social strategies and action plans that ensure sustainable development;
- ii) Ensuring compliance with the relevant environmental laws and social regulations;
- iii) Ensuring environmental and social concerns are properly addressed;
- iv) Reviewing progress on environmental and social performance systems;
- v) Overseeing the preparation of periodic reports on status of environment with a view to ensuring compliance with corporate standards;
- vi) Providing support to project development initiatives in the authority and ensuring environmental and social development issues are addressed;
- vii) Reviewing environmental priorities for the authority in collaboration with other stakeholders with a view to managing associated risks;
- viii) Monitoring emerging environmental regulatory and legislative policy changes and/or initiatives and facilitating incorporation and implementation of those changes within the authority's activities;
- ix) Establishing linkages with consultants and other stakeholders on environmental and social matters for mutual benefit of the authority



7	 <p><b>Violet Indiazi</b> <b>Manager Procurement and Supplies</b></p>	<p>M.A Human Resources Management, Jomo Kenyatta University of Agriculture and Technology B.A Purchasing and Supplies Management, Jomo Kenyatta University of Agriculture and Technology Diploma in Supplies Management, Railway Institute Member Kenya Institute of Supplies Management</p>	<p>Overseeing the development and implementation of supply chain management Policies, plans and strategies; (ii) Overseeing the preparation and submission of timely procurement reports; (iii) Resolving procurement issues with contractors and consultants; (iv) Ensuring that procurement and disposal functions are implemented in full compliance with statutory provisions by the authority; (v) Providing technical/secretariat services to the authority's tender, procurement and disposal committees; (vi) Ensuring timely implementation of decisions of tender, procurement and disposal committees; (vii) Submitting statutory reports and ensuring compliance to budget guidelines (viii) Formulating and developing policies, plans and strategies in the areas of supply chain, (ix) Overseeing procurement, activities in the authority; (x) Developing and maintaining supply chain, capability and culture that reflect the values which facilitates performance, professionalism and initiative by staff throughout the authority; (xi) Championing value-for-money and model cost-effective measurement techniques for assessing output quality delivered by supply chain; (xii) Coordinating all procurement activities in the authority and discharge its duties in line with procurement and disposal laws; (xiii) Providing advice to the authority as required in relation to</p>
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			<p>procurement of goods, works and services and contract management;</p> <p>(xiv) Maintaining a sound procurement policy that ensures acquisition of goods, services and works is executed in line with the public procurement regulations;</p> <p>(xv) Providing technical and secretarial services to the authority's tender and disposal committee and ensuring prompt implementation of its decisions; and</p> <p>(xvi) Monitoring and evaluating contract management by users and report progress to facilitate timely decision making and timely implementation/completion of project; and</p> <p>(xvii) Supervising, training and developing of staff under him or her.</p>
8	 <p><b>Josephine Jumwa Chikololo</b> Ag. Manager Internal Audit</p>	<p>Strategic Leadership Development Program- Kenya School of Government, Mombasa</p> <p>Senior Management Course -Kenya School of Government, Mombasa</p> <p>Member Institute of Internal Auditors</p> <p>B.A Administration and Finance</p> <p>Kenya Methodist University</p> <p>CPA Part 1 Kenya College of Accountancy</p>	<p>Overseeing the preparation of the Internal Audit systems, procedures and guidelines;</p> <p>(ii) Supervising the preparation of work programmes to ensure that audits are planned and well managed;</p> <p>(iii) Reviewing the internal controls and documenting on their effectiveness and adequacy;</p> <p>(iv) Recommending mitigation measures to address identified weaknesses where necessary;</p> <p>(v) Ensuring that the accounting, administration and other operations comply with CDA management policies;</p> <p>(vi) Overseeing the preparation and submission of audit reports to the CEO and the board;</p> <p>(vii) Ensuring that the internal audit systems, procedures and guidelines are prepared for approval;</p> <p>(viii) Supervising the preparation of work programmes to ensure</p>

*Coast Development Authority*

*Annual Reports and Financial Statements for the year ended June 30, 2021*

			<p>that audits are planned and well managed;</p> <p>(ix) Ensuring that the internal controls are reviewed and documented on their effectiveness and adequacy;</p> <p>(x) Recommending mitigation measures to address identified weaknesses where necessary;</p> <p>(xi) Ensuring that the accounting, administration and other operations comply with CDA management policies;</p> <p>(xii) Overseeing the preparation and submission of audit reports to the MD and the board;</p> <p>(xiii) Liaising with the auditor general and ensure follow up on the process of implementation of internal and external audit recommendations; and</p> <p>(xiv) Supervising, training and developing staff under him or her</p>
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#### **4. STATEMENT FROM THE BOARD CHAIRMAN**

##### **Introduction**

Coast Development Authority is mandated to carry out various functions within its jurisdiction. The Authority has worked with all relevant stakeholders in the planning, formulation, implementation, monitoring and evaluation of its projects/programmes. Coast Development Authority is currently domiciled in the Ministry of East African Community and Regional Development, State Department of East African Community.

##### **Governance and Board Changes**

The Board is responsible for setting the right tone from the top and ensuring the governance structure is in place to ensure the Authority is able to deliver its programmes as per the Authority's mandate and Strategic Plan. The Board has operated in line with Mwongozo Code of Conduct for the Board.

##### **Authority's Performance and Achievements**

The fourth Strategic Plan for 2018/19-2022/23 defined the direction of the Authority and established realistic objectives and goals that are in line with the vision and mission of the Authority.

The COVID 19 disease is still a major health challenge not only in our country and globally. During the year the Kenyan economy continued to be ravaged by effects of the coronavirus pandemic.

The Authority ensured staff and visitors to our office strictly adhered to the containment measures that which included wearing of face masks at all times in public places, proper hand washing with soap and water, maintaining of social and physical distancing and use of sanitizers. These containment measures were also practiced at all our project sites. Most of the Authority staff were receptive to the Covid vaccine and voluntarily took up the vaccine at approved centres hence were protected against severe Covid-19 disease. As a result, the Authority was able to open up the office for normal operation and all projects/programs continued in line with the approved workplans.

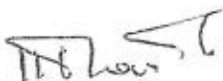
##### **Conclusion**

The Authority plays a complimentary role in supporting development activities in all the Counties we operate in. We look forward to more support from the Parent Ministry, The National Treasury, County Governments and other development partners continue serving our people effectively.

##### **Appreciation**

On behalf of the Board, I wish to extend my appreciation to the Government for the support granted to the Authority through the year which has been critical in achieving our mandate.

I would like to extend my gratitude to the Cabinet Secretary, Ministry of East African Community and Regional Development and the Principal Secretary, State Department of Regional and Northern Corridor Development for their support. I wish to acknowledge the National Treasury & Planning for the support given. Through the commitment of the CDA Board and Management, the Authority will play its central role in spearheading development in the region. I commend the Management and Staff of CDA who continue to passionately serve the coastal communities with total commitment and dedication through successful implementation of approved projects.



**Hon. Phillip Charo**  
**CHAIRMAN**

## 5. REPORT OF THE MANAGING DIRECTOR

### Overview



CDA is one of the six regional development authorities with mandate to initiate, plan and implement development projects and programmes within the coastal counties, southern half of Garissa County and the exclusive economic zone.

Despite the other hazards like floods and drought that affects these counties.

During this financial year the Coastal Counties were largely affected by the Covid -19 pandemic. The prevention measures, including the temporary closing of hotels, restaurants and large public gatherings, were put in place to prevent the spread of the virus. These measures had negatively affected livelihoods in the coastal region. The region has also been directly affected by adverse climate changes in form of floods and drought. These hazards were threats to the lives and livelihoods as well as to the region socioeconomic development.

The Authority's fourth Strategic Plan for 2018/19-2022/23 aims at sustainable utilization of the natural resources for improved food security and guides the development of the coastal region. The Strategic Plan is in line with the global sustainable development goals, Kenyan, Vision 2030, the country Big 4 Agenda, coast Region Development and the Integrated Coast Region Master Plan (ICRMP 2010-2030).

The funding for the identified programmes/projects undertaken during the year came from the national government, development partners and internally generated resources. CDA has also proposed several projects for consideration under the Public Private Partnerships approach.

### Corporate Governance

The Authority's Board comprises the Chairman and nine (9) independent, and representatives of the The National Treasury, State Department of Regional Development, Ministry of Agriculture, Ministry of Water and Sanitation and Regional County Commissioner. The terms for the Chairman of the board expired on 18<sup>th</sup> April 2021 and the independent directors' terms expired on 5<sup>th</sup> June 2021. the authority is waiting the appointment of new directors soon.

### Human Resources Development

The Authority carried out a Skill Gap Analysis during the year. The task force set up managed to develop the Transition Matrix to align the staff placements in line with the approved authority staff establishment. The Transition upon implementation of the approved staff establishment will have minimal financial implication and staff will be designated as approved establishment The vacant positions will be filled through;

- Promotions which will be based on JD's manual and the jobs will be advertised and filled with candidates with necessary qualifications.
- Internal recruitment based on qualification
- External Recruitment if there are no qualified people from within
- Early retirement option to be considered.

This placement will be phased and based on available resources.

The Authority undertook Job Evaluation Clinic with Salaries Remuneration Commission. The JE reviewed the relative worth of the CDA jobs for establishing rational grading and salary structures. The Authority sought upgrading of the Authority based on the revenue streams, mandate of the institution, financial responsibility (donor funding) geographical coverage, risks involved and capacity challenges caused by inability to attract talent due to poor remuneration's

The Authority facilitated staff to enhance their managerial and leadership skills by undertaking professional courses at Kenya School of Government. The Authority has been able to provide adequate Staff Medical Insurance, Group Life Insurance and Work Injury Benefit Assurance (WIBA) in the financial year. The Authority successfully advertised and filled up 4 Director positions, Director



Corporate Services, Corporation Secretary, Director Planning and Research and Director Business Development and Investment Promotion.

**Covid-19 Pandemic**

To address the Covid-19 pandemic the Authority has placed appropriate measures to mitigate any risk of transmission and hence ensure safety of our staff as per government guidelines issued periodically. The measures include providing a healthy and safe workplace and working from home for some staff.

**ISO 9001:2015 Surveillance Audit**

In the financial year 2020/2021, SGS undertook Management System Certification (surveillance audit) audit for the Authority. The audit concluded that the organization has established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope, organization's policy and objectives. This resulted into continued certification of the ISO 9001:2015. The Authority is committed to maintain the quality management system.

**Performance Contracting**

The Authority is on performance contracting. The board of directors for Authority signed the Performance Contract with the Ministry of East Africa Community and Regional Development and The National Treasury and Planning.

**Financial Status**

During the financial year 2020/2021 the Authority was allocated a total Kshs.217,680,000 Recurrent and Kshs.91,220,500 for Development expenditure. The Authority has been able to pay salaries and all statutory payments within the stipulated deadlines.

**Project Implementation Status**

The development projects undertaken as outlined below

- **Integrated Fruit and Honey Processing Plant. - Galole Constituency, Tana River County**  
The project entails Operationalized fruit processing plant with an initial phase of pulp production (1.0 MT/Hour) and water bottling (1000ltrs/hour). It entails procurement and installation of the plant, construction of auxiliary facilities, furnishing and equipping the plant, establishment of appropriate waste management system, acquiring of all relevant licenses, and capacity building of over 5000 mango farmers on good Agricultural Practices. The project is at 76.5% completion. All structures completed, Processing plant installed and commissioned, relevant licenses and certificates acquired and water bottling is ongoing. Establishment of appropriate waste management system process has commenced.
- **Modernization of Wananchi Cottages - Kilifi Town, Kilifi County**  
The project entails construction of conference and accommodation facility to support capacity building of youth, women and blue economy stakeholders 'through provision of affordable conference. It involves construction of 2 conference facilities with a capacity of 100 persons each, accommodation block of 41 rooms and restaurant facility with a capacity of 100 persons. When fully completed and operationalized it will generate A-I-A for the Authority and hence contribute to sustainability of the project and CDA activities. The project is at 70% completion. Construction of restaurant facility and conference is completed. Construction of accommodation block works are ongoing.



- **The Drought Mitigation Projects-**

The project entailed Construction/Water harvesting at Galmagalla Earth Fill Pan in Garissa and Abaq Qiiq Earth Fill Pan in Tana River. Rehabilitation of 5 djabias (Faza, Manda, Siyu in Lamu) and 4 shallow boreholes completed in Tana Delta

- **Small holder Irrigation Schemes-** Galole Constituency, Tana River County, Malindi constituency, Kilifi county, Taveta Constituency, Taita Taveta county and Bura North constituency, Tana River County. Smallholders Irrigation project is intended to open up 1,500 acres of land for irrigation to support about 200 smallholder farmers in Boji, Chakama, Challa, Vanga and Bura. The project will establish irrigation infrastructure, provide start-up farm inputs to support, train farmers on crop production, marketing of farm products and develop demonstration farms.

Boji site: Water supply pipeline Infrastructure completed; 54Ha have been put under irrigation supported by over 100 farmers; Construction of Farm offices and fencing of the 2Acre Utility area complete; Planted HVC capsicum, tomatoes, watermelon, sunflower, tomatoes.

Chakama site: Pipe layout completed; Construction of division boxes ongoing; Portable pumps and farm inputs delivered; Hand dug wells excavated and solar-powered pumps installed; demonstration site in operation

Challa site: Solar powered borehole completed, Water supply completed, irrigated farming being undertaken, expansion underway.

Vanga and Bura sites: Concept notes finalized

### **Donor Funded Projects**

The Authority Is implementing donor funded projects namely Mwache Catchment Conservation project and the Kenya Climate Change Adaptation Projects (KCCAP). the Mwache Conservation Project which will benefit residents of Kwale and Mombasa with 186,000m<sup>3</sup> of water per day for domestic and livestock.

The KCCAP project focuses mainly on rehabilitation of South Coast mangrove forest and coral reefs.

### **Pending Bills**

The Authority did not accumulate any pending bills during the year.

