

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

**LAPSET CORRIDOR DEVELOPMENT  
AUTHORITY**

**ON**

**THE AUDITOR-GENERAL**

**OF**

**REPORT**







**CORRIDOR DEVELOPMENT AUTHORITY**

**Building Transformative and  
Game Changer Infrastructure  
for a Seamless Connected Africa**



**ANNUAL REPORT AND FINANCIAL  
STATEMENTS FOR THE FINANCIAL  
YEAR ENDING 30<sup>TH</sup> JUNE 2021**

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



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## 1. KEY LAPSSSET CORRIDOR DEVELOPMENT AUTHORITY INFORMATION AND MANAGEMENT

### (a) Background Information

The LAPSSSET Corridor Development Authority (LCDA) is a State Corporation established pursuant to a Presidential Order, LAPSSSET Corridor Development Authority Order, 2013 as per the Kenya Gazette Supplement No. 51, Legal Notice No. 58 of March 2013. The Authority is domiciled in the Ministry of East Africa Community, State Department of Northern Corridor, and Regional Development with Headquarters in Nairobi.

The Authority is mandated with overseeing the implementation of the LAPSSSET Corridor Program (LCP) which is a regional multi-modal infrastructure Program encompassing transboundary transport project components linking Kenya with the neighboring States of the Federal Democratic Republic of Ethiopia and the Republic of South Sudan. The regional infrastructure components are:-

- i. Inter-regional Highways from Lamu - Gariissa - Isiolo, Isiolo - Lodwar - Nakodok and Juba (South Sudan), Isiolo to Moyale and Addis Ababa (Ethiopia), and Lamu to Garsen;
  - ii. Inter-regional Standard Gauge Railway lines from Lamu to Isiolo, Isiolo to Nakodok (Kenya/South Sudan border) and Juba (South Sudan), Isiolo to Moyale (Kenya/Ethiopia border) and Addis Ababa (Ethiopia), and Nairobi to Isiolo;
  - iii. Crude Oil Pipeline from Lamu to Isiolo, Isiolo to Nakodok and Nakodok to Juba (South Sudan);
  - iv. Product Oil Pipeline from Lamu - Isiolo - Moyale (Kenya) and Moyale to Addis Ababa (Ethiopia);
- The other LAPSSSET Corridor Program components as defined in the vision 2030, Kenya's long-term Development Plan include: -
- i. Lamu Port at Manda Bay consists of 32 Deep Sea Berths;
  - ii. International Airports at Lamu, Isiolo, and Turkana;
  - iii. Resort Cities at Lamu, Isiolo and Turkana;
  - iv. Merchant Oil Refinery at Lamu;
  - v. High Grand Falls Multipurpose Dam;
  - vi. Fiber Optic Cables and Communication Systems

### (b) Principal Activities

The Mandate of LCDA is to Plan, Coordinate, and Sequence the implementation of the LAPSSSET Corridor Program. These project components are implemented by different government Ministries, Departments, and Agencies (MDAs). LCDA plays a pivotal role in providing effective leadership in their implementation and timely execution. LCDA, therefore, undertakes cross-cutting and overarching roles by bringing together the implementing Agencies and stakeholders to create synergies and ensure the projects are synchronized. The Authority further plays a significant role in guiding policy, mobilizing resources as well as Monitoring and Evaluation (M&E) the program components. Besides the fore stated, the Authority provides operational and technical oversight for the LAPSSSET Corridor program to

- ensure the different Agencies deliver on their mandate. This mandate is derived from the Authority's functions as stipulated below:-
- i. To Plan, Coordinate, and Sequence the LAPSSSET Corridor projects in collaboration with the implementing Ministries and Agencies;
  - ii. To Coordinate implementation of LAPSSSET Corridor projects across implementing Ministries and Agencies;
  - iii. To Provide leadership, direction, and guidance in operations and implementation of the LAPSSSET Corridor;
  - iv. To ensure timely implementation of the decisions and resolutions of the government;
  - v. To Mobilize funds for project components using a variety of resources including budgetary resources from government, donor loans, infrastructure bonds, and private finance;
  - vi. In collaboration with the relevant National and County government departments, to build the capacity of LAPSSSET Corridor towns to manage the urban growth resulting from LAPSSSET Corridor investments;
  - vii. To Promote the competitiveness and use of the LAPSSSET Corridor for the transport of goods and people; and
  - viii. To Provide a forum for the stakeholders in the LAPSSSET Corridor.

<b>Who are we</b>	A state corporation established vide the Presidential Order, LAPSSSET Corridor Development Authority Order, 20 <sup>th</sup> contained in the Kenya Gazette Supplement No. 51, Legal Notice No. 58 of March 2013.
<b>Our Vision</b>	A premier institution in the delivery of a vibrant LAPSSSET Corridor with world-class transformative and game-changer infrastructure.
<b>Our mission</b>	To provide effective and efficient leadership in the delivery of transformative and game-changer infrastructure in the LAPSSSET Corridor.
<b>Core values</b>	<ul style="list-style-type: none"> <li>• Integrity</li> <li>• Sustainability and Public Participation</li> <li>• Equity and Equality</li> <li>• Commitment and Teamwork</li> <li>• Innovation</li> </ul>





*Figure 1: LAPSET Plaza housing on Lamu Regional Office*



*Figure 2: Drilling channels at the Port of Lamu*

(c) **Key Management**  
The LCDA's day-to-day management is under the following key organs:

- i. Board of Directors;
- ii. Director-General/CEO;
- iii. Management; and
- iv. Fiduciary Management

(d) **Fiduciary management**  
The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

#	Name	Designation
1.	Maina Kiondo	Ag. Director-General/CEO
2.	Jacob Mwakio	Director, Utility Infrastructure
3.	Susan Karimi	Principal Administrative Officer
4.	Benard Oluoch	Asst. Accounts & Finance Manager
5.	Norman Muraya	Asst. Strategy & Program Advisory Manager
6.	Benjamin Mutea	Supply Chain Manager
7.	Benson Thuita	Principal Corporate Affairs Officer
8.	James Muigai	Internal Audit Manager
9.	Daniel Munita	Manager, Security Services
10.	Silvester Kasuku	Former Director – General/CEO

(e) Fiduciary Oversight Arrangements  
The following fiduciary arrangements were in place during the 2020/2021 Financial Year.

COMMITTEE	MEMBERSHIP	RESPONSIBILITIES
Finance & Administration Committee	<ul style="list-style-type: none"> <li>• Mr. Jack Chebet – Chairperson</li> <li>• Martha Warithi-Member</li> <li>• Hon David Nguji-Member</li> <li>• Member</li> <li>• Principal Administrative Secretary/Alternate – Cabinet Affairs Office in the Presidency</li> <li>• Principal Secretary / Alternate – The National Treasury</li> <li>• Principal Secretary / Alternate – State Department of Regional Development</li> <li>• Principal Secretary / Alternate – State Department of Tourism;</li> <li>• Principal Secretary / Alternate – State Department of Water; DG Vision 2030 – Maina Kiondo – Secretary</li> </ul>	<ul style="list-style-type: none"> <li>• Oversee the preparation of the LCDAs budget.</li> <li>• Review the LCDAs annual budget before submission and after approval by the National Treasury;</li> <li>• Review quarterly Financial Monitoring Reports (FMR);</li> <li>• Review periodic operational budgets and financial statements;</li> <li>• Monitor the continuing efficacy of accounting and internal control;</li> <li>• Comply with the Government financial management regulations;</li> <li>• Monitor the performance of key finance and accounts staff against approved performance contracts;</li> <li>• Oversee the annual procurement plans including the externally funded projects;</li> <li>• Recruit and develop staff of LCDAs;</li> <li>• Monitor and appraise the performance of senior management, review human resource policies, determining the remuneration of senior management, and other staff.</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>• Eng. Karanja Mburu-Chairperson</li> <li>• Hon Abdalla Ngozi-Member</li> <li>• Principal Secretary / Alternate – Ministry of Tourism;</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor the implementation of the risk management policy framework;</li> <li>• Monitor and ensure timely implementation of recommendations of various fiduciary oversight responsibilities, including internal and external auditors, Government project monitoring agencies, and externally</li> </ul>

COMMITTEE	MEMBERSHIP	RESPONSIBILITIES
	<ul style="list-style-type: none"> <li>• Principal Secretary / Alternate – The National Treasury</li> <li>• Principal Secretary / Alternate – Ministry of Energy &amp; Petroleum</li> <li>• Mr. James Muigai, Manager Internal Auditor – Secretary</li> </ul>	<ul style="list-style-type: none"> <li>• Funded projects' periodic review and supervision missions;</li> <li>• Oversee continuing efficacy of accounting and internal control standards, policies, and practices;</li> <li>• Ensure compliance with legal covenants of Development Partners funding agreement on projects by them; and</li> <li>• Monitor the performance of key internal audit staff against approved performance contracts.</li> </ul>

**(f) Entity Headquarters**

P.O Box 45008-00100  
 Chester House, 2nd Floor,  
 Koinange Street  
 Nairobi, Kenya

**(b) Entity Bankers**

Kenya Commercial Bank  
 Moi Avenue Branch  
 P.O. Box 30081-00100  
 Nairobi

**National Commercial Bank of Africa**

(NCBA)  
 NCBA House, Masaba Road  
 P.O Box 44599-00100  
 Nairobi

**(i) Independent Auditors**

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

**(g) Entity Contacts**

Telephone: (254)-02-20-2219098  
 E-mail: [dg@LAPSSSET.go.ke](mailto:dg@LAPSSSET.go.ke)  
 Website: [www.LAPSSSET.go.ke](http://www.LAPSSSET.go.ke)

**Co-operative Bank of Kenya**

Parliament Road  
 P.O Box 5772-00200  
 Nairobi

**CFC and Stanbic Bank**

Lion Place, Waiyaki Way  
 P.O Box 72833-00200  
 Nairobi

**(j) Principal Legal Adviser**

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

**2. THE BOARD OF DIRECTORS****Titus Ibut, EGH**

Mr. Titus Ibut is the Chairman, Board of Directors of LCDA. He is also the Executive Director of Bell Industries, Council Member of China Africa Friendship Association Kenya Chapter, Director of Blue Waters Resort- Diant-Friendship Association Kenya Chapter, Director of Blue Waters Resort- Diant-Board, a Real Estate Development Council Board and Vipigo Investments - Real Estate Development. Mr Ibut has also served as a Member of the Management Board of the Methodist Guest House Ltd and former Chairman of Finance and Personnel Sub Committee of Methodist Guest House as well as member of Board of Trustees of Kenya Methodist University. Further, he served in the position of the Chairman of resource mobilization sub-committee of the trustee, Council and the Senate of the University. Currently, Mr. Ibut serves in the Board of Directors of Kingsway Institute and GCA. Mr. Ibut has worked as technical and Marketing Manager for Shell International Chemical Group. He is a member of British Institute of Management (MBIM), Member of Kenya Institute of Management (MKIM), a Member of Marketing Society of Kenya (MMSK).

**Dr. Richard Belio Kipsang, CBS**

Dr. Richard Belio Kipsang is the Principal Secretary, State Department for Regional and Northern Corridor Development. He previously worked as Principal Secretary in the Ministry of Education Science and Technology. He holds a Master of Arts and PhD degrees in Business/Economics and Administration/Planning respectively. He is also a Council Member at Mr. Kenya University and Cooperative University College where he also Chairs Finance, Planning and Development. He is a Board member Finance Alliance for Sustainable Trade, (FAST) an International Think Tank on Financial Resource Mobilization; Council Member Advisory Council for Coffee Initiative; Government Delegate International Coffee Organization (ICO) and; Chair Operations Committee, Association of African Higher Education Financing Agencies (AAHEFA). He has had extensive professional trainings and commands numerous expose to local and international conferences and workshops in areas of higher education financing and administration, leadership, management, micro-enterprise development, fraud, corruption and combating economic crime, agricultural value chain financing, computing and other areas of business and management among others particularly in prestigious institutions such as the London School of Economics (LSE) in the UK, Harvard University in the USA, State University of New York in the USA, among other institutions in Kenya, Germany, Belgium, Sweden, Denmark, Thailand among others. He is an Associate Member of the Association of Certified Fraud Examiners and also; a member, Institute of Directors of Kenya.





