

REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY	
DATE: 01 SEP 2021	
DAY: WED	
TABLED BY:	LOMP
CLERK-AT TABLE:	S. Kalawa

THE AUDITOR-GENERAL

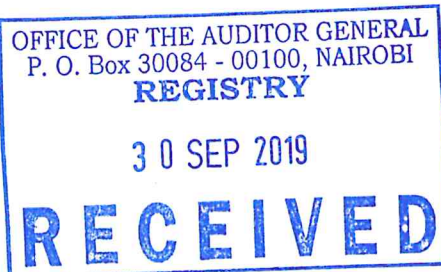
ON

**NEW PARTNERSHIP FOR AFRICA
DEVELOPMENT/AFRICA PEER REVIEW
MECHANISM (NEPAD/APRM)
KENYA SECRETARIAT**

**FOR THE YEAR ENDED
30 JUNE, 2019**



NEPAD / APRM KENYA SECRETARIAT



NEPAD/APRM KENYA SECRETARIAT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR 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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Pictorial Segment



H.E. President Uhuru Kenyatta during the launch of the APRM Country Review Report at State House, Nairobi.



The High Representative for Infrastructure Development in Africa, His Excellency RT. Hon. Raila Amollo and the NEPAD/APRM Governing Council and staff during his visit to the Secretariat.

KEY ENTITY INFORMATION AND MANAGEMENT

1. Background information

New Partnership for Africa's Development (NEPAD) Agency, now AUDA-NEPAD, is the technical arm of the African Union (AU) responsible for championing, facilitating and coordinating development initiatives in the continent. The primary objective of NEPAD Agency is eradication of poverty, promotion of sustainable growth and development, and women empowerment through strategic partnerships. The African Peer Review Mechanism (APRM) was initiated in 2002, and established in 2003 by the African Union in the framework of the implementation of NEPAD. The APRM is a voluntary Governance "Self-Assessment" by African countries focusing on the promotion of good governance and transformative leadership for sustainable socio-economic development. It focuses on governance under four thematic areas: Democratic and Political Governance, Economic Governance Management, Corporate Governance and Socio-Economic Development.

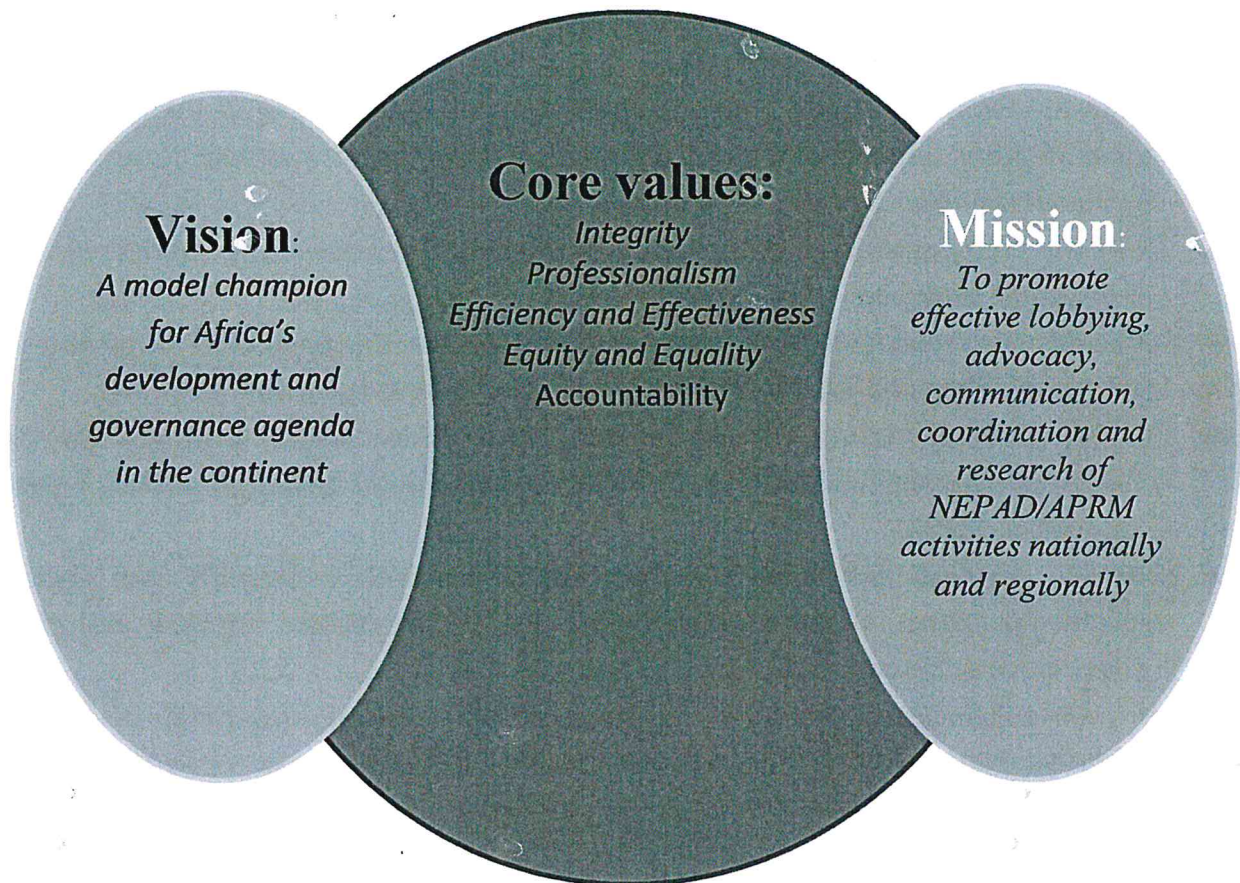
The NEPAD/APRM Kenya Secretariat is a Semi-Autonomous Government Agency under The National Treasury and Planning. The Secretariat was established through a Presidential Executive order Gazette Notice No. 6225 of 2002 and was further reconstituted in June 2016 by merging the NEPAD National Steering Committee and the Africa Peer Review Mechanism (APRM) Governing Council into one body, NEPAD/APRM Kenya Governing Council. The Secretariat is headed by a Chief Executive Officer appointed by the Cabinet Secretary in charge of State Department for Planning. At the continental level, NEPAD and APRM are two separate entities. The AUDA-NEPAD Agency reports to the Heads of State and Government Orientation Committee (HSGOC), while the APRM Continental Secretariat reports to the African Peer Review (APR) Forum of Heads of State and Government.

The NEPAD/APRM Kenya Secretariat has a unified administrative structure at the national level and is responsible for coordinating the AU programmes and projects through the Ministries, Counties, Departments, Agencies (MCDAs), Development Partners and other stakeholders.

Administratively, the Secretariat is headed by the National Governing Council for policy direction while the Chief Executive Officer is in charge of day-to-day operations. It has three key departments; AUDA-NEPAD Programmes; APRM and Governance; Human Resources and Administration.

2. Principal Activities

The Secretariat draws its activities from the mandate assigned to it through the Gazette Notice No.4651. The principal activity of the institution is to coordinate, facilitate, and monitor implementation of African Union (AU) development and governance agenda. Implementation of the mandate is anchored on the Secretariat Strategic Plan 2018-2022.



