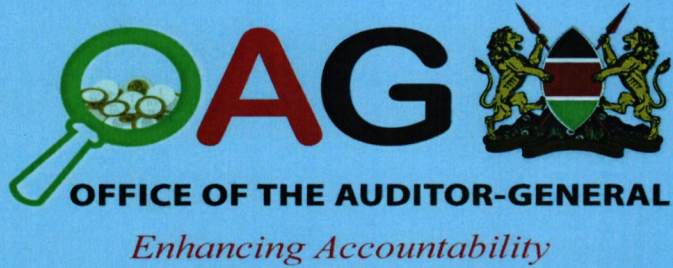


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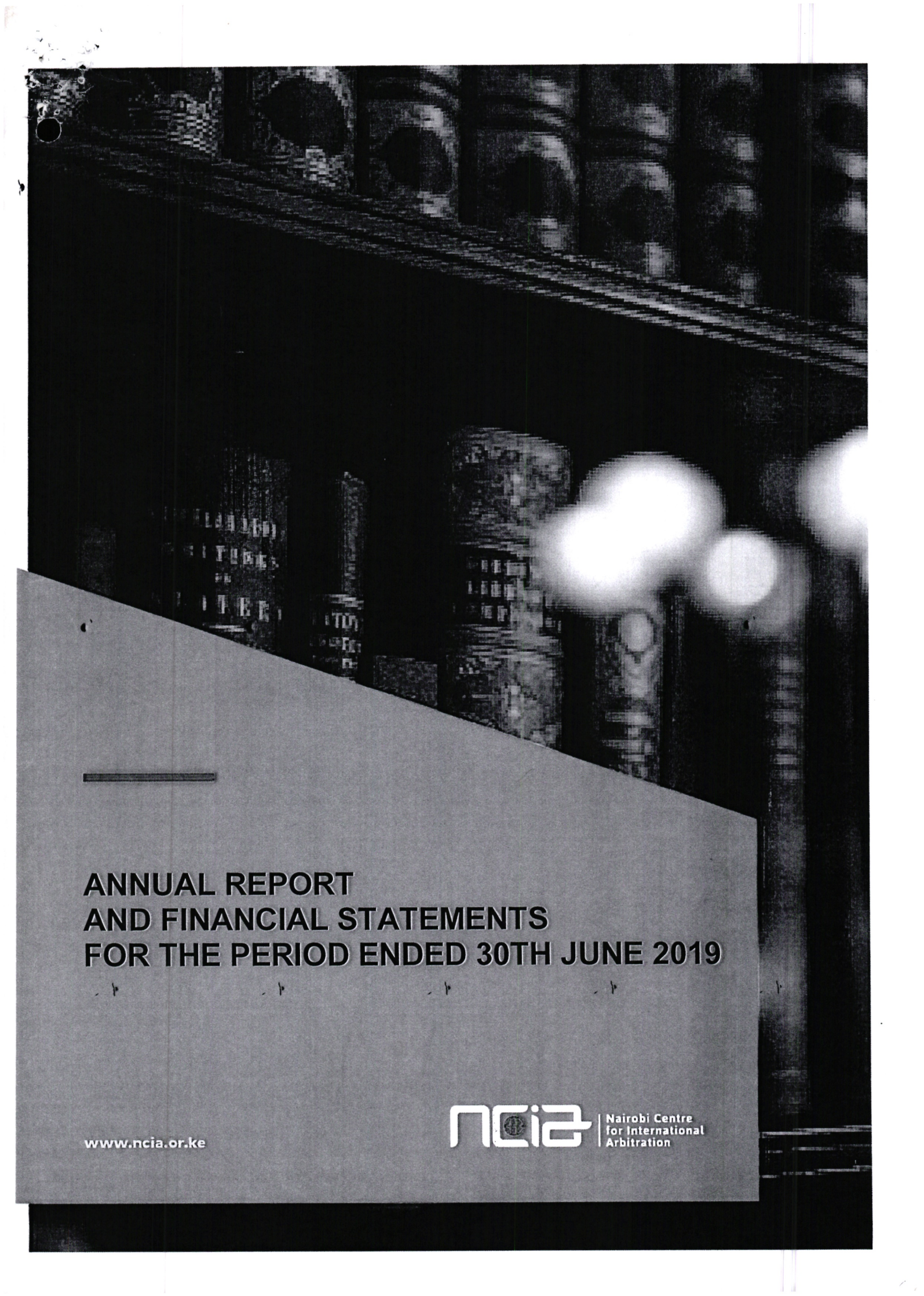
ON

NAIROBI CENTRE FOR INTERNATIONAL
ARBITRATION

FOR THE YEAR ENDED
30 JUNE, 2019

THE NATIONAL ASSEMBLY PAPERS LTD	
DATE:	04 AUG 2021 Wednesday
TABLED BY:	Majority Whip
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**ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH JUNE 2019**

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ncia | Nairobi Centre
for International
Arbitration

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A delegation from the People's Republic of China led by H.E Yuan Shuhong, Deputy Ambassador visiting the Centre to discuss matters Alternative Dispute Resolution

COLLABORATION
NCIA: *Where disputes meet resolution*

[Type here]



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH JUNE 2019**

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

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Panellists discussion on the topic *“The Use of African Arbitral Institutions: The Pan African Investment Code paves the Way”* during the 1st Annual International Arbitration Conference held in Kigali Rwanda

PARTNERSHIP
NCIA: *Where disputes meet resolution*

Nairobi Centre for International Arbitration
Annual Reports and Financial Statements
For the year ended June 30, 2019

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Nairobi Centre for International Arbitration (NCIA) is a state corporation established by an Act of Parliament vide NCIA Act No. 26 of 2013 as a Centre for promotion of international commercial arbitration and other forms of dispute resolution mechanism. The Centre offers a neutral venue for the conduct of international arbitration with commitment to providing institutional support to the arbitral process. In addition, the Centre caters for domestic arbitration and other forms of dispute resolution such as mediation.

The Vision of NCIA is: *"The Premier Centre of Choice for Alternative Dispute Resolution"*. The Mission is: *"To be recognized as a Centre for International Commercial Arbitration and Alternative Dispute Resolution through provision of quality and innovative processes"*. The Core Values are: Fairness and Impartiality; Confidentiality; Integrity; and Efficiency and Effectiveness.

(b) Principal Activities

The principal activity/mission of the **Nairobi Centre for International Arbitration** is to;

- (a) promote, facilitate and encourage the conduct of international commercial arbitration in accordance with this Act;
- (b) administer domestic and international arbitrations as well as alternative dispute resolution techniques under its auspices;
- (c) ensure that arbitration is reserved as the dispute ' resolution process of choice;
- (d) develop rules encompassing conciliation and mediation processes;
- (e) organize international conferences, seminars and training programs for arbitrators and scholars;
- (f) coordinate and facilitate, in collaboration with other lead agencies and non-State actors, the formulation of national policies, laws and plans of action on alternative dispute resolution and facilitate their implementation, enforcement, continuous review, monitoring and evaluation;
- (g) maintain proactive co-operation with other regional and international institutions in areas relevant to achieving the Centre's objectives;
- (h) in collaboration with other public and private agencies, facilitate, conduct, promote and coordinate research and dissemination of findings on data on arbitration and serve as repository of such data;
- (i) establish a comprehensive library specializing in arbitration and alternative dispute resolution;
- (j) provide ad hoc arbitration by facilitating the parties with necessary technical and administrative assistance at the behest of the parties;
- (k) provide advice and assistance for the enforcement and translation of arbitral awards;
- (l) provide procedural and technical advice to disputants;
- (m) provide training and accreditation for mediators and arbitrators;

- (n) educate the public on arbitration as well as other alternative dispute resolution mechanisms;
- (o) enter into strategic agreements with other regional and international bodies for purposes of securing technical assistance to enable the Centre achieve its objectives;
- (p) provide facilities for hearing, transcription and other technological services; and
- (q) manage and apply the Fund In accordance with the provisions of this Act; and perform such other functions as may be conferred on it by this Act or any other written law.

(c) Key Management

The centre’s day-to-day management is under the following key organs:

1. Board of Directors

The Board of Directors is composed of professionals from the East Africa Region. The directors are accomplished practitioners with multiple skills that assure the proper functioning and administration of the Centre. They are as listed below:

S/No.	Director	Designation
1.	Arthur Konye Igeria	Chairperson
2.	Pauline Mcharo	Member
3.	James Muruthi Kihara	Member
4.	Peter Kihara Njuguna	Member
5.	Jimmy Mbabali Muyanja	Member
6.	Collins Namachanja	Member
7.	John Ohaga	Member
8.	Lawrence Waigi Kamau	Member
9.	Judith Omange	Member
10.	Jacqueline Oyuyo Githinji	Member
11.	L. Muiruri Ngugi	Secretary

2. Accounting officer/ Chief Executive Officer

The Accounting Officer of the Centre is **Mr. L. Muiruri Ngugi** who is the Registrar and Chief Executive Officer.

3. Management

The daily management of NCIA is tasked to the Registrar/CEO and a team of professionals who head various departments and units at the Centre. They are as listed below:

S/No.	Name	Designation
1.	L. Muiruri Ngugi	Registrar/CEO
2.	Millicent Shitakha	Manager Business Development
3.	Victor A. O. Ogunyo	Manager Corporate Support Services
4.	Dickson Toroitich	Principal HR and Administration Officer

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5.	Isabella Onyango	Principal Communication & Marketing Officer
6.	Diana Njeru	Senior Finance/Accounts Officer
7.	Elijah Muriuki	Senior Finance/Accounts Officer
8.	Alex Mwaniki	Senior Case Counsel
9.	Dennis Macharia	Senior Internal Auditor
10.	Arnold Ndukuyu	Senior ICT Officer
11.	Anne Kago	Senior Supply Chain Officer
12.	Irene Nyamasi	Senior Corporate Strategy Officer
13.	Lorna Kerubo	Capacity Building Officer

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

S/No.	Name	Designation
1.	L. Muiruri Ngugi	Registrar/CEO
2.	Millicent Shitakha	Manager Business Development
3.	Victor A. O. Ogunyo	Manager Corporate Support Services

(e) Fiduciary Oversight Arrangements

In discharging its mandate, the Centre under the leadership of the Registrar/CEO establishes such committees as are necessary for the performance of its duties. In the 2018-2019 financial year the following committees were constituted to undertake specific functions as indicated:

1. Budget Implementation Committee

This committee was formed pursuant to the Public Finance Management (PFM) Act 2012 and the Public Finance Management (PFM) Regulations 2015 to give suggestions, modifications and recommendations on budget processes; to review quarterly budget reports and make recommendations before submission to management; to develop and implement strategies that improve efficiency and achieve budgetary goals; and to ensure full compliance with National Treasury circulars and other government regulations on budgeting. In the financial year ended 30th June 2019 the membership of this committee was reconstituted and members served as indicated below:

The Members of BIC from 5th July 2018 to 9th December 2019

S/No.	Name	Role
1.	Dickson Toroitich	Chairperson
2.	Isabella Onyango	Alternate Chairperson
3.	Elijah Muriuki	Secretary
4.	Diana Njeru	Alternate Secretary

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5.	Alex Mwaniki	Member
6.	Arnold Ndukuyu	Member
7.	Anne Kago	Member
8.	Irene Nyamasi	Member
9.	Lorna Kerubo	Member
10.	Sarah Omete	Secretariat
11.	Moses Owili	Secretariat

The Members of BIC from 10th December 2019 to 30th June 2019

S/No.	Name	Role
1.	Millicent Shitakha	Chairperson
2.	Elijah Muriuki	Secretary
3.	Dickson Toroitich	Member
4.	Isabella Onyango	Member
5.	Diana Njeru	Member
6.	Alex Mwaniki	Member
7.	Arnold Ndukuyu	Member
8.	Anne Kago	Member
9.	Irene Nyamasi	Member
10.	Lorna Kerubo	Member
11.	Sarah Omete	Secretariat
12.	Moses Owili	Secretariat

2. Staff Training and Development Committee

This committee was established under Section 8.5 of the NCIA Human Resource Policies and Procedures Manual to manage the training and development function at the Centre. The Committee advises the Registrar/CEO on staff training and development issues including considering officers training requests and recommending those to be trained for the approved training programmes. During the financial year ended 30th June 2019 the following were the members of this committee:

S/No.	Name	Role
1.	Millicent Shitakha	Chairperson
2.	Dickson Toroitich	Secretary
3.	Alex Mwaniki	Member
4.	Elijah Muriuki	Member
5.	Arnold Ndukuyu	Member
6.	Anne Kago	Member
7.	Irene Nyamasi	Member

3. Staff Advisory Committee

This committee was established to hear all discipline cases affecting employees at the Centre and make recommendations on disciplinary action for approval by the Board or the Registrar/CEO as the case may require. During the financial year ended 30th June 2019 the following were the members of this committee:

S/No.	Name	Role
1.	Victor A. O. Ogunyo	Chairperson
2.	Dickson Toroitich	Secretary
3.	Millicent Shitakha	Member
4.	Alex Mwaniki	Member
5.	Diana Njeru	Member
6.	Arnold Ndukuyu	Member
7.	Anne Kago	Member

4. Strategic Planning Monitoring and Evaluation Committee

This committee was established to develop the Centre's annual work plan, oversee implementation of the strategic plan and report quarterly to the Board on the progress of the strategic plan implementation. During the financial year ended 30th June 2019 the following were the members of this committee:

S/No.	Name	Role
1.	L. Muiruri Ngugi	Chairperson
2.	Irene Nyamasi	Secretary
3.	Millicent Shitakha	Member
4.	Victor A. O. Ogunyo	Member
5.	Dickson Toroitich	Member
6.	Isabella Onyango	Member
7.	Dennis Karanja	Member
8.	Elijah Muriuki	Member
9.	Arnold Ndukuyu	Member
10.	Anne Kago	Member
11.	Lorna Kerubo	Member
12.	Alex Mwaniki	Member

5. Performance Contract Committee

This committee was established to prepare, periodically monitor and report to the Board on the implementation of the 2018/2019 Centre’s Performance Contract. During the financial year ended 30th June 2019 the following were the members of this committee:

S/No.	Name	Role
1.	Millicent Shitakha	Chairperson
2.	Irene Nyamasi	Secretary
3.	Victor A. O. Ogunyo	Member
4.	Dickson Toroitich	Member
5.	Isabella Onyango	Member
6.	Alex Mwaniki	Member
7.	Dennis Karanja	Member
8.	Elijah Muriuki	Member
9.	Arnold Ndukuyu	Member
10.	Anne Kago	Member
11.	Lorna Kerubo	Member
12.	Alex Mwaniki	Member

6. Public Complaints Committee

This committee was established in accordance with the Commission on Administrative Justice Act 2011 with the mandate to promote the sensitization of staff and other stakeholders on complaints handling; receive, process and oversee the resolution of complaints; coordinate complaints handling activities in the organization; and ensure compliance with the guidelines of the Commission on resolution of public complaints, as may be issued from time to time. During the financial year ended 30th June 2019 the following were the members of this committee:

S/No.	Name	Role
1.	Isabella Onyango	Chairperson
2.	Sarah Mutheu	Secretary
3.	Lorna Kerubo	Member
4.	Alex Mwaniki	Member
5.	Victor Oketch	Member
6.	Victor Rutto	Member
7.	Moses Owili	Member