**Dr. Eng. Joseph Njoroge, CBS**

*The Principal Secretary, State Department of Energy, Ministry of Energy & Petroleum. He holds an MBA with a major in strategic management and a First Class Honors Degree in Electrical Engineering. He is a Registered Consulting Engineer, a Chartered Engineer, a Member of the Institution of Engineering & Technology (UK), a Fellow of the Institution Engineers of Kenya, a member of the Institute of Directors of Kenya and a trainer in Corporate Governance. He is the former Managing Director of Kenya Power & Lighting Company Limited, the country's transmitter, distributor and retailer of electricity, a position he held for six years.*



**Dr. Julius Muta, EBS**

*The Principal Secretary, The National Treasury & Planning, Co-opted Member and is the former Director General, Vision 2030 Secretariat. Dr. Muta worked as an assistant Audit Manager, Price Waterhouse from 1986-1989 in Manchester, United Kingdom. Later worked at Lornho Hotels as a group Financial Controller from 1990-1992; Finance director at the Safari Park Holdings Ltd from 1992-1995, Group Finance director at Unga Group Ltd from 1995-2001, Finance Director and chief Operating officer at Housing Finance Company of Kenya from 2001-2008. Since April 2008 Julius served as the Secretary and CEO of the National Economic and Social Council, Office of the President. He also trains on Leadership and teaches in Strathmore Business School.*



**Dr. Nicholas Muraguri**

*The Principal Secretary, Ministry of Lands and Physical Planning, Co-opted Board Member. Dr. Muraguri is a doctor by profession. He Holds a bachelor's degree in Surgery and Medicine and a Masters in Public Health. He also holds a Master's degree in Business Administration. Dr. Muraguri also holds postgraduate certificates in Health Communication from John Hopkins' Bloomberg School of Public Health, and Applied Epidemiology from Nairobi University.*



**Joseph W. Irungu CBS**

The Principal Secretary, Ministry of Water and Sanitation, Co-opted Board Member, Mr. Irungu is an Administrative Officer by profession and has served in different administrative capacity in the Government of Kenya. He brings in a wealth of experience in administration having served in various positions in the Ministry of Interior & Coordination of National Government as follows: Principal Administrative Secretary, Secretary of Administration/Internal Security, Director of Administration, Senior Deputy Provincial Commissioner, District Commissioner (Bungoma District), District Officer in Nyanza, Coast and Central Provinces and as an Assistant Secretary, Ministry of Local Government. Mr. Irungu holds a Bachelors of Arts Degree from University of Nairobi and an MBA from JKUAT. He is a member of Kenya Institute Management (KIM) and Kenya Association of Public Administration and Management (KAPAM).



**Mr. Solomon Kitungu**

The Principal Secretary for the State Department for Transport in the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works. As the Principal Secretary in charge of Transport, he is responsible for the Transport Policy Management, Rail Transport & Infrastructure Management, Fast Tracking Identified Northern Corridor Integration Projects, Oversight and Co-ordination of Lamu South Sudan Ethiopia Transit Corridor (LAPSSET) Programme Implementation, Civil Aviation Management and Training, Maritime Transport Management and Development and Maintenance of Air Strips among other port related fields. Mr. Kitungu hold, a Bachelor of Arts degree in Economics (1981) from the University of Nairobi and has a Master of Arts degree in Economics (1990) from the University of Manchester, United Kingdom. Mr. Kitungu has attended the Advanced Management Programme at Strathmore Business School and University of Navarra Barcelona, Spain and many other trainings in public sector management, investments reforms, privatizations, infrastructure and Public Private Partnerships. He joins the State Department for Transport from the National Treasury and Planning ministry where he was an Investment Director from 2003 – 2009 and October to January 2020. Prior to this, he served as the Executive Director of the Privatization Commission from 2009 – 2017 and in other positions from January 1988. In this capacity Mr. Kitungu also served as an alternate director for the National Treasury in various boards of State Corporations.



**Mr. Jack Chebet**

Jack R. Chebet joined the Board in February, 2019. He is the Chairman of Finance and Administration Committee. Mr. Chebet is an astute Business Executive with invaluable Sector experience in Petroleum, Transport & Logistics, Agribusiness, Cement Manufacturing and Telecommunications. Currently Chebet is the Chairman of Oil Marketers Association of Kenya (OMAK), Director Petroleum Institute of East Africa (PIEA), Vice Chairman East Africa Petroleum Transporters Association (EAPTA) and Board Member of Supplycor (K) Ltd. He is the founder and Chairman of Stabex International since 2009. In the past, he has served as a Director and Chairman of public institutions in seed production and marketing; Kenya Seed Company Ltd and Kibo Seed Co. Ltd-Tanzania. Chebet has diverse business interests in the Agribusiness, Oil & Gas and Logistics Sectors. He has more than 20 years of commercial, business and leadership experience. His professionalism, competencies and integrity have seen him appointed to executive positions in various organizations within East Africa. Chebet holds an MBA in International Business Management from the University of Nairobi and a Bachelor of Commerce degree in Marketing from Catholic University of Eastern Africa.



**Martha Warthi**

Martha Warthi joined the Board in February, 2019. She is an Economist by profession with extensive Strategy and Insights experience from working in Africa, Europe and Asia for over 20 years conducting market and social research for major Blue Chip companies among them; Diageo, Unilever, MTN, Barclays Bank and Major NGOs like Red Cross, United Nations, DFID, among others. In recent years she has worked for The Coca-Cola Company where she rose to the level of Strategy and Insights Director for the region in-charge of 84 countries based in the India sub-continent and more recently Turkey as the Director for Eurasia Africa Group. With a sincere interest in areas of community development on issues impacting women and children in emerging markets and developing sustainable solutions, Martha currently also serves on various boards including The Flying Doctors Society of Africa, The Beth Mugo Cancer Foundation. She previously served as Director, The Bonus of Kenya. She holds a BA Economics & Sociology from University of Nairobi (Kenya) and a Masters in Local Economic Development from Middlesex University (UK).





**Hon. Abdallah Jumaa Ngozi**

*Hon. Abdallah Jumaa Ngozi joined the LAPSET Board in June 2019. He has extensive training in port management; he undertook his trainings in Kenya, France and Netherlands. He gained over 28 years of experience in port management at the Kenya Ports Authority where he had risen to the position of Operations Manager. In 2002 he was elected to the Kenya National Assembly to represent Msambweni Constituency until 2007. In parliament he was an active member of the Foreign Relations, Security and Health Departmental Committees. After parliament Ngozi established a successful Hotel and Petroleum business in Kwale at the coast where he is the Executive Director up to date.*



**Hon. David Nguigi HSC, MBA, ACII (UK), AII (K)**

*Has over 30 years' experience in leadership and management (both private & public sector). Is a career insurance professional having held various leadership roles from GM, MD, Executive Director & Chairman in several companies: Corporate Insurance Co, Association of Kenya Insurers (AKI), Phoenix Assurance, UAP Provincial now Old Mutual etc. Has consulted & trained for State University of New York, Canadian Aid & Development Agency, Westminster Foundation for Democracy & approximately half of the counties on leadership, management, governance & devolution. Served as the MP Kinangop Constituency 2008-2012 & member (Chair) Local Government Authorities, Public Accounts, & Constitutional Implementation Oversight committees & various government's taskforces. Directorships & memberships have included Chairman of AKI, Insurance Institute of Kenya (IIK), College of Insurance, KEPISA, FRI, NHIF, NEMA, etc. Has delivered management & professional papers to institutions & professional societies like: LSK, IIR, Institute of Arbitrators, & University of Nairobi. Currently, he is the Managing director & CEO of Directline Assurance, the number one PSV insurer. He is an avid golfer & former Chairman Muthaiga Golf Club & Kenya Golf Union.*



**Eng. Karanja Mbaru Wamwangi**

*He joined the LAPSSET Corridor Development Board of directors in June 2019, serving as Chair of the Audit and Risk Management Committee. He holds a Masters in Engineering Project Management, Bachelors of Science in Organizational Leadership Management, and Associate's in Business Administration. He has served as Executive Director of Can Do Kids International in Kenya since 2011 and is the founder of Can Do Kids Kenya. He serves as a Can Do Kids resource mobilizer and a bridge to link resources in western countries and Kenya with the extreme needs of children and youth in rural Central Kenya. He worked in management for Seneca Foods, one of the world's leading food processors, for more than 17 years. He served on the board of Kenya Community Abroad in the US and Murang'a School of Hearing Impaired. He is an honorary member of the Murang'a Rotary Club.*



**Hon. Hashim M. Fumo**

*Hon. Hashim M. Fumo joined the Board in May, 2021. He is a national figure in politics and has served as an Assistant Minister, Ministry of Trade in 1999. He also worked in the Ministry of Local Government in 2000-2002. He then served as the First Speaker of the Lamu County Government. He also holds a Doctorate Degree in Public Administration by Commonwealth University. He also holds a Bachelor's degree in Management & Leadership from the Management University of Africa and also a level 7 graduate from the Chartered Management Institute of London.*

**Silvester Kasuku, MBS, CMILT MKIP, MTCPAK, MAAR-TP**

He is the immediate former Director General/CEO & Secretary to the Board of Directors. Mr. Kasuku is a former Lecturer at the University of Nairobi, School of the Built Environment. An expert in infrastructure and services management policy, he was a Consultant/ Technical Advisor on the Kenya Roads Sector Institutional and Legal Reform of Government of Kenya between 2002 to 2008. Awarded the Moran of the Burning Spear (MBS) by H.E President Mwai Kibaki for the distinguished service he has rendered to the Kenyan nation. Mr. Kasuku is a member of various Professional Societies. He is a Chartered Member of the Institute of Logistics and Transport (CMILT). He is a Corporate Member of the Architectural Association of Kenya – Town Planners Chapter (MAAR-TP) and also a member of the Institute of Environmental Assessment, Kenya and a Member of the Kenya Institute of Planners. Mr. Kasuku served the Authority from 2013 to January 2021.

**AG. DIRECTOR GENERAL/CEO****Maina Kiondo**

He is the Acting Director General/CEO & Secretary to the Board of Directors, a position he has held since 5<sup>th</sup> January 2021. Mr. Maina Kiondo joined the Ministry of Agriculture in 1987 as a Project Officer. He has participated in implementing a number of projects including the Sigor Wet Irrigation Project, the Central Kenya Dry Land Project, the National Agriculture and Livestock Extension Project and the National Dairy Development Project. In 2011, he moved to the Ministry of Regional Development as the Deputy Director, Resource Mobilization. In 2019, he became the Director, Northern Corridor Development at the Ministry of East African Cooperation and Regional Development. On 5th January, 2021, he was appointed as the Ag. Director General/CEO of LAPSET Corridor Development Authority. Mr. Kiondo who is an Agriculturist by profession, holds an MBA – Project Management and is a member of the Project Management Institute.



**3. MANAGEMENT TEAM**

**Silvester Kasuku, MBS, CMILT MKIP, MTCPAK, MAAK-TP**  
**IMMEDIATE FORMER DIRECTOR GENERAL/CEO**  
 Holds Masters Arts Degree (MA) Planning  
 Has over 15 years in the service  
 Served between 2013 and January 2021



**Maina Kiondo**  
**AG, DIRECTOR GENERAL/CEO**  
 Holds Masters Degree in Business Administration –  
 Project Management  
 Has Over 34 years in the Public Service.  
 Served between January 2021 and 30<sup>th</sup> June 2021



**Eng. Jacob Mwalido PE, MIEK MENG,**  
**Director, Utility Infrastructure**  
 Holds MSC – Civil Engineering  
 Has over 10 years of experience



**Norman N. Muraya**  
**Ag. Director, Trade Tourism & Urban Development**  
 Holds Masters Arts Degree in Economics  
 Has Over 16 years in the service



**Benjamin Mutua**  
**Supply Chain Manager**  
 Holds BA (Economics) and CIPS (UK)  
 Has Over 16 Years of Experience



**Daniel Mumtra**  
Manager, Security Services  
Commissioner of police  
Has over 30 years of experience



**James Muigai**  
Internal Audit Manager  
Holds MBA- Finance and CPA (K)  
Has Over 15 years of experience



**Bernard Oluoch**  
Ag. Manager, Finance and Accounts  
Holds MSC- Finance & Investment and CPA (K)  
Has Over 15 years of experience



**Susan Karimi**  
Principal Administrative Officer  
Holds BA Human Resource  
Has Over 21 years of Experience



**Benson Thuita**  
Principal Corporate Affairs Officer  
Holds BA (Communications)  
Has Over 7 years of Experience

**4. CHAIRMAN'S STATEMENT**

**"In this regard, we will work closely with stakeholders within the ambit of the JCSC to deliver a one-government approach to the development initiatives."**

**Introduction**

I am greatly honoured to present the Annual Report and Financial Statements for the year ending 30<sup>th</sup> June, 2021.

As we appreciate the milestones and progress made in the implementation of the LAPSET Corridor Program (LCP), it is critical to reflect on the fundamental role it is playing in meeting our development aspirations as envisaged in our development blueprint, Vision 2030.

As an Authority, we are mandated to coordinate the development of the second strategic economic and transit corridor spanning from our coastline at Lamu and traversing a huge part of the country in Northern and North Eastern. In the wisdom of the conceptualization of the LCP, the drafters recognized the intertwined elements of infrastructure and economic empowerment. Accordingly, the LCP was designed to incorporate multi-modal infrastructure components consisting of roads, railways, airports and pipelines and other economic enablers among them industrial set-up, resort cities and utilities.

As we reflect back on the years' delivery, I am particularly delighted that the LCP is coming to fruition and the transformation is evident. The ongoing project components are playing a significant role in harnessing the economic potential of our country especially the areas served by the program.

**Revenue**

During the year under review, the Authority received Kshs 307 million for its core mandate from The National Treasury. The Authority also had the Transaction Advisory Grant provided by the African Development Bank extended through its' utilization was hampered by the COVID-19 pandemic and a grant regularization process that required to be undertaken. Further partnerships were explored with the State Department of Petroleum and the Petroleum Project Management Team (PPMT) in facilitating a massive exercise on land acquisition for 834 Kms long and 500 meters wide section from Lokichar – Lamu. Equally, we recognize the generous support that was extended by the Economic Commission for Africa (ECA) and NEPAD/Kenya in supporting the Regional Institutional Establishment culminating to signing of the Terms of Reference for the Steering Committee in Ethiopia.

