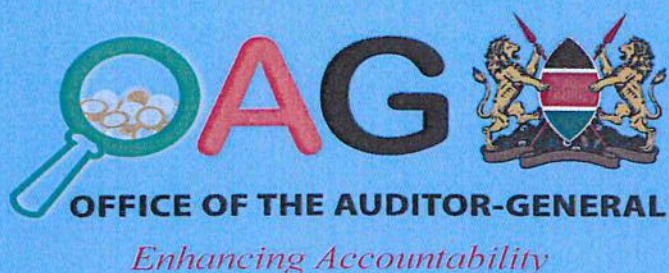


REPUBLIC OF KENYA



REPORT

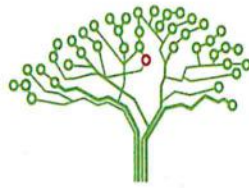
OF

THE AUDITOR-GENERAL

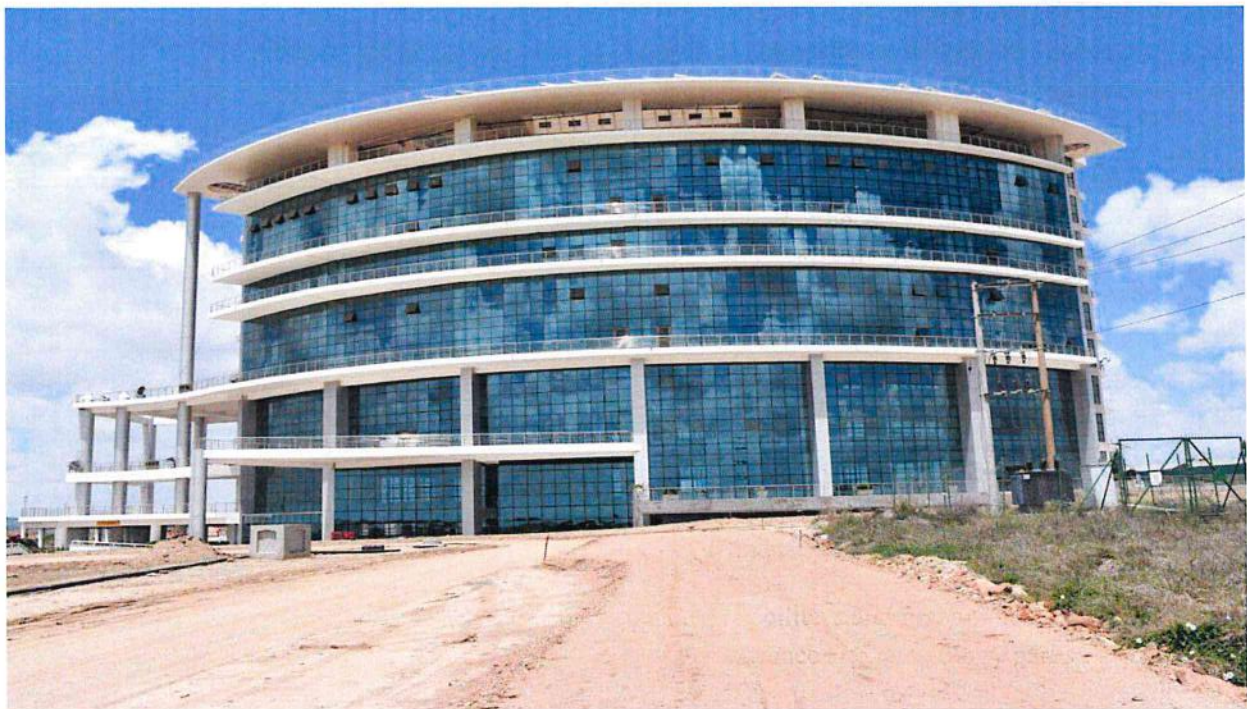
ON

**KONZA TECHNOPOLIS DEVELOPMENT
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2022**



**KONZA TECHNOPOLIS
DEVELOPMENT AUTHORITY**



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

TABLE OF CONTENTS

I.	KEY ENTITY INFORMATION AND MANAGEMENT	iii
II.	THE BOARD OF DIRECTORS.....	vii
III.	MANAGEMENT TEAM	xvi
IV.	CHAIRMAN'S STATEMENT	xix
V.°	REPORT OF THE CHIEF EXECUTIVE OFFICER.....	xxii
VI.	STATEMENT OF KOTDA's PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022.....	xxv
VII.	CORPORATE GOVERNANCE STATEMENT	xxxiv
VIII.	MANAGEMENT DISCUSSION AND ANALYSIS.....	xlii
IX.	ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	lxii
X.	REPORT OF THE DIRECTORS	lxxvi
XI.	STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	lxxvii
XII.	REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY.....	lxxix
XIII.	STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 TH JUNE 2022	1
XII.	STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022	2
XIII.	STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022	3
XIV.	STATEMENT OF CASH FLOWS AS AT 30 JUNE 2022.....	4
XV.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
XVI.	NOTES TO THE FINANCIAL STATEMENTS	9
XVII.	APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	28
XVIII.	APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY	29
XIX.	APPENDIX III: INTER-ENTITY TRANSFERS	36
XX.	APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	37

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Konza Technopolis Development Authority was established under the Legal Notice Number 23 on 28 March 2012 under State Corporations Act (cap. 446). The entity is domiciled in Kenya. The objective of the Authority is to ensure that Konza Technopolis grows into a sustainable world class technology hub and a major economic driver for the nation with vibrant mix of businesses, workers, residents and urban amenities.

The vision, mission, core values and core function of the Authority include:

Vision

To be a leading global technology and innovation hub

Mission

To develop a thriving sustainable smart city and a vibrant innovation ecosystem contributing to Kenya's knowledge Economy.

Core values

a) Nurture: We celebrate and invest to grow diverse talents and skills to achieve our vision. We see possibilities ahead of us and we are committed to develop the smart city to its true potential.

b) Innovation: We choose to transform and continuously improve in everything we do; we are curious, creative and constantly look for better ways to deliver our products and services to our customers.

c) Collaboration: We optimize results by working smarter together, we multiply our contribution through strategic partnerships and deliver value to all parties.

d) Excellence: We are passionate in delivering a better Konza to live work and play through flexible and creative solutions inspired by outstanding service in time. We conduct our business with integrity in a transparent, accountable and ethical manner.

(b) Principal Activities

The principal activities of the Authority are to:

- 1) Develop all aspects of the Area with particular emphasis on:
 - (i) Developing integrated infrastructural facilities, and
 - (ii) Provision of advice to the Government on the removal of impediments to, and creation of incentives for trade, services and manufacturing in the Area.

- 2) Regulate and administer approved activities within the Area. Generate additional economic activities in the Area, through implementation of a system in which the Area enterprises are self-regulatory to the maximum extent possible.
- 3) Plan for the development of the Area and initiate project activities identified for such planning through the Government.
- 4) Develop and keep up to date a long-term development plan for the Area.
- 5) Initiate studies and carry out surveys of the Area as may be considered necessary by the Government or the Authority, and to assess the alternative and substitute demands within the Area on the available resources.
- 6) Co-ordinate the various studies of, and schemes within the Area so that human, land, energy, water and other resources are utilized to the best advantage and monitor the design and execution of planned projects within the Area.
- 7) Effect a program of both monitoring and evaluation of the performance of any project within the Area so as to improve that performance, establish responsibility and improve planning.
- 8) Cause the construction of any works necessary for the protection and preservation of natural resources within the Area.
- 9) Maintain liaison between the Government, the private sector and other Government agencies including but not limited to any specialized economic zone agency, in matters of development of the Area with a view to maximizing resource utilization and benefits to the people of Kenya
- 10) Liaise with relevant government institutions to promote both locally and internationally the opportunities for investment in information and communications technology and such other industrial activities of the Area
- 11) Facilitate and manage information and communication technology, industrial incubation parks and science and technology parks together with related facilities within the Area and buffer zone.
- 12) Liaise with Machakos, Makueni and Kajiado County Authorities in coordinating regulatory matters relating to investment requirements of the Area. Carry out any other activity that the Board considers necessary for the promotion and facilitation of development of information and communications technology products and services within the Area.

(c) Key Management

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

- i. Board of Directors
- ii. Management of the Authority headed by the Chief Executive Officer

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Eng. John Tanui
2.	Chief Manager, Corporate Services	Norman Mwangi
3.	Chief Manager, Business Development, and Innovation	Stella Muhoro
4.	Chief Manager Construction, Operations and Management	Eng. Anthony Sang
5.	Chief Manager, Physical Planning, Design and Compliance	Arch. Annah Musyimi
6.	Chief Manager Corporate Research, Policy & Strategy	Josephine Ndambuki
6.	Manager, Procurement	John Paul Okwiri
7.	Corporation Secretary Manager & Chief Manager Legal Services	Gladys Koletit
8.	Manager Internal Audit	John Karanja

(e) Fiduciary Oversight Arrangements

(i) Audit and Risk Committee

The Audit and Risk Board Committee comprises of four (4) non-executive directors and chaired by a non-executive director. The Committee's composition was as follows:

- i. Eng. Kaburu Mwirichia – Chairperson upto 21.10.2021
- ii. Mr. Ismail Dhora - Chairperson from 21.10.2021
- iii. Mr. James Agin - Member
- iv. Mr Elias Yano – Member

The main role of this Committee is to provide an oversight on the Authority's accounting and financial reporting processes, conduct audits of financial statements and internal control systems, monitor compliance with financial, legal and regulatory requirements, and report back to the Board its findings and recommendations. The Committee also empowers the Internal Audit unit to ensure it has an independent environment for its operations. The Authority's Internal Auditor has therefore been incorporated into the Committee to provide technical and secretarial service to the Board.

(ii) Public Procurement and Asset Disposal Act 2015

In compliance with the **Public Procurement and Asset Disposal Act 2015**, The Authority relies on the constitution of the following ad hoc committees to provide procurement oversight and advisory role during tenders:

- i) Tender Opening Committee, to adjudicate Open tenders and Request for Proposals/Quotations.

- ii) Tender Evaluation Committees
- iii) Inspection and Acceptance Committee, to inspect and certify that goods and services delivered to the Authority are timely, conform to specifications and are delivered in right quality and quantity.
- iv) Contracts Implementation Committee- To Monitor & Evaluate specialized Contract.

(f) Entity Headquarters

Konza Complex, 7th Floor, Konza,
Nairobi-Mombasa Highway

(g) Entity Contacts

P.O. Box 1– 90150, Konza Kenya
Telephone: (+254) (0)204343013/4
E-mail: konza@konzacity.go.ke
Website: www.konzacity.go.ke

(h) Entity Bankers

Kenya Commercial Bank
P. O. Box 30012 - 00100
Kipande House Branch,
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

II. THE BOARD OF DIRECTORS

DR. ARCH. REUBEN MUTISO, MBS (CHAIRMAN)

D.O.B 6TH NOVEMBER 1948



Dr. Mutiso qualified as an Architect after completing his master's degree and later Doctor of Philosophy (PhD) in Architecture from the University of Texas (Austin). He was awarded a Doctor of Philosophy (Honoris Causa) by the Management University of Africa for his outstanding contribution to his field of expertise. In addition to winning many international architectural awards, Dr. Mutiso is a Paul Harris Fellow as well as a Member of the WHO's Historical Society.

Dr. Mutiso has served in various capacities in professional associations, including being elected by his peers to serve as the Vice President of the International Union of Architects (IUA). He is a Fellow of various professional associations, including the Architectural Association of Kenya, Kenya Institute of Management, Institute of Project Managers, American institute of Architects as well as the College of Architects, Spain. In addition, Dr. Mutiso has participated in and chaired many International Architectural Design competitions.

Dr. Mutiso is a Founding Partner and Group Chairman of Tectura International. With over 40 years of professional experience, he has helped guide the firm to a position of continental prominence. Under his leadership, Tectura International has developed a well-earned reputation for consistency of quality Architecture. Dr. Mutiso has helped shepherd over 500 design projects, including the design of corporate headquarters, universities, general offices, stadiums, retail, residential mixed-use projects and High Security facilities for various governments.

**CS, THE NATIONAL
TREASURY, AMB. UKUR
YATANI KANACHO
D.O.B 12TH MARCH 1967**



Amb. Ukur Yatani Kanacho has over 29-year experience in public administration, politics, diplomacy and governance in public sector since 1992. Before his appointment as Cabinet Secretary for the National Treasury & Planning he served as the Cabinet Secretary for Labour and Social Protection. He was a Member of Parliament for North Horr constituency and served as an Assistant minister for Science and Technology between 2006-2007. He was the pioneer Governor of Marsabit County (2013- 2017). He was Kenya's Ambassador to Austria with Accreditation to Hungary and Slovakia and Permanent Representative to the United Nations in Vienna (2009-2012). He has held senior leadership positions at various diplomatic and international agencies such as International Atomic Energy Agency (IAEA), United Nations Organization on Drugs and Crimes (UNODC), United Nations Industrial Development Organization (UNIDO), Vice Chairperson of United Nations Convention Against Transnational Organized Crime (UNTOC), Vice President of Convention on Crime Prevention and Criminal Justice (CCPJ), and chair of African Group of Ambassadors among others. Between 1992—2015, he served in different positions in Kenya's Public Administration including a District Commissioner, where sharpened his management and administrative skills. He has Master of Arts in Public Administration and Public Policy, University of York, United Kingdom, 2005; and Bachelor of Arts in Economics, Egerton University, Kenya, 1991.

**PS JEROME OCHIENG
D.O.B 15TH MARCH 1970**



Mr. Jerome Ochieng is a Principal Secretary in the Ministry of Information, Communications & Technology, responsible for the State Department of ICT & Innovation. Before his appointment, Mr. Ochieng was the Director of the Integrated Financial Management Information System (IFMIS) at the National Treasury and a member of Board of Directors at the Information, Communication Authority.

Mr. Ochieng has over 17 years' work experience in the field of information and communication technology in the Public Service. He also served as ICT Manager with Public Procurement Oversight Authority for 6 years. He holds a Masters' Degree in Information Engineering from the University of the Ryukyus, Okinawa, Japan. He is a registered fellow of the Computer Society of Kenya and a Licentiate Member of the Institute of Management Information Systems (IMIS), UK.

HILDA MORAA
D.O.B 31ST MAY 1988



Hilda holds a Business Information Technology Degree from Strathmore University. She is an award-winning innovator and author. She has more than 10 years of experience in Fintech, Regulation, developing innovations, entrepreneurship and working with multinationals such as Coca-Cola to develop mobility innovations for Africa. She previously founded WezaTele, a Fintech startup in Kenya that was acquired in 2015. She is currently the Founder & CEO of Pezesha, a digital financial infrastructure enabling SMEs and institutions in Africa. She also led Pezesha to be the first company to exit from CMA regulatory sandbox and get approval.

She featured as one of the top 40 under 40 women and Quartz Africa as top 30 innovators in Africa in 2018. She is a champion for the local Tech, Innovation & Entrepreneurship scene in Kenya by supporting and mentoring other young techpreneurs through sharing her lessons, entrepreneurial knowledge and experiences in inspiring ways.

PAMELA TUTUI
D.O.B 22ND OCTOBER 1958



Pamela Tutui holds a Master's in leadership from Pan Africa Christian university and a Bachelor of Law degree from University of Nairobi. She is an Arbitrator, a Chartered Mediator and a Legal Consultant with a vast experience in both public and private sector. She has served as Judge in the High Court, Commissioner on elections, Chairperson Law Society of Kenya (Mombasa chapter), Chairperson Task force drafting The National Lottery Bill and The Gaming and Lottery Policy. She has also served in various boards the capacity of Chairperson or member. Her contribution to Institutional Reform and Capacity building in the Judiciary of South Sudan led to a strong collaboration between Judiciaries of Kenya and South Sudan. She is a Consultant and Trainer in areas of the Law, Leadership and Governance. She chairs the Corporate Services committee of the board.

JOSEPH MWELE
D.O.B 9TH MARCH 1969



Joseph holds a Bachelor of Science (Honours) and a Master of Business Administration (MBA) both from the University of Nairobi. He is a seasoned manager with over 20 years' experience in Strategic business development in various industries such as Service industry, Pharmaceuticals, tyre industry & FMCG sales and marketing across several African countries including Kenya, Uganda, Tanzania, Rwanda, Burundi, Congo, Malawi, Zambia & South Sudan. He has worked in senior positions for various companies including Falconry of Kenya, Jubilee Insurance, Phillips Pharmaceuticals & Sameer Africa. He was the founding country manager for Sameer Africa Burundi. He brings on board wealth of business expertise with a passion for people development and business development. He is currently a businessman & the Chairman board of management at ABC-Iveti secondary school.

ISMAIL GULAM YUSUF DHORA
D.O.B 4TH MARCH 1991



Mr. Ismail holds Diploma in Business Management and Operations – Nottingham Trent International College UK. He has wide experience in Business Operations. He is currently the operations Director at Kyoga Hauliers (Kenya) Limited.

RICHARD KIMANI KARANJA
D.O.B 15TH OCTOBER 1972



Richard has a Master of Business Administration, (Finance) from Northeastern University, Boston, Massachusetts. He also holds a Bachelor of Science in Mechanical Engineering from University of Texas at Austin.

He has over 20 years' experience in Business operation and strategic management in various firms both locally and internationally. He worked in the United States of America, for BAE Systems, Boston, as a financial analyst and for Kennametal

Inc., Los Angeles, CA, as an improvement specialist. He is currently the Group Strategy and Business Development Director for Kzanaka Ltd, the holding company for CKL Africa. Richard has also held board position with Athi Water Services Board (AWSB) (2015-18), and was the Chairman of the Finance, HR, and General-Purpose Committee

HEZBOURNE MACKBONGO
ALTERNATE TO CABINET SECRETARY, THE NATIONAL TREASURY
D.O.B 1ST OCTOBER 1969



Mr. Hezbourne holds a Bachelor of science degree in Mathematics & Computer Science Kenyatta University, Master of Science in Statistics University of Nairobi, currently Pursuing PhD in Project Development and Management in Jomo Kenyatta University of Agriculture and Technology. He has wide experience in Public Sector Financial Management, policy and Research, having worked in the Government in senior positions in that field for the past 18 years. He has coordinated the development of performance indicators, preparation of logical frameworks, design and implementation of surveys including results-oriented monitoring and evaluation. Currently, He is the Senior Deputy Director in-charge of Financial Services Affairs Division in National Treasury and Planning.

JOHNSON KIHORO WAMBUGU
ALTERNATE TO PRINCIPAL SECRETARY, MINISTRY OF ICT & INNOVATION
D.O.B 30th March 1963



Mr. Wambugu is a holder of Master's in Business Administration (Finance) from ESAMI and Bachelor of Commerce from Catholic Universities of East Africa. He is a holder of CPA(K) with over 40 years of experience in Public Financial Management in government Ministries and Agencies. He is currently serving as Chief Finance Officer in the State Department of ICT & Innovation under the Ministry of ICT.

JAMES AGIN

D.O.B 1ST SEPTEMBER 1969



James is a seasoned banker with 25 years Pan-Africa Experience. He has held several executive management positions including Corporate Banking Director - Barclays Bank Uganda and KCB Bank Kenya, Managing Director - KCB Bank Uganda Ltd, Chief Business Officer International - KCB Bank Group and is currently the Regional Corporate Director - East Africa at Barclays Bank.

James has also served in the Board of Barclays Bank Uganda and the Boards of KCB Group subsidiaries in South Sudan, Tanzania, Uganda, Rwanda and Burundi. He holds an Advanced Management Program Certificate from Harvard Business School, an MBA from the IESE Business School, an Associateship from the Chartered Institute of Bankers and a Bachelor of Science degree from the University of Nairobi.

ELIAS YANO

**D.O.B 21ST DECEMBER
1965**



Elias Maiyo Yano is a seasoned professional with over 20 years hands-on experience in sales and marketing management. He has a proven ability to consistently achieve set goals having worked for some of the leading global brands.

He worked with Coca-Cola Rift Valley Bottlers Ltd as the Distribution Manager for four years, Kenya Tea Packers Ltd as the Regional Sales Manager for 11 years and Kenya Co-operative Creameries Ltd as the Depot Sales Manager for eight years. He also worked as an assistant lecturer, Business Department at the Railway Training Institute and the Kenya Commercial Bank Ltd.

Mr. Yano has a Bachelor of Commerce (BCOM) Degree in Business Administration from the University of Nairobi, a Master's degree in Business Administration, Marketing option, from the United States International University, and a Diploma in Marketing (Dip CIM) from the Chartered Institute of Marketing.

ENG. JOHN TANUI
CHIEF EXECUTIVE OFFICER
D.O.B 7th MARCH 1973



Eng. John Tanui is the Chief Executive Officer of the Konza Technopolis Development Authority, which is mandated by the Government of Kenya to implement the Konza Technopolis project. The Authority, a semi-autonomous government agency is tasked with building Kenya's first smart city whose vision is to be a global Hub of technology and innovation.

Eng. Tanui has over 24 years work experience in both public and private sector which include implementation of turnkey projects covering areas of infrastructure, ICT and innovation. Eng Tanui has worked in several countries in Africa and in China. He holds a Bachelor's degree of Technology in Electrical and Communication Engineering and MBA in International Business

GLADYS KOLETIT
CORPORATION SECRETARY & CHIEF MANAGER LEGAL SERVICES



Ms. Koletit is a skilled advocate, negotiator and corporate legal specialist with more than 12 years' diversified experience and exposure in legal practice, leadership, and management. Gladys has expertise in all legal aspects of business operations; contract drafting and negotiation, employment law, conveyancing, company secretarial, governance, litigation, conveyancing, and regulatory compliance.