Strategic objectives

- Lobbying, Advocacy and Communication
- Facilitate and coordinate the implementation of AU- NEPAD/APRM Programmes at County, National and Regional Levels
 - Knowledge Management, Governance;
 - Institutional Management and Development;
 - Resource Mobilization and Partnerships

Core Mandate

- i. Promote Kenya's effective participation in activities of the New Partnership for Africa's Development (NEPAD) and the Domestication of the African Union (AU) Mission Core Principles and Values
- ii. Promote leadership, guidance and direction on the implementation of the Africa Peer Review Mechanism (APRM) in Kenya
- iii. Sustain the integrity of the APRM process, keeping it transparent, inclusive and accountable to the citizens of Kenya
- iv. Transmit the APRM review/progress reports to the APR Panel of Eminent Persons, the Head of State, and any other relevant national and African Union organs as specified by the APRM rules
- v. Monitor and report on progress realized in the implementation of the APRM National Programme of Action
- vi. Provide policy guidance in cascading the APRM as a governance tool to the counties
- vii. Serve as the Regional NEPAD/APRM co-ordinator for Eastern African Countries.
- viii. Co-ordination of NEPAD activities in the Eastern African region in liaison with the NEPAD Continental Secretariat with the aim of incorporating and promoting Kenya's interests in NEPAD
- ix. Design, develop and implement necessary measures to identify and address governance issues affecting Kenya's performance in national, regional and global governance surveys and indices
- x. Provide guidance for structured engagement with local and international agencies undertaking and disseminating reviews on Kenya's Governance to ensure accuracy of facts and fidelity to best-practices on objective reporting

3. Key Management

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

National Governing Council

NEPAD/APRM Kenya Governing Council is the policy organ of the Secretariat guided by a charter to undertake the following:

- Ensure that organizational strategy is aligned with African Union governance and development agenda as well as the Kenya Vision 2030;
- Determine the Secretariat's mission, vision, purpose and core values;
- Set and oversees the overall strategy and approve significant policies of the Secretariat;
- Approve the organizational structure for the organization;

- Approve the annual work plan and budget of the Secretariat;
- Monitor the performance of the Secretariat and ensure sustainability of its operations;
- Enhance the corporate image of the Secretariat nationally and regionally;
- Ensure availability of adequate resources for the achievement of the Secretariat objectives;
- Ensure effective communication with stakeholders of the Secretariat.

The Chief Executive Officer

The CEO is the team leader of the Secretariat's management and is in charge of the following:

- Implementing decisions of the Council;
- Day-to-day administration and management of the affairs of the Secretariat;
- Developing and recommending to the Council long term strategy, business work plans and annual operating budgets;
- Establishing proper internal monitoring and control systems and procedures;
- Coordinating the preparation of proposals and reports for consideration by the Councils
- Ensuring continuous improvement in the quality and value of services and products provided by the Secretariat;
- Ensuring continuous achievement of the Secretariat's financial and operating goals and objectives;
- Fostering corporate culture that promotes ethical practices within the Secretariat
- Promoting Kenya's effective participation in the activities of African Union (AU) core principles and values;
- Liaising with continental offices in view of incorporating and promoting Kenya's and Eastern African Region interests; and
- Acting as the principal spokesperson for the Secretariat

Senior Management Team (SMT)

The team consists of the CEO, Programme Directors and Heads of Sections/Divisions. SMT holds meetings on a weekly basis and is responsible for:

- Supporting National Governing Council for effective oversight;
- Manage implementation of the Secretariat's long term Strategy;
- Review and recommend appropriate actions for strategic operational plans and policies;
- Formation of core committees, ad hoc and task forces;
- Provide support and counsel on executive decisions;
- Assist in formulation of agendas for Council meetings

- Take lead in the implementation of Council resolutions

Public Finance Management Standing Committee

The committee provides strategic guidance to the Secretariat on Public Finance Management matters. It is chaired by the Chief Executive Officer with either Head of Finance or Accounting Units as the Secretary. Members to the committee include heads of departments, sections/divisions. The meetings are held bi-monthly to undertake the following functions:

- Ensuring that there is prioritization of resources allocated to the Secretariat for the smooth implementation of the entity's mission, strategy, goals, risk policy plans and objectives;
- Regularly reviewing, monitoring budget implementation and advice on the Secretariat's accounts, major capital expenditures and reviewing performance and strategies at least on a quarterly basis;
- Identifying risks and implementation of appropriate measures to manage such risks or anticipated changes impacting on the Secretariat;
- Reviewing on a regular basis the adequacy and integrity of the Secretariat internal control, acquisition and divestitures and management information systems including compliance with applicable laws, regulations, rules and guidelines;
- Establishing and implementing a system that provides necessary information to the stakeholders including stakeholder communication policy for the Secretariat in line with Article 35 of the Constitution;
- Monitoring the effectiveness of the corporate governance practices under which the Secretariat operates and propose revisions as may be required, from time to time;
- Monitoring timely resolution of audit issues; and
- Any other matter referred to it from time to time by the Cabinet Secretary responsible for; The National Treasury and Planning.

Human Resources Management & Development Advisory Committee (HRM&DAC)

The Secretariat's HRM&DAC consists of the following members:

- (a) Chief Executive Officer – Chairperson
- (b) Manager, Human Resource and Administration– Secretary
- (c) Seven other members above NEP 4 (Job Group 'Q') representing technical departments

The CEO may designate an officer not below NEP 3 (Job Group "R") as alternate Chairperson to the Committee

The Committee may co-opt such members in writing as necessary from time to time with the approval of the Authorized Officer.

The functions of Secretariat's Human Resource Management and Development Advisory Committees entail making recommendations to the Chief Executive Officer regarding:-

- a) Recruitment, selection and appointment;
- b) Performance management;
- c) Promotions;
- d) Confirmation in appointment;
- e) Training and Development;
- f) Training Impact Assessment;
- g) Management of skills inventory;
- h) Establishment and Complement control;
- i) Payroll management;
- j) Deployment;
- k) Promotion of values and Principles of Public Service;
- l) Recommendation for secondment and unpaid leave;
- m) Recommendation for retirement under 50 years rule;
- n) Recommendation for retirement on medical grounds;
- o) Recommendation for re-designation;
- p) Recommendation for renewal of contract;
- q) Discipline;
- r) Pension administration.

4. Fiduciary Management

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

No.	Designation	Name
1.	Ag. Chief Executive Officer	Daniel N. Osiemo
2.	Director, APRM & Governance	Peter N. Kimemia
3.	Assistant Manager, Human Resources & Administration	Erica K. Mutwiri
4.	Ag. Director, NEPAD Programmes	Taubman Olang
5.	Assistant Manager, Accounts	CPA Miriam N. Sindiyo
6.	Assistant Manager, Finance	Ezekiel G. Manyara
7.	Assistant Manager, Procurement	Caroline Opondo
8.	Assistant Director, Corporate Communications	Miriam Rahedi
9.	Assistant Manager, Internal Audit	CPA Rhoda Chepng'etich

5. Fiduciary Oversight Arrangement

The overall oversight responsibility of the Secretariat rests with the National Governing Council which has three committees as given below:

Audit and Risk Management Committee

The Committee assists the Council in fulfilling its corporate governance responsibilities and in particular to strengthen the effectiveness of the internal audit function; maintaining oversight on internal control systems; provision of general oversight in risk and compliance matters; and ensuring quality, integrity, effectiveness and reliability of the Secretariat's risk management framework.