## Strategic Plan

The review and extension of the Strategic Plan commenced in FY 2019/2020 and was impeded by COVID-19. Am glad to note that in the period under review, the process was completed and the Revised and Extended Strategic Plan for the period 2019/2020 – 2022/2023 was approved by the Board. In undertaking this exercise, there was a sharp focus on actionable targets and firm commitment to the implementation of the identified activities. Equally, through engaging the stakeholders, the final product proved vibrant and resilient to guide the operations of the Authority in the next coming years.

### Key Achievements of the Year

During the year under review, the Authority continued to coordinate the LCP in a new and uncertain environment occasioned by COVID-19 which resulted in major project work



Figure 1: President Uhuru Kenyatta accompanied by CS Treasury Amb. Ubur Yavuni and LAPSET Chairman Tinto Ibit during launching of Operationalization of Berth 1 of the port of Lamu.

disruption and loss of valuable time.

It is gratifying to note that we have put in place measures to overcome the challenges with the Authority spearheading the formation of a Joint Chairs Steering Committee (JCSC). Through the JCSC and leveraging on technology, significant decisions were made by the LCP implementing agencies.

Arising from this interaction, the Government was able to progress the construction works of Lamu Port where the 1<sup>st</sup> berth was completed and operations launched on 20<sup>th</sup> May 2021 by H.E the President with berths no. 2 and 3 attaining overall completion rate of 90% as at end of the FY and is set to be commissioned by October 2021.

In respect to the road component, we continue to witness greater impetus in the implementation process. The construction works for the missing link between Lamu - Ijara - Garissa commenced and this is a vital development in meeting the objectives of the LCP. This road has been prioritized and will shorten the distance between Lamu Port and the hinterland and hence make the port marketable. The other sections have also registered significant progress, especially the Lokichar – Nakodok road which has transformed the infrastructure in Turkana County in a phenomenal way.

The dream of Kenya joining the oil-exporting countries is also gaining trajectory with major studies pertaining to the Crude Oil Pipeline already concluded. During the year, the Authority coordinated the Front-End Engineering Designs (FEED) and the Environmental and Social Impact Assessment (ESIA) studies. The two are core in defining the technical and environmental aspects of the component.

To ensure that the corridor's economic transformation and empowerment is realized as envisaged, the Authority intensified stakeholders' engagement. The economic potential of the counties traversed is therefore well mapped out and engagements will continue to be pursued to exploit the huge potential in the Blue Economy and the Livestock Sectors. We are alive to the enormous task of master planning and mapping the economic zones along the corridor. In this regard, we will work closely with stakeholders within the ambit of the JCSC to deliver a one-government approach to the development initiatives.

### Corporate Social Investments

The Presidential Youth Scholarship programme that is being implemented in Lamu is a strong pillar for sustainable Corporate Social Investments (CSI). It is noted that upon commencement of the Port Operations, some of the beneficiary students were absorbed and are contributing to the ongoing port operations and progressively more will be absorbed.

To support this initiative further, the Authority intends to partner with LCP implementing agencies in establishing a framework that will identify high-impact CSI extended to the other LAPSET Counties.

### Changes to the Management

During the year under review, there occurred changes in the LCDA Board of Directors with Hon. Mohammed Hashim replacing Hon. David Ngugi who joined National Council for Population and Development as Chairperson. Also, Mr. Maina Kiondo joined the Authority in the capacity of an acting Director-General/CEO following the end of the tenure of Mr. Silvester Kasuku. We extend our sincere thanks to Hon. Ngugi and Mr. Kasuku for their tremendous contribution and leadership during their terms of service and wish them well in future endeavours.



## Our Aspirations

The significant milestones registered in the delivery of the LCP is an affirmation of the government commitment to realize tangible development spread across the country. The one government approach adopted through the JCSC has therefore been instrumental in consolidating these gains and providing requisite leadership. We are committed to supporting an integrated development model that aspires to achieve more within defined times and at a lesser financial burden to the country.

## Board Appreciation

As a Board, we highly appreciate the task bestowed on us to champion and guide the development discourse for future generations. I therefore on behalf of the Board of Directors thank the Government Ministries, Counties, Departments, and Agencies that have enabled us execute our mandate in close collaboration and with a common desired outcome. Equally, our stakeholders have continued to support the Authority in many facets and we are grateful and hope this will be continued. Equally, we extend appreciation to the management for dedication and resilience to deliver in very challenging times. We commit to continue providing the support and leadership to ensure that the Authority's role in shaping our future outlook is affirmed.

Lastly, I recognize in a special way the Board of Directors, the Management Team and all the Employees, who have unreservedly been committed to the activities of the Authority and have dedicated their valuable time beyond call for duty. Your individual and collective sacrifices have gone a long way in facilitating the achievements we are so proud of in this Financial Year.



Hon. Hashim Mohamed

FOR Chairman, LCDA Board of Directors

**5. REPORT OF THE CHIEF EXECUTIVE OFFICER**

*“It is with great pleasure that I present the Annual Report and Financial Statements for the year ended 30th June, 2021. This is a significant year as we witness the operationalization of the first berth of the Port of Lamu which is the anchor project for the LAPSSSET Corridor Programme”.*

**Mr. S. Ikua****DIRECTOR GENERAL/CEO****Introduction**

The LAPSSSET Corridor Program is one of the flagship Vision 2030 projects intended to spur economic development by creating new opportunities and unlocking the latent economic potential in the larger hinterland of Northern and North Eastern and North Western parts of Kenya. The program is also intended to provide the country with a second strategic port thereby making the country a transport and logistics hub in the region.

Moreover, LAPSSSET Corridor Program is designed to link with other continental corridors such as East Africa Northern Corridor, East Africa Central Corridor and provide a land bridge through the African Great Lakes region. This will create a link from Lamu port in the Eastern Africa Coast of India Ocean to Douala Port in the Western Africa Atlantic Ocean and help ease trade by reducing the distance through an efficient land transport system.

**Figure 6: A section of the vast LAPSSSET Corridor route connecting port to port through the Equatorial Land Bridge**



The LAPSSET Corridor Development Authority continues to undertake its mandate of Planning, Coordinating, and Sequencing and providing effective leadership in the implementation of the LAPSSET Corridor Project components with Ministries, Departments and implementing Agencies. As an Authority, we endeavour to ensure that the project components are implemented in an integrated manner to enhance and create synergies and reduce cost and augment timely project delivery.

It is with great pleasure that I present the Annual Report and Financial Statements for the year ended 30th June, 2021. This is a significant year as we witness the operationalization of the first berth of the Port of Lamu which is the anchor project for the LAPSSET Corridor Programme. This Report and Financial Statements for the year ended 30<sup>th</sup> June 2021 outlines the Authority's achievement over the past year and highlights how the funds allocated were utilized. It also provides an overview of the activities undertaken by the Authority during the financial year 2020/2021.

### LAPSSET Corridor Program Progress

In the period under review, the Authority has continued to register significant achievements thus far amid myriad of financial resource challenges. The milestones attained during the year are as follows:

#### i. Operationalization of the 1<sup>st</sup> Berth of the Port of Lamu

During the year, the Authority oversaw the operationalization of the 1<sup>st</sup> Berth at the Port of Lamu which was launched by H.E the President, Uhuru Kenyatta on 20th May 2021. This was significant as it provides Kenya the opportunity to safeguard its position as point of entry and a regional hub for logistic and transport business while offering Ethiopia and South Sudan unfettered access to the Port of Lamu. Additionally, the Authority continues to coordinate and spearhead the construction of the other two berths which are now at 90% completion rate and expected to be commissioned by October 2021 while in the same line packaging the rest of the Berths for development by the private sector through the Public Private Partnership arrangement.



Figure 7: MV CAP Carmel, the first vessel to dock at the New Port of Lamu.

## ii. LAPSET Highways

In respect to the LAPSET road components, there have been huge progress with over 1000Kms out of the estimated 1800Kms road network from Lamu port to boundaries of the Federal Democratic Republic of Ethiopia (Moyale) and Republic of South Sudan (Nakodok) either completed or under construction. The progress made is as follows:

- Isiolo - Marsabit – Moyale 503Kms Road Completed in 2016.
- Road linkage between Isiolo and Nairobi (Capital of Kenya) Completed.
- Lokichar – Lodwar – Nakodok (330Kms) Road: Under Construction and expected to be completed by December 2021.
- Lamu – Garissa Road: (257Kms) Stage upgrading ongoing
- Garissa - Modegashe Road: (157Kms) Complete and operational
- Modegashe – Isiolo: (123Kms) ESIA & Detailed Engineering Designs complete
- Isiolo – Lokichar (371Kms) Road: Detailed Engineering Designs complete.
- Lamu – Witu – Garsen (110Kms) (Alternative Route for Cargo Evacuation): Construction is complete and operational.

Additionally, the Authority has overseen the operationalization of Moyale One-Stop Border Post within the period of review, the establishment of the OSBP will play a significant role in improving cross border trade and free movement of people between Kenya and Ethiopia.



Figure 8: President Uhuru Kenyatta officially launching Lamu –Isiolo road in the company of CS Transport James Macharia



Figure 9: Moyale One Stop Border Post

**iii. Lamu Special Economic Zone.**

The Authority has made the several strides towards the realization of the Lamu Special Economic Zone. Under the period of review, the Authority has contracted a consultant to undertake transaction advisory studies for the Lamu Special Economic Zone and the Lamu Port. This was supported through a grant by the AfDB. Additionally, the Integrated Transport Infrastructure Master Plan for Lamu Port City and the (SEZ) has been concluded and approved. LCDA is currently spearheading the process of site identification and acquisition of the Lamu SEZ land.

**iv. Crude Oil Pipeline**

In respect to the Crude Oil Pipeline, the Preliminary Engineering Designs & Feasibility Studies were Completed in October 2014 and the FEED Studies were Completed in June, 2019. The Public Hearing on Environmental Social Impact Assessment (ESIA) is completed and approval by NEMA is ongoing.

**v. Land Acquisition.**

In respect to Land Acquisition, the Authority within the period of review have managed to undertake Inspection, Preliminary Valuation and Surveying in Lamu, Garissa, Meru, Isiolo and Samburu Counties. Additionally, the Authority has completed gazettelement of land for acquisition for the LAPSSSET Corridor Project components.

**vi. Corridor Development Plans**

During the period of review, the Authority coordinated with the National Department of Physical Planning to gazette the Approved Preliminary Master Plan and Integrated Transport Infrastructure Master Plan for Lamu Port City. The Master Planning of the LAPSSSET Outer Corridor is ongoing.

**vii. Stakeholders Consultations**

Stakeholder engagement is crucial for the success of the LAPSSSET Corridor Programme given the multiplicity and diversity of the project players. Under the period of review, the Authority convened several stakeholder consultative forums along the LAPSSSET Corridor Counties to address issues on Land Acquisition, Fishermen Compensation, Master Planning Studies among others. This undertaking was necessary to bolster project implementation and project acceptability and ownership.

**viii. Institutional Regional Coordination Framework**

Within the period of review, the Authority has made progress in fast-tracking the realization of a regional coordination framework which will provide joint planning, coordination and delivery of the projects between the 3 partner states of Kenya, Ethiopia and South Sudan. Against this backdrop, the 1<sup>st</sup> LCP Ministerial Meeting was held in January 2020 in Mombasa, Kenya. The meeting reviewed and adopted a report of technical experts on the Establishment of a Regional Coordination Framework for the LAPSSSET Corridor Program. The meeting also drafted an implementation road map.

The 2<sup>nd</sup> LAPSSET Corridor Programme Ministerial meeting was convened and hosted by the Minister of Transport of Ethiopia Hon. Dagmawit Moges Bekele in Addis Ababa, Ethiopia from 28<sup>th</sup> June to 2<sup>nd</sup> July 2021. The meeting brought together the representatives of the three footprint countries and key stakeholders among them the Office of the High Representative for Infrastructure Development in Africa led by the Rt. Hon. Raila Odinga, Ministry of East Africa Community led by the Cabinet Secretary Hon. Adan Mohamed, Economic Commission for Africa, African Development Bank and NEPAD Kenya Secretariat and this culminated in the signing of Terms of Reference for Steering Committee by the 3 partner States.



Figure 10: Delegates during the LCP Inter-Ministerial meeting for LAPSSET held in Addis Ababa Ethiopia

#### Regional Offices.

During the year under review, the Authority was able to realize the benefits of the regional offices in Lamu, Turkana, Isiolo and Garissa. These offices created strong linkages with the community and facilitated timely delivery of projects. Through these offices, the Stakeholders' Engagement were undertaken with a lot of ease and there were closer interactions with the communities and public participation processes were adequately supported.



Figure 11: Artistic impression of the planned Lamu port city

The Authority's Strategic Plan which is a successor of the inaugural Strategic Plan 2016/2020 was reviewed and extended to 2022/23 providing a sound framework for the Authority to implement a set of identified activities. This plan has been aligned with Government Development Agenda and International Development Principles, including the Constitution of Kenya (2010), Kenya's Vision 2030, Medium-Term Plan III, the Big Four Agenda, the Sustainable Development Goals (SDG's), and Agenda 2063. The review of the Strategic Plan has been done through a participatory and consultative process involving the Board, Management, Staff and Stakeholders. This was insightful and our operations will highly benefit and be informed by the revised Strategic Plan.

### Risk Management

Risk management is central in sustaining successful business operations. As part of this process, the Authority has undertaken capacity building of the Board and management. Further, we have undertaken extensive process review and incorporated technology (Enterprise Resource Planning (ERP) software) in enhancing the quality of systems to mitigate possible risk occurrences.