She holds a Bachelor of Laws degree (LLB) from the University of Nairobi, Diploma in Law from the Kenya School of Law and a Master of Business Administration in Strategic Management from the University of Nairobi. She is an Advocate of the High Court of Kenya and a Certified Public Secretary - CPS (K). She is a member of Law Society of Kenya (LSK) and Institute of Certified Secretaries

BOARD OF DIRECTORS WHO EXITED DURING FINANCIAL YEAR 2021/22

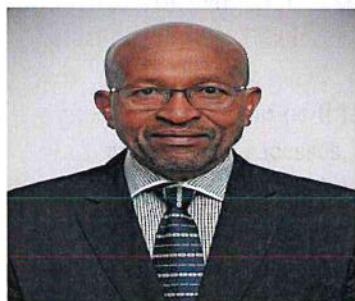
CAROLINE WANGUI KARIUKI
D.O.B 11TH JANUARY 1968
MEMBER UPTO 02.05.2022



Carol holds a Master's in Business Administration from Warwick Business School, UK and a Bachelor of Commerce from University of Nairobi. She has had an exemplary career in the Housing and Financial Sector spanning 20 years, where she served in leadership positions both in Corporate and as an entrepreneur. Her contribution to the Housing sector is noteworthy especially as the Managing Director of Savings & Loan, Kenya Commercial Bank's mortgage subsidiary where she championed the growth of the mortgage sector and home ownership for many Kenyans.

She started the Mortgage Company as mortgage brokerage business seeking to simplify access to mortgages and build affordable homes for Kenyans. Currently, she is the Co-founder and Chief Executive Officer of Greenpot Enterprises Limited, a wholly integrated Bamboo business ranging from large scale nurseries, plantations. She brings her entrepreneurial and innovative approach to business to the Board of KoTDA where she chairs Business Development, Innovation, Research and Strategy committee.

ENG. KABURU MWIRICHIA
D.O.B 31ST MARCH 1958
TERM: MEMBER UPTO 02.05.2022



Eng. Kaburu Mwirichia is a Registered Engineer (R Eng.) and a member of the Institution of Engineers of Kenya (IEK). He holds a Master of Business Administration degree (MBA) from the United States International University-Africa (USIU) and a Bachelor of Science degree in Mechanical Engineering from the University of Nairobi. He has extensive work experience in the fields of Engineering, Manufacturing, Corporate Governance, Human Resources Management, Strategic Planning and Customer Service.

He worked as Director General/Chief Executive Officer of the Energy Regulatory Commission (ERC) for six years from 2007 to 2013. Prior to his retirement, he chaired the Audit and Risk Assurance committee of the board.

KEN WAIBOCHI
D.O.B 7TH JANUARY 1966
TERM END 06.10.2021



Mr. Waibochi is a holder of B.Sc. Degree in Mechanical Engineering from Bath University, UK. He has over 20 years' experience in Business operation and strategic management in various firms. He served as Technical Services Group manager for Proctor and Gamble (EA) and Managing director Aberdare safari hotels. He also serves at Kenya Tourism Board as a director. Prior to his retirement he chaired the technical committee of the Board.

III. MANAGEMENT TEAM

ENG. JOHN TANUI
CHIEF EXECUTIVE OFFICER



Eng. John Tanui is the Chief Executive Officer of the Konza Technopolis Development Authority, which is mandated by the Government of Kenya to implement the Konza Technopolis project. The Authority, a semi-autonomous government agency is tasked with building Kenya's first smart city whose vision is to be a global Hub of technology and innovation.

Eng. Tanui has over 24 years work experience in both public and private sector which include implementation of turnkey projects covering areas of infrastructure, ICT and innovation. Eng Tanui has worked in several countries in Africa and in China. He holds a Bachelor's degree of Technology in Electrical and Communication Engineering and MBA in International Business.

NORMAN MWANGI
CHIEF MANAGER, CORPORATE SERVICES



Norman Mwangi is in charge corporate services (Finance, HR, Administration and City management). He has working experience of over 20 years in the public sector.

Norman holds a Master of Business Administration (Finance) and Bachelor of Education (Maths & Business Studies) First Class Honours. He is a Certified Public Accountant of Kenya and a member of the ICPAK.

ANNAH MUSYIMI
CHIEF MANAGER, PHYSICAL PLANNING, DESIGN AND COMPLIANCE



Annah holds Masters and Bachelors degree of Architecture from University of Nairobi. She is a members of Architectural Association of Kenya and registered with Board of Registration of Architectures and Quantity Surveyors of Kenya.

Her docket includes: Physical planning design and compliance

ANTHONY K.SANG

CHIEF MANAGER, CONSTRUCTION, OPERATION & MANAGEMENT



Eng. Anthony K. Sang is the Charge of Construction Operations and Management at the Authority. Before Joining KoTDA he served as a Depot Manager at Kenya Pipeline Company, having worked for over two decades in the Petroleum Sector holding various positions.

He holds a Bachelor's degree of Technology in Production Engineering and MSc in Entrepreneurship, Post Graduate Diploma in Project Planning and Management. He has served as a Council Member at the Institution of Engineers of Kenya (IEK) and is a Fellow of the Institution. He is also a Member of the Chartered Institute of Arbitrators.

STELLA MUHORO

CHIEF MANAGER BUSINESS DEVELOPMENT & INNOVATION



Stella's experience is anchored well by her cross cutting education background in Marketing as Chartered Marketer (MCIM), Certified Accountant (CPA). She holds an MBA in Strategic Management among other management courses - always updating her skills with changing macro and micro environment. She is in charge of Business development, ICT and Innovation functions.

GLADYS KOLETIT

CORPORATION SECRETARY & CHIEF MANAGER LEGAL SERVICES



Ms. Koletit holds a Bachelor of Laws degree (LLB) from the University of Nairobi, Diploma in Law from the Kenya School of Law and a Masters of Business Administration in Strategic Management from the University of Nairobi. She is an Advocate of the High Court of Kenya and a Certified Public Secretary - CPS (K). She is a member of Law Society of Kenya (LSK) and Institute of Certified Secretaries.

She is in charge of Legal Services division and Board Secretariat Services.

JOSEPHINE NDAMBUKI
CHIEF MANAGER RESEARCH, POLICY AND STRATEGY



Josephine holds a Bachelor of computer Science degree first Class honours, and MBA in Strategic planning. She is a technology Strategy specialist with over 13 years' experience working in technology, telecoms and development sector in Kenya and internationally. She has a diverse experience in business strategy, research, partnerships and project management as well as the technical project planning, implementation and support of core networks in both terrestrial and submarine segments. She is a member of the Kenya institute of Management.

JOHN PAUL OKWIRI
MANAGER, PROCUREMENT



John holds an MBA (Procurement & Supply Chain Management) from the University of Nairobi and Bachelor of Commerce. He is a member of Chartered Institute of Purchasing & Supply and of Kenya Institute of Supplies & Management. He is in charge of supply chain and procurement department

JOHN KARANJA
MANAGER, INTERNAL AUDIT & ASSURANCE



John Karanja is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), The Institute of Internal Auditors (THEIIA) and Information Systems Audit and Control Association (ISACA). He holds a Bachelor of Commerce (BCOM) Degree, First Class Honours and Master of Business Administration (MBA) from the University of Nairobi.

He has over 18 years' experience in internal audit, compliance, finance and quality assurance obtained from a variety of international and local organizations drawn from the private and public sectors. He gives assurance to the Board on the effectiveness of internal controls and risk management framework.

IV. CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, Management, and Staff of Konza Technopolis Development Authority, I am pleased to present the Annual Report for the Financial Year 2021/2022. This report provides a detailed scope of the activities undertaken by the Konza Technopolis Development Authority (KoTDA) during the period. It also highlights the Authority's achievements, challenges, and steps undertaken towards the continued actualization of our Vision and Mandate of developing a Leading Global Technopolis and Innovation Hub. The achievements outlined herein are attributed to the successful implementation of the 1st strategic plan (2016 – 2020) and the implementation of the 2nd Strategic Plan (2021-2024) aimed at accelerating the impact of Konza Technopolis (KT) by 2024.

The International Monetary Fund (IMF) Report indicated that during the year 2021/22, several shocks hit the world economy which had been already weakened by the Covid-19 pandemic. These included high inflation rate worldwide due to high food and energy prices as well as supply-demand imbalances, slowdown of economic activities in China due Covid- 19 outbreaks and lockdowns and negative spill overs from the war in Ukraine. The risks to the economic outlook are overwhelmingly tilted to the downside, the projected Economic growth of 6.1% in 2022 has been revised downwards to reflect uncertainties and gloomy developments that are emerging in most countries. The Sub-Saharan Africa region economic growth is also expected to slow down from 4.2% in 2021 to 3.7 % in 2022. To address the escalating cost of living due to rising prices for commodities, taming inflation and tighter monetary policies critical to salve the situation.

According to Nation treasury circular, Kenya's Economic growth is expected to be 6% in 2022 from 6.6% in 2021. The micro-economic policies and Economic Recovery Strategies implemented by the Kenyan government have helped the country to remain resilient. Cognizant of the fact that the world economies are NOW operating in a more integrated and almost borderless manner driven by technologies and facilitated to a great extent by ICT, KoTDA continued to pursue innovative and sustainable strategies in developing the city infrastructure and attracting foreign and local investors. The following are the Key projects and activities undertaken during the year.

The City Infrastructure

UN report on population growth indicates, the world's population is expected to increase by 2 billion persons in the next 30 years, from 7.7 billion currently to 9.7 billion in 2050 and could peak at nearly 11 billion around 2100. The growth in population coupled with increased urbanization has resulted in strain on available resources to meet both social and economic needs of the populace. Aware of the challenges

KoTDA is contributing towards the UN Sustainable goal No. 11 making cities and human settlements inclusive, safe, resilient and sustainable by integrating urban information and communication technology (ICT) network with service infrastructure to support delivery of connected urban services. The Authority will be deploying the latest technologies including waste management, recycling, energy efficiency and a mix of renewable and on grid energy solutions. On course is the Horizontal Infrastructure and Konza National Data centre and Smart City Projects

Horizontal Infrastructure

This project entails the construction of 40 km of streetscapes, grading, drainage facilities, water distribution network and treatment plant, Wastewater reclamation facility, landscaping of streets and parks; electrical system including 40 km of electrical power lines, substations, transformers, and other accessories; construction of public facilities including Fire Station, Entrance and Security Feature and 3,000 M2 Transit Hub. The hard infrastructure is built to green standards and integrated with ICT network including dedicated sensors allowing for efficient management of services on a large scale and at a lower cost. Although the project registered an impressive progress at 80% completion rate, importation of critical equipment's was affected by Covid-19 Pandemic affecting factories manufacturing the equipment's abroad. The equipment's have now been imported and the construction of infrastructure is scheduled to be completed by 2023.

The National Data Centre and Smart City facility project

The Technopolis is envisaged to use ICT to enhance its livability, workability and sustainability. A smart city is a synthesis of hard infrastructure with the availability of quality knowledge communication and social infrastructure. A smart city collects information about itself through devices, dedicated sensors and existing systems. It communicates that data using networks and analyses it for decision making and action. During the year, KoTDA operationalized the National Data Center- Phase 2 which was officially commissioned by HE. The president. The data centre supports the computing services for Technopolis and other sectors. The installation Smart City facilities and Construction of Disaster Recovery centre is ongoing and expected to be completed in the next financial year.

Investor Attraction initiatives

The Authority continued to engage in programs intended to strategically position Konza Technopolis as a strong investment destination. Key among them was Investeeing golf tournament series and international roadshows which was an opportunity to reach out to investors internationally and in different parts of the country including Mombasa, Machakos, Nairobi. In addition, the investor handbook was also developed

which incorporated the SEZ benefits that qualifying investors will enjoy. The investor uptake of parcels in Phase 1 is at 80% and vertical constructions are expected to begin in the next financial year.

Knowledge Economy and Innovation Ecosystem Initiatives

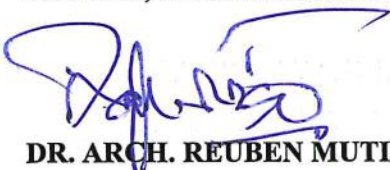
During the year, Authority collaborated with the Ministry of ICT, Innovation and Youth Affairs, and Women in Technology (WiT) Huawei, to launch and run a successful Girls in ICT Initiative with an aim of attracting more girls into the Science, Technology, Engineering and Mathematics (STEM) sector. Further, the Authority in collaboration with Strathmore University and Israel embassy implemented the mentorship program for innovators. In addition, KoTDA participated in International Association of Science Parks (IASP) Inspiring Solutions Award, which is a knowledge-sharing program that rewards bright ideas and emerged position three. The initiative gained the award as one that brings together academia, industry, government, and civil society within the Kenyan innovation ecosystem to grow the knowledge economy through virtual interactions and activities.

Stakeholder Engagements and Partnerships

The authority engaged internal and external stakeholders in the master planning for phase 2 of Konza Technopolis. Further, through a special committee chaired by the PS MOICT convened the county leadership for the three neighbouring counties (Machakos, Makueni and Kajiado) counties for the development of the collaboration agreement on buffer zone development. The counties signed an Agreement that will enable a coordinated development approach on the 10km buffer zone around Konza Technopolis. The Authority forged partnerships with various organizations through Memorandums of Understanding among them Thunderbird School of Global Management and Association of Startups and SME Enablers in Kenya (ASSEK).

Appreciation

I would like to express my sincere gratitude to the Ministry of ICT, Innovation and Youth Affairs, the National Treasury, strategic partners, and all other stakeholders without whose support these achievements would not have been attained. I further wish to acknowledge the dedicated service and commitment of the members of the Board, Management, and the Staff of the Authority for their immense contribution and zeal in supporting the achievement of our mandate. I look forward to a more vibrant, successful, and transformative forthcoming year.



DR. ARCH. REUBEN MUTISO, MBS.
CHAIRMAN, BOARD OF DIRECTORS

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

It is my pleasure to present to you the annual report for financial year ended 30th June 2022. It is a year we achieved significant milestones in actualizing our vision of becoming a global technology and innovation hub despite the economic and social challenges triggered by the Covid-19 pandemic. During the year, we continued construction of the Horizontal infrastructure, Konza National Data Centre and Smart City facilities in addition to the Investor onboarding and innovation activities. The accomplishments of the year were made possible by the effort of our staff, the support received from National government, neighbouring county governments and our stakeholders and partners. We remain committed and resilient in undertaking our mandate innovatively while at the same considering the wellbeing of our staff and the sustainability of the Authority.

Financial Performance

During the year, the revenue realized from government grants totalled to Ksh. 976.7 Million which represented a decline of Kshs. 3.5 Million compared to Ksh. 980.2 Million realised in the previous financial year. The reduction in government grants arose from budget rationalization for both the development exchequer grant through the supplementary budget and non-disbursement of the 2nd half Gok development exchequer grants. Revenues from other incomes increased by Kshs.98.2 Million to Kshs. 143.4 Million (a growth of 317%) compared Kshs. 45.2 Million realized in the year 2020/22. The increase in other incomes is attributed to the increase in revenues for water and material reimbursement, lease fees, rental income and data center cloud services income. During the year, the Authority expenses increased by Kshs.129.9 Million from Kshs. 501.8 Million to Kshs. 631.7 Million. The increment was a result of operationalization of data centre services, enhanced innovation ecosystem activities and increased marketing and investor outreach activities. The Net financial position of the Authority as at 30th June 2022 was Ksh.50.77 Billion representing a growth of 25% compared to Ksh.38.19 Billion at the end of year 2020/21. The growth of in assets base of the Authority is mainly as a result of investments in the ongoing works for Horizontal Infrastructure and Konza Data Center projects.

Konza Infrastructure Portfolio

The Authority asset base as at 30.06.2022 was valued at Kshs. 49 Billion consisting mainly of the Konza complex, Horizontal infrastructure, Data centre and other property plant and equipment. The Konza complex has three components: Office block, Conference facility and hotel. The office block is complete currently hosting Konza staff with spaces available for letting in the next financial year. The Conference facility is under construction and is expected to be completed in year 2022/23.

The construction of the Horizontal infrastructure is at 80% complete, the project consists of three lots; Lot 1 covering the construction of approximately 40 km of streetscapes, grading, drainage facilities, water distribution and treatment, sewage collection and treatment plant, landscaping of streets and parks, Lot 2; electrical system including approximately 40 km of electrical power lines, substations, transformers, and other accessories. Lot 3 involving construction of public facilities: 2,500 M² Solid Waste Handling Facility, 4,400 M² Police and Fire Station, Entrance and Security Feature and 3,000 M² Transit Hub. Upon completion Konza will provide fully serviced parcels connected to fibre internet and security surveillance system. All the walkways and streets will be paved to world class standards and residents will enjoy reliable, high quality and low-cost utilities and services.

The construction and equipping of the Konza National Data Centre and Smart City facilities is 68% completion level. The project includes Konza Phase 1 Smart City Services and a computing resource (the city data centre) and a National computing Centre for resource sharing. Phase 2 of Data Centre is operational and has so far onboarded eleven (11) tenants from both public and private institutions. The Data Centre provides cloud backup services, physical server/space renting, cabinet /rack renting, as well as email services. The Construction of Phase II of the Konza National Data Centre is ongoing, upon completion it will support provision of comprehensive ICT and smart city services, including high-speed broadband, Smart parking, lighting, waste management systems, smart grid, environment, health solutions.

Investor attraction and the Anchor Tenants:

The Authority remains instrumental in creating high value jobs and boosting the country's GDP by focusing on Research, Development and Entrepreneurship in the Science Technology and Innovation Sector. We began the year cognizant of the fact that disruptions of Covid-19 would continue to affect the global economy and the need to devise strategies to respond to this new norm. Through webinars and outreach programs, innovative financing models were adopted to facilitate onboarding of investors including the Kenya Advanced Institute of Science and Technology (KAIST), Modelled after the Korean Advanced Institute of Science & Technology. KAIST will be an institution of strategic national importance as a catalyst for the growth of science and engineering through research and training.

The Authority made significant strides in targeting and attracting investors. Aware of the turbulent economic situation in the country, the Authority initiated early bird incentive to investor geared towards attracting them. So far, the Technopolis attracted over a hundred investment interests both local and international for the parcels under development in Phase 1. The total number of parcels fully taken up is

80 parcels out of the 147 parcels available in Phase One with a total approximate project value of Kshs. 94billion

Strategic direction

Our mission in the new strategic plan 2021-2025 is develop a thriving sustainable smart city and a vibrant innovation ecosystem contributing to Kenya's knowledge Economy. We shall continue to Partner with stakeholder and partners in ICT and Innovation space, as a full member of International Association of Science Park and Areas of innovation and a leader of Africa chapter, we shall continue to create an environment that enhances innovation, creativity, and quality of life. We hosted IASP Africa Chapter during the year where more than 20 countries participated in the event. We held several Innovation activities including innovation challenges and hackathons of which 15 ideas were identified for nurturing to innovations.

Going forward, we will continue to develop the horizontal infrastructure and open the remaining land for development. We intend to commercialize our services and diversify our revenue streams. We shall market both locally and internationally and create an innovation ecosystem that drives Kenya's knowledge economy.

Compliance with PFM Act and Regulations

During the reporting period, Authority has complied with the PFM Act 2012 and the PFM Regulations of 2015 therefore, the Authority is not exposed to any liabilities, contingent or otherwise.

Appreciation

On behalf of the management team, I wish to express my gratitude to Chairman and the Board of Directors for their continued support and guidance provided to the management team during the year. I also wish to sincerely appreciate the efforts of the Authority's staff in delivering on set targets. Ministry of ICT, the National Treasury and our stakeholder thank you for continued support. I remain committed to steering the team towards building Africa's Silicon Savanna and a global technology and innovation hub.



ENG. JOHN TANUI, MBS
CHIEF EXECUTIVE OFFICER

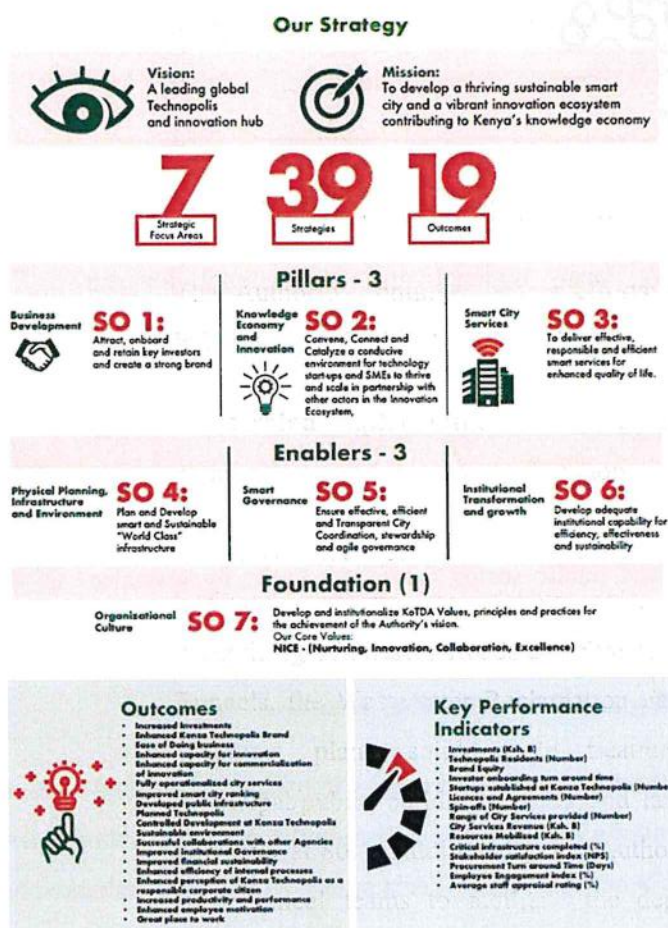
VI. STATEMENT OF KOTDA’s PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

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. The Authority has 2 strategic pillars and 3 enablers with set objectives outlined within the Strategic Plan for the FY 2016- 2020. These strategic pillars and enablers are as follows:

In the financial year 2021/22 the authority launched its strategic plan for the year 2021-2025/26. The financial year 2021/22 marked the first year of the implementation period of the Authority’s Second strategic plan that aptly themed: “Accelerating the Impact of Konza Technopolis”.