Technical Committee

Key duty of the Technical Committee is to provide direction in execution of the Secretariat's mandate through AUDA-NEPAD and APRM related programmes. This include national programmes and continental programs in liaison with the African Union Continental Secretariats.

Finance and Administration Committee

The Committee reviews and provides recommendations on issues relating to human resource matters including career progression, performance management, training needs, staff recruitment, staff placement, promotions, demotions, discipline, and staff welfare. The Committee further reviews financial statements, considers recommendations for expenditure, and reviews compliance with accounting standards.

6. Entity Headquarters

P.O. Box 46270-00100,
Liaison House, 4th Floor
State House Avenue
Nairobi,
KENYA

7. Entity Contacts

Telephone: +25420 2733735/38/42
E-mail: info@nepadkenya.org
Website: www.nepadkenya.org

8. Entity Bankers

Co-operative Bank of Kenya
Co-operative House Branch
P.O. Box 48231 - 00100,
NAIROBI

9. Independent Auditors

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

10. Principal Legal Adviser

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

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(a) National Governing Council (NGC) Members



Prof. Michael Chege, B.A., MSc, PhD,

Chairman (Non-Executive)

Prof. Chege was appointed the Chair of the NEPAD/APRM Kenya Governing Council on 24th June 2016. He has been re-appointed to chair the Council from 22nd June 2019. He is also serving as a board member for the Kenya Institute of Public Policy Research and Analysis (KIPPRA) where he chairs the Programmes Committee. He is also the chairman of the African Leadership Institute, a local NGO that provides training for young Kenyans with potential to be future African leaders.

Born on 30th January 1946, Professor Chege holds a Bachelor's Degree in Economics and Government, Master of Science Degree, and a PhD in Public Policy and Political Economy of Development. He has taught at the University of Nairobi, University of Geneva (Switzerland) and the University of Florida, Gainesville, where he served as the Director of the Centre for African Studies for eight years. He has also served as Policy Advisor to the Ford Foundation, and the National Treasury. In other capacities, he has been a consultant with the World Bank, UNDP, Rockefeller Foundation, SIDA, the Aga Khan Foundation, among other international organizations.

Member (Non-Executive)



Michael Kisilu, BSc, MBA

Michael is the Housing Manager and an Adjunct Faculty at the United States International University- Africa. Born on 4th July 1974, Michael began his career as a lecturer at the Central Institute of Management. He holds Bachelors of Science degree in Tourism Management, Masters Degree in International Business Administration (Strategic Management), and is currently undertaking a PhD in Tourism Management. Michael joined the NEPAD/APRM Kenya Governing Council on 24th June 2016. He was re-appointed to the Council on 22nd June 2019. Michael chairs the Technical Committee, and the Audit and Risk Management Committee.



**Antony
Muriu, BA,
MA**

Member (Non-Executive)

Antony, an alternate to the Principal Secretary, the National Treasury. He is the Chief Economist and Head of the Central Planning and Project Monitoring Unit of the National Treasury. Born 28th October 1966, Antony, is a Career Civil Servant with over 20 years' experience having risen through the ranks to the current position. He holds a Bachelors of Arts Degree in Economics and Masters Degree in International Development Studies. He joined the Council in October 2016 and is a member of both the Technical, and the Finance and Administration Committees.



**Joshua Opiyo,
B.A, M.A.**

Member (Non-Executive)

Born on 25th December 1959, Joshua is a career civil servant with many years of experience, he is currently a Chief Economist/Statistician and the Ag. Director, in the Macroeconomic Planning and international Cooperation Department, in State Department for Planning. Joshua holds a Bachelor of Arts Degree in Philosophy and Economics, a Masters Degree in Rural Development Management and a Postgraduate Certificate in Planning and Management of Decentralized Development. Joshua joined the Council in August 2016 and is a member of both Finance and Administration; and Audit and Risk Management Committees



**Samuel
Mwale, BSc.
MSc**

Member (Non-Executive)

Samuel holds a Masters Degree in Agricultural Economics, a Post Graduate Diploma in Development Economics, a Bachelor of Science in Range Management and has attended executive training on policy analysis and leadership at Stanford and Harvard Universities, respectively. Born on 21st February 1963, Samuel is the Founder & CEO of Farasi Strategy Advisors Ltd, a firm that provides investment and strategy advice to public and private sector clients. He is a well-respected economist, public administrator, and public policy and business advisor with twenty nine years of professional experience in both public and private sectors. He has contributed substantially in the development and implementation of key national policies and strategies. Samuel joined the Council on 21st October 2016 and is a member of both Technical; and finance and administration Committees



**Dr. Monica
Kerretts-
Makau, BA,
MSc, PhD**

Member (Non-Executive)

Dr. Kerretts-Makau Holds a PhD in Institutional Management from the University of New South Wales Australia and Masters from the University of Salford in Manchester UK. She works as a consultant for the Work in ICT regulation and Policy (2009-date). She is a Certified CMA/IFC Board Governance Trainer and has facilitated several training programs. She is also currently serving as a Board Director at Saham chairing the HR and Governance Committee and a member of the Audit Committee. Born on 26th April 1974, Dr. Kerretts has previously served as a Board Director, Bank of Africa (2013 to 2015); and CCK (2010 to 2014). She has also served as change advisor to the Judiciary (2012-2014). Dr. Kerretts-Makau joined NEPAD/APRM Kenya Council on 21st October 2016 and chairs the Finance and Administration Committee.



**Hon. Elias
Mbau, BA,
MBA**

Member (Non-Executive)

Born on 29th March 1961, Hon. Elias Mbau holds a Master of Business Administration (Marketing) and Bachelor of Arts (Economics) from the University of Nairobi. Previously, he served as the Chair of CDF Board (2015-2017); Member of Parliament for Maragua and Chair Parliamentary Budget Committee (2008-2013); Lecturer at United States International University (2000-2002); Director, Royal Communications (K) Ltd (1996-) and Economist, Ministry of Planning (1988-1992). Hon. Mbau is currently pursuing PhD in Public Finance focussing on Fiscal Decentralization, Allocative Efficiency, Public Governance and County Governments Performance. He joined NEPAD/APRM Kenya Governing Council on 22nd June 2019. Hon. Mbau is a Certified Public Secretary Kenya(CPS-K)





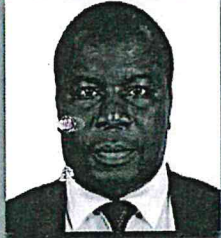

**Daniel
Nyakundi
Osiemo, B.A.,
M.A., M.P.A.,
OGW**

Ag. CEO, (Executive)

Born on 30th January 1960, Daniel, a career civil servant with many years of work experience, Daniel holds Master of Science Degree in Economics and Management; Master of Public Administration; Bachelor of Arts (Economics) and a Post Graduate Certificate in Project Management Monitoring and Evaluation. Prior to joining the Secretariat, he served as Chief Economist in the Ministry of Forestry and Wildlife, and Programme Manager, Agricultural Sector Programme Support (ASPS), Ministry of Agriculture. Upon joining the Secretariat, Daniel played a key role in the elevation of the Lamu Port South Sudan Ethiopia Transport Project (LAPPSET) to the Presidential Infrastructure Championship Initiative (PICI) of the African Union. An effort that was recognized and awarded through

Head of State Commendation, 'Order of the Golden Warrior' in 2015. He was appointed to his current position in November 2015. Daniel is a member of the Economists Society of Kenya.

