

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY	
REPORT	
DATE: 02 MAR 2022	DAY: Thurs
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THE AUDITOR-GENERAL

ON

**NAIROBI CENTRE FOR INTERNATIONAL
ARBITRATION**

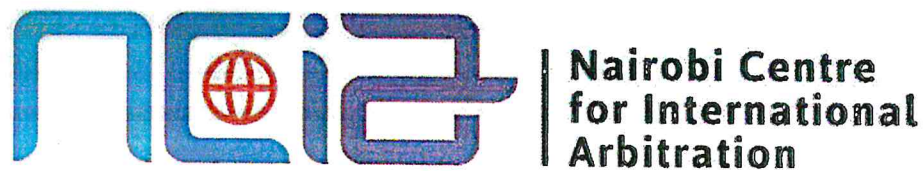
**FOR THE YEAR ENDED
30 JUNE, 2020**



**ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH JUNE 2020**

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for International
Arbitration



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH JUNE 2020**

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

**Nairobi Centre for International Arbitration
Annual Reports and Financial Statements
For the year ended June 30, 2020**

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I. 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;

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- (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

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3.	Victor Ogunyo	Manager Corporate Support Services
4.	Dickson Toroitich	Principal HR and Administration Officer
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 Management 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 2020 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 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 2019-2020 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 2020 the membership of this committee was as indicated below:

S/No.	Name	Role
1.	Millicent Shitakha	Chairperson
2.	Elijah Muriuki	Secretary
3.	Dickson Toroitich	Member
4.	Isabella Onyango	Member

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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 2020 the following were the members of this committee:

S/No.	Name	Role
1.	Victor Ogunyo	Chairperson
2.	Dickson Toroitich	Secretary
3.	Alex Mwaniki	Member
4.	Isabella Onyango	Member
5.	Arnold Ndukuyu	Member
6.	Anne Kago	Member
7.	Diana Njeru	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 2020 the following were the members of this committee:

S/No.	Name	Role
1.	Victor 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 2020 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 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 2019/2020 Centre's Performance Contract. During the financial year ended 30th June 2020 the following were the members of this committee:

S/No.	Name	Role
1.	Millicent Shitakha	Chairperson
2.	Irene Nyamasi	Secretary
3.	Victor 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 2020 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 Corporate Social Responsibility; develop and support the activities necessary to convert Corporate Social Responsibility policies into an effective plan for implementation across the Centre and to agree a programme of specific Corporate Social Responsibility activities; and ensure that appropriate communications policies are in place and working effectively to build and protect the Centre's reputation both internally and externally. During the financial year ended 30th June 2020 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. 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 carry out evaluation of bids and advise the Registrar/CEO on the matter. During the financial year ended 30th June 2020 members of the committee were as indicated below:

S/No.	Name	Role
1.	Lorna Kerubo	Chairperson
2.	Anne Kago	Secretary
3.	Arnold Ndukuyu	Member
4.	Victor Oketch	Member
5.	Irene Nyamasi	Member
6.	Diana Njeru	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 2020 the following were the members of this committee:

S/No.	Name	Role
1.	Victor 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 2020 the following were the members of this committee:

S/No.	Name	Role
1.	Millicent Shitakha	Chairperson
2.	Irene Nyamasi	Secretary
3.	Victor Ogunyo	Member
4.	Anne Kago	Member
5.	Arnold Ndukuyu	Member
6.	Alex Mwaniki	Member
7.	Dennis Karanja	Member

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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 2020 the following were the members of this committee:

S/No.	Name	Role
1.	L. Muiruri Ngugi	Chairperson
2.	Dennis Karanja	Secretary
3.	Victor 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 2020 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 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 2020 the following were the members of this committee:

S/No	Name	Role
1.	Victor 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 2020 the following were the members of this committee:

S/No	Name	Role
1.	Dickson Toroitich	Chairperson
2.	Victor Rutto	Secretary
3.	Arnold Ndukuyu	Member
4.	Diana Njeru	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 2020 the following were the members of this committee:

S/No	Name	Role
1.	Victor Ogunyo	Chairperson

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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