The Strategic plan is anchored on

- **Three pillars** (business Development, Knowledge economy and Innovation and Smart city services),
- **Three enablers** (Physical planning, infrastructure and environment, Smart governance, Institutional transformation, and growth) and
- **One foundation** (Organisation culture) as shown.



The strategic plan highlights seven strategic Focus areas and a further seven strategic objectives. The Authority develops its annual work plans based on the pillars with a focus on the seven areas of strategic focus. The assessment and reporting of the is done on a quarterly basis against its annual work plan. The Authority achieved its performance targets set for the FY 2021/2022 period as indicated in the following strategic areas of Focus:

Strategic Focus Area1: Business Development

This pillar seeks to position Konza Technopolis as a vibrant, competitive investment opportunity that will attract, onboard and retain key investors by strategic brand development, investor attraction, investor onboarding and investor retention initiatives.

The main objective the Authority was seeking to achieve during the year was to attract, onboard and retain key investors and create a strong brand. The Authority registered the following results for the year under review:

Investor Attraction

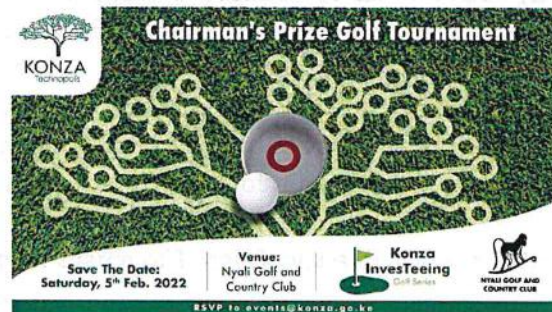
The Authority undertook investor attraction initiatives including local, regional and international investor forums and outreaches. Through its investor attraction efforts, the Authority realised and additional 27 investors bringing phase1 to a commitment rate of 80%. Further, aggressive marketing for the Data Center services, resulted in onboarding of 19 customers cutting across the private and public sector firms. the Authority was also able to secure 4 tenant to lease space at Konza complex.



Marketing and Brand Building Activities:

The Authority continued to engage in programs intended to strategically position Konza Technopolis as a strong investment destination. During the year, the authority developed an investors Handbook outlining the SEZ benefits at Konza Technopolis. In addition, embarked on roadshows and golf investeeing series.

The Authority's Investeeing golf tournament series provided an opportunity to reach out to investors in different parts of the country including Mombasa, Machakos, Nairobi.



Strategic Focus Area 2: Knowledge economy and innovation

This pillar seeks to position Konza Technopolis as a Knowledge economy hub by convening, connecting and catalysing a conducive environment for technology start-ups and enterprises to thrive and scale in partnership with other actors in the Innovation Ecosystem. The Pillar aims to enable the Authority to contribute towards the enhanced capacity for innovations and the enhanced capacity for commercialization of innovations at Konza Technopolis.

During the year ended, the Authority engaged the development of strategic investments aimed to power the knowledge economy and innovation pillar of Konza Technopolis. Key among them was feasibility study for digital media city, construction of Kenya Advanced Institute of Science and Technology and Innovate for prosperity initiatives.

Digital Media City:

The Digital media city is envisaged to be a Center of excellence in media and digital media technologies. During the year ended, the authority finalised a feasibility study on the proposed project with positive outcomes for its establishment. the project will be developed through partnership of Kenyan government with Korea Exim bank. The Authority continued to build momentum on the Digital Media city by sponsorship of the digital media awards and hosting the Christmas musical concert at the Technopolis which provided a platform the creative to showcase their talent.



IASP Africa conference:

The Authority hosted the IASP conference in its efforts to promote STI and innovation the conference brought together 500 participants from various countries in a two-day workshop to engage on matters research, science, Technology and innovation. Additionally, the Authority's Innovation programs were recognised as 3rd best in the Inspiring solutions IASP international.



by

Strategic Focus Area 3: Smart City Services:

This pillar champions the delivery of effective, responsible, and efficient smart services for enhanced quality of life for the residents, businesses and visitors at Konza Technopolis and beyond. The Pillar aims to ensure Konza Technopolis is developed to true smart city standards by implementing technology powered solutions for the city's needs in a sustainable manner. During the year under review, the authority operationalized the Konza National Data centre and relocated the services from the Phase 1 containerized data centre which now serves as Disaster Recovery (DR) awaiting completion of main DR under construction in Nyeri. The authority also Deployed Virtual Desktop Infrastructure (VDI) in various public institutions.

Strategic Focus Area 4: Physical Planning, Infrastructure Development and Environment.

The Authority continued in its efforts to plan and develop smart and Sustainable "World Class" infrastructure. In this focus area the Authority advanced Projects in its focus as below

Masterplan implementation: The authority engaged internal and external stakeholders in the master planning for phase2 of Konza Technopolis. The activity was completed, and the masterplan approved.

Infrastructure Development: The Authority Accelerated its pace towards the completion of the phase1 horizontal infrastructure development. The project comprising of Phase 1 Roads and Streetscapes, Utility Tunnels, the Wastewater Reclamation Facility, water treatment plant, solid waste treatment facility, municipal/public buildings, parks and landscaping is currently at 80%. Additionally, the Authority engaged its technical teams to facilitate the deployment of projects under development by investors such as the Distribution substation2 by Ketraco.



Strategic Focus Area 5: Smart Governance.

This strategic pillar seeks to ensure effective, efficient and transparent city coordination, stewardship and agile governance. In the year ended the Authority advanced its focus on smart city governance by the participating in Engagements towards the enhancement of the legal instruments to entrench the mandate of the Technopolis as a strategic positioning for city operationalisation. The Authority Contributed to strategic policy frameworks such as the Start-up Bill aimed to provide a vibrant playing field for the

innovation ecosystem in Kenya. We Continued to develop its internal policies and procedures to deliver a robust internal operating framework for strengthened governance of the Technopolis.

Strategic Focus Area 6: Institutional Transformation and Growth.

This pillar seeks to enable the Authority to develop adequate institutional capacity for efficiency, effectiveness, and sustainability. In achievement of its strategic objective the authority achieved the following key milestones.

a) **Continued positioning to attract, recruit and retain competitive talent** to enable the achievement of the institutional strategic plan. Additionally, the Authority engaged 20 internships in contributing towards the government’s internship program. The Authority continued to implement strategies towards creating an enabling work environment to enable employee motivation for continuous performance improvement.

b) The Authority focussed on automating all its internal processes as it positions to be a Center of excellence for public service process Automation leveraging its Datacentre. The Authority received a bronze Award for implementation of the service delivery charter and business process Re-engineering sub indicator under PC guidelines for the FY 2021/22



Strategic Focus Area 7: Culture.

This strategic focus area seeks to Develop and institutionalize KOTDA values, principles and practices for the achievement of the Authority’s vision. The Authority continued to engage it staff in culture building initiatives such as team building, mentorship, collaboration based internal innovation challenges and training for enhanced performance.

Our Core Values: NICE

<p style="text-align: center;">Nurturing</p>  <ul style="list-style-type: none"> • We celebrate and invest to grow a diverse set of talents and skills to achieve our vision, We see possibilities ahead of us and are committed to develop the Smart city to its true potential, 	<p style="text-align: center;">Innovation</p>  <ul style="list-style-type: none"> • We choose to transform and continuously improve in everything we do, we are curious, creative, and constantly look for better ways to deliver our products and services to our customers 	<p style="text-align: center;">Collaboration</p>  <ul style="list-style-type: none"> • We optimize results by working smarter together. We multiply our contribution through strategic partnerships and deliver value to all parties 	<p style="text-align: center;">Excellence</p>  <ul style="list-style-type: none"> • We are passionate on delivering a better Konza to live, work and play through flexible and creative solutions inspired by outstanding services in time. • We conduct our business with integrity in a transparent, accountable and ethical manner
--	---	---	---

During the year the Authority held a staff team building which promoted cohesiveness and enhanced staff morale in service delivery



Photo of staff at a team building session

Alignment of strategic initiatives with Government of Kenya Performance contracting targets:

For the financial year ended 30th June 2022, KoTDA Board signed a Performance Contract with the Government of Kenya, through the Ministry of ICT covering the following broad areas.

Finance Stewardship and Fiscal Discipline: The Authority's projects and activities are financed through Gok exchequer grants, external funding through borrowings and internally generated funds. During the period, the absorption of Gok funds was Kshs.973 million representing absorption rate of 73% against a target of Kshs 1.3 billion while absorption of externally mobilized development funds over the same period was KShs.13.7 billion against a target of KShs. 13.8 billion. representing 99% absorption rate. The Authority realised revenues amounting to KShs. 143.4 million from Appropriation in Aids (A-in-A) against a target of KShs. 61 million.

Service Delivery: The Authority provided services to customers and stakeholders as per the commitments in the citizen service delivery charter. To boost service delivery and outreach activities during the year, the Authority brailed the service charter played Audio-visuals during outreach activities to address the needs of Persons Living with Disabilities. Customer complaints received during the reporting period were resolved promptly. The Authority also updated the Website to facilitate interaction between the Authority and our customers in addition to launching the Investor Handbook which provides all information that investors require in one simplified booklet accessible digitally. The Konza Resource centre platform was also launched to facilitate access to information internally by the staff.

Core Mandate: The Authority continued with development of infrastructure laying the foundation for provision of city services. Construction of Phase I horizontal infrastructure continued during the reporting period. The project is currently at 80% completion level and is expected to deliver world class infrastructure to power the Smart city's ambition.

The Authority continued with the construction of Konza complex building comprising of 3 facilities namely: the Konza Technopolis office block, The Konza conference Facility and the Konza Technopolis Hotel. The three-building facility is expected to create one of the most vibrant convention facilities in the region. During the reporting period, the Authority advanced the progress on the construction of the conference to 30%. The Authority also engaged in activities towards leasing the office block and secured four tenants.

The Konza National Data Center under development is a Tier III, Uptime Certified data centre hosted on a 3068 M² of build-up area and additional 654 M² of whitespace. During the financial year under review, the Authority completed and the Konza National data centre is providing services to both the public sector and private firms. The Authority also installed three video conferencing facilities at Konza complex, Ministry of ICT and KenInvest offices. The Video conference facility provides new ways of convening especially in the times of restricted movements occasioned by the pandemic.

To deliver its Innovation Ecosystem programmes, the Authority continued with the implementation of knowledge economy and innovation initiatives. In the reporting period, the Authority engaged 1000 young people in innovation programs, ICT workshops, training and acceleration programs. The Authority hosted one innovation challenge from which 16 innovators were selected for acceleration and support. From these initiatives, the Authority has witnessed initial impact being the job creation and new value delivered through new products and serviced rendered using diverse forms of technology. The Authority

also engaged 800 girls for the Girls in ICT training and a further 200 youth on Digital skills for innovation.

The Authority's business development initiatives focused on attracting, onboarding and retaining key investors and creating a strong brand. In the FY 2021/22, the Authority engaged investors in different fora such as investor conferences, targeted meetups, attendance to strategic conferences, virtual roadshows with both local and international investors. The Authority enlisted the commitment of 27 new investors who are being supported to establish their businesses at Konza. During the same period, the investor handbook was reviewed and disseminated to investors and potential investors as an informational and marketing tool. Additionally, the Authority continued to promote the incentive program for early investors to accelerate onboarding of its early off takers.

The Authority Launched its 2nd strategic plan 2021 -2025 and undertook the first year of its implementation. The strategic initiatives in the plan are aimed at developing the Technopolis as a thriving sustainable smart city with a vibrant innovation ecosystem contributing to Kenya's knowledge economy.

Implementation of Presidential Directives: During the year under review, the Authority with support of partners accelerated the delivery of its biodiversity programs under the greening initiative. The Authority promoted and participated Tree planting at Konza Technopolis in partnership with other government Agencies. The Authority instituted several measures to prevent spread of Covid-19 virus including allowing the staff to work on rotation basis, provision of mask and sanitizers and continuous facilitating testing and vaccination of the staff.

Access to Government Procurement Opportunities and Promotion of Local Content in Procurement: The Authority in its effort to promote access to procurement opportunities by special interest groups specifically reserved several tenders for them in line with the approved procurement plan and adverts. The total procurement opportunities awarded to this category during the year totalled to Kshs. 109.6 million. The Authority also promoted local content in procurement through embracing the Buy Kenya Build Kenya initiative. The total procurement opportunities awarded to local contractors during the reporting were worth Kshs. 6.8 Billion.

Cross Cutting Initiatives During the period, The Authority implemented cross-cutting initiatives geared towards promotion of effectiveness and efficiency in service delivery. The Authority during the year was

able to maintain and update the Asset and Inventory registers of the Authority in line with public procurement and disposal regulations.

To provide training and experiential learning opportunities for the development of skills for the youth, the Authority offered attachment and internship opportunities to 19 youths during the year. The staff of the Authority were also given opportunities to grow their competency through the performance management programs and training. KoTDA Continued to provide services to its staff under the Resource centre as part of Knowledge Management Initiatives, training and learning challenges were implemented to drive the learning and innovation culture in the Authority.

In the reporting period, the Authority sensitized staff on disability mainstreaming and implemented measures to improve Accessibility for Konza Complex to ensure that the complex is all inclusive and responsive to the needs of Persons with Disabilities (PWDs). The Authority also undertook various initiatives to promote wellbeing of the staff including sensitization of staff on HIV prevention, Alcohol, drug and substance abuse, stress management and mental health.

The Authority enhanced the security of its assets with deployment of additional officers from the Security of Government Building and VIP Protection Unit in collaboration with the National Police Service. To promote a value driven corporate culture, KoTDA inculcated the national values and principles of governance as enshrined in Articles 10 and 232 of the Constitution of Kenya and was highlighted in the president's State of nation address. Additionally, the Authority's Data center solution was mentioned by the CS treasury during the reading of the national budget. Road safety training was undertaken which enhanced management of transport logistics. Corruption risk mitigation plans were implemented in line with Authority's commitment to combat and prevent corruption, unethical practices and promote best practices in governance as per the Ethics and Anti-Corruption Act No. 22 of 2011 and the Leadership and Integrity Act of 2012.

VII. CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Konza Technopolis Development Authority are responsible for the governance of the Authority and are accountable to the shareholders and stakeholders in ensuring that the Authority complies with the laws and the highest standards of business ethics and corporate governance. Accordingly, the Board attaches very high importance to the generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practice of good corporate governance.

1. Board Appointment and Membership

The power of appointing Board members has been delegated to the Cabinet Secretary, Ministry of Information, Communications and Technology and Youth affairs. The Board engages with the Cabinet Secretary to ensure the individuals with the right skills are appointed as members of the Board. The Board currently comprises of 11 members. The Chairman appointed by the President, the Cabinet Secretary National Treasury, the Principal Secretary in the Ministry of ICT &YA and Seven (7) non-executive directors appointed by Cabinet secretary Ministry of Information, Communications and Technology and Youth affairs and the Chief Executive Officer.

The following members served the Authority Board for the financial year 2021/22

1. Dr.Arch. Rueben Mutiso- Board Chairman serving 3rd term Re-appointed 13/05/2022
2. Amb. Ukur Yatani Kanacho - The Cabinet Secretary The National Treasury
3. Jerome Ochieng-The Principal Secretary in the Ministry of ICT
4. Hezbourne Mackobongo - Alternate to Cabinet Secretary National Treasury from 11th June 2021
5. Johnson Wambugu- Alternate to Ps Ministry of ICT from 22nd July 2021
6. James Agin – Member Appointed 19/08/2019
7. Elias Maiyo Yano- Member Appointed 19/08/2019
8. Caroline Kariuki- Served for 2 terms as a member up to 02/05/2022
9. Kaburu Mwirichia- Served for 2 terms as a member up to 02/05/2022
10. Pamela Tutui- Member serving 2nd term Re-appointed for on 03/06/2022
11. Ismail Gulumu Dhora- Member serving 2nd term Re-appointed for on 03/06/2022
12. Richard Kimani- Member appointed on 06/10/2021
13. Hilda Moraa Morara Appointed on 03/06/2022
14. Joseph Kivungi Mwele Appointed on 03/06/2022
15. Eng. John Tanui- Chief Executive officer
16. Ms. Gladys Koletit - Corporation secretary and Chief Manager Legal Services
17. Ken Waibochi- Member up to 05/10/2021

2. Board of Directors Governance Charter

The Board charter outlines the responsibilities to be discharged by the directors collectively and individually. Each director has subscribed to the charter and signed the Authority's code of ethics. The Board members have committed to dedicate their service to the Authority and uphold the principles of good corporate governance and exercise fairness in all their dealing.

The roles and functions of the Chairman and the Chief Executive (CEO) are distinct, and their respective responsibilities clearly defined within the charter.

3. Role of the Board

The Board defines the Authority's strategies, objectives and values and ensures that procedures and practices are set in place to ensure effective control over strategic, financial, operational and compliance issues by:

- i. Overseeing implementation of the plans and strategies by Management.
- ii. Ensuring the Authority complies with relevant laws and regulations,
- iii. Instituting effective mechanisms that monitor the performance of the management team.
- iv. Safeguarding the assets of Authority and ensuring they are administered in a manner that best promotes the purpose for which the Authority was formed.
- v. Approving capital and recurrent budget provisions, Work plans and procurement plans.
- vi. Approving partnership and MOUs with other organisations.
- vii. Authorising the opening of bank accounts for the Company's funds.

The directors bring a wealth of experience and knowledge to the Board's deliberations. Except for direction and guidance on general policy, the Board delegates authority of its day-to-day business to the Management through the CEO. The Board nonetheless is responsible for the stewardship of the Authority and assumes responsibilities for the effective control over the Authority.

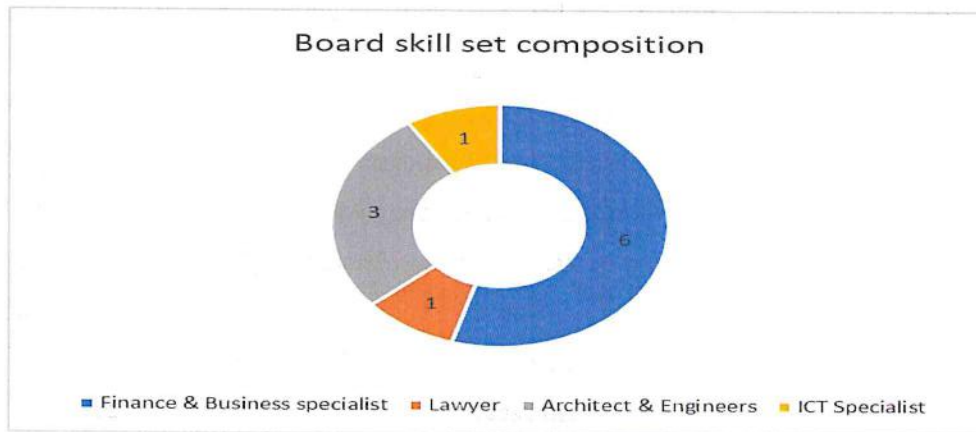
Key Achievement during the year included:

- i. Oversaw the Launch of FY 2021/2022 – 2024/2025 Strategic Plan and implementation of Year 1 strategic initiatives under the Strategic Plan FY 2021/2022 – 2024/2025;
- ii. Reviewed Authority's Organization Structure to align with the new Strategic Plan.
- iii. Considered and approved new policies developed by the Authority and monitoring their implementation.
- iv. Approved and monitored the implementation of the Authority's Annual Recurrent and development Budget of Ksh. 15.9 billion

- v. Oversaw the development and execution of the Authority’s FY 2021/2022 Performance Contract with Ministry of ICT & YA and implementation of the same. The Authority scored 3.28 in the FY2020/21 Performance Contract targets;
- vi. Approved 27 investors for lease of parcels at the Technopolis
- vii. Provided oversight of Risk management framework and management action for management of risks
- viii. Successful Board evaluation by State Corporation’s Advisory Committee (SCAC) where Board performance for FY2020/2021 was of 93.77%, an indication of the Board’s commitment and ability to achieve its objectives.

4. Board diversity

The current composition comprises of directors from diverse backgrounds and experience in business, ICT, legal and engineering fields. The Authority believes the composition has the required mix of skills and core competencies to enable it to operate effectively and efficiently as outlined below.



The gender composition of the Board is 80% male and 20% female.

5. Directors Induction and Training

All the Members of the board on appointment, undergo induction to enhance their understanding of the Authority business and align to new developments in the industry. The induction programme involves presentations by management, review of policy documents and expert briefs by consultants and attendance of formal induction courses offered at Kenya school of government and by State Corporation Advisory Committee. During the year under review, members of the board attended Corporate Governance course for directors offered by Centre for Corporate governance, local and international

conferences and seminars aimed at enhancing their understanding of the Authority's mandate and best management practice.

6. Board Evaluations

The Board annually reviews its effectiveness as a whole and that of individual committees as well as the Chief Executive Officer to ensure that the Authority's goals are achieved. The process involves evaluation of each director done by the other Directors, CEO is evaluated by all Directors and in turn all directors individually evaluate the Chairman. The Board ensured that all assessments and evaluations carried out are properly documented and filed. The State Corporation Advisory Committee facilitated the Board Self Evaluation exercise during the year and feedback received was used to design interventions appropriately.