### **Legal Matters**

Coast Development Authority (CDA) was sued in Mombasa High Court Civil Suit number 11 of 2017, Endeless Development Company Limited Versus Coast Development Authority. The Garnishee Order issued on 26<sup>th</sup> April 2021 Endeless Development Company Limited attaching *nisi* our salaries Bank Account Number 01004007563400, National Bank of Kenya, Nkrumah Road Branch, Mombasa has not been lifted. The matter will be heard on 21<sup>st</sup> September 2021.

### **Appreciation**

The support from the Cabinet Secretary, Ministry of East African Community and Regional Development, the Principal Secretary, State Department of Regional and Northern Corridor Development and the CDA Board assisted the Authority achieve its mandate despite the challenges faced during the year. This excellent performance is a reflection of a visionary board and highly motivated staff who continue to serve the coastal communities with dedication. The Authority is committed and will ensure all governing regulations including statutory compliance, accounting, procurement of good and services are adhered to.



Mohamed Keinan Hassan Ph.D. OGW  
**MANAGING DIRECTOR**

# 6. STATEMENT OF COAST DEVELOPMENT AUTHORITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FY 2020 2021

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

The Authority objectives are aligned to the Strategic Plan, Vision 2030 and Big 4 Agenda.

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
Ownership and Commercial Exploitation of Natural Resources	To Procure, install and operationalize Integrated Fruit processing Plant at Hola in Tana River County	No. of fruit processing plants operationalized  Tonnes of fruits processed	Procurement and installation of multifruit processing plant with 1 tonne/day fruit processing capacity  Capacity build farmers on Good Agricultural Practices (GAP) of fruit farming	1 (one) Mango fruit processing line installation completed  Bottled Water processing line completed  100 farmers trained on Good Agricultural practices  Procurement and installation of pineapple processing line ongoing
	Modernize Wananchi Cottages and Conference facility at Kilifi	No. of conference rooms constructed  No. of accommodation rooms constructed	Construction & furnishing of one conference facility  Construction & furnishing of 40 accommodation rooms  Construction and furnishing of kitchen facility	Construction of conference facility completed furnishing ongoing  Construction of 40 accommodation rooms completed, furnishing ongoing  Construction of kitchen facility completed, furnishing ongoing.
	To Promotion of Mineral	No. of Minerals	Mineral	Coral building

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
	exploration (Coral blocks, slates) value addition in Kilifi and Kwale Counties	explored and value added	<p>Exploration and exploitation of coral reef and slates</p> <ul style="list-style-type: none"> <li>•Promotion of value addition of coral building blocks</li> <li>•Promote mining of 5 Minerals</li> </ul>	<p>blocks production undertaken in Kilifi County</p> <p>One mineral (Coral reef) promoted through machine cut building blocks value addition</p>
<b>Integrated Development Programmes and Projects</b>	Small Holders Irrigation Schemes Development project	<p>Ha. of land under irrigation infrastructure</p> <p>No. of boreholes drilled and equipped</p>	<ul style="list-style-type: none"> <li>• Construction of irrigation infrastructure at Challa Tuhire, Kasokoni, Chakama and Vanga schemes</li> <li>• Drilling and equipping of solarized boreholes at Challa irrigation scheme</li> </ul>	<p>Drilling and equipping of two (2) boreholes at Nakruto and Challa Tuhire completed.</p> <p>Construction of irrigation infrastructure at Challa (614 acres) completed,</p> <p>Construction of irrigation infrastructure Chakama 821.1 acres completed;</p> <p>CDA demonstration farm 39.6 acres operationalized.</p> <p>Total area under irrigation infrastructure farmers 1,435.1 acres (580.77Ha)</p>

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
	Boji Farmers Irrigation Scheme Developed	Ha. Under irrigation infrastructure  Km. of water pipeline to the farm  No. of farmers capacity build on HVC production	Construction of irrigation infrastructure at Boji farm  Laying of 2km water pipeline from river to the farm  Capacity building of the farmers on High Value Crops production	135 acres of land irrigation infrastructure construction completed  2km water conveyance pipeline from the river to the farm completed;
	Mwache Multipurpose Dam Integrated project implemented- Mwache Catchment Management	Ha. under catchment management interventions  No. of SCMPs Developed  No. of tree planted and grown	SCMPs Development within Mwache catchment  Demonstration on terracing and contour farming among the communities  Marking and pegging of Riparian land  Planting and growing of tree seedlings	1,200 Ha. under catchment  16km area marked and pegged  Total of 314,242 tree seedling planted  Total of 385 Ha under terracing & contour demonstration
<b>Blue Economy and Exclusive Economic Zone Resources Utilization</b>	Kenya Coastal Integrated Climate Change Management Program - KCCAP	Mangrove rehabilitated.  Coralreef and rehabilitated.  people capacity on resource rehabilitation  sustainable livelihood established	<ul style="list-style-type: none"> <li>• Coral reef &amp; sea grass rehabilitation</li> <li>• Mangrove Rehabilitation</li> <li>• Capacity building of coastal communities on mangrove, sea grass and coral reef rehabilitation</li> </ul>	Total 224,199 Mangroove planted at Makongeni, Kiwegu, Jimbo and Vanga area in Kwale County.  Total of 90 Ha marine areas conserved.
<b>National</b>	Support to resilience and	udies undertaken	•Undertaking	Two (2) pre-



Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
<b>Government Strategic Programmes</b>	mitigation measures for development of adverse calamities	water pans/Earth-fill constructed in drought areas  flood control structures completed	studies on mitigations and resilience within prone areas  •Construction of water pans/Earth-fill dams  •Construction of flood control structures	feasibility studies for development of Galmagala and Abaqiiq Earth-fill dams completed;  5 Djabias and 4 shallow wells rehabilitation completed in Tana River and Lamu Counties.
<b>Cross Cutting Issues</b>	Compliance to E-government	ERP system operationalized	•Operationalization of an ERP system – 1 system with modules:	ERP system modules in place
	Institutional Capacity developed	staff capacity build needs assessment  evaluation and salary report	•Carry out training needs assessment •Review the terms and conditions of service •Undertake a job evaluation and salary review •Providing short courses	Staff training assessment done  Job evaluation in collaboration with SRC completed

## **7. CORPORATE GOVERNANCE STATEMENT**

The Authority's Board comprises the Chairman and nine (9) independent, non-executive members. The Board also includes the Principal Secretaries to The National Treasury, State Department of Regional Development and Northern Corridor of the East Africa Community and Regional Development, Ministry of Agriculture and Livestock Development, Ministry of Water and Sanitation and Regional County Commissioner. The Managing Director is an ex-officio member and Secretary to the Board. The Board brings together members with vast experience from different professional backgrounds with diverse skills.

The Board is responsible and accountable to the Government through the National Treasury and Planning and adheres to the highest standards of corporate governance and ethics as well as ensuring compliance with all applicable laws. It is committed to ensuring that the Authority's obligations, roles and responsibilities to its various stakeholders are fulfilled through its corporate governance practices. The Members and Management perform their duties with impartiality, honesty, transparency and accountability, professionalism, integrity, care and due diligence and act in good faith to the best interests of the public. Further, the Board is committed to ensuring that ethics and integrity remain at the core of the Authority's operations. It recognizes that ethical management is key to the Authority's sustainability and is therefore, continuously putting in place practices, systems and processes to integrate ethics in all its operations. All new Members and staff equally undergo mandatory induction training that includes ethical conduct and are required to sign the Code of Ethics and to adhere to its principles and provisions.

### **Role of the Chairman of the Board**

The Chairman provides leadership and governance of the Board and creates conditions for overall Board and individual Director's effectiveness by ensuring that all key and appropriate issues are discussed by the Board in a timely manner. He ensures that the Board plays a full and constructive part in the development and determination of the Authority's strategies and policies. He also ensures that the Board is supplied with timely and sufficient information to enable it to discharge its duties effectively. In furtherance of the above, the Chairman ensures adherence to good corporate governance practices and procedures, and continuously promotes the highest standards of integrity, probity and corporate governance throughout the Authority and particularly at Board level.

### **Role of the Board**

The Board is responsible for overall strategic direction and operational guidance of the Authority. In this regard, the responsibilities of the Board include:

Establishing short and long-term goals of the Authority and develop strategies to achieve these goals;

Monitoring the Authority's performance against these set goals;

Overseeing the preparation of annual financial statements and reports;

Approving annual budgets;

Ensuring that the Authority has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

The Board's key achievements during the FY 2020/21 were: -

- Approved and continually monitored the implementation of the Authority's Annual operating Plans and Budget;
- Implemented the Authority's Performance Contract with The National Treasury and Planning;
- Filled the vacancies for Directors
- Reviewed and approved the Authority's Human Resource Instruments, revised organizational structure
- Commissioned the Hola Integrated Plant Factory in Hola
- Commissioned and Launched Kasokoni and Nakuruto Water Supply - Challa Small Holder Irrigation Scheme
- Commissioned Strategic Water facilities in Lamu and Tana River County

- Drought Mitigation-Initiated Earth fill pans in Galmagalla ,Garissa County and Abaq Qiiq IN Tana River County
- Initiating the Proposal for Integrated Sugar Project

## **Board Membership and Attendance**

### **Board Committees**

The Board meets at least once every quarter depending on the exigencies of the business.

The Board has established three (3) standing committees to assist in the execution of its responsibilities: Finance and Establishment, Projects and Planning and Audit.

a) **Finance and Establishment Committee**

The Finance and Establishment is responsible for reviewing budgeting process and oversight of financial reporting. This Committee is mandated to review Human Resource policies and succession planning aspects of the Authority, review of Human Resources compliance with national legislation, organize the structuring and performance evaluation of Senior Staff, oversee and advise the Board on recruitment and promotion of staff.

b) **Projects and Planning Committee**

The Projects and Planning Committee's mandate is to guide on strategic planning and related technical aspects of the operational performance of the Authority. This involves review of the Strategic Plan, Annual Development Budget, monitoring of projects under implementation and operation strategies.

c) **Audit Committee**

The Audit Committee is mandated to periodically review the Authority's financial statements in liaison with the External Auditors, review the financial statutory and non-statutory reporting obligations, advice on risk identification and mitigation measures and check on effectiveness and robustness of internal control measures. The Authority's internal auditor attends all meetings of the committee.

<b>Name of Committee</b>	<b>Members</b>
Finance and Establishment	1. Hon. Julius Ndegwa -Chairman 2. Mr. Omar Famau -Omar Famau 3. Hon. Ibrahim Sane- Member 4. Mr. John Elungata – Member 5. Mr. Joseph Kimemia -Member 6. Dr. Mohamed Keinan Hassan - Ex Officio Member
Audit Committee	1. Mr. George Kithi- Chairman 2. Ms.Amina Abdalla 3. Ms.Theresa Wasike 4. Mr. Timothy Ogwang –Member 5. Mr. Joseph Kimemia -Member
Projects and Planning Committee	1. Ms. Beatrice Gambo- Chairperson 2. Mr. Swaleh Kadara -Member 3. Mr.Mshenga Ruga-Member 4. Mr. Charles Mwanda -Member 5. Dr. Mohamed Keinan Hassan - Ex Officio Member

### **Capacity Building for the Board**

Training and development programs were organized to equip the Board with the necessary skills for effective discharge of their mandate. During the year, members also attended various capacity building programs focusing on Corporate Governance, Internal Audit, Leadership and Public Finance.

### **Board Evaluation**

Board evaluation is key in assessing the performance, efficiency and effectiveness of an organization. The Authority undertakes regular annual performance evaluation of its Board to enable it review its strategies to ensure continuous growth and sustainability. The evaluation exercise was undertaken during the year in review.

### **Board Remuneration**

Members are entitled to a sitting allowance for every meeting attended, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable. This is done within the limits set by the Government for State Corporations. In addition, the Chairman is paid a monthly honorarium and airtime.

### **Statement of Compliance and Conflict of Interest**

Conscious of its responsibilities to Members, service providers, suppliers, creditors, employees and the society, to the best of the Authority and management's knowledge, no person, employee or agent acting on behalf of the Authority, with the knowledge of authority of the Authority or management, committed any offence under the Prevention of Corruption Act or indulged in any unethical behaviour in the conduct of the Authority's business, or been involved in money laundering, or any practice or activity contrary to national laws or international conventions.

### **Code of Conduct**

Each Member of the Authority derives his/her authority and position from a legitimate nomination procedure. However, on becoming a member, he/she becomes bound by the overriding fiduciary duty to act in good faith in pursuit of the best interests of the Authority Members as a whole. In the discharge of their duties, Members operate within the framework of a collective Authority. In order to enable the Members to operate effectively and in the best interest of the Authority, all Members observe rules and regulations governing the conduct of Authority as contained in its manual.

### **Risk Management**

The Members of the Authority are committed to a process of Risk Management that guides in the identification of strategic and operational risks through a structured, systematic, proactive and integrated process. This is done through a risk management framework, which enables management to focus in a comprehensive and holistic manner on all risks faced by Authority. A risk management policy established by the Authority is one of the important steps in ensuring that the management identifies and manages all risks, and further that the Members of the Authority provide oversight, as well as policy direction in managing risks.

### **Risk Management Structure and Roles**

Risk management requires an integrated approach between the various risk related specialists, department and staff. The risk management structure of the Authority comprises; The Audit Committee and the management team.

### **Role of the Audit Committee**

The Authority established committees among them, the Audit Committee, whose mandate is to monitor implementation of risk management framework established by the Authority. The Committee also ensures that the risk management system implemented by management meets the requirements set



out in the policy.

#### **Role of Internal Audit and Risk**

In addition to implementation of the risk management framework, the Authority has an independent Internal Audit Department, whose function is to provide independent assurance to the Authority and management through structured audits, reviews, testing and other techniques, carrying out risk-based audits, reporting on effectiveness and efficiency of risk management process, as well as reporting on the Authority's compliance with the risk policy. Continuous risk assurance audits were conducted during the year to review the Authority risk status. A review of the strategic and operational risk registers were undertaken.

#### **Role of Management Team**

The Management team's role in risk management is that of implementing the risk framework established by the Authority. In addition, the management receives and approves quarterly reports on operational risk management issues, and reports to the Audit Committee and the board, on any strategic risks identified. The management team also approves risk mitigating actions to be taken by the Authority, contributes to the development of the Risk Management System.