KEY MANAGEMENT

 <p>Daniel N. Osiemo, B.A,M.A (Economics),M.P.A, OGW</p>	<p>Ag. Chief Executive Officer</p>
 <p>Peter N. Kimemia, B.A., PGDip (Diplomacy) M.A (Economics, MSocSci)</p>	<p>Director, APRM & Governance</p>
 <p>Taubman O. Olang, B.A., M.A.(EPM)</p>	<p>Ag. Director, NEPAD Programmes</p>
 <p>Erica K. Mutwiri, H.N.D</p>	<p>Head of Human Resource and Administration</p>



CHAIRMAN'S STATEMENT

I am delighted to forward the NEPAD/APRM Kenya Secretariat's performance during the financial year 2018/19. In doing so, I will share the successes for the year, challenges faced and prospects as we look forward to the year FY 2019/20.

During the period under review, the following milestones were achieved: Successful launch of the 2nd APRM Country Peer Review Report for Kenya by H.E. President Uhuru Kenyatta; leading the Kenyan delegation to the 27th APR Forum of Heads of State and Government at the African Union Commission; showcasing of Secretariat activities at the 6th Annual Devolution Conference held in Kirinyaga County; co-hosting the Country Results Framework Workshop in alignment with the 1st Ten Year Implementation Plan of AU Agenda 2063 and Agenda 2030; facilitated funding for Kenya Coast National Polytechnic through the NEPAD Agency and the German Government; reporting on implementation progress of Comprehensive Africa Agriculture Development Programme (CAADP) at the Africa Union and participating in the National Action Plan on Disability and Human Rights workshop organized by the Gender and Disability Development Centre. (GDDC). Further, the Secretariat hosted the AU High Representative for Infrastructure Development the Rt. Hon. Eng. Raila Amollo Odinga and the CEO AUDA-NEPAD, Dr. Ibrahim Assane Mayaki from the Continental office.

In preparation to disseminate the 2nd Kenya Country Peer Review Report to the wider Public, the Secretariat initiated the development of a popular version and translating the same into Kiswahili. The process has nevertheless delayed due to financial constraints but the Secretariat will roll out the process in due time. The Secretariat is also looking forward to cascade the APR to the Sub-National level through County Peer Review Mechanism which will promote good governance practices and facilitate peer learning among the counties for a much needed balanced on socio-economic development across the country.

The Secretariat faced some setbacks despite the achievements made which hindered the full realization of its planned activities. These challenges include inadequate finances; late disbursement of funds and the deployment of one of the National Governing Council member, Mr. Glenns Etyang, from the Ministry of Foreign Affairs, who is yet to be replaced. However, it is worth noting that the Council received a new member, Hon. Elias Mbau, whose expertise would

strengthen the Finance and Administration Committee as well as head the Audit and Risk Management Committee.

On behalf of the NEPAD/APRM Kenya Governing Council and Secretariat Management, I wish to thank the Government of Kenya for the continued financial and technical support and all the stakeholders who have interacted with us. Your belief in us has helped to shape our vision as a model champion for Africa's development and governance agenda in the continent.



Prof. Michael Chege
NGC Chairman

REPORT OF THE CHIEF EXECUTIVE OFFICER

NEPAD/APRM Kenya Secretariat exists to promote sustainable development and good governance in Kenya and the Eastern Africa region. This is the purpose and driving power behind the Secretariat's operations. The Secretariat is a Semi-Autonomous Government Agency (SAGA) with a modest staff strength of 31 who ensures that the African Union core principles and values are domesticated into Kenya and Eastern African Region. The Secretariat coordinates its activities through thematic areas and pillars as mirrored at the continental level. These are: Natural Resources Governance and Food Security; Regional Integration, Infrastructure and Trade; Human Capital Development; Industrialization, Science, Technology and Innovation; Democratic and Political Governance; Economic Governance and Management; Corporate Governance and Socio-Economic Development.

In the current Strategic Plan 2018-2022, the Secretariat focuses on five strategic areas to realize its mandate: Lobbying, Advocacy and Communication; Facilitating and coordinating the implementation of AU- NEPAD/APRM Programmes at County, National and Regional Levels; Knowledge Management and Governance; Institutional Management and Development; Resource Mobilization and Partnerships.

The Secretariat facilitated the launch of 2nd Country Review Report for Kenya on 29th March 2019 by H.E. President Uhuru Kenyatta in Statehouse Nairobi. In his key note address, following the APRM Country Review, the government has developed a National Plan of Action (NPOA) which outlines the President's commitment to the implementation of the recommendations made in the report. He further noted that Kenya would be among the first countries to customize the APRM mechanism to the second tier of governance to foster democratic dialogue between leaders and citizens in the delivery of services. In his remarks, the President stated that the country would be willing to undergo Targeted Review on the implementation of the 'Big Four Agenda'

During the period under review, the Secretariat assisted the office of the AU High Representative for Infrastructure Development in Africa to hold the AfroChampion Boma Conference on infrastructure finance in Nairobi. The event brought together delegates from over 25 countries in Africa and discussed means of involving Africans

to champion Infrastructure development in Africa especially in transportation, energy, power, digital, and networking infrastructure. It also focused on prioritization and funding of infrastructure projects with scope for regional integration and pan-African impact.

Furthermore, the Secretariat participated in the 60th Meeting of the AUDA-NEPAD Steering Committee held in Dakar, Senegal. This was a preparatory meeting for the Heads of State and Government Orientation Committee where the key point of discussion was the AU's decision on the Transformation of the NEPAD Agency into the African Union Development Agency (AUDA). In this regard, Kenya expressed her support to the initiative and approved the transformation process to proceed.

Nationally, the Secretariat carried out the participated in 6th Annual Devolution Conference held in Kirinyaga County. Here the Secretariat created awareness of APR process and was able to secure general endorsement by County Governments to cascade APR to counties as a tool of good governance. In order to realize this objective, the Secretariat finalized the County Peer Review Mechanism tools in readiness for the cascading APR to sub-national levels. Consequently, the Secretariat was able to develop a popular version of the 2nd Country Review Report for Kenya and translating the same into Kiswahili for easy dissemination to the general public.

Further, the Secretariat co-hosted two workshops organized with the African Biosafety Network of Expertise (ABNE) of AUDA-NEPAD Agency in collaboration with the Kenya National Biosafety Regulatory Framework for the Rift Valley, Central and Western Kenya Cotton Regions. The forum sensitized national stakeholders on Biotech (Bt) cotton farming and value chain while benchmarking with success stories from Malawi, Ethiopia, Nigeria, Eswatini.

On a related issue, the Secretariat, in collaboration with African Union's AUDA-NEPAD Agency, and the Ministry of Agriculture, Livestock and Fisheries, organized for the 15th Comprehensive Africa Agriculture Development Programme Partnership Platform (CAADP-PP) in Nairobi. This is an Annual Continental Forum that brings together stakeholders in Africa on agriculture and food security. The event offered African countries and development partners an opportunity to reflect together, share best practices and identify strategies and policies to foster integration, enhanced market access, both inter and intra-regional trade in agricultural commodities and services.