7. Corporate Social Responsibility Committee

This committee was established with the mandate to define the Centre’s corporate and social obligations as a responsible citizen and oversee its conduct in the context of those obligations; develop and recommend for acceptance by the board policies on all key areas of CSR; develop and support the activities necessary to convert CSR policies into an effective plan for implementation across the Centre and to agree a programme of specific

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CSR activities; and ensure that appropriate communications policies are in place and working effectively to build and protect the Group's reputation both internally and externally. During the financial year ended 30th June 2019 the following were the members of this committee:

S/No.	Name	Role
1.	Isabella Onyango	Chairperson
2.	Victor Oketch	Secretary
3.	Alex Mwaniki	Member
4.	Anne Kago	Member
5.	Sarah Mutheu	Member
6.	Elijah Muriuki	Member
7.	Mary Machani	Member

8. Tender Evaluation Committee

This committee was constituted in accordance with the Public Procurement and Asset Disposal Act, 2015 and the Public Procurement and Disposal Regulations, 2006 with the mandate to evaluate tenders and advise the Registrar/CEO on the matter. During the financial year ended 30th June 2019 members of the committee were as indicated below:

S/No.	Name	Role
1.	Victor A. O. Ogunyo	Chairperson
2.	Millicent Shitakha	Alternate Chairperson
3.	Anne Kago	Secretary
4.	Victor Rutto	Alternate Secretary
5.	Alex Mwaniki	Member
6.	Lorna Kerubo	Member
7.	Diana Njeru	Member
8.	Arnold Ndukuyu	Member
9.	Dickson Toroitich	Member
10.	Irene Nyamasi	Member

9. Staff Pension Scheme Committee

This committee was constituted to drive the process of establishment of a defined pension scheme. During the financial year ended 30th June 2019 the following were the members of this committee:

S/No.	Name	Role
1.	Victor A. O. Ogunyo	Chairperson
2.	Dickson Toroitich	Secretary
3.	Millicent Shitakha	Member
4.	Diana Njeru	Member
5.	Arnold Ndukuyu	Member

6.	Alex Mwaniki	Member
7.	Victor Oketch	Member

10. ISO Certification Committee

This committee was constituted to design, develop and implement the Centre's Quality Management System (QMS). During the financial year ended 30th June 2019 the following were the members of this committee:

S/No.	Name	Role
1.	Millicent Shitakha	Chairperson
2.	Irene Nyamasi	Secretary
3.	Victor A. O. Ogunyo	Member
4.	Anne Kago	Member
5.	Arnold Ndukuyu	Member
6.	Alex Mwaniki	Member
7.	Dennis Karanja	Member
8.	Dickson Toroitich	Member
9.	Isabella Onyango	Member
10.	Elijah Muriuki	Member
11.	Lorna Kerubo	Member

11. Risk Management Committee

This committee was established in accordance with Section 2.2.3 of the Risk Management Policy. The Committee provides oversight and direction to the risk management processes within the Centre and makes its reports and recommendations to the Board through the Board's Audit, Risk and Governance Committee. During the financial year ended 30th June 2019 the following were the members of this committee:

S/No.	Name	Role
1.	L. Muiruri Ngugi	Chairperson
2.	Dennis Karanja	Secretary
3.	Victor A. O. Ogunyo	Member
4.	Millicent Shitakha	Member
5.	Arnold Ndukuyu	Member
6.	Anne Kago	Member
7.	Elijah Muriuki	Member
8.	Alex Mwaniki	Member
9.	Dickson Toroitich	Member

12. Ethics and Integrity Committee

This committee was established to steer and coordinate corruption prevention efforts in the Centre. During the financial year ended 30th June 2019 the following were the members of this committee:

S/No	Name	Role
1.	L. Muiruri Ngugi	Chairperson
2.	Dennis Karanja	Secretary
3.	Millicent Shitakha	Member
4.	Victor A. O. Ogunyo	Member
5.	Dickson Toroitich	Member
6.	Arnold Ndukuyu	Member
7.	Anne Kago	Member
8.	Elijah Muriuki	Member
9.	Alex Mwaniki	Member

13. Performance Management Committee

This committee was set up to ensure that overall assessment of staff performance is within the context of institutional performance, that performance of staff at the Centre is evaluated and feedback on performance relayed in writing to the Registrar/CEO, and consider individual staff performance appraisal reports and make recommendation to the Registrar/CEO in line with the Rewards and Sanctions Policy. During the financial year ended 30th June 2019 the following were the members of this committee:

S/No	Name	Role
1.	Victor A. O. Ogunyo	Chairperson
2.	Dickson Toroitich	Secretary
3.	Millicent Shitakha	Member
4.	Alex Mwaniki	Member
5.	Isabella Onyango	Member

14. Disposal Committee

This committee was established to deal with matters of asset disposal as stipulated under Section 163 (1) of the Public Procurement and Asset Disposal Act, 2015 to verify assets for disposal, determine market value of items for disposal, set up reserve price, verify justification and procedure for disposal and carry out asset disposal in accordance with statute. During the financial year ended 30th June 2019 the following were the members of this committee:

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S/No	Name	Role
1.	Victor A. O. Ogunyo	Chairperson
2.	Anne Kago	Secretary
3.	Arnold Ndukuyu	Member
4.	Diana Njeru	Member
5.	Victor Oketch	Member

15. Information Governance and Security Committee

This committee was established pursuant to Section 1.6 (b) of the Information Communication Technology (ICT) Policy to enhance information security and establish ICT Governance standards as set by ICT Authority. During the financial year ended 30th June 2019 the following were the members of this committee:

S/No	Name	Role
1.	Victor A. O. Ogunyo	Chairperson
2.	Arnold Ndukuyu	Secretary
3.	Lorna Kerubo	Member
4.	Diana Njeru	Member
5.	Dickson Toroitich	Member
6.	Anne Kago	Member
7.	Alex Mwaniki	Member

(f) Entity Headquarters

Nairobi Centre for International Arbitration
8th Floor, Co-operative Bank Building
Haile Selassie Avenue
Nairobi, Kenya

(g) Entity Contacts

Nairobi Centre for International Arbitration
P.O. Box 548-00200
Nairobi, Kenya
Office Telephone: (254) 2224029/2240377
Office Mobile: (254) 771293055
E-mail: info@ncia.or.ke
Website: www.ncia.or.ke

(h) Entity Bankers

KCB Group Limited
Kenyatta International Convention Centre Branch
P. O. Box 48400-00100
Nairobi, Kenya



(i) Independent Auditors



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



(j) Principal Legal Adviser



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



II. THE BOARD OF DIRECTORS

Director	Director's Particulars
<p>1. Arthur Konye Igeria – Chairperson</p> 	<p>Mr. Arthur Igeria (DoB: 20/05/1966) is the <i>Chairperson</i> of the <i>Board of Directors</i>. Arthur is a meticulous and highly experienced advocate. He trained at the University of Nairobi, graduating in 1989 with a Bachelor of Laws degree. He also holds a post graduate Diploma in Law from Kenya School of Law. He was admitted to practice as an Advocate of the High Court of Kenya in 1991.</p> <p>He is a Member of the Chartered Institute of Arbitrators (Kenya), the Mediation Training Institute, and the Institute of Directors of Kenya.</p> <p>He is also on the list of counsel entitled to practice at International Criminal Court (ICC) at the Hague, and the International Criminal Tribunal for Rwanda (ICTR) and a Certified Public Secretary and a member of the Institute of Certified Public Secretaries of Kenya.</p>
<p>2. John Ohaga - Member</p> 	<p>Mr. John Ohaga (DoB: 23/02/1966) is the <i>Chairperson</i> of the <i>Legislative Review and Accreditation Committee</i>. He is the Managing Partner in the firm TripleOKlaw LLP Advocates and has more than 24 years' post-qualification experience.</p> <p>He is a Trustee of the Chartered Institute of Arbitrators (Kenya Branch), a member of the Mediation Accreditation Committee and Convener of the Law Society of Kenya's Committee on Alternative Dispute Resolution. He is also the Chairman of the Kenya Sports Disputes Tribunal.</p> <p>He also holds a post graduate Diploma in Law from Kenya School of Law. He is admitted to practice as an Advocate of the High Court of Kenya.</p>


Director	Director's Particulars
<p>3. Pauline Mcharo - Member</p> 	<p>Ms. Pauline Mcharo (DoB: 24/06/1977) is the <i>Chairperson</i> of the <i>Finance and Administration Committee</i>. She is the Deputy Chief State Counsel, International Law Division, at the State Law Office.</p> <p>She represents the Government of Kenya in international investment and commercial disputes and assists in resolution of Territorial disputes.</p> <p>She holds an LL.M in International Law (Graduate Institute, Geneva), LL.M in International Trade and Investment Law in Africa (University of Pretoria) and LLB. (University of Nairobi).</p>
<p>4. Jacqueline Oyuyo Githinji - Member</p> 	<p>Ms. Jacqueline Githinji (DoB: 16/10/1975) is the <i>Chairperson</i> of the <i>Training and Communication Committee</i>. She is the Managing Partner at Umsizi LLP, a firm of Advocates, Corporate Secretaries, Arbitrators and Mediators.</p> <p>She has considerable experience in a broad range of commercial and corporate advisory matters gained in her close to 20 years legal experience.</p> <p>She's also committed to making organisations tick – demystifying corporate governance in a way that makes sense for each entity that she deals with – and she is adept at tackling regulatory compliance.</p> <p>Ms. Githinji is a Fellow of the Chartered Institute of Arbitrators and a Certified & Court-Accredited Mediator.</p>

Director	Director's Particulars
<p>5. Collins Namachanja – Member</p> 	<p>Mr. Collins Namachanja (DoB: 26/06/1968) is the <i>Chairperson</i> of the <i>Audit Risk and Governance Committee</i>. He is a senior partner in the firm of <i>Namachanja & Mbugua Advocates</i> with close to 20 years post qualification experience in high value corporate and commercial transactions, commercial litigation and arbitration law and practice.</p> <p>Mr. Namachanja is a Fellow of the Chartered Institute of Arbitrators and Chartered Arbitrator; is part of the Institute's Approved Faculty List and a Tutor with the Institute's Kenya Branch.</p> <p>He also holds a post graduate Diploma in Law from Kenya School of Law. He is admitted to practice as an Advocate of the High Court of Kenya.</p>
<p>6. Judith Omenge - Member</p> 	<p>Hon. Judith Omenge (DoB: 04/07/1973) is the Registrar of the High Court. She is a law graduate from the University of Nairobi with training on Judicial Administration, Case Management, Alternative Dispute Resolution and Juvenile Delinquent Treatment Course in UNAFEI, Japan</p> <p>Prior to her appointment as Registrar; Judith served as a Deputy Registrar in the Family Division and magistrate in the Nairobi Children's Court where she oversaw the implementation of the Children Act.</p> <p>As the Registrar of the High Court, Judith is responsible for the day to day administration of thirty-nine (39) High Court stations.</p>



Director	Director's Particulars
<p>7. Lawrence Waigi Kamau - Member</p> 	<p>Mr. Lawrence Kamau (DoB: 04/05/1973) is a Deputy Chief State Counsel at the State Law Office and currently heading the Commercial & Arbitration Division, Civil Litigation Department.</p> <p>He was previously the Regional Head of the Malindi County State Law Office (in charge of Kilifi, Tana River and Lamu County) as well as the Head of the Supreme Court and Court of Appeals Section within the Civil Litigation Department representing the Government of Kenya in high profile and complex litigation.</p> <p>In the course of service he has been deployed as the Deputy Director Host Country and Consular Affairs at the Ministry of Foreign Affairs, in charge of drafting host country agreements from 2008 to 2010.</p>
<p>8. Peter Kihara Njuguna – Member</p> 	<p>Mr. Peter Kihara (DoB: 14/06/1964) is an experienced Legal Researcher of more than 20 years standing having started off at the University of Nairobi's Law Library where he worked for 13 years.</p> <p>He has been involved in numerous legal assignments involving complex legal research and analysis on a wide range of issues for both governmental and public benefit organisations which have entailed preparation of legal opinions, advice, briefs, commentaries and reports.</p> <p>He holds a post graduate Diploma in Law from Kenya School of Law and is admitted to practice as an Advocate of the High Court of Kenya.</p> <p>He is the Managing Partner at Kihara Njuguna & Co Advocates.</p>



Director	Director's Particulars
<p>9. Jimmy Mbabali Muyanja – Member</p> 	<p>Mr. Jimmy Muyanja (DoB: 13/03/1971) has over 14 years of experience in commercial transactions, litigation and alternative dispute resolution. He is a fellow of the Chartered Institute of Arbitrators, United Kingdom branch. He is admitted to practice as an Advocate in Uganda.</p> <p>His recommendations to amend the 1999 Arbitration and Conciliation Bill were adapted into the Arbitration and Conciliation Act, Cap.4 Laws of Uganda.</p> <p>He was part of the task force which designed and implemented the pioneer compulsory Court-connected mediation scheme for the Commercial Court Division of the High Court in Uganda in 2001 and also participated in training of mediators and arbitrators and delivered numerous papers on Alternative Dispute Resolution globally.</p>
<p>10. James Muruthi Kihara – Member</p> 	<p>Mr. James Kihara (DoB: 31/01/1970) is the Managing Partner at Kihara & Wyne Advocates. He has represented corporate clients in complex litigation and arbitrations. He has in the past worked with the National Legal Aid Service under the Department of Justice and as a Corporation Secretary in several state agencies</p> <p>He is the current Chairperson of the Public Private Partnerships Petition Committee and the immediate former Chairman of the Chartered Institute of Arbitrators - Kenya Branch.</p> <p>He is a Chartered Arbitrator, an Accredited Mediator, a Certified Governance Auditor and a Certified PPP Specialist. He holds an LL.M in Corporate Governance.</p>


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Director	Director's Particulars
<p data-bbox="156 427 742 465">11. L. Muiruri Ngugi – Board Secretary</p>  A black and white portrait of L. Muiruri Ngugi, a middle-aged man with a shaved head, wearing a dark suit, white shirt, and a patterned tie. He is looking slightly to the right of the camera with a neutral expression.	<p data-bbox="853 432 1501 689">Mr. L. Muiruri Ngugi (DoB: 15/12/1971) is the Registrar/CEO of NCIA and the Board Secretary. He is an arbitrator and accredited mediator, member of ICCA, member to the UNCITRAL Working Group II Arbitration & Conciliation and UNCITRAL Working Group III Online Dispute Resolution.</p> <p data-bbox="853 728 1501 947">He holds a BA (Hons.) Econ, LLB and MA International Studies. He also holds a post graduate Diploma in Law from Kenya School of Law. He is admitted to practice as an Advocate of the High Court of Kenya and a Certified Public Secretary.</p>

