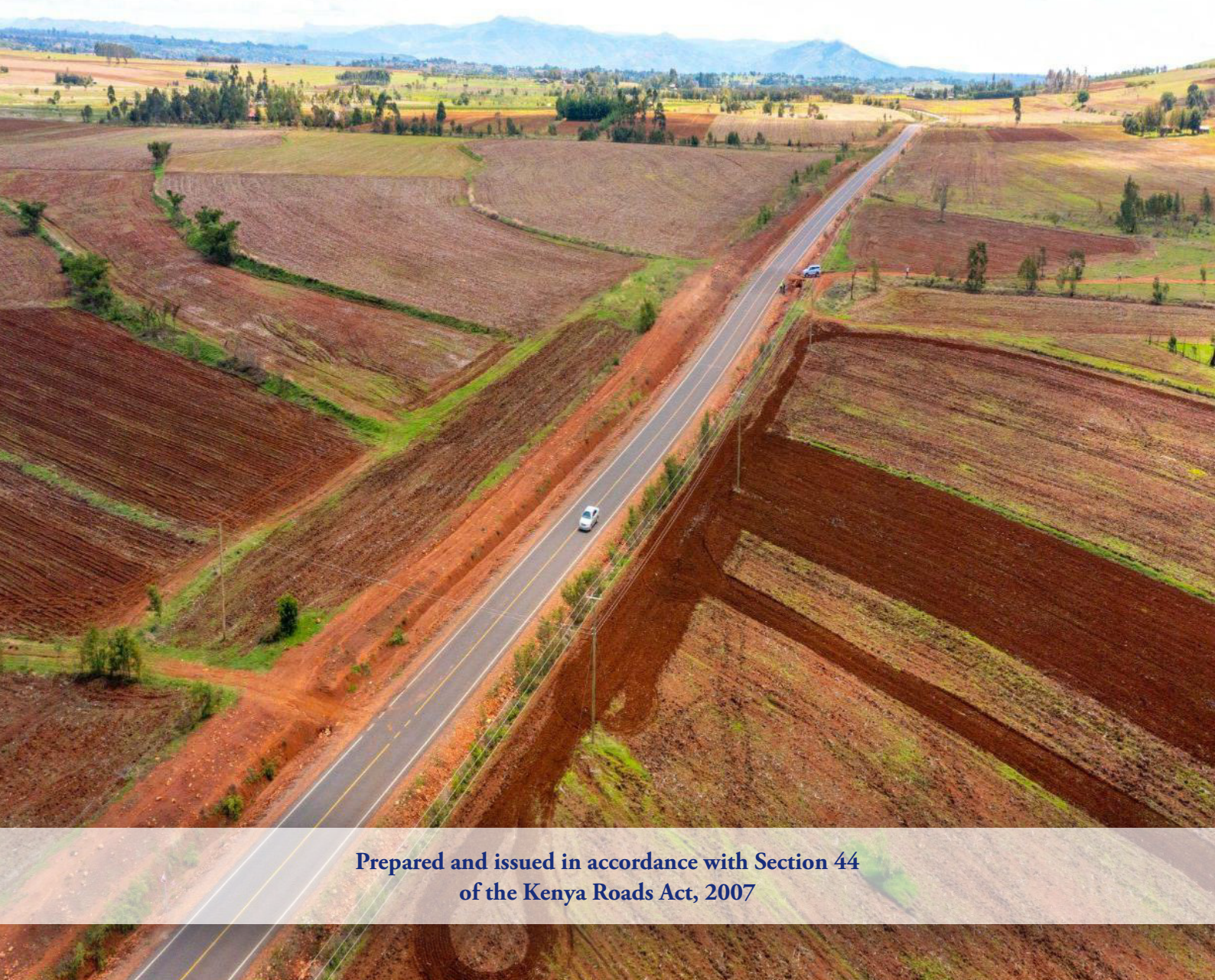




Kenya Rural Roads Authority

# Annual Report

For Financial Year Ended June 30th 2022



Prepared and issued in accordance with Section 44  
of the Kenya Roads Act, 2007





*Completed 45.6 meters Oria Bridge (Modular Bridge) joining Homabay and Migori Counties*



Kenya Rural Roads Authority

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For Financial Year Ended June 30th 2022

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of the Kenya Roads Act, 2007**



# Table of Contents

Acronyms.....	v
Chairman's Statement .....	1
Director General's Statement .....	3
Board of Directors .....	6
Management Team.....	11
Key Performance Indicators during the Year.....	12
KeRRA at a Glance .....	12
Principal Statements .....	13
<b>Chapter 1: The Mandate of the Authority.....</b>	<b>15</b>
1.1 Functions of the Authority .....	15
1.2 Organization Structure .....	16
1.3 Staff Establishment .....	17
1.4 Departmental functions.....	17
1.4.1 Office of the Director General.....	17
1.4.2 Directorate of Development.....	17
1.4.3 Directorate of Road Asset Management.....	17
1.4.4 Directorate of Planning, Design and Environment .....	17
1.4.5 Directorate of Research, Strategy and Compliance.....	17
1.4.6 Directorate of Corporate Services .....	17
1.4.7 Directorate of Audit Services .....	18
1.4.8 Department of Corporation Secretary and Legal Affairs.....	18
1.4.9 Department of Supply Chain Management .....	18
1.5 Policies of the Authority .....	19
i) Internal Audit Charter .....	19
ii) Information Security Policy.....	19
iii) Board Charter.....	19
iv) Service Charter .....	20
v) Anti-Corruption Policy.....	20
vi) Human Resource Management Policies .....	20
vii) Road Safety Policy .....	20
viii) Corporate Social Responsibility (CSR) Policy.....	21
ix) Financial Management Policies and Procedure Manual.....	21
x) Procurement Policies and Procedure Manual.....	21
xi) Environmental Policy .....	21
xii) Occupational Safety and Health Policy .....	21
xiii) Alcohol and Drug Abuse Workplace Policy.....	21
xiv) Gender Mainstreaming Policy .....	21



xv)	<i>Sexual and Gender Based Violence (SGBV) Policy</i> .....	22
xvi)	<i>Disability Mainstreaming Policy</i> .....	22
xvii)	<i>Road Asset Management Policy</i> .....	22
xviii)	<i>Road and Bridge Works Contract Management Policy</i> .....	22

## **Chapter 2: Progress of the Authority for Financial Year 2021/2022..... 23**

2.1	Progress for various Performance Indicators .....	23
	<i>Performance indicators and targets for the financial year 2021/2022</i> .....	23
2.2	Performance Outputs for Key Programmes/Projects/Activities.....	28
	<i>Road 10,000 Programme -Low Volume Sealed Roads</i> .....	28
2.2.1	<i>Progress Summary</i> .....	28
2.3	Conventionally constructed Projects .....	29
2.4	Construction of Drainage Structures .....	30
2.5	Road Maintenance & Spot Improvement Projects .....	31
2.5.1	<i>Roads Maintenance Levy Funded Projects</i> .....	31
2.5.2	<i>Exchequer Funded Projects</i> .....	32
2.6	Periodic Maintenance .....	33
2.7	Reconstruction and Rehabilitation.....	33
2.8	Public Private Partnership (PPP).....	33
2.9	The Roads 2000 Projects.....	34
2.9.1	<i>Roads 2000 Strategy</i> .....	34
2.9.2	<i>ASAL Programme</i> .....	34
2.9.3	<i>KfW Phase II Programme</i> .....	35
2.10	Environmental Sustainability .....	36
(a)	<i>Mitigation measures against Water, Air, Noise and other forms of Pollution</i> .....	36
(b)	<i>Promotion of Environmental Protection and Conservation through Stakeholder Partnerships</i> ..	36
(c)	<i>Tree Planting Initiatives</i> .....	36
2.11	Access to Government Procurement Opportunities (AGPO) .....	37
2.12	Management of Public Complaints/Information Requests.....	37
2.13	Analysis of KeRRA Social Media Usage for Financial Year 2021/2022 .....	37
2.14	Corporate Social Responsibility (CSR) Activities Conducted in FY 2021/22.....	38
2.15	Enterprise Resource Planning (ERP) System Development & Implementation Status .....	42
2.16	National Cohesion and Values .....	43

## **Chapter 3: Assessment of the Degree to which Performance Targets have been achieved ..... 45**

3.1	Performance Contract Achievements Financial Year 2021/2022 .....	45
3.2	Contribution of the Authority to the attainment of Third Medium Term Plan (MTP III) 2018-2022, Sustainable Development Goals and Big Four Agenda.....	47
3.2.1	<i>The Third Medium Term Plan (MTP III) 2018-2022</i> .....	47
3.2.1.1	<i>KeRRA's role in implementation of the Third Medium Term Plan (MTP III)</i> .....	47
3.2.2	<i>The Big Four Agenda</i> .....	48
3.2.3	<i>Role of KeRRA in the Sustainable Development Goals</i> .....	50

## **Chapter 4: Assessment of Adequacy of Roads Funding..... 52**

4.1	Funding Sources .....	52
4.1.1	<i>Exchequer</i> .....	52
4.1.2	<i>Road Maintenance Levy Fund</i> .....	52

4.2	Condition of the Road Network in the Country.....	52
4.3	Degree of Change.....	52
4.4	Projected Optimal Level of the Road Network .....	52
4.5	Extent of Financing Required to meet optimal level.....	53
<b>Chapter 5: A Review of Technical Adequacy and Proved Cost Efficiency of Road Management Operations.....</b>		<b>54</b>
<b>Chapter 6: Coordination between Authorities and Regional Entities.....</b>		<b>55</b>
<b>Chapter 7: Degree of realisation of the objectives of the Kenya Roads Act 2007 and levels of compliance.....</b>		<b>58</b>
7.1	Degree of realisation of the objectives of the Kenya Roads Act 2007 .....	58
7.2	Level of Compliance with the Provisions of the Roads Act 2007 .....	58
<b>Chapter 8: Approved Annual Financial Statements .....</b>		<b>60</b>
8.1	Annual Financial Statements.....	60
8.2	Report by the Auditor General .....	60
<b>Chapter 9: Conclusion.....</b>		<b>61</b>
<b>Annex 1.....</b>		<b>62</b>
	List of Annual Report Preparation and Publication Committee .....	62
<b>Signed Financial Statements .....</b>		<b>63</b>
	Corporate Governance Statement .....	64
	Management Discussion and Analysis.....	66
	Corporate Social Responsibility Statement/Sustainability.....	67
	Report of the Directors .....	74
	Statement of Directors Responsibilities .....	75
	Report of the Independent Auditors on Kenya Rural Roads Authority.....	76
	Statement of Financial Performance for the Year Ended 30 June 2022 .....	77
	Statement of Financial Position as at 30 June 2022 .....	78
	Statement of Changes in Net Assets for the Year Ended 30 June 2022 .....	79
	Statement of Cash Flow for the Year Ended 30 June 2022 .....	80
	Statement of Comparison of Budget and Actual Amount.....	81
	Statement of Comparison of Budget and Actual Amount Discussion.....	82
	Notes to the Financial Statements .....	83
	Appendix I: Progress on Follow up of Auditors Recommendations .....	110
	Appendix II: Development Partners Projects Implemented by The Authority.....	114
	Appendix III: Inter Entity Transfer.....	115



# Acronyms

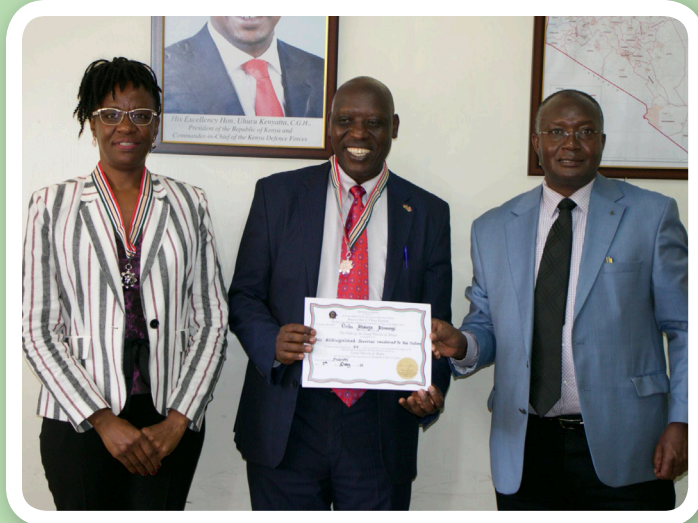
<b>AFD</b>	Agence française de développement/ French Development Agency
<b>AGPO</b>	Access to Government Procurement Opportunities
<b>AIDS</b>	Acquired Immunodeficiency Syndrome
<b>ARWP</b>	Annual Road Works Programme
<b>ASAL</b>	Arid and Semi-Arid Lands
<b>BADEA</b>	Arab Bank for Economic Development in Africa
<b>CAJ</b>	Commission on Administrative Justice
<b>CCPJ</b>	Convention on Crime Prevention and Criminal Justice
<b>COVID-19</b>	Corona Virus Disease 2019
<b>CSR</b>	Corporate Social Responsibility
<b>EACC</b>	Ethics and Anti-Corruption Commission
<b>EBK</b>	Engineers Board of Kenya
<b>EIA</b>	Environmental Impact Assessment
<b>ERP</b>	Enterprise Resource Planning
<b>ESIA</b>	Environmental and Social Impact Assessment
<b>GoK</b>	Government of Kenya
<b>IAEA</b>	International Atomic Energy Agency
<b>ICT</b>	Information and Communication Technology
<b>ISO</b>	International Organization for Standardization
<b>ISMS</b>	Information Security Management System
<b>KeRRA</b>	Kenya Rural Roads Authority
<b>KfW</b>	German Development Bank
<b>KFS</b>	Kenya Forest Service
<b>KRB</b>	Kenya Roads Board
<b>KURA</b>	Kenya Urban Roads Authority
<b>LVSR</b>	Low Volume Seal Roads
<b>MDA</b>	Ministries, Departments & Agencies
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MOTIHUD &amp; PW</b>	Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works
<b>MTP</b>	Medium Term Plan
<b>NACADA</b>	National Authority for the Campaign Against Alcohol and Drug Abuse
<b>NACC</b>	National Aids Control Council
<b>NEMA</b>	National Environment Management Authority
<b>NG-CDF</b>	National Government Constituency Development Fund
<b>PPP</b>	Public Private Partnership
<b>PWD</b>	Persons with Disabilities
<b>R&amp;D</b>	Research and Development
<b>RDCC</b>	Regional Development Coordination Committee
<b>RMLF</b>	Road Maintenance Levy Fund
<b>RMS</b>	Road Management System
<b>SDG</b>	Sustainable Development Goals
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UNODC</b>	United Nations Organization on Drugs and Crimes
<b>UNTOC</b>	United Nations Convention Against Transnational Organized Crime
<b>WED</b>	World Environment Day



*Prof. (Eng.) Oyuko Mbeche, receiving an Honorary Award of the Order of the Elder of the Burning Spear (EBS)*



*Mr. Alvin Kibet Kirui, KeRRA Board Member receiving an Honorary Award of Moran of the Burning Spear (MBS) from the Office of President*



*The KeRRA Board of Directors receiving their Honorary Awards of the Order of Grand Warrior (OGW) from the Office of The President.*



*Eng. Philemon K. Kandie, Director General, KeRRA receiving an Honorary Award of Moran of the Burning Spear (MBS) from the Office of President*



# Chairman's Statement



**Prof. (Eng.) Oyuko Mbeche, EBS**  
*Chairman, Board of Directors*

It is my honour and pleasure to present the 13<sup>th</sup> Annual Report for the financial year 2021/2022 for the Kenya Rural Roads Authority. This report outlines a review of the projects and programmes that were planned and implemented including the challenges encountered and progress made, towards fulfilling the mandate of the Authority.

The report has been prepared in accordance with the provisions of Section 44 of the Kenya Roads Act 2007 that requires a report on the activities of the Authority be submitted to the Cabinet Secretary within a period of four months after the expiry of each Financial Year.

In the year under review, the Board oversaw the continued implementation of the Enterprise Resource Planning (ERP). The implementation is anchored on the Ministry of ICT Standards on Government Enterprise Architecture Ref: ICTA 1:001:2019 and is based on Microsoft Dynamics 365 Business Central with SharePoint 2019 for Electronic Document Management. This has continued to integrate internal business processes enhancing accurate forward planning, data reliability and regulatory compliance. Further, the Board oversaw positive work culture and quality service delivery which continued to bolster and enhance a positive corporate image for improved road user confidence and satisfaction.

Kenya is recovering from a recession after its economy contracted at 0.3% in 2020 due to the covid-19 containment measures whose social distancing and travel ban had affected in great magnitude the labour-intensive road construction and maintenance activities among other activities in the economy. During the financial year under review, the Authority excelled on many fronts and enhanced its positive corporate image achieving a “Very Good” Score in Performance Contract FY 2021/2022 as compared to a “Good” Score in FY 2020/2021.

However, the “main challenge” facing the roads construction and maintenance remains the slow progress and suspension of works by contractors as a result of inadequate budgetary provisions and late exchequer releases. As at 30<sup>th</sup> June 2022, the Authority had accumulated pending payments and bills of Kshs. 40.2Billion. This has negatively impacted on the progress of works, compelling several Contractors to either claim interest on delayed payments, issue notice to suspend works, reduce rate of work or suspend works. The consequence to this was an output of 646.23Kms against a target of 668.83Km for roads upgraded to bitumen standard.

The Authority is equally affected by disruptions in the global supply chain which have affected the free flow of goods including those used in road construction like steel, fuel and bitumen. A key consequence of this is the astronomical cost increases beyond projected variances and product shortages. The Board continues with its oversight role in ensuring that the operations of the Authority are not hampered despite prevailing externalities. Towards the end of financial year 2021/2022, a total of 217 projects under the R10000 LVSR Programme with 8,654Km had been awarded since inception of the Programme in various parts of the country with an estimated total construction cost of Kshs. 398.6Billion. To-date, a total of 4,838Kms have been upgraded to bitumen standard.

I am sincerely grateful to have been appointed as the Chairman of the Board of Directors in the FY under review. Further, in the reporting period the Board welcomed two new Members namely Mr. Kennedy Nyambati and Mr. Alvin Kibet Kirui, MBS. The Board is therefore currently fully constituted. It is our commitment as a Board to steer the Authority to greater heights under the guidance of this capable team.

In testament to the exceptional achievements by the Authority in the recent past, Members of the Board were honoured by His Excellency the President under various categories. Several Board members were conferred with several Awards on 1<sup>st</sup> June 2022. I was awarded Order of the Elder of the Burning Spear. I wish to equally congratulate the following members on their recognition: Director Mr. Alvin Kibet Kirui - Moran of the Burning Spear (MBS); Director Ms Nelly Mbugua Karimi - Order of the Grand Warrior (OGW) and Director Mr. Victor Momanyi Mokaya - Order of the Grand Warrior (OGW).

The Board further wishes to congratulate the Director General, Eng. Philemon K. Kandie, on his appointment in the reporting period following his successful two-year tenure in acting capacity as Director General. We look forward to collaborating with Management under his leadership to achieve more milestones in the coming years. He was also recognized by the Head of State and conferred with the Moran of the Burning Spear (MBS) Award in the FY 2021-2022, an achievement which we celebrate as an Authority.

On behalf of the Board, I express my sincere gratitude to the Management and the entire KeRRA fraternity for their dedication and teamwork which enabled the Authority deliver on its mandate in the just concluded Financial Year 2021/2022.

I also extend my appreciation and sincere thanks to my colleagues in the Board for their support, contribution and strategic guidance to Management during the year. Finally, I wish to thank the Government through the State Department for Infrastructure, our Stakeholders and Development Partners for the confidence and support they continue to bestow on the Authority.

**Prof. (Eng.) Oyuko Mbeche, EBS**  
*Chairman (Board of Directors)*



*Completed works of Tula Box Culvert in Tana River County under the Equalization Fund projects*



# Director General's Statement

The Annual Report provides stakeholders with an accurate and balanced view of the Authority's strategies for project implementation, past performance, and future prospects; and addresses the material issues faced by the Authority.

The financial year 2021-2022 was marked by significant milestones in the Authority in terms of core operations. The Authority had an opportunity to showcase its strength in delivery of targets outlined in its core mandate. This culminated in great improvement in our assessment in the Performance Contract evaluation where we improved from "Good" Category to "Very Good" Category.

As the world continues to adapt to the aftermath of the post COVID-19 Pandemic, the Authority with the guidance of the Board of Directors and support from the National Government, developed mechanisms and strategies that were aimed at streamlining issues related to contract management and service delivery to the public. The Authority managed to promote and recruit additional staff during the period under review which has enhanced its operations and ultimately service delivery.

In the beginning of the Financial Year 2021/2022, the implementation progress of the Enterprise Resource Planning (ERP) was at 60% having gone live on various processes under Finance, Human Resource, Payroll, Procurement, Stores, ICT, Case Management and Electronic Document Management modules. During the year under review, the e-Recruitment portal and e-Procurement portal were developed, tested and rolled out successfully. In addition, the integrated Road Management System (i-RMS) which will be used for planning, supervision and general project management of all construction and maintenance projects has been fully developed and is in the User Acceptance Tests phase in readiness for roll out. As at 30th June, 2022 overall implementation progress for the ERP stood at 90%. The continued implementation of the Enterprise Resource Planning system has enhanced operational efficiency and streamlined business processes across the Authority.

Among the core mandate, the Authority excelled in designing 1,089.7km against a target of 1,088Km, constructed 9No. bridges against a target of 6No. bridges, upgraded 646.2Km against a target of 668.8Km to bitumen standard, periodically maintained 98.94Km against a target of 98Km, routinely maintained 23,024Km against a target of 20,233Km, rehabilitated 86.2Km against a target of 85Km and undertook road reserve mapping of 1213.5Km against a target of 1,213.5Km. In addition, the Authority scooped several awards in the Agricultural Society of Kenya shows held at Nyeri, Eldoret and Nakuru.

Further, the Authority undertook Corporate Social Responsibility (CSR) activities which were funded through ongoing road projects or jointly with stakeholders. These CSR activities included Eldama Ravine Half Marathon; Annual Day for Remembrance of Road Accident Victims; Engineering Students Association Annual Conference; AIC Githumu Mission Hospital; Nyeri Hospice Charity Golf Tournament; Kenyatta National Hospital; Don Bosco Home and Schools; Springs of Hope Street Children facility; Mater Heart Run; Hospitality and Tourism



**Eng. Philemon K. Kandie, MBS**  
*Director General*

Sports Organization; Construction of the Nyamanengo Dispensary; and Construction of the County Police Station in Bomet County

As the Authority continued with the journey to drive the socio-economic development agenda of the country towards greater prosperity, excellence remained a priority in all aspects of our business. Achievements were made despite negative externalities which included value chain disruptions caused by exogenous factors beyond our borders, prevailing global trends of COVID-19 impacts, global rise in fuel prices, slowed national economic growth, unpredictable climatic conditions and depletion of traditional construction materials. Notwithstanding the above outlined challenges, the Authority continued to discharge its mandate in line with the provisions of the Strategic Plan, under the guidance and support of the Board of Directors.

Members of staff have sustained selfless contribution to the overall progress of the Authority by continuing to work innovatively and creatively to ensure that the organization delivers on its core mandate. This diligence is premised on the continued commitment to our vision and mission by the members of staff despite challenges faced. The exemplary leadership by senior management motivates and inspires staff to perform in synergy thereby optimizing their collective outputs towards service delivery.

On behalf of the Management team, I would also like to thank the Board of Directors for their continued support, visionary leadership and the guidance they provided throughout the year. I congratulate them for the conferred awards and for their sterling performance and stewardship which has enabled the Authority achieve exemplary performance. I also wish to recognize the role played by our clients who continue to support our various initiatives.

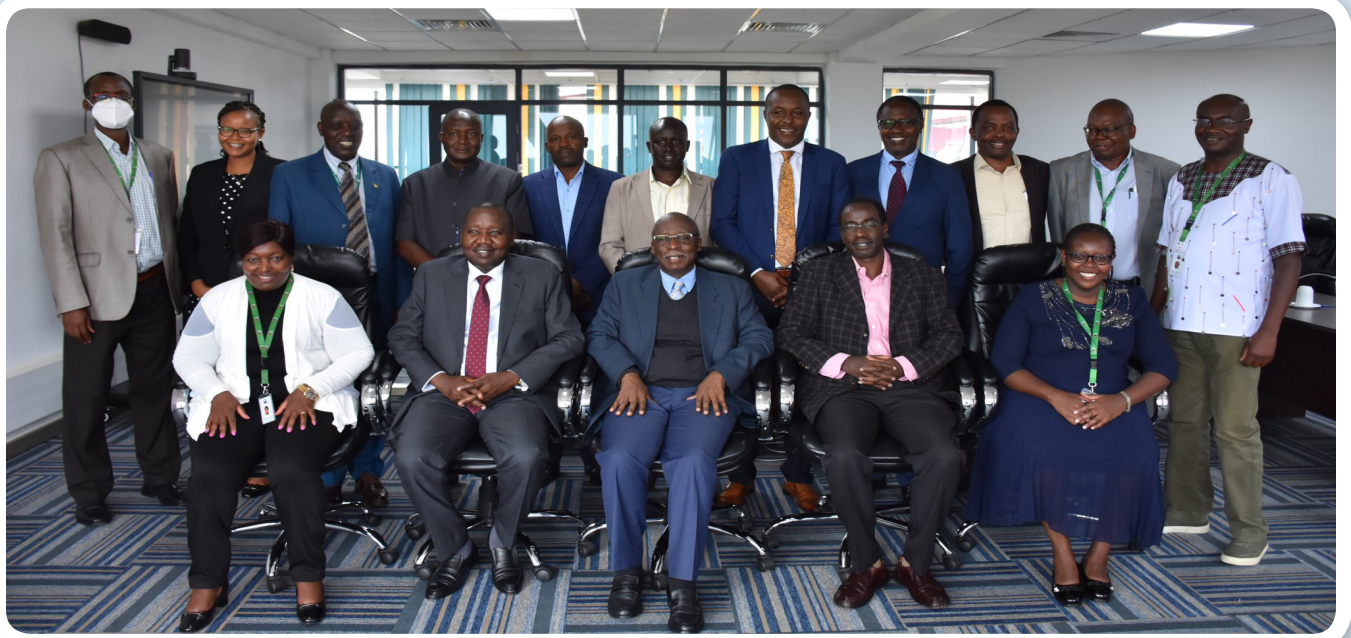
In conclusion, I take this opportunity to express my sincere gratitude to our stakeholders, the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works and the National Treasury and Planning for their distinguished role in helping us achieve our mandate through both policy and budgetary support. In addition, we appreciate the development partners supporting our Programmes (KfW, AfD, BADEA and EU) and related road agencies for their continued support. You all remain our crucial stakeholders without whom we would not have achieved our set objectives and goals.