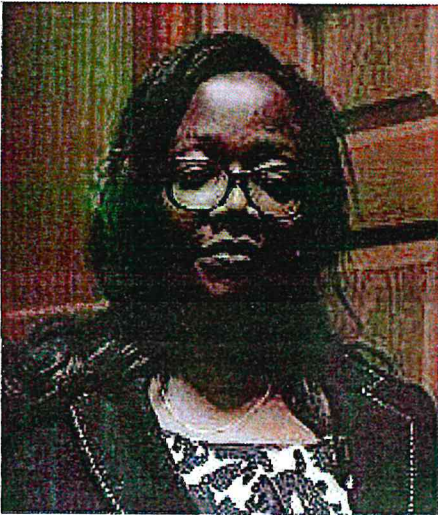
II. THE BOARD OF DIRECTORS

Director	Director's Particulars
<p>1. Arthur Konye Igeria – Chairperson</p> 	<p>Mr. Arthur Igeria (DoB: 20/05/1966) was the <i>Chairperson</i> of the <i>Board of Directors</i> (term ended in March 2020). 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>



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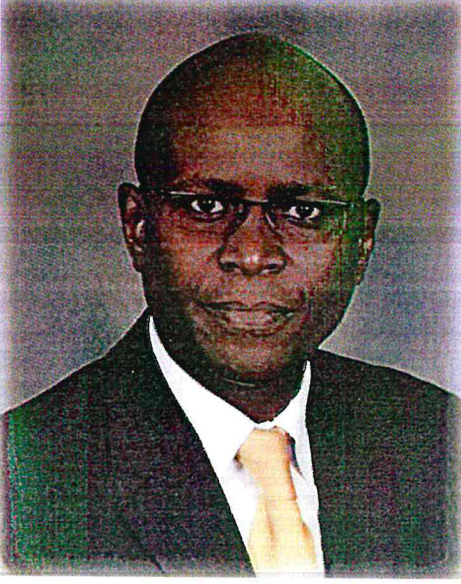
Director	Director's Particulars
<p>3. Pauline Mcharo - Member</p> 	<p>Ms. Pauline Mcharo (DoB: 24/06/1977) is the <i>Chairperson</i> of the <i>Finance and Administration Committee</i>. She is the Deputy Chief State Counsel, International Law Division, at the State Law Office.</p> <p>She represents the 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>

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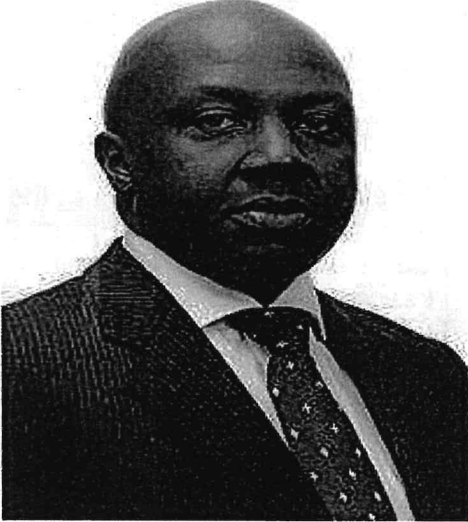
Director	Director's Particulars
<p>5. Collins Namachanja – Member</p> 	<p>Mr. Collins Namachanja (DoB: 26/06/1968) is the <i>Chairperson</i> of the <i>Audit Risk and Governance Committee</i>. He is a senior partner in the firm of Namachanja & Mbugua Advocates with close to 20 years post qualification 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>

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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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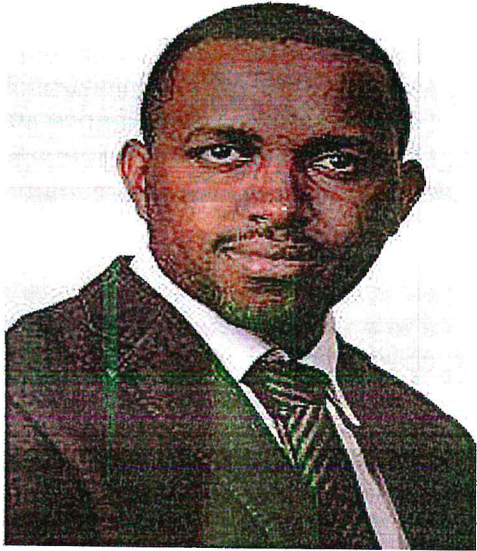
Director	Director's Particulars
<p>11. L. Muiruri Ngugi – Board Secretary</p> 	<p>Mr. L. Muiruri Ngugi (DoB: 15/12/1971) is the Registrar/CEO of NCIA and the Board Secretary. He is an arbitrator and accredited mediator, member of ICCA, member to the UNCITRAL Working Group II Arbitration & Conciliation and UNCITRAL Working Group III Online Dispute Resolution.</p> <p>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>

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Name	Particulars
<p>5. Dennis Macharia Karanja</p>  <p><i>MSc (Finance), Bcom (Finance), CPA</i></p>	<p>Mr. Dennis Karanja is the Senior Internal Auditor at NCIA.</p> <p>He oversees the Internal Audit, Risk and Compliance functions at the Centre.</p> <p>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 Director**

The Nairobi Centre for International Arbitration (NCIA) is honoured to publish the 2019/2020 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 2019/2020 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;

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training and quality assurance; partnerships and collaboration; and organizational capacity development.