III. MANAGEMENT TEAM

Name	Particulars
<p>1. L. Muiruri Ngugi</p>  <p>MA (International Studies), BA (Hons) Econ., LLB, PGD (Law), CS</p>	<p>Mr. L. Muiruri Ngugi is the Registrar/CEO of NCIA and the Accounting Officer.</p> <p>He leads the Secretariat of the Centre, is responsible for the day to day management of affairs and staff of the Centre.</p> <p>In relation to proceedings at the Centre, he acts in accordance with instructions of the Court and accepts, transmits, service and keeps custody of documents in accordance with NCIA Rules.</p>
<p>2. Millicent Musanga Shitakha</p>  <p>MBA (Finance), BA (Economics)</p>	<p>Ms. Millicent Shitakha is the Manager Business Development Department at NCIA.</p> <p>She oversees the Corporate Strategy Unit, the Capacity Building Unit, the Communication and Marketing Unit and the Client Relations Unit.</p> <p>She is responsible for developing and implementing corporate, marketing and capacity building strategies and action plans.</p>

Name	Particulars
<p>3. Victor A. O. Ogunyo</p>  <p><i>MBA (Strategic Management), BCom (Business Administration), HD-HRM, CPA</i></p>	<p>Mr. Victor Ogunyo is the Manager Corporate Support Services Department at NCIA.</p> <p>He oversees the Human Resource Management and Administration Unit, the Legal Affairs Unit, the Finance and Accounts Unit, the Supply Chain Management Unit and the Information Communication and Technology Unit.</p> <p>He is responsible for ensuring accountability and prudent management of resources and compliance with principles and values of good governance, transparency ethics and integrity.</p>
<p>4. Alex Mwaniki</p>  <p><i>LLB (Hons), PGD (Law)</i></p>	<p>Mr. Alex Mwaniki is the Senior Case Counsel in the Case Management Department at NCIA.</p> <p>He oversees the Case Administration Unit, the Case Quality Assurance and Advisory Unit and the Records Management Unit.</p> <p>He is responsible for administration of the registry and cases registered by the Centre and ensuring compliance by parties of the relevant laws, rules and other applicable case management protocols.</p>

Name	Particulars
<p data-bbox="172 405 592 443">5. Dennis Macharia Karanja</p>  <p data-bbox="217 1155 710 1193"><i>MSc (Finance), Bcom (Finance), CPA</i></p>	<p data-bbox="874 416 1501 488">Mr. Dennis Karanja is the Senior Internal Auditor at NCIA.</p> <p data-bbox="874 528 1501 600">He oversees the Internal Audit, Risk and Compliance functions at the Centre.</p> <p data-bbox="874 640 1501 853">He is responsible for overseeing review of internal control systems and verification of operations and activities with a view to assessing the economy, efficiency and effectiveness in which the Centre's resources are utilized.</p>

IV. CHAIRMAN'S STATEMENT



Mr. Arthur K. Igeria
NCIA Board Chairperson

The Nairobi Centre for International Arbitration (NCIA) is honoured to publish the 2018/2019 Annual Report and Financial Statements. The Annual Report and Financial Statements have been prepared in line with Section 20 of the NCIA Act, 2013.

The 2018/2019 Annual Report and Financial Statements highlight key initiatives undertaken by the Centre towards promotion of international commercial arbitration and other alternative forms of dispute resolution. It documents the initiatives and statistical information towards the attainment of our mission to be recognized as a Centre for International Commercial Arbitration and Alternative Dispute Resolution (ADR) through provision of quality and innovative processes. This has largely been done through four (4) strategic themes of promotion and administration of ADR; training and quality assurance; partnerships and collaboration; and organizational capacity development.

I am pleased to report that the financial year 2018/2019 was a period NCIA witnessed strategic milestones especially in the process of developing a National ADR Policy which shall provide a framework through which national actors and the country can coordinate efforts to deliver and improve access to justice efficiently and uphold the rule of law. Towards this end, the Centre in collaboration with International Development Law Organization (IDLO) and the Judiciary of Kenya organized and successfully held the 1st National ADR Stakeholders Forum to discuss emerging policy issues and structure of the proposed draft bill.

In the year under review, the Centre held five (5) breakfast forums with key stakeholders drawn from the State Law Office, the National Treasury and Planning, the Ministry of Industry, Trade and Cooperatives and others from the manufacturing, insurance and agriculture sectors to sensitize them on the inclusion of NCIA Arbitration Clause in contracts. During the period under review the Centre also entered into cooperation agreement with the State Department of Public Works towards development of a detailed project design proposal for the ADR Centre of Excellence. The Centre also participated in the 6th Annual Devolution Conference held in Kirinyanga County and contributed during discussions on *Enablers in Achieving the Manufacturing Agenda*.

The Centre in collaboration with institutions of higher education within the region organized and successfully held the 1st NCIA Regional Investment Arbitration Moot Competition aimed at overall development of law students across the East African Region as good and proficient ADR practitioners and also familiarize the students with the proceedings that take place generally in Arbitral Tribunals. Preliminary rounds of the moot competition were held in Kigali, Rwanda on 13th May 2019; Dar es Salaam, Tanzania on 17th May 2019; Nairobi, Kenya on 21st May 2019 and Kampala, Uganda on 25th May 2019. Participating universities were University of Rwanda, Kigali Independent University, Independent Institute of Lay Adventists of Kigali, INES-Ruhengeri Institute of Applied Sciences, University of Kigali, University of Dar es Salaam, Mzumbe University, Open University of Tanzania, Kabarak University, Kenyatta University, Moi University, Africa Nazarene University, Egerton University, Riara University, Jomo Kenyatta University of Agriculture and Technology, Makerere University, Uganda Christian University, Islamic University in Uganda, Kampala International University and Cavendish University. The semi-finals were held on 30th May 2019 and the finals on 31st May 2019 at the Kenya School of Law in Nairobi.

In the year under review, the Centre registered eight (8) cases for administration and continued to administer thirteen (13) ongoing cases. In the same period, the Centre admitted ten (10) arbitrators to the NCIA Panel List of Arbitrators and ten (10) mediators to the NCIA Panel List of Mediators. The Centre also published two (2) research papers on ADR emerging areas and trends. In the same period, the Centre held discussions with county leaders in Trans Nzoia County, Bungoma County, Uasin Gishu County and Baringo County as part of effort to educate the public on arbitration as well as other ADR mechanisms.

Challenges Encountered

The Centre faced a number of challenges during the year under review that hindered it from fully achieving all planned activities. Key among them include budgetary constraints occasioned but budget cuts; lack of National ADR Policy; and lack of public awareness and appreciation of structured ADR.

Way Forward

In the coming year, the Centre will focus primarily on implementing the key areas as identified in the NCIA Strategic Plan including developing and publishing Revised Rules on Arbitration and Mediation; implementing a capacity building curriculum on ADR mechanisms; conducting National ADR Policy stakeholder forums; and conducting the 2nd International ADR Conference.

We acknowledge support from the Government of Kenya, the Judiciary of Kenya and other partners and do hope that our journey towards offering alternative dispute resolutions will be sustained for the benefit of generations to come. Indeed, the achievements outlined above would not have been possible without the innovation, resourcefulness, commitment and hard work of the Secretariat. In this regard, I express gratitude to the NCIA Registrar/CEO, Mr. Lawrence Ngugi and the entire staff for work well done in 2018/2019 and appreciate their efforts in supporting the vision of the Board and the Centre. I would also like to thank my fellow Board members for their unwavering support, commitment, dedication and sacrifice. I wish to acknowledge each Board member for their individual contributions and efforts made during the financial year 2018/2019.

In conclusion, I wish on behalf of the Board of Directors, to express our gratitude for the honour granted us in service to the people of the great Nation of Kenya in our capacity as members of the Board of NCIA. We are confident that the Centre, its partners and the people of Kenya will continue working closely with us to realize our vision of being the Premier Centre of Choice for Alternative Dispute Resolution.

Thank you and may God bless You.



**Arthur K. Ngatia
CHAIRPERSON**

BOARD OF DIRECTORS, NAIROBI CENTRE FOR INTERNATIONAL ARBITRATION

V. TAARIFA YA MWENYEKITI



Bwana Arthur K. Igeria
Mwenyekiti Bodi ya Wakurugenzi

Kituo cha Nairobi cha Usuluhishi wa Kimataifa (NCIA) kimeheshimiwa kwa kuchapisha Ripoti ya Mwaka na Taarifa za kifedha za mwaka 2018/2019. Ripoti ya Mwaka na Taarifa ya kifedha imeandaliwa sambamba na Kifungu cha 20 cha Sheria ya NCIA, 2013.

Ripoti ya Mwaka na Taarifa za kifedha za mwaka 2018/2019 zinaonyesha mipango muhimu iliyofanywa na NCIA kukuza usuluhishi wa kibiashara wa kimataifa na aina zingine za utatuzi wa mzozo. Ni kumbukumbu ya mipango na habari ya takwimu kuelekea ufikiaji wa dhamira yetu kutambuliwa kama Kituo cha Usuluhishi wa Kibiashara cha Kimataifa na Azimio Mbadala la Usuluhishi kupitia utoaji wa michakato bora na ya ubunifu. Hii imefanywa kwa kiasi kikubwa kupitia mada nne (4) za kimkakati za kukuza na usimamizi wa Azimio Mbadala la Usuluhishi; mafunzo na uhakikisho wa ubora; ushirikiano na kushirikiana; na ukuzaji wa uwezo wa shirika.

Nimefurahiya kuripoti kuwa mwaka wa fedha wa 2018/2019 ilikuwa kipindi ambacho NCIA ilishuhudia hatua muhimu za kimkakati haswa katika mchakato wa kuunda sera ya Kitaifa ya Azimio Mbadala la Usuluhishi ambayo itatoa mfumo ambao watendaji wa kitaifa na nchi

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wanaweza kuratibu juhudi za kutoa na kuboresha upatikanaji wa haki na kudumisha utawala wa sheria. Kufikia mwisho huu, NCIA kwa kushirikiana na Shirika la Sheria ya Maendeleo ya Kimataifa (IDLO) na Mahakama ya Kenya kilipanga na kufanikiwa kufanya Mkutano wa Kwanza wa Kitaifa wa Wadau wa Azimio Mbadala la Usuluhishi kujadili masuala yanayoibuka ya sera na muundo wa muswada uliopendekezwa wa rasimu.

Katika mwaka ambao unakaguliwa, NCIA iliandaa vikao vitano (5) vya kiamsha kinywa na wadau muhimu waliochukuliwa kutoka Ofisi ya Sheria ya Jimbo, Hazina ya Kitaifa na Mipango, Wizara ya Viwanda, Biashara na Ushirika na zingine kutoka kwa sekta ya utengenezaji, bima na kilimo kwa msingi wa kupewa dhamana juu ya ushirikishwaji wa Kifungu cha Usuluhishi cha NCIA katika mikataba. Katika kipindi cha ukaguzi, NCIA pia iliingia katika makubaliano ya ushirikiano na Idara ya Kazi ya Umma kwa maendeleo ya pendekezo la muundo kamili wa mradi wa Kituo cha Ubora cha Azimio Mbadala la Usuluhishi. NCIA pia ilishiriki katika Mkutano wa Sita wa Maazimio ya Mwaka uliofanyika katika Kata ya Kirinyanga na ulichangia wakati wa majadiliano juu ya *Wawezeshaji kufanikisha Ajenda ya Viwanda*.

NCIA kwa kushirikiana na taasisi za elimu ya juu katika Kanda ya Afrika Mashariki iliandaa na kufanikisha Mashindano ya Kwanza ya Uwekezaji yaliyolenga maendeleo ya jumla ya wanafunzi wa sheria katika Kanda ya Afrika Mashariki kama wataalam wa Azimio Mbadala la Usuluhishi na pia kuhamasishwa kuhusu kesi ambayo hufanyika kwa ujumla katika Korti za Arbitral. Duru za awali za shindano zilifanyika Kigali, Rwanda mnamo 13 Mei 2019; Dar es salaam, Tanzania tarehe 17 Mei 2019; Nairobi, Kenya mnamo tarehe 21 Mei, 2019 na Kampala, Uganda tarehe 25 Mei 2019. Vyuo vikuu vilivyoshiriki vilikuwa Chuo Kikuu cha Rwanda, Chuo Kikuu Huria cha Kigali, Taasisi ya Uhuru ya Waadventista wa Kigali, Taasisi ya INES-Ruhengeri ya Sayansi, Chuo Kikuu cha Kigali, Chuo Kikuu cha Dar es Salaam, Chuo Kikuu cha Mzumbe, Chuo Kikuu Huria cha Tanzania, Chuo Kikuu cha Kabarak, Chuo Kikuu cha Kenyatta, Chuo Kikuu cha Moi, Chuo Kikuu cha Nazareti cha Afrika, Chuo Kikuu cha Egerton, Chuo Kikuu cha Riara, Chuo Kikuu cha Kilimo na Teknolojia cha Jomo Kenyatta, Chuo Kikuu cha Makerere, Chuo Kikuu cha Ukristo cha Uganda, Chuo Kikuu cha Kiislam nchini Uganda, Chuo Kikuu cha kimataifa cha Kampala na Chuo Kikuu cha Cavendish. Nusu fainali zilifanyika mnamo Mei 30, 2019 na fainali zilikamilika mnamo Mei 31, 2019 katika Shule ya Sheria ya Kenya jijini Nairobi.

Katika mwaka uliyopita, NCIA ilisajili kesi nane (8) za utawala na iliendelea kusimamia kesi kumi na tatu (13) zinazoendelea. Katika kipindi hicho hicho, NCIA ilikubali wasuluhishi kumi (10) kwa orodha ya Jopo la NCIA ya Wasuluhishi na wapatanishi kumi (10) kwa orodha ya Jopo la Wapatanishi wa NCIA. NCIA pia ilichapisha karatasi mbili (2) za utafiti juu ya maeneo na mwenendo wa Azimio Mbadala la Usuluhishi. NCIA pia ilifanya majadiliano na viongozi wa kata katika Kata ya Trans Nzoia, Kata ya Bungoma, Kata ya Uasin Gishu na Kaunti ya Baringo kama sehemu ya juhudi za kuelimisha umma juu ya usuluhishi na mifumo mingine ya Azimio Mbadala la Usuluhishi.

Changamoto

NCIA ilikabiliwa na changamoto kadhaa katika mwaka uliopitiwa na kwamba kilizuia kufanikisha kikamilifu shughuli zote zilizopangwa. Muhimu kati yao ni pamoja na vizuizi vya bajeti vilifanyika kwa kupunguzwa kwa bajeti; ukosefu wa sera ya kitaifa ya Azimio Mbadala la Mzozo; na ukosefu wa mwamko wa umma na kuthamini kwa muundo wa Azimio Mbadala la Mzozo.

Kwenda Mbele

Katika mwaka ujao, NCIA itajikita kimsingi katika kutekeleza maeneo muhimu kama ilivyoainishwa katika Mpango Mkakati wa NCIA baadhi ikiwa kuunda na kuchapisha Sheria zilizorekebishwa juu ya Usuluhishi na Usuluhishi; kutumia mitaala ya kuwajengea uwezo juu ya mifumo ya Azimio Mbadala la Mzozo; kuendesha vikao vya kitaifa vya washirika wa sera ya Azimio Mbadala la Mzozo; na kuendesha Mkutano wa Pili wa Kimataifa wa Azimio Mbadala la Mzozo.