Lastly, I take this opportunity to appreciate all KeRRA staff for their tireless efforts and commitment in their respective areas, this has seen the Authority deliver on its set performance targets for the period under review. I look forward to your continued support in making our vision a reality.



**Eng. Philemon K. Kandie, MBS**  
*Director General*





*Kenya Rural Roads Authority Director General Eng. Philemon Kandie, MBS officially presented to the Board of Directors and Senior Management on Friday the 22<sup>nd</sup> April, 2022*



*KeRRA exhibiting at the 2022 Nakuru ASK show on 28<sup>th</sup> June, 2022. The exhibition was in line with the Show theme of "Promoting Innovation and Technology in Agriculture and Trade".*



*Pelewa Bridge in Kajiado County*



# Board of Directors

The Board members are drawn from representatives from public and private sector as set out in section 8 of the Kenya Roads Act 2007. The members who held the office during the year under review were as follows:



**Prof. (Eng) Oyuko Mbeche, EBS**  
*Chairman, Board of Directors*

Prof (Eng) Oyuko Mbeche was born in 1946 . Prof.(Eng) Mbeche is holder of B.Eng. From Stevens Institute of Technology(USA), MSc from Polytechnic Institute of Brooklyn(USA) and PhD for the University of Nairobi. He is also a Civil Engineer specializing in the field of Transportation Planning and Engineering.

Prof.(Eng) Mbeche is a Nobel Peace Prize recipient bestowed on him by the International Panel on Climate Change (IPCC) in December, 2007, Member American Society of Civil Engineers, Member American Society of Engineering Education ,Member Kenya National Academy of Sciences and Member Engineering Board of Kenya . He is a Professor of Civil Engineering at the University of Nairobi and has supervised various undergraduate and postgraduate projects. He is the Chairperson of the Board. He has also written many research papers on matters touching on land use, planning, transport economics and urban planning. In his work experience, he has worked as a project coordinator, team leader, and project civil/structural engineer in various government organizations.



**Hon. Amb. Ukur Yatani Kanacho, EGH**  
*Cabinet Secretary;  
The National Treasury and  
Planning.*

Hon. Amb. Ukur Yatani Kanacho was born in 1967 and holds Bachelor of Arts in Economics, Egerton University, Kenya, 1991 and Master of Arts in Public Administration and Public Policy, University of York, United Kingdom, 2005;

He has over 27-year experience in public administration, politics, diplomacy and governance in the public sector since 1992. Before his appointment as Cabinet Secretary for the National Treasury & Planning he served as the Cabinet Secretary for Labour and Social Protection since January 2018.

Between the years 2006-2007 while Member of Parliament for North Horr constituency, he also served as an Assistant minister for science and technology. At the height of his career (March 2013-August 2017), he served as a pioneer Governor of Marsabit County, the largest County in the Republic of Kenya. Between June 2009 and October 2012, he served as Kenya's Ambassador to Austria with Accreditation to Hungary and Slovakia and Permanent Representative to the United Nations in Vienna. In this position, he aggressively pursued and advanced Kenya's foreign interests.

He held senior leadership positions at various diplomatic and international agencies such as International Atomic Energy Agency (IAEA), United Nations Organization on Drugs and Crimes (UNODC), United Nations Industrial Development Organization (UNIDO), Vice Chairperson of United Nations Convention Against Transnational Organized Crime (UNTOC), Vice President of Convention on Crime Prevention and Criminal Justice (CCPJ), and chair of African Group of Ambassadors among others. Between 1992—2015, he served in different positions in Kenya's Public Administration including a District Commissioner, where sharpened his management and administrative skills.





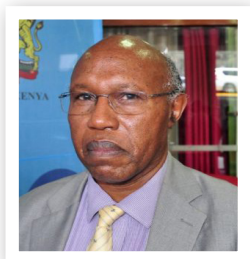
**Ms. Zahra Mohamed Haji**  
*Alternate to Cabinet Secretary  
 National Treasury and Planning*

Ms. Zahra Mohamed Haji was born in 1981 and is a holder of B.Sc. Journalism from United States International University, Africa and a M.A. Journalism (International) from London University of Westminster.

She is a dynamic and highly motivated communications coordinator with 12 years of experience engaging members of diverse communities, government agencies and private organisations in strategic marketing ventures to develop cross-functional relationships that contribute to business growth and awareness raising. She has proven ability to promote mandates and services to consumers within the corporate and non-profit sectors through market trend analysis and detailed research.

She was an Executive Assistant to the Cabinet Secretary, Ministry of Labour and Social Protection and currently the Executive Assistant to the Cabinet Secretary, Ministry of National Treasury and Planning.

She has held senior leadership positions such as Senior Manager, Advocacy and Communication at Commission on Administrative Justice (Office of the Ombudsman) and also was a Managing Director at Radio Salaam Limited, Mombasa, Kenya.



**Prof. (Arch.) Paul Mwangi Maringa, CBS**  
*Principal Secretary -State  
 Department of Infrastructure  
 -Ministry of Transport,  
 Infrastructure, Housing & Urban  
 Development and Public Works*

Prof. Arch. Paul Mwangi Maringa, born in 1959, and holds Bachelor of Architecture Degree University of Nairobi 1979-1986, Masters of Arts in Planning-Urban & Regional planning University of Nairobi 1989-199 ; and Doctor of Philosophy– Environmental Planning, Jomo Kenyatta University of Agriculture and Technology 1999-2005.

He is the Principal Secretary, State Department of infrastructure -Ministry of Transport, Infrastructure, Housing & Urban Development and Public Works and was previous Principal Secretary, State Department of Public Works having been appointed in December 2015.

Prof. Arch. Maringa is a Founder Associate Professor of Architecture and Planning of the FAED, Senior Expert, Planning & Project Management and Technical Expert & Master Trainer in Building Construction & Infrastructural Planning & Development



**Eng. Stephen Kogi**  
*Alternate Director to Principal  
 Secretary- State Department  
 of Infrastructure - Ministry of  
 Transport and Infrastructure  
 Housing and Urban Development  
 and Public Works*

Eng. Stephen K Kogi was born in 1964 and is the alternate to the Principal Secretary, State Department of Infrastructure department in the Ministry of Transport, Infrastructure, Housing and Urban Development and Public Works from June 2020. He is currently the Chief Engineer in charge of infrastructure quality standards and research in the Ministry.

He has extensive experience in professional and public administration, including in strategic leadership and corporate governance gained from his training and responsibilities in the different programmes and mandates in government and as a graduate of Civil Engineering from the University of Nairobi and a Master's degree of Business Administration from Jomo Kenyatta University of Agriculture and Technology.

He has previously coordinated the improvement of roads under various development partners and the development of policies including the design guidelines in support of the Government agenda for the improvement of over 10,000Km road network under the Low Volume Sealed Roads Programme.

He has been involved in various local and international forums and is the current President of the African Road and Transport Research Forum with a membership of the Sub-Saharan African countries



**Mr. Julius Korir ,EBS**

*Principal Secretary,  
State Department for Devolution,  
Ministry of Devolution and Arid  
and Semi-Arid Lands  
From May 2021*

Mr. Julius Korir, CBS, is the Principal Secretary, Ministry of Devolution. Prior to this appointment, he was the Principal Secretary in the State Department for Youth Affairs, Ministry of Information, Communication and Technology, Innovation and Youth Affairs. Mr. Korir has also previously served as the Principal Secretary in the State Department for Infrastructure, Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works, and in the Ministry of Health.

He was first appointed as a Principal Secretary on 18th December, 2015 to the State Department for Investment and Industry, Ministry of Industry, Trade and Cooperatives. Mr. Korir has been instrumental in promoting improved livelihoods for the Youth by ensuring they have access to decent jobs, entrepreneurship and skills development and mentorship in addition to encouraging the youth to exploit their talents for economic gain. His experience extends to managing Public/Private Partnership (PPP) initiatives, bringing together Public and Private Sector Stakeholders. His wealth of experience has seen him spearheading the Contractor Facilitated Road Development Mechanism. This entails the Design-Finance-Build and Transfer PPP Framework of the Roads Annuity Programme.

He is keen on enterprise development and has vast experience in the fields of country promotion, particularly Foreign Direct Investment (FDI), exports and tourism with a view to enhancing economic growth in Kenya.

Mr. Korir has been involved in managing a large portfolio of Government and Development Partner Funded Projects that are spread throughout Kenya.

Mr. Korir holds an MBA in International Business and a BSc. in Agricultural Economics



**Mr. Bernard Suyianka**

*Alternate to Principal Secretary  
Ministry of Devolution*

Director Benard Suyianka was born in 1962 and is a holder of B.COM from Jabalpur University India and a Foundation Diploma in Purchasing and supplies from Kenya College of Communication & Technology.

He is currently Head of Supplies Chain Management System at the Ministry of Devolution States Department of Special Programs.

He has a wealth of experience in Supply Chain Management having worked in the public sector for over 22 years in various government ministries and departments including State House.

He served the Board upto 8<sup>th</sup> December 2021



**Mr. Kennedy Nyambati**

*Alternate to Principal Secretary  
Ministry of Devolution*

Director Kennedy Nyambati is a Director Capacity Building and Technical Assistance in the Ministry of Devolution. Director Nyambati was born in 1966 and hold a Bachelor of Arts (Sociology) from University of Nairobi and Master in Public Sector Management from the Africa University, Zimbabwe.

Director Nyambati is well versed in Public Sector Management, Governance and Leadership; Public Policy Analysis; Performance Management; Programme & Project Management; Diplomacy & Negotiations; Strategic Planning & Management; Human Resource Management; Regional Cooperation & Integration; Devolution Affairs; Inter-Governmental Relations; Capacity Building & Technical Assistance.

He was appointed to the Board from 8<sup>th</sup> December 2021





**Ms. Nelly Mbugua, OGW**  
*Institution of Surveyors of Kenya*

Ms. Nelly Mbugua was born in 1968 and holds Bachelor of Arts in Land Economics from the University of Nairobi, Master of Science in Project Management, a post-graduate diploma with the Institution of Surveyors of Kenya and currently pursuing her post graduate studies. Nelly has worked for top real estate companies in Kenya among them: Lloyd Masika Ltd and Kenya Valuers & Estate Agents Ltd where she has held senior management positions. She has trained in Corporate Governance.

She is the Chairperson of Board Human Resource and Administration Committee Ms. Nelly has vast experience in the real estate industry consultancy, with local and international Registration and licensing by the Valuers Registration Board (VRB) and the Royal Institution of Chartered Surveyors (RICS). Nelly is a full member of the Institution of Surveyors of Kenya (ISK) and has served the Institution as VEMS Chapter Chairperson and a member of the governing Council. Nelly is a registered estate agent and is the immediate past Chairperson of the Estate Agents Registration Board (EARB). As the Chairperson of EARB, Nelly worked tirelessly to improve professionalism and raise the profile of estate agency profession in Kenya. She is a Trustee of the Bible Society of Kenya (BSK), and a past Chairperson of the Board of BSK.

Ms. Nelly is a seasoned valuer, specializing in business and hospitality industry and oil and gas exploration valuation, as well sales, letting and property management. Ms Nelly is a director at Citiscape Valuers & Estate Agents Limited.



**Prof. Lawrence Esho**  
*Kenya Institute of Planners*

Prof. Lawrence Esho was born in 1970 and is a holder of Bachelor of Arts (BA) Sociology Kenyatta University (Kenya) 1995, Master Of Architecture (M.Arch) Human Settlement from Catholic University Of Leuven (Belgium) 2003, Masters Of Arts (MA Planning University Of Nairobi Kenya) 1997, Doctor Of Engineering (Dr-Ing), Architecture/Spatial Planning From Catholic University Of Leuven (Kul) (Belgium) 2008.

He is the Chairperson of the Board Audit Committee.

He is trained in sociology, planning and human settlements. He has worked as a planner and an academic. He is Chairman, Department of Urban and Regional Planning at the Technical University of Kenya.

Lawrence has researched various aspects of housing, transport and planning in the region and continues to collaborate in research with a number of institutions, including KU Leuven, HIS the Netherlands.



**Eng. Yego Kiprutto Shadrack**  
*Institution of Engineers of Kenya*

Eng. Shadrack was born in 1980 and he is registered with Engineers Board of Kenya as a professional engineer and a corporate member of the Institution of Engineers of Kenya (MIEK).

Eng. Shadrack holds a Bachelor of Science degree in Civil engineering from University of Nairobi. He has over fifteen (15) years of experience in carrying out engineering feasibility studies, infrastructure assessments, preliminary and detailed studies and designs, contracts administration and construction supervision of engineering projects in the field of roads, dams, water and sanitation and buildings.

Eng Shadrack is the Chairperson of Board Finance committee and Board Technical Committee and has passion in giving back to the community and a champion of corporate governance and continues to hold leadership mantle in various private institutions. Shadrack has a good

and strong blend of the Government of Kenya systems, private sector and United Nations working environment. In addition, I have experience working in similar projects in ASAL and hardship areas in Kenya, Tanzania, Burundi and Somalia.



**Mr. Alvin Kibet Kirui, MBS**  
*Kenya Farmers Association*

Mr Alvin Kibet Kirui was born in 1993 and holds a Bachelors of Business Information Technology Degree from Jomo Kenya University of Agriculture and Technology. He has been trained on Investing in Agribusiness Value Addition Programme from Strathmore University Business School.

Mr. Alvin is a Member of the Micro and Small Enterprise Tribunal representing SME Sector under the Judiciary, whose mandate is settlement of commercial disputes. He is also a Founding Director of Tekelbei Water Foundation, a non-state actor with a goal of providing water storage facilities for rural farmers, providing farmers with market information, and climate adaptive farming strategies. Mr Alvin also leads the East Sotik Co-operative Society which deals with value addition on dairy farming.



**Eng. Philemon K. Kandie, MBS**  
*Director General*

Eng. Philemon Kandie was born in 1971 and is a registered engineer with Engineers Board of Kenya and a member of the Institution of Engineers of Kenya (MIEK).

Eng. Kandie holds a BSc. Hons in Civil Engineering from Jomo Kenyatta University of Agriculture & Technology and Diploma in Transport Planning, Development & Management from Galilee Management Institute (Israel), Master of Science in Road Management & Engineering from the University of Birmingham in United Kingdom. He has been extensively trained in Management Infrastructure embracing Road Asset Management and has valuable experience in policy formulation, planning, design, construction and management of projects and programs gained from his working experience in Public Service for over 24 years.

He worked in the Ministry of Roads and Kenya National Highways Authority as Regional Manager in various stations and was promoted to Regional Network Coordinator in headquarters.

He is a Registered Professional Engineer with Engineers Board of Kenya and a Corporate Member of Institution of Engineers of Kenya.

Eng. Kandie holds leadership portfolios in and out of the Authority and a member of various committees amongst them, Road Sector Investment Plan, Review of Road Classification, Performance Based Contracts and Roads 2000 Strategy Implementation.



# Management Team



**Eng. Philemon Kandie, MBS**  
*BSc Hons, MSc, PEng., MIEK,*  
*Director General, from 6th July 2020*



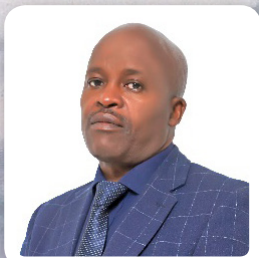
**Eng. Peter P. Gichohi**  
*BSc., MSc, PEng., MIEK, A(CIAB)*  
*Director Road Asset Management.*



**CPA Dan Manyasi**  
*BCom, MBA, CPA(K)*  
*Director -Corporate Services*



**Eng. Jackson K. Magundu**  
*BSc., M(IBM), PEng., MIEK,*  
*A(CIARB-UK)*  
*Director Development*



**Eng. Julius K. Gakubia**  
*BSc., PEng., MIEK*  
*Ag Director- Research, Strategy & Compliance*



**Eng. Enock A. Kombo**  
*BSc, PEng., MA(Planning), MIEK*  
*Director -Planning, Design & Environment*



**CPA Judith C. Chumo**  
*Bcom, MBA, CPA(K), CISA, CIQA*  
*Deputy Director - Internal Audit*



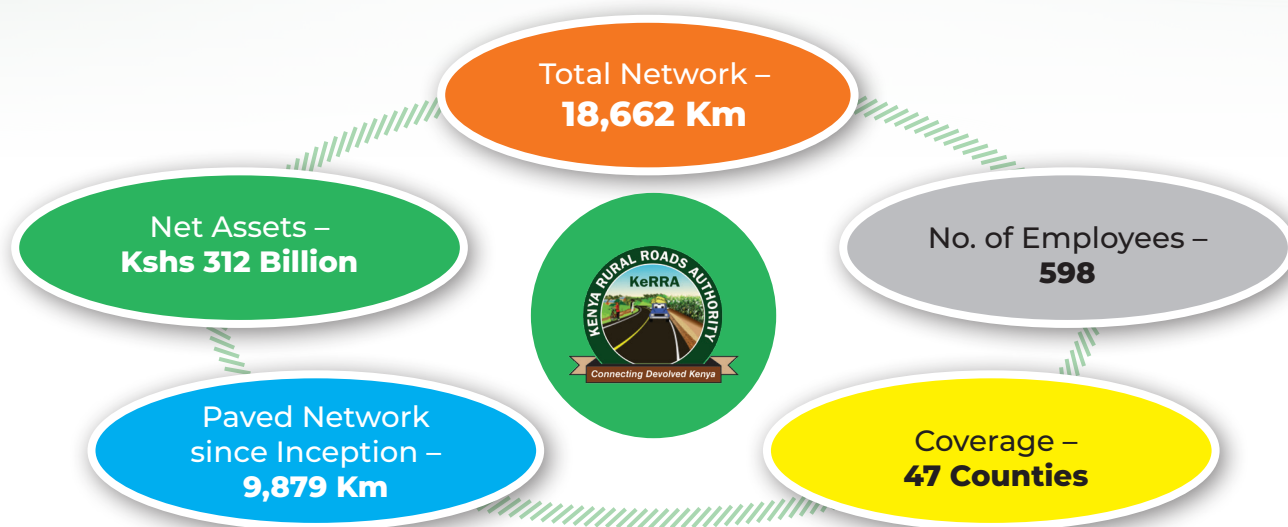
**Mr. Justin M. Rapando**  
*LLM, LLB MSc, Dip(KSL), CPS(K),*  
*M(CIARB)*  
*Deputy Director - Legal Affairs*



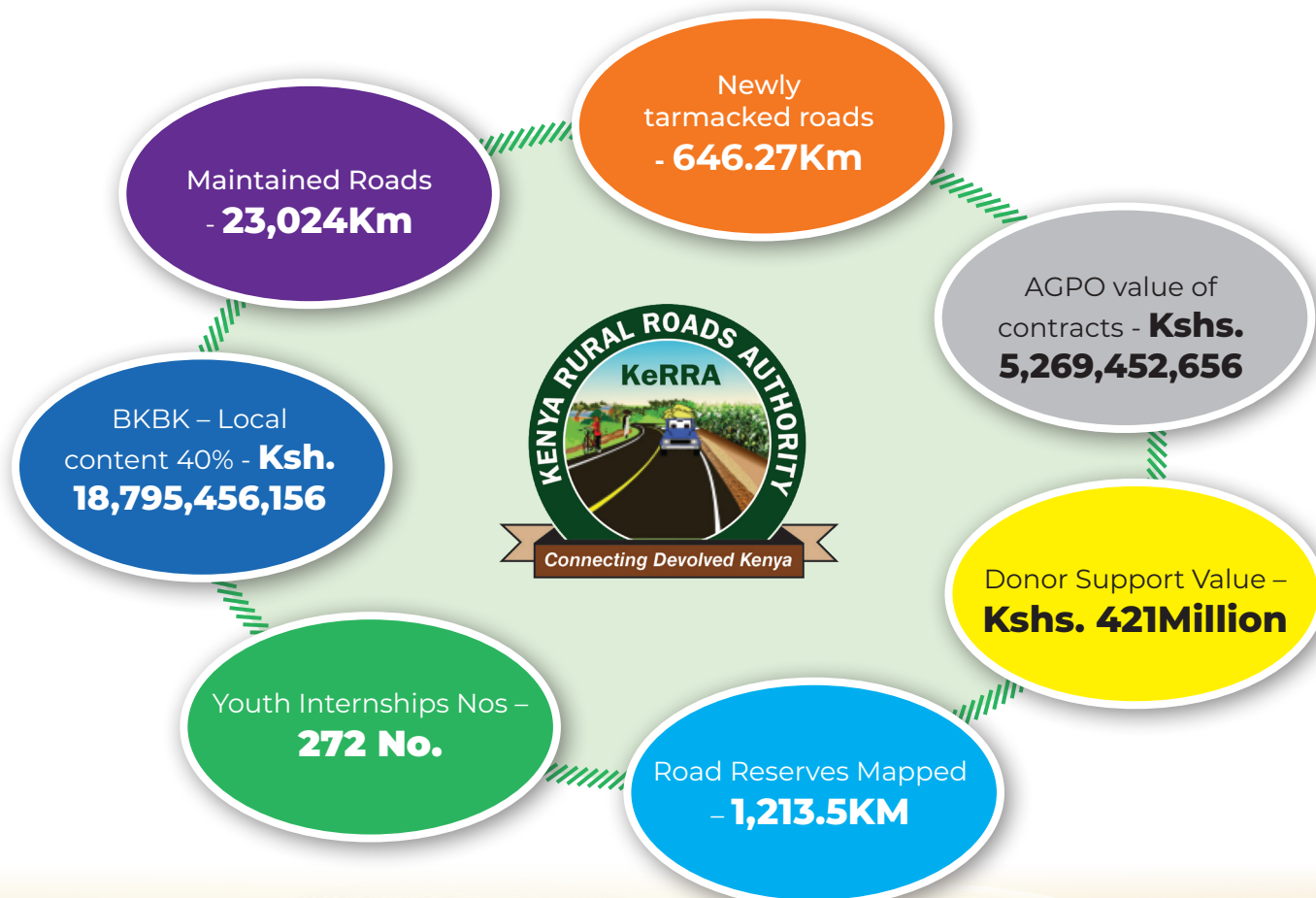
**Ms. Catherine Kangangi**  
*MSc(Proc. & Logistics), MKISM, MCIPS*  
*Ag. Deputy Director - Supply Chain Management*



# KeRRA at a Glance



## Key Performance Indicators during the Year







## Kenya Rural Roads Authority

# Principal Statements

### Our Vision

“Easy access to resources and services”

### Our Mission

“To develop, manage and maintain national secondary trunk road network”

### Our Motto

“Connecting Devolved Kenya”.

### Strategic Objectives

1. To increase the national secondary trunk road network under bitumen
2. To improve maintenance and rehabilitation of the national secondary trunk road network
3. To develop road management plans and systems
4. To enhance Service Delivery
5. To enhance Corporate Governance

### Our Core Values

1. Professionalism
2. Innovation
3. Integrity
4. Equity
5. Team work
6. Collaboration





*Moiben – Cheborwa road project in Uasin Gishu County.*



*Oinamoi – Barwesa road project in Baringo County*



# The Mandate of the Authority

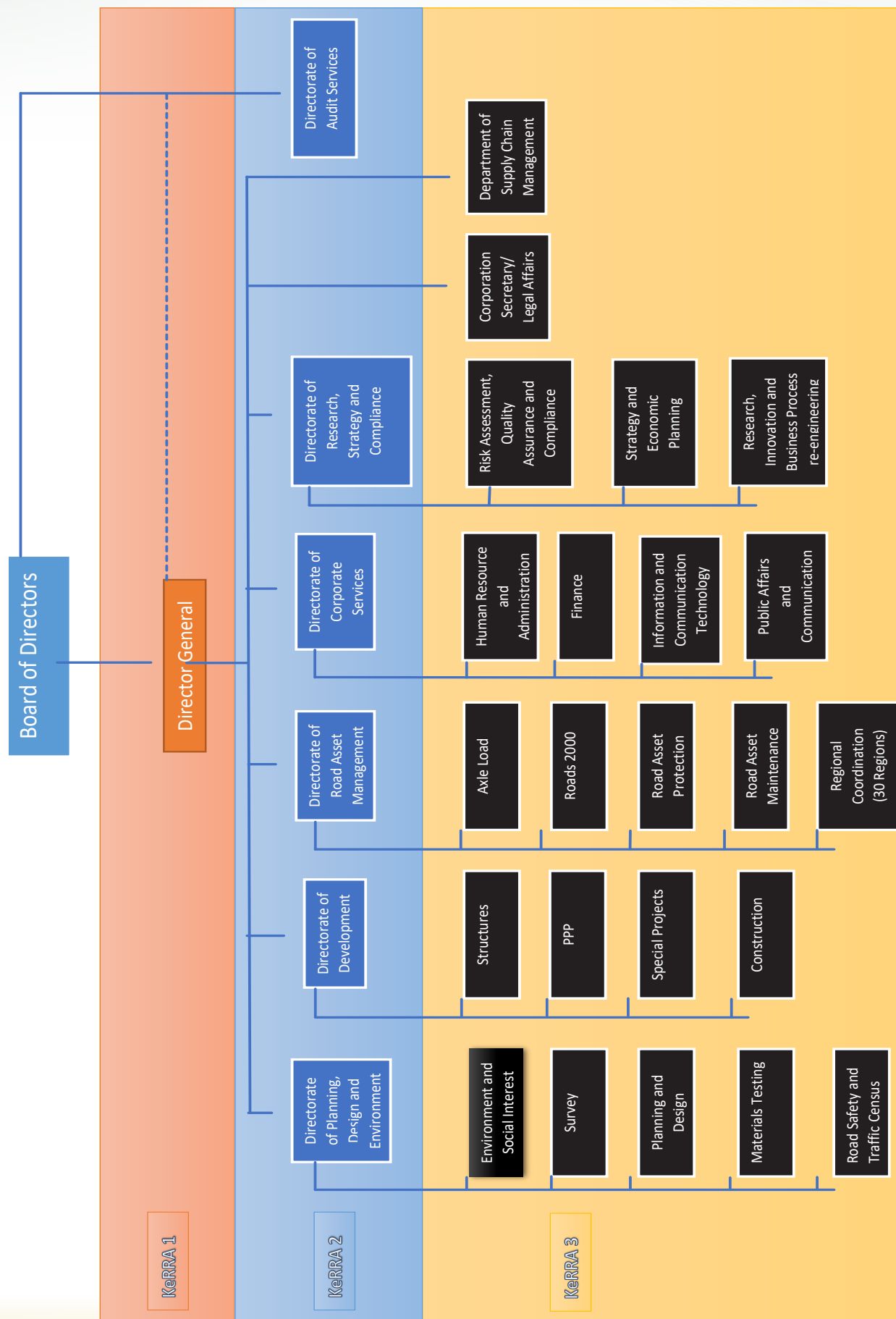
The Kenya Roads Act, 2007 provides for the mandate of the Authority to manage, develop, rehabilitate and maintain the rural road network within the Republic of Kenya. However, the Constitution of Kenya 2010 assigns the responsibility of managing National Trunk Roads to National Government and County Roads to County Governments under the Fourth Schedule Part 18(b). In line with this provision, the road network in Kenya was reclassified vide Kenya Gazette Notice of 22<sup>nd</sup> January 2016 by the State Department of Infrastructure. National trunk roads in Class C totaling 19,504 Km were vested to the Authority by the Cabinet Secretary. A further reclassification by the Cabinet Secretary on 8<sup>th</sup> May 2020 revised the KeRRA network to 18,662Km of national trunk road network in Class C.