### Financial Performance

During the year under review, the Authority was allocated Kshs 307 Million by The National Treasury for the operations. The funds supported the coordination role of the Authority, the TA consultancy for the Lamu Port and SEZ and the land acquisition process and coordination of the plans for commissioning of the 1<sup>st</sup> berth of Lamu Port. The Authority also benefited from support of the partners including WWF for the Master Plan and NEPAD-IPPF for the Transaction Advisory consultancy.

### Institutional Operational Challenges

For the period under review, there were a number of challenges that hindered the delivery of the planned activities. The COVID-19 pandemic triggered major interruption of activities that were ongoing including the land acquisition and crude oil pipeline process as well as slowing down the pace of road construction and completion. Regardless of the prevailing challenging environment, the Authority has continued to harness its coordination role through the application of technology to convene meetings and engage Stakeholders. The budgetary allocation for the Authority was insufficient to cover all the planned annual activities. There are therefore several cross-cutting activities whose implementation pace was adversely affected including procurement and installation of planned ICT asset, capacity building and trainings, investors priming and planned Board activities among other planned stakeholder's engagement. Additionally, the Presidential Youth Scholarship Programme has been adversely affected. The Authority has not been able to recruit more students with only 400 out of planned 1000 youths supported. The scholarship programme is a critical Corporate Social Investment that needs to be replicated across all the LAPSSET Counties.

### Appreciation

In conclusion, the delivery of the LAPSSET Corridor is a significant undertaking in realization of a better Kenya. I therefore extend genuine appreciations to our Board of Directors and the dedicated

and talented staff of LAPSSSET Corridor Development Authority for their support and effort in achieving the goals and objectives of the organization. I also appreciate the implementing Ministries, Departments and Agencies, National and County Governments, our donors and the Partner States, our Service Providers and distinguished Stakeholders for their respective contributions during the year. I look forward to your continuous support as we strive to create the second strategic Corridor in Kenya and the Region to spur inclusive development.



S. Ikua

DIRECTOR GENERAL/CEO



## 6. STATEMENT OF LAPSSSET CORRIDOR DEVELOPMENT AUTHORITY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

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

LCDCA has six strategic pillars and objectives within the current Strategic Plan for the FY 2019/2020- FY 2022/2023.

These strategic pillars are as follows:

1) To coordinate the implementation of the LAPSSSET Corridor components

2) To undertake Stakeholder Engagement and collaboration

3) To mobilize funds for program components

4) To position the LAPSSSET Corridor as the preferred investment and transport corridor

5) To create awareness and acceptability of the LAPSSSET Corridor

6) To strengthen the institutional frameworks for delivery of the LAPSSSET Corridor Program

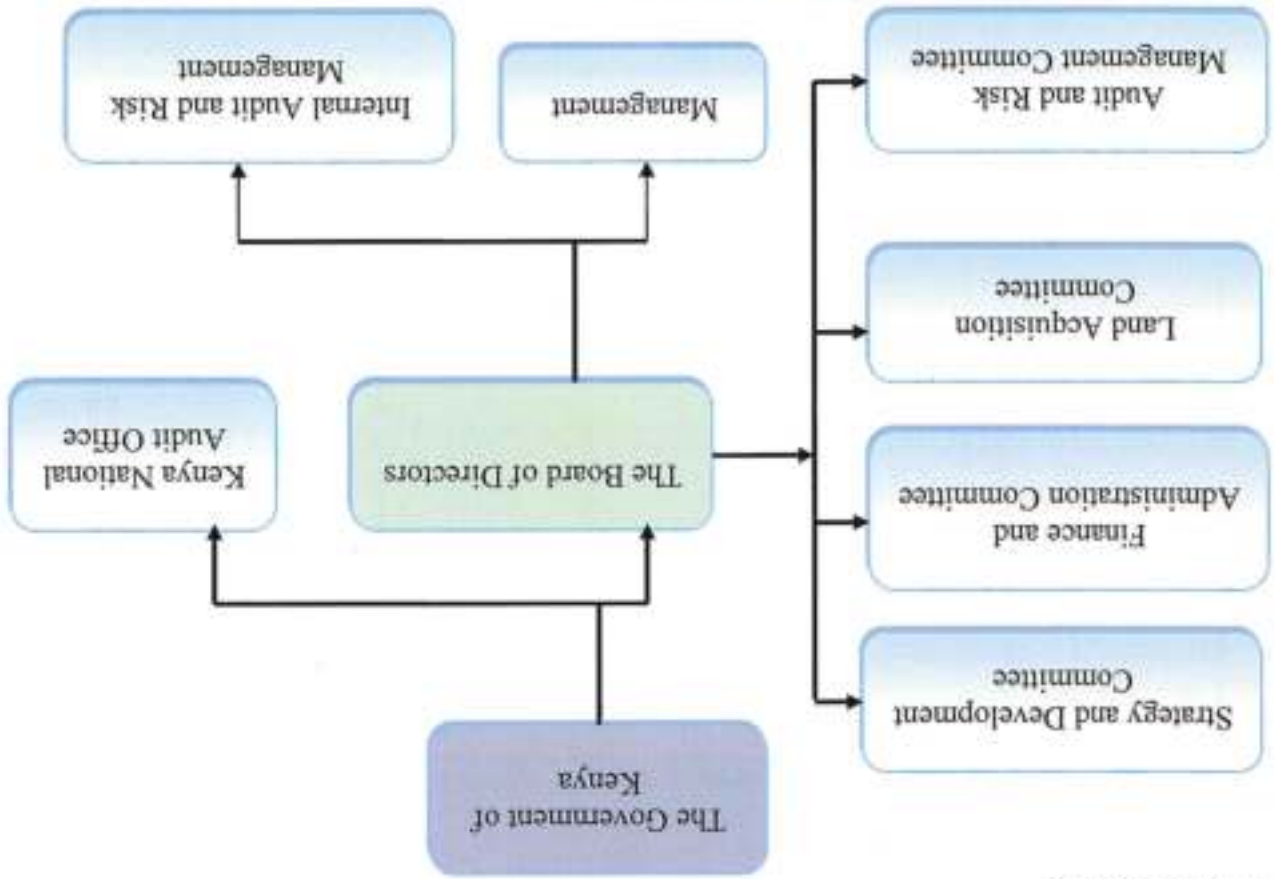
LCDCA develops its Annual work plans based on the above six pillars. Assessment of the Board's performance against its Annual work plan is done quarterly. The LCDCA achieved its performance targets set for the FY 2020/2021 period for its six strategic pillars, as indicated in the diagram below:

Strategic Pillars	Objectives	Expected Output		Key Performance Indicators	Activities	Achievements
		Output	Indicators			
LAPSSSET Corridor Coordination	To coordinate the implementation of the LAPSSSET Corridor components	Equipment for operations of the 1 <sup>st</sup> three berths of Lamu Port	Report	Sourcing of Equipment for operations of the 1 <sup>st</sup> three berths of Lamu Port	Efficient seamless and secure LAPSSSET Corridor	
	Port sourced	Report	Survey of Lamu and Turkana International Airports and Resort Cites	Survey of Lamu and Turkana International Airports and Resort Cites		
LAPSSSET Corridor	To undertake engagement framework	Land for 500m trunk infrastructure project	Title	Coordination of acquisition of Land for 500m trunk infrastructure project components	Stakeholders engagement	
		components acquired	Framework			

		Stakeholder prepared and disseminated	Engagement and implemented	and collaboration															
		Report	Key stakeholders mapped and listed updated																
Resource mobilization	To mobilise funds for program components	Resource mobilization strategy prepared and implemented	Framework with the implementing agencies on prioritizing LAPSET projects in their work plans prepared and adopted		Amount of funds mobilized (Kshs. Billion)	% level of completion of the corridor investments within the Corridor													
Promotion and Publicity	To position the LAPSET Corridor as interest groups developed, disseminated, and preferred investment and transport corridor	Frameworks for promotion of the LAPSET Corridor for each of the various interest groups developed, disseminated, and implemented	Investment conferences held	Sensitization workshops on LAPSET Project components held	No. of Reports	No. of awareness LAPSET Project and acceptability of the LAPSET Corridor	Documents prepared and disseminated	No. of Documentaries	No. of regional offices supported										
Promotion and Publicity	Preferred investment and transport corridor	No. of frameworks	No. of investment conferences held	No. of LAPSET Project components held	No. of Reports	No. of awareness LAPSET Project and acceptability of the LAPSET Corridor	Documents prepared and disseminated	No. of Documentaries	No. of regional offices supported										
Institutional Strengthening	To strengthen the institutional frameworks	Authority authorized established and improved environment	Proportion of authorised establishments populated	Training, performance appraisal staff	Efficient and motivated workforce														

## 7. CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensuring that the Authority is professional, transparent, and accountable and further upholds high levels of integrity. The principles and standards adhered to by the Board conform to guidelines and code of governance issued by the State Corporations Advisory Committee and other governance institutions. The LCDA governance structure is summarized in the figure below.



### THE BOARD MEMBERS' PERFORMANCE

The Board consists of twelve directors including the Chairman and the Secretary out of whom five are independent (non-executive). The Board also co-opted five members from implementing Ministries including Interior, Lands, Water, Presidential Delivery Unit and Vision 2030 Secretariat. The composition brings together representatives of the implementing agencies and Independent Directors with a good mix of skills, experience and proficiencies in various fields. The Director-General/CEO is the Secretary to the Board.

The Directors are independent of Management and their role is to provide leadership and stewardship for the effective execution of the Authority's objectives and strategies. The Directors oversee the operations of the management through constructive advice and consistently engaging the management on agreed parameters within the strategic framework set by the Board. The Director-General/CEO is responsible to the Board and takes responsibility for the effective and efficient running of the Authority on a day-to-day basis.

**MEMBERSHIP OF THE BOARD COMMITTEE**

During the Financial Year under review, the following Board Committees were operational and their composition is presented in the matrix below: -

Name	Finance & Administration	Strategy and Development	Performance and Contracting Stakeholders Engagement	Land Acquisition	Audit & Risk Management
Jack Chebet	✓			✓	
Martha Muthomi Warithi	✓	✓			
Hon. David Ngugi	✓	✓		✓	
Eng. Karanja Mburu		✓			✓
Hon. Abdallah Ngozi				✓	✓
PS the National Treasury		✓			✓
PS State Department for Regional and Northern Corridor Development	✓	✓		✓	
PS State Department of Energy				✓	
Dr. Dancun Hunda, alternate to PS Ministry of Transport	✓			✓	
David Kinyangi alternate to PS State	✓			✓	

Department of Tourism					
Principal Administrative Secretary				✓	
Office of the Presidency					
Rodgers Gacewa alternate to PS State Department of Lands					✓
Eng. John M. Muriuri, PS State Department of Water	✓		✓		
DG Vision 2030	✓	✓			

The Director-General/CEO is the Secretary to the Board Committees except in the case of Audit and Risk Management Committee where the Internal Audit Manager is the Secretary.

## BOARD MEETINGS

The Board and Committees meet regularly in accordance with business requirements. All the Directors participate in discussing matters tabled before the Board and Committees on Strategy, Operations, and Financial position, Risk Management, Performance, and Policies. Committee's deliberations are presented to the Board for review and adoption. During the Financial Year, the following matrix presents the Board meetings that took place and the attendance.

NO.	NAME	DATE	7 <sup>TH</sup> AUGUST 2020	11 <sup>TH</sup> DEC 2020	14 <sup>TH</sup> APRIL 2021	25 <sup>TH</sup> JUN 2021
	Titus Ibuti		✓	✓	✓	✓
	Jack Chebet		✓	✓	✓	✓
	Martha Muthoni Warithi		✓	✓	✓	✓
	Hon. David Nguni		✓	✓		
	Hon. Hashim Mohamed					✓
	Hon. Abdallah Ngozi		✓	✓		✓
	Karanja Mburu		✓		✓	✓
	Maina Kiondo		✓	✓		✓

PS the National Treasury	✓	✓	✓	✓
Emilio Mugo, alternate to PS State Department for Regional and Northern Corridor Development	✓	✓	✓	✓
PS State Department of Energy	✓	✓	✓	✓
David Kanyangi alternate to PS State Department of Tourism	✓	✓	✓	✓
Principal Administrative Secretary Office of the Presidency	✓	✓	✓	✓
Rodgers Gacwa, alternate to PS State Department of Lands	✓	✓	✓	✓
Eng. John M. Mwiruri, alternate to PS State Department of Water	✓	✓	✓	✓
DG Vision 2030	✓	✓	✓	✓
Dr. Dancun Hunda, alternate to PS Ministry of Transport	✓	✓	✓	✓
Inspectorate, State Corporation	✓			

#### ROLES AND FUNCTIONS OF THE BOARD

The Board's principal duty is to provide leadership in the delivery of the LAPSET Corridor Program. Specific functions of the Board are as spelt out in the Establishing Legal Notice Section 9 (a-g). The Terms of Reference for the Board committees are developed and reviewed over time.