Tunakiri msaada kutoka kwa Serikali ya Kenya, Mahakama ya Kenya na washirika wengine na tunatumai kuwa safari yetu ya kuelekea kusuluhisha maazimio mengine ya mizozo itaendelezwa kwa faida ya vizazi vijavyo. Kwa kweli, mafanikio yaliyoainishwa hapo juu hayangewezekana bila uvumbuzi, ujasilimali, kujitolea na kazi ngumu ya Sekretarieti. Katika suala hili, ninatoa shukrani kwa Msajili/ Mkurugenzi Mtendaji wa NCIA, Bwana Lawrence Ngugi na wafanyikazi wote kwa kazi nzuri iliyofanywa mnamo mwaka wa fedha 2018/2019 na kuthamini juhudi zao katika kuunga mkono maono ya Bodi ya Wakurugenzi. Napenda pia kuwashukuru washiriki wenzangu wa Bodi kwa msaada wao usiobadilika na kujitolea. Napenda kumkaribisha kila mjumbe wa Bodi kwa michango yao ya kibinafsi na juhudi zilizofanywa katika mwaka wa fedha 2018/2019.

Kwa kumalizia, ninataka kwa niaba ya Bodi ya Wakurugenzi, kutoa shukrani zetu kwa heshima tuliyopewa katika kuwatumikia watu wa Taifa kubwa la Kenya kwa uwezo wetu kama wajumbe wa Bodi ya Wakurugenzi. Tuna hakika kuwa NCIA, washirika wake na watu wa Kenya wataendelea kufanya kazi na sisi kwa karibu ili kutimiza maono yetu ya kuwa Kituo kikuu cha Chaguo la Azimio Mbadala la Mzozo.

Asante na Mungu akubariki.



Arthur K. Igeria
MWENYEKITI

BODI YA WAKURUGENZI, KITUA CHA NAIROBI CHA USULUHISHI WA KIMATAIFA

VI. REPORT OF THE CHIEF EXECUTIVE OFFICER



Mr. L. Muiruri Ngugi
NCIA Registrar/CEO

I am delighted at the publication of the Centre's 2018/2019 Annual Report and Financial Statements. The Centre draws its mandate and functions from the NCIA Act 2013. The Act also inform its establishment, structure and operations. The Annual Report and Financial Statements details activities, performance and interventions of the Centre during the year under review. It also looks at the achievements, challenges and options for addressing them. It also elucidates the resources, both capital and human, which were at the Centre's disposal. Further, the Annual Report and Financial Statements document the progress made by the Centre in promotion of international commercial arbitration and other alternative forms of dispute resolution.

Promotion and Administration of ADR

NCIA is the first institution of its kind in Kenya to offer institution-administered ADR process. The Centre developed and implemented a Case Management System that ensures efficiency and the provision of quality and innovative services. As the lead agency in ADR, NCIA is mandated by statute to formulate national policies, laws and plans of action on ADR and ensure their implementation. To this end, NCIA conducted a National ADR Stakeholders Forum to receive input from ADR stakeholders towards development of a National ADR Policy with an aim of harmonizing the existing legal frameworks. The National ADR Policy once complete will streamline ADR services and promote the adoption of best practices. In the FY 2018-2019, the Centre held the 1st NCIA Regional Investment Arbitration Moot Competition that drew participants from Rwanda, Tanzania, Uganda and Kenya.

Training and Quality Assurance

Training and quality assurance ensure that the Centre aids in promoting the practice of International Commercial Arbitration practice and increase confidence in ADR processes. In the FY 2018/2019, the Centre conducted training on ADR to Practitioners. In addition, accreditation was conducted to both arbitrators and mediators who sought approval to be enlisted in the NCIA Panel List of Arbitrators and the NCIA Panel List of Mediators as part of quality assurance. The Centre also created awareness on the availability and use of ADR services by developing mechanisms for public engagement, strategic county visits and through breakfast engagements with select stakeholders. With an enlightened public, the Centre envisages increased use of ADR processes.

Partnerships and Collaborations

To ensure recognition of NCIA as the preferred Centre for International Commercial Arbitration and Alternative Dispute Resolution, the Centre maintained a proactive co-operation with regional and international institutions in areas relevant to achieving its objectives. To achieve the strategy, the Centre signed Memorandum of Understanding, conducted a training on Introduction to Investment and Commercial Arbitration, held stakeholder forum and seminar on ADR and participated in various international conferences for purposes of securing technical assistance, exchange programmes, conferences and training programs for ADR practitioners and scholars. In FY 2018/2019, the Centre entered into cooperation agreement with the State Department of Public Works towards development of a detailed project design proposal for the ADR Centre for Excellence. In the period under review we also had fruitful engagements with different stakeholders including the Senate Committee on Justice and Legal Affairs and a courtesy call to the Hon. Chief Justice and President of the Supreme Court of Kenya.

Organizational Capacity Development

The Centre strengthened its human resource capacity by recruiting a Senior Case Counsel and a Case Counsel to complement the existing skilled and competent secretariat that aid the Registrar/CEO in the day to day running of activities. In order to improve staff skills and

competence, the Centre has put in place staff training and development programs. These programs enable staff to pursue both academic and professional qualifications locally and internationally. The Centre's financial mobilization was also strengthened through compliance with all statutory obligations and continuous reporting to relevant authorities. Information Communication Technology (ICT) as one of emerging trends was also strengthened with the implementation of the Microsoft Dynamics NAV 2017 Enterprise Resource Planning System.

Challenges Encountered

The Centre faced a number of challenges during the year under review that hindered it from fully achieving all planned activities. Key among them include:

- Budgetary constraints occasioned but budget cuts;
- Lack of National ADR Policy;
- Delay in getting approval for recruitment of critical staff; and
- Lack of public awareness and appreciation of structured ADR.

Way Forward

In the coming year, the Centre will focus primarily on implementing the key areas as identified in the NCIA Strategic Plan, Annual Work Plan and the Performance Contract. The Centre plans to conduct the following activities in the coming financial year:

- Publish and circulate Practice Notes;
- Develop and Publish Revised Rules on Arbitration and Mediation;
- Publish and circulate simplified user guidelines/handbook on ADR;
- Implement a capacity building curriculum on ADR mechanisms;
- Identify institutions/individuals for strategic partnership;
- Develop mentorship and exchange programmes;
- Accreditation and induction of practitioners;
- Collate and publish research findings on ADR;
- Conduct county forums and ADR open days and clinics;
- Conduct National ADR Policy stakeholder forums;
- Conduct the 2nd International ADR Conference; and
- Organize seminars, workshops and trainings programs on ADR.

While the year 2018/2019 was not without its challenges, the Management and Staff of NCIA continued to successfully implement its mandate and to advance its goals and objectives set in the NCIA Strategic Plan and approved by the Board of Directors. The Board indeed provided strategic direction, leadership and oversight to the Secretariat in the execution of the planned programmes and activities. To meet this enormous task, the Centre received grants from the Government of Kenya totalling to Kshs. 113.4 Million during the year under review.

The Secretariat will continue to ensure effective implementation of the programmes of the Centre including supporting the work of the Board of Directors and the various Board Committees. We will remain dedicated and committed to achieving the Centre's vision of being *the Premier Centre*

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of Choice for Alternative Dispute Resolution and its Mission of being recognized as a Centre for International Commercial Arbitration and Alternative Dispute Resolution through provision of quality and innovative processes.

In conclusion, I would like to appreciate the efforts made by the staff of NCIA in realizing the aforementioned achievements, without which the Centre could not have successfully fulfilled its mandate as outlined in the NCIA Act 2013. I also wish, on behalf of the Secretariat, to thank the Board of Directors for their continued support and leadership towards the accomplishment of the Centre's goals this year.

Thank you and may God abundantly bless you.



L. Muiruri Ngugi
REGISTRAR/CEO
NAIROBI CENTRE FOR INTERNATIONAL ARBITRATION

VII. RIPOTI YA AFISA MKUU MTENDAJI



Bwana L. Muiruri Ngugi
Afisa Mkuu Mtendaji

Nimefurahiya uchapishaji wa Ripoti ya Mwaka na Taarifa ya Fedha 2018/2019 ya NCIA. NCIA kinatoa jukumu na majukumu yake kutoka kwa Sheria ya NCIA 2013. Sheria hiyo pia inaarifu kuanzishwa kwake, muundo na shughuli zake. Ripoti ya Mwaka na Taarifa ya Fedha inaelezea shughuli, utendaji na uingiliaji wa NCIA katika mwaka unaochunguzwa. Pia inaangalia mafanikio, changamoto na chaguzi kwa kuzishughulikia. Pia inafafanua rasilimali ambazo zilikuwa inapatikana kwa matumizi ya NCIA. Zaidi ya hayo, Ripoti ya Mwaka na Taarifa za Fedha zinaonyesha maendeleo yaliyofanywa na NCIA katika kukuza usuluhishi wa kibiashara wa kimataifa na aina zingine za utatuzi wa mzozo.

Kukuza na Utawala wa Azimio Mbadala la Mzozo

NCIA ni taasisi ya kwanza ya aina yake nchini Kenya kutoa mchakato unaosimamiwa na Azimio Mbadala la Mzozo. NCIA ilitengeneza na kutekeleza Mfumo wa Usimamizi wa Kesi unaohakikisha ufanisi na utoaji wa huduma bora na za ubunifu. Kama kituo kinachoongoza katika Azimio Mbadala la Mzozo, NCIA imeamriwa na amri kuunda sera, sheria na mipango ya hatua ya Azimio Mbadala la Mzozo na kuhakikisha utekelezaji wake. Kufikia hii, NCIA ilifanya Mkutano wa Kitaifa wa Wadau wa Azimio Mbadala la Mzozo kupata maoni kutoka kwa wadau kuelekea kukuza sera ya kitaifa ya Azimio Mbadala la Mzozo kwa madhumuni ya kuoanisha mfumo uliopo wa sheria. Sera ya Kitaifa ya Azimio Mbadala la Mzozo itakapokamilika itaelekeza huduma za Azimio Mbadala la Mzozo na kukuza kupitishwa kwa mazoea bora. Katika mwaka wa fedha 2018-2019, NCIA ilipanga Mashindano ya Kwanza ya Uwekezaji ambayo ilivuta washiriki kutoka Rwanda, Tanzania, Uganda na Kenya.

Mafunzo na Uihakikisho wa Ubora

Mafunzo na uhakikisho wa ubora huhakikisha kuwa NCIA husaidia katika kukuza utendaji wa mazoezi ya kimataifa ya usuluhishi wa kibiashara na kuongeza ujasiri katika michakato ya Azimio Mbadala la Mzozo. Katika mwaka wa fedha 2018/2019, NCIA ilifanya mafunzo juu ya Azimio Mbadala la Mzozo kwa Watendaji. Kwa kuongezea, idhini ilifanywa kwa wasuluhishi na wapatanishi waliotafuta idhini ya kuandikishwa katika orodha ya Jopo la NCIA na Orodha ya Jopo la Wapatanishi kama sehemu ya uhakikisho wa ubora. NCIA pia iliunda uhamasishaji juu ya upatikanaji na utumiaji wa huduma za Azimio Mbadala la Mzozo kwa kutengeneza njia za ushiriki wa umma, ziara za kimkakati za kaunti na kupitia mashirikiano ya kiamsha kinywa na wadau waliochaguliwa. Pamoja na umma ulio na nuru, NCIA inatarajia kuongezeka kwa matumizi ya michakato ya Azimio Mbadala la Mzozo.

Ushirikiano

Ili kuhakikisha kutambuliwa kwa NCIA kama Kituo kinachopendekezwa cha Usuluhishi wa Kibiashara wa Kimataifa na Azimio Mbadala ya Usuluhishi, NCIA ilidumisha ushirikiano wa karibu na taasisi za kikanda na kimataifa katika maeneo husika ili kufikia malengo yake. Ili kufanikisha mkakati huo, NCIA ilisaini Mkataba wa Uelewa, ilifanya mafunzo juu ya Utangulizi wa Uwekezaji na Usuluhishi wa Biashara, ilifanyika mkutano wa wadau na semina juu ya Azimio Mbadala la Mzozo na kushiriki katika mikutano mbali mbali ya kimataifa kwa madhumuni ya kupata msaada wa kiufundi, programu za kubadilishana, mikutano na programu za mafunzo kwa watendaji na wasomi wa Azimio Mbadala la Mzozo. Mnamo mwaka wa fedha 2018/2019, NCIA iliingia makubaliano ya kushirikiana na Idara ya Kazi ya Umma ya Serikali kuelekea maendeleo ya pendekezo la muundo kamili wa mradi wa Kituo cha Azimio Mbadala la Mzozo. Katika kipindi cha ukaguzi pia tulikuwa na mazungumzo mazuri na wadau mbali mbali ikijumuisha Kamati ya Seneti ya Haki na Mambo ya Sheria na wito wa heshima kwa Mhe. Jaji Mkuu na Rais wa Mahakama Kuu ya Kenya.

Maendeleo ya Uwezo wa Asasi

NCIA iliimarisha uwezo wake wa rasilimali watu kwa kuajiri Ushauri wa Kesi ya Juu na Ushauri wa Kesi ili kujiunga na Sekretarieti iliyokuwa na ujuzi na yenye ustadi inayosaidia Msajili/Mkurugenzi Mtendaji siku zote za shughuli. Ili kuboresha ustadi wa wafanyikazi, NCIA imeweka mafunzo ya wafanyikazi na mipango ya maendeleo. Programu hizi zinawawezesha wafanyikazi kufuata sifa za kitaaluma ndani na nje. Uhamasishaji wa kifedha pia uliimarishwa kupitia kufuata majukumu yote ya kisheria na kuripoti kuendelea kwa mamlaka husika. Teknolojia ya Mawasiliano ya Habari kama moja ya mwelekeo unaoibuka pia imeimarishwa na utekelezaji wa Mfumo wa Mpangilio wa Rasilimali za Microsoft Dynamics NAV 2017.

Changamoto

NCIA ilikabiliwa na changamoto kadhaa katika mwaka uliopitiwa na kwamba kilizuia kufanikisha kikamilifu shughuli zote zilizopangwa. Muhimu kati yao ni pamoja na:

- Vizuizi vya bajeti vilifanyika kwa kupunguzwa kwa bajeti;
- Ukosefu wa sera ya kitaifa ya Azimio Mbadala la Mzozo;
- Kuchelewesha kupata idhini ya kuajiri wafanyikazi muhimu; na
- Ukosefu wa mwamko wa umma na kuthamini kwa muundo wa Azimio Mbadala la Mzozo.

Kwenda Mbele

Katika mwaka ujao, NCIA itajikita kimsingi katika kutekeleza maeneo muhimu kama ilivyoainishwa katika Mpango Mkakati wa NCIA, Mpango wa Kazi wa Mwaka na Mkataba wa Utendaji. NCIA inapanga kufanya shughuli zifuatazo katika mwaka ujao wa fedha:

- Chapisha na usambaze Vidokezo vya mazoezi;
- Kuunda na kuchapisha Sheria zilizorekebisha juu ya Usuluhishi na Usuluhishi;
- Kuchapisha na kusambaza miongozo rahisi ya watumiaji / kitabu kwa Azimio Mbadala la Mzozo;
- Kutumia mitaala ya kuwajengea uwezo juu ya mifumo ya Azimio Mbadala la Mzozo;
- Tambua taasisi/watu binafsi kwa ushirikiano wa kimkakati;
- Kuendeleza mipango ya uhamasishaji na kubadilishana;
- Udhhibitishaji na ushawishi wa watendaji;
- Kukusanya na kuchapisha matokeo ya utafiti kwenye Azimio Mbadala la Mzozo;
- Kufanya vikao vya kaunti na siku za kliniki za Azimio Mbadala la Mzozo na zahanati;
- Kuendesha vikao vya kitaifa vya washirika wa sera ya Azimio Mbadala la Mzozo;
- Kuendesha Mkutano wa Pili wa Kimataifa wa Azimio Mbadala la Mzozo; na
- Panga semina na programu za mafunzo kwenye Azimio Mbadala la Mzozo.