## 1.1 Functions of the Authority

The Kenya Rural Roads Authority mandate as per the Kenya Roads Act 2007 is as follows: -

- (a) Constructing, upgrading, rehabilitating and maintaining roads under its control;
- (b) Controlling reserves for rural roads and access to roadside developments;
- (c) Implementing road policies in relation to rural roads;
- (d) Ensuring adherence by motorists to the rules and guidelines on axle load control prescribed under the Traffic Act (Cap. 403) or any regulations under this Act;
- (e) Ensuring quality of road works is in accordance with such standards as may be defined by the Cabinet Secretary;
- (f) In collaboration with the Ministry responsible for Transport and the Police Department, overseeing the management of traffic on rural roads and issues related to road safety;
- (g) Collecting and collating all such data related to the use of rural roads as may be necessary for efficient forward planning under this Act;
- (h) Monitoring and evaluating the use of rural roads;
- (i) Planning the development and maintenance of rural roads;
- (j) Liaising and co-coordinating with other authorities in planning and operations in respect of roads;
- (k) Preparing the road work Programmes for all rural roads;
- (l) Advising the Cabinet Secretary on all issues relating to rural roads; and
- (m) Performing such other functions related to the implementation of the Act as may be directed by the Cabinet Secretary.

## 1.2 Organization Structure





## 1.3 Staff Establishment

The Authority has a staff pool of 598 staff members represented in the ratios of 73% and 27% for male and female respectively. The Authority is currently operating on ten (10) grades starting from KeRRA Grade 1, being the highest grade for the Director General to KeRRA Grade 10 being the lowest grade.

## 1.4 Departmental functions

### 1.4.1 Office of the Director General

This position is anchored in the Roads Act, 2007 with the incumbent functioning as the Chief Executive Officer (CEO) of the Authority. The Office is responsible to the Board of Directors for the broad implementation of the Authority's strategic goals and the management of its resources and giving direction and leadership in order to achieve KeRRA's mandate.

### 1.4.2 Directorate of Development

The Directorate is in charge of Paved Roads Development through conventional and low volume standards. It principally undertakes the construction of roads and drainage structures under the Authority financed by both the GoK and Development Partners.

### 1.4.3 Directorate of Road Asset Management

The Directorate is responsible for formulating Road Asset Management policies. It Coordinates regional road asset management programmes and is in charge of developing maintenance budgets and overseeing all maintenance activities of the road network.

### 1.4.4 Directorate of Planning, Design and Environment

The Directorate of Planning, Design and Environment is responsible for formulation and review of road policies and plans, coordination of feasibility studies, undertaking preliminary and detailed engineering designs of roads and drainage structures, and overseeing surveying and mapping of road corridors. It is responsible for carrying out traffic counts and road safety audits and facilitates knowledge transfer and capacity building by encouraging partnership with consultants and contractors in undertaking projects/consultancies. It institutes environmental and social interests and undertakes preliminary and detailed feasibility studies.

### 1.4.5 Directorate of Research, Strategy and Compliance

The Directorate is charged with enhancement of strategic policy initiatives and guiding the performance contracting framework in the Authority. It is charged with promoting research and innovation in all the areas of operations, Quality Assurance, Business Development, Risk Assessment and Compliance. The Directorate is also responsible for implementation of Quality Management Systems (QMS) under ISO.

### 1.4.6 Directorate of Corporate Services

The Directorate of Corporate Services is charged with ensuring optimal utilization and management of the Authority's resources. It Formulates and develops policies, plans and strategies in the functional areas of Finance, HR and Administration Management, Public Affairs & Communication, Information and Communication Technology services to drive organizational capability and operational excellence in support management of rural roads in Kenya.

### **1.4.7 Directorate of Audit Services**

The Directorate of Audit Services reports to the Board Audit, Risk and Governance Committee and administratively to the Director General. The Department has a responsibility of ensuring the Authority has adequate systems and processes of accountability, risk management and internal controls. Internal Audit will provide an enterprise assurance of the functional areas in reference to responsibility attributed to the Board.

It will provide strategic direction and coordinate the function to comply with Mwongozo Code of Governance for State Corporations, Public Financial Management Act 2012 and Government Circulars.

### **1.4.8 Department of Corporation Secretary and Legal Affairs**

The Department is responsible for provision of legal advice, litigation services, statutory compliance, legislative and legal drafting, contract advisory services and offers support in the Board secretarial function. In view of the nature of Board secretarial and legal services, the Deputy Director shall report to the Director General and is the custodian of Board records and the Authority's key documents.

### **1.4.9 Department of Supply Chain Management**

The Department advises the Director General on main supply Chain activities as provided for in the Public Procurement and Asset Disposal Act, 2015 and its attendant Public Procurement and Asset Disposal Regulations including (activities including joint planning, management of information systems, bidding, negotiation, sourcing, procurement, scheduling of suppliers, contracting, contract management, order processing, inventory management, warehousing, disposal of assets and customer service) with regard to procurement of contracts for goods, works and services.

Provision of strategic supply chain management direction of the Authority and Advising the Authority on aggregation of procurement to promote economies of scale and value for money including managing (identify, assess and mitigate) risks.

It consolidates procurement and asset disposal plans in line with the available budget and prepares and publishes tender awards as well as maintenance and archiving of the procurement and asset disposal documents and records. It maintains and continually updates standing lists of registered Contractors/Suppliers/Service Providers required by the Authority, prepares, publishes and distributes procurement and disposal opportunities including invitations to tender, request for quotations and proposals, pre-qualification documents and invitations for expressions of interest.

It consolidates and submits required statutory reports with disaggregated data on procurement proceedings to the Public Procurement and Regulatory Authority (PPRA), within stipulated regulated timelines and Kenya Roads Board (KRB) on annually basis for the Annual Public Roads Programme (APRP) for the respective Financial Years within three months after the end of the year under consideration. As per Treasury circular No.2 of 2018 and PPRA Circular No. 4 of 2022 respectively.

Training and sensitization of both internal and external stakeholders on procurement matters.



## 1.5 Policies of the Authority

The following policies and Charters are in place for the Authority: -

### i) Internal Audit Charter

The charter defines the internal audit activity, purpose, authority and responsibility. The internal audit charter establishes the internal audit position within the Authority, authorizes access to records, information, personnel and properties relevant for the performance of the engagement.

### ii) Information Security Policy

This policy deals with the Development, Investment and Application of the Information Technology within the Authority. It facilitates the creation and sustenance of an enabling environment that provides effective, efficient, and innovative ICT solutions.

### iii) Board Charter

The Charter sets out the role and responsibilities of the Board, its powers and those of various Board Committees, the separation of roles between the Board and the Management; and the policies and practices of the Board in respect of corporate governance matters.



*KeRRA staff participating in World Day of Remembrance campaign for road safety decade of action on 21st November, 2021*

#### iv) **Service Charter**

The Charter communicates the Authority's commitment to doing business with others. It defines the purpose, scope and standards of the Authority's commitment to customer service so that both the employees and customers know what to expect.

It is the documented expression of the understanding between members of the general public (customers) and the Authority regarding service delivery. It contains the Vision and Mission of the Authority, Mandate, Core Values, a summary of Services rendered by the Authority, customer obligations as well as the requirements and quality of services as can be expected from the Authority by the public.

#### v) **Anti-Corruption Policy**

This sets out the values and principles of the Authority and the practical steps to deal with instances of corruption within the Authority. The policy is part of the Authority's commitment to protect public funds and assets. The policy aims at:

- (a) Encouraging prevention of fraud and corruption
- (b) Promoting detection of fraud and corruption.
- (c) Identifying a clear path for investigation and remedial action for fraud and corruption cases/activities.

#### vi) **Human Resource Management Policies**

These define the relationship between the Authority and its employees on a wide range of issues. Among the policies include: -

##### a) **Human Resource Policy and Procedures Manual**

The aim of this Manual is to assist all the Authority's staff in their operational responsibilities and the efficient discharge of duty. It is used as a guide for decision making and for advisory purposes for any staff member who seeks to be enlightened on his/her contribution to the shared vision of the Authority. It assists the organization in establishing and maintaining consistent Human Resource Management practices in the workplace.

##### b) **KeRRA Organization Structure and Staff Establishment**

The organizational structure is a formal outline of the managerial reporting relationships and information flows within the Authority. It defines and builds effective managerial support, to give more attention to strategic delivery of services and guiding an improved work culture within the Authority;

##### c) **Career Progression Guidelines**

The Career Progression Guidelines is a well-defined career structure which establishes distinct levels of responsibilities in the grading structure and sets standards for advancement to higher grades on the basis of professional competence, specialization, knowledge, experience, proven ability, diligence and drive as reflected in work performance and results.

#### vii) **Road Safety Policy**

The purpose of this Policy is to increase the Authority's efforts to promote awareness about the various aspects of road safety, the social and economic implications of road accidents and what needs to be done



to curb the rising menace of road accidents. This enables and empowers the different stakeholders to play a meaningful role in promoting road safety.

#### **viii) Corporate Social Responsibility (CSR) Policy**

The CSR Policy provides long-term benefits to all stakeholders. It is embedded on Corporate Governance principles. KeRRA recognizes that Corporate Social Responsibility matters are of importance to the Agency and its stakeholders for the continued success of the organization and improvement of the welfare of people in its working environment.

#### **ix) Financial Management Policies and Procedure Manual**

They guide the management of the Authority's financial and non-financial resources. They consist of the Generally Accepted Accounting Principles in accordance with the International Accounting framework as well as government legislations and regulations. These are updated regularly to ensure they reflect the industry's best practice and comply with the relevant statutes.

#### **x) Procurement Policies and Procedure Manual**

The main aim of the policy is to ensure efficient and effective procurement of goods, works and services in an economically favorable, open and transparent manner. It ensures competitive bidding based on clear and accurate description of technical requirements of materials, products and services to be procured.

The Authority, reviewed its policies in compliance with the Public Procurement and Asset Disposal Act, 2015.

#### **xi) Environmental Policy**

It defines how the Authority addresses environmental sustainability concerns through undertaking Environmental Social Impact Assessments on its activities and the implementation of the corresponding Environmental Management Plans to mitigate against negative environmental impacts.

#### **xii) Occupational Safety and Health Policy**

The Authority recognises the importance of occupational safety and health practices at the workplace. In demonstration of this commitment, the Authority has an Occupational Safety and Health Policy which clarifies the roles and responsibilities of the employer, employees, development partners, contractors, sub-contractors, suppliers, customers and visitors.

#### **xiii) Alcohol and Drug Abuse Workplace Policy**

The Policy provides guidelines and standards for managing staff with alcohol and substance abuse challenges in the Authority. It sets standards for mainstreaming substance abuse programs in the Authority and establish substance abuse institutional and implementation framework in the Authority.

#### **xiv) Gender Mainstreaming Policy**

The objective of the policy is to establish mechanisms and put in place measures for the mitigation of gender disparities in the Authority. The Policy aims to support the Authority's bold aspiration of "Easy Access to Resources and Services" to strengthen road infrastructural development programs and operational systems to increase equity.

### xv) Sexual and Gender Based Violence (SGBV) Policy

The SGBV policy aims to accelerate efforts towards prevention and elimination of all forms of SGBV and provide appropriate response mechanisms for realization of conducive working environment.

### xvi) Disability Mainstreaming Policy

The purpose of this policy is to promote, protect and ensure full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities, and to promote respect for their inherent dignity within KeRRA.

### xvii) Road Asset Management Policy

The purpose of this Road Maintenance Policy is to articulate the Authority's commitment to maintain road infrastructure and enabling legislation.

This policy applies to the routine maintenance, rehabilitation, periodic maintenance and provide for emergency interventions for roads within rural / secondary trunk roads under Class C within the Authority's jurisdiction.

### xviii) Road and Bridge Works Contract Management Policy

The purpose of this policy is to inculcate best work practices and standardize the Authority's contract management practices, thereby enabling the Authority to improve the performance of its project implementation function through efficient utilization of available resources in the management of contracted construction works.

This Policy covers the management of Road and Bridge Works contracts implementation for new construction to assure quality and prudent utilization of resources allocated.



KeRRA team scoops Seven (7) awards at this year's Nakuru Agricultural Society Show themed "KUENDELEZA UVUMBUZI NA TECHNOLOGIA KATIKA KILIMO NA BIAASHARA"



# Progress of the Authority for Financial Year 2021/2022

The Authority adopts various intervention measures to achieve its objectives, targets and planned outcomes based on the following broad priorities;

- 1) Development/upgrading of new roads.
- 2) Routine and Periodic Maintenance of roads.
- 3) Rehabilitation of roads
- 4) Institutional Capacity Building
- 5) Mainstreaming of cross cutting issues (environmental sustainability, gender, disability, etc)

## 2.1 Progress for various Performance Indicators

### Performance indicators and targets for the financial year 2021/2022

The Performance indicators and targets for the financial year 2021/2022 were as follows: -

**Table 1: Strategic Objectives, Performance targets and Planned Activities/Outcomes and Outputs**

Indicator	Planned Activities/ Outcome	Performance Target	Outputs FY 2021-2022
<b>Strategic Objective 1: To increase the national secondary trunk road network under bitumen</b>			
Design Low Volume Seal Roads	Design roads to support accessibility to all production, market and social centers for enhanced economic growth	To design 1,088.20 Km of rural road network	1,089.70 Km
Construct Roads using Low Volume Seal Technology	Open up rural roads to reduce transport cost and journey time	To upgrade 625.84 Km of rural roads network to bitumen standards	607.4 Km
Construct Roads using Conventional approach	Open up rural roads to reduce transport cost and journey time	To upgrade 30.69 Km of rural roads network to bitumen standards	26.57 Km
Construct LVSR under R2000	Open up rural roads to reduce transport cost and journey time	To upgrade 12.30 Km of rural roads network to bitumen standards	12.30 Km

Indicator	Planned Activities/ Outcome	Performance Target	Outputs FY 2021-2022
Construction of Drainage Structures	Design and construct bridges to support accessibility to all production, market and social centre for enhanced economic growth	To construct 6 No. bridges	9 No.
<b>Strategic Objective 2: To improve maintenance and rehabilitation of the national secondary trunk road network</b>			
Undertake Rehabilitation/ Reconstruction works	Well maintained rural roads	To rehabilitate 85 Km of rural road network	86.2 Km
Undertake Routine Maintenance of roads	Well maintained rural roads	To maintain 20,233.00 Km of rural road network	23,024Km
Undertake Periodic Maintenance of roads	Well maintained rural roads	To carry out periodic maintenance of 98 Km of rural road network	98.94 Km
Undertake Regular Traffic census	Traffic census data for planning and design purposes	Traffic count report at 1,198 census points.	Report on traffic count at 1,198 census points compiled.
Monitoring Axle loading	Safeguarding rural roads investment	To monitor 45 No. rural roads for axle loading	69 No. rural roads monitored for axle loading.
Manage Road Reserves	Safeguarding rural roads corridor	To map 1,213.5Km of rural road reserves	1,213.52Km mapped
Maintenance of Roads under Annuity Programme/PPP	Well maintained rural roads	To maintain 91.5Km of Roads under Annuity/ PPP	91.5Km
<b>Strategic Objective 3: To develop Road Management Plans and Systems</b>			
Undertake Technical Audits	To safeguard quality control	To undertake 20 No. technical audits	20 No. Audits conducted
Undertake Monitoring & Evaluation	Confirm Compliance and achievement of Key Result Areas in line with the Organizational Strategic Plan	To monitor, evaluate and report on all major Development Projects	4 No. Reports



Indicator	Planned Activities/ Outcome	Performance Target	Outputs FY 2021-2022
ISO Certification	<p>i) Carry out continuous briefs on status of ISMS Implementation to Top Management</p> <p>ii) Carry out continuous Champions and staff sensitization and trainings for at least 10 regional offices on the information Security Policy and ISMS documentation</p>	Implement the Information Security Management System (ISO 27001:2013)	<p>(i) Management briefed on status of ISMS Implementation through physical and virtual workshops</p> <p>(ii) Staff sensitization undertaken for 47 No. regional offices on Information Security Policy and ISMS Documentation</p>
Corruption Prevention	<p>Develop corruption risk assessment and mitigation plan to cover the following:</p> <ul style="list-style-type: none"> <li>- Core Mandate</li> <li>Information</li> <li>Communication Technology</li> <li>Payroll Management</li> <li>Procurement and Financial management</li> </ul>	Corruption risk assessment report and mitigation plan	<p>Reviewed and Updated Corruption Risk Assessments and mitigation plans</p> <p>Core Mandate</p> <p>Carried out;</p> <p>Financial audits,</p> <p>Compliance Audits,</p> <p>Operational Audits</p> <p>Technical Audits</p> <p>Carried out Integrity Training for the Board</p> <p>Commenced Governance Audit</p> <p>Information Communication Technology</p> <p>Sensitized staff on ICT policy</p> <p>Controlled software installation privileges to avert unlicensed software application</p> <p>Ongoing Implementation of Information security management systems</p> <p>Continuous Automation of Authority's function via Enterprise Resource planning.</p> <p>Commenced Audit of the design and implementation of the Authority's Information Systems</p> <p>Commenced Automation of Audit Processes</p> <p>Payroll Management</p>

Indicator	Planned Activities/ Outcome	Performance Target	Outputs FY 2021-2022
			<p>Migrated from a stand-alone HR module to ERP</p> <p>Defined access controls</p> <p>Procurement and Financial management</p> <p>Continued with automation of Authority's function via Enterprise Resource planning.</p> <p>Issued circulars and sensitized staff on procurement documentation in compliance with PPDA 2015 and Regulations 2020</p> <p>Capacity building, staff continuous trainings</p> <p>Carried out compliance Financial and performance audits</p>
	Enhance capacity on corruption prevention, ethics and integrity	Report to the ethics and anti-corruption commission	Integrity Officers Assurance Workshop held. The scope covered Corruption prevention strategies, ethics and integrity
	Prepare Quarterly reports to EACC		Quarterly returns to the EACC (Ethics and Anti-Corruption Commission).
<b>Strategic Objective 4: To enhance Service Delivery</b>			
Implementation of Information Security Management System	<p>(i) Review of the Authority's Business Continuity &amp; Disaster Recovery Plan (BCP-DRP)</p> <p>(ii) Testing, Maintenance and Upgrade of the Authority's Disaster Recovery Centre (DRC) including Increased Network Bandwidth</p>	Put in place mechanisms to mitigate against technological hazards, terrorism, fire and natural disasters.	<p>(i) Reviewed the Authority's Business Continuity &amp; Disaster Recovery Plan (BCP-DRP) by champions and later subjected to management</p> <p>(ii) Testing &amp; Maintenance of the Authority's Disaster Recovery Centre (DRC) done</p>



Indicator	Planned Activities/ Outcome	Performance Target	Outputs FY 2021-2022
	(i) Review the Authority's Information Asset Register  (ii) Sensitize Head office and 10 No. regional offices (Kiambu, Kajiado, Machakos, Kirinyaga, Muranga, Embu, Mombasa, Lamu, Kilifi, Kwale) on the revised Information Asset Register	Establish information assets and secure them. Determination of the information assets to be secured should be improved by the following attributes; Values, Integrity, Importance, Confidentiality, Accuracy & Authenticity	(i) Reviewed the Authority's Information Asset Register by Champions & Management  (ii) Sensitized the Head Office and 47 No. regional offices staff on the revised the information Asset Register exceeding the planned Scope of HQ and 10 No. Regional Office  (iii) With support of the executive office of the president, sensitized Senior and middle management staff on protective security
<b>Strategic Objective 5: To enhance Corporate Governance</b>			
Compliance with legal and regulatory framework	Compliance audit reports	Undertake regular compliance audits	3 Audit reports compiled
Good governance	No. of Board inductions and training reports	Develop capacity for the Board	Board Members were inducted on five occasions and trained severally on various aspects of corporate governance.



*Completed section of Marikebuni- Marafa- Sosoni in Kilifi County*

## 2.2 Performance Outputs for Key Programmes/Projects/Activities

### Road 10,000 Programme -Low Volume Sealed Roads

The Authority is currently implementing the Roads10,000 Programme which is aimed at achieving a transformative leap in the construction of roads infrastructure in the country. The programme is being undertaken by the three road Agencies in the country namely the Kenya Rural Roads Authority (KeRRA), the Kenya National Highways Authority (KeNHA) and the Kenya Urban Roads Authority (KURA). The bulk of the works however fall under the purview of KeRRA.

The Low Volume Seal Roads programme was specifically formulated to construct 10,000km of new roads. As at 30th June, 2022, a total of 217 road projects, with a total length of approximately 8,654Km, had been awarded and are ongoing in 45 Counties with a total construction cost of approximately Kshs. 400Billion.

During the financial year 2021/2022, the Authority constructed a total of 607.4Km against a total target 625.84Km. The Authority has constructed/upgraded a total of 4,838Km of roads since the inception of the programme.

Tabulated below is a national summary of all projects under the programme in various implementation levels:

#### 2.2.1 Progress Summary

**Table 2: LVSR National Summary**

Overall Summary				
Details	No.	Scope (Km)	Contract Cost (KShs.)	Completed to date (km)
Completed Projects	61	2,596	117,723,356,003	2,587
Ongoing Projects	156	6,058	280,948,956,062	2,251
<b>Grand Total for R10,000 (LVSR) Programme</b>	<b>217</b>	<b>8,654</b>	<b>398,672,312,065</b>	<b>4,838</b>

The Programme faces the following challenges: -

- i) Inadequate budgetary allocation.
- ii) Inadequate sustainable financial, technological and experience/managerial local contractor capacity to undertake road works leading to slow progress in some projects.
- iii) Demand for payments of Cess by County Governments for construction materials.
- iv) Delays in relocation of utility services (Water pipes, power posts and internet cables).
- v) Depletion of natural sources of construction materials leading to environmental concerns and associated high costs of acquiring the same.
- vi) Huge land acquisition costs for road construction.



The Authority has developed the following mitigation measures to address the above challenges:

- i) Lobby for enhanced budgetary allocation and alternative funding options.
- ii) Liaise with County Governments to waive Cess charged on construction materials.
- iii) Encourage joint ventures amongst the contractors to leverage the existing capacity.
- iv) Continue engagement with service providers through the Regional Development Coordination Committee.
- v) Research and development on alternative road construction technologies and materials.
- vi) Mapping and demarcation of all road corridors



*Final Inspection of Brister Girls School-Star of Hope Children's Home Loop and Access Road to Kwihota Secondary School in Kiambu County on 24th May, 2022*

## 2.3 Conventionally constructed Projects

The conventional construction approach is applicable to high trafficked roads (above one (1) million Cumulative Equivalent Standard Axles). During the year, the Authority implemented Six (6) No. Road projects. The total kilometres of roads upgraded to bitumen standard during the financial year was 26.57 Km against a target of 30.69 Km. No new roads were procured under Conventional Construction approach during the financial year. The underperformance of conventional construction projects was due to inadequate exchequer releases.





*Completed section of Naiberi-Moiben & JCTN Marulla- -Koitoror Loop Road (RWC 386).*

## 2.4 Construction of Drainage Structures

During the year, the Authority constructed a total of nine(9No.) major drainage structures (bridges and box culverts). These are Kimoson bridge, Pekera bridge, Enkitok bridge, Chengoni bridge, Ngoliba modular bridge, Oria Unibridge, Operai bridge, Kuto bridge and Akiriamet Box culvert.



*Movement between Mavoloni and Ngoliba areas in Gatanga and Thika constituencies is now eased after the completion of Ngoliba bridge linking the two villages. The bridge was constructed by KeRRA in partnership with the Thika town (NG-CDF)*





*Baricho Bridge in Kilifi County*

## 2.5 Road Maintenance & Spot Improvement Projects

### 2.5.1 Roads Maintenance Levy Funded Projects

Completed road projects that have been opened to traffic are exposed to deterioration over time. Road maintenance is consequently essential in restoring roads to their designed levels of service, protecting the road asset, optimising the returns on investment and ensuring minimum disruptions to road users.

Road Agencies receive financing for road maintenance every year from the Road Maintenance Levy Fund (RMLF) managed by the Kenya Roads Board. The Agencies prepare and implement road maintenance work plans based on funding ceilings advised by the Kenya Roads Board. The fund allocation for KeRRA is applied as follows: 22% for Routine Maintenance and 10% for Spot Improvement.

In addition, KeRRA receives part of the 10% Emergency allocation from the RMLF for spot improvement and rehabilitation interventions.

The planned targets versus achievements by the Authority under the various RMLF allocations in the financial year 2021/2022 are summarized in the following table:

**Table 3: Roads Maintenance Levy Funded Projects**

Funding Source	Planned Km	Funding (Kshs'000)	Km Achieved	Expenditure (Kshs'000)
22% RMLF Constituency Allocation	20,808.5	11,347,968	12,553.1	7,895,020
10% RMLF Link Roads	9,715.4	5,379,434	4,349.2	3,993,420
10% RMLF Emergency Allocation for Routine Maintenance	7,448.0	9,534,796	6,062.5	9,243,192
10% RMLF Emergency Allocation for Periodic and Spot Improvement	1,108.5	4,000,000	0	0
<b>Total</b>	<b>39,080.40</b>	<b>30,262,198</b>	<b>22,964.8</b>	<b>21,131,632</b>

**NOTES:**

- Planned funding for 22% RMLF Constituency Allocation for FY 2021/2022 comprises regular and carried over funds amounting to Kshs. 7,342,605,990 and Kshs. 4,005,361,981 respectively
- Planned funding for 10% RMLF Constituency Allocation for FY 2021/2022 comprises regular and carried over funds amounting to Kshs. 3,337,552,000 and Kshs. 2,041,881,826 respectively
- Funds for the 10% RMLF Emergency Allocation for Periodic Maintenance and Spot Improvement amounting to Kshs 4 Billion were received in February, 2022. Implementation of these works is underway.
- Planned Km and Achieved Km emanate from Class C roads and other roads as proposed and ratified by the respective Constituency Roads Committees. Where roads proposed by the CRCs are not part of KeRRA's road network, the Authority has obtained no objections and or Memorandums of Understanding from the respective County Governments to promote synergy between the two entities.

**2.5.2 Exchequer Funded Projects**

Under Exchequer funded projects, the Authority received funds for Spot Improvement and Periodic Maintenance. From the funding received, the Authority planned to carry out spot improvement and periodic maintenance of 9,616Km and 98 Km of roads respectively.