#### **Risk Categories**

##### **The Authority has identified and categorized risks as follows:**

1. Strategic risks: These arise out of the Authority's strategic plan.
2. Financial risks: They are associated with the financial operations of the Authority
3. Operational risks: These are risks associated with the operations of the Authority.
4. Legal and regulatory risks: Legal risks can arise from non-compliance with the legal and regulatory requirements.

#### **Risk Training and Awareness**

The Authority's commitment to risk management has also been evidenced by the awareness and continuous training offered to the Members of the board, management and staff of the Authority throughout the year.

#### **Code of Conduct**

The Authority has continued to observe and implement the provisions of the Code of Conduct as stipulated in the Mwongozo. The Code binds both the Board Members and staff who commit to its requirements upon joining the Authority.

**Coast Development Authority**  
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Board Member	Gender	Classification	Designation	Research & Planning Committee (Total no of meetings held 4)	Finance & Establishment Committee (Total no of meetings held 8)	Audit Committee (Total no of meetings held 4)	Full Board Meeting (Total no of meetings held 6)
Hon. Samwel Kazungu Kambi	M	Independent Member	Board Chairman	n/a	n/a	n/a	6
Hon. Julius Ndegwa	M	Independent Member	Chairperson Finance & Establishment Committee	n/a	8	n/a	6
Mr. George Kithi	M	Independent Member	Chairperson Audit Committee	n/a	n/a	4	6
Ms. Beatrice Mbodze Gambo	F	Independent Member	Chairperson Projects and Planning Committee	4	n/a	n/a	6
Ms. Amina Abdalla	F	Independent Member	Member	n/a	n/a	4	6
Mr. Ibrahim Sane	M	Independent Member	Member	n/a	8	n/a	6
Mr. Omar Famau	M	Independent Member	Member	n/a	8	n/a	6
Mr. Swaleh Kadara	M	Independent Member	Member	4	n/a	n/a	6
Hon. Mshenga Ruga	M	Independent Member	Member	4	n/a	n/a	6
Mr. James Nyamweya Mageto/Maina Kiondo/Charles Mwanda	M	Representing the PS East Africa Community and Regional Development	Member	2	1	2	6
Ms. Theresa Wasike	F	Representing the PS—Ministry of Water and Sanitation	Member	n/a	n/a	4	6
Mr. Timothy Ogwang	M	Representing the PS - Ministry of Agriculture and Livestock Development.	Member	n/a	n/a	4	6
Mr. Joseph Kimemia	M	Representing PS, The National Treasury	Member	n/a	1	1	2
Mr. John Elungata	M	Representing the Regional County Commissioner	Member	n/a	8	n/a	6
Dr. Mohamed Keinan	M	Ex Officio Member	Secretary to the Board	4	8	n/a	6

*Coast Development Authority  
Annual Reports and Financial Statements for the year ended June 30, 2021*

Board Member	Gender	Classification	Designation	Research & Planning Committee	Finance & Establishment Committee	Audit Committee	Full Board Meeting
				(Total no of meetings held 4)	(Total no of meetings held 8)	(Total no of meetings held 4)	(Total no of meetings held 6)
Hassan, OGW							

## 8. MANAGEMENT DISCUSSION AND ANALYSIS

The Authority is currently implementing its strategic plan, which covers the period Strategic Plan 2018/19 – 2022/23, which coincides with the implementation of the government's Big Four Agenda and the Third Medium Term Plan of Kenya's Vision 2030. The goals and initiatives of the strategic plan will provide guidance to the Authority as it develops activities to realize the stated objectives. These activities support the Key Result Areas of Ownership and commercial exploitation of natural resources, Integrated Regional Development Planning, Integrated Development Programmes and projects - Conservation and Environmental management, Basin-based resource studies, information and technology transfer, Community Support and Empowerment, Blue Economy and Exclusive Economic Zone of Kenya and National government strategic programmes

### a) Operational Performance

During the financial year 2020-2021 the approved budget for the Authority was Gross Ksh 235,680,000 for recurrent expenditure, Appropriation in Aid Ksh 18,000,000 and Ksh 91,220,500 for development expenditure. The projects for implementation under the Gok funding were Boji farmers Irrigation Scheme and Drought Mitigation.

The Authority also received Ksh 4,032,688 from the Kenya Climate Change Adaptation Program.

The Authority has been able to meet obligations as they fall due.

### b) Key Projects Implemented

Project	Achievement (30 06 2021)
Integrated Fruit and Honey Processing Plant	76.5
Small holder Irrigation Schemes	91%
Drought Mitigation	55%
Modernization of Wananchi Cottages	70%
Rehabilitation of Strategic Water Facilities	95%

#### i) Integrated Fruit and Honey Processing Plant



Mango processing and water production at the Hola Plant in Tana River.



**ii) Small holder Irrigation Schemes**



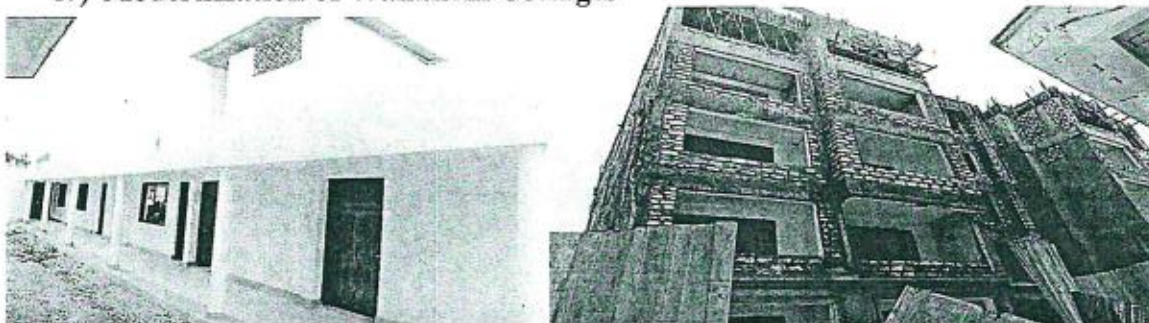
Solar Panels installed at Challa,Taveta and Irrigation structures in Chakama,Kilifi

**iii) Drought Mitigation**



Galmagalla Earth Fill Pan and Abaq Qiiq Earth Fill Pan

**iv) Modernization of Wananchi Cottages**



**v) Rehabilitation of Strategic Water Facilities**



**c) Financial Performance**

**i) Budget Performance**

The Authority had an approved budget of Ksh 217,680,000 for recurrent. For Development Budget FY 2020/21 the Authority approved was Ksh 91,220,000 compared to Ksh 572,178,000 respectively for the FY 2019/20. The Authority was subjected to 50% on funding for Boji Farmers Irrigation Project. The reduction was 84%.

**ii) Expenditure**

The Authority incurred Ksh 322,461,937 in total expenditure and provisions for the year under review, compared to Ksh.298,833,377 in the previous year. Of the Kshs.174,414,928 was spent on compensation to employees, Ksh.12,938,409 relates to expenses for the Board, Ksh.121,888,299 on use of goods and services and Ksh26,083,643 on depreciation of assets.

<b>Expenditure Item</b>	<b>2020/2021</b>	<b>2019/2020</b>
Compensation to Employees	174,414,928	170,841,343
Board Expenses	12,938,409	16,350,171
Use of goods and services	121,963,366	90,113,526
Depreciation	26,083,643	21,528,337
<b>Total</b>	<b>322,461,937</b>	<b>298,833,377</b>

The Authority reported a Deficit of Ksh.61,207,974 in the year under review compared to a deficit of Ksh 21,187,000 in the previous year. This translated to a change of 288 %

**d) Compliance with Statutory Requirements**

The Authority is required to comply with various laws and constitutional provisions, which include the Constitution, the CDA Parliament No. 20 of 1990 (Cap 449), revised in 1992, the PFM Act, Income Tax Act, NSSF Act and the National Hospital Insurance Fund (NHIF) Act, among others. Further, provisions of Article 226 (1a) of the Constitution requires that the Authority to prepare annual report and financial statements, which should be submitted to the Auditor General and the National Assembly. The Authority prepared the annual report relating to the FY 2018/2019 and 2019/2020 and is awaiting the Audit Certificate. Other provisions of the laws such as the NHIF Act, NSSF Act and Income Tax Act have also been complied with by the Authority, and the related monthly and annual deadlines for returns observed as per the requirements of each Act.

**e) Major Risks Facing the Authority**

The Authority has identified risks affecting which are categorized as below

- Strategic risks: These arise out of the Authority's strategic plan.
- Financial risks: They are associated with the financial operations of the Authority.
- Operational risks: These are risks associated with the operations of the Authority.
- Legal and regulatory risks: Legal risks can arise from non-compliance with the legal and regulatory requirements.



The Authority further adopted various mitigation measures against the identified risks. The major risks identified are as follows:

No	Nature of Risks	Description	Risk Rating	Mitigation Measures
1	Strategic risks	Changing economic and political environment	Medium	The Authority to invest in public sensitization and stakeholders' involvement forum at every stage of the strategic programmes' implementation
		Community Opposition to projects		
		Inadequate legal interventions in the legal framework, which interfere with the implementation of the strategic objectives of the Authority		
2	Operational Risks	Loss of skilled workforce	Low	Authority to hire high calibre staff, train and motivate them in terms of remuneration in order to increase retention of staff.
		Inadequate support from major stakeholders and partners		Inadequate and regular collaborations and sensitization of stakeholders and partners on the essence of the Authority's mandate in achievement of national goals.
		Inadequate understanding of the Authority's mandate by customers.		Sensitization of the Authority's customers on the mandate of the Authority.
3	Financial Risks	Inadequate funding from GoK and insufficient support from development partners.	High	Continuous engagement with the NT and development partners for optimal funding of the Authorities' activities.
4	Technological Risk	Rapid technological changes.	Low	Regular training on technological

				changes
		Cyber Crime		Monitoring and implementation of latest technology and enhancement of knowledge in cyber security
5	Legal	Policy Changes	Medium	Partner with the Attorney General and National Assembly for necessary support
		Law Suits		

**f) Financial Probity and Serious Governance Issues**

There are no issues of financial improbity reported by any board committee or by external auditors. There are no governance issues and no undisclosed conflicts of interest at the Board or top management of the Authority.



## **9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Coast Development Authority (CDA) is a State Corporation with the mandate to provide integrated development planning, coordination and implementation of projects and programmes within the whole of the Coast region, Southern Garissa and Kenya's Exclusive Economic Zone (EEZ).

CDA works with stakeholders in the planning, formulation, implementation, monitoring and evaluation of its projects/programmes with the aim to improve the socio-economic well-being of the communities through sustainable exploitation and management of the natural resources. This is in line with the vision and mission. The Coast region is endowed with natural resources however, the poverty level is still at 62% with some constituencies such as Ganze registering as high as 84%. In addition to poverty levels, the region experiences other development challenges such as poor infrastructure, environmental degradation, unemployment, food deficit and high prevalence rate of HIV/AIDS. In order to address these challenges, CDA has been adopting a participatory and integrated approach in implementing its development projects for sustainable utilization and management of the natural resources. CDA therefore, will continue working with all relevant stakeholders in the planning, formulation, implementation, monitoring and evaluation of its projects/programmes. In so doing, the Authority hopes to improve the socio-economic well-being of the community in line with its mandate and vision.

### **1. Sustainability Strategy and Profile**

The Authority deployed resources in the implementation of various development and income generation projects.

The implementation of these programmes is continuous and will be enhanced in the FY 2021/2022 to ensure the Authority's sustainability. The Authority is completing construction of the Wananchi Cottages which will have 41 accommodation rooms, modern restaurant, 2 conference rooms for 200 participants. An additional multiline fruit processing plant will be installed at the Integrated Fruit Factory Plant in Hola to complement the Mango Processing line. Further, during the Covid-19 period, the Authority continued with the effective and efficient utilization of available resources.

### **2. Environmental Performance**

The Authority undertook programmes to ensure that its environmental activities remain sustainable in the long run. This effort is demonstrated by establishment of tree nurseries and donation of tree seedlings in the Mwache Catchment area, and establishment of woodlot at Chakama. In addition, the Authority is in the process of setting up a waste management system at its Integrated Fruit Processing Plant in Hola. At the head office the Authority set up an environmentally friendly garbage disposal process. Rubbish is no longer being burnt in the compound. All projects undertaken by the Authority are subjected to Environmental Impact Assessment (EIA) audits.

### **3. Employee Welfare**

- **Human Resources Policy Instruments**

The Authority upgraded its human resource instruments during the years which were approved by SCAC. The Authority has a clear Human Resource policy and procedure manual, which subscribes to the tenets of Public Service Values and Principles in the recruitment of staff, as provided in Article 232 of the Constitution. The Authority adheres to the Employment Act. The Authority advertises for posts using different media platform i.e., Daily Newspapers (My Gov)

and through the Authority website. CDA is an equal opportunity employer committed to gender and disability mainstreaming

- **Staff Performance and Training**

Staff are subjected to a fair performance appraisal system whose output, amongst other aspects, is the identification of areas of improvement and training aligned to the Performance Contract and annual workplans for the department. The Authority undertook skill Gap Analysis during the financial in order to identify and improve skill (Institutional Skill Gap Analysis Report). This activity is done every two years

- **National Cohesion and Equal Opportunity**

The Authority submits an annual report to the Directorate of National Cohesion and Values on the measures taken and progress achieved in the realization of national values and principle of governance. In addition, the Authority submits a report to the Parliamentary committee on National Cohesion and equal opportunity

- **Staff Insurance and Safety**

The Authority has developed policy on safety and compliance and initiates annual safety Audit in all the Authority work stations. The Authority offices are a certified registered place of work with the Ministry of Labour, and thus, it is in conformity with the requirements of the Occupational Safety and Health Act of 2007, (OSHA, 2007). The Authority has adequate insurance cover for all its employees (medical, life, injury etc). All staff are well equipped with appropriate protective equipment.

#### **4) Market Place Practices**

The Authority does not engage in restrictive trade practices such practices as cartel arrangements, discriminative selling or supply of goods and services, predatory practices to drive competitors out of the market and collusive tendering. The Authority does not practice unfair pricing of its goods and services. The Authority is pursuing public private partnerships and has signed MOUs with various investors interested in undertaking projects conceptualised by CDA.