#### ROLES AND FUNCTIONS OF BOARD COMMITTEES

The Board Committees undertake functions and roles emanating from donated responsibilities and broadly aimed at enhancing the functions and roles of the Board. Specifically, the functions and roles are stipulated and elaborated in Terms of Reference (ToRs) for each Board Committee are as follow -

#	COMMITTEE	ROLES AND FUNCTIONS
1.	Strategy and Development Committee	<ul style="list-style-type: none"> <li>• Provide Direction and Guidance in the implementation of the LAPSET Corridor Program;</li> <li>• Provide Direction and Guidance in the development and implementation of the Strategic Plan of the Authority;</li> <li>• Provide Direction and Guidance in the development and implementation of the Board Charter;</li> <li>• Review of technical and policy documents including cabinet papers, board papers, Authority manuals, and Memorandums of Understanding (MoUs) addressing issues of technical nature;</li> </ul>

#	COMMITTEE	ROLES AND FUNCTIONS
	Finance and Administration Committee	<ul style="list-style-type: none"> <li>• To review and recommend for Board Approval the LCDAs' Annual Work Plan to ensure that it is in line with the Strategic Plan and the Performance Contract;</li> <li>• Review and approve the LCDAs' Resource Mobilization Strategy;</li> <li>• Review the Quarterly Reports on the Implementation of Strategic Plan activities to be submitted to the Cabinet Secretary, Ministry of East Africa Community;</li> <li>• Review collaboration activities and partnerships with other agencies;</li> <li>• Undertake annual progress review of the Strategic Plan;</li> <li>• Oversee the preparation of LCDAs Performance Contract.</li> <li>• Identify for inclusion in the Performance Contract targets for the Financial Year.</li> <li>• Participate in the vetting of the Performance Contract.</li> <li>• Review quarterly and annual reports of the Performance Contract before submission to the Performance Contracting Division of the Ministry of Devolution and Planning.</li> <li>• Participate in the evaluation of the Performance Contract.</li> </ul>
2.	Finance and Administration Committee	<ul style="list-style-type: none"> <li>• Oversee the preparation of LCDAs budget.</li> <li>• Review the LCDAs' annual budget before submission and after approval by the Treasury;</li> <li>• Review quarterly Financial Monitoring Reports (FMR);</li> <li>• Review periodic operational budgets and financial statements;</li> <li>• Monitor the continuing efficacy of accounting and internal control;</li> <li>• Comply with the Government financial management regulations;</li> <li>• Monitor the performance of key finance and accounts staff against approved performance contracts;</li> <li>• Oversee the annual procurement plans including the externally funded projects;</li> <li>• Recruit and develop staff of LCDAs;</li> <li>• Monitor and appraise the performance of senior management, review human resource policies, determine the remuneration of senior management, and other staff.</li> </ul>
3.	Land Acquisition Committee	<ul style="list-style-type: none"> <li>• Oversee the survey and mapping process for all the land falling within the LAPSSET Corridor</li> <li>• Oversee the Strategic Environmental Assessment process for the Corridor</li> <li>• Review and guide measures put in place to sensitize the public on Land Acquisition for the Corridor and the compensation process.</li> </ul>

#	COMMITTEE	ROLES AND FUNCTIONS
4	Audit and Risk Management Committee	<ul style="list-style-type: none"> <li>• Develop a policy framework for compulsory land acquisition by engaging counties and other stakeholders.</li> <li>• Ensure that any land disputes arising from the acquisition of land along the Corridor are effectively addressed.</li> <li>• Guide the process of allocating land to the Authority</li> <li>• Oversee the allocation of land to various users and/or investing firms ensuring that leases are issued to legitimate beneficiaries and that they are only issued for the required time frame.</li> <li>• Review the Administration of ground rent and demand notices</li> </ul>
		<ul style="list-style-type: none"> <li>• Monitor the implementation of the risk management policy framework;</li> <li>• Monitor and ensure timely implementation of recommendations of various fiduciary oversight responsibilities, including internal and external auditors, Government project monitoring agencies and externally funded projects' periodic review and supervision missions;</li> <li>• Oversee continuing efficacy of accounting and internal control standards, policies, and practices;</li> <li>• Ensure compliance with legal covenants of Development Partners funding agreement on projects by them; and</li> <li>• Monitor performance of key internal audit staff against approved performance contracts.</li> </ul>

### PROCESS OF APPOINTMENT AND REMOVAL OF DIRECTORS

The appointment of the Chairman and the Non-Executive Board Members is done by the President according to the provision of the Authority's establishing Legal Notice, 5(1) (a and g(i-v)). The removal of the Directors is provided for under Section 11(1) (b and c(i-v)).

### APPOINTMENTS AND RESIGNATIONS

During the year under review, there occurred changes in the LCDA Board of Directors with Hon. Mohammed Hashim replacing Hon. David Ngunjiri. Also, Mr. Maina Kiondo joined the Authority in the capacity of an Acting Director-General/CEO replacing Mr. Silvester Kasuku whose term ended.

### BOARD REMUNERATIONS

The Directors are paid sitting allowances for every meeting attended. In addition, the Chairman is paid monthly Honoraria.

### CONFLICT OF INTEREST

Directors have a statutory duty to disclose any situations which may give rise to a conflict of interest in executing their mandate in the Authority. The Directors have signed a Code of Governance committing to disclose any conflict of interest which may arise.



## 8. MANAGEMENT DISCUSSION AND ANALYSIS

The Authority's operational and financial performance

### SECTION A

The Authority spearheaded the formation of a Joint Chairs Steering Committee (JCSC). Through the JCSC and leveraging on technology, significant decisions were made by the LCP implementing agencies.

1<sup>st</sup> berth was completed and operations launched on 20<sup>th</sup> May 2021 by H.E the President with berths no. 2 and 3 attaining overall completion rate of 90% as at end of the FY and is set to be commissioned by October 2021.

The construction works for the missing link between Lamu - Ijara - Garissa commenced.

During the year, the Authority coordinated the Front-End Engineering Designs (FEED) and the Environmental and Social Impact Assessment (ESIA) study. The two are core in defining the technical and environmental aspects of the LCP.

LCDAs also intensified stakeholders' engagement.

During the year under review, the Authority was allocated Kshs 307 Million by The National Treasury for the operations. The funds supported the coordination role of the Authority, the TA consultancy for the Lamu Port and SEZ and the land acquisition process and coordination of the plans for commissioning of the 1<sup>st</sup> berth of Lamu Port. The Authority also benefited from support of the partners including WWF for the Master Plan and NEPAD-IPPF for the Transaction Advisory consultancy

### SECTION B

**Authority's compliance with statutory requirements**

Authority embraces good governance and had structured its operations guided by Public Procurement and Disposal Act, Public Finance Management Act and circulars. Based on that, the Authority does not envisage encountering contingent liability.

### SECTION C

## KEY PROJECTS AND INVESTMENT DECISIONS IMPLEMENTED OR ONGOING

The Authority in the year under review undertook key projects:

- i. Operationalization of the first berth of the Port of Lamu
- ii. Transaction Advisory (TA) for the Port of Lamu and Special Economic Zone which is ongoing;
- iii. Land Acquisition for the Project Components
- iv. Stakeholder engagements with the County governments, National government, and the Partner States

- v. The Authority coordinated the Front-End Engineering Designs (FEED) and the Environmental and Social Impact Assessment (ESIA) study for Crude Oil Pipeline. Some of the key projects LCDA is planning to progress are follows: -
- i. Complete the TA for Port and SEZ;
  - ii. Undertake the LAPSSSET Corridor Master Plan with WWF;
  - iii. Progress the land acquisition;
  - iv. Feasibility studies for:
    - Crude Oil refinery
    - Fibre Optic cables
    - Resort Cities
    - Fishing Berth and Fish Processing Plant
    - Standard Gauge Railway
    - Lamu International Airport
    - Product Oil Pipeline
  - v. Strategic Environmental Assessment for the Resort Cities
  - vi. Resettlement Action Plan for the Lamu Special Economic Zone

## SECTION D

### Major Risks Facing the Authority

#### Financial Risks

The Authority's activities exposed to a variety of financial risks such as credit and liquidity risks. The Authority regularly reviews its management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the direct supervision of the board of directors. The board provides policies for overall risk management as well as policies covering specific areas such as credit risk and liquidity risk.

#### Credit Risks

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Authority. Credit risk arises from bank balances, receivables and amounts due from related parties. During the Financial Year, the Authority was not exposed to any credit risks.

#### Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations when they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or at the risk of damaging the Authority reputation. The Authority ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. The Authority reinforce this practice by adhering to approved budget and committing/reserving funds raising purchase/ service orders.

The Authority is banking with reputable financial institutions with sound financial base that will always affect payments from Authority's balances on authorized instructions. All liquidity policies and procedures are subject to review and approval by the board.

## **SECTION E**

### **Material arrears in statutory/financial obligations**

Authority limits its procurement of goods and services in accordance with its approved budget. However, due to operationalization of the port of Lamu and the port auxiliaries, the Authority incurred unforeseen costs resulting into pending bills.

## **SECTION F**

### **The Authority's financial probity and serious governance issues**

So far, the Authority has not encountered a situation which may give way to financial improbity or interfere with good governance.

## 9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The LAPSSSET Presidential Scholarship program intakes began in May 2014 and has had two intakes; 2014 and 2015 where 220 and 200 students were selected respectively in to the Scholarship program. Out of the selected students, 194 reported for the 2014 intake and 182 for the 2015 intake bringing to total 376 students enrolled in to the Scholarship program.

As of January 2021, a total of 367 students have successfully completed their Certificate, Diploma and Degree courses under the scholarship program, 4 students are currently in session and 9 students dropped from the scholarship program.

### Impacts

Several impacts because of the LAPSSSET Presidential Scholarship Program have been realized, these include; -

1. **Employment opportunities:** some of graduated students under the scholarship program have been absorbed in to the job market, enabling them to earn a living and support their families
2. **Acquisition of skills:** as a result of training under the scholarship program, a few beneficiaries have been able to acquire skills in electrical wiring, news reporting, motor vehicle mechanics, welding etc. these skills have enabled the students to be industrious, solving problems and earning a living.
3. **Women empowerment:** in many instances, the only option left for the young women after secondary studies was marriage and attending to house duties. However, the scholarship program brought in it an alternative, empowering women through education and they are better placed to participate more in nation building.

The LAPSSSET Corridor Presidential Scholarship is facing funding challenges. The National treasury has not allocated funds for the Scholarship Program for two financial years (FY 2015/16 & 2016/17), disrupting two selection exercise for the years 2016, 2017 and payment of tuition fees and allowances.

The LAPSSSET Presidential Scholarship Program is a sure way of ensuring that the future of the Lamu youth is well secured by positioning them for the numerous economic and job opportunities being realized due to the implementation of the LAPSSSET Corridor Program. It is an effective deliberate attempt to safeguard employment and business opportunities for the local community who are usually at risk of being left out in favour of the skills and qualifications of people in more developed cities.

Given the similarities of the living conditions (unfavourable weather, marginalization, poverty, illiteracy among others) along the LAPSSSET Corridor Counties in the North and North-Eastern parts, popularly known as Arid and Semi-arid lands and the major transformative LAPSSSET Corridor projects envisaged, the Authority intends to extend scholarship opportunities towards these areas. This nature of Corporate Social Investment will see the local community pick up employment opportunities having specialized skills such as Oil pipeline construction and maintenance, rail operations among numerous opportunities on the rise.

The Authority seeks to leverage on the Technical Vocational Education and Training Courses and take advantage of the capitation given to students enrolled for the TVET Program. This will greatly reduce the cost of the scholarship and provide the much-needed technical skills



*Figure 16: Beneficiaries of the LAPSSSET Presidential Youth Scholarship Programme graduating at the Technical University Mombasa*

**10. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30<sup>th</sup>, 2021 which show the state of the Authority's affairs as at that date.

**Principal Activities**

The principal activity of the LCDA is to Plan, Coordinate and Sequence the implementation of the LCP. The project components are the Lamu Port; highways from Lamu to Isiolo to Moyale and Isiolo to Lokichar to Nakodok; Standard Gauge Railway from Lamu to Isiolo to Moyale and Isiolo to Lokichar to Nakodok; International Airports at Lamu, Isiolo, and Turkana; crude oil pipeline and refined oil pipeline and oil refinery; Resort Cities in Lamu, Isiolo and Turkana as well as other supporting infrastructure such as power supply, water supply and fiber optic cable along the Corridor.

**Results**

The results of the Authority for the year ended June 30<sup>th</sup>, 2021 are set out on page 1-5

**Directors**

The members of the Board of Directors who served during the year are shown in Part I

**Auditors**

The Auditor General is responsible for the statutory audit of the Authority in accordance with the Section 35 of the Public Audit Act, 2015.

By Order of the Board

Name

Signature

Date

S. IKUA



12-4-2022

**DIRECTOR GENERAL/CEO**

**Secretary to the Board**

**11. STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 15 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 and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.



The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30<sup>th</sup>, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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; and (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 and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30<sup>th</sup>, 2021, 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 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 Wednesday, 29<sup>th</sup> September, 2021 and signed on its behalf by:

Signature		Date	12/04/2022
Name: Hon. Hashim Mohamed		Name: S. Ikua	
FOR Chairman, LCDA Board of Director		Accounting officer	
Signature		Date	12-4-2022







HEADQUARTERS  
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REPORT OF THE AUDITOR-GENERAL ON LAPSSSET CORRIDOR DEVELOPMENT  
AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

A. Report on the Financial Statements which considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations which have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of LAPSSSET Corridor Development Authority set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance,

The statement of financial performance reflects a deficit for the year under review of Kshs. 81,141,148 resulting in accumulated deficit of Kshs. 14,263,513 (2020: Accumulated Surplus - Kshs. 66,877,636). In addition, the current liabilities balance of Kshs. 60,963,089 exceeded the current assets of Kshs. 5,259,639 resulting to a negative working capital of

### **Undisclosed Material Uncertainty Relating to Sustainability of Services**

#### **Emphasis of Matter**

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

Kshs. 4,409,439 could not be confirmed.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs. 4,409,439 could not be confirmed.