The achievements of the Authority against funding under the above discussed three programmes are summarized in the following Table 4:

**Table 4: Achievements of the Authority against Planned Exchequer Funds for Road Maintenance**

Programme	Planned Km	Funding (Kshs'000)	Km Achieved	Expenditure (Kshs'000)
GOK Funded Spot Improvement	9,616.46	19,825,282	6,649.46	15,702,893

**NOTES**

- Km Achieved comprises of 4,101.01 Km implemented with regular funds and 2,548.45 Km implemented with carried over funds during the year under review
- Planning Funding amounting to approximately Kshs 19.8Billion comprises Kshs 17,799,054,277.00 Regular funds and Kshs 2,626,228,529.45 Carried over funds.



## 2.6 Periodic Maintenance

The Authority is also involved in Periodic Maintenance of roads all over the country to reinstate the initial service levels of the asset and preserve structural integrity of the road. During the year under review the planned output was 98 Km and the Authority managed to achieve 98.94Km. The projects implemented were Kapsowar-Chesoi Tirap Road (3.6Km), Chepkoilel-Kabenos-Kachibora Road (33.34Km), Kasoiyo-Saos-Tenges (23.5Km), Njoro-Elburgon Turi Road (12) and Kipsigak-Serem Road (26.5Km).



*Completed section of Naivasha-Karagita-Kongoni (Moi South Lake Road)*

## 2.7 Reconstruction and Rehabilitation

The Authority is also involved in the rehabilitation/reconstruction of roads all over the country with an aim of reinstating parts of deteriorated sections to their initial service levels.

During the year under review, 11No. projects were implemented, subsequently a total of 86.3 km were completed against a target of 85km.

## 2.8 Public Private Partnership (PPP)

Ngong- Kiserian – Isinya and Kajiado - Imaroro Roads were upgraded to bitumen standard under Public Private Partnership as part of the Roads 10,000Km roads programme. The total project road is 91Km and the construction phase has been completed. The road is currently under Operation and Maintenance (O&M) phase from the month of November 2020 for a period of 8years. The activities under O&M are:

- Performing regular round the clock patrolling /surveillance of the Right Of Way in respect of the Project/Project facilities,
- Provision of an Emergency Response Team for the Project to respond to incidencies and accidents as the case may be.

## 2.9 The Roads 2000 Projects

### 2.9.1 Roads 2000 Strategy

The Roads 2000 Strategy is a method of road maintenance and management that optimizes mix use of labour force and equipment by optimum utilization of locally available resources. The key objective of the strategy is;

- Create employment and increase household incomes among local communities in targeted intervention areas,
- Ensure optimum utilization of locally available resources where technically and economically feasible,
- Enhance skills and capacity through training for local contractors to use innovative techniques, and
- Improve access to agricultural areas and to markets for goods and services in targeted intervention areas

The Strategy is currently financed by GoK and Development Partners (EU, AfD and KfW) in the following regions: -

- AfD financed 81.4 Km and 115.2 Km of bitumen and gravel roads respectively in Kiambu, Kirinyaga, Nyeri and Laikipia Counties. The AfD central Kenya programme was successfully completed in the financial year.
- KfW has financed rehabilitation to gravel standard of 281 Km in the Counties of Vihiga, Kakamega, Bungoma, Siaya and Busia. The entire rehabilitation programme has been completed. A Phase II programme has been initiated with the Financing Agreement having been signed in March 2022.
- EU is financing 100 Km of bitumen road projects in Embu, Meru, Tharaka Nithi, Makueni, and Machakos Counties. To date a total of 64 Km has been completed.

A total of 12.3 Km had been targeted for upgrading to Low Volume Sealed Roads during the Financial Year under the AfD and EU rural roads programmes. As at 30th June 2021, the Authority upgraded 12.3Km to Low Volume Sealed Roads. The AfD road improvement programme was completed in the year under review and the Low Volume Seal Roads programme under the EU are nearing completion.

### 2.9.2 ASAL Programme

The AFD in conjunction with EU are co-financing the construction of climate-proofed rural roads infrastructure in some selected ASAL regions of Laikipia, Isiolo, Marsabit, Samburu, Meru and Tharaka Nithi. The Financing Agreement was signed in October 2020. The total financial outlay is 110 Million Euro comprising of 60 Million Euro as credit, 30 Million Euro as grant and 20 Million Euro as GoK counterpart funding.

The project involves upgrading of approximately 139 Km of roads to Low Volume Seal and improvement of 1,035 Km of roads to gravel standards. The aim of the project is to increase the communities' resilience to



drought and other effects of climate change in drought prone areas. The Authority has procured a Management Support Consultant who will support KeRRA in the overall management of the programme. The procurement of Design and Supervision Consultants is underway.

The specific objectives targeted by the project include: -

- a) Primary objective: - To provide basic all-season accessibility in the project areas to facilitate the transportation of people and goods to foster agricultural growth and socio-economic development, thus alleviating poverty;
- b) Secondary objectives: -
  - i) To contribute to increased rural employment directly through the use of labour-based methods in road works and indirectly through accelerated agricultural growth;
  - ii) To ensure physical and financial sustainability of the County Road networks;
  - iii) To strengthen technical capacities to staff in the target counties through training and capacity building;
  - iv) To enhance private sector participation and develop their capacity in road maintenance works, in labour-based techniques.



*KeRRA, AFD and EU officials during an appraisal mission meeting at KeRRA HQ on 5<sup>th</sup> April, 2022 in preparation of the upcoming ASAL Rural Roads projects concentrating on Eastern side of Kenya.*

### 2.9.3 KfW Phase II Programme

The KfW has financed a Phase II Rural Roads Programme in Western Kenya with a credit valued at Euro 17 Million and a grant of Euro 1.2 Million. The GoK counterpart funding in this Programme is Ksh. 225 Million. The Financing Agreement was signed on 9th March 2022 and the Programme targets Vihiga, Kakamega and Trans Nzoia Counties. The length of roads proposed to be improved under low volume seal roads totals 30 Km with an additional 80 Km to be constructed to gravel standard.



## 2.10 Environmental Sustainability

The Authority recognizes the importance of environmental sustainability in its operations. In line with this, it gave focus to protection of flora and fauna, climate change mitigation and adaptation, mitigation against environmental degradation and enhancement of societal needs.

To achieve this commitment, the following key activities were undertaken during the year: -

### (a) Mitigation measures against Water, Air, Noise and other forms of Pollution

- i) 17 No. Environmental Impact Assessment (EIA) Licences were issued by NEMA;
- ii) 35 No. ESIA Reports were submitted to NEMA;
- iii) 5 No. Environmental Audit Studies were conducted through an inhouse team for: (a) Kutus–Kianyaga–Kiamutugu–Githure Road (RWC 102); (b) Kamatira - Cheptongei Road (RWC 104); (c) Karima–Kianjege–Mukangu–Ndimaini–Karatina & Kiburu-Kabonge Roads (RWC 163A); (d) Njegas–Mutitu–Garwe–Kangaita & Kiaga–Kianjege–Mukinduri Roads (RWC 163B); (e) Junction B8 Malindi–Kakoneni–Salagate (C103) & Sabaki-Marekebuni (D553) Roads (RWC 233).

### (b) Promotion of Environmental Protection and Conservation through Stakeholder Partnerships

The Authority in liaison with NEMA supported and participated in the World Environment Day (WED) National Commemoration held on 6<sup>th</sup> June, 2022 in Nyeri County;

### (c) Tree Planting Initiatives

The Authority planted 10,000 No. trees in various regions at camp sites.



*KeRRA Staff in collaboration with NEMA commemorating the World Environment Day in a tree planting exercise at Dedan Kimathi Conservancy in Nyeri County on 6<sup>th</sup> June, 2022*



## 2.11 Access to Government Procurement Opportunities (AGPO)

During the reporting period, the Authority procured roadworks at the regional level amounting to **Kshs.9,115,100,000.00** under Road Maintenance Levy Fund (RMLF) and Exchequer Funds for 10% and 22% allocations. Out of this amount, **Kshs. 5,269,462,656.80** was awarded to special groups under AGPO (Youth, Women, and Persons living with Disabilities (PWDs) as per the Public Procurement Circular No.1/2014. It is thus noteworthy that the Authority surpassed the 30% minimum requirement.

The distribution is as in the table below:

**Table 5: Distribution of Access to Government Procurement Opportunities to Special Categories**

Special Group	Allocation (%)	Value (Ksh)
Youth	23	2,117,675,972
Women	24	2,178,746,136
Persons with Disabilities (PWD)	11	973,040,550
<b>TOTAL</b>	<b>58</b>	<b>5,269,462,658</b>

## 2.12 Management of Public Complaints/Information Requests

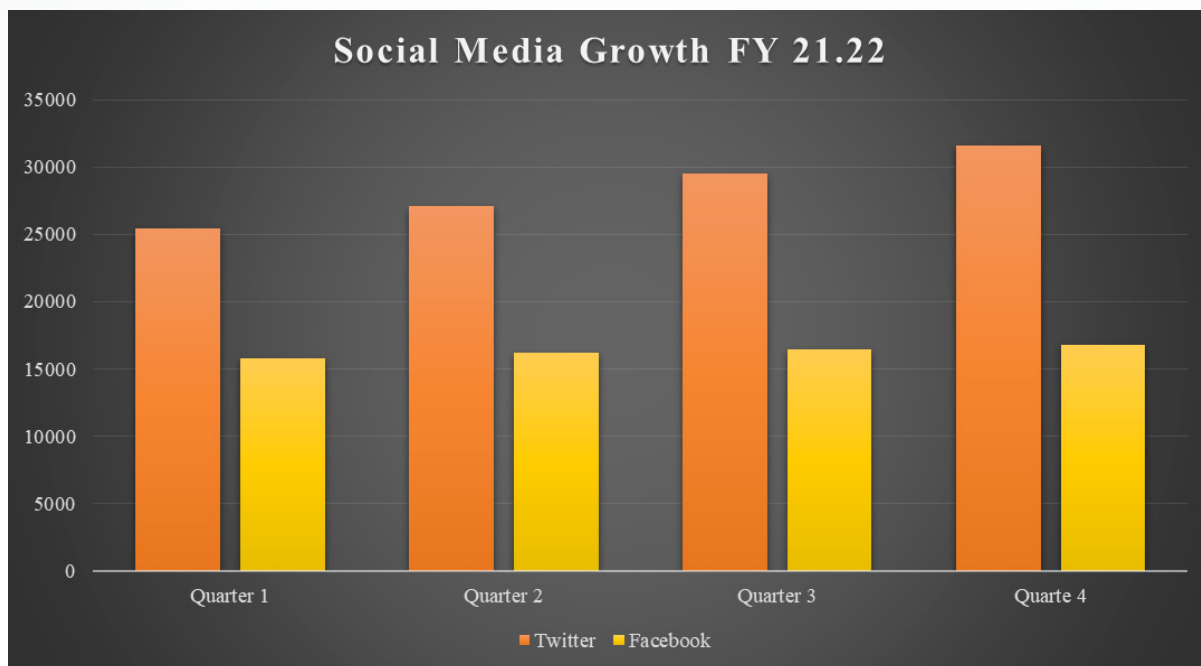
The Authority's programmes and plans are informed by stakeholder feedback. To this extent the Authority endeavored to process stakeholder feedback effectively and adequately as per the guidelines on management of public complaints and inquiries.

The Authority filed quarterly returns on handling of complaints and information requests to the Commission on Administrative Justice (CAJ), who rated our performance at 99% (Excellent) for the year under review.

## 2.13 Analysis of KeRRA Social Media Usage for Financial Year 2021/2022

The Authority has social media presence on Twitter and Facebook. This is because of the comparatively higher volume of users and frequency of interactions by stakeholders in these two platforms. The Authority uses these platforms to collect feedback, monitor trends and gather information for future planning, resulting in improved service delivery.

A Quarterly analysis of social media usage is tabulated below:



As projected in the graph, the Authority has registered constant growth in stakeholder engagement and brand visibility through the two social media platforms.

There has been a notable increase in the usage of twitter in the FY 2021/2022 as compared to FY 2020/2021. The Twitter following as at June 2022 was at 31,600 compared to 23,300 in June, 2021. This translates to 8,300 new followers on Twitter. In June 2022 Facebook following of 16,437 is an increment of 1,381 in the same period.

The sustained growth can be attributed to sustained initiatives on stakeholder engagement as attestable by the increased number of events in the Authority's calendar for FY 2021/2022 with the full resumption of activities post-Covid-19 Pandemic. In addition, the progress is attributable to the communication strategies of the Authority leading to greater stakeholder involvement in KeRRA programmes.

## 2.14 Corporate Social Responsibility (CSR) Activities Conducted in FY 2021/22

The Authority is cognisant of its social obligations to its operating environment. This is premised on the need to embed a culture of responsibility and sensitivity to the communities around our project implementation locations.

In the reporting period, the Authority spent Ksh 4,666,400 in support of Corporate Social Responsibility programmes solely funded by the Authority. Under this provision, the Authority initiated and participated in new projects in the reporting period such as the support towards Kenyatta National Hospital Children's Wing and the Don Bosco Home and Schools.



In addition, the Authority supported other programmes in collaboration with key stakeholders such as the State Department of Infrastructure and supportive Contractors. This enabled the undertaking of projects which required greater funding.

The details of CSR activities carried out in the FY 2021-2022 under the two aforementioned categories are as per the tables below:

**Table 6: CSR Activities for the FY 2021/2022**

No.	Project Name	Participants/ Scope	Details	Location	Date	Amount / Value (Ksh)
1	Eldama Ravine Half Marathon	KeRRA and Other Agencies supporting the Programme	Sponsorship fee	Eldama Ravine, Baringo County	October, 2021	922,000
2	Annual Day for Remembrance of Road Accident Victims	KeRRA, NTSA, and religious groups	Remembrance of victims of road accidents and awareness on the same in liaison with NTSA	Nairobi County	November, 2021	150,000
3	Engineering Students Association Annual Conference	KeRRA, Government Agencies and Student Bodies	Conference for Associates of Engineering Students in Kenya	Nairobi	March, 2022	500,000
4	AIC Githumu Mission Hospital	KeRRA Staff,	<ul style="list-style-type: none"> <li>•Request for financial assistance to attend to patients' needs</li> <li>•Donations included beds and mattress</li> </ul>	Muranga County	March, 2022	498,600
5	Nyeri Hospice Charity Golf Tournament	KeRRA Staff, Regional Office, Associated Agencies	Charity event towards supporting the Hospice	Nyeri County	March, 2022	294,800
6	Kenyatta National Hospital	KeRRA Staff	<ul style="list-style-type: none"> <li>•Adopt a Bed at KNH</li> <li>•To assist in the Children's Wing Project</li> </ul>	Nairobi County	March, 2022	910,000
7	Don Bosco Home and Schools	KeRRA Staff	Purchase of dry foodstuff, stationery, and sports items	Nairobi County	May, 2022	600,000
8	Springs of Hope Street Children facility	KeRRA Staff	Purchase of dry foods stuffs, and educational materials	Nairobi County	May, 2022	200,000
9	Mater Heart Run	KeRRA, the Public, and other Agencies supporting the cause	Catholic Mission in support of Children with heart defects	Nairobi County	June, 2022	500,000

No.	Project Name	Participants/ Scope	Details	Location	Date	Amount / Value (Ksh)
10	Hospitality and Tourism Sports Organization	KeRRA staff and HOTOSO teams	HOTOSO launch	Nairobi County	June, 2022	90,600
<b>Total</b>						<b>4,666,400</b>



*KeRRA football team participating as guests at Hospitality and Tourism Sports Organization Launch at the Kenya Utalii College Grounds on 18<sup>th</sup> June, 2022*



*KeRRA CSR program. Donated Kshs. 600,000 on 31<sup>st</sup> May, 2022 to Bosco boys in Karen Nairobi County towards their rehabilitation and transformation program. The Don Bosco boys Centre is a rescue center with 250 children*





*Kenyatta National Hospital Adopt-A-Bed campaign receiving 20 beds being a donation from Kenya Rural Roads Authority on 4<sup>th</sup> March, 2022 to ensure better health care services and put a smile on patients faces*

The following CSR activities were funded through ongoing road projects or jointly with stakeholders: -

**Table 7: Programmes Funded through Road Projects or Jointly with Stakeholders**

No.	Project Name	Participants/ Scope	Details	Location	Date	Amount (Ksh) / Value
1.	Construction of the Nyamanengo Dispensary	State Department for Infrastructure, KeRRA & Mr. James Ondimu Ochoki's Family	<ul style="list-style-type: none"> <li>• <b>A Community Dispensary that was constructed to ease Access</b> to Healthcare Services for the Local Community in Nyamanengo, Kisii County.</li> <li>• <b>Mr. Ochoki's</b> family donated the land and provided material support for the Project</li> </ul>	Kisii County	Commissioned on 5 <sup>th</sup> November, 2021	15,000,000

No.	Project Name	Participants/ Scope	Details	Location	Date	Amount (Ksh) / Value
2.	Construction of the County Police Station in Bomet County	KeRRA & M/s Stecol Corporation & Sheng Li	<ul style="list-style-type: none"> <li>• <b>The</b> project entailed the Construction of an Office Unit to house the National Police Service in Bomet County following Stakeholders requests for the same.</li> <li>• <b>The project was jointly conducted with the two Contractors (M/s Stecol Corporation &amp; Sheng Li) who had ongoing projects in the locality</b></li> </ul>	Bomet Police County Head Quarters	Completed in July, 2021	11,510,424
<b>Total</b>						<b>26,510,424</b>

## 2.15 Enterprise Resource Planning (ERP) System Development & Implementation Status

Automation is one of the key factors highlighted in the Authority's Strategic Plan 2018-2022 as an enabler/ catalyst in improving operational efficiency. Other benefits of implementing automated systems such as Enterprise Resource planning systems include but not limited to: -

- Accurate forward planning
- Integrated business processes
- Regulatory Compliance
- Data reliability

In the year under review, the Authority continued with efforts in implementing the ERP. This implementation is anchored on the Ministry of ICT Standards on Government Enterprise Architecture Ref: ICTA 1:001:2019 and is based on Microsoft Dynamics 365 Business Central with SharePoint 2019 for Electronic Document Management.

In the beginning of the Financial Year 2021/2022 Implementation progress was at 60% having gone live on various processes under Finance, Human Resource, Payroll, Procurement, Stores, ICT, Case Management and Electronic Document Management modules.

In the year under review, the e-Recruitment portal and e-Procurement portal have been developed, tested and rolled out successfully. In addition, the integrated Road Management System (i-RMS) which will be used for planning, supervision and general project management of all construction and maintenance projects has been fully developed and is in the User Acceptance Tests phase in readiness for roll out. As at 30th June, 2022 overall implementation progress stood at 90%



## 2.16 National Cohesion and Values

National cohesion and values are a central rallying ingredient and theme in the planning and execution of national policies, programs, projects and activities for effective service delivery as envisaged in Sessional Paper No.8 of 2013 on National Values and Principles of Governance. The Authority submitted to the Directorate of National Cohesion and Values by 15<sup>th</sup> January, 2022 measures taken and progress achieved in the realization of National Values and Principles of Governance.

The Authority undertook the following activities: -

1. Fast track implementation of programmes, projects and activities for the realization of the “Big Four” Agenda. Supported food security, universal health care, manufacturing and affordable housing through:
  - a) Provided access by upgrading 646.27km of roads to bitumen standard,
  - b) Routinely maintained 23,024km of roads and
  - c) Awarded Kshs. 18,795,456,156 to use of local content in the procurement for goods and services produced locally
2. Implement the Ministry of Health COVID-19 guidelines and protocols including other sector-driven protocols to facilitate continuity in the execution of Government policies, programmes, projects, activities and public services. The Authority:
  - a) Carried out staff sensitization on COVID-19 guidelines and protocols to all staff.
  - b) Ensured that members of staff diagnosed with COVID-19 report the same to their supervisors and the Human Resource Management office for follow up; and
  - c) Put posters with safety messaging on COVID-19 prevention within the Authority and all 47 Regional Offices.
3. Enhance the capacity of public institutions and the public to adhere to the provisions of Article 10 of the Constitution through civic education, training and sensitization on national values and principles of governance. The Authority:
  - a) Carried out two group staff training programmes on the provisions of the Constitution on national values and principles of governance,
  - b) Trained members of 5 Constituency Roads Committees on national values and principles of governance,
  - c) Trained members of the committee on national values and principles of governance as trainers of trainers in respect of national values and principles of governance to enhance their capacity and
  - d) Allocated Kshs. 5M to enhance capacity of the Authority to adhere to national values and principles of governance within the Authority.
4. Continue enhancing the collaboration between the two levels of government to entrench sharing and devolution of power. The Authority:
  - a) Provided on request Technical Assistance to County Governments to prepare contract documentation and supervision,
  - b) Shared Work Plans with County Governments to avoid overlap/duplication of works; and
  - c) Entered into Memorandum of Understandings with County Government for some road works.

5. Continue to implement measures to protect the environment, mitigate climate change and improve the national forest cover. The Authority:
- a) Undertook a review of the Environmental Sustainability Policy,
  - b) Carried out 20 No. Environmental and Social Impact Assessment (ESIA) studies for new projects,
  - c) Undertook 5 No. Environmental Audit (EA) studies for completed projects,
  - d) Planted 10,000 trees jointly with stakeholders and
  - e) Liaised with NEMA to commemorate the World Day on 5th June, 2022 by distributing sensitization materials to commemorate the Environment World Day.



*End of Defects Liability Period Inspection for Samburu - Kinango Road Project in Kwale County on 28th July 2021*



# Assessment of the Degree to which Performance Targets have been achieved

## 3.1 Performance Contract Achievements Financial Year 2021/2022

In accordance with the 18<sup>th</sup> Cycle Performance Contracting Guidelines, the Board signed an annual Performance Contract with the Government of Kenya through the Minister in charge of Transport, Infrastructure, Housing, Urban Development and Public Works; setting the performance targets for the financial year.

The setting of performance targets was done based on the Medium-Term Expenditure Framework, the Third Medium Term Plan (MTP III) and the Sector Performance Standards as guided by the 18<sup>th</sup> Cycle Performance Contracting Guidelines.

The Authority adopted the performance evaluation methodology shown in the table below as per the 18<sup>th</sup> Cycle Performance Contracting Guidelines.

**Table 8: Evaluation methodology**

Performance Grade	Criteria Value Range	Performance Evaluation Methodology
Excellent	$1.00 \leq X \leq 2.40$	130% - 200%
Very Good	$2.40 \leq X \leq 3.00$	100% - 130%
Good	$3.00 \leq X \leq 3.60$	70% - 100%
Fair	$3.60 \leq X \leq 4.00$	50% - 70%
Poor	$4.00 \leq X \leq 5.00$	0% - 50%

The annual performance targets were monitored on a quarterly basis and progress reports submitted to the Board for approval. The reports were then submitted to the Parent Ministry, State Corporations Advisory Committee and the National Treasury and Planning.

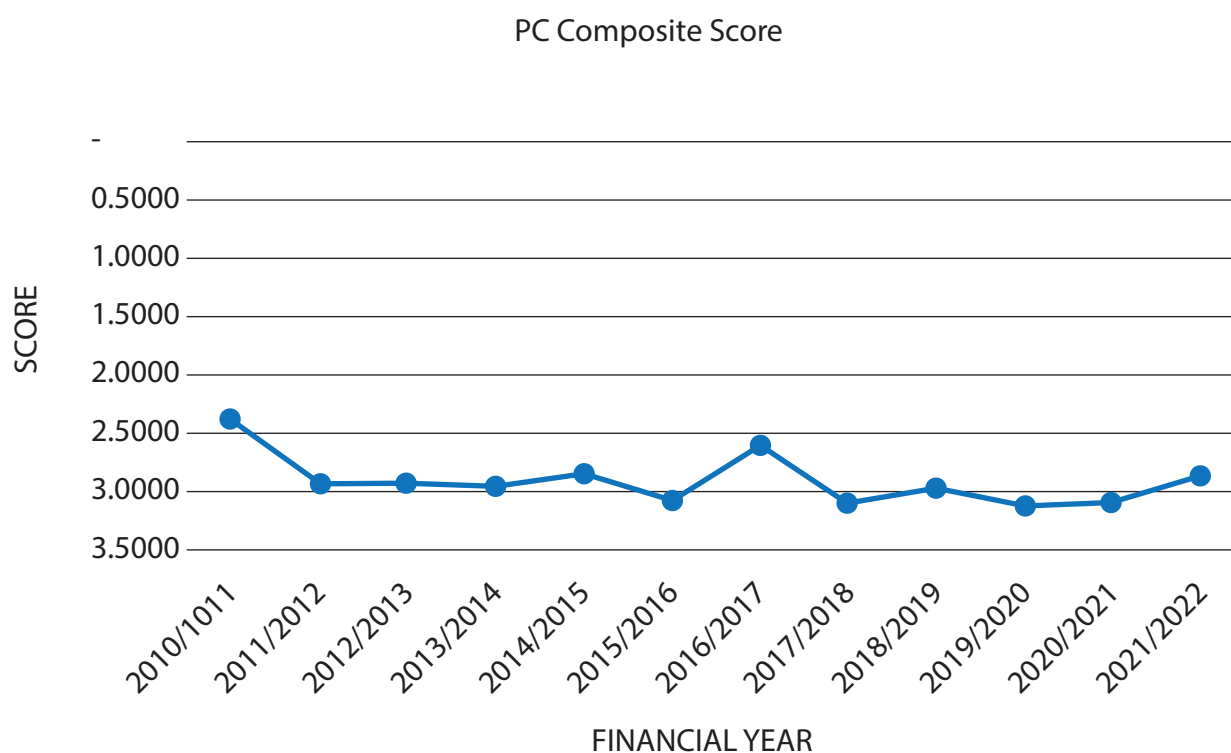
Below is Performance Contract Evaluations Comparative Analysis for the last twelve (12) financial years;

**Table 9: Assessment of Performance Contract Evaluation Composite Score**

Financial Year	Performance Contract Evaluation Composite Score	Performance
2010/2011	2.3843	Excellent
2011/2012	2.9442	Very Good
2012/2013	2.9385	Very Good

Financial Year	Performance Contract Evaluation Composite Score	Performance
2013/2014	2.9745	Very Good
2014/2015	2.8524	Very Good
2015/2016	3.0963*	Good
2016/2017	2.6123*	Very Good
2017/2018	3.1158	Good
2018/2019	2.9812	Very Good
2019/2020	3.1363	Good
2020/2021	3.1026	Good
2021/2022	2.8700	Very Good

Key: \* Self-evaluation results for financial years where Ad-Hoc Evaluations have not been conducted



The Authority remains committed to meeting its performance targets and improving service delivery as indicated in the progress matrix with the Key Result Areas.



