



**KENYA RURAL
ROADS AUTHORITY**

Annual Report

FOR THE YEAR ENDED 30TH JUNE 2025



Connecting Devolved Kenya

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



His Excellency the President Dr. William Ruto, CGH and Commander in Chief of the Armed Forces launching the upgrading to bitumen standards of Kanyuambora Kamomo Kageri/Muvakari- Kanyuambora/Gachoka-Gachuiriri/ Kangeta- Kiumbuini Roads in Embu County.



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Annual Report

FOR THE YEAR ENDED 30TH JUNE 2025



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Acronyms

AFD	Agence Française de Développement
AGPO	Access to Government Procurement Opportunities
AIDS	Acquired Immunodeficiency Syndrome
ARWP	Annual Road Works Programme
ASAL	Arid and Semi-Arid Lands
BADEA	Arab Bank for Economic Development in Africa
BETA	Bottom-Up Economic Transformation Agenda
CAJ	Commission on Administrative Justice
CFAs	Community Forest Associations
CRC	Constituency Roads Committee
CSR	Corporate Social Responsibility
EACC	Ethics and Anti-Corruption Commission
EBK	Engineers Board of Kenya
EIA	Environmental Impact Assessment
ERP	Enterprise Resource Planning
ESIA	Environmental and Social Impact Assessment
EU	European Union
FY	Financial Year
GoK	Government of Kenya
ICT	Information and Communication Technology
IPSAS	International Public Sector Accounting Standards
ISO	International Organization for Standardization
KeRRA	Kenya Rural Roads Authority
KfW	Kreditanstalt für Wiederaufbau
KFS	Kenya Forest Service
KRB	Kenya Roads Board
LVSr	Low Volume Seal Roads
MDA	Ministries, Departments and Agencies
M&E	Monitoring and Evaluation
SCAC	State Corporations Advisory Committee
SDOR	State Department for Roads
SGBV	Sexual and Gender Based Violence
MTP	Medium Term Plan
NACADA	National Authority for the Campaign Against Alcohol and Drug Abuse
NCPWD	National Council for Persons with Disabilities
NSDCC	National Syndemic Disease Control Council
NEMA	National Environment Management Authority
NLC	National Land Commission
NTSA	National Transport and Safety Authority

NG-CDF	National Government Constituency Development Fund
PFM	Public Finance Management
PPP	Public Private Partnership
PPRA	Public Procurement Regulatory Authority
PWD	Persons with Disabilities
RDCC	Regional Development Coordination Committee
RMLF	Road Maintenance Levy Fund
RMS	Road Management System
SCAC	State Corporations Advisory Committee
UNTOC	United Nations Convention Against Transnational Organized Crime
WED	World Environment Day
WWD	World Wetlands Day
NACOSTI	National Commission for Science, Technology, and Innovation



Mr. Anthony Ngangá Mwaura, CBS
*Chairperson, Board of Directors
Kenya Rural Roads Authority (KeRRA)*

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, I am honoured to present the Annual Report of the Kenya Rural Roads Authority (KeRRA) for the financial year ended 30th June 2025. The Report has been prepared and issued in accordance with section 44 of the Kenya Roads Act, 2007.

The Mission of KeRRA is to manage, develop, rehabilitate and maintain national secondary trunk road network to reduce transport cost and journey times for enhanced socio-economic development with an overarching Motto of “Connecting Devolved Kenya”. This transformative journey is critical in promoting economic growth, facilitating market access, enhancing mobility, and improving the quality of life for millions of Kenyans in rural areas.

Overview of the Year

Over the past year, KeRRA made remarkable progress in enhancing and expanding our road network by upgrading an additional 556Km of roads to bitumen standard. As a result of a challenging fiscal environment, the Authority prioritized completion of ongoing road development projects over commencement of new projects. This was further in line with the directive of the Government of Kenya which has prescribed several austerity measures in a bid to reduce the country's debt burden.

In the year under review, the Authority implemented a number of road upgrading projects and also maintained and managed all national secondary trunk roads in line with the Government's Bottom-up Economic Transformation Agenda (BETA). These projects support the core pillars of BETA namely: Agriculture; Micro, Small and Medium Enterprises; Housing and Settlement; Healthcare; the Digital Superhighway and Creative Economy. Provision of quality

and safe road infrastructure remains a guiding principle of the Authority as we ensure improvement of the road conditions and safeguard the investments made hitherto on the network.

Governance and Risk Oversight

The Board remains firmly committed to upholding the highest standards of governance, transparency, and accountability. During the reporting period, the Board exercised diligent oversight of the Authority's strategic direction, financial stewardship, and risk management practices.

Robust governance frameworks were maintained to ensure compliance with all statutory obligations, and appropriate internal controls were in place to safeguard the integrity of financial and operational reporting for effective decision-making. The Board is satisfied that governance arrangements remain effective and that risks are being appropriately identified, monitored, and managed in alignment with the Authority's objectives and risk appetite. Subsequently, there were no material instances of noncompliance that would expose the Authority to potential contingent liabilities.

Compliance with statutory requirements

The Authority complied with all applicable statutory requirements, including relevant accounting standards, regulations, and legislative obligations. The Board confirms that, to the best of our knowledge and belief, the Authority has complied with all externally imposed laws, regulations, and reporting

requirements throughout the reporting period.

As we submit this Annual Report, the Board reiterates its commitment to advancing its strategic priorities by upholding integrity, operational efficiency, and sustainable infrastructure development that serves the needs of rural communities across Kenya.

Future outlook

Through the Board's strategic direction and oversight role, the Authority continued to work to overcome serious financial challenges, which had resulted to ballooning pending bills. The Authority had unprecedented resources deployed from securitization of Road Maintenance Levy Fund (RMLF) allocation. By late 2024, KeRRA had majority of its ongoing projects stalled due to accumulated contractor bills and inadequate funding. This significantly disrupted road transport connectivity, delayed public service access, and negatively impacted on economic productivity in rural areas. In response, the Government of Kenya through the Kenya Roads Board (KRB) launched a Kshs. 175 billion securitization of the RMLF. This financing model enabled settlement of verified contractor bills within the road agencies, allowing works to resume on stalled projects across the

country. Today, works have restarted on majority of roads nationwide delivering monumental results.

Despite numerous financial challenges, the Authority remained steadfast in fulfilling its mandate through prudent resource utilization, stakeholder collaboration, and strategic project implementation. The Board remains focused on governance, policy oversight, and ensuring that all road development activities align with national priorities as outlined in Kenya Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA) to deliver value to stakeholders in the coming year.

Acknowledgment

I wish to extend my sincere appreciation to all stakeholders, Ministry of Roads and Transport, the Board of Directors, and our development partners for the unwavering support in facilitating the Authority discharge its mandate. I am also grateful to KeRRA Management and staff whose commitment to service delivery and diligent reporting has made this publication possible. Above all, I recognize the citizens of Kenya, whose continued engagement and feedback drive our commitment to improve the rural road network and promote inclusive development across the country.



Mr. Anthony Ngángá Mwaura, CBS

Chairperson, Board of Directors

Kenya Rural Roads Authority (KeRRA)



Jnc A14 (Kanana) - Shimoni Road in Kwale County.



Eng. J. K. Magundu
Ag. Director General
Kenya Rural Roads Authority (KeRRA)

DIRECTOR GENERAL'S STATEMENT



This Annual Report provides a detailed account of the Authority's performance, achievements, and the progress we have made towards fulfilling our mandate over the financial year ending 30th June, 2025.

During the financial year, KeRRA remained steadfast in advancing its mandate. The financial year was marked by both significant accomplishments and challenges that tested our resilience and capacity for innovation. Through dedication, strategic planning, and collaboration with our partners and stakeholders, we were able to achieve important milestones that furthered our Authority's vision and mission.

Key Achievements and Performance Statistics

The financial year 2024/2025 was marked by significant milestones in the Authority in terms of performance of various activities. The Authority had an opportunity to showcase its strength in delivery of the following performance targets:

- (i) Upgraded to bitumen standard 556Km of roads.
- (ii) Routinely maintained 28,837Km of roads.
- (iii) Completed procurement for 4No. Virtual weighbridges whose installation, integration, management and operationalization are ongoing
- (iv) Reconstructed and Rehabilitated 50.6Km of roads
- (v) Periodically maintained through the RMLF and Development vote 51.76Km of roads
- (vi) Grown 574,218No. trees seedlings at approved designated forests and marine ecosystems in collaboration with the State Department for Forestry

- (vii) Awarded to women, youth and people living with disability Kshs. 6Billion worth of contracts.

Constraints Affecting Project Delivery

The Authority faced a range of operational and financial challenges that significantly impacted on effective and timely delivery of its mandate to develop and maintain rural road infrastructure across the country. Among the most critical issues was the persistent delay in the payment of Interim Payment Certificates (IPCs) due to inadequate financing, which led to the suspension or slowdown of numerous ongoing projects. This delay not only disrupted project timelines but also undermined contractor confidence and leading to cost escalations, affecting the overall efficiency of project delivery.

Moreover, even after the settlement of pending IPCs, there had been notable instances of slow re-mobilization by some contractors. This lag in resuming work further delayed the completion of critical infrastructure projects, compounding the impact on rural connectivity and economic development.

Another significant challenge had been the late disbursement of funds by development partners under programmes such as the R2000 initiative. These delays adversely affected the timely issuance of advance payments to contractors, thereby hindering the prompt commencement of works. As a result, planned project schedules were pushed back, reducing the Authority's ability to meet its annual targets and undermining public expectations.

Together, these financial and operational constraints highlight the urgent need for more predictable funding flows, stronger stakeholder coordination, and improved contract management mechanisms to ensure timely project execution and delivery.

Outlook and Strategic Priorities

This Report provides a clear outlook on the strategic direction the Authority is taking to ensure sustainable infrastructure development across the country. As Kenya continues to implement its development agenda under Vision 2030, the role of rural roads in unlocking socio-economic potential remains central. Rural connectivity is not merely about roads; it is about access to markets, schools, healthcare, and to opportunities. The Authority remain steadfast in aligning its mandate with national priorities, including the Bottom-Up Economic Transformation Agenda (BETA) and ongoing efforts to deepen devolution through equitable infrastructure development.

Looking ahead, our strategic priorities include the following:-

- (i) Management, development, rehabilitation and maintenance of national secondary trunk road network for enhanced socio-economic development with an overarching "Motto" of "Connecting Devolved Kenya"

Eng. J. K. Magundu

Ag. Director General

Kenya Rural Roads Authority (KeRRA)

- (ii) Efficient administration of projects and programmes to ensure quality and sustainable national secondary trunk road network
- (iii) Digitalization of systems that enable innovativeness and adaptability of public services to the needs of users through automation and on-boarding of key customer-facing services on the e-citizen platform to provide easy access, convenience and efficiency in service delivery
- (iv) Mobilization of resources for the development, management and maintenance of national secondary trunk road network
- (v) Human and institutional capacity building to maintain and develop the rural road network.

Acknowledgement

I wish to extend heartfelt appreciation to the Board of Directors for their strategic oversight, to the management team and staff for their dedication and professionalism, and to our partners both National and County Governments, development partners, and rural communities for their steadfast support.

As this Annual Report is being presented, we reaffirm our dedication to stewardship, integrity, and delivering rural roads infrastructure that unlocks inclusive growth and prosperity for all Kenyans.

Board of Directors



Mr Anthony Mwaura CBS
Chairperson of Board
From 20th December 2024

Mr. Mwaura holds a Bachelor of Education Degree from Kisii University and a Diploma in Business Management from Institute of Management. He is an experienced Manager and Educationist with vast experience in Managing Learning institutions.

Mr. Mwaura is a dynamic professional with vast experience in strategy, vision & Mission Planning; sale & Marketing Leadership;

Profitability & Cost analysis Programs, Service & products Billing; Debt Recovery & Cash Management; Contract Negotiations & Strategic Alliance; Finance Budgeting & Costs Management; Public Relations & Media affairs; Policy & products Development; Government Regulations & Relations; Team Building & Performance Improvement and Human Resources Management.



Prof.(Eng) Oyuko Mbeche EBS
Chairperson of Board
Upto 5th October 2024

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

Prof. (Eng) Mbeche is a Nobel Peace Prize recipient, this was bestowed on him by the International Panel on Climate Change (IPCC) in December, 2007. He is a Member of American Society of Civil Engineers, Member American Society of Engineering Education, Member Kenya National

Academy of Sciences and Member Engineering Board of Kenya. He is a Professor of Civil Engineering at the University of Nairobi and has supervised various undergraduate and postgraduate projects, he has published widely.

He has written many research papers on matters touching on land use, planning, transport economics and urban planning. In his work experience, he has worked as a project coordinator, team leader, and project civil/ structural engineer in various government organizations and has trained in corporate governance. He was the Chairperson of the Board.



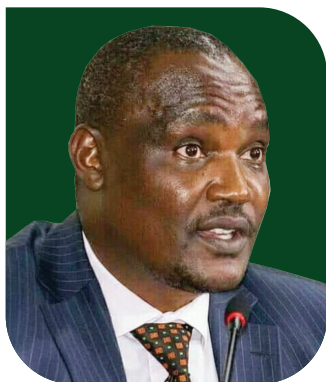
Prof. Njuguna Ndung'u, CBS
*Cabinet Secretary The National
 Treasury & Economic Planning
 Upto 8th August 2024*

Prof. Njuguna Ndung'u was born in 1960. and is a holder of Bachelor of Arts in Economics degree , and Master of Arts in Economics both from the University of Nairobi, he has a PhD in Economics from the University of Gothenburg , Sweden.

Prof Njuguna is an Associate Professor of Economics at the University of Nairobi and a former Governor of the Central Bank of Kenya. He has been a member of the Global Advisory Council (GAC) of the World Economic Forum and a Visiting Fellow of Practice at the Blavatnik School of Government, Oxford University. He was the Director of Training at AERC, Program specialist at IDRC and Team Leader in Macro-

modelling at the Kenya Institute for Public Policy Research and Analysis. He is a Member of Brookings Africa Growth Initiative, Member of the Advisory Committee of the Alliance for Financial Inclusion that coordinates financial inclusion policies in Africa, Asia and Latin America, and Senior Advisor for the UNCDF-based Better Than Cash Alliance.

Prior to his appointment, Prof. Ndung'u was serving as the Executive Director of the African Economic Research Consortium (AERC), a Pan African premier capacity building network of researchers, trainers, students, universities, policy makers and international resource persons.



Hon. FCPA John Mbadi Ng'ongo
*Cabinet Secretary The National
 Treasury & Economic Planning
 From 8th August 2024.*

Hon. John Mbadi holds a Bachelor of Commerce and Master of Business Administration (MBA) both from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). His professional affiliations extend to the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitration.

Hon. Mbadi has served as the elected MP for Suba South Constituency, Suba Constituency, and Gwassu Constituency. His experience extends to roles such as Assistant Minister in the Office of the Prime Minister and Leader of Minority

in the National Assembly. During his parliamentary tenure, he was a member of numerous key committees, including Chairperson of the Public Accounts Committee in the National Assembly, the House Business Committee, Liaison Committee, Budget and Appropriations Committee, Selection Committee, Appointments Committee, Public Accounts Committee, Public Investments Committee, Constitutional Implementation Committee, the Ad Hoc Committee on the Cost of Living, and the Defence and Foreign Relations Committee. Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.



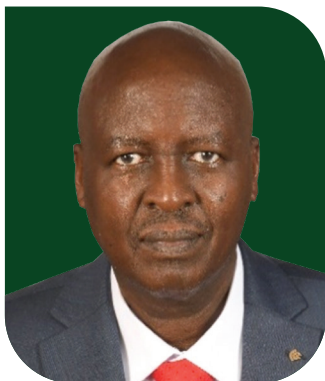
Mr. Samson Palia Wangusi, OGW,
Alternate to Cabinet Secretary
The National Treasury & Economic
Planning

Mr Samson Palia Wangusi was born in 1966. He holds a Bachelor's degree in Public Administration from The University of Nairobi and Master of Arts in Public Administration from Moi University.

Mr. Wangusi is a seasoned administrator with vast experience in Public Sector Management, spanning over 30 years and currently the Principal Administrative Secretary (PAS) at the National Treasury. Prior to his current appointment, Mr. Wangusi was the Director of Administration

at the State Department for Immigration. He has served in a similar capacity at the State Departments for: Social Protection, Industrialization, Trade and, Public Service, Youth & Gender.

Mr. Wangusi has also served on various Boards as an Alternate Director to the Principal Secretary. These include: Bukuru Agricultural College Board, Special Programme on the National Cereals and Produce Board, Micro Small Enterprises Authority and Kenya Shipyard Limited. He is trained in corporate governance.



Eng. Joseph Mbugua, CBS
Principal Secretary -State Department
of Roads -Ministry of Roads and
Transport.

Eng. Joseph Mbugua was born in 1962. He holds a BSC in Civil Engineering from University of Nairobi. He is a registered professional Engineer with Engineers Board of Kenya (EBK) and a Fellow of the Institution of Engineers of Kenya (FIEK). He is a Strategic Manager who has successfully risen in ranks to be a highly capable change-agent; consistently refining and revitalizing strategies, initiating changes and facilitating solutions driven by team collaboration within the Public Sector.

He has served in various capacities including Kenya Rural Roads Authority whereby he rose to the rank of a Regional Director. He is extensively trained in Strategic Leadership Development, Senior

Management, Highway Development Management, Contract Management, Labour Based Road Construction and Maintenance, Quality Management Systems and Master Certificate in Project Management. He has valuable experience in policy formulation, planning, design, construction and management of projects and programs gained from his working experience in Public Service for over 30 years and is trained in corporate governance

Eng Mbugua is an Executive Member of the Board of Management for Thogoto Teachers College, Moi Girls Kamangu Secondary School and Kikuyu Township Primary School.



Eng. James Mwathi Kung'u
*Alternate to Principal Secretary- State
 Department of Roads - Ministry of
 Roads and Transport.*

Eng. James Mwathi Kung'u was born in 1966. He holds a BSC in Civil Engineering from University of Nairobi and a Master of Science in Construction Management from University of Birmingham, UK. Eng. Kungu is a registered professional Engineer with Engineers Board of Kenya (EBK), a Corporate Member of the Institution of Engineers of Kenya (MIEK) and a Registered Consulting Engineer with Engineers Board of Kenya.

He is an Advisor to the Government on matters related to Road Policy that includes roads development and maintenance standards.

Eng Kungu in his capacity as Chief Engineer Roads has been involved in Capacity Building of the road subsector, Monitoring of Programmes and Projects

financed through exchequer allocations and development partners assistance, Projects Procurement reviews related to detailed design and tender documentation to advise on value, Coordination of the Sector Agencies, Review of standards, Road Sector Investment Programme (RSIP).

Eng. Kungu was also the Project Coordinator/ Head of Infrastructure in IGAD Secretariat, Djibouti. During this period his responsibilities involved Coordinating the regional transport, energy and transboundary water projects within the Horn of Africa Region, supervising regional studies among others

Eng. Kungu is the Chairperson of the Board Technical Committee.



Ms. Teresia Mbaika, CBS
*Principal Secretary, Ministry of
 Devolution.
 Upto 08th May 2025.*

Ms Teresia Mbaika Malokwe was born in 1986. Ms Teresia holds a Bachelor of Science degree in Environmental Health from Kenyatta University and a Master of Science degree in Health Economics, obtained from the University of Nairobi.

In June 2018, Ms. Teresia was appointed to the Board of Directors at the National Environment Management Authority of Kenya. Ms Teresia was also a member of the eleven-person board

of directors at the Kenya Nuclear Electricity Board. While there, she chaired the Finance and General-Purpose Committee.

She worked at the Kaiti Constituency NG-CDF in June 2013. Her duties included overseeing financial management, corporate governance and compliance at the government agency.



Mr. Michael L. Lenasalon
Principal Secretary, Ministry of
Devolution.
From 08th May 2025

Mr. Michael Lenasalon was born in 2nd April 1989. Mr Michael holds a Bachelor's degree in Software Engineering from Kenyatta University graduating with First Class Honours. He also holds a Master's degree in Forensic Computing and Cybercrime Investigations from University College Dublin, Ireland.

Prior to his appointment as PS Devolution, Mr. Lenasalon served as a Senior Investigations Officer at the Kenya Revenue Authority (KRA), also worked with the Elbarta Children and Family Programme under Child

Fund Kenya as a Procurement and ICT Officer.

Mr. Lenasalon is a member of the Kenya Cyber Security and Forensics Association and an Associate Certified Fraud Examiner. Beyond his professional expertise, Mr. Lenasalon has demonstrated a strong commitment to community development and governance. He has held leadership positions in various community-based and national organizations, including serving as a Board Member of the Samburu Water and Sanitation Company, a Trustee of the Samburu Development Trust.



CPA Margaret Akiring Osilli
Alternate to Principal Secretary
Ministry of Devolution
Upto 08th May 2025

CPA Margaret Osilli was born in 1974. She is a Certified Public Accountant, a Member of Association of Women Accountants of Kenya (AWAK) and holds a Certificate in Strategic Leadership Development Programme. She is an accounting professional with management skills and expertise in financial management. CPA Osilli is currently the Deputy Director Devolution Affairs State Department for Devolution.

She has over 27 years Public Sector experience in cash management, procurement, internal controls, budgeting, financial reporting and analysis. She was the part of the secretariat of the 9th Africities Summit in Kisumu

held in 2022 and Kenya Devolution Support Program between 01/2016 - 01/2021. She was also a member of the Inter - Agency Working Committee on County Own Source Revenue.

She possesses exceptional interpersonal and management skills. She has worked for various institutions including Malaba Town Council, Busia County Council, Nairobi City Council, Kisumu City Council, and the County Government of Kisumu.



Mr. Kennedy Nyambati, OGW
*Alternate to Principal Secretary
 Ministry of Devolution
 From 08th May 2025*

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

Director Nyambati is well versed in Public Sector Management, Governance and Leadership; Public Policy Analysis; Performance Management; Programme & Project Management;

Diplomacy & Negotiations; Strategic Planning & Management; Human Resource Management; Regional Cooperation & Integration; Devolution Affairs; Inter-Governmental Relations; Capacity Building & Technical Assistance and trained in corporate governance. Previously, he served as Deputy Director for Regional Integration at the Ministry of East African Community, where he played a pivotal role in harmonizing social sector policies and integration protocols among EAC partner states.



CPA Caroline Waithira Ndong'u
Representing Council of Governors

CPA Caroline Ndongu was born in 1971. Ms. Caroline holds a Bachelor of Arts in Economics degree from University of Nairobi, Advanced Management Programme, Strathmore Business School/IESE Business School, Barcelona, ES and is a Member of the Institute of Certified Public Accountant of Kenya (ICPAK).

CPA Caroline is certified in Women Directors Leadership Programme, from Strathmore Business School/Cranfield University, 2018, Certificate of Strategic Analysis & Choices, Cranfield University, 2007, Diageo Way of Brand Building (Trainer & Training), 2005

CPA Caroline has over 25 years experience in the

Corporate world in various capacities and is an expert in Strategic Planning, Performance Management, Business Development, Training and Development, Financial Management, Stakeholder Management and Project & Program Management. Some of her selected achievements include the successful transition of the Barclays brand to Absa over a period of three years, defining the Jubilee Insurance brand and creating a strong affinity brand in the eyes of consumers.

CPA Caroline is the Chairperson of the Board Finance Committee.



Eng. Dorcas Mutheu Musingi
*Representing Institution of
Engineers of Kenya*

Eng. Dorcas Mutheu Musingi was born in 1978. Eng. Dorcas is a licensed Civil and Structural Engineer and a Consulting Engineer registered with the Engineers Board of Kenya (EBK Reg. No. E695) and a Member of the Institution of Engineers of Kenya (M2922). She holds a Bachelor of Technology and a Master of Philosophy in Civil and Structural Engineering from Moi University and is pursuing a Doctor of Philosophy in Project Management at JKUAT.

Eng. Dorcas has over 20 years of progressive experience in the design, supervision, and management of infrastructure projects across Kenya, including roads, water systems, and buildings. She serves as a Director and Board

Member at the Kenya Rural Roads Authority (KeRRA), where she chairs the Board Audit Committee and provides strategic oversight through the Technical Committee.

A Lecturer at the Technical University of Mombasa, she is deeply committed to capacity building, curriculum development, and research. Eng. Dorcas is an alumna of the Strategic Leadership Development Programme (Kenya School of Government) and a Corporate Governance specialist.

She is passionate about engineering for social impact, actively mentoring young engineers and delivering pro bono community projects that promote sustainability and empowerment at the grassroots.



Mr. Alvin Kibet Kirui, MBS
*Kenya Farmers Association
Upto 20th December 2024*

Mr. Alvin Kirui was born in 1993 and holds a Bachelors of Business Information Technology Degree from Jomo Kenya University of Agriculture and Technology and has successfully completed the investing in Agribusiness Value Addition programme from Strathmore University.

Mr. Kirui is a Member of the Micro and Small Enterprise Tribunal representing SME Sector under the Judiciary, whose mandate is settlement

of commercial disputes. He is a Founding Director of Tekelbei Water Foundation, a non-state actor with a goal of providing water storage facilities for rural farmers, providing farmers with market information, and climate adaptive farming strategies. Mr Kirui also leads the East Sotik Co-operative Society which deals with value addition to dairy farmers

Mr. Kirui was the Chair to the Board Audit Committee.



Eng. Philemon K. Kandie MBS
*Director General/Secretary
to the Board*

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

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

working experience in Public Service for over 24 years.

He worked in the Ministry of Roads and Kenya National Highways Authority as Regional Manager in various stations and was promoted to Regional Network Coordinator in the headquarters. He is a Registered Professional Engineer with Engineers Board of Kenya and a Corporate Member of Institution of Engineers of Kenya.