The National Ethics and Anti-Corruption Policy is anchored on the Political Pillar of Kenya Vision 2030. The MTP II identifies National Values and Ethics as one of the cornerstones of the Country's overall development through a value-based system. The Authority adheres to the Anti-Corruption Policy. The Anti-Corruption committee meets every quarter to review and mitigate corruption in the Authority. The Authority has in place a Corruption Risk Mitigation Plan

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

The procurement process for the Authority is guided by the Public Procurement and Asset Disposal Act (No. 33 Of 2015) The Public Procurement and Asset Disposal Regulations, 2020 All successful tenders are advertised and updated on the Authority's website.

The office is open for all suppliers during working hours of 8am to 5pm Monday to Friday hence ready to receive clarifications, complaints and any compliments which are acted on promptly.

The special groups also compete among themselves on reserved tenders which are set aside by the Authority and pays within 15 days as directed.

CDA has given procurement opportunities to various supplies and settles all payables within 30 days.

CDA does not hesitate to issue information on the winning supplies as well as regret letters to those that were not successful encouraging them for any future engagements during the tendering process.

**c)Responsible Marketing and Advertisement**

The Authority endeavours to act in an ethical manner when providing services to the citizens. However, this depends on the industry conduciveness. Ethical issues are considered in all integrated marketing communication decisions. The Authority maintains the balance of interests of all the stakeholders as well as in providing benefits to various stakeholder groups. The Authority reputable media channels which have ethical backgrounds for all its advertisements and communication.

**d)Product Stewardship**

The Authority has established waste management program in the Hola Intergrated Factory. Upon project completion projects are commissioned and launched, the stakeholders are sensitized and capacity built to manage the project to ensure sustainability.

## 10. CORPORATE SOCIAL RESPONSIBILITY

CDA recognises that corporate social responsibility is a key component in an organization to enhance good relations with its external stakeholders.

As part of the 2020/2021 Corporate Social Responsibility (CSR), CDA partnered with Mombasa Women empowerment Network to help facilitate opportunities for persons with chronic mental illness to reach their optimal level of independent functioning in society and for improving their quality of life. The facility was founded in 2018 with the aim to help people with mental illness lead their lives with dignity and self-respect

CDA donated 6,000 Coral Blocks worth Kshs.300,000/= to Mombasa Women Empowerment Network a facility for the mentally challenged people. The 6,000 coral blocks donated helped to construct 2 men's hostel, one office, toilets and Tents foundation for the female side.

The facility currently has 56 patients aged between the ages of 19 and 91. Eight female and 48 males. The Centre provides them with accommodation, food and medicine free of charge.

The rehabilitation centre takes care of the mentally disabled in the society. Most mentally handicapped patients are left to suffer in the streets where they are molested and lack most basic needs. Some of them who live with their families are sometimes mistreated and tied with chains because they can be violent. The facility rescues those who are being mistreated by families and put them under medication, that helps reform their lives and are later discharged to join their families.

The centre also picks mentally ill patients from the streets, put them on medication, give counselling, and later discharged to join their families. Some relapse once they go back to their normal environment while others remain stable and live well with their families. Rehabilitation activities included light physical exercises, group discussion, training for daily living skills, social skills, life skills, vocational training, individual, and family counselling.

The effort made by CDA is immense as the inpatients have a decent permanent place to sleep. The toilets and bathrooms have also been of great help.

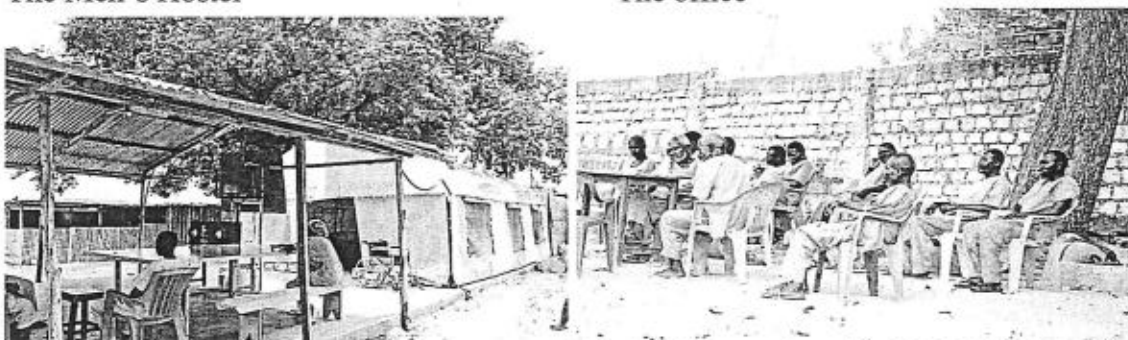
### Pictorials



The Men's Hostel



The office



Sitting area – Tent (Females sleeping area) The Patients undergoing Rehabilitation



## **11. REPORT OF THE BOARD MEMBERS OF THE AUTHORITY**

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

### **Principal Activities**

The principal activities of the entity continue to be

- Mwache Multipurpose Dam Development Project
- Lake Challa Water Resources Project
- Integrated Water and Coastal Management Project (Adaptation to climate change)
- Integrated Community Water Supply (Water pans, dams and boreholes)
- Integrated Fruit Processing Plant Project
- Integrated Community Development Projects (Mineral Exploration and Promotion).
- Dry Port
- Integrated Livestock improvement
- Boji Irrigation Scheme
- Wananchi Cottages

### **Results**

The results of the entity for the year ended June 30, 2021 are set out on page 46-88

### **Directors**

The Chairperson was appointed with effect from 18<sup>th</sup> April 2018 and eight independent board Members were appointed with effect from 6<sup>th</sup> June 2018, and one all for a single, non-renewable term of three years each. The term for the chairperson expired on 17<sup>th</sup> April 2021 and for the eight independent board Members term expired on 5<sup>th</sup> June 2021. No new appointments have been made to replace both the board chairperson and the independent board members.

The members of the Board of Directors who served during the year are shown on page 8-12

### **Dividends/Surplus remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity is not a regulatory entity and did not make any surplus during the year (FY 2020/2021 Nil) and hence no remittance made to the Consolidated Fund.

### **Auditors**

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

By Order of the Board

Name.....

Date.....

*Said S. Gongo*  
25/07/2022

Signature.....

Corporate Secretary/Secretary to the Board

## 12. STATEMENT OF BOARD MEMBERS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 15 (1) of the State Corporations Act, 2012 requires that the Directors shall be responsible for the proper management of the affairs of the state corporation and shall be accountable for the moneys, the financial business and the management of the state corporation.

The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on 30<sup>th</sup> June, 2021. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Authority;
- (v) selecting and applying appropriate accounting policies;
- (vi) 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 judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and State Corporations Act, 2012. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended 30<sup>th</sup> June 30, 2021 and the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.


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

### Approval of the financial statements

The Authority's financial statements were approved by the Board on 04/03/2022 2021 and signed on its behalf by:

  
.....  
**Chairman**

  
.....  
**Director**

  
.....  
**Director**





# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON COAST DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of the Coast Development Authority set out on pages 49 to 84, which comprise of the statement of financial position



as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Coast Development Authority as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Coast Development Authority Act, Cap 449 of the Laws of Kenya and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracy of the Statement of Cash Flows**

The statement of cash flows reflects cash and cash equivalents balance of Kshs.500,525,712 for the year ended 30 June, 2021 while the re-casted amount is Kshs.496,310,816, thus resulting to an unexplained variance of Kshs.4,214,896.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

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

##### **2.1. Unsupported Ownership of Land**

The statement of financial position reflects a property, plant and equipment balance of Kshs.527,159,531. As previously reported, the balance excludes six (6) un-valued parcels of land located in Kilifi and Garissa Counties. Although Management provided the sale agreements for the parcels of land, title deeds for the land parcels in support of ownership were not provided.

##### **2.2. Irregular Sale of Authority's Land**

The statement of financial position as at 30 June, 2021 reflects trade and other payables from exchange transactions balance of Kshs.16,866,469, as disclosed in Note 25 to the financial statements. As previously reported, the balance still excludes an amount of Kshs.5,199,500 in respect to land purchase price balance payable.

Review of records provided for audit, indicated that the purchase price of one of the pieces of land (Mwapula/Magogoni Plot No. 432/1211) of 49 acres was Kshs.9,800,000 as per the sale agreements. Further, the Authority paid an amount of Kshs.4,600,500 towards the purchase, leaving an outstanding balance of Kshs.5,199,500 as at 4 August, 2014. However, as per the land report tabled at the 76<sup>th</sup> full Board meeting held on



19 September, 2018, it was reported that the total purchase price of Kshs.9,800,000 had been paid but the land was irregularly sold by a third party to a private investor.

The case related to this irregular sale is still before the Court awaiting determination.

### **2.3. Private Land Occupied by Coast Development Authority**

As previously reported, the property, plant and equipment balance of Kshs.527,159,531 also excludes the undetermined value of a two-roomed semi-permanent structure, a toilet block and a water well all constructed by the Authority on a parcel of land measuring 20.26 acres and whose ownership is in the name of a private individual.

In the circumstances, the ownership, accuracy and completeness of the property, plant and equipment balance of Kshs.527,159,531 could not be confirmed.

### **Emphasis of Matter**

#### **Contingent Liability on Litigation**

I draw attention to Note 35 to the financial statements which reflects contingent liabilities amounting to Kshs.68,953,000 as at 30 June, 2021. These liabilities include an amount of Kshs.62,000,000 arising from the pending legal case of Endebess Development Company Limited versus Coast Development Authority, suit No. 11 of 2017.

Review of the Case file revealed that the High Court ruled against Coast Development Authority (CDA) and directed the Management to pay an amount of Kshs.62,000,000 plus interest thereon to the plaintiff. Despite an appeal by the Authority against the ruling, Endebess Development Company Limited commenced garnishee proceedings and attached the Authority's salaries bank account held in a local bank. In order to pay staff salaries, on 15 June, 2020 the Authority transferred funds from the revenue generating projects including the farms' income account at another local bank to the salary control account. However, the case had not been determined as of the time of conclusion of the audit.

My opinion is not qualified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Unutilized Project Funds**

The statement of financial position reflects a deferred income account balance of Kshs.16,743,618 as at 30 June, 2021 (2020: Kshs.45,122,315), as disclosed in Note 30 to the financial statements. Review of the funds movement schedule revealed that the

Authority's received an amount of Kshs.4,032,668 for its two (2) projects while an amount of Kshs.32,411,365 was spent on the projects during the year under review, thereby resulting in an unspent balance (deferred income) of Kshs.16,743,618.

The idle project funds (deferred income) is an indication of slow or delayed implementation of planned activities which affects service delivery by the Authority to the Citizens.

## **2. Unsustainable Performance of Revenue Generating Projects**

As disclosed in Note 7 to the financial statements, the statement of financial performance reflects other income of Kshs.11,162,598 which represents revenue from income generating projects of the Authority. However, Note 11 to the financial statements indicates that project expenses totalling Kshs.18,840,884 were incurred on generation of the income, resulting in a net out flow of resources of Kshs.7,678,286.

In the circumstances, the income generating projects of the Authority may not be sustainable.

## **3. Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for not implementing the recommendation.

## **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, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Overdue Temporary Imprests**

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.32,163,427, as disclosed under Note 20 to the financial statements. Included in the receivables are outstanding temporary imprests of Kshs.23,548,501, out of which an amount of Kshs.19,612,988 had been outstanding for more than a year. This is contrary to Regulation 93(5) and (6) of the Public Finance Management (National Government) Regulations, 2015 which requires an imprest holder to surrender or account for temporary imprest within 7 working days after returning to duty station or the same be

recovered in full from the salary of the defaulting officer with an interest at the prevailing Central Bank of Kenya (CBK) Rate.

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

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

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

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are



in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls 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 controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide 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 September, 2022**



#### 14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2021

Income		2020/2021	2019/2020
	Notes	Kshs	Kshs
<b>Revenue from Non-Exchange Transactions</b>			
Public Contributions and Donations	6	32,411,365	22,418,435
Transfers from Other Governments – Gifts and Services-in-Kind	5	217,680,000	244,442,460
		<b>250,091,365</b>	<b>266,860,895</b>
<b>Revenue From Exchange Transactions</b>			
Finance Income - External Investments			
Other Income	7	11,162,598	10,785,482
		<b>11,162,598</b>	<b>10,785,482</b>
<b>Total Revenue</b>		<b>261,253,963</b>	<b>277,646,377</b>
<b>Expenses</b>			
Employee Costs	8	174,414,928	170,841,343
Depreciation and Amortization Expense	9	26,083,643	21,528,337
Board Expenses	10	12,938,409	16,350,171
Project Expenses	11	18,840,884	10,394,865
Repairs and Maintenance	12	12,144,092	9,870,498
Grants and Subsidies	13	32,411,365	22,418,435
General Expenses	14	44,316,616	45,817,817
Audit Fee	16	1,312,000	1,611,920
<b>Total Expenses</b>		<b>322,461,937</b>	<b>298,833,377</b>
<b>Other Gains/(Losses)</b>			
<b>Surplus Before Tax</b>			
Taxation			
<b>Surplus For the Period</b>		<b>(61,207,974)</b>	<b>(21,187,000)</b>
Attributable To:			
Surplus Attributable to Owners of the Controlling Entity		<b>(61,207,974)</b>	<b>(21,187,000)</b>





## 15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Notes	2020/2021	2019/2020
		Kshs	Kshs
<b>Current Assets</b>			
Cash and Cash Equivalents	17	500,525,712	824,685,081
Receivables from Exchange Transactions	19	14,474,859	15,240,343
Receivables from Non-Exchange Transactions	20	32,163,427	26,418,191
Current Portion of Long-Term Receivables from Exchange Transactions		-	-
Inventories	21	3,228,433	1,952,975
Community Projects/Work in Progress	22	636,463,409	348,444,409
		<b>1,186,855,840</b>	<b>1,216,740,999</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	24	527,159,531	525,658,576
Biological Assets	23	2,080,000	1,915,000
Investments		-	-
Long Term Receivables from Exchange Transactions		-	-
		<b>529,239,531</b>	<b>527,573,579</b>
<b>Total Assets</b>		<b>1,716,095,371</b>	<b>1,744,314,579</b>
<b>Liabilities</b>			
Trade and Other Payables from Exchange Transactions	25	16,866,469	17,170,340
Trade and Other Payables from Non-Exchange Transactions	26	13,370,428	11,346,372
Deferred Income	30	16,743,618	45,122,315
Employee Benefit Obligation	27	20,072,658	12,719,339
Payments Received in Advance			
Taxation			
		<b>67,053,173</b>	<b>86,358,366</b>
<b>Non-Current Liabilities</b>			
Non-Current Employee Benefit Obligation	29	8,546,402	4,331,493
<b>Total Liabilities</b>		<b>75,599,574</b>	<b>90,689,859</b>
<b>Net Assets</b>		<b>1,640,495,797</b>	<b>1,653,624,719</b>
Development Grants		2,008,489,342	1,957,268,842
Reserves		342,786,314	342,786,314
Accumulated Deficit		-710,779,860	-646,430,437
<b>Total Net Assets and Liabilities</b>		<b>1,716,095,371</b>	<b>1,744,314,579</b>

The Financial Statements set out on pages 46-50 were signed on behalf of the Board of Directors by:

Managing Director

Signature.....