## 3.2 Contribution of the Authority to the attainment of Third Medium Term Plan (MTP III) 2018-2022, Sustainable Development Goals and Big Four Agenda

### 3.2.1 The Third Medium Term Plan (MTP III) 2018-2022

The theme of MTP III is “*Transforming Lives: Advancing Socioeconomic Development through the ‘Big Four’*”. The aim of the MTP III is to move the economy towards a high growth trajectory to achieve a 7 percent economic growth rate by the end of the plan period. MTP III builds on gains made so far in key sectors of the economy including completing projects initiated during MTP II.

MTP III focuses not only at increasing the level of investment but also enhancing the productivity of investment, as well as raising productivity in all sectors of the economy. In particular, MTP III aims at effecting structural changes towards increasing the shares of the manufacturing, industrial and exporting sectors in the economy. MTP III accords priority to development of Micro, Small and Medium Enterprises (MSME) sector of Kenya’s economy and outlines measures to support the sector’s growth. MTP III accords priority to enhancing and developing foundations for economic transformation and enablers such as infrastructure, public sector reforms, science, technology and innovation and Information Communication Technology (ICT).

#### 3.2.1.1 KeRRA’s role in implementation of the Third Medium Term Plan (MTP III)

KeRRA will seek to provide an enabling environment for the realization of MTP III through the following:

- i) Develop, maintain and rehabilitate National Secondary Trunk Roads to ease access to resources and services thereby improving the living standards of Kenyans.
- ii) Provide technical support to County Governments on road management
- iii) Support take-off of industrialisation in the rural areas.
- iv) Optimize financial, human and technological resources to provide quality infrastructure.
- v) Distribute National Secondary Trunk Roads development in a manner that promotes social equity.
- vi) Capacity building for efficient and effective planning, contracting and construction of infrastructure.
- vii) Enhance Road Safety
- viii) Reduction of road user costs, travel times and vehicle operating costs



*KeRRA in conjunction with NTSA and development partners participating in road safety sensitization including donation of lollipop signs at the Children's Park Nyerere Road in Nairobi County on 9<sup>th</sup> December, 2021*

### 3.2.2 The Big Four Agenda

The Government has prioritized policy objectives under “The Big Four Agenda” that will lead to accelerated growth of the economy where it seeks to build on the progress made so far under the socioeconomic transformation. The Big Four Agenda targets to:-

- i) Focus on initiatives that guarantee food and nutritional security to all Kenyans by 2022;
- ii) Support value addition and raise the manufacturing sector share to GDP by 15 percent by 2022;
- iii) Provide universal health coverage thereby guaranteeing quality and affordable healthcare to all Kenyans; and
- iv) Provide affordable housing to Kenyans by targeting construction of at least five hundred thousand houses by 2022.

In support of the Big Four Agenda, KeRRA will play the following roles as indicated in Table 10 below:



**Table 10: Role of KeRRA in the Big Four Agenda**

No.	Big Four Agenda	Role of KeRRA
1	Food security	Facilitate the last mile connectivity from farm to market for farm inputs and outputs.
		Employment creation through road construction leading to improved quality of life through food and nutritional security.
2	Health care	Liaise with County Governments to ensure that all roads serving health facilities are accessible at all times.
		Employment creation through road construction leading to improved quality of life and health care.
3	Revamping manufacturing	Opening up rural Kenya to access raw materials for manufacturing and value addition and ease transportation of processed goods
		Liaising with both National and County Government in all areas intended for industrial development.
4	Housing	Providing access to areas designated for the affordable housing scheme.
		Compliance with the requirements of the National Housing Development Fund.



*Completed section of Naivasha-Karagita-Kongoni (Moi South Lake Road) in Nakuru County*

### 3.2.3 Role of KeRRA in the Sustainable Development Goals

The Government of Kenya is committed to the attainment of the United Nations Sustainable Development Goals (SDGs). There are a total of 17 SDGs which aim to enhance the quality of life of the world's citizens. Each goal has a specific target to be achieved over the next 15 years. KeRRA will contribute to the realisation of the following SDGs as indicated in Table 11 below: -

**Table 11: Role of KeRRA in realisation of SDGs**

No.	Sustainable Development Goals	Role of KeRRA
1	<b>Goal No. 1:</b> End poverty in all its forms everywhere	<ul style="list-style-type: none"> <li>• Job creation through road construction and maintenance</li> <li>• Facilitate access to resources and services hence spurring socioeconomic development</li> </ul>
2	<b>Goal No. 2:</b> End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	<ul style="list-style-type: none"> <li>• Construct and maintain Secondary National Trunk Roads to enable production and distribution of food.</li> </ul>
3	<b>Goal No. 3:</b> Ensure healthy lives and promote well-being for all at all	<ul style="list-style-type: none"> <li>• Providing access to health facilities</li> <li>• Development and maintenance of non-motorized facilities to enhance road safety and promote healthy lifestyles</li> </ul>
4	<b>Goal No. 4:</b> Ensure inclusive and equitable quality education and promote life-long learning opportunities for all	<ul style="list-style-type: none"> <li>• Providing access to educational facilities</li> <li>• Provide linkage between learning institutions and the industry</li> </ul>
5	<b>Goal No. 5:</b> Achieve Gender Equality and Empower All Women and Girls	<ul style="list-style-type: none"> <li>• Ensure that KeRRA is an equal opportunity employer.</li> <li>• Implement fully gender mainstreaming policies for the road-sub sector to achieve gender parity</li> </ul>
6	<b>Goal No. 6:</b> Water and Sanitation	<ul style="list-style-type: none"> <li>• Upgrading of the rural roads to bitumen standards and construction and maintenance of drainage systems.</li> <li>• Rehabilitate borrow pits</li> </ul>
7	<b>Goal No. 8:</b> Promote Sustained, Inclusive and Sustainable Economic Growth, Full and Productive Employment and Decent Work for all.	<ul style="list-style-type: none"> <li>• Promote R2000 strategy for job creation</li> <li>• Design and implement internship and training programs</li> <li>• Full implementation of Access to Government Procurement Opportunities (AGPO)</li> </ul>
8	<b>Goal No. 9:</b> Build Resilient Infrastructure; Promote Inclusive and Sustainable Industrialization and Foster Innovation.	<ul style="list-style-type: none"> <li>• Adopt maintenance programs to sustain quality, reliable, and resilient infrastructure</li> <li>• Supporting research and innovation for cost effective building materials.</li> <li>• Reduce adverse impact of road construction on the environment.</li> <li>• Promote use of local construction materials.</li> </ul>



No.	Sustainable Development Goals	Role of KeRRA
9	<b>Goal No. 10:</b> Reduced inequalities	<ul style="list-style-type: none"> <li>• Adopt policies that promote equal and equitable opportunities for social, political and economic inclusion</li> <li>• Ensure efficient and safe mobility for people, goods, and services across the country</li> </ul>
10	<b>Goal No. 11:</b> Make Cities and Human Settlements inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> <li>• Provide safe access and mobility between Cities and Human Settlements</li> <li>• Provide all-weather roads for inclusivity and sustainable development</li> </ul>
11	<b>Goal No. 13:</b> Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> <li>• Undertake environmental impact assessments and audits</li> <li>• Embracing innovative technologies that deal with climate change</li> <li>• Restoration of vegetation cover</li> </ul>
12	<b>Goal No. 14</b> Life below water	<ul style="list-style-type: none"> <li>• Management of drainage systems is undertaken, there is less dust and damage to land and property and this will translate to better health for the people and fewer accidents resulting from surface run off.</li> </ul>



*Completed section of Manga-Kemera-Amabuko Road in Nyamira County*

# Assessment of Adequacy of Roads Funding

## 4.1 Funding Sources

The actual receipts were Ksh. 64.6 Billion comprising Roads Maintenance Levy Funds of Ksh. 27.7 Billion, Exchequer Funds of Ksh. 36.95 Billion, and Ksh. 421 Million from the Development partners.

At the start of the FY, the Authority had pending bills and outstanding payments of Kshs. 25.8 Billion which has increased to Kshs 40.2 Billion at the end of the Financial Year.

### 4.1.1 Exchequer

The Authority in the period under review received Kshs. 36.95 Billion against a resource requirement of Kshs. 157Billion (KeRRA MTEF FY 2021/2022 unconstrained budget).

### 4.1.2 Road Maintenance Levy Fund

In the Financial Year under review, the Authority's receipts for RMLF to finance maintenance projects were Ksh. 27.7 Billion against a resource requirement of approximately Kshs. 50Billion.

## 4.2 Condition of the Road Network in the Country

Over the last ten years, the Government has invested heavily in road development and maintenance. This has resulted in an overall improvement of the road conditions where the poor network declined from 58.87% to 37.01% (APRP 2021/2022). However, the recorded figure is still significant and requires a big investment to bring that network to maintainable standards.

## 4.3 Degree of Change

At the formation of the Authority in the Year 2009, a total of 2,680Km of road network had been paved; subsequently the Authority has upgraded a total of 7,198.74Km to bitumen standard in various classes of roads equivalent to 553.4 Km annually.

In addition, during FY 2021/2022, the Authority routinely maintained approximately 23,024Km of roads.

## 4.4 Projected Optimal Level of the Road Network

The Authority has a total road network of 18,662Km out of which 8,823Km are paved. In its manifesto, the current Government pledged to upgrade 10,000 Km of roads to paved standard out of which 80% (8,000Km) of the targeted 10,000Km were supposed to be national secondary trunk roads. To achieve the quantum leap, the Authority embarked on the R10,000 Low Volume Sealed Roads programme for the low trafficked roads. The Authority had planned to construct and upgrade 8,000 Km of new roads within the Government development agenda (7,000Km under the R10,000 Programme, 610Km under conventional construction method, 300Km



under the R2000 LVS, and 90Km under Annuity Programme). For the Authority to achieve the projected optimal level of the national secondary trunk road network the following assumptions will continue to be made: -

- a) Revenue estimates from the exchequer and development partners will be realized and maintained.
- b) The macro-economic and political environment will remain stable.
- c) Stability in the monetary and fiscal policies will be maintained.
- d) Stakeholders support to the Road Sector will continue.
- e) Kenya Roads Board will disburse funds in a timely manner
- f) Conducive weather conditions will prevail.
- g) The mandate of the various Road Agencies will remain the same.

## 4.5 Extent of Financing Required to meet optimal level

The Authority has a portfolio of contracted works amounting to 10,946Km. Completed works totals 6,245Km and therefore ongoing works totals 4,701Km. Cumulatively, the extent of financing required to complete the ongoing works is Kshs. 239.3Billion. The bulk in extent of financing falls under the R10000 low volume sealed roads Programme is estimated at Kshs 209.2Billion.

The optimal budget for the routine maintenance and spot improvement of the national secondary trunk roads stands at Ksh 50Billion annually against Road Maintenance Levy Fund allocation of Ksh 27.7 Billion in the year (a deficit of Ksh 22.3Billion). For routine maintenance, the Authority receives ceilings from Kenya Roads Board under the Road Maintenance Levy Fund (RMLF), from which the Annual Road Works Programme (ARWP) is developed. Funding for spot improvement is received from the Exchequer (GoK).

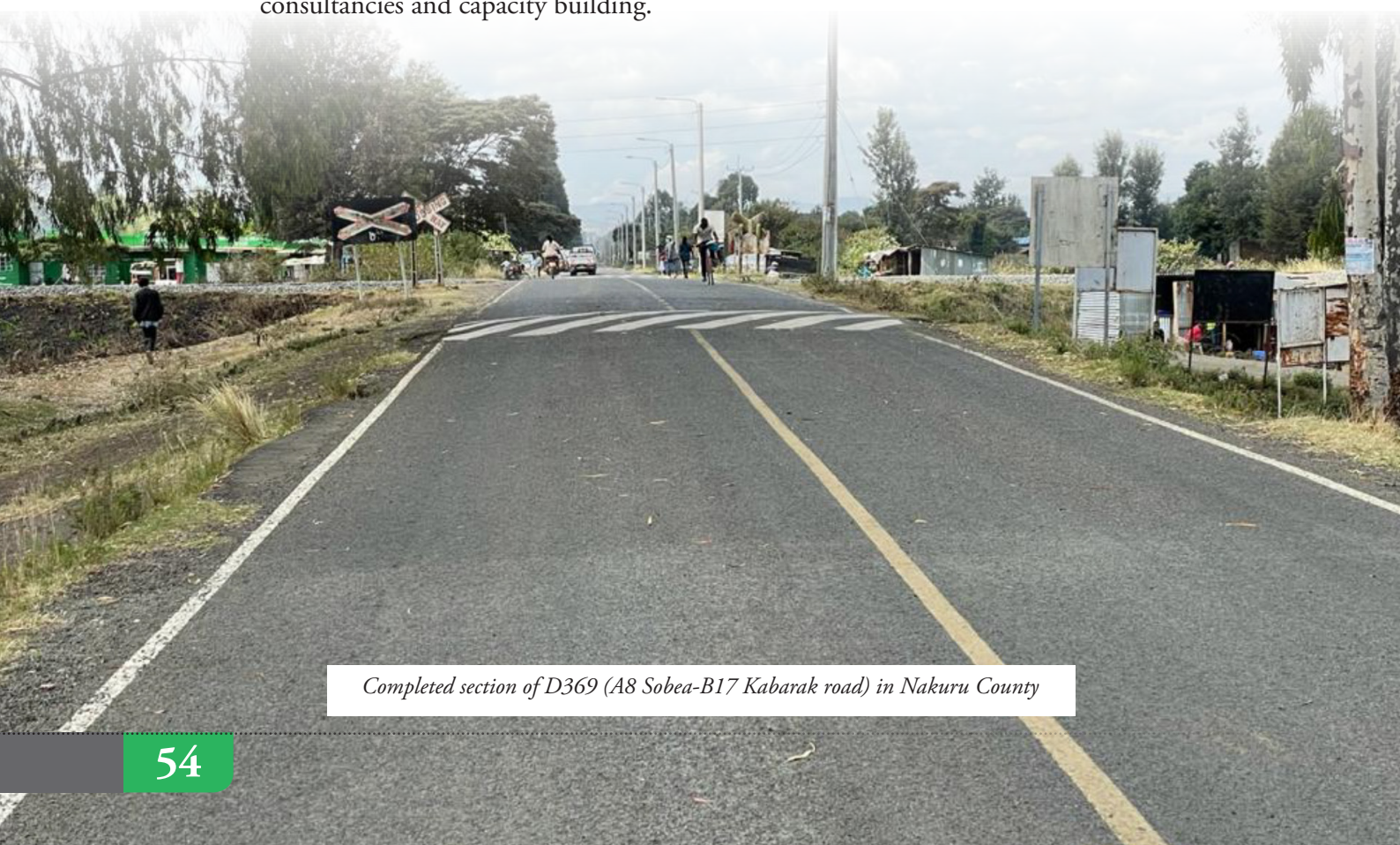




# A Review of Technical Adequacy and Proved Cost Efficiency of Road Management Operations

The Authority is currently implementing several strategies aimed at improving technical adequacy and cost efficiency which include but not limited to: -

- Roads 10,000 Low Volume Seal contracting model and Roads 2000 labour-based technique. The models ensure that construction and subsequent maintenance works are procured at the same time.
- Leveraging on technical expertise from third parties for construction and maintenance works (contractor facilitated road development mechanism).
- Use of internal capacity during design of the road works and supervision of contracted works.
- Capacity building to improve skills and competencies
- Provision of equipment and enabling environment
- Adoption of technologies aimed at reducing operational costs such as use of networked printers, outsourcing of printing services, use of emails and virtual meetings.
- Implementation of Quality Management System for standard operating procedures and processes.
- Implementation of integrated Road Management System (i-RMS) for effective project management
- Adoption of a risk-based approach where resources are focused on high-risk areas.
- Engagement of Development Partners to support technical adequacy for civil works consultancies and capacity building.



*Completed section of D369 (A8 Sobeia-B17 Kabarak road) in Nakuru County*



# Coordination between Authorities and Regional Entities

The Authority has strong linkages with other Authorities and Regional Entities who have an interest in what the Authority does as it impacts on them in one way or the other. It recognizes that these Authorities and Regional Entities can either facilitate or impede its work and therefore, there is need to build mutually beneficial relationships.

A summary of the coordination is as shown in the Table 12 below.

**Table 12: A summary of the coordination between Authorities and Regional Entities**

No.	Regional Entity	Nature of Coordination/ Engagement	Challenges	Recommendation
<b>Government Agencies</b>				
1	National Land Commission (NLC)	Gazettement, valuation and compensation of land for land acquisition purposes	Delayed gazettement, valuation and compensation	NLC to fast track gazettement, valuation and compensation of PAPs
2	Kenya Power	Relocation of power lines	Delays in relocations High costs of relocations	Inter-Ministerial Meetings (RDCC)
3	National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA)	Public awareness on reduction of alcohol and drug abuse	Inadequate Support from Management	Increased collaboration with NACADA
4	National AIDs Control Council (NACC)	Prevention of new HIV infections and reduction of stigma	Inadequate support from Management on HIV/AIDs annual work-plans	Lobby for increased funding for HIV/AIDs activities from NACC
5	State Department of Gender & National Gender & Equality Commission	Commitment to integrate gender concerns into processes, programs and projects.	Being a compliance issue Management should ensure that the spelt our requirements are met	Increased commitment by employer to bridge the numbers continuously
6	National Council for Persons with Disabilities (NCPWD)	The mainstreaming process aims to promote physical access as well as access to information and services with PWD's	Inadequate funding for implementation of NCPWD Audit recommendations as a compliance issue.	Employer to plan and allocate resources for infrastructure and physical improvement.
7	National Construction Authority	Capacity building, regulation and evaluation of contractors	Inadequate consultations with industry players	Enhanced collaboration with industry players

No.	Regional Entity	Nature of Coordination/ Engagement	Challenges	Recommendation
8	National Environmental Management Authority (NEMA)	Issue ESIA/EA Licenses for road works	Delayed issuance of ESIA/EA Licenses	Fast track issuance of ESIA/EA Licenses
9	County Governments	Collaboration as per the Inter-Governmental Relations Act	Lack of a coordinated framework for sharing of work-plans Demand for payment of Cess for construction materials	Sharing of work plans for road works  Inter-Ministerial meetings to waive the charges
10	National Government Constituency Development Fund (NG-CDF)	Engagement with Constituency Roads Committees (CRCs)	Frequent changes in the Annual Roads Works Programme (ARWP)	Prioritize road works as per the Public Finance Act, 2009
11	Kenya Forest Service	Collaboration in Environmental Sustainability Programmes	Slow implementation of MOU for tree planting	Fast track implementation of the MOU between KeRRA and KFS
12	Kenya Roads Board (KRB)	Approve Annual Road Works Programme (ARWP) Disbursement of RMLF allocations Undertake technical, performance and financial audits	Delay in disbursement of RMLF 10% allocation	Engage KRB to fast track disbursement of RMLF 10% allocation
13	National Assembly and Senate	Legislation on Kenya Roads Bill 2017	Delay in enactment of the Kenya Roads Bill 2017	Fast track mediation process on the Kenya Roads Bill 2017
14	Ministries, Departments and Agencies (MDAs) National Treasury Ministry of Interior and National Coordination MOTIHUD&PW	Policy guidelines Approval of budgets, work-plans Disbursement of funds	Delay in disbursement of funds Delay in approval of budgets, work-plans	Engage the Ministry to fast track disbursement of funds Engage respective MDAs to fast track approval of budgets and work-plans
15	Research Institutions	Research in Road Development and Maintenance, Financing Options, Road Development Technologies, Material Testing and Research	Inadequate Budget, Inadequate Research and development	Increased investment in Research and Development, Enhanced budgets



No.	Regional Entity	Nature of Coordination/ Engagement	Challenges	Recommendation
16	Kenya Institute of Highways Building Technology	Training for In-house staff Training of contractors	Inadequate budget	Enhanced budget
17	Ministry of Lands	Cadastral Plans	Lack of cadastral plans in areas where adjudication and registration has not been finalized	Liaise with the Ministry in those areas for a proposal on road reserves
<b>Development Partners</b>				
18	AfD, EU, KfW, BADEA	Issuance of "No Objections" Disbursement of funds	Delay in disbursement of funds Delay in issuance of "No Objections"	Engage respective development partners to fast track disbursement of funds Engage respective development partners for timely issuance of "No Objections"



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*Invitation to Nyeri Hospice Annual Charity Tournament in which KeRRA was among the Sponsors of the Event*

# Degree of realisation of the objectives of the Kenya Roads Act 2007 and levels of compliance

## 7.1 Degree of realisation of the objectives of the Kenya Roads Act 2007

The Kenya Road Act 2007 was enacted to streamline the Roads Sub sector and provided for the establishment of the three Road Authorities. The Kenya Rural Roads Authority was established under section 6 (1) of the Act and has continued to discharge its responsibility for the management, development, rehabilitation and maintenance of rural roads in accordance with the Act.

## 7.2 Level of Compliance with the Provisions of the Roads Act 2007

The Authority carries out its operations within the framework of the provisions of the Roads Act 2007. This is as illustrated below: -

**Table 13: Level of Compliance with the provisions of the Roads Act 2007**

Item No.	Provision Of The Kenya Roads Act, 2007	Level Of Compliance
1.	Part I on the title, commencement and interpretation	<ul style="list-style-type: none"> <li>The Authority continues to take note of the title and commencement date of the Act and further takes cognizance of the definitions attached to the key terms in part I of the Act.</li> </ul>
2.	Part II on the Establishment of the various Roads Authorities	<ul style="list-style-type: none"> <li>The Authority operates as a legal entity in the discharge of its functions.</li> <li>The composition of the Board of Directors is as per the provisions of the Act.</li> <li>The Board conducts its affairs and business as per the stipulations of the Act.</li> </ul>
3.	Part III on the administration of the Authority	<ul style="list-style-type: none"> <li>The internal administration of the Authority is as per the provisions of the Act.</li> <li>The members of the Board and the Director General have qualifications required of them under the Act.</li> <li>The staff of the Authority are appointed and remunerated as per the provisions of the Act.</li> <li>The Authority has established regional offices that operate as per the provisions of the Act.</li> </ul>



Item No.	Provision Of The Kenya Roads Act, 2007	Level Of Compliance
4.	Part IV on the powers of the Authorities generally	<ul style="list-style-type: none"> <li>The Authority exercises the powers conferred to it. This is taking cognizance of the purpose for which the organisation was set up. The exercise of the powers is on need basis.</li> </ul>
5.	Part V on financial provisions	<p>The Authority manages its financial issues as per the provisions of the Act. This includes: -</p> <ul style="list-style-type: none"> <li>Recognizing and utilising the funds allocated to it.</li> <li>Investing funds as per the legal guidelines.</li> <li>Participation in preparation of Roads Sector Investment Programme.</li> <li>Preparation of Annual Road work plans.</li> <li>Preparation of Budgets for all financial years and abiding by them.</li> <li>Submission of Annual work plans to the Kenya Roads Board.</li> <li>Keeping of proper books of accounts and preparation of Annual Financial statements</li> <li>Ensuring Audit of the financial statements by the Auditor-General.</li> <li>Ensuring sound financial management of the Authority</li> </ul>
6.	Part VI on Miscellaneous provisions	<p>The Authority abides by the miscellaneous provisions of the Act in the discharge of its mandate. This is in regard to: -</p> <ul style="list-style-type: none"> <li>Protection of employees from liability for bonafide acts done in the course of duty.</li> <li>Performance agreement obligations.</li> <li>Submission of Annual Report to the Cabinet Secretary.</li> <li>Cabinet Secretary's power of direction.</li> <li>Making of regulations.</li> <li>Classification of roads.</li> <li>Inventory of roads.</li> <li>Structures and other works on, over and below roads.</li> <li>Compliance with the provisions of the Roads Act 2007.</li> <li>Confidentiality of information.</li> <li>Offences under the Act.</li> <li>Making of returns.</li> </ul>

This report as compiled and submitted under section 44 of the Roads Act further attests to due compliance with the provisions of the Roads Act 2007.

# Approved Annual Financial Statements

## 8.1 Annual Financial Statements

The Authority prepared its annual financial statements for the Financial Year 2021/2022 in accordance with the International Public Sector Accounting Standards (IPSAs) in compliance with Public Financial Management Act, 2012 and Kenya Roads Act, 2007. This was forwarded to the relevant statutory bodies within the stipulated timeline.

## 8.2 Report by the Auditor General

The Authority submitted the financial statements for the financial year 2021/2022 to the Office of the Auditor General in compliance with the Public Audit Act, 2003. The audit certificate is expected after completion of the Audit process by the Auditor General.



*Completed section of Lwakhakha-Korosiondet-Tulienge Sirisia-Namwela-Chwele Roads in Bungoma County*



# Conclusion

**D**uring the FY 2021/2022, the Authority remained committed to increase the road network under bitumen within its jurisdiction, improve maintenance and rehabilitation of the national trunk road network (Class C), develop road management plans and systems, enhance Service Delivery and enhance Corporate Governance.

The Board guided on the improvement of internal business processes through Enterprise Resource Planning, positive work culture and quality service delivery which continues to bolster and enhance a positive corporate image for improved road user confidence and satisfaction. During the Financial Year, the Board provided oversight in the implementation of the various modules of the ERP which have gone live.

The “main challenge” facing the roads sector is mainly the slow progress and suspension of works as a result of inadequate budgetary provisions. The sole panacea will be to seek for alternative financing options including avoidance of unnecessary adjustments to the budget provisions through supplementary estimates during administration of the Medium-Term Expenditure Framework.

Towards the end of financial year 2021/2022, a total of 217 projects under the R10000 LVSR Programme with 8,654Km had been awarded since inception of the Programme in various parts of the country with an estimated total construction cost of Kshs. 398.6Billion. To-date, a total of 4,838Kms have been upgraded to bitumen standard. Over the years since the rollout, the Programme has suffered erratic and reducing budgetary allocation coupled with late exchequer releases. The Authority is committed to timely payment to Contractors. However, due to inadequate budgetary allocations and delayed exchequer releases, the Authority has accumulated pending payments and bills of Kshs. 40.2Billion.

The above has negatively impacted on the progress of works, compelling several Contractors to either claim interest on delayed payments, issue notice to suspend works, reduce rate of work or suspend works. The consequence to this was an output of 646.23Kms against a target of 668.83Km for roads upgraded to bitumen standard.

Kenya is recovering from a recession after its economy contracted at 0.3% in 2020 due to the covid-19 containment measures whose social distancing and travel ban had affected in great magnitude the labour-intensive road construction and maintenance activities. During the financial year under review, the Authority excelled on many fronts and enhanced its positive corporate image despite the inherent inadequate financial challenges faced scoring a “Very Good” Category in Performance Contract FY 2021/2022 as compared to a “Good” Category in FY 2020/2021.

