



Kenya National Highways Authority

# ANNUAL REPORT

FOR THE FINANCIAL YEAR

2021 - 2022





Nairobi Expressway





## VISION

The leading Authority  
in the provision of  
national trunk roads.



## MISSION

To develop and manage  
quality and adequate  
national trunk roads  
through innovation and  
optimal utilisation of  
resources for  
sustainable  
development.



## MANDATE

To manage, develop,  
rehabilitate, and  
maintain national  
trunk roads.



## CORE VALUES

Teamwork  
Accountability  
Innovation





# NATIONAL TRUNK ROAD NETWORK





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# ACRONYMS

AG	Auditor General
AIDs	Acquired immunodeficiency syndrome
ALEHU	Axle Load Enforcement and Highway Unit
AP	Administration Police
ARICS	Annual Road Inventory and Condition Surveys
CAJ	Commission on Administrative Justice
CPI	Cost Performance Index
CSR	Corporate Social Responsibility
CV	Cost Variance
DRIMS	Dynamic Response Intelligent Monitoring System
EARTTDFP	Eastern Africa Regional Transport, Trade and Development Facilitation Project
EBK	Engineers Board of Kenya
EIA	Environmental Impact Assessment
EMCA	Environmental Management and Coordination Act
ERM	Enterprise Risk Management
ESIA	Environmental and Social Impact Assessment
EXIM	Export and Import Bank
FDBOT	Finance, Design, Built, Operate and Transfer
FY	Financial Year
GIS	Geographic Information System
GOK	Government of Kenya
HIV	Human Immunodeficiency Virus
IDA	International Development Association
IEK	Institution of Engineers of Kenya
IRI	International Roughness Index
ISO	International Organisation for Standardisation
JICA	Japan International Corporation Agency
KEBS	Kenya Bureau of Standards
KEFRI	Kenya Forestry Research Institute
KeNHA	Kenya National Highways Authority
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KM	Kilometre
KRA	Kenya Revenue Authority
KRB	Kenya Roads Board
KTSSP	Kenya Transport Sector Support Project
LAPSSET	Lamu Port South Sudan Ethiopia Transport Corridor
MoTIHUD&PW	Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works
MPARD	Mombasa Port Area Road Development Project
MTRD	Materials Testing and Research Division



NEMA	National Environment Management Authority
NUTRIP	National Urban Transport Improvement Project
PBC	Performance-Based Contract
PPOA	Public Procurement Oversight Authority
PPP	Public-Private Partnership
RACM	Road Asset and Corridor Management
RAP	Resettlement Action Plan
RMLF	Road Maintenance Levy Fund
SDG	Sustainable Development Goals
TMEA	Trademark East Africa
VWS	Virtual Weigh Stations



## ■ FOREWORD



■ Ms. Winfrida W. Ngumi  
*Chairperson*



**"The Board remains alive to its fiduciary duty in management of the Authority by ensuring efficiency and transparency in utilisation of resources."**



Dear Stakeholders,

The FY 2021/2022 marked the fourth year in the implementation of the Authority's revised FY 2018/2019 – 2022/2023 Strategic Plan. The Authority remained committed to efficient and effective management of its road investments to minimise road user cost, road agency costs, travel time and cost of travel. The KeNHA Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022 provide an overview of the Authority's performance and financial resource utilisation over the period.

The Authority remained focused on its vision of being the leading Authority in the provision of National Trunk Roads. The Authority embraced innovative approaches in development and management of national trunk roads to promote sustainable development and guarantee value for money. The Authority played a critical role by providing quality and safe road infrastructure which is a key enabler towards realisation of the Vision 2030, MTP III and the Big Four development agenda.

During the year, the Authority completed the construction of the 27km Nairobi Expressway through a Public-Private Partnership. The project has improved the competitiveness of Nairobi City and directly created 5,500 jobs. The completion of the construction of the 136km Garsen–Witu–Lamu road has provided faster access to Lamu Port and improved access to the rich and fertile agricultural zones of Mpeketoni. In augmenting access to other agricultural zones in the country, the Authority is scheduled to complete the construction of the 641km Mau Mau road and the 357.5km Isebania–Kisii–Ahero highway and access roads.

The Authority has substantially completed the Mombasa–Kwa Jomvu Road section (12km) and the Makupa Causeway Bridge which have improved traffic flow into Mombasa Island and enhanced the competitiveness of Mombasa Port. The Authority also commenced the construction of Mtwapa–Kwa Kadzengo–Kilifi Road which will improve tourism and the speed of transportation of goods between Mombasa, Kilifi, Watamu and Malindi towns. In the FY 2022/2023,



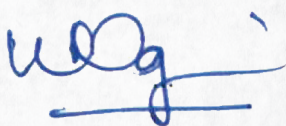
the Authority will commence the construction of of Isiolo–Mandera road to enhance connectivity to the Horn of Africa Countries, improve accessibility to seaports and augment domestic and regional integration.

The Authority consistently engaged stakeholders during project identification, design and implementation and during policy development thus forging strategic partnerships that ensured effective delivery of its mandate. Beneficiary communities were also sensitised on HIV and AIDs, road safety, national cohesion, code of ethics, integrity, road reserve protection and axle load control.

Challenges that affected project implementation included inadequate budgetary allocation, high stock of pending bills, high cost of land acquisition and delays in relocation of utilities. The Authority leveraged on PPP to bridge the financing gap; mapped roadside amenities on the GIS platform to facilitate timely relocation of services; and embraced forward planning and early land acquisition to mitigate some of these challenges.

The Board remained alive to its fiduciary duty in management of the Authority by ensuring efficient and transparent utilisation of resources. During the financial year, Eng. Nicholas Musuni was appointed to the board. I wish to thank my fellow directors for their invaluable support and contribution during the year.

We wish to express our sincere gratitude to the management, our customers, the government, development partners and other stakeholders whose support was key in facilitating effective delivery of the Authority's mandate.



**Ms. Winfrida Wanjiku Ngumi**  
*Chairperson*



# BOARD OF DIRECTORS



**Ms. Winfrida W. Ngumi**  
*Chairperson, Rep. Kenya Association of Manufacturers*



**Eng. Nicholas Musuni**  
*Alt. to PS—Infrastructure*



**Mr. Protus Sigei**  
*Alt. to CS—Treasury*



**Mr. George Wanjau**  
*Alt. to PS—Transport*



**Eng. Carey O. Orege, CBS**  
*Rep. Institute of Engineers of Kenya*



**Ms. Brenda N. Mayabi**  
*Rep. Law Society of Kenya*



**Mr. Charles Gathogo**  
*Rep. Institute of Surveyors of Kenya*



**FCPA. Julius Waita Mwatu**  
*Rep. Institute of Certified Public Accountants of Kenya*



**Eng. Kungu Ndungu**  
*Director General*



## DIRECTOR GENERAL'S STATEMENT



Eng. Kungu Ndungu  
*Director General*



**"The Authority prioritised the construction of critical road infrastructure to enhance national and regional integration, accessibility and road safety."**



The Authority's Annual Report and Financial Statement have been prepared in line with the requirements of Section 44 of the Kenya Roads Act, 2007. They provide an overview of the Authority's activities and operations over the one-year period ending 30<sup>th</sup> June 2022 and presents a synopsis on utilisation of allocated funds.

During the year, the Authority implemented initiatives in line with the revised FY 2018/2019–2022/2023 Strategic Plan. The Authority substantially completed 13 projects which included Nairobi Western Bypass, Lamu–Witu–Garsen, Kalobeyei River – Nadapal, Lokitaung Junction–Kalobeiyei River, Loichangamatak–Lodwar, MPARD Package 3 (Mteza–Kibundani), Naivasha–Njabini Road, Nyaru–Iten, Mombasa–Kwa Jomvu Road, Nairobi Expressway, Ahero–Kisii roads and the construction of T-Mall Overpass.

The Authority initiated the construction of critical road infrastructure to enhance national and regional integration, accessibility and road safety. The new projects included the construction of Marsabit–Segel, Mamboleo Junction–Miwani, Miwani–Chemelil, Chemelil–Muhoroni–Kipsitet, Kwale–Kinango, Barpelo–Tot Junction, Tot Junction–Kopasi River and Kopasi River–Marich Pass roads.

Construction was also ongoing for key road links that include Eldoret Bypass; MPARD Package 2 (Mwache–Tsunza–Mteza); James Gichuru–Rironi; Isebania–Kisii; Dualling of Magongo Road; Mau Mau Road Lot 1A: Kiambu–(Gataka–Iria – Ini–Kagaa–Matimbei–Kamahindu and Spur roads); Mau Mau Road Lot 1B: Kiambu (Kamahindu–Gatamaiyu–Nduriri–Nyanduma–Wangui–Mataara–Gatakaini and spur roads); Kinyona–Gatura–Njabini; Thika–Magumu Road; Mau Mau Road Lot 2: Murang'a (Mairi–Kinyona–Mununga–Ichici–Tuthu–Wanjerere–Kagongo–Kairo); Mau Mau Road Lot 3 Nyeri among other projects which are at various stages of completion.

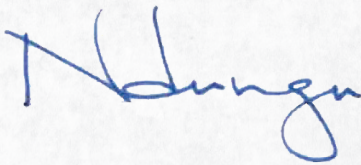
The Authority also undertook design studies for Mai Mahiu–Suswa (Detailed Design stage), Eldoret Eastern Bypass, Kericho Northern Bypass (Detailed Design stage), Kithimani–Kabaa–Mwala–Makutano, Wamunyu–Nduluku–Itangini Road and Ukiya–Emali Road (Preliminary Design prepared), Dualling of Eldoret Town Road (Preliminary Design prepared), North Horr–Jn Daradhe AP Camp Road (Preliminary Design prepared), Difi–Wajir (Inception report prepared), Wajir–Buna–Moyale Road (Inception report prepared), Isinya–Konza–Malili Road (Final design report and tender documents under preparation) and Bomas–Ongata Rongai–Kona Baridi (Final design report and tender documents under preparation) in preparation for their development.



The Authority continued to enhance the sustainability of its road infrastructure with the implementation of Performance-Based Contracts which has guaranteed timely maintenance intervention on its road network, ensuring high service levels. During the year, the Authority put 8,848 km of its road network under maintenance through Performance-Based Contracts.

The Authority planted 72,400 indigenous trees through Kitale–Endebess–Suam, Kenol–Sagana –Marua and James Gichuru–Rironi road projects to promote sustainable ecological development. It also undertook environmental and social impact assessment studies for all new projects. Environmental audits were undertaken for Mau Mau Lot 1A, Mau Mau Lot 1B and Kenol–Sagana–Marua to ensure compliance to the set environmental and social safeguards.

I wish to take this opportunity to give my appreciation to the Board of Directors for the support and guidance extended to the management throughout the year. I commend staff for their unwavering effort that ensured that the Authority remained steadfast in delivering its mandate. I extend my gratitude to the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works, National Treasury and development partners for financing our projects and programmes. Finally, I wish to thank all other stakeholders for their critical contribution that facilitated continuous improvement of the national trunk road network.



**Eng. Kungu Ndungu**

*Director General*



# SENIOR MANAGEMENT



**Eng. Kungu Ndungu**  
*Director General*



**Eng. J. Njuguna Gatitu**  
*Director—Policy Strategy  
and Compliance*



**Eng. Charles Obuon**  
*Director—Development*



**Eng. Sam Omer**  
*Director—Highway  
Planning and Design*



**Dr. Sammy Kimungunyi**  
*Director—Audit Services*



**Eng. Ezekiel Fukwo**  
*Director—Road Asset  
and Corridor Management*



**CPA. James Bowen**  
*Director—Corporate Services*



**Ms. Norah Odingo**  
*Deputy Director—Company  
Secretary/Legal Services*



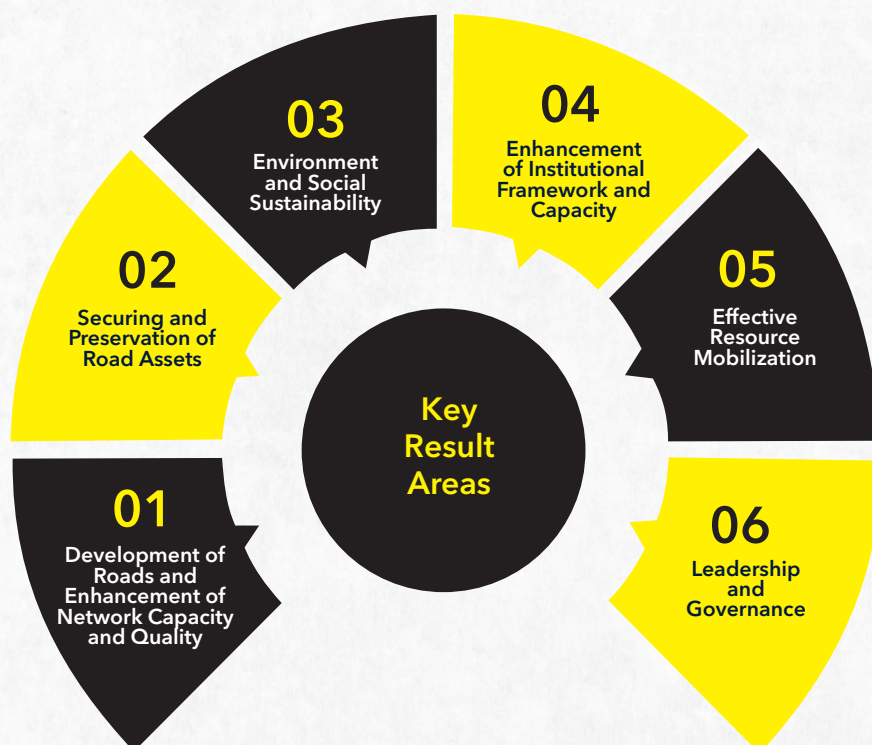
**Ms. Levina Wanyonyi**  
*Deputy Director—Supply  
Chain Management*



# EXECUTIVE SUMMARY

The Kenya National Highways Authority financial year 2021/2022 Annual Report summarises the Authority's performance and utilisation of allocated funds over the one-year period ending 30<sup>th</sup> June 2022. The report was prepared as per the requirements of Section 44 of the Kenya Roads Act 2007. The projects and programmes implemented during the year are in line with the revised FY 2018/2019 – 2022/2023 Strategic Plan, Kenya Vision 2030 Third Medium Term Plan and the sector performance standards.

The Strategic Plan defines six key result areas along which the Authority focused to deliver its mandate. The key achievements during the year as per the key result areas are enumerated below:

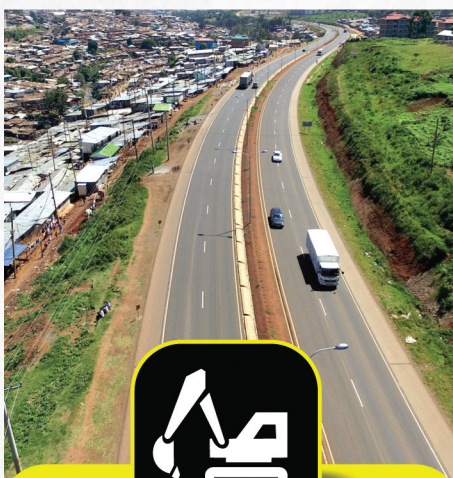




## KRA 1:

### Development of Roads and Enhancement of Network Capacity and Quality

New construction of 323.8 km (676 lane km) of Vision 2030 flagship project roads was undertaken against the target of 264.5 km (549 lane km). Road capacity enhanced for 158 km (495 lane km) has been undertaken against the target of 109 km (326 lane km) of Vision 2030 flagship project roads. The underachievement is attributed to delayed payment of pending bills (Nyaru–Iten, Kisumu Boys–Mamboleo, Uplands–Githunguri–Ruiru, Athi River–Machakos Turn off, James Gichuru–Rironi, Magongo Road and Kitale–Endebess–Suam, among others), delayed relocation of services on the right of way and delayed land acquisition (Magongo road). The Authority finalised engineering designs for Marua–Nanyuki–Lewa and Mai Mahiu–Suswa (B7) road.



#### CONSTRUCTED

323.8km of new roads constructed against the targeted 264.5km.



#### DESIGN DEVELOPMENT

Completed designs for Mai Mahiu–Suswa and Marua–Lewa roads.





## ENHANCED CAPACITY

**158 km**

Enhanced capacity of 158km against the targeted 109km.

## KRA 2:

### Securing and Preservation of Road Assets

A total of 16,048 km (32,096 lane km) of road were maintained against the cumulative target of 16,076 km (32,153 lane km). The target was not achieved as some quarter four contracts were non-responsive and thus had to be retendered which included Ukasi–Bhangaley, Lodwar–Kalokol and Kisiriri–Mau Narok Road. The Authority also obtained lease documents for Sagana and Sultan Hamud Road camps.



### Achievement



Undertook periodic maintenance of 157km of road against the annual target of 240km

Picture:  
*Bachuma Gate-Maji ya Chumvi road*



### Achievement



Undertook routine maintenance of 6,876 km of road against the annual target of 6,830 km

Picture:  
*Nuno-Modogashe road*



### Achievement



Maintained 9,044km of road through performance-based contracts against the annual target of 8,975km

Picture:  
*Kangema-Gacharage road*





## KRA 3:

### Environment and Social Sustainability

The Authority implemented measures to ensure that it minimises the social and environmental impact of road development initiatives. It implemented measures to mitigate the possible adverse effects of road construction on beneficiary communities' environment and social structure. The Authority undertook ESIA (Environmental and Social Impact Assessment) for 6 projects which include Kericho–Northern Bypass, Wikililye–Kavisuni road, Emali–Ukia road, Wamunyu–Nduluku–Kilala (Itangini) road, Kithimani–Kabaa–Mwala–Makutano road and Eldoret Bypass. Furthermore, EIA (Environmental Impact Assessment) Audits for five (5) ongoing road projects were undertaken during the year. They include Kenol–Sagana–Marua, Chemilil–Muhoroni, Mau Mau Lot 1A and Mau Mau Lot 1B roads. Additionally, the Authority conducted RAP monitoring for Mombasa Gate Bridge.

The Authority planted 72,400 indigenous trees through Kitale–Suam, Kenol–Sagana and Eldoret Bypass projects against an annual target of 12,000 to mitigate the effects of climate change. The Authority also prepared and monitored the resettlement action plan for Mombasa Gate Bridge to secure social safeguards in the project. The Authority also undertook monitoring of the implementation of the RAP (Resettlement Action Plan) in five ongoing projects. These include James Gichuru–Rironi, MPARD (Package 2): Mwache–Tsunza–Mteza, MPARD (Package 3): Mteza–Kibundani, Eldoret Bypass, Rironi–Mau Summit (PPP project) and Lokichar–Loichangamatak. The Authority also ensured cross-cutting issues, including HIV and AIDs, disability and gender equity are mainstreamed in projects.

To fulfil its corporate social responsibility, the Authority donated household goods to Mirira Village along the Kenol–Sagana road. It constructed a modern school (administration block, a library, offices, staffroom and four classrooms) along the Isebania–Kisii road and completed the construction of Lubao Market along the Kakamega–Kaburengu road. It also commenced building the Mikindani market along the Mombasa–Kwa Jomvu Road. The Authority constructed a dormitory at Nairobi Secondary School and a parking lot at KEFRI along the James Gichuru–Rironi road section.





Restoration and rehabilitation of the disturbed flora along the project corridor remained a key priority for the Authority in promoting sustainable development by the planting of indigenous trees in close collaboration with the Kenya Forest Service.



## KRA 4:

### Enhancement of Institutional Framework and Capacity

The Authority documented and aired documentaries on critical ongoing projects to enhance public awareness through live media events, prime-time news and social media posting. The Authority aired and posted 14 documentaries on key projects such as LAPSET, Nairobi Western Bypass, James Gichuru–Rironi, Nairobi Expressway and five bridges along Marigat–Marich Pass–Tot – Sigor road. To strengthen its institutional framework, the Authority developed 14 policies, including Public-Private Partnership Policy, Survey and Land Management Policy and Works Contract Management and Guideline Policy, Road Asset and Roadside Development Control Policy and Project Investment Management Policy and Corporate Social Investment Policy. Five hundred and forty-five staff members were trained against the annual target of 450 to enhance skills and proficiency within the Authority. The Authority cascaded its performance contract to the staff at the beginning of the financial year and appraised 623 members of staff on their performance as per the contract. In empowering youths, the Authority engaged 344 professional graduates through youth internships and apprenticeships.

#### 14 Policies



To strengthen its institutional framework, the Authority developed 14 policies, including Public-Private Partnership Policy, Survey and Land Management Policy, Works Contract Management and Guideline Policy, Road Asset and Roadside Development Control Policy, Project Investment Management Policy and Corporate Social Investment Policy.

#### 545 Staff



Five hundred and forty-five staff members were trained against the annual target of 450 to enhance skills and proficiency within the Authority.

#### 344 Youths



In empowering youths, the Authority engaged 344 professional graduates through youth internships and apprenticeships.

#### 14 Documentaries



The Authority documented and aired 14 documentaries on critical ongoing projects to enhance public awareness through live media events, prime-time news and social media posting.

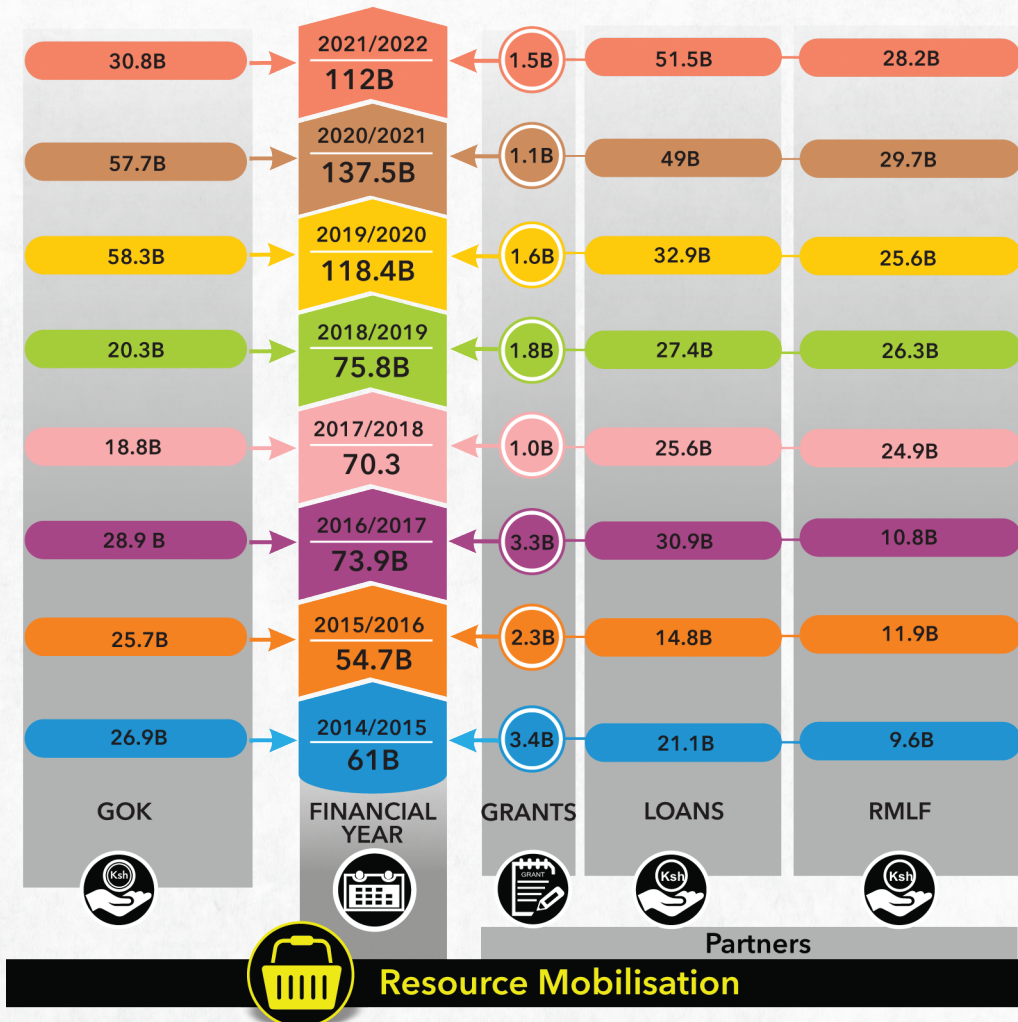
Institutional Framework & Capacity Enhancement



## KRA 5:

### Effective Resource Mobilisation

Public-Private Partnership (PPP) remains a critical initiative in mobilising additional resources to finance road infrastructure development. The Authority completed the development of the Nairobi Expressway during the period and opened it for public usage. The Authority signed a commercial agreement for construction of the Nairobi – Nakuru – Mau Summit highway through PPP financing. The procurement of an independent expert to facilitate the PPP contract was also finalised. The project is scheduled to commence in October 2022.