Date...25/07/2022

Head of Finance

Signature.....

Date...25/07/2022

ACCA 0159416

Chairman of the Board

Signature.....

Date...25/07/2022

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

	Development Grants	Revaluation Reserves	Accumulated Deficit	Total
	Kshs.	Kshs	Kshs.	Kshs.
<b>Balance as at 30th June 2018</b>	1,262,997,589	342,786,314	(634,087,432)	971,696,472
Net Surplus for the Period	-	-	8,003,606	8,003,606
Revaluation for the Year	-	-	-	-
Transfers to/from Accumulated Deficit	-	-	(3,398,392)	(3,398,392)
Opening Balance Adjustments	-	-	24,597	24,597
Net GOK Grants	264,750,000	-	-	264,750,000
Completed Community Projects	(162,636,747)	-	-	(162,636,747)
<b>Balance As At 30 June 2019</b>	1,365,110,842	342,786,314	(629,457,621)	1,078,439,535
Profit for the Year	-	-	(21,187,000)	(21,187,000)
Transfers to/from Accumulated Deficit	-	-	4,214,184	4,214,184
Opening Balance Adjustments	-	-	-	-
Net GOK Grants	592,158,000	-	-	592,158,000
Completed Community Projects	-	-	-	-
<b>Balance as at 30 June 2020</b>	1,957,268,842	342,786,314	(646,430,437)	1,653,624,719
Profit for the Year	-	-	(61,207,974)	(61,207,974)
Transfers to/from Accumulated Deficit	-	-	(3,141,450)	(3,141,450)
Opening Balance Adjustments	-	-	-	-
Net GOK Grants	51,220,500	-	-	51,220,500
Completed Community Projects	-	-	-	-
<b>Balance as at 30 June 2021</b>	2,008,489,342	342,786,314	(710,779,860)	1,640,495,796

**17. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021**

<b>Cashflow from Operating Activities</b>			
	<b>Notes</b>	<b>2020/2021</b>	<b>2019/2020</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Surplus for the Period</b>		<b>(61,207,974)</b>	<b>(21,187,000)</b>
Depreciation	24	26,083,643	21,528,337
Decrease in Land Payables Provision		-	-
Increase in Reserves		(3,141,450)	4,214,184
<b>Cash Flow from Operating Activities before Working Capital Changes</b>		<b>(38,265,780)</b>	<b>(4,555,521)</b>
Decrease in Inventory	21	(1,275,458)	(1,255,869)
Increase in Debtors Receivables Exchange	19	765,484	6,749,548
Decrease in Debtors Non-Exchange	20	(5,745,236)	64,816,033
Increase in Deferred Income	30	(28,378,697)	31,666,532
Decrease in Creditors	25	(303,871)	(16,297,877)
Decrease in Trade Payable - Non-Exchange	26	2,024,056	(193,967)
Decrease in Employee Obligations	27	11,568,228	(4,149,751)
<b>Net Cash Flow from Operating Activities</b>		<b>(59,611,275)</b>	<b>85,890,170</b>
<b>Cashflow From Investment Activities</b>			
Purchase of Fixed Assets	24	(27,584,594)	(41,059,362)
Increase/Decrease in Work in Progress	22	(288,019,000)	(80,992,605)
Purchase of Biological Assets	233	(165,000)	(500,000)
Decrease in Investments		-	-
<b>Net Cash Flow from Investing Activities</b>		<b>(315,768,594)</b>	<b>(122,551,968)</b>
<b>Cashflow from Financing Activities</b>			
Completed Community Projects		-	-
Development Grants		51,220,500	592,158,000
<b>Net Cash Flow from Financing Activities</b>		<b>51,220,500</b>	<b>592,158,000</b>
<b>Cash and Cash Equivalent Generated in the Year</b>		<b>(324,159,369)</b>	<b>555,496,202</b>
<b>Cash and Cash Equivalent at the Beginning of the Year</b>		<b>824,685,081</b>	<b>269,188,879</b>
<b>Cash and Cash Equivalent at the End of the Year</b>		<b>500,525,712</b>	<b>824,685,081</b>



## 18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference		Performance difference
	2020/2021 Kshs (000)	2020/2021 Kshs (000)	2020/2021 Kshs (000)	2020/2021 Kshs (000)	(Budget – Actual)	2020/2021 Kshs (000)	(Budget – Actual) %
<b>Amounts in Ksh '000</b>							
<b>Revenue</b>							
Property Taxes	-	-	-	-	-	-	-
Public Contributions and Donations	32,411	-	32,411	32,411	-	-	-
Government Grants and Subsidies	235,680	-	235,680	217,680	18,000	18,000	92.36%
Other Income	18,000	-	18,000	11,163	6,837	6,837	99.2%
Finance Income	-	-	-	-	-	-	-
<b>Total Income</b>	<b>286,091</b>		<b>286,091</b>	<b>261,254</b>	<b>24,837</b>	<b>24,837</b>	
<b>Expenses</b>							
Compensation of Employees	181,381		181,381	174,415	6,966	6,966	96.1%
Other Expenses	86,894		86,894	115,635	-28,741	-28,741	-133.1%
Finance Cost	-		-	-	-	-	-
Grants and Subsidies Paid	32,411		32,411	32,411	-	-	-
<b>Total Expenditure</b>	<b>300,686</b>		<b>300,686</b>	<b>322,461</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deficit for The Period</b>				<b>(61,207)</b>			

## **19. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

The Authority is established by and derives its authority and accountability from the Act of Parliament Cap 449 No. 20 of the laws of Kenya in 1990 and the State Corporations Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is implementing sustainable integrated development.

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

The financial statements have been prepared on a historical cost basis.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity. The financial statements have been prepared in accordance with the PFM Act, CDA Act (and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

The Cash Flow Statement is prepared using the direct method.

### **3. Summary of Significant Accounting Policies**

#### **a) ) Revenue recognition**

##### **(i) Revenue from Non-Exchange Transactions-IPSAS 23**

###### **• Exchequer Allocations**

The Authority recognizes revenue from exchequer allocation when the monies are received and asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and fair value of the asset can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

###### **• Transfers from Other Government Entities**

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

##### **(ii) Revenue from Exchange Transactions-IPSAS 9**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority. There was no tender sales revenue for the year under review.

#### **b) Budget Information - IPSAS 24**

The annual budget is prepared on a cash basis, that is, all planned costs and income are presented as per the economic line classification to determine the needs of the Authority. As a result of the adoption of the cash basis for budgeting purposes, there are timing differences to include in the reconciliation between the actual comparable amounts and the amounts presented as separate additional financial information in the comparison of budget and actual amounts.

**c) Intangible Assets - IPSAS 31**

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

**d) Provisions - IPSAS 19**

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**e) Contingent Liabilities**

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority; or a present obligation that arises from past events, but is not recognized because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

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

**f) Changes in Accounting Policies and Estimates - IPSAS 3**

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.

**g) Employee Benefits - IPSAS 25**

**• Retirement Benefits Plans**

The Authority operates a retirement benefit scheme for all its permanent and pensionable employees. Further, an amount equivalent to 31 per cent of basic salary has been set aside as gratuity for all employees on contract. The Authority's contribution towards employee pension scheme and staff gratuity for employees on contract are charged to the statement of financial performance in the year to which the employees rendered their services to the Authority.

**h) Related Parties - IPSAS 20**

The Authority regards a related party as a person or an authority with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the board members including the board chairperson.

**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:

- Raw materials: purchase cost using the weighted average cost method
- 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) 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, Bank account balances include amounts held at various commercial banks at the end of the financial year.

**k) Significant Judgments and Sources of Estimation Uncertainty – IPSAS 1**

In preparing the financial statements in conformity with IPSAS, management makes estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities, and the related disclosures, presented in the financial statements at the end of the reporting period. Use of available information and the application of judgment is inherent in the formation of estimates.

Actual results in the future could differ from these estimates, which may be material to the annual financial statements. Significant judgments include: Leave provision, useful lives and depreciation methods and asset impairment. Notes relating to the subject are included under the affected areas of the financial statements.



**l) Estimates and Assumptions**

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

statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur (IPSAS 3)

**m) Useful Lives and Residual Values of Non-Current Assets**

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

The various classes of assets, their useful lives and depreciation rate is indicated below: The method of depreciation and amortization used is reducing balance.

Asset Class	Useful Life (Yrs.)	Depreciation Rate %
Motor vehicle	4	25
Office equipment	8	12.5
Computer equipment	3	33.3
Furniture and fittings	8	12.5

**n) Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

- Provisions are recognized when;
- A reliable estimate can be made of the obligation.
- It is probable that an outflow of resources embodying economic benefits of service.
- Potential that the Authority will be required to settle the obligation.
- The Authority has a present obligation resulting from a past event.

The provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate or reversed if it is no longer probable and that an outflow of resources embodying economic benefits or services potential will be required to settle the obligation. Employees' entitlement to annual leave is recognized when it accrues. A provision is made

on the estimated liability for annual leave as a result of services rendered by the employees up to the amount of obligation.

**4. Exchequer Transfers**

Description	2020//2021	2019/2020
	<b>Ksh</b>	<b>Ksh</b>
Quarter 1	54,420,000	61,110,615
Quarter 2	54,420,000	61,110,615
Quarter 3	54,420,000	61,110,615
Quarter 4	54,420,000	61,110,615
<b>Total Exchequer</b>	<b>217,680,00</b>	<b>244,442,460</b>

**5. TRANSFER FROM OTHER GOVERNMENT ENTITIES**

Name of Entity sending the Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount Deferred under Deferred Income Kshs	Amount recognised in Capital Fund. Kshs	Total Grant Income during the year Kshs	2020/2021 Kshs
Ministry of East Africa Community and Regional Development					
<b>Total</b>	<b>217,680,000</b>			<b>217,680,000</b>	<b>217,680,000</b>

**6. Public Contributions and Donations**

Description	2020/2021	2019/2020
	<b>Kshs</b>	<b>Kshs</b>
Kenya Climate Change Adaptation Program	8,111,517	2,693,480
KWSCRMP Mwache	24,299,848	19,724,955
Drought Mitigation Program	-	-
<b>Total Transfers and Sponsorships</b>	<b>32,411,365</b>	<b>22,418,435</b>

**7. Other Income**

	2020/2021	2019/2020
	<b>Ksh</b>	<b>Ksh</b>
Wananchi Cottages	102,435	6,666,178
Coral Block	7,252,742	2,310,980
Water Boozer	1,179,720	647,459
Other Incomes	1,010,804	683,515
Disposal of assets	484,700	477,350
IFPP	1,132,197	-
<b>Total</b>	<b>11,162,598</b>	<b>10,785,482</b>

*Coast Development Authority*  
*Annual Reports and Financial Statements for the year ended June 30, 2021*

This is revenue from the income generating projects for the Authority

**8. Employee Costs**

	2020/2021	2019/2020
	Ksh	Ksh
Staff Costs	-	10,500
Funeral Expenses	217,800	50,000
Group Personal Accident	-	558,774
Group Life	-	611,260
Medical	19,047,776	17,918,170
NSSF Expenses	336,800	372,200
Pension 15%		96,800
Pension Trustee		-
Personal Emoluments	139,727,109	130,695,384
Staff Policies & Reports	1,136,440	143,874
Staff Welfare		-
Subscriptions to Professional Bodies	92,360	267,610
Training	3,773,239	1,637,217
Travelling & Accommodation	5,156,587	14,537,202
Stipend Allowance		900,000
Wages	4,673,871	3,042,352
Work Men Compensation	252,946	-
<b>Total</b>	<b>174,414,928</b>	<b>170,841,343</b>

**9. Depreciation and Amortization Expense**

Description	2020/2021	2019/2021
	Kshs	Kshs
Property, Plant and Equipment	26,083,643	21,528,337
Intangible Assets		-
Investment Property Carried at Cost		-
<b>Total Depreciation and Amortization</b>	<b>26,083,643</b>	<b>21,528,337</b>

**10. Board Expenses**

Description	2020/2021	2019/2020
	Kshs	Kshs
Chairman's Honoraria	848,000	960,000
Other Allowances	12,090,409	15,390,171
<b>Total Director Emoluments</b>	<b>12,938,409</b>	<b>16,350,171</b>

**11. Project Expenses**

Description	2020/2021	2019/2020
	KShs	KShs
Wananchi Cottages	2,852,600	4,785,114
Coral Block	8,130,518	4,376,210
Kazi Kwa Vijana (KKV)	-	27,240
Samburu Ranch	482,010	755,656
Water Boozer	1,011,026	450,645
IFPP	6,277,410	-
Shimoni	87,321	-
<b>Total Project Expenses</b>	<b>18,840,884</b>	<b>10,394,865</b>

**12. Repairs and Maintenance**

Description	2020/2021	2019/2020
	Kshs	Kshs
Property	3,282,724	5,528,434
Investment Property–Earning Rentals	-	-
Equipment and Machinery	424,542	274,365
Vehicles	8,189,977	3,789,518
Furniture and Fittings	-	-
Computers and Accessories	246,849	278,172
<b>Total Repairs and Maintenance</b>	<b>12,144,092</b>	<b>9,870,489</b>