I am pleased to report that the financial year 2019/2020 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 public participation forums on the Zero Draft National ADR Policy in eight (8) regional headquarters (Kakamaga, Kisumu, Nakuru, Nyeri, Embu, Garissa, Mombasa and Nairobi) and the National Validation Forum in Nairobi.

In the year under review, the Centre participated in four (4) International Arbitration and Dispute Resolution (ADR) events namely: the East Africa International Arbitration Conference in August 2019, the United Nations Commission On International Trade Law (UNCITRAL) Working Group Session in October 2019, the Asian African Legal Consultative Organization Conference in October 2019 and the 6th SOAS Arbitration Conference in March 2020. The Centre also participated and exhibited its services during the Legal Awareness Week in November 2020 and in collaboration with other stakeholders organized and successfully held the 2nd Nairobi Centre for International Arbitration (NCIA) Arbitration Conference held in March 2020 in Mombasa. The Centre further signed three (3) Memorandum of Understandings (MOUs) with the Cairo Regional Centre for International Commercial Arbitration, the Chartered Institute of Arbitrators and Centre for Alternative Dispute Resolution and the Kenya National Chamber of Commerce and Industry.

In the year under review, the Centre registered twelve (12) arbitration disputes for administration and continued to administer nine (9) ongoing arbitration disputes. The Centre concluded ten (10) arbitration disputes registered for administration in the year under review. In the same period, the Centre admitted seventeen (17) arbitrators to the NCIA Panel List of arbitrators and thirteen (13) mediators to the NCIA Panel List of Mediators. The Centre also published four (4) research papers on Third Party Funding in International Arbitration, Artificial Intelligence and Arbitration, Reform of Investors-State Disputes Settlement and Conventional Wisdom in International Arbitration. In the same period, the Centre developed an Arbitration Curriculum and Mediation Curriculum for practitioners.

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. The emergence of COVID19 towards the end of the period under review also had an impact on the Centre implementing some of its planned activities.

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 1st National Moot Competition.

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 2019/2020 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 2019/2020.

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. Igeria

DIRECTOR

BOARD OF DIRECTORS, NAIROBI CENTRE FOR INTERNATIONAL ARBITRATION

V. REPORT OF THE CHIEF EXECUTIVE OFFICER



**Mr. L. Muiruri Ngugi
NCIA Registrar/CEO**

I am delighted at the publication of the Centre's 2019/2020 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 held public participation forums on the Zero Draft National ADR Policy in Kakamaga, Kisumu, Nakuru, Nyeri, Embu, Garissa, Mombasa and Nairobi and the National Validation Forum in Nairobi. The National ADR Policy aims to harmonize the existing legal frameworks. The National ADR Policy once complete will streamline ADR services and promote the adoption of best practices. In the FY 2019-2020, the Centre held the 2nd Nairobi Centre for International Arbitration (NCIA) Arbitration Conference.

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 2019/2020, the Centre developed Arbitration Curriculum and Mediation Curriculum to guide training of 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 targeted 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, held public participation forums 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 2019/2020, the Centre 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 Capacity Building Officer 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

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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 continued implementation of the Microsoft Dynamics Navision (NAV) Enterprise Resource Planning System and an online performance management 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; 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:

- Develop and submit Draft National ADR policy;
- Develop rules for the Arbitral Court;
- Constitute the Arbitral Court;
- Publish and circulate simplified user guidelines/handbook on ADR;
- Initiate and undertake research in ADR emerging areas and trends;
- Develop and implement an ADR moot and skills programme for upcoming practitioners;
- Implement a capacity building curriculum on ADR mechanisms;
- Identify institutions/individuals for strategic partnership;
- Develop mentorship and exchange programmes;
- Accreditation and induction of practitioners;
- Conduct ADR open days and clinics; and
- Organize seminars, workshops and trainings programs on ADR.

While the year 2019/2020 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. 111.43 Million during the year under review.