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



Eng. Philemon Kandie (MBS)
BScHons, MSc MIEK,
Director General
Upto 11th July 2025



Eng. J. K. Magundu
BSc., M(IBL), MIEK, A(CI Arb-UK)
Ag. Director General
From 11th July 2025



Eng. Peter P. Gichohi
BSc., MSc, MIEK, A(CIAB)
Director- Research, Strategy &
Compliance



Eng. J. K. Magundu
BSc., M(IBL), MIEK, A(CI Arb-UK)
Director (Planning, Design
and Environment)



Eng. George Chiaji
BSc, Msc, MIEK
Director Development



Eng. Enock A. Kombo
Bsc, MA(Planning), MIEK
Director Road Asset Management



Mr. Patrick Mutisya
BEd, MBA, CHRP-K
Director - Corporate Services



Ms. Sylvia Naneu
LLB, MBA, Dip (KSL), CPS(K)
Corporation Secretary and
Director - Legal Affairs



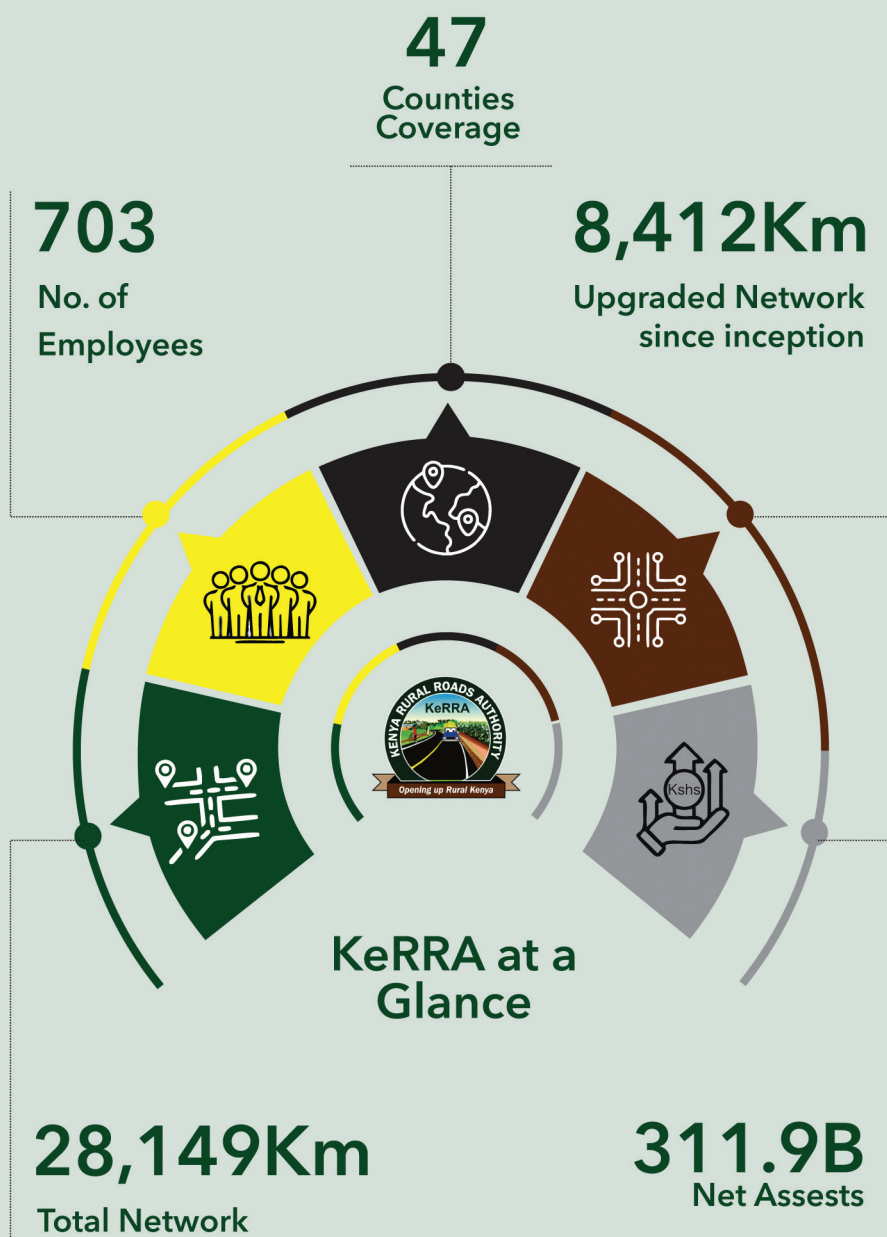
CPA Matilda Wakere Ita
BCom, MBA, CPA(K)
Deputy Director - Finance
and Accounts



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



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





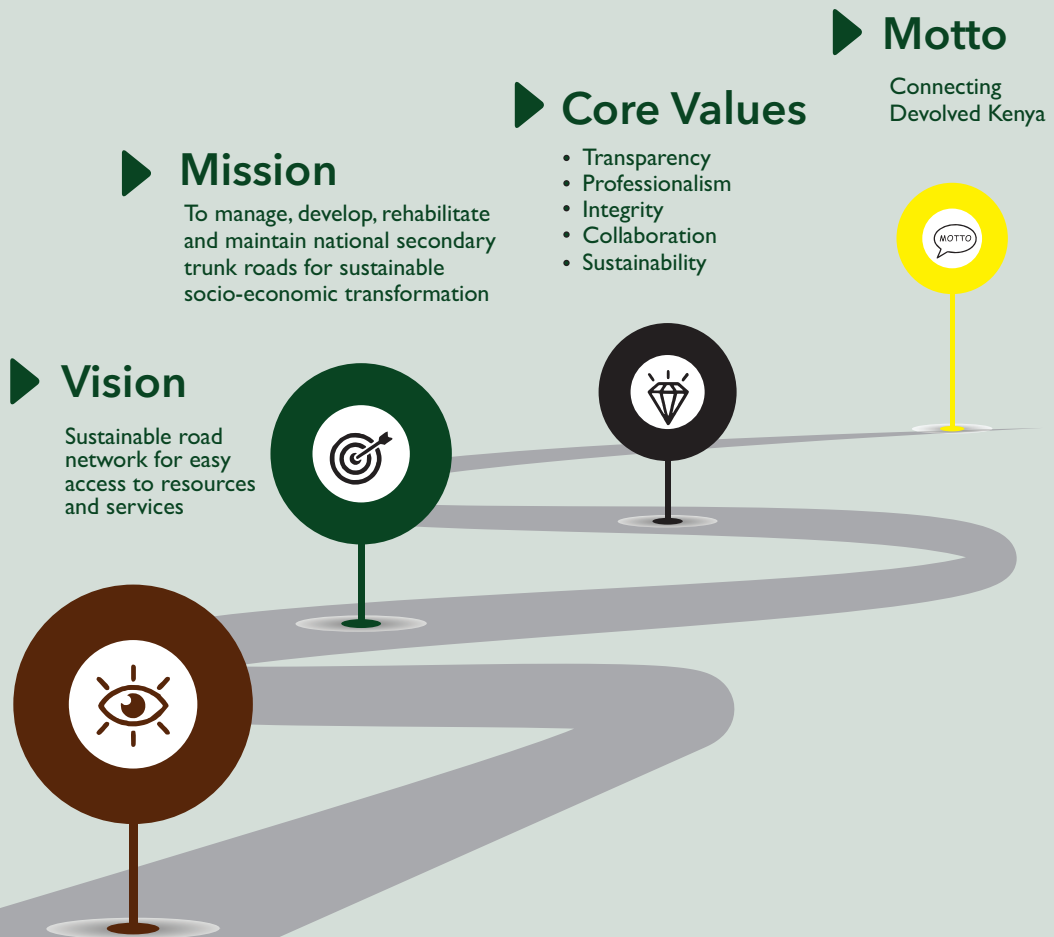


His Excellency, Dr. William Samoei Ruto, CGH and Commander of the Armed Forces anchoring Construction of Shartuka - Njipiship-Olchobosei-Abosi-Gorgor road in Narok County.



As part of its Corporate Social Responsibility (CSR) efforts, KeRRA donated 100 chairs and 100 desks to Bububu Junior Secondary School in Tana River County on 29th May 2025.

PRINCIPAL STATEMENTS



Strategic Objectives

1. To develop 2,500 Km of roads to bitumen standard by 2027
2. To promote environmental sustainability and social interests in road development and maintenance
3. To Manage 18,500 Kms of road asset
4. To Maintain cumulative 92,500 km roads by 2027
5. To enhance social institutional capacity
6. To promote corporate governance
7. To enhance collaboration and stakeholder engagement
8. To annually improve publicity, visibility and image of the Authority.
9. To diversify sources of funding and implement accountability measures by 2027.

CHAPTER

1

The Mandate of the Authority

The Kenya Roads Act, 2007 provides for the mandate of the Authority to manage, develop, rehabilitate and maintain the rural road network within the Republic of Kenya. The Constitution of Kenya 2010 assigns the responsibility of managing National Trunk Roads to National Government and County Roads to County Governments under the Fourth Schedule Part 18(b). KeRRA has a total road network of 28,150Kms out of 56,289Kms of national trunk roads.

1.1 Functions of the Authority

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

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

1.2 Corporate Governance

1.2.1 Overview

The Board provides oversight to Management who are responsible for the day-to-day running of the organization and emphasizes the principles of good Corporate Governance in the discharge of its mandate. The Board has 4 committees through which it discharges its mandate and is evaluated annually by the State Corporations Advisory Committee (SCAC).

1.2.2 Organizational Structure of the Authority

The Authority is governed by a Board of Directors as per section 8 of the Kenya Roads Act 2007. The day-to-day management of the Authority is carried out by the Director General who is also the secretary to the Board. The Authority carries its mandate through six Directorates, two Departments and forty-seven regional offices.

1.2.3 Appointment of Board Members

Appointment to the Board is carried out pursuant to section 8 of the Kenya Roads Act 2007. The Chairman of the Board is appointed by the President of the Republic of Kenya. Members of the Board are appointed by the Cabinet Secretary responsible for Roads on recommendation of the various nominating institutions provided for under the Kenya Roads Act 2007.

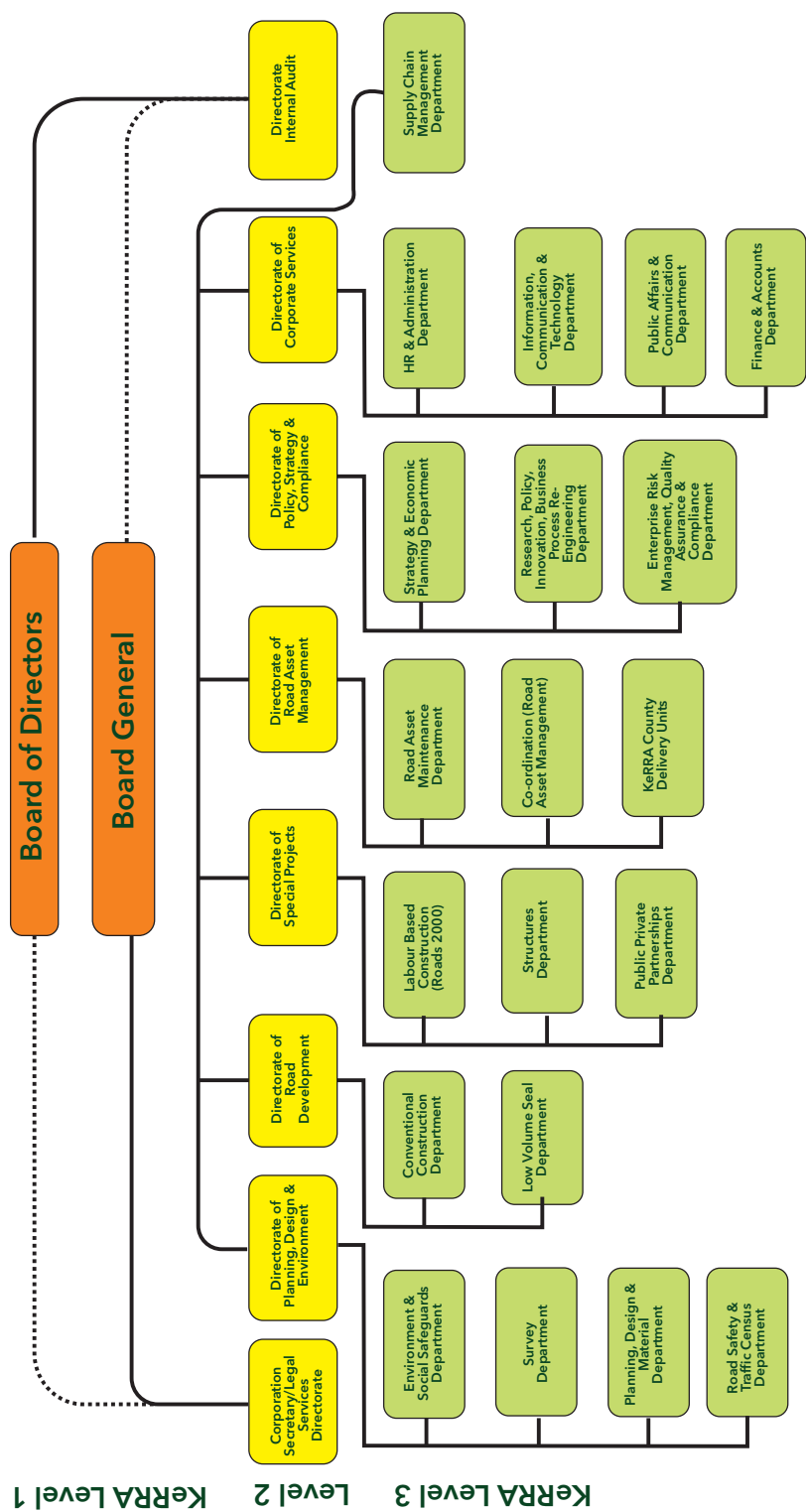
1.2.4 The role of the Board

The role of the Board is to provide strategic direction and oversight to Management in the running of the Authority's affairs. The Board has set up standing committees to discharge its oversight role.

1.3 Policies and Guidelines of the Authority

The Authority has developed various policies and guidelines in the implementation of its mandate. They include but are not limited to; Internal Audit Charter, Information Security Policy, Board Charter, Service Charter, Anti-Corruption Policy, Human Resource Policy and Procedures Manual, KeRRA Organization Structure and Staff Establishment, Career Progression Guidelines, Road Safety Policy, Corporate Social Responsibility (CSR) Policy, Financial Management Policies and Procedure Manual, Procurement Policies and Procedure Manual, Environmental Policy, Legal Policy, Occupational Safety and Health Policy, Alcohol and Drug Abuse Workplace Policy, Gender Mainstreaming Policy, Sexual and Gender Based Violence (SGBV) Policy, Disability Mainstreaming Policy, Road Asset Management Policy, Road and Bridge Works Contract Management Policy, and Communication Policy.

1.4 Organizational Structure



1.5 Staff Establishment

The Authority has a staff strength of 703 members. The table below provides a summary of distribution of the staff strength.

Table 1: Table on Staff Strength

No.	Professions	No.
1.	Engineers	117
2.	Surveyors	28
3.	GIS Officers	1
4.	Senior/ Assistant Road Officers	129
5.	Economist	1
6.	Environmentalists	4
7.	Sociologist	1
8.	Lawyers	5
9.	Finance and Accounting Officers	101
10.	Public Communication Officers	6
11.	Human Resource Management Officers	4
12.	Information, Communication and Technology Officers	62
13.	Senior/ Office Administration Officers	43
14.	Supply Chain Management Officers	80
15.	Auditors	7
16.	Records Management Officers	2
17.	Senior/Drivers	82
18.	Senior/ Office Assistants	30
	Total	703

1.6 Directorate/Departmental Functions

1.6.1 Office of the Director General

The Office is responsible to the Board of Directors for the broad implementation of the Authority's strategic goals and the management of its resources. The Office is responsible for the day-to-day running and management of the Authority's operations.

1.6.2 Directorate of Roads Development

The Directorate is responsible for upgrading of roads through conventional and low volume seal standards, The Directorate plays a vital role in coordinating and supervising the implementation of road and bridge construction projects under its jurisdiction through technical oversight and supervision.

1.6.3 Directorate of Special Projects

The Directorate is responsible for Implementing projects financed from alternative funding sources; preparation and implementation of road works and drainage structures strategies & budgets for projects financed by Development Partners; Coordinating programmes under the Roads2000 Strategy and mobilization of resources for project execution through Public Private Partnership arrangements;

1.6.4 Directorate of Road Asset Management

The Directorate is responsible for developing and implementing Road Asset Management policies, coordinating road maintenance activities, managing road reserves and roadside developments, and enforcing axle load control. It also oversees regional road asset management programmes and works closely with stakeholders to plan and implement road maintenance initiatives.

1.6.5 Directorate of Planning, Design and Environment

The Directorate is in charge of formulation and review of road policies and plans, coordination of feasibility studies, undertaking preliminary and detailed engineering designs of roads and drainage structures, and overseeing surveying and mapping of road corridors. In addition, it carries out traffic counts and road safety audits, facilitates knowledge transfer and capacity building, and institutes environmental and social safeguards.

1.6.6 Directorate of Policy, Strategy & Compliance

The Directorate is responsible for guiding the Authority in adopting and implementing effective strategies in performance management, quality assurance, Research, Innovation, business Development, risk assessment, and Compliance. It also oversees the implementation of Quality Management Systems (QMS) in accordance with ISO standards, drives strategic policy initiatives, and steers the performance contracting framework to enhance institutional effectiveness and service delivery.

1.6.7 Directorate of Corporate Services

The Directorate oversees the functional areas of Finance and Accounts, Information and Communication Technology, Human Resources and Administration, and Public Affairs and Communication. The Directorate provides strategic leadership and support in the functional areas by ensuring compliance with financial and regulatory standards and manages organizational resources efficiently. The Directorate plays a key role in stakeholder engagement, maintaining robust internal systems and ensuring that the Authority runs smoothly.

1.6.8 Directorate of Audit Services

The Directorate of Audit Services reports to the Board Audit, Risk and Governance Committee and administratively to the Director General. The Directorate provides independent assurance on the Authority's risk management, governance and internal control processes.

1.6.9 Corporation Secretary and Legal Affairs Directorate

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

1.6.10 Department of Supply Chain Management

The department is responsible for acquisition of works, assets, goods, and services, as well as providing end-to-end procurement planning and processing, coordination and collaboration with partners and stakeholders, in the supply chain system. In addition, the Department is responsible for the disposal of assets. This Department reports to the Director General, it gives advice and capacity building on matters of Supply Chain Management.

CHAPTER 2

Progress of the Authority for Financial Year 2024/2025

2.1 Strategic Objectives, Performance targets, Outputs and Expected Outcomes

To drive the Authority's success and ensure measurable progress, the Authority established a clear framework that aligned its strategic objectives with actionable steps encompassing performance targets, outputs and expected outcomes. These components formed a cohesive roadmap that guided effective implementation, performance measurement, and continuous improvement across the Authority as tabulated below:

Table 2: Strategic Objectives, Performance targets, Outputs and Expected Outcomes

Indicator	Performance Target	Outputs FY 2024-2025	Expected Outcomes
Strategic Objective 1: To develop 2,500Km of roads to bitumen standard by 2027			
Design Roads	To design 711Km of road network	740.3 Km	(i) Enhanced road safety. (ii) Savings in road construction.
Undertake Feasibility Studies	To carry out preliminary assessments for proposed projects	Feasibility study reports for 6 No. Project roads	Best case scenario selected
Construction of Roads under LVSR approach	(i) To upgrade 500 Km of roads network to bitumen standards under R10000LVSR programme	473 Km	(i) Well maintained rural roads (ii) Reduced transport cost
	(ii) To upgrade 8Km of roads network to bitumen standards under R2000 programme	8 Km	(i) Well maintained rural roads (ii) Reduced transport cost
Strategic Objective 2: To promote environmental sustainability and social interests in road development and maintenance			
Promotion of environmental conservation and management	Undertake Environmental and Social Impact Assessment Studies for 20 new projects	20No. ESIA study reports submitted to NEMA	Minimal environmental degradation. Conservation of environment

Indicator	Performance Target	Outputs FY 2024-2025	Expected Outcomes
Undertake Environmental and Social Audits for completed projects	Undertake Environmental and Social Audits for 4 no. completed projects	4 No. Environmental and Social Audit report	Increase in compliance levels to Environmental set standards and conditions
Enhancement of resilience of the road infrastructure to climate change	Undertake tree growing initiatives along KeRRA roads to act as carbon sink for environmental preservation. Target to plant 520,000 trees.	574,218 Trees grown along KeRRA roads	(i) Increased tree cover in the country. (ii) Restoration of environment
Strategic Objective 3: To manage 18,500Kms of Road asset			
Mapping and demarcation of road reserves	Undertake mapping of 644 Km of road reserves	667 Km of roads mapped	Reduced cases of road reserve encroachments Reduction of court cases on encroachments
Road Safety intervention undertaken	(i) Carry out public awareness on road safety in 12 Regions, (ii) Carry out road safety audit on 8 roads (iii) Carry out traffic census on 16 Roads	(i) Carried out public awareness campaigns in 17No. Regions (ii) Carried out Road safety Audit on 10 Roads (iii) Carried out traffic census on 39 Roads	(i) Reduction in road accidents (ii) Preventing crashes and severity (iii) Safer roads
Monitoring Axle loading	Procure and Install 4No. Virtual Weighbridges on the following roads: (i) Ngong-Suswa Road (ii) Mariakani - Bamba road (iii) Lanet - Pipeline-Elementaita Road (iv) Kamukuywa - Chesamis - Pondeni road	Procurement for 4No. Virtual weighbridges complete and installation of the same is at 45% completion.	Safeguarding rural roads investment
	Sensitize stakeholders and enforcement officers on compliance standards with axle load limits	Sensitization campaigns were conducted in 5 counties.	Safeguarding rural roads investment
	Prepare quarterly reports on axle load compliance and submit recommendations	34 No. rural roads monitored for axle loading in the four quarters and reports prepared with recommendations.	Safeguarding rural roads investment
Controlling of roadside development	Process all applications received and monitor compliance for roadside development	25 No. Roadside developments approved	Ensure compliance with required standards
Strategic Objective 4: To Maintain cumulative 92,500Km roads by 2027			
Undertake Rehabilitation/ Reconstruction works	To rehabilitate 34.15 Km of rural road network	50.6Km	Improved service levels and motorability

Indicator	Performance Target	Outputs FY 2024-2025	Expected Outcomes
Undertake Routine Maintenance of roads	39,875.86 Km of rural road network	28,834.33 Km	Improved service levels and motorability
Undertake Periodic Maintenance of roads	To carry out periodic maintenance of 63Km of rural road network	52 Km	Improved service levels and motorability
Undertake Spot Improvement to Bitumen Standard of roads	To carry out Spot Improvement of 71.98Km of rural road network	75.85Km	Improved service levels and motorability
Maintenance of Roads under Annuity Programme/PPP	To maintain 92Km of Roads under Annuity/ PPP	92Km	Improved service levels and motorability
Roads Maintained (Gravelled) under Roads 2000 Programme	To improve 75 Km of Roads to gravel standards	76 Km	(i) Improved service levels and motorability (ii) Job creation
Strategic Objective 5: To enhance Institutional Capacity			
Digitalization of Government Services: Proportion of automated functions	Digitize four (4 No.) key processes to enhance efficiency of the Authority's operations. (i) Tender submissions (ii) General/project correspondence (iii) Supplier and vendor registration (iv) Contract Management	Business process Re-engineered for all 4 processes completed All the 4 processes have been successfully digitalized (automated)	Enhanced efficiency and increased productivity for the automated processes.
	Review and implement the Authority's Business Continuity and Disaster Recovery Plan to align with best practise and current trends	Business Continuity and Disaster Recovery Plan reviewed and implemented	Enhanced resilience and ability to quickly recover from possible disruptions
	Upgrade the Authority's website to improve user experience, visibility, mobile responsiveness, and security.	Website upgraded successfully	Improved brand image, increased stakeholder interaction, and site performance.
Productivity Mainstreaming	To improve productivity index from 1.783	Productivity index of 1.917 achieved	Improved productivity for enhanced organizational efficiency in service delivery.
Strategic Objective 6: To promote corporate governance			
Enhancement of Internal efficiency	Implement the Quality Management System (ISO 9001:2015)	(i) Development and implementation of Quality Management System	Enhanced efficiency and sustained quality improvement through streamlined processes

Indicator	Performance Target	Outputs FY 2024-2025	Expected Outcomes
		(ii) Sensitization of staff on QMS requirements (iii) Trained QMS Internal auditors	
Corruption Prevention	Continuous Monitoring of corruption prevention measures and training	Trained staff on corruption Prevention measures, Bribery Act, whistleblowing and Fraud.	Increased awareness of Corruption prevention measures and related Risks
National Values and Principles of Governance	(i) Align the Authority's Values to National Values and Principles of Governance (ii) Sensitize Staff on National Values and Principles of Governance	(i) Aligned the Authority's Values to National Values and Principles of Governance. (ii) Under Accountability and Transparency measures, undertook Financial, systems and Technical Audits. (iii) Under National Values, Integrity and Good Governance, sensitized staff on Article 10 of the Constitution, 2010, Leadership and Integrity Act, 2012 and Professionalism.	(i) Integrated National Values and Principles of Governance to the workplace. (ii) Improved efficiency and effectiveness of Internal controls and achieved value for money. (iii) Inculcated a culture of good values, Integrity and Professionalism across the board.
Compliance with Technical standards, legal and regulatory framework	Undertake 35No. technical audits	35 No. Projects audited, and compliance audit reports generated	Enhanced accountability and transparency through compliance checks, risk identification and actionable recommendations to improve project management.
Undertake Monitoring and Evaluation	To Undertake Monitoring and Evaluation	4No. Monitoring and Evaluation reports prepared	Enhanced accountability and decision making.
Enhancement of Corporate Governance	Develop capacity for the Board and Senior Management	(i) Board membership and committees reconstituted. (ii) Board members trained on Mwongozo code of conduct, corporate governance and audit	Enhanced corporate governance framework

Indicator	Performance Target	Outputs FY 2024-2025	Expected Outcomes
Strategic Objective 7: To enhance Stakeholder Engagement			
Positive stakeholder engagement	Participation in at least 10 stakeholder engagement forums annually	17 No. engagement forums held.	Improved stakeholder awareness and cooperation
Addressing stakeholder feedback and Resolution of Complaints	Resolution of all public complaints and information requests handled	99% Rating (Very Good) by the CAJ and issuance of Certificate of Compliance	Enhanced customer satisfaction and service delivery
Strategic Objective 8: To annually improve publicity, visibility and image of the Authority			
Improvement in publicity, visibility and image of the Authority	Enhance stakeholder engagement via social media	2253 No. new followers.	Improvement in social media following
Strategic Objective 9: To Diversify sources of funding and implement accountability measures by 2027			
Enhance Internally generated revenue.	Collection of Miscellaneous Income	Ksh.107.7 Million received from Miscellaneous income	Enhanced alternative source of income
Strengthening fiduciary assurance, equity and transparency	(i) Prepare Annual Reports and Financial Statements (ii) Prepare and submit Quarterly Financial reports to the National Treasury	(i) 7No. annual Reports Submitted. (ii) 4No. Quarterly Reports Submitted	Improved accountability and transparency
Ensure effective use of public resources	Undertake continuous Audits	7No. Audit reports submitted	Improved accountability and transparency

2.2 Performance Outputs for Key Programmes/Projects/Activities

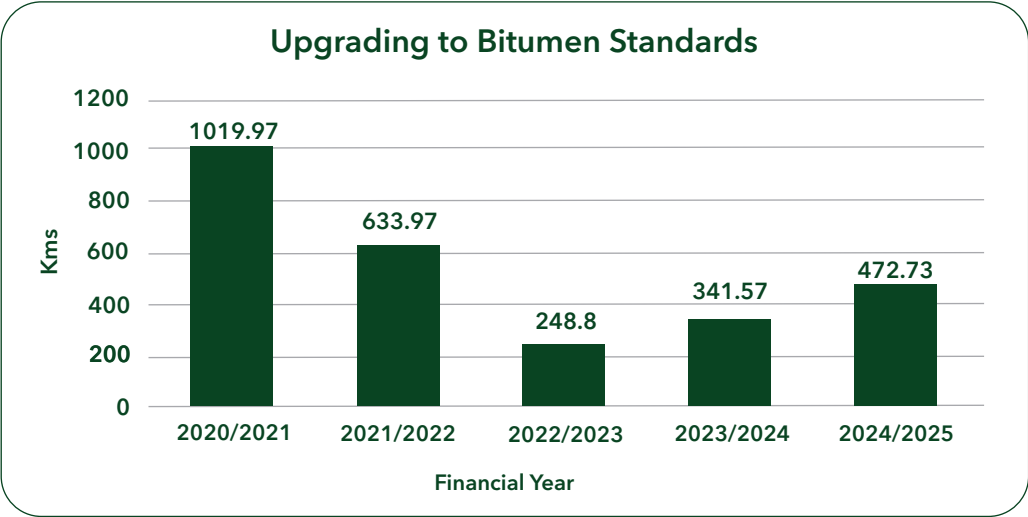
The following are the programmes, projects and activities implemented by the Authority and their corresponding outputs during the year: -

2.2.1 Upgrading of Roads to Bitumen Standard - Low Volume Seal Roads

The Authority under the Roads 10,000 Low Volume Seal Roads (LVSR) programme has a scope of 9,652.53 Km valued at Kshs. 453.3 billion. Out of this, 3,503.82Km has been fully completed and opened to traffic, 5,296.12 km are ongoing and 852.59km are at various stages of procurement.