**13. Grants and Subsidies**

Description	2020/2021	2019/2020
	Kshs	Kshs
Kenya Climate Change Adaptation Program	8,111,517	2,693,480
KWSCRIP Mwache	24,299,848	19,724,955
Malindi Integrated Social Health Development Programme	-	-
Special Programs	-	-
Kenya Coastal Development Programme	-	-
<b>Total Grants and Subsidies</b>	<b>32,411,365</b>	<b>22,418,435</b>



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**14. General Expenses**

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Admin Costs	1,218,955	3,303,006
Electricity and Water	909,278	978,247
Insurance	1,056,902	2,790,850
Publicity and Advertisements	1,931,834	2,980,336
Internet	786,664	1,116,114
General Office Supplies	2,228,276	2,356,033
Postage	131,663	168,946
Stationery	1,142,993	1,553,691
Telephone Expenses	1,487,278	1,502,195
Legal & Professional Charges	3,447,086	4,829,288
ISO Audit	661,880	457,601
Transport & Operation	853,526	2,540,047
Bank Charges	215,355	204,270
Ask Show Expenses	-	1,586,146
Monitoring & Evaluation	3,083,822	1,381,635
Reports	5,093,910	10,865,169
Work Environment	946,120	562,299
Finance & Stewardship	3,930,804	-
Corporate Social Responsibility	587,469	1,509,102
Project Concept	4,269,406	3,289,302
County Coordination	808,588	1,017,310
MISHDP	-	826,230
Official Entertainment	74,800	-
Regional Planning & Coordination	3,151,562	-
Strategic Planning Implementation	833,640	-
Performance Contracting	3,417,471	-
Budgeting	1,382,594	-
Competence Development	137,680	-
Stamp Duty	260,000	-
Sanitary Supply	267,060	-
<b>Total General Expenses</b>	<b>44,316,616</b>	<b>45,817,817</b>

**15. Finance Costs**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Borrowings (Amortized Cost) *	-	-
Finance Leases (Amortized Cost)	-	-
Unwinding of Discount	-	-
Interest on Bank Overdrafts	-	-
Interest on Loans from Commercial Banks	-	-
<b>Total Finance Costs</b>	<b>-</b>	<b>-</b>

**16. Audit Fees**

Description	2020/2021	2019/2020
	Kshs	Kshs
Audit Fees	1,312,000	1,611,920
<b>Total Audit Fees</b>	<b>1,312,000</b>	<b>1,611,920</b>

**17. (a) Cash and Cash Equivalent**

Description	2020/2021	2019/2020
	Kshs	Kshs
Current Account	500,265,365	824,396,593
Cash on Hand	260,347	288,488
MPESA Paybill	-	-
<b>Total Cash and Cash Equivalents</b>	<b>500,525,712</b>	<b>824,685,081</b>

**(b) Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account No	2020/2021	2019/2020
a) Current Account		Kshs	Kshs
Barclays Coral Block	2022577967	-	38,856
Barclays Coral Block B	2024191144	34,540	36,222
Barclays Wananchi Cottages	2024191047	283,855.60	1,974,482
Equity Bank-KWSCR	1560267200967	10,600,057	35,613,118
Equity Kilifi	1060299686735	239,310.70	187,251
KCB Kenya Climate Change	1166235319	4,354,041	8,400,430
KCB Main Account	1166235173	-3,249	4
KCB Try Sq Farms	1105622029	308,015	1,652,966
NBK -Malindi Integrated Project	01002009182400	92,618	92,618
NBK Development	01002008243100	431,844,476	693,933,960
NBK EEZ Project	01002008243101	732,362	9,106
NBK FFS	01002057026205	84,971	22,850
NBK FFS RH	01002057026208	35,625	38,025
NBK Main Account	01004007563400	51,658,742	82,396,706
<b>Sub Total</b>		<b>500,265,365</b>	<b>824,396,593</b>
b) Others (specify)			
Cash Account-Wananchi Cottages	n/a	-	27
Cash Account CDA Main	n/a	260,347	285,716
Mpesa Paybill Account			1
Cash Account - Development		1	2,743
<b>Sub Total</b>		<b>260,349</b>	<b>288,488</b>
<b>Grand Total</b>		<b>500,525,712</b>	<b>824,685,081</b>

Cash and cash equivalents are measured at fair value. The carrying amount approximates fair value due to the short period to maturity. Cash and cash equivalents comprise cash at bank.

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**18. Gain on sale of Assets**

Description	2020/2021	2019/2020
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Other Assets not Capitalised	-	-
<b>Total Gain on Sale of Assets</b>	<b>-</b>	<b>-</b>

**19. Receivables from Exchange Transactions**

Receivables From Exchange Transactions	2020/2021	2019/2020
Current Receivables	Kshs	Kshs
Wananchi Cottages Receivables	4,608,818	4,608,818
Coral Block Receivables	1,424,400	1,424,400
<b>Total Current Receivables</b>	<b>6,033,218</b>	<b>6,033,218</b>
Other Staff Receivables	531,365	531,365
Staff Telephone	-	15,485
Pension Everestina Nyambu	-	40,000
VAT-CDA	17,664	-
Staff Advances	-	1,619,259
Service Deposits	7,892,612	7,001,016
<b>Less Impairment Allowance</b>		
Current Portion Transferred to Current Receivables		
<b>Total Non-Current Receivables</b>	<b>8,441,641</b>	<b>9,207,125</b>
<b>Total Receivables</b>	<b>14,474,859</b>	<b>15,240,343</b>

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

Description	2020/2021	2019/2020
Non-Current Receivables	Kshs	Kshs
Imprests Outstanding	23,548,501	19,612,987
Claims Reg CDA Main	3,123,047	3,385,749
Other Advances	-	4,800
Advances to other RDA's	123,734	123,734
Advance to MRD	510,336	510,336
Pambazuko Dev Co	1,018,317	1,018,317
Pledges	6,132	6,132
Ukunda Showground	1,756,136	1,756,136
Staff Advances	2,077,224	-
MISHDP	-	-
PAYE	-	-
UNION	-	-
Govt Grants Receivables	-	-
<b>Less: Impairment Allowance</b>	<b>-</b>	<b>-</b>
<b>Total Current Receivables</b>	<b>32,163,427</b>	<b>26,418,191</b>

**21. Inventories**

Description	2020/2021	2019/2020
	<b>Kshs</b>	<b>Kshs</b>
Consumable Stores	3,228,433	1,940,450
Medical Supplies	-	-
Coral Block	-	-
Slates	-	12,525
<b>Total inventories at the lower of cost and net realizable value</b>	<b>3,228,433</b>	<b>1,952,975</b>

**22. Community Projects**

	2020/2021	2019/2020
<b>Community Projects /Work in Progress</b>	<b>Kshs</b>	<b>Kshs</b>
Boji Irrigation Scheme	49,621,727	48,088,074
Project Account – Abaq Qiiq Dam	73,346,713	1,833,614
Integrated Community Enterprise: Coral Block Cutting	8,268,956	8,268,956
Wananchi Cottages - Building	58,279,345	11,845,037
Integrated Fruit Processing	79,087,607	79,087,607
Lake Challa	166,430,225	108,639,152
Livestock Development	10,837,173	10,837,173
Malindi Integrated Project	6,885,659	6,885,659
Milk Cooling Plant	1,488,207	1,488,207
ASK Show	1,713,028	1,713,028
Minor Irrigation	100,582,159	58,856,069
Mwache Dam	2,690,140	2,690,140
Mariakani Milk Scheme	8,211,693	8,211,693
Drought Mitigation Programme	46,992,811	-
IFPP	20,830,542	-
MISHDP	1,197,424	-
<b>Total Community Projects</b>	<b>636,463,408</b>	<b>348,444,409</b>

**23. Biological Assets**

Description	2020/2021	2019/2021
Biological Assets	2,080,000	1,915,000
<b>Total Biological Assets</b>	<b>2,080,000</b>	<b>1,915,000</b>



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**24. Property Plant and Equipment**

**CDA ASSET MOVEMENT SCHEDULE AS AT 30TH JUNE 2021**

ASSET CLASS	LAND	BUILDING	COMPUTER/ PHOTOCOPIER	FURNITURE & FITTINGS	PLANT EQUIPMENT	M/VEHICLE	TOTAL
DEPRECIATION RATE IN %	1%	2%	30%	13%	13%	25%	
BAL.30.6.2020 (COST)	334,580,485	124,699,051	6,820,237	8,780,769	85,456,550	20,834,500	581,171,592
DEPRECIATION							
BAL.1.7.2019	-	12,641,514	2,441,775	10,039,881	77,320,016	52,873,650	155,316,835
Write offs/Adjustments CHARGE FOR THE YEAR	-	-	-	3,937,559	-	- 41,185,300	- 121,332,180
BAL.30.6.2020 (ACC DEP)	-	2,493,981	2,046,071	1,097,596	10,682,069	5,208,625	21,528,342
NBV AS AT 30.6.2020	334,580,485	15,135,495	4,487,846	7,199,918	11,792,764	16,896,975	55,512,998
BAL.30.6.2020 (COST)	334,580,485	124,699,051	6,820,237	8,780,769	85,456,550	20,834,500	581,171,592
ADDITIONS	-	2,337,000	13,610,665	1,541,070	4,235,845	5,860,000	27,584,580
W.I.P	-	58,279,345	-	-	-	-	58,279,345
Write offs/Adjustments	-	-	-	6,976,442	-	-	- 10,341,706
Less W.I.P	-	- 58,279,345	-	-	-	-	-58,279,345
BAL.30.6.2021 (COST)	334,580,485	127,036,051	17,750,678	3,345,397	89,007,355	26,694,500	598,414,466
BAL.30.6.2021 ACC DEPN	-	15,135,495	4,487,846	7,199,918	11,792,764	16,896,969	55,512,992
Write offs/Adjustments CHARGE FOR THE YEAR	-	-	2,680,224	6,976,442	-	-	- 10,341,706
ACCUMULATED DEPRECIATION	-	2,540,721	5,325,203	418,175	11,125,919	6,673,625	26,083,643
BAL.30.6.2021	334,580,485	17,676,216	7,132,826	641,651	22,233,643	23,570,600	71,254,935
BAL.30.6.2021	334,580,485	109,359,835	10,617,853	2,703,746	66,773,712	3,123,900	527,159,531

**25. Trade and Other Payables from Exchange Transactions**

Description	2020/2021	2019/2020
	Kshs	Kshs
Trade payables	16,866,469	17,170,340
<b>Total Accounts Payable</b>	<b>16,866,469</b>	<b>* 17,170,340</b>

Trade payables represent outstanding payments to suppliers for goods and services consumed during the year under review

**26. Trade and Other Payables from Non-Exchange Transactions**

Description	2020/2021	2019/2020
	Kshs	Kshs
Provision for Bad & Doubtful Debt	2,774,453	2,774,453
Wetland Lagoon	2,440,146	2,440,146
VAT	2,293,629	2,568,675
Staff Claim Refunds	-	321,698
Imprest	340,432	343,094
Amedo Hire Purchases	2,415	2,415
Farmers Rev Fund Kilifi & Taita	105,310	105,310
MISHDP	2,790,043	2,790,043
Claim	-	538
Provision for Audit Fees	2,624,000	-
<b>Total Trade and Other Payables from Non-Exchange Transactions</b>	<b>13,370,428</b>	<b>11,346,372</b>

**27. Employee Benefit Obligation**

	2020/2021	2019/2020
	Kshs	Kshs
CDA Sacco	843,281	898,519
CDA Staff Welfare	81,000	138,200
CIC Insurance	218,554	218,554
DPM Dues	207,399	207,399
Group Life and Accident		
HELB	63,270	160,482
ICEA Endowment Plan	63,644	63,644
KUFCAW	34,938	52,844
NBK Loan Administration Costs	6,574	6,574
PAYE:30% Withholding Tax	-	342,000
Pension 20%	3,006,367	9,098,538
Salary Control	10,640,020	453,769
Training Levy	990,880	990,880
Ukulima Sacco	26,419	26,419
NSSF	58,400	24,470
NHIF	170,500	70,950
COTU	-	2,000
PAYE	3,581,411	-122,010
Voluntary Pension	80,000	86,107
<b>Total Employee Benefit Obligation</b>	<b>20,072,658</b>	<b>12,719,339</b>

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The entity operates a defined benefit scheme for all full-time employees from July 1, 2012. The scheme is based on 7.5% percentage of salary of an employee contribution and 15% employer contribution. The liability at the end of the year is Kshs 3,006,367. The entity also contributes to the statutory National Social Security Fund (NSSF).

**29 Non-Current Employee Benefit Obligation**

Non-current employee benefit obligation	2020/2021	2019/2020
	Kshs	Kshs
Service Gratuity	-	-
Service Gratuity: Abdalla Lugogo	-	70,208
Service Gratuity 31%	8,546,402	3,956,506
Service Gratuity 31%Account	-	304,779
<b>Total Non-Current Employee Obligation</b>	<b>8,546,402</b>	<b>4,331,493</b>

**30 Deferred Income**

Description	2020/2021	2019/2020
	Kshs	Kshs
National government		
International funders		
Public contributions and donations	16,743,618	45,122,315
<b>Total Deferred Income</b>	<b>16,743,618</b>	<b>45,122,315</b>

The deferred income movement is as follows:

	National Government	International funders	Public contributions and donations	Total
Balance brought forward	-	-	45,122,315	13,455,782
Additions	-	-	4,032,668	54,084,968
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	(32,411,365)	(22,418,435)
Other transfers	-	-		
Balance carried forward	-	-	16,743,618	45,122,315

**31 Provisions**

**a) Current provisions**

Description	Leave Provision
	Kshs
Balance at the beginning of the year	
2020-2021 Provision	1,559,000
Reversed/utilised/withdrawn	
<b>Total provision as at 30.6.2021</b>	<b>1,559,000</b>

**b) Non-Current Provisions**

Description	Staff Gratuity	Pending Legal suits	Total Kshs
	Ksh	Ksh	Ksh
Balance at the beginning of the year	4,331,493	68,952,000	73,283,493
Additional provisions	4,214,909	-	4,214,909
Provisions utilized			
<b>Total non-current provision as at 30 June 2020</b>	<b>8,546,402</b>	<b>68,952,000</b>	<b>77,498,402</b>

The gratuity amount relates to gratuity for the Authority's staff on contractual terms.



