

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPER LAIN	
DATE: 21 FEB 2023	DAY: TUESDAY
TABLED BY: REPORT	DEPUTY LEADER OF THE MAJORITY PARTY
THE TABLE:	MPROS MWALE

OF

THE AUDITOR-GENERAL

ON

EWASO NG'IRO SOUTH DEVELOPMENT
AUTHORITY

FOR THE YEAR ENDED
30 JUNE, 2021



EWASO NGIRO SOUTH
DEVELOPMENT AUTHORITY



2020
2021

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

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



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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

Mandate

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

Functions of the Authority

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

1. To plan for the development of the Area and initiate project activities identified from such planning in the Area through the Government generally
2. To develop an up-to-date long-range development plan for the Area
3. To initiate such studies, and carry out such surveys, of the Area as may be considered necessary by the Government or the Authority, and to assess alternative demands within the Area on the natural resources thereof, and to initiate, operate or implement such projects as may be necessary to exploit those natural resources including agriculture (both irrigated and rain fed) forestry, or wildlife and tourism

- industries, electric power generation, mining, and fishing, and to recommend economic priorities
4. To co-ordinate the various studies of schemes within the Area such that human, water, animal, land and other resources are utilized to the best advantage and to monitor the design and execution of planned projects within the Area
 5. To effect a program of both monitoring and evaluating the performance of projects within the Area so as to improve such performance and establish a responsibility thereof, and to improve future planning.
 6. To co-ordinate the present abstraction and use of natural resources, especially water, within the Area and to set up an effective monitoring of abstraction and usage;
 7. To cause and effect the construction of any works deemed necessary for the protection and utilization of the water and soils of the Area;
 8. To ensure that landowners in the Area undertake all the measures specified by the Authority to protect the water and soils of the Area
 9. To identify, collect, collate and correlate all such data related to the use of the water and other resources and also economic and related activities within the Area as may be necessary for the efficient forward planning of the Area
 10. To maintain a liaison between the Government, the private sector and other interested agencies in the matter of the development of the Area with a view to limiting the duplication of effort and to ensuring the best use of the available technical resources
 11. To examine the hydrological and ecological effects of the development programs and evaluate how they affect the economic activities of the persons dependent on river environment
 12. To consider all aspects of the development

Vision

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

Mission

To initiate, plan and implement integrated, equitable socio-economic development programs through sustainable utilization of basin-based resources and promotion of

investments within the Authority's jurisdiction of consultative partnership platform with the aim of improving livelihood in the ENSDA region.

Core Objectives

The Authority's Strategic Objectives are: -

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

(c) Key Management

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

- Board of Directors
- Accounting officer/MD
- Management

(d) Fiduciary Management

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

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

(e) Fiduciary Oversight Arrangements

Board Committees

Audit and Risk Management Committee

1. Mr. Rorat Kisaika Sammy
2. Hon. Joseph Kiuna Ng'ang'a
3. Hon. Consolata Rop
4. Mr. Mohamud Mohamed Awale
5. Mrs. Diana M. Mutinda Mutisya

Finance and Establishment Committee

1. Mr. S. Kinya Rukahu
2. Mr. Philemon Lotudo
3. Mr. Hassan Ali Adams
4. Mr. David Kitasho
5. Ms. Wanjiku Manyatta
6. Mrs. Diana M. Mutinda Mutisya

Development and Environmental Conservation Committee

1. Mrs. Tabitha Njeri Murigi
2. Hon. Moses Ole Sakuda
3. Hon. Jacob Macharia
4. Mr. George Saruni Nang'unin
5. Ms. Wanjiku Manyatta
6. Mr. Julius Kieni

Ad Hoc Committee on the Tannery and Leather Factory

1. Mr. David Kitasho
2. Hon. Moses Ole Sakuda
3. Mr. Hassan Ali Adams
4. Ms. Tabitha Njeri
5. Mr. Sammy Rorat
6. Mrs. Mable Muruli
7. Mr. Mohamud M. Awale
8. Mrs. Diana M.M. Mutisya

Ad Hoc Committee on Resource Mobilization

1. Hon. Joseph Kiuna
2. Mr. Philemon Lotudo
3. Hon. Consolata Rop
4. Mr. S. Kinya Rukahu
5. Hon. Jacob Macharia
6. Ms. Wanjiku Manyatta

Ad Hoc Committee on The M.O.U Between ENSDA & Keyian Farmers Cooperative Society

1. Mr. Seleila Ole Mwanik
2. Hon. Moses Ole Sakuda
3. Hon. Consolata Rop
4. Mr. Hassan Ali Adams
5. Hon. Jacob Macharia

(f) CORPORATE HEADQUATERS

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

(g) Our Contacts

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

(h) Our Bankers

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

(i) Independent Auditors



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

(j) Principal Legal Adviser



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

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

2. THE BOARD OF DIRECTORS

DIRECTORS	DETAILS
 <p>Mr. Seleila Ole Mwanik Board Chairman</p>	<p>Mr Seleila Ole Mwanik who was born in 18th December 1962 served as the Authority's Board Chairman during the period 18th March 2016 to 17th March 2019. He was reappointed to a 2nd term of three (3) years on 3rd May 2019. He holds a Bachelor's Degree in Social Sciences (Sociology and Political Science), Second Class Honours, Upper Division from Catholic University of Eastern Africa. He is presently pursuing a Master's Degree in Business Administration (MBA) at Maasai Mara University.</p> <p>Mr Seleila Ole Mwanik has also attended various short courses on leadership and management including Senior Management Course, Kenya School of Government; Lead Auditor Course for Education Institutions based on ISO/DIS 9001: 2015 and ISO 19011:2011 (KEBS); Internal Quality Auditing, ISO 19011:2002 Standard (Alpex Consulting Africa Ltd); Leadership Course for Building Kenya's Future (Clemson University and Maasai Mara University); Implementation of Quality Management System, ISO 9001: 2008 (Alpex Consulting Africa Ltd) and Audit Committee and Risk Management Training (KCA Uni.).</p> <p>Mr Seleila Ole Mwanik also served as an elected Councilor in the defunct Narok County Council between 1990 and 1997. Other positions that he has held include; member of the Board of Trustees for Kenya Wildlife Service between 1998 and 2002 and a member of Narok Water and Sewerage Company for one term of three years</p>
 <p>Hon. Moses Ole Sakuda Independent Director and Board Vice Chairperson</p>	<p>Hon. Moses Ole Sakuda was born on 1st January 1968. He joined the Authority's Board on 7th February 2019 and he is the current Board Vice Chairperson. He is a member of the Development and Environmental Conservation Committee with effect from 18th November 2020 having previously been a member of the Finance and Establishment Committee.</p> <p>Hon. Sakuda holds a Master of Divinity (M. Div.) Degree of Eastern Mennonite University, Harrisonburg, VA and a Master of Arts Degree in Education Leadership (M.A. Ed.), from the same University. He is also a holder of Bachelor's Degree in Finance/Development of Eastern Mennonite University, Harrisonburg, VA and a Diploma in Teaching from Kenya Technical Teachers Training College, Nairobi, Kenya. He is presently pursuing</p>

	<p>a PHD in Public Administration/Development/Leadership at Wilmington College, Wilmington, De. Hon. Sakuda also holds a Certificate in Reading French from Princeton University, Princeton, NJ. Hon. Sakuda has wide experience in leadership and management having served in different positions. He was elected as the Member of Parliament, Kajiado North Constituency in September 2012 to March 2013 and served as Assistant Minister/Acting Minister Foreign Affairs in Feb 2013 to August 2013. He was the Assistant Minister Regional Development in October 2012 to August 2013. He was re- elected as a Member of Parliament for Kajiado West Constituency, in March 2013 to 2017. He served as the Vice Chairman, Parliamentary Departmental Committee on Lands and a member of Parliamentary Budget Committee.</p> <p>Hon. Sakuda was the Chief Executive Officer & Managing Director of Rapid Energy Solutions, Kenya in 2011 to 2012. He was the General Manager, Administration, Geothermal Development Company (GDC), Kenya in 2009 to 2011. He also served as Associate Director, Mission Relationships and Partnerships, Church World Service, New York, NY in Jun 2001 to July 2007. Hon. Sakuda also served as the Cultural Ambassador/ Maasai Artist in August 1995 to July 2007. He was the Program Supervisor of Friendship Community, Lancaster, PA in November 2000 to May 2001. In June 1987 to July 1995, Hon. Sakuda served as the Director for Programs, Simba Maasai Outreach Organization, Ngong Hills, Kenya. He was the Associate General Secretary of Soul Winners Evangelistic Ministries International (SWEM), Kiserian Kenya in December 1986 to May 1987.</p> <p>Hon. Sakuda also has immense International Community Involvement. He was the Founder of Annual Exchange Program for Americans to Africa; Tour Coordinator - coordinates semi-annual mission tours to East and West Africa since 1995; Founder - Aided development of a non-governmental organization in the Maasai region (SIMOO), which is currently in operation; One-Year Exchange Program in US (August 95-August 96) - Participated in exchange program with MCC (Mennonite Central Committee) for one year in the US; One-Year Exchange Program in US (Aug. 95-Aug. 96): Participated in exchange program with MCC (Mennonite Central Committee) for one year in the US and Market</p>
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	Development- Worked with AMREF (African Medical Research Foundation).
 <p>Mr. David K. Kitasho Independent Director</p>	<p>Mr. David K. Kitasho was born on 22nd December 1970. He was appointed to the Authority's Board on 7th February 2019. He is a member of the Finance and Establishment Committee with effect from 18th November 2020. He was previously a member of the Development and Environmental Conservation Committee.</p> <p>Mr. David Kitasho has a Certificate in Sanctuary Management, Diploma Wildlife Management and a Diploma in Environmental Management all from Kenya Wildlife Service Training Institute (KWSTI). He is presently pursuing BSc, Dry-lands and Natural Resource Management of African Nazareth University.</p> <p>Mr. Kitasho has gained wide experience in Wildlife management, Human wildlife Conflict resolutions and understanding wildlife policy both at local and national levels while working with Eselenkei Porini Conservancy (under the Management of Game Watchers Ltd) and in close partnership with Eselenkei Porini Conservancy (KWS) Amboseli National Park. He has 7 years hands-on experience in conducting EIA/EA and developing environmental related policies for the organization and its partners. He is currently the Senior Warden, Eselenkei Porini Conservancy, Kajiado County, Loitokitok Division.</p>
 <p>Mr Sammy Rorat Kisaika Independent Director</p>	<p>Mr Sammy Rorat Kisaika was born on 21st November 1980. He was reappointed as a Board member of the Authority on 7th February 2019 having earlier served as a Director for 3 yrs.' during the period 2nd November 2015 to 1st November 2018. He is the current Chairman of the Audit and Risk Management Committee of the Board with effect from 18th November 2020. He previously chaired the Finance and Establishment Committee.</p> <p>Mr Sammy R. Kisaika holds a Bachelor of Commerce Degree of Nairobi University and is presently pursuing a Master's Degree in Business Administration at Kenyatta University. He also holds a Diploma in Communication, Print and Electronic Media of Daystar University. Since November 2015 to date, Mr Sammy R. Kisaika, is the Narok Branch Manager, Bank of Africa. He has served in the Banking Sector in different positions including; Credit Manager, Family Bank (2014), Business Manager, K-rep Bank, 2012 – May 2014; Credit administration Unit, Kenya Commercial Bank, 2010 – June 2012 and Credit Officer, Faulu Kenya (2008).</p>



Mr. Philemon Lotudo
Independent Director

Mr. Philemon Lotudo was born on 20th September 1980. He joined the Authority's Board on 7th February 2019. He served as the Chairperson of the Audit and Risk Management Committee of the Board until 18th November 2020 when membership was reconstituted. He is presently a member of the Finance and Establishment Committee.

Mr. P. Lotudo holds a Master of Business Administration (MBA) Strategic Management option of Jomo Kenyatta University of Agriculture and Technology and is presently pursuing Doctor of Philosophy (PhD) in Business Administration, Jomo Kenyatta University of Agriculture and Technology. Mr. P. Lotudo also holds a Bachelor of Science Agricultural Education & Extension (AGED) Second Class Honours Upper Division, Egerton University and a Diploma in Agricultural Education & Extension (AGED) CREDIT, Egerton University.

Mr. P. Lotudo served as the Deputy Director, Administration, Planning & Finance Kisii University, Kapenguria Campus in October 2014 to February 2017. He was a Part Time Lecturer Kisii University in 2015-2016 and a Treasurer, Constituency Development Fund (CDF) Kapenguria Constituency, West Pokot County in 2008-2012. Mr. Lotudo served as a secondary School Teacher in 2006 – 2012 following appointment by the Teachers Service Commission.



Hon. Jacob Macharia
Independent Director

Hon. Jacob Macharia was born on 30th December 1974. He joined the Authority's Board on 7th February 2019 and became a member of the Audit and Risk Management Committee until 18th November 2020 when reconstitution was conducted. He is presently a member of the Development and Environmental Committee.

Hon. J. Macharia holds a Masters of Business Administration (MBA) - Strategic Management (KU) and Masters of Arts (MA) in International Relations (KU). He also holds a Bachelor of Education Degree (KU). Hon. J. Macharia served as the Member of Parliament for Molo constituency in 2013 – 2017 and also served in various Committees namely: Education Committee, Defence and Foreign Relations Committee and implementation Committee of Parliament. In 2003 – 2010 Hon. Jacob Macharia was the Regional sales Director East and southern Africa Pearson UK



Hon. Consolata Rop
Independent Director

Hon. Consolata Rop was born on 22nd January 1975. She joined the Authority's Board on 7th February 2019 and served as the Chairperson of the Development and Environmental Conservation Committee until 18th November 2020 when reconstitution of membership was conducted. She is presently a member of the Audit and Risk Management Committee.