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects cash and cash equivalents balance of Kshs. 4,409,439. However, the bank reconciliation statements provided for audit review reflected unrepresented cheques of Kshs. 722,486 which included stale cheques of Kshs. 220,296 which were not reversed in the cashbook, as at 30 June, 2021 hence understating the cash and cash equivalents.

Further, the bank reconciliation statement reflected unrepresented cheques of Kshs. 237,888, relating to payments made to KRA, which has been outstanding for a period of more than one year. Management did not avail the details related to these unrepresented cheques for audit verification. It is not clear why these cheques have not been reversed in the cashbook.

#### **Inaccuracy in Cash and Cash Equivalents**

#### **Basis for Qualified Opinion**

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the LAPSSET Corridor Development Authority as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the LAPSSET Corridor Development Authority Order, 2013 and the Public Finance Management Act, 2012.

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

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness

## Conclusion

### RESOURCES

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC

My opinion on the Authority's financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

The Management is responsible for the other information, which comprises key Authority's information and Management, the Board of Directors, Management Team, Chairman's statement, report of the Chief Executive Officer, statement of performance against predetermined objectives, corporate governance statement, management discussion and analysis, environmental and sustainability reporting, report of the Directors and statement of Board of Directors' responsibilities. The other information does not include the financial statements and my auditor's report thereon.

## Other Information

The statement reflects expenditure budget of Kshs.3,000,000 relating to grants and subsidies and actual expenditure of Kshs.2,121,006 resulting to under-expenditure of Kshs.878,994 or 29%. The under-expenditure may have resulted in failure to provide services to the intended beneficiaries.

## Budgetary Control and Performance

### Other Matter

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

## Key Audit Matters

In the circumstances, the continued existence of the Authority depends on the financial support from the National Government and creditors.

Further, Management has not assessed the ability of the Authority to continue to sustain services and has not disclosed in the financial statements, the assessment and other matters related to sustainability of services. This is contrary to Section 38 of the International Public Sector Accounting Standards, which require such uncertainties together with mitigating measures, if any, to be disclosed.

Kshs.55,703,450 as at 30 June, 2021. The precarious financial performance and position is an indication of existence of a material uncertainty which may cast a significant doubt on the Authority's ability to meet its obligations as and when they fall due. The financial statements have therefore been prepared on a sustainability of services basis on the assumption that the Authority will continue to receive financial support from the National Government and creditors.

and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Failure to Withhold Tax on Behalf of a Consultant**

The statement of financial performance reflects use of goods and services of Kshs.124,682,936 which, as disclosed in Note 12 to the financial statements includes Kshs.15,342,438 that was spent on consultancy fee for transaction advisory services and related technical advice. The balance includes an amount of Kshs.10,598,000 paid to a consultancy firm in respect to a contract. However, Kshs.2,672,883 for withholding tax to Kenya Revenue Authority was not deducted. This is contrary to provisions of The National Treasury Circular No.15/2019 dated 11 December, 2019 which states that any payment to a consultant must be accompanied by proof of payment of withholding tax, and according to paragraph 10(i) the withholding tax rate for non-residents is 20%.

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

#### **2. Irregular Recruitment of Members of Staff**

The statement of financial performance reflects Kshs.235,593,304 in respect of employee costs which includes Kshs.11,063,894 paid to eight (8) newly recruited members of staff and one (1) promoted staff member. However, review of the recruitment process revealed that the laid down Human Resource procedures of annual job analysis, declaration of vacant posts, advertisement for the vacancies, shortlisting and interview of candidates were not done.

In the circumstances, the propriety of the expenditure of Kshs.11,063,894 could not be confirmed.

#### **3. Irregular Board Expenses**

The statement of financial performance reflects an expenditure of Kshs.20,330,621 in respect of Board expenses. However, the Authority held Board meetings outside the registered offices and paid Kshs.622,000 to Board members without relevant approvals. This is contrary to Section 8(1)(c) of the State Corporations Act, 2015 which states that after the commencement of this Act no meeting of a Board shall be held at any place other than the registered or principal office of the state corporation except with the prior written approval of the Committee.

Further, the balance includes an amount of Kshs.600,000 paid for two full board meetings held on 07 August, 2020. However, review of the notice of meeting, Ref. No. LCDA/7/12 VOL.3(73) of 29 July, 2020, revealed there was only one meeting to be held on that particular date. The payment for the extra meeting of Kshs.300,000 was irregular.

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

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

#### Basis for Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

#### Conclusion

### REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

However, there was no evidence of approval for the excess expenditure of Kshs.9,484,102 on the two items. This is contrary to Section 44(2) of the Public Finance Management (National Government) Regulations, 2015 which states that National Government entities shall execute their approved budgets based in the annual appropriations, and the approved annual cash flow plan with exception of unforeseen and unavoidable spending dealt with through the Contingencies Fund, or supplementary estimates.

S/No. Item	Final Budget Kshs	Actual Expenditure Kshs	Variance Kshs	Variance %
1 Board Expenses	10,850,000	19,670,621	(8,820,621)	81
2 Repairs and Maintenance	1,000,000	1,663,481	(663,481)	66
<b>Total</b>	<b>11,850,000</b>	<b>21,334,102</b>	<b>(9,484,102)</b>	<b>80</b>

The statement of comparison of budget and actual amounts reflects over-expenditure of Kshs.9,484,102 or 80% of the approved budget under two expenditure items, as detailed on the table below:

#### 4. Unapproved Expenditure

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

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

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

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

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

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

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229 (6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the LAPSSET Corridor Development Authority to cease to continue to sustain its services.

18 July, 2022

Nairobi

  
CPA Nancy Gaining, CBS  
AUDITOR-GENERAL

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

- Perform such other procedures as I consider necessary in the circumstances.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021****JUNE 2021**

	Note	FY 2020/2021	FY 2019/2020
<b>Revenue from non-exchange transactions</b>	6	Shs.	Shs.
Revenue from other government Entities (Grant - AIDB)		10,691,553	50,131,169
Transfers from Ministries, Departments and Agencies		307,000,000	330,600,000
Amortized capital grant		2,675,343	4,591,065
Revenue from exchange transactions		320,366,896	385,322,234
Other income		483	300,402
<b>Total revenue</b>		<b>320,367,379</b>	<b>385,622,636</b>
<b>Expenses</b>			
Employee costs	7	235,593,304	116,179,330
Board Expenses	8	20,330,621	10,001,129
Depreciation and amortization expense	9	18,281,914	9,372,135
Repairs and Maintenance	10	2,371,951	166,989
Grants and subsidies	11	247,800	15,006,567
Use of goods and services	12	124,682,936	148,145,852
<b>Total expenses</b>		<b>401,508,527</b>	<b>298,872,002</b>
<b>Surplus/Deficit for the period</b>		<b>(81,141,148)</b>	<b>86,750,634</b>

The notes set out on pages 7 to 27 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

Accounting Officer  
Name: S. Ikua  
Head of Finance  
Name: Bernard Oluoch  
For Chairman of the Board  
Hon Hashim Mohamed

ICPAK Member No 24302

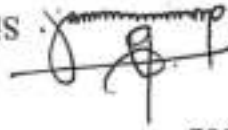
Signature:

Date: 12-4-2022



Signature:

Date: 12/04/2022



Signature:



**14. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2021**

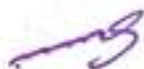
Assets	Note	FY 2020/2021	FY 2019/2020
Current assets		Shs	Shs
Cash and cash equivalents	13	4,409,439	50,103,235
Receivables from exchange transactions	14	850,200	12,606,936
<b>Total Current Assets</b>		<b>5,259,639</b>	<b>62,710,171</b>
Non-current assets			
Property, plant and equipment	15	47,903,558	32,224,448
Intangible assets	16	4,819,671	3,497,029
<b>Total no - current assets</b>		<b>52,723,229</b>	<b>35,721,477</b>
<b>Total assets</b>		<b>57,982,868</b>	<b>98,431,648</b>
Liabilities			
Current liabilities			
Trade and other Payables	17	53,543,306	7,089,446
Employee benefit obligation	18	7,419,783	10,505,931
<b>Total current liabilities</b>		<b>60,963,089</b>	<b>17,595,377</b>
Total liabilities		60,963,089	17,595,377
Net assets		(2,980,221)	80,836,271
Revenue Reserve		(14,263,513)	72,403,493
Capital grants		5,757,436	8,432,779
Revaluation Reserve		5,525,856	
<b>Total net assets</b>		<b>(2,980,221)</b>	<b>80,836,271</b>
<b>Total net assets and liabilities</b>		<b>57,982,868</b>	<b>98,431,648</b>

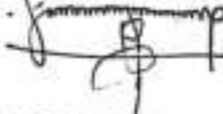
The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

Accounting Officer  
Name: S. Ikua

Head of Finance  
Name: Bernard Oluoch

For Chairman of the Board  
Name: Hon. Hashim Mohamed

Signature:   
Date: 12-4-2022

Signature:   
Date: 12/04/2022  
ICPAK Member No: 24302

Signature:   
Date: 12/04/2022

### 15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

	Revenue Reserve	Capital Grants	Revaluation Reserve	Total
Reserves as at 1 <sup>st</sup> July 2019	(19,872,998) Kshs	2,523,844 Kshs	- Kshs	(17,349,154) Kshs
Amortized during the year-		(4,591,065)	-	(4,591,065)
Revaluation gain		10,500,000	5,525,856	16,025,856
Surplus for the year	86,750,634		-	86,750,634
30th June 2020	66,877,636	8,432,779	5,525,856	80,836,271
As at 1 <sup>st</sup> July 2020	66,877,636	8,432,779	5,525,856	80,836,271
Revaluation gain during the year				
Capital grants Amortized during the year		(2,675,343)		(2,675,343)
Surplus for the year	(81,141,148)			(81,141,148)
As at 30th, June 2021	(14,263,513)	5,757,436	5,525,856	(2,980,221)

NOTE: \*Capital grants relate to donated assets by Presidency and various Authorities at the time of establishment of the Authority which was amortized during the year under review.

**16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup>, JUNE 2021**

	FY 2020/2021	FY 2019/2020
	Shs	Shs
<b>Cash flows from operating activities</b>		
Receipts		
Transfers from other government entities: Grant - AIDB	10,691,553	50,131,169
Transfers from Ministries, Departments and Agencies	307,000,000	330,600,000
Other income-Bank Interest	483	300,402
Payments		
Employees Costs	222,256,895	116,094,600
Board Expenses	19,670,621	10,001,129
Repairs and Maintenance	1,663,481	166,989
Grants and subsidies	2,121,006	23,496,991
Use of goods and services	85,881,846	165,497,178
Net cash flows from operating activities	331,593,849	315,256,888
Net cash flows from operating activities	(13,901,813)	65,774,683
Purchase of property, plant, equipment, and intangible assets	(31,791,984)	(16,034,529)
Net cash flows used in investing activities	(31,791,984)	(16,034,529)
Net increase/(decrease) in cash and cash equivalents	(45,693,797)	49,740,154
Cash and cash equivalents at the beginning of the year	50,103,236	363,082
Cash and cash equivalents at end of the year	4,409,439	50,103,236
	6	13

The Financial Statements set out from pages 1 to 6 were signed on behalf of the Board of Directors by:

Accounting Officer  
Name: S. Ikua  
Date: 12-4-2022

Head of Finance  
Name: Bernard Oluoch  
ICPAK Member No.:24302  
Date: 12/04/2022

For Chairman of the Board  
Name: Hon. Hashim Mohamed  
Date: 12/04/2022

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

	Original Budget	Adjustments	Final Budget	Actual	Variance	% Variance	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs		
<b>Revenue</b>							
Government grants and subsidies	307,000,000	-	307,000,000	307,000,000	-	-	-
Other Grants - AfDB		10,691,553	10,691,553	10,691,553	-	-	-
Other income (Bank Interest)		-		483			-
Balance from previous FY 2019/20		50,103,236	50,103,236	50,103,236	-	-	-
<b>Total income</b>	<b>307,000,000</b>	<b>60,794,789</b>	<b>367,794,789</b>	<b>367,795,272</b>	<b>-</b>	<b>-</b>	
<b>Expenses</b>							
Compensation of employees	207,928,210	-	207,928,210	222,256,895	(14,328,685)	(7)	107
Board Expenses	10,850,000	-	10,850,000	19,670,621	(8,820,621)	(81)	181
Repair and Maintenance	1,000,000	-	1,000,000	1,663,481	(663,481)	(66)	166
Grants and subsidies paid	3,000,000	-	3,000,000	2,121,006	878,994	29	71
Use of goods and services	84,221,790	30,691,553	114,913,343	85,881,846	29,031,497	25	75
Purchase of Fixed Asset	-	30,103,236	30,103,236	31,791,984	(1,688,748)	(6)	106
<b>Total expenditure</b>	<b>307,000,000</b>	<b>60,794,789</b>	<b>367,794,789</b>	<b>363,385,833</b>	<b>3,408,956</b>		
<b>Surplus for the period</b>				<b>4,409,439</b>			

**Notes****Board Expenses**

The Board expenses rose by 80.34% above the original budget since the Board was tasked with key activities during the FY which included but were not limited to:

- i. Coordination of Operationalization of the 1st berth of Lamu port, an anchor project of the LAPSSSET Corridor Program, and a key Big Four Agenda project.
- ii. Coordinating the Regional Institutional Establishment that culminated in the signing of the Terms of Reference for the Steering Committee in Ethiopia and;
- iii. The relaxation of Covid-19 Measures, Board had regular sittings to deliberate and guide the Authority on how best to approach its core-mandate activities considering huge impact of the pandemic. (Post-Covid recovery strategies).