Additionally, the Secretariat participated in the validation and finalization of the MTP III reporting indicators handbook organized by the Monitoring and Evaluation Directorate under the State Department for Planning. The participation ensured that the targets contained in the National Plan of Action as contained in Kenya's 2nd Country Review Report has been integrated in the handbook for effective monitoring and reporting. Further, the Secretariat ensured that AU's Agenda 2063 Agenda; Sustainable Development Goals and the East African Community Agenda 2050 were well integrated in the national tracking framework for periodic reporting.

On financial performance, the Secretariat's budget earmarked for the period under review was Ksh.197, 515,000, which was lower than the previous review period, 2017/18 of Ksh.205, 165,000. However, the actual budget received was Ksh.193, 564, 700 after the Supplementary budget review. Related challenges to inadequate finances, is the delayed disbursement of funds done on a monthly basis. This grossly constrained execution of the planned activities during the year under review.

The Secretariat continues to train its staff to improve productivity in terms of efficiency and effectiveness. This is what has contributed to the achievements realized during the period under review.



Daniel N. Osiemo
Ag. Chief Executive Officer

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is a process through which the Board/Council directs, controls institutional operations and is held accountable by the stakeholders. It offers good framework for engagement and synergy between the National Governing Council, management and stakeholders for sustainable benefits. The Secretariat's core values, integrity, professionalism, efficiency and effectiveness, innovativeness, equity and equality, accountability and transparency, and strategic objectives forms the foundation of the Secretariat's governance framework.

As a law abiding institution, the Secretariat upholds the spirit of Constitution of Kenya 2010 and complies with the provisions of relevant statutes including, Public Procurement & Asset Disposal Act 2015, Public Finance Management Act 2012, Leadership and Integrity Act 2012. The Secretariat's vision and mission spell out the transformative philosophy for achieving good governance and sustainable development

Board Charter

The Charter provides guidelines to the Board to exercise its mandate of:

- Conduct of Council meetings and procedures, nomination, appointment, induction, training and evaluation of members of the national governing council
- Powers delegated to the NGC Committees
- Policies and practices of the Council on matters of corporate governance, members declarations and conflict of interest
- Separation of the roles, functions, responsibilities and powers of the Council and individual members
- Matters reserved for final decision-making by the Council

Independent Council Members

Seven out of the eight members are non-executive with no monetary relationship with the Secretariat and are compensated through sitting fees or allowances.

Council Composition

The NGC comprises of nine members made up of a non-executive chairman, one acting chief executive officer, Principal Secretary-National Treasury, Principal Secretary-Planning, Principal Secretary-Foreign Affairs, four non-executive members.

In October 2018, Mr. Glenns Etyang, who represented the Principal Secretary-Foreign Affairs, was appointed to a foreign mission and is yet to be replaced.

Council Skills Diversity

The NGC comprises of the following set of skills:

Skill of Specialization	No.
Economics/Development Studies/Public Administration	5
International Relations	1
Tourism	1
Communication	1
Total	8

Members of the National Governing Council are appointed by the Cabinet Secretary in charge of NEPAD and APRM affairs as set forth in the Gazette Notice 4651 dated 24th June, 2016.

During the reporting period, the National Governing Council comprised of 7 male and 1 female Members.

NGC Effectiveness

Role of the Council

1. The Council offers strategic guidance, leadership and control of the Secretariat activities by clearly defining the strategic purpose, objectives and values; evaluates the strategic direction and adopts the annual work plans to guide Management operations at the Secretariat.
2. The Council constitutes and reviews the structure of the NGC Committees and adopts reports and performance of each Council Committee. It also approves the Quarterly and Annual Reports and financial statements.
3. The Council assess performance of the Management against targets and objectives as set out in the Secretariat's strategic plan as well as against best international practices. The Council considers and consent to the Secretariat's overall budget and specific proposals for capital expenditure & acquisitions as well as strategic opportunities. It reviews succession planning for the management team and approves senior executive appointments, organisational changes and remuneration.

Induction and training

The Secretariat has an elaborate framework to ensure that the Council effectively carries out its mandate. In terms of induction, newly appointed members to the NGC embark on a detailed programme to familiarize themselves with the operations of the Secretariat. Relevant background material is provided and a formal meeting is organized for interaction with Senior Management. For continuous improvement, topical courses are organized for the members to enhance their oversight role. In

terms of evaluation, plans are undertaken to have members undergo a sensitization forum on performance evaluation before each one of them is evaluated.

Secretary to the NGC

Currently, the Secretariat has not attained a full corporate status, therefore the Acting Chief Executive Officer provides Secretarial Services to the Council.

National Governing Council Meetings

The Gazette Notice stipulates that the Council shall hold quarterly meetings for the proper discharge of its functions. A schedule of meetings is agreed upon at the beginning of a financial year for effective planning and participation. During the year under review, the Council met 4 times as required and held three additional special meetings for the approval of the Annual Reports and Financial Statements (29/09/2017) and finalization of the Strategic Plan (23/10/2017). The table below presents attendance of members to the Council Meetings:

S/No.	NGC Member	Attendance
1.	Prof. Michael Chege	7
2.	Michael Kisilu	6
3.	Anthony Muriu	6
4.	Dr. Monica Kerretts-Makau	6
5.	Joshua Opiyo	7
6.	Samuel Mwale	1
7.	Glenns Etyang	4
8.	Daniel Osiemo	7

**Mr. Samuel Mwale was involved in foreign assignments during the year.*

**Mr. Glenns Etyang was posted to a foreign mission in October 2018.*

NGC Members Remuneration

In accordance with the guidelines provided in the State Corporations Act and Salaries and Remuneration Commission, members of the National Governing Council are paid a taxable sitting allowance for every meeting attended. The Chairman is paid a monthly honorarium. NGC does not grant personal loans or provide guarantee to its members. Consequently, during the year under review, no loans were given to any Non-Executive NGC member.

Declaration of Interest and Conflict of Interest

Members are required to disclose to the Council real or potential conflict of interest, which comes to his/her attention, whether direct or indirect. The statutory duty to avoid situations in which they have or may have interests that conflict with those of the Secretariat has been observed by the Council. All transactions with all parties, Council Members or related parties are carried out at an arms' length policy.

After an appointment to the National Governing Council, members are required to make a formal declaration of any interest they may have in the course of their engagement with the Secretariat. All the NGC Committees, including the Audit, Risk & Compliance Committee, are established with written terms of reference detailing their mandates, authority and duties.