Hon. Consolata Rop holds a Bachelors in Education Degree of Moi University and is presently pursuing a Masters in Gender Policy and Development of Catholic University.

Hon. Consolata Rop was a nominated Member of County Assembly Nandi in 2013 – 2017 where she served in different capacities namely: Speakers Panel; Chairperson ECD and vocational training; Member of budget and appropriation committee; Member of transport and infrastructure committee; Member of procedures and rules committee & Member of Devolution committee. Since January 2019 to date Hon. Rop is the Chairlady, Board of Management Our Lady of Peace Nandi Hills. She has also served as a Board member, Equity Bank Nandi Hills (Wings to fly) since 2016 to date and also a Board member Loreto Convent Girls Matunda from 2016 to date. Hon Rop served as a teacher in different schools between 2004 and 2013.



**Hon. Joseph Kiuna
Ng'ang'a**
Independent Director

Hon. Joseph Kiuna Ng'ang'a was born on 26th February 1965. He was appointed to the Authority's Board on 7th February 2019 and served as a member of the Finance and Establishment Committee until 18th November 2020. Following reconstitution of Committees' membership, he is presently a member of the Audit and Risk Management Committee.

Hon. Joseph Kiuna holds a Diploma in Aeronautical engineering of Kenya Armed Forces Technical Engineering College (K.A.F.T.E.C) and presently pursuing a Degree in Development Studies of Mt. Kenya University.

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



Mr Samuel Kinya Rukahu
Independent Director

Mr. Samuel Kinya Rukahu was born on 16th May 1978. His appointment to the Authority's Board took effect on 7th February 2019. He served as a member of the Finance and Establishment Committee of the Board Committee until 18th November 2020 when membership was reconstituted. He is the current Chairman of the Finance and Establishment Committee.

Mr. S. Kinya Rukahu holds a Bachelor of Commerce degree in Finance of Saint Mary's University, Halifax, Nova Scotia, Canada and a Bachelor of Commerce degree in Business Administration and Management of Daystar University, Nairobi, Kenya. Mr. S. Kinya Rukahu left formal employment in 2009 and became an entrepreneur. He manages businesses mainly in the Real Estate, ICT and Beauty Products Industries. He has been serving as the Managing Director of Perfume World Limited Nairobi, Kenya since 2016. He is also serving as a Director in Key Homes Limited Nairobi, Kenya (2012 to date) and in Xcite Network Limited Nakuru, Kenya (2010 to date).

Mr. S. Kinya Rukahu served in diverse management positions in companies both in Kenya, Canada and SA as follows: Account Executive of Scotia Bank Halifax, Nova Scotia, Canada in 2008 APRIL- 2009; Direct Investment Investor Agent (DI), Minacs Worldwide, Halifax, Nova Scotia, Canada (2006 July- 2008) ; Customer Service Representative, Teletech Halifax, Nova Scotia, Canada (2005 - 2006 June); Campus Security, Saint Mary's University, Halifax, Nova Scotia, Canada (2003 - 2005); Marketing Manager, X-cite Networks Limited, Nairobi, Kenya (2000 - 2002); Account Manager, Africa-online Limited, Nakuru, Kenya (2000); Sales Representative, Dektech Communications, Rivonia, South Africa (1997). Mr. S. Kinya Rukahu received the best distributor award for the year 2001-2002 by Kencell.



Mr. Hassan Ali Adams
Independent Director

Mr. Hassan Ali Adams was born on 10th December 1962. He was appointment to the Authority's Board took effect on 7th February 2019 and served as a member of the Development and Environmental Conservation Committee until 18th November 2020 before membership was reconstituted. He is presently a member of the Finance and Establishment Committee.

Mr. Hassan Ali Adams holds a Diploma in Water Engineering. He served the Ministry of Water and Development in different positions namely: District Water Officer, Hola Tana River District (1986 - 1987); District Water Officer, Kilifi District (1988 - 1989);

	<p>Officer in charge of logistics, statistics and monitoring, National Water Conservation and Pipeline Corporation, Mombasa Regional HQS(1990 – 1991); Officer in charge of Logistics, operations and maintenance of Giant NOL Turesh (Kilimanjaro Water project) under the National Water Corporation (1991 – 1992).</p> <p>Mr. Hassan Ali served as the Programme Manager Coast with Local NGO Kenya Water for Health Organization in 1991 – 1992.</p>
 <p>Mrs. Tabitha Njeri Murigi Independent Director</p>	<p>Mrs. Tabitha Njeri Murigi was born on 30th September 1985. She was appointed to the Authority's Board on 7th February 2019 and served as a member of the Finance and Establishment Committee until 18th November when reconstitution of membership was conducted. She is presently the Chairperson of the Development and Environmental Conservation Committee.</p> <p>Mrs. Tabitha Njeri Murigi holds a Bachelor of Arts Degree (Economics and Sociology) of Kenyatta University. She was an employee of Equity Bank from 2010 – 2014 where she served in different capacities namely: Customer Service Supervisor (2012 – 2014) and Header Teller/ Cashier (2010 – 2011). Madam Tabitha also served as an Office Administrator at Embcomm Network Ltd in April – December 2009.</p>
 <p>Mr. Mohamud Mohamed Awale Independent Director</p>	<p>Mr. Mohamud Mohamed Awale was born on 1st January 1963. He was appointed to the Authority's Board on 7th February 2019 and became a member of the Development and Environmental Conservation Committee until 18th November 2020 when membership was reconstituted. He is currently a member of the Audit and Risk management Committee.</p> <p>Mr. Awale attended Kenya Power training College and Kenya Red Cross Society. He has served in Oman, Qatar and Emirates has 20 years of experience in different fields of necessity.</p>



**Mr. George Saruni
Nang'unin**
Independent Director

Mr. George Saruni Nang'unin was born in 1968. He appointed a member of the Authority's Board on 26th February 2021. He has since been appointed a member of the Development and Environmental Conservation Committee.

Mr. George Saruni Nang'unin is a holder of a Master of Public Administration Degree of Mount Kenya University. He also holds a Bachelor of Arts Degree in Sociology and Public Administration of the University of Nairobi. He has also pursued a Surveying course (Land Surveying Grade II) at Survey Training School as well as a course in Natural Resources Management Course (University of Nairobi).

Mr. G. Saruni is a member of the Institute of Surveyors of Kenya. He has also held different positions namely: Director of Kajiado Municipality recommended by ISK Institution of Surveyors of Kenya (2018 to date); Coordinator of Land Issues under the National Lands Commission, Taita Taveta County (2017); Coordinator of Land Issues under the National Lands Commission, Machakos County (2016); Secretary to the County Land Management Board Kitui under the National Lands Commission, Kitui County (2014 – 2015); Chief Surveyor, Ol Kejuado County Council (2010). Mr. Saruni has also offered consultancy services in implementation of Local and International collaborations in Kajiado County.



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

Mrs. Diana M. M. Mutysia was born on 15th March 1960. She was appointed to the Authority's Board on 19th August 2019. She is a member of the Finance and Establishment Committee and also the Audit and Risk Management Committee of the Board. She holds an MBA (Finance Option) of Kenyatta University and a Bachelor of Arts Degree (Accounting and Finance Option) of Kenya Methodist University. She also holds a Diploma in Information Technology, a Diploma in Human Resource Management, CPA II and a certificate in Basic Counselling.

Mrs. Diana M. M. Mutysia is a Financial Analyst and has wealth of experience having served in the Public Service for about 39 years. She has risen through the ranks to the position of Chief Finance Officer/Assistant Director of Budget and currently working for the National Treasury and planning.

Mrs. Diana M. M. Mutysia was replaced by Mr. Dudney Matagi, CPA who has been appointed the Alternate of the Cabinet Secretary, The National Treasury, through a letter dated 5th May 2021.



**James Sitiency - Alt
 Director, Inspector -
 General (Corporations)**

Mr. James Sitiency was appointed to the Authority's Board on 16th May 2018 and he is a member of the Audit and Risk Management Committee. He holds a Master of Arts in Public Policy and Administration (MPPA) of Kenyatta University; and Bed (Arts) Economics and Business of University of Nairobi-Bed (Arts) Economics and Business.

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

Representation of the Inspector – General (Corporations) in the Board changed following appointment of Mr. Stephen Mbatia, Principal Inspector, through a letter dated 7th May 2021. The latter is however yet to attend Authority's meetings.



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

Ms. Wanjiku Manyatta was born on 28th September 1968. She was appointed to the Authority's Board on 12th November 2019. She served as a member of both Audit and Risk Management Committee and the Development and Environmental Conservation Committees' until 18th November 2020 when reconstitution was conducted. She is presently a member of the Finance and Establishment Committee as well as the Development and Environmental Conservation Committee.

Ms. Wanjiku Manyatta is a holder of a Master Degree in Population, Resources and Environmental Economics of China University of Geosciences, School of Economics and Management. She also holds a Bachelor Degree in Agricultural Economics of Egerton University. Besides, Ms. Manyatta has attended various leadership courses and resource mobilization and investment forums.

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



CPA Dudley O. Matagi -
Alt. Director, CS. The
National Treasury

CPA Dudley O. Matagi was born on 14th November, 1976. He joined the Authority's Board on 5th May, 2021 and attended the first meeting on 28th July 2021. He is a member of two Committees namely; Finance and Establishment Committee and Audit and Risk Management Committee. Prior to his appointment, he served in the Board of Kerio Valley Development Authority from 1st September, 2019 where he served as a member of both finance committee and Audit and Risk Management Committee.

CPA Dudley O. Matagi holds a Bachelor of Commerce degree (Finance option) from Catholic University of Eastern Africa (CUEA) and a holder of CPA (K). He also holds a Diploma in Banking from Kenya School of Monetary Studies. He is currently pursuing Masters of Business Administration (Finance option) at Mt. Kenya University.

CPA Dudley O. Matagi has also attended Senior Management Course (SMC) and Strategic Leadership Development Program (SLDP) of Kenya School of Government. He is an active member of the Institute of Certified Public Accountants of Kenya (ICPAK).

CPA Dudley O. Matagi is currently an Assistant Accountant General and Ag. Deputy Director, the National Sub County Treasuries at The National Treasury and Planning. He earlier served as the Accountant in charge of Kenya Prison Industries Revolving Fund during the period 2001 – 2009. He was the District Accountant, Kisumu North in 2010 – 2015.



Mr. Julius Kieni, The Minis-
try of Water & Sanitation a
nd Irrigation

Mr. Julius Kieni was born on 27th July 1964. He was appointed to the Authority's Board on 31st March 2020 and he is a member of the Development and Environmental Conservation Committee. He holds a Masters Degree in Procurement and Logistics of Jomo Kenyatta University of Agriculture and Technology (JKUAT) and also a Bachelor of Commerce Degree of the University of Nairobi (UoN). He is also a holder of a Diploma in Materials Management of Kenya School of Government (KSG) and is an accredited member of the Institute of Supplies Management (KISM).

Mr. Julius Kieni holds the position of Deputy Supply Chain Management. His experiences includes being the in charge of procurement and logistics in the state Department of Water and Sanitation and also participated in the draft of the public procurement and Assets Disposal 2015



**Late Mrs. Mabel Muruli –
Non – Official Director**

The late Mrs. Mabel Muruli's appointment to the Board took effect on 7th February 2019 and was a member of the Audit and Risk Management Committee of the Board until her demise in October 2020. She held a Master's of Science in Diplomatic Studies with Merit, London Academy of Diplomacy (An Affiliate of the University of Stirling); Post Graduate Degree in management and Leadership, City of London College and Extended Diploma in Strategic Management and leadership, City of London College. The late Mrs. Mabel Muruli had pursued other courses at the College of North West London including: Women Return to Study course; Information Technology; Communication and Assertive Skills and In House Immigration Law.

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





**Mr. Ngala Oloiptip:
MCIPS
Board Secretary/MD**

Mr. Ngala Oloiptip, MCIPS was born on 22nd November 1976. He was appointed the Managing Director of Ewaso Ng'iro South Development Authority with effect from 1st July 2020. Following his appointment, he effectively joined the Board as per the Authority's Act Cap 447 of the Laws of Kenya, Subsection (1) (m). Prior to his appointment as the MD of ENSDA, Mr. Ngala Oloiptip, MCIPS served as the Head of Supply Chain Management at the East African Portland Company, a position he had held since August 2016. He had served as the Procurement Manager in the same Company from 2013 to July 2016. He was previously a Procurement Manager at Kenya Meat Commission, a position he held for about two (2) years. Overall, Mr. Ngala Oloiptip, MCIPS has close to two decades experience in supplies, procurement, operations and general supply chain management and logistics both in the private and public sector having served in different positions.