## KRA 6:

### Leadership and Governance

The Authority implemented measures to strengthen its leadership and governance structures. The Annual Audit Work Plan was prepared and implemented to monitor the efficiency and effectiveness of the operations, processes and procedures within the Authority. During the year, the internal audit function executed twenty-five (25) routine audit assignments, four (4) special audits and twelve (12) follow-up audits and resolved all audit recommendations. The Office of the Auditor General and Kenya Roads Board also undertook audits to ensure that systems were in place and that maintenance interventions were technically sound.

The Authority faced challenges emanating from inadequate budgetary allocation, with the pending bill on land acquisition and works being at KES 72 billion as at the end of the financial year. Other challenges that affected project delivery during the year included vandalism of road furniture which compromises road safety, delays in the relocation of utilities and encroachment on road reserves. These challenges continue to hinder timely project completion and often lead to escalation in project cost due to interest charges and contractual claims.



#### The Annual Audit Work Plan





Nairobi Expressway - Eastern Bypass interchange





# INTRODUCTION



## **1.1. BACKGROUND INFORMATION**

The Financial Year 2021/2022 Annual Report presents an overview of the operations of the Authority and an assessment of the degree to which performance targets have been achieved. The Authority's financial accounts and reports of the Controller and Auditor General are also presented. This is prepared in line with the requirements of Section 44 of the Kenya Roads Act, 2007.

The Report provides an assessment of the technical and financial capacity of the Authority to effectively deliver on its mandate given the condition of its road network. It presents a review of the Authority's compliance to the Constitution and the Kenya Roads Act, 2007. The report has been developed to promote information sharing with the stakeholders and foster collaboration in the delivery of quality and adequate national trunk roads.

The year under review marked the second financial year in implementing the Authority's reviewed 2020/2021 – 2022/2023 Strategic Plan. The Authority remained focused on its mission of constructing and managing national trunk roads by implementing activities aimed at ensuring the availability of quality and adequate national trunk roads. The Authority implemented its mandate along the key result areas as defined in the Strategic Plan. The six key result areas include: development of roads and enhancement of network capacity and quality; securing and preservation of road assets; environment and social sustainability; enhancement of institutional framework and capacity; effective resource mobilisation; and leadership and governance.

## **1.2. KeNHA ROAD NETWORK**

The Kenya National Highways Authority is a statutory body established under the Kenya Roads Act, 2007. It is responsible for the development, rehabilitation, management and maintenance of all national trunk roads comprising Classes S, A and B roads. Table 1-1 provides information on the distribution of the Authority's Road network.



Table 1 - 1: National Trunk Road Network

Road Class	Bitumen (km)	Earth/ Gravel (km)	Total (km)
Superhighway (S)	40	0	40
International Trunk Roads (A)	5,469	1,361	6,830
National Trunk Roads (B)	7,451	7,262	14,713
Total	12,960	8,623	21,583

The Authority undertook Annual Road Inventory and Condition Surveys (ARICS) to update the inventory of road assets and assess the condition of the road network and the degree of change in such conditions over the last year. The condition of the road is measured in terms of its roughness by the International Roughness Index (IRI).

The survey helps in determining the interventions necessary to maintain the road asset in the desired condition. It guides the prioritisation of allocation of funds and forms the basis for preparing the Annual Work Plans for road maintenance. The FY 2021/2022 ARICS was carried out from March 2022 and April 2022 on 84% of the total network totalling 18,086 km due to the inaccessible unpaved road network and road sections with ongoing construction works.

Table 1 - 2 and 1 - 3 present the Authority's Road network condition change over the reporting period.

Table 1 - 2: Change in Road Condition in Km

Pavement Type	FY 2020/2021				FY 2021/2022			
	Good	Fair	Poor	Total	Good	Fair	Poor	Total
Paved	6374.8	2185.7	546.4	9,106.9	6,792.59	2,751.79	701.37	10,245.75
Unpaved	2,340.5	3,640.7	268.6	6,249.8	2,996.60	3,363.60	1,480.40	7,840.6
Total	8715.3	5,826.4	815	15,356.7	9,789.19	6,115.39	2,181.77	18,086.35

\*Road condition survey (FY 2020/2021) was only undertaken on 15,356.7 km of the Authority's Road network while road condition survey (FY 2021/2022) covered 18,086.35 km of the Authority's Road network.



Table 1 - 3: Change in Road Condition in %

Pavement Type	FY 2020/2021				FY 2021/2022			
	Good	Fair	Poor	Total	Good	Fair	Poor	Total
Paved	70%	24%	6%	100%	66%	27%	7%	100%
Unpaved	27%	42%	31%	100%	38%	43%	19%	100%

### 1.3. FUNCTIONS OF THE AUTHORITY

The functions and responsibilities of the Authority are defined in the Kenya Roads Act, 2007. They include:

- (i) Constructing, upgrading, rehabilitating and maintaining roads under its control;
- (ii) Controlling national roads and road reserves and access to roadside developments;
- (iii) Implementing road policies in relation to national roads;
- (iv) Ensuring adherence to the rules and guidelines on axle load control prescribed under the Traffic Act and under any regulations under the Kenya Roads Act, 2007;
- (v) Ensuring that the quality of road works in accordance with such standards as may be prescribed by the Cabinet Secretary;
- (vi) Collecting and collating all data related to the use of national roads as may be necessary for efficient forward planning under the Act;
- (vii) Preparation of road works programmes for all national roads;
- (viii) Monitoring and evaluating the use of national roads;
- (ix) Planning the development and maintenance of national roads;
- (x) Advising the Cabinet Secretary for Roads on all issues relating to national roads;
- (xi) Liaising and coordinating with other road authorities in planning and on operations;
- (xii) Performing such other functions related to the implementation of the Kenya Roads Act, 2007 as may be directed by the Cabinet Secretary.



# ***Enhancing The Big 4 Agenda***

## **HEALTH**

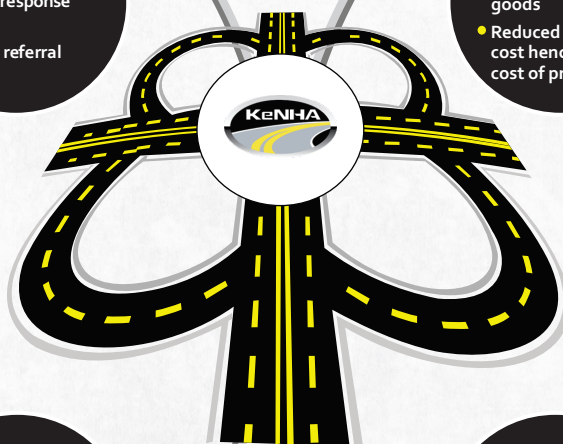


- Access to health facilities
- Quick response time
- Faster referral time

## **MANUFACTURING**



- Enhanced access to raw materials and market for industrial goods
- Reduced transport cost hence lower cost of production



- Reduced post-harvest losses
- Reduced cost of transportation for farm inputs and agricultural products



## **AGRICULTURE**

- Providing faster access to housing developments and construction material sites
- Reduced cost of transportation of construction materials



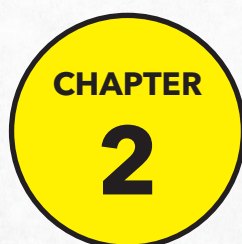
## **HOUSING**





**Masara-Suna-Kehancha Road**





# **CORPORATE GOVERNANCE**

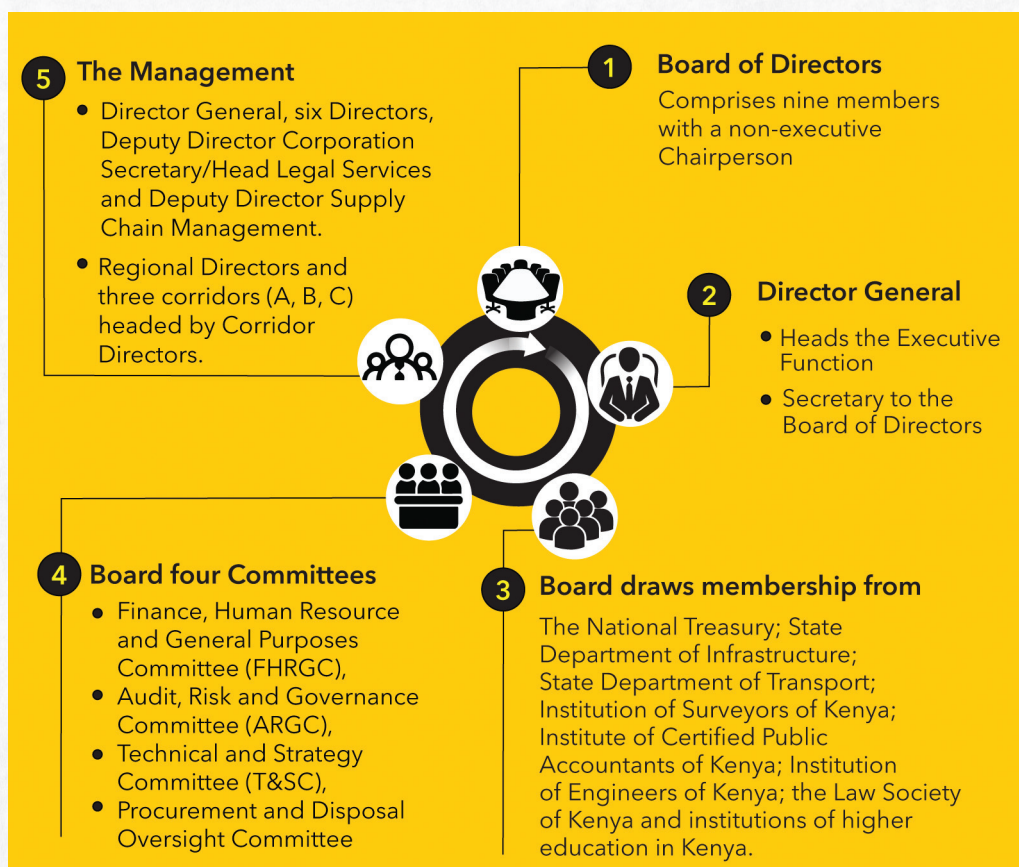


## 2.1 Governance Framework

The overall responsibility for providing oversight and ensuring the efficient and effective management of the Authority is vested with the Board of Directors. The daily operation of the Authority is carried out by the Management comprising the Director General, six Directors and two Deputy Directors.

## 2.2 The Board of Directors

The KeNHA Board of Directors comprises nine members with a non-executive Chairperson. The Executive Function is headed by the Director General who is also the Secretary to the Board of Directors. The Board draws its membership from representatives of various institutions that include: The National Treasury; State Department of Infrastructure; State Department of Transport; Institution of Surveyors of Kenya; Institute of Certified Public Accountants of Kenya; Institution of Engineers of Kenya; the Law Society of Kenya and institutions of higher education in Kenya.

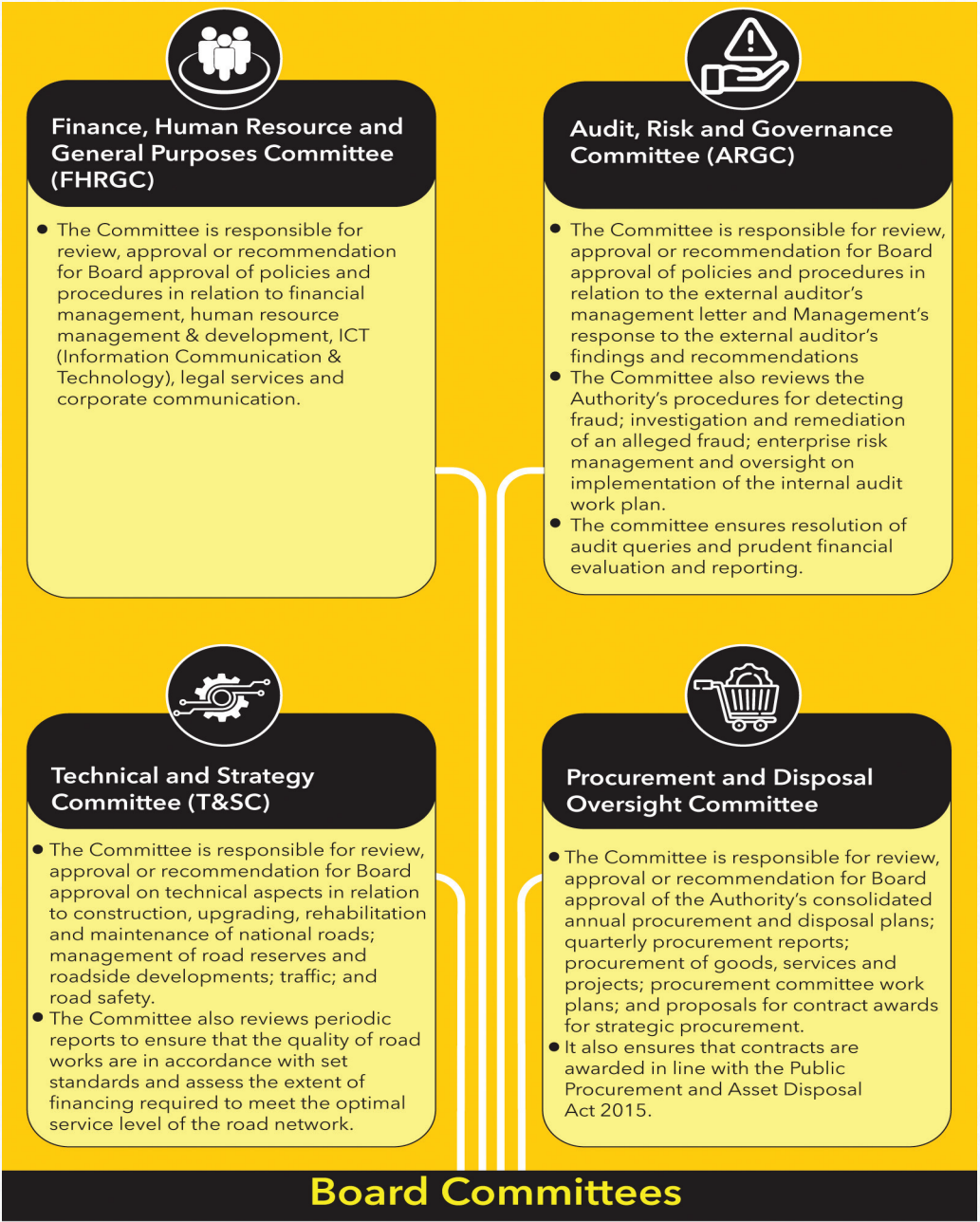




The Board has constituted four Committees through which it delivers its functions. The Committees are responsible for the governance of various functions within the Authority. The purposes and responsibility of the committees is presented in figure 2 - 1:

### 2.3 Board Committees

Fig. 2 - 1: Purpose and responsibility of Board Committes.





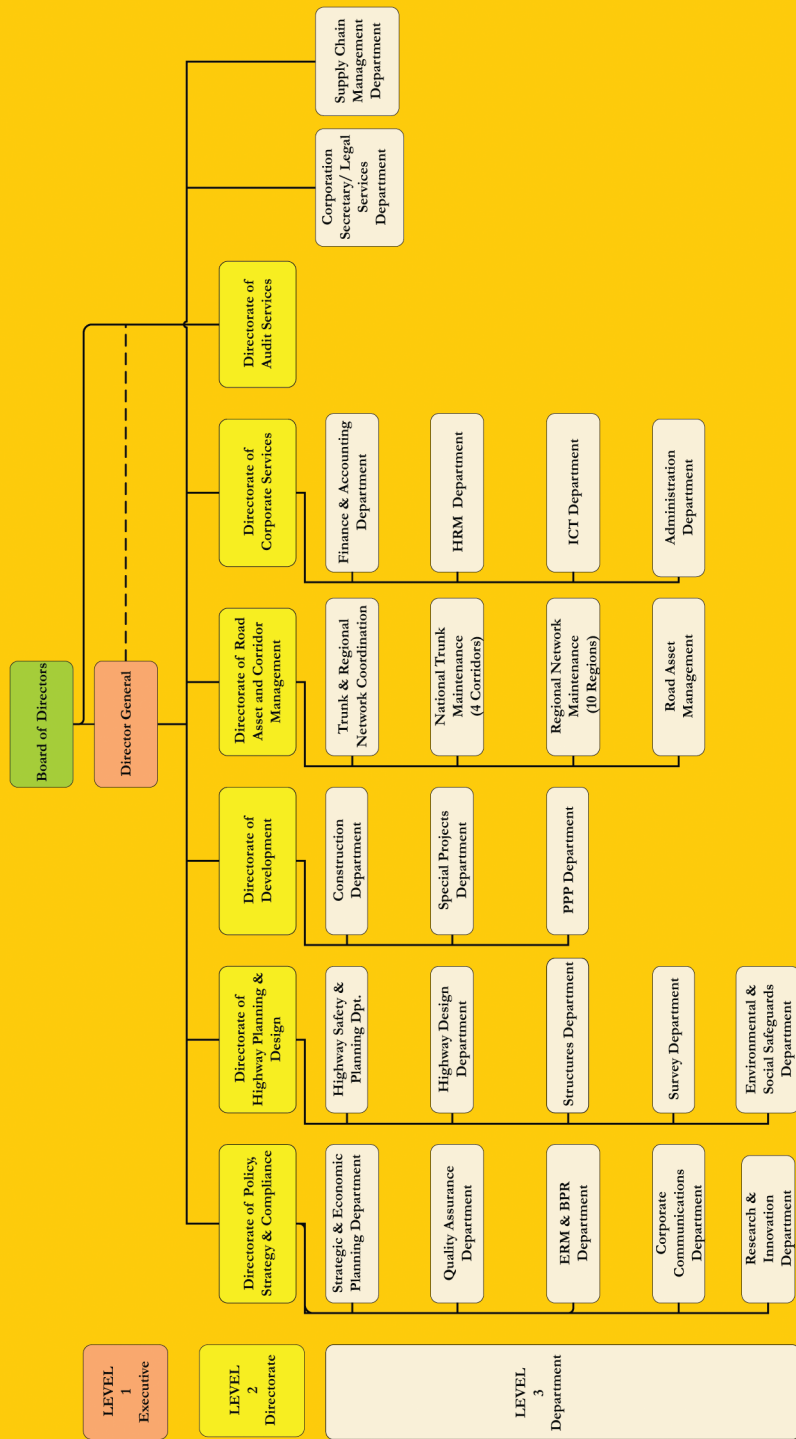
## 2.4 The Management

The Senior Management comprises of the Director General, six Directors, Deputy Director Corporation Secretary/Head Legal Services and Deputy Director Supply Chain Management.

The Authority has ten regions headed by Regional Directors and three corridors (A, B and C) headed by Corridor Directors. The regional offices are in Nairobi, Mombasa, Kisumu, Nakuru, Eldoret, Machakos, Isiolo, Garissa, Nyeri and Kakamega. Figure 2 -2 and Figure 2 - 3 present the organisational structure for the headquarters and the regions respectively.



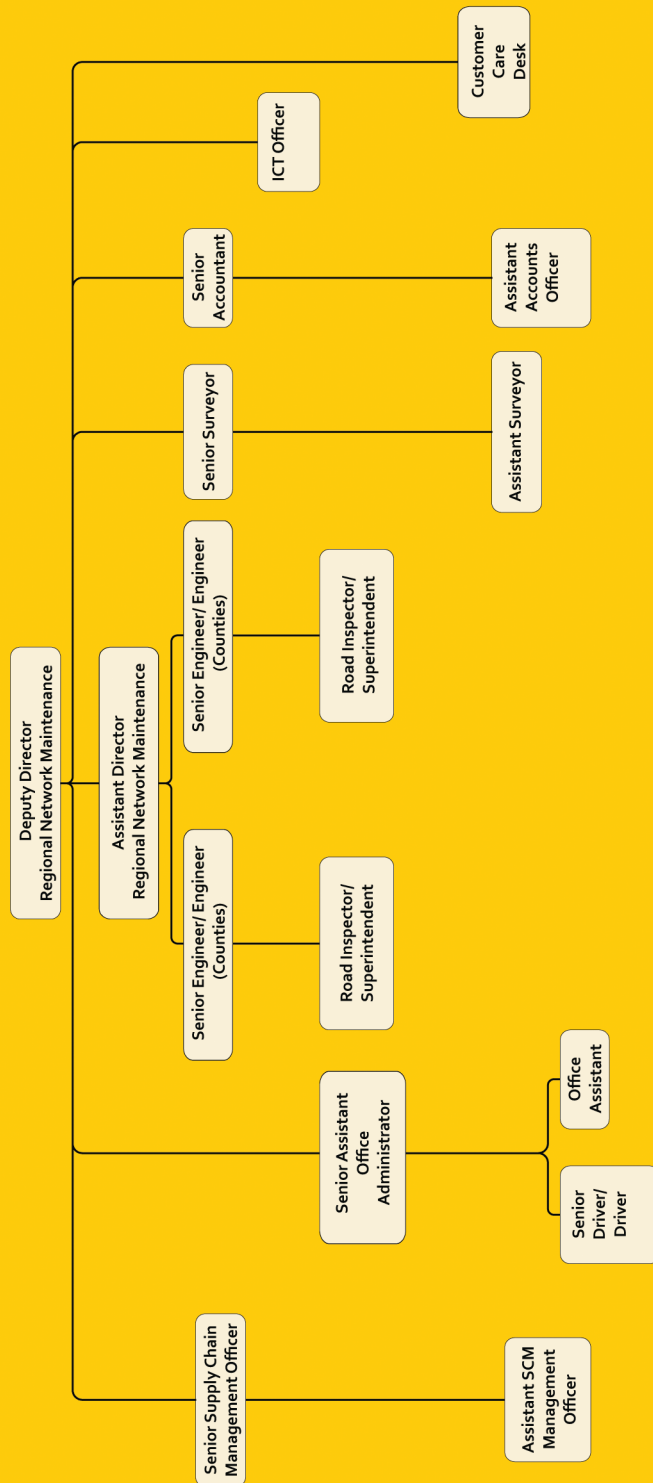
Figure 2 - 2: Organisational Structure



The 6 directorates are headed by 6 Directors. The Departments are headed by 47 Deputy Directors while Sections headed by 78 Assistant Directors.



Figure 2 - 3: Regional Office Structure

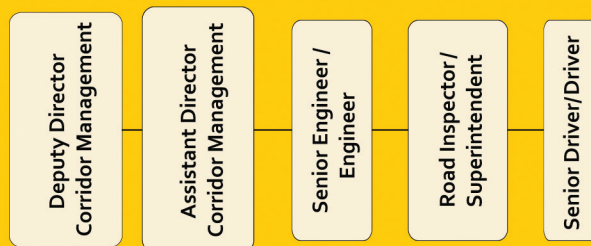


KeNHA has ten (10) regions each headed by a Regional Director (Deputy Director – Road Network Maintenance). The Regional Director reports functionally to the Regional Director (RA&CM) and administratively to the Director General.