During the year under review, the Authority achieved 472.73 Km which is a 38% increment compared to FY 2023/2024. This can be attributed to securitization of Road Maintenance Levy Fund leading to bridge settlement of pending bills amounting to

Kshs.27 billion out of the outstanding Kshs.73 billion as at June 2024.
The trend of performance over the past 5 years is summarized in the graph below.

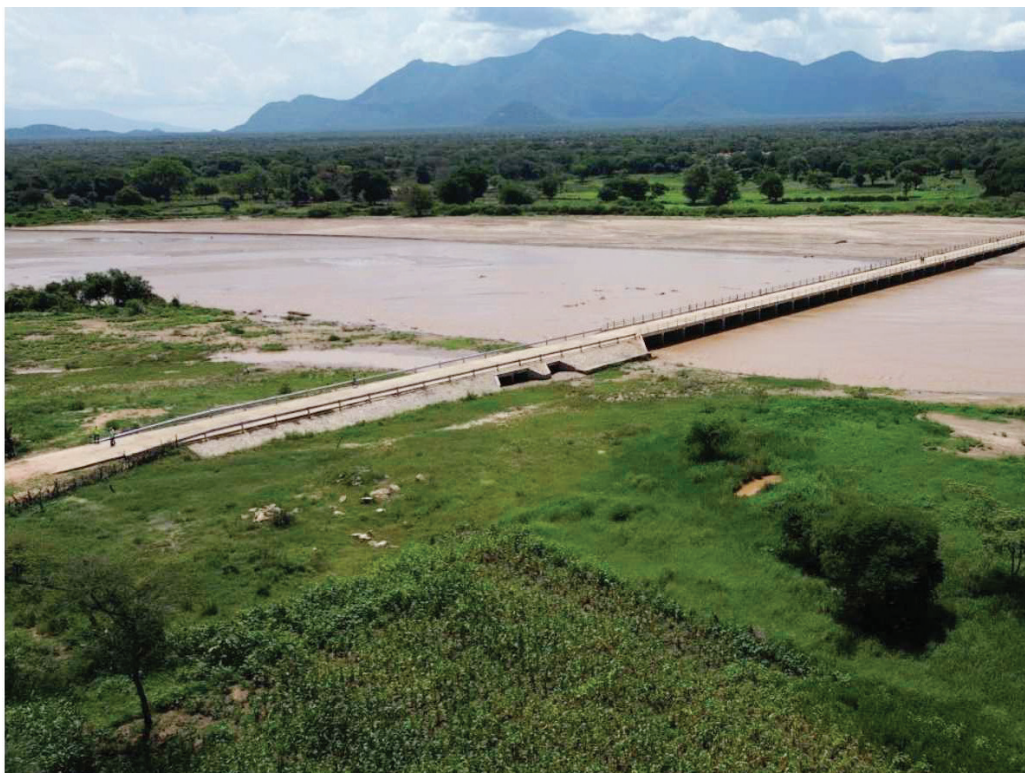


An in-depth analysis of the performance of upgrading roads to bitumen standards - low volume roads for the last five years show a decline in output from 2020/2021 to 2022/2023 and a gradual increase from 2022/2023 to 2024/2025. The decline was due to the inadequate budgetary allocations as well as a downward revision of initial allocations for most projects. The gradual increase from FY 2022/2023 has been due to enhanced budgetary allocations.

2.2.2 Construction of Drainage Structures

Drainage structures provide a critical link and enhance connectivity across water bodies, ensuring continuous and reliable passage of traffic. During the year under review, the Authority constructed a total of 6No. major drainage structures (box culverts and drifts) at a cost of Ksh.235 million as listed below:

- 1. Sindo Box Culvert
- 2. Bissil Box Culvert
- 3. Drift on Road C957 at Nyachekei - Riokibeni - Nyamache
- 4. Drift on Road C321 at Chachabole-Shimbir Fatuma Road
- 5. Drift on Road E848 at El Wak-Fincharo
- 6. Drift on Road C321 at Shimbir Fatuma-Burmaya Road
- 7. Nakujit Vented Drift in West Pokot County



Nakujit Vented Drift in West Pokot County

2.2.3 Road Maintenance

Road maintenance refers to all activities carried out to preserve, repair, and improve the condition of roads so that they remain safe, functional, and durable throughout their design life. The goal is to:

1. Keep roads safe for users.
2. Maintain smooth traffic flow
3. Extend the lifespan of the road.
4. Minimize long-term repair costs.

2.2.3.1 Road Maintenance Interventions

The four roads maintenance interventions undertaken by KeRRA are as detailed below:

- (i) Routine maintenance:** This involves small-scale, continuous, and regular activities carried out throughout the year to keep a road in good, safe, and serviceable condition.



Improved section of Tuiyoluk – Elgeyo border Road connecting Uasin Gishu and Elgeyo Marakwet Counties

- (ii) Periodic Maintenance:** This involves large-scale maintenance activities carried out at predetermined intervals to restore or improve the structural and functional condition of a road. It is done less frequently and focuses on preventing major deterioration and extending pavement life.



Ongoing works on Jnc Gaitaga - Gituri Jcn B25 Road in Murangá County

- (iii) Reconstruction and Rehabilitation:** This entails major repair and strengthening works carried out on an existing road that has deteriorated significantly, but where part of the pavement structure can still be salvaged. The aim is to restore the road's serviceability, riding comfort, and structural strength.

(iv) Spot Improvement: Refers to targeted repairs carried out on specific damaged sections of a road.

Maintenance interventions are primarily supported through two key funding sources:

- (i) Road Maintenance Levy Funds (RMLF), and
- (ii) Exchequer funds (GoK Allocations)

2.2.3.1 Roads Maintenance Levy Funded Projects

The Authority receives annual allocations from the Road Maintenance Levy Fund (RMLF), administered by the Kenya Roads Board (KRB). RMLF is the primary source of funding that guides the preparation and implementation of the Annual Road Work Programme (ARWP).

The RMLF Funds are distributed across three components:

- (1) 22% RMLF Constituency Allocation:** - distributed equally across Constituencies to enhance rural accessibility.
- (2) 10% RMLF Critical links Allocation:-** dedicated to the maintenance and improvement of critical link roads, which connect major highways to economic hubs, markets, and social facilities.
- (3) 10% Emergency Allocation:** - Reserved for response to exigencies ensuring roads remain passable and safe.

A comparison of RMLF planned funding against actual expenditure and planned targets against actual outputs are summarized in the table below:

Table 3: Summary of Roads Maintenance Levy Fund Allocations and Outputs

Funding Source	Planned Km	Planned Funding (Kshs'000)	Km Achieved	Expenditure (Kshs'000)
22% RMLF Constituency Allocation	16,461.60	12,175,219	13,160.84	8,730,786
10% RMLF critical link Allocation	7,802.71	5,534,610	7,295.29	4,595,166
10% Emergency Interventions	3,852.9	5,440,838	2,321.31	4,399,917
Total	28,116.55	23,150,667	22,777.44	17,725,869

NOTES:

- (a) Planned funding for 22% RMLF Constituency roads allocation comprises regular, budget balances and carried over funds
- (b) Planned funding for 10% RMLF critical link roads allocation comprises regular, budget balances and carried over funds
- (c) Planned Km and Achieved Km emanate from Class C roads and other roads as proposed and ratified by the respective Constituency Roads Committees. Where roads proposed by the CRCs are not part of KeRRA's road network, the Authority has obtained no objections and/or Memorandums of Understanding from the respective County Governments to promote synergy between the two entities.

2.2.4.1 Exchequer Funded Projects

In the year under review, the Authority received Kshs. 21.3 billion in Exchequer funds for routine maintenance covering a total of 6,056.89 Km.

The achievements of the Authority under the Exchequer funding are summarized in the following table:

Table 4: Achievements against Planned Exchequer Funds

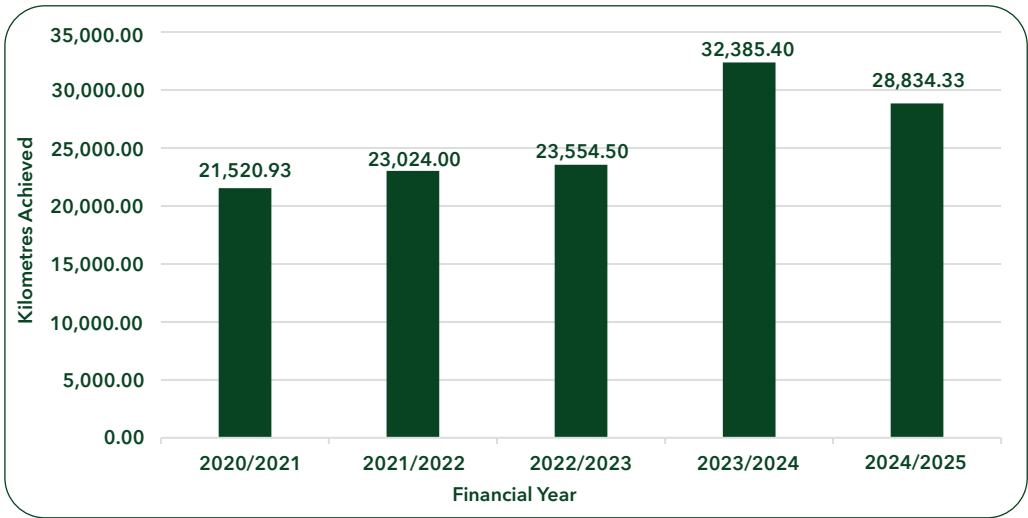
Programme	Planned Km	Planned Funding (Kshs'000)	Km Achieved	Expenditure (Kshs'000)
GOK Funded Routine Maintenance	11,759	21,395,724	6,057	13,906,978

NOTES

- (a) Achieved Km comprises works implemented with regular funds, savings, and carried over funds
- (b) The balance of works (5,702 Km) was at various stages of procurement.
- (c) Planned Funding amounting to approximately Kshs 21.3Billion comprises regular funds, savings, and carried over funds.

Over the past five years, the number of kilometers maintained under routine maintenance has generally shown an upward trend, largely supported by increased funding.

During the year under review, the Authority achieved 28,834.33 Km of routine maintenance which was lower than the 32,385.40Km achieved in the previous financial year. The variance is attributed to reduced emergency road maintenance interventions compared to the previous Financial Year.

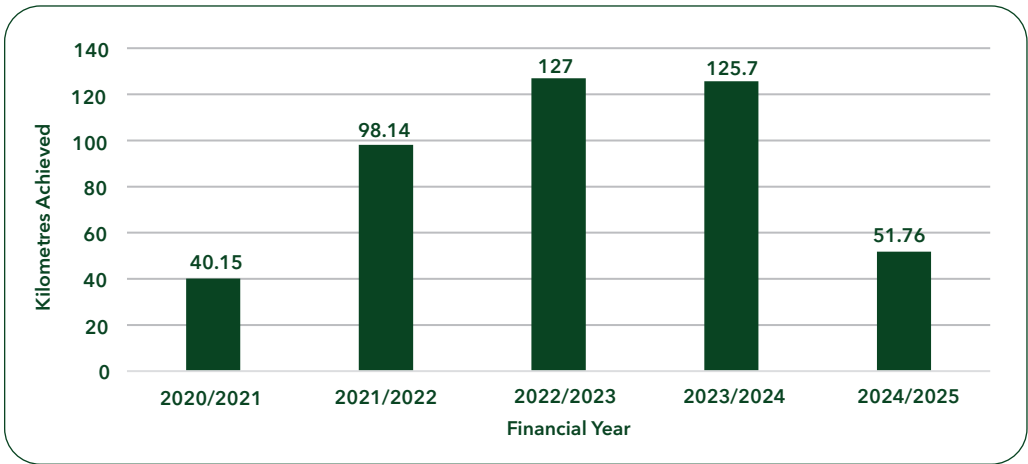


Graphical representation of routine maintenance in last five years.

2.2.4 Periodic Maintenance

The Authority registered an overall positive trend in the number of Kilometers achieved under periodic maintenance in the last four years.

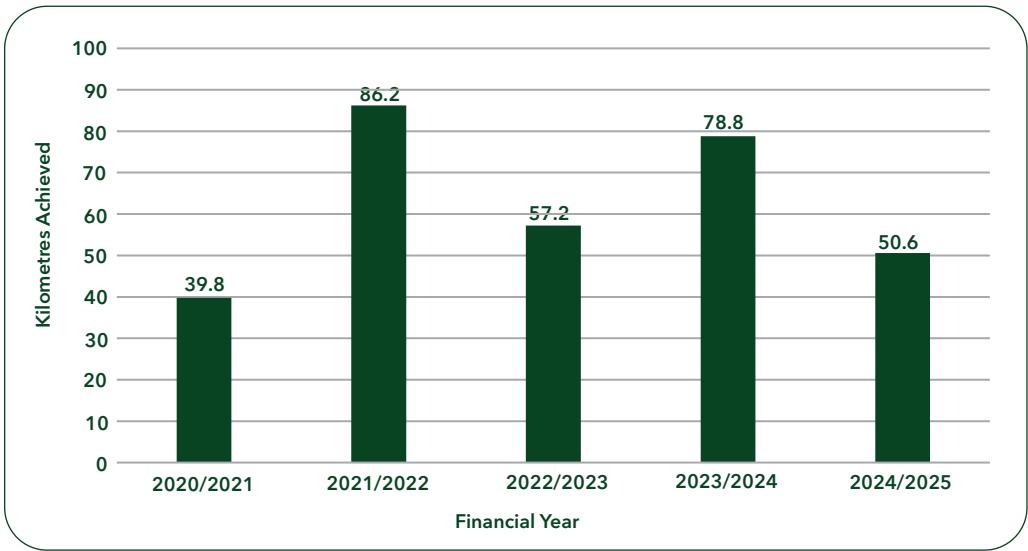
During the year under review, the Authority achieved 51.76Km against a target of 63.10Km. This is attributed to late disbursement of funds, which delayed project implementation.



Graphical representation of periodic maintenance in last five years.

2.2.5 Reconstruction and Rehabilitation

In the year under review, the Authority achieved 50.6 km against a target of 34.15 km. This is attributable to increased dual funding from Road Maintenance Levy Fund (RMLF) and Exchequer allocations.



A five-year trend analysis for Reconstruction and Rehabilitation achievements.

Over the past five years, the number of roads reconstructed and rehabilitated has shown a cyclical pattern. This fluctuation is largely attributed to the dual funding structure, where projects are financed through both the Road Maintenance Levy Fund (RMLF) and Exchequer allocations. The Exchequer component has periodically been affected by delayed disbursements and other external factors such as budgetary constraints, which in turn influence the pace of project implementation.

2.2.6 Spot Improvement to Bitumen Standards

Spot improvement refers to small-scale localized interventions at affected sections aimed at restoring the road to a safe and serviceable condition.

In the year under review, the Authority improved 75.85km of rural roads against a target of 71.98 km.

2.2.7 Public Private Partnership (PPP)

The Public-Private Partnership (PPP) model is a long-term collaboration between a government entity and a private party to deliver a public asset or service. Under this arrangement, the private partner assumes significant risks and management responsibilities, including the design, financing, construction, rehabilitation, operation, and maintenance of the project. Payments to the private partner are typically tied to performance levels. The primary objective of PPPs is to leverage private sector efficiency in infrastructure development and service delivery, ensuring value for money while improving the provision of public services and facilities.

The Ngong-Kiserian-Isinya and Kajiado-Imaroro Road Project is under implementation through the Public-Private Partnership (PPP) model using the Finance, Design, Build, Maintain, and Transfer (FDBMT) approach. The project, covering a total length of 92 km, is part of the Roads 10,000 Programme aimed at expanding Kenya's paved road network and enhancing socio-economic growth. The Provisional Completion Certificate was issued on 1st November 2020, followed by the Final Completion Certificate on 30th December 2021. The road will be transferred to the government on 20th May 2028 after the completion of the 10-year project term.

The project has achieved significant milestones, including upgrading the road to bitumen standard, commencing the Operation and Maintenance (O&M) phase in November 2020, and implementing continuous surveillance, emergency response systems, and preventive maintenance measures to ensure high service levels.

The project has also delivered substantial socio-economic benefits, boosting agriculture, trade, education, tourism, and mining activities along the corridor. Land values have increased by 50-200%, and the project created 483 jobs during

construction and 50 jobs during O&M, with more expected during major maintenance. Key lessons learnt include the following:

1. Importance of securing the Right of Way (ROW) early to avoid delays
2. Streamlining lengthy negotiation processes
3. Strengthening awareness and capacity on PPP frameworks. There is a need for the stakeholders involved to get a better understanding of PPP frameworks for effective implementation.
4. Need for robust risk management as the high traffic growth, sand mining, and timber transportation pose overloading risks affecting maintenance costs and annuity payments.

2.2.8 Axle Load Monitoring

Axle load monitoring is the process of measuring, tracking, and controlling the weight carried by each axle of a vehicle, typically trucks and trailers, to ensure compliance with road safety regulations and preservation of road infrastructure.

During the year under review, the Authority monitored 34 roads across the Coastal, Central, Nyanza, Eastern and Western regions with findings and recommendations documented in quarterly reports.

KeRRA also placed significant focus on public sensitization and capacity building for stakeholders, including transport operators and enforcement officers, to promote compliance with axle load regulations. Five regions, including West Pokot, Kwale, Laikipia, Nyeri and Nyamira, were sensitized on the importance of adhering to permissible axle load limits to safeguard road infrastructure and enhance transport safety.

Moreover, to strengthen axle load control and curb overloading, KeRRA initiated the construction and installation of four innovative virtual weighbridge stations along key project roads, namely; Mariakani - Bamba road, Ngong - Suswa road, Lanet - Pipeline - Elementaita road and Kamukuywa - Chesamis - Pondeni road. These weighbridge systems utilize High-Speed Weigh-in-Motion (HSWIM) technology to accurately detect overloaded vehicles without interrupting traffic flow. This innovation is expected to enhance compliance, protect road investments, and extend the service life of pavements.

2.2.9 Roadside Development Monitoring

This program focuses on controlling and regulating developments on road reserves, assessing the impact of roadside activities (micro-tunnelling, road cutting, and utility installations) and mitigating potential risks (land encroachment, landslides, and road inaccessibility). It also involves liaising with relevant authorities, enforcing compliance

with construction and maintenance standards, and enhancing the longevity, safety, and efficiency of rural roads. During the year, the Authority processed 25 No roadside development applications which had been received.

2.2.10 The Roads 2000 Strategy

The Roads 2000 Strategy is a road maintenance and management approach that optimizes mixed use of labour and equipment by utilizing locally available resources. The Authority has continued to implement the Road 2000 Maintenance Strategy whose main goal is to improve accessibility, improve socio-economic conditions, and reduce poverty by maintaining and upgrading low-trafficked roads in rural areas.

The key features of the strategy include:

- (i) Labour based construction and maintenance of roads to promote employment
- (ii) Utilization of Local Resource Based approach
- (iii) Training and hiring local contractors
- (iv) Rights Based approach
- (v) Strengthening managerial, administrative and technical capacities for road planning, procurement, supervision and monitoring of road maintenance and climate proofing of the relevant Road Agencies and Project Counties through training and capacity building;

The key objective of the strategy is;

- (i) To provide quality access to agricultural areas and to markets and reduce transportation costs for the majority of Kenyans through improvement and maintenance of low volume traffic roads hence alleviating poverty through these intervention measures,
- (ii) To create employment to the local community through labour-based methods and thus increasing household incomes among local communities in targeted intervention areas,
- (iii) Ensure optimum utilization of locally available resources where technically and economically feasible, and
- (iv) Enhance skills and capacity building to local contractors through training to use innovative techniques in road maintenance works.

The Strategy is currently financed by the Government of Kenya (GoK) and Development Partners; including European Union (EU), Agence Francaise de Developement (AfD) and German Development Bank - Kreditanstalt für Wiederaufbau (KfW).

2.2.10.1 ASAL Rural Roads Project

The AfD in conjunction with EU is co-financing the construction of climate-proofed rural roads. The ASAL Rural Roads Project is a collaborative initiative co-financed by the Agence Francaise de Developement (AfD) and the European Union (EU), aimed

at constructing climate-proof rural roads across Kenya's Arid and Semi-Arid Lands (ASAL). Climate proofing is the integration of climate change mitigation and adaptation measures into the development of roads. The project covers ASAL Regions of Laikipia, Meru, Tharaka Nithi, Isiolo, Samburu and Marsabit.

The Financing Agreement was signed in October 2020. The total financial outlay is 110 Million Euro comprising 60 Million Euro as Credit, 30 Million Euro as Grant and 20 Million Euro as GoK counterpart funding.

The financing is to be utilized as indicated in the table below;

Table 5: Financing Utilization

Main activities	Amount in Euro			
	Total	GoK	AFD loan	EU grant
Construction	101,072,667	21,356,000	59,800,000	19,916,667
Technical assistance	9,896,000	1,096,000	200,000	8,600,000
Grand total	110,968,667	22,452,000	60,000,000	28,516,667

Key Outputs

The Project conforms to the R2000 Strategic objective of improving the living conditions of the rural population in the target Counties. Key benefits include: -

- (i) Job creation for the local population through the use of labour based methods in construction; promoting local employment.
- (ii) Strengthening the managerial, administrative and technical capacities for road planning, procurement, supervision and monitoring of road maintenance and climate proofing of the relevant Road Agencies and Project Counties through training and capacity building;
- (iii) Knowledge transfer to contractors in labour-based technology for road design, construction and maintenance, environmental protection and sustainable natural resource management within the focal area.
- (iv) Construction of 831 km of all-weather roads, comprising of 106 km of Low Volume Seal (LVS) and 725 km of gravel roads (with concrete pavements in challenging terrain).

The total budget is Ksh13.5 billion as shown in the table below.

Table 6: Expected Outputs per county, Kms and Estimated Costs

County	Gravel	LVS	Total	
	Km	Km	Km	Cost (Ksh)
Meru	56.9	33.5	90.4	2,060,358,849
Laikipia	136.1	14.2	150.3	1,934,384,576
Tharaka Nithi	53.7	27.4	81.2	1,977,269,816
Marsabit	96.4	26.9	123.3	2,651,669,254
Isiolo	203.7	-	203.7	2,310,925,513
Samburu	178.4	4	182.4	2,572,518,401
Total	725.3	106.1	831.4	13,507,126,409

During the Financial Year 2024-2025, the Authority awarded 21 contracts under Batch 1 with a total length of 169.2 Kms. This consist of 147.7Km of gravel roads and 21.5Kms of Low volume seal roads. The construction of the roads is in various stages of implementation.