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

3. MANAGEMENT TEAM

	Management	Details
1.	 <p><u>MR. NGALA OLOIPTIP</u></p> <p>Mr. Ngala Oloiptip holds a Master of Science Degree in Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Arts Degree in Economics from the University of Nairobi</p>	<p><u>MANAGING DIRECTOR</u></p> <p>He is responsible for the day to day operations and functioning of the Authority</p>
2.	 <p><u>Mr. PETER BW'OGERO</u></p> <p>He holds a M.Sc. in Hydrological Engineering from the International Institute for Hydraulic and Environmental Engineering (IHE), Delft, the Netherlands, a M.Sc. in Civil Engineering - Water Supply and Sewerage Engineering from Moscow State University of Civil Engineering, Russia, Technician Part I-III in Irrigation Engineering from Jomo Kenyatta</p>	<p><u>CHIEF MANAGER, PLANNING RESEARCH & DEVELOPMENT</u></p> <p>He heads the Planning, Research and Development department, where he oversees development and establishment of policies, procedures and objectives of the Authorities; coordinates development of organizational strategic plans; oversees integrated development planning, preparation of projects concept and proposals and budgets as well as monitoring and evaluation of the projects and programs. He initiates research and development proposals and ensures Authority remains up to date in terms of technological changes.</p>

	College of Agriculture and Technology (JKCAT).	
3.	 <p><u>RICHARD M. TANKILLE</u></p> <p>He holds a Master (M-PHIL in Human Resource Development) and B-ED arts degree. He is a certified educator in holistic management, also trained in Senior Management Course- Kenya School of Government (KSG), Monitoring and Evaluation certification program- Kenya Institute Management (KIM), and SAGE 50 Quantum Accounting software Kenya Mathematics Institute, public Procurement by Kenya Institute of Supplies Management (KISM), and Governance Accountability course.</p>	<p><u>CHIEF MANAGER, HUMAN RESOURCES & ADMINISTRATION</u></p> <p>He is responsible for the general administration and the physical assets of the organization. Develops long range strategic Human resource planning and innovations, initiate innovative strategies to promote staff productivity and growth of the organization. Develops and communicate organizational values to all levels, business environment and up-to-date modes of working in a competitive environment, Formulate strategic employee recruitment and retention plans. Design staff training and talent development programs. Keep abreast with latest industry trends and best practices to ensure optimal performance of the department and the organization. Participate in committee meetings as appropriate.</p>
4.	 <p><u>CPA. JONATHAN LEYIAN NAMPASO</u></p> <p>He holds an MBA in Finance 2017, Bachelors of Commerce Degree- (Accounting Option), 2011, CPA (K) 2005. He is a member of ICPAK and a member of Kenya Institute of Management (KISM). He has attended short courses and trainings such as Sun Systems & Vision/Q&A Certification Program, course</p>	<p><u>CHIEF MANAGER FINANCE</u></p> <p>He provides Financial Management and control services to the Authority specifically spear heading financial forward planning in line with the overall ENSDA's strategic operations and the Public Financial Management Act 2012, promote transparency, effective management and accountability with regard to the Authority's resources, monitor, evaluate and review the Authority's risk management strategies and governance structures, ensure that procurements of goods, works and services of the Authority are within the approved budget and in conformity with</p>



	designed to assess the proficiency in the utilization of Sun Systems and Vision/Q&A, the Global Finance Capacity Training on Cash and Expenses, the Microsoft Office 2010 course at Institute of Advanced Technology, the European Union/European Commission government Grant Management Certification Program Training, the United States Government Grant Management Certification training on Global Fund Management responsibility Accounting and Variance Analysis Training, and the Government of Germany Grants Regulations Training.	of the Public Procurement and Asset Disposal Act 2015.
5.	 <p><u>ENG. ALI J. BORU</u></p> <p>He holds a BSc Hons in Agricultural Engineering, Masters in Project Planning and Management and currently pursuing PhD in Project Planning and Management. Registered with among others, Engineers Board of Kenya, Kenya Association of Project Managers and Environmental Impact Assessment and Auditing Lead expert with NEMA. Has attended short professional and management courses among them GIS resource mapping and planning from CETRAD, Contract management by IEK, International Course on the Practical Use FIDIC Conditions of Contract by Association of Consulting Engineers of Kenya, Urban and Regional Development Planning and Management course from Singapore,</p>	<p><u>CHIEF MANAGER, TECHNICAL SERVICES & OPERATIONS</u></p> <p>He is responsible for the overall coordination and management of Technical Services and Operation Department, ensuring effective and efficient integrated programming within the Authority. This covers core business namely; natural resources, Community development and all engineering services. He is responsible for coordinating planning, designs implementing, supervision and commissioning strategic projects and programmes within the Authority. He is responsible for providing technical guidance in Technical services and management of operations for the projects and programmes, ensuring strict adherence to specification and acceptable standards. He will be further responsible in developing policies and guidelines for efficient running of the department.</p>

	UNCRD-JICA, Senior Management Course from Embu Staff College, Senior Management Seminar Kenya School of Government, Corporate Governance Certificate from Centre of Corporate Governance. He has been a Member of the Task Force appointed to review the Act of Parliament for RDA's and Board of Governors of Waso Secondary School. Boru is a career Public Servant with over 30 years of experience.	
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4. CHAIRMAN'S STATEMENT




The Board is committed to ensuring the Authority delivers services to the public in line with its mandate as well as in accordance with the constitution of Kenya 2010 by discharging its governance and oversight functions that enable management to improve on efficiency and effectiveness of the Authority's operations. Accordingly, the Authority is implementing a number of key projects geared towards community livelihood improvement and environmental conservation within the region. These projects include the Ewaso Tannery and Leather factory; the Bamboo Commercialization and Value Addition

programme; the Oloyiangalani/Oloshoi-Obor Integrated Food Security Programme; Catchment Conservation and Protection programme; the Tea Expansion Programme and construction of the Agro-processing (Tomato) Factory in Oloitokitok, Kajiado. These projects were ongoing during the Financial Year ended 30th June 2021 and are at various stages of implementation. The Tannery and Leather factory is now operational and preparations for its commissioning are ongoing.

Delay of budgetary allocation alongside the Covid -19 Pandemic and strict Government and Ministry of Health directives and guidelines slowed down the pace of projects' implementation throughout the Financial Year under review.

Continued dwindling of resource allocation by the government remains one of the challenges facing the organization compared to the high demand for development in the region as well as inadequate legal and regulatory framework to facilitate effective operations. Additionally, during the period under review there was delay in release of exchequer funds. To enhance financial sustainability for effective engagement in development, the Authority will continue to initiate and implement investment projects. Further, the Authority will develop and implement strategies for resource mobilization and partnerships to attract additional financing for projects. With the support of the Parent Ministry and stakeholders, the process of harmonization of the Authority's legal and regulatory framework is underway.

Signed:  Date: 30.06.2021

SELEILA OLE MWANIK
CHAIRMAN, BOARD OF DIRECTORS

5. REPORT OF THE CHIEF EXECUTIVE OFFICER



During the Financial Year 2020/2021, ENSDA's management demonstrated professionalism, transparency and accountability in the delivery of its mandate as well as provision of critical services to the communities and stakeholders in its area of jurisdiction comprising Narok, Kajiado and parts of Nakuru and Nyandarua Counties. The strategic programmes that were being implemented during the year are namely: the Ewaso Tannery and Leather factory; the Bamboo Commercialization and Value Addition programme; the Oloyiangalani/Oloshoi-Obor Integrated Food Security Programme; Catchment Conservation and Protection programme; the Tea Expansion Programme and construction of the Agro-processing (Tomato) Factory in Oloitokitok, Kajiado. In the period under review, the Authority's main focus was operationalizing the Tannery and Leather factory through production maximization and cost reduction of key inputs like hides and chemicals. In support of Oloyiangalani/Oloshoi-Obor Integrated Food Security Programme, the County Government of Kajiado, as a trustee of community land, issued 50 acre parcel of land to the Authority during the year ended 30th June 2021 for technology transfer on irrigation models. Legal documents for the land have since been issued to the Authority. The Authority shall continue to work with public institutions in its area of jurisdiction as knowledge transfer partners in crop production as the food security program gains traction within the locality which was mainly livestock keeping.

Under the Integrated Bamboo Commercialization and Value Addition programme, that has two components namely establishment of bamboo plantation and establishment of a bamboo factory, the Authority during FY 2020/21 continued with bamboo plantation establishment initiatives. In recognition that adequate acreage of bamboo is a prerequisite for establishment of a bamboo factory, the Authority during the year under review, continued to pursue collaborative agreements with the County Government of Narok and the Kenya Water Towers for adoption of a portion of Mau Forest for bamboo propagation and harvesting at maturity to support the factory. It's hoped that the negotiations will be completed in the near future which will be a big boost towards establishment of a Bamboo factory. In the same year the Government identified the Authority as one of the partners of The Queen's Green Canopy, an international initiative aimed at conserving the Mau Forest that is planned to be launched at Nkoben, Narok North in the current Financial Year. The Authority during the year under the review initiated negotiations for lease of 100 acres for establishment of nucleus tea expansion. It succeeded to lease 10 acres and is awaiting succession process to be completed for the rest of the identified land for negotiations to be finalized and ultimately sign lease agreements. The ultimate aim of this program is establishment of a tea factory in Transmara Sub-county Narok County.

During the year ended 30th June 2021, the Authority continued with the construction of the Tomato Agro Processing factory at Oloitokitok with and the masonry walling complete. As a way of realizing value for money and ensuring that the project is delivered on time, the Authority has prioritized construction of the basic factory components.

All Authority's programmes/ projects are aligned to the Sector Performance Standards, the Government's Big 4 Agenda, vision 2030, and the global Sustainable Development Goals (SDGs). Project implementation during the year under review was however slowed down by delayed budgetary allocation and fast tracking of planned activities will be undertaken upon receipt of funds. The Authority ensured compliance with the Public Finance Management Act 2012 and the National Treasury guidelines on Public Expenditure throughout the year under review.

The Authority's jurisdiction is faced with the challenge of degradation of catchment areas, river basins, and fragile landscapes, compounded with climate change which have negative effect on development in the region. To address and mitigate against negative environmental impacts, the Authority in collaboration with stakeholders, during the year continued to implement conservation projects across the region of riparian / river banks of Narok (Ewaso Ng'iro) and Njoro Rivers.

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

Signed: 

Date. 30-6/2021

NGALA OLOITIPTIP

MANAGING DIRECTOR

6. STATEMENT OF EWASO NG'IRO SOUTH DEVELOPMENT AUTHORITY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

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

ENSDA has 5 strategic pillars and objectives within the current Strategic Plan for the FY 2017- FY 2022. These strategic pillars are as follows:

Pillar 1: Ewaso Ng'iro Tannery and Leather Factory

Pillar 2: Integrated Bamboo Commercialization and value addition

Pillar 3: Oloyiangalani/ Oloishoibor Food Security and Water Supply Programme

Pillar 4: Tomato Agro Processing factory

Pillar 5: Integrated Tea development project

ENSDA develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Authority* achieved its performance targets set for the FY 2020/2021 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic pillar	Objective	Key Performance indicators	Activities/project	Achievements
Ewaso Ng'iro Tannery and Leather Factory	To improve livelihoods and enhance socio - economic development in the region through livestock by -product value addition, industrialization and employment creation.	Square feet of leather produced	Production of 700,000 square feet of finished leather	Produced approximately 339,933 Sqft of finished leather valued at Ksh.24 Million
		Completion certificate. Progress reports and Number of SME cottages completed	Construction of 5No. leather SME cottages	70% Completion rate of 5No SME cottages

		Reports on capacity building and training	Training and capacity building of 5No SME operators	Identified and trained 5No. SME operators
Integrated Bamboo Commercialization and value addition	To enhance environmental conservation and sustainability through bamboo commercialization and value addition and conservation of of the Mau Forest Catchment	Progress reports on status of bamboo seedling propagation	Raise 500,000 bamboo seedlings	Propagated and raised over 258,755 bamboo seedlings
		LSO, deliveries of propagation materials		
		Progress reports on status of bamboo acreage established	Establishment of 300 acres bamboo plantation	280 acres of bamboo plantation established across the region
Oloyiangelani/Oloishoibor Food Security and Water Supply Programme	To improve food security, increase access to clean water and enhance climate change resilience hence improve livelihoods and alleviate human suffering from the impacts of drought.	Reports on capacity building and training	Community capacity building of 10 community groups	10 groups capacity built
		Progress report on % level of completion	Develop 50 acre community irrigation in Kimuka	Establishment of 20Ha model farm ongoing,
		Progress report on % level of completion	Drilling and equipping of 2 No. boreholes	Drilling and equipping of 2No. Boreholes completed equipped with solar and 2No. 50m3 elevated steel water tanks constructed
		Progress report on % level of completion	Establish 5 acre demonstration farm at KTTI	Construction of 5 acres model farm completed
		Reports on capacity building and training done	Train project committee and sensitize 100 farmers on irrigation and	Training of management committee done and farmers sensitized

			agricultural production	
Tomato Agro Processing factory	To improve livelihoods and enhance socio-economic development in the region through value addition, industrialization and employment creation	% level of completion	Construction of super-structure for the tomato Agro processing factory	Construction of superstructure ongoing estimated at 20% completion
Integrated Tea development project	To improve livelihoods, create employment and resolve conflict between Maasai and Kisii communities living along the border of Transmara	Number of seedlings raised and distributed, acres of tea planted, number of green tea leaves produced	<div>Lease of 100 acres for establishment of nucleus tea expansion</div> <div>Produce 520,000 kgs of green tea</div> <div>Support farmers with 500,000 tea seedlings</div>	Distributed a total of 332,586 tea seedlings to 137 farmers, leased additional 10 acres for tea expansion programme and produced 265,915 kg of green tea leaves

7. CORPORATE GOVERNANCE STATEMENT

1. Statement of Corporate Governance

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

Board of Directors

Board Meetings

The following meetings were held during the Fiscal Year 2020/21:

Date Meeting Held	Finance & Establishment Committee	Development & environmental Conservation	Audit and Risk Management Committee	Full Board	Adhoc Committee on Tannery
14 th July 2020	All committee members attended(6)	All committee members attended(5)	All committee members attended(6)		
15 July 2020			All committee members attended(6)		
21 July 2020				All board members attended	
22 Sept 2020			All committee members attended(6)		
23 Sept 2020	All committee				

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	members attended(6)				
24 Sept 2020	All committee members attended(6)				All committee members attended(8)
21 Oct 2020	All committee members attended(6)	All committee members attended(5)	All committee members attended(6)		
17 th Nov 2020	All committee members attended(6)				
17 th Nov 2020				15 board members attended	
13 th Jan 2021	All committee members attended(6)	4 committee members attended	All committee members attended(6)		
27 th Jan 2021				All board members attended	
21 st April 2020	All committee members attended(6)	4 committee members attended	All committee members attended(6)		
18 th May 2021	All committee members attended(6)				



19 th May 2020				15 Board members Attended,	
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Appointment of the Board

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

Board removal process

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

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

Roles and functions of the Board

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

1. Exercise its role collectively and not individually.
2. Determine the organization's mission, vision, purpose and core values.
3. Set and oversee the overall strategy and approve significant policies of the organization.
4. Ensure that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its shareholders and other stakeholders

5. Ensure that the strategy of the organization is aligned to the long term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
6. Approve the organizational structure.
7. Approve the annual budget of the organization.
8. Monitor the organization's performance and ensure sustainability
9. Enhance the corporate image of the organization.
10. Ensure availability of adequate resources for the achievement of the organization's objectives.
11. Hire the CEO, on such terms and conditions of the service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff.
12. Ensure effective communication with stakeholders.