Wakati mwaka wa fedha 2018/2019 haukuwa bila changamoto zake, Usimamizi na Wafanyikazi wa NCIA waliendelea kutekeleza vyema majukumu yake na kuendeleza malengo yaliyowekwa katika Mpango Mkakati wa NCIA na kupitishwa na Bodi ya Wakurugenzi. Kwa kweli Bodi ilitoa mwelekeo mkakati, uongozi na usimamizi wa Sekretarieti katika utekelezaji wa mipango na

shughuli zilizopangwa. Ili kufikia kazi hii kubwa, NCIA ilipokea ruzuku kutoka Serikali ya Kenya jumla ya shilingi ya Kenya milioni 113.4 katika mwaka unaopitiwa.

Sekretarieti itaendelea kuhakikisha utekelezaji mzuri wa mipango ya NCIA ikiwa ni pamoja na kusaidia kazi ya Bodi ya Wakurugenzi na Kamati za Bodi mbali mbali. Tutabaki kujitolea kufanikisha maono ya NCIA kuwa Kituo cha Chaguo cha Kusuluhisha Mzozo Mbadala na dhamira yake ya kutambuliwa kama Kituo cha Usuluhishi wa Kibiashara cha Kimataifa na Azimio Mbadala la Usumbufu kupitia utoaji wa michakato bora na ya ubunifu.

Kwa kumalizia, ningependa kuthamini juhudi zilizofanywa na wafanyikazi wa NCIA katika kufanikisha malengo yaliyotajwa hapo awali, bila ambayo NCIA hingeweza kufanikisha vizuri majukumu yake kama ilivyoainishwa katika Sheria ya NCIA 2013. Ninatamani pia, kwa niaba ya Sekretarieti, kuishukuru Bodi ya Wakurugenzi kwa msaada wao unaoendelea na uongozi kuelekea kutimiza malengo ya Kituo hiki mwaka huu.

Asante na Mungu akubariki sana.



L. Muiruri Ngugi
MSAJILI/AFISA MKUU MTENDAJI
KITUO CHA NAIROBI CHA USULUHISHI WA KIMATAIFA

VIII. CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensuring that the Centre's obligations, roles and responsibilities to its various stakeholders are fulfilled through its corporate governance practices. The Members and the Management undertake to perform their duties with impartiality, honesty, transparency and accountability, professionalism, integrity, care and due diligence and to act in good faith to the best interests of the public. The Board is committed to ensuring that the Centre complies with all applicable laws and statutes.

The NCIA Board

The NCIA Board is established under Section 6 of the NCIA Act No. 26 of 2013 and comprises of a non-executive Chairperson appointed by the President on the recommendation of the Cabinet Secretary; the Attorney General or his representative; the Principal Secretary in the ministry for the time being responsible for matters relating to justice or his representative; the Chief Registrar of the High Court or his representative; five members, not being public officers nominated by domestic arbitration bodies within the East African region, appointed by the Cabinet Secretary; One person nominated by each of the following bodies: Kenya National Chamber of Commerce & Industry, Law Society of Kenya, Kenya Private Sector Alliance and the Chartered Institute of Arbitrations. The Registrar/ CEO is an ex-officio Member and Secretary of the Board.

The Role of the Board

The Board Members are responsible for the overall management of the Centre. In addition, the Members are responsible for drawing up strategies for the long-term success of the Centre as well as carrying out the fiduciary duty of monitoring and overseeing the activities of the Management. To actualize the aforementioned, the Board Members meet regularly to make determinations/decisions. The Board provides the Strategic direction of the Centre and overseeing the Centre's compliance with statutory and regulatory obligations. The Chairperson is primarily responsible for providing leadership to the Board including Chairing of Board meetings. The Chairperson also ensures that the Board is supplied with timely and sufficient information to enable it to discharge its duties effectively. The Registrar/Chief Executive Officer is the Board Secretary.

Board Charter

The Board Charter is a commitment by the Directors to discharge the Mandate of the Centre. It outlines the rules that guide them and does not in any way purport to replace or supersede any laws and regulations that guide the operations of the Centre.

Committees of the Board

The Board has four (4) standing Committees established with formal written terms of reference and which observe the same rules of conduct and procedure as the full Board. These Committees are as follows:

1. Training and Communication Committee

The Committee’s responsibilities are as follows:

- Advice the Board on the Centre’s proposal for strategies on corporate marketing, communication and capacity development.
- Review the Centre’s proposal for corporate image building and branding and make recommendations to the Board as necessary.
- Review the Centre’s proposal for collaboration and cooperation frameworks and make recommendations to the Board as necessary.
- Advice the Board on resource mobilization strategies for funded projects and programmes for marketing and capacity development.
- Advice the Board on the Centre’s proposal for training policy, recognition and accreditation of training programs and service providers.
- Advice the Board on the Centre’s proposal for communication policy, protocols and guidelines on handling client information and feedback and complaints mechanism.
- Review the Annual work plans and performance of the Business Development Department make appropriate recommendations to the Board and ensure action points identified are implemented.
- Establish the content and process for the development of the five-year Strategic Plan providing for the full participation of members of the Board.
- Report to the Board on a regular basis on the committee’s activities.
- Perform any such other function as the Board may from time to time assign to the Committee.

The membership of the Committee in 2018/2019 was as follows:

S/No.	Director	Designation
1.	Jacqueline Oyuyo Githinji	Chairperson
2.	Pauline Mcharo	Member
3.	Peter Kihara Njuguna	Member
4.	James Muruthi Kihara	Member
5.	Lawrence Waigi Kamau	Member
6.	Millicent Shitakha	Secretary

2. Legislative Review and Accreditation Committee

The Committee's responsibilities are as follows:

- Review rules, procedures and guidelines for conduct of Alternative Dispute Resolution processes under the auspices of the Centre and make recommendations to the Board as necessary.
- Advise and recommend strategies to the Board to ensure Alternative Dispute Resolution processes adopted by the Centre are responsive to global trends and developments.
- Review criteria and procedure for accreditation and removal of practitioners listed on the Centre's panel and make recommendations to the Board as necessary.
- Exercise general oversight on processes for accreditation and removal of practitioners listed on the Centre's panel and recommend to the Board a framework for monitoring and evaluation.
- Review and advise the Board on the Centre's proposal for recognition of institutions for purposes of equivalence accreditation of practitioners to the Centre's list.
- Review standards and code of Conduct for practitioners appointed to undertake the role of neutrals or representatives of parties in disputes referred for resolution under the rules of the Centre and make recommendations to the Board as necessary.
- Review and advise the Board on proposals for formulation, implementation, and enforcement, continuous review of a National Policy, laws and plans of action on Alternative Dispute Resolution.
- Review the Annual work plans and performance of the Case Management Department make appropriate recommendations to the Board and ensure action points identified are implemented.
- Report to the Board on a regular basis on the committee's activities.
- Perform any such other function as the Board may from time to time assign to the Committee.

The membership of the Committee in 2018/2019 was as follows:

S/No.	Director	Designation
1.	John Ohaga	Chairperson
2.	Jimmy Mwanja	Member
3.	Collins Namachanja	Member
4.	Judy Omange	Member
5.	Lawrence Waigi Kamau	Member
6.	Alex Mwaniki	Secretary

3. Finance and Administration Committee

The Committee's responsibilities are as follows:

- Review the Centre's proposal for Annual Estimates of revenue and expenditure and make recommendations to the Board.
- Review the Annual Financial Statements for the Centre and make recommendations to the Board as necessary.
- Review on a quarterly basis the period management accounts of the Centre and make any necessary recommendations to Board.
- Ensure that the books and records of accounts and income of the Centre are maintained, and the expenditure and assets of the Centre are prudently managed and properly recorded.
- Review and advise the Board on the Annual plans for procurement of goods, works and services and disposal of assets by the Centre in accordance with the Public Procurement and Disposal laws and regulations.
- Advise the Board in relation to the Centre's policies, procedures, guidelines, manuals and other process for internal management of affairs and staff of the Centre.
- Advise the Board in relation to Board affairs and welfare.
- Review the Annual work plans and performance of the Corporate Support Services Department make appropriate recommendations to the Board and ensure action points identified are implemented.
- Liaise with other Committees of Board as may be required and where appropriate advise Board, the Audit, Risk and Governance Committee and other Committees of the Centre as appropriate.
- Report to the Board on a regular basis on the committee's activities.
- Perform any such other function as the Board may from time to time assign to the Committee.

The membership of the Committee in 2018/2019 was as follows:

S/No.	Director	Designation
1.	Pauline Mcharo	Chairperson
2.	Jimmy Muyanja	Member
3.	Peter Kihara Njuguna	Member
4.	Judy Omange	Member
5.	James Muruthi Kihara	Member
6.	Victor A. O. Ogunyo	Secretary

4. Audit, Risk and Governance Committee

The Committee's responsibilities are as follows:

- Evaluate adequacy of management procedures regarding issues relating to risk management, control and governance and advise the Board as necessary.
- Review the internal and external audit findings and recommendations including Public Accounts and Public Investment Committee' recommendations and propose corrective and preventive action where necessary.
- Review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans, code of conduct and ethics and advise the Board as necessary.
- Initiate special audit or investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Chief Executive Officer.
- Review the Annual work plans and performance of the Internal Audit Unit make appropriate recommendations to the Board and ensure action points identified are implemented.
- Liaise with other Committees of Board as may be required and where appropriate advise the Board and other Committees of the Centre as appropriate.
- Report to the Board on a regular basis on the committee's activities.
- Perform any such other function as the Board may from time to time assign to the Committee.

The membership of the Committee in 2018/2019 was as follows:

S/No.	Director	Designation
1.	Collins Namachanja	Chairperson
2.	John Ohaga	Member
3.	Jacqueline Oyuyo Githinji	Member
4.	Lawrence Kamau	Member
5.	Dennis Macharia Karanja	Secretary

Board/Board Committee Meetings

During the year 2018/2019 the Board held six (6) regular meetings and two (2) special meetings. There were other meetings during the year as need arose. These included meetings where members were engaged with various stakeholders including the State Law Office, the National Treasury and Planning, the Ministry of Trade, Industry and Cooperatives, the Law Society of Kenya, the Judiciary of Kenya, the Office of the Honourable Chief Justice and President of the Supreme Court of Kenya, the Senate Committee on Justice and Legal Affairs, the National Land Commission and the Chartered Institute of Arbitrators among others.

The summary of number of Board and Board Committee meetings held is presented below:

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No.	Board / Board Committee	No. of Meetings Held
1.	Regular Board Meeting	6
2.	Special Board Meeting	2
3.	Training and Communication Committee	4
4.	Audit, Risk and Governance Committee	5
5.	Finance and Administration Committee	11
6.	Legislative Review and Accreditation Committee	5

The summary of attendance of Board and Board Committee meetings by members is presented below:

No.	Name of Board Member	No. of Board Meetings Attended	No. of Committee Meetings Attended	Total No. of Meetings Attended
1.	Mr. Arthur Igeria	7	-	7
2.	Mr. John Ohaga	7	7	14
3.	Ms. Pauline Mcharo	4	7	11
4.	Ms. Jacqueline Oyuyo	7	8	15
5.	Mr. Collins Namachanja	6	8	14
6.	Ms. Judy Omange	5	7	12
7.	Mr. Lawrence Kamau	7	11	18
8.	Mr. Peter Kihara	4	14	18
9.	Mr. Jimmy Muyanja	7	13	20
10.	Mr. James Kihara	4	8	12
11.	Mr. Peter Mwangi	5	1	6

Board Training

During the year 2018/2019 Board Induction was conducted by State Corporation Advisory Board in Naivasha and two (2) board members namely Mr. James Kihara and Mr. Lawrence Waigi attended. Two (2) other trainings were conducted in the course of the year where board members were in attendance as follows:

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S. No.	Training	Facilitator	Board Members in attendance
1.	Finance for Non-finance Directors	ICPAK	1. Mr. Jimmy Muyanja 2. Ms. Pauline Mcharo 3. Mr. Peter Njuguna Kihara
2.	ICT Governance and ISMS Sensitization Training	Sentinel Africa	1. Mr. Peter Njuguna Kihara 2. Ms. Pauline Mcharo

Board Performance Results

In the year under review, performance of the board was measured by officers drawn from State Corporation Advisory Board. Results of the exercise gave the Board a score of Good.

Conflict of Interest

During the year ended 30th June 2019 there was no conflict of interest reported by members of the board in the conduct of their functions. As required, before commencement of each meeting held, every board member was given an opportunity to declare any conflict of interest in the matters for consideration.

Remuneration

Payment of Honoraria and allowances to the Chairperson and other allowances to the other members of the Board were made in accordance with Guidelines on Terms and Conditions of Service for State Corporations' Chief Executive Officers, Chairmen and Board Members, Management Staff and Unionisable Staff. The total expenses incurred in relation to Board activities was Kshs. 9,050,962.

Removal from Office

Section 2 of the Schedule to the NCIA Act 2013 provides for the instances in which a board member, other than an ex-official member would leave office. These instances include the following:

- a) at any time resign from office by notice in writing to the Cabinet Secretary;
- b) be removed from office by the Cabinet Secretary on recommendation of the Board if the member –
 - i. has been absent from three consecutive meetings of the Board without its permission;
 - ii. is adjudged bankrupt or enters into a composition or scheme of arrangement with his creditors;
 - iii. is convicted of a corruption or economic crime or other criminal offence involving dishonesty, fraud or moral turpitude or any other criminal offence under any law punishable with imprisonment that amounts to a felony under the Laws of Kenya;

- iv. is of unsound mind or is incapacitated by prolonged physical or mental illness for a period exceeding six months; or
- v. is otherwise unable or unfit to discharge his functions.