7. Directors Remuneration

The Directors remuneration is based on the Government of Kenya regulations which recommend that Directors will be paid Ksh.20, 000 per sitting while the Chairman will be paid Ksh.80, 000 per month and Ksh.7, 000 per month as telephone allowance. The aggregate amount of emoluments paid to directors for services rendered during the financial year 2021/22 are disclosed in the notes to the financial statements under note 9.

8. Conflict of Interest

The Authority maintains a register where the directors are required to make a declaration of any interest they may have in the business under discussion. As per Mwongozo code of governance for State Corporations, the board members are under a statutory obligation to avoid a situation in which they may have a direct or indirect interest that conflicts or may conflict with the interest of the Authority. In all Board meetings, any conflicted director is obligated to declare the same and exclude himself/herself from any discussion or decision over the subject matter.

9. Meetings of the Board

According to Section 8 (1) (a) of the State Corporations Act, Cap 446 the Board of every State Corporation should meet at least four times in every financial year. During the period under review, the Board held seven (7) meetings as per board almanac and special meetings to consider urgent critical matters relating to the business of the Authority. The notice, agenda and Board papers were circulated within the stipulated timeliness.

S/no.	Name	Attendance	Remarks
1	Arch. Dr. Reuben Mutiso- Chairman	7	
2	Carol Kariuki	7	Retired on 02.05.2022
3	Elias Yano	7	
4	Pamela Tutui	7	
5	James Agin	7	
6	Eng. Kaburu Mwirichia	7	Retired on 02.05.2022
7	Eng. John Tanui	6	
8	Hezbourne Mackobongo	6	
9	Johnson Wambugu	5	
10	Ismail Dhora	4	
11	Richard Kimani	4	Appointed on 06.10.2021
12	Ken Waibochi	2	Retired on 05.10.2021

Director Joseph Mwele and Hilda Moraa were appointed on 03.06.2022 and attended the board induction in July 2022.

10. Board Committees

a. Corporate Services Committee

This Committee has oversight responsibility on all financial, legal, procurement, human resources and organisational administration issues at the Authority. The Committee is composed of four members and the CEO. The composition of the Committee is reviewed annually. During the year, the Committee held four regular meetings and six special meetings (five of which were interviews) making it a total of ten (10) committee meetings held as outlined in the table below:

S/no.	Name	Attendance	Remarks
1	Pamela Tutui -Chairperson	10	
2	Hezbourne Mackobongo	8	
3	Johnson Wambugu	9	
4	Elias Yano	10	
5	Eng. John Tanui	10	

b. Technical and Infrastructure Development Committee

This Committee's role is to review, oversee and advise the Board on the quality of technical standards, assurance processes and impact assessment and reporting during implementation of the Konza Technopolis Master Plan. The Committee is composed of four members and the CEO. The composition of the Committee is reviewed annually. The committee held four (4) meetings during the year as outlined in the table below.

S/no.	Name	Attendance	Remarks
1	Eng. Kaburu Mwirichia Chairperson	4	As from 25.10.2022
2	Ken Waibochi	1	Retired on 05.10.2021
3	Johnson Wambugu	3	
4	Richard Kimani	3	
5	Ismail Dhora	2	
6	Eng. John Tanui	4	

Note: Ken Waibochi was chairperson upto 05.10.2022 when he retired.

c. Business Development, Innovation, Research and Strategy Committee

This Committee's role is to review, oversee and advise the Board on strategy, research, business development and innovation activities and advise on and monitor performance in these areas, as well as to develop its commercial services and to create new revenue generating opportunities. The committee has a membership of four directors and the CEO. The membership is rotated annually following implementation of guidelines issued by Head of Public Service on management of State Corporations. The Committee held six (6) meetings in the year.

S/no.	Name	Attendance	Remarks
1	Caroline Kariuki - Chairperson	6	
2	Elias Yano	6	
3	Ken Waibochi	2	Retired on 05.10.2021
4	Pamela Tutui	5	
5	Richard Kimani	4	
6	Eng. John Tanui	3	

d. Audit and Risk Committee

This Committee reviews, oversees and advises the Board on the Authority’s internal control and risk management systems; oversees the integrity of the financial statements of the Authority, and any formal announcements relating to the financial performance, including significant financial reporting judgements contained in them; reviews the internal financial controls; review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process; monitor and review the effectiveness of the internal audit function; and review whistleblowing arrangements. The Committee of the Board regularly reviews the effectiveness of the internal control system and guides the board on the same. The committee has a membership of four directors rotated annually following implementation of guidelines issued by Head of Public Service on management of State Corporations. The Committee held four meetings in the year.

The Committee held four meetings in the year.

S/no.	Name	Attendance	Remarks
1	Ismail Dhora - Chairperson	3	
2	Eng. Kaburu Mwirichia	4	Served as chairperson up to 25.10.2022
3	James Agin	4	
4	Hezbourne Mackobongo	2	

11. Risk Management and Internal Controls

The Corporation has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for all transactions and for ensuring compliance with the laws and regulations that have significant financial implications.

In reviewing the effectiveness of the internal control system, the Board takes into account the results of work carried out to audit and review the activities of the Corporation. The Board also considers the management accounts for each quarter, reports from each Board Committee, annual budgetary proposals, major issues and strategic opportunities for the Corporation. As an integral strategy in achieving its corporate goals, the Board ensures that an optimal mix between risk and return is maintained. To achieve this goal, a risk management and governance framework has been put in place to assist the Board in understanding business risk issues and key performance indicators affecting the ability of the Corporation

to achieve its objectives. Audit, Risk & Assurance Committee of the Board regularly reviews the effectiveness of the internal control system and guides the board on the same.

12. Code of Conduct and Ethics

The Authority has a code of conduct relating to lawful and ethical conduct of business which is aligned to the Authority's core values of integrity, professionalism, Agility and innovation and passion for excellence. The code of conduct provides fundamental principles and guidelines that govern the ethical and legal obligations of all employees at all levels. All employees are bound by the provisions of the public officers Ethics Act 2003, the Authority's Code of Conduct and any other statutory regulations issued from time to time. The Board, Management and employees are required to observe the code and high standards of integrity. These standards are applied in all dealings with customers, suppliers, and other stakeholders.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Konza Technopolis Development Authority (KoTDA) is an entity largely funded by the National Government. The performance of KoTDA depends on the National Government budget cycle and funding as availed by the National Government through the Ministry of ICT & YA. For the year under review the Authority had an approved budget of Kshs. 15.9 Billion and the total expenditure incurred for the year was Kshs.14.7 Billion translating to 93% absorption. The bulk of the budget was expended on development of the horizontal infrastructure, the construction and equipping of the Konza National Data Centre, Investor outreach and innovation initiatives among other operational activities.

KoTDA is cognizant of the fact that world is increasingly becoming a global village and digital solutions are becoming a necessity rather than a want. In this regard, KoTDA during the year embarked on acceleration of Knowledge economy and innovation initiatives both locally and internationally. The International Association of Science Parks (IASP) Africa Division hosted the 2022 Conference-themed “*Science Technology Parks & Areas of Innovations as Catalysts for Sustainable Growth in Africa*” from the 30th to 31st of May 2022 at Konza Technopolis. The connecting forum focused on developing science parks and areas of innovations as a catalyst for sustainable growth in Africa. The Authority also participated in the 2021 IASP Inspiring Solutions Program and was ranked third. The program recognises excellence within science parks and areas of innovation management and give visibility to the best projects and initiatives.



IASP Africa Division Conference at Konza Technopolis



KoTDA hosted Innovation and Investor Forum on 9th December 2021 at the Technopolis. The theme of the conference was promotion and development of creative and cultural sector as part of initiatives

towards the establishment of the digital media city while promoting Konza as a Meeting, Incentive Travel, Conferences and Exhibitions (MICE) destination.

In the reporting period, KoTDA continues with engagements with investors in different fora such as investor conferences, targeted meetups, attendance to strategic conferences, roadshows targeting both local and international investors. The Authority enlisted the commitment of 27 investors who are being supported to establish their businesses at Konza, the construction of the vertical infrastructure is expected to begin in the next financial year.

FINANCIAL PERFORMANCE

The Authority Gok budgetary allocation for the year ended 30th June 2021 was Kshs 14.62 Billion. This represented an increase of 33.8% compared to Kshs. 10.92 Billion allocation for the financial year 2019/20. The increase in the budgetary allocation is attributed mainly to the enhanced funding of the Horizontal infrastructure which is at an advanced stage of development. In the reporting period, the Authority absorbed 93% of the allocated resources which were expended on infrastructure development and operation activities.

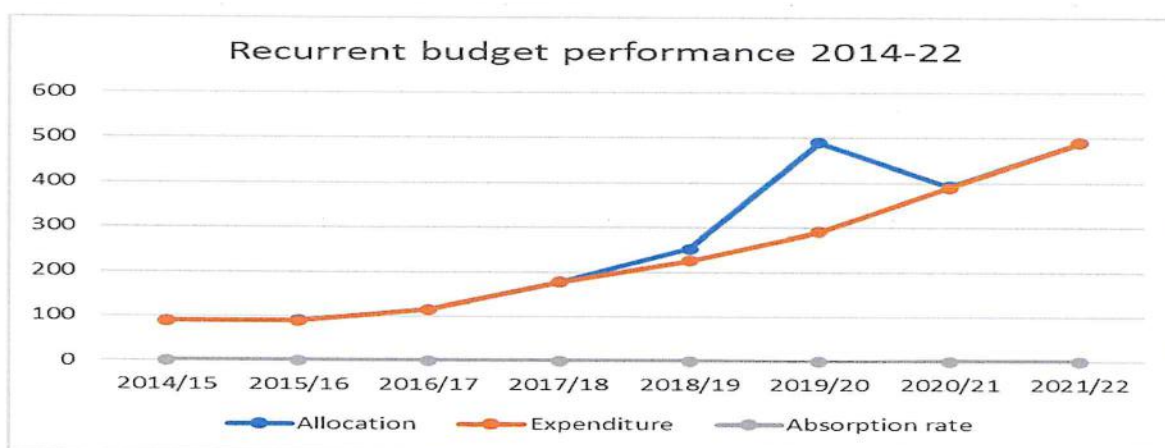
The total revenues realized by the Authority for the year was Kshs. 14.8 Billion comprising of A-in-A (foreign loans) Kshs. 13.7 Billion disbursement paid directly to the contractors by the National Treasury and Exchequer grants of Kshs. 976.7 Million for development and recurrent budget. The Exchequer grant of Kshs. 976.7 Million received during the year represented a reduction of Kshs. 3.5 Million compared to Kshs 980.2 Million realized for the Financial year 2021/22. The total operation expenditure incurred by the Authority during the year was Kshs.631.7 Million. This represented a growth in expenditure of 26% compared with Kshs. 501.8 Million incurred for the FY 2020/21. The growth in operations expenditure is attributed to enhanced investor outreach activities, innovation activities and operationalization of data centre undertaken during the year.

For the capital expenditure budget, a total of Kshs.14.7 billion was incurred during the year representing an increase of Kshs. 1.7 Billion compared to Kshs. 13.9 Billion for Financial year 2020/21. The funds were incurred on infrastructure development, consultancies, and construction of Konza Complex conference facility.

Eight Year Review of Authority Financial Performance

a) Recurrent Budget Performance Analysis

FY	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Description	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'
Allocation	90	91	115	177	252	490	392	489
Expenditure	90	90	115	177	225	290	389	352
Absorption rate	100%	99%	100%	100%	89%	59%	99%	72%



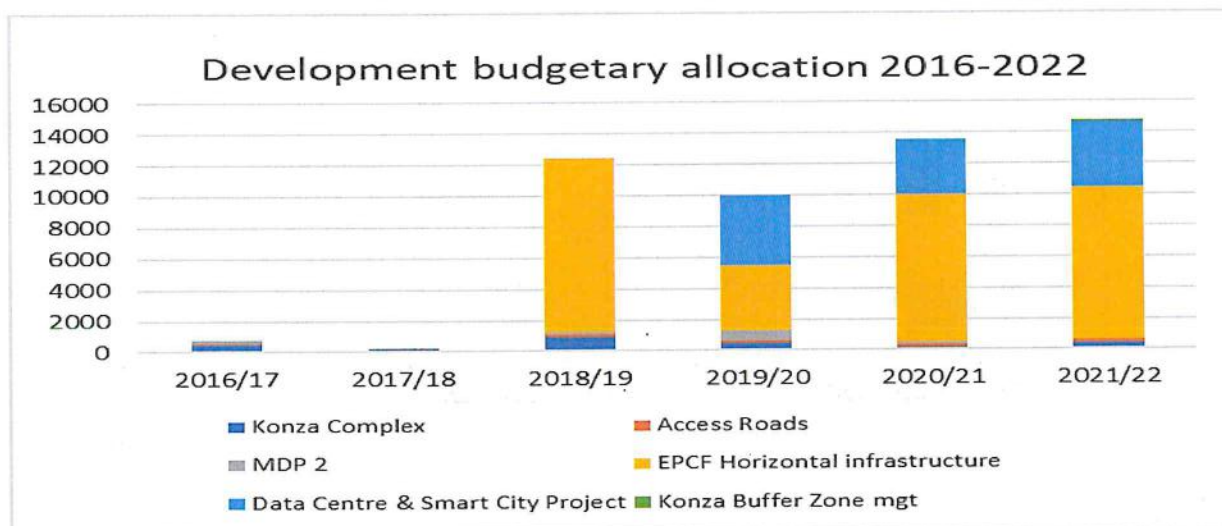
The budget absorption for the FY 2021/22 was 100% as there was enhanced innovation activities, operationalization of data centre and enhanced investor outreach activities.

Development Budget Analysis Financial year 2016 -2022

A significant budget growth was realized in the financial year 2018/19 when the Authority embarked on construction of the Horizontal infrastructure, this marked the first milestone in realization of the Smart Infrastructure. In the FY 2019/20 the Authority commenced the construction of the Konza National Data Centre and Smart City Facility project, although there was a budget reduction which contributed to scale down in construction works and the pending bills for EPCF Horizontal infrastructure. The year 2021/22 realized enhanced works for the Horizontal infrastructure. However, for the Konza National Data Centre project works were affected by tax disputes that was resolved later in year.

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Description	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'	Kshs 'Million'
Konza Complex	458	171	950	490	200	416
Access Roads	116	37	133	166	125	200

MDP 2	200	75	150	630	164	45
EPCF Horizontal infrastructure	-	-	11,200	4,200	9,500	9,763
Data Centre & Smart City Project		-	-	4,480	3,600	4,250
Konza Buffer Zone mgt	-					26
Total	774	283	12,433	9,966	13,589	14,699



a. Operational Performance

As a young and fast-growing organisation, the Authority is working to institute robust systems and policies to set a strong foundation for its growth. Benchmarking with best in class and implementing technology enabled system to drive operational excellence. During the financial year, The Authority progressed with ISO 9001-2015 certification process focusing to achieve excellence in service delivery. The Process is expected to be completed in 2023.

As part of process automation, the Authority continued to enhance its ERP solution with modules tailored to enhance service delivery. The HR and performance management modules were completed during the year enabling staff to get HR services digitally. Additionally, the Authority implemented its performance management processes aligning to it the Performance contract cycle and implementing technology to support digital individual performance tools for talent management. The Authority also engaged in various capacity building initiatives complementing both formal training with peer learning and on the job training to ensure its staff continued to acquire requisite skills for high performance.

The Authority also initiated the development of its Resource centre platform, a learning as well as a repository platform of critical institution digital assets for posterity. Key staff were recruited during the

year to support the delivery of its mandates and objectives, The Authority has now a staff complement of 63 comprising a well-balanced and diverse team with a 59%/41% mix of male and female staff at all levels of its structure. In its efforts to deliver a competitive working environment, the Authority has instituted diversity and inclusion programs Women forums and town halls to address the diverse staff needs.

The Authority continued with equipping Konza Complex Office Block which had been completed in March 2020 and the now hosting the Authority headquarters. This has helped in facilitating onsite coordination and administration of ongoing projects at the Technopolis.



The official opening of Konza complex by the president

During the year, KoTDA continued with improvement of its business processes, the customer service portal was improved to allow investors submit their application and documents online. This has improved the timelines within which applications are considered. The Authority also developed a framework for water services provision that provided clarity and allows water consumers to receive the services efficiently.

INFRASTRUCTURE DEVELOPMENT

During the reporting period, the Authority continued with infrastructure development for the city. The major projects undertaken included:

Horizontal Infrastructure Phase 1

This Project covers 400 acres of Phase 1 of the Master plan and the Contract was awarded to Impresa Costruzioni Maltauro (ICM S.P.A.) in 2017. The Notice of Commencement of works for the project was granted to the Contractor- ICM SpA on 3rd August 2018 and is due for completion December 2022.

The project entails:

1. Phase 1 streetscapes - roads, storm water drainage facilities, water distribution, sewage collection & treatment, electrical distribution conduits (passageways), fibre optics conduits and landscaping of streets and parks.
2. Wastewater reclamation facility.
3. Electrical system; including power lines and numerous electrical substations.
4. Public facilities that include Solid Waste Handling Facility; Police and Fire Station; an Entrance and Security Feature; and a Transit Hub.

Physical progress of the project is at 80% with USD 304.7 Million spent of the total project cost of USD 391.9 Million. The key activities undertaken during the period include:

Phase 1 Streetscapes, water works, ICT Networks & landscaping.

Stormwater & Foul Sewerage: During the year, KoTDA continued with installation of manholes to receive storm water from the road surface and process pipes connecting them to the main system. The total work done at the close of the financial year was 53,586 metres of process pipes, the completion rate for stormwater piping network was 89.37% while for manholes installation was 96.37%. For foul sewerage system process pipes, 30,844.96 metres were installed in the same period with 98.08% completion rate.

Water supply and Irrigation Reuse: During the year, KoTDA installed HDPE (High Density Poly Ethylene) pipes at the Water Treatment Plant. A total of 39,651.95 metres of pipes were installed on the network bringing completion rate to 90.01% as the close of the financial year.

For the irrigation re-use pipeline network 29,041.79 metres of irrigation re-use pipes have been installed together with warning tapes bringing the completion rate to 92.24% as at the close of the year.



Conduit joining & alignment of stormwater process pipes along the Water Treatment Plant Road

Solid Waste Network: During the year, KoTDA continued with installation of process pipes for this network, as at 30.06.2022, a total of 14,233.17 metres of solid waste network pipes have been installed translating to 96.01% completion. During the year the first set of trash bins were installed including the manholes to facilitate processing of the waste.



*installation of the first Solid Waste collection bins
Boulevard*

Formwork to manhole SD-05 Collar Along Auto

Medium Voltage (MV) Network & Low Voltage (LV) Network: During the year under review, conduit pipes carrying the MV lines were installed with sand bedding and burying of the pipes going hand in hand. The completion rate stood at 86.60% with 16,056.92 metres of Conduit pipes having been installed as at the end of the financial year.

Similar to the MV network, conduit pipes carrying the LV lines were also installed. The pipes were sand bedded and buried with required safety measures such as a warning tape being put in place. The completion rate stood at 73.31% with 19,192.80 metres of LV conduit pipes have been installed as at the close of the financial year.



Sand bedding, conduit laying, backfilling, and installation of warning tape from LV-208 to LV-209 on Transit Road.

ICT Network: ICT ducts were laid in bulk during the financial year. The laying of ICT conduit pipes is similar to that of the LV and MV networks. A total of 57,582.72 metres of ICT conduits had been laid bringing the completion rate to 73.35%.

Streetlights: This includes the streetlight poles, intermediary manholes and a subsurface network of conduit pipes. During the financial year, KoTDA continued with installation of various poles for the commercial office, technology, residential and university within the City. A total of 464 light poles have been installed with 26,649 metres of streetlight conduit network done. The completion rate stands at 38.93% for the light poles and 47.42% for the streetlight network.

Roadway Work: This involves laying of road subgrade, GCS road subbase, Asphalt base course, Asphalt binder course and Asphalt wearing course. During the financial year, the following roadworks were executed 40,856 metres of road subgrade, 36,080 metres of GCS road subbase, 31,197 metres of Asphalt base course and 7,596 metres of Asphalt binder course. This represents a completion rate of 92%, 81%, 70% and 35% respectively.



Hunching & installation of road kerbs on Auto Boulevard RHS and Laying of asphalt base course on WRF Road

Landscaping: This entails the creation of nature parks and urban parks for recreation of residents. Landscaping work has not yet begun.

Wastewater reclamation facility (WRF)

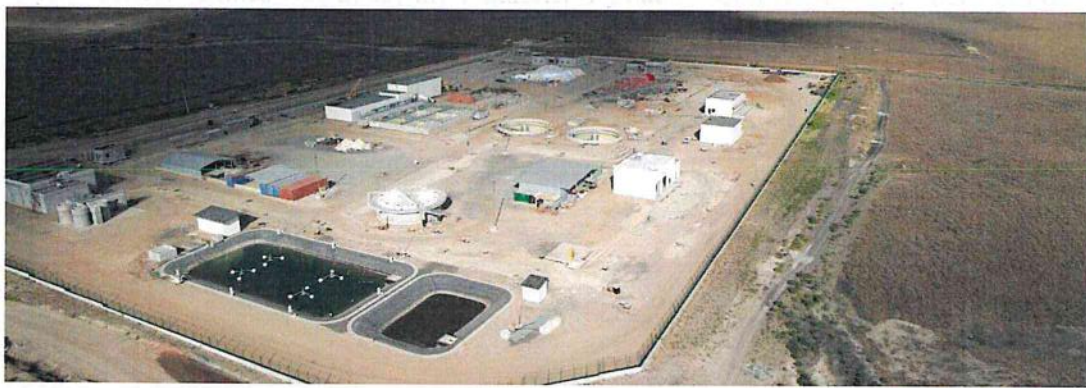
During the financial year, major structural works were completed such as the buildings, housing for the various equipment and the laboratory. Staff are expected to begin working at the facility in the next financial year. KoTDA continued with laying of process pipes and construction of manholes, the completion rate was 87.00% as at the close of the financial year.