Board Remuneration

Authority's Board remuneration and benefits were as follows;

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

Ethics and Conduct

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

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

Succession planning

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

Board Charter, Induction and Training

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

Coverage of the Board Charter includes: the size and composition of the Board, the appointment of directors, Chairman and the Executive Director, the tenure of office of the Chairman and the directors, the roles and responsibilities of the Board, Chairman, Managing Director and Secretary to the Board, the remuneration of directors, induction of directors and succession planning, conduct of Board and Committee meetings, Board committees and evaluation of the performance of the directors. Board training during the year under review was minimal on account of Budget cuts and effects of Covid -19. The directors participated in a three (3) days training at the Kenya School Government, Nairobi on 30th September – 2nd October 2020. The topics that were covered during the training included: Corporate Governance, Financial Management, Budgeting process and Procurement.

Board members performance

The Board with the facilitation of the State Corporation Advisory Committee (SCAC) evaluated its own performance during FY 2020/2021 in July 2021. The results of the Board self-evaluation exercise are expected to be shared within the 1st Quarter, FY 2021/2022 and recommendations of the report will be implemented accordingly. The report will be shared with the relevant stakeholders including the parent Ministry and SCAC.

Conflict of interest

In all the Board meetings during the FY 2020/2021, "Declaration of Conflict of Interest (s) if any" was always an agenda item and a register was availed for the purpose. No conflict of interest was declared during the year ended 30th June 2021.

Governance Audit

The Authority is subject to an annual governance audit in consultation with State Corporations Advisory Committee (SCAC) in line with Mwongozo, the Code of Governance for State Corporations. Consultations are ongoing with SCAC for FY 2020/21 governance audit of the Authority to be conducted within Quarter 1 of FY 2021/2022.

8. MANAGEMENT DISCUSSION AND ANALYSIS

Ewaso Ng'iro South River Basin Development Authority is fully committed to improving livelihoods of communities in its jurisdiction area. This has been made possible through implementation of integrated, sustainable, socio-economic development projects and programs. In the FY 2020/21, the Authority implemented 5 key projects that are in line with the Big Four government development agenda. These are;

i. Ewaso Ng'iro Tannery & Leather Factory.

Ewaso Tannery and Leather factory is one of the initiatives by the Authority under the Big Four Agenda programs on manufacturing. Implementation of the project started in the FY 2014/2015 with an objective of improving livelihoods, enhancing GDP growth and employment creation through manufacturing and value addition. The factory is located in the largest livestock dispersal area with more than 10 abattoirs and is expected to process about 1.2 million square feet of processed hides and skins. The main beneficiaries are pastoralist communities who mainly depend on livestock as their main source of livelihoods. The project has created 85 direct jobs and over 3,000 indirect jobs as well as generating revenue for the Authority.

Project components include; Tannery and Leather Factory Building (3,200 m²), leather processing machines, Effluent Treatment Plant (350m³ /day), water supply system, access roads, perimeter fence, electricity supply (600KVA), stand by generator (400KVA), administration block, leather good workshop and SME cottages.

Currently the Factory is operating at 40% factory throughput with 1.5 tons capacity for the tanning process. However, following installation of addition tanning drums, the capacity has been enhanced with additional 4 tonnes per process. The main products produced include wet blue leather, crust leather, finished leather and leather goods (school shoes).



Aerial view of the ETP Tanning



Equipment inside the Factory

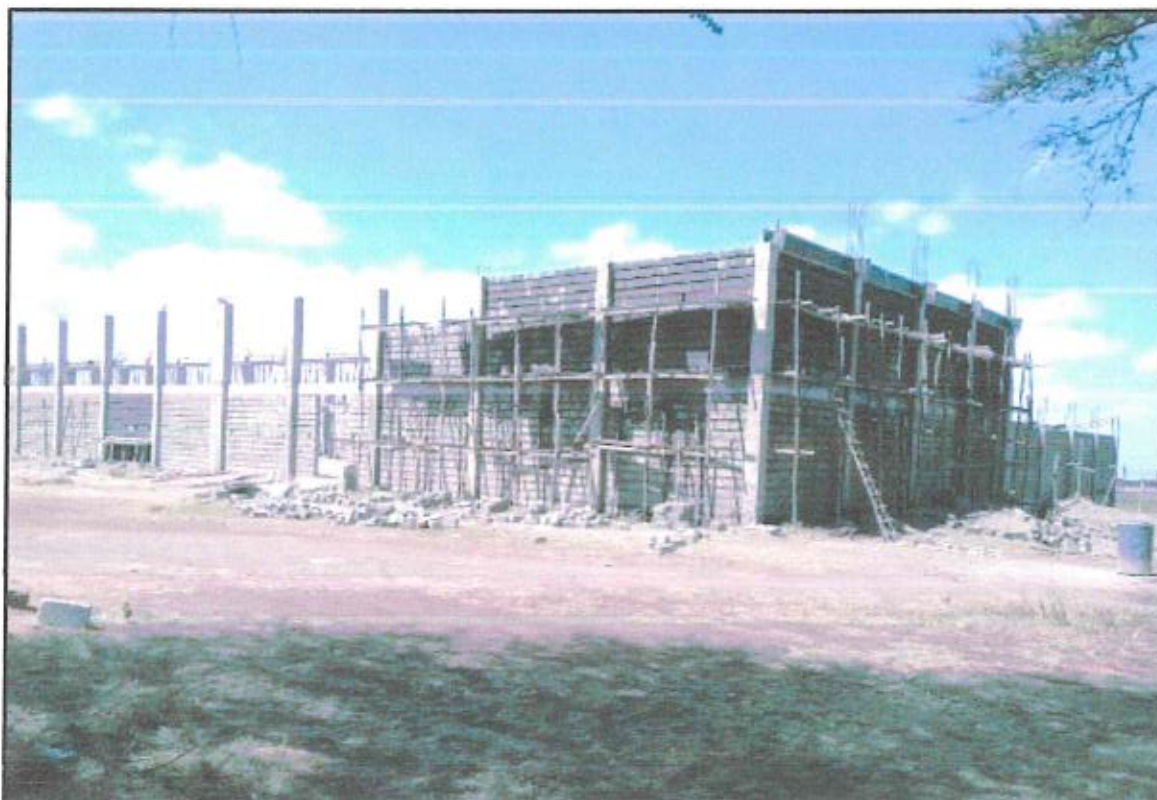
During the period under review, operations of the factory were adversely affected by COVID -19 pandemic. Production continued although at a lower capacity estimated at 40% of factory throughput. This translates to a total of 345,915 square feet of finished leather being processed, valued at Ksh 34,591,500. The current staff establishment is 85 comprising skilled and unskilled labour.

ii. Agro processing (Tomato processing factory)

The project entails establishment of a tomato processing factory with a capacity to process 20,000 tons/annum. The objective of the project is to create employment, enhance GDP growth and reduce postharvest losses through tomato value addition. The Authority commenced establishment of tomato agro processing factory in Oloitokitok, Kajiado County in the FY2019/2020.

The Authority has acquired 10 acres of land completed construction of perimeter fence, sub structure foundations whereas the construction of the superstructure is ongoing.

During the review period the construction of the superstructure continued upto 20% completion level.



Ongoing construction of tomato processing factory building

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

The project is located in Kajiado County and entails development of Oloyiangalani dam (100,000m³), Kimuka-Olosho oibor water supply (24km water pipeline, 19 water kiosks and 100m³ elevated steel tanks).

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

During the year, the Authority completed drilling and equipping of 2No. boreholes to augment the water supply and provide water for irrigation in the model farm. In addition, fabrication and installation of 2No. 50m³ elevated steel water tanks and establishment of 5 acre demonstration farm was completed. The establishment of the 20Ha model irrigation farm delayed due to land ownership challenges and increased demand of water for domestic and livestock use.



iv. Integrated Bamboo commercialization, Environmental conservation, tea development

The project main objective is to increase forest cover and promote environmental conservation in Mau forest through seedling propagation, plantation establishment and value addition. During FY 2018/2019, the Authority attained certification from KEPHIS and registered as seed merchant. During the review period 280 acres of bamboo plantation and 6 acres of other tree seedlings was established in Nkobon within the Mau forest block. Further, the Authority raised 258,755 bamboo seedlings.



v. Expansion of tea development project.

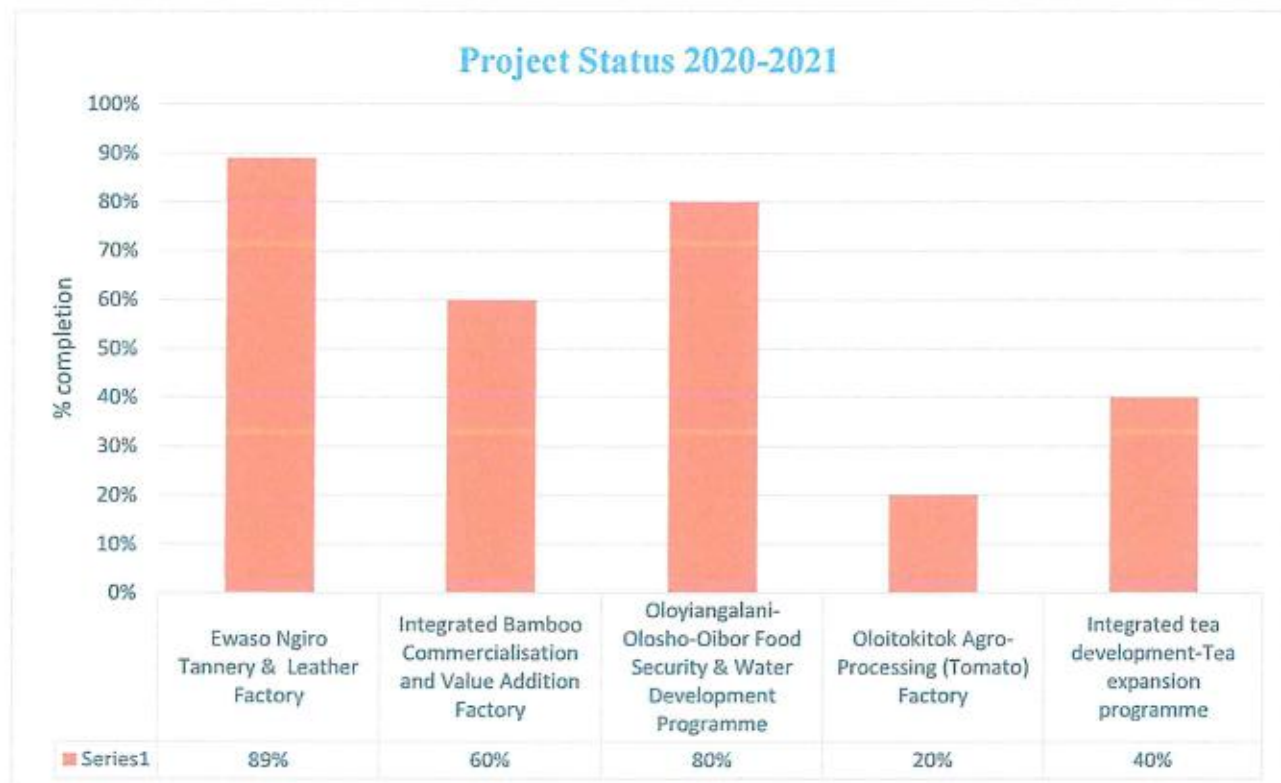
This is an ongoing project initiated in 2005 with an objective of conflict resolutions between Maasai and Kisii communities living along the border of Transmara.

At the close of the 4th Quarter FY2020/21, the Authority had distributed a total of 332,586 tea seedlings to 137 farmers, leased additional 10 acres and concluded search for land for tea expansion programme. In addition, 265,915 kg of green tea leaves was produced which provided a total of 135 casual jobs daily to the communities.

However, during the period, tea production was negatively affected by lack of fertilizer and inadequate rainfall. Also, the Authority revenue reduced after the lease period for Shankoe farm ended and the farm reverted back to the community.