NGC Committees

Name of the Committee	Members
Finance, and Administration Committee	Dr. Monica Kerretts-Makau (Chair) Mr. Joshua Opiyo <i>(Member)</i> Mr. Anthony Muriu <i>(Member)</i> Mr. Samuel Mwale <i>(Member)</i>
Audit and Risk Management Committee	Mr. Michael Kisilu <i>(Member)</i> Mr. Anthony Muriu <i>(Member)</i>
Technical Committee	Mr. Michael Kisilu (Chair) Mr. Samuel Mwale <i>(Member)</i> Dr. Monica Kerretts <i>(Member)</i> Mr. Joshua Opiyo <i>(Member)</i>

Technical Committee

Key duty of the Technical Committee is to provide direction in execution of the Secretariat's mandate through NEPAD and APRM related programs. Below is the summary performance for the year under review:

Name	Attendance
Michael Kisilu	3
Glenns Etyang	1
Joshua Opiyo	3

**Mr. Glenns Etyang was transferred to a foreign mission in October 2018*

Finance and Administration Committee

This the General Purposes Committee that oversees the support activities and sustainability of the Secretariat. This includes finances, human resource issues, strategy, administration and institutional sustainability. The below is summary of the Finance and Administration Committee performance during the year under review:

Name	Attendance
Dr. Monica Kerretts-Makau	2
Glenns Etyang	1
Joshua Opiyo	2

Audit and Risk Management Committee

The duties of the Audit, Risk & Compliance Committee are based on six broad functions namely the Internal Control, Risk Management & Compliance, Financial Reporting, Internal Audit, External Audit, Compliance with laws and regulations and Compliance with the Secretariat's Code of Conduct and ethical guidelines functions. The Committee did not meet in the FY 2019/20 because the Chair had been appointed to the National Assembly and there had been no replacement.

Executive Committee

The Chief Executive Officer, Directors and sectional heads make up the Executive Committee of the Secretariat. The Committee serves as a link between the National Governing Council and the Secretariat. The core mandate and responsibility of the Executive Committee is to ensure compliance with the statutory and regulatory requirements of Government, preparation and adherence to the Secretariat policies and procedures. Its meetings are summoned on a weekly basis to discuss strategy formulation and implementation, policy matters and financial performance.

Internal Controls & Risk Management

The Secretariat asserts its responsibility for the Company's system of internal financial control, including taking reasonable steps to ensure that appropriate systems are maintained. Effective internal control systems to assess and mitigate risks have been operationalised.

The Secretariat has developed a comprehensive policy on the risk management framework with risk champions trained to guide the process. The Audit & Risk Management Committee of the Council through its delegated mandate, is expected to regularly review the effectiveness of the internal control system. The Head of Internal Audit & Risk Management Department reports directly to the Audit & Risk Management Committee.

Code of Ethics

Company carries out its business in compliance with legal principles and high ethical standards of business practice. The Council, Management and employees are required to observe the code and high standards as incorporated in the Secretariat's core values of integrity; professionalism; efficiency and effectiveness; innovativeness; equity and quality; accountability and transparency

MANAGEMENT DISCUSSION AND ANALYSIS

The Secretariat coordinates its activities through its technical programmes: APRM & Governance and AUDA-NEPAD Programmes. This section presents the achievements made during the period under review

APRM & GOVERNANCE PROGRAMME

The APRM & Governance had two targets in the ministerial performance contract for the year 2018/2019. The targets were; launch of the 2nd African Peer Review mechanism (APRM) report for Kenya and linking the National Plan of Action (NPoA) to the national and county planning and budgeting frameworks. The Secretariat was able to achieve the following under the review period:

- The successful launch of Kenya's 2nd APRM Country Review Report by H.E President Uhuru Kenyatta on 29th March 2019. The event was by the lead Panellist, Prof. Abu Manga, and attracted participants from Continental office, Uganda, Ghana, Liberia, Ministries Counties Departments and Agencies(MCDAs), Council of Governors, Civil Society Organizations and Kenya's Private Sector. The event was attended by over 600 participants. In preparation for the dissemination of the report, the secretariat developed a popular version of the report. The popular version has been translated into Swahili to enhance outreach to the masses.
- The Secretariat participated in the 32nd Ordinary Session of the Assembly of the African Union Meeting held between 4th and 12th February 2019 in Addis Ababa, Ethiopia. Here, Kenya's remarkable leadership was acknowledged through the revitalization process for the Mechanism. Further, the Secretariat took part in the development of a Legacy Report for H.E. President Uhuru Kenyatta who served as Chair of the African Peer Review Mechanism (APRM) from 13th June, 2015 until 27th January, 2018.
- The Secretariat in collaboration with the Ministry aligned the NPoA activities to Third Medium Term Plan (MTPIII) and County Integrated Development Plan (CIDPs). This will ensure that the activities under the NPoA have been harmonised with the national priority programmes and connected to the both the national and county budgeting framework.
- The secretariat held county consultations with county governments to secure a buy-in in the implementation of the CPRM. At the same time the Secretariat in collaboration with stakeholders held various retreats and workshops to review and validate the proposed County Peer Review Mechanism (CPRM) Tools and guidelines.

- The Secretariat participated during the 6th Annual Devolution Conference held in Kirinyaga County - Kirinyaga University from March 4th -8th, 2019. The objectives were aligned to the Big Four Agenda. The Secretariat was commended particularly on the conducting a successful Second Country Review, and running programs under Skills Initiative for Africa, which works with Technical & Vocational Education & Training Institutions under Ministry of Education.
- APRM spearheading the implementation of commitment number five (5) of the 2018-2022 National Action Plan under the OGP on improving public sector performance through governance indices. Further on governance, APRM participated in a round table meeting during the launch National Kenya OGP National Action Plan III 2018 –2020 on 28th January, 2019.

The Secretariat participated in a number of events hosted by other organisations. They included:

- Contributed in the development of the National Reporting Indicators Handbook which is designed to increase accountability.
- Participated in the National Action Plan on Disability and human Rights Workshop organized by the Gender and Disability Development Centre (GDDC).
- NEPAD/ APRM participated in the dissemination of the MTP III. This provided the secretariat with the opportunity to engage various stakeholders and raise the visibility of NEPAD /APRM programmes and projects.
- The Secretariat participated in a two-day preparatory workshop on Targeted Review organized by the APRM Continental Secretariat in Livingstone, Zambia from 27th -28th June, 2019.

NEPAD PROGRAMMES

NEPAD Programmes and Projects are implemented under four thematic areas which are key in achieving sustainable growth and development as envisaged in the AU's Agenda 2063. During the period under review the Secretariat achieved the following as per the thematic areas among others:

- i) **Natural Resources Governance and Food Security:** the Secretariat as a facilitator in this thematic area, worked with the relevant stakeholders to promote the implementation of Comprehensive Africa Agriculture Development Programme (CAADP) to enhance agricultural productivity. Key activities under this were participation in the Development of a Results

Framework for the Agricultural Sector and National Agricultural Investment Plan.

The Secretariat in partnership with AUDA-NEPAD Agency and the Ministry of Agriculture, Livestock and Fisheries coordinated the 15th Comprehensive Africa Agriculture Development Programme Partnership Platform (CAADP-PP) held in Kenya.

- ii) **Regional Integration, Infrastructure and Trade:** Under this thematic area, the Secretariat facilitated monitoring of the implementation of LAPSET Corridor and the integration roads from Kapenguria, Lokichar, Lodwar, Lokichogio to Nadapal. The Secretariat also participated in Programme for Infrastructure Development in Africa (PIDA), Presidential Infrastructure Champion Initiative (PICI) meetings/workshops to report implementation status of the projects and improve coordination of the same;

It is also worth noting that the Secretariat hosted the High Representative for infrastructure development in Africa and the Chief Executive Officer for AUDA-NEPAD to appraise them on the AUDA-NEPAD programmes and to forge a working relationship with their offices on infrastructure development in Kenya

- iii) **Human Capital Development:** this is aimed at building capacities for sustainable development. The Secretariat coordinated Skills Initiative for Africa (SIFA), Capacity Development Programme activities including facilitation of training workshop on Concept note and proposal writing for Agriculture Technical Vocational Education and Training (ATVET) for effective participation during the call for proposal for Window1.