Figure 2 - 4: Corridor Structure

## CORRIDOR OFFICE STRUCTURE (4 CORRIDOR OFFICES )



KeNHA has four (4) Corridor Offices each headed by a Regional Director (Deputy Director – Corridor Management). The Regional Director reports functionally to the Regional Director (RA&CM) and administratively to the Director General.



## 2.5 Stakeholder Engagement, CSR and Integrity

### 2.5.1 Stakeholder Engagement

During road infrastructure planning, development and operations, the Authority ensured that it understood the stakeholder requirements, expectations, perceptions, personal agenda and concerns and that the stakeholders understood the role of the Authority.

The Authority engaged stakeholders in a manner that fostered a sustainable relationship and maintained public trust and confidence.



*HoADGP Stakeholder Engagement.*

### 2.5.2 Corporate Social Responsibility

Besides delivering its core mandate, the Authority has integrated corporate social responsibility initiatives into the road projects to help in improving the livelihoods of the beneficiary communities.

The CSR initiatives are identified by the beneficiary communities during project design through a participatory process which creates development corridors that serve the people, spur economic development, encourage integration and facilitate overall well-being of beneficiary communities.





*Tree planting.*

### 2.5.3 Integrity and Accountability

The Authority is committed in supporting the anti-corruption efforts of the Government by strengthening its corporate governance and inculcating good ethical business practices among its directors, employees, customers, vendors and business partners. The Authority complied with all relevant laws and upheld integrity in the delivery of its mandate. It will continue to establish a culture of openness, trust and integrity in its business practices.



*Integrity Officer Training.*



## **2.6 Fulfilment of the Objectives of the Kenya Roads Act, 2007**

### **2.6.1 Meetings of the Board**

The Board held all its scheduled meetings to provide policy and strategic direction to the Authority. Governance of the Authority is also exercised through Committees that meet regularly to facilitate the functions of the Board as provided for under Section 7(1) of the Third Schedule of the Act.

The Mwongozo Code of Governance for State Corporations requires all state corporations to comply with the governance parameters as set out in the constitution, applicable laws and best practices. During the financial year, the Authority revised its Board Charter and carried out a Governance and Legal Audit in accordance with the Code of Conduct. Measures were put in place to address the potential risks, challenges and instances of non-compliance identified during the audit.

### **2.6.2 Annual Report**

The FY 2021/2022 Annual Report was prepared and submitted to the Cabinet Secretary, Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works as per requirements of Section 44 of the Act.

### **2.6.3 Budgets and Work Plans**

The Authority prepared the Annual Budget for FY 2021/2022 and submitted it to the Ministry of Transport, Infrastructure, Housing Urban Development and Public Works (MoTIHUD&PW) and the National Treasury in accordance with Section 35 of the Act.

The Authority also prepared Annual Work Plans and Annual Procurement Plan which were submitted to the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works, Kenya Roads Board (KRB) and Public Procurement Oversight Authority (PPOA) respectively pursuant to Section 36 of the Kenya Roads Act and Regulation 40 (1) of the Public Procurement and Asset Disposal Regulations, 2020.

### **2.6.4 Performance Agreements**

The Authority's FY 2021/2022 Performance Contract with the Cabinet Secretary, Ministry of Transport, Infrastructure, Housing Urban Development and Public



Works, was prepared and signed in line with the 19<sup>th</sup> cycle performance contracting guidelines. The Authority's performance as per evaluation of the FY 2021/2022 Performance Contract was 2.8465 categorised as "Very Good".

### **2.6.5 Financial Report**

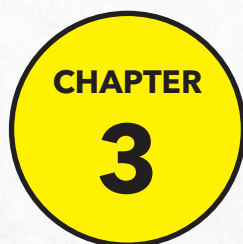
During the year, the Authority prepared and submitted to the Auditor General FY 2021/2022 financial statement in accordance with Section 38 of the Kenya Roads Act, Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act. The Authority is awaiting an audit opinion from the Auditor General on the unaudited accounts which are attached as *Annex I*.





**James Gichuru-Rironi Road**





# **PERFORMANCE OF THE AUTHORITY**



### 3.1 Introduction

The financial year marked the second year in the implementation of the Authority's revised FY 2020/2021 – 2022/2023 Strategic Plan following a midterm review of its five-year plan. The revised plan defines the Authority's strategies to be implemented over the three-year period FY 2020/2021, 2021/2022 and 2022/2023. This section provides the performance of the Authority in line with the strategic objectives which include:

- (i) To enhance capacity and quality within the national trunk roads network;
- (ii) To demarcate and clear road reserves and depot camps;
- (iii) To preserve the quality of national trunk roads;
- (iv) To enhance axle load control;
- (v) To ensure environmental sustainability and promote social interests;
- (vi) To strengthen the institutional framework and capacity;
- (vii) To institutionalise research and development within the Authority;
- (viii) To mobilise additional financial resources to bridge the financing gap;
- (ix) To strengthen leadership and accountability.

### 3.2 Achievements

During the year, the Authority focused on completing the construction of ongoing road projects. It also initiated new projects to meet the increasing demand for road infrastructure. The Authority instituted policy interventions aimed at strengthening internal capacity to implement the strategies. The section below presents performance as per the six key results areas of the strategic plan.

#### 3.2.1 Development of Roads and Enhancement of Network Capacity and Quality

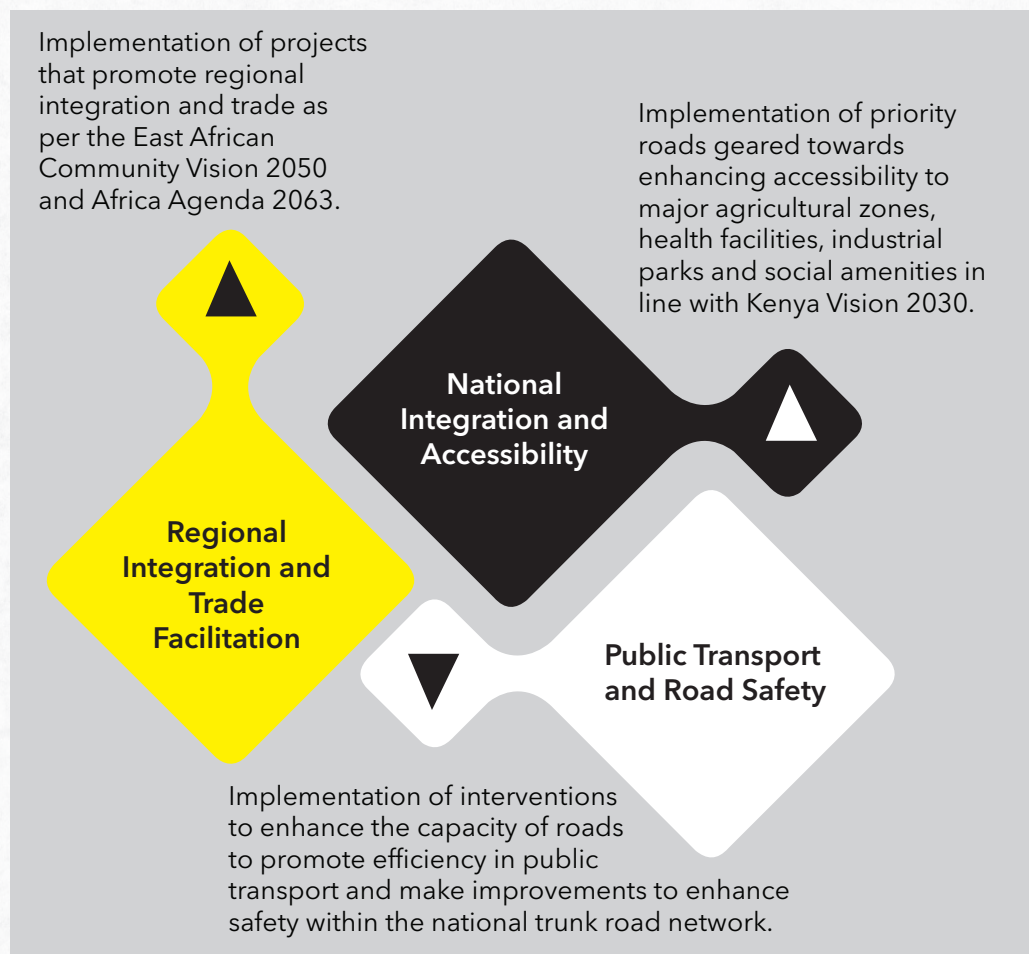
This key result area focused on delivery of strategies to develop national and regional road network, plan and design priority highways; secure right of way for development; enhance highway network planning capacity; strengthen project implementation and management capacity; improve highway safety and security; and assess the quality of the national trunk roads network.



### 3.2.1.1 National and Regional Road Network Development

The Authority developed roads to promote regional and national integration, facilitate trade and ease of doing business, improve accessibility to social amenities, enable efficient public transport and enhance safety along the national trunk road network. This was implemented through three strategies as per figure 3-1 below:

*Figure 3 - 1: Road Development Strategies*



The implementation of these strategies is largely done through the following programmes and projects designed to achieve the specific desired objectives as shown in figure 3 - 2.



Figure 3 - 2: Programmes and Projects





08

#### Mau Mau Roads

This project comprises 3 Lots (Lot 1A and B, Lot 2 and Lot 3) plus three road sections (Kinyona - Njabini, Thika - Magumu and Naivasha - Njabini). The road sections add up to a total of 640.85 km. The purpose of the project is to improve access to agricultural rich lands, healthcare, education services and other social amenities which will increase/improve production, market accessibility and high quality of life.

07

#### Kibwezi-Mutomo-Kitui-Kabati-Migwani Road

The project aims at enhancing regional integration by linking the Port of Mombasa via Kibwezi to Moyale, through Northern Kenya and into Ethiopia.

10

#### Kenya Roads Board

It is a statutory body that coordinates the optimal utilisation of the Road Maintenance Levy Fund (RMLF) in implementation of road maintenance initiatives undertaken by the Authority.

09

#### Multinational Uganda-Kenya-Kapchorwa-Suam-Kitale and Eldoret Town Bypass Roads Project

This project aims at promoting regional integration and trade. It involves the development of Eldoret Bypass and Kitale - Endebess - Suam roads. It is financed by the African Development Bank in partnership with the Government of Kenya.

11

#### East African Coastal Corridor Development Project (Bagamoyo-Tanga-Horohoro/Lunga Lungu-Malindi)

This is a development financing initiative whose purpose is to improve road transport services by reducing travel time and facilitate regional intergration between Tanzania and Kenya. The corridor will stimulate the Blue Economy along the coast while also providing a vital link to landlocked neighbouring countries through connections from the Northern and Central Corridors.



## Promoting regional integration





During the year, the Authority completed the construction of the several road projects through the programme in figure 3 - 2. The projects are presented in table 3 - 1 below.

*Table 3 - 1: Substantially Completed Projects*

No.	Project Road	Length (KM)	Contract Sum (KES)	Funding
Regional Integration and Trade Facilitation				
1.	Nairobi Western Bypass	16.7	17,580,854,448	Exim/GoK
2.	Loichangamatak - Lodwar	50	6,782,439,479	IDA/Gok
3.	Kalobeiyei River – Nadapal/Nakodok	88	7,856,051,265	IDA/Gok
4.	Lokitaung Junction - Kalobeiyei River	80	8,456,315,607	IDA/Gok
5.	Mteza – Kibundani (MPARD Pk3)	7	4,000,000,000	JICA/GoK
6.	Ahero – Kisii	192	9,467,004,191	AfDB/GoK
7.	Nairobi Expressway	27	60,000,000,000	PPP
8.	Mombasa – Kwa Jomvu Rd (A109)	12	6,016,868,250	AfDB/GoK
9.	Posta (Naibor) - Kisima- Maralal	130	2,689,252,685	GoK
National Integration and Accessibility				
10.	Lamu – Witu – Garsen	136	10,868,627,394	GoK
11.	Nyaru – Iten	32	2,418,819,639	GoK
12.	Naivasha – Njabini Road	32	1,799,963,393	GoK
Public Transport and Road Safety				
13.	Makupa Causeway		4,511,069,759.75	GoK
14.	T-Mall Overpass		2,106,430,462.00	GoK

The construction of several road sections was also ongoing. The details of the ongoing construction contracts is provided in table 3-2 below.



Table 3-2: Status of Ongoing Projects

	Project Name/Activity	Length (Lane KM)	Contract sum (KES)	FY 2021/2022 Output in KM	FY 2021/2022 Output in Lane KM	Expected Completion Date	Programme	Funding Model
Regional Integration and Trade Facilitation								
1.	Eldoret Bypass	32	5,079,517,696	19.9	39.80	30 <sup>th</sup> August 2022	Multinational Uganda - Kenya	AfDB/GoK
2.	Kibwezi–Mutomo–Kitui	225.48	18,404,888,139	11.06	22.12	14 <sup>th</sup> May 2023	EXIM	Exim/GoK
3.	Nairobi Western Bypass	19.3	17,580,854,448	13.9925	55.97	30 <sup>th</sup> Sept 2022	EXIM	Exim/GoK
4.	Garsen–Lamu–Witu	135	10,868,627,394	17.7	35.40	24 <sup>th</sup> Dec, 2021	GoK	GoK
5.	Kalobeiyei River – Nadapal/ Nakodok	88	7,856,051,265	14.05	28.10	31 <sup>st</sup> Oct, 2021	EARTTDFP	IDA/ GoK
6.	Lokitaung Junction–Kalobeiyei River	80	8,456,315,607	11.28	22.56	9 <sup>th</sup> Nov, 2021	EARTTDFP	IDA/ GoK
7.	Loichangamatak–Lodwar	50	6,782,439,479	2.38	4.76	31 <sup>st</sup> Oct 2021	EARTTDFP	IDA/ GoK
8.	Lokichar–Loichangamatak	40	5,800,819,125	16.71	33.42	31 <sup>st</sup> Dec, 2022	EARTTDFP	IDA/ GoK
9.	MPARD Pkg 3: Mreza - Kibundani	6.86	4,000,000,000	0	0	25 <sup>th</sup> July 2022	MPARD	JICA/GoK
10.	MPARD Pkg 2–Mwache -Tsunza–Mreza	8.96	24,236,394,854	56%	56%	12 <sup>th</sup> March 2024	MPARD	JICA/GoK
11.	Mombasa–Kwa Jomvu Rd (A109)	12	6,016,868,250	2.745	16.47	28 <sup>th</sup> Feb, 2021	AfDB	AfDB/GoK
12.	Dualling of Magongo (A109L) Road: Phase II	5.8	2,420,327,530	1.0575	4.23	30 <sup>th</sup> Nov 2021	GoK	TMEA/ GoK
13.	Capacity enhancement of James Gichuru–Rironi	25.3	16,366,586,563	3.558333	21.35	4 <sup>th</sup> Feb 2023	NUTRIP	IDA/ GoK
14.	Kisumu Boys–Mambolco	4.6	199,912,980.00	0.325	1.30	3 <sup>rd</sup> Nov 2021	KTSSP	IDA/ GoK
15.	Dualling of Athi River– Machakos Turnoff	20.1	5,288,549,207	2.25	9.00	25 <sup>th</sup> Jun, 2021	KTSSP	IDA/ GoK



No	Project Name/Activity	Length (Lane KM)	Contract sum (KES)	FY 2021/2022 Output in KM	FY 2021/2022 Output in Lane KM	Expected Completion Date	Program	Funding Model
<b>Regional Integration and Trade Facilitation</b>								
16.	Isebania-Kisii	184	8,597,817,890	74,305	148.61	15 <sup>th</sup> Nov, 2021	Sirari Corridor	AfDB/ GoK
17.	Kenol-Sagana	48	8,491,855,477	31.93	127.72	6 <sup>th</sup> Oct, 2023	GoK	AfDB/ GoK
18.	Sagana-Marua	36	5,749,458,272	13,2975	53.19	18 <sup>th</sup> Oct, 2023	GoK	AfDB/ GoK
19.	Kitale-Endebes-Suam	45	4,474,991,402	14.15	28.30	25 <sup>th</sup> Aug, 2022	Multinational Uganda - Kenya	AfDB/ GoK
20.	Posta (Naibor)-Kisima- Maralal	65	2,689,252,685	51	102.00	31 <sup>st</sup> Dec, 2020	GoK	GoK
21.	Nairobi Expressway	27.1	60,000,000,000	28,2475	112.99	30 <sup>th</sup> June 2022	PPP	PPP
22.	Lamu-Ijara-Garissa	453	17,960,846,926.17	0	0	21 <sup>st</sup> May, 2023	GoK	GoK
<b>Total</b>				<b>329</b>	<b>867</b>			
<b>National Integration and Accessibility</b>								
23.	Uplands-Githunguri - Ruiru	47	3,988,058,395	17.95	35.90	15 <sup>th</sup> Sept, 2021	GoK	GoK
24.	Mau Mau Road Lot 1A: Kiambu-(Gataka-Inia Ini - Kagaa-Matimbei-Kamahindu and spur roads)	105	4,193,165,176	22.47	44.94	27 <sup>th</sup> April, 2023	GoK	GoK
25.	Mau Mau Road Lot1B: Kiambu (Kamahindu-Gata- maiye-Nduriri-Niyanduma- Wangui-Mataara-Gatakaini and other spur roads)	112.6	4,550,482,480	4.6	9.20	17 <sup>th</sup> June, 2023	GoK	GoK



No	Project Name/Activity	Length (Lane KM)	Contract sum (KES)	FY 2021/2022 Output in KM	FY 2021/2022 Output in Lane KM	Expected Completion Date	Program	Funding Model
26.	Mau Mau Road Lot 2– Murang'a (Mairi-Kinyona– Mununga-Ichici–Ithui– Wanjere-Kagongo-Kairo)	153.8	6,428,041,423	9.85	19.70	31 <sup>st</sup> May, 2023	GoK	GoK
27.	Mau Mau Road Lot 3: Nyeri (Kairo-Kabebero–Munyang– Gituiga–Ithi–Magayuni– Ihururu–Nyarugumu–Njengu and other spur roads)	109.1	4,519,821,279	32.19	64.38	30 <sup>th</sup> May, 2023	GoK	GoK
28.	Kinyona-Gatura-Njabini	68.8	3,179,046,482	5.6	11.20	20 <sup>th</sup> Oct, 2022	GoK	GoK
29.	Thika–Magumu Road	68	2,066,534,608	2.99	5.98	15 <sup>th</sup> Oct, 2022	GoK	GoK
30.	Naivasha–Njabini Road	32	1,799,963,393	32	64	18 <sup>th</sup> Sep, 2022	GoK	GoK
31.	Nyaru–Iten	64	2,418,819,639	9.18	18.36	11 <sup>th</sup> Aug, 2020	GoK	GoK
32.	Marsabit–Segel (B75)	23.5	2,277,575,191.93	14.8	29.60	27 <sup>th</sup> April 2023	GoK	GoK
33.	Mamboleo Junction (A1)– Miwani (Lot 1)	20.6	5,194,524,145.57	0	0	30 <sup>th</sup> July 2024	GoK	GoK
34.	Miwani–Chemellii (Lot 2)	27.4	4,964,716,883.42	0	0	5 <sup>th</sup> Sep 24	GoK	GoK
35.	Chemellii–Muhoroni– Kipsitet (Lot 3)	20	5,720,767,704.0	0	0	21 <sup>st</sup> Mar 24	GoK	GoK
36.	Barpello–Tot Junction (Lot 1)	41	4,542,284,928.28	0	0	21 <sup>st</sup> Sep 21	GoK	GoK
37.	Tot Junction–Kopasi River (Lot 2)	46	5,603,042,198.29	0	0	21 <sup>st</sup> Sept 21	GoK	GoK
38.	Kopasi River–Marich Pass (Lot 3)	32	4,582,436,959	0	0	21 <sup>st</sup> Sept 21	GoK	GoK
39.	Kwale–Kinango	29	3,070,675,495.68	0	0	3 <sup>rd</sup> Aug 21	GoK	GoK
<b>Total</b>				<b>151.63</b>	<b>303.26</b>			



No	Project Name/Activity		Contract sum (KES)	FY 2021/2022 Output in KM	FY 2021/2022 Output in Lane KM	Expected Completion Date	Program	Funding Model
Public Transport and Road Safety								
40.	Construction of Interchange at Kericho Jn (B1/C23)	N/A	1,388,321,424.00	81%	-	28 <sup>th</sup> Mar 2022	KTSSP	IDA/GoK
41.	Construction of Interchange at Ahero Jn (A1/B1)	N/A	1,388,321,424.00	90%	-	28 <sup>th</sup> Mar 2022	KTSSP	IDA/GoK
42.	T-Mall Flyover	N/A	2,813,231,586.00	98%	-	28 <sup>th</sup> July 2023	GoK	GoK
43.	Construction of 5 footbridges at Lang'ata	N/A	2,010,000,000.00	88%	-	15 <sup>th</sup> Jan 2023	GoK	Dev Partner (Spanish Govt)/ (GoK)
44.	Makupa Causeway Bridge	N/A	4,511,069,759.00	82%	-	5 <sup>th</sup> July 2022	GoK	GoK
45.	Endau Bridge	N/A	403,163,213	91.92%	-	21 <sup>st</sup> Jan-2022	GoK	GoK
46.	Dhogyo Bridge and Approach Roads on (B10) Road	N/A	2,176,722,082.00	45%	-	2 <sup>nd</sup> June 2023	GoK	GoK



## Promoting mobility





### 3.2.1.2 Planning and Design of Highways

During the year, the Authority implemented measures to facilitate effective planning and design of the national trunk road network to facilitate construction and capacity enhancement on its road network. Planning of the national highways network is key in ensuring that the road network is developed and efficiently managed to sustainably address the ever-increasing transport needs.

#### (i) Design of Priority Highways

The Authority prepared designs and secured right of way for critical road networks to facilitate their development. During the design and planning of projects, beneficiary communities were effectively engaged and cross-cutting issues including gender and HIV integrated in project designs to enhance sustainability of project outcomes. Measures were also put in place to uphold environmental and social safeguards in projects. The status of engineering designs for road projects is provided in table 3 – 3 below.

Table 3 - 3: Design of Roads

No.	Road Design	Status	Project Details
1.	Feasibility Study, Environmental and Social Impact Assessment, Resettlement Action Plan, Preliminary and Detailed Engineering Design of Marua-Nanyuki-Lewa (A2) Road	Detailed design prepared	The Marua–Nanyuki–Lewa (A2) road is approximately 108km long. The road starts around 750m after the junction of road B21 (formerly B5) to Nyeri town and traverses in a northerly direction through Nyeri, Nanyuki and Meru Counties up to Subuiga/Lewa at the junction with Road A9 (formerly B6) to Meru town.
2.	Feasibility Study, Environmental and Social Impact Assessment, Resettlement Action Plan, Preliminary and Detailed Engineering Design of Mai Mahiu-Suswa (B7) road.	Detailed design prepared	The project road is approximately 45km and starts at Mai Mahiu junction with Road A8 South in Nakuru County and traverses in westerly direction towards Suswa and Illasit Markets in Narok County. The project road follows a relatively flat terrain surrounded by volcanic steep, rocky hills of Longonot to the West, Mt Suswa to the south-west and Mt Margaret hill to the north-west.