Project completion rate

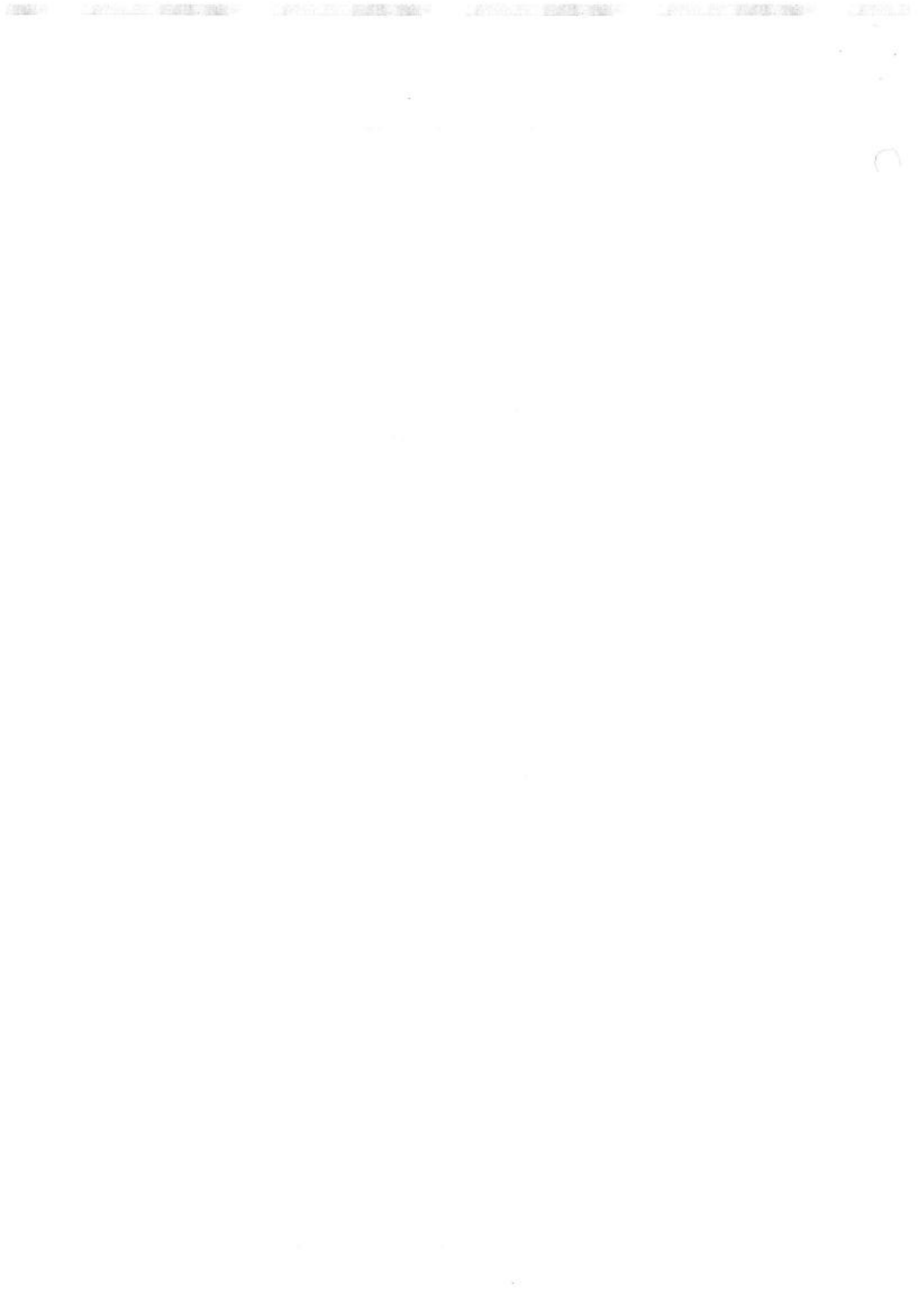


Major Risks Facing the Authority-

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

i) Legal Risk

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



ii) Environmental Risks

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

iii) Sustainability risks

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

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

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

iv) Technological Risks

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

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

v) Liquidity Risks

In the current financial year the Authority implemented capital projects such as Oloitokitok agro processing factory, Oloyiangalani Oloshoibor food security and water supply project, Bamboo commercialization and operationalization of Tannery and leather factory which are continuing projects that depends on the National government on funding for their next phases. There instances where there is delayed funding impacting negatively on the project funding.

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

Compliance with Statutory Requirements

As the end of FY 2020-2021 the Authority endeavored to comply with the Constitutional provision and other statutory obligations. The Authority endeavored to comply with Procurement requirements that 30% of all procurement is reserved for the youth and women and that 2% of that goes to People with Disabilities. The Authority observed the legal requirement in respect to submission of statutory deductions (PAYE, Pension, NSSF, NHIF, and HELB) and other relevant taxes. During the period under review, no unclaimed financial asset was reported.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

ENSDA exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The top management focused on the economy, environment, society and good governance practices in the implementation of its activities. All these strategies have been well developed on a short, medium and long term basis.

ii) Environmental performance

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

• Successes on conservation

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



- **Shortcomings**

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

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

Efforts to manage biodiversity

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

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



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

- **Waste management policy**

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

ENSDA has always advocated for clean energy and has done a lot of capacity building of the communities within its area of jurisdiction. The Authority has trained organized Women groups on how to make and use fuel briquettes from wastes such as paper and other organic wastes.

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

iii) Employee welfare

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

secondments and transfer of officers from one organization to another and other related matters.

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

iv) Market place practices-

- ✓ The Authority has Enlist sufficient human resources. ...
- ✓ The Authority Targets the right 3rd party sellers. ...
- ✓ The Authority has Tracked seller performance and automate quality controls.
- ✓ The Authority is in the process of integrating the marketplace into an existing ecommerce site (www.ensda.go.ke)

a) Responsible competition practice.

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

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

b) Responsible Supply chain and supplier relations

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

c) Responsible marketing and advertisement(

- ✓ The Authority is Transparent in marketing and advertising its products
- ✓ The Authority Protects Consumer Data And Privacy
- ✓ The Authority Commits To Sustainability And Human Rights
- ✓ The Authority Responds to Meaningful Consumer Concerns

- ✓ It Maximises Benefits And Minimise Risks. ...

d) Product stewardship

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

v) Corporate Social Responsibility / Community Engagements

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

During financial year 2020/2021 that ended in 30th June, 2021 the Authority undertook Corporate Social Responsibility activities in environmental conservation, water and sanitation, Health, Education and Sports.

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

1. Donation of 150,700 assorted tree and bamboo seedlings to 274 learning and religious institutions distributes as follows; 142 institutions in Narok county 113 institutions in Kajiado county and 19 institutions in Njoro basin.
2. Donation of fifty (50) beehives to the community living around the Enapuyapuyi swamp (MAU Forest).
3. Participation and support of the World Disability Day on 3rd December, 2020
4. Participation and support of the World AIDS Day on 1st December, 2020.
5. Participation and support of the tree planting at Kajiado in collaboration with stakeholders

6. Contribution towards Universal Health Coverage in partnership with NHIF in effort to ensure improvement of health status of the economically disadvantaged, elderly people and persons with disability in Narok County

10. REPORT OF THE DIRECTORS

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

i) Principal activities

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

ii) Results

The results of the entity for the year ended June 30, 2021, are set out on page 1 to 5

iii) Directors

The members of the Board of Directors who served during the year are shown on page viii to xviii. During the year 2020 director Mabel Muruli passed on and Mr. George Saruni Nang'unin was appointed with effect from 26th February 2021.

iv) Surplus remission

Ewaso Ng'iro South Development Authority has reported a deficit of Ksh 13,983,862 during the end of FY 2020-2021 hence no remittance to the Consolidated Fund.

v) Auditors

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

By Order of the Board

NGALA OLOITIPTIP

NAME



SIGNATURE

30/06/2021

DATE

CORPORATE SECRETARY/SECRETARY TO THE BOARD



11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the *Authority's* financial statements, which give a true and fair view of the state of affairs of the *Authority* for and as at the end of the financial year (period) ended on June 30, 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; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

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





the state of the *Authority's* transactions during the financial year ended June 30, 2021, and of the *Authority's* financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the *Authority* which have been relied upon in the preparation of the *ENSDA'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

Ewaso Ng'iro South Development Authority financial statements were approved by the Board on 27th Sept 2021 and signed on its behalf by:



SIGNATURE

NAME: MR. SELEILA OLE MWANIK

CHAIRPERSON OF THE BOARD/COUNCIL



SIGNATURE

NAME: MR. NGALA OLOITIPTIP

ACCOUNTING OFFICER



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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Website: www.oagkenya.go.ke



Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON EWASO NG'IRO SOUTH DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

Opinion

I have audited the accompanying financial statements of Ewaso Ng'iro South Development Authority set out on pages 1 to 42, which comprise the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Ewaso Ng'iro South 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 Public Finance Management Act, 2012 and the Ewaso Ng'iro South Development Authority Act (Cap 447).

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a total income budget of Kshs.440,714,000 against actual income of Kshs.426,538,139 resulting to a deficit of Kshs.14,175,861 or 3% of the budget. Management explained the shortfall of revenue as having resulted from decrease in sales.

The statement further reflects an expenditure budget of Kshs.440,714,000 against actual expenditure of Kshs.435,936,382 resulting in under-expenditure of Kshs.4,777,618. However, the actual expenditure totalling Kshs.435,936,382 exceeded the actual revenue totalling Kshs.426,538,139 by Kshs.9,398,243.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, nothing

has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Establish a Sinking Fund for Replacement of Assets

The statement of performance reflects depreciation and amortization expenditure totalling Kshs.18,585,968 for the year under review being depletion in value for the Authority's assets in the year under review. However, as in previous years, the Authority did not transfer equivalent cash value to a sinking fund for funding replacement of the assets when they are fully depreciated. The omission was contrary to Section 16(1) of the State Corporation's Act CAP 446 which requires every State Corporation to make provision for the renewal of its depreciating assets by establishing sinking funds into which annual cash contributions would be credited.

In the circumstance, Management is in breach of the law and the Authority may not have sufficient funds to place its old or obsolete assets.

2. Lack of Ethnic Diversity in Staffing

Review of personnel records indicated that the Authority had one hundred and fifty-eight (158) members of staff. However, one hundred and three (103) or sixty-five per cent (65%) were from one community. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that no public entity shall have more than one third (1/3) of its staff from the same ethnic community.

The Authority has therefore contravened the law by failing to promote ethnic diversity in staffing.

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

Responsibilities of Management and the Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the 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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to 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 control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and 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

01 September, 2022

13. STATEMENT OF FINANCIAL PERFORMANCE AS AT 30TH JUNE 2021

	Note	2020-2021	2019-2020
Revenue from non-exchange transactions		KShs	KShs
Transfers from the governments– Recurrent Grant	1(a)	298,890,000	358,691,291
Transfers from the government– Development Grant		86,610,500	457,187,500
Total revenue from non-exchange transactions		385,500,500	815,878,791
Revenue from exchange transactions (AIA)	2	41,037,639	22,413,761
Total revenue		426,538,139	838,292,552
Adjusted for ; Deferred income	1 (c)		(145,495,332)
Total Net revenue		426,538,139	692,797,220
Expenses			
Employee costs	3	242,747,330	217,929,667
Remuneration of Directors	4	25,018,728	21,215,739
Depreciation and amortization expense	5	18,585,968	21,044,039
Repairs and maintenance	6	-	5,053,357
Contracted services	7	7,788,000	6,463,800
Development expenses	8 (a)	104,087,223	296,819,901
Administration Expenses	8 (b)	42,294,752	105,847,930
Total expenses		440,522,001	674,374,433
Surplus before Tax		(13,983,862)	18,422,788
Taxation	9		
Surplus /Deficit for the period		(13,983,862)	18,422,788

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



MANAGING DIRECTOR
NAME: NGALA OLOITIPTIP
DATE: 30.09.2021



HEAD OF FINANCE
NAME: JONATHAN LEYIAN
ICPAK MEMBER NO: 22633
DATE: 30.09.2021



CHAIRMAN OF THE BOARD
NAME: SELEILA OLE MWANIK
DATE: 30.09.2021

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020-2021	2019-2020
		KShs.	KShs.
Assets			
Current assets			
Cash and Cash Equivalents	10	59,895,019	215,999,192
Receivables from exchange transactions	12	795,554	1,332,242
Receivables from Non-exchange transactions	12	326,700	58,836,630
Prepayments	13	16,537,950	8,993,089
Inventories	14	28,064,088	23,403,704
Total Current Assets		105,619,311	308,564,857
Non-current assets			
Property, Plant and Equipment	15	1,224,199,764	1,179,583,340
Biological Assets	16 (a)	65,366,669	30,700,000
Intangible Asset	16 (b)	17,489,617	19,988,134
Total non - current assets		1,307,159,050	1,230,271,474
Total assets		1,412,778,361	1,538,836,331
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	54,596,490	238,978,759
Total current liabilities			
Non-current liabilities			
Total liabilities		54,596,490	238,978,759
Net assets		1,358,078,876	1,299,857,572
Capital Reserves			
Accumulated Development Fund	19	952,805,926	810,844,656
Surplus		13,312,402	27,296,264
Revaluation Reserves	21	288,603,190	288,603,190
Deferred Liability	18	103,357,358	173,113,462
Total net assets		1,358,078,876	1,299,857,572
Total net assets and liabilities		1,358,078,876	1,299,857,572