2.2.10.2 KfW Phase II Programme

The KfW has financed Phase II Rural Roads Programme in Western Kenya through a Credit facility valued at Euro 17Million and a Grant of Euro 1.2Million supplemented by GoK counterpart funding of Ksh. 225Million. The Programme aims at enhancing connectivity in Vihiga, Kakamega and Trans Nzoia Counties, with planned improvement covering 30Km of low volume seal and 80Km of gravel standard.

2.2.10.3 EU - Eastern Kenya Rural Roads Programme

The Government of the Republic of Kenya (GoK) through KeRRA is undertaking the upgrading to bitumen standard of 99 Km of Rural Roads in the Eastern Region of Kenya through five Contracts valued at Ksh. 1.94 Billion. The programme covers Embu, Tharaka/Nithi, Meru, Machakos and Makueni Counties. A total of 88Km have been completed under this programme.

2.2.11 Productivity Mainstreaming

Productivity is defined as a ratio between output and input. It is the efficient and effective utilization of resources in production of high quality and cost-effective goods and services in an environmentally sustainable manner. In the Public Sector, Productivity entails adopting optimal service delivery mechanisms through efficient and effective use of public funds. Productivity measurement and analysis informs policy direction on efficient resource allocation and utilization.

Productivity Mainstreaming was introduced in Public Service in FY 2023/2024 and it entails development, implementation and adoption of strategies and interventions that enable organizations to measure, manage and improve productivity and ultimately entrench a culture of productivity in the respective organization. The objective was to entrench a culture of productivity and provide a mechanism for measuring and improving productivity in the Public Service.

At the inception of Productivity Mainstreaming, the Authority was expected to develop Productivity Metrics, collect productivity measurement data, Compute Productivity Index and develop workplace productivity improvement strategy. Having implemented these activities, the Authority achieved a baseline productivity index of 1.783 for the year 2023/2024.

In the FY 2024/25 KeRRA's achieved an improved Productivity Index of 1.917, reflecting an improvement in institutional productivity compared to the previous financial year. According to the interpretation scale this score falls within the fair productivity category, meaning that while performance has improved, there is still room for growth.

2.2.12 Road Safety Mainstreaming

Road safety mainstreaming involves integrating road safety considerations during construction and maintenance of roads under the Authority's mandate. This ensures that road projects are designed, executed and operated with safety as a central consideration. It includes policy development and integration, institutional coordination, public awareness and education, infrastructure improvements and the development of emergency response strategies.

The ultimate goal of road safety is to preserve lives and reduce the impact of road crashes. The Authority undertook various activities during FY 2024/2025:

- (i) Undertook road safety audits along 10 No. Roads.
- (ii) Captured traffic management data on 40 No. Roads.
- (iii) Sensitization of 510 staff members in 17 Regions on road safety.
- (iv) Sensitization of 2,040 motor bike riders on road safety and provision of safety gear.
- (v) Sensitized 1,750 school children in 5 Regions (Nyandarua, Nairobi, Kericho, Kitui and Turkana) on road safety.



Road Safety awareness campaign in Nyandarua County



Issuance of safety gear to motor bike riders to promote Road Safety

2.2.13 Project Management and Quality Assurance

Project management and quality assurance are integral components in the successful delivery of infrastructure projects, ensuring that resources are effectively planned, utilized, and outputs conform to the required standards.

In the Financial Year 2024/2025, the Authority, through the Technical Audit Team, strengthened project management by conducting compliance audits of 35 road projects. The audits confirmed adherence to quality standards, industry codes, and value-for-money requirements, while also identifying risks and highlighting areas for improvement in design and construction practices. Through this, the Authority enhanced accountability, promoted efficiency, and safeguarded the quality and sustainability of road infrastructure.

2.2.14 Financial and System Audit Services

Audit Provides objective and independent assurance on the Authority's risk management, governance and internal control processes.

During the Financial 2024/2025, both Internal and External auditors provided independent opinions on governance, risk management, and control processes within the Authority's business processes and information systems. Internal audit function executed, routine audit assignments, management requests, and follow up audits as per the Approved Annual Audit Workplan whereas External Auditors (the Office of the Auditor General and Kenya Roads Board) carried out their constitutional and regulatory mandate.

The Board Audit Risk and Governance Committee directed implementation of audit recommendations covering financial, compliance, operational and technological aspects which act as a catalyst for strengthening risk management, Internal controls and governance within the Authority.

2.2.15 Monitoring and Evaluation

Monitoring and Evaluation (M&E) is a critical component in the implementation of road projects cycle in the Authority. The process ensures that projects are executed in line with set standards, budgets, and timelines while delivering value to the public.

The monitoring, evaluation and reporting committee conducted the exercise on ongoing road projects on quarterly basis as committed in the Authority's Performance Contract for FY 2024/2025 Over the reporting period, the Authority undertook regular monitoring mechanisms, including field visits, monthly progress reports and real-time data collection through digital tools (such as kobotoolbox and i-RMS system). These enabled the Authority to:

- (i) Measure progress against key performance indicators (KPIs) aligned with the Authority's annual and multi-year workplans/programme.
- (ii) Identify implementation gaps and areas requiring correction actions.
- (iii) Document lessons learned and best practices to inform future planning and scaling.

- (iv) Ensure accountability to beneficiaries by producing 4No. evidence-based reports and impact assessments.

2.2.16 ISO Certification

The Authority is transitioning from ISO 9001:2008 to ISO 9001:2015 certification, which is crucial for delivering high-quality services that meet and exceed customer expectations while ensuring compliance with statutory and regulatory requirements. The adoption of ISO 9001:2015 will strengthen organizational performance, enhance service delivery, and embed a culture of continuous improvement.

To support this transition, the Authority engaged consultancy services to guide the development and implementation of a Quality Management System (QMS) aligned to ISO 9001:2015. The key deliverables included documentation review, validation of processes and procedures, and certification. Significant progress has been made, with milestones achieved in QMS development, while certification activities such as internal audits, implementation of corrective actions, management review, and pre-certification audits are still ongoing.



Khangathini-Kavumbu Road in Machakos County

2.2.17 Risk Management

The Authority strengthened its risk management practices by monitoring existing and emerging risks and adopting appropriate mitigation measures. Recognizing the dynamic nature of risks, the Authority engaged the National Treasury to review its enterprise risk management framework and build internal capacity. Through this engagement, risk champions were trained, and key instruments were developed,

including the draft Risk Management Policy Framework, a Corporate Risk Register, Departmental Risk Registers, and a Risk Management Implementation Plan. These achievements provide a solid foundation for proactive risk identification, monitoring, reporting and enhancing the Authority's resilience and accountability.

2.2.18 Science, Technology, and Innovation Mainstreaming

Science, Technology, and Innovation (STI) are critical enablers of national development, underpinning the Government's Bottom-Up Economic Transformation Agenda (BETA) and the Fourth Medium-Term Plan (MTP IV). The STI Mainstreaming Performance Contract (PC) indicator, as outlined in the Science, Technology, and Innovation Act of 2013 (Rev. 2014), requires MDAs to integrate STI interventions in their programs and activities to accelerate the attainment of the government's development agenda.

In collaboration with the National Commission for Science, Technology, and Innovation (NACOSTI), the Authority implemented the STI Mainstreaming guidelines by integrating technology and innovation to enhance productivity, efficiency, and competitiveness. The Authority developed its first STI mainstreaming strategy and identified key strategic areas for implementation. This has resulted in collaborations and partnerships in RSTI to advance the identified strategic areas and uptake of new technologies such as digitalization of key services, while ensuring compliance with reporting requirements as stipulated in the Science, Technology, and Innovation Act, 2013.

2.2.19 Environmental and Social Sustainability

Environmental sustainability aims at promoting resource utilization, protection of the ecosystem and species, adaptation and mitigation actions against climate change. Social sustainability focuses on the well-being of people, communities and future generations by fostering social inclusion and ensuring intergenerational equity.

The Authority is committed to promoting environmental conservation and social sustainability into its processes. To contribute to this commitment, the Authority undertook the following activities in the last financial year -

(a) Promotion of Environmental and Social Safeguards

- (i) Undertook Environmental and Social Impact Assessment Studies for 20 No. projects and final reports submitted to the National Environment Management Authority (NEMA) for review and licensing,
- (ii) Carried out periodic monitoring of ongoing projects to ensure compliance to environment and social safeguards requirements, while recommending corrective actions for continuous improvement,
- (iii) Undertook 4No. Environmental and Social Audits for recently completed projects.

- (iv) Carried out 3No. Workshops to create awareness and sensitize Staff on Environment and Social sustainability.
- (v) Promotion of Environmental Protection and Conservation through Stakeholder Partnerships.

(b) Tree Growing Initiatives

The Authority is committed to enhancing environmental conservation by securing riparian lands, water towers, improving the national forest cover and other measures to facilitate sustainable development. This supports the Presidential initiative to plant 15 billion trees by 2032.

In partnership with the Kenya Forest Service (KFS), Ministry of Interior and National Administration, Educational and Health institutions, the Authority planted a total of 574,218 trees across its 47 Regions. Sustainability measures have been put in place to ensure maximum survival of the planted trees. These measures include;

- (i) Collaboration with Community Forest Associations (CFAs) in charge of respective forest sections where the Authority planted trees. The CFAs are tasked with periodic maintenance of the planted seedlings until maturity.
- (ii) Trees planted within the Authorities Camp Sites, Regional Offices and road reserves are maintained by respective regional officers.
- (iii) In educational institutions, adopt a tree strategy was employed where students from schools where trees were planted are given prerogative to take care of a given number of planted trees.



Roads and Transport Cabinet Secretary Davis Chirchir leading in the restoration of the Dongo Kundu-Miritini Mangroove Forest.



KeRRA Ag. DG Eng. J.K. Magundu plants a tree at Barabara Plaza, joined by CS Roads & Transport Davis Chirchir, PS Roads Eng. Joseph Mbugua, and other dignitaries.

2.2.20 Value of Procured Works

In the reporting period, the Authority procured roadworks valued at Ksh 17.71 Billion funded under Road Maintenance Levy Fund and GoK Exchequer. The value of the procured works as segregated by funding source as per the table below;

Table 7: Total Value of Procured Works

Funding Source	Amount (Kshs'000,000,000)
22% RMLF Constituency roads	8.47
10% RMLF critical link roads	3.91
10% Emergency Interventions	0.51
GoK Exchequer	4.82
Total	17.71

2.2.21 Access to Government Procurement Opportunities (AGPO)

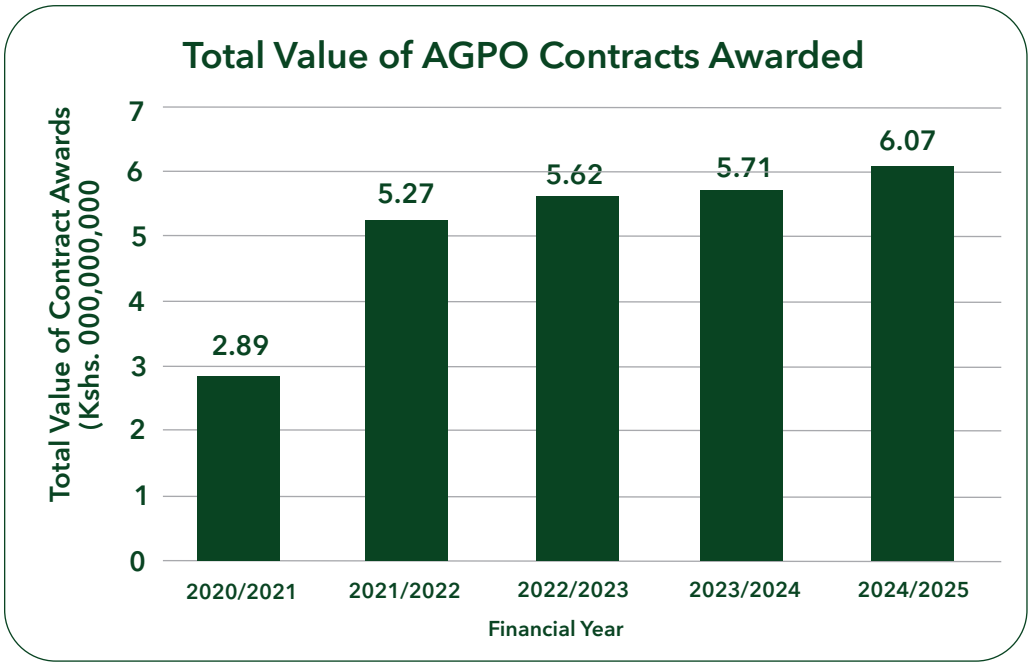
KeRRA has adhered to Public Procurement and Asset Disposal Amendment Regulations 2013 (amended in 2020) that requires all public procurement entities to set aside at least 30 per cent of their procurement budget for purposes of procuring goods, assets, works and services from micro and small enterprises owned by youth, women and persons living with disabilities (PWDs).

During the year under review, the Authority awarded Kshs. 6.07Billion to special groups under AGPO (Youth, Women, and Persons living with Disabilities (PWDs)) as per the Public Procurement Circular No.1/2014. The distribution is as in the table below:

Table 8: Total value of AGPO contracts awarded

Special Group	Value (Kshs'000,000,000)	Allocation (%)
Persons with Disabilities (PWD)	1.94	32
Women	2.13	35
Youth	2.00	33
TOTAL	6.07	100

A five-year analysis of the AGPO contracts awarded is as per the graph below;



2.2.22 Management of Public Complaints/Information Requests

Effective management of stakeholder feedback is a fundamental principle and of strategic essence to the Authority. The Authority endeavors to remain responsive and accountable to all stakeholders towards effective service delivery, compliance with the law, and meeting stakeholder expectations.

In handling stakeholder complaints and inquiries, the Authority is guided by the Commission on Administrative Justice (CAJ).

In the reporting period, the Authority filed returns on the handled complaints and

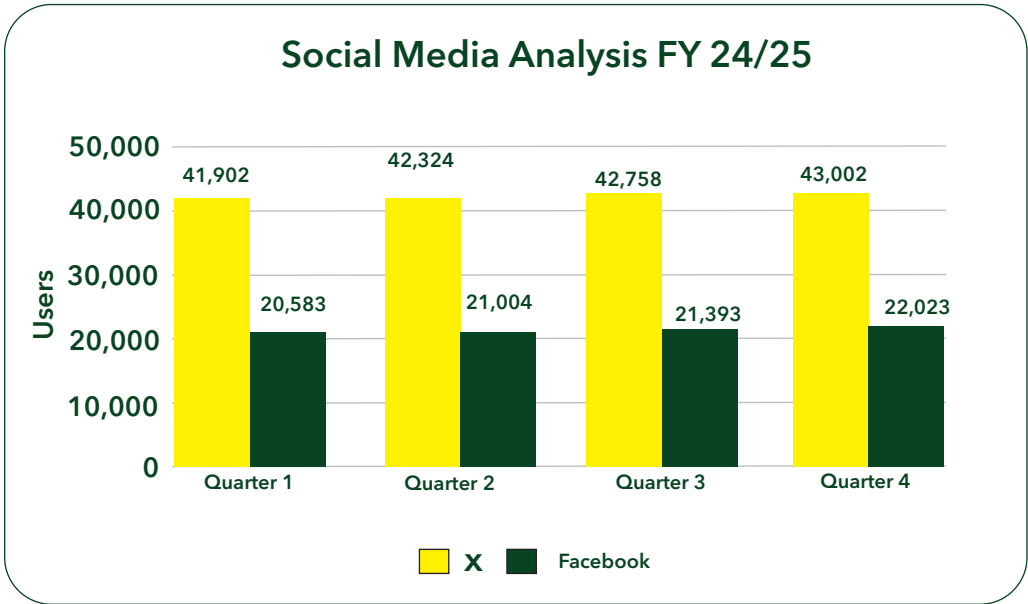
information requests to the CAJ, who rated the Authority's performance at 99%, classified as Very Good under their criterion.

2.2.23 Analysis of KeRRA Social Media Platforms in the Financial Year 2024/2025

The Authority continues to leverage on Social Media platforms to communicate in an increasingly digitized world. The ability to disseminate critical information to stakeholders and process feedback has become a critical and strategic anchor of the organization.

In addition, the Authority's social media platforms are an essential branding and reputation management tools which have enabled the Authority to position itself as a reliable provider of road infrastructure countrywide. Through feedback from Social Media platforms, the Authority has assessed the level of effectiveness of its projects and programs.

During the reporting period, the Authority registered impressive growth on its main social media platforms, namely X account and Facebook, and an analysis of the same is as shown in the graph below:



2.2.24 Corporate Social Responsibility (CSR)

During the Financial Year 2024/2025, the Authority reaffirmed its strategic commitment to fostering inclusive and sustainable community development. This reflects the Authority's broader mandate to not only deliver on its core regulatory functions but also proactively improve the well-being of the communities in which it operates.

The CSR initiatives implemented had a tangible and far-reaching impact, particularly among vulnerable and marginalized groups. To promote equitable access to education, the Authority supported several education-focused projects, including the donation of furniture to Bububu Junior Secondary School and Thome Comprehensive Junior Secondary School, significantly improving the learning environment for pupils. To promote environmental conservation, the Authority spearheaded tree-planting campaigns, most notably in the Maragoli Hills and Chemususu forest, contributing to ecosystem restoration and climate change mitigation.

Additionally, the Authority supported Tunyai Children Centre and Springs of Hope Rehabilitation Centre, which offers care and shelter to vulnerable children.



KeRRA's stand at the South Eastern National Show ground in Machakos County during ASK Show on 2nd - 6th June, 2025.

Table 9: CSR activities carried out in FY 2024/2025

NO.	PROJECT NAME	PARTICIPANTS/SCOPE	DETAILS	LOCATION	DATE	AMOUNT (Kshs)
1.	Association of Engineering Students-TUK	KeRRA staff, government Agencies, and Student bodies	Conference for the Associates of Engineering Students in Kenya	Nairobi County	November, 2024	200,000
2.	Chemusuu Half Marathon	KeRRA staff and other agencies supporting the programme	Sponsorship fee to focus on conserving the Chemusuu Dam and its catchment area	Baringo County	October, 2024	851,200
3.	Dorothea Rescue Centre (Children's Home)	PAC Department and a team of Staff Golfers participated	A charity event to support educational needs for the vulnerable children	Machakos County	December, 2024	312,250
4.	Kaptama Health Centre-Dispensary	The CSR committee witnessed the handover of the furniture	Request for financial assistance to attend patients' needs. Donations include 10 beds with mattresses	Bungoma County	January, 2025	593,500
5.	AGC Tipet Girls' High School	The CSR committee witnessed the handover of the foodstuffs	Purchase of dry foodstuffs, stationery, and beddings for the needy students	West Pokot County	March, 2025	411,500
6.	Engineering Students Association Annual Conference (ESA)	PAC Department, government Agencies, and Student bodies	Conference for the Associates of Engineering Students in Kenya	Nairobi County	March, 2025	500,000
7.	Nyeri Hospice Charity Tournament	KeRRA golfers' team, PAC, Regional Office staff, and Associated agencies	A charity event to support the hospice that supports terminal ill patients	Nyeri County	March, 2025	419,800
8.	Bububu Junior Secondary School	PAC Department and the Regional Office Staff	Request for support of Furniture/desks for learners Donations received were 100 desks and 100 chairs	Tana River County	May, 2025	603,400

NO.	PROJECT NAME	PARTICIPANTS/SCOPE	DETAILS	LOCATION	DATE	AMOUNT (Kshs)
9.	Mater Heart Run	KeRRA staff, the Public, and other agencies supporting the cause	Catholic Mission in support of Children with heart defects	Nairobi County	May, 2025	500,000
10.	Springs of Hope Rehabilitation Centre	CSR representatives and, PAC Department attended the handover of the stuff	A request to support the vulnerable children in purchasing foodstuffs, stationery, and toiletries	Nairobi County	June, 2025	330,000
11.	Tunyai Children's Centre (TCC)	PAC Department	A children's home requesting foodstuffs and the construction of a toilet	Tharaka Nithi County	June, 2025	541,100
12.	Thome Comprehensive Junior Secondary School	PAC Department	Request for support of furniture for learners Donations received were 57 desks and 57 chairs	Kiambu County	June, 2025	259,500
13.	Maragoli Hills Community Forest Association	KeRRA staff (HQ) and Regional Office staff	Invitation for a partnership and support Adopt a section within the forest and plant tree seedlings	Vihiga County	June, 2025	554,300

2.2.25 Digitalization of the Authority's Services

The Kenya National Digital Master Plan 2022-2032 serves as a roadmap for harnessing ICT to accelerate economic growth. It is anchored on four key pillars - Digital Infrastructure, Digital Government Services, Digital Skills, and Digital Innovation - which collectively drive the delivery of digital services to citizens, businesses, and other stakeholders.

The implementation of this Master Plan leverages ICT to enhance efficiency in information management and public service delivery through the digitization of government records and digitalization of 5,000 government services.

In alignment with this vision, the Authority's Strategic Plan (2023-2027) underscores the vital role of digitalization in improving service delivery efficiency. Consequently, it prioritizes the acquisition and deployment of business-oriented information systems. Over the years, the Authority has developed and implemented modules covering Finance, Human Resource, Payroll, ICT, Procurement, Stores, Case Management, and the Integrated Road Management System (i-RMS). The focus has shifted to continuous training, user support, and enhancement of sub-modules.

In the year under review, the Authority enhanced four (4 No.) sub-modules to further strengthen the following processes:

- (i) Tender Processing
- (ii) General/Project Correspondences
- (iii) Supplier and Vendor Registration
- (iv) Contract Management

The Authority also reviewed its business continuity/disaster recovery plan to ensure that it remains relevant and maintains the resilience and recovery capabilities of the Authority's critical business systems and processes, taking into account the additional automated processes.

In addition, the Authority upgraded its website to improve user experience, visibility, mobile responsiveness, and security. Other benefits of the upgrade include improved brand image, increased stakeholder interaction, and site performance.

2.2.26 National Values and Principles of Governance

National values and principles of governance are essential in the planning and execution of national policies, programs and projects for effective service delivery as envisaged in Sessional Paper No. 8 of 2013 on National Values and Principles of Governance. In line with this, the Authority submitted a report to the Directorate of National Cohesion and Values on measures taken and progress achieved in the realization of National Values and Principles of Governance.

In the year under review, the Authority undertook the following activities:-

- (a) Support to the five pillars of the Government Plan (BETA 2022-2027): Agriculture, Entrepreneurship (MSME), Housing and Settlement, Digital Superhighway, Creative Economy and Improved Healthcare for all Kenyans. Under this commitment the Authority:
 - (i) Constructed access to Galana-Kulalu irrigation project,
 - (ii) Trained small-scale contractors on labour-based techniques and offered them with trial contracts,
 - (iii) Trained contractors on tender documentation and bidding and access to financial resources,
 - (iv) Provided access to county aggregation park at Mwea Irrigation Scheme.
- (b) Enhanced adherence to the provisions of Article 10 of the Constitution through civic education, training and sensitization and mainstreaming of national values and principles of governance. Under this commitment the Authority:
 - (i) Carried out two group staff training programmes on the provisions of the Constitution on national values and principles of governance,
 - (ii) Trained members of the KeRRA National Values Committee on national values and principles of governance,
 - (iii) Trained members of 5 Constituency Roads Committees on national values and principles of governance,
 - (iv) Prepared sensitization materials on national values and principles of governance and publicized them in the Authority's website.
- (c) Implemented measures to promote accountability and openness in the management of public affairs and institutions. Under this commitment the Authority:
 - (i) Sensitized members of staff on Leadership and Integrity Act,
 - (ii) Established a toll-free line-0800 721901 to report on complaints/compliments/emergencies.
 - (iii) Established an information dissemination query.
- (d) Continued to implement measures to protect the environment and mitigate climate change. Under this commitment the Authority:
 - (i) Mainstreamed the Environmental & Social Sustainability Policy,
 - (ii) Undertook 3.No. workshops to create awareness and sensitize staff both from the Headquarters and Regions on environmental sustainability,
 - (iii) Carried out 20 No. Environmental & Social Impact Assessment (ESIA) Studies for New Projects,
 - (iv) Undertook Environmental & Social Audits (ESAs) for 4 No. completed Projects.

CHAPTER

3

Assessment of the Degree to which Performance Targets have been achieved

3.1 Performance Contract Achievements Financial Year 2024/2025

In the Financial Year 2024/2025, the Authority recorded improvements in the execution of its Performance Contract commitments. A key contributor to this progress was the securitization of funds which enabled the Authority reduce its pending bills. Consequently, the Authority was able to restore continuity in previously stalled projects, thereby strengthening the delivery of core mandate indicators and enhancing overall performance outcomes.