The Secretariat is also coordinating United Nations Development Account aimed at strengthening capacities for Economists and Statisticians to entrench accountability in planning process.

- iv) **Industrialisation, Science, Technology and Innovation:** This thematic area focuses on promoting science, technology and innovation to steer industrial development. The Secretariat took part in two workshops organized by the African Biosafety Network of Expertise (ABNE) of AUDA-NEPAD Agency in collaboration with the Kenya National Biosafety Regulatory Framework for the Rift Valley, Central and Western Kenya Cotton Regions. The workshops were aimed at sensitizing and engaging stakeholders on Biotech (Bt) cotton farming and value chain.

Furthermore, Secretariat was involved in coordination and facilitation of a number of international workshops, seminars and meetings. Among them were: the European Union and the Swiss Agency for Development and Cooperation (SDC) workshop on enhancing the use of Country Results Frameworks (CRFs) anchored under the framework of the Global Partnership for Effective Development Cooperation (GPEDC); United Nations Economic Commission for Africa (UNECA) hosted the United Nation Development Account validation workshop in Nairobi; the African Ministerial Conference on the Environment (AMCEN) and the 1st African Environment Partnership Platform (AEPP) in Nairobi; and Mining dialogue that was aimed at equipping officers involved in extractive production with negotiation skills.

It is also worth noting that NEPAD/APRM Kenya Secretariat and LAPSET Corridor Development Authority (LCDA), with support from the United Nations Economic Commission for Africa (UNECA) organized a side-event during the Sustainable Blue Economy Conference to drum up financial support for LAPSET.

CORPORATE SOCIAL RESPONSIBILITY

This section gives details of the Corporate Social Responsibility activities carried out in the year and the impact to the society.

As a moral obligation to the environment, the Secretariat partnered with stakeholders in the National tree planting day event held in Makueni County on 24th November 2018. During the event, the Secretariat sensitized the locals on the dangers of deforestation to mitigate its effects on sustainable livelihoods. Similarly, during a group training at Kenya School of Government (Embu Campus) the NEPAD/APRM Kenya Secretariat organised a tree planting activity for the purpose of improving the quality of the natural environment within the Institution.



NEPAD/APRM Kenya Secretariat staff planting trees during the training exercise at Kenya School of Government, Embu

In terms of staff welfare, The Secretariat organised a communication strategy workshop held in May, 2018 during this activity a motivational talk was conducted by Dr. Edward Mungai in this session members of staff were taken through personal

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. PROPERTY, PLANT AND EQUIPMENT

DEPRECIATION SCHEDULE						
	Motor vehicles	Furniture and Fittings	Computers	Other-Office Equipment	Total	
Depreciation rate	20%	12.5%	30%	12.5%		
Cost	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	23,336,797	5,911,620	2,777,759	9,623,866	41,650,042	
Additions	-	-	961,018	71,980	1,032,998	
Disposals	-	-	-	-	-	0
Revaluation	**6,380,000	-	-	-	-	6,380,000
At end of year - June 2018	23,336,797	5,911,620	3,738,777	9,695,846	49,063,040	
Depreciation and impairment						
At 1 July 2018	21,087,325	3,109,802	3,076,830	3,967,498	31,241,455	
Depreciation Overcharge*	0	0	(387,157)	0	(387,157)	
Depreciation charge for the year	2,400,736	738,953	601,817	1,211,981	4,953,487	
On Disposals	-	-	-	-	-	-
On impairment	-	-	-	-	-	-

As at 30 June 2019		23,488,061		3,848,754		3,291,490		5,179,479	
Net book values									36,194,941
As at 30 th June 2019		6,228,736		2,062,866		447,287		4,516,367	12,868,099
As at 30 June 2018		2,249,472		2,801,819		661,947		5,728,348	11,441,585

*The depreciation overcharge relates to the financial year 2016/17 and 2017/18 on the class of computers. See note on PPE

** The amount of Ksh 6,380,000/= is a result of evaluation of motor vehicle KBT 971N and KBU230T at Ksh3,900,000/= and Ksh2,480,000/= respectively.

17 (b) MOVEMENT SCHEDULE									
	Motor vehicles	Furniture and Fittings	Computers	Other Office equipment	Total				
Depreciation rate	20%	12.5%	30%	12.5%					
Cost	Shs	Shs	Shs	Shs	Shs				
At 1 st July 2013	-	1,752,173	690,366	4,231,010	6,673,549				
Additions	17,713,117	2,599,551	-	-	20,312,688				
Disposals	-	-	-	-	-				
Transfers/adjustments	-	-	-	-	-				
At 30 th June 2014	17,713,117	4,351,724	690,366	4,231,010	26,986,217				

17 (b) MOVEMENT SCHEDULE					
	Motor vehicles	Furniture and Fittings	Computers	Other Office equipment	Total
At 1st July 2014	17,713,117	4,351,724	690,366	4,231,010	26,986,217
Additions	-	-	209,873	3,958,252	4,168,125
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2015	17,713,117	4,351,724	900,239	8,189,262	31,154,342
At 1st July 2015	17,713,117	4,351,724	900,239	8,189,262	31,154,342
Additions	5,623,680	-	1,248,720	1,434,604	8,307,004
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2016	23,336,797	4,351,724	2,148,959	9,623,866	39,461,346
At 1st July 2016	23,336,797	4,351,724	2,148,959	9,623,866	39,461,346

17 (b) MOVEMENT SCHEDULE						
	Motor vehicles	Furniture and Fittings	Computers	Other Office equipment	Total	
Additions		1,559,896	628,800	-	2,188,696	
Disposals		-	-	-	-	
Transfers/adjustments		-	-	-	-	
At end of year - June 2017	23,336,797	5,911,620	2,777,759	9,623,866	41,650,042	
At 1st July 2017	23,336,797	5,911,620	2,777,759	9,623,866	41,650,042	
Additions			961,018	71,980	1,032,998	
Disposals				-	-	
Transfers/adjustments				-	-	
At end of year - June 2018	23,336,797	5,911,620	3,738,777	9,695,846	42,683,040	
At 1st July 2018	23,336,797	5,911,620	3,738,777	9,695,846	42,683,040	
Additions	-	-	-	-	-	
Disposals	-	-	-	-	-	
Revaluations for the year	6,380,000	-	-	-	6,380,000	

17 (b) MOVEMENT SCHEDULE					
	Motor vehicles	Furniture and Fittings	Computers	Other Office equipment	Total
At end of year - June 2019	29,716,797	5,911,620	3,738,777	9,695,846	49,063,040
Depreciation and impairment					
At 1st July 2013	3,542,623	543,966	207,110	528,876	4,822,575
Depreciation	3,542,623	543,966	207,110	528,876	4,822,575
On Disposals	-	-	-	-	-
On impairment	-	-	-	-	-
As at 30th June 2014	3,542,623	543,966	207,110	528,876	4,822,575
As at 1st July 2014	3,542,623	543,966	207,110	528,876	4,822,575
Depreciation	3,542,623	543,966	270,072	1,023,658	5,380,318
On Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2015					10,202,893