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


MANAGING DIRECTOR
NAME: NGALA OLOITIPTIP
DATE: 30.09.2021


HEAD OF FINANCE
NAME: JONATHAN LEYIAN
ICPAK MEMBER NO: 22633
DATE: 30.09.2021


CHAIRMAN OF THE BOARD
NAME: SELEILA OLE MWANIK
DATES: 30.09.2021

Ewaso Ngiro South Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2021

15. STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2021

	Accumulated Development Fund	Revaluation Reserve	Surplus/Deficit	Deferred Income	Total
Balance as at 1 July 2020	933,164,044	288,603,190	8,873,476	42,093,759	1,272,734,469
Prior year adjustment	(106,129,293)			-	(106,129,293)
Transferred to PPE				(9,621,685)	(9,621,685)
Accumulated depreciation and disposal on revaluation	(21,044,039)				(21,044,039)
Deferred Income for the year				145,495,332	145,495,332
Surplus/Deficit for the period			18,422,788		18,422,788
Transfers to/from accumulated surplus	4,853,944	-	-	(4,853,944)	-
Balance as at 30 June 2020	810,844,656	288,603,190	27,296,264	173,113,462	1,299,857,572
Balance as at 1 July 2020	810,844,656	288,603,190	27,296,264	173,113,462	1,299,857,572
				-	
Deficit for the period		-	(13,983,862)	-	(13,983,862)
Accumulated depreciation and disposal on revaluation	(18,585,968)			-	(18,585,968)
Transferred to PPE	67,175,881			(67,175,881)	-
Transferred to Accumulated fund	93,371,357			(2,580,223)	90,791,134
Balance as at 30 June 2021	<u>952,805,926</u>	<u>288,603,190</u>	<u>13,312,402</u>	<u>103,357,358</u>	<u>1,358,078,876</u>

16. STATEMENT OF CASH FLOWS AS AT 30 JUNE 2021

Cash flows from operating activities	Notes	2020-2021	2019-2020
Cash receipts from GOK Grants DEV		86,610,500	399,000,670
Cash receipts from GOK REC		298,890,000	358,691,291
Cash receipts from GOK PANS & DAMS			-
Cash receipts from (A I A)		40,526,427	22,413,761
Receipts from Receivables		58,186,830	
Total receipts		484,213,757	780,105,722
Cash paid to suppliers		(218,247,355)	(333,925,749)
Cash paid to Board Members	4	(25,018,728)	(21,215,739)
Administrative	8 (b)	(42,294,752)	(105,847,930)
Cash paid to employees	3	(242,747,330)	(217,929,666)
Net cash flow from operating Activities		(44,094,408)	101,186,638
Cash flows from investing activities			
Disposal of Assets			
Acquisition of Assets	21 (a)	(803,465)	(9,018,706)
Work in progress	21 (a)	(111,206,300)	(23,217,172)
Net cash flow from investing Activities		(111,009,765)	(32,235,878)
Net increase in Cash and Cash Equivalents		(156,104,173)	68,950,760
Cash and Cash Equivalents at beginning of period		215,999,192	147,048,432
Cash and Cash Equivalents at the end of the period	10	59,895,019	215,999,192

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


MANAGING DIRECTOR
NAME: NGALA OLOITIPTIP
DATE: 30.09.2021


HEAD OF FINANCE
NAME: JONATHAN LEYIAN
ICPAK MEMBER NO: 22633
DATE: 30.09.2021


CHAIRMAN OF THE BOARD
NAME: SELEILA OLE MWANIK
DATES: 30.09.2021

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30TH JUNE 2021

REVENUE	Original Budget		Adjustment	Final Budget		Actual	Variance	% Variance	REMARKS
	KShs.	KShs.		KShs.	KShs.				
Recurrent Grant	298,890,000		-	298,890,000	298,890,000				
Development Grant	186,914,000	(100,303,500)		86,610,500	86,610,500				
Appropriation In Aid	17,500,000			55,213,500	41,037,639		14,175,861	26%	decrease in sale
Total income	503,304,000			440,714,000	426,538,139		14,175,861		
EXPENSES									
Recurrent & Administration									
Compensation of employees	234,404,345	4,630,000		239,034,345	242,747,330		-3,712,985	-2%	
Administration costs	48,653,655	-4,630,000		44,023,655	43,098,217		925,438	4%	
Remuneration of Directors	25,544,000			25,544,000	25,018,728		525,272	2%	
Contracted services	7,788,000			7,788,000	7,788,000		0	0%	
Sub-total	316,390,000	0		316,390,000	318,652,275		(2,262,275)		
Development Expenses									
Ewaso Ng'iro Leather Factory	81,954,000	-36,454,000		45,500,000	43,416,517		2,083,483	3%	
Integrated Bamboo	45,148,000	-25,600,000		19,548,000	18,647,556		993,643	5%	
Oloyiangalani Dam	36,119,000	-18,903,000		17,216,000	16,200,039		1,015,961	6%	
Agro-processing	58,693,000	-29,346,500		29,346,500	27,005,031		2,341,469	8%	
Tea Development Expansion	12,713,500	-		12,713,500	12,014,964		698,536	6%	
Sub-total	234,627,500	-110,303,500		124,324,000	117,284,107		7,133,092		
TOTAL EXPENDITURE	551,017,500	-110,303,500		440,714,000	435,936,382		4,870,817	0	
SURPLUS FOR THE PERIOD					(9,398,243)				



18. NOTES TO THE FINANCIAL STATEMENTS

General Information

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

19. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

Adoption of New and Revised Standards

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

Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Receivables from exchange and non-exchange transactions

i. Receivables from exchange transaction

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

ii. Receivables from non-exchange transactions

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

iii. Prepayments

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

b) Budget information

The Authority's budget is prepared on accrual basis which is the same basis applied in the recognition of the actual income and expenditure disclosed in the financial statements. The original budget for FY 2020-2021 was approved by the Board on 21st July 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

c) Taxes

Current income tax

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

Deferred tax

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

d) Property, Plant and Equipment

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

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

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

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

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

e) Leases

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

f) Intangible assets

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

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

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

g) Research and development costs

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

- i. The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii. Its intention to complete and its ability to use or sell the asset

- iii. How the asset will generate future economic benefits or service potential
- iv. The availability of resources to complete the asset
- v. The ability to measure reliably the expenditure during development

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

h) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest

method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

During the FY2020/2021 the Authority did not have any financial instruments.

i) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that

class of inventory is measured at the lower of cost and current replacement cost.

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

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

j) Provisions

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

Contingent liabilities

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

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

Contingent assets

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

k) Nature and purpose of reserves

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

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

l) Changes in accounting policies and estimates

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

**m) Employee benefits
Retirement benefit plans**

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

n) Foreign currency transactions

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

recognized as income or expenses in the period in which they arise

o) Borrowing costs

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

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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



figures for the previous financial year are amended or reconfigured to conform to the required changes in presentation.

s) Biological Assets

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

t) Work in Progress –IPSAS 11

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

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

**iii. Inventory obsolescence
Useful lives and residual values**

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

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

Provisions

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

u) Subsequent events

The Authority recognizes events both favourable and unfavourable after the reporting date as subsequent events. During the F/Y 2020-2021, the Authority had a prior year adjustments of accumulated depreciation amounting to Ksh. 83,025,712 that was not accounted under PPE following revaluation of assets. This omission therefore overstated the PPE values by the same amount. However, correction has been

made and correct values of PPE has been captured





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

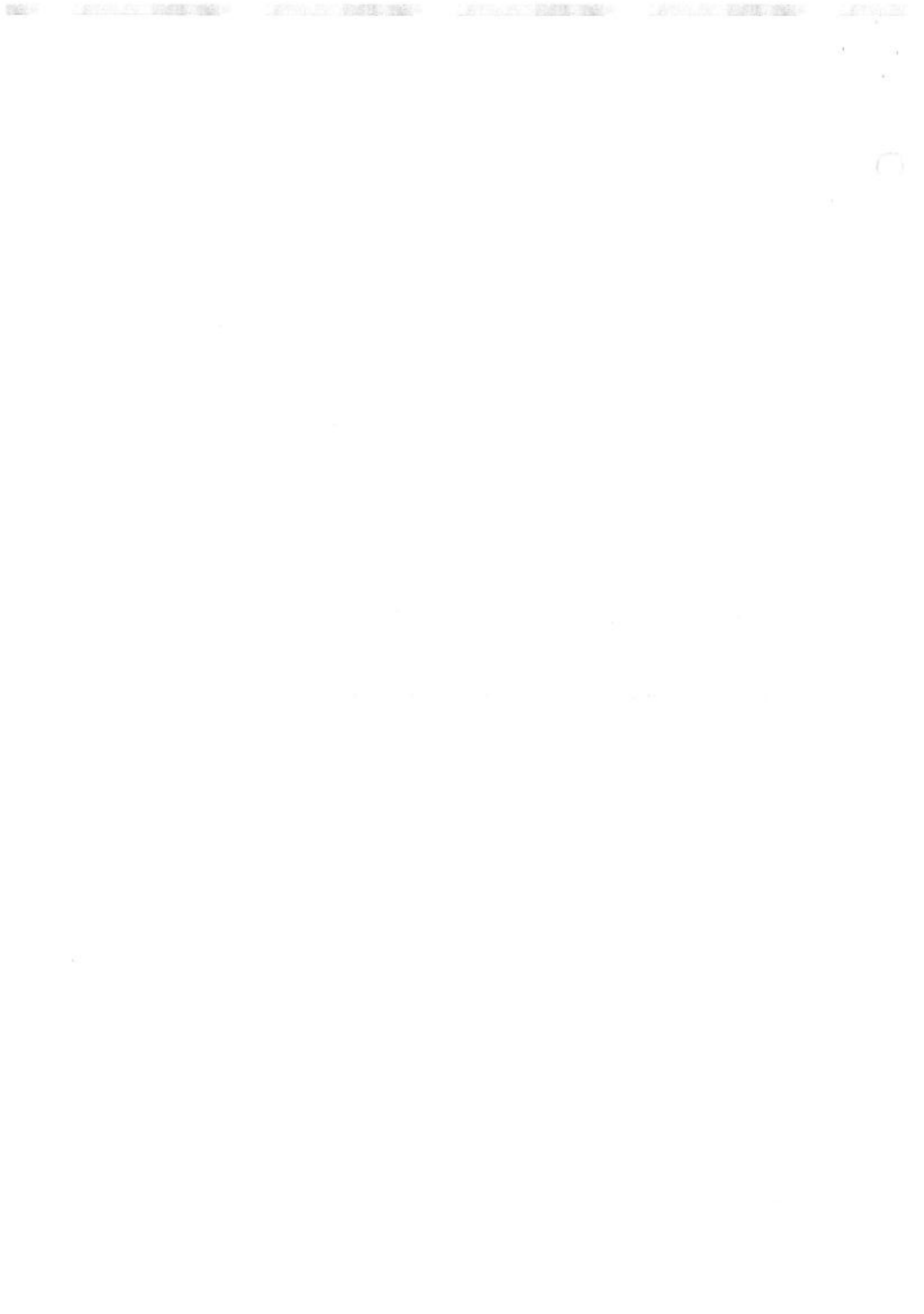
The Authority receives grants from the Parent Ministry of East Africa Community and Regional Development for Recurrent activities and implementation of capital projects.

Recurrent grants are used to finance personnel emoluments and general administrative expenses whereas Development grants are used to finance capital projects as per the Authority Mandate. In F/Y 2020/2021, cumulatively, the Authority received **Ksh. 385,500,500** compared to **Ksh. 815,878,791** for F/Y 2019/2020.

Revenue from non-exchange transactions		2020-2021 Shs	2019-2020 Shs
Transfers From the government	Unconditional grants		
	Development Grant	86,610,500	457,187,500
	Recurrent Grant	298,890,000	358,691,291
	Total government grants	385,500,500	815,878,791

1 b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs.	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2019-2020 KShs
Ministry of East Africa Community	385,500,500	0		385,500,500	815,878,791
Total	<u>385,500,500</u>	<u>0</u>		<u>385,500,500</u>	<u>815,878,791</u>



1 c) Deferred Income

This include the Cost of capitalized Assets. To comply with IPSAS 23 on income recognition deferred income is no longer reflected in the statement of financial performance

	2019-2020
Office Tannery	4,003,438
Loitokitok office	10,684,390
Drying Bed & Waste Water	6,893,735
Tannery workshop	8,979,967
Tannery weighing scale machine	849,720
Tannery Incinerator	14,000,000
Motor bike	850,506
Tomatoes Factory Building	52,332,503
spraying Booth & Dry shed	2,931,400
Soaking Drum	10,259,040
Isuzu Tractor	5,856,000
Staff mini-bus	7,162,250
Cottage Industries	19,765,345
Lawnmower	927,038
Total other income	145,495,332

2. Revenue from exchange transactions

The Authority generates revenue from sale of products such as green tea, horticultural products, tree seedlings, sale of finished leather and technology transfer services from income generating projects. In F/Y 2020/2021, the Authority generated Ksh 41,037,639 compared to Ksh 22,413,761 in F/Y 2019/2020, which is 78% increase. The increase is attributable to the commencement of the Tannery operations and repeated production of quality leather which saw a slight increase of customers.

	2020-2021	2019-2020
Sale of Green Tea	9,264,415	13,984,632
Sale of Horticultural products	415,362	1,125,215
Sale of Tree Seedlings	774,233	984,580
Other income	-	5,000
Tannery Hides & skins	25,191,455	4,675,522
Tea seedling	2,509,127	
Other income (Milk Chilling & Bulking)	2,883,047	1,638,812
Total other income	41,037,639	22,413,761

3. Employee Costs

These are costs paid to staff as basic salaries, wages, allowances, pension contributions paid to defined pension schemes and gratuity paid to staff on expiry of contracts. In F/Y

2020/2021, the Authority incurred employee costs amounting to Ksh. 242,747,330 compared to Ksh. 217,929,667 the previous year. The 11% increase in employee cost is largely attributable to increase in gratuity as a result of three chief Managers contract coming to an end in the Fiscal year and the annual increment for both Tannery and the mainstream Authority staff.