No.	Road Design	Status	Project Details
3.	Feasibility Study, Environmental and Social Impact Assessment, Resettlement Action Plan, Preliminary and Detailed Engineering Design of Kericho Northern Bypass	Detailed design is under preparation	The project road, which measures about 19.4km, is in Kericho County. The project road starts approximately 2km from Brooke Centre and traverses in a north-westerly direction up to Ainamoi Centre. It then takes a south-westerly trajectory to join the A12 Highway at Kapsoit. The proposed route consists of a dual carriageway road with service lanes at specified locations and interchanges at Brooke and Kapsoit.
4.	Feasibility Study, Environmental and Social Impact Assessment, Resettlement Action Plan, Preliminary and Detailed Engineering Design of Eldoret Eastern Bypass.	Preliminary Design finalised	<p>The proposed road is located in the eastern and northern side of Eldoret town, in Eldoret Municipality, Uasin Gishu County. It starts at the junction of the ongoing Western Bypass which is under construction and Nakuru – Eldoret Highway (A8) at Cheplaskai, taking a north-easterly direction, crossing the Old Nairobi Road/Plateau Road and the Nairobi – Kisumu railway line. The road then heads north and crosses the Eldoret–Kaptagat road (C636). After crossing C636, the proposed road will head on a north-westerly direction crossing Limo Hospital–Illula–Kapkoi road (C646). The road then continues and crosses the Naiberi–Sergoit–Moiben/Marula–Jnc E326 road and then Eldoret–Iten road (B16).</p> <p>The proposed road then takes a westerly direction, crossing a wetland at Miti Moja, Kitale–Cherangani Rd (C621), west of Eldoret University, through a rolling terrain across Eldoret–Kiplombe–Soy (C643) Road and finally joins A8 again near Maili Tisa (at Eldoret Malaba and Kitale junction). The proposed route consists of a dual carriageway road with service lanes at specified locations.</p>



No.	Road Design		Project Details
5.	Feasibility Study, Environmental and Social Impact Assessment, Resettlement Action Plan, Preliminary and Detailed Engineering Design of Kithimani–Kabaa–Mwala–Makutano (B106), Wamunyu–Nduluku–Itangini (B104) Road and Ukia–Emali (B107) Road	Preliminary Design pre-prepared	The road sections are situated in Machakos and Makueni Counties. The project starts at Kithimani and takes a general southerly direction through Kabaa, Mwala, Makutano, Wamunyu, Nduluku, Itangini, Ukia and ends at Emali. The entire project road, comprising the main road and a number of spur roads, is approximately 180km long.
6.	Feasibility Study, Environmental and Social Impact Assessment, Resettlement Action Plan, Preliminary and Detailed Engineering Design for Dualling of Eldoret Town (A8) Road	Preliminary Design pre-prepared	The road, spanning approximately 36km in length, begins at Cheptiret Town Centre (Moi University Main Campus junction), proceeds in a north-westerly direction to Eldoret town and terminates at Leseru interchange. The road is entirely located in Eldoret County.
7.	Feasibility Study, Environmental and Social Impact Assessment, Resettlement Action Plan, Preliminary and Detailed Engineering Design of North Horr-Jn Daradhe AP Camp (A4) Road	Preliminary Design pre-prepared	The road is an earth road with intermittent gravelled sections. It is located entirely in Marsabit County and measures approximately 105km. It begins at North Horr Town, proceeds in a northerly direction through El Beso Market Centre and ends at the Daradhe AP Camp.



No.	Road Design	Status	Project Details
8.	Feasibility Study, Environmental and Social Impact Assessment, Resettlement Action Plan, Preliminary and Detailed Engineering Design of Dif-Wajir (A14) and Design Review of Wajir-Buna - Jn A2 Moyale (A14) Road	Inception report prepared	<p>The road is primarily located in Wajir County and partly in Moyale County. It measures approximately 391 kilometres. It is divided into the three sections below:</p> <ol style="list-style-type: none"> <li><b>Dif - Wajir (A14) Road</b> The proposed project road section is a gravel/earth road and located entirely in Wajir County and measures approximately 146km long.</li> <li><b>Wajir - Buna (A14) Road</b> The proposed project road section is a gravel road located entirely in Wajir County and measures approximately 150km long.</li> <li><b>Buna - Junction A2 Moyale (A14) Road</b> The proposed project road section is a gravel road located in Wajir and partly in Marsabit Counties and measures approximately 95 km long.</li> </ol>
9.	Design of Katulani-Kavisuni-Wote and Construction Supervision of Wikililye – Katulani (B61) Road and Spur Roads Project	Inception Report prepared	The project road is in Kitui and Makueni Counties and starts from Wikililye Market and terminates at Wote town. The length of the alignment of the proposed road from Wikililye –Kathungi–Kavisuni–Katangini–Wote is approximately 100 km.
10.	Design of Bomas - Ongata Rongai - Kona Baridi	Final design report and tender documents under preparation	The design covers the 22.6 kilometres section of Magadi Road between Bomas and Kona Baridi. The road section starts in Langata and traverses in a south-westerly direction towards Rongai and Kiserian towns before terminating at the junction with the B50 highway at Kona Baridi. The design proposes dualling of the entire stretch of the road and consists of service lanes in some sections.
11.	Design of Isinya -Konza Road	Final design report and tender documents under preparation	The 67km project road starts at Isinya in Kajiado County and terminates at Malili. The proposed design entails dualling of the entire stretch of the road.
12.	Design of Thika Interchange and dualling of A3 up to Camp Road	Detailed design under preparation	The 15km road section is entirely situated in Kiambu County. It begins at the Thika interchange and ends at the intersection with Camp Road at the outskirts of Thika Town. The proposed design entails dualling of the entire stretch of the road.



### **3.2.1.3 Highway Network Planning**

#### **(i) Traffic Data Management**

The Authority routinely undertakes traffic survey to check on the demand along the KeNHA road network which informs planning of road expansion and the maintenance intervention to be implemented. The Authority procured consultancies to facilitate development of a Traffic Survey Data Management System which is scheduled to be completed in FY 2022/2023. This is key in creating a database of traffic data to facilitate effective planning and management of the highway road network.

During the year, traffic surveys were undertaken on road sections on River Rupingazi (Embu University), Gakwegori (Embu), Ahero, Nyamasaria Bypass, Kisian (Kisumu), Rironi, Nakuru, Mau summit, Kibwezi, Mutomo and Kitui to facilitate highway planning.

#### **(ii) Pre – feasibility and Appraisal Studies**

Pre-feasibility and appraisal studies were undertaken to assess the viability of planned highway investments. The Authority finalised feasibility studies on the following road sections:

- (a) Wote–Katangi–Mutembuku–Kavisuni–Kitui (B61) and Komarock–Tala–Kangundo–Masii (B63) roads;
- (b) Gilgil–Nyahururu – Rumuruti (A4), Kiarutara–Gatanga–Thika (B20) and Buuri–Katheri–Meru–Chaaria–Mitunguu–Kathwana–Ishiara–Ena (B65) roads.

#### **(iii) Road Inventory and Condition**

The Authority undertook Annual Road Inventory and Condition Survey (ARICS) which is an inventory of its road network and their condition to inform planning of maintenance interventions. The inventory captures the road length, the drainage structures on/along the road, road furniture, services on/across the road, the extent of road reserve and any other issues that may affect the functioning of the highway.

The ARICS is undertaken annually by the Authority to collect data that informs interventions on road maintenance and resource allocation and to predict the



trend of deterioration of the road asset. The FY 2021/2022 ARICS covered 84% of the total KeNHA road network. Arising from the survey, 66% of the paved road network and 38% of the unpaved network respectively was in good condition. The proportion of paved network in poor condition was 7% while that on unpaved road network in poor condition was 19%. During the FY 2022/2023, the Authority will prioritise maintenance interventions to optimise the quality of the road network.

Dynamic Response Intelligent Monitoring System (DRIMS) was also deployed to assess the road condition to facilitate efficient and effective management of road infrastructure.

#### **3.2.1.4 Project Management**

The Authority implemented measures to strengthen project management and guarantee compliance with standards and procedures that promote effective management of road development projects. Monitoring and evaluation of projects was undertaken regularly as per the strategic plan. Project risk was identified and managed. Quality assurance checks were also undertaken to ensure that construction and designs are in line with the required quality standards. The Authority monitored axle loading within the national trunk road network to control overloading.

##### **(i) Monitoring and Evaluation of Projects**

The Authority undertook Monitoring and Evaluation (M&E) of ongoing road projects to ensure that the desired results are being achieved. The M&E exercise provided the necessary feedback that was utilised to inform project design and implementation. The Authority documented lessons learnt during project implementation which are subsequently utilised to improve project planning and implementation. The exercise also ensured that quality standards are maintained and that projects are implemented as planned.

During the year, the Board and Management undertook monitoring and evaluation of development and maintenance projects in Coast, Nyanza, Western and North Rift regions. The M&E exercise focused on reviewing progress made in implementation of projects against the planned targets; causes of deviation from the plan; challenges and suggested solutions to address them. This is critical in strengthening project management and ensuring that corrective measures are put in place to guarantee the achievement of project objectives.



The Board, during the M&E exercise, engaged various stakeholders to enhance synergy in project implementation and development of integrated transport infrastructure. The Board held meetings with County leadership including the Governors and County Commissioners in the project catchment areas. This helped in creating collaborative networks with the County Governments and other stakeholders which was critical in promoting intergovernmental relationship and enhancing project ownership.

### Nyanza Region Board Inspection Tour



Board and Senior Management inspect the Mamboleo interchange along Kisumu Boys - Mamboleo Road.



Board and Senior Management consultative meeting with the H.E, the Governor of Kisumu, Prof. Anyang' Nyong'o.

### Western Region Board Inspection Tour



Consultative meeting with the H.E, the Governor of Kakamega, Hon. Wycliffe Oparanya.



Board and Senior Management inspect the completed Kaburengu interchange along the Kakamega - Kaburengu road.



## North Rift Region Board Inspection Tour



Board and Senior Management inspecting the completed Kainuk Bridge between Marich Pass and Lokichar.



Board and Senior Management inspecting the ongoing laying of fibre optic cables along the Lokichar - Lodwar road section.



Board and Senior Management inspecting the completed Kalobeyei River bridge along Lokitaung - Kalobeyei River road section.



Board and Senior Management at Nadapal inspecting the ongoing construction of the Kalobeyei river - Nadapal road section.

### (ii) Risk Management

The Authority deployed a systematic process in management of risks to ensure effective delivery of its mandate. During the year, the Authority reviewed its key corporate risk profile and undertook regular monitoring and reporting on the corporate risks. The Authority mapped out ten (10) major corporate risks that affected the implementation of its strategies. These include: Contract and Project Management Risk; Business Continuity Management Risks; People Risk; Reputational Risk; Corporate Culture; Data Management Risks; Public-Private Partnership (PPP) Risks; Road Asset Management Risks; Financial Constraints Risk and Low Absorption of RMLF Funds.

During the year, the Authority also prepared a risk management maturity continuum status and gap analysis report, defined the Authority's risk appetite statement, documented ERM policy and procedures manual and defined tolerance levels for the strategic objectives.



The Authority will in the FY 2022/2023 prepare a fraud risk assessment report with proposed mitigation measures and contingency plans, a comprehensive quantitative risk assessment criterion that complements the qualitative risk assessment criteria. The Authority will also develop defined project risk management guidelines and templates to facilitate project risk assessment for all categories of projects carried out by the authority. It will also build the capacity of Board of Directors, management and staff on enterprise and fraud risk management and automation of the risk management process.

### 3.2.1.5 Highway Safety and Security

Enhancement of safety along the national highway network remains a key focus for the Authority. This is in line with the third sustainable development goal (SDG 3). The Authority undertook road safety audits to identify road safety issues during design, construction and post-construction. Interventions were then put in place to address the identified road safety issues.

The Authority undertook a Road Safety Audit of the Work Zone Traffic Management Plan of Garsen–Witu–Lamu, Kibwezi–Mutomo–Kitui, Kitui–Kabati–Migwani and Marsabit – Segel roads to assess safety during construction. Post-completion phase road safety audit was undertaken for Likoni–Ukunda–Lunga Lunga, Mombasa Southern bypass, Mai Mahiu–Narok–Kaplong, and Kaplong–Kisii roads to assess if road safety specifications were met as per the design. The Authority also undertook pre-construction road safety audits of ongoing designs for Kericho bypass and Eldoret southern bypass. Interventions to remedy the identified road safety issues were then implemented.

#### Road Safety Interventions



*KeNHA officials with students and staff of Mutomo primary school to create awareness on safety on highways, especially the importance of footbridges and road signs.*



*KeNHA taking part in the bike ride campaign through Mombasa City to raise awareness on safer use of non-motorised traffic.*



## Enhancing security through road infrastructure



LAPSSET



HoAGDP

## Enhancing safety



Western Bypass  
Footbridge  
(Wangige junction).



Thika Road  
Footbridge.



### 3.2.1.6 Quality of National Trunk Roads

The Authority undertook periodic technical audits to guarantee quality during road construction and ensure that the road works and deliverables in the contract conform to the established technical and specified requirements. It undertook 43 technical audits for twenty five development projects, four design projects and fourteen maintenance projects.

## 3.2.2 Securing and Preservation of Road Assets

This key result area identifies strategies aiming to preserve road assets through maintenance interventions, creation of awareness on protection of road assets and securing depot camps and highway road reserves.

### 3.2.1.1 Securing Road Assets

The Authority sensitised the public on road reserve protection, installed road marker posts, mapped the road reserve and acquired titles for road reserve and depot camps as part of the strategy in securing its road assets.

During the year, the Authority mapped a total of 2,636 km of road reserve. These included:

*Table 3 - 4: Road sections mapped*

No.	Road Section	Km Achieved
1.	Kangema–Nyeri	23
2.	Nanyuki–Lewa-Isiolo	50
3.	Makutano–Embu	6
4.	Karatina–Kagumo	3
5.	Mau Mau Roads Lot 1A and B	200
6.	Suswa–Narok	5
7.	Ndenderu–Limuru–Thigio–Kikuyu (B32)	57
8.	Othaya–Karatina (B27)	28
9.	Nanyuki–Lewa–Isiolo (A2)	30
10.	Thuita–Ichaweri	10
11.	Itangini–Wote	50
12.	Eldoret–Kapsabet	48
13.	Kilifi Bridge–Malindi	64
14.	Sotik–Kisii	45



No.	Road Section	Km Achieved
15.	Ndenderu–Limuru–Thigio–Kikuyu (B32) Road	32
16.	Kisian–Bondo Road (B10)	50
17.	Eldama Ravine–Kamwosor	25
18.	Ukia–Wote	15
19.	Wote–Kyemole	15
20.	Makutano–Mwala–Kangundo	25
21.	Kapsabet–Nabkoi	7
22.	Ena–Chiakariga	30
23.	Karatina–Kerugoya–Kutus	20
24.	Suswa–Narok	45
25.	Kiserian–Isinya	40
26.	Katito –Kendu Bay–Homa Bay	75
27.	Kilifi–Matsangoni	30
28.	Ena–Chiakariga	25
29.	Makutano–Mwea–Embu	36
30.	Karatina –Kerugoya–Kutus	10
31.	Sagana–Kutus–Kianjiru	23
32.	Wajir town roads	10
33.	Machakos Turnoff–Sultan Hamud (A8)	48
34.	Eldoret–Malaba (A8)	120
35.	Athi River–Namanga (A2)	136
36.	Busonga–Siaya (B1)	28
37.	Kangundo–Mwala (B63)	20
38.	Busia–Malaba (B13)	26
39.	Nyeri–Kangema (B23)	40
40.	Mwatate–Taveta (A6)	100
41.	Kitale–Kapenguria (A1)	56
42.	Rironi–Naivasha (A8)	58
43.	Ejinja–Bumala	32
44.	MPARD	37
45.	Thika Road	42
46.	Ena–Chiakariga	55
47.	Nyeri–Kiriani - Kangema	40
48.	Masara–Suna–Kehancha	47
49.	Rumuruti –Maralal	30
50.	Kangema–Gacharage B23	37
51.	Kitale–Endebess B14	45
52.	Thika–Gacharage (B23)	22
53.	Webuye–Kitale(A1)	30



No.	Road Section	Km Achieved
54.	Nairobi western bypass	17
55.	Sagana–Marua(A2)	36
56.	Eldoret–Malaba (A8)	120
57.	Machakos–Sultan hamud	52
58.	Kamwosor –Kampi Ya Moto (B77)	35
59.	Nairobi Southern Bypass	37
60.	Lake Victoria Ring Roads	70
61.	Kisumu–Kakamega	47
62.	Nyamasaria–Kisian	20
63.	Kangema–Karuri–Muranga	21
<b>Total</b>		<b>2636</b>

### 3.2.1.2 Preservation of Quality of National Trunk Roads

The Authority implemented maintenance interventions to maintain high service levels on the national trunk road network. Effective maintenance is essential in preserving road investments and prolongs the lifespan of the road infrastructure. Maintenance interventions such as resealing of the roads, replacing road signage and guard rails and road marking are also critical in enhancing safety for road users. During the financial year, the Authority maintained 12,818 km of road against the annual target of 13,976.5km. This was delivered through different interventions as presented in table 3-5 below.

*Table 3 - 5: Maintenance Intervention Achievements*

No.	Maintenance Intervention	Target (km)	Achievement (km)
1.	Periodic Maintenance	156.5	241
2.	Routine Maintenance	6,876	6,831
3.	Performance-Based Contracts	9,044	8,976
	<b>Total Road Maintenance</b>	<b>16,076.5</b>	<b>16,048</b>

The Authority upscaled routine maintenance efforts through Performance-Based Contracts (PBC) which is an innovative approach that ensures that maintenance defects are addressed in a timely manner. The maintenance of roads through PBC has been institutionalised in maintenance of paved national trunk roads. This strategy has ensured that high service levels are maintained within the road network and guarantee sustainability of maintenance interventions.



The PBC maintenance initiative also promotes cost efficiency as the Authority shares the financial risk with the contractor. The contractor ensures that the road is free of potholes, obstructions are cleared, drains are clean and that there is no vegetative growth within the road reserve. This has enhanced road safety due to improved visibility and reduced encroachment due to constant surveillance of the road corridor. Where the maintenance strategy adopted by the contractor is not efficient, the contractor bears the additional costs of the maintenance intervention. The contractor is also penalised if the agreed performance service levels are not achieved.

### **3.2.1.3 Axle Load Control**

The Authority implemented measures to enhance compliance with the East African Vehicle Load Control Act, 2016. It utilised the Axle Load Enforcement and Highway Unit (ALEHU) to enforce compliance to axle load standards. This has strengthened road asset management within the highway road network and compliance to the axle load standards.

During the financial year, the percentage level of compliance with axle load limits of all vehicles that were weighted either on static or high-speed weigh-in-motion scales stood at 95%. The Authority also undertook 19 stakeholder engagements to promote understanding of the overload control regulations and enforcement mechanisms.

Monitoring of axle load was done through Static, Weigh-in-Motion and Virtual Weigh Stations (VWS). The weigh-in-motion stations have been adopted to minimise delays as only those vehicles flagged as overweight are channelled to the static stations. The weigh-in-motion systems have the capability of recording vehicle details for purposes of traffic surveillance and data collection. The recording functionality is in real-time and details of the vehicle can be viewed via computer network connection, a mobile device or a workstation.

The Authority now has 23 weigh stations, following the addition of 13 stations during the FY 2019/2020. The weigh stations were linked during the reporting year to facilitate sharing of data that has enhanced surveillance on the national highway network which has been key in curbing overloading. The additional weigh bridges have improved compliance, especially given that KeNHA's road network has been increasing. The benefits of the VWS system include:



- (a) Protection of pavement and bridge structures against premature damage due to overloading.
- (b) Policing of vehicles on secondary roads attempting to bypass main inspection stations.
- (c) Identification of potential violators, leading to more efficient enforcement.
- (d) Data collection to improve road design.

### **3.2.3 Environmental and Social Sustainability**

This key result area aims at ensuring environmental sustainability and promotion of social interest in the delivery of road infrastructure. It prioritises measures to conserve and manage the environment while also ensuring social safeguards in development of roads.

#### **3.2.3.1 Environmental Conservation and Management**

During the year, the Authority put in place measures to ensure environmental sustainability in the delivery of road infrastructure by undertaking an annual environmental sustainability audit and submitting the report to National Environment Management Authority (NEMA) in compliance with the Environmental Management and Coordination Act (EMCA) Cap 387.

##### **(i) Environmental and Social Impact Assessment**

The Authority finalised four (4) ESIA studies and submitted to NEMA. The study recommendations are fully implemented to maintain environmental and social safeguards in projects. The projects include Kericho Northern Bypass, Wamunyu–Nduluku–Kilala (Itangini), Kithimani–Kabaa–Mwala–Makutano and Emali–Ukia roads.

The Authority undertook three (3) environmental audits and submitted reports to NEMA for review. The projects that were audited include Mau Mau Lot 1A, Mau Mau Lot 1B and Kenol–Sagana–Marua. The audits were critical in monitoring implementation of ESIA studies and ensuring that projects adhere to the environmental and social action plans.

##### **(ii) Environmental Restoration and Beautification**

Restoration and rehabilitation of the disturbed flora along the project corridor



remained a key priority for the Authority in promoting sustainable development. The Authority undertook environmental restoration and beautification initiatives by planting a total of 72,400 indigenous trees in collaboration with the Kenya Forest Service. At MPARD Package 2: Mwache – Mteza, 56,000 mangrove trees were planted at Trench 2 – Mockifa. Tree planting was done in line with the presidential directive to promote the achievement of 10% forest cover and in line with the Authority's strategic intent of promoting environmental sustainability and social interest.

### **(iii) Mainstreaming of HIV and AIDS programmes in Projects**

The Authority integrated in its projects the implementation of initiatives to control the spread of HIV and AIDS and mitigate its negative impacts. Budgetary allocations were provided in projects for HIV and AIDS activities /programmes with an HIV and AIDS consultants being engaged during project construction to implement the interventions. The programme targets construction workers and the communities living within the project catchment area.

The Authority reached 5,117 people with HIV and AIDS prevention messages, established 76 condom distribution points, received and distributed 122,583 condoms and trained 2,371 people on condom use and disposal.

### **(iv) Resettlement Action Plan**

The Authority prepared and implemented a Resettlement Action Plan (RAP) to ensure restoration of livelihoods for project-affected persons within the project catchment areas and minimise the negative impacts of project interventions on beneficiary communities. The RAP provides a framework for management including compensation for involuntary relocation of project-affected persons. During the year, the RAP report for Mombasa Gate Bridge Project was prepared and approved while RAP implementation monitoring was undertaken for James Gichuru–Rironi, MPARD (Package 2) and MPARD (Package 3), Eldoret Bypass, Rironi–Mau Summit (PPP project) and Lokichar – Loichangamatak.

### **(v) Corporate Social Responsibility**

The Authority's Corporate Social Responsibility (CSR) strategy embodies



its commitment to being a responsible corporate citizen. It aims at creating development corridors that serve the people, spur economic development, encourage integration and facilitate overall well-being of beneficiary communities.

The CSR initiatives mainly focused on promoting sustainable livelihoods and improving access to social amenities through interventions that improve outcomes on education, health, sanitation, security, youth and women empowerment. The CSR activities carried out included drilling of boreholes, construction of water pans, classrooms, police stations, town roads and construction of feeder roads to public institutions. Table 3 – 6 below provides details on CSR initiatives undertaken during the year.