The Authority, being an enabler to economic transformation, continued to support the Government’s Big 4 Agenda through provision of all-weather road infrastructure to support affordable housing, manufacturing, food security and universal healthcare facilities. It is also a major contributor among other physical infrastructure players to facilitate the attainment of the Kenya Vision 2030 development blueprint which espouses that by the year 2030 it will become impossible to refer to any region of our country as “remote”.

This achievement can be attributed to the support, firm guidance and the positive direction given by the Board of Directors. Moreover, the dedication, innovation and commitment to duty by the Authority staff made it possible for Management to perform and achieve to the expectation of the Board and other stakeholders without difficulty.

# Annex 1

## List of Annual Report Preparation and Publication Committee

- |     |                        |  |
|-----|------------------------|--|
| 1.  | Eng. J. K. Gakubia     | - Ag. Director (RSC)                   |
| 2.  | Ms. Judy Chumo         | - DD (Internal Audit)                  |
| 3.  | Eng. Mwangi S. N.      | - DD (R2000-EU)                        |
| 4.  | Mr. Nicholas Kibe      | - Principal Economist                  |
| 5.  | Eng. Macharia Tumu     | - Senior Engineer (Dev)                |
| 6.  | Eng. Patrick Amiani    | - Deputy Director (RAM)                |
| 7.  | Eng. John Githui       | - Principal Eng. (RSC)                 |
| 8.  | Ms. Joan Lwanya        | - Senior ICT Officer                   |
| 9.  | Ms. Pamela Nanjala     | - Senior SCO                           |
| 10. | Mr. William Abungu     | - Principal Accountant                 |
| 11. | Ms. Charity Kiget      | - Principal Legal Officer              |
| 12. | Mr. David Mwangi       | - Senior Internal Auditor              |
| 13. | Mr. Reuben Omondi      | - Senior Public Affairs & Com. Officer |
| 14. | Ms. Kathleen Chepkemai | - HRM Officer                          |
| 15. | Ms. Elizabeth Kimani   | - Ass. Office Administrator            |
| 16. | Ms. Jane Kabicho       | - PAC Officer                          |
| 17. | Ms. Stephanie Basweti  | - Accountant                           |
| 18. | Ms. Mercy Muthoni      | - Intern Engineer (RSC)                |
| 19. | Ms. Mariah Nduta       | - OA (RSC)                             |
| 20. | Ms. Alice Kabura       | - OA (RSC)                             |



# Signed Financial Statements

# Corporate Governance Statement

## Overview

The Board provides oversight to management who are responsible for the day to day running of the organization and emphasizes on principles of good Corporate Governance in the discharge of its mandate. The Board has 4 committees through which it discharges its mandate and is evaluated annually by SCAC. The positions of Chairman and Director General are held by different persons, as stipulated in the Mwongozo Code of Corporate Governance for State Corporations.

The Board and management have been trained on the Mwongozo Code of Corporate Governance for State Corporations.

## Organization structure of the Authority

The Kenya Rural Roads Authority is governed by a Board of Directors as per Kenya Roads Act 2007. The day to day management of the Authority is carried out by the Director General who is also secretary to the board. The Authority carries its mandate through the following Directorates.

- a) Directorate of Development
- b) Directorate of Road Asset Management
- c) Directorate of Research, Strategy & Compliance
- d) Directorate of Planning, Design and Environment
- e) Directorate of Corporate Services
- f) Directorate of Audit Services.
- g) Corporation Secretary/ Legal Affairs Department
- h) Supply Chain Management Department.

## Appointments to the Board

Appointments to the Board are carried out pursuant to section 8 of the Kenya Roads Act 2007. The Chairman of the Board is appointed by the President of the Republic of Kenya. Members of the Board are appointed by the Cabinet Secretary, Ministry of Transport, Infrastructure, Housing,, Urban Development & Public Works on recommendation of the various nominating institutions provided for under the Kenya Roads Act 2007.

## Board Organization and structure

The composition of the Board is as per the provisions of Section 8 of the Kenya Roads Act 2007. The Board is composed of representatives of relevant Government Ministries and private sector as represented by the various nominating bodies and is independent of management. The Board has set up Four standing committees to discharge its oversight role.

## The role of the Board

The role of the Board is to provide strategic direction and oversight to management in the running of the Authority's affairs.

## Activities of the Board

It is the responsibility of the Chairman and the Secretary to work closely together in planning the annual program and agendas for meetings. The Board is required to meet at least four times a year and the meetings are structured to allow open discussion. All substantive agenda items have comprehensive briefing papers, which are circulated well in advance.

In addition to regular Board meetings, there are a number of other meetings to deal with specific matters. When directors are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the Chairman or the Director General prior to or after the meeting.



During the period under consideration, the Board had various meetings to deliberate on issues affecting the Authority. The Board also made several site visits to inspect various projects being undertaken by the Authority. An evaluation of the Board was also carried out during the period.

### **Board Effectiveness**

The Board is sufficiently independent of management and performs its functions in a way to enhance Board effectiveness. To further enhance effectiveness, the directors have been trained on various issues on Corporate Governance and Mwogozo code of conduct

### **Board Committees**

In line with the provisions of the Kenya Roads Act 2007, the Board established four Standing Committees. These are Board Finance Committee, Board Human Resources Committee, Board Audit, Risk & Governance Committee and Board Technical Committee. The committees are provided with all necessary resources to enable them to undertake their duties in an effective manner.

#### **Board Audit, Risk & Governance Committee**

The Board Audit Committee was established in accordance with the provisions of Treasury Circular No 16. of 25. The Board receives reports from the Audit Committee. The Internal Audit function reports directly to the Board Audit Committee and is independent of management operations.

#### **Board Finance Committee**

The committee meets on Quarterly basis. The committee assists the Board in its oversight role of the Authority relating to Authority's finance matters. This is as per the committees Terms of Reference.

#### **Board Human Resource Committee**

The committee assists the Board in its oversight role of the Authority relating to Authority's human resource matters. This is as per the committees Terms of Reference.

#### **Board Technical Committee**

The committee assists the Board in its oversight role of the Authority's function relating to the technical issues relating to the Authority's mandate. This is in terms of the design, construction and maintenance of roads under the Authority's mandate.

# Management Discussion and Analysis

## SECTION A

### The entity's operational and financial performance

The National Government's commitment continues to be seen through the improved budgetary allocation to the road sector. In the Period under review, the Authority received a total of 64.4 Billion against a budget allocation 66.3.Billion

## SECTION B

### Entity's compliance with statutory requirements

The Authority has complied with all statutory requirements externally imposed throughout the Period. There are no major noncompliance issues that may expose the authority to potential contingent liabilities.

## SECTION C

### Key projects and investment decisions the entity is planning/implementing

The Authority has an ongoing portfolio of 8,765 Kms of contracts under reconstruction and Upgrading worth Kshs. 399.6 Billion with 3,836 Kms expected to be completed within the next three years at total cost of Kshs. 179.4 Billion. The Bulk of the contracted works falls under R10,000 Low Volume Sealed Roads Programme. Over the years, the Contracts under the Annuity Programme through Public Private Partnership; Ngong – Kiserian – Isinya and Kajiado – Imaroro Roads and LVSR has achieved a cumulative 4,930 Kms in terms of milestones.

## SECTION D

### Major risks facing the entity

The major risks that the authority is exposed to are reported on the note 26 of this report

## SECTION E

### Material arrears in statutory/financial obligations

The Authority is not in arrears in the payment of statutory obligations though it has pending bills of approximately Ksh 41 billion as at 30<sup>th</sup> June 2022. These have been included as part of Payables.

## SECTION F

### The entity's financial probity and serious governance issues

There has been no reports of financial improbity by the internal audit, external audit nor Other Government agencies.



# Corporate Social Responsibility Statement/Sustainability

## 1. Sustainability strategy and profile

A broad Political, Economic, Social, Technological, Environmental and Legal (PESTEL) scan was undertaken with a view to describing the circumstances under which the Authority operates so as to be able to appreciate the factors that will either support or impede the process of implementing the Strategic Plan.

Factor	Strategic implication	Strategic Response
<b>Political Factors</b>		
1.Stakeholder Engagement	<ul style="list-style-type: none"> <li>Challenges with project planning and implementation</li> <li>Cost inflation due variation</li> </ul>	<ul style="list-style-type: none"> <li>Adherence to project implementation Guidelines</li> <li>Public participation</li> <li>Adherence to Annual Road Works Program (ARWP)</li> </ul>
2.Funding to the Authority affected by political dynamics	<ul style="list-style-type: none"> <li>Low funding level in comparison to increased demand for better roads</li> <li>Additional funding</li> </ul>	<ul style="list-style-type: none"> <li>Lobby parliament and cabinet</li> <li>Stakeholder engagement</li> </ul>
3. Multiplicity of players in policy development	<ul style="list-style-type: none"> <li>Interference with policy implementation</li> <li>Conflicting directives leading to risk of non-compliance</li> </ul>	<ul style="list-style-type: none"> <li>Lobby parliament and cabinet</li> <li>Stakeholder engagement</li> </ul>
4. Weak institutional leadership	<ul style="list-style-type: none"> <li>Interference with institutional governance</li> <li>Partial or total Non-adherence to policies and guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Uphold Corporate governance guidelines</li> <li>Develop assertive leadership</li> <li>Capacity building</li> </ul>
5. Prolonged political activity	<ul style="list-style-type: none"> <li>Interference with project implementation</li> <li>Gaps in leadership and direction</li> </ul>	<ul style="list-style-type: none"> <li>Adherence to project implementation guidelines</li> <li>Engagement with relevant stakeholders</li> </ul>
<b>Economic Factors</b>		
1 .Lack of adequate funds	<ul style="list-style-type: none"> <li>Maintenance backlog (increased road asset deterioration)</li> <li>High vehicle operating costs</li> <li>High road user costs</li> <li>Reduced network improvement</li> <li>High cost of interest payments</li> </ul>	<ul style="list-style-type: none"> <li>Increase RMLF allocations</li> <li>Lobby for enhanced external funding</li> <li>Explore alternative options of funding</li> <li>Increased collaboration with external partners</li> </ul>
2.Fiscal and Monetary Policies	<ul style="list-style-type: none"> <li>High taxation</li> <li>Inflation</li> <li>High cost of fuel and road works materials</li> <li>Limitations to line budgetary items</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring and review of policies and strategies</li> <li>Macroeconomic stability</li> <li>Adaptation to changes in fiscal policy</li> </ul>
3.Regional economic disparities	<ul style="list-style-type: none"> <li>Discrepancies in economic empowerment among counties (Marginalized areas)</li> <li>Skewed regional competitive advantage.</li> </ul>	<ul style="list-style-type: none"> <li>Increased Equalization fund</li> <li>Increased Equitable 10% RMLF</li> <li>Standardisation and harmonisation</li> </ul>
<b>Social Factors</b>		

Factor	Strategic implication	Strategic Response
1.Road Reserve Encroachment	<ul style="list-style-type: none"> <li>Increased accidents</li> <li>Loss of livelihoods</li> <li>Increased project costs</li> <li>Hostility</li> <li>Interference with project implementation</li> </ul>	<ul style="list-style-type: none"> <li>Road reserve demarcation</li> <li>Public sensitization</li> <li>Stakeholder engagement</li> </ul>
2.Poor adherence to axle load limits	<ul style="list-style-type: none"> <li>Costly maintenance of roads</li> <li>Reduced road lifespan</li> </ul>	<ul style="list-style-type: none"> <li>Public sensitization</li> <li>Enforcement of axle load limits</li> <li>Periodic road design reviews</li> <li>Stakeholder engagement</li> </ul>
Meeting Societal Expectations	<ul style="list-style-type: none"> <li>Formulation and review of ARWP</li> <li>Formulation and review of Corporate Social Responsibility (CSR) work plan</li> </ul>	<ul style="list-style-type: none"> <li>Effectively manage expectations</li> <li>Public sensitization</li> <li>Engagement with stakeholders</li> <li>Upholding organizational core values</li> </ul>
<b>Technological Factors</b>		
1.Automation and information security	<ul style="list-style-type: none"> <li>High investment in ICT systems and infrastructure</li> <li>Effective information security management</li> <li>Enhanced efficiency and operational interconnectivity</li> </ul>	<ul style="list-style-type: none"> <li>Develop suitable ERPs</li> <li>Develop and implement information security strategies</li> <li>Implement ISMS</li> </ul>
2.Emerging technologies in road construction and ICT	<ul style="list-style-type: none"> <li>Incorporate usage of locally available materials and labour</li> <li>High cost of transition</li> <li>Need for matching staff knowledge and exposure with technology</li> </ul>	<ul style="list-style-type: none"> <li>Adaptation of technology and road construction concepts to emerging trends including R2000 &amp; R10,000</li> <li>Monitor obsolescence of technology and approaches</li> <li>Frequent updates</li> <li>Plan for future technological improvements</li> <li>Capacity building</li> </ul>
<b>Ecological factors/Environmental</b>		
1.Adverse weather conditions (floods, mudslides, prolonged rainfall and drought)	<ul style="list-style-type: none"> <li>Partial or total cut-off of the road network</li> <li>Increased frequency and costs of road and maintenance and rehabilitation works</li> <li>Delay in execution of projects in adverse weather and Cost overruns</li> <li>Availability of manpower</li> </ul>	<ul style="list-style-type: none"> <li>Develop and implement annual disaster mitigation and management strategy</li> <li>Enhance works insurance to cover adverse weather</li> </ul>
2.Availability of natural road construction material	<ul style="list-style-type: none"> <li>Depletion of natural resources</li> <li>High construction costs</li> <li>Damage to economically productive land</li> </ul>	<ul style="list-style-type: none"> <li>Research on alternative road construction material</li> <li>Embrace viable emerging technologies</li> </ul>



## **2. Environmental Performance Sustainability**

Kenya Rural Roads Authority (KeRRA) 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 organization's policies and activities that promote sustainability.

### **i) Sustainability Strategy and Profile**

The Sustainable Development Goals (SDGs) as adopted by the United Nations in 2015 recognize that action in one area will affect outcomes in others, and that development must balance economic, social and environmental sustainability.

The Authority's Board and Management recognize that there is no country that is not experiencing drastic effects of environmental degradation and climate change as a result of unsustainable development practices. Slower motion environmental crises are undermining ecosystem services, reducing the economic productivity of key sectors, such as agriculture. As these multiple, interlinked crises deepen, so the political and cultural appetite for change grows. Over the decade ahead, we can expect to see a greater population prioritising environmental issues, particularly where there is a strong, direct link to their own health and wellbeing.

There is therefore a strong need for moving beyond narrow economic measures of national progress, to a development approach that integrates environmental, social, and governance factors into growth analysis. Research has shown that the countries that have been able to blend economic dynamism with environmental, social, and governance dynamism are mostly developing economies.

Overall, KeRRA recognizes the provisions in the Constitution, of the right to a clean and healthy environment to every person, and the right to have the environment protected for the benefit of present and future generations through legislative and other measures. The Authority therefore has a duty to cooperate with various State organs and other persons to strive towards protecting and conserving the environment, and ensure ecologically sustainable development and use of natural resources.

### **ii) Environmental performance**

KeRRA acknowledges that its various operations have potential impacts on the environment. It is therefore the Authority's commitment to conserve natural resources, maximize eco-efficiency, reduce waste and climate change impacts, and prevent pollution throughout its operations.

The Authority has an Environmental and Social Sustainability Policy which was formulated to conform to the prevailing Government strategies as highlighted in the National Environment Policy. In accordance with the Policy, the Performance Contracting guidelines and the requirements of the Environmental Management and Coordination Act, the Authority implemented the following activities during the 2021/2022 financial year: -

#### **Measures to mitigate against water, air, noise and other forms of pollution**

Environmental Impact Assessment (EIA) Licenses were issued by NEMA for 22 No. Projects. Moreover, the Authority has continued to monitor compliance to the Environmental & Social Management Plans and EIA License conditions for the various projects under implementation, and corrective measures have been employed whenever a non-conformity is noted.

#### **Promoting Environmental Protection and Conservation through Stakeholder Partnerships**

The Authority sponsored and participated in the World Environment Day (WED) National Commemoration held on 6<sup>th</sup> June, 2022 in Nyeri County.

### **Tree Planting Initiatives**

Ten Thousand (10,000) number of trees were planted across our 47 Regional Offices.

The above initiatives are aimed at enhancing the Authority's efforts to manage biodiversity, ensure sustainable waste management and in the long run minimize the institution's environmental footprint. Nevertheless, like all other sectors and institutions, the Authority did not achieve its full potential towards environmental sustainability as a result of the Covid-19 pandemic. The Authority will ensure that the journey towards economic recovery will consider actions that are environmentally sustainable.

### **3. Employee welfare**

The Authority has a staff pool of 598 staff members of various cadres stationed both at the Head office and the 47 regional offices. In the Current Dynamic labour market, the Authority endeavours to keep its employees motivated and up to date with the current trends by ensuring continuous personal development through trainings, providing employee welfare programmes and supporting staff membership to professional bodies and ensuring staff have resources necessary for execution of works within the financial constraints.

To ensure ease of access to the services the Authority has automated the processes in various functional areas through the Enterprise Resource Planning (ERP) System.

The Authority Human Resource Function is guided by the Human Resource Management instruments. These Instruments define the relationship between the Authority and its employees both permanent and those on contract, on a wide range of issues. These include the Human Resource Policy and Procedures Manual, the Organization Structure and Staff Establishment and the Career Progression Guidelines.

The Authority's Performance Management measures employee performance and ultimately the achievement of the intended results for the organization. The Staff Performance Appraisal System (SPAS) is premised on the principles of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource systems and processes including employee development, career progression, placement, rewards and sanctions.

### **4. Market place practices**

#### *Anti corruption*

Contractor have declaration forms in tender documents and the evaluation committees also sign declaration forms on conflict of interest .

The authority through the Constituency Roads Committees (CRC) in the various regional offices engages the various stakeholders in prioritization of maintenance roads.

The Authority through its Procurement Department uses the most preferred procurement method based on service and goods being procured. Open Notational tenders is used encourage competition among suppliers. The bidders are debriefed on how they performed during the tendering process and notification to all participating bidders indicating the successful bidders.



The Authority trains its suppliers on what is expected of them in terms of the bidding process, ethical behavior and confidentiality of information. Special groups have also been allocated tenders.

#### 5. **Community Engagements-**

The Authority allocated **Ksh5 million** towards Corporate Social Responsibility Programmes for FY2021/2022. In the reporting period, the Authority received a high number of requests for support from various quarters. It is noteworthy that the Authority initiated and participated in new projects in the reporting period such as the support towards Kenyatta National Hospital Children's Wing and the Don Bosco Home & Schools donation.

The Authority's CSR further benefitted through collaboration with key stakeholders like the State Department of Infrastructure and supportive Contractors who enabled the fulfillment of projects requiring significant funding such as construction of buildings.

Below is a tabulation of all CSR activities carried out in the FY2021-2022.

**Table 14: Programmes Funded Directly through the Operational Budgetary Allocations**

No.	PROJECT NAME	PARTICIPANTS/ SCOPE	DETAILS	LOCATION	DATE	AMOUNT (Ksh) /VALUE
1.	Eldama Ravine Half Marathon	KeRRA and Other Agencies supporting the Programme	Sponsorship fee	Eldama Ravine, Baringo County	October, 2021	922,400
2.	Annual Day for Remembrance of Road Accident Victims	KeRRA, NTSA, and religious groups	Remembrance of victims of road accidents and awareness on the same in liaison with NTSA	Nairobi County	November, 2021	150,000
3.	Engineering Students Association annual conference	KeRRA, Government Agencies and Student Bodies	Conference for Associates of Engineering Students in Kenya	Nairobi	March, 2022	500,000
4.	AIC Githumu Mission Hospital	KeRRA Staff,	Request for financial assistance to attend to patients' needs Donations included beds and mattress	Muranga County	March, 2022	498,600
5.	Nyeri Hospice Charity Golf Tournament	KeRRA Staff, Regional Office, Associated Agencies	Charity event towards supporting the Hospice	Nyeri County	March, 2022	294,800
6.	Kenyatta National Hospital	KeRRA Staff	Adopt a Bed at KNH To assist in the Children's Wing Project	Nairobi County	March, 2022	910,000
7.	Don Bosco Home and Schools	KeRRA Staff	Purchase of dry foodstuff, stationery, and sports items	Nairobi County	May, 2022	600,000



No.	PROJECT NAME	PARTICIPANTS/ SCOPE	DETAILS	LOCATION	DATE	AMOUNT (Ksh) /VALUE
8.	Springs of Hope Street Children facility	KeRRA Staff	Purchase of dry foods stuffs, and educational materials	Nairobi County	May, 2022	200,000
9.	Mater Heart Run	KeRRA, the Public, and other Agencies supporting the cause	Catholic Mission in support of Children with heart defects	Nairobi County	June, 2022	500,000
10.	Hospitality and Tourism Sports Organization	KeRRA staff and HOTOSO teams	HOTOSO launch	Nairobi County	June, 2022	90,600
<b>Total</b>						<b>4,666,400</b>

# Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 30th June 2022, in accordance with the provisions of section of the 38 of Kenya Roads Act 2007 which disclose the state of affairs of the Authority.

## Principal activities

The principal activity of the authority is the management, development, rehabilitation and maintenance of the Rural Road Network in Kenya classified as C and others.

## Results

The results for the Authority for the year ended 30 June 2022 are set out on page 77.

## Directors

The directors who held office during the year and to the date of this report are set out on page 6-10.

## Auditors

The Auditor General is responsible for the statutory audit of the Authority's books of account in accordance with the provisions of Article 229 of the Constitution of Kenya, Kenya Roads Act 2007 and the Public Audit Act, 2015

By order of the Board

Name : Eng. Philemon Kandie, MBS

Signature.....

 27/9/2022

Date.....

Secretary to the Board



# Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of that Authority, 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 the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes:

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

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2022, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

## Approval of the financial statements

The Authority's financial statements were approved by the Board on 27/9/2022 and signed on its behalf by:

Signature .....  
Name: Eng. Philemon K. Kandie MBS  
Director General

Signature:.....  
Name: Prof.(Eng) Oyuko Mbeche EBS  
Chairperson of the Board

# Report of the Independent Auditors on Kenya Rural Roads Authority





# Statement of Financial Performance for the Year Ended 30 June 2022

		2021-2022 Jun-22 Shs'000	2020-2021 Jun-21 Shs'000
	Note		
<b>REVENUE</b>			
<b>Revenue from Non Exchange Transactions</b>			
Road Maintenance Levy Fund	6	27,725,667	22,115,430
Government Grants	7	17,799,054	-
Development partners' Grants	8	421,893	141,671
<b>Total Revenue from Non Exchange Transactions</b>		<b>45,946,614</b>	<b>22,257,101</b>
<b>Revenue from Exchange Transactions</b>			
Finance Income	9	1,225,636	1,214,778
Other income	10	51,311	1,719
Rental Revenue	11	1,075	1,221
<b>Total Revenue from Exchange Transactions</b>		<b>1,278,022</b>	<b>1,217,717</b>
<b>Total Revenue</b>		<b>47,224,636</b>	<b>23,474,818</b>
<b>EXPENDITURE</b>			
Road Works costs	12	40,209,454	31,702,846
Directors' Costs	13	32,157	13,394
Employment Costs	14	2,821,514	2,586,488
Repairs and maintenance	15	169,130	103,851
Other Operating Costs	16	1,174,611	477,684
Depreciation and amortization expense	17	111,323	115,202
<b>Total Expenditure</b>		<b>44,518,189</b>	<b>34,999,465</b>
<b>Operating Surplus /deficit for the year</b>		<b>2,706,447</b>	<b>(11,524,646)</b>

The significant accounting policies on pages and the notes on pages 83 to 116 form an integral part of these financial statements.

  
 Director Corporate Services  
 CPA Dan Manyasi  
 ICPAK M. No:6407  
 Date 27/9/2022

  
 Director General  
 Eng. Philemon Kandie, MBS  
 Date 27/9/2022

  
 Chairman,  
 Board of Directors  
 Prof. (Eng) Oyuko Mbeche, EBS  
 Date 27/9/2022

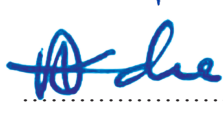
# Statement of Financial Position as at 30 June 2022

		2021-2022	2020-2021
	Note	Jun-22 Shs'000	Jun-21 Shs'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	18	44,497,793	44,449,465
Receivables from exchange transactions	19	19,921,388	15,271,625
Receivables from non exchange transactions	19	1,689,577	4,145,460
Inventories	20	6,644	3,527
		<u>66,115,401</u>	<u>63,870,078</u>
<b>Non-Current Assets</b>			
Property Plant and Equipment	21	302,465	356,553
Road Infrastructure Assets	22	124,175,119	118,640,409
Capital Work In Progress	23	179,882,904	155,181,085
		<u>304,360,488</u>	<u>274,178,047</u>
<b>Total Assests</b>		<u>370,475,889</u>	<u>338,048,125</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables from exchange transactions	24	41,017,705	29,636,936
Payables from Non-Exchange transactions	24	-	-
Employee benefit obligation	25	138,197	223,285
		<u>41,155,902</u>	<u>29,860,221</u>
<b>Non Current Liabilities</b>			
Payables from exchange transactions	24	7,985,152	8,724,522
		<u>7,985,152</u>	<u>8,724,522</u>
<b>Total Liabilities</b>		<u>49,141,054</u>	<u>38,584,743</u>
<b>Net Assets</b>		<u><u>321,334,835</u></u>	<u><u>299,463,382</u></u>
<b>REPRESENTED BY:</b>			
GOK Development Fund	SCNA	327,225,066	308,064,979
Revalutaion Reserve	SCNA	-	-
Staff Mortgage Fund	SCNA	541,941	537,022
Accumulated(Deficit)/ Surplus	SCNA	(6,432,172)	(9,138,618)
<b>Total Net Assets and Liabilities</b>		<u><u>321,334,835</u></u>	<u><u>299,463,382</u></u>

The significant accounting policies on pages and the notes on pages 83 to 116 form an integral part of these financial statements. The financial statements on pages 64 to 116 were approved for issue by the board of directors on 27/9/2022 and were signed on their behalf by:

  
 Director Corporate Services  
 CPA Dan Manyasi  
 ICPAK M. No:6407

Date: 27/9/2022

  
 Director General  
 Eng. Philemon Kandie, MBS

Date: 27/9/2022

  
 Chairman,  
 Board of Directors  
 Prof. (Eng) Oyuko Mbeche, EBS

Date: 27/9/2022



## Statement of Changes in Net Assets for the Year Ended 30 June 2022

Note	Accumulated Surplus	GOK Development Fund	Staff Mortgage Fund	Revaluation Reserve	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
<b>At 1st July 2020</b>	2,386,028	267,192,865	381,452	-	269,960,345
Funds received during the year	-	40,872,115	155,570	-	41,027,685
Surplus for the Period	(11,524,646)	-	-	-	(11,524,646)
<b>At 30th June 2021</b>	(9,138,618)	308,064,979	537,022	-	299,463,383
<b>At 1st July 2021</b>	(9,138,618)	308,064,979	537,022	-	299,463,383
Funds received during the year	-	19,160,087	4,919	-	19,165,006
Surplus for the Period	2,706,447	-	-	-	2,706,447
<b>At 30th June 2022</b>	(6,432,172)	327,225,067	541,941	-	321,334,836

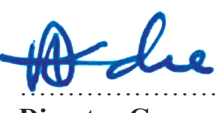
The significant accounting policies on pages and the notes on pages 83 to 116 form an integral part of these financial statements.