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**32 Statement of Cash Flows for the Year Ended 30 June 2021**

Cashflow from Operating Activities			
	Notes	2020/2021	2019/2020
		Kshs	Kshs
<b>Surplus for the Period</b>		<b>(61,207,974)</b>	<b>(21,187,000)</b>
Depreciation	24	26,083,643	21,528,337
Decrease in Land Payables Provision		-	-
Increase in Reserves		(3,141,450)	4,214,184
<b>Cash Flow from Operating Activities before Working Capital Changes</b>		<b>(38,265,780)</b>	<b>(4,555,521)</b>
Decrease in Inventory	21	(1,275,458)	(1,255,869)
Increase in Debtors Receivables Exchange	19	765,484	6,749,548
Decrease in Debtors Non-Exchange	20	(5,745,236)	64,816,033
Increase in Deferred Income	30	(28,378,697)	31,666,532
Decrease in Creditors	25	(303,871)	(16,297,877)
Decrease in Trade Payable - Non-Exchange	26	2,024,056	(193,967)
Decrease in Employee Obligations	27	11,568,228	(4,149,751)
<b>Net Cash Flow from Operating Activities</b>		<b>(59,611,275)</b>	<b>85,890,170</b>
<b>Cashflow From Investment Activities</b>			
Purchase of Fixed Assets	24	(27,584,594)	(41,059,362)
Increase/Decrease in Work in Progress	22	(288,019,000)	(80,992,605)
Purchase of Biological Assets	233	(165,000)	(500,000)
Decrease in Investments		-	-
<b>Net Cash Flow from Investing Activities</b>		<b>(315,768,594)</b>	<b>(122,551,968)</b>
<b>Cashflow from Financing Activities</b>			
Completed Community Projects		-	-
Development Grants		51,220,500	592,158,000
<b>Net Cash Flow from Financing Activities</b>		<b>51,220,500</b>	<b>592,158,000</b>
<b>Cash and Cash Equivalent Generated in the Year</b>		<b>(324,159,369)</b>	<b>555,496,202</b>
<b>Cash and Cash Equivalent at the Beginning of the Year</b>		<b>824,685,081</b>	<b>269,188,879</b>
<b>Cash and Cash Equivalent at the End of the Year</b>		<b>500,525,712</b>	<b>824,685,081</b>

### **33 Financial Risk Management**

The Authority's activities expose it to a variety of credit and liquidity risks. The overall risk management programme focuses on the unpredictability of the market and seeks to minimize potential adverse effects on its operations. The Authority regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the direct supervision of the Board. The Board provides policies for overall risk management, as well as policies covering specific areas such as interest rate risk, credit risk and liquidity risk

#### **(i) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Authority.

Credit risk arises from bank balances, receivables and amounts due from related parties. Although this risk is unlikely to occur in the short term, it is mitigated as follows:

Cash and short-term deposits are placed with well-established financial institutions of high quality and credit standing and also approved by the NT;

Credit risk with respect to accounts receivable is limited due to the nature of the Authority's business and its reliance on government grant as the main source of funding. Market risk is the risk that the value of an investment will decrease due to changes in market factors. The above stated mitigating factors apply to market risk as well.

The amount that best describes the Authority's exposure to credit risk at the end of the financial year is as follows:

Description	2020/2021	2019/2020
	Ksh	Ksh
Cash at Bank	500,525,712	824,685,081
Prepayments	7,892,611	7,001,016
Staff Travel Imprests	23,778,296	19,612,987
Salary Advances	2,077,224	1,619,259
<b>Total Credit Risk</b>	<b>534,273,843</b>	<b>852,918,343</b>

#### **(ii) Liquidity Risk Management**

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations when they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of damaging the Authority's reputation.

The Authority ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the Authority.

The amounts that best describes the Authority's exposure to liquidity risk at the end of the quarter is made up as follows:

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Description	2020/21	2019/2020
	Ksh	Ksh
Contractors' retention	-	-
Withholding tax payable	-	-
Provisions	1,312,000	1,312,000
Trade payables	16,791,402	17,170,340
Payroll liabilities	28,061,906	17,050,832
<b>Total liquidity risk</b>	<b>46,165,308</b>	<b>35,533,172</b>

(iii) **Foreign Currency Risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

iv) **Capital Risk Management**

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

	2020/2021	2019/2020
	Kshs	Kshs
Revaluation reserve	342,786,314	342,786,314
Retained earnings	(710,779,860)	(646,430,437)
Capital reserve	2,008,489,342	1,957,268,842
<b>Total funds</b>	<b>1,640,495,797</b>	<b>1,653,624,719</b>
Total borrowings		-
Less: cash and bank balances	500,525,712	824,685,081
Net debt/ (excess cash and cash equivalents)	n/a	n/a
<b>Gearing</b>	<b>n/a</b>	<b>n/a</b>

### 34 Related Party Balances

#### Nature of Related Party Relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates<sup>2</sup> and close family members.

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties are;

- i) The National Government
- ii) The Parent Ministry
- iii) Key Management
- iv) Board of Directors
- v) Income Generating Projects
- vi) Donor's funding Projects (Mwache Dams, Kenya Climate Change Adaptation Programme)

	2020/2021	2019/2020
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of goods to		
Sales of services	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from National Govt	268,900,500	836,600,460
Grants from County Government		-
Donations in Kind		-
<b>Total</b>	<b>268,900,500</b>	<b>836,600,460</b>
<b>c) Expenses incurred on behalf of Related Party</b>		
Payments of salaries and wages for employees		-
Payments for goods and services for		-
<b>Total</b>		-
<b>d) Key Management Compensation</b>		
Chairman's' Honoraria	848,000	960,000
Compensation to the CEO	7,305,132	4,547,381
Compensation to Key Management	9,829,687	11,384,160
Other Directors Allowance/Emoluments	12,090,409	15,390,171
<b>Total</b>	<b>30,073,228</b>	<b>32,281,712</b>



### 35 Contingent Liabilities

Contingent liabilities	2020/2021	2019/2021
	Kshs	Kshs
Court case against the entity- Murphy Auctioneers Civil Application No 129/2019	6,953,000	6,953,000
Court Case against Endebess Development Company	62,000,000	62,000,000
Bank guarantees in favour of subsidiary	-	-
<b>Total</b>	<b>68,953,000</b>	<b>68,953,000</b>

- The Authority appealed against the case filled by Murphy Auctioneers and the hearing date has not been set.
- Coast Development Authority (CDA) was sued in Mombasa High Court Civil Suit number 11 of 2017, Endebess Development Company Limited Versus Coast Development Authority. The suit was determined in favour of the plaintiff, Endebess Development Company Limited, wherein Coast Development Authority was condemned to pay Kshs.62,000,000/= plus interest thereon. When the judgment was delivered our advocates observed the judgment was unfair and we had good grounds for appeal. Acting on the advice of our advocates and the instructions from the Board of Directors, we appealed against the judgment of the court in Mombasa Court of Appeal Civil Appeal No. E3 of 2020, Coast Development Authority Versus Endebess Development Company Limited.

The Authority applied for stay of execution pending the hearing and determination of the appeal but the High Court granted the said stay of execution on condition that we furnish security by way of bank guarantee to the tune of the decretal amount. On advice of the Authority's advocates, The Authority declined to furnish the said bank guarantee since CDA is public entity and we cannot in law be ordered to furnish security of costs. Consequently CDA, under Certificate of Urgency applied for stay of execution at the Court of Appeal. Unfortunately, the court of appeal has not been sitting for the last three months. The Appeal has now been allocated a hearing date on 20<sup>th</sup> July 2021. On 26<sup>th</sup> April 2021 Endebess Development Company Limited commenced garnishee proceedings and attached *nisi* our salaries Bank Account Number 01004007563400, National Bank of Kenya, Nkrumah Road Branch, Mombasa. Our advocates are challenging the said garnishee proceedings at the High Court. The matter will be heard on 21<sup>st</sup> September 2021.

### 36 Comparatives

Prior period comparative information has been presented in the current financial year. Where necessary, comparative figures have been adjusted to conform to changes in presentation of the current year.

### 37 Subsequent Events after the Reporting Period

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

### 38 Currency

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

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on External audit Report	Issues/Observation s from Auditor	Management Comment	Focal Point Person to resolve the issue	Status:(Resolve/ Not Resolve)	Timeframe: Estimated date of resolution
1.0 Unsupported Prior Year Adjustments	<p>The statement of changes in net assets reflects transfer from accumulated deficit of Kshs.3,398,392 as at 30<sup>th</sup> June, 2019. This comprised the opening balance adjustments of Kshs.24,597 and net adjustments of Kshs.3,373,795 relating to prior year adjustments. The adjustments were made in the current financial year instead of the financial year 2017/2018.</p> <p>This was contrary to Paragraph 47 of the International Public Sector Accounting Standard (IPSAS)3 on Accounting Policies, Changes in Accounting Estimates and Errors which provides that the corrections of error which occurred in the previous periods id presented by</p>	<p>Corrections were made in the financial statement to correct the presentation anomalies noted.</p> <p>The variances were due to typing errors made on the financial statements and these errors were corrected. The supporting schedules for the same were redone to reflect the amendments in the financial statements.</p>	Pamela Maghema Ngure Director Corporate Services	Resolved	N/A

**Coast Development Authority**

**Annual Reports and Financial Statements for the year ended June 30, 2021**

	restating the comparative amounts from the prior period in which the error occurred. Further, the journal vouchers effecting the changes were not availed for Audit review.  Consequently, the accuracy and the presentation of the prior year adjustment of Kshs.3,373,795 for the year ended 30 <sup>th</sup> June,2019 was not in accordance with the International Public Sector Accounting Standard (IPSAS) 3 on Accounting Policies, Changes in Accounting Estimates and Errors.				
2.0 Inaccuracies in Cash and Cash Equivalents	The statement of Financial Position and as disclosed under Note 20 to the financial statements reflects the cash and cash equivalents balance of Kshs.261,188,879 as at 30 <sup>th</sup> June, 2019.  However, included in the bank balance is Barclays Coral Block Account balance of Kshs.424,815 whose supporting schedules reflects Kshs. 420,054 resulting from	The bank reconciliations have been done and adjustments on the Financial Statements has been done	Pamela Maghema Ngure Director Corporate Services	Resolved	N/A

*Coast Development Authority  
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	<p>unreconciled and unexplained variance of Kshs.4,761. Further, the cash and cash Equivalent reflect the National Bank of Kenya - Malindi Integrated Project Account balance of Kshs.94,478. However, the supporting bank confirmation certificate reflects an amount of Kshs. 93,817.65 resulting to unreconciled and unexplained variance of Kshs.660</p> <p>In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.261,188,879.65 as at 30<sup>th</sup> June,2019 could not be confirmed.</p>				
3.0 Service Deposit	<p>As previously reported, included in the receivables from Exchange transactions balance of Kshs.21,989,891 and as detailed in Note 21 to the financial statements for the year ended 30<sup>th</sup> June,2019 are service deposit of Kshs.13,574,322 which include a balance of Kshs.221,250, being advance</p>	<p>In October 1996, the Authority ordered Olivetti typewriter valued at 537,827 from a supplier based in Mombasa and a down payment of 250,000 was made. Subsequently an Olivetti typewriter was delivered costing 28,750 and the firm closed their offices thereafter. All</p>	<p>Violet Indiazi Manager Procurement and Supplies</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June,2022</p>



*Coast Development Authority  
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	<p>payment for purchase of computers in the year 2009/2010. Review of the status during the Audit Indicated that the computers were not received during the year under review. Available information indicates that the supplier has since closed down business.</p> <p>In the circumstance, recovery of the advance payment of Kshs.221,250 or receipt of the computer is uncertain.</p>	<p>efforts to trace the Company and the owners have been futile. The same was communicated to Ministry as it kept recurring in our annual audit queries. The National Treasury has requested PPRA to debar following recommendation from the PIC as per the letter written to us by PPRA.</p> <p>The Public Procurement Regulatory Authority is in the process of debarring the company from transacting with Government institutions</p>	<p>Pamela Nguire Director Services Hafsa Thabit Legal Officer</p> <p>Maghema Corporate</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June, 2022</p>
<p>4.1 Outstanding Imprest</p>	<p>As previously reported, the statement of the financial position and as disclosed under Note 22 of the financial statements reflects receivables from non-exchange transactions balance of Kshs.91,234,224 as at 30<sup>th</sup> June, 2019. Included in this balance is Kshs.22,363,797 in respect of outstanding imprests due from employees.</p> <p>However, imprest of</p>	<p>These officers resigned from the Institution to take up jobs from other entities. However, they did not come back to clear with CDA. Follow up letters were sent to them advising on status of outstanding imprest and requesting them to immediately settle/ surrender on the same and necessary follow up are put in place on the same.</p>			

*Coast Development Authority  
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	<p>Kshs.15,257,624 due from former employees have been outstanding for more than two years and the recoverability is doubtful. Management has not demonstrated measures put in place to recover the amounts. This contrary to Regulation 92(5-6) of the Public Finance Management (National Government)</p> <p>Regulations,2015 which provides that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station failure to which the imprest shall be converted into a loan recoverable with interest at the prevailing Central Bank Rate.</p> <p>Consequently, recoverability of the outstanding imprest of Kshs.15,257,624 for the year ended 30<sup>th</sup> June,2019 could not be ascertained.</p>	<p>There is no build up imprest as stringent measures have been implemented on imprest issuance process. No staff is issued with double imprest.</p>		
<p>4.2. Other Debts</p>	<p>As previously reported, the statement of financial position and as disclosed under Note</p>	<p>The Kshs 123,734 advanced to other Regional Development Authorities</p>	<p>Mohamed Keinan Hassan,Ph.D,OGW Managing Director</p>	<p>Not Resolved</p> <p>30<sup>th</sup> June,2022</p>