Filter feed pumping station -Pulling of armoured electrical and Trunking of cables



Pulling of armoured electrical for low Voltage network along WRF



Ariel view of the wastewater reclamation facility

Water treatment plant

In this financial year, various structures were put in place to aid the water treatment process such as the gravity thickener and the sludge drying beds. Masonry walls of the East and West Potable Water Tank Storage were constructed. Process pipes and manholes were also laid. The completion rate of this projects stands at 85.50%.



Preliminary Treatment - Mechanical installation



Administration Building – Internal wall plastering and painting preparations

Police Station, Fire Station, Apparatus Bay and the Living Quarters

In this financial year, the construction of police station moved from the substructure level to the 1st floor level. The Apparatus Bay has progressed from excavation to the Ground floor level. The Fire Station moved from the excavation level to foundation level and likewise for the Living Quarters. This projects in its entirety is known as the Public Safety Centre and it stands at a completion rate of 30.2%.



Living quarters - Fixing of Formwork to columns at ground level.



Living quarters - Backfilling work to formation level

KONZA DATA CENTRE AND SMART CITY PROJECT

The Ministry of Information, Communications and Technology and Huawei Technologies Co. Ltd signed a Commercial Contract for Konza Data Centre and Smart City Facilities on 26th June 2017. The project consists of:

1. Phase 1 Data Centre which is a temporary containerized data centre to serve the Authority current requirements and government agencies that will require the service.
2. Phase 2 Data Centre consisting permanent building and equipment to serve the long-term needs of the Authority.
3. Smart City Facilities/Services & Virtual Desktop Infrastructure
 - i. **Phase 1 Data Centre:** A temporary containerized data centre was completed and commissioned in the FY 2020/21; it now serves as Disaster Recovery Centre following the completion of the Tier III Data Centre. A new disaster recovery is currently under construction.
 - ii. **The Konza National Data Centre**

As at 30.06.2022, the Authority had completed the implementation of a neutral carrier tier III Data Center currently supporting the government, business enterprises and smart city facilities providing high-quality world-class cloud computing products and services. The Konza National Data Centre is a highly secure and reliable Tier III Design and Construction facility, located in a smart and sustainable city with assured multiple

internet connectivity and reliable power supply. The major cloud services being offered include; Software as a Service (SaaS), Infrastructure as a Service (IaaS), Platform as a Service (PaaS).

Illustration photo for the Data centre



iii. Equipping of Data Centre

The data centre is powered with KPLC 33KV Power access and 33-11KV Transformer supplemented by power from solar panel fitted on the roof top as shown above. Standby generators are provided to ensure there is 99.9% uptime.

Over view of Electrical room power distribution LV switchgear



The Authority also installed module 2000 fusion with capacity to serve both government and private sector requirement.

Data centre module 2000 installed

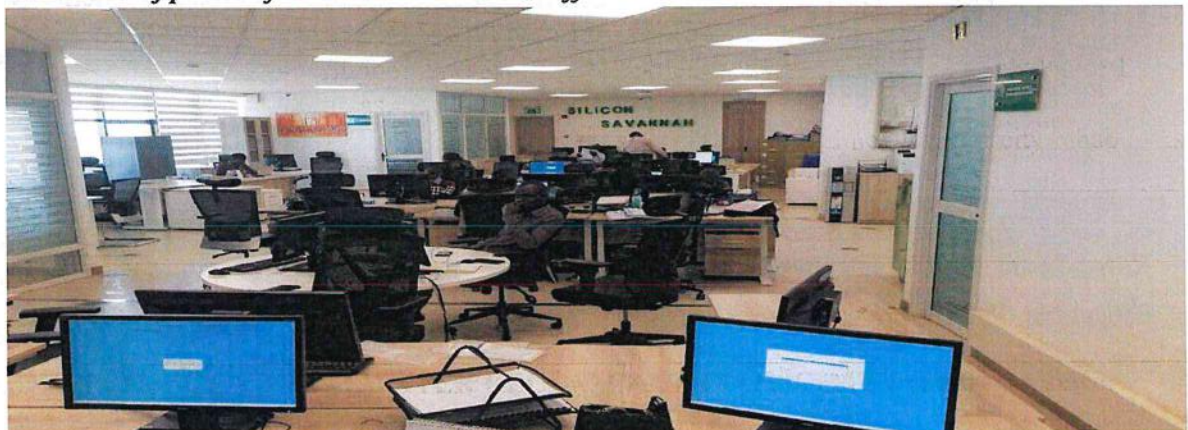


iv. Deployment of Video Conference facilities and Virtual Desktop Infrastructure(VDI)

During the year the Authority installed VDI to support operation for various organizations. Virtual desktop infrastructure (VDI) is a technology that refers to the use of virtual machines to provide and manage virtual desktops. VDI hosts desktop environments on a centralized server and deploys them to end-users on request. Following completion of Phase I DC, an initial batch of 500 units of VDI were shipped for pilot to facilitate:

1. Improve the desktop facility in different MDAs;
2. Improve the computer lab facility for Ajira Youth Empowerment Center;
3. Improve the computer lab facility for different schools;
4. Improve the computer lab facility for TVET (Technical and Vocational Education and Training).

Illustration of photos of VDI installed at Konza offices



a) Konza Conference Facility

During the period, the contractor continued with Superstructure works by merging old and new columns reinforcement. Sub-structure construction works also proceeded and the contractor is now on the second floor and at 53% completion rate.



The Authority faced the following challenges during the period:

- **Delayed Disbursement of Exchequer:** There was a delay disbursement of recurrent exchequer and non-disbursement of second half year development exchequer grants affected implementation of planned activities.
- **Budgetary Constraints.** The MDP 2 consultancy and Supervision of construction for horizontal infrastructure have very low allocation and this has affected execution of the required works.
- **Extreme Weather conditions:** This has affected the construction works for the Horizontal infrastructure, the contractor scaled down.
- **Covid-19 Pandemic:** The contractors and Authority's work was affected by the pandemic resulting in scale down of operation especially importation of key equipment and materials which required physical inspection before shipment.

SECTION B

Entity's compliance with Statutory Requirements

Konza Technopolis Development Authority has so far complied with all its statutory and contractual obligations. This therefore means that the Authority is so far not exposed to any liabilities, contingent or otherwise.

SECTION C

Key Projects and Investment the entity is planning/ implementing

In accordance with the Authority's mandate of developing the Konza Technopolis to smart standards the following projects were the Key projects for the 2021/ 22 FY:

1. Master Delivery Partner 2 (MDP 2) Consultancy Services

PROJECT NAME	Master Delivery Partner 2 (MDP 2) Consultancy Services
Project Purpose:	This is a consultancy partnering with Konza Technopolis Development Authority in development of smart technology city standards. This will ensure that Konza Technopolis is implemented as envisioned in Vision 2030 to be a smart city and operated as such in order to generate more than 2% GDP.
Brief Description of Project:	<p>This is a consultancy project signed in August 2014 between the Authority and Tetra Tech consortium to support the Authority in implementing Phase 1 of the Konza Technopolis. The consultancy brings together professionals in smart city development including Project Managers, Financial experts, Branding and communication experts, Architects (Architects, urban designers landscape Architects), Planners, Engineers (ICT, Civil, Electrical, Structural and Chemical), land economists, land surveyors, environmental specialists, and Lawyers.</p> <p>The scope of the consultancy includes:</p> <ul style="list-style-type: none"> • Project leadership. • Financial planning. • Project communication and marketing. • Development guidelines. • Land administration. • Management of design consultants. • Management of Construction contractors.
Economic and social benefit	<ul style="list-style-type: none"> • Provide professional consultancy services ensuring the development and operations of a smart city that will grow the GDP of Kenya by 2%.
Sources of finance	<ul style="list-style-type: none"> • GoK through direct allocation

2. Konza Complex

PROJECT NAME:	KONZA COMPLEX
Project Purpose:	To house the Konza Development Authority personnel and provide additional flexible office space for use by investors as well as ICT innovators.
Brief Description of Project:	<p>The project entails design and construction of the building (Konza Complex) which comprises of three components with an estimated cost of 3.92 billion as shown below.</p> <ol style="list-style-type: none"> a) The Office Block, Kshs 1.9 Billion: This will host the Authority personnel's as well as the initial investors and innovators to Konza Technopolis b) Conference facility, Kshs 0.72 Billion: This will host a model Huduma center and smart city exhibition spaces for both local and international partners.

	<p>c) Residential (Hotel) block Kshs 1.2 Billion:</p> <p>d) The construction of the office block is complete while the Conference and Hotels block will be constructed in Phase 2</p>
Economic and social benefit	<ul style="list-style-type: none"> • Provision of an approximate income of Ksh. 0.5 Billion per year to the GoK through the Authority from office space rent and leases. • Bringing GoK services closer to the people of Makeni, Machakos and Kajiado through the Model Huduma Centre in the building. • Spurring construction of buildings at Konza Technopolis this being the first building in the Technopolis. • Increase in government assets because it is a government building.
Sources of finance	GoK. Through direct allocation

3. Phase 1A Public Buildings

PROJECT NAME	PUBLIC BUILDINGS
Project Purpose:	To operationalise Phase 1 City Management by the Authority.
Brief Description of Project:	<p>This covers the design, procurement and construction of the following municipal buildings essential for the operationalization of the Phase 1 Technopolis</p> <ul style="list-style-type: none"> • 2,500 m² Solid Waste Handling Facility • 4,400 m² Police and Fire Station • Entrance and Security Feature • 3,000 m² Transit Hub
Economic and social benefit	<ul style="list-style-type: none"> • Facilitate ease of Konza Technopolis Management Services in operating the Phase 1 of the Technopolis. • Support and foster development activities within the city's Phase 1 areas. • Enhance access to jobs, services and social networks to city inhabitants in Phase 1.
Sources of finance	GoK – Through EPCF or Direct allocation

4. Wastewater Reclamation Facility (Phase 1 sewer treatment plant)

PROJECT NAME	WASTEWATER RECLAMATION FACILITY (Phase 1A sewer treatment plant)
Project Purpose:	<p>To provide wastewater reclamation (sewer treatment) for Phase 1A of Konza Technopolis.</p> <p>To provide the city with water for parks and gardens landscaping, firefighting and toilet flushing from the recycled (reclaimed) water at the facility or plant.</p>
Brief	The project entails the design of the Technopolis Wastewater Reclamation

Description of Project:	Facility (Sewer treatment plant) and construction of Phase 1 of the plant to cater for sewer treatment of Phase 1A of the Technopolis. It is designed following the total estimated wastewater (sewer) to be produced in the city development as follows. <ul style="list-style-type: none"> i. Phase 1A approximately 6,000 m³ per day (m³/ day), ii. Phase 1B approximately an additional 6,000 m³/ day, iii. Phase 2 approximately 12,000 m³/ day, iv. Phase 3 approximately 12,000 m³/ day,
Economic and social benefit	Minimize potable water usage and maximize wastewater reuse for the city's parks and gardens landscaping, firefighting and toilet flushing. Maximize the potential of resource recovery such as bio-methane and bio-solids production for cooking gas and fertilizer for use in the Technopolis respectively. Promote water conservation both within and outside of all structures at Konza Technopolis.
Sources of finance	GoK. Through direct allocation for design and supervision. GoK through EPCF or direct allocation for construction.

5. Phase 1B Streetscape and Sub-Surface Utilities

PROJECT NAME	PHASE 1B STREETScape & SUBSURFACE UTILITIES
Project Purpose:	To facilitate tarmacked road access to Phase 1 of Konza Technopolis from Mombasa Road. To Provide other 80+ (plus) parcels within Phase 1 with water distribution network, sewer collection network, electrical distribution duct network (Power lines) and Fibre distribution duct network. To provide the Technopolis with digital lighting and signage system.
Brief Description of Project:	This is design and construction of the approximate 30 Km roads at Konza Technopolis to tarmacked standards. The project covers design and construction of the tarmacked roads, sidewalks (pedestrian ways), lighting and signage, utilities distribution facilities (sewage collection lines, water distribution lines, storm drainage lines, reuse lines, power lines and fibre optic line). It also contains transportation scope including the design and construction of internal roads, connection/s to existing road network, traffic circulation, pedestrian & bicycles facilities and bus facilities.
Economic and social benefit	<ul style="list-style-type: none"> • Provide investors to Konza Technopolis with universal access to public utilities i.e. water, power, fibre, waste water lines, etc. • Support and foster development activities within the cities phase 1A areas.

	<ul style="list-style-type: none"> Enhance access to jobs, services and social networks including for the most disadvantaged.
Sources of finance	<ul style="list-style-type: none"> GoK. Through EPCF or Direct allocation

6. Konza Technopolis Electrical Network in phase 1

PROJECT NAME	KONZA TECHNOPOLIS ELECTRICAL NETWORK (PHASE 1)
Project Purpose:	To provide electrical power for operations of phase 1 of the Konza Technopolis
Brief Description of Project:	The project encompasses a complete electrical system including approximately 40 km of electrical power lines, substations, transformers and other appurtenances (electrical conduits and pull boxes are included in the scope of Lot 1), including Kenya Power and Lighting Company.
Economic and Social Benefit	<ul style="list-style-type: none"> Operationalize the first phase of Konza Technopolis Support the ICT network for Phase 1 of the Technopolis.
Sources of financing	GoK through EPCF or direct allocation

7. Konza Data Centre and Smart City Facilities Project

PROJECT NAME	KONZA DATA CENTRE AND SMART CITY FACILITIES PROJECT
Project Purpose	<p>To Develop a National Data Centre in Konza Technopolis</p> <p>To Provide Smart ICT Network and Electrical Network for Konza Technopolis</p> <p>To Provide Virtual Desktop Infrastructure (Citizen and SME Services)</p> <p>To Provide Public Safety and Security Solution for Konza Technopolis</p> <p>To Provide Telepresence and Video conferencing (for government)</p>
Brief Description of Project:	<p>The Konza project is aimed at establishing a smart mixed-use city with a system of innovations that combines the industry, government and academia with a view to contributing towards the growth of a knowledge economy in Kenya. According to the Vision 2030 blueprint, Konza will be a smart city, with an integrated urban information and communication technology (ICT) network that supports delivery of connected urban services and allows for efficient management of those services on a large scale.</p> <p>A smart city uses Information and Communications Technology (ICT) to enhance its livability, workability and sustainability. A smart city is a synthesis of hard infrastructure with the availability of quality knowledge communication and social infrastructure. A smart city collects information</p>

	<p>about itself through devices, dedicated sensors and existing systems. It communicates that data using networks and analyses it for decision making and action.</p> <p>In order to be considered a smart city there are a number of core infrastructure and services that are required as part of Phase 1. These will ensure that Konza is able to carry out the core functions of a smart city. This collection of infrastructure and services are known as the <i>smart city facilities</i>. Together these represent the essential facilities to be built upon to eventually achieve the complete smart city functions envisioned.</p> <p>While Konza requires the project for her own purposes, the undertaking of the <i>Data Centre and Smart City Facilities</i> project represents an opportunity for resource sharing and revenue generation. There are over 189 government entities (commissions, authorities, agencies etc.) and 22 ministries. These government organs can make use cloud backup services, virtual desktop as a service, physical server or space renting, cabinet or rack renting, as well as email services. When Phase 1 is complete it is expected to house at least 30,000 individual residents, these would be a large customer base for connectivity providers who would lease the optical fibre network or portions of it. As the ICT network is intended to be unified the population also forms a pool that needs mobile connectivity (voice and data) through broadband network leasing. There are currently over 21 telecommunications service providers in Kenya. 1500 business entities of various sizes are expected to be resident in Phase 1. They would also be able to make use of cloud backup services, virtual desktop as a service, physical server or space renting, cabinet or rack renting, as well as email services.</p>
Sources of finance	GoK. Through Government-to-Government Partnership with the Government of China.

SECTION D

Major risks facing the entity

Risk Inventory

i. Operational risks

Operational risks include various factors that contribute to failures in execution of our operations and may degrade the overall performance of the organisation:

- a. Failure of full Implementation of ERP system to support its functions.
- b. Disruption in Business Continuity due to change management and lack of succession plan
- c. Reliance on third party technology
- d. Employee Safety because of Covid-19 Pandemic
- e. Failure to achieve value for money on capital projects and complete projects on time.
- f. Failure to dispose parcels in an efficient manner.

g. Over reliance on external consultants to spearhead development of Technopolis

The Authority mitigates above risks by ensuring periodic risk assessment, monitoring and evaluation at regular intervals, succession planning and maintaining regular backup & recovery processes and sensitization of staff on safety guidelines and provision of sanitizers.

ii. Financial risks

Risks in this category include factors that affect both external & internal finance operations. They include:

- a. Budget constraints for business operations
- b. Currency fluctuation
- c. Contract disputes that result in unplanned costs
- d. Inability to meet financial obligations
- e. Inability to raise adequate revenue

These risks are mitigated by ensuring that procurement is done according to the act, committees are set to review contracts, planning in terms of financing to avoid collusion with service providers and hedging to protect against currency fluctuation.

iii. Regulatory & Legal risks

Risks in this category include factors that arise due to changing regulatory environment, public sector initiatives or litigations. They include:

- a. Compliance risks
- b. Service level agreements disputes
- c. Contract litigation

The Authority ensures compliance with laid down rules, procedures and acts and properly plans before engaging.

iv. Reputational/Brand risks

Risks in this category affect public confidence or trust in the organisation. They include:

- a. Adverse publicity
- b. Spontaneous social media smear campaign
- c. Negative Brand reputation

The Authority has established a crisis management team and communication strategy to counter publicity that might have adverse impact on the brand. It also maps potential crisis areas and plans predetermined responses.

v. Strategic risks

Risks in this category involve decisions the organisation makes about direction, target markets etc. they include:

- a. Failure to create effective strategy
- b. Inadequate resources to discharge mandate
- c. Departure of key employees
- d. Failure to implement business continuity

- e. Inadequate crisis management strategies
- f. Inadequate succession planning arrangements
- g. Failure to create effective strategy

The Authority mitigates above risks by ensuring periodic risk assessment, monitoring and evaluation at regular intervals. In addition, the Authority is pursuing enactment of Konza Bill to mitigate on risk of business continuity.

SECTION E

Material arrears in statutory/financial obligations

The organization is following the required statutory obligations and has not defaulted, neither has it failed to pay its tax liabilities.

SECTION F

The entity's financial probity and serious governance issues

Konza Technopolis Development Authority has designed and implemented governance arrangements, a financial reporting regime and an internal control system to enable the achievement of its objectives. These arrangements are designed to support the Authority's financial reporting requirements, the effectiveness and efficiency of its operations, and compliance with applicable legislative requirements.

The Authority has no financial probity and serious governance issues reported from the various oversight Agencies.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability strategy and profile

The mandate of KoTDA is to develop Konza Technopolis as a globally competitive smart city by creating an enabling environment through utilization of ICT for socio-economic development. The Authority is currently implementing its 2nd Strategic Plan, themed '*Accelerating the Impact of Konza Technopolis*' which focuses on completion of infrastructure and operationalization of Phase 1 of the Technopolis. The Technopolis purposes to contribute at least 2% of GDP, create 17,000 jobs and accommodate 30,000 residents upon completion and operationalization of Phase I.

The Technopolis has sustainability at its core. It has in place Sustainability Codes and Development Guidelines which defines the allowed developments, population densities and Floor Area Ratio. The entire 5,000 acres of the Technopolis is master planned with provisions of over 1,000 acres of parks and green spaces. The Technopolis has adopted the Green Building Standards for implementation of its infrastructure and vertical developments. It has a robust waste management system namely, the Solid Waste Plant and the Wastewater Reclamation Facility for handling both solid waste and liquid waste respectively with recycling capabilities.

Business Model

In the strategic plan for 2021/22 to 2025/26, KoTDA has identified business opportunities that will accelerate growth and guarantee sustainability. These includes opening of more construction areas in phases II and III to cater for new investor demands, coordinating with relevant partners to complete and operationalize the horizontal infrastructure and smart city services, construction of the conference and recreational facilities, operationalization of Investor incentives and enhancing marketing activities to attract potential investor. The Authority aims at creating a vibrant innovation ecosystem that will attract innovators, financiers and academia. These initiatives are aligned to Konza Masterplan and environmental standards and will open new revenue streams to fund activities of the Authority.

The city infrastructure and buildings are being constructed as per the green building standards and will be environmentally friendly. Manufacturers and developers in the city will subscribe to city policy of Low carbon footprint development with emphasis on green and energy efficient solutions. The ongoing and pipeline project portfolio include: The Horizontal infrastructure project comprising of Wastewater Reclamation Facility that will treat wastewater for reuse in watering garden, fire extinction among other uses. The streetscape will consist of pedestrians Walkways and trees to enhance livability in the city. The

paved roads include underground cables and utility tunnels that will allow future expansion without causing loss or damage to the existing works.