*Table 3 – 6: Project specific CSR Initiatives*

Mombasa - Kwa Jomvu	• Mikindani market roadside amenity.
Nairobi Western Bypass	• Construction of Kamangu Primary School and fencing
Kenol – Sagana – Marua	• Construction of Ngaru Health Centre.
Marsabit - Segel	• Construction of a borehole at Segel town.
Mwache - Mteza Pkg II	• Construction of two police stations, one in Mwache area and the other in Tsunza.
Lamu- Ijara- Garissa	• Repairing of old water tanks for the community.
Sagana - Marua	• Ngaru Girls High School - Payment of school fees worth KES. 212,102 for 2 needy and bright students and construction of dormitory with the capacity of 288 beds. Donation of materials worth Kshs. 4.44 million to the school alumni association.
Isebania-Kisii Lot 1	• Construction of God Nyinyo Primary School for area residents in Migori County.
Kakamega-Webuye	• Construction of Lubao market including toilets and septic tank.
Mteza - Kibundani	• Gravelling the road from A7 to Mishi Mboko Secondary school.
Thika-Magumu	• Grading of Wakimbo (Soko Mpya) road and Soko Mjinga market area.
James Gichuru - Rironi	• Construction of a dormitory for Nairobi School. • Construction of parking lots for KEFRI.

### 3.2.4 Enhancement of Institutional Framework and Capacity

This key result area focused on implementation of measures to enhance the capacity of the Authority in delivery of its mandate. These included development and review of policies, effective planning and adoption of technology in service delivery.



#### **3.2.4.1 Policies and Procedure Manuals**

The Authority developed new policies and reviewed policy documents to provide a framework to guide its operations and ensure that it created a conducive environment for service delivery. During the financial year, sixteen (16) policies were approved by the Board for implementation. The policies were prepared with the guidance of policy experts from Kenya Institute of Public Policy Research and Analysis (KIPPRA). The policies that were approved include the Public-Private Partnership Policy, Works Contract Management Policy, Axle Load Control Policy, Road Asset and Roadside Development Control Policy, Survey and Land Management Policy, Information Communication Technology Policy, Road Project Investment Management Policy, Enterprise Risk Management Policy, Road Safety Management Policy, Recognition and Sanction of Service Providers Policy, Human Resource Management Policies, Communication and Brand Management Policy, Corporate Social Investment Policy, Ethics and Integrity Policy, Guidelines for Engagement of Temporary Employees in the Authority and Internal Audit Charter.

#### **3.2.4.2 Quality Management System (ISO 9001:2015)**

The Authority continued to implement ISO 9001:2015 quality management system which ensured that it consistently provided services that meet its stakeholder expectations within the applicable statutory and regulatory requirements. During the year, the Authority was ISO recertified, having effectively maintained the system. It carried out a surveillance audit, internal quality audit and awareness training in corroboration with KEBS which facilitated the recertification.

#### **3.2.4.3 Capacity Building**

The Authority implemented programmes on capacity building among youths through training, attachments and apprenticeship. The Authority provided one-year internship/attachment to 344 youths consisting of 187 attachés and 157 interns.

#### **3.2.4.4 Prevention of HIV and AIDS Infections**

The Authority implemented interventions aimed at prevention and management of HIV and AIDs within the Authority. Some of the activities undertaken include condom distribution, awareness creation, sensitisation against stigma and discrimination of persons living with HIV and AIDs and HIV and AIDs outreach programmes.



#### **3.2.4.5 Resolution of Public Complaints**

The Authority remains committed to resolving all public complaints in a timely manner in line with the Authority's customer service delivery standards and Commission on Administrative Justice (CAJ) procedures. The CAJ reviewed the quarterly reports submitted on resolution of public complaints awarding the Authority a score of 94% on resolution of complaints.

The Authority addressed the complaints promptly and implemented measures to prevent their re-occurrence. The complaints received were mainly in relation to land acquisition, road reserve boundary, compensation to project-affected persons, safety concerns, road condition and weighbridge operations.

#### **3.2.4.6 Stakeholder Engagement**

The Authority remains committed to engaging stakeholders in the implementation of all projects in line with the requirements of Article 10 of the Constitution. The beneficiary community were engaged in project identification, planning, implementation and monitoring to enhance ownership and ensure that project interventions remain sustainable. The Authority also engaged government institutions, development partners and regional bodies throughout the project management cycle and in the delivery of its mandate.

- (a) County Governments: The KeNHA Board of Directors held collaborative meetings with the Governors and County Commissioners of Kisumu, Kakamega and West Pokot County to enhance intergovernmental relationship and collaboration in delivery of services. The meetings were utilised for joint planning of development initiatives within the counties and to enhance collaboration in implementation of road projects in the counties. Following the consultative meetings on the following:
  - (i) To integrate development plans developed by the County Government and the Authority so as to promote seamless connectivity in provision of road infrastructure and supporting utility services.
  - (ii) The Authority to provide technical support to counties during road designs and development.
  - (iii) Joint review of development plans to ensure compliance with the Physical



Planning Act on planning, control of development, land subdivision including a 10 metre buffer zone beyond the road reserve and as building setback for developments abutting national roads.

- (iv) Safeguard the road reserve necessary to facilitate future expansion of roads.
- (v) Control access to national highways for developments abutting the road reserve.
- (b) **Development Partners:** The Authority continues to engage Development Partners in a collaborative effort towards the fulfilment of its mandate. During the year, missions were held to enhance collaboration in project implementation and monitor progress in projects. The Authority hosted virtual missions with World Bank and African Development Bank. The Authority also hosted AfDB delegations on two separate occasions led by the African Development Bank President, Dr. Akinwumi Adesina and Director General, East Africa Regional Development and Business Delivery Office, Mrs. Nnenna Lily.

The missions that took place during the financial year include:

- (a) African Development Bank
  - Lesseru – Kitale and Morpus – Lokichar Pre-appraisal mission from 20<sup>th</sup> – 21<sup>st</sup> June 2022
  - Ahero – Isebania Supervision mission from 22<sup>nd</sup> – 24<sup>th</sup> June 2022
  - Mombasa – Kilifi Supervision mission from 27<sup>th</sup> – 28<sup>th</sup> June 2022
  - Mombasa – Mariakani Supervision mission from 29<sup>th</sup> – 30<sup>th</sup> June 2022
- (b) World Bank
  - Horn of Africa Gateway Development Project, Second Implementation Support Review Mission from 1<sup>st</sup> November – 15<sup>th</sup> December 2022
  - Horn of Africa Gateway Development Project, Third Implementation Support Review Mission from 9<sup>th</sup> May – 15<sup>th</sup> June 2022



## AfDB and World Bank Missions



AfDB Mission to Kenol - Marua by the African Development Bank President, Dr. Akinwumi Adesina and Cabinet Secretary - MoTIHUD&PW, Mr. James Wainaina Macharia, E.G.H.



World Bank Support Mission to the Horn of Africa Gateway Development Project.

### 3.2.4.7 Human Resource Development

During the year, the Authority implemented initiatives to build human capital and provide a suitable structure for effective service delivery. As at 30<sup>th</sup> June, 2022, the Authority had a total of 530 members of staff against the approved establishment of 742. Table 3-7 below provides a summary of distribution.

Table 3 - 7: Permanent and Pensionable Staff Establishment

No.	Job Cadre	No
1.	Engineers	134
2.	Surveyors	28
3.	Inspectors	87
4.	Sociologists	3
5.	Environmentalists	6
6.	Road Overseers	5
7.	Draughtsman Officers	2
8.	GIS Officers	3
9.	Land Valuer	1
10.	Monitoring and Evaluation Officers	2
11.	Clerical Officers	6
12.	Economist and Budget and Corporate Planning Officers	5
13.	Physical Planner Officer	1
14.	Drivers	62
15.	Legal Officers	5
16.	Finance and Accounting Officers	37



No.	Job Cadre	No
17.	Administrative Officers	6
18.	Communication Officers	9
19.	Enterprise Risk Management Officers	4
20.	Human Resource Management Officers	16
21.	Information Communication Technology Officers	19
22.	Office Assistants	14
23.	Supply Chain Management Officers	41
24.	Knowledge Management Officers	2
25.	Office Administrators	17
26.	Records Management Officers	2
27.	Business Development Officer	1
28.	Auditors	10
	<b>Total</b>	<b>528</b>

The proportion of technical staff to total staff currently stands at 72.18.0% against a target of 74.8%. The Authority will continue to enhance its technical capacity by filling the vacant critical positions.

Over the reporting period, the Authority undertook several programmes including training, coaching and mentorship to systematically enhance skills and proficiencies of staff thereby improving institutional performance. The Authority also undertook institutional skills gap analysis to identify skills gap within the Authority and plan on how to progressively build the capacity of its human capital. The Authority fully implemented the FY 2021/2022 Training Plan by training 545 members of staff during the year. Additionally, the Authority prepared and approved the Training Needs Assessment Plan.

During the FY 2021/2022, the Authority acknowledged and recognised Eng. Ezekiel W. Fukwo for instituting a structured and robust Graduate Engineers Training Programme within the Authority whose success has been recognised by the Engineers Board of Kenya (EBK) and the Institution of Engineers of Kenya (IEK).





*Eng. Ezekiel W. Fukwo*

**EMPLOYEE OF THE YEAR**

**Directorate**

Road Asset and Corridor Management

**Employment Position**

Director

**Award Citation**

Recognised for instituting a structured and robust Graduate Engineers Training Programme within the Authority.

**3.2.4.8 Research and Innovation**

The Authority contracted M/S TRL Ltd to offer Consultancy Services in reviewing and updating the Road Design Manuals and Standard Specifications. The services commenced on 2<sup>nd</sup> December, 2021 for a period of 17 months. As at 30<sup>th</sup> June, 2022, the Consultant had achieved 4 deliverables out of 15.

Following identification of non-compliance in renewal of roadside development fees, the Department recommended compliant initiatives out of which the Authority realised in excess of KES 60 million during the FY 2021/2022.

The Department proposed the adoption of M-Pesa mobile payment as a tool for collecting the Authority's revenue. This increased the efficiency in revenue collection resulting to AIA growth in excess of 10% to over KES 2 Billion.

The department has also identified and piloted leasing of KeNHA's idle assets as a new revenue stream which generated KES 840,000 in the FY 2021/2022.



### 3.2.5 Effective Resources Mobilisation

This result area focuses on mobilising additional financial resources to bridge the existing financing gaps. The Authority implemented measures to effectively mobilise additional resources to finance its programmes and strengthened financial management to promote efficiency in resource utilisation.

#### 3.2.5.1 Public Private Partnerships

The Authority continued to embrace Public-Private Partnerships (PPP) for provision of road infrastructure to bridge the infrastructure financing gap. The PPP financing framework provides for engagement of the private sector in development and operation of bankable road projects. The National Treasury has established a suitable policy environment necessary for the Authority to harness the opportunities to collaborate with the private sector in delivery of adequate and quality road infrastructure. During the year, the Authority packaged the roads to be developed as first mover PPP projects and those to be developed through the annuity-financing framework.

The status of the first mover PPP projects being implemented by the Authority is shown table 3-8 below.

*Table 3 - 8: Status of First Mover PPP Projects*

No.	Roads	Length	Status
1.	Nairobi Expressway	27.13km	Construction of the road completed and opened for traffic. The PPP contract is under operation and maintenance phase.
2.	Nairobi – Nakuru – Mau Summit	229km	An independent project expert was procured. The construction is projected to commence in the FY 2022/2023.

#### 3.1.1.1 Annuity 10,000 Programme

The Authority continued to explore financing of road construction through the Roads 10,000 Annuity programme. The annuity programme is a 10-year finance, design, built, operate and transfer (FDBOT). The status of projects under the Annuity 10,000 program is provided in table 3 – 9.



Table 3 - 9: Status of Annuity 10,000 Programme Projects

No.	Roads	Length	Status
1.	Rhamu – Mandera (Lot 3)	143km	<ul style="list-style-type: none"> <li>Financing term sheets signed between the service provider and lenders and Credit has been approved by lenders and 30% of project equity has been deposited with Stanbic Bank (Lenders).</li> <li>Detailed design is completed.</li> <li>GOK Letter of Support cleared and signed by all parties.</li> <li>The AG has cleared GoK Capital Contribution Account Escrow Agreement, LDA, Deed of Adherence.</li> <li>All financing documents finalised.</li> <li>Financial closure date set for November 2021.</li> <li>Construction to commence after financial closure.</li> </ul> <p><b>Pending</b></p> <ul style="list-style-type: none"> <li>Awaiting letter of Support from the Attorney General.</li> </ul>
2.	Illasit- Njukini-Taveta road (Lot 32)	67km	<ul style="list-style-type: none"> <li>The Project Agreement has already been executed.</li> <li>Financing term sheets signed between the service provider and lenders.</li> <li>Detailed design is completed.</li> <li>MIGA (World Bank) has approved issuance of Partial Risk Guarantee and has sent approval request to the National Treasury.</li> <li>Letter of Support cleared and signed by all parties.</li> <li>The AG has cleared GoK Capital Contribution Account Escrow Agreement, LDA, Deed of Adherence.</li> </ul> <p><b>Pending</b></p> <p>Awaiting letter of Support from the Attorney General.</p>

### 3.2.5.3 Financial Management

The Authority prepared the Annual Budget for the FY 2021/2022 and submitted it to the MoTIHUD&PW and the National Treasury in accordance with Section 35 of the Kenya Roads Act, 2007. The Annual Works Programme was prepared and submitted to the MoTIHUD&PW and the Kenya Roads Board (KRB) pursuant to Section 36 of the Kenya Roads Act, 2007. The consolidated Annual Procurement Plan was also submitted to the Public Procurement Oversight Authority (PPOA) as pursuant to clause 40 (3) (4) of the Public Procurement and Asset Disposal Regulations, 2020.

A summary of the historical budgetary allocation to the Authority for road construction, rehabilitation and development is summarised in table 3-10. The budgetary allocation has increased over the years, a demonstration of the Government's commitment towards supporting development of road infrastructure in the country.



Table 3 - 10: Annual Budget for FY 2018 / 2019 - FY 2021 / 2022 in KES Billions

Budget Item	FY 2018/2019	FY 2019/2020	FY2020/2021	FY 2021/2022
Development	61.1	58.3	80.1	86.4
Road Maintenance	28.2	25.6	31.8	28.3
	<b>Total: 89.3</b>	<b>Total: 83.9</b>	<b>Total: 111.9</b>	<b>Total: 114.7</b>

### 3.2.5.4 Cost Efficiency

The Authority endeavours to deliver on its mandate in the most cost-efficient manner. Project management teams were strengthened to minimise cost escalation and unnecessary claims. During the financial year, the Authority utilised Earned Value Analysis to review project progress, forecast completion dates, project final cost and analyse variances in the schedule and budget.

The Cost Performance Index (CPI) and Cost Variance (CV) were used to review project performance. The CPI is a measure of cost efficiency of budgeted resources and is expressed as a ratio of budgeted cost to actual cost. The CV measures the difference between the budgeted cost and the actual cost. A CPI of more than one (1) indicates that the actual cost is lower than the budgeted cost, an indication that the project is efficiently utilising resources, while a positive cost variance represents savings in the budgeted costs.

Table 3 -11 below provides the results of the CPI and CV scenarios for 34 sampled projects.

Table 3 - 11: Project Cost Efficiency (CPI and CV)

No.	Project Name	Cost Performance Index (CPI)	Cost Variance (CV)
1.	Kisumu Boys - Mamboleo	1.88	596,328,350.92
2.	Ahero - Interchange	1.59	465,643,836.85
3.	Lokichar - Loichangamatak	1.47	1,512,540,958.22
4.	Kericho Interchange	1.45	357,493,597.90
5.	Kitale_Endebes_Suam	1.29	818,548,789.20
6.	Mau Mau Lot 3	1.28	320,166,126.59
7.	Marsabit - Segel	1.20	232,615,448.51
8.	Uplands - Githunguri	1.16	659,313,970.01
9.	Loichangamatak - Lodwar	1.11	660,896,625.78
10.	Western Bypass	1.10	1,487,688,631.19
11.	Eldoret Bypass	1.07	341,882,338.40



No.	Project Name	Cost Performance Index (CPI)	Cost Variance (CV)
12.	Lamu – Ijara – Garissa	1.05	392,449,939.98
13.	James Gichuru – Rironi	1.04	553,047,454.74
14.	Mau Mau Lot 1A	1.02	33,721,339.19
15.	Mwache – Mteza	1.02	221,335,553.87
16.	Thika – Magumu	1.00	3,735,730.53
17.	Mau Mau Lot 1B	1.00	(2,602,789.05)
18.	Mteza – Kibundani	0.99	(27,504,280.43)
19.	Isebania – Kisii	0.98	(138,078,543.57)
20.	Kibwezi – Mutomo – Kitui	0.98	(352,604,192.29)
21.	Mau Mau Lot 2	0.98	(32,212,824.48)
22.	Dualling of Athi River – Machakos Turnoff	0.97	(187,117,028.27)
23.	Dualling of Magongo Road	0.97	(76,223,672.44)
24.	Mombasa – Kwa Jomvu	0.95	(390,402,953.63)
25.	Makupa Causeway Bridge	0.94	(202,459,976.48)
26.	Kinyona – Gatura - Njambini	0.92	(71,724,774.63)
27.	Sagana – Marua	0.86	(510,793,396.32)
28.	Kenol – Sagana	0.77	(1,276,243,401.42)
29.	Miwani – Chemelil	0.31	(613,135,728.55)
30.	Kwale – Kinango	0.25	(230,300,662.18)
31.	Kenyatta Road	0.19	(368,928,177.28)
32.	Mamboleo – Miwani	0.18	(650,738,434.67)
33.	Chemelil – Muhoroni - Kipsitet	0.18	(614,320,478.40)
34.	Mtwapa – Kilifi	0.03	(701,368,473.47)

A total of 47.53% of the projects had a CPI of more than 1.0, indicating that the projects were cost efficiently utilising their budget and have earned more value in relation to work done compared to the certified value of works, while 50.23% of the projects had a CPI of less than 1 which signifies that these projects are utilising more funds than budgeted thus may experience cost overrun if the trend remains consistent. These projects, therefore, need to be conscious of their spending and focus on increasing their project progress to cover advanced payments and other expenditures which may be realised later in project implementation.

### 3.2.6 Leadership and Governance

Under this result area, the Authority implemented measures to strengthen leadership and integrity.



### **3.2.6.1 Internal controls**

During the year, the internal audit function executed twenty-five (25) routine audit assignments, four (4) special audits and twelve (12) follow-up audits. It was noted that the Authority resolved all audit recommendations promptly. During the year, the Office of the Auditor General and the Kenya Roads Board undertook audits to ensure that systems were in place and that maintenance interventions were technically sound.

### **3.2.6.2 Corporate Governance**

The Board of Directors planned and undertook Board and committee meetings in maintaining its fiduciary duty in oversight of the Authority operations. The Board of Directors deliberated matters policy, organisational procedures, organisation performance, project performance, budget and project implementation issues. They also supported operations of the Authority through periodic board inspections and review of human resource management issues. Senior Management, during the year, held Senior Management meetings to provide strategic direction in the operations of the Authority. Management deliberated on matters review of policies and manuals; management of organisational and project performance; operational and staffing issues; asset management; staff capacity building and contract management.

### **3.2.6.3 External Audits**

During the financial year, the Office of the Auditor General undertook an audit on the financial books and financial systems to evaluate their management and provide an opinion on the accuracy of the financial reports. The audit also reviewed the operations of the Authority and the use of allocated funds and advised on avenues of improving efficiency in operations and achievement of value for money.

## **3.2.7 Technical, Operational and Performance Challenges**

In delivery of its mandate, the Authority faced several setbacks that hindered efficient delivery of projects. The project team has taken stock of the challenges and designed solutions to address them. Some of the cross-cutting challenges experienced during the year are presented in table 3 - 12.



*Table 3 - 12: Technical, Operational and Performance Gaps*

#### **Inadequate Development and Road Maintenance Budget allocation**

- Budgetary allocation to support road development and maintenance needs are not adequate thus leading to accumulation of pending bills on development projects and backlog on maintenance requirements.
- The Authority secured additional financing for development projects from development partners. It has also scaled up its effort to promote Public-Private Partnerships in development and maintenance of road infrastructure.

#### **High cost of Land Acquisition**

- Developments along the major highways have led to an increase in the value of land that abuts the road reserve. This has made land acquisition to facilitate road expansion very expensive leading to high project costs against a background of inadequate financial resources.
- The Authority has adopted forward planning and early acquisition of land to ensure that land is secured before work contracts are awarded. This, however, requires immense investment to clear the current pending bills for land acquisition and assign a budget for forward planning.

#### **Delayed Relocation of Utility Services**

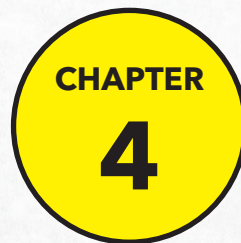
- Service providers often take long to relocate services and utilities along the road reserve occasioning delays in the implementation of a project.
- The Authority has developed a policy on utilisation of the road reserve to define the standards on relocation of services. Consultative meetings were also held with different stakeholders to harmonise standards in the utilisation of the road reserve. The Authority also embarked on mapping of all services along its road network to facilitate prompt relocation.





**Dualling of Sagana - Marua (A2) Road**





# **SOCIO-ECONOMIC IMPACT OF HIGHWAYS**



## 4.1. Introduction

Road infrastructure is one of the main pillars of growth under Vision 2030. It acts as a catalyst to economic growth and development. Investment in roads has largely been supported by the Government of Kenya Exchequer funds, development partner funds and public-private partnerships.

Road infrastructure development results into immediate improvement in transport outcomes including reduced travel time, reduced travel costs, reduced vehicle operating costs, increased traffic volume, enhanced mobility, improved accessibility and reduction in road traffic accidents. The efficiencies that result from the improved transport outcomes are development of the local economy due to the employment opportunities created, enhancement of regional economic trade, growth of micro enterprises, improved agricultural production, appreciation of land value and catalysing resource use.

Road infrastructure development also spurs socio-economic development through poverty reduction, enhanced access to healthcare, enhanced access to education, improved social cohesion and social inclusion. Road development also presents environmental benefits including reduction in pollution (particulate matter and greenhouse gases). During road infrastructure development, the Authority has also driven institutional reforms and capacity building among youths and staff. These benefits have become the centre of projected objectives in construction and rehabilitation of key roads in Kenya.