**Grants and subsidies paid**

The amount allocated for grants and subsidies was used for partial settlement of pending bills accumulated from the previous FY. The remaining balance awaits validation for payment.

**Use of goods and services**

Transaction Advisory services allocation not fully utilized following the review by the National Treasury on the implementation of utilization of TA funds. (Treasury Circular No.15/2019, Ref No. ZZ/TS/GP/30 on guidelines for payment of withholding tax on payments made to contractor.

**18. NOTES TO THE FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

LAPSET Corridor Development Authority was established by Legal Notice No. 58 of March 2013 and it derives its authority and accountability from the above Legal Notice. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is planning and coordination of activities towards delivery of LAPSET projects.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

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

**3. ADOPTION OF NEW AND REVISED STANDARDS**

1. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.

<p>Applicable: 1<sup>st</sup> January 2021:</p> <p>a) Amendments to IPAS 13, to include the appropriate references to IPAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPAS 13, Leases and IPAS 17, Property, Plant, and Equipment.</p> <p>Amendments to remove transitional provisions which should have been deleted when IPAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPASs) was approved.</p> <p>c) IPAS 21, Impairment of Non-Cash-Generating Assets and IPAS 26, Impairment of Cash Generating Assets.</p>	<p>Other Improvements to IPAS</p>
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<p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>	
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## NOTES TO THE FINANCIAL STATEMENTS (continued)

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

Standard	Effective date and impact:
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<p><b>IPSAS 41: Financial Instruments</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing, and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that consider the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that applies to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in the scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p>(State the impact of the standard on the entity if relevant)</p>	<p><b>IPSAS 41:</b></p> <p>Financial Instruments</p> <p>Applicable: 1<sup>st</sup> January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing, and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that consider the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that applies to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in the scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p>(State the impact of the standard on the entity if relevant)</p>
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<p><b>IPSAS 42: Social Benefits</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness, and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p>	<p><b>IPSAS 42:</b></p> <p>Social Benefits</p> <p>Applicable: 1<sup>st</sup> January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness, and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p>
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the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The assets of LCDA are depreciated annually on a straight-line basis and the depreciable amount charged to income over the assets useful life at the following rates:-

Asset	Depreciation (%)
i. Furniture & Fittings:	12.5
ii. Office partitions and Fixtures:	16.7
iii. Office Equipment	12.5
iv. Motor Vehicles	25
v. Computer Equipment and Accessories:	33.3
vi. Property, Plant and Equipment's:	10
vii. Intangible Assets	33.3

When an asset is acquired within the year, proportional depreciation is charged in the year of purchase and proportional depreciation charged in the year of disposal.

#### e) Leases

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

#### f) Financial instruments

##### Financial assets

##### Initial recognition and measurement

Financial assets are Financial Instruments: Recognition and Measurement are classified as Financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity

investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

#### *Impairment of financial assets*

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

- The debtors or a Authority of debtors are experiencing significant financial difficulty

- Default or delinquency in interest or principal payments

- The probability that debtors will enter bankruptcy or other financial reorganization

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

#### **g) Financial liabilities**

##### *Initial recognition and measurement*

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

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

Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p>(State the impact of the standard to the entity if relevant)</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples of hedging and credit risk, were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts that were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual-basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>(State the impact of the standard on the entity if relevant)</p>

### iii. *Early adoption of standards*

The Authority did not adopt any new or amended standards in the Financial year 2020/2021.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Revenue recognition

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

##### *Transfers from other government entities*

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

##### *Amortization of Capital Grants*

Economic benefits or service derived from Capital Grants/ Donations are measured at fair value and recognized on obtaining control of the asset and on yearly basis the assets are amortized over their useful life.

##### ii) Revenue from exchange transactions

##### *Interest income*

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

##### b) Budget information

The original budget for the FY 2020/2021 was approved by the board on 11<sup>th</sup> June, 2020. The subsequent revision was made and approved. The financial statements are prepared on an accrual basis using classification based on the nature of the expenses in the statement of the financial performance, whereas the budget is prepared on a cash basis.

##### c) Taxes

##### *Current income tax*

The Authority is funded through the National Treasury exchequer and it does not generate revenue for its operations. Hence the Authority does not pay corporate tax.

##### d) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of

**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 an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***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) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements. Capital grants relating to donated assets:

**Capital Grants**

Capital grants comprise of the following assets donated by the office of the Deputy President, Lake Basin Development Authority, Coast Dev. Authority and Ewaso Nyiro North Dev. Authority. These assets were initially recognized at fair value when they were donated and subsequently depreciated at the applicable depreciation rates. Income is recognized annually under the amortized capital grant over the useful life of the asset.

TYPE	NO	DONOR	PURPOSE
Motor Vehicles	5	Office of the Deputy President	For use by the Authority
Furniture	Assorted	Lake Basin Dev. Authority, Coast Dev. Authority, Ewaso Nyiro North Dev. Authority	For use by the Authority
Partitions	Assorted	Lake Basin Dev. Authority, Coast Dev. Authority, Ewaso Nyiro North Dev. Authority	For use by the Authority

#### J) 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.

#### k) Employee benefits

##### Retirement benefit plans

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

#### l) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction/ disbursement.

**m) Related parties**

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

**n) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at the 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 an insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorized public officers and/or institutions that were not surrendered or accounted for at the end of the financial year.

**p) Comparative figures**

Prior period comparative information has been presented in the current financial year where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**q) Subsequent Events**

There have been no events after the financial year-end with a significant impact on the financial statements for the year ended June 30<sup>th</sup>, 2021.

## 5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgments, estimates, and assumptions made: Such as;

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

### Useful lives and residual values

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

- a) The condition of the asset is based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility, and adaptability to changes in technology and processes.

c) The nature of the processes in which the asset is deployed.

d) Availability of funding to replace the asset.

e) Changes in the market concerning the asset

### Provisions

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

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

The expenses relating to any provision are presented in the statement of financial performance net of any reimbursement.



**6. a). TRANSFER FROM OTHER GOVERNMENT ENTITIES**

	2020/2021	2019/2020
	Kshs	Kshs
Grant-African Development Bank	10,691,553	50,131,169
<b>Total</b>	<b>10,691,553</b>	<b>50,131,169</b>

Note: All transfers for the period meant for the Authority were received. Direct payment was made on behalf the Authority by African Development Bank (AfDB) for consultancy services towards procurement of Transactional advisory services.

**b). Transfers from Ministries, Departments and Agencies (MDAs)**

Amount recognized to the statement of Financial Performance under deferred income	The amount recognized in Capital during the year	Transfers	Total
State	307,000,000	307,000,000	330,600,000
Department of Northern Corridor Development	307,000,000	307,000,000	330,600,000
<b>Total</b>	<b>307,000,000</b>	<b>307,000,000</b>	<b>330,600,000</b>

**c). Amortized Capital Grant**

2020/2021	2019/2020
Amortized Capital Grant	4,591,065
	4,591,065
	4,591,065

**d). Other Income**

2020/2021	2019/2020
Interest Income earned	402
	402
Refund	300,000
	300,000
<b>Total</b>	<b>300,402</b>

**7. EMPLOYEE COST**

	2020/2021	2019/2020
Basic Salaries and wages	159,103,850	77,694,328
Housing benefits and allowances	39,491,677	
Travel Allowance	11,680,559	5,891,849
Pension- Employer Contribution	19,000,771	3,804,911
Gratuity	652,835	3,804,911
Other employee related costs: Leave Allowance	3,573,888	2,182,460
NSSF- Employer Contribution	176,540	
Other employee-related costs –Hardship Allowance	1,865,035	
Other employee-related costs: NITA-Employer Contribution	48,150	761,500
NHIF*		761,500
PAYE*		25,844,283
<b>Total</b>	<b>235,593,305</b>	<b>116,179,330</b>

NHIF and PAYE were separately reported in the previous year's Audited report(FY 2019/2020)

**8. BOARD EXPENSES**

	2020/2021	2019/2020
Travelling and Accommodation	8,054,259	9,209,129.00
Induction and Training	473,578	
Sitting Allowances	10,398,734	
Board Insurance	496,050	
Chairman's Honoraria	908,000	792,000.00
<b>Total</b>	<b>20,330,621</b>	<b>10,001,129.00</b>

**9. DEPRECIATION AND AMORTIZATION**

	2020/2021	2019/2020
	Shs.	Shs.
Motor Vehicles	11,690,699	5,664,265
Computer and Accessories	3,318,647	841,403
Furniture and Fittings	1,098,178	342,623
Partitions	-	2,523,844
Amortized ERP	2,174,390	
<b>Total depreciation and amortization</b>	<b>18,281,914</b>	<b>9,372,135</b>

	2020/2021	2019/2020
	Shs.	Shs.
Vehicles	2,371,951	166,989
Furniture and Fittings		
Computers and accessories		
<b>Total repairs and maintenance</b>	<b>2,371,951</b>	<b>166,989</b>

**11. GRANTS AND SUBSIDIES**

	2020/2021	2019/2020
	Shs.	Shs.
Presidential Youth Scholarship Programme	-	15,006,567
Social development and support	247,800	-
<b>Total grants and subsidies</b>	<b>247,800</b>	<b>15,006,567</b>

**12. USE OF GOODS AND SERVICES/OPERATING COSTS**

	FY 2020/2021	FY 2019/2020
Telephone, Postage and Courier	2,083,737	3,920,851
Field Coordination Activities	11,068,524	13,917,632
Fund Mobilization Meetings	5,441,432	10,667,162
Project Counties & Stakeholders	8,037,664	10,243,573
Lamu Port operationalization	1,282,040	-
Printing, advertising and information	1,769,568	1,780,693
Rent expenses	32,410,288	23,449,463
Training expenses	1,408,326	1,324,298
Strategic planning costs	407,220	-
Project Coordination Assignments		1,429,500
Office and Project operation stationeries		2,667,205
Project Planning and preparation activities	5,280,346	1,762,500
Project Vehicles operation cost-Fuel	3,249,700	5,226,392
Cleaning Services	671,598	1,405,669
Insurance	27,691,107	12,857,217
Consultancy	15,342,438	50,131,169
General Office Expenses	8,538,947	7,362,529
<b>Total Operating Cost</b>	<b>124,682,936</b>	<b>148,145,853</b>

**13. DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

For the purposes of cash flow cash and cash equivalents include bank balances, cash in hand, salary advance and staff imprest

Banks/Cash		Current Accounts	
Financial Institution	Account Number	2020/2021	2019/2020
Kenya Commercial Bank	1142485498	1,970,983	33,818,498
NCBA Bank	1001309354	11,749	13,740
CFC Stanbic-Bank	0100004036397	270,453	16,009,818
Co Operative Bank	0114121990000	-	-
Sub-Total		2,253,185	49,842,056
Cash In hand		305	261,179
(b)Imprests/Advances(KCB)		2,155,949	-
Sub-Total		2,156,254	261,179
Total		4,409,439	50,103,235

**14. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	2020/2021	2019/2020
Rent	-	5,513,002
Motor vehicle insurance	419,991	20,425
Post Office	7,876	7,875
Medical Insurance	-	6,090,969
Salary Advance	422,333	974,664
Total current receivables	850,200	12,606,936

**15. PROPERTY, PLANT AND EQUIPMENT**

	Cost	Motor vehicles Kshs	Furniture and fittings Kshs	Other Assets Partitions Kshs	Computers Kshs	Total Kshs
<b>As at 1 July 2019</b>		<b>39,375,961</b>	<b>2,313,163</b>	<b>22,366,358</b>	<b>5,306,902</b>	<b>69,362,384</b>
Additions		798,000	5,541,915	-	6,194,174	12,534,089
Revaluation gain		23,500,000	-	-	-	23,500,000
Transfers/adjustments		(7,474,143)	-	-	-	(7,474,143)
<b>As at 30<sup>th</sup> June 2020</b>		<b>56,199,818</b>	<b>7,855,078</b>	<b>22,366,358</b>	<b>11,501,076</b>	<b>97,922,330</b>
Additions		26,640,621	1,115,610	-	4,030,405	31,786,636
Disposals		-	-	-	-	-
<b>As at 30<sup>th</sup> June 2021</b>		<b>82,840,439</b>	<b>8,970,688</b>	<b>22,366,358</b>	<b>15,531,481</b>	<b>129,708,966</b>
<b>Depreciation and impairment</b>						
<b>At 1 July 2019</b>		<b>(31,126,936)</b>	<b>(1,028,960)</b>	<b>(19,842,514)</b>	<b>(4,327,338)</b>	<b>(56,325,748)</b>
Depreciation		(5,664,265)	(342,623)	(2,523,844)	(841,403)	(9,372,135)
Impairment		-	-	-	-	-
<b>As at 30 June 2020</b>		<b>(36,791,201)</b>	<b>(1,371,583)</b>	<b>(22,366,358)</b>	<b>(5,168,741)</b>	<b>(65,697,883)</b>
Depreciation		(11,690,699)	(1,098,178)	-	(3,318,647)	(16,107,525)
<b>As at 30<sup>th</sup> June 2021</b>		<b>(48,481,900)</b>	<b>(2,469,761)</b>	<b>(22,366,358)</b>	<b>(8,487,388)</b>	<b>(81,805,408)</b>
<b>Net book values</b>						
<b>As at 30<sup>th</sup> June 2021</b>		<b>34,358,539</b>	<b>6,500,927</b>	<b>-</b>	<b>7,044,093</b>	<b>47,903,558</b>
<b>As at 30<sup>th</sup> June 2020</b>		<b>19,408,617</b>	<b>6,483,495</b>	<b>-</b>	<b>6,332,335</b>	<b>32,224,447</b>