Section of Utility Tunnel in the Technopolis with HDPE pipes and support racks

KoTDA will be incorporating the use of technology leveraging on human and social capital to develop a self-sustaining city with an integrated urban information and communication technology (ICT) network that supports delivery of connected urban services to allow for efficient management of those services on a large scale. As a self-sustaining Technopolis, Konza aims at deploying the latest technologies including waste management, recycling, energy efficiency and a mix of renewable and on grid energy solutions. The city has in place Data Centre that will not only support the city computing requirement but will offer commercial services to both public and private companies.

ii) Environmental performance

The ecological location of Konza Technopolis is that of a semi-arid area. The metrological data available indicates that Konza Technopolis receives less than 700ml of rainfall annually. The city has high evaporation rates owing to the continuously windy conditions and high latent heat from direct sunshine and lack of sufficient vegetative cover. The high evaporation rate is further accelerated by the black cotton soils of the area, which cakes when exposed to heat and has characteristically low water retention capabilities. The Authority is mitigating these unfavourable ecological conditions of Konza Technopolis through a raft of sustainability projects which include the establishment of the One-Million Trees Smart Nursery Initiative.

During the year, KoTDA undertook a Strategic Environment and Social Assessment of the 5000 acres, and Environmental and Social Impact Assessment (ESIA) of Phase 1. The individual investors doing developments are required also to carry out ESIA's for their individual parcels of land. The ESIA's gives

an impression of the potential impacts of the project to the environment and gives mitigation measures for the negative impacts. Following the recommendations given at COP 26 meeting held at Glasgow, Kenya committed to ending deforestation. KoTDA is contributing towards this initiative through the Konza Greening Program that targets to grow the 10-Million Trees for Konza Technopolis Project in the long run. The Authority has also set in its masterplan a wildlife corridor that will ensure the protection of the rich wildlife population at the Technopolis enabling an interplay of a smart city within a Savanna ecosystem, the Silicon Savanna.

Konza greening program:

KoTDA continued to partner with stakeholders in various initiatives aimed at promoting environmental conservation. During the year, the Authority established a tree nursery and propagated 600,000 seedlings as well as donating seedlings to several groups to enhance the 10% constitutional tree cover. The initiatives were complemented by staff of the Authority who participated in planting trees at Chemususu forest during the Eldama Ravine marathon and conservation of Makindu water catchment area. The Authority also incorporated tree planting exercise in stakeholder visits at the Technopolis and dedicated several days in the calendar for tree planting by staff. The greening initiatives in the Technopolis compliment the planned parks and streetscape which have been designed to a high environmental sustainability standard and will offer pleasant tree lined boulevards and facades that only smart cities can deliver.



Picture of Tree nursery at the Technopolis

Biodiversity Management program

The conservation of Biodiversity is an integral part of KoTDA’s commitment to Environmental protection. KoTDA supports the overall objective of the National Bio-Diversity Strategy and Action Plan , International Finance Corporation Performance Standard 6 on Biodiversity Protection whose strategic goal is to improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity. During the year, KoTDA undertook Biodiversity Baseline assessment for both rainy and dry season and continued monitoring activities. The activities included Monitoring of air quality conditions and noise among other activities to ensure conducive environment is maintained.



Noise monitoring garget set up within wildlife conservancy area in specific geological coordinates to know effects of noise and vibration to nesting birds.



The Authority has prohibited any form of hunting of wildlife, fishing or blank firing of guns, intentional Killing of any Animals including snakes, Lizards and Birds. Purchase, Sale or transport of any live Animal, bush meat products for consumption, medicinal or other use is also prohibited within the Technopolis. The Authority is currently undertaking major construction activities and there are measures put in place to avoid, minimize, restore and offset any potential impacts resulting from its activities and to make a positive contribution to biodiversity conservation throughout the life cycle of the project.



Rescuing of a python from the DS2 Substation and relocation at the Athi-Kapiti ecosystem

Waste Segregation

To reduce pollution from construction waste, all contractors are required to have a waste tracking register. This allows KoTDA to track how much waste is recycled and what ends up in landfills. This information helps in reducing the Construction footprint to the environment. Contamination or disposal of waste into aquatic environments is prohibited.

<i>Wood waste</i>	<i>Paper and cardboard waste</i>	<i>Plastic waste</i>
		

Air Quality Monitoring

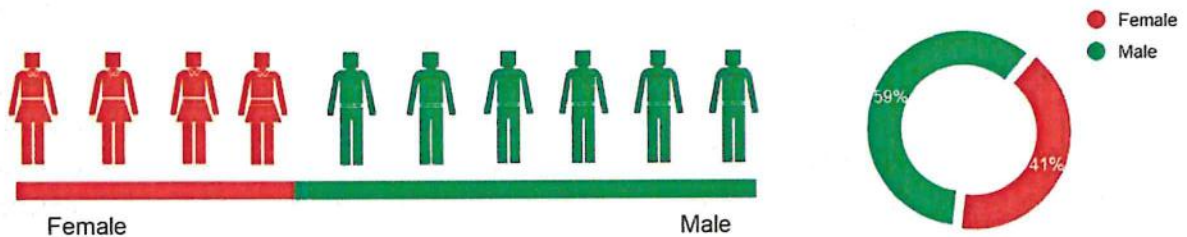
Dust suppression activities on all roads within active construction site is a continuous process. Dust suppression is also carried out at the quarry and borrow pits where construction materials for the Technopolis are harvested.

iii) The Human Capital Management

The Human Resource function is responsible for planning, developing and driving the Human Resource Strategies, policies and procedures in the Authority in order to attract, retain and enhance capacity that optimizes employee productivity in line with the organisational Strategy. The function further supports the achievement of the strategic plan through building a robust culture that is the foundation for the achievement of the Authority’s strategic plan and drives the institutionalization of the organizational values “NICE” (Nurturing, Innovation, Collaboration, Excellence).

During the year under review, the Authority grew its staff complement and competitively filled eight (8) positions. The staff composition in the reporting period comprised of forty-four (44) male and

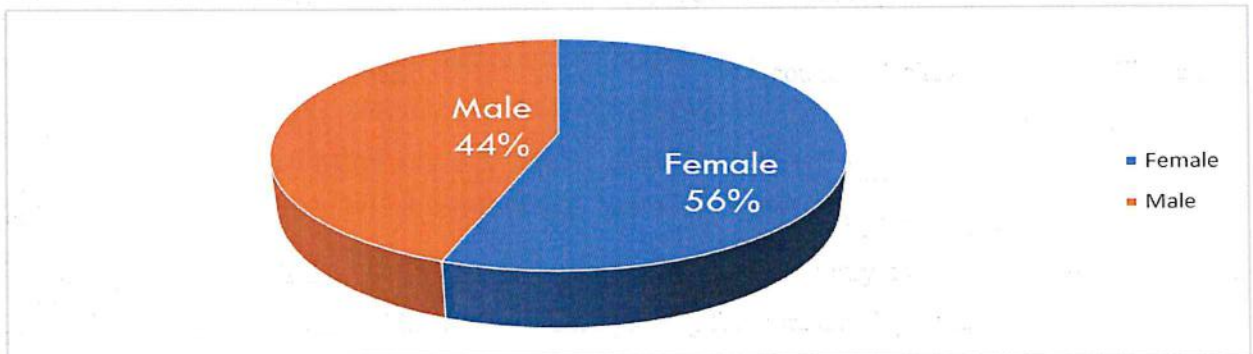
thirty -one (31) female employees, thereby complying with the constitutional gender balance requirement of two thirds (2/3) as depicted in the figure below.



Staff gender representation

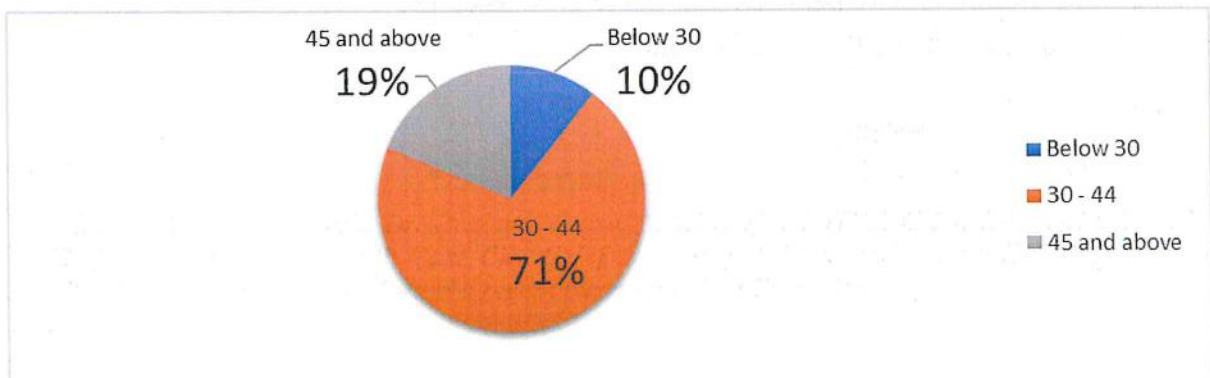
a. Management Gender composition

The commitment towards having a diverse workforce is also evidenced in the composition of the Management team that comprises of ten (10) female and eight (8) male employees.



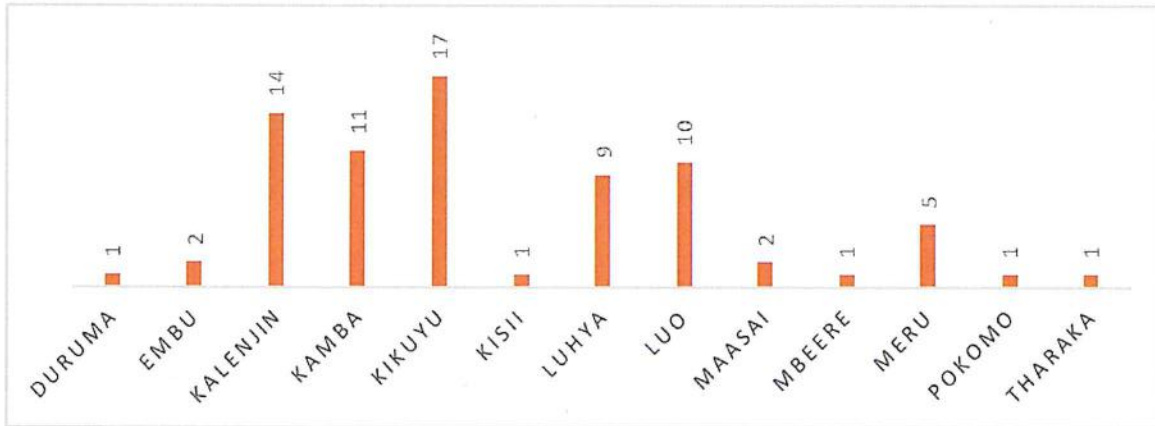
b. Staff Age composition:

The Authority has a vibrant young workforce with 81% of the staff being below 45 years of age. The current age group and skills set supports the Authority’s succession planning with the Authority having a solid internal bench strength that allows staff to take up higher roles and additional responsibilities.



c. Staff Diversity

The staff composition complies with the constitutional requirement on ethnic diversity as shown in the figure below.



d. Training and Development

KoTDA has taken extensive steps to support its employees, who are its greatest strength. We continuously undertake training needs assessment for our people and offer opportunities for training and development which have contributed to enhanced productivity, motivation and career growth among our employees. We have also invested in the tools, programmes and technology needed for staff to be continuously appraised on their performance and enable them deliver exceptional performance. Our training and development plan address both technical, professional and leadership requirements of our employees.

During the year under review, the trainings focused on various key areas necessary to accelerate the achievement of the Technopolis including Sustainable Finance, Contract Management, Project Financing and best practices in ICT and Smart Cities. The Authority also facilitated staff to undertake Continuous Professional Development (CPD) training programmes geared towards improved service delivery, succession planning, effective management, career progression and ensuring that staff remain in good standing with their respective professional bodies.

e. Youth Internships and attachments

We have invested in a robust graduate internship programme and partnered with local universities to tap the upcoming talent pool. At the heart of our hiring strategy is our programmes geared to upskill the students in the universities with digital skills that would help them be a future fit for the Technopolis.

During the reporting year, the Authority rolled out a ‘Girls in ICT’ programme and engaged over 2,000 young people in various innovation programs within the Technopolis and around the country at various

innovation hubs, ICT workshops, training and acceleration programs, in addition to offering internship and attachment opportunities to over 60 interns and attachees.



Panel Session during the International Girls in ICT Day 2022 Celebration at Konza Technopolis

f. Employee Wellness and Safety at Workplace

Through our Wellness programme, we continued to provide expert advice and guidance on the practical steps colleagues can take to look after their physical and mental health. During the year the Authority held its annual wellness day where staff underwent various health checks and wellness training. In addition, the Authority appointed and trained the health and safety committee members, first aiders and fire marshals towards its efforts of building a safe work environment. The Authority conducted various vaccination drives within the Technopolis as part of COVID-19 mitigation measures.

g. Talent Management and Succession planning:

The Authority career guidelines have been designed to attract, develop and retain the required talent to facilitate achievement of our mandate. The training need assessment not only addressed the career growth of staff but also industry related training to facilitate retention of the staff. Mentoring, coaching and job rotation were implemented as part of succession planning initiatives for the year.

C) Responsible Marketing and Advertisements

The Authority prioritizes investor and consumer protection in line with the government competition policy. It has in place frameworks for disclosure of Conflict of Interest, Confidentiality Agreements and Non-Disclosure Agreements to safeguard its clients and investors. It includes clauses on anti-corruption and commitments for non-fraudulent practices in all its contracts.

Responsible competition practice.

The Authority prioritizes investor and consumer protection in line with the government competition policy. It has in place frameworks for disclosure of Conflict of Interest, Confidentiality Agreements and Non-Disclosure Agreements to safeguard its clients and investors. The framework includes clauses on anti-corruption and commitments for non-fraudulent practices in all its contract.

In terms of competition in Kenya, KoTDA has no major competition in terms of magnitude and scope. However, it faces competition from other countries that have been developing smart cities and technology parks e.g. Kigali Technology City in Rwanda, Innovation Hub in Pretoria, Botswana ICT Hub because the investors are likely to divert their attention to these alternative destinations. To maintain fair competition, KoTDA is a member of World Free Zones and the International Association of Science Parks (IASP) which provides a global forum for the exchange of ideas among all accredited members. The annual forum highlights successful technology parks and provides networking opportunities, tours, economic development presentations and professional development opportunities.

To promote mutual co-operation with other cities in the country, KoTDA and Tatu City agreed to establish an association for Special Economic Zones (SEZs) to accelerate development and investments in the country. The move, aimed at championing the policies and conducive environment for SEZs, seeks to attract Foreign Direct Investments (FDI) into the country as well as promoting domestic investment. The engagement will further enable the upcoming SEZs in the country to speak with one voice, thereby safeguarding their investors' interests and championing for more development.



KoTDA Chairman, Arch. Dr. Reuben Mutiso, MBS (Left), KoTDA CEO, Eng. John Tanui (Centre Left), Preston Mendenhall, Tatu City Chief Operating Officer and Justus Kariuki, Executive Vice President, Tatu City meet during a recent courtesy call to Tatu City.

Responsible Supply chain and supplier relations

The Authority's supply chain operates in the highest levels of ethical and sustainable supply chain and procurement operations. It prioritizes the three key elements of economic and environmental sustainability as well social responsibility. It subscribes to the best practices and is committed to the fight against transnational organized crime in its supply chain.

In procurement matters, the Authority adheres to the The Public Procurement and Asset Disposal Act, 2015. We maintain good business practices by observing and upholding procurement rules and regulations by making payments for goods and services supplied as per specifications.

Product stewardship

KoTDA has a mandate to ensure there is effective, efficient, and transparent city coordination, stewardship, and agile governance. In the development of the 5,000 acres of the city, the Authority aims to uphold environmental stewardship in all aspects and phases of the project; from design to commissioning. The Technopolis is envisioned to be a smart and sustainable smart city is at the forefront in the fight against climate change through reduction of Green House Gases and sustainable use of resources.

The Authority through its Business Development and Innovation is responsible for product development has a product-centred approach for marketing and environmental protection. It has in place policies and practices for extended product responsibility (EPR) that promotes product stewardship. It has in place product development frameworks and policies that the manufacturers, retailers and consumers will plug into once they setup their productions in the Technopolis, thereby reducing the environmental impacts of products.

D) Corporate Social Responsibility / Community Engagements

The Authority Social investments focuses on environmental conservation, education, health, infrastructure and promotion of sporting activities. During the reporting period, the CSR activities included sponsorships, infrastructure developments and donations as outlined below:

Participation in Eldama Ravine Half Marathon

During the reporting period, KoTDA team sponsored and participated in Eldama Ravine Half Marathon. The goal of the Marathon is to promote sports and mobilize resources towards Conservation of Chemususu dam catchment area, eestablishment of an information centre at Chemususu dam and to promote domestic tourism and Infrastructure support to Uzalendo School, a school that caters for free secondary education of students from poor families. The staff of the Authority also engaged in tree

planting activity and interacted with the local business community, corporates and the entire Eldama Ravine community



KoTDA Team presenting a sponsorship dummy cheque at the Eldama Ravine Marathon

Hesabika Greening Campaign

The Authority participated in the Hesabika Greening Campaign that was hosted by Msingi Imara Initiative on 13th November 2021 at Kiu, Vombo Pump house in Makindu, Kibwezi West, Makeni County as part of an environmental restoration program. Msingi Imara Initiative is a CBO whose mission is to mobilize, educate and inspire residents of Makeni County to take grassroots responsibility in building sustainable environment, Creation of equal opportunity for women and youth, and raising responsible citizenry by mentoring the girl-child and the Boy-child. The campaign contributed towards planting of 45,410 trees during November rains.



KoTDA staff at the Hesabika Greening Campaign at Makindu

Dedan Kimathi University of Technology 5th Charity Golf Tournament

KoTDA Participated in the Dedan Kimathi University of Technology 5th Charity Golf Tournament which took place at Nyeri Golf Club on 4th June 2022. The Tournament is a program under the University's Endowment Fund which was established to support talented students to access and successfully complete the highly competitive programs offered by the University through scholarships and bursaries. The fund was developed further to support the wider mandate of the University and its goal to run as a world academic centre of excellence. To this end, the tournament provided an opportunity for the Authority to interact and sensitize various golfers from the Mt. Kenya region and other parts of the country about the Konza project.

Konza Technopolis Development Authority Sponsors Machakos 15km Great Run

KoTDA sponsored the Machakos Great Run as part of its endeavor towards supporting athletics in the region. The event, which took place on August 29th at Machakos People's Park attracted athletes who participated in 15 Kilometre run, 10 Kilometre run and a five-kilometre run. The proceeds from the Marathon goes towards nurturing and developing new talents in the region through the provision of foodstuffs, training resources - uniforms, coaches and other requirements for training.

The event was organised by a group of retired and active athletes from the Southern Region of Athletics Kenya. From the KoTDA team, Jackson Tenik scooped position one followed closely by Nicholas Karimi, Victor Kioko, Shem Andai and Evalyn Okoth, respectively. The Ukambani region prides itself with iconic global athletes such as the three-time winner of the Boston Marathon Cosmas Ndeti. He was the winner of the 1993, 1994, and 1995 races.



Konza Technopolis Development Authority (KoTDA) Staff in action during the Machakos 15 KM Great Run at Machakos People's Park

Standing Committee Activities

In compliance with statutory requirements and enhancing the welfare of internal and external stakeholders, the Authority continues to implement workplace policies championed by various committees as follows:

s/ No	Committee	Objective	Achievement
1.	Disability Mainstreaming	To mainstream disability in the work- place and ensure accessibility and inclusivity. Promoting inclusion of Persons Living with Disability (PWDs), for both internal and external stakeholders	<ul style="list-style-type: none"> ✓ Trained Sign language interpreters ✓ Braille Service Charter for the Authority ✓ User Friendly Website ✓ Procurement of wheelchairs ✓ Access of public procurement tender opportunities to PWDs, Youth and Women. ✓ Carried out a Disability Baseline Survey ✓ Scored 93% in the Disability Mainstreaming Indicator for FY 2021/22
2.	Gender Mainstreaming Committee	Mainstreaming gender issues within the Authority	<ul style="list-style-type: none"> ✓ A fully equipped nursing room ✓ Review and approval of Gender mainstreaming policy ✓ Trained the Gender mainstreaming committee ✓ Launched the Girls in ICT programme
3.	Alcohol & Drug Abuse	Prevention and management of alcohol and drug abuse	<ul style="list-style-type: none"> ✓ Established an Employee Assistance Programme ✓ Carried out an Alcohol and Drug Abuse Baseline Survey ✓ Reviewed the workplace alcohol and Drug Abuse Prevention and management Policy ✓ Trained the ADA committee ✓ Carried out various sensitization to staff on mental health and Drug Abuse prevention ✓ Scored 95% in the Alcohol and Drug Abuse Prevention Indicator for FY 2021/22
4.	Health and Safety	Promote highest standards of health and safety in the workplace	<ul style="list-style-type: none"> ✓ Trained the Health and Safety Committee ✓ Appointed and trained Fire marshals

			<ul style="list-style-type: none"> ✓ Appointed and trained First Aiders ✓ Developed He ✓ Developed Health and Safety Policy
5.	HIV & AIDS	Prevention and management of HIV & AIDS	<ul style="list-style-type: none"> ✓ Sensitized employees and families on HIV and AIDS ✓ Distributed over 21,000 condoms within the Technopolis ✓ Wellness Day and sensitization on voluntary counselling and testing ✓ Training of the HIV & AIDS prevention committee ✓ Scored 100% in the HIV Prevention Indicator of the FY 2021/22 ✓ Scored 95% in the HIV & AIDS Prevention Indicator for FY 2021/22
6.	Road Safety	Mainstreaming Road Safety issues within the Technopolis in line with NTSA	<ul style="list-style-type: none"> ✓ Appointed and trained the Road Safety Mainstreaming Committee ✓ Development and approval of the Road Safety Mainstreaming Policy ✓ Panelists in the NTSA Road Safety Mainstreaming Conference ✓ Scored 100% in the Road Safety Mainstreaming Indicator for FY 2021/22
7.	National Cohesion Values and principles of Governance	To promote National Cohesion, values and principles of Governance in the Authority and to the general public	<ul style="list-style-type: none"> ✓ The Authority was among the TOP 10 institution in the compliance index in a report by the Public Service Commission titled "Status of the Public Service Compliance with the Values and Principles in Articles 10 and 232 of the Constitution for the FY 2020/2021"

X. REPORT OF THE DIRECTORS

The Directors submit their report together with the financial statements for the year ended June 30, 2022 which show the state of the of Konza Technopolis Development Authority affairs.