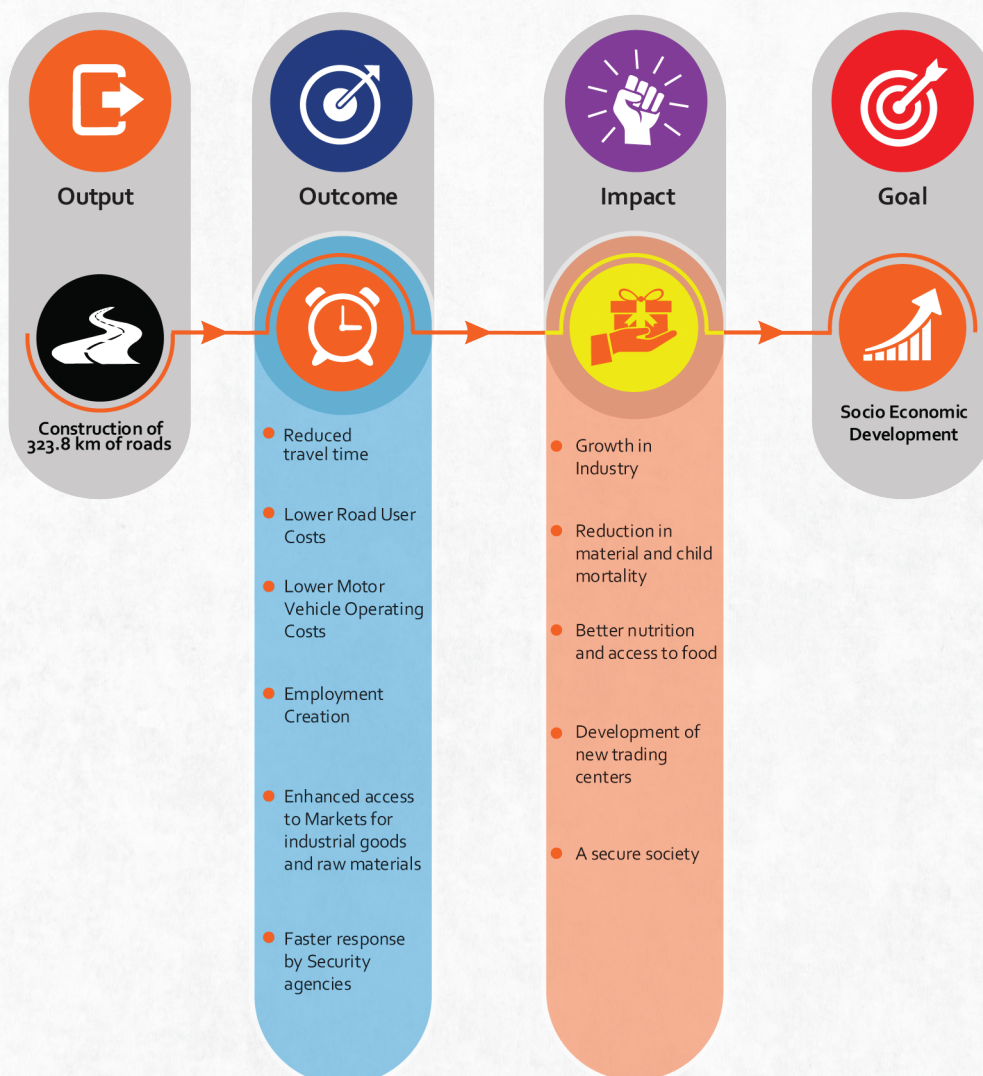
## 4.2. Impacts of Highway Development

### 4.2.1. Accessibility

Roads developed by the Authority have enhanced accessibility for people around the country to essential places and institutions including access to social and economic infrastructure like schools, markets, health centres and major urban towns and cities. This enhanced accessibility has led to facilitation of security agencies to get to hard-to-reach places, increased school enrolment, high literacy rates, low infant and maternal mortality rate and reduced employment turnover as people are able to reach points of employment around the country with ease. In the case of the Isiolo - Moyale project, due to increased accessibility, the traffic volumes increased from 1,896 ADDT to 14,189 ADDT.



# Roads for development - creating value from roads





### **4.2.2. Enhanced Security**

The construction of new roads enhances security by improving the access and response time of security agencies when there are occurrences of insecurity incidences around the country. The Authority's highways interconnect all 47 counties in Kenya. This has enabled the police, KDF, among other security agencies to travel and resolve insecurity issues in good time leading to increased preservation of life. Some of the road corridors developed by the Authority that have resulted into tremendous improvement in security include Isiolo – Moyale, Lamu – Ijara – Garissa, Garsen – Witu – Lamu, Loruk – Barpelo – Tot – Marich Pass and Kitale – Lodwar – Nadapal roads. Efficient road network facilitates increased patrols by security agents and reduced their response time.

### **4.2.3. Employment Creation**

One of the forward-induced effects of road construction on economic growth is an increase in employment opportunities for Kenyans, especially the people in the community living along construction projects. Accordingly, the Authority's investment in road development projects has provided many employment opportunities to both locals and foreigners. The current workforce that has been engaged in road development projects is 8,522 comprising of 7,792 men, 730 women, 5792 youth and 13 Persons with Disability.

### **4.2.4. Reduced Travel Time and Vehicle Operating Costs**

Development and completion of roads around the country has resulted into reduction in travel time, vehicle operating costs, fuel consumption and wear and tear on vehicles. A recent study done with a sample size of 34 development projects being implemented by the Authority revealed that ongoing and recently completed road sections have realised a 39% travel time savings which is equivalent to a travel time savings of 1175.1 minutes (average of 36.7 minutes per road). The total time saving per km is 1.59 minutes. Projects that resulted in the highest savings in travel time include Nairobi Expressway, Kibwezi–Mutomo–Kitui, Mombasa–Kwa Jomvu, James Gichuru–Rironi, Isebania–Kisii and Kitale–Endebes–Suam. Table 3 - 13 below illustrates the travel time saving of development projects:



Table 3 - 13: Travel time saving baseline vs current

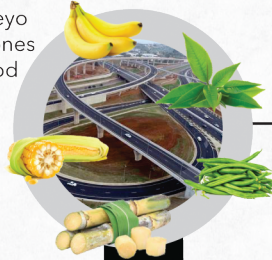
Project Name	Road Length	Baseline travel time	Travel Time(min)	Savings in travel time
Ahero Interchange	-	-	0.0	-
Chemelil - Muhoroni - Kipsitet	20.0	43.0	56.0	(13.0)
Dualling of Athi River - Machakos Turnoff	20.1	30.0	25.1	4.9
Dualling of Magongo Road	5.0	33.0	14.2	18.8
Eldoret Bypass	32.0	90.0	40.0	50.0
Kericho Interchange	-	-	-	-
Isebania - Kisii	86.0	145.0	84.8	60.2
James Gichuru - Rironi	25.3	72.0	25.0	47.0
Kenol - Sagana	48.0	45.0	30.0	15.0
Kenyatta Road	21.0	30.0	42.0	(12.0)
Kibwezi - Mutomo - Kitui	225.5	480.0	230.0	250.0
Kinyona - Gatura - Njambini	49.5	120.0	84.0	36.0
Kisumu Boys - Mamboleo	4.5	21.0	9.0	12.0
Kitale - Endebes - Suam	45.0	150.0	52.0	98.0
Kwale - Kinango	29.0	62.0	60.0	2.0
Lamu - Ijara - Garissa	453.0	497.0	510.0	(13.0)
Loichangamatak - Lodwar	50.0	150.0	40.0	110.0
Lokichar - Loichangamatak	40.0	96.0	33.0	63.0
Makupa Causeway Bridge	1.5	23.0	4.0	19.0
Mamboleo - Miwani	12.6	49.0	50.4	(1.4)
Marsabit - Segel	23.5	73.0	18.2	54.8
Mau Mau Lot 1 A	22.7	64.0	17.7	46.3
Mau Mau Lot 1 B	20.5	33.0	21.3	11.7
Mau Mau Lot 2	34.7	140.0	32.3	107.7
Mau Mau Lot 3	34.0	40.0	24.0	16.0
Miwani - Chemelil	27.4	66.0	54.8	11.2
Mombasa - Kwa Jomvu	12.0	60.0	16.0	44.0
Mteza - Kibundani	6.9	30.0	13.0	17.0
Mtwapa - Kilifi	40.4	43.0	50.5	(7.5)
Mwache - Mteza	9.0	45.0	26.5	18.5
Sagana - Marua	36.0	63.0	52.0	11.0
Thika - Magumu	67.7	77.0	60.1	16.9
Uplands - Githunguri	47.0	120.0	66.9	53.1
Western Bypass	16.7	45.0	17.0	28.0



# Promoting agriculture production

## Tot - Marichpass

The project road traverses Elgeyo Marakwet and West Pokot counties. The main crops produced in Elgeyo Marakwet vary with ecological zones with the highlands producing food crops such as maize, wheat, Irish potatoes and beans. In West Pokot, the main food crops produced include maize, beans, sorghum, finger millet, green grams, Irish potatoes, sweet potatoes and bananas. The farmers also grow horticultural crops which include fruits (mangoes, pawpaw, oranges, tree tomato and passion fruit) and vegetables, both exotic and local (onions, cabbages, kales, pumpkins, *sucha*, cowpeas, *saga*, peas and carrots among others).



## Mamboleo – Muhoroni – Kipsitet

Muhoroni is an agro-based town hosting Muhoroni Sugar Mill, Agrochemicals and Food Company, among others. Maize is the dominant food crop while sugarcane is the major cash crop in the sub-county. Other crops grown in the area include beans, sorghum and kales. In Kipsitet, locals practise farming, poultry and rearing of animals. They grow a variety of crops which include coffee, sweet potatoes, tomatoes, pineapples, rice, among others. However, the crops that are mostly grown are pineapples and bananas.

## Ahero - Kisii - Isebania

Most parts traversed by the road project have deep red soils rich in organic matter but some parts have clay soils, red loam and sandy soils. The red volcanic soils support the growth of cash crops such as tea, coffee, pyrethrum, maize, beans, potatoes and bananas. The main crop grown in Ahero Irrigation Scheme is rice. The scheme produces 22,000 Metric Tonnes (MT) annually. The main crops produced in Kisii County are maize, bananas, beans, potatoes, tea, sugarcane, coffee and horticultural crops.



## Kwale - Kinango

The main food crops grown along the project area include maize, cassava, beans, peas, grams and semi-commercial crops like coconuts and mangoes. The cash crops grown are cashew nuts, sugarcane, cotton, simsim, bixa and tobacco.



#### **4.2.5. Local Micro Enterprises**

The Authority implemented Government Policy on the use of local contractors and construction materials in road construction projects. It ensured that at least 40% of the value of the contracts are utilised on locally-sourced contractors and construction materials. This is aimed at boosting the local manufacturing industries and ensuring that the money circulates within the economy.

The Authority embraces subcontracting as an initiative to promote the local industry and support local contractors. The Authority subcontracted works and services worth KES. 30,696,083,781.60 for 26 development projects. Through the Kenol–Sagana–Marua Road project, local contractors were issued with subcontracts worth 2,541,156,923 in civil works. The Authority also piloted an initiative to have joint ventures between foreign and local contractors to undertake road construction in Mamboleo–Miwani and Miwani–Chemelil road projects to promote skills and technological transfer to local contractors.

#### **4.2.6. Social Benefits**

The Authority promoted social development during development of road infrastructure through installation of fibre optics and power lines and construction of police stations, healthcare services and sewerage networks that are essential for sustainable development. The construction of such social amenities have augmented the socio-economic impact of road construction projects. The Authority also constructed markets for agricultural produce and trauma centres to enhance the livelihood of people living in project catchment areas and road sections that are prone to traffic accidents. It also constructed schools, dormitories and maternity wards and drilled boreholes along project roads. Along Sagana–Marua, dormitories are currently being constructed at Ngaru Girls Secondary School, two police stations are being constructed, one in Mwache and the other in Tsunza area along Mwache–Mteza; a fibre optics corridor is being constructed between Eldoret and Nadapal road construction between Lokichar–Nadapal, is also ongoing; among others.



# Facilitating trade



## Horn of Africa Gateway Development Project (HoAGDP)

Construction to commence for Isiolo – Kulamawe – Modogashe – Wajir – Rhamu – Mandera in the Financial year 2022/2023.

## East African Coastal Corridor Development Project

Construction of the Nyali – Mtwapa – Kilifi projects is scheduled to commence in the FY 2022/2023.



## Eastern Africa Regional Transport, Trade and Development Facilitation Project (EARTTFP)

The Lokichar – Loichangamatak (96%) is scheduled to be completed in the FY 2022/2023.

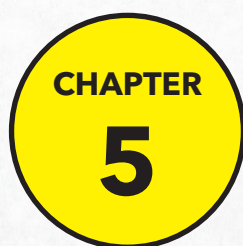
## Kitale–Endebess –Suam



## Ahero – Kisii–Isebania

**Facilitating Trade**





# CONCLUSION



## CONCLUSION

During the year, the Authority implemented strategies in line with the revised 2018/2019 – 2022/2023 KeNHA Strategic Plan. The Authority constructed and enhanced the capacity of 407.5 km (1072.19 lane km) of road against a target of 347.9 km (875 lane km). Equally, 15,556.5 km (31,113 lane km) of road were maintained against the target of 16,076.5 km (32,153 lane km).

The Authority also undertook several corporate social responsibility initiatives to secure socio-economic development of beneficiary communities. The CSR activities during this financial year included construction of Kamangu Primary School at Ndeiya along Nairobi Western Bypass, construction of dormitories for Ngaru Girls Secondary School under Sagana–Marua Project, donation of KES 5.4 million to a hospital along Kenol–Sagana, drilling of a borehole at Segel along Marsabit–Segel road, construction of two police stations, one at Mwache and the other at Tsunza area under Mwache–Mteza MPARD 2 and construction of Mikindani Market Roadside amenity along Mombasa–Kwa Jomvu road project and repair of old water tanks for the community along Lamu–Ijara–Garissa road.

Environmental and Social Impact Assessments (ESIA) were carried out for all development projects to ensure environmental stewardship and restoration of livelihoods for project-affected persons during project implementation. HIV and AIDS components were incorporated in all programmes and environmental restoration measures implemented to ensure sustainable development. Community members were effectively engaged in identification, design and implementation of projects as part of the organisational policy in promoting the realisation of national values and cohesion.

The major challenges that the Authority faces include inadequate development and maintenance budget allocation, high cost of land acquisition and delays in the relocation of services. The Authority is committed to completing its obligations as set out in its strategic plan to enhance the achievement of the Vision 2030 and support the actualisation of the Big Four Agenda.



# **ANNEX 1: UNAUDITED ACCOUNTS FY 2021/2022**



# STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from Development Budget Grants	6	538,180,368	433,107,619
Levies, Fines and Penalties	7	28,937,578,804	24,725,103,067
		<b>29,475,759,172</b>	<b>25,158,210,686</b>
<b>Revenue from exchange transactions</b>			
Rental revenue from facilities and equipment	8	1,168,000	1,142,300
Finance income - external investments	9	921,384,891	828,778,943
Other income	10	13,764,829	79,634,033
		<b>936,317,720</b>	<b>909,555,276</b>
<b>Total Revenue</b>		<b>30,412,076,892</b>	<b>26,067,765,962</b>
<b>Expenses</b>			
Road Maintenance and Axle Load Expenses	11	24,706,262,795	20,905,684,356
Use of goods and services	12	548,883,957	387,586,432
Employee costs	13	2,053,717,454	1,829,448,494
Board Expenses	14	72,155,817	41,203,440
Depreciation and amortization expense	15	273,697,520	190,470,754
Repairs and maintenance	16	170,373,343	150,493,476
Transfers from Development Budget Grants	6	538,180,368	433,107,619
Finance costs	17	5,623,642	5,549,725
<b>Total expenses</b>		<b>28,368,894,896</b>	<b>23,943,544,296</b>
<b>Other gains/(losses)</b>			
Gain on sale of assets	18	16,082,409	10,716,398
Loss on foreign exchange transactions	19	-	(787,812)
Profit on foreign exchange translations	20	2,577,361	1,080,280
<b>Surplus before tax</b>		<b>2,061,841,766</b>	<b>2,135,230,532</b>
Taxation	21	(274,738,055)	(253,134,869)
<b>Surplus/(Deficit) for the year</b>		<b>1,787,103,711</b>	<b>1,882,095,663</b>



# STATEMENT OF FINANCIAL POSITION

## AS AT JUNE, 30 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	22	13,993,063,067	23,362,471,571
Receivables from exchange transactions	23(a)	12,562,556,350	5,148,218,965
Receivables from non-exchange transactions	24	21,540,562,776	18,990,724,145
Inventories	25	9,668,135	7,489,621
<b>Total Current Assets</b>		<b>48,105,850,328</b>	<b>47,508,904,302</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	26	675,401,492,515	587,989,222,216
Intangible assets	27	183,150,435	133,527,703
Long term receivables from exchange transactions	23(b)	24,250,000	24,750,000
<b>Total Non-Current Assets</b>		<b>675,608,892,950</b>	<b>588,147,499,919</b>
<b>Total Assets</b>		<b>723,714,743,278</b>	<b>635,656,404,221</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	28	80,129,104,666	61,903,313,219
Refundable deposits from customers	29	195,479,839	167,992,948
Provisions	30	182,882,058	139,268,731
Taxation	31	217,457,784	120,891,131
<b>Total Current Liabilities</b>		<b>80,724,924,347</b>	<b>62,331,466,029</b>
<b>Total Liabilities</b>		<b>80,724,924,347</b>	<b>62,331,466,029</b>
<b>Net assets</b>		<b>642,989,818,931</b>	<b>573,324,938,192</b>
Reserves		624,048,659,686	556,170,882,658
Accumulated surplus		18,941,159,245	17,154,055,534
<b>Total Net Assets and Liabilities</b>		<b>723,714,743,278</b>	<b>635,656,404,221</b>



## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE, 30 2022

	Retained earnings	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs
<b>At July 1, 2020</b>	<b>15,271,959,871</b>	<b>487,135,422,407</b>	<b>502,407,382,278</b>
Surplus for the year	1,882,095,663	-	1,882,095,663
Transfers to accumulated surplus		-	
Capital/Development grants received during the year	-	69,035,460,251	69,035,460,251
<b>At June 30, 2021</b>	<b>17,154,055,534</b>	<b>556,170,882,658</b>	<b>573,324,938,192</b>
<b>At July 1, 2021</b>	<b>17,154,055,534</b>	<b>556,170,882,658</b>	<b>573,324,938,192</b>
Surplus for the year	1,787,103,711	-	1,787,103,711
Transfers to accumulated surplus	-	-	-
Capital/Development grants received during the year	-	67,877,777,028	67,877,777,028
<b>At June 30, 2022</b>	<b>18,941,159,245</b>	<b>624,048,659,686</b>	<b>642,989,818,931</b>



# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED JUNE, 30 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Development Budget Grants	6	538,180,368	433,107,619
Levies, fines, and penalties	7	28,937,578,804	24,725,103,067
Rental Revenue	8	1,168,000	1,142,300
Finance income	9	921,384,891	828,778,943
<b>Other income</b>	10	13,764,829	79,634,032
<b>Profit on foreign exchange translations</b>	20	2,577,361	1,080,280
<b>Total Receipts</b>		<b>30,414,654,253</b>	<b>26,068,846,241</b>
<b>Payments</b>			
Road Maintenance and Axle Load Expenses	11	24,706,262,795	20,905,684,356
Use of goods and services	12	548,883,957	387,586,432
Employee costs	13	2,053,717,454	1,829,448,494
Board Expenses	14	72,155,817	41,203,440
Repairs and maintenance	16	170,373,343	150,493,476
Finance cost	17	5,623,642	5,549,725
Taxation	21	274,738,055	253,134,868
Transfers from other Development Budget Grants	6	538,180,368	433,107,619
Loss on foreign exchange transactions	19	-	787,812
<b>Total Payments</b>		<b>28,369,935,431</b>	<b>24,006,996,222</b>
<b>Net cash flows from/ (used in) operating activities</b>		<b>2,044,718,822</b>	<b>2,061,850,019</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(87,735,867,985)	(93,417,850,864)
Proceeds from sale of property, plant and equipment		16,359,843	11,036,890
Decrease in current receivables		(9,964,176,014)	(1,237,435,875)
Increase in long term receivables		500,000	12,375,000



	Notes	2021-2022	2020-2021
		Kshs	Kshs
Increase in trade and other payables		18,349,844,989	24,920,461,545
Increase in Inventory		(2,178,514)	(998,858)
Increase in provisions		43,613,327	(90,268,741)
<b>Net cash flows from /(used in) investing activities</b>		<b>(79,291,904,354)</b>	<b>(69,802,680,903)</b>
<b>Cash flows from financing activities</b>			
Proceeds from Exchequer/ Development Partners		67,877,777,028	69,035,460,251
<b>Net cash flows used in financing activities</b>		<b>67,877,777,028</b>	<b>69,035,460,251</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(9,369,408,504)</b>	<b>1,294,629,367</b>
Cash and cash equivalents at 1 July	22	23,362,471,571	22,067,842,204
<b>Cash and cash equivalents at 30 June</b>	<b>22</b>	<b>13,993,063,067</b>	<b>23,362,471,571</b>



# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE, 30 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization	Notes
	Kshs	Kshs	Kshs	Kshs	Kshs		
<b>Revenue</b>							
Transfers from Development Budget Grants	538,180,368	-	538,180,368	538,180,368	-	100	
Levies, fines, and penalties	25,480,551,020	6,290,191,324	31,770,742,344	28,937,578,804	2,833,163,540	91	
Rental revenue	1,500,000	-	1,500,000	1,168,000	332,000	78	
Finance Income	870,000,000	90,000,000	960,000,000	921,384,891	38,615,109	96	
Other Income	50,000,000	22,000,000	72,000,000	13,764,829	58,235,171	19	
Gain on sale of assets	-	-	-	16,082,409	(16,082,409)	-	
Profit on foreign exchange transactions	-	-	-	2,577,361	(2,577,361)	-	
<b>Total income</b>	<b>26,940,231,388</b>	<b>6,402,191,324</b>	<b>33,342,422,712</b>	<b>30,430,736,662</b>	<b>2,911,686,050</b>		<b>(a)</b>
<b>Expenses</b>							
Road Maintenance and Axle Load Expenses	21,939,303,020	6,318,191,324	28,257,494,344	24,706,262,795	3,551,231,549	87	<b>(b)</b>
Use of goods and services	682,130,799	(20,377,863)	661,752,936	548,883,957	112,868,979	83	<b>(c)</b>
Employee Costs	2,258,679,999	(32,081,631)	2,226,598,368	2,053,717,454	162,564,639	93	
Board Expenses	67,734,000	-	67,734,000	72,155,817	5,894,458	92	



	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization	Notes
	Kshs	Kshs	Kshs	Kshs	Kshs		
Transfers from Development Budget Grants	538,180,368	-	538,180,368	538,180,368	-	100	
Depreciation and amortization expense	-	-	-	273,697,520	(273,697,520)	-	
Repairs and maintenance	185,768,949	50,859,703	236,628,652	170,373,343	66,255,309	72	(d)
Finance cost	7,286,500	(740,000)	6,546,500	5,623,642	922,858	86	(e)
Taxation	-	-	-	274,738,055	(274,738,055)	-	
<b>Total Expenditure</b>	<b>25,679,083,635</b>	<b>6,315,851,533</b>	<b>31,994,935,168</b>	<b>29,643,632,951</b>	<b>3,351,302,217</b>		
<b>Surplus for the period</b>	<b>1,261,147,753</b>	<b>86,339,792</b>	<b>1,347,487,545</b>	<b>1,787,103,711</b>	<b>6,262,988,267</b>		
<b>Capital Expenditure</b>	<b>365,177,900</b>	<b>27,594,827</b>	<b>392,772,727</b>	<b>-</b>	<b>392,772,727</b>		



## Budget notes

### (a) Changes between Original and Final Budget

The changes between the original and final budget were as a result of revision of the budget and inclusion of the approved carry over budget from Financial Year 2020/2021

### (b) Road Maintenance and Axle Load Expenses

The variance was a result of some projects not fully absorbing their annual budget provisions.

### (c) Use of goods and services

The procurement of goods and services was done as and when required thus the variance.

### (d) Repairs and maintenance

Repairs and maintenance activities were undertaken as and when required, and as per the maintenance schedule thus the variance.

### (e) Finance Cost

Finance costs for the Authority's bank accounts both at the headquarters and the ten regional offices were based on the number of transactions within the period thus the variance.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. General Information

The Authority is established by and derives its authority and accountability from the Kenya Roads Act, 2007. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is the management, development, rehabilitation and maintenance of national roads.

## 2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement of 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 the International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires the management to exercise judgement in the process of applying the Authority's 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 5 of these financial statements.

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

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

## 3. Adoption of New and Revised Standards

### (i) New and amended standards and interpretations in issue effective in the year ended June, 30 2022.

IPSAS deferred the application date of standards from 1<sup>st</sup> January, 2022 owing to Covid-19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January, 2023.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

- (ii) New and amended standards and interpretations in issue but not yet effective in the year ended June, 30 2022.

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>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.</p> <p>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 strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol 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> </ol>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

Standard	Effective date and impact
Amendments to Other IPSAS resulting from IPSAS 41, (Financial Instruments)	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>(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.</p> <p>(b) Amendments to IPSAS 30 regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>(c) Amendments to IPSAS 30 to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>(d) Amendments to IPSAS 33 to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>IPSAS 22: Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>IPSAS 39: Employee Benefits Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use of assets and lease liabilities.</p>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

Standard	Effective date and impact
IPSAS 44: Non-current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> The standard requires: <ul style="list-style-type: none"> <li>(a) Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease; and</li> <li>(b) Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</li> </ul>

### (iii) Early adoption of standards

The entity did not adopt any new or amended standards in the year 2021/2022.