IX. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

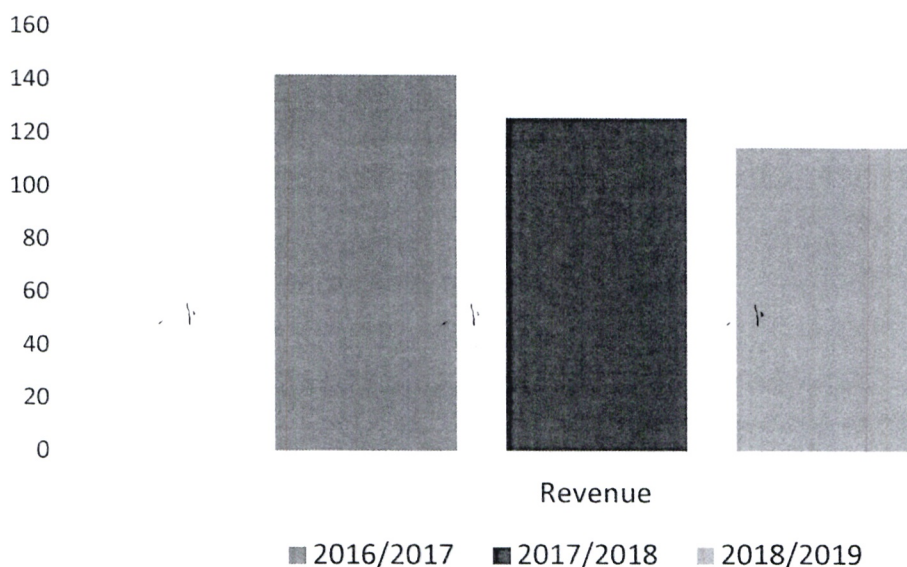
The Centre's Operational and Financial Performance

The Centre is implementing its 5-year Strategic Plan (2017-2022) whose pillars are: Promotion and Administration of ADR; Training and Quality assurance; Partnerships and Collaboration; and Organizational Capacity Development. In 2018/2019 the Centre implemented the following key activities:

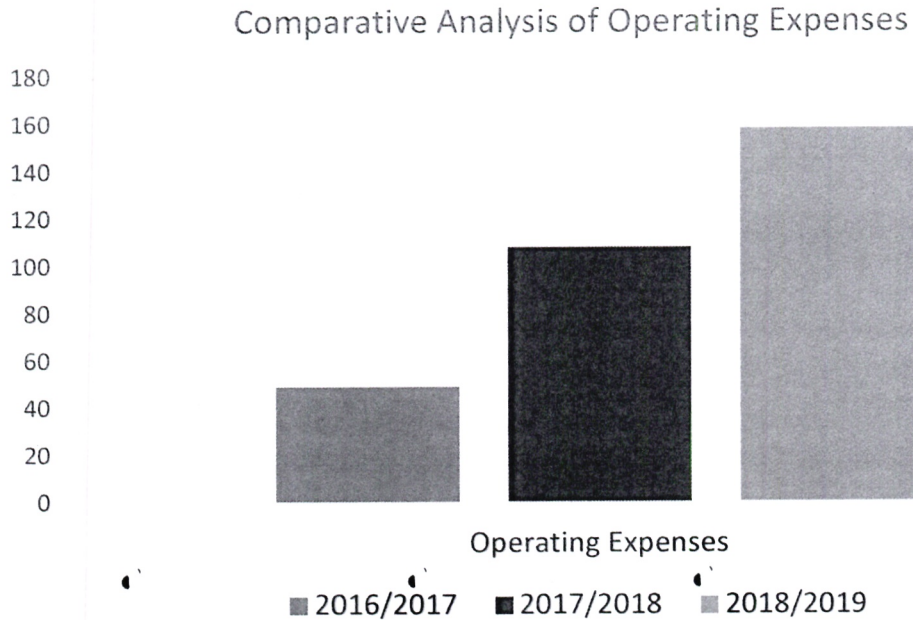
- Recruitment of Senior Case Counsel and Case Counsel to address the challenge of understaffing in the Case Management Department.
- Implemented the use of the Case Management System ensuring an efficient and cost-effective administration of dispute settlement processes.
- Registered eight (8) new disputes for administration in accordance with the NCIA Arbitration Rules 2015.
- Continued to administer thirteen (13) ongoing disputes registered for administration in accordance with the NCIA Arbitration Rules 2015.
- Developed, published and publicised Practice Notes.
- Held five (5) sectoral breakfast meetings with government institutions on mandate of the Centre.
- Developed draft Policy Memorandum, Stakeholder Mapping Template and National ADR Policy and Draft Bill Strategy Roadmap.
- Organized and held the 1st National ADR Policy Stakeholder Forum to discussion and define the roadmap for the proposed National ADR Policy.
- Published two (2) research papers on Alternative Dispute Resolution emerging areas and trends.
- Conducted the 1st NCIA Regional Investment Arbitration Moot Competition with participants drawn from Rwanda, Tanzania, Uganda and Kenya.
- Developed the Mediation Curriculum for training and capacity of practitioners and other users of ADR mechanisms.
- Developed Codes and Standards of Practice, User Manuals and Practice Notes for an efficient and cost-effective administration of dispute settlement processes.
- Participated in ADR stakeholder related events including discussions on formulation of the National Alternative Dispute Resolution Policy, local,

- regional and international conferences in ADR in Kuala Lumpur Malaysia, Addis Ababa Ethiopia and Sydney Australia.
- Entered into cooperative agreement with the State Department of Public Works towards development of a detailed project design proposal for the ADR Centre of Excellence.
- Held discussions on services offered by the Centre with North Rift Counties that included Trans Nzoia County, Bungoma County, Uasin Gishu County and Baringo County.
- Exhibited our services during the Legal Awareness Week (14th 28th September 2018), CiArb International Conference (8th-9th November 2018) and 6th Annual Devolution Conference (4th-8th March 2019).
- Recruited six (6) interns and placed seven (7) students from universities on industrial attachment.
- Carried out Corruption Risk Assessment in the areas of Information Communication Technology, Payroll Management, Procurement and Financial Management and implemented risk mitigation plan to address the risks identified.
- Comparative analysis of revenue received in the last three (3) years is as indicated in the graph below. In **2016/2017** revenue was Ksh.**142,369,963**, in **2017/2018** revenue was Ksh.**126,623,507** and in **2018/2019** revenue was Kshs. **115,707,692**.

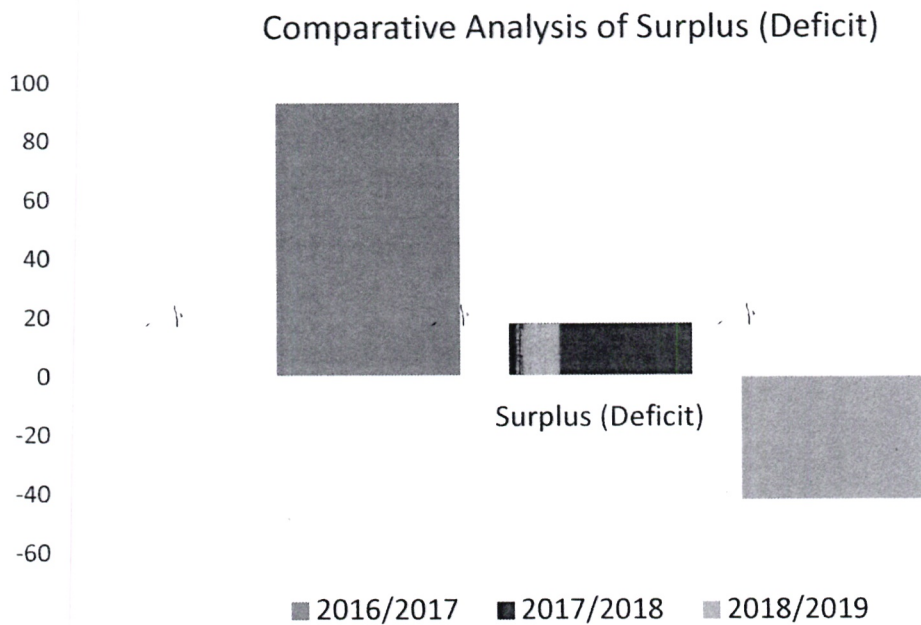
Comparative Analysis of Revenue



- Comparative analysis of operating expenses in the last three (3) years is as indicated in the graph below. In **2016/2017** operating expenses was Ksh.**49,285,260**, in **2017/2018** operating expenses was Ksh.**108,213,323** and in **2018/2019** operating expenses was Kshs. **141,935,088**



- Comparative analysis of surplus (deficit) in the last three (3) years is as indicated in the graph below. In **2016/2017** surplus was Ksh.**93,084,703**, in **2017/2018** surplus was Ksh.**18,410,184** and in **2018/2019** deficit was Ksh. **(26,216,283)**.



SECTION B

Centre's Compliance with Statutory Requirements

The Centre has entered registration for PAYE, Withholding Tax obligations with remittance made vide the i-tax portal.

There is no exposure to litigation recorded for the year under review.

SECTION C

Key Projects and Investment decisions NCIA is planning/implementing

The Centre is implementing its Strategic Plan and programmes are implemented in accordance with Annual Work Plans and Budgets drawn from the plan. Key projects are geared towards facilitating delivery of the Centre's mandate of providing efficient and affordable hearing facilities for disputants in line with the National Government strategic objectives and policies as outlined in the Medium-Term Plan III of the Vision 2030 and aligned to the President's Big Four Agenda. Other planned activities for implementation include:

- Improve professional competence and capacity of NCIA staff through training and development in Arbitration and Mediation Courses;
- Disseminate and create awareness on NCIA institutional Rules on Arbitration and Mediation;
- Develop Curricula for ADR Course Development programs to enhance capacity in international commercial arbitration and investment dispute settlement;
- Coordinate formulation of a National ADR Policy and Action Plan;
- Organize the 2nd International NCIA Arbitration Conference;
- Coordinate review and harmonization of legislation on Arbitration and other ADR mechanisms;
- Develop Strategic Partnerships by identifying thematic areas for collaboration; and
- Identify key regional and global strategic partnerships and negotiation of appropriate memoranda of understanding.

SECTION D

Major Risks facing NCIA

The key risks facing the Centre include:

i. Operational Risks

- Overdependence on funding from the National Treasury and Planning.
- Inadequate human resource capacity to facilitate the provision of efficient and effective services.
- Inadequate Infrastructural capacity for conduct of ADR Services.

ii. Market Risks;

- Low awareness and uptake of Alternative Dispute Resolution services.
- Competition from established centres and institutions.
- Negative perception of lack of neutrality.

SECTION E

Material Arrears in Statutory/Financial Obligations

The centre does not have loan default, tax default, outstanding staff and pension obligations/actuarial deficit on pension schemes, non-payment of dividends and loan redemption to the National Exchequer.

An amount of Kshs. 14,142,955 payable for partitioning and refurbishment of the 7th and 8th floor of NCIA Offices and Kshs. 4,600,000 payable for supply, installation, training and commissioning of an ERP System remain payable to respective contractors.

SECTION F

The Centre's Financial Probity and Serious Governance Issues

There is no financial improbity reported by the Internal Audit Unit, The Board Audit Risk and Governance Committee, External auditors, or other National Government Agencies providing oversight.

There are no governance issues among Board Members and Management including conflict of interest. The Conflict of Interest Register is maintained to record all declared conflicts of interest among Board Members and Staff.

SECTION G

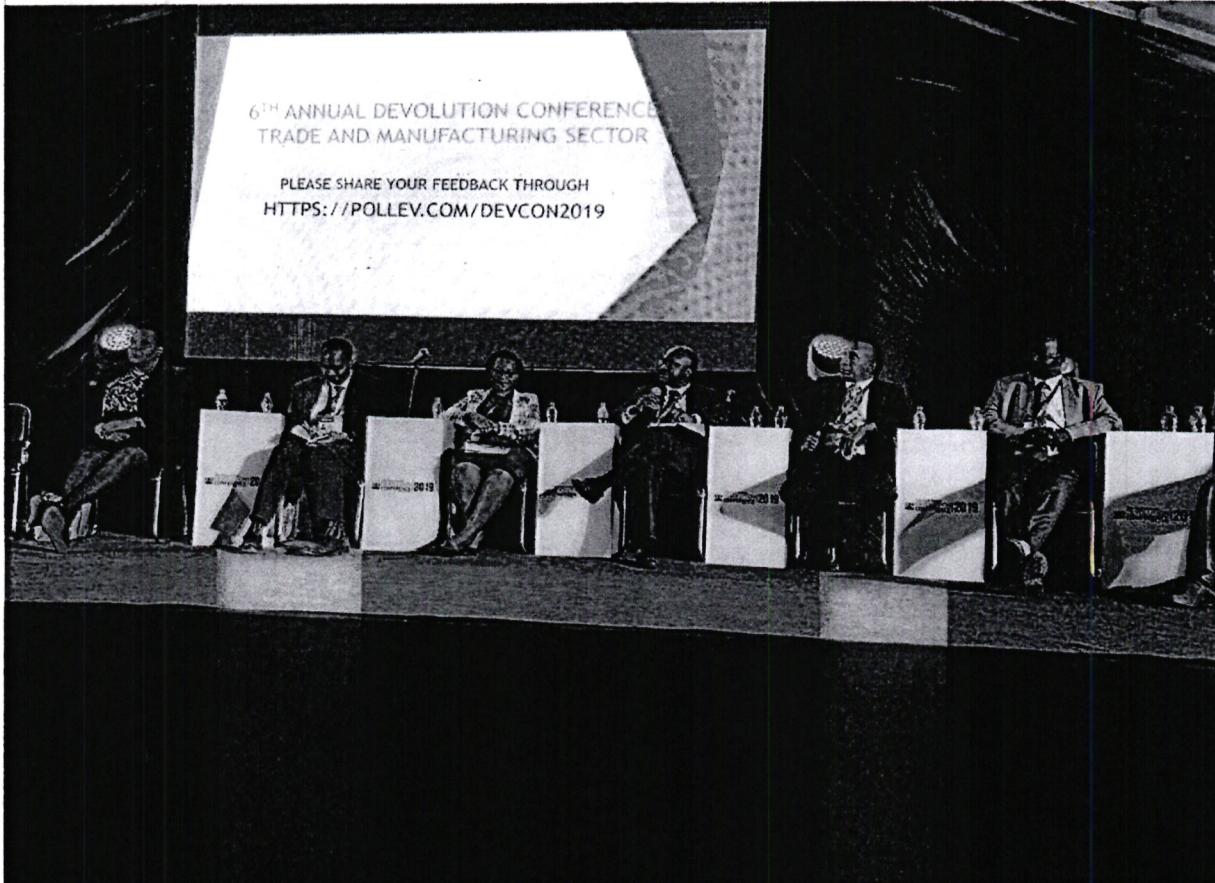
Pictorial – 1



NCIA Board of Directors led by the Chairperson Mr. Arthur Igeria having discussions with the Chief Justice of the Republic of Kenya and President of the Supreme Court, Hon. David Magara.

SECTION G - cont.

Pictorial – 2



Panel discussion with representation by NCIA Registrar/CEO Mr. L. Muiruri Ngugi during the 6th Annual Devolution Conference held in Kirinyaga County between 4th and 8th March 2019.

The session was on *'Enablers in achieving the manufacturing agenda*. During the discussions Mr. L. Muiruri Ngugi addressed the question of *'How can use of Alternative Dispute Resolution mechanisms strengthen the trade and manufacturing sector?'*

SECTION G - cont.

Pictorial – 3



The Solicitor General of the Republic of Kenya Hon. Kennedy Ogeto giving his opening remarks during the breakfast forum held with counsel from the Office of Attorney General and Department of Justice to sensitize them on inclusion of Nairobi Centre for International Arbitration (NCIA) Arbitration Clause in government contracts.

SECTION G - cont.

Pictorial – 4



Group discussion by stakeholders during the 1st National Alternative Dispute Resolution (ADR) Stakeholders Forum held on 25th April 2019 discussing policy issues and structure of the draft bill.

SECTION G - cont.

Pictorial – 5



Prof. Githu Muigai, former Attorney General of the Republic of Kenya giving the Keynote address at the finals of the 1st NCIA Regional Investment Arbitration Moot Competition held at the Kenya School of Law in Nairobi on 31st May 2019. Participants were drawn from Universities in Rwanda, Tanzania, Uganda and Kenya.