Employee costs	2020-2021	2019-2020
Basic Pay	156,252,499	142,968,785
House Allowance	28,757,600	27,635,350
Acting Allowance	1,441,625	2,125,251
Benefit (Airtime)	3,854,000	3,940,500
Commuter Allowance	18,148,000	18,628,500
Leave Allowance	1,200,000	1,026,000
Other Allowance	3,161,000	2,773,000
Pension Contribution	18,526,178	14,733,023
NSSF Contribution	590,200	632,000
Gratuity	10,166,578	3,467,258
Transfer allowances	649,650	-
Employee costs	242,747,330	217,929,667

4. Remuneration of Directors

Board of Directors offer oversight on governance and are mandated to hold four meetings in a year, one in every quarter. During the meetings, allowances payable to Board of Directors are Sitting Allowance at the rate of Ksh. 20,000, Night out allowance at Ksh. 18,200, Lunch allowance at Ksh. 2,000 and Mileage at the prescribed AA rates but capped at 1800cc. During F/Y 2020/2021, the Authority incurred Ksh. 25,018,728 compared to Ksh. 21,215,739 in the previous year.

Remuneration of Directors	2020-2021	2019-2020
Chairman's Honoraria	1,044,000	1,044,000
Accommodation	9,613,600	9,223,227
Sitting Allowances	7,138,754	6,526,000
Mileage's	3,710,131	2,378,762
Lunch	564,000	609,350
Training Cost	1,037,252	898,400
General expenses	1,910,991	536,000
Total director emoluments	25,018,728	21,215,739

5. Depreciation & Amortisation

The Authority depreciates its Property, Plant and Equipment (PPE) using reducing balance method of depreciation applying different rates on different classes of PPE. This complies with IPSAS 17 and 16 on Property plant and Equipment and Investments. In F/Y 2020/2021, depreciation expense was Ksh. 18,585,968 as detailed below.



	2020-2021	2019-2020
Depreciation Expense	Ksh.	Ksh.
Motor Vehicle	6,510,680	8,009,280
Furniture , Fitting & Equipment	2,466,448	2,808,821
Buildings	3,064,685	3,253,898
Computers & Related Accessories	2,702,793	3,824,351
Loose Tools	9,513	14,358
ERP Software	2,498,517	
Agricultural-Shonkoe Tea bushes	1,333,332	1,333,332
Agricultural-Keyian Tea bushes	-	1,800,000
Total depreciation	18,585,968	21,044,040

6. Repairs and Maintenance

The Authority undertakes scheduled repairs on Property, Plant and Equipment (PPE). In F/Y 2019/2020 an expenditure of Ksh. **5,053,357** had been incurred. A good number of the Authority's vehicle are old hence the increase in the cost of repairs and maintenance. Even though the Authority incurred a total cost of Ksh **3,995,654** during the FY2020/2021. The same was absorbed to the projects cost as the recurrent grant was not sufficient to cover this cost.

	2020-2021	2019-2020
Repairs and maintenance	Shs.	Shs.
Maintenance of Furniture's & Buildings		-
Vehicles	-	5,053,357
Total repairs and maintenance	-	5,053,357

7. Contracted Services

The Authority outsources Security in the entire Authority offices. In the previous year, these services were offered at the Headquarters only, but in F/Y 2020/2021 the services were extended to the branch (sub-basin) offices.

Contracted services	2020-2021	2019-2020
Security services	7,788,000	6,463,800
Total contracted services	7,788,000	6,463,800

8 (a). Development costs

These costs relate to capital projects undertaken by the Authority with the goal of improving livelihoods for socio-economic development as comprehensively discussed under the Management Discussion and Analysis. In the FY 2020/2021, Under Ewaso Ng'iro Leather Factory, Bamboo commercialization and value addition, Olayiangalani, Agro-processing for Tomatoes and Tea Expansion the Authority spend kshs. 104,087,223

Development Expenses	2020-2021	2019-2020
I. Ewaso Ng'iro leather factory	43,416,517	124,698,099
II. Integrated Bamboo	18,647,556	56,944,506
III. Oloyiangalani	16,200,039	76,075,422
IV. Tomato Agro processing	13,808,147	18,638,896
V. Tea Expansion	12,014,964	20,462,978
Total Dev. Expenses	104,087,223	296,819,901



8 (b). Administration Expenses

There is a significant reduction of administrative expenses from Ksh 105,847,930 to Ksh 42,294,752. This was as a result of charging some administrative expenses to the projects due to budget reductions. Some of the line items under administration vote head charged to the projects include; Fuel and Lubricants, Regional Coordination, Resource Mobilization, performance contracting and work environment. Additionally several line items like Competency development amounts reduced significantly in the year. Internship Allowances are now payable by the public service commission hence this is no longer cost borne by the Authority.

Administration Expenses	2020-2021	2019-2020
General office Supply	376,938	4,431,578
Insurance (Medical cover)	24,000,000	24,612,865
Insurance (General cover)	6,882,006	5,921,336
Travel and Accommodation	-	1,468,992
Casual labour/office cleaning	1,247,210	2,688,931
Finance and stewardship		2,602,660
Work Environment		2,437,752
Competency Development	3,700,000	11,090,410
Internal Processes and system audit		334,700
Performance Contract & Budgeting		2,458,100
ISO	624,312	475,000
Leased premises	525,000	530,550
Legal Awards		371,200
Hospitality Supplies and service	200,000	3,026,157
Postage Services	90,170	101,016
Printing and stationery	-	342,200
Fuel & Lubricants	-	6,782,068
Water & Sewage treatment costs	148,192	209,350
Subscription to Newspaper	18,660	42,720
Electricity service	1,000,000	372,426
Bank charges	-	255,071
Research & Development-Exit survey		1,799,700
ICT Development	523,655	5,483,497
Publicity		1,809,375
Regional Coordination		5,170,650
Internship Allowances		8,032,018
Telephone, fax & Mobile	95,215	
Internet connection	720,000	1,860,753
Tradeshow		296,460
Automation - ERP Phase II	2,000,000	2,561,500
Staff replacement		5,481,480

Loitokitok sub-basin office		267,700
Resource Mobilization		2,412,487
Sanitary & cleaning materials	143,394	117,228
Total Admin. Expenses	42,294,752	105,847,930

9. Taxation

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

10. Cash and Cash equivalents

The Authority's cash and cash equivalents are cash held at hand and banks. In F/Y 2020/2021, the closing balance was Ksh. **59,895,019** which relates to commitment towards payables and deferred income on ongoing capital projects.

Cash and Cash Equivalents	2020-2021	2019-2020
Kenya Commercial Bank	9,120,509	959,247
National Bank	46,887,437	194,948,012
Co-operative Bank	3,887,073	20,091,933
Total Cash and Cash Equivalents	59,895,019	215,999,192

Bank	Account no	Cash book balance
Development	Nbk-01003041548101	31,641,739
Reccurent	Nbk-01003041548100	12,450,025
Economic stimulus program	Nbk-01003041548104	100,472
Farm	Nbk-01003041548102	2,694,658
Comiform	Nbk-01003042125600	16
Nakuru sub basin	Nbk-01003041548105	527
Kilgoris savings sub basin	Coop-01141018229500	3,687,153
Kilgoris	Coop-01141018229501	198,467
Malewa	Coop-01141018229503	327
Kajiado	Coop-01141018229502	1,126
Loitokitok	Kcb-1132205514	2,193
KCB-Tannery	Kcb-1250768489	9,118,316
Total		59,895,019





11. Work In Progress

This relates to costs incurred on ongoing works for capital projects: Ewaso Ng'iro Tannery and Leather Factory (Construction of the factory building Procurement of, Tannery machinery and construction of Effluent Treatment Plant (ETP), office block and workshop. The total WIP as at close of FY 2020-2021 was Kshs. 79,425,412 compared to previous years of Kshs. 32,313,934.

Work In Progress	2020-2021	2019-2020
Land-Loitokitok	4,950,200	12,150,200
Soaking Drum	6,906,396	2,005,445
Loitokitok office		950,000
Loitokitok factory Building	52,332,502	
Drying Bed & Waste Water		1,689,373
Tannery hide & skins		13,405,330
Tannery workshop		2,113,586
Cottage Industry	15,236,314	
Total Work in Progress	79,425,412	32,313,934

12. Receivables from exchange and non-exchange transactions

The Authority realized receivables at closure of the F/Y from its operations related to advances issued as imprest, sale of products and other debtors arising from other financial transactions. At the closure of the F/Y 2020/2021 receivables from exchange transaction amounted to Kshs. 795,554 and from Non-exchange transaction amounted to Ksh 326,700. The Imprest amount of Ksh 326,700 relates to imprest that was taken on 30th June and the activities transcending through July 2021.

Receivables from exchange transactions	2020-2021	2019-2020
Receivables exchange transactions		
Bulking & Chilling fee (njeki Transporters)	209,411	598,590
KVDA	200,000	200,000
sale of Tea leave (nyamache Tea Factory)	301,801	449,310
Tannery Hide & Skins	84,342	84,342
Sub-Total	795,554	1,332,242
Receivables non- exchange transactions		
Outstanding Imprest	326,700	649,800
GOK Recurrent Grant	-	58,186,830
	326,700	58,836,630
Total Amount	1,122,254	60,168,872

13. Prepayments

At the close of the FY 2020/2021, the Authority had prepayments of Ksh. 16,537,950 relating to ongoing contracted services on operating land leases rent, medical cover

premiums, general insurance Cover on PPE and utilities and purchase of a staff mini bus as detailed below.

Prepayments	2020-2021	2019-2020
Toyota-Kenya-staff Mini Bus	7,162,250	
Prepayment-Leases	1,020,000	510,000
Prepayment- Madison Insurance	6,248,012	5,675,231
Prepayment - GA Insurance	1,483,594	1,696,490
Service ,water and electricity debtors	558,000	558,000
Total Kenya- Fuel	66,094	553,368
Total Prepayments	16,537,950	8,993,089

14. Inventories

The inventories are valued at the lower of cost or the net realizable value. As at the close of the financial year, inventories amounted to Ksh **28,064,088** as compared to the FY 2019/20 closing balance of Ksh. **23,403,704**.

	2020-2021	2019-2020
Tree seedlings (Bamboo)	3,710,000	9,171,193
Tea seedlings	3,243,252	7,813,556
Tree seedlings	1,913,818	631,094
Stores & inventory	1,082,327	780,968
Tannery hide & skins	8,276,901	
Tannery Chemical	9,837,790	5,006,893
Total inventories	28,064,088	23,403,704

15. PROPERTY, PLANT & EQUIPMENT – ASSET MOVEMENT SCHEDULE FOR YEAR ENDED 30TH JUNE 2021

	LAND	M.V	FURNITURE FITTING & EQUIP.	BUILDINGS			COMPUTERS & RELATED ACCESSORIES	LOOSE TOOLS	EWASO TANNERY PLANT	CAPITAL	TOTAL
				PERMANENT	SEMI PERM.	PERM.					
				NRS	NRS	RESIDENTIAL					
		25%	12.50%	2%	12.50%	2%	30%	33.30%		WIP	
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
Total assets as at 01/07/2020	185,800,000	52,717,642	29,400,900	69,915,080	23,814,398	604,014	19,180,722	144,332	771,030,579	32,313,934	1,184,921,601
Additions for the year/transfer	7,200,000	6,783,000	575,465	10,684,390			228,000		44,388,211	47,111,478	116,970,544
Total assets	193,000,000	59,500,642	29,976,365	80,599,470	23,814,398	604,014	19,408,722	144,332	815,418,790	79,425,412	1,301,892,145
Acc depreciation	-	27,839,296	9,739,155	4,485,241	10,465,312	36,447	10,257,238	115,573	-		62,938,262
Dep for the year		6,510,680	2,466,448	1,308,597	1,744,945	11,143	2,702,793	9,513			14,754,119
Total depreciation		34,349,976	12,205,603	5,793,838	12,210,257	47,590	12,960,031	125,086	-		77,692,381
Net book values as at 30/06/2021	193,000,000	25,150,666	17,770,762	74,805,632	11,604,141	556,424	6,448,691	19,246	815,418,790	79,425,412	1,224,199,764



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

	LAND	M/V	FURNITURE FITTING & EQUIP.	BUILDINGS			COMPUTERS & RELATED ACCESSORIES	HOUSE TOOLS	AGRICULTURAL PLANT	EWASO TANNERY PLANT	CAPITAL	TOTAL
				PERMANENT NRS	SEMI PERM. NRS	PERM. RESIDENTIAL						
		25%	12.50%	2%	12.50%	2%	30%	33.30%	SHANKOE	KEYIAN	WIP	
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.				KSHS.
Total assets as at 01/07/2019	185,800,000	46,867,136	25,219,690	69,915,080	23,814,398	604,014	17,407,082	144,332	40,000,000	27,000,000	13,623,485	1,215,759,322
Additions for year		5,850,506	4,181,210.00				1,773,640			5,666,474	18,690,449	37,635,564
Casting error	185,800,000	52,717,642	29,400,900	69,915,080	23,814,398	604,014	19,180,722	144,332	40,000,000	27,000,000	32,313,934	1,251,921,601
Acc depreciation		19,830,016	6,930,334	3,149,938	8,558,300	24,864	6,432,887	101,215	2,666,666	3,600,000		51,294,220
Dep for the year	0	8,009,280	2,808,821	1,335,303	1,907,012	11,583	3,824,351	14,358	1,333,333	1,800,000		21,044,041
Total depreciation	0	27,839,296	9,739,155	4,485,241	10,465,312	36,447	10,257,238	115,573	3,999,999	5,400,000	0	72,338,261
Net book values as at 30/06/2020	185,800,000	24,878,346	19,661,745	65,429,839	13,349,086	567,567	8,923,484	28,759	36,000,001	21,600,000	32,313,934	1,179,583,340





16. (a) Biological Assets

The value of biological assets is reflected in statements as per the professional valuer's estimates that was done in the financial year 2015/2016. The assets will be revalued in the FY2021-22