Principal activities

The mandate of Konza Technopolis Development Authority is to develop Konza Technopolis as a globally competitive smart city by creating an enabling environment through utilization of ICT for socio-economic development. Implementation of the following infrastructure for Phase 1 is ongoing and expected to be completed in year 2023.

- a) Horizontal Infrastructure
- b) Konza complex
- c) National Data centre and Smart city Facility Project

Results

The results of the entity for the year ended June 30, 2022 are set out on page one.

Directors

The members of the Board of Directors who served during the year are shown on page xix.

Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per cent of its surplus funds reported in the audited financial statements after the end of each financial year. Konza Technopolis Development Authority is funded by Exchequer grants and did not make any surplus during the year FY 2021/22 and hence no remittance to the Consolidated Fund.

Auditors

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

By Order of the Board

Name: Gladys Koletit

Signature

Date 15th September 2022

Corporate Secretary/Secretary to the Board

XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 State Corporations Act Cap 446 requires the Directors to prepare financial statements in respect of Konza Technopolis Development 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 Konza Technopolis Development Authority 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, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

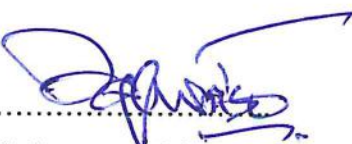
The Directors accept responsibility for the Konza Technopolis Development Authority financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act Cap 446. The Directors are of the opinion that the Konza Technopolis Development Authority financial statements give a true and fair view of the Authority's state of transactions during the financial year ended June 30, 2022, and of the Konza Technopolis Development Authority financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Konza Technopolis Development Authority financial statements as well as the adequacy of the systems of internal financial control.

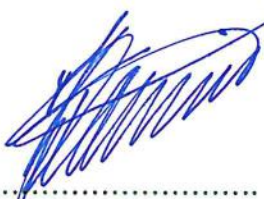
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 15th September 2022 and signed on its behalf by:



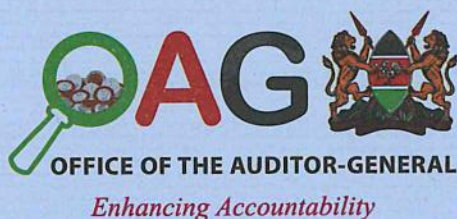
.....
Chairperson of the Board



.....
CEO

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KONZA TECHNOPOLIS DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal 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 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Konza Technopolis Development Authority set out on pages 1 to 28, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Konza Technopolis Development Authority as at 30 June, 2022, 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 Legal Notice No.23 of 28 March, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous years, an issue was raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, However, the Management has not resolved the issue or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Inadequate Staffing

A review of the staff establishment revealed that the Authority had in place one hundred and twenty-seven (127) employees against the authorized establishment of one hundred and eighty-seven (187) resulting in a deficit of sixty (60) employees. The staff shortage, if not addressed, could adversely affect the operations of the Authority and service delivery to the public.

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 controls, 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.

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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how 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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 May, 2023

KONZA TECHNOPOLIS DEVELOPMENT AUTHORITY
ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022

		2021-22	Restated 2020-21
	Note	Kshs '000'	Kshs '000'
Revenue from non-exchange transactions			
Transfers from other governments entities	6	489,100	391,700
		489,100	391,700
Revenue from exchange transactions			
Rental revenue from facilities and equipment	7	64,442	-
Other income	8	79,035	45,274
		143,477	45,274
Total revenue		632,577	436,974
Expenses			
Employee Costs	9	189,585	180,759
Remuneration of Directors	10	30,163	25,273
Use of Goods and Service	11	221,984	183,006
Depreciation & Amortization	12	30,192	26,318
Repairs and Maintenance	13	7,958	4,703
Other Expenses	14	154,727	81,767
Total Expenses		634,608	501,827
Surplus/(Deficit) for the Period		(2,031)	(64,853)

The notes set out on pages 9 to 26 form an integral part of these Financial Statements were signed on behalf of the Board of Directors by:

CEO

Eng. John Tanui, MBS

Date...15-09-22

CM, Corporate Services

Norman Mwangi
ICPAK M/N: 4647

Date...15-09-22

Chairman of the Board

Dr. Arch. Reuben Mutiso, MBS

Date...15-09-22

XII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

		2021-22	Restated 2020-21
	Note	30-Jun	30-Jun
		Kshs '000'	Kshs '000'
Assets			
Current Assets			
Cash and cash equivalents	15	1,199,103	837,112
Receivables from exchange transactions	16	247,850	235,699
Inventories	17	2,063	4,080
Total Current Assets		1,449,016	1,076,891
Non-current Assets			
Property, Plant and Equipment	18	6,096,720	5,573,232
Intangible Assets	19	19,146	33,505
Work in Progress	20	43,701,244	31,630,115
Total Non-Current Assets		49,817,110	37,236,852
Total Assets		51,266,127	38,313,744
Liabilities			
Current Liabilities			
Payables from exchange transactions	21	497,943	114,948
Total Current Liabilities		497,943	114,948
Net assets		50,768,183	38,198,795
Capital Reserve	23ii(a)	46,490,586	33,919,166
Revaluation Reserve	23ii(b)	22,435	22,435
Accumulated Surplus	23ii(c)	4,255,162	4,257,193
Total Reserves		50,768,183	38,198,794

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

CEO
 Eng. John Tanui, MBS



Date...15th September 2022

CM, Corporate Services

Norman Mwangi
 ICPAK M/N 4647



Date...15th September 2022

Chairman of the Board

Dr. Arch. Reuben Mutiso, MBS



Date..15th September 2022

XIII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

Description	Note	2021-22 Kshs '000'	Restated 2020-21 Kshs '000'
a) Capital reserve			
At beginning of the year	23ii(a)	33,919,166	29,143,242
Additions-Horizontal infrastructure & Data Centre (A-in-A)		12,571,420	4,775,924
At end of the year		46,490,586	33,919,166
b) Revaluation reserve			
At beginning of the year	23ii(b)	22,435	22,435
Additions		-	-
At end of the year		22,435	22,435
c) Accumulated Surplus			
At beginning of the year	23 ii(c)	4,257,193	4,322,047
Additions-Surplus/(Deficit) for the year		(2,031)	(64,853)
At end of the year		4,255,162	4,257,193

Notes:

Capital Reserve

This includes capital grants and assets transferred to the Authority from The National Treasury including 5,000 acres piece of land for development of Konza Technopolis and Horizontal Infrastructure and Data Centre A-in- A (foreign loans) totaling to Kshs. 32.63 billion

Revaluation Reserve:

This resulted from revaluation of motor vehicles granted by the Ministry of Information Communication & Technology, which was done in 2014 and 2020.

Accumulated Surplus

This is the total surplus of funds retained by the organization since FY 2013/2014

XIV. STATEMENT OF CASH FLOWS AS AT 30 JUNE 2022

		2021-22	Restated 2020-21
	Note	30-Jun	30-Jun
		Kshs '000'	Kshs '000'
Cash flows from Operating Activities			
Receipts			
Transfers from government	6	489,100	391,700
Rental revenue from facilities and equipment	7	64,442	-
Other income	8	79,035	45,274
		632,577	436,974
Payments			
Employee Costs	9	189,585	180,759
Remuneration to Board of Directors	10	30,163	25,273
Use of Goods and Service	11	221,984	183,006
Repairs and Maintenance	13	7,958	4,703
Other Expenses	14	154,727	81,767
		604,416	475,509
Increase/Decrease in Inventories		2,017	(2,285)
Net cash flows from operating activities	22	30,178	(40,821)
Cash flows from investing activities			
Purchase of property, plant, equipment and WIP assets	18	(539,321)	(278,812)
Decrease/increase in Accounts Payables		382,994	27,222
decrease in Accounts Receivable		(12,151)	(161,120)
Net cash flows used in investing activities		(168,478)	(412,710)
Cash flows from financing activities			
Development grants	24	487,600	588,500
Data Centre grant- New Vehicles	24	12,691	
Net cash flows used in financing activities		500,291	588,500
Net increase/(decrease) in cash and cash equivalents		361,991	134,969
Cash and cash equivalents at the beginning of year		837,112	702,142
Cash and cash equivalent as at 30th June 2022		1,199,103	837,112

KONZA TECHNOLOGICAL DEVELOPMENT AUTHORITY
ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2022**

	Original Budget (A)	Adjustments (C-A)	Final budget (C)	Actual	Performance difference	Absorption rate
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	%
REVENUE						
Government grants and subsidies - Development	975,200	(139,102)	836,098	487,600	(348,498)	58%(A)
A-in- A Foreign Loan	15,363,316	(1,500,000)	13,863,316	13,698,461	(164,854)	99%
Government grants and subsidies - Recurrent	439,100	50,000	489,100	489,100	-	100%
Balance b/f	682,920	-	682,920	682,920	-	100%
Other Income	61,000	-	61,000	143,477	82,477	235%(B)
Total income	17,521,536	(1,589,102)	15,932,434	15,501,559	(418,184)	97%
EXPENSES						
EMPLOYEE COSTS	222,932	-	222,932	198,465	24,468	89%(C)
Salaries & Wages	187,393	-	187,393	169,152	18,240	90%
Employee related costs - contributions to NSSF	841	-	841	774	67	92%
Employer contribution to Pension Scheme	14,926	-	14,926	10,982	3,943	74%
Gratuity	19,773	-	19,773	17,555	2,218	89%
BOARD OF DIRECTORS EXPENSES	20,400	2,000	22,400	21,323	1,077	95%
Sitting Allowance	7,400	800	8,200	7,320	880	89%
Travel, Accommodation and Subsistence	4,500	(500)	4,000	4,699	(699)	108%
Hospitality and catering services	1,000	-	1,000	1,049	(49)	105%
Chairman's Honoraria	960	-	960	960	-	100%
Chairman Airtime	84	-	84	84	-	100%
Board Training	2,500	1,200	3,700	2,557	1,143	69%
Investor outreach and Facilitation	3,956	500	4,456	4,654	(198)	104%
USE OF GOOD & SERVICES	298,847	79,225	378,072	244,466	133,606	65%(D)
Water & Sewerage	1,200	(800)	400	322	78	80%
Electricity	8,200	-	8,200	6,090	2,110	74%
Cleaning services	3,000	(600)	2,400	2,212	188	92%
Telecommunication	3,300	(2,100)	1,200	401	599	40%
General office and consumables, Hospitality & catering	10,300	-	10,300	9,321	979	90%
Printing and stationery	4,700	-	4,700	2,847	1,853	61%
Training and development	10,000	2,000	12,000	11,973	27	100%
Bank Charges	600	-	600	632	(32)	105%
Travel, accommodation, subsistence, and other allowances	7,000	-	7,000	6,485	515	93%
Budget & Finance mgt Framework	3,000	-	3,000	2,156	844	72%
HRAudit and process	10,000	1,725	11,725	8,711	3,014	74%
PR, Advertising, Branding and Events	29,000	6,900	35,900	22,259	13,641	63%
Corporate Social Responsibility	1,000	-	1,000	445	555	45%

KONZA TECHNOPOLIS DEVELOPMENT AUTHORITY
ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

PR & Marketing Agency Consultants	30,000	(2,700)	27,300	18,823	8,477	69%
Conferences and delegations (Stakeholder & Innovation meetings)	11,000	52,000	63,000	24,830	38,170	39%
Subscription to Association	1,300		1,300	1,300	-	100%
Risk & Internal Audit activities	7,500	500	8,000	4,677	3,323	58%
Insurance	23,000	-	23,000	19,052	3,948	83%
Konza Security	24,000	-	24,000	20,665	3,335	86%
Legal costs	9,500	-	9,500	2,320	7,180	24%
Club Membership	3,000	-	3,000	2,413	587	80%
Audit fee	3,000	-	3,000	1,000	2,000	33%
staff recruitment costs	3,000	2,000	5,000	3,753	1,247	75%
Team Building	7,000	-	7,000	5,562	1,438	79%
Property & Building Insurance	3,000	-	3,000	2,289	711	76%
Facility Management	13,000	-	13,000	10,832	2,168	83%
Office Automation	19,800	5,000	24,800	11,759	13,041	47%
SEZA Licence	1,200	-	1,200	1,169	31	97%
Staff Uniform	1,000	-	1,000	200	800	20%
Valuation of Boreholes	1,500	-	1,500	-	1,500	0%
Strategic Planning cost	5,500	-	5,500	3,681	1,819	67%
Performance Contracting	1,500	-	1,500	62	1,438	4%
ISO Certification	7,000	2,000	9,000	5,055	3,945	56%
Research, Knowledge & Partnerships	2,000	3,000	5,000	-	5,000	0%
Physical planning and Compliance	22,400	10,300	32,700	23,972	8,728	73%
Fuel and Lubricants	7,347	-	7,347	7,196	151	98%
REPAIRS AND MAINTENANCE	15,000	(2,800)	12,200	7,958	4,242	65%(E)
Motor Vehicles Repair & Servicing	6,000	-	6,000	5,197	803	87%
Maintenance Property & Equipment	9,000	(2,800)	6,200	2,761	3,439	45%
OTHER EXPENSES	76,425	(28,425)	48,000	47,645	355	99%
Konza Greening	8,000	-	8,000	7,645	355	96%
Marketing and Legal Framework	28,425	(28,425)	-	-	-	0%
Staff Mortgage	40,000	-	40,000	40,000	-	100%
PARTINIONING & PURCHASE OF ASSETS	68,000	-	68,000	3,280	64,720	5%(F)
Purchase of Office furniture & equipment	14,000	-	14,000	1,050	12,950	7%
Partitioning of 6th floor	54,000	-	54,000	2,230	51,770	4%
CAPITAL EXPENDITURE	16,820,433	(1,639,602)	15,180,831	14,231,483	949,348	94%
Phase 1 A Streetscape & Wastewater Reclamation Supervision	229,766	-	229,766	140,711	89,055	61%(G)
Konza Complex	720,337	(59,102)	661,235	276,565	384,670	45%(H)
Master Delivery Partner 2	252,452	(56,000)	196,452	-	196,452	0%(I)
EPCF	10,363,316	(600,000)	9,763,316	9,763,316	-	100%
Data centre and Smart city Facilities	5,254,562	(950,000)	4,304,562	4,050,891	253,671	94%
Konza Buffer Zone Management	-	25,500	25,500	-	25,500	0%(J)
TOTAL EXPENDITURE	17,522,037	(1,589,602)	15,932,435	14,754,620	1,177,815	93%

Budget notes

A: Development grants: During the period, the Authority did not receive half year development grants which negatively impacted execution of planned deliverables.

B. Other income: The Authority realized increased uptake and payment of lease fees for parcel at the Authority to enjoy 50% discount on stand premium granted to investors.

C. Employee costs: The absorption was affected by delayed replacement of staff who exited during the year. Replacement has since been concluded.

D. Use of goods and services: There was a delay in disbursement of Recurrent Exchequer during the period affecting procurement of goods and services. The commitments for the planned activities have been rolled to the new financial year.

- i. The absorption for Electricity, Postage, Printing and Water for the Authority was affected by the 16% VAT Exemption the Authority.
- ii. The rescheduling of planned training by the Public Sector Accounting Standard Board affected absorption of the allocated funds.
- iii. The change management consultancy under HR ad change management program was not concluded during the year and has been rolled out to the next financial year.
- iv. The delayed disbursement of funds affected the Investor outreach, PR and Marketing Agency, conferences and delegation and procurement of staff uniform budget absorption as this required cashflows that were disbursed at the close of the financial year.
- v. Risk & Audit activities, procurement of Audit software, external ISO Auditors, consultancies for Environmental, Economic and social Audits and cadastral survey under physical planning had low absorption was attributed to contracted services that were not concluded during the year.
- vi. Legal costs funds were provided to cater for contingent litigations that did not happen as at year end.
- vii. Audit by AOG was undertaken during the year but the certificate was submitted in the new financial year affecting the absorption.
- viii. The valuation of Assets was done during the year as the handover for the complex had not been concluded as at the close of the financial year.

E. Repairs and Maintenance: The low absorption was attributed to delayed completion and handover and signing of contracts for equipment at Konza complex. The equipment was handed over in 4th quarter of the financial year.

F: The partitioning of the office began during the 4th quarter of the financial year and will take 4 months to complete thereafter the furniture will be procured.

G: Supervision of construction of Streetscape and Wastewater reclamation facilities: The consultants continued with supervision work despite cashflow challenges resulting from non-disbursement of 50% development Gok development grants for the year. The Authority has a pending bill estimated at Kshs. 167 Million.

H: Konza Complex project: The contractor for the conference facility was affected by modification of structure to align with technical designs. This has been concluded and the contractor has begun to accelerate the works.

I: MDP 2 Consultancy was also affected by budget constraints, hence no works were executed during the period.

J: Konza Buffer Zone Management: Execution of the activities was affected delayed disbursement of development exchequer and challenges with stakeholder engagements.

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Konza Technopolis Development Authority is established by and derives its Authority and accountability from Legal Notice No. 23 of 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is development of Konza Technopolis as Sustainable smart city and innovation hub.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment which have been measured at fair value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) which allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 1 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority and rounded off to the nearest thousands of shillings.

The financial statements have been prepared in accordance with the PFM Act, 2012, PFM Regulations of 2015, the State Corporations Act cap 446 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

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

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. The deferral was set for 1st January 2023.

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

The proposed new amendments to IPSAS 5, 33, 41, and 42 have no significant impact on the Authority's financial statements for the year ended 30th June, 2022. The main source of funding operation is government exchequer to fund. Financial instruments are not projected to form a significant part of the Authorities assets in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iii. Early adoption of standards

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

Revenue is the gross inflow of economic benefits or service potential arising from the ordinary business of the Authority during the reporting period. It is recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, The Authority either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

a) Fees, taxes and fines

The Authority recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. Where there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

b) Exchequer grants

The Authority recognizes Revenue from exchequer transaction when the monies are received and asset recognition criteria are met. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Transfers from other government entities

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

i) Revenue from exchange transactions

Sale of goods

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Rendering of services (Data Centre services)

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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

Rental income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly in June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The Reduction in appropriations were reduced from the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded the reduction in appropriations of the budget in January 2022 and April 2022 following the approval by the Board.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Section XV of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

c) Taxes

Current income tax

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

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The Authority is Semi- Autonomous Government Agencies largely funded by Government through the Ministry of Information communication through transfers and government grants which is not subject to tax. The income on Interest earned is paid for in the period the income is earned.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

c) 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 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 depreciation rates are as follows:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Class	Name	Estimated useful life	Rate
1	Motor vehicles	4 years	25%
2	Computers	3 years	30%
3	Furniture and Equipment	8 years	12.5%

e) Leases

The Authority does not have a finance lease. The Authority had an operating lease for office space and the lease did 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) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite. The Amortization rate is 30% per of a fully developed Intangible Asset.

g) Inventories

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

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

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

h) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments Recognition and Measurement: The assets 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 has recognized the accounts received under this category.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

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.

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 will disclose 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.

i) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. Capital reserves for Capital Assets under development and revaluation for all revalued Assets

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 entity pays fixed contributions into a separate entity (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. The Authority operates a Defined contribution plan.

l) Foreign currency transactions

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

l) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

m) Related parties

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

n) Service concession arrangements

The Authority analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Authority recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Authority also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

p) Comparative figures

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Authority's financial statements in conformity with IPSAS which 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 not result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 is a going concern and will continue to be in the existence in the foreseeable future.
- The Accounts Receivable will be made good by debtors, no provisions have been made for bad debts.