SECTION G - cont.

Pictorial – 6



Participants and judges during the finals of the 1st NCIA Regional Investment Arbitration Moot Competition held at the Kenya School of Law in Nairobi on 31st May 2019. The moot competition was held with preliminary rounds in Kigali Rwanda on 15th May 2019, in Dar es Salaam Tanzania on 17th May 2019, in Nairobi Kenya on 21st May 2019 and in Kampala Uganda on 25th May 2019.

The winners of the 1st NCIA Regional Investment Arbitration Moot Competition were students from Moi University and the runners up were students from Uganda Christian University. Other participating universities were University of Rwanda, Kigali Independent University, Independent Institute of Lay Adventists of Kigali, INES-Ruhengeri Institute of Applied Sciences, University of Kigali, University of Dar es Salaam, Mzumbe University, Open University of Tanzania, Kabarak University, Kenyatta University, Africa Nazarene University, Egerton University, Riara University, Jomo Kenyatta University of Agriculture and Technology, Makerere University, Islamic University in Uganda, Kampala International University and Cavendish University

SECTION G - cont.

Pictorial – 7



NCIA Staff and Board Members during the annual team building held in Kisumu.

X. CORPORATE SOCIAL RESPONSIBILITY STATEMENT AND SUSTAINABILITY REPORTING

Nairobi Centre for International Arbitration (NCIA) recognizes its obligations to act responsibly, ethically and with integrity in its interactions with all stakeholders be they employees, customers, suppliers, neighbours and the environment as a whole. The Centre's Corporate Social Responsibility areas of focus include promotion of alternative dispute resolution, promotion of education, protection of the environment and promotion of gender equity and inclusiveness.

To this end:

1. The Centre has in place policies that clarify its commitment to negating its impact on the environment;
2. The Centre carried out regular risk assessments to guarantee the wellbeing of employees, clients and visitors, in accordance with Occupational Health and Safety regulations;
3. The Centre actively manages its reputation, and drives best practice, through the application of prudent public procurement practices as outlined in the Public Procurement and Asset Disposal Act 2015;
4. The Centre is an Equal Opportunities Employer which promotes diversity and does not differentiate on grounds of gender, ethnicity, religion, race, or physical ability;
5. The Centre actively contributes to social and environmental initiatives in the Republic of Kenya through donation of time and funds; and
6. The Centre commits to being open and transparent in the interest of promoting best practice.

It is important to our employees to work for a socially responsible organization and our approach therefore reflects our people. We recognize that our activities as a Centre have an impact on our communities and the general public. We are committed to not only managing that impact but also using the public resources and donor funds we have been entrusted with in making a real and sustainable difference.

To this end:

1. The Centre is actively involved in supporting and developing the local community to make a lasting positive impact;
2. The Centre works hard to ensure that the negative impact our work has on the environment is minimized; and
3. The Centre provides the tools to enable employee growth and fulfilment for individuals and for the Centre to work together to make a difference as a team.

XI. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the centre's affairs.

Principal activities

The principal activities of the entity are to:

- (a) promote, facilitate and encourage the conduct of international commercial arbitration in accordance with this Act;
- (b) administer domestic and international arbitrations as well as alternative dispute resolution techniques under its auspices;
- (c) ensure that arbitration is reserved as the dispute ' resolution process of choice;
- (d) develop rules encompassing conciliation and mediation processes;
- (e) organize international conferences, seminars and training programs for arbitrators and scholars;
- (f) coordinate and facilitate, in collaboration with other lead agencies and non-State actors, the formulation of national policies, laws and plans of action on alternative dispute resolution and facilitate their implementation, enforcement, continuous review, monitoring and evaluation;
- (g) maintain proactive co-operation with other regional and international institutions in areas relevant to achieving the Centre's objectives;
- (h) in collaboration with other public and private agencies, facilitate, conduct, promote and coordinate research and dissemination of findings on data on arbitration and serve as repository of such data;
- (i) establish a comprehensive library specializing in arbitration and alternative dispute resolution;
- (j) provide ad hoc arbitration by facilitating the parties with necessary technical and administrative assistance at the behest of the parties;
- (k) provide advice and assistance for the enforcement and translation of arbitral awards;
- (l) provide procedural and technical advice to disputants;
- (m) provide training and accreditation for mediators and arbitrators;
- (n) educate the public on arbitration as well as other alternative dispute resolution mechanisms;
- (o) enter into strategic agreements with other regional and international bodies for purposes of securing technical assistance to enable the Centre achieve its objectives;
- (p) provide facilities for hearing, transcription and other technological services; and
- (q) manage and apply the Fund In accordance with the provisions of this Act; and perform such other functions as may be conferred on it by this Act or any other written law.

Results

**Nairobi Centre for International Arbitration
Annual Reports and Financial Statements
or the year ended June 30, 2019**

The results of the Centre for the year ended June 30, 2019 are set out on pages 61 to 85.

Directors

The members of the Board of Directors who served during the year are shown on pages 14 to 19. During the year, Dr. Eve Hawa Sinare resigned from the Board with effect from 1st July 2018 and Mr. James Muruthi Kihara joined the Board on 26th October 2018.

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 centum of its surplus funds reported in the audited financial statements after the end of each financial year. NCIA is a service institution that relies substantially on National Government grants appropriated by the National Parliament.

There was no surplus during the financial year 2018/2019. The deficit reported for the period under review was Kshs. 42,974,887.

Auditors

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

By Order of the Board



**L. Muiruri Ngugi
Board Secretary
NAIROBI CENTRE FOR INTERNATIONAL ARBITRATION**

Date: 10/03/2020

XII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 (1) of the Public Finance Management (PFM) Act, 2012, Section 14 of the State Corporations Act, 2015, and the Nairobi Centre for International Arbitration (NCIA) Act, 2013 require the Directors to prepare financial statements which give a true and fair view of the state of affairs of the Centre) at the end of the financial year and the operating results of the Centre for that year. The Directors are also required to ensure that the Centre keeps proper accounting records which disclose with reasonable accuracy the financial position of the Centre. The Directors are also responsible for safeguarding the assets of the centre. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

The Directors are responsible for the preparation and presentation of the Centre's financial statements, which give a true and fair view of the state of affairs of the Centre for and as at the end of the financial year ended on June 30, 2019. 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 centre;
- (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 Centre;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Centre's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the NCIA Act No. 26 of 2013. The Directors are of the opinion that the Centre's financial statements give a true and fair view of the state of the Centre's transactions during the financial year ended June 30, 2019, and of the centre's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Centre, which have been relied upon in the preparation of the Centre's financial statements as well as the adequacy of the systems of internal financial control.

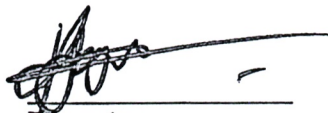
The Directors confirm that the Centre has complied fully with applicable Government of Kenya Regulations and the terms of external financing covenants (where applicable), and that the Centre's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Nothing has come to the attention of the Directors to indicate that the Centre will not remain a going concern for at least the next twelve months from the date of this statement.

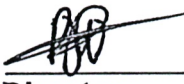
Nairobi Centre for International Arbitration
Annual Reports and Financial Statements
For the year ended June 30, 2019

Approval of the financial statements

The Nairobi Centre for International Arbitration (NCIA) financial statements were approved by the Board on 26 September 2019 and signed on its behalf by:


Director


Director


Director

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NAIROBI CENTRE FOR INTERNATIONAL ARBITRATION FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Nairobi Centre for International Arbitration set out on pages 62 to 84, which comprise the statement of financial position as at 30 June, 2019, 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 Nairobi Centre for International Arbitration as at 30 June, 2019, 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 Nairobi Centre for International Arbitration Act, 2013, 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 Nairobi Centre for International Arbitration 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. I have determined that there are no key audit matters to communicate in my report.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual revenue on comparable basis of Kshs.195,904,845 and Kshs.115,718,805 respectively, resulting to an under-funding of Kshs.80,186,040 or 41% of the budget. Similarly, the Centre expended Kshs.142,992,654 against an approved budget of Kshs.195,904,845 resulting to an under-expenditure of Kshs.52,912,191 or 27% of the budget. The underfunding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 those Charged with Governance

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control 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 control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the set policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern 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 ability to continue as a going concern or 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 Centre to cease to continue as a going concern or 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 Centre 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 control 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

05 July, 2021

XIV. STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30TH JUNE 2019


	Notes	2018-2019	2017-2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	6	113,415,400	122,700,000
Public contributions and donations	7	713,790	1,200,000
		114,129,190	123,900,000
Revenue from exchange transactions			
Rendering of services	8	1,300,952	2,720,507
Other Income	9	277,550	3,000
Total revenue		115,707,692	126,623,507
Expenses			
Employee costs	10	62,169,628	49,699,968
Remuneration of directors	11	9,050,962	7,132,854
Depreciation and amortization expense	12	10,531,620	7,398,873
Repairs and maintenance	13	2,147,973	1,075,167
Contracted Services	14	3,189,579	947,184
General expenses	15	54,845,326	41,959,282
		0	
Total expenses		141,935,088	108,213,323
Other Gains/Losses			
Gain on foreign exchange transactions		11,113	0
Surplus/(deficit) for the period/year		(26,216,283)	18,410,184


The notes set out on pages 69 to 87 form an integral part of these Financial Statements

XV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	16	61,929,267	77,322,850
Receivables from exchange transactions		0	0
Prepayments	17	5,070,987	6,102,543
Total Current Assets		67,000,254	83,425,393
Non-Current Assets			
Property, plant and equipment	18	47,249,518	56,723,571
Total Assets		114,249,772	140,148,964
Liabilities			
Current Liabilities			
Refundable deposits from customers	19	2,705,585	2,388,495
Total liabilities		2,705,585	2,388,495
Net Assets		111,544,186	137,760,469
Capital Fund		26,265,582	26,265,582
Accumulated surplus		85,278,604	111,494,887
Total Net Assets and Liabilities		111,544,186	137,760,469

The Financial Statements set out on pages 69 to 87 were signed on behalf of the Board of Directors by:


 L. Muiruri Ngugi
 Registrar/CEO


 Victor A. O. Ogunyo
 Manager, CSS
 ICPAK No.: 10364


 Arthur K. Igeria
 Board Chairperson

Date: 10/3/2020

Date: 10-03-2020

Date: 10-3-2020

XVI. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated surplus	Capital Fund	Total
		Kshs	Kshs
At July 1, 2017	93,084,703	26,265,582	119,350,285
Increase/(Decrease)in Surplus for the year	18,410,184	-	18,410,184
Increase/(Decrease) in Capital fund	-	-	-
At June 30, 2018	111,494,887	26,265,582	137,760,469
At July 1, 2018	111,494,887	26,265,582	137,760,469
Increase/(Decrease)in Surplus for the year	(26,216,283)	-	(42,974,689)
Increase/(Decrease) in Capital fund	-	-	-
At June 30, 2019	85,278,604	26,265,582	94,785,780

- The Capital Fund is composed of KES 26,265,582 relating to assets bought on behalf of the Centre by OAG/ DOJ at inception.
- The accumulated surplus are composed of Surplus reported for the period ended 30th June 2018 of Kshs. 18,410,184 and deficit reported for the period ended 30th June 2019 of Kshs.26,216,283.

XVII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		2018-2019	2017-2018
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	113,415,400	122,700,000
Public contributions and donations	7	713,790	1,200,000
Rendering of services	8	1,300,952	2,720,507
Other Income	9	277,550	3,000
Gains on Foreign Exchange Transactions		11,113	0
Total Receipts		115,718,805	126,623,507
Payments			
Employee costs	10	62,169,628	49,699,968
Remuneration of directors	11	9,050,962	7,132,854
Repairs and maintenance	13	2,147,973	1,075,166
Contracted Services	14	3,189,579	947,184
General expenses	15	54,845,326	41,959,282
OAG		0	(5,040,000)
Prepayments	17	0	6,102,543
Work- In -progress		0	3,080,496
Total Payments		131,403,468	104,957,493
Net cash flows from operating activities		(15,684,663)	21,666,014
Cash flows from investing activities			
Decrease in prepayments	17	1,031,557	0
Purchase of property, plant, equipment	18	(1,057,566)	(11,427,426)
Net cash flows used in investing activities		(26,009)	(11,427,426)
Cash flows from Financing activities			
Increase in deposits	19	317,090	493,750
Net increase/(decrease) in cash & cash equivalents		(15,393,582)	10,732,338
Cash and cash equivalents at 1st JULY		77,322,850	66,590,512
Cash and cash equivalents at 30th JUNE	16	61,929,267	77,322,850

XVIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Performance difference %	Notes
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019		
	Kshs	Kshs	Kshs	Kshs	Kshs		
Revenue							
Government grants and subsidies	120,730,000	(2,314,600)	118,415,400	113,415,400	5,000,000	4%	
Rendering of services	3,300,000	-	3,300,000	2,016,742	1,286,569	39%	1
Balances b/f	74,189,445		74,189,445	0			
Miscellaneous Income			-	275,550	(275,550)	100%	
Gain on foreign exchange transactions				11,113			
Total income	198,219,445	(2,314,600)	195,904,845	115,718,805	80,200,464	41%	
Expenses			-		-		
Compensation of employees	62,714,000	4,100,000	66,814,000	62,169,628	4,644,372	7%	
Remuneration of directors	13,891,000	(1,964,600)	11,926,400	9,050,962	2,875,438	24%	2
Repairs and maintenance	4,000,000	(1,000,000)	3,000,000	2,147,973	852,027	28%	3
Contracted services	3,500,000	150,000	3,650,000	3,189,579	460,421	13%	4
General expenses	89,496,490	1,275,000	90,771,490	54,845,326	35,926,164	40%	5
Capital Expenditure	24,617,955	(4,875,000)	19,742,955	1,057,566	18,685,389	95%	6
Depreciation and amortization expense				10,531,620	(10,531,620)		
Total Expenditure	198,219,445	(2,314,600)	195,904,845	142,992,654	52,912,191	27%	
			-		-		
Surplus/(Deficit) for the Period	-	-	-	(27,273,849)	27,288,273		

➤ The total Expenditure contains Ksh. 1,057,566 being purchase of property, plant and equipment. The actual Deficit for the period is Kshs. **26,216,283**.

Budget Notes

1. The Centre registered fourteen (14) cases and only two (2) cases were concluded during the financial period. The development of the ADR curriculum had not been finalised by the end of the period thus the Centre did not receive any incomes from capacity building.
2. There was no utilization of funds as the Court is yet to be constituted. This was occasioned by the delay by Parliament to pass the Statute Law Miscellaneous Amendment Act of 2018 which amended the NCIA Act. Part of the amendment to the Act touched on the composition of the Court. The Act was assented to at the beginning of Quarter 3.
3. This variance includes an unutilized amount of general insurance for NCIA assets which was not incurred since there was no successful bidder.
4. The successful bidder on cleaning services quoted an amount lower than the budgeted amount which had been informed by the previous service provider. This was a considerable cost saving opportunity.
5. General Expenses include costs related to:
 - i. The identified CSR activity couldn't be undertaken within the period due to time constraints. It was rescheduled for action in quarter 1 financial year 2019-2020.
 - ii. An amount for print and design of the Training manual and materials. Only the Mediation Curriculum was approved in June, 2019 hence there was no sufficient time to utilize the money to print and design the Mediation Training Manuals.
 - iii. Costs for the formulation and development of the National ADR Policy were catered for by the partners (International Development Law Organization (IDLO). This was a considerable cost saving opportunity.
 - iv. The purchase of library books was carried forward to the FY 2019-2020 due to some challenges experienced during procurement process.
 - v. Funds budgeted for Governance Audit were not utilized due to delays by the oversight office (State Corporations Advisory Committee) to provide an advisory opinion on guidelines for conducting the audit as prescribed by Sec 1.13 of Mwongozo Code of Governance for State Corporations
6. Acquisition of Assets include costs set aside for refurbishment of NCIA offices partially concluded and installation and commissioning of an ERP System partially concluded with full completion anticipated in the next financial year.