# Statement of Cash Flow for the Year Ended 30 June 2022

	Note	2021-2022 Jun-22 Shs'000	2020-2021 Jun-21 Shs'000
<b>Cash flows from operating activities</b>			
Surplus for the year		2,706,447	(11,524,646)
<i>Adjustments for:</i>			
<i>Prior Year adjustment</i>			
Depreciation of property, plant and equipment/Revaluation	21	111,323	115,202
Interest Income		(1,225,636)	(1,214,778)
<b>Changes in operating assets and liabilities</b>			
Receivables from exchange transactions		(4,649,763)	843,631
Receivables from non exchange transactions		2,455,884	(740,840)
Inventories		(3,116)	1,614
Payables from Non-exchange transactions		-	-
Payables from exchange transactions		10,641,399	9,667,749
Employee benefit obligation		(85,088)	60,414
<b>Net cash from operating activities</b>		<u>9,951,449</u>	<u>(2,791,654)</u>
<b>Cash flows from investing activities</b>			
Interest Income		1,225,636	1,214,778
Purchases of Property Plant and equipment	21	(57,235)	(113,857)
Addition in Road infrastructure assets	23	(30,236,529)	(36,803,913)
<b>Net cash used in investing activities</b>		<u>(29,068,128)</u>	<u>(35,702,992)</u>
<b>Cash flows from Financing activities</b>			
Capital Grant received		19,160,087	40,872,115
Mortgage Fund		4,919	155,570
<b>Net cash used from investing activities</b>		<u>19,165,006</u>	<u>41,027,685</u>
Net increase in cash and cash equivalents		48,327	2,533,038
Cash and cash equivalents at start of year		<u>44,449,465</u>	<u>41,916,427</u>
Cash and cash equivalents at end of Period	18	<u>44,497,793</u>	<u>44,449,465</u>

The significant accounting policies on pages and the notes on pages 83 to 116 form an integral part of these financial statements.

  
 Director Corporate Services  
 CPA Dan Manyasi  
 ICPAK M. No:6407  
 Date: 27/9/2022

  
 Director General  
 Eng. Philemon Kandie, MBS  
 Date: 27/9/2022

  
 Chairman,  
 Board of Directors  
 Prof. (Eng) Oyuko Mbeche, EBS  
 Date: 27/9/2022



## Statement of Comparison of Budget and Actual Amount

Revenue	Note	Original Budget 2021-2022 Shs'000	Adjustments Shs'000	Final Budget 2021-2022 Shs'000	Actual on comparison Basis 2021-2022 Shs'000	Performance Difference 2021-2022 Shs'000
Road Maintenance Levy Fund	6	21,390,870	6,350,000	27,740,870	27,725,667	15,204
Government Grants	7	39,170,752	-	39,170,752	36,959,142	2,211,610
Development partners' Grants	8	1,842,200	-	1,842,200	421,893	1,420,307
Finance Income	9	822,330	-	822,330	1,225,636	(403,306)
Other income	10	10,000	-	10,000	51,311	(41,311)
Rental Revenue	11	2,200	-	2,200	1,075	1,125
<b>Total Revenue</b>		<b>63,238,352</b>	<b>6,350,000</b>	<b>69,588,352</b>	<b>66,384,723</b>	<b>3,203,629</b>
<b>EXPENDITURE</b>						
Road Works Costs-Maintenance	12	17,450,154	22,602,093	40,052,247	40,209,454	(157,207)
Directors' Costs	13	29,955	11,008	40,963	32,157	8,805
Employment Costs	14	2,814,624	(11,008)	2,803,616	2,821,514	(17,898)
Repairs and maintenance	15	69,800	98,834	168,634	169,130	(496)
Other Operating Costs	16	1,405,367		1,405,367	1,174,611	230,755
Depreciation and amortization expense	17	55,500	65,111	120,611	111,323	9,288
Exchequer Fund		22,252,865	(5,000,000)	17,252,865	-	-
Transfer to GOK Fund		19,160,087		19,160,087	19,160,087	-
<b>Total Expenditure</b>		<b>44,078,265</b>	<b>17,766,038</b>	<b>81,004,390</b>	<b>63,678,276</b>	<b>73,249</b>
<b>Operating Surplus for the year</b>		<b>19,160,087</b>	<b>(11,416,038)</b>	<b>(11,416,038)</b>	<b>2,706,447</b>	<b>3,130,381</b>

## Statement of Comparison of Budget and Actual Amount Discussion

1. RMLF Revenue
  - Revenue increase due to release of emergency funding
2. Governments Grants Shortfall-
  - This is due to delayed Exchequer of Release of Counter part and regular Funding by National Treasury.
3. Finance Income
  - Targets achieved due to prudent Cash Management
4. Other Income
  - This is a significant increase due to Recall of Performance Guarantee.
5. Expenditure
  - Road works Maintenance-Utilization of Prior year balances by regional offices



# Notes to the Financial Statements

## 1. General Information

Kenya Rural Roads Authority (KeRRA) is a State Corporation established under the Kenya Roads Act 2007. The Authority is headed by a Board of Directors led by a chairman with the Director General being the Chief Executive of the Authority.

The Kenya Roads Act 2007 provides for the mandate of the Authority to manage, develop, rehabilitate and maintain the rural road network within the Republic of Kenya. However, the Constitution of Kenya 2010 assigns the responsibility of managing National Trunk Roads to National Government and County Roads to County Governments under the Fourth Schedule Part 18(b). In line with this provision, the road network in Kenya was reclassified vide Kenya Gazette Notice of 22<sup>nd</sup> January 2016 by the State Department of Infrastructure. National trunk roads in Class C totaling 19,504 Km were vested to the Authority by the Cabinet Secretary. A further reclassification by the Cabinet Secretary on 8th May 2020 revised the KeRRA network to 18,662 Km of national trunk road network in Class C.

## 2. Statement of compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Kenya Rural Roads Authority accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kenya Rural Roads Authority .

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) issued by International Public Sector Accounting Standards Board (IPSASB), the Public Financial Management Act, 2012, Public Audit Act, 2015 and Kenya Roads Act 2007.

## 3. Adoption of new and revised Standards

- i. ***New and amended standards and interpretations in issue effective in the year ended 30 June 2022.***

Standard	Impact
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b>  Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.  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.</p> <p>IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.  Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).  Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

**New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022**

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b>  The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.  IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management</li> </ul>



Standard	Effective date and impact:
	strategies and the accounting treatment for instruments held as part of the risk management strategy.
<b>IPSAS 42: Social Benefits</b>	<b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul> <i>(State the impact of the standard to the entity if relevant)</i>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1st January 2023:</b> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted

## ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of Preparation

The financial statements have been prepared under the historical cost convention, unless otherwise stated. The Financial Statements are presented in Kenya Shillings which is the functional and reporting currency of the Authority and all values are rounded to the nearest thousand (Ksh 000).

### (b) Presentation of Financial Statements

The financial statements comprise of statement of financial performance, statement of financial position, statement of changes in net assets/reserves, the statement of cash flows

and statement of comparison of budget and actual amount and the notes to the financial statements.

The Authority classifies its expenditure by the nature of expense methodology.

The disclosure on risks are presented in the financial risk management objectives and policies contained in note 5.

#### **(c) Budget Information**

The original budget for FY 2021-2022 was approved by the National Assembly in June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

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

#### **(d) Taxation**

The Authority is an appointed tax agent for Kenya Revenue Authority with the mandate to withhold tax and remit to Kenya Revenue Authority. The withheld taxes are recognized as current liabilities until paid to the relevant Authority.

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

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

#### **(e) Translation of foreign currencies**

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.



**(f) Revenue recognition**

Revenue comprises the fair value of consideration received or receivable in the ordinary course of business. In accordance with the Kenya Roads Act 2007, revenue comprises all proceeds from the Kenya Roads Board Fund, Grants, Loans and donations from Central Government and Development partners, and such moneys, sums or assets that may accrue to the Authority. The revenue is for specified purposes including maintenance, rehabilitation and development of the rural road network in Kenya.

The Authority recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Authority.

***i) Road Maintenance Levy Fund***

Receipts from the Road Maintenance Levy Fund comprise of 32% of collections from the Road Maintenance Levy Fund administered by the Kenya Roads Board in accordance with the Kenya Roads Board act 1999.

Proceeds from the Road Maintenance Levy Fund are generally recognized in the Statement of Financial Performance on accrual basis.

***ii) Agricultural Cess***

The Agricultural Cess comprises of 80% of all monies collected as Cess in respect of tea and coffee as per Agricultural Act. The fund is administered by Kenya Roads Board. Proceeds from agricultural Cess are recognized in the Statement of Financial Performance on accrual basis.

***iii) Transfers from Government and other entities***

The Kenya Roads Act 2007 provides the Authority may receive all monies from any other source provided for or donated or lent to the Authority. Such monies are recognized as they accrue in the period in which the transfer becomes binding at fair value, in the 'Statement of Financial Performance', unless the collectability is in doubt. The fair values can be determined by reference to the market rate.

Where a transfer is subject to conditions that if unfulfilled require a return of the transferred resources they are recognized as a liability until the condition is fulfilled.

***iv) Interest Income***

Interest income and expense, including interest income from non-derivative financial assets are recognized at fair value through the Statement of Financial Performance using the effective interest method. Interest income is accrued on a time basis and is calculated on call and fixed deposits held with approved banking institutions.

***v) Rental Income***

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

***vi) Other income***

Other income arising from sale of tenders and fees levied by the Authority is accounted for on receipt

**(g) Financial Instruments**

**(i) Financial assets**

Financial assets within the scope of IPSAS 29 are classified as financial assets at fair value through surplus or deficit, receivables, held-to-maturity investments or available-for-sale

financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

### ***Receivables***

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority provides money or services directly to a debtor with no intention of trading the receivable. Receivables mainly arise from non-exchange transactions which accrue in the ordinary course of business and there is no intention of trading the receivable.

Receivables are recognized initially at the fair value. They are subsequently measured at amortized costs using the effective interest method less provision for impairment.

A provision for impairment of receivables is made when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables.

The carrying value less discounts and any impairment provision of impairment is assumed to approximate their fair values. For financial instruments such as short term receivables, no disclosure of fair value is required when the carrying amount is a reasonable approximation of fair value.

The Authority is allocated funds by the Government and Kenya Roads Board in accordance with the approved budget and allocation criteria set out in the Kenya Roads Board Act, 1999. The amounts allocated are referred to as ‘disbursements’ and are released to the Authority based on the disbursement schedule. Any amounts not released at any time are recognized as receivables.

Receivables are classified as current assets if payment is due within one year or less. If not, they are presented as non-current assets.

### **(ii) Financial Liabilities**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

### ***Payables***

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables also include payments in respect social benefits where formal agreements for specific amounts exist.

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The historical cost carrying amount of payables subject to the normal credit terms usually approximates fair value. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). If not, they are presented as non-current liabilities.

### **(h) Provisions**

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



The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period end, taking into account the risks and uncertainties surrounding the obligation.

### ***Contingent Liabilities***

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

### ***Contingent assets***

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

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

#### **(i) Operating leases**

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made/received under operating leases are charged/credited to the statement of financial performance on a straight line basis over the lease period. Prepaid operating lease rentals are recognized as assets and are subsequently amortized over the lease period.

#### **(j) Provision for liabilities and charges**

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

#### **(k) Property, plant and equipment**

All categories of property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system that is an integral part of the related hardware is capitalized as part of the computer equipment. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the statement of financial performance in the year in which they are incurred.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value

Depreciation is calculated using the straight line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	Rate - %
Buildings	2.5%
Computers	33.3%
Furniture and Fittings & Fixtures	12.5%
Technical Equipment/Machinery	12.5%
Motor Vehicles	25.0%
Road Infrastructure Assets	-

As no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

#### **(l) Specialised Public Service Assets-Infrastructure Assets**

International Valuation Standards Committee defines specialized public asset as an asset, owned and/or controlled by a governmental or quasi-governmental entity, for the provision of some public service or good.

The authority deals in construction of roads infrastructure which falls in this category and constitutes part of property, plant and equipment within the meaning of IPSASs.

Like other assets, all specialized public service assets provide either service potential or future economic benefit. Service potential is a measure of the capacity of an asset to provide services or benefits to those that use that asset. Future economic benefit is a measure of the capacity of an asset to provide monetary benefits to those that hold or own that asset.

#### **(m) Construction contracts**

A construction contract is defined as a contract specifically negotiated for the construction of an asset. Contract costs are recognized as assets in the period in which they are incurred.

Where the outcome of a construction contract can be estimated reliably, costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its payment is considered probable.

The Authority uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity



on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Progress billings not yet paid to the contractors and retention are included within 'Payables' in the statement of financial position.

Costs incurred on maintenance contracts are charged in the statement of financial performance in the period in which they are incurred.

#### **(n) Impairment of Non-Financial Assets**

At each reporting period end, based on internal and external sources, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable value of the asset.

Impairment losses are recognized as an expense in the Statement of Financial Performance whenever the carrying amount of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of impairment loss is limited to the assets carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is credited to the Statement of Financial Performance in the year reversals are recognized.

#### **(o) 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 condition is accounted for, based on purchase cost using the weighted average cost method.

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 Authority

#### **(p) Cash and Cash Equivalents**

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

changes in value. Bank account balances include amounts held at the various commercial banks at the end of the financial year.

**(q) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements.

The net assets are made of up of designated funds and accumulated reserve which are explained as follows:

***(i) Staff Mortgage Fund***

The Authority established independently managed staff Mortgage Scheme Funds for members of staff. The scheme is based on a minimum cash balance at the Kenya Commercial Bank account commensurate with the mortgage amount. This cash balance, built up for the scheme as a revolving fund.

***(ii) Capital Fund***

The Authority proposes to establish a Capital Fund in for the purpose of purchase of office property plant and equipment.

***(iii) Accumulated surpluses/Deficit***

Accumulated surpluses/ (deficit) represent excess operating revenue over expenditure which has accumulated over the years. These funds are available for utilization in the Authority's operations in the subsequent years.

***(iv) Development Fund***

Development fund represents the Authority's investment in infrastructure assets as funded by the exchequer development vote.

**(r) 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.

**(s) Employee Benefits**

The Authority provides retirement benefits for its eligible employees. The Authority operates defined contributions provident fund administered by an independent administration company and trustees and which is funded by both the employee and employer.

The Authority and its employees also contribute to the statutory pension scheme, The National Social Security Funds (NSSF). Contributions are determined by the local statute. The Authority also sets aside on monthly basis the gratuity for its employees who are on contract basis.

The contributions to fund obligations for the payment of retirement benefits are charged to the statement of financial performance in the year in which they become payable.



The total expense recognized in the income statement of Shs Million (2021-2022: Shs 138.2 Million) represents contributions payable to the plan by the Authority at rates specified in the rules of the plan. The expense has been included within the staff pension costs under staff costs.

**(f) Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation of the Financial Statements as required by International Public Sector Accounting Standards and any amendment whenever necessary in the current year

**(u) Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

**5. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS**

In the process of applying the Authority's accounting policies, the directors have made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the directors' knowledge of current events and actions, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**(a) Critical Judgments in Applying the Authority's Accounting Policies**

In the process of applying the Authority's accounting policies, judgments have been made in determining:

- Whether the assets are impaired;
- The classification of financial assets;
- The going concern.

**(b) Critical Accounting Estimates and Assumptions**

The key areas of judgments and sources of uncertainty in estimation are as set out below:

**(i) Contingent Liabilities**

As disclosed in these financial statements, the Authority is exposed to various contingent liabilities in the normal course of business. The directors evaluate the status of these exposures on a regular basis to assess the probability of the Authority incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

**(ii) Provision for Doubtful Debts**

The Authority reviews its receivables to assess the likelihood of impairment. Provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due. Where necessary, an estimation of the amounts irrecoverable is made in that year. Provision for impairment shall be recognized upon approval by the Board of Directors.

**(iii) Other Provisions**

Other provisions are recognized when the Authority has legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**(iv) Impairment Losses**

At each reporting period end, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable value of the asset. Any impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognized as income immediately.

	2021-2022 Shs'000	2020-2021 Shs'000
6. Road Maintenance Levy		
10% Constituency Links Roads	3,319,883	3,028,979
10% Special allocation	13,571,798	8,360,833
22% Constituency Roads Fund	7,323,270	6,574,981
RMLF Operations	3,510,716	4,150,637
Total Road Maintenance Levy	<u>27,725,667</u>	<u>22,115,430</u>
7. Other Government Grants		
Development Projects	19,160,087	40,872,115
Spot Improvement Projects(Public Participation)	17,799,054	-
Administrative funds	-	-
Total Government Grants	<u>36,959,142</u>	<u>40,872,115</u>
Deferred Income	-	-
Transfer to Development Fund	<u>(19,160,087)</u>	<u>(40,872,115)</u>
	<u>17,799,054</u>	<u>-</u>



8.	Development Partners Grants		
	European Union	-	61,131
	L'Agence Française de Développement(AFD)	-	-
	German Development Bank(KFW)	-	-
	AFD-Interest	-	195
	BADEA	421,893	80,345
	Total Development Partners'Grants	<u>421,893</u>	<u>141,671</u>
9.	Finance Income		
	Interest from fixed deposits	<u>1,225,636</u>	<u>1,214,778</u>
	Total Finance income	<u>1,225,636</u>	<u>1,214,778</u>
10.	Other Income		
	Receipts from sale of tenders	545	93
	Disposal of Assets	571	
	Recall of Performance Guarantees	48,226	-
	Other Levies	<u>1,969</u>	<u>1,290</u>
	Total other income	<u>51,311</u>	<u>1,383</u>
11.	Rental Revenue		
	Receipts from operating lease rental	<u>1,075</u>	<u>1,221</u>
	Total Rental revenue	<u>1,075</u>	<u>1,221</u>

Rental income is rent income received from various Regional Office camps. The properties were inherited from our Parent Ministry.

	2021-2022 Shs'000	2020-2021 Shs'000
12. Road Works Expenditure		
RMLF 10%-Critical Link Roads	3,993,420	3,931,129
RMLF 22%-Constituency Roads Fund	7,953,333	7,050,037
RMLF 10%-Special Allocation	9,243,192	8,117,540
Donor Funded Projects	870,813	1,251,936
Refund Donor EU/KFW	-	70,138
GoK Spot Improvement Funds	18,072,789	10,975,120
Coffee Cess	-	67
Equilisation Fund	<u>75,907</u>	<u>306,879</u>
<b>Total Road Works Expenses</b>	<u>40,209,454</u>	<u>31,702,846</u>

13. Directors' Costs		
Emoluments	11,008	1,975
	<u>11,008</u>	<u>1,975</u>
<b>b.Non Executive Directors</b>		
Emoluments	6,224	6,540
Training and field activities	14,926	4,879
	<u>21,150</u>	<u>11,419</u>
<b>Total Directors Costs</b>	<u>32,157</u>	<u>13,394</u>
14. Employment Costs		
Salaries and Wages	1,881,261	1,870,936
Pension and Gratuity costs	218,502	249,455
Medical and Insurance	77,840	98,152
Training and Development	183,945	113,916
Travelling and accomodation	428,968	231,990
Other Staff welfare costs	30,999	22,040
<b>Total employment Costs</b>	<u>2,821,514</u>	<u>2,586,488</u>
15. Repairs and maintenance		
Office building	20,112	13,609
Furniture and equipment	99,249	47,645
Motor vehicles	49,769	42,598
<b>Total Repairs and Maintenance</b>	<u>169,130</u>	<u>103,851</u>



	2021-2022 Shs'000	2020-2021 Shs'000
16. Other Operating Expenses		
Public relations and Corporate affairs	20,460	14,354
Audit Fees	3,000	-
Advertisement and publicity	10,690	13,375
Rent and Rates	16,817	18,063
Electricity and Water	10,825	9,521
Cleaning and sanitation	12,891	16,667
Fuel and other vehicle running expenses	173,468	67,322
Security	111,091	53,838
Consultancies	10,408	12,198
Legal Fees	4,755	3,915
Printing and Stationery	41,091	39,425
CRC and tender evaluation Expenses	216,437	99,356
Telephone, Internet and Postage	30,573	30,807
Bank Charges	15,302	10,809
Office expenses	19,616	12,144
Corporation Taxes	413,801	-
Performance Contracting	63,386	75,890
<b>Total Other Operating expenses</b>	<b>1,174,611</b>	<b>477,684</b>

Taxes-The authority paid Corporation Tax on prior year Interest income .

17. Depreciation and Amortization		
Property Plant and equipment	111,323	115,202
<b>Total Depreciation Expense</b>	<b>111,323</b>	<b>115,202</b>

18. Cash and cash equivalents		
Cash in hand and Bank	23,542,234	23,583,789
Staff mortgage Fund	1,119	1,272
Fixed term deposits	20,954,440	20,864,404
<b>Total Cash and Cash equivalents</b>	<b>44,497,793</b>	<b>44,449,465</b>

The cash and bank balances as the funds are held with sound financial institutions approved by Central Bank of Kenya as follows:

	2021-2022 Shs'000	2020-2021 Shs'000
KCB Bank Kenya limited	44,132,823	43,826,196
Equity Bank Kenya Limited	125,044	145,135
Cooperative Bank Kenya Limited	56,024	315,583
NCBA Bank Kenya Limited	183,805	162,422
Cash in Hand	97	129
Total cash in hand and bank	<u>44,497,793</u>	<u>44,449,465</u>

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months

#### 19. Receivables

##### a) Receivables from Exchange transactions

Contractors advances	<u>19,921,388</u>	<u>15,271,625</u>
<b>Total Receivables from Exchange transactions</b>	<u>19,921,388</u>	<u>15,271,625</u>

##### b) Receivables from Non Exchange transactions

Advances to Staff	43,320	42,973
Deposits and Prepayments	64,223	71,098
Other Receivables(Accrued Income )	<u>1,582,034</u>	<u>4,031,390</u>
<b>Total Receivables from Non Exchange transactions</b>	<u>1,689,577</u>	<u>4,145,460</u>
<b>Total receivables</b>	<u>21,610,965</u>	<u>19,417,086</u>

Receivables constitute short term liquid assets which are recoverable within one year. Grants receivable represent development grants due from the National Government. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Authority does not hold any collateral as security. The aged analysis of receivables is as follows:

	2021-2022 Shs'000	2020-2021 Shs'000
20. Inventories		
Consumable stores	<u>6,644</u>	<u>3,527</u>
<b>Total Inventories</b>	<u>6,644</u>	<u>3,527</u>



21. Property Plant and equipment						
<b>Period ended 30th June 2022</b>	<b>Building</b>	<b>Furniture and Fittings</b>	<b>Motor Vehicles</b>	<b>Office Equipment</b>	<b>Computers and Software</b>	<b>Plant and Machinery</b>
	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>	<b>Shs'000</b>
<b>Cost</b>						
At 1st July 2021	108,353	189,438	674,322	53,767	311,337	1,393,719
Additions	11,579	6,876	-	4,504	34,276	57,235
At 30th September 2021	119,932	196,314	674,322	58,271	345,612	1,450,955
<b>Depreciation</b>						
At 1st July 2021	23,531	141,390	536,753	33,590	248,666	1,037,167
Charge for the year	2,674	8,344	55,657	4,342	39,849	111,323
At 31st March 2022	26,205	149,735	592,411	37,931	288,516	1,148,490
<b>Net Book Value</b>						
At 30th June 2022	93,727	46,580	81,911	20,340	57,097	302,465

Period ended 30th June 2021	Building	Furniture and Fittings	Motor Vehicles	Office Equipment	Computers and Software	Plant and Machinery	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
<b>Cost</b>							
At 1st July 2020	108,353	180,572	621,213	42,591	274,281	52,853	1,279,863
Additions	-	8,866	53,109	11,175	37,056	3,650	113,857
At 30th June 2021	108,353	189,438	674,322	53,767	311,337	56,503	1,393,719
<b>Depreciation</b>							
At 1st July 2020	19,288	132,023	492,994	30,980	193,827	52,853	921,965
Charge for the year	4,243	9,367	43,759	2,610	54,839	383	115,202
At 30th June 2021	23,531	141,390	536,753	33,590	248,666	53,236	1,037,167
<b>Net Book Value</b>							
At 30th June 2021	84,822	48,048	137,568	20,177	62,670	3,267	356,552

The gross carrying amount of fully depreciated property, plant and equipment amounted to Kshs 791,379,636



	2021-2022 Shs'000	2020-2021 Shs'000
22. Road Infrastructure Assets		
At 1st July	118,640,409	79,440,931
Transfer from work in progress	<u>5,534,710.4</u>	<u>39,199,477</u>
	<u>124,175,119</u>	<u>118,640,409</u>
23. Capital Work In Progress		
At 1st July	155,181,085	157,576,650
Additions	30,236,529	36,803,913
Transfer to Road Infrastructure Asset	<u>(5,534,710)</u>	<u>(39,199,477)</u>
	<u>179,882,904</u>	<u>155,181,085</u>
24. Payables		
Due to Contractors	38,743,590	28,174,015
Other Trade payables(General Suppliers)	2,028,496	1,109,119
Staff Creditors	131	(2,384)
Other Payables(Accruals & provisions)	<u>245,488</u>	<u>356,186</u>
<b>Total current</b>	<u>41,017,705</u>	<u>29,636,936</u>
<b>Non Current:</b>		
Contract Retention	<u>7,985,152</u>	<u>8,724,522</u>
<b>Total Non Current</b>	<u>7,985,152</u>	<u>8,724,522</u>
	<u>49,002,857</u>	<u>38,361,458</u>

Current trade and other payables are expected to be settled in Authority's normal operating cycle and within twelve months after the reporting period and are not attached to an unconditional right to defer payment of the liability.

25. Employee Benefit obligations

	Gratuity Ksh'000	Pension costs Ksh'000	Total Ksh'000
As at 1st July 2021	103,565	76,233	179,799
Additional Provisions	- 34,458	- 7,143.44	(41,601)
Provision utilised	-	-	-
<b>As at 30th June 2022</b>	<u>69,108</u>	<u>69,090</u>	<u>138,197</u>

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Authority has an integrated risk management framework/ strategy. The Authority's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement, monitoring and reporting. The risk management policies and systems are reviewed regularly to ensure they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered.