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 Authority. 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:

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

6. a) Transfers from Government

	2021-22	Restated 2020-21
Description	Kshs '000'	Kshs '000'
Operational grant	489,100	391,700
Total grants	489,100	391,700

b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2019-2020
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	KShs'000'
Ministry of ICT	489,100	-	487,600	976,700	980,200
Total	489,100	-	487,600	976,700	980,200

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Lease fees & Rental revenue from facilities & Equipment

	2021-22	2020-21
Description	30-Jun	30-Jun
	Kshs '000'	Kshs '000'
Operating lease revenues	61,386	-
Rental Income	3,056	-
Total rentals	64,442	-

8. Other Income

	2021-22	2020-21
Description	Kshs '000	Kshs '000
Donations & material reimbursement	14,022	-
Interest Income	24,560	14,835
Other incomes	40,453	30,438
Total	79,035	45,274

9. Employee costs

	2021-22	2020-21
Description	Kshs '000	Kshs '000
Salaries & Wages	160,272	152,406
Social contributions to NSSF	774	799
Employer contribution to pension schemes	10,982	10,563
Gratuity	17,555	16,991
Total	189,585	180,759

10. Remuneration of Directors

	2021-22	2020-21
Description	Kshs '000'	Kshs '000'
Sitting Allowance	7,320	6,680
Travel, Accommodation and Subsistence	4,699	5,365
Catering services and Hospitality	1,009	785
Chairman's Honoraria	960	960
Airtime	84	84
Board Training	2,557	2,519
Board Investor/stakeholder engagement	4,654	-
CEO's Salary	8,880	8,880
Total	30,163	25,273

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Use of Goods and Services

Description	2021-22 Kshs '000'	2020-21 Kshs '000'
Water	322	238
Electricity	6,090	6,702
Cleaning	2,212	2,506
Telecommunication costs	401	820
General office and consumables, Hospitality & catering	9,321	5,817
Printing and stationery	2,847	3,412
Training and development	23,538	13,843
Bank Charges	632	482
Travel, accommodation, subsistence and other allowances	9,498	9,755
PR, Advertising, Branding and Events	41,082	48,788
Staff Insurance	19,393	17,773
Conferences and delegations	23,954	6,325
Corporate Social responsibility	445	510
Konza Security	20,665	19,968
Legal fee	2,320	4,335
Club subscription and Membership	2,413	1,314
Staff recruitment costs	3,753	2,584
Office Automation	9,524	4,055
Professional Services	12,654	12,169
Staff Uniform	200	792
General Insurance	2,289	2,289
Tax	4,766	2,225
Audit fee	1,000	1,300
Strategic Planning Costs	3,681	7,291
ISO Certification Costs	5,055	2,940
Licences and other fees	1,169	-
Fuel and Lubricants	7,196	4,772
Team Building	5,562	-
Total	221,984	183,006

12. Depreciation and Amortization

Description	2021-22 Kshs '000'	2020-21 Kshs '000'
Property, plant and equipment	15,833	11,958
Intangible assets	14,359	14,359
Total depreciation and amortization	30,192	26,318

13. Repairs and Maintenance

Description	Kshs '000	Kshs '000
Motor Vehicles Repair and Servicing	5,197	4,407
Site Maintenance costs	2,761	296
Total	7,958	4,703

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Other Expenses

	2021-22	2020-21
Description	Kshs '000	Kshs '000
Konza Greening	7,645	5,540
Project Administration costs	7,462	5,740
Data Centre Administration Costs	115,745	54,341
Development control expenses	23,874	16,146
Total	154,727	81,767

15. Cash and Cash Equivalent

Description	Account number	2021-22	2020-21
		Kshs '000	Kshs '000
Current account	1141631520	1,135,324	812,585
Development A/c	1258227568	63,779	24,527
Total		1,199,103	837,112

Details of Cash and Cash Equivalent

Financial institution	Account number	Kshs '000'	Kshs '000'
Kenya Commercial bank			
a) Current Account	1141631520	1,135,324	812,585
b) Development Bank A/c	1258227568	63,779	24,527
Total		1,199,103	837,112

16. Receivables from Exchange Transaction

	2021-22	2020-21
Description	Kshs '000	Kshs '000
Staff Advances	-	56
Prepaid insurance	8,455	8796
Prepaid Infrastructure	209,998	209,998
Water and cloud services Debtors	24,797	13,149
KPLC Deposit	4,600	3,700
Total receivables	247,850	235,699

17. Inventory

	2021-22	2020-21
Description	Kshs '000	Kshs '000
Stores Consumables	2,063	4,080
Total	2,063	4,080

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Property, Plant, Equipment and WIP

	Land	Motor vehicles	Furniture and fittings	Computers	Office Equipment	Boreholes	Building		Water works		Capital Work in progress		WIPMDP2		Total
							Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	
Cost	'000'	'000'	'000'	'000'	'000'	'000'	'000'	'000'	'000'	'000'	'000'	'000'	'000'	'000'	'000'
At 1st of July 2020	1,000,000	29,677	11,544	21,706	6,550	9,700	1,875,279	87,070	651,935	1,670,699	15,504	5,364,160			
Additions	-	-	12,589	7,080	4,881	-	102,191	61,730	69,199						273,175
Transfer/adjustments															
As at 30th June 2021	1,000,000	29,677	24,133	28,786	11,431	9,700	1,977,470	148,800	721,133	1,686,204		5,637,334			
Additions	-	12,691	2,369	2,235	912	-	276,565	36,063	208,486			539,321			
Transfer/adjustments															
As at 30th June 2022	1,000,000	42,368	26,501	31,021	12,342	9,700	2,254,035	184,863	929,620	1,686,204		6,176,656			
At 1st of July 2020															
Depreciation and impairment															
As at 30th June 2021	-	24,712	7,249	15,974	2,997	1,213			-			52,144			
Depreciation 2020/21		1,655	3,017	4,645	1,429	1,213			-			11,958			
Disposals															
Impairment															
Transfer/adjustment															

KONZA TECHNOPOLOIS DEVELOPMENT AUTHORITY
ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

As at 30th June 2021	-	26,367	10,265	20,619	4,426	2,425				-	64,103
Depreciation		4,828	3,034	5,216	1,543	1,213					15,833
Disposals											-
Impairment											-
Transfer/adjustment											-
As at 30th June 2022	-	31,195	13,299	25,835	5,969	3,638				-	79,935
Net book values											
As at 30th June 2022	1,000,000	11,174	13,202	5,187	6,373	6,063	2,254,035	184,863	929,620	1,686,204	6,096,720
As at 30th June 2021	1,000,000	3,310	13,867	8,167	7,005	7,275	1,977,470	148,800	721,133	1,686,204	5,573,232

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Intangible Assets-Software

Description	2021-22 Kshs '000	2020-21 Kshs '000
Cost		
At beginning of the year	42,227	42,227
Additions	5,638	5,638
At end of the year	47,864	47,864
Additions–internal development	-	-
At end of the year	47,864	47,864
Amortization and impairment		
At beginning of the year	14,359	14,359
Amortization	14,359	-
At end of the year	28,719	-
Impairment loss	-	-
At end of the year		
NBV	19,146	33,505

20. Work in progress

Description	2021-22 Kshs '000	2020-21 Kshs '000
Horizontal Infrastructure		
Bal b/f	23,745,412	21,869,575
Capital Reserves	10,171,070	1,875,836
Total	33,916,481	23,745,412
National Data Centre and Smart City		
Bal b/f	7,884,704	5,573,116
Capital Reserves	1,900,059	2,311,588
Total	9,784,763	7,884,704
Total WIP	43,701,244	31,630,115

21. Trade and other Payables

Description	2021-22	2020-21
Trade payables	236,977	82,055
Other payables	237,179	8,366
Staff gratuity Fund	23,787	24,527
Total trade and other payables	497,943	114,948

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. Cash generated from Operations.

	30.06.2022	30.06.2021
Description	Kshs '000	Kshs '000
Surplus for the year before tax	-2,031	-64,853
Adjusted for:		
Depreciation	30,192	26,318
Non-cash grants received		
Working Capital adjustments		
Increase/Decrease in inventory	2,017	(2,285)
Decrease in receivables		
Increase in deferred income		
Increase in payables		
Increase in payments received in advance		
Net cash flow from operating activities	30,178	-40,821

23. General Reserves:

i) Reserves

	2021-22	Restated 2020-21
Description	Kshs '000	Kshs '000
a) Capital Reserve	46,490,586	33,919,166
b) Revaluation Reserve	22,435	22,435
c) Accumulated Surplus	4,255,162	4,257,193
Total Reserves	50,768,183	38,198,794

ii) Changes in Reserves

	2021-22	Restated 2020-21
Description	Kshs '000'	Kshs '000'
a) Capital reserve		
At beginning of the year	33,919,166	29,143,242
Additions-Horizontal infrastructure & Data Centre grant	12,571,420	4,775,924
At end of the year	46,490,586	33,919,166
b) Revaluation reserve		
At beginning of the year	22,435	22,435
Additions	-	-
At end of the year	22,435	22,435
c) Accumulated Surplus		
At beginning of the year	4,257,193	4,322,047
Additions-Surplus/(Deficit) for the year	(2,031)	(64,853)
At end of the year	4,255,162	4,257,193

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Grants and subsidies		
Description	2021-22	2020-21
Development grant	487,600	588,500
Data Centre Grant-New Vehicles	12,691	-
Total Grants and subsidies	500,291	588,500

24. 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 minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Authority does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The 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.

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2022				
Receivables from exchange transactions	247,850	187,850	60,000	-
Bank balances	1,199,103	1,199,103	-	-
Total	1,446,953	1,386,953	60,000	-
As at 30 June 2021				
Receivables from exchange transactions	235,699	235,699	-	-
Bank balances	837,112	837,112	-	-
Total	1,072,811	1,072,811	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal. No allowance been recognized for uncollectible has recognised in the financial statements.

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

(ii) Liquidity risk management

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

25. Related Party Balances

a) Nature of related party relationships

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

Government of Kenya

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

KoTDA is also related to

- i) Ministry of Information, Communication & Technology & YA.
- ii) Key management.
- iii) Board of directors.

b) Related party transactions

	2022	2021
	Kshs	Kshs.
Transfers from related parties’	976,700	980,200
Transfers to related parties	38,610	38,610
	915,310	1,018,810

c) Key management remuneration

	2022	2021
	Kshs	Kshs
Directors allowance per sitting	20,000	20,000
Key management compensation per month	470,000	470,000

26. Contingent Assets and Liabilities

The MDP 2 Consultants have lodged claims on unpaid invoices for deliverables execution of which have been disputed totalling to USD 1,994,132.19, interest on unpaid invoices of USD 796,447.31 and VAT on services of Kshs 227 Million. Negotiations on the eligible invoices are ongoing.

Global engineering company have not been paid for 4 months (March-June 2022) because of disputed invoices amount for facility management services for the data centre, negotiations are ongoing.

Description	2021-2022	2020-2021
	Kshs'000'	Kshs'000'
Claims arising MDP 2 Contracts	645,274	-
Disputed Data centre facility mgt costs	6,431	-
Total	651,704	-

Commitments

The commitments related to services that were contracted and authorized during the year but were not executed partly or not fully executed to be paid from the operations budget of the next financial 2022/23. They include contracts for partitioning and audit services.

Description	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	54,000	-
Authorised and contracted for	6,297	-
Total	60,297	-

27. Events after the reporting period

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

28. Ultimate and Holding Entity

The Authority is a State Corporation under the Ministry of ICT. Its ultimate parent is the Government of Kenya.

29. Currency

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

XVII. APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Timefra me: (<i>Put a date when you expect the issue to be resolved</i>)
1.1	<p>Consultancy services Expenditure: The statement of financial position under Property, Plant and Equipment included a figure of Kshs.1,686,204,000 for MDP 2 Consultancy out of which Kshs. 15,504,000 was paid for various consultancy during the year.</p> <p>The contract signed in June 2004 with consultants included a scope on project leadership, financial planning, project communication, development guidelines, land administration, design and construction management. However, no documentation was provided for audit review stating the timeliness and output each activity and scope.</p>	<p>The documentation for deliverables executed by MDP 2 Consultants including the timeliness, the activities executed and the output for each activity are available for review</p>	John Paul Okwiri- Manager procurement	Resolved	
	<p>Understaffing of the Authority The Authority has an approved staff establishment of 187 employees. As at the time of Audit 63 positions had been filled leaving a deficit of 124 position. In the Circumstance, the Authority may not be in position to deliver on its mandate while the controls realized from segregation of duties may not be realized due to fewer number of staff</p>	<p>The Authority submitted a request to National Treasury for funding recruitment of new staff to enable the Authority deliver on its mandate.</p>	Manager Human Resource and Administration	Not Resolved	June 2023

C.E.O



Date.....

XVIII. APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the Konza Technopolis Development Authority Funded by development partners.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. EPCF Horizontal Infrastructure project		ICM SPA	August 2018- Dec 2022	USD 391.9 million	No	Yes
2. Konza National Data Centre and Smart city project		Huawei Technologies Company	July 2019- June 2027	USD 175 million	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	EPCF Horizontal Infrastructure project	USD 391.9 Million	USD 317 Million	80.4%	Kshs. 9.7 Billion	Kshs. 9.7 Billion	Foreign loans
2	Konza National Data Centre and Smart city project	USD 184.8 Million	USD 78.56 Million	78%	Kshs. 4.25 Billion	Kshs. 4.05 Billion	Foreign loans and Gok Exchequer

EPCF HORIZONTAL INFRASTRUCTURE PHASE 1

This Project covers 400 acres of Phase 1 of the Master plan and the Contract was awarded to Impresa Costruzioni Maltauro (ICM S.P.A.) in 2017. The Notice of Commencement of works for the project was granted to the Contractor- ICM SpA on 3rd August 2018 and is due for completion early 2023.

The project entails:

The project entails:

1. Phase 1 streetscapes - roads, storm water drainage facilities, water distribution, sewage collection & treatment, electrical distribution conduits (passageways), fibre optics conduits and landscaping of streets and parks.
2. Wastewater reclamation facility.
3. Electrical system; including power lines and numerous electrical substations.
4. Public facilities that include Solid Waste Handling Facility; Police and Fire Station; an Entrance and Security Feature; and a Transit Hub.

Physical progress of the project is at 80% with USD 304.7 Million spent of the total project cost of USD 391.9 Million. The key activities undertaken during the period include:

Streetscapes

i. Stormwater & Foul Sewerage

In this category, numerous manholes were installed. These manholes receive storm water from the road surface. The process pipes connecting them to the main system were also installed in tandem.

The total work done at the close of the financial year is 53,586 metres of process pipes. It is a completion rate of 89.37% and manholes stands at 96.37%. Similar to the Stormwater network, numerous manholes and process pipes for the foul sewerage system were installed also. Up to the close of the financial year 30,844.96 metres of process pipes were installed. It stands at 98.08% completion rate.



Aerial view of streetscape works from Eastern Entrance

ii. Water Supply & Irrigation Re-use

In the financial year, various HDPE (High Density Poly Ethylene) pipes were installed in the Water Treatment Plant (the main source of fresh water). This was accompanied by visual inspection of the installed pipes. By the end of the financial year 2021/2022, 39,651.95 metres of pipes were installed. It brings its completion rate at 90.01%.

Process pipes for the irrigation re-use were installed during the financial year. Warning tapes were also installed with the process pipes. At the end of this financial year, 29,041.79 metres of irrigation re-use pipes were installed. The completion rate stands at 92.24%.

iii. Solid Waste Network

KoTDA had installed numerous process pipes for this network that had not been completed in the previous financial year. In the year under review, the first set of trash bins were installed in addition to installation of process pipes on the network together with Manholes to facilitate the proper working of the network.

The completion rate for this project stands at 96.01% with 14,233.17 metres of solid waste network pipes installed.

iv. Medium Voltage (MV) Network & Low Voltage (LV) Network

In this financial year, (2021/2022) conduit pipes carrying the MV lines were installed with sand bedding and burying of the pipes going hand in hand. Its completion rate stands at 86.60% with 16,056.92 metres of Conduit pipes being installed by the end of the financial year.

Similar to the MV network, conduit pipes carrying the LV lines were installed. The pipes were sand bedded and buried with required safety measures such as a warning tape were put in place. The completion rate stands at 73.31% with 19,192.80 metres of LV conduit pipes being installed by the end of the financial year.

v. ICT Network

ICT ducts were laid in bulk during the financial year. The laying of ICT conduit pipes is similar to that of the LV and MV networks. At the end of the financial year 57,582.72 metres of ICT conduits have been laid. The completion rate stood at 73.35% as at the close of the year.

vi. Streetlights

This includes the streetlight poles, intermediary manholes and a subsurface network of conduit pipes. This financial year saw the installation of various poles for the various bands (commercial office, technology, residential and university) within the City.

At the end of the financial year, 464 light poles have been installed and 26,649 metres of streetlight conduit network has been done. This is a completion rate of 38.93% for the light poles and 47.42% for the streetlight network.

vii. Roadway Work

This involved laying of road subgrade, GCS road subbase, Asphalt base course, Asphalt binder course and Asphalt wearing course. During the financial year, the following roadworks were done; 40,856 metres of road subgrade, 36,080 metres of GCS road subbase, 31,197 metres of Asphalt base course and 7,596 metres of Asphalt binder course. This represents a completion rate of 92%, 81%, 70% and 35% respectively. The laying of Asphalt wearing course is yet to be done.

viii. Landscaping

This entails the creation of nature parks and urban parks for recreation of residents. This stands at 0% completion rate. No nature parks have been created.

WASTEWATER RECLAMATION FACILITY (WRF)

In the financial year, KoTDA completed major structural works for WRF including administration buildings and staff housing. During the year various equipment were also installed, Process pipes and manholes were also laid. The plant is nearly complete and laboratory Technicians and other staff expected to work at the facility once the finishing of paint work and tiles is done. The completion rate is at 87.00%.



Arial view of Wastewater Reclamation Facility

WATER TREATMENT PLANT

During the year, various structures were put in place to aid the water treatment process such as the gravity thickener and the sludge drying beds. Masonry walls of the East and West Potable Water Tank Storage were constructed. Process pipes and manholes were also laid. The completion rate of the projects was 85.50%.



Arial view of Water Treatment plant

PUBLIC FACILITIES

i. Solid Waste Handling Facility

During the financial year, KoTDA continued with the excavation works for the Solid Waste Handling Facility. The project has a completion rate of 5%.

ii. Police Station, Fire Station, Apparatus Bay and the Living Quarters

During the year, the construction of police station moved from the substructure level to the 1st floor level. The construction of Apparatus Bay similarly moved from excavation to the Ground floor level. The Fire Station works were scaled up from the excavation level to foundation level and likewise for the Living Quarters. This projects in its entirety is known as the Public Safety Centre and it stands at a completion rate of 30.2%.



*Picture of Police station first floor
Ongoing construction works for the police station*

KONZA DATA CENTRE AND SMART CITY PROJECT

The Ministry of Information, Communications and Technology and Huawei Technologies Co. Ltd signed a Commercial Contract for Konza Data Centre and Smart City Facilities on 26th June 2017. The project consists of:

- i. Phase 1 Data Centre which is a temporary containerized data centre to serve the Authority current requirements and government agencies that will require the service.
- ii. Phase 2 Data Centre consisting permanent building and equipment to serve the long-term needs of the Authority.
- iii. Smart City Facilities/Services & Virtual Desktop Infrastructure

Phase I Data Centre was completed and commissioned in the FY 2020/21; it now serves as Disaster Recovery Centre following the completion of the Tier III Data Centre. A new disaster recovery is currently under construction. KoTDA will be decommissioning the data centre and transferring Equipment to Disaster Recovery centre once migration

The Konza National Data Centre (Phase 2): As at 30.06.2022, the Authority had completed the implementation of a neutral carrier tier III Data Center currently supporting the government, business enterprises and smart city facilities providing high-quality world-class cloud computing products and services. The Konza National Data Centre is a highly secure and reliable Tier III Design and Construction facility, located in a smart and sustainable city with assured multiple internet connectivity and reliable power supply. The major cloud services being offered include; Software as a Service (SaaS), Infrastructure as a Service (IaaS), Platform as a Service (PaaS).



Illustration photo for the Data centre

Equipping of Data Centre

The data centre is powered with KPLC 33KV Power access and 33-11KV Transformer supplemented by power from solar panel fitted on the roof top as shown above. Standby generators are provided to ensure there is 99.9% uptime.



Overview of Electrical room power distribution LV switchgear

The Authority also installed module 2000 fusion with capacity to serve both government and private sector requirements.



Data centre module 2000 installed

Deployment of Video Conference facilities and Virtual Desktop Infrastructure(VDI)

During the year the Authority installed VDI to support operation for various organizations. Virtual desktop infrastructure (VDI) is a technology that refers to the use of virtual machines to provide and manage virtual desktops. VDI hosts desktop environments on a centralized server and deploys them to end-users on request. Following completion of Phase I DC, an initial batch of 500 units of VDI were shipped for pilot to facilitate:

- ✓ Improve the desktop facility in different MDAs;
- ✓ Improve the computer lab facility for Ajira Youth Empowerment Center;
- ✓ Improve the computer lab facility for different schools;
- ✓ Improve the computer lab facility for TVET (Technical and Vocational Education and Training).




Illustration of photo of VDI installed at Konza offices

XIX. APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		MINISTRY OF INFORMATION, COMMUNICATION & TECHNOLOGY		
Breakdown of Transfers from the State Department of Innovation and Technology				
FY 21/22				
a. Recurrent Grants				
		<u>Bank Statement Date</u>	<u>Amount (Kshs '000')</u>	<u>FY to which the amounts relate</u>
	Transfers from Ministry of ICT	07.09.2021	36,592	21/22
	Transfers from Ministry of ICT	07.09.2021	36,592	21/22
	Transfers from Ministry of ICT	17.09.2021	36,592	21/22
	Transfers from Ministry of ICT	06.01.2022	36,592	21/22
	Transfers from Ministry of ICT	07.01.2022	36,592	21/22
	Transfers from Ministry of ICT	16.02.2022	36,592	21/22
	Transfers from Ministry of ICT	28.04.2022	36,592	21/22
	Transfers from Ministry of ICT	18.05.2022	36,592	21/22
	Transfers from Ministry of ICT	18.05.2022	36,592	21/22
	Transfers from Ministry of ICT	23.06.2022	36,592	21/22
	Transfers from Ministry of ICT	23.06.2022	36,592	21/22
	Transfers from Ministry of ICT	23.06.2022	50,000	21/22
	Sub-total		489,100	
b. Development grants				
	Transfers from Ministry of ICT	01.11.2021	193,800	21/22
	Transfers from Ministry of ICT	01.11.2021	50,000	21/22
	Transfers from Ministry of ICT	17.11.2021	193,800	21/22
	Transfers from Ministry of ICT	25.01.2022	50,000	21/22
	Sub-total		487,600	
	Grand Total		976,700	

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

Chief Manager, Corporate Services
 Konza Technopolis Development Authority

Sign  -----

XX. APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

The Authority did not receive transfers from other government entity other than the inter-entity transfers from Ministry of ICT