**16. INTANGIBLE ASSET – ERP SOFTWARE**

Description	2020/2021	2019/2020
	Kshs	Kshs
<b>Cost</b>		
As at 1st July 2020	3,497,029	3,497,029
Additions	3,497,032	-
As at 30th June 2021	6,994,061	3,497,029
Additions – internal development	-	
As at 30th June 2021	6,994,061	3,497,029
<b>Amortization and impairment</b>		
As at 1st July 2020	-	-
Amortization during the year	2,174,390	-
As at 30th June 2021	4,819,671	-
Impairment loss	-	-
As at 30th June 2021	4,819,671	-
<b>NBV</b>	4,819,671	3,497,029

**17. TRADE AND OTHER PAYABLES**

Description	FY 2020/2021 KShs	FY 2019/2020 KShs
Provision for Audit Fees	400,000	200,000
PAYE	14,000,314	-
Other Salary deductions	1,857,463	
NITA-Employer Contribution	12,450	
Board Costs	660,000	
Presidential Youth Scholarship	5,016,240	6,889,446
Rent	8,931,203	
Other Merchants	7,617,310	
Medical Insurance	14,339,856	
Repair and Maintenance	708,470	
Total trade and other payables	53,543,306	7,089,446

**18. EMPLOYEE BENEFIT OBLIGATIONS**

Description	2020-2021 KShs	2019-2020 KShs
Pension Contribution	7,388,183	10,505,931
NSSF Contribution	31,600	-
Total employee benefits obligation	7,419,783	10,505,931



**19. CASH GENERATED FROM OPERATIONS**

	FY 2020/2021	FY 2019/2020
<b>Surplus for the Period</b>	( 81,141,148)	86,750,634
<b>Adjusted for:</b>		
Depreciation	18,281,914	9,372,135
Amortized capital grant	( 2,675,343)	(4,591,065)
<b>Working Capital changes</b>		
Increase in Prepayments	11,756,736	(11,409,929)
Increase in provisions and payables	50,381,959	-
Increase in gratuity	(10,505,931)	-
<b>Net cash flow from operating activities</b>	<b>(13,901,813)</b>	<b>65,774,684</b>

**20. FINANCIAL RISK MANAGEMENT**

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Authority's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

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

At 30 <sup>th</sup> June 2021	Total Amount Kshs	Fully Performing Kshs	Past Due Kshs	Impaired Kshs
Receivable from exchange transactions	N/A	N/A	N/A	N/A
Receivable from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
At 30 June 2020				
Receivable from exchange transactions	N/A	N/A	N/A	N/A
Receivable from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

**(ii) Liquidity risk management**

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

At 30 <sup>th</sup> June, 2021	Less than 1 month	Between 1-3 months	Over 5 months	Totals
Provisions (Scholarship)	-	-	5,016,240	5,016,240

Employee benefit obligation (Gratuity)	-	7,419,783	-	7,419,783
Other accrued expenses	-	-	-	48,527,066
<b>Total</b>	-	-	-	<b>60,963,089</b>
<b>At 30<sup>th</sup>, June, 2020</b>				
Provisions (Scholarship)	-	-	-	6,889,446
Employee benefit obligation (Gratuity)	-	-	-	10,505,931
Other accrued expenses	-	-	-	-
<b>Total</b>	-	-	-	<b>17,395,377</b>

**(iii) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices, and foreign exchange rates which will affect the Authority's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Authority's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

**(a) Foreign Currency Risk**

There has been no change to the Authority's exposure to market risks or how it manages and measures the risk.

The Authority has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid within 14 days from the date of the invoice and conversion at the time of payment is done using the exchange rate prevailing at the date of opening of the contract.

**(b) Interest rate risk**

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

**(c) Management of interest rate risk**

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

**(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at the bank and are subject to an insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For these financial statements, cash and cash equivalents also include short-term cash imprest and advances to authorized public officers and/or institutions that were not surrendered or accounted for at the end of the financial year.

	2020/2021	2019/2020
<b>Cash in Hand</b>	305	261,179
<b>Cash at Bank</b>	2,253,185	49,842,056
<b>Salary Advance</b>	422,333	974,664
<b>Imprests</b>	2,155,949	
<b>Total</b>	<b>4,831,772</b>	<b>51,077,899</b>

**(e) Operating leases**

The Authority is exposed to operating lease risks, where the Authority may enter into lease agreement with another entity and Authority may fail to receive services as it ought to be.

**21. RELATED PARTY BALANCES**

LAPSSET Corridor Development Authority and other parties relates to the LAPSSET Corridor Development Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's interest. The Government of Kenya has provided full guarantees to long-term

leaders of the LAPSSSET Corridor Development Authority, both domestic and external. Other related parties include:

- i. The National Government
- ii. State Department of Transport
- iii. African Development Bank
- iv. Key Management
- v. Board of Directors

Description	2020/2021	2019/2020
a) The grant from the Government	Kshs	Kshs
Grant from National Government	307,000,000	330,600,000
Development partner (Grant) - African Development Bank	10,691,553	50,131,169
<b>Total</b>	<b>317,691,553</b>	<b>380,731,169</b>
b) Key management compensation		
Directors' emoluments	9,886,573	6,336,000
Compensation to the CEO	5,550,000	8,800,000
Compensation to key management	28,276,000	21,853,998
<b>Total</b>	<b>43,712,573</b>	<b>36,989,998</b>

## 22. CONTINGENT LIABILITIES

During the year under review the Authority had no contingent liabilities.

## 23. EVENTS AFTER THE REPORTING PERIOD

The Authority's land of 27,440 Hectares was valued at Kshs. 17,539,000,700 on 18<sup>th</sup> October 2021.

## 24. ULTIMATE HOLDING LAPSSSET CORRIDOR DEVELOPMENT AUTHORITY

The Authority is a state Corporation under the State Department of Northern Corridor Development. Its ultimate parent is the Government of Kenya.

## 25. CURRENCY

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

## 26. ASSET-Land

The Authority was allocated 27,440 hectares of land for the Lamu Port and associated investments components.

**APPENDIX I. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the External Audit Report	Issues/Observations from Auditors	Management Comments	Status: (Resolved) / Not Resolved (Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Non-Valuation of land	The land valuation was done on 18th October 2021	Resolved	October 2021
1.2	Land ownership and unregistered leases	The spelling mistake was rectified from 'LAPSET' to 'LAPSSSET'. So far, the Authority has registered leases for Chester House and Turkana Offices. Lease registration for Garissa and Isiolo's offices are in the final stages.	Resolved	October 2021
2	Unsupported Board Expense	The expenditure is fully supported and the supporting documents are available for verification	Resolved	February 2021

Accounting Officer

S. Ikua

Director General/C.E. O

Date: 12-4-2022

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

The principal activity of the LAPSET Corridor Development Authority is to Plan, Coordinate and Sequence the implementation of the LAPSET Corridor Program Components. During the year under review the Authority continued to provide Coordination and planning functions to the various projects implementing agencies. This led to significant milestones achievement culminating to Operationalisation of the first berth of Lamu Port, Transaction Advisory (TA) for the Port and Special Economic Zone which is ongoing and Land Acquisition for the Project Components

**APPENDIX III: INTER-ENTITY TRANSFERS**

ENTITY NAME:		LAPSET CORRIDOR DEVELOPMENT AUTHORITY	
Break down of Transfers from the State Department of Regional and Northern Corridor Development			
FY 2020/21			
a.	Recurrent Grants	Bank Statement Date	Amount (KShs)
			Financial Year
	FT20232N6YMM	18/08/2020	76,750,000
	FT203118BDFI	06/11/2020	76,750,000
	FT21034V3Q89	03/02/2021	76,750,000
	FT21112BNVQR	22/04/2021	46,750,000
	FT211176FK9H0	25/06/2021	30,000,000
			2020/2021
	<b>Total</b>		<b>307,000,000</b>
b.	Direct Payments	Bank Statement Date	Amount (KShs)
			Financial Year
	Direct payment by the National Treasury to Maritime and Transport Business Solutions		
			2020/2021
			10,691,553
	<b>Total</b>		<b>10,691,553</b>

The above amounts have been communicated to and reconciled with the parent Ministry:

Ag. Finance and Accounts Manager

LAPSET Corridor Development Authority

Bernard Olwoch.

Signature

FOR THE GENERAL / CFO  
LAPSET CORRIDOR DEVELOPMENT AUTHORITY  
MAKINDI

Signature

CPA TOM M. DUVU

Northern Corridor Development

State Department of Regional and

(EAC) and Regional Development

Ministry of East African Community

Head of Accounting Unit

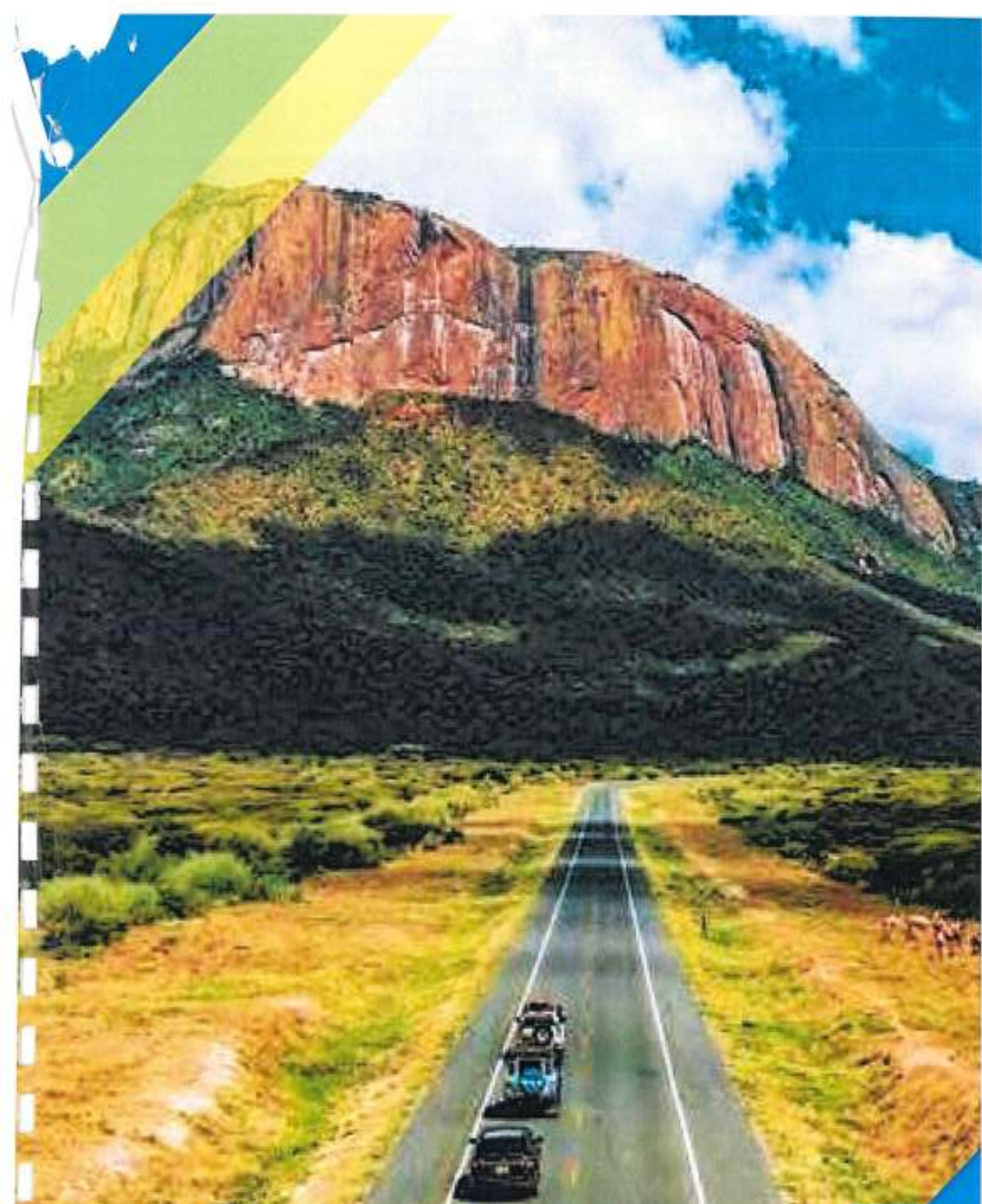


**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent Development Others	Total Amount KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - statement of cash flow	
African Development Bank (AfDB)	Direct payments	Donor Fund	10,691,553	10,691,553					10,691,553
<b>Total</b>			<b>10,691,553</b>	<b>10,691,553</b>					<b>10,691,553</b>







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