The evaluation criteria below guided the performance scoring

Table 10: Evaluation Criteria

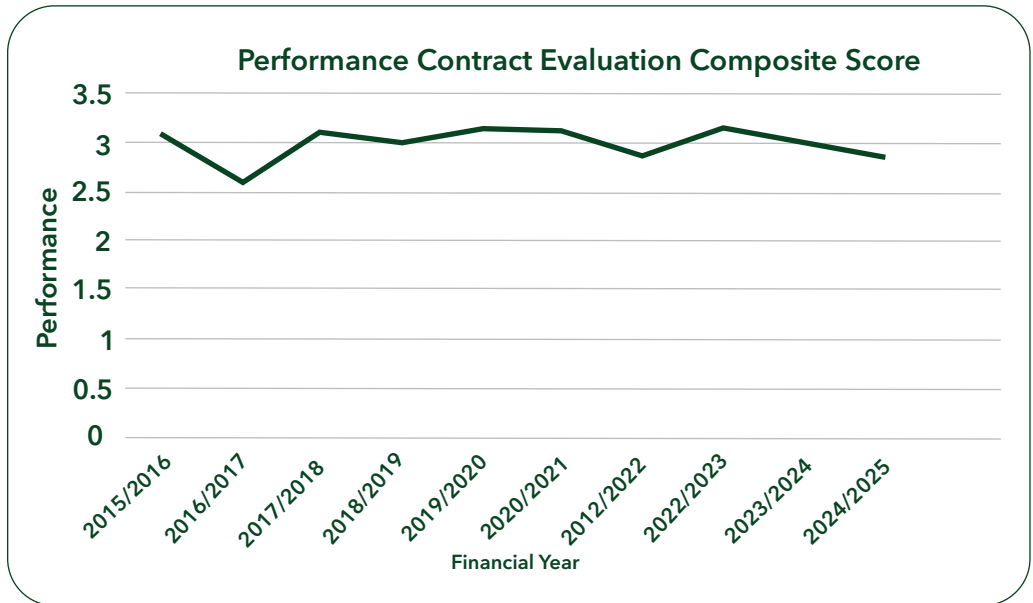
Performance Grade	Criteria Value Range	Performance Evaluation Methodology
Excellent	$1.00 \leq X \leq 2.40$	130% - 200%
Very Good	$2.40 \leq X \leq 3.00$	100% -130%
Good	$3.00 \leq X \leq 3.60$	70% - 100%
Fair	$3.60 \leq X \leq 4.00$	50% - 70%
Poor	$4.00 \leq X \leq 5.00$	0% - 50%

Below is Performance Contract Evaluations Comparative Analysis for the last ten (10) financial years;

Table 11: Assessment of Performance Contract Evaluation Composite Score

Financial Year	Evaluation Composite Score Performance Contract	Performance
2015/2016	3.0963*	Good
2016/2017	2.6123*	Very Good
2017/2018	3.1158	Good
2018/2019	2.9812	Very Good
2019/2020	3.1363	Good
2020/2021	3.1026	Good
2021/2022	2.8700	Very Good
2022/2023	3.1387	Good
2023/2024	2.9991	Very Good
2024/2025	2.8659*	Very Good

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



3.2 Contribution of the Authority to the attainment of Kenya Vision 2030 and Fourth Medium Term Plan (MTP IV) 2023-2027

3.2.1 KeRRA's Role in Vision 2030

The Kenya Rural Roads Authority (KeRRA) plays a critical role in the implementation of Kenya Vision 2030, the country's long-term development strategy aimed at transforming Kenya into a newly industrializing, middle-income nation. As the

Authority responsible for the development, maintenance, and management of rural roads, KeRRA contributes directly to the infrastructure pillar of the vision, which is a key enabler of economic, social, and political transformation.

One of KeRRA's core contributions is improving rural connectivity. By constructing and upgrading roads in remote and underserved areas, KeRRA opens up access to markets, schools, hospitals, and other essential services. This enhances agricultural productivity, promotes trade, and facilitates the movement of people and goods. Such development is crucial in supporting the economic pillar of Vision 2030, especially in sectors like agriculture and tourism.

KeRRA also promotes regional equity and poverty reduction by ensuring that rural communities are not left behind in national development. Better roads reduce isolation and provide new economic opportunities, contributing to improved living standards and social inclusion. Additionally, KeRRA's projects create employment for local residents, empower small contractors, and stimulate rural economies aligning with Vision 2030's goals of inclusive growth and social equity.

Furthermore, in the context of devolved governance, KeRRA supports county governments in implementing road projects that reflect local needs. This enhances participatory development and strengthens devolution, which is a key component of the political pillar of Vision 2030.

3.2.2 KeRRA's role in implementation of the Fourth Medium Term Plan (MTP IV)

The Kenya Rural Roads Authority (KeRRA) is a cornerstone of infrastructure development in rural Kenya and plays a critical role in the successful implementation of the Fourth Medium Term Plan (2023–2027). By improving rural road networks, KeRRA promotes economic empowerment, enhances service delivery, strengthens devolution, and supports environmental sustainability. Its alignment with the Bottom-Up Economic Transformation Agenda positions it as a key enabler of inclusive growth and national development. As Kenya works towards achieving the goals of Vision 2030, KeRRA's continued investment in rural infrastructure will be vital in ensuring that no region or community is left behind.

KeRRA is among the foundations for economic transformation enabling the realization of MTP IV through the following:

- (i) Development, maintenance and rehabilitation of National Secondary Trunk Roads to ease access to resources and services for socio-economic transformation.
- (ii) Provision of technical support to County Governments on road management

- (iii) Supporting take-off of industrialization in the rural areas.
- (iv) Optimization of financial, human and technological resources to provide quality infrastructure.
- (v) Distribution of National Secondary Trunk Roads development in a manner that promotes social equity.
- (vi) Capacity building for efficient and effective planning, contracting and construction of infrastructure.
- (vii) Enhancement of Road Safety
- (viii) Reduction of road user costs, travel times and vehicle operating costs.



A completed section of Maseno-Kombewa-Kaladini and Maseno Town Roads in Kisumu County.

CHAPTER 4

Assessment of Adequacy of Roads Funding

4.1 Funding Sources

The Authority's primary funding sources are the Exchequer, Road Maintenance Levy Fund (RMLF) and Development Partners.

During the Year under review, the Authority received Ksh 86.5 Billion from the various funding sources as indicated below:

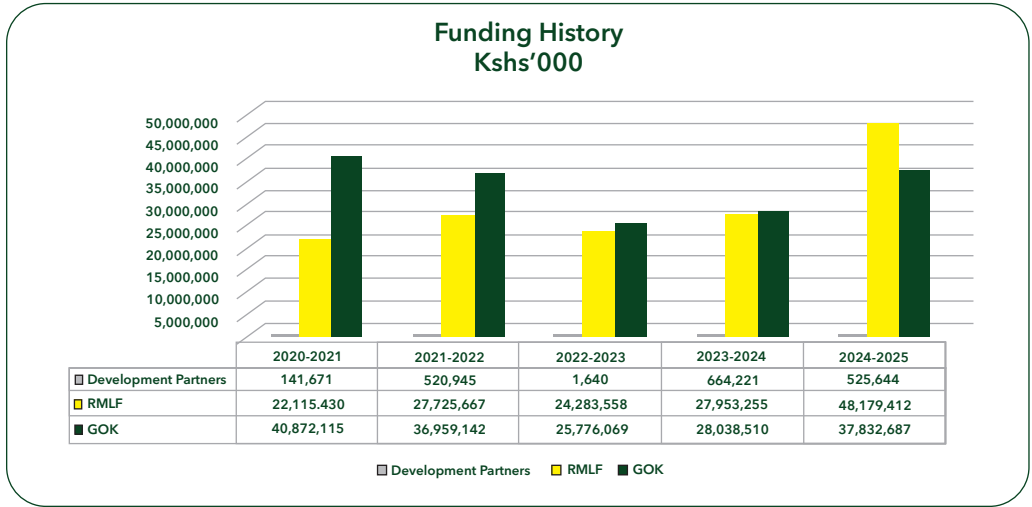
Funding Source	Activity/Cost Centre	Amount	Total Amount
Exchequer	Developments projects	Kshs 24.4 billion	Ksh. 37.8 Billion
	Spot improvement projects	Kshs 13.4 billion	
RMLF	10% RMLF critical link Allocation	Kshs 4.05 billion	Ksh. 48.2 billion
	10% Emergency allocation	Kshs 1.75 billion	
	22% RMLF Constituency Allocation	Kshs 11.3 billion	
	RMLF Operations	Kshs 4.1 billion	
	KRB securitization	Kshs 27 billion	
Development Partners			Ksh. 525.64 Million
Total			Ksh. 86.5 Billion

4.1.1 Adequacy of Roads Funding

The Authority in the period under review received Kshs. 86.5 Billion against a resource requirement of Kshs. 104.3 billion (KeRRA Strategic Plan 2023 - 2027). This shows an under funding estimated at Kshs.17.8 Billion against the Authority's financial requirements.

The Authority’s original budget estimates in the year under review was Kshs. 95.6 Billion which was underfunded by Kshs. 9.1 Billion. The Authority’s outstanding payables (pending bills) was Kshs 52.1 Billion as compared to the previous period of Kshs. 68.97 Billion representing a decrease of approximately 24.40% in pending bills. Notwithstanding the foregoing, the pending bills reduced due to securitization of Road Maintenance Levy Fund (RMLF) allocation of KShs. 27 billion.

The historical funding of the Authority over the last five years is as shown in the graph below;



4.2 Condition of the Road Network in the Country

In the last 10 years, the Government of Kenya, has carried out significant development and rehabilitation of the road network in the country including opening up of new roads. The Countrywide Road Inventory and Condition Survey (2024) showed that the road network has grown to 239,122 kms from 161,457kms by 2016 (Kenya Roads Register, 2016). The paved network has also increased to 25,410.69 kms from 14,000kms in 2014.

The Authority has a total road network of 28,150Kms which is an increase from 19,525kms in 2016. A total of 5,163Kms are paved. The unpaved road network consists of 15,441Km of gravel roads, and 7,546Km of earth roads according to Road Inventory Condition Survey, 2024.

4.3 Degree of Change

At its inception in 2009, the Authority managed a paved road network of 2,680 km. Since then, it has cumulatively upgraded 8,504.58 km to bitumen standard –an average

of 532 km annually. This represents a threefold increment in the paved road network, underscoring significant progress in the expansion of the rural roads network.

Conversely, it is noted that the current paved network under the Authority is 5,163Km following reclassification of 3,368Km to a higher category now managed by the Kenya National Highways Authority.

4.4 Projected Optimal Level of the Road Network

The Authority has a total road network of 28,150Kms out of which 5,163Kms are paved. The unpaved Road Network consists of 15,441Kms of gravel roads and 7,546Kms of earth roads. To achieve the projected optimal level of 28,150Kms, the Authority plans to upgrade 22,987Kms.

The realization of this projected optimal level of the road network is premised on the following assumptions: -

- (i) Revenue requirements from the exchequer and development partners will be realized and sustained.
- (ii) Stable macro-economic and political environment.
- (iii) Stability in the monetary and fiscal policies.
- (iv) Sustained stakeholders support to the Road Sector.
- (v) Timely disbursement of funds
- (vi) Conducive weather conditions.
- (vii) Stability in the legal framework.

4.5 Extent of Financing required to meet optimal level

The Authority's mandated network is 28,150Kms out of which 22,987Kms remains unpaved. The optimal level of financing required to upgrade the unpaved road network is approximately Kshs. 1.15Trillion. The optimal annual funding is Kshs. 95Billion for construction and maintenance of the total road network. This funding trend shows that the projected period to achieve this optimal level is twelve years.



The KeRRA Axle Load Control Unit, in collaboration with other government agencies, is continuing its campaign to educate truck drivers and citizens about axle load limits in Nyamira County.

CHAPTER 5

A Review of Technical Adequacy and Proven Cost Efficiency of Road Management Operations

The Authority has adopted a range of strategies to enhance operational efficiency in road management, with measures focused on strengthening technical capacity and improving cost-effectiveness. These include:

- (i) The Low Volume Seal contracting model, designed for low-traffic roads, typically rural and feeder roads. It is a performance-based approach in which contractors are responsible for both construction and maintenance over a specified period. The model enhances cost efficiency by delivering affordable paved roads in areas where traffic volumes do not justify conventional designs.
- (ii) Implementation of Virtual Weighbridge Stations to enhance operational efficiency by facilitating real-time vehicle weight monitoring, reducing congestion associated with physical weighbridges and contributing to the preservation of road infrastructure.
- (iii) Leveraging the internal capacity in the design of road works and the supervision of contracted works, thereby enhancing institutional competences and reducing reliance on external consultancy.
- (iv) Continuous training and development of staff to enhance capacity and ensure alignment with current market trends.
- (v) Implementation of technologies that are designed to reduce operational costs, including the use of networked printers, outsourcing of printing and document management services, the use of emails, and the use of IP telephony for internal communication and virtual meeting
- (vi) Utilization of new survey technologies, such as the Global Navigation Satellite System (GNSS), resulting in the reduction of field survey time and increased outputs.
- (vii) Development and implementation of a Quality Management System to sustain efficiency and quality improvement through streamlined processes.
- (viii) Implementation of Enterprise Resource Planning (ERP) system to integrate and streamline core business processes across the Authority into a unified system to improve efficiency, data accuracy, and decision-making.
- (ix) Adoption of a risk-based approach for efficient resource allocation to address

critical risks, fostering informed decision making and strengthening operational resilience and reputation.

- (x) Collaboration with Development Partners in strengthening technical adequacy and institutional capacity.
- (xi) Continuous implementation of the Business Continuity and Disaster Recovery (BC&DR) Plans to strengthen the Authority's resilience by enabling recovery from disruptions within the defined Recovery Time Objective (RTO) and minimizing data loss in accordance with the established Recovery Point Objective (RPO).



KeRRA staff taking part in the World Day of Remembrance for Road Traffic Victims along Nithi Bridge in Tharaka Nithi County on 17th November, 2024.

CHAPTER 6

Coordination between Authorities and Regional Entities

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

Table 12: Coordination Summary

No.	Regional Entity	Nature of Coordination/ Engagement	Challenges	Recommendation
Government Agencies				
1.	National Land Commission (NLC)	Gazettement, valuation, compliance with legal frameworks, planning and Information Sharing and compensation of land for land acquisition purposes	(i) Delays in Land Acquisition (ii) Compensation disputes (iii) Budgetary gaps (iv) Encroachments and informal settlements (v) Legal challenges	(i) NLC to fast track gazettement, valuation and compensation of PAPs (ii) Early planning and acquisition (iii) Adequate budgetary allocations (iv) Strengthening engagement and institutional framework (v) Safeguarding road reserves
2.	Kenya Power	Relocation of power lines	(i) Delays in relocations (ii) High costs of relocations (iii) Coordination and communication gaps (iv) Road projects progress slows down while awaiting relocation of power infrastructure.	(i) Inter-Ministerial Meetings (RDCC) (ii) Early and structured coordination (iii) Integrated land Use and wayleave management (iv) Fast-tracking approval processes for relocation of services

No.	Regional Entity	Nature of Coordination/ Engagement	Challenges	Recommendation
3.	National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA)	<ul style="list-style-type: none"> (i) Establishment of workplace awareness programs. (ii) Policy and compliance support. (iii) Staff training (iv) Provision of counselling and rehabilitation services 	<ul style="list-style-type: none"> (i) Divergent core mandate (ii) Resource constraints (iii) Coordination challenges 	<ul style="list-style-type: none"> (i) Outline areas of collaboration (ii) Improve communication and streamline activities (iii) Capacity building
4.	National Syndemic Disease Control Council (NSDCC)	<ul style="list-style-type: none"> (i) Workplace HIV/ AIDS and wellness programs (ii) Sensitization (iii) Policy implementation (iv) Capacity building 	<ul style="list-style-type: none"> (i) Limited funding for joint programs (ii) Inadequate follow up mechanisms to measure long-term impact of interventions (iii) Stigmatization (iv) Competing priorities in the organizations 	Prioritization of Syndemic Diseases interventions and collaboration.
5.	State Department for Gender and Affirmative Action The National Gender and Equality Commission	<ul style="list-style-type: none"> (i) Mainstreaming of Gender issues in the operation framework of KeRRA (ii) Awareness creation (iii) Policy Formulation 	Acquiring the legal threshold in terms of gender representation in KeRRA staff population.	Affirmative Action in KeRRA operations to ensure gender balance.
6.	National Council for Persons with Disabilities (NCPWD)	<ul style="list-style-type: none"> (i) To promote access to information and services by persons living with disability through ensuring a PWD - friendly work environment. (ii) Awareness Creation (iii) Carrying out disability accessibility Audits 	<ul style="list-style-type: none"> (i) Insufficient installation of PWD friendly facilities (ii) Acquiring the legal threshold on representation for PWDs 	<ul style="list-style-type: none"> (i) Gradual installation of facilities to ease access by PWDs. (ii) Affirmative Action in KeRRA operations to ensure more PWDs are onboarded
7.	National Construction Authority	Professional training, contractor accreditation and assessment.	Insufficient collaboration with industry stakeholders	Improved cooperation with industry stakeholders.
8.	Public Procurement Regulatory Authority (PPRA)	<ul style="list-style-type: none"> (i) Overseeing and regulating public procurement processes by ensuring transparent, fair, and efficient 	<ul style="list-style-type: none"> (i) Inefficiencies in procurement appeals review process. (ii) Capacity constraints due to inadequate training 	<ul style="list-style-type: none"> (i) Strengthened and streamlined procurement appeals review process.

No.	Regional Entity	Nature of Coordination/ Engagement	Challenges	Recommendation
		procurement practices are adhered to. (ii) Competence enhancement of supply chain professionals.	(iii) Delayed feedback	(ii) Strengthened transparency, accountability, and dispute resolution. (iii) Continuous capacity building programs
9.	Kenya Institute of Supplies Management (KISM)	Licensing, and Capacity building of Supply Chain Professionals.	Limited scope of capacity building programmes.	Broaden capacity building programmes scope
10.	National Environment Management Authority (NEMA)	Issue EIA Licenses for road projects and inspection/ monitoring of compliance status.	(i) Delayed issuance of EIA Licenses. (ii) Non-compliance with the NEMA licenses conditions.	(i) Fast tracking issuance of NEMA licenses. (ii) Continuous implementation of compliance mechanisms.
11.	County Governments	Collaboration as per the Inter-Governmental Relations Act	(i) Lack of a comprehensive collaboration framework. (ii) Inconsistent tax regime by County Governments.	Provision of input on a collaboration framework and tax policies.
12.	KeNHA and KURA	Collaboration on common functions e.g. Axle load monitoring, planning and budgeting, traffic control, road safety, development of road related policies, etc.	Inadequate sectoral budgets, increased road accidents/ fatalities, overloading, missing links, inadequate inter-agency coordination in road construction and maintenance, etc.	Enhanced inter-agency coordination,
13.	National Government Constituency Development Fund (NG-CDF)	Engagement with Constituency Roads Committees (CRCs)	Frequent changes in the Annual Roads Works Programme (ARWP)	Prioritize road works as per the Finance Act, 2009
14.	Kenya Forest Service	Collaboration in Environmental Conservation Programmes	Delayed acquisition approvals for road corridors traversing forests	Implement collaborative framework between KeRRA and KFS
15.	Kenya Roads Board (KRB)	(i) Approve Annual Road Works Programme (ARWP) (ii) Disbursement of RMLF allocations (iii) Undertake technical, performance and financial audits	(i) Delay in disbursement of RMLF (ii) Unanticipated changes in budget ceilings (iii) Inadequate stakeholder engagement in reclassification of roads	(i) Fast-tracking disbursement of funds. (ii) Enhanced stakeholder collaboration

No.	Regional Entity	Nature of Coordination/ Engagement	Challenges	Recommendation
16.	The Parliament	(i) Enactment of enabling legislation on the road sector. (ii) Legislative oversight to ensure compliance with the Roads Act and other relevant laws (iii) Budget approval and resource allocation	Delay in the enactment of an enabling legislation.	Submission of input on relevant legislative amendments.
17.	Ministries, Departments and Agencies (MDAs)	(i) Policy guidelines (ii) Approval of budgets, work-plans (iii) Disbursement of funds	(i) Delay in disbursement of funds (ii) Delay in approval of budgets, work-plans (iii) Emerging policy uncertainties	(i) Engage the Ministry to fast-track disbursement of funds (ii) Engage respective MDAs to fast-track approval of budgets and work-plans (iii) Effective collaboration.
18.	Research Institutions & Institutions of Higher Learning	Research in Road Development, Maintenance, Financing and Material Testing	(i) Inadequate Budget, (ii) Inadequate uptake of research innovations	(i) Increased investment in Research and Development (ii) Improved collaboration between academia and industry
19.	Ministry of Lands	(i) Land policy guidelines (ii) Cadastral Plans	Unavailability of Cadastral plans in areas where land adjudication and registration processes are incomplete.	Improved collaboration.

Development Partners

1.	(a) Arab Bank for Economic Development in Africa (BADEA) (b) German Development Bank (KfW) (c) Agence Française de Développement (AFD) (d) World Bank (e) European Union (EU)	(i) Issuance of "No Objections" (ii) Disbursement of funds	Bureaucratic bottlenecks	Engage with the relevant development partners to accelerate the release of funds
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CHAPTER 7

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

7.1 Degree of realization of the objectives of the Kenya Roads Act 2007

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

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

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

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

Item No.	Provision of the Kenya Roads Act, 2007	Level of Compliance
1.	Part I on the title, commencement and interpretation	The Authority takes cognizance of the title and commencement date of the Act and definitions attached to the key terms in part I of the Act.
2.	Part II on the Establishment of the various Roads Authorities, functions of the Authority and the constitution of the Board of Directors	<ul style="list-style-type: none"> (i) The Authority operates as a legal entity and discharges its functions in the management, development, rehabilitation and maintenance of rural roads as stipulated in the Act. (ii) The composition of the Board of Directors is as per the provisions of the Act. (iii) The Board conducts its affairs and business as per the stipulations of the Act.
3.	Part III on the administration of the Authority	<ul style="list-style-type: none"> (i) The Chairman and members of the Board, hold office for a period of three years from the date of appointment and are eligible for re-appointment for one further term. (ii) The recruitment of staff and operations of the Authority are in line with the Act.

Item No.	Provision of the Kenya Roads Act, 2007	Level of Compliance
4.	Part IV on the powers of the Authorities generally	The Authority exercises its powers by: <ul style="list-style-type: none"> (i) Effectively managing, developing, rehabilitating, and maintaining rural roads, (ii) Enforcing road safety and axle load regulations, (iii) Ensuring adherence to prescribed quality standards, providing technical support in line with its mandate.
5.	Part V on financial provisions	The Authority manages its finances as per the provisions of the Act. This includes: - <ul style="list-style-type: none"> (i) Utilizing funds allocated to it as defined in the Act. (ii) Investing funds as per the Act. (iii) Participation in preparation of Roads Sector Investment Programme. (iv) Preparation and submission of Annual Road work plans. (v) Preparation and adhering to Budgets in each financial year. (vi) Keeping of proper books of accounts and preparation of Annual Financial statements (vii) Ensuring Audit of the financial statements by the Auditor-General. (viii) Ensuring sound financial management of the Authority
6.	Part VI on Miscellaneous provisions	The Authority abides by the miscellaneous provisions of the Act in the discharge of its mandate. This is in regard to: - <ul style="list-style-type: none"> (i) Protection of employees from liability for bonafide acts done in the course of duty. (ii) Performance agreement obligations. (iii) Submission of Annual Report to the Cabinet Secretary. (iv) Cabinet Secretary's power of direction. (v) Preparation of regulations. (vi) Classification of roads. (vii) Inventory of roads. (viii) Structures and other works on, over and below roads. (ix) Compliance with the provisions of the Roads Act 2007. (x) Confidentiality of information. (xi) Offences under the Act. (xii) Submission of returns.

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

CHAPTER 8

Approved Annual Financial Statements

8.1 Annual Financial Statements

In line with the Public Financial Management (PFM) Act, 2012, Section 14 of the State Corporations Act, and the Kenya Roads Act, 2007, the Authority prepared its annual financial statements for the Financial Year 2024/2025 in accordance with International Public Sector Accounting Standards (IPSAS). These statements were submitted to the relevant statutory bodies within the prescribed timelines.

8.2 Report by the Auditor General

In accordance with the Public Audit Act of 2003, the Authority submitted the financial statements for the FY 2024/2025 to the Office of the Auditor General, Kenya.



Rumuruti-Sipili-Ndindika Road connecting Nyandarua and Laikipia Counties.

CHAPTER

9

Conclusion

In the financial year under review, KeRRA registered significant progress towards advancing its mandate of developing and maintaining rural road infrastructure as a catalyst of socio-economic growth. The Authority improved connectivity by upgrading and maintaining 556Km and 28,837Km respectively. Through the successful implementation of planned activities, the Authority continues to link rural communities to markets, schools, health facilities, and other essential services, thereby contributing to social inclusion and economic growth.

Despite resource constraints, the Authority demonstrated resilience, accountability, and strategic focus in delivering its mandate in line with the Kenya Roads Act, 2007 and national development programs. These achievements were made possible through staff dedication, collaboration with stakeholders, and the continued support from the Government.

Looking ahead, KeRRA remains steadfast in leveraging innovative technologies, strengthening partnerships, and enhancing efficiency in service delivery. The Authority's focus remains on assuring stakeholders of continued prudent stewardship, improving rural connectivity and promoting sustainable infrastructural development. The Authority reaffirms its commitment to transparency, profound resource management and continuous improvement in fulfilling its mandate. With collective effort, the Authority will continue to play a pivotal role in connecting devolved Kenya and improving livelihoods.

Annex I: List of Annual Report Preparation and Publication Committee

1.	Eng. P. P. Gichohi	-	Director (RSC)
2.	Mr. Nicholas Kibe	-	Principal Economist
3.	Eng. Macharia Tumu	-	Senior Eng. (Dev)
4.	Eng. Angela Murigi	-	Senior Eng. (RSC)
5.	Eng. Joseph Macharia	-	Senior Eng. (PDE)
6.	Mr. David Ndege	-	Eng. (RSC)
7.	Ms. Joanne Lwanya	-	Senior ICT Officer
8.	Mr. John Magori	-	Senior SCM Officer
9.	CPA William Abungu	-	Principal Accountant
10.	Ms. Charity Kiget	-	Principal Legal Officer
11.	CPA David Mwangi	-	Senior Internal Auditor
12.	Mr. Reuben Omondi	-	Senior Public Affairs and Com. Officer
13.	Mr. Charles Wambugu	-	Principal HRM Officer
14.	Ms. Evangeline Njeru	-	Principal Environmentalist
15.	Ms. Gladys Kirera	-	Senior Office Administrator
16.	CPA Stephena Basweti	-	Accountant
17.	Mr. Simon Kabui	-	Eng. Roads Development
18.	Ms. Jehui Sang	-	Eng. (RAM)
19.	Ms. Caroline Nyakio	-	Office Administrator (RSC)
20.	Ms. Joyce Randiga	-	Office Assistant (RSC)

Annex II: Signed Financial Statements

CORPORATE GOVERNANCE STATEMENT

Overview

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

Organization structure of the Authority

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

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

Appointments to the Board

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

Board Organization and structure

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

The role of the Board

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

Activities of the Board

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

In addition to regular Board meetings, Special Board Meetings are held on a need basis to deal with specific matters. When directors are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

During the period under consideration, the Board had various meetings to deliberate on issues affecting the Authority. The Board, through representation by the Chair, also made several site visits to launch and inspect various projects being undertaken by the Authority. An evaluation of the Board was facilitated by State Corporation Advisory Committee (SCAC) during the period.