## 4. Summary of Significant Accounting Policies

### (a) Revenue recognition

#### (i) Revenue from non-exchange transactions

##### Fees, taxes and fines

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

##### Transfers from other government entities

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



## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **Summary of Significant Accounting Policies (Continued)**

#### **Interest and other incomes**

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

Other income relates to incomes that arise from miscellaneous activities that are not primarily aimed at raising revenue.

#### **(ii) Revenue from exchange transactions**

##### **Dividends**

Dividends or similar distributions must be recognised when the shareholder's or the entity's right to receive payments is established.

##### **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.

#### **(b) Budget information**

The original budget for the FY 2021/2022 was approved by the board on 28<sup>th</sup> January 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Kshs.6,402,191,324 on the 2021-2022 budget following the governing body's approval.

The annual budget is prepared on the accrual basis where all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, there is no basis for timing differences on the Authority that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Summary of Significant Accounting Policies (Continued)

#### (c) Taxes

##### Current income tax

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

#### (d) Property, plant and equipment

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

The annual depreciation rates in use are: -

Computer Equipment and Accessories	33.3%
ICT Infrastructure and Telephony	33.3%
Motor Vehicles	25.0%
Office Equipment and Furniture	12.5%
Office Partitioning and fixtures	16.7%
Plant and Machinery	10.0%
Buildings	2.5%



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Summary of Significant Accounting Policies (Continued)

- An item of property and equipment is de-recognised upon disposal. Any gain or losses on de-recognition of the asset is included in the Statement of Financial Performance in the year the asset is de-recognised.
- Contractual commitments for the acquisition of property, plant and equipment in the FY 2021/2022 amounted to Kshs.123,669,165,473 (2020/2021 Kshs.219,063,821,751)
- There was compensation of Kshs.138,093 from Amro Insurance Brokers Ltd for two lost laptops.
- Assets that cost Kshs 726 Million and Kshs.674 Million were fully depreciated as at 30.06.2022 and 30.06.2021 respectively.

#### (e) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognised as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Non-cancellable operating lease rentals are payable as follows;

	2021-2022	2020-2021
	Kshs	Kshs
Not later than one year	-	-
Later than one year and not later than three years	-	-
	-	-

Lease payments are increased according to the contract stipulations. The Board does not have an option to purchase the leased asset at the expiry of the lease period. There are no contingent rents recognised in the statement of financial performance.

#### (f) Intangible assets

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



## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **Summary of Significant Accounting Policies (Continued)**

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

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

#### **(g) Research and development costs**

The Authority expenses research costs as incurred.

#### **(h) Financial instruments**

- **Financial assets**

##### **Initial recognition and measurement**

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

##### **Impairment of financial assets**

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

Evidence of impairment may include the following indicators:

- The debtors of the Authority are experiencing significant financial difficulty.
- Default or delinquency in interest or principal payments.
- The probability that debtors will enter bankruptcy or other financial reorganisation.



## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **Summary of Significant Accounting Policies (Continued)**

- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).
- **Financial liabilities**

#### **Initial recognition and measurement**

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.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

#### **Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognised as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

### **(i) Inventories**

Inventory is measured at cost upon initial recognition. If the 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 are accounted for.

After initial recognition, inventory is measured at the lower of cost and current replacement cost. However, in the event 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.



## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **Summary of Significant Accounting Policies (Continued)**

Inventories are recognised as an expense when deployed for utilisation or consumption in the ordinary course of operations of the Authority.

#### **(j) Provisions**

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

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when it is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

#### **(k) Contingent liabilities**

The Authority does not recognise 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 not remote.

#### **(l) Contingent assets**

The Authority does not recognise a contingent asset but discloses in the notes to the financial statements 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. 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 recognised in the financial statements of the period in which the change occurs.



## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **Summary of Significant Accounting Policies (Continued)**

#### **(m) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements. The Authority maintains grants and surplus reserves. The grant reserves are exchequer and donor funds received from the government and development partners for development of roads. The surplus reserve represents the surplus or deficit of road maintenance contributions and other internally generated funds against road maintenance and operation expenses. The exchequer and development partner funds are capitalized in the statement of financial position whereas road maintenance contributions are expensed in the statement of financial performance. However, the portion of exchequer funds spent on non-capital items or project expenses is transferred to recurrent transfers and treated as recurrent government grants and expenditures accordingly.

#### **(n) Changes in accounting policies and estimates**

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

#### **(o) Employee benefits**

##### **Retirement benefit plans**

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



## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **Summary of Significant Accounting Policies (Continued)**

#### **(p) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date.

Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

#### **(q) Related parties**

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

#### **(r) Cash and cash equivalents**

Cash and cash equivalents comprise cash at 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 various commercial banks at the end of the financial year.

#### **(s) Comparative figures**

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

#### **(t) Subsequent events**

There have been events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.



## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **5. Significant Judgements and Sources of Estimation Uncertainty**

The preparation of the Authority's financial statements in conformity with IPSAS requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### **Estimates and assumptions**

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

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur as per IPSAS 1.140.

#### **Useful lives and residual values**

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

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Significant Judgments and Sources of Estimation Uncertainty (Continued)

#### Provisions

Provisions were raised and the management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

### 6. Transfers from Development Budget Grants-Recurrent Revenue/Expenditure

	2021-2022	2020-2021
Description	Kshs	Kshs
Horn of Africa Gateway Development Projects	112,256,347	27,835,326
East African Trade and Transport Facilitation Project	-	1,517,380
Kenya Transport Sector Support Project	17,361,660	10,284,721
Nuno-Modogashe	218,200	2,103,400
Isiolo-Modogashe	1,621,600	-
South Sudan-EARTTDFP/SS	10,083,626	19,164,505
Mombasa bypass	4,225,127	17,749,389
Nairobi Urban Transport Improvement Project	-	246,295
Nairobi-Thika Highway	454,260	3,125,812
Nairobi Western bypass	983,300	4,768,600
Consultancy and Design	10,545,600	-
Road Reserve Mapping	9,648,367	47,743,789
Road Network Management System	-	3,771,692
Monitoring and Evaluation	58,319,424	59,814,756
Dualling of Mombasa-Mariakani	17,416,114	10,714,094
Garissa-Isiolo	2,145,500	-
Isebania-Mukuyu-Kisii-Ahero	665,100	15,855,095
Kibwezi-Kitui-Isiolo	201,200	6,826,000
Chebilat-Ikongi-Chabera	494,750	4,642,368
Eldoret bypass	5,764,484	7,186,256



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Transfers from Development Budget Grants-Recurrent Revenue/ Expenditure (Continued)

	2021-2022	2020-2021
Description	Kshs	Kshs
Kitale-Endebbes-Suam	9,605,858	2,819,060
Garsen-Witu-Lamu	4,363,047	10,509,849
Changamwe-Magongo	-	3,175,355
Uplands-Githunguri-Ngewa	2,715,600	211,400
Thika-Kenol-Marwa-Nyeri	32,445,425	37,563,634
Nairobi-Nakuru	4,679,793	6,078,179
Nakuru-Mau Summit	28,772,208	-
Mombasa-Malindi	33,022,025	26,322,055
Naivasha-Njabini	7,466,645	33,600
Kisian-Busia	1,687,266	-
Aberdare Forest-Njoguini-Kingongo-Kiganjo	3,773,538	-
Thika-Magumu	5,832,800	93,800
Nairobi Expressway	11,865,592	6,905,799
Bomas-Ongata Rongai-Kiserian-Magadi	2,864,500	10,548,640
Lamu-Ijara-Garissa	13,516,721	7,494,181
Likoni Floating Bridge	3,738,364	21,897,005
Access Road Mombasa SEZ	3,197,387	4,171,974
MPARD PKG 2 - Mwache Jct. - Mteza	2,730,430	-
Kisumu-Chemilil-Mamboleo	28,035,375	3,964,800
Kwale-Kinango	-	2,225,083
Marsabit-North Horr	19,618,917	871,900
Dualling of Meru Town Roads	1,072,914	-
Mau Mau Roads	13,917,100	3,720,600
Barpelo-Tot	1,950,800	-
Kainuk Bridge	1,435,240	-
Lomut Bridge	257,405	1,099,575
Kambu Bridge	647,369	1,909,670
Mombasa Gate Bridge	7,071,810	14,647,411
Wikililye-Kathukini-Kwa Muli-Mbumbuni	14,044,383	-
Isinya-Konza	9,252,280	-
Other Development Projects	16,194,917	23,494,571
<b>Total Transfers from Development Budget Grants-Recurrent Revenue/Expenditure</b>	<b>538,180,368</b>	<b>433,107,619</b>

*This is the recurrent component of development project expenses.*



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Transfers from Development Budget Grants-Recurrent Revenue/Expenditure (Continued)

#### (b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognised to Statement of Comprehensive Income	Amount recognised in capital fund	Total grant income during the year	2020-2021
	KShs	KShs	KShs	KShs
MOTIHU & PW	538,180,368	24,442,470,280	24,980,650,648	36,646,033,587
KRB	27,817,687,488	4,555,996,596	32,373,684,084	25,766,458,443
<b>Total</b>	<b>28,355,867,856</b>	<b>28,998,466,876</b>	<b>57,354,334,732</b>	<b>62,412,492,030</b>

## 7. Levies, Fines and Penalties

	2021-2022	2020-2021
Description	Kshs	Kshs
Road Maintenance funds	24,814,422,881	20,617,259,592
Administration & Operations Fund	2,553,248,000	2,535,320,000
Transit Toll	450,016,607	539,000,000
Overload charges	626,141,736	596,424,705
Transgression charges	1,452,424	2,508,242
Weighbridge Parking fees	5,627,930	9,519,680
Road Cutting charges	47,557,689	63,265,469
Road Reserve user fees	75,415,064	15,772,376
Exemption permit fees	363,694,473	345,983,503
Sale of Tender Documents	2,000	49,500
<b>Total Levies Fines &amp; Penalties</b>	<b>28,937,578,804</b>	<b>24,725,103,067</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 8. Rental Revenue from Facilities and Equipment

	2021-2022	2020-2021
Description	Kshs	Kshs
Staff Houses	1,168,000	1,142,300
<b>Total rentals</b>	<b>1,168,000</b>	<b>1,142,300</b>

*This is revenue from the Authority's houses in South Rift Region*

### 9. Finance Income

	2021-2022	2020-2021
Description	Kshs	Kshs
Interest on Call deposits	445,045,580	308,473,884
Interest on Bank Accounts Balances	476,339,311	520,305,059
<b>Total finance income – external investments</b>	<b>921,384,891</b>	<b>828,778,943</b>

### 10. Other Income

	2021-2022	2020-2021
Description	Kshs	Kshs
Liquidated damages	9,177,581	69,967,422
Guard rails penalty, Material testing, funds received from KDIC (Chase Bank) & sale of disposable items.	4,554,890	9,597,113
Interest on salary advance	32,358	69,498
<b>Total other income</b>	<b>13,764,829</b>	<b>79,634,033</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 11. Road Maintenance & Axle Load Expenses

	2021-2022	2020-2021
Description	Kshs	Kshs
Road maintenance expenses	20,433,381,114	18,490,762,237
Emergency Road Works	1,980,301,490	828,734,711
Weighbridges Management Contracts	2,203,932,633	1,514,456,366
Weighbridge Operational Expenses	73,263,236	71,731,042
Research & Innovation	15,384,322	-
<b>Total Road Maintenance &amp; Axle Load Expenses</b>	<b>24,706,262,795</b>	<b>20,905,684,356</b>

### 12. Use of Goods and Services

	2021-2022	2020-2021
Description	Kshs	Kshs
Electricity	13,501,243	10,497,158
Water	1,020,583	3,786,111
Security costs	53,830,637	56,189,746
Advertising	21,237,318	16,114,322
Audit fees	4,200,000	3,600,000
Conferences and delegations	92,672,798	29,598,955
Consulting fees	46,305,907	31,227,113
Stationery & Consumables	16,686,762	17,178,800
Insurance	2,738,216	1,641,117
Legal expenses	27,852,420	27,677,934
Postage	2,839,034	1,143,721
Printing and photocopying	311,103	295,892
Hire charges	117,980	179,750
Rental	-	2,896,083
Telecommunication	11,903,646	15,484,726
Cleaning & Sanitation	21,000,125	18,793,895
Departmental Field Activities	218,576,000	139,360,213
Anti- Corruption and Integrity Issues	2,697,500	4,637,150
Staff Uniforms	-	761,910



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Use of Goods and Services (Continued)

	2021-2022	2020-2021
Description	Kshs	Kshs
Board of Survey	5,411,525	1,936,200
Reference material	301,920	352,825
Kitchen Utensils	237,734	206,089
Newspapers and Magazines	2,224,376	1,899,813
Drinking Water	3,217,130	2,126,909
<b>Total Use of Goods and Services</b>	<b>548,883,957</b>	<b>387,586,432</b>

## 13. Employee Costs

	2021-2022	2020-2021
Description	Kshs	Kshs
Salaries and wages	1,528,133,237	1,353,932,983
Employer contribution to pension schemes	157,923,568	181,305,306
Employer contribution to health insurance schemes	138,369,909	115,363,582
Travel, accommodation, subsistence & other allowances	60,947,501	47,217,897
Training and Subscription	134,909,717	98,742,992
Staff Welfare	28,210,013	27,558,384
Recruitment	5,223,509	5,327,350
<b>Total Employee costs</b>	<b>2,053,717,454</b>	<b>1,829,448,494</b>

## 14. Board Expenses

	2021-2022	2020-2021
Description	Kshs	Kshs
Chairman's Honoraria	960,000	960,000
Directors' emoluments	22,518,845	19,727,711
Transport, Travelling & Accommodation	13,902,452	7,080,182
Insurance	391,457	300,000
Training	14,868,700	2,264,394
Refreshments	255,513	286,403
Overseas Travelling & Accommodation	10,853,732	-
Ministerial and other Official functions	8,321,118	10,500,750
Telephone	84,000	84,000
<b>Total Board /Council Expenses</b>	<b>72,155,817</b>	<b>41,203,440</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 15. Depreciation and Amortization Expense

	2021-2022	2020-2021
Description	Kshs	Kshs
Property, Plant and Equipment		
Office Equipment	12,315,549	11,932,302
Office Partitions and Fixtures	2,015,361	1,214,191
Computer Equipment and Accessories	21,106,388	21,339,236
ICT Infrastructure and Accessories	7,148,414	7,252,018
Furniture and Fittings	4,349,211	4,191,068
Motor Vehicles	64,261,764	38,133,949
Plant and Machinery	151,640,106	101,141,265
Buildings	5,266,725	5,266,725
Intangible Assets-Sage Pastel	5,594,002	-
<b>Total depreciation and amortization</b>	<b>273,697,520</b>	<b>190,470,754</b>

### 16. Repairs and Maintenance

	2021-2022	2020-2021
Description	Kshs	Kshs
Equipment and Machinery	10,035,377	2,242,462
Vehicles	130,065,811	100,203,101
Furniture and Fittings	204,549	229,964
Computers and Accessories	615,800	4,212,344
Others (Software support & licence subscriptions)	29,451,806	43,605,605
<b>Total Repairs and Maintenance</b>	<b>170,373,343</b>	<b>150,493,476</b>

### 17. Finance Costs

	2021-2022	2020-2021
Description	Kshs	Kshs
Bank charges	5,623,642	5,549,725
<b>Total finance costs</b>	<b>5,623,642</b>	<b>5,549,725</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 18. Gain on Sale of Assets

	2021-2022	2020-2021
Description	Kshs	Kshs
Property, plant and equipment	16,082,409	10,716,398
<b>Total gain on sale of assets</b>	<b>16,082,409</b>	<b>10,716,398</b>

### 19. Loss on Foreign exchange transactions

	2021-2022	2020-2021
Description	Kshs	Kshs
Loss on foreign exchange transactions	-	787,812
<b>Total loss on foreign exchange transactions</b>	<b>-</b>	<b>787,812</b>

### 20. Profit on foreign currency translation

	2021-2022	2020-2021
Description	Kshs	Kshs
Profit on foreign currency translation	2,577,361	1,080,280
<b>Total profit on foreign currency translation</b>	<b>2,577,361</b>	<b>1,080,280</b>

### 21. Taxation

	2021-2022	2020-2021
Description	Kshs	Kshs
Tax charged on interest income	274,738,055	253,134,869
<b>Income tax expense reported in the statement of financial performance</b>	<b>274,738,055</b>	<b>253,134,869</b>

### 22. Cash and Cash Equivalents

	2021-2022	2020-2021
Description	Kshs	Kshs
Current Account	8,992,102,344	17,961,441,285
On - Call Deposits	5,000,000,000	5,400,000,000
Others (Cash at Hand)	960,723	1,030,286
<b>Total Cash and Cash Equivalents</b>	<b>13,993,063,067</b>	<b>23,362,471,571</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Cash and Cash Equivalents (Continued)

#### 22.(a) Detailed Analysis of the Cash and Cash Equivalents

Financial institution		2021-2022	2020-2021
	Account number	Kshs	Kshs
<b>(a) Current account</b>			
NCBA Bank -NCTIP A/C)	1000012177	59,353,586	56,857,255
NCBA Bank -EATTFP A/C	1000012878	12,136,917	11,625,939
NCBA Bank -Timboroa- Eldoret Road A/C	1000015508	18,768,445	17,978,273
NCBA Bank -KTSSP A/C	1000017384	7,732,595	7,407,044
NCBA Bank -Marsabit- Turbi Road A/C	1000015004	3,226,674	3,090,827
NCBA Bank -USD A/C	1001936677	30,841,397	27,465,808
NCBA Bank-NETIP	1005164164	1,047,818,371	180,875,330
Co-operative Bank-GoK	01141160979900	5,493,917,425	6,810,456,481
Co-operative Bank-RMLF	01141160979901	1,301,179	8,647,091,482
National Bank – Salaries A/C	01001032662500	108,247,957	214,228,035
National Bank – Gratuity A/C	01001032733300	34,536,302	34,728,923
National Bank – Retention A/C	01001032733200	183,962,682	569,487,990
National Bank – EARTTDFT- A/C	01001032662501	178,217,731	181,737,287
National Bank-Sirari Corridor	01001133511500	27,771,750	27,771,750
KCB Bank-Operations A/C	1110623704	91,685,495	146,653,448
KCB Bank-NUTRIP A/C	1138238945	8,112,215	7,981,819
KCB Bank-JKIA	1274695775	490,270	495,310
KCB Bank-Nairobi Region	1114840149	114,266,998	104,562,499
KCB Bank-Coast Region	1114772089	56,027,974	43,780,603
KCB Bank-South rift Region	1114781592	30,454,604	33,746,434
KCB Bank-North Eastern Region	1114751928	12,526,549	12,264,587
KCB Bank- North rift Region	1114793272	19,768,362	15,124,056



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Cash and Cash Equivalents (Continued)

		2021-2022	2020-2021
Financial institution	Account number	Kshs	Kshs
<b>(a) Current account</b>			
KCB Bank-Central Region	1114745707	36,649,136	29,128,528
KCB Bank-Upper Eastern Region	1114752045	25,904,996	17,785,849
KCB Bank- Lower Eastern Region	1114756326	32,380,280	25,617,216
KCB Bank-Nyanza Region	1114756229	44,101,469	37,665,149
KCB Bank-Western Region	1114774405	26,060,574	29,808,988
Equity Bank-Headquarters A/C	0810295139897	1,285,840,411	666,024,375
<b>Sub-total</b>		<b>8,992,102,344</b>	<b>17,961,441,285</b>
<b>(a) On-call deposits</b>			
KCB Bank	Call Deposit	1,700,000,000	1,500,000,000
Co-operative Bank	01150160979929	1,300,000,000	1,500,000,000
National Bank	Call Deposit	700,000,000	700,000,000
NCBA Bank	-	-	1,000,000,000
Equity Bank	0810379852427	1,300,000,000	700,000,000
<b>Sub-total</b>		<b>5,000,000,000</b>	<b>5,400,000,000</b>
<b>(b) Others(specify)</b>			
cash in hand		960,723	1,030,286
<b>Sub-total</b>		<b>960,723</b>	<b>1,030,286</b>
<b>Grand total</b>		<b>13,993,063,067</b>	<b>23,362,471,571</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 23. Receivables from Exchange Transactions

#### 23. (a) Receivables from Exchange Transactions (Current)

	2021-2022	2020-2021
Description	Kshs	Kshs
Current receivables		
Interest receivable on call deposits	32,565,479	32,600,485
Travel Imprest	18,065,290	19,886,632
Bank guarantee and Deposits	14,761,300	16,095,392
Staff Mortgage deposit fund with Housing Finance Company of Kenya	599,292,901	586,662,781
Road Maintenance Funds	11,865,854,651	3,264,358,753
Receivable from MOTIHUD & PW	-	1,198,251,077
Debtors and Prepayments	41,315,588	23,978,829
Receivable from Kenya Rural Roads Authority	8,195,298	12,553,709
Receivable from Kenya Urban Roads Authority	6,755,843	6,206,307
Receivable from SBM	-	12,375,000
Sub-total	12,586,806,350	5,172,968,965
Less: Provision for doubtful debtors	(24,250,000)	(24,750,000)
<b>Total current receivables</b>	<b>12,562,556,350</b>	<b>5,148,218,965</b>

#### 23. (b) Receivables from Exchange Transactions (Long-term)

	2021-2022	2020-2021
Description	Kshs	Kshs
Chase Bank (IR) funds held at Kenya Deposit Insurance Corporation	24,250,000	24,750,000
<b>Total non-current receivables</b>	<b>24,250,000</b>	<b>24,750,000</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 24. Receivables from Non-Exchange Transactions

	2021-2022	2020-2021
Description	Kshs	Kshs
<b>Current receivables</b>		
<b>Other debtors (non-exchange transactions)</b>		
<b>(a) Development projects</b>		
Dualling of Magongo	99,048,633	174,497,049
Posta(Naibor)-Maralal	23,388,096	112,119,526
Eldoret Bypass	-	534,597,803
Kitale-Endebes-Suam	298,657,307	677,242,675
Kitale-Morpus	8,966,907	14,347,632
Kotulo-Elwak	6,965,900	6,965,900
Nuno-Modogashe	-	14,121,480
Mombasa-Kwa Jomvu	11,656,946	20,859,888
Kainuk bridge & Approach Roads	524,368	524,368
Nyaru-Iten(C53)	33,023,182	75,060,148
Busia-Malaba	5,848,848	5,848,848
Isebania-Kisii-Ahero	406,686,707	840,333,626
Athi River -Machakos Turn Off	15,516,891	199,627,548
Loichangamatak-Lodwar	-	227,453,552
Loichangamatak-Lokichar	429,572,426	870,122,806
Kopasi - Marich Pass Lot 3	441,996,878	-
Kalobeiyei-Nadapal	-	510,465,535
James Gichuru-Rironi	163,321,765	825,519,592
Barpelo - Tot Lot 1	454,228,493	-
Barpelo - Tot Lot 2	560,304,220	-
Narok-Mau Narok-(C57)	-	10,243,016
Uplands-Githunguri-Ngewa- (C65)	212,031,771	260,307,074
Naivasha-Njabini-(C67)	855,520,685	135,357,247
Thika-Magumu	149,197,304	206,653,461
T-Mall Flyover	18,816,698	139,756,196
Njabini-Kinyona	317,904,648	-



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Receivables from Non-Exchange Transactions (Continued)