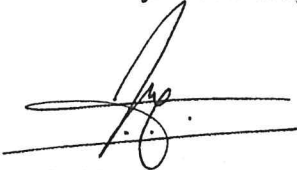
The Secretariat will continue to ensure effective implementation of the programmes of the Centre including supporting the work of the Board of Directors and the various Board Committees. We will remain dedicated and committed to achieving the Centre's vision of being *the Premier Centre of Choice for Alternative Dispute Resolution* and its Mission of *being recognized as a Centre for*

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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**

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VI. REVIEW OF NAIROBI CENTRE FOR INTERNATIONAL ARBITRATION PERFORMANCE FOR FY 2019/2020

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

Nairobi Centre for International Arbitration has four (4) strategic pillars and objectives within its Strategic Plan for the FY 2017/2018- 2021/2022. These strategic pillars are as follows:

- Pillar 1: Promotion and administration of ADR;
- Pillar 2: Training and Quality Assurance;
- Pillar 3: Partnerships and Collaboration; and
- Pillar 4: Organizational Capacity Development.

Nairobi Centre for International Arbitration develops its annual work plans based on the above four (4) pillars. Assessment of the Centre's performance against its annual work plan is done on a quarterly basis. The Centre achieved its performance targets set for the FY 2019/2020 period for its four (4) strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Promoting and Administration of Alternative Dispute Resolution (ADR) processes	To develop and implement effective policy and management frameworks for ADR processes.	Signed 2019/20 Performance Contract	Mainstreaming the National ADR in the NCIA'S Performance Contract	National ADR Policy mainstreamed in the Performance Contract
		Signed Approval and Report/Document	Approval of Thematic Group Drafts by the Committees and Consolidation of Thematic drafts into single draft	Draft Policy Developed
		Reports on Stakeholder Meetings/Forum and Reports	Stakeholder Forum for Sector and County Stakeholder Consultations/Contributions and Production of Thematic Group Drafts	Eight (8) Stakeholder County Forums and National Validation forum held
		Undertake research on ADR emerging areas and trends	Initiate and promote research in ADR emerging areas and trends	Twelve (12) research papers prepared and four (4) published

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Pillar 2: Training, quality assurance and awareness creation on Alternative Dispute Resolution (ADR) processes and services	To enhance professional capacity in International Commercial Arbitration and promote the use of ADR processes.	Training Needs Analysis report	Conduct a baseline survey on ADR Training Needs Analysis	Training Needs Report prepared
		Arbitration Curriculum	Develop training curriculum in ADR	Approved Arbitration Curriculum
		Training Calendar and Training Manual	Development of the Training Calendar and Formulation & Development of Training Manual	Approved Training Calendar and Training Manual
		100% of complaints effectively resolved Clients satisfaction survey index	Implement complaints reporting, handling and feedback mechanism	Enhanced customer satisfaction
Pillar 3: Partnerships and collaborations	To enhance international recognition of NCIA.	1 Memorandum of Understanding (MoU) signed	Identify thematic areas for cooperation	MoU signed with Cairo Regional Center for International Commercial Arbitration.
		1 International event organized	Organize international conferences, seminars and training programs on ADR	2 nd NCIA International Arbitration and ADR Conference held Webinar organized and held due to travel restrictions-titled "Impact of COVID-19 on Arbitration & ADR processes – Reshaping for the new normal"

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Pillar 4: Organizational capacity development	To strengthen institutional capacity of the Centre for quality delivery of services.	Increase in financial resources	Implement Resource Mobilization Strategy	Donor mapping undertaken Engaged with potential donors towards the conference sponsorship Received commitments amounting to Kshs. 4,400,000/- from partners and sponsors towards the conference. Participated in the sub-sector and sector budget retreats.
		M&E Framework	Implement Monitoring and Evaluation (M&E) framework for Strategic Plan	Monitored implementation of the Strategic Plan through the quarterly work plan reports
		Strategic Plan Review Report Attendance List	Review the Strategic Plan	Strategic Plan Reviewed. Review report prepared
		2019/20 FY Performance Contract	Implement Performance Contracting (PC) Guidelines	Vetted and signed 2019/20 FY Performance Contract

VII. 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.

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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:

- Advise 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.
- Advise the Board on resource mobilization strategies for funded projects and programmes for marketing and capacity development.
- Advise the Board on the Centre's proposal for training policy, recognition and accreditation of training programs and service providers.
- Advise 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 2019/2020 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 2019/2020 was as follows:

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

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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 2019/2020 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 2019/2020 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 2019/2020 the Board held five (5) regular 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	5
2.	Training and Communication Committee	11
3.	Audit, Risk and Governance Committee	4
4.	Finance and Administration Committee	6
5.	Legislative Review and Accreditation Committee	3

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	5	-	5
2.	Mr. John Ohaga	4	6	10
3.	Ms. Pauline Mcharo	1	4	5
4.	Ms. Jacqueline Oyuyo	3	13	16
5.	Mr. Collins Namachanja	4	6	10
6.	Ms. Judy Omange	2	7	9
7.	Mr. Lawrence Kamau	4	16	20
8.	Mr. Peter Kihara	5	17	22
9.	Mr. Jimmy Muyanja	4	8	12
10.	Mr. James Kihara	4	16	20
11.	Mr. Peter Mwangi	0	1	1

Board Training

During the year 2019/2020 no board training was conducted as there was no budget provision to facilitate training of board members.