The Authority recognizes the critical role the risk management will continue to play in its endeavor to carry out its business in a dynamic environment. The Board is committed to ensure that corporate governance and risk management are deeply entrenched in the Authority's strategy and culture. An elaborate risk management strategy that will provide direction on matters of policy and guide the implementation and control has been developed.

The Authority core business involves major engagements with financial transactions and processes which pose certain risks. Three types of risks are reported as part of the risk profile namely operational, strategic and business continuity risks.

**(i) Operational risks** are events, hazards, variances or opportunities which could influence the achievement of the Board's compliance and operational objectives.

**(ii) Strategic risk** is a significant unexpected or unpredictable change or outcome beyond what was factored into the organization's strategy and business model which could have an impact on the entity's performance.

**(iii) Business continuity risks** are those events, hazards, variances and opportunities which could influence the continuity of the entity.

The Members of the Board have the overall responsibility for the establishment and oversight of the Authority's risk management framework. The Authority has delegated its risk management to the Audit and Risk Committee. One of the responsibilities of this committee is to review risk management strategies to ensure that an effective efficient and transparent system of risk management is maintained for sustainable management of the Authority.

The Authority's exposure to risks, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented, unless otherwise stated. The Authority aims therefore to achieve an appropriate balance between the risk and return and minimize potential adverse effects on its financial performance.

The financial management objectives and policies are as outlined below:

### ***a) Liquidity Risk***

Liquidity risk is the risk that the Authority will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/ operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have been

discontinued, etc. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be met at expected terms and when required.

The objective of the liquidity and funding management is to ensure that all foreseeable operational and capital commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels.

The Authority's has adopted an overall balance sheet approach which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations. The Authority's liquidity and funding management process includes:

- Projecting cash flows and considering the cash required and optimizing the short term requirements as well as the long term funding, maintaining balance sheet liquidity ratios,
  - Maintaining/soliciting for a diverse range of funding sources with adequate back up facilities,
- The Authority has an established corporate governance structure and process of managing risks regarding guarantees and contingent liabilities.

The primary sources of revenue for the Authority are receipts from the Kenya Roads Board, mainly receipts from Road Maintenance Levy Fund, and Grants from the central Government and Development Partners.

The table below summarizes the maturity analysis for financial liabilities to their remaining contractual maturities



**Period Ended 30th June 2022**

	Fully Performing	Past Due Date but not Impaired	Past Due Date and impaired	Total
Advances to Staff	43,320			43,320
Contractors advances	19,921,388			19,921,388
Deposits and Prepayments	64,223			64,223
Other Receivables	1,582,034			1,582,034
Cash at Bank	44,497,793			44,497,793
	<b>66,108,757</b>	<b>-</b>	<b>-</b>	<b>66,108,757</b>

**Year Ended 30th June 2021**

	Fully Performing	Past Due Date but not Impaired	Past Due Date and impaired	Total
Advances to Staff	45,562			45,562
Contractors advances	14,566,629			14,566,629
Deposits and Prepayments	71,098			71,098
Other Receivables	4,081,390			4,081,390
Cash at Bank	45,715,899			45,715,899
	<b>64,480,577</b>	<b>-</b>	<b>-</b>	<b>64,480,577</b>

**b) Market Risk**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The Authority is exposed to the following market risks:

**(i) Currency Risk**

The currency risk is minimal as most of cash and cash equivalents held with banks are dominated in Kenya Shillings.

**(ii) Price Risk**

Kenya Roads Board collects Kshs. 18 per litre of diesel and petrol imported into the country, 32% of which is disbursed to the Authority. The Authority is exposed to the extent that the levy on diesel and petrol is reduced or eliminated due to changes in the international fuel prices, inflation or other macro indicators.

The Road Maintenance Levy Fund is backed up by an Act of Parliament and changes thereof require approval by Parliament.

**(iii) Interest Rate Risk**

The Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk is minimal as the Authority does not have any borrowings.

**c) Credit Risk**

The maximum exposure of the Authority to credit risk as at the balance sheet date is as follows:

**Period Ended 30th June 2022**

	Less Than 1Month	Between 1-3 Months	Between 3-12 Months	Over One Year
Due to contractors			38,743,590	
Other Trade Payables	-	2,028,496	-	-
Staff Creditors	-	131	-	-
Contract Retention	-	-	-	7,985,152
Deferred Income	-	-	-	-
Other Payables	-	245,488	-	-
	<u>-</u>	<u>2,274,114.46</u>	<u>38,743,590</u>	<u>7,985,152</u>

**Year Ended 30th June 2021**

	Less Than 1Month	Between 1-3 Months	Between 3-12 Months	Over One Year
Due to contractors			28,650,977	
Other Trade Payables	-	1,226,849.73	-	-
Staff Creditors	-	367.93	-	-
Contract Retention	-	-	-	8,849,981.19
Deferred Income	-	-	-	-
Other Payables	-	408,800.67	-	-
	<u>-</u>	<u>1,636,018.33</u>	<u>28,650,977</u>	<u>8,849,981.19</u>

**c) Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior.

The Authority seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks.

The Authority's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Authority's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- (i) Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- (ii) Requirements for the reconciliation and monitoring of financial transactions;
- (iii) Compliance with regulatory and legal requirements;
- (iv) Documentation of controls and procedures;
- (v) Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- (vi) Requirement for the reporting of operational losses and proposed remedial action;
- (vii) Training and professional development;
- (viii) Ethical and business standards; and
- (ix) Risk mitigation, including insurance where it is effective.

Operational risks are managed by the Internal Audit function established to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analyzing and mitigating risks in all facets of the business.

#### **d) Compliance and Regulatory Risk**

Compliance and regulatory risk includes the risk of non-compliance with regulatory requirements. The Authority has complied with all externally imposed requirements throughout the year.

#### **e) Legal Risk**

Legal risks is the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or the loss for the authority, failure to protect the title to and inability to control the rights to assets of the Authority (including intellectual property right), changes in law, or jurisdictional risk.

The Authority manages legal risk through the legal function, legal risk policies and procedures and the effective use of internal controls and external lawyers.

#### **27. Related Parties Balances and Transactions**

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

##### **(a) Related party transactions**

The following transactions were carried out with related parties during the year.



2021-2022 Shs'000	2020-2021 Shs'000
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**(b) Outstanding balances arising from non-exchange transactions**

The following were outstanding balances with related parties as at 30<sup>th</sup> June 2022

Receivable from related parties	-	-
Payable to related parties	69,090	69,090
Receivables from related parties can be analysed as follows:		
The Government of Kenya	-	-
Kenya Roads Board	-	-
Key management personnel	-	-
	-	-
Payables to related parties can be analysed as follows:		
Key management personnel	69,090	69,090

28. Contingent Assets and liabilities  
**(vii) Contingent Liabilities**

Due to the uncertainty of the outcome of our Legal cases, it is not practically possible to estimate the resulting liabilities and the effect they are likely to have on the results of the Authority's operations, financial position or liquidity. Therefore no provision has been made in the financial statements.

Kenya Revenue Authority is demanding over ksh 187.33 million penalties and interest on Corporation Tax. Management is pursuing the issue through the Parent Ministry and The National Treasury.

2021-2022 Shs'000	2020-2021 Shs'000
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**(viii) Contingent assets**

Advance Guarantees	20,384,746	19,893,449
Performance Guarantee	23,308,035	13,564,591
	43,692,782	33,458,039

## 29. Capital Commitments

Authorised and contracted for

-                      -

Non-cancellable operating lease rentals are payable as follows:

<b><i>Operating lease rentals</i></b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Jun-22</b>	<b>Jun-21</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Non-cancellable operating lease rentals are payable as follows		
Within one year	-	-
Later than one year but within five years	-	-
	-	-

The Authority has leased office premises under an operating lease. The lease typically runs for 5 years with an option for renewal. Lease payments are increased accordingly to reflect market rentals. The Authority does not have an option to purchase the leased asset at the expiry of the lease period. There are no contingent rents recognized in the Statement of Financial Performance.

## 30. Reconciliation of surplus as per Budget statement and statement of financial performance

	<b>2021-2022</b>
	<b>Jun-22</b>
	<b>Shs'000</b>
Surplus as per statement of Budget and Actual amounts	2,706,447
Add: Transfer of Roadwork Costs to Infrast	-
Less: Transfer to Development Fund	-
Add: Transfer from Deferred Income	-
<b>Surplus(Deficit) as per Statement of financial performance</b>	<b>2,706,447</b>

## 31. Fair value

The directors consider that there is no material difference between the fair value and carrying value of the Authority's financial assets and liabilities, where fair value details have not been presented.

## 32. Events after the reporting period

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

### 33. Ultimate and holding entity

The Authority is a State Corporation under the Ministry of Transport, Infrastructure, Housing and Urban Development, State Department of Infrastructure. Its ultimate parent is the Government of Kenya.

### 34. Currency

The financial statements are presented in Kenya Shillings (Kshs.'000).



## Appendix I: Progress on Follow up of Auditors Recommendations

The following is the summary of issues that resulted in a qualified opinion of the external auditor on the financial statements for the year 2020/21, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

**Table 15: Proress on Follow Up of Auditors Recommendations**

Ref.	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
1	<b>Nugatory Expenditure</b> Authority had incurred a total of ksh 202,088,241 to pay interest on delayed payment and a further amount of ksh 4,253,404.04 2016/17 . Total Nugatory Expenditure of ksh 206,341,645.04	This was occasioned by delayed exchequer releases	Director General	Not Resolved	Insufficient Budgetary Allocations
2	<b>Rehabilitation and Repair of Kasoiyo-Saos-Society (D350) Road</b> The Project was awarded to Bridgestone Construction Company Ltd at contract sum of ksh 818,445,018 and commenced on 10 <sup>th</sup> October 2012 with expected completion as 10 <sup>th</sup> February 2016 revised to April 2016 <b>2.1 Assignment of works</b> Project File revealed assignment of works valued at ksh 504,824,286 to Guangxi Hydroelectric Construction Bureau on the 28 <sup>th</sup> January 2015. <b>1.2 Delayed implementation.</b> The latest Progress report for 5 August 2016 showed the overall progress achieved was 99.91 against a lapse time of 130.2% of contract period Although contractor requested for substantial completion inspection on the 13 <sup>th</sup> September 2017. This had not been undertaken at the time of the Audit	In order to ensure timely delivery of the project to the users, management made a decision to assign the works to another contractor after the initial contractor experienced challenges.	Director General	Resolved: The project is now completed	
3	<b>Construction of Muranga-Gitugi(D427) and Njumbi –Mioro (E546)</b> <b>3.1 Delayed Project Delivery</b> Overall Project progress as at June 2017 was 47.23% against contract lapse period of 196.43% . This indicates the project is far behind schedule which could lead to cost escalation. <b>3.2 Interest on late payment</b> Certificate No 20 dated 27 <sup>th</sup> June 2017 Indicated that interest on delayed payments totalling ksh 7,001,678 had been incurred.	Although there have been delays in the project this may not necessarily result to cost escalation since the Variation of prices (VOP) is capped the contractual completion date.	Director General	Resolved: The project is now completed	
4.	<b>Construction of Kaptama-Kapsokwony-Sirisia-Contract No RWC 023</b> The Project is divided into 4 distinct portions with total length of 67Km				

	<p><b>1.1 Delayed Project Delivery</b> The contract Commenced on 22 June 2007 with contract period of 35 Months to end 13 May 2010. Latest progress availed during audit for 31 July 2015 revealed a progress of 94% and there was no evidence of extension of time. During the year management did not avail information of the current status of the project.</p> <p><b>1.2 Financial Distress b the Contractor:</b> Contractor KSL International was put under receivership as indicated on the Daily Nation Monday 23 February 2015 page 37. Site Office at Kamkuywa was placed under Receiver Manager and site operations halted. The contractor has been unable to settle rent arrears owed to the Authority amounting to ksh 3,028,125. For Mwatunge Camp in Taita Taveta which was in a previous contract.</p> <p><b>1.3 Request for Mutual Winding Up of the Contract</b> The Receiver Manager vide Letter ref HG/JKM/RBH/IGM/62 dated 9<sup>th</sup> July 2015 requested for mutual Winding Up. Further, the Attorney General in a letter Ref: AG/ CONE/21/6/12 VOL1(7) dated 1<sup>st</sup> September 2016 advised the management to terminate the contract forthwith in accordance with clauses 63.1 of the conditions of contract but there was no evidence to show action taken so far at the time of the audit. In the circumstances it is not possible to confirm whether the public obtained value for money for expenditure of ksh 2,622,131,272 already incurred. Matter still unresolved in 2016/17</p>	As stated in the audit findings the physical progress was at 94%.  At that particular time interpretation of contract management was that issues of EOT were being recommended by The Engineer and Approved by The Employer only  As indicated by the Auditor the contractor is currently under Receivership.	Director General	Resolved	
5.0	<p><b>Construction to Bitumen Standard of Naromoru-Munyu-Karisheni Road Contract NO RWC 040</b> The project scope was construction of four roads with total length of 45.9Km and was awarded to M/S Kirinyanga Construction (K) Limited at a contract sum of ksh 2,468,815,445 and commenced on 1<sup>st</sup> October 2012 with completion date of 30<sup>th</sup> September 2014.</p> <p><b>5.1 Assignment</b> The contractor entered into agreement with East Africa Development Engineering Trading Co. Ltd to assign the latter parts of the works total 39.9Km</p> <p><b>5.2 Delayed Project Delivery</b> The combined overall progress as at 30 June 2017 was 73.1% Therefore the project was behind schedule.</p>	Assignment was necessary in order to speed up progress of works	Director General	Resolved: The project is now completed	
6.0	<b>Rehabilitation and Repair of Eldoret –Ziwa-Kachibora-Eldoret – Kabanes Road</b>				

	<p>The project was awarded to M/S Kimilili Hauliers at contract sum of ksh 1,435,212,465 and commenced on 1<sup>st</sup> September 2011 with expected date of completion as at 1<sup>st</sup> March 2014 which was revised to 1<sup>st</sup> March 2016.</p> <p><b>6.1 Scaling down of works</b></p> <p>The initial contract was repackaged into three components as follows:</p> <ul style="list-style-type: none"> <li>i) Eldoret-Kabanes 24KM – Ksh 974,301,651</li> <li>ii) Kabenes-Kachibora 31KM-ksh 1,064,762,019.00</li> <li>iii) Moi's Bridge Kachibora-20KM ksh 536,046,915.00</li> </ul> <p>1<sup>st</sup> Section repackaged as addendum No2 which was approved by the CTC on 12<sup>th</sup> September 2014 and is completed under the current contract. The second section was subjected to open tender and awarded to M/S China International Cooperation on 19<sup>th</sup> June 2015 at a contract sum of ksh 1,313,914,382. The Third Section is estimated to cost ksh 536,046,915 and will be implemented through an annuity programme.</p> <p>This repackaging of works brings up the contract sum form an original price of ksh 1,435,212,465 to ksh 2,575,110,585.00</p> <p><b>6.2 Delayed Project Implementation</b></p> <p>The revised contract period lapsed on 1<sup>st</sup> March 2016 but the latest progress reported dated 30<sup>th</sup> June 2017 showed overall progress was at 96% with only 88.2% certified.</p> <p>The project is behind schedule which could lead to cost overruns.</p>	Delay in project implementation was occasioned by the contract repackaging as detailed above.	Director General	Resolved: The project is now completed
7.0	<p><b>Contrauction of Kibunja-Molo-Olenguruone Road(D316)</b></p> <p>The project was awarded to Kimili Hauliers at contract sum of ksh 742,290,293 revised to ksh 844,344,348.00 and commenced on 6<sup>th</sup> August 2010 with expected date of completion of 6<sup>th</sup> February 2016</p> <p><b>7.1 Assignment of Works</b></p> <p>The contractor sun contracted Riflo Services for Ksh 113,137,730 to speed up the progress of the but the arrangement has not still delivered the project.</p> <p><b>7.2 Failed Project Delivery/Termination</b></p> <p>The project was to be completed on the 6<sup>th</sup> February 2012 but the last progress report from December 2014 indicates only 67.73 physical progress. There is no evidence of action taken by management in line with the terms of the contract.</p>	There may have been a delay in the delivery of the project. However through timely intervention by the management the works are were substantially completed on 13 <sup>th</sup> December, 2018. The road is under defects liability period of 24 months, and it will end on 14 <sup>th</sup> December, 2020.	Director General	Resolved: The project is now completed



8.0	<p><b>Construction of Sigalal-Musoli-Sabatia-Butere Roads(D260/E390)</b> The Contract was awarded to M/S Associated on 28th March 2011 at a contract price of ksh 1,809,465,663. Works commenced on 6<sup>th</sup> June 2011 and was to be completed by 6<sup>th</sup> June 2013</p> <p><b>8.1 Assignment of Part of the Works</b> East Africa Development Engineering and Trading Co. Ltd was assigned part of the works. The Assignee was to construct 20Km at a construct sum of ksh 1,113,658,598.00 and the main contractor to handle 14.25 Km.</p> <p><b>8.2 Advance Payment</b> The main contractor was paid an advance of ksh 180,946,566.00 and out of which 22,808,548. Had been recovered by the time of the audit leaving at outstanding of ksh 158,138,018.69</p> <p><b>8.3 Delayed project Completion</b> The latest progress report dated 31<sup>st</sup> July 2017 showed that only 74.3% combined progress had been realized by both the main contractor and the assignee, an indication that the project was behind schedule which could lead to escalation of cost.</p>	The Assignee Contractor has completed the assigned section of <b>20.0Km</b> and the same has been Taken-Over.	Director General	Resolved: The project is now completed	
9.0	<p><b>Construction of Sigiri Bridge and Approach Roads on Road R43 –RW C092</b> The contract was awarded to China Overseas Engineering Group Co. Ltd on the 5<sup>th</sup> March 2015 at contract sum of Ksh 992,546,146. The project had a contract period 18 months and was expected to be completed by 12<sup>th</sup> February 2017</p> <p><b>9.1 Slow Progress</b> The Contract period elapsed on the 12<sup>th</sup> February 2017 and there was no evidence for approval of extension of time but latest progress dated 31 October 2017 had overall progress of 81.27 % against contract lapse time of 133.33% . The management indicated the contract was substantially complete, no evidence was availed to support this.</p>	Works on the bridge has been successfully completed and opened to traffic. The Employer has recommended Taking –Over of the works	Director General	Resolved: The project is now completed	

## Appendix II: Development Partners Projects Implemented by The Authority

Table 16: Development Partners Projects Implemented by The Authority

Project No.	Project Title	Development Partner	Development Partners Commitment	Separate Donor reporting Required	Consolidated in the financial statements
EUROPEAID/134053/IH/WKS/KE	Contracts For The Rural Roads Project In Eastern Region Of Kenya	EU	Euros 14,850,000	Yes	Yes
CREDIT NO. BMZ: 200765123	Improvement Of Rural Roads And Market Infrastructure In Western Kenya	KFW	Euros 9,000,000	Yes	Yes
CREDIT NO. CKE 101201B AND 1046 01J	Central Kenya Rural Roads Improvement And Maintenance Project	AFD	Euros 74,000,000	Yes	Yes
	Upgrading of “Gilgil Machinery” Road Project.	BADEA	USD 11,000,000	Yes	Yes

# Appendix III: Inter Entity Transfer

**Table 17: Inter Entity Transfer**

Particulars		Date Received as per Bank Statement	Balance for Prior Year(2020/2021)	Current Year 2021-2022	Total received during the year 2021/2022	FY to which the amount relates
<b>A. 22% ROAD MAINTENANCE LEVY FUND</b>						
KRB/DG/FIN/3//A/Vol.VI(6)		15-Nov-21		2,441,090,082.00	2,441,090,082.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(10)		14/Dec/21		2,441,090,082.00	2,441,090,082.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(22)		9/Feb/22		2,441,090,082.00	2,441,090,082.00	2021/2022
		10/May/22		2,441,090,082.00	2,441,090,082.00	2021/2022
<b>Total 22% RMLF</b>			-	<b>9,764,360,328.00</b>	<b>9,764,360,328.00</b>	
<b>B. 10% RMLF CRITICAL LINKS</b>						
KRB/DG/FIN/3//A/Vol.VI(6)		15-Nov-21		1,106,627,504.00	1,106,627,504.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(22)		9/Feb/22		1,106,627,504.00	1,106,627,504.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(10)		10/Feb/22		1,106,627,504.00	1,106,627,504.00	2021/2022
		28-Jun-22		310,831,300.00	310,831,300.00	2021/2022
		5-Jul-22		795,796,204.00	795,796,204.00	2021/2022
<b>Total RMLF-10% - Critical Links</b>			-	<b>4,426,510,016.00</b>	<b>4,426,510,016.00</b>	
<b>C. RMLF CS AND OTHER ALLOCATION</b>						
KRB/DG/FIN/3/00/A/Vol.V(65)		8/Sep/21		4,739,138,872.00	4,739,138,872.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(10)		14/Dec/21		262,317,000.00	262,317,000.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(22)		9/Feb/22		4,000,000,000.00	4,000,000,000.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(10)		10/Feb/22		245,000,000.00	245,000,000.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(10)		10/Feb/22		3,782,640,000.00	3,782,640,000.00	2021/2022
KRB/DG/FIN/3//A/Vol.VI(10)		28/May/22		310,831,300.00	310,831,300.00	2021/2022
		7/Jul/22		194,869,100.00	194,869,100.00	2021/2022
<b>Total RMLF-10% - Cabinet Secretary Allocation</b>			-	<b>13,534,796,272.00</b>	<b>13,534,796,272.00</b>	
<b>D.RMLF GOK Projects</b>						
KeRRA /08/Vol.8/(1015)					-	
MOTIHU & PW/A/14.21/C/VOL.11/(7)					-	
MOTIHU & PW/A/14.21/C/VOL.13/(47)					-	
<b>Total Overheads Funds</b>			-	-	-	
<b>TOTAL RMLF FUNDS</b>	<b>Cash Request</b>		-	<b>27,725,666,616.00</b>	<b>27,725,666,616.00</b>	
<b>E. GOK EXCHEQUER FUNDS</b>						
	1	12-Aug-21		1,223,129,934.90	1,223,129,934.90	2021/2022
	2	12-Aug-21		1,545,493,335.50	1,545,493,335.50	2021/2022
	3	12-Aug-21		1,058,382,490.00	1,058,382,490.00	2021/2022
	4	12-Aug-21		133,000,000.00	133,000,000.00	2021/2022
	5	25-Nov-21		2,132,000,000.00	2,132,000,000.00	2021/2022
	6	08-Sep-21		2,430,000,000.00	2,430,000,000.00	2021/2022
	7	08-Sep-21		370,000,000.00	370,000,000.00	2021/2022
	8	08-Sep-21		1,240,000,000.00	1,240,000,000.00	2021/2022
	9	08-Sep-21		4,599,520,000.00	4,599,520,000.00	2021/2022
	10	08-Sep-21		846,501,000.00	846,501,000.00	2021/2022
	12	25-Nov-21		1,314,000,000.00	1,314,000,000.00	2021/2022
	14	1-Mar-22		569,140,518.00	569,140,518.00	2021/2022
	15	1-Mar-22		976,655,270.65	976,655,270.65	2021/2022
	17	1-Mar-22		77,500,000.00	77,500,000.00	2021/2022
	24	1-Mar-22		874,530,000.00	874,530,000.00	2021/2022
	25	1-Mar-22		416,523,281.00	416,523,281.00	2021/2022
	26	1-Mar-22		1,851,350,000.00	1,851,350,000.00	2021/2022
	27	12-Apr-22		1,076,183,251.00	1,076,183,251.00	2021/2022
	28	26-Apr-22		5,945,816,692.90	5,945,816,692.90	2021/2022
	29	10-May-22		721,350,026.00	721,350,026.00	2021/2022
	30	10-May-22		2,153,000,000.00	2,153,000,000.00	2021/2022
	31	10-May-22		160,000,000.00	160,000,000.00	2021/2022
	32	10-May-22		420,000,000.00	420,000,000.00	2021/2022
	33	10-May-22		980,000,000.00	980,000,000.00	2021/2022
	AIENO:BO92847	17-May-22		350,000,000.00	350,000,000.00	2021/2022
	34	5-Jul-22		88,000,000.00	88,000,000.00	2021/2022
	35	6-Jul-22		324,636,358.80	324,636,358.80	2021/2022
	38	6-Jul-22		135,000,000.00	135,000,000.00	2021/2022
	40	11-Jul-22		20,000,000.00	20,000,000.00	2021/2022
<b>LVS And Conventional Annuity Funds</b>				<b>34,031,712,158.75</b>	<b>34,031,712,158.75</b>	-
Intex		29-Sep-21		683,952,420.03	683,952,420.03	2021/2022
Intex		29-Sep-21		38,992,817.00	38,992,817.00	2021/2022
Consultant-LEA Associates		29-Sep-21		5,554,196.00	5,554,196.00	2021/2022
Consultant-LEA Associates		29-Sep-21		5,863,401.00	5,863,401.00	2021/2022
Consultant-LEA Associates		29-Sep-21		6,377,831.00	6,377,831.00	2021/2022
Consultant-LEA Associates-Invoice 37		21-Dec-21		6,377,831.00	6,377,831.00	2021/2022
Consultant-LEA Associates-Invoice 38		21-Dec-21		6,819,291.00	6,819,291.00	2021/2022
Intex		11-Nov-21		713,899,137.00	713,899,137.00	2021/2022
Consultant-LEA Associates-Invoice 40		2-Feb-22		7,398,480.00	7,398,480.00	2021/2022
Consultant-LEA Associates-Invoice 39		8-Feb-22		7,116,638.00	7,116,638.00	2021/2022
Consultant-LEA Associates-Invoice 41		18-Feb-22		7,398,480.00	7,398,480.00	2021/2022
Intex RAF Invoice 15		7-Feb-22		718,475,365.80	718,475,365.80	2021/2022
Consultant-LEA Associates-Invoice 42		30-Mar-22		8,060,672.00	8,060,672.00	2021/2022
Intex RAF Invoice 16		17-May-22		712,950,934.85	712,950,934.85	2021/2022
Consultant-LEA Associates-Invoice 43		10-May-22		8,192,015.00	8,192,015.00	2021/2022
<b>Total Annuity Funds</b>			-	<b>2,937,429,510</b>	<b>2,208,225,888</b>	
<b>Total GOK Exchequer Funds</b>			-	<b>36,969,141,668</b>	<b>36,239,938,047</b>	
<b>F. DEVELOPMENT PARTNERS</b>						
AFD-GOK Counter Part					-	
<b>Total Development Partners</b>				-	-	
<b>TOTAL FUNDS RECEIVED</b>			-	<b>64,694,808,284</b>	<b>63,965,604,663</b>	



# Appendix IV: Record of Transfers from other Government Entities





# Kenya Rural Roads Authority

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