XIX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Nairobi Centre for International Arbitration is established by an Act of parliament vide Act No.26 of 2013 and derives its authority and accountability from the Nairobi centre for International Arbitration Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is alternative dispute resolution.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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 2019

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The Centre did not have combinations from exchange transactions or non-exchange transactions for the period under review.

ii. Early adoption of standards New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The centre did not apply any hedging arrangements or financial instruments in the financial year and therefore did not apply provisions of IPSAS 41</p>
IPSAS 42: Social Benefits	Applicable: 1st January 2022 The centre has not implemented a social benefit scheme thus did not apply the standard in the year under review

iii. Early adoption of standards

The Centre did not early – adopt any new or amended standards in year 2018.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

NOTES TO THE FINANCIAL STATEMENTS...cont.

ii) Revenue from exchange transactions

Rendering of services

The Centre recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

b) Budget information

The original budget for FY 2018-2019 was approved by the NCIA Board. The Centre'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 also prepared on an accrual basis.

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.

c) Taxes

The Centre is a non-profit making state corporation and is exempted from taxation in use.

d) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity 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

NOTES TO THE FINANCIAL STATEMENTS...cont.

e) Provisions

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

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

The Centre has expensed the accrued provision for gratuity and presented it in the statement of financial performance net of the payment made during the financial year.

Contingent liabilities

The Centre's contingent liability is pending litigations which may arise. In the current financial year there are no pending litigations.

Contingent assets

The Centre does not have any assets whose occurrence or non-occurrence of one or more uncertain future events are not wholly within the control of the

f) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The Centre has set aside reserves for capital and Accumulated surplus to cater for long term capital investment projects and anticipated expenses that will occur in future.

g) Changes in accounting policies and estimates

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

h) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Exchange differences arising from the incomes received at rates different from those at which they were initially recorded during the period, have been recognized as incomes in the period in which they arise

NOTES TO THE FINANCIAL STATEMENTS...cont.

i) Related parties

The Centre 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Registrar/CEO and senior managers.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits, 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 Kenya Commercial Bank accounts at the end of the financial year.

k) Comparative figures

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

l) 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, 2019.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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 Centre 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 Centre. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS, cont.

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 centre
- 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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 20.

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

The Centre has expensed the accrued provision for gratuity and presented it in the statement of financial performance net of the payment made during the financial year.

6. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Total Grant income during the year	2018-2019
		KShs	KShs
OAG&DOJ	113,415,400	113,415,400	113,415,400
Total	113,415,400	113,415,400	113,415,400

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NOTES TO THE FINANCIAL STATEMENTS...cont.

7. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2018-2019	2017-2018
	KShs	KShs
KENGEN ADR Conference sponsorship	0	1,000,000
NIFCA ADR Conference sponsorship	0	200,000
Coulson Harney LLP (Bowmans)	100,000	0
IKM Advocates (US\$ 3,000)	306,895	0
Triple OK Law Advocates (US\$ 3,000)	306,895	0
Total transfers and sponsorships	713,790	1,200,000

8. RENDERING OF SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Hiring of rooms	259,000	32,250
NCIA Arbitrator Panel - Domestic	255,000	232,250
NCIA Arbitrator Panel - International	480,802	141,357
NCIA Mediator Panel - Domestic	118,000	134,000
NCIA Mediator Panel - International	40,919	70,500
Case Admin. - Domestic - Registration	11,000	0
Case Admin.- Domestic - Administration	111,231	0
Case Admin. - Intern'l - Registration	0	0
Case Admin. - Intern'l - Administration	0	0
Capacity Building - Arbitration	0	120,000
Capacity Building - Mediation	0	0
ADR Conference Registration	25,000	1,990,150
Total Revenue Rendering of services	1,300,952	2,720,507

9. OTHER INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Sale of tender	2,000	3,000
Miscellaneous Income	275,550	0
Total other income	277,550	3,000

NOTES TO THE FINANCIAL STATEMENTS...cont.

- Miscellaneous income relates to income received in lieu of notice from one of the employees who exited service through resignation as per the NCIA Human Resource Policies and Procedures.

10.EMPLOYEE COSTS

Description	2018-2019	2017-2018
	KShs	KShs
Salaries and wages	53,837,620	36,277,482
Travel, motor car, accommodation, subsistence and other allowances	7,943,539	13,365,798
Club membership	65,196	56,688
Gratuity Paid	323,273	0
Total Employee costs	62,169,628	49,699,968

11.REMUNERATION OF DIRECTORS

Description	2018-2019	2017-2018
	KShs	KShs
Chairman's Honoraria	1,044,000	1,044,000
Directors emoluments	4,384,000	3,442,000
Other allowances-Board retreat & training	3,622,962	2,646,854
Total director emoluments	9,050,962	7,132,854

12.DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	10,531,620	7,398,868
Total depreciation and amortization	10,531,620	7,398,868

- Depreciation is calculated on a straight-line basis at annual rates estimated to write off the cost of property and equipment over their expected useful lives. This approach, guideline and treatment of property, plant and equipment is in line with IAS 16 and IPSAS 17.
- NCIA fixed assets are not depreciated during the year of purchase, assets bought during the year are depreciated the following year.

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NOTES TO THE FINANCIAL STATEMENTS, cont.

➤ The rates used in calculation of depreciation are:

The rates per annum are:	Rate
Motor vehicles	25.0%
Office equipment	33.3%
Computers	33.3%
Furniture and fittings	12.5%

13. REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	KShs	KShs
Routine office furniture & equip maintenance	0	209,177
General insurance motor vehicle & assets	330,120	194,664
Equip & system maintenance	0	38,280
Repair & servicing (Transport Services)	871,526	471,810
ICT equipment	0	85,816
Purchase of office ICT equipment/accessories	946,327	52,220
Purchase of office software	0	23,200
Total repairs and maintenance	2,147,973	1,075,167

14. CONTRACTED SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Cleaning Services	1,659,646	692,784
Internet Broadband and Networks	1,529,933	254,400
Total Employee costs	3,189,579	947,184

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15. GENERAL EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
Media & public ADR awareness	7,278,815	9,079,154
Statutory Reporting	233,250	0
Audit fees	580,000	580,000
Conferences and catering services	3,464,657	7,971,806
Consultancy	822,072	1,415,434
Capacity building (Training Programmes)	0	50,000
Medical insurance	7,018,287	1,721,166
Website and Intranet	310,660	0
WAN & LAN cabling	0	29,800
Customer satisfaction survey	0	46,660
Procurement activities	3,258,190	0
Budget Planning and Preparation	595,225	0
Telephone services (Staff Airtime Allowance)	1,729,254	1,496,374
Courier services	0	249,719
Office stationery	0	790,861
Strategic plan & performance contract	1,053,339	487,332
ISO certification	222,300	146,400
Staff welfare programmes	74,284	12,890
Office rent, utilities & car park	1,095,210	768,600
Internship Programmes	844,072	443,508
Temporary committees	0	474,050
Promotional print materials	1,950,147	2,049,936
Library & reference books & materials	64,334	303,740
Human Resource Administration	258,542	0
Anti-corruption programmes	145,800	72,450
Staff training and development	8,858,209	8,747,257
Staff recruitment & induction	1,385,313	2,473,384
Staff retreat & team building	1,985,040	1,737,675
Subscription to intl & local profess bodies	127,323	183,267
Subscriptions to corporate membership	694,541	382,641
Implemen publ serv programmes (Cross-Cutting Issues)	806,535	103,310
Other-Bank charges	221,216	141,868
Asset Tagging	1,044,000	0
Administrative Services	206,262	0

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Description...cont,	2018-2019	2017-2018
	KShs	KShs
Arbitration	594,651	0
Conferences/Seminars/Workshops		
Resource Mobilization	345,794	0
Public Relations Services	730,400	0
ISMS Implementation	698,850	0
Registrar's office Administration	145,239	0
Preventive Maintenance & SLA Support	855,488	0
ADR Services Policy Framework	191,000	0
Training on International Arbitration	2,394,062	0
Moot Competition	1,972,617	0
Management of ADR Processes	5,000	0
Risk Management	415,928	0
Quality Review and Assurance	161,920	0
Inventory Management	7,500	0
Total general expenses	54,845,326	41,959,282

16. CASH AND CASH EQUIVALENTS

Summary

Description	2018-2019	2017-2018
	KShs	KShs
Kshs. Current account	55,536,427	72,384,737
USD. Current Account*	5,582,000	4,444.363
Kshs. Client Trust Account	810,840	493,750
Total cash and cash equivalents	61,929,267	77,322,850

Exchange rate as at the closure of FY 2018/2019 was:

Key CBK Indicative Exchange Rates

Date	Currency	Mean	Buy	Sell
30/06/2019	US DOLLAR	102.2325	102.1983	102.3983

NOTES TO THE FINANCIAL STATEMENTS...cont.

Detailed Analysis

Financial institution	Account number	2018-2019	2017-2018
		KShs	KShs
Current account			
KCB Current Account	1180828607	55,536,427	72,384,737
KCB Dollar Account	1181122961	5,582,000	4,444.363
KCB Client Trust Account	1229086544	810,840	493,750
Total		61,929,267	77,322,850

The KCB Client Trust Account was opened during the reporting period 2017-2018.

17. TRADE RECEIVABLES AND OTHER PREPAYMENTS

(a) TRADE RECEIVABLES

There were no trade receivables noted in the financial year 2018-2019

(b) PREPAYMENTS

Description	2018-2019	2017-2018
	KShs	KShs
Group medical insurance.	4,631,487	5,163,498
Motor Vehicle general insurance.	136,483	139,045
Motor Vehicle Fuel, oil & lubricants	303,017	800,000
Total	5,070,987	6,102,543

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NOTES TO THE FINANCIAL STATEMENTS...cont.

18. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2017	11,071,750	13,870,952	7,357,880	1,342,000	21,945,816	55,588,398
Additions 2017/2018	0	3,233,550	4,243,722	3,950,154	3,080,496	14,507,922
At 30th June 2018	11,071,750	17,104,502	11,601,602	5,292,154	25,026,312	70,096,320
Additions 2018/2019	0	479,415	578,151	0	0	1,057,566
At 30th June 2019 (At Cost)	11,071,750	17,583,917	12,179,753	5,292,154	25,026,312	71,153,886
Depreciation and impairment						
Depreciation 2017/2018	(2,767,936)	(1,733,868)	(2,450,176)	(446,888)	0	(7,398,868)
At 30 June 2018	(5,535,874)	(2,847,812)	(4,186,198)	(802,865)	0	(13,372,749)
Depreciation 2018/2019	(2,767,936)	(2,138,064)	(3,863,332)	(1,762,288)	0	(10,531,620)
At 30th June 2019 (Total)	(8,303,810)	(4,985,876)	(8,049,530)	(2,565,153)	0	(23,904,369)
Net book values						
At 30th June 2018	5,535,876	14,256,690	7,415,404	4,489,289	25,026,312	56,723,571
At 30th June 2019	2,767,940	12,598,041	4,130,223	2,727,001	21,945,816	47,249,517

The figure appearing in the property plant and equipment of Kshs. 25,026,312 relates to Enterprise Resource Planning (ERP) System and refurbishment of NCIA offices as shown in the schedule below:

NOTES TO THE FINANCIAL STATEMENTS...cont.

PROPERTY, PLANT AND EQUIPMENT

Work In Progress

Description	2018-2019	2017-2018
	KShs	KShs
ERP	6,078,864	6,078,864
Refurbishment of offices	18,947,448	18,947,448
Total deposits	25,026,312	25,026,312

19. REFUNDABLE DEPOSITS FROM CUSTOMERS

Description	2018-2019	2017-2018
	KShs	KShs
Client retention	1,894,745	1,894,745
Client fees account	810,840	493,750
Total deposits	2,705,585	2,388,495

The figure above of Kshs., 1,894,745 represents retention money being 10% amount retained on behalf of Hawi Kenya Ltd which is a construction company carrying out refurbishment of NCIA offices on the 7th and 8th floors of Cooperative Bank House. Kshs. 810,840 represent client monies held in trust in on-going client cases.

20. FINANCIAL RISK MANAGEMENT

The Centre's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Centre'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 company 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 Centre's financial risk management objectives and policies are detailed below:

i. Liquidity Risk management

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

ii. Capital Risk Management

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

	2018-2019	2017-2018
	Kshs	Kshs
Capital fund	26,265,582	26,265,582
Accumulated surplus	68,520,198	111,494,887
Total funds	94,785,780	137,760,469
Cash and Bank Balances	61,929,267	77,322,850
Gearing	0%	0%

➤ The Centre's gearing level is at 0% since it has no borrowings/Debt.

21. RELATED PARTY BALANCES

(a) Nature of related party relationships

Entities and other parties related to the entity 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.

The Centre is related to:

- i) Government of Kenya;
- ii) Office of the Attorney General and Department of Justice;
- iii) Board of Directors; and
- iv) Key Management.

	2019	2018
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	113,415,400	122,700,000
Total	113,415,400	122,700,000

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b) Key management compensation		
Directors' emoluments	9,050,962	7,132,854
Compensation to Registrar/CEO	8,064,097	5,811,312
Compensation to Key Management	8,724,879	8,869,959
Total	25,839,938	21,814,125

22. CAPITAL COMMITMENTS

Description	2018-2019	2017-2018
	KShs	KShs
Authorised for	0	0
Authorised and Contracted for	41,190,218	41,190,218
Total deposits	41,190,218	41,190,218

The amounts appearing in the table above relates to Enterprise Resource Planning (ERP) System and refurbishment of NCIA offices.

23. TAXATION

The centre is a non-profit making state corporation and is exempted from taxation.

24. EVENTS AFTER THE REPORTING PERIOD

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

25. ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation under the Office of the Attorney General and Department of Justice. Its ultimate parent is the Government of Kenya.

26. CURRENCY

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Director General/C.E.O/M.D Chairman of the Board

Date: 11/03/2020

APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the Office of the Attorney General and Department of Justice				
FY 2018/2019				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		28-08-2018	28,932,500	2018-2019
		01-11-2018	26,617,900	2018-2019
		18-03-2019	28,932,500	2018-2019
		29-04-2019	28,932,500	2018-2019
		Total	113,415,400	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
		Total	XXX	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
		Total	XXX	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
		Total	XXX	

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

Manager,
 Corporate Support Services
 NCIA

Sign 

Head of Accounting Unit
 OAG & DOJ

Sign-----

APPENDIX II: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
NIL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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