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 2020 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. 5,011,587.

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.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The Centre's Operational and Financial Performance

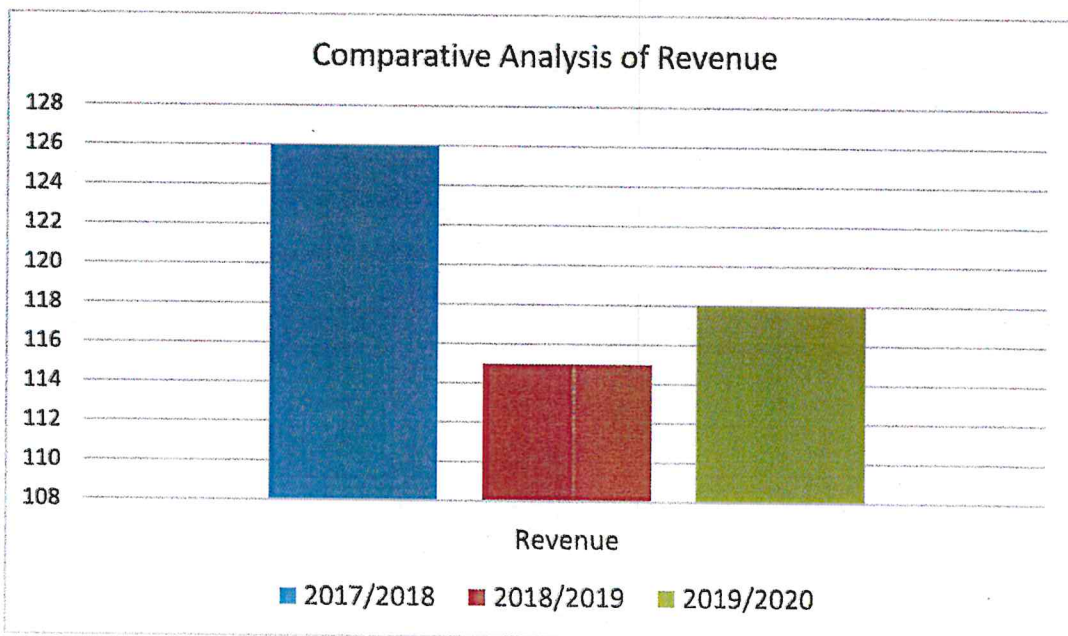
The Centre is implementing its 5-year Strategic Plan (2017-2022) whose pillars are: Promotion and Administration of Alternative Dispute Resolution (ADR); Training and Quality assurance; Partnerships and Collaboration; and Organizational Capacity Development. In 2019/2020 the Centre implemented the following key activities:

- Recruitment of Senior Capacity Building Officer to address the challenge of understaffing in the Capacity Building Unit.
- Registered twelve (12) new disputes for administration in accordance with the NCIA Arbitration Rules 2015.
- Continued to administer nine (9) ongoing disputes registered for administration in accordance with the NCIA Arbitration Rules 2015.
- Concluded ten (10) arbitration disputes.
- Developed draft user-simplified guidelines for each ADR Process i.e. Arbitration, Adjudication and Negotiation.
- Formulated and developed the Zero Draft National ADR Policy.
- Held public participation forums on the Zero Draft National ADR Policy in eight (8) regional headquarters i.e. Kakamega, Kisumu, Nakuru, Nyeri, Embu, Garissa, Mombasa and Nairobi.
- Held the National Validation Forum on the Zero Draft National ADR Policy.
- Carried out research on Third party Funding in International Arbitration; Artificial Intelligence and Arbitration; Reform of Investor-State Dispute Settlement; and Conventional Wisdom in International Arbitration.
- Published two (2) research papers on Alternative Dispute Resolution emerging areas and trends.
- Enlisted seventeen (17) practitioners to the NCIA Arbitrator Panel.
- Enlisted thirteen (13) practitioners to the NCIA Mediator Panel.
- Developed an Arbitration Curriculum for ADR practitioners.
- Developed and circulated the 2019-2020 financial year training calendar.
- Signed Memorandum of Understanding with the Cairo Regional Centre for International Commercial Arbitration, the Chartered Institute of Arbitrators and

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