Board Effectiveness

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

Board meeting attendance for the period 1.7.2024 - 30.6.2025

S/No	Member	15th July, 2024	26th July, 2024	18th November, 2024	4th December, 2024	14th January, 2025	6th March, 2025	25th March, 2025	14th April, 2025	30th June, 2025
1	Prof. (Eng) Oyuko Mbeche EBS	√	√	–	–	–	–	–	–	–
2	Mr. Anthony Ng'ang'a Mwaura, CBS	–	–	–	–	√	√	√	√	√
3	Eng. Dorcas Mutheu Musingi	√	√	√	√	√	√	√	√	√
4	Eng. James Mwathi Kung'u	√	√	√	√	√	√	√	√	√
5	Mr Alvin Kibet Kirui, MBS	√	√	√	√	–	–	–	–	–
6	CPA. Margaret Akiring Osilli	√	√	√	√	√	√	√	√	–
7	Mr. Kennedy Nyambati, OGW	–	–	–	–	–	–	–	–	√
8	Ms. Caroline Waithira Ndung'u	√	√	√	√	√	√	√	√	√
9	Mr. Samson Palia Wangusi, OGW	√	√	√	√	√	√	√	√	√

a. √ - Present

b. x - Apology

c. – Member was not a Member of the Board at the time

Board Committees

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

Board Audit, Risk & Governance Committee

The Board Audit Committee was established in accordance with the provisions of Treasury Circular No 16. of 25. The Board receives reports from the Audit Committee. The Internal Audit function reports directly to the Board Audit Committee and is independent of management operations. The Board has a responsibility of ensuring the Authority has adequate systems and processes of accountability, risk management and internal controls and the Internal Audit does provide an enterprise assurance of the functional areas in reference to responsibility attributed to the Board.

S/No	Member	2nd October, 2024	3rd December, 2024	27th May, 2025
1	Eng. Dorcas Mutheu Musingi	√	√	√
2	Eng. James Mwathi Kung'u	√	√	√
3	Mr Alvin Kibet Kirui, MBS	√	√	–
4	Mr. Samson Palia Wangusi, OGW	√	√	√

a. √ - Present

b. x - Apology

c. – Member was not a Member of the Board at the time

Board Finance Committee

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

S/No	Member	12th July, 2024	12th September, 2024	14th October, 2024	9th January, 2025	21st March, 2025	9th April, 2025	26th June, 2025
1.	Eng. James Mwathi Kung'u	√	√	√	√	√	√	√
2.	CPA. Margaret Akiring Osilli	√	√	√	√	√	√	–
3.	Ms. Caroline Waithira Ndung'u	√	√	√	√	√	√	√
4.	Mr. Samson Palia Wangusi, OGW	√	√	√	√	√	√	√

a. √ - Present

b. x - Apology

c. – Member was not a Member of the Board at the time

Board Human Resource Committee

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

S/No	Member	20th September, 2024	24th April, 2025	26th June, 2025
1.	Eng. James Mwathi Kung'u	√	√	√
2.	Mr Alvin Kibet Kirui, MBS	√	–	–
3.	CPA. Margaret Akiring Osilli	√	√	–
4.	Mr. Kennedy Nyambati, OGW	–	–	√
5.	Mr. Samson Palia Wangusi, OGW	√	√	√

- a. ✓ - Present
- b. x - Apology
- c. - Member was not a Member of the Board at the time

Board Technical Committee

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

S/No	Member	10th July, 2024	23rd September, 2024	13th November, 2024	8th January, 2025	21st March, 2025	8th April, 2025	30th June, 2025
1	Eng. Dorcas Mutheu Musingi	✓	✓	✓	✓	✓	✓	✓
2	Eng. James Mwathi Kung'u	✓	✓	✓	✓	✓	✓	✓
3	Mr Alvin Kibet Kirui, MBS	✓	✓	✓	-	-	-	-
4	Ms. Caroline Waithira Ndung'u	✓	✓	✓	✓	✓	✓	✓

- a. ✓ - Present
- b. x - Apology
- c. - Member was not a Member of the Board at the time

Board and Member Performance

The Board undertakes a self-performance evaluation every year. The performance evaluation is facilitated by the oversight body (State Corporations Advisory Committee). The evaluation helps in improving the performance of the Board.

Board Remuneration

Members of the Board are remunerated in accordance with the policy of the Government of Kenya as communicated from time to time.

Conflict of interest

Directors are required to disclose to the Board any real or potential conflict of interest that comes to the attention of the Directors. This requirement was observed during the reporting period.

Ethics and governance audit

The Board subjects the organization to a Governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya and accredited for the purpose.



.....
Mr Anthony Mwaura CBS

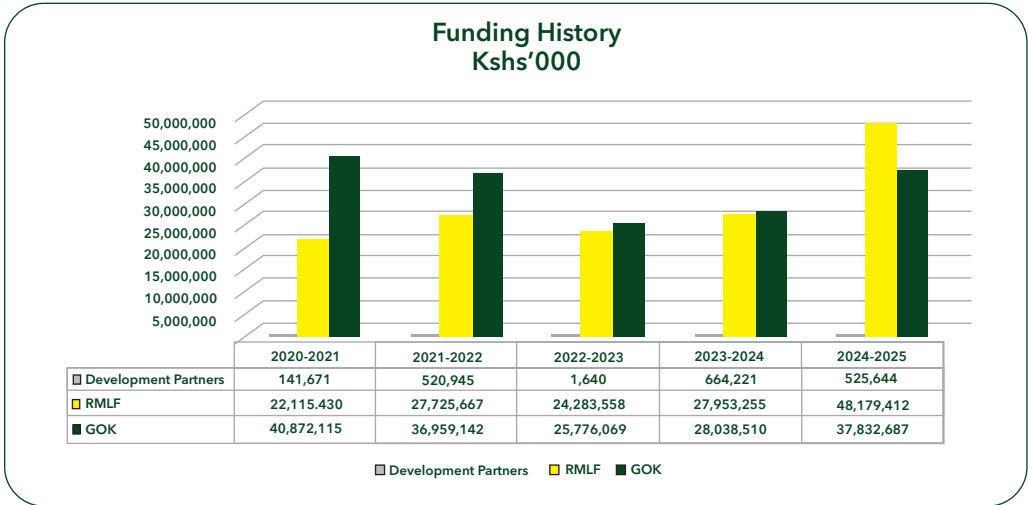
CHAIRMAN (Board of Directors)

CORPORATE GOVERNANCE STATEMENT

The entity’s operational and financial performance

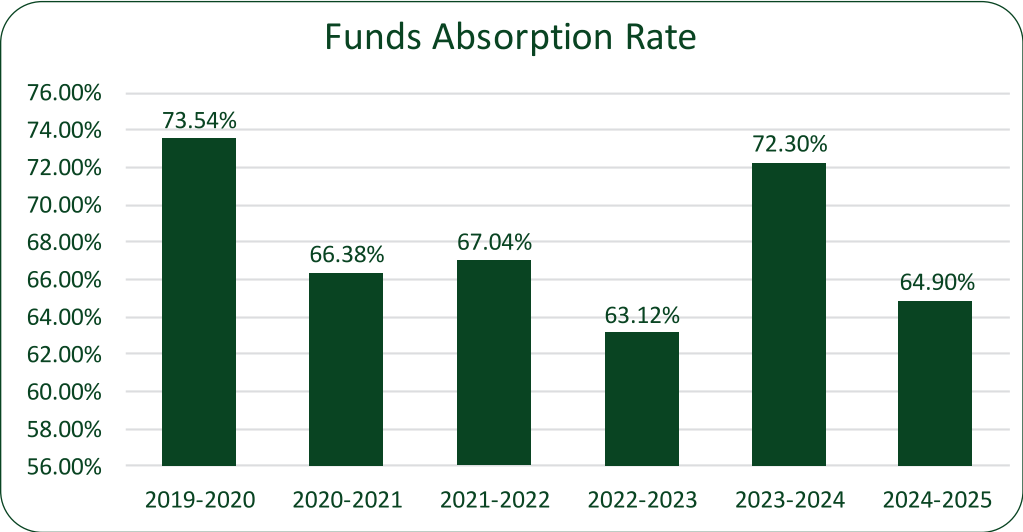
The National Government’s commitment continues to be seen through the improved budgetary allocation to the road sector. In the period under review, the Authority received a total of 86.5 Billion against a budget allocation 95.35 Billion for the full financial year.

The graph below indicates our funding over the last five financial periods.



Funds Absorption

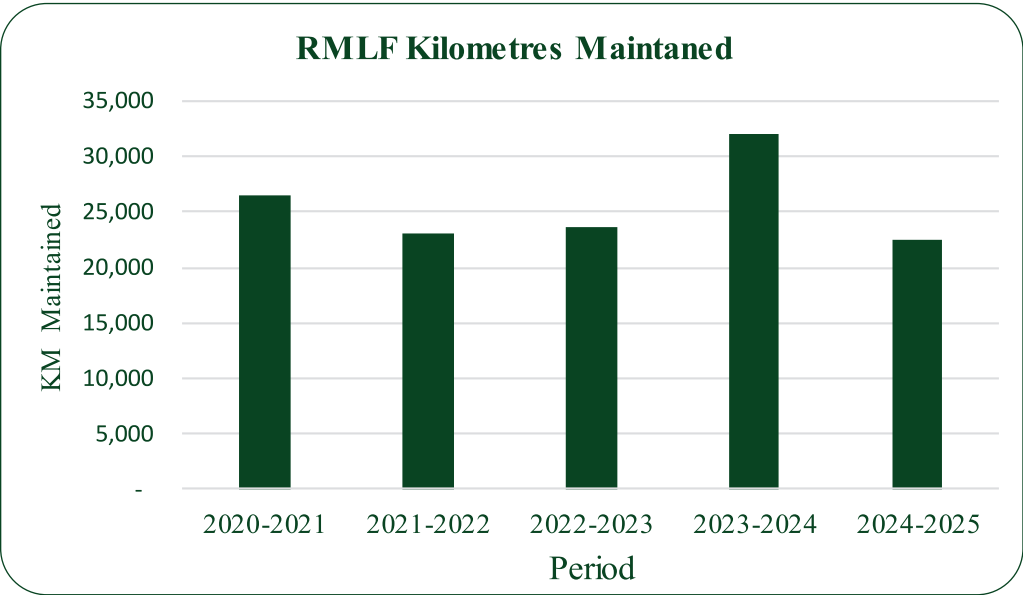
In this financial year the Authority achieved a funds absorption rate of 64.9% of all the funds available at its disposal. This represents a decline of 7.4 % compared to the previous financial period. This is due to late receipts of Exchequer funds in the month of June 2025.



**Funds Absorption is based on cash balances available for the period. It is calculated by adding Opening Cash Balance and total Receipts less closing cash Balance and compared total funds available.*

RMLF Fund Output Performance

In the period under review the Authority maintained 22,504.6 km of Roads. The table below indicates the performance of the RMLF over time.



Entity’s compliance with statutory requirements

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

Key projects and investment decisions the entity is planning/ implementing

The Authority has an ongoing portfolio of 5,296. Kms of roads under reconstruction and Upgrading at a contracted sum of 259 Billion. These works are expected to be completed within the next three years. The bulk of the contracted works falls under the Roads 10,000 low volume sealed roads programme.

Major risks facing the entity

The major risks that the Authority is exposed to are reported on the note 31 of this report.

Material arrears in statutory/financial obligations

The Authority is not in arrears in the payment of statutory obligations though it has pending bills of approximately Ksh 52.1 billion as at 30th June 2025. These have been included as part of Payables.

The entity's financial probity and serious governance issues

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

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/ SUSTAINABILITY

1. Sustainability strategy and profile

The Authority recognizes that it does not operate in isolation. The Statutes enacted in law within the Republic of Kenya guide its operations. To succeed in implementing its mandate, the Authority has to bear in mind the external factors and carefully wade through them taking note of the opportunities and threats. Using Political, Economic, Social, Technological, Ecological and Legal (PESTEL) approach, the outcome of these analyses, and significance of the factors

The external environmental scanning provided insights into the opportunities and threats as summarized.

FACTORS	OPPORTUNITY	THREATS
Political	<ul style="list-style-type: none"> (a) Positive outlook by politicians leading to support in positive legislations and allocation of resources. (b) Collaboration with County Governments. 	<ul style="list-style-type: none"> (a) Political chaos and unrest resulting into damage of the road infrastructure. (b) Political interference and competing interest may cause delay in implementation of projects or lead to inequity. (c) Occasional changes in government policies and priorities may disadvantage the Authority. (d) Abolishment of the institution or its organizational structure.
Economic	<ul style="list-style-type: none"> (a) Strong fiscal and monetary policies ensure resources for investment in infrastructure are allocated and implemented. (b) Growth of Gross Domestic Product (GDP Index) results in enhanced budgetary allocations by the government. (c) Existence of alternative funding and development partners will ease pressure on dependency on exchequer. (d) Growth of population, rapid urbanization and need for road interconnectivity implies greater need for the Authority to continue implementing its mandate. (e) Readily available labour and competent contractors. 	<ul style="list-style-type: none"> (a) Delayed release of funds by exchequer or inadequate budget allocation may lead to non-timely completion of projects, increased project cost because of claims, unmet stakeholders' expectations and bad organizational reputation. (b) The increasing foreign exchange rates and interest fluctuation have negative impact on the road sector as financing costs rise up. (c) The rising cost of living and inflation will negatively influence infrastructure development.

FACTORS	OPPORTUNITY	THREATS
Social	<ul style="list-style-type: none"> (a) Availability of modalities for community and stakeholder engagements. (b) Enhanced awareness on other social cross-cutting issues such as gender, social sustainability, stakeholder voices etc. 	<ul style="list-style-type: none"> (a) Conflict of interest leading to increased costs, low quality of works and organizational reputational damage. (b) Inequitable allocation of resources leading to stakeholder isolation. (c) Insecurity and vandalism of road furniture resulting in delayed project completion, increased costs and reduced road safety. (d) Road reserve encroachment leading to limited expansion, reduced road safety, legal disputes and cost escalation. (e) Poor handling of labour issues that may result in cost escalation, negative reputation, litigations and strikes. (f) Social inequity due to underserving certain areas, uneven economic developments and disparities in access to quality infrastructure.
Technological	<ul style="list-style-type: none"> (a) Enhanced contractor's capacity leading to efficient and effective delivery of infrastructure projects. (b) Technological enhancements that lead to optimized operational efficiencies when deployed. (c) Continuous research and innovative ways to undertake road construction in support of climate mitigation and infrastructure sustainability. (d) Automation and information security making it possible to store large quantity of data, easily retrieve and share information and enhance stakeholder engagement and participation. (e) Emerging technologies in road construction and ICT. 	<ul style="list-style-type: none"> (a) Data security concerns. (b) Proliferation of social media that is used to escalate misinformation.
Environmental/ Ecological	<ul style="list-style-type: none"> (a) Availability of climate change financing. 	<ul style="list-style-type: none"> (a) Adverse weather/climate variability causing slow progress or change in work plans. (b) Depletion of natural resources for road construction and maintenance. (c) Climate Change - adverse weather conditions lead to increased cost of maintenance of roads, destruction of structures, delays in construction. (d) Dust emission during construction leading to conflicts with the local population. (e) Carbon emission by construction equipment. (f) Environmental degradation due to continuous excavation of gravels for backfilling. (g) Adverse effect on green gas emissions. (h) External disaster mitigation.

FACTORS	OPPORTUNITY	THREATS
Legal	<ul style="list-style-type: none"> (a) Existence of regulatory bodies such as NLC, NEMA, CA-I, PPRB provides mechanism for moderating Authority's activities. (b) Anticipation of passing the Roads Bill into a new law, thus clarifying the Authority's mandate. 	<ul style="list-style-type: none"> (a) Conflicting legal framework on the mandate of the Authority. (b) Compliance with existing and new employment laws, health and safety laws. (c) Protection of personal and sensitive data is anchored on the law and lack of adequate preparedness and systems to comply may lead to punitive measures against the Authority. (d) Changes in environmental regulations and other laws that necessitate appropriate actions for compliance.

2. Environmental Performance Sustainability

Environmental Performance

KeRRA is committed to minimize its environmental footprint through continuously improving its operations through strategic actions. It is therefore the Authority's commitment to improve human welfare through the protection of natural capital throughout its operations. An Environmental and Social Sustainability Policy is in place with its main aim being to guide the Authority in conforming to the prevailing Government strategies as highlighted in the National Environment Policy. In accordance with the Policy, the Performance Contracting guidelines and the requirements of the Environmental Management and Coordination Act, the Authority implemented the following activities during the 2024/2025 financial year: -

Measures to protect the environment and mitigate climate change

Environmental and Social Impact Assessment (ESIA) Studies for 22 No. projects were carried out and NEMA licenses were issued. This is to ensure compliance with the guiding legal provisions with regards to development projects. Furthermore, the Authority continues to monitor compliance to the Environmental & Social Management Plans and EIA Licence conditions for the various projects under implementation, and corrective measures have been employed whenever a non-conformity is noted for continuous improvement. 8 No. Environmental & Social Audits (ESA) were undertaken to ensure environmental and social safeguards are incorporated in the Authorities projects.

Environmental and Social Sustainability sensitizations for selected staff from the Head Quarters and all the 47 regions were conducted in 3 No. locations; Eldoret, Mombasa and Nyeri. This was aimed at ensuring the Authority inculcates sustainable practices in its day to day operations across all regions. In addition, the Environmental and Social Sustainability Policy mainstreaming was conducted during the sensitization forums.

Presidential Directives on Tree Growing

The Authority through its regional offices, and in partnership with various stakeholder planted a total of 574,218 trees in the Financial Year.

These initiatives are geared towards compliance to legal and regulatory frameworks, environmental conservation and promotion of social well-being of employees and communities in the Authorities areas of jurisdiction. In addition, they are aimed at addressing global emerging issues such as climate change impacts while promoting the integration of current trends in environmental and social safeguards and governance in development.

3. Employee Welfare

Kenya Rural Roads Authority is an equal opportunity employer and endeavors to have diversity in the workforce in terms of Youth, gender and Persons living with Disability as guided by the applicable statutes. To achieve this end, the recruitment process is guided by the following laws.

The Constitution of Kenya

The Constitution of Kenya creates a platform for gender equality and nondiscrimination. Article 10 of the Constitution is on the National Values and Principles of governance which highlights such principles as equality, equity, inclusiveness and non-discrimination. These principles provide an anchorage for gender equality which KeRRA is committed to.

The National Cohesion and integration Act 2008

The Act and prohibits discrimination in employment and requires all public entities to make deliberate effort to ensure full representation of the diversity of the people of Kenya

Persons with disabilities Act 2003

The Authority offers opportunity to persons living with disability with a view to achieving the full realization of the rights of persons with disabilities by offering opportunities in recruitments and reservation of tenders in line with the Act and other government regulations.

The Employment Act 2007

The Authority ensures compliance with the provisions of the Employment Act whose main objective is to ensure fair labour practices and create a harmonious working relationship between employers and employees while providing basic conditions of employment and protecting the fundamental rights of both parties.

The Public Service Commission Act 2017 and PSC Regulations 2020

KeRRA is bound by the provisions of the Act which defines the terms of service in the public service to ensure uniformity and adherence to government policies.

The KeRRA Human Resource Management Instruments

These include the Human Resource Policy and Procedure Manual, Career Guidelines and the Organization Structure, Grading and Staff Establishment. They offer guidance on how to handle a variety of matters affecting the day-to-day operations of the Authority. They also define creation of positions and address the career progression aspirations of staff. The instruments are regularly updated to ensure relevance and alignment to the wider Public Service objectives and aspirations.

The Occupational Safety and Health Act 2007.

The Authority is registered as an employer in line with the Act. It takes deliberate steps to ensure the safety of all stakeholders while within the KeRRA premises by establishing the necessary internal mechanisms which ensure adherence to the provisions of the Act by means of regular checks to ensure a safe working environment.

The Authority has a staff pool of 693 staff members of various cadres stationed both at the Head office and the 47 regional offices. For the Authority to realize its mandate, there is need to have in place a responsive and dynamic staff establishment which ensures the right mix of skills sets and competencies for effective and efficient service delivery.

It has an effective Human Resource Management framework which provides a linkage between an employee's performance and career advancement so as to realize its strategic plans, mandates and objectives. It endeavors to keep its employees motivated and up to date with the current trends by ensuring continuous personal development through relevant capacity building initiatives, provision of adequate employee welfare programmes and supporting staff membership to professional bodies among others which ensures the attraction, motivation and retention of a competent, self-driven and qualified workforce.

The Authority has a robust performance management framework which is predicated upon the principle of work planning, setting of agreed performance targets and whose overall goal is to align the employee efforts with organizational goals, improve individual and team performance, foster a culture of continuous improvement, and enhance communication and feedback mechanisms. It aims to develop employees, recognize and reward high performance, and ultimately contribute to the overall success and sustainability of the organization.

4. Market place practices

Kenya Rural Roads Authority operates in sync with the emerging best practices in the market place and in accordance with the provisions of article 227 and Article 55 of the Constitution of Kenya and Public Procurement and Asset Disposal Act 2015 as revised in 2022. Procurement runs under 48 administrative units; the headquarters and 47 regional offices. To align the operations to these requirements, deliberate efforts have been made under the following;

- i. Supplier/Contractor identification.
- ii. Supplier/Contractor Segmentation.
- iii. Management of Supplier/Contractor expectation.
- iv. Operationalization of performance indicators.
- v. Market Sourcing.
- vi. Specialized Procurements.
- vii. Asset protection.
- viii. Output/throughput works measurement.
- ix. Supply Chain Management as a Profit Centre.
- x. Public Participation in procurement.
- xi. Emergence Preparedness
- xii. Performance Management
- xiii. Sustainable Procurement.
- xiv. Geopolitics
- xv. Digital Transformation
- xvi. Block-Chain in Procurement
- xvii. Green Procurement.

(i) Supplier/Contractor Identification

Our prospective suppliers are invited through publication in The Star vide MyGov pull-out every two years happening in the odd year. The invitation acts as a clarion call but the registration is on-going and the registers updated every 6 months so that newly registered companies are not disadvantaged. From the traditional manual registration to the techno-cognizant e-procurement platform where they open accounts and can update profile upon logging into the system. This arrangement is facing a phase out with E-GP taking effect from July 2025 whereby all suppliers are expected to register in a system that is touted to cut on the lead times for deliveries and hasten the evaluation process.

(ii) Supplier/Contractor Segmentation

To promote competition Kenya Rural Roads Authority has segmented the works, goods and services and employed the diversity of the procurement methods to source. For works categorization has been done to register contractors as eligible to carry out

grading and graveling, structures and paved roads. This is to encourage specialization and achieve better outcomes. Services, are broken down to those under service level agreement, annual contracts and framework agreement. This is intended to improve on quality of service and reduce the delivery times/lead times. In the near future the Authority is working to further bring on board PPPs'-Public Private Partnership contractors or such consortiums to save government on financial resources. The big contractors are also getting into DBOs'-Design Build and Operate with the authority coming first with the virtual weighbridges intended to protect the road asset against accelerated deterioration arising from overloading by trucks.

(iii) Management of Supplier/Contractors

Contracts are packaged in such a way as to have all contractor categories are on board. International Tenders for the very large and complex contracts, National Tenders for local contractors also broken down to the newly registered contractors. To comply with article 55 of the Constitution of Kenya 2010, affirmative action has been actualized in the setting aside of at least 30% of the value of the procurement opportunities for Youth, Women and Persons Living with Disabilities. The Authority has started putting into use the Community participation in procurement of works especially in the far-flung counties to both help in community ownership of the projects and also offer employment opportunities for the local community

(iv) Operationalization of Performance Indicators

To assist stakeholders, understand the performance of contracts, especially the paved roads, a new performance measure is in place whereby the completion is staged and measured vide milestone. This is line with transparency in procurement clearly anticipated in the article 227 of the constitution. In sectional/staged completion a final surface of the works has to be achieved for a pre-determined length. The stakeholders can as well confirm the works done. Public participation has been in use before the start or at the launch of the projects so that the community also assists in realization of value for money.

(v) Market Sourcing

Sourcing at KeRRA is done in line with best practices in the market, and consolidation of orders is at play to take advantage of economies of scale from the volumes of purchase especially for goods. Central sourcing of works also happen at the headquarters for some works exceeding a set threshold that the regional offices cannot handle. Works exceeding set threshold are centrally procured at the headquarters through Open National Tender, open tendering is the preferred method of procurement at KeRRA. The Authority is also making use of public entities list of suppliers for those services that we as an authority rarely use, a case in point is the use of Helicopters seldom used during launching or commissioning of road projects by the top executive.

(vi) Specialized Procurements

Market expectation for complex works is handled by contractors with undoubted capacity. Some contracts are done under design and build or a more recently, hybrid. In the hybrid system the design is done jointly together with the contractor as the case with Masalani Bridge in Garissa/Tana River County(s). Some projects under the LVS programme have also borrowed from the hybrid approach to deliver better outcomes and build local capacity for the Engineers.

(vii) Asset Protection

The assets ranging from fixed assets to road asset are now managed for protection. The road corridors are being demarcated to protect against encroachment and elaborate programmes have been developed to protect the road damage through overloading with weighbridge programmes both fixed, mobile and virtual. Timely road maintenance interventions are also geared to mitigate the otherwise high costs of reconstruction. Under ISO 55000, the Authority is investing in procurement of specialized devices to help identify defects developing early and institute intervention before the cost to correct is goes way too high. Such specialized equipment is directly sourced from the proven players in the rather young manufacturing sector.