	2020-2021	2019-2020
Olkalau trees	13,000,000	13,000,000
Tea bushes (Keyian & Shankoe)	34,666,669	36,000,000
Shartuka Trees	1,700,000	1,700,000
Narok Head Quarter Assets-Trees bushes	16,000,000	16,000,000
Total Biological Assets	65,366,669	66,700,000

16 (b) Intangible Assets

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

	2020-2021	2019-2020
Accounting System	19,988,134	19,988,134
Amortization	(2,498,517)	
N.B.V as at 30.06.21	17,489,617	



17. Trade and other payables from non-exchange transactions as at 30th June 2021

S/N	NAMES OF PROJECTS	DESCRIPTION	Balance to date	
RECURRENT CREDITORS				
1	National construction Authority	Legal fee	468,197	2 year
2	Auditor General	Audit fee	305,835	7 months
	Sub- Total		774,032	
DEVELOPMENT CREDITORS				
1	Maji Africa	Drilling of Oloropil Borehole	2,173,706	1 year
2	Kathos	construction of Agro-processing	13,196,884	1 month
3	Maji Africa	Rehabilitation of kirengero	826,500	1 year
4	Haraf Traders ltd	Irrigation 20ha model farm	23,150,288	1 year
5	Snavem Enterprises	Construction of Soaking & Linking drum	3,352,644	1 year
6	Sigani Associates	Consultancy service	4,787,940	1 year
7	Derwa Enterprised	Construction of Sme cottages	4,529,031	1 year
8	Rimuco Enterprises ltd	Tannery chemical	1,400,465	2 months
9	Daniel Talengo	payment for lease Agreement	216,000	2 months
10	Josephn Iemein korinko	payment for lease Agreement	81,000	2 months
11	David ole Mambuli	payment for lease Agreement	108,000	2 months
	Sub Total		53,822,458	
	GRAND TOTAL		54,596,490	



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CREDITORS AS AT 30TH JUNE 2020

S/N	NAMES OF PROJECTS	DESCRIPTION	OUTSTANDING	AGING
RECURRENT CREDITORS				
1	Munyurra contractors	Construction of office	9,734,390	2 months
2	Bhogals Auto garage	Motor vihecle repairs amd maintenance	367,094	3 months
3	Stewart Internaional	Nairobi office partion	380,268	4 months
4	National consruction Authority	Legal fee	468,197	1 year
5	Auditor General	Audit fee	305,835	6 months
6	Insinta & co Advocates	legal Audit fees	2,233,000	1 year
7	Mara oloip ltd	Supply of lawn mower	927,038	1 month
	Sub- Total		14,415,822	
DEVELOPMENT CREDITORS				
1	Kathos Building & Construction	Design, Construct, Equip and testing of tomatoes Factory	52,332,503	1 month
2	Jamas Holding	supply and installation of lcineratos	14,000,000	1 month
3	Waterman drilling	drilling,equipping of borehole	10,102,312	1 month
4	Silat Investment co. ltd	Model school olkerin & Gatondo mix Sec sch	5,837,120	1 month
5	Luxica Enterprise	Tiritagoi Pry school	2,959,800	1 month
6	Maji Africa	Rehabilitation works Kirengero borehole	826,500	6 months
7	Maji Africa	Drilling of Oloropil Borehole	2,173,706	7 months
8	Baquotex Enterprise	Tayari Borehole	2,917,800	1 month
9	Royal seed	Supply of Seed	102,400	1 month
10	Haraf Traders ltd	Irrigation 20ha model farm	48,000,000	1 month
11	Samcoll contractors	Contruccion of Olooyagani dam	4,788,714	1 year





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12	Narok site	Construction of Tannery Workshop	6,866,381	2 months
13	Mbosha Flow	ETP advancement -Drying Bed	5,204,362	3 months
14	Snavem Enterprises	Construction of Soaking & Linking drum	8,253,595	4 months
15	Sigani Associates	Consultancy service	4,787,940	6 months
16	Kaesar compressor	Tannery compressor s service	377,066	1 month
17	Kanchori & Co. Advocate	Legal fee for Projects	205,200	1 month
18	Derwa Enterprised	construction of cottage industries	19,765,345	2 weeks
19	Toyota kenya	purchase of Tannery Bus & Prado	13,018,250	3 weeks
20	Platinumray limited	Purchase of Tannery weighing scale machine	849,720	4 weeks
21	Lmaya lookout solution	Supply of office stationaries	150,026	4 weeks
22	Dastika limited	Supply of cartridge's	155,900	4 weeks
23	Sidan suppliers	Tannery chemical	2,221,850	5 weeks
24	Spenomatic group	Tannery chemical	1,727,194	6 weeks
25	Nobility	Purchase of spare parts	2,304,464	4 weeks
26	Davematiks General Merchants	Construction of Hand Spray Booth & Drying shade	2,931,400	4 weeks
27	Far East Connection	Procurement of Tannery Equipment.	10,630,389	2 years
28	Enkejumuny Construction Co.	Auxillary work for Nkiito borehole	1,073,000	6 months
Sub Total			224,562,937	
GRAND TOTAL			238,978,759	



18. Deferred Liability

The Authority recognizes Government grants used to finance equity or acquisition of asset using the deferred income approach. The grants are recognized as a financing device and dealt with as such in the statement of financial position rather than be recognized in profit or loss to offset the items of expense that they finance. Since there is no repayment expected, such grants are recognized outside the statement of Financial Performance. In the financial year 2019/2020, the Authority deferred **Ksh. 103,357,358** that was used to finance procurement of Tannery Equipment, construction of an Effluent Treatment Plant, motor vehicles and other assorted assets (land, furniture and buildings). The cost of the various assets acquired were as detailed on the table below,

	2020-2021	2019-2020
Tannery Equipment	Transfer to PPE	10,630,389
Land-Loitokitok(ksh7,200,000 transfer to PPE)	4,950,200	12,150,200
Tea Expansion-Meiguara/furniture, computer	8,888,020	9,691,485
Loitokitok office	Transfer to PPE	10,684,390
Drying Bed & Waste Water	Transfer to PPE	6,893,735
Tannery workshopD	Transfer to PPE	8,979,967
Tannery weighing scale machine	Transfer to PPE	849,720
Tannery Incinerator	Transfer to PPE	14,000,000
Tomatoes Factory	52,332,503	52,332,503
spraying Booth & Dry shed	Transfer to PPE	2,931,400
Soaking Drum	10,259,040	10,259,040
Isuzu Tractor	Transfer to PPE	5,856,000
Staff mini-bus	7,162,250	7,162,250
Cottage Industria	19,765,345	19,765,345
Lawnmower	Transfer to PPE	927,038
Total deferred Income A/C	103,357,358.00	173,113,462



The deferred liability movement is as follows:

	Kshs.	Total
Balance brought forward	173,113,462	173,113,462
Transfers to Capital fund	(69,756,104)	(69,756,104)
Transfers to income statement	0	0
Other transfers	0	0
Balance carried forward	<u>103,357,358</u>	<u>103,357,358</u>

19. Accumulated Development Fund

The Authority maintains an Accumulated Development Fund that accounts for government grants used in financing acquisition of Authority assets. This fund is adjusted for depreciation in the year and as at the close of financial year 2020/2021, the balance was Ksh. **952,805,926**. The significant increase was as a result of capitalizing the tannery that has been work in progress for long.

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

Summary Table: Accumulated Development Fund

2020-2021	
Balance brought forward	810,844,656
Additions:	
Loitokitok office	10,684,390
Land-Loitokitok	7,200,000
Drying Bed & Waste Water	6,893,735
Tannery workshop	8,979,967
Tannery Incinerator	14,000,000
spraying Booth & Dry shed	2,931,400
Tannery Equipment	10,630,389
Isuzu Tractor	5,856,000
Computers/furniture	2,683,223
ERP Software	19,988,134
Biological Assets	70,700,000
	160,547,238



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Less: Depreciation	(18,585,968)
Total	952,805,926

20. Related Parties Transactions

The related parties are:

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

Related party transactions

	2021	2020
	Kshs	Kshs
Transfers from related parties'	385,500,500	815,878,791
Transfers to related parties	0	0
	=====	=====

Key Management Remuneration

	2021	2020
	Kshs	Kshs
Directors'	23,718,728	21,215,739
Key Management Compensation	23,633,268	21,840,960
	=====	=====

21. Reserves

The Authority revalued its Assets in the FY 2015/16 with a revaluation gain of Ksh. 288,032,176. However, in the financial statements for the financial year 2015/2016, the gain on revaluation was reported as Ksh. 348,320,517. In the current financial year, the Authority addressed this overstatement through a prior year adjustment. The total reserves as at the end of June 2021 was **Ksh. 288,603,190**. The movement in the net reserves is detailed in the statement of net assets.

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

21 (a) SUMMARY OF CASHFLOW STATEMENT



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under AIA incomes that appeared in the face of cashflow of Ksh 40,526,427 differ with the one appearing in the face of statement of Performance (Ksh 41,037,639) by ksh 511,212 which represent receivables for green tea and Milk chilling/Bulking

Analysis of Investing Activities

	Amount (Ksh)
Acquisition of Assets (Furniture & Fitting, Computers)	803,465
Sub-total	803,465
Work in progress (Investment Properties)	
Soaking Drum	4,900,951
Loitokitok office	9,734,390
Loitokitok factory Building	52,332,502
Drying Bed & Waste Water	5,204,362
Tannery workshop	6,866,381
Cottage Industry	15,236,314
spraying Booth & Dry shed	2,931,400
Tannery Incinerator	14,000,000
Sub-Totals	111,206,300

NB:

Under the amendments in IPSAS 40, Bearer plants are to be recognized under PPE. To effect this, A total of Ksh. 67,000,000 that relates to Keyian and Shankoe tea bushes was transferred to PPE. However, a total of Ksh. 22,523,671 was cost incurred to raise the tea bushes.

22. Financial Risk Management



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

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

(I) Credit risk

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

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

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



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	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	1,122,254	1,122,254	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	59,895,019	59,895,019	0	0
Total	61,017,273	61,017,273	0	0
At 30 June 2020				
Receivables from exchange transactions	1,982,042	1,982,042	0	0
Receivables from non-exchange transactions	58,186,830	58,186,830	0	0
Bank balances	215,999,192	215,999,192	0	0
Total	276,168,064	276,168,064	0	0

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

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

(ii) Liquidity risk management

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

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
At 30 June 2021	Ksh s	Kshs	Kshs	Kshs
Trade payables	0	15,002,349	39,594,141	54,596,490
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	14,000,349	14,000,349
Employee benefit obligation	0	0	0	0
Total	0	<u>15,002,349</u>	<u>53,594,490</u>	<u>68,596,839</u>
At 30 June 2020				
Trade payables	0	203,057,615	35,921,144	238,978,759
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	145,495,332	145,495,332
Employee benefit obligation	0	0	0	0
Total	0	203,057,615	181,416,476	384,474,091



23. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Authority did not have any pending audit issues with the Office of the Auditor General by the close of FY 2020/2021.



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PROJECTS IMPLEMENTED BY THE ENTITY

APPENDIX 1: STATUS OF PROJECTS COMPLETION

Project		Total project Cost	Total expended date	Completion % to date	Budget	Actual	Sources of Funds
					FY 2020/21		
			Ksh		Ksh.	Ksh.	
1	Ewaso Ng'iro Tannery and Leather Factory – Phase I	1,400,000,000	1,058,489,187	98%	45,500,000	43,416,517	GOK
2	Integrated Bamboo Commercialization project – Phase I	650,000,000	224,054,357	55%	19,548,000	18,554,357	GOK
3	Oloyiangelani Dam	350,000,000	327,200,039	80%	17,216,000	16,200,039	GOK
4	Drought Mitigation Programme	300,000,000		100%			
5	Integrated Tea Development – Tea expansion programme (phase II)		37,472,844	40%	12,713,500	11,972,844	GOK
6	Tomato Agro – processing factory	700,000,000	122,163,031	20%	29,346,500	27,005,031	GOK
Total		3,400,000,000	1,652,230,670		124,324,000	117,148,787	





APPENDIX 2: INTER-ENTITY TRANSFERS

TRANSFERS FROM THE MINISTRY OF EAST AFRICA COMMUNITY FY 2019/2020				
Recurrent Grants	FY 2020/2021		FY 2019/2020	
	Date	Amount (KShs)	Date	Amount (KShs)
	19.08.2020	74,722,500	25.09.2019	29,578,215
	06.11.2020	74,722,500	25.09.2019	40,487,334
	02.03.2021	74,722,500	29.10.2019	19,607,274
	22.04.2021	74,722,500	29.10.2019	57,159,172
			23.12.2019	32,513,650
			03.02.2020	89,672,823
			15.05.2020	89,672,824
	Total	298,890,000	Total	358,691,292
Development Grants				
	01.11.2019	86,610,500	01.11.2019	152,752,670
			27.02.2020	246,248,000
			07.07.2020	58,186,830
	Total	<u>86,610,500</u>	Total	<u>457,187,500</u>



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APPENDIX 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received		Where Recorded/recognized			
	As per bank statement	Nature: Recurrent/ Development /Others	Total Amount KES	Statement of Financial Performance	Deferred Income	Total Transfers during the Year
Ministry of East Africa Community (EAC) and Regional Development	Refer to Appendix 2.	Recurrent	298,890,000			298,890,000
Ministry of East Africa Community (EAC) and Regional Development	Refer to Appendix 2.	Development	86,610,500			86,610,500
Ministry of East Africa Community (EAC) and Regional Development	Refer to Appendix 2.	Drought Mitigation	0			
Total			385,500,500			385,500,500