17 (b) MOVEMENT SCHEDULE						
	Motor vehicles	Furniture and Fittings	Computers	Other Office equipment	Total	
	7,085,247	1,087,931	477,182	1,552,534		
At 1 st July 2015	7,085,247	1,087,931	477,182	1,552,534	10,202,893	
Depreciation	4,667,359	543,966	644,688	1,202,983	7,058,996	
On Disposals	-	-	-	-	-	
Impairment	-	-	-	-	-	
At 30 th June 2016	11,752,606	1,631,897	1,121,869	2,755,517	17,261,889	
At 1 st July 2016	11,752,606	1,631,897	1,121,869	2,755,517	17,261,889	
Depreciation	4,667,359	738,953	833,328	1,202,983	7,442,623	
On Disposals	-	-	-	-	-	
Impairment	-	-	-	-	-	
At 30 th June 2017	16,419,966	2,370,849	1,955,197	2,755,517	23,501,529	

17 (b) MOVEMENT SCHEDULE					
	Motor vehicles	Furniture and Fittings	Computers	Other Office equipment	Total
At 1 st July 2017	16,419,966	2,370,849	1,955,197	2,755,517	23,501,529
Depreciation	4,667,359	738,953	1,121,633	1,211,981	7,739,926
On Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 June 2018	21,087,325	3,109,802	3,076,830	3,967,498	31,241,455
At 1 st July 2018	21,087,325	3,109,802	3,076,830	3,967,498	31,241,455
Depreciation overcharge	-	-	(387,157)	-	(387,157)
Depreciation charge for the year	2,400,736*	738,953	601,817	1,211,981	4,953,487
On Disposals	-	-	-	-	-
At 30 th June 2019	23,488,061	3,848,754	3,291,490	5,179,479	36,194,941
Net book values					
As at 30 th June 2019	6,228,736	2,062,866	47,287	4,516,367	12,868,099
As at 30 June 2018	2,249,472	2,801,819	661,947	5,728,348	11,441,585

*The Amount of Ksh.2, 400,736 = 20% of (29,716,797-17,713,117) on revalued motor vehicles

18 TRADE AND OTHER PAYABLES FROM NON EXCHANGE TRANSACTIONS

Description	2017-2018	2017-2018
	KShs	KShs
Trade payables	2,379,257	-
Payments received in advance		-
Employee salary arrears		
Basic Salary		8,350,372
Leave Allowance		159,810
Acting Allowance		162,835
Special Duty Allowance		50,103
Gratuity		2,919,173
Total trade and other payables	2,379,257	11,642,293

19. FIXED ASSET REGISTER

NEPAD KENYA SECRETARIAT ASSET REGISTER AS AT 30TH JUNE 2019

N/B: During the year, there were no acquisitions of property, plant and equipment

20. FINANCIAL RISK MANAGEMENT

The Secretariat's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Secretariat'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 Secretariat does not hedge any risks as it is a non-enterprising Government institution

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

(i) Credit risk

The Secretariat has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks as well as under other receivables the Secretariat has salary advance and outstanding imprests.

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

The National Governing Council sets the Secretariat's Risk Management Policies within which credit risk is managed.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the National Governing Council, which has developed an appropriate liquidity risk management framework for the management of the Secretariat's short, medium and long-term funding and liquidity management requirements. The Secretariat manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Secretariat's income or the value for money for the involved activities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Secretariat's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by the National Governing Council) for the day to day implementation. The NGC Audit and Risk Management Committee acts as an oversight to the implementation of the approved appropriate risk management policies within the Secretariat.

iii) Foreign currency risk

The Secretariat has minimal transactional currency exposures. Such exposures arise from the foreign exchange rates fluctuations during participation in the African Union Summits, international Conferences and learning exchange visits.

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern.

21. RELATED PARTY BALANCES

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.

Government of Kenya

The Government of Kenya is the principal financier of the Secretariat. During the period under review, Government support to the budget was 100%. The related parties during the year were:-

- i) The State Department for Planning
- ii) NEPAD/APRM Kenya National Governing Council
- iii) Key management

	Transactions with related parties	2018-2019	2017-2018
		Ksh	Ksh
a)	Grants from Government	193,564,700	205,165,000
b)	Remuneration of Council members		
	• Chairman's Honoraria	960,000	960,000
	• Directors emoluments	1,720,000	1,700,000
	Total	2,680,000	2,660,000
c)	Key Management compensation		
	• Compensation to the CEO	2,941,248	-
	• Compensation to key management	15,938,508	-
	Total	18,879,936	

iv) SEGMENT INFORMATION

Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments. NEPAD/APRM Kenya Secretariat operates only from centralized office without regional or departmental segmentation.

v) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Secretariat does not have pending court cases or bank guarantees.

vi) CAPITAL COMMITMENTS

The Secretariat is a non-enterprising Government entity without capital commitments.

vii) 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. Due to the nature of its operations, the Secretariat does not pay dividend or remit surplus.

viii) TAXATION

There was no taxation during the financial year because this is a non-enterprising organization.

ix) DEFERRED TAX LIABILITY

There was no deferred tax during the financial year

x) EVENTS AFTER THE REPORTING PERIOD

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

xi) ULTIMATE AND HOLDING ENTITY

The entity is a Semi- Autonomous Government Agency under the National Treasury and Planning. Its ultimate parent is the Government of Kenya.


xii) CURRENCY

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

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)
1.	The cash and cash equivalent figure of Ksh.1,787,624 could not be reconciled with the accounting records provided for audit	Ongoing	Head of Accounting Unit	Not resolved	30 th September 2019

Signature  Date 26.09.2019

Daniel N. Osiemo

Ag. Chief Executive Officer

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Status of Projects completion

NEPAD/APRM Kenya Secretariat is a coordinating institution and does not implement projects and programmes directly. Therefore during the period under review, the Secretariat did not directly implement projects or programme.

ENTITY NAME		NEPAD/APRM KENYA SECRETARIAT		
Breakdown of Transfers from the State Department for Planning				
FY 2018/19				
Recurrent Grants	Bank Statement Date	Amount (Ksh.)	Financial Year	
	14-08-18	16,459,583.00	2018/19	
	14-09-18	16,456,583.00		
	03-10-18	16,459,583.00		
	31-10-18	16,460,583.00		
	03-12-18	15,966,046.00		
	10-01-19	13,992,397.00		
	11-01-19	16,456,583.00		
	06-03-19	16,461,083.00		
	28-03-19	15,473,509.00		
	02-05-19	16,459,583.00		
	04-06-19	16,459,584.00		
	27-06-19	16,459,583.00		
TOTAL		193,564,700.00		

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

The Secretariat did not receive transfers from other entities for recording

Name of the MDA/Donor Transferring the funds	Date received			Where Recorded/recognized					Total Transfers during the Year
	as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	State ment of Financi al Perfor mance	Ca pit al Fu nd	Def erre d Inco me	Recei vables	Oth ers - mu st be spe cifi c	
The National Treasury and Planning	-	Recurrent	-	-	-	-	-	-	-
			-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-