(viii) Output/Throughput Works Measurement.

To address the expectation of stakeholders to complete projects and coupled with need to support contractors, KeRRA has put in place the Milestone concept to measure and payment for the works. Milestone allows the stakeholder to experience the part-finished and still pay the contractor part and therefore support the contractors financially and assist them to grow. This is in line with expected partnership between the buyers and sellers to deliver more satisfaction with consumers. An adjustment was made on the procured contracts to align with the reality of runaway pending bills that was bogging down some contractors in achieving the initial milestones set after the pleadings from the local contractors. The changes reduced the amounts on the certificates raised by the contractors to avoid stalling of projects and dually address the adverse potential of interest on delayed payments of certified works.

(ix) Supply Chain Management as a Profit Centre.

The emerging trends in supply chain call for Supply Chain to operate as a profit centre that in its operation achieve saving while maintaining the quality of goods and services. At KeRRA the procurements are done upon fair cost establishment through market survey and updated works book that guide identification of contractors. The procurement unit/SCM is receiving pressure that not only should it be the custodian of the Public Procurement Law but justify its existence by showing measurable results on the losses that would have been suffered in its absence. Continuous publication of the work handbook anticipated in the procurement law is a move in the direction

of tailoring the rates to match the reality on the ground in the diverse location the Authority operates in, instead of using one rate for the entire country

(x) Public Participation in Procurement Process.

The identification of works programmes to be implemented in a financial year in the 47 region is through CRCs-Constituency Roads Committees. This helps the authority's programmes to be embraced by the affected communities where the projects pass through and thus ease the implementation. Vandalism has been a problem that has affected some project road furniture and this approach is surely helping to bring it under manageable levels.

(xi) Emergence Preparedness.

As an authority, to help mitigate the effects of unforeseen emergencies, KeRRA has appraised contractors to deal with situation on the road works should there be a situation requiring immediate intervention.

(xii) Performance Management.

To assure the projects are implemented as intended and achieve value for money, there are Contract Implementation Team for all large contracts that review the progress that they are delivered on time as designed unless appraised otherwise. The contract supervision through teams is an emerging policy to increase objectivity on assessment of performance of projects.

(xiii) Sustainable Procurement.

The Authority is currently operationalizing sustainable measures in the services we procure, right from disposal, in a year 2 disposals have been programmed and realized in the financial year 2024-2025, despite a poor up-take of the disposal. We intend to sensitize the general public on the disposal to spur its growth. At procurement, the Authority is now giving due consideration on the cost of disposal as part of the assets total cost alternatively known as full cycle procurement.

(xiv) Geopolitics

Because legislation is done in the political arena-parliament it has caused a new order to be in place where as an Authority we are enforcing the rule of 40% local materials sourcing and compulsory understudy arrangement for technical staff to enable skill transfer. This has been embedded in the tender document and the contracts have to comply while executing contracts arising from the procurements. A delicate balance is also being done for localized contractors in select works so that commercial terms do not disadvantage the local contractors.

(xv) Digital Transformation

Artificial Intelligence (AI) has come into being and the Authority is warming up to its use by first having the ERP/EGP so that information is on the digital platform and the artificial intelligence has handled it, areas ear-marked for this are stores and the entire process of ordering up to and including LPOs and LSOs. The AI will give predictions and cut on stock level thus freeing resources otherwise tied in the stocks.

(xvi) Block-Chain in Procurement

SCM is currently towards reaping the full potential of block-chain procurement owing to its ability to enhance transparency in the bidding process. The campaign to have this approach in place will deliver faster and secure payment to suppliers.

(xvii) Green Procurement

The Authority has embarked on a journey towards achieving green procurement and the steps taken so far are cutting on items with a higher carbon print where alternatives exist. Such is the case with motor vehicle purchases with a higher capacity engine and use of shared transport. In the procurements being made the packaging now has an element of tree planting to both claim carbon credit and protect the road corridors.

5. Community Engagements

The Authority, during the FY/2024/2025, allocated a total of Ksh. 6 million to its Corporate Social Responsibility (CSR) Program, thereby reaffirming its strategic commitment to fostering inclusive and sustainable community development. This financial commitment reflects the Authority's broader mandate to not only deliver on its core regulatory functions but also to play a proactive role in improving the social and environmental well-being of the communities in which it operates.

During the reporting period, the Authority received a substantial number of formal requests for support from diverse community-based organizations, learning institutions, and non-profit entities. In response, the CSR Committee judiciously assessed these requests and channeled the entire CSR allocation towards initiatives that aligned with its core values and objectives. As a result, the funds were fully utilized in support of high-impact programs and interventions.

The CSR initiatives implemented during this period had a tangible and far-reaching impact, particularly among vulnerable and marginalized groups. In line with its commitment to promoting equitable access to education, the Authority supported several education-focused projects, including the donation of furniture to Bububu Junior Secondary School and Thome Comprehensive Junior Secondary School, which significantly improved the learning environment for pupils.

In addition, the Authority actively promoted environmental conservation through tree-planting campaigns, most notably in the Maragoli Hills and Chemususu forest, contributing to efforts aimed at restoring degraded landscapes and mitigating the effects of climate change.

Another notable intervention was the support provided to the Tunyai Children Centre and Springs of Hope Rehabilitation Centre, which offer care and shelter to vulnerable children. This initiative underscored the Authority's dedication to protecting and uplifting the neediest in society.

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 30th June 2025, in accordance with the provisions of section of the 38 of Kenya Roads Act 2007 which disclose the state of affairs of the Authority.

Principal activities

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

Results

The results for the Authority for the year ended 30th June 2025 are set out on page 1

Directors

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

Auditors

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

By order of the Board

Name : Eng. J.K. Magundu

Signature.....**Date**.....
Secretary to the Board

STATEMENT OF DIRECTORS RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on 30th June 2025. This responsibility includes:

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

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended 30th June 2025, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Authority’s financial statements were approved by the Board on 18th August 2025 and signed on its behalf by:


Signature:.....
Name: Eng. J.K. Magundu
Ag. Director General


Signature
Name: Mr. Anthony Mwaura CBS
Chairperson of the Board

REPORT OF THE INDEPENDENT AUDITORS ON KENYA RURAL ROADS AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2025

	Note	2024-2025 Jun-25 Shs'000	2023-2024 Jun-24 Shs'000
REVENUE			
Revenue from Non Exchange Transactions			
Road Maintenance Levy Fund	6	21,174,904	27,953,255
Government Grants	7	13,388,750	6,197,600
Development partners' Grants	8	525,644	664,221
Total Revenue from Non Exchange Transactions		35,089,298	34,815,076
Revenue from Exchange Transactions			
Finance Income	9	2,735,278	2,108,165
Other income	10	106,439	6397
Rental Revenue	11	1262	840
Total Revenue from Exchange Transactions		2,842,979	2,115,402
Total Revenue		37,932,277	36,930,478
EXPENDITURE			
Road Works costs	12	32,910,758	40,255,202
Directors' Costs	13	31,062	30,034
Employment Costs	14	2,836,247	3,095,950
Repairs and maintenance	15	94,706	122,531
Other Operating Costs	16	499,614	725,740
Depreciation and amortization expense	17	82,120	61,933
Total Expenditure		36,454,507	44,291,390
Taxation	19	806,104	634,788
Operating Surplus/(Deficit) for the year		671,666	(7,995,701)

The significant accounting policies on pages and the notes on pages 80 to 115 form an integral part of these financial statements.



Principal Accountant
CPA William Abungu
ICPAK M. No: 4479

Date: 28/08/2025



Ag. Director General
Eng. J.K. Magundu

Date: 28/08/2025



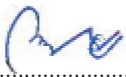
Director


Date: 28/08/2025


STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Note	2024-2025 Jun-25 Shs'000	2023-2024 Jun-24 Shs'000
ASSETS			
Current Assets			
Cash and cash equivalents	18	52,311,796	37,372,914
Receivables from exchange transactions	20	19,785,678	19,736,923
Receivables from non exchange transactions	20	1,332,102	6,243,989
Inventories	21	3,028	4,625
		<u>73,432,604</u>	<u>63,358,452</u>
Non-Current Assets			
Property Plant and Equipment	22	267,931	184,374
Road Infrastructure Assets	23	109,637,051	123,790,704
Capital Work In Progress	24	189,200,957	187,513,487
		<u>299,105,939</u>	<u>311,488,565</u>
Total Assests		372,538,542	374,847,016
LIABILITIES			
Current liabilities			
Payables from exchange transactions	25	52,548,025	69,622,951
Payables from Non-Exchange transactions	25	-	-
Employee benefit obligation	26	174,238	-
		<u>52,722,263</u>	<u>69,868,192</u>
Non Current Liabilities			
Payables from exchange transactions	25	7,858,869	7,711,615
		<u>7,858,869</u>	<u>7,711,615</u>
Total Liabilities		<u>60,581,133</u>	<u>77,579,807</u>
Net Assets		311,957,410	297,267,209
REPRESENTED BY:			
GOK Development Fund	SCNA	423,156,271	371,707,826
Road Infrustructure Acc.Deprn Reserve	SCNA	(98,233,091)	(60,799,002)
Staff Mortgage Fund	SCNA	555,586	551,408
Accumulated(Deficit)/ Surplus	SCNA	(13,521,356)	(14,193,022)
Total Net Assets and Liabilities		311,957,410	297,267,209

The significant accounting policies and the notes on pages 80 to 115 form an integral part of these financial statements. The financial statements on pages 1 to 6 were approved for issue by the board of directors on 28/08/2025 and were signed on their behalf by:


Principal Accountant
 CPA William Abungu
 ICPAK M. No: 4479
 Date: 28/08/2025


Ag. Director General
 Eng. J.K. Magondyu
 Date: 28/08/2025


Director
 Date: 28/08/2025

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2025

	Note	Accumulated Surplus	GOK Development Fund	Staff Mortgage Fund	Road Infrastructure Acc. Deprn.	Total
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
July 2023						
Funds received during the year		(6,197,321)	349,866,916	546,960		321,436,765
Surplus for the Period		(7,995,701)	21,840,910	4,449	(60,799,002)	22,646,869
			-	-	-	132,921
At 30th June 2024		(14,193,022)	371,707,826	551,408	(60,799,002)	297,267,210
At 1st July		(14,193,022)	371,707,826	551,408	(60,799,002)	297,267,210
Net change for the year		-	51,448,445	4,178	(37,434,089)	14,018,534
		671,666	-	-	-	671,666
At 30th June 2025		(13,521,356)	423,156,271	555,586	(98,233,091)	311,957,410

The significant accounting policies and the notes on pages 7 to 34 form an integral part of these financial statements.



28/08/2025

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2025

	Note	2024-2025 Jun-25 Shs'000	2023-2024 Jun-24 Shs'000
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		91,462,634	51,256,748
Rental revenue from facilities and equipment		1262	840
Finance income		2,735,278	2,108,165
Other income		106,439	6,397
Total receipts		94,305,613	53,372,150
Payments			
Use of goods and services		(510,632)	(728,836)
Employee costs		(2,907,638)	(3,083,362)
Board Expenses		(31,062)	(30,034)
Repairs and maintenance		(94,706)	(1,22,531)
Contracted services		(49,887,184)	(40,255,202)
Taxes		(806,104)	(634,788)
Total payments		(54,237,326)	(44,854,754)
<i>Net cash flows from/(used in) operating activities</i>		<u>40,068,287</u>	<u>8,517,396</u>
Cash flows from investing activities			
Purchase of PPE and Intangible assets	22	(165,677)	(134,338)
Proceeds from sale of PPE		-	-
Investment in Road Infrastructure	24	(24,967,906)	(34,446,779)
Sale of investments		-	-
Net cash flows from/(used in) investing activities		<u>(25,133,583)</u>	<u>(34,581,117)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from Mortgage Fund	SCNA	4,178	-
Net cash flows from financing Activities		<u>4,178</u>	<u>-</u>
Net increase/(decrease) in cash &		14,938,882	(26,063,721)
Cash equivalents			
Cash and cash equivalents at the Start of Year		37,372,914	48,301,429
Cash and cash equivalents at the End of the Period 18		<u>52,311,796</u>	<u>37,372,914</u>

Cash flow for previous year has been audited to comply with the requirements of direct method of accounting.

The accounting policies and estimates are consistent with those in pages 7 to 10, which form an integral part of the financial statements.

28/08/2025

28/08/2025

28/08/2025

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FY 2024/2025

Note	Original Budget 2024-2025 Shs'000	Adjustments 2024-2025 Shs'000	Final Budget 2024-2025 Shs'000	Actual on comparison 2024-2025 Shs'000	Performance comparison Basis 2024-2025 Shs'000	% Variance 2024-2025 Shs'000
Revenue						
Road Maintenance Levy Fund 6	27,134,354	25729230	52,863,583	48,179,412	(4,684,171)	27,134,353,665
Government Grants 7	38,411,072		38,411,072	37,832,687	(578,384)	-9% 25,859,075,173
Development partners' Grants 8	2,815,401		2,815,401	525,644	(2,289,757)	-2% 1,275,278,492
Finance Income 9	1,553,670		1,553,670	2,735,278	1,181,608	-81%
Other income 10	55,500		55,500	106,439	50,939	76%
Rental Revenue 11	2,000	-	2,000	1,262	(738)	92%
Total Revenue	69,971,996	25729230	95,701,226	89,380,723	(6,320,503)	-37%
EXPENDITURE						
Road Works Costs-						
Maintenance 12	26,093,968.02		26,093,968	19,003,780	(7,090,188)	-27%
Directors' Costs 13	30,000		30,000	18,946	(11,054)	-37%
Employment Costs 14	3,381,179		3,381,179	2,848,363	(532,816)	-16%
Repairs and maintenance 15	77,500		77,500	94,706	17,206	22%
Other Operating Costs 16	1,144,026.46		1,144,026	499,614	(644,412)	-56%
Depreciation and amortization expense 17	80,000		80,000	82,120	2,120	3%
Taxation	526,251		526,251	806,104	279,853	53%
Exchequer Fund- Maintenance	9,214,583		9,214,583	13,906,978	(4,692,394)	
Transfer to GOK Fund	29,196,488		-	51,448,445	(51,448,445)	
Fixed Assets Purchase	228,000		228,000	165,677	(62,323)	
Total Expenditure	69,971,996	-	40,775,508	88,709,057	(64,120,131)	
Operating Surplus for the year	-	25,729,230	-	671,666	57,799,628	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT DISCUSSION

1. RMLF Revenue
-Delayed Release by KRB and court case by Council of Governors.
2. Governments Grants Shortfall-
-This is due to delayed Exchequer of Release of Counterpart and regular Funding by National Treasury.
-The Authority Received 97 % of its Exchequer Budget in June 2025
3. Finance Income. -increase in interest rate paid by the banks.
4. Other Income-Suppressed levels of economic activities
5. Directors cost not fully absorbed due to austerity measures.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

The Kenya Roads Act 2007 provides for the mandate of the Authority to manage, develop, rehabilitate and maintain the rural road network within the Republic of Kenya. However, the Constitution of Kenya 2010 assigns the responsibility of managing National Trunk Roads to National Government and County Roads to County Governments under the Fourth Schedule Part 18(b). In line with this provision, the road network in Kenya was reclassified vide Kenya Gazette Notice of 22nd January 2016 by the State Department of Infrastructure. National trunk roads in Class C totaling 19,504 Km were vested to the Authority by the Cabinet Secretary. A further reclassification by the Cabinet Secretary on 8th May 2020 revised the Authority network to 28,149.8 of national trunk road network in Class C.

2. Statement of compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kenya Rural Roads Authority. The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) issued by International Public Sector Accounting Standards Board (IPSASB), the Public Finance Management Act, 2012, Public Audit Act, 2015 and Kenya Roads Act 2007.

3. Adoption of new and revised Standards

(i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standard issued in the period

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</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 recognize, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p> <p>The Authority has not been impacted by the standard.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The Authority has incorporated the aspects of infrastructure accounting as guided by the standard.</p>

Standard	Effective date and impact:
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The Authority has not been impacted by the standard.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The Authority has not been impacted by the standard.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The Authority does expect a significantly impacted by the standard</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The Authority does expect a significantly impacted by the standard</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>The Authority does expect a significantly impacted by the standard</p>

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2024.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

(b) Presentation of Financial Statements

The financial statements comprise of statement of financial performance, statement of financial position, statement of changes in net assets/reserves, the statement of cash flows and statement of comparison of budget and actual amount and the notes to the financial statements.

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

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

(c) Budget Information

The original budget for FY 2024-2025 was approved by the National Assembly in June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

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

(d) Taxation

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

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

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

Tax in the statement of Financial performance relates to Income tax payable on interest income earned by the authority. The relate applicable is the corporation tax rate.

(e) Translation of foreign currencies

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

(f) Revenue recognition

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

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

(i) Road Maintenance Levy Fund

Receipts from the Road Maintenance Levy Fund comprise of 32% of collections from the Road Maintenance Levy Fund administered by the Kenya Roads Board in

accordance with the Kenya Roads Board act 1999.

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

(ii) Agricultural Cess

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

(iii) Transfers from Government and other entities

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

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

(iv) Interest Income

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

(v) Rental Income

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

(vi) Other income

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

(g) Financial Instruments

(i) Financial assets

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

Receivables

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

Receivables are recognized initially at the fair value. They are subsequently measured at amortized costs using the effective interest method less provision for impairment. A provision for impairment of receivables is made when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables.

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

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

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

(ii) Financial Liabilities

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

Payables

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

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

(h) Provisions

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

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

Contingent Liabilities

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

Contingent assets

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

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

(i) Operating leases

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

(j) Provision for liabilities and charges

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

(k) Property, plant and equipment

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

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

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

Depreciation is calculated using the straight line method to write down the cost of each asset to its residual value over its estimated useful life, and 365 day calendar year adopted, using the following annual rates:

	Rate - %
Buildings	2.5%
Computers	33.3%
Furniture and Fittings & Fixtures	12.5%
Technical Equipment/Machinery	12.5%
Motor Vehicles	25.0%
Road Infrastructure Assets (Butimen Roads)	10.0%
Road Infrastructure Assets (Bridges)	2.5%

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

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

(I) Specialised Public Service Assets-Infrastructure Assets

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

The authority deals in construction of roads infrastructure which falls in this category and constitutes part of property, plant and equipment within the meaning of IPSASs. Like other assets, all specialized public service assets provide either service potential or future economic benefit. Service potential is a measure of the capacity of an asset to provide services or benefits to those that use that asset. Future economic benefit is a measure of the capacity of an asset to provide monetary benefits to those that hold or own that asset.

(m) Construction contracts

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

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

The Authority uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

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

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

(n) Impairment of Non-Financial Assets

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

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

Impairment losses are recognized as an expense in the Statement of Financial Performance whenever the carrying amount of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of impairment loss is limited to the assets carrying amount that would have been

determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is credited to the Statement of Financial Performance in the year reversals are recognized.

(o) Inventories

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

Costs incurred in bringing each product to its present location and condition is accounted for, based on purchase cost using the weighted average cost method.

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

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

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

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the various commercial banks at the end of the financial year.

(q) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. The net assets are made up of designated funds and accumulated reserve which are explained as follows:

(i) Staff Mortgage Fund

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

(ii) Capital Fund

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

(iii) Accumulated surpluses/Deficit

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

(iv) Development Fund

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

(r) Changes in accounting policies and estimates

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

(s) Employee Benefits

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

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

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

The total expense recognized in the income statement of Shs Million (2024-2025): Shs 259.9 Million) represents contributions payable to the plan by the Authority at rates specified in the rules of the plan. The expense has been included within the staff pension costs under staff costs.

(t) Comparatives

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

(u) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

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

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

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

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

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

(b) Critical Accounting Estimates and Assumptions

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

(i) Contingent Liabilities

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

(ii) Provision for Doubtful Debts

The Authority reviews its receivables to assess the likelihood of impairment. Provision for impairment of receivables is established when there is objective evidence that the

Authority will not be able to collect all amounts due. Where necessary, an estimation of the amounts irrecoverable is made in that year. Provision for impairment shall be recognized upon approval by the Board of Directors.

(iii) Other Provisions

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

(iv) Impairment Losses

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

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

6. Road Maintenance Levy

	2024-2025 Shs'000	2023-2024 Shs'000
10% Constituency Links Roads	4,048,703	4,961,062
10% Special Allocation	1,747,222	6,936,004
22% Constituency Roads Fund	11,294,955	12,359,302
RMLF Operations	4,084,024	3,696,888
KRB Securitization	27,004,508	-
Total Road Maintenance Levy	48,179,412	27,953,255
Transfer of KRB Fund to Development Fund	27,004,508	-
Total Road Maintenance Levy-Revenue	21,174,904	27,953,255

7. Other Government Grants

	2024-2025 Shs'000	2023-2024 Shs'000
Development Projects	24,443,937	21,840,910
Spot Improvement Projects (Public Participation)/PBRM	13,388,750	6,197,600
Total Government Grants	37,832,687	28,038,510
Transfer to Development Fund	(24,443,937)	(21,840,91)
Net Result (Calculated)	13,388,750	6,197,600

8. Development Partners Grants

European Union	-	317,832
L'Agence Française de Développement (AFD)	-	-
German Development Bank (KFW)	-	35,005
[Unknown/Blacked Out Entry 1]	491,575	274,744
Interest - Development Partner	2,478	3,227
[Unknown/Blacked Out Entry 2]	31,591	33,413
Total Development Partners' Grants	525,644	664,221

9. Finance Income

Income from fixed deposits and Current accounts	2,735,278	2,108,165
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10. Other Income

Receipts from sale of tenders	-	12
Disposal of Assets	-	5,765
Recall of Performance Guarantees	101,521	-
Other Levies	4,918	620
Total other income	106,439	6,397

11. Rental Revenue

Receipts from rental	1,262	840
Total Rental revenue	1,262	840

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

12. Road Works Expenditure

	2024-2025	2023-2024
	Shs'000	Shs'000
RMLF 10% - Critical Link Roads	4,595,166	6,091,207
RMLF 22% - Constituency Roads Fund	8,730,786	13,460,912
RMLF 10% - Special Allocation	4,399,917	5,039,875
Donor Funded Projects	974,997	773,545
GoK Spot Improvement Funds	13,906,978	14,479,441
Equilisation Fund	302,915	410,222
Total Road Works Expenses	32,910,758	40,255,202

13. Directors' Costs

a. Executive Directors

Emoluments	12,117	11,821
Subtotal	12,117	11,821

b. Non Executive Directors

Emoluments	5,940	9,048
Training and field activities	13,006	9,165
Subtotal	18,946	18,213

Total Directors Costs

31,062	30,034
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14. Employment Costs

Salaries and Wages	2,120,414	2,117,149
Pension and Gratuity costs	264,135	243,999
Medical and Insurance	199,161	203,160
Training and Development	115,305	163,677
Travelling and accomodation	112,318	343,617
Other Staff welfare costs	24,913	24,347
Total employment Costs	2,836,247	3,095,950

15. Repairs and maintenance

Office building	12,962	12,647
Furniture and equipment	59,330	69,203
Motor vehicles	22,413	40,682
Total Repairs and Maintenance	94,706	122,531

16. Other Operating Expenses

	2024-2025 Shs'000	2023-2024 Shs'000
Public relations and Corporate affairs	15,018	14,823
Audit Fees	2,000	2,000
Advertisement and publicity	4,098	11,268
Service Charges_Rent_Rates & Property		
Managments costs	38,777	9,226
Electricity and Water	10,171	15,297
Cleaning and sanitation	10,485	9,438
Fuel and other vehicle running expenses	51,626	104,874
Security	61,797	29,841
Consultancies	19,399	62,316
Legal Fees	26,519	9,428
Printing and Stationery	33,844	35,232
CRC and tender evaluation Expenses	55,111	224,839
Telephone, Internet and Postage	54,010	76,385
Bank Charges	15,191	15,483
Office expenses	13,014	17,155
Performance Contracting	88,554	88,133
Total Other Operating expenses	499,614	725,740

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

17. Depreciation and Amortization

Property Plant and equipment	82,120	61,933
Total Depreciation Expense	82,120	61,933

18. Cash and cash equivalents

Cash in hand and Bank	43,477,744	28,310,811
Staff mortgage Fund	1,053	1,104
Fixed term deposits	8,833,000	9,061,000
Total Cash and Cash equivalents	52,311,797	37,372,915

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

	2024-2025 Shs'000	2023-2024 Shs'000
KCB Bank Kenya limited	51,726,071	37,011,400
Equity Bank Kenya Limited	292,896	163,976
Cooperative Bank Kenya Limited	177,679	62,354
NCBA Bank Kenya Limited	115,151	135,184
Total cash in hand and bank	52,311,796	37,372,914

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

19. Taxation

Tax Charge on Interest Income	806,104	634,788
	<u>806,104</u>	<u>634,788</u>

20. (a) Receivables from Exchange

(i) Receivables from Exchange transactions (Current)

Contractors advances	19,785,678	19,736,923
Total Receivables from Exchange transactions	19,785,678	19,736,923

(ii) Total Non Current Receivables

	-	-
Total Receivables from Exchange transactions	19,785,678	19,736,923

20(b) Receivables from Non Exchange transactions

Advances to Staff	13,606	13,218
Deposits and Prepayments	101,248	88,634
Other Receivables (Accrued Income)	1,217,247	6,142,138
Total Receivables from Non Exchange transactions	1,332,101	6,243,990
Total receivables	21,117,779	25,980,913

(c) Ageing Analysis for Receivables from Exchange Transactions

Contractors advances				
Less Than 1 Year	247,215	1.3%	(436,902)	-2%
Between 1-2 Years	(352,337)	-1.8%	178,577	1%
Between 2-3 Years	286,058	1.5%	4,760,016	24%
Over 3 years	19,604,744	99.1%	15,235,232	77%
Total	19,785,678	100%	19,736,923	100%

(iv) Reconciliation for Impairment Allowance on Receivable from Exchange Transactions

	2024-2025 Shs'000	2023-2024 Shs'000
At The Beginning of the Year	-	-
Additional Provisions during the year	-	-
Recovered During the year	-	-
Written off during the Year	-	-
At the end of the Year	-	-

Ageing Analysis Receivables from Non-Exchange transactions

	2024-2025 (Jun-25)		2024-2025 (Jun-24)	
Less Than 1 Year	1,346,575	100.0%	6,243,989	100.0%
Between 1-2 Years	-	0.0%	-	0.0%
Between 2-3 Years	-	0.0%	-	0.0%
Over 3 years	-	0.0%	-	0.0%
Total	1,346,575	100%	854,244	100.0%

Reconciliation for Impairment Allowance on Receivable from Non-Exchange Transactions.