	2021-2022	2020-2021
Description	Kshs	Kshs
<b>Current receivables</b>		
<b>Other debtors (non-exchange transactions)</b>		
<b>(a) Development projects</b>		
Mombasa Road & Langata Road Footbridges	109,119,057	160,096,017
Mombasa Southern bypass	1,612,402,932	5,133,070,645
Likoni Floating Bridge	-	392,312,406
Nairobi Expressway	38,667,280	38,667,280
Installation & Relocation Expressway	13,895,511	-
Kericho & Ahero Interchange	70,705,506	138,832,142
Elwak–Rhamu	7,341,797	7,341,797
Eldoret–Lokichar–Nakodok	68,321,824	103,414,271
Sagana–Marua	531,742,484	531,742,484
Kenol–Sagana	725,734,390	754,115,501
Mau Mau Roads Lot 1A	-	419,316,518
Mau Mau Roads Lot 1B	436,422,590	455,048,248
Mau Mau Lot 2	642,804,142	642,804,142
Mau Mau Roads Lot 3	-	451,982,128
Kinyona–Gatura	-	297,904,648
Marsabit–Shegel	222,757,519	227,757,519
Shegel–Maikona	783,675,165	-
Ugunja–Ukwala–Ruambwa (Steel Bridges)	35,880,427	35,880,427
Makupa Causeway Bridge	451,106,975	199,000,000
Access Road To Sez Dongo Kundu	73,973,910	-
Mombasa–Mtwapa	585,332,008	-
Mtwapa–Kilifi	583,113,868	-
Mamboleo–Miwani Lot 1	519,452,415	-
Miwani–Mamboleo Lot 2	496,471,688	-
Chemilil–Muhoroni Lot 3	572,076,770	-
Kwale–Kinango	307,067,550	-
Kenyatta Road	175,491,802	-
Kambu River Bridge	67,022,452	-



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Receivables from Non-Exchange Transactions (Continued)

	2021-2022	2020-2021
Description	Kshs	Kshs
<b>Current receivables</b>		
<b>Other debtors (non-exchange transactions)</b>		
<b>(a) Development projects</b>		
Dhogoye Bridge	199,934,951	-
Garissa-Isiolo	1,890,730,121	-
Isiolo - Kula Mawe	750,608,755	-
Kula Mawe - Modogashe	1,183,172,527	-
Kisumu Boys - Mamboleo	94,437,442	-
Mombasa Gate Bridge	938,214,013	-
Upgrade of Lamu-Ijara-Garissa Road (A10) to All Weather Standard	1,495,928,157	1,796,084,693
<b>Sub Total</b>	<b>20,196,784,701</b>	<b>17,647,395,836</b>
<b>(b) Road Maintenance Projects</b>		
P. Mtce of Thika - Garissa (Lot2) (A3)	57,064,756	109,826,938
Bachuma Gate-Voi(A8)	7,587,941	12,582,497
Sabasaba -Malindi(B8)	6,890,336	30,437,589
Mtito Andei –Tsavo River A8 Road	76,750,361	8,461,162
Ndhiwa-Karungu Road	12,311,239	28,967,620
PBC Iten-Kabarnet Rd	39,792,851	47,681,797
PBC Mtce of Madogo - Cheredende (B89)	15,807,249	24,312,925
PBC Emining Marigat	18,281,266	22,400,845
Virtual Weighbridge	-	16,391,296
Lodwar-Kalakol	-	42,741,718
Vihiga-Kitale(A1)	-	13,485,699
PBC for Mtce of Garsen - Hola T/Off	-	8,270,682
Nairobi-Ruaka-Limuru(C62)	-	52,558,953
Kyumvi-Sultan Hamud(A8)	-	54,434,453
Eldoret-Marigat(C51)	-	57,379,406
Nairobi Southern Bypass-Street Lighting	-	24,397,256
Jnc.C39 Chepterit-Turbo(C37)	-	9,351,422
Kisii-Kilgoris	-	42,977,968
PBC Bura Turn Off-Hola Road	-	10,295,388



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Receivables from Non-Exchange Transactions (Continued)

	2021-2022	2020-2021
Description	Kshs	Kshs
<b>Current receivables</b>		
<b>Other debtors (non-exchange transactions)</b>		
<b>(b) Road Maintenance Projects</b>		
PBC Mwingi Ukasi	17,438,828	28,000,000
Strt Lght Mbs RD, Nyayo Stadium-JKIA	17,948,321	17,948,321
PBC Athi River- Kyumvi Road	7,189,214	98,627,678
PBC Maili Tisa - Kitale	48,352,976	-
PBC Sultan Hamud Makindu	62,654,606	-
PBC Maint of Londiani-Fort tenan B132 RD	15,783,922	-
Box Culvert Kwa Majini Along Rd	4,860,442	-
PBC Ngata Njoro	32,747,048	-
PBC Katitio-Kendu Bay Road	18,090,105	-
PBC Kampi ya Moto-Eldama Ravine Road	24,547,264	-
PBC maint Athi River-Basil Streetlightn	16,876,160	-
PBC Maint of Malkis-Marsabit A2 Road	5,000,000	-
Adv-Maint of Namwela-kamukuywa RD( B140)	22,428,359	-
PBC for maint of Lanet-Ndundori Road	10,964,638	-
PBC Maint of Amala River - Bomet RD	40,064,231	-
Advance-Narok-Ngoswani	31,011,647	-
Advance-PBC Maint of Busia- Malaba Road	27,086,995	-
PBC Meru-Mikinduri-Maua-Kangeta B102Road	44,873,208	-
PBC maint of Timboroa-Mau Summit A18 RD	62,951,234	-
PBC Maintenance of Ebuyangu-Ekero RD	9,498,648	-
PBC Maint of Athi River-Bisil Road	20,201,714	-
PBC Mtce of Bondo-Usenge-Osieko RD	57,816,445	-
Tsavo River-Voi A8 Road	113,457,606	-
PBC Bondo-Siaya-Rangala RD	6,068,536	-
PBC For Maint Thika-Kilimambogo Road	50,188,771	-
PBC Maint of Kiambu- Ngewa-Thuita Road	12,734,872	-
Makongeni-Embu Road	-	120,534,346
PBC Kachibora-Kapcherop Road	3,124,217	10,214,950
PBC Lewa-Meru Rd	28,741,182	32,814,953



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Receivables from Non-Exchange Transactions (Continued)

	2021-2022	2020-2021
Description	Kshs	Kshs
<b>Current receivables</b>		
<b>Other debtors (non-exchange transactions)</b>		
<b>(b) Road Maintenance Projects</b>		
PBC Ndenderu-Kamandura	-	17,574,693
PBC Luanda kotieno Bondo	64,122,570	64,122,570
PBC Turbi - Moyale	-	17,538,155
PBC Mtce Cherende-Bilbil Rd	10,529,433	37,999,919
Kampi ya Moto Emining	-	23,844,034
PBC Kakamega Webuye	9,711,070	9,711,070
Isiolo-Ruiru	35,030,349	68,210,382
PBC Ukia Katumani	-	46,976,033
PBC Mbwekas - Mayoni - Ekeru (B12) Road	10,147,619	34,574,511
PBC for Mtce Nakuru - Emining	19,674,745	26,126,127
P.Mtce of Rodi Kopany - Ndhiwa (C672) Rd	-	72,116,171
PBC Kenol-Muranga Road	12,545,210	34,965,000
PBC Amala River-Bomet-Kaplong Road	85,637,408	99,630,288
PBC for Mtce of Busia - Unguja (A12) Rd	49,192,483	29,216,306
<b>Sub Total</b>	<b>1,343,778,075</b>	<b>1,343,328,309</b>
<b>Total current receivables from non-exchange transactions</b>	<b>21,540,562,776</b>	<b>18,990,724,145</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 25. Inventories (Consumable stores)

	2021-2022	2020-2021
Description	Kshs	Kshs
Headquarters	7,826,581	6,235,372
Nairobi Region	225,618	144,453
Coast Region	37,581	8,500
Lower Eastern Region	377,643	213,407
Upper Eastern Region	226,032	246,011
North Eastern Region	202,288	188,946
South Rift Region	10,839	39,015
North Rift Region	323,966	137,131
Central Region	55,229	39,056
Western Region	160,512	87,362
Nyanza Region	221,846	150,368
<b>Total inventories at the lower of cost and net realizable value</b>	<b>9,668,135</b>	<b>7,489,621</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 26. (a) Property, Plant and Equipment

Property, plant and equipment	Road Assets	Office Equipment	Office Partitions	Computer Equipment & Accessories	ICT Infrastructure	Furniture & Fittings	Motor Vehicles	Plant & Machinery	Land	Buildings	Total
Cost	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
As at 1 <sup>st</sup> July 2020	493,255,251,497	114,493,418	23,492,617	222,740,189	108,532,274	65,942,481	475,990,225	1,402,109,819	148,360,000	210,668,985	496,027,581,505
Additions	92,439,750,297	10,668,678	6,398,110	29,540,412	9,608,657	7,748,115	35,746,000	818,262,596	60,000,000	-	93,417,722,865
Disposals	-	(313,745)	-	(2,586,764)	(246,906)	(882,045)	(37,956,310)	-	-	-	(41,985,770)
Transfers/Adjustments											
As at 30 <sup>th</sup> June 2021	585,695,001,794	124,848,351	29,890,727	249,693,837	117,894,025	72,808,551	473,779,915	2,220,372,415	208,360,000	210,668,985	589,403,318,600
Additions	86,942,945,986	7,370,365	4,749,420	22,576,462	22,600	6,155,442	247,705,234	350,542,387	-	98,583,356	87,680,651,252
Disposals		(291,598)		(2,775,702)	(52,800)	(1,184,252)	(58,547,369)				(62,851,721)
Transfer/Adjustments											
As at 30 <sup>th</sup> June 2022	672,537,947,780	131,927,118	34,640,147	269,494,597	117,863,825	77,779,741	662,937,780	2,570,914,802	208,360,000	309,252,341	677,021,118,131
Depreciation and Impairment											
As at 1 July 2020		70,286,585	21,704,135	195,645,473	97,626,909	48,340,200	390,856,145	423,026,016	-	17,805,444	1,265,290,907
Depreciation		11,932,302	1,214,191	21,339,236	7,252,018	4,191,068	38,133,949	101,141,265	-	5,266,725	190,470,754
On Disposal		(279,614)	-	(2,538,728)	(246,906)	(643,719)	(37,956,310)	-	-	-	(41,665,277)
Transfers/Adjustments											
As at 30 June 2021		81,939,273	22,918,326	214,445,981	104,632,021	51,887,549	391,033,784	524,167,281	-	23,072,169	1,414,096,384
Depreciation		12,315,549	2,015,361	21,106,388	7,148,414	4,349,211	64,261,764	151,640,106	-	5,266,725	268,103,518
Disposals		(222,610)	-	(2,633,324)	(52,800)	(1,118,183)	(58,547,369)	-	-	-	(62,574,286)
Impairment											



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Property, Plant and Equipment

Property, plant and equipment	Road Assets	Office Equipment	Office Partitions	Computer Equipment & Accessories	ICT Infrastructure	Furniture & Fittings	Motor Vehicles	Plant & Machinery	Land	Buildings	Total
Cost	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Transfer/Adjustment											
As At 30 <sup>th</sup> June 2022		94,032,212	24,933,687	232,919,045	111,727,635	55,118,577	396,748,179	675,807,387	208,360,000	28,338,894	1,619,625,616
Net Book Values											
As At 30 <sup>th</sup> June 2021	585,695,001,794	42,909,078	6,972,401	35,247,856	13,262,004	20,921,002	82,746,131	1,696,205,134	208,360,000	187,596,816	587,989,222,216
As At 30 <sup>th</sup> June 2022	672,637,947,780	37,894,906	9,706,460	36,575,552	6,136,190	22,661,164	266,189,601	1,895,107,415	208,360,000	280,913,447	675,401,492,515

\*Property, Plant and Equipment does not include the value of Investments in the Road Asset (Road Corridor and its reserves, road furniture and structures and road camps) prior to the Vesting order of 2011.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Property, Plant and Equipment

#### 26. (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	208,360,000	-	208,360,000
Buildings	243,838,958	28,338,894	215,500,064
Plant And Machinery	2,186,746,796	672,605,987	1,514,140,809
Motor Vehicles, Including Motorcycles	662,939,780	396,748,179	266,191,601
Computers And Related Equipment	387,358,422	344,631,780	42,726,642
Office Equipment, Furniture, And Fittings	244,482,006	174,084,476	70,397,530
<b>Total</b>	<b>3,933,725,962</b>	<b>1,616,409,316</b>	<b>2,317,316,646</b>

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or Valuation	Normal annual Depreciation Charge
	Kshs.	%
Plant and Machinery	42,706,968	10%
Motor Vehicles including Motorcycles	282,293,573	25%
Computers and Related Equipment	205,457,292	33.3%
ICT & Telephony	104,935,819	33.3%
Office Equipment	29,044,603	12.5%
Furniture & Fitting	40,503,334	12.5%
Office Partitions	21,373,128	16.7%
<b>Total</b>	<b>726,314,717</b>	



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 27. Intangible Assets

	2021-2022	2020-2021
Description	Kshs	Kshs
<b>Cost</b>		
At beginning of the year	133,527,703	133,399,703
Additions	-	-
Fleet management system	-	128,000
Electronic Document Management Solution	55,216,734	-
At end of the year	188,744,437	133,527,703
<b>Amortization and impairment</b>		
At beginning of the year	-	-
<b>Amortization</b>	5,594,002	-
At end of the year	5,594,002	-
Impairment loss	-	-
At end of the year	-	-
<b>NBV</b>	183,150,435	133,527,703

### 28. Trade and Other Payables

	2021-2022	2020-2021
Description	Kshs	Kshs
Trade payables		
<b>Development Payables</b>	73,215,936,023	53,648,579,024
Retention Payables	6,144,928,868	7,673,940,385
Road Maintenance Payables	647,013,580	497,209,382
Sundry Payables	121,226,195	83,584,428
<b>Total trade and other payables</b>	80,129,104,666	61,903,313,219



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 29. Refundable Deposits and Prepayments from Customers

	2021-2022	2020-2021
Description	Kshs	Kshs
Customer deposits		
Nairobi Region	70,038,211	70,362,566
Central Region	24,319,319	19,919,213
South Rift Region	13,097,081	14,367,254
Lower Eastern Region	16,611,149	14,024,524
Nyanza Region	23,076,204	16,966,525
Coast Region	15,660,881	11,875,882
Upper Eastern Region	14,420,062	6,079,886
Western Region	6,628,253	6,335,720
North Rift Region	7,618,241	4,884,640
North Eastern Region	2,448,700	1,615,000
Headquarters	1,561,738	1,561,738
<b>Total deposits</b>	<b>195,479,839</b>	<b>167,992,948</b>

### 30. Current Provisions

Description	Leave provision	Gratuity provision	Audit fees provision	Total
	KShs	KShs	KShs	KShs
<b>Balance b/f</b>	<b>68,976,820</b>	<b>60,091,911</b>	<b>10,200,000</b>	<b>139,268,731</b>
Additional provisions	-	53,649,163	4,200,000	57,849,163
Provision utilised	(300,316)	(6,735,520)	(7,200,000)	(14,235,836)
<b>Total provisions year end</b>	<b>68,676,504</b>	<b>107,005,554</b>	<b>7,200,000</b>	<b>182,882,058</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 31. Taxation

	2021-2022	2020-2021
Description	Kshs	Kshs
At beginning of the year	120,891,131	270,960,257
Gross Interest Income Earned	921,384,891	828,778,943
Less:Expenses: Bank Charges	(5,623,642)	(5,549,725)
Net Taxable Interest Income	915,761,249	823,229,218
Income tax charge for the year (note 21)	274,738,055	253,134,869
	<b>274,738,055</b>	<b>253,134,869</b>
W/Tax paid by Bank for FY 2021-2022	(138,215,689)	(122,553,859)
W/Tax paid FY 2021-2022	(39,961,940)	(280,576,423)
At end of the year	<b>217,457,784</b>	<b>120,891,131</b>

### 32. Cash Generated from Operations

	2021-2022	2020-2021
Description	Kshs	Kshs
Surplus for the year before tax	<b>1,787,103,711</b>	<b>1,882,095,663</b>
Adjusted for:		
Depreciation	273,697,520	190,470,754
Gains and losses on disposal of assets	(16,082,409)	(10,716,398)
Finance income	(921,384,891)	(828,778,943)
Working capital adjustments		
Increase in inventory	(2,178,514)	(998,858)
Increase in receivables	(9,964,176,014)	(1,237,435,875)
Increase in payables	18,349,844,989	24,920,461,545
Increase in payments received in advance	43,613,327	(90,268,741)
Net cash flow from operating activities	<b>9,550,437,719</b>	<b>24,824,829,146</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 33. Financial Risk Management

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

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

#### (i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Financial Risk Management

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2022</b>				
Receivables from exchange transactions	12,562,556,350	12,538,306,350	24,250,000	-
Receivables from non-exchange transactions	21,540,562,776	21,540,562,776	-	-
Bank balances	13,993,063,067	13,993,063,067	-	-
<b>Total</b>	<b>48,096,182,193</b>	<b>48,071,932,193</b>	<b>24,250,000</b>	<b>-</b>
<b>As at 30 June 2021</b>				
Receivables from exchange transactions	5,148,218,965	5,123,468,965	24,750,000	-
Receivables from non-exchange transactions	18,990,724,145	18,990,724,145	-	-
Bank balances	23,362,471,571	23,362,471,571	-	-
<b>Total</b>	<b>47,501,414,681</b>	<b>47,476,664,681</b>	<b>24,750,000</b>	<b>-</b>

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

#### (ii) Liquidity risk management

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



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Financial Risk Management

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2022</b>				
Trade payables	121,226,195	6,791,942,448	73,215,936,023	80,129,104,666
Provisions	-	-	182,882,058	182,882,058
<b>Total</b>	<b>121,226,195</b>	<b>6,791,942,448</b>	<b>73,398,818,081</b>	<b>80,311,986,724</b>
<b>As at 30 June 2021</b>				
Trade payables	83,584,428	8,171,149,767	53,648,579,024	61,903,313,219
Provisions	-	-	139,268,731	139,268,731
<b>Total</b>	<b>83,584,428</b>	<b>8,171,149,767</b>	<b>53,787,847,755</b>	<b>62,042,581,950</b>

#### (iii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk it faces on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The entity's finance department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Financial Risk Management

#### (a) Foreign currency risk

The entity has transactional currency exposures. Such exposures arise through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

The carrying amount of the Authority's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30 June 2022</b>			
Financial Assets			
Cash	30,841,397	-	30,841,397
Debtors	-	-	-
<b>Total Financial Assets</b>	<b>30,841,397</b>	<b>-</b>	<b>30,841,397</b>
Financial Liabilities			
Trade and other Payables	-	-	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Foreign Currency Asset/ (Liability)</b>	<b>30,841,397</b>	<b>-</b>	<b>30,841,397</b>

#### Foreign currency sensitivity analysis FY 2022

The following table demonstrates the effect on the entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Financial Risk Management

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>2022</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2021</b>			
Euro	10%	-	-
USD	10%	-	-

#### (b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

#### Management of interest rate risk

To manage the interest rate risk, the management has endeavoured to bank with institutions that offer favourable interest rates.

### Financial Risk Management

#### Sensitivity analysis

The Authority analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point.



## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **Financial Risk Management**

#### **Fair value of financial assets and liabilities**

##### **(a) Financial instruments measured at fair value**

##### **Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources while unobservable inputs reflect the Authority's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Authority considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Financial Risk Management

	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2022</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

#### (iv) Capital Risk Management

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

	2021-2022	2020-2021
Description	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	18,941,159,245	17,154,055,534
Capital Reserve	624,048,659,686	556,170,882,658
<b>Total Funds</b>	<b>642,989,818,931</b>	<b>573,324,938,192</b>
Total Borrowings	-	-
Less: Cash And Bank Balances	13,993,063,067	23,362,471,571
Net Debt/(Excess Cash And Cash Equivalents)	(13,993,063,067)	(23,362,471,571)
<b>Gearing</b>	<b>-</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 34. Related Party Disclosures

#### Nature of related party relationships

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

#### Government of Kenya

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

Other related parties include:

- (i) The Parent Ministry.
- (ii) Other SCs and SAGAs.
- (iii) Key management.
- (iv) Board of directors.

	2021-2022	2020-2021
Description	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>(a) Sales to related parties</b>		
	-	-
<b>Total</b>	-	-
<b>(b) purchases from related parties</b>		
Purchases of electricity from KPLC	13,501,243	10,497,158
Purchase of water from Nairobi City Water and Sewerage Company Ltd	1,020,583	3,786,111
Training and conference fees paid to Kenya School of Government	22,211,858	20,129,529
<b>Total</b>	<b>36,733,684</b>	<b>34,412,798</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Related Party Disclosures

	2021-2022	2020-2021
Description	Kshs	Kshs
Grants from national govt	26,178,901,725	37,204,032,671
Fuel levy funds from Kenya Roads Board	26,277,449,379	21,452,099,690
<b>Total</b>	<b>52,456,351,104</b>	<b>58,656,132,361</b>
<b>(d) Expenses incurred on behalf of other agencies</b>		
Kenya Rural Roads Authority	16,263,280	14,461,609
Kenya Urban Roads Authority	13,406,733	11,921,515
<b>Total</b>	<b>29,670,013</b>	<b>26,383,124</b>
<b>(e) Key management compensation</b>		
(i) Directors' Emoluments	12,696,109	8,752,998
(ii) Directors' Expenses	49,143,433	45,619,004
(iii) Compensation to the CEO	10,316,275	10,353,000
(iv) Compensation to key management	256,475,566	253,157,817
<b>Total</b>	<b>328,631,383</b>	<b>317,882,819</b>

## 35. Contingent Assets and Contingent Liabilities

### Contingent Liabilities

	2021-2022	2020-2021
Description	Kshs	Kshs
Contingent Liabilities		
Court Cases against the Authority	60,314,451,805	8,038,602,806
Unclaimed Interest on works and Land acquisitions	262,317,950	262,317,950
Unresolved contractual claims	5,000,000,000	5,000,000,000
Estimated Legal fees and Interest awards	131,153,540	26,601,842
<b>Total</b>	<b>65,707,923,295</b>	<b>13,327,522,598</b>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 36. Capital Commitments

	2021-2022	2020-2021
Description	Kshs	Kshs
Authorised for	34,290,862,061	39,753,185,207
Authorised and Contracted for	123,669,165,473	219,063,821,751
<b>Total</b>	<b>157,960,027,534</b>	<b>258,817,006,958</b>

### 37. Surplus Remission

The Authority did not realise any distributable surplus during the year ended 30<sup>th</sup> June, 2022 and hence there was no remittance to the Consolidated Fund.

### 38. Events after the Reporting Period

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

### 39 Ultimate And Holding Entity

The Authority is a Semi-Autonomous Government Agency under the Ministry of Transport and Infrastructure, Housing, Urban Development and Public Works. Its ultimate parent is the Government of Kenya.

### 40. Currency

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





**Bachuma Gate - Maji ya Chumvi (A8) Road**





**Kainuk Bridge**





## Kenya National Highways Authority

# REGIONAL OFFICES

### NAIROBI

Regional Office: Nairobi  
Director's Name: **Eng. J. Kaburia**  
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### NORTH RIFT

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### UPPER EASTERN

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Director Name: **Eng. S. Kagwanja**  
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### CENTRAL

Regional Office: Nyeri  
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Director's Name: **Eng. F. Kimata**  
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### LOWER EASTERN

Regional Office: Machakos  
Director Name: **Eng. James Kariuki**  
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### NYANZA

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### COAST

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### NORTH EASTERN

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### SOUTH RIFT

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### WESTERN

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**Kibwezi-Mutomo-Kitui road**





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**Kenya National  
Highways Authority**

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