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<p>22 to the financial statements reflects receivables from non-exchange transactions balance of Kshs.91,234,224 as at 30<sup>th</sup> June, 2019. Included in this amount is Kshs. 123,734 advanced to other Regional Development Authorities (RDA's) which has been outstanding for more than Seven (7) years. Management did not provide documents and explanations on how the lending to the other Regional Development Authorities (RDA's) was done including repayments to date.</p> <p>In the circumstance, the accuracy and validity of the receivables from non-exchange transactions balance of Kshs.91,234,224 as at 30<sup>th</sup> June, 2019 could not be confirmed.</p>	<p>was incurred while preparing the Ministry and RDAs Strategic Plans in 2008 in a Mombasa Hotel. This was share of conference charges among Regional Development Authorities paid by CDA on behalf of the other Regional Authorities as directed by the PS of the Parent Ministry. All the RDAs undertook to refund the Authority. The Authorities have not refunded the amounts yet despite reminder by the Permanent Secretary. The amounts outstanding are as following: Ewaso Nyiro North Development Authority- Kshs 58,000 Lake Basin Development Authority- Kshs 35,000 Tana and Athi River Development Authority- Kshs 30,733</p>			Partly Resolved	30 <sup>th</sup> June, 2022
<p>5.0 Unaccounted</p>	<p>As reported previously statement of the financial</p>	<p>The value of plots in Kwale, Kilifi Ijara and</p>	<p>Hafsa Thabit Legal Officer</p>		

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Parcels of Land	position reflects property, plant and equipment balance of Kshs.506,127,553 as at 30 <sup>th</sup> June,2019(2017/2018-Kshs.410,255,529). The balance excluded nine (9) parcels of land located in Kwale, Kilifi, Taita Taveta and Tana River Counties which had not been valued. The Authority possessed allotment letters for the parcels of land and was at the final stages of obtaining ownership documents. Consequently, the accuracy and completeness of the carrying values of the property plant and equipment totalling to Kshs.506,127,553 as at 30 <sup>th</sup> June,2019 could not be confirmed.	Tana River Counties were not included in financial statements because they did not have title deeds then. These lands have now been surveyed and necessary land documentation issued as follows:		
		<ul style="list-style-type: none"> <li>• Kwale plot 0.2Ha- Title</li> <li>• Kilifi plot 0.2Ha- Leasehold</li> <li>• Malindi Township-PDP</li> <li>• Kwale south Samburu- 300 Acres</li> <li>• Tana River 40Ha- Title</li> <li>• Ijara- Allotment letter</li> <li>• Masalani-1.12-PDP NO-NEP/13/2003/2</li> <li>• TaitaTavetaWundanyi 1.0 Acre - Allotment letter</li> </ul> <p>Taveta Nakuruto 1.0Acre-Sale agreement</p> <p>The referred rates and survey fees have been paid to relevant County Governments.</p> <p>The revalued amounts relate to the plots without</p>		



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			title.(Tana river and Masalani ) The revalued amount has been included in the PPE schedule as at 30 <sup>th</sup> June 2018 The PPE has been updated and reconciled to the ledger and Fixed Assets Register		
6.0 Land Balance Payable	As previously reported, the statement of financial position as at 30th June, 2019 reflects trade and other payables from exchange transactions balance of Kshs.33,468,217. Excluded from this balance is an amount of Kshs.5,199,500 in respect to balance on the purchase price for the land. Records provided for audit revealed that the purchased price for the piece of land was Kshs.9,800,000 as per the sale agreements. The Authority paid 4,600,500 leaving an outstanding amount balance of Kshs.5,199,500 as at 4 <sup>th</sup> August, 2014.  However, as per land report	The Authority purchased two pieces of land Mwapula/Magogoni plot no 432 measuring 22 acres at a purchase price of Ksh 4.4m and plot no 1122 measuring 27acres at a purchase price of Ksh 5.4 M at Jaribuni, Kilifi County. The land was to be used as a proposed Ballast Crushing project. The Sale Agreements were signed on 27 <sup>th</sup> Feb 2012 for the two plots. The 1 <sup>st</sup> instalment of kshs. 4,000,000,000 was paid after signing the agreement.  The balance was to be paid	Hafsa Thabit Legal Officer	Not Resolved	30 <sup>th</sup> June,2022

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	<p>tabled at 76<sup>th</sup> Full Board meeting held on 19 september, 2018, it was reported that the total purchased price of Kshs. 9,800,000 had been paid but the land was unscrupulously sold by a squatter to a private investor. The case is before the Court awaiting determination. consequently, the accuracy, completeness and ownership of the land as at 30<sup>th</sup> June, 2019</p>	<p>in quarterly basis after the first installment. After the initial payment, the Authority took possession of the plot to start boulders extraction. Immediately thereafter conflict on the ownership of land among the community members followed and CDA staff were attacked and chased by rowdy community members from the site. The same matter on the ownership dispute went to the High Court of Malindi. The court ruled in the community member's favour. The Authority appealed against this judgement in the Court of Appeal. The matter is still pending in court and the Authority will disclose the court case and contingent liability in the subsequent financial statement.</p>			
7.0 Community Projects and	The statement of financial position and as disclosed	The variance of Kshs. 101,200 was a typo	Pamela Nguire	Maghema	Resolved
					N/A

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Work in Progress	under Note 24 to the financial statements reflects community project and Work in Progress balance of Kshs.267,451,804. Included in this balance is an amount of Kshs.28,741,725 for which Management did not provide the supporting schedules for audit review. In addition, included in this balance is an amount of Kshs.10,837,173 in respect of Livestock development. However, the supporting schedule availed for audit review reflects an amount of Kshs.10,938,373 resulting to unreconciled and unexplained variance of Kshs.101,200. consequently, the accuracy and completeness of community projects and work in progress balance of Kshs.267,451,804 as at 30 <sup>th</sup> June,2019 could not be confirmed.	error on the opening balance. The correction has been since been effected.	Director Corporate Services		
8.0 Unaccounted for Biological Assets.	The statement of financial position and disclosed under Note 25 to the financial statement reflects biological	The observation was noted and proper documents for the animals was provided.	Pamela Maghema Ngure Director Corporate Services	Resolved	N/A

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	<p>assets valued at Kshs.1,415,000 as at 30<sup>th</sup> June,2019(2017/2018-Kshs.1,415,000). However, records provided for audit review indicated that during the year under review, there were twenty-two (22) new calves of undetermined value which had not been included in the biological assets register.</p> <p>In circumstance, the accuracy and completeness of biological assets balance of Kshs.1,415,000 as at 30<sup>th</sup> June,2019 could not be confirmed.</p>				
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**Managing Director**

*[Signature]*

Date.....25/07/2022.....

**Chairman of the Board**

*[Signature]*

Date.....25/07/2022.....





**Coast Development Authority**  
**Annual Reports and Financial Statements for the year ended June 30, 2021**

**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

Project Name	Project Description	County	Start Date	Original End Date	Revised End Date	Original Budgeted Cost of Project	Cost Variations to Date	Revised Project Cost	Disbursements to Date	Current Status (% Completion)	Inter-Agency Intervention Required	Remarks(Note, Challenges, etc.)
Boji	Small Holder Irrigation	Tana River	1.7.2011	30.06.2013	30.06.2022	145,000,000	-	-	140,170,000	90%	N/A	<ul style="list-style-type: none"> <li>Water supply pipeline Infrastructure complete</li> <li>139 acres ploughed and harrowed</li> <li>Construction of Farm offices and fencing of the 2Acre Utility area complete</li> </ul>
Chakama		Kilifi	1.7.2011	30.06.2013	30.06.2022	400,000,000	-	-	75,110,250	15%	N/A	<ul style="list-style-type: none"> <li>Pipeline trenches excavated</li> <li>Pipe laying ongoing</li> <li>Construction of division boxes ongoing</li> <li>Portable pumps delivered</li> <li>Hand dug wells excavated awaiting installation of solar-powered pumps</li> </ul>
Challa		Taita Taveta	1.7.2011	30.06.2013	30.06.2022	300,000,000	-	-	103,110,250	30%	N/A	<ul style="list-style-type: none"> <li>Solar powered borehole complete</li> <li>Water supply for domestic in Nakuru to location ongoing</li> </ul>
Bura		Tana River	1.7.2011	30.06.2013	30.06.2022	250,000,000	-	-	-	5%	N/A	<ul style="list-style-type: none"> <li>Water supply for irrigation at Kasokoni scheme ongoing</li> <li>Concept notes finalized.</li> <li>Implementation planned for 2021/22</li> </ul>
Vanga		Kwale	1.7.2011	30.06.2013	30.06.2022	300,000,000	-	-	-	5%	N/A	<ul style="list-style-type: none"> <li>Concept notes finalized.</li> <li>Implementation planned for 2020/21</li> </ul>

**Coast Development Authority**  
**Annual Reports and Financial Statements for the year ended June 30, 2021**

Project Name	Project Description	County	Start Date	Original End Date	Revised End Date	Original Budgeted Cost of Project	Cost Variations to Date	Revised Project Cost	Disbursements to Date	Current Status (% Completion)	Inter-Agency Intervention Required	Remarks(Note, Challenges, etc.)
2	Mwache Catchment Conservation Project	Kwale	15.01.2015	31.12.2020	31.12.2021	500,000,000	-	-	114,181,785	73.80%	National Land Commission and Director Survey on Land compensation	Marking and pegging, tree planting, nursery establishment and terracing ongoing. SCMP Development for the WRUA completed.
3	Kenya Climate Change Adaptation Programme (KCCAP)	Kwale, Kilifi, Taita and Taveta	1/4/2016	31/03/2018	30/06/2020	116,242,183	-	-	59,017,817	47%	NEMA Delayed disbursements and limiting procurement threshold	Delayed disbursement and activities are season based affecting overall performance
4	Wananchi Cottages	Kilifi	01.7.2019	30.06.2013	30.06.2022	300,000,000	-	-	184,980,000	70%	N/A	Construction of modern kitchen and conference completed. Additional accommodation construction ongoing
5	Hola Integrated Fruit Processing Plant	Tana River	1/1/2011	30/06/2019	30/06/2020	426,000,000	-	-	326,000,000	76.5%	KRA approvals for Manufacturing License (Excise License) Main water supply to the plant	All structures completed, process plant installed and commissioned. Production commencing in November 2021
6	Rehabilitation of Strategic Water Facilities	Lamu, Garissa, Taita and Taveta	01.7.2019	30.06.2022	N/A	20,000,000	-	-	20,000,000	95%	N/A	Rehabilitation of 5 djabias (Paza, Manda, Siyu in Lamu) and 4 shallow boreholes completed in Tana Delta

**Coast Development Authority**  
**Annual Reports and Financial Statements for the year ended June 30, 2021**

Project Name	Project Description	County	Start Date	Original End Date	Revised End Date	Original Budgeted Cost of Project	Cost Variations to Date	Revised Project Cost	Disbursements to Date	Current Status (% Completion)	Inter-Agency Intervention Required	Remarks(Note, Challenges, etc.)
7	Galmagalla Earth Fill Pan	Garissa	01.6.2020	31.7.2021	31.10.2021	200,000,000			200,000,000	70%	N/A	Bush clearing has commenced Equipment mobilized on site Excavation works ongoing Construction of embankment ongoing
8	Abaq Qiliq Earth Fill Pan	Tana River	01.6.2020	31.7.2021	31.9.2021	100,000,000			100,000,000	90%	N/A	Excavation completed, Construction of Auxiliary facilities ongoing
9	Drought Mitigation	Tana River	1.6.2021	31.12.2021	N/A	40,000,000			40,000,000	5%	N/A	Commencement procurement process
<b>Total</b>						<b>2,997,242,183</b>			<b>1,325,570,102</b>			



**APPENDIX III: INTER-ENTITY TRANSFERS**

16 AUG 2021



16 AUG 2021

MINISTRY OF EAST AFRICAN COMMUNITY (EAC) AND  
REGIONAL DEVELOPMENT

STATE DEPARTMENT FOR REGIONAL AND NORTHERN CORRIDOR  
DEVELOPMENT

OFFICE OF THE PRINCIPAL SECRETARY

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Railways Building

Haile Selassie Avenue

P.O. Box 50944-00200

NAIROBI, KENYA

Ref: RNCD/ACC/RDA/2/ Vol. 1/(4)

14<sup>th</sup> July, 2021

Managing Director  
Coast Development Authority  
P.O Box 1322-80100  
MOMBASA

INTER ENTITY TRANSFERS CONFIRMATION LETTER

The State Department of Regional and Northern Corridor Development wishes to confirm the amounts disbursed to you for the financial year 2020/ 2021 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate them in column D in the table below. Then please sign and stamp this confirmation in the space provided and return it to the undersigned by 20<sup>th</sup> July, 2021.

Confirmation of amounts received by Coast Development Authority for the Financial Year 2020/21

Reference Number	Date Disbursed	Amounts Disbursed Coast Development Authority for the FY 2020/ 2021			Amount Received by CDA for the FY 2020/2021 (D)KShs	Difference (E)=(D)-(C) KShs
		Recurrent (A) KShs	Development (B) KShs	Total (C)=(A)+(B) KShs		
FT202314JBSB	18/08/2020	54,420,000.00		54,420,000.00		
FT20311S58LK	06/11/2020	54,420,000.00		54,420,000.00		

FT210343ZDGA	03/02/2021	54,420,000.00		54,420,000.00		
FT21112DV9TN	22/04/2021	54,420,000.00		54,420,000.00		
FT21176W808Q	25/06/2021		51,220,500.00	51,220,500.00		
FT21193W96D1	12/07/2021		40,000,000.00	40,000,000.00		
Total		217,680,000.00	91,220,500.00	308,900,500.00		

I confirm the amounts shown above are correct as of the date indicated and are included in the financial statements

Head of Accounts Department

Name: PAULINA MAGHENA NGURE Sign: [Signature] Date: 16<sup>th</sup> AUGUST 2022

*[Signature]*  
Clara W. Mbau  
FOR: PRINCIPAL SECRETARY



Copy to: Director General Accounting Services and Quality Assurance,  
The National Treasury  
P. O. Box 30007  
Treasury Building  
Nairobi