At the Beginning of the Year	-	-
Additional Provisions during the year	-	-
Recovered During the year	-	-
Written off during the Year	-	-
At the end of the Year	-	-

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

21. Inventories

Consumable stores	3,028	3,114
Total Inventories	3,028	3,114

22. Property Plant and equipment

Period ended 30th June 2025	Building	Furniture and Fittings	Motor Vehicles	Office Equipment	Computers and Software	Plant and Machinery	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Cost							
At 1st July 2024	120,645	208,205	645,203	70,064	361,358	56,503	1,461,978
Additions	-	4,542	113,098	13,810	10,240	23,987	165,677
Disposal	-	-	-	-	-	-	-
At 30th June 2025	120,645	212,746	758,301	83,874	371,598	80,490	1,627,655
Depreciation							
At 1st July 2024	34,019	169,220	631,894	49,364	338,495	54,605	1,277,604
Charge for the year	4,056	11,305	40,709	6,728	13,518	5,803	82,120
Disposal	-	-	-	-	-	-	-
At 30th June 2025	38,075	180,526	672,603	56,092	352,014	60,409	1,359,724
Net Book Value							
	82,570	32,221	85,698	27,782	19,585	20,082	267,931

Period ended 30th June 2025	Building	Furniture and Fittings	Motor Vehicles	Office Equipment	Computers and Software	Plant and Machinery	Total
Cost	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 1st July 2023	120,773	199,839	674,322	63,596	354,824	56,503	1,469,857
Additions	-	8,237	-	6,463	6,534	-	21,235
Disposal	-	-	(29,119)	-	-	-	(29,119)
At 30th June 2024	120,773	208,077	645,203	70,059	361,358	56,503	1,461,973
Depreciation							
At 1st July 2023	29,978	159,684	637,703	43,892	319,379	54,149	1,244,784
Charge for the year	4,041	9,537	23,310	5,472	19,117	456	61,933
Disposal	-	-	(29,119)	-	-	-	(29,119)
At 30th June 2024	34,019	169,220	631,894	49,364	338,495	54,605	1,277,598
Net Book Value							
At 30th June 2024	86,754	38,856	13,309	20,695	22,863	1,898	184,375

The gross carrying amount of fully depreciated property, and plant equipment amounted to Kshs. 811,827,817.

23. Road Infrastructure Assets

	2024-2025 Shs'000	2023-2024 Shs'000
At 1st July	184,589,706	139,961,577
Transfer from work in progress	23,280,436	44,628,129
Infrastructure Assets Cost	207,870,142	184,589,706
Depreciation	(98,233,091)	(60,799,002)
Net Infrastructure Assets	109,637,051	123,790,704

24. Capital Work In Progress

At 1st July	187,513,487	197,694,836
Additions	24,967,906	34,446,779
Transfer to Road Infrastructure Asset	(23,280,436)	(44,628,129)
Ending Balance	189,200,957	187,513,487

25. Payables

(a) Exchange Transactions

Current:

Due to Contractors	52,139,134	68,974,601
Other Trade payables (General Suppliers)	65,077	381,930
Staff Creditors	1,675	2,546
Other Payables (Accruals & provisions)	342,139	376,972
Total Current	52,548,025	69,736,049

(b) Non Current:

Contract Retention	7,858,869	7,711,615
Total Non Current	7,858,869	7,711,615

Total Payables	60,406,894	77,447,664
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Current trade and other payables are expected to be settled in Authority's normal operating cycle and within twelve months after the reporting period and are not attached to an unconditional right to defer payment of the liability.

26. Employee Benefit obligations

Item	Gratuity Ksh'000	Pension Costs Ksh'000	Total Ksh'000
As at 1st July 2024	176,151	69,090	245,241
Additional Provisions	(71,003)	-	(71,003)
Provision utilised	-	-	-
As at 30th June 2025	105,148	69,090	174,238

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Authority has an integrated risk management framework/ strategy. The Authority's approach to risk management is based on risk governance structures, risk management policies, risk.

identification, measurement, monitoring and reporting. The risk management policies and systems are reviewed regularly to ensure they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered.

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

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

- (i) Operational risks are events, hazards, variances or opportunities which could influence the achievement of the Board's compliance and operational objectives.
- (ii) Strategic risk is a significant unexpected or unpredictable change or outcome beyond what was factored into the organization's strategy and business model which could have an impact on the entity's performance.
- (iii) Business continuity risks are those events, hazards, variances and opportunities which could influence the continuity of the entity.

The Members of the Board have the overall responsibility for the establishment and oversight of the Authority's risk management framework. The Authority has delegated

its risk management to the Audit and Risk Committee. One of the responsibilities of this committee is to review risk management strategies to ensure that an effective efficient and transparent system of risk management is maintained for sustainable management of the Authority.

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

The financial management objectives and policies are as outlined below:

(a) Liquidity Risk

Liquidity risk is the risk that the Authority will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have been discontinued, etc. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be met at expected terms and when required.

The objective of the liquidity and funding management is to ensure that all foreseeable operational and capital commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels. The Authority's has adopted an overall balance sheet approach which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations. The Authority's liquidity and funding management process includes:

- Projecting cash flows and considering the cash required and optimizing the short-term requirements as well as the long-term funding, maintaining balance sheet liquidity ratios,
- Maintaining/soliciting for a diverse range of funding sources with adequate back up facilities,

The Authority has an established corporate governance structure and process of managing risks regarding guarantees and contingent liabilities.

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

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

Period Ended 30th June 2025

Item	Less Than 1 Month	Between 1-3 Months	Between 3-12 Months	Over One Year
Due to contractors	-	-	13,169,075	38,970,059
Other Trade Payables	-	65,077	-	-
Staff Creditors	-	1,675	-	-
Contract Retention	-	-	-	7,858,869
Deferred Income	-	-	-	-
Other Payables	-	342,139	-	-
Subtotal/Total	-	408,890.06	13,169,075	46,828,928

Year Ended 30th June 2024

Item	Less Than 1 Month	Between 1-3 Months	Between 3-12 Months	Over One Year
Due to contractors	-	-	-	68,974,601
Other Trade Payables	-	308,932	-	-
Staff Creditors	-	2,546	-	-
Contract Retention	-	-	-	7,711,615
Deferred Income	-	-	-	-
Other Payables	-	376,972	-	-
Subtotal/Total	-	648,349.81	-	76,686,216.01

(b) Market Risk

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

(i) Currency Risk

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

(ii) Price Risk

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

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

(iii) Interest Rate Risk

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

(c) Credit Risk

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

Period Ended 30th June 2025

	Fully Performing	Past Due Date but not Impaired	Past Due Date and Impaired	Total
Advances to Staff	13,606	-	-	13,606
Contractors advances	19,785,678	-	-	19,785,678
Deposits and Prepayments	101,248	-	-	101,248
Other Receivables	1,217,247	-	-	1,217,247
Cash at Bank	52,311,796			52,311,796
	73,429,576			73,429,576

Period Ended 30th June 2024

	Fully Performing	Past Due Date but not Impaired	Past Due Date and Impaired	Total
Advances to Staff	13,218	-	-	13,218
Contractors advances	19,736,923	-	-	19,736,923
Deposits and Prepayments	88,634	-	-	88,634
Other Receivables	6,142,138	-	-	6,142,138
Cash at Bank	37,372,914	-	-	37,372,914
	63,353,827			63,353,827

d)

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior. The Authority seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks.

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

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

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

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

(e) Compliance and Regulatory Risk

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

(f) Legal Risk

Legal risks is the risk of unexpected loss, including reputational loss, arising from

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

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

28. Related Parties Balances and Transactions

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

(a) Related party transactions

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

	2024-2025 Shs'000	2023-2024 Shs'000
(i) Receipt and Transfers		
The Government of Kenya	37,832,687	28,038,510
Kenya Roads Board	48,179,412	27,953,255
	86,012,099	55,991,765
(ii) Directors Emoluments		
Ermluments -Executive directors	12,117	11,821
Ermluments - Non Excutive directors	5,940	9,048
Training and field activities	13,006	9,165
	31,062	30,034

(c) Outstanding balances arising from non-exchange transactions

The following were outstanding balances with related parties as at 30th June 2025

Receivable from related parties	-	-
Payable to related parties	69,090	69,090

Receivables from related parties can be analysed as follows:

The Governrunent of Kenya	-	-
Kenya Roads Board	-	-
Key management personnel	-	-

Payables to related parties can be analysed as follows:

Key management personnel	69,090	69,090
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29. Contingent Assets and liabilities

(i) Contingent Liabilities

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

	2024-2025 Shs'000	2023-2024 Shs'000
(ii) Contingent assets		
Advance Guarantees	23,234,332	22,159,632
Performance Guarantee	27,300,312	27,599,105
	50,534,644	49,758,738

30. Capital Commitments

Authorized and contracted for	-	-
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Non-cancellable operating lease rentals are payable as follows:

Operating lease rentals

Non-cancellable operating lease rentals are payable as follows

Within one year	-	-
Later than one year but within five years	-	-
Total	-	-

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

31. Reconciliation of surplus as per Budget statement and statement of financial performance

	2024-2025 Shs'000
Surplus as per statement of Budget and Actual amounts	1,477,770
Less: Taxation	(806,104)
Add: Transfer of Roadwork Costs to Infrastructure assets	
Less: Transfer to Development Fund	
Add: Transfer from Deferred Income	
Surplus(De fit) as pe r Stateme nt of financial performamnce	671,666

32. Fair value

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

33. Events after the reporting period

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

34. Ultimate and holding entity

The Authority is a State Corporation under the Ministry of Roads and Transport State Department of Roads. Its ultimate parent is the Government of Kenya.

35. Currency

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS

The following is the summary of issues that resulted in a qualified opinion of the external auditor on the financial statements for the year 2023/2024, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
1.	<p>Inaccuracy in Property, Plant and Equipment</p> <p>The statement of financial position and as disclosed in Note 22 to the financial Statements reflect property, plant and equipment balance of Ksh 184,374,00. Review of the fixed assets register provided revealed that some fixed assets in the asset register with a total value of Ksh 1,090,571,418 were fully depreciated but were still in use. Further, the assets had not been revalued and included in the asset value during the year under review</p> <p>In addition, the fixed assets register did not disclose the registered number plates of fully depreciated motor vehicles at Ksh 592,093,936.</p> <p>In the circumstances, the accuracy and completeness of property, plant and equipment balance could not be confirmed.</p> <p>Long outstanding payables from Exchange transactions</p> <p>The statement of financial position and as disclosed in Note 25 to the financial statements reflects payables from exchange transactions balance of Ksh 77,334,566,000 which comprised of current and non -current payables amounts of Ksh 69,622,951,000 and Ksh 7,711,615,00. respectively. Further the payables balance increased from Ksh 62,806,803 in the previous year (2022-2023) to Ksh 77,334,566,000 representing an increase of Ksh 14,527,763,000 of 23%. the opening balance of Ksh 62,806,803,000 has been outstanding for more than one year. Failure to settle pending bills when due may attract avoidable expenditure in form of interest and penalties.</p>	<p>The Authority undertakes to revalue its fully depreciated assets in the subsequent financial year. A budget provision has been made for the exercise and is currently ongoing. Disposal of these asset, where feasible, shall be undertaken. Evidence of Valuation reports from our various regional offices have been attached for your review</p> <p>The authority has projects which remain incomplete mostly due to delay in payments. The Authority continues to experience challenges funding development projects due to inadequate budgetary allocation and delayed exchequer releases. This has impacted on the progress of these projects.</p>	Director General	Not Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCE					
1.	<p>Under -Utilization of ERP System in Operation</p> <p>Review of records revealed that the Authority procured an ERP system in the financial year 2020 at a cost of Ksh 49,381,200. The purpose of this system was to provide an enhanced E-platform environment that enables all players involved in road asset management to interact seamlessly throughout the project cycle. However, it was noted the procurement processes and procedures such as bidding, evaluation of tenders and awarding of tenders remained manual four (4) years later. No explanation was given for not maximizing the already available supply chain modules. Further, the Authority is at risk of loss through manipulation of procurement data</p> <p>In the circumstances, the value for money incurred on the ERP system could not confirmed.</p>	<p>During the year under review The Authority continued with the implementation of its ERP system and Improvements in the controls on staff advances and imprest surrender as evidenced by a reduction from Ksh 43,271,000 in FY 2021/22 to Ksh 24,995,318 in the current FY 2022/2023. This compares favorably with the activity levels of the Authority. Recoveries measures have also been instituted against the affected staff for imprest beyond the stipulated periods.</p>	Director General	Resolved	
2.	<p>Delayed Road Works</p> <p>Review of the low Volume Seal roads records and information provide revealed that the Authority awarded thirteen (13) new contracts for roads at a contract sum of Ksh 37,076,658,586 and with contract start dates between November 2020 and November 2021. Review of the progress report as at June 2024, revealed that certified works of Ksh 1,018,438,264 out of which Ksh 746,213,929 had been paid leaving unpaid balance of Ksh 282,076,092. Further, review of the thirteen (13) projects revealed that seven (7) contracts had not started works indicating zero percentage work performance. Management has not provided any explanation for this unsatisfactory performance. Further eight (8) road contracts which were classified as terminated projects and retendered as at June 2024. The works certified as at June 2024 totaled Ksh 8,287,218,866 out of which Ksh 6,752,630 had been paid leaving a pending amount of Ksh 1,534,588,652. Management has not provided explanation for the delayed payments.</p>	<p>The authority has projects which remain incomplete mostly due to delay in payments. The Authority continues to experience challenges funding development projects due to inadequate budgetary allocation and delayed exchequer releases. This has impacted on the progress these projects.</p>	Director General	Not Resolved	

Ref. No on Audit Report	Issue / Observation by the Auditor	Management Comments	Focal Person to resolve the Issue	Status: Resolved or Not Resolved	Time frame/ Reasons
	<p>In addition, the authority entered into nineteen (19) contracts at a total sum of Ksh 42,485,282,040 with commencement dates between April 2020 and October 2022. During the year the value of certified works amounted to Ksh 7,524,269,464 out of which an amount of Ksh 3,888,257,702 was paid, leaving an amount of Ksh 3,636,011,763 unpaid. However, seventy (70) contracts underperformance based routine maintenance period were at 100% completion. These total contract sums were Ksh 137,987,624,203 and an amount of Ksh 123,357,596,316 had been certified out of which an amount of Ksh 96,843,759,069 had been paid leaving an outstanding amount of Ksh 26,513,738,247. Management did not provide any explanation for the delayed payment of completed works</p> <p>In the circumstances, the value for money incurred on delayed projects could not be confirmed.</p>				
3.	<p>Non-Compliance with Third Basic Salary Rule The statement of financial performance reflects employees balance of Ksh 3,095,950,000. Review of Authority's payrolls provided for audit revealed that twenty-three (23) staff members earned basic salaries below a third of their basic salary.</p> <p>In the circumstances, the effectiveness of internal controls on payroll management could not be confirmed.</p>	Human Resource department has communicated to the affected staff and requested them to restructure their pay slip to comply with a third rule. The Number of non-compliant staff has been on the decline and all staff are expected to be compliant in the current Financial period.	Director General	Not Resolved	

APPENDIX II: DEVELOPMENT PARTNERS PROJECTS IMPLEMENTED BY THE AUTHORITY

Project No.	Project Title	Development Partner	Development Partners Commitment	Separate Donor reporting Required	Consolidated in the financial statements
EUROPEAID/134053/IH/WKS/KE	Contracts for The Rural Roads Project in Eastern Region of Kenya	EU	Euros 14,850,000	Yes	Yes
CREDIT NO. BMZ: 200765123	Improvement of Rural Roads and Market Infrastructure in Western Kenya	KFW	Euros 9,000,000	Yes	Yes
CREDIT NO. CKE 101201B AND 1046 01J	Central Kenya Rural Roads Improvement and Maintenance Project	AFD	Euros 74,000,000	Yes	Yes
	Upgrading of "Gilgil Machinery" Road Project.	BADEA	USD 11,000,000	Yes	Yes
CKE 117 01 H & CKE 1117 02 J	AFD ASAL Rural Roads Project	AFD	Euros 90,000,000	Yes	Yes

APPENDIX III: INTER ENTITY TRANSFER

Particulars		Date Received as per Bank Statement	Balance for Prior Year(2023/2024)	Current Year 2024-2025	Date Disbursement	Total received during the year 2023/2024	FY to which the amount relates
A. 22% ROAD MAINTENANCE LEVY FUND							
KRB/DG/FIN/3/A/VOL VI (551)		26/Sep/24		2,030,000,000.00		2,030,000,000.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (566)		5/Dec/24	702,098,700			702,098,700.00	2023/2024
KRB/DG/DFE/3/A/VOL V11 (690)		29/Nov/24		1,740,000,000.00		1,740,000,000.00	2024/2025
KRB/DG/DFE/3/A/VOL V11 (638)		14/Feb/25		1,305,000,000.00		1,305,000,000.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (643)		5/Jan/25		1,835,082,010.00		1,835,082,010.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (766)		20/Jan/25		3,682,774,150.00		3,682,774,150.00	2024/2025
Total 22% RMLF			702,098,700.00	10,592,856,160.00		11,294,954,860.00	
B. 10% RMLF CRITICAL LINKS							
KRB/DG/FIN/3/A/VOL VI (551)		26/Sep/24		870,000,000.00		870,000,000.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (566)		5/Dec/24	907,756,550.00			907,756,550.00	2023/2024
KRB/DG/DFE/3/A/VOL V11 (690)		29/Nov/24		870,000,000.00		870,000,000.00	2024/2025
KRB/DG/DFE/3/A/VOL V11 (638)		14/Feb/25		870,000,000.00		870,000,000.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (643)		5/Jan/25		530,946,210.00		530,946,210.00	2024/2025
Total RMLF-10% - Critical Links			907,756,550.00	3,140,946,210.00	-	4,048,702,760.00	
C. RMLF CS AND OTHER ALLOCATION							
KRB/DG/DFE/3/A/VOL V11 (94)		25/Sep/24		497,598,500.00		497,598,500.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (551)		26/Sep/24		150,000,000.00		150,000,000.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (551)		26/Sep/24		943,632,653.00		943,632,653.00	2024/2025
KRB/DG/37/00/A/VOL VI (317)		10/Nov/24		85,500,000.00		85,500,000.00	2024/2025
KRB/DG/DFE/3/A/VOL VII (90)		10/Nov/24		640,313,036.00		640,313,036.00	2024/2025
KRB/DG/DFE/3/A/VOL VII (169)		20/Nov/24		300,000,000.00		300,000,000.00	2024/2025
KRB/DG/DFE/3/A/VOL V11 (690)		29/Nov/24		150,000,000.00		150,000,000.00	2024/2025
KRB/DG/DFE/3/A/VOL V11 (690)		29/Nov/24		314,024,855.00		314,024,855.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (552)		3/Dec/24		30,000,000.00		30,000,000.00	2024/2025
KRB/DG/DFE/3/A/VOL V11 (638)		14/Feb/25		1,358,828,754.00		1,358,828,754.00	2024/2025
KRB/DG/DFE/3/A/VOL V11 (696)		14/Feb/25		193,809,972.00		193,809,972.00	2024/2025
KRB/DG/FIN/3/A/VOL VI (643)		5/Jan/25		1,167,537,951.00		1,167,537,951.00	2024/2025
Total RMLF-10% - Cabinet Secretary Allocation			-	5,831,245,721.00	-	5,831,245,721.00	
D. RMLF GOK Projects							
KeRRA /08/Vol.8(1015)				15,000,000,000.00		15,000,000,000.00	
MOTIHUD & PW/A/14.21/C/VOL.11(7)				12,004,508,416.00		12,004,508,416.00	
MOTIHUD & PW/A/14.21/C/VOL.13(47)						-	
Total Overheads Funds			-	27,004,508,416.00	-	27,004,508,416.00	
TOTAL RMLF FUNDS	Cash Request		1,609,855,250.00	46,569,556,507.00	-	48,179,411,757.00	
E. GOK EXCHEQUER FUNDS							
1		28-Aug-24		1,048,311,813		1,048,311,813.00	2024/2025
2		29-Aug-24		1,000,000,000		1,000,000,000.00	2024/2025
3		4-Sep-24		1,212,668,652		1,212,668,652.00	2024/2025
4		7-Sep-24		1,476,763,954		1,476,763,953.50	2024/2025
5		30-Sep-24		2,259,280,244		2,259,280,243.50	2024/2025
6		30-Sep-24		2,740,719,751		2,740,719,751.00	2024/2025
20		20-Dec-24		6,771,403,013		6,771,403,013.00	2024/2025
23		9-May-25		4,341,713,484		4,341,713,483.50	2024/2025
24		5-May-25		2,666,600,000		2,666,600,000.00	2024/2025
39		27-May-25		1,569,000,000		1,569,000,000.00	2024/2025
40		27-May-25		1,885,000,000		1,885,000,000.00	2024/2025
41		27-May-25		1,554,500,000		1,554,500,000.00	2024/2025
42		27-May-25		1,689,650,000		1,689,650,000.00	2024/2025
43		27-May-25		1,670,000,000		1,670,000,000.00	2024/2025
44		27-May-25		1,237,000,000		1,237,000,000.00	2024/2025
48		30-Jun-25		267,000,000		267,000,000.00	2024/2025
50		8-Jul-25		500,000,000.00		500,000,000.00	2024/2025
52		8-Jul-25		317,500,000.00		317,500,000.00	2024/2025
51		8-Jul-25		100,000,000.00		100,000,000.00	2024/2025
53		8-Jul-25		122,256,410.00		122,256,410.00	2024/2025
54		8-Jul-25		191,000,000.00		191,000,000.00	2024/2025
				(100,000,000)		(100,000,000.00)	2024/2025
				(50,000,000)		(50,000,000.00)	2024/2025
LVS And Conventional Annuity Funds				34,470,367,319.50	-	33,889,610,909.50	-
Contract No. RW C/LOT/LOT33/78-Intex Raf 1	Invoice No 25	19-Aug-24		815,828,751.56		815,828,751.56	2024/2025
Consultancy-LEA Associates	Invoice No 20	29-Aug-24		8,710,034.00		8,710,034.00	2024/2025
Consultancy-LEA Associates	Invoice No 21	30-Sep-24		9,108,448.00		9,108,448.00	2024/2025
Contract No. RW C/LOT/LOT33/78-Intex Raf 1	Invoice No 26	11-Nov-24		817,708,152.00		817,708,152.00	2024/2025
Consultancy-LEA Associates	Invoice No 22	14-Nov-24		7,967,738.00		7,967,738.00	2024/2025
Consultancy-LEA Associates	Invoice No 23	14-Jan-25		8,517,868.00		8,517,868.00	2024/2025
Consultancy-LEA Associates	Invoice No 24	14-Jan-25		8,389,456.00		8,389,456.00	2024/2025
Contract No. RW C/LOT/LOT33/78-Intex Raf 1	Invoice No 27	23-Jan-25		831,961,000.85		831,961,000.85	2024/2025
Consultancy-LEA Associates	Invoice No 25	23-Jan-25		8,582,086.00		8,582,086.00	2024/2025
Consultancy-LEA Associates	Invoice No 26	23-Jan-25		8,675,443.00		8,675,443.00	2024/2025
Consultancy-LEA Associates	Invoice No 27	22-Apr-25		8,259,502.00		8,259,502.00	2024/2025
Consultancy-LEA Associates	Invoice No 28	22-Apr-25		8,382,144.00		8,382,144.00	2024/2025
Contract No. RW C/LOT/LOT33/78-Intex Raf 1	Invoice No 28	28-Apr-25		803,661,427.30		803,661,427.30	2024/2025
Consultancy-LEA Associates	Invoice No 29	28-Apr-25		8,248,748.00		8,248,748.00	2024/2025
Consultancy-LEA Associates	Invoice No 30	6-May-25		8,319,369.00		8,319,369.00	2024/2025
Total Annuity Funds			-	3,362,320,167.7	-	3,362,320,168.00	
Total GOK Exchequer Funds			-	37,832,687,487	-	37,251,931,077	
F. DEVELOPMENT PARTNERS							
Asal Rural Road Projects		22-Apr-25		290,257,367.15		290,257,367.15	
Asal Rural Road Projects		18-Mar-25		98,800,096.50		98,800,096.50	
Total Development Partners				389,057,464	-	389,057,463.65	
TOTAL FUNDS RECEIVED			1,609,855,250	84,791,301,458	-	85,820,400,298	



REPUBLIC OF KENYA

The Upgrading to Bitumen Standard

Phase 1: Cess (Nghonji) - Rekeke - Lake Jipe Road

was officially launched

by

His Excellency Hon. William Samoei Ruto, PhD., C.G.H.

President of the Republic of Kenya and
Commander-in-Chief of the Defence Forces

on

Monday, 2nd December, 2024

His Excellency the President Hon. William Samoei Ruto, PHD this afternoon Launched the Upgrading to Bitumen Standards of the Phase 1 : Cess (Nghonji)- Rekeke-Lake Jipe 15km Road Taita Taveta County.



Opening up Rural Kenya

**KENYA RURAL
ROADS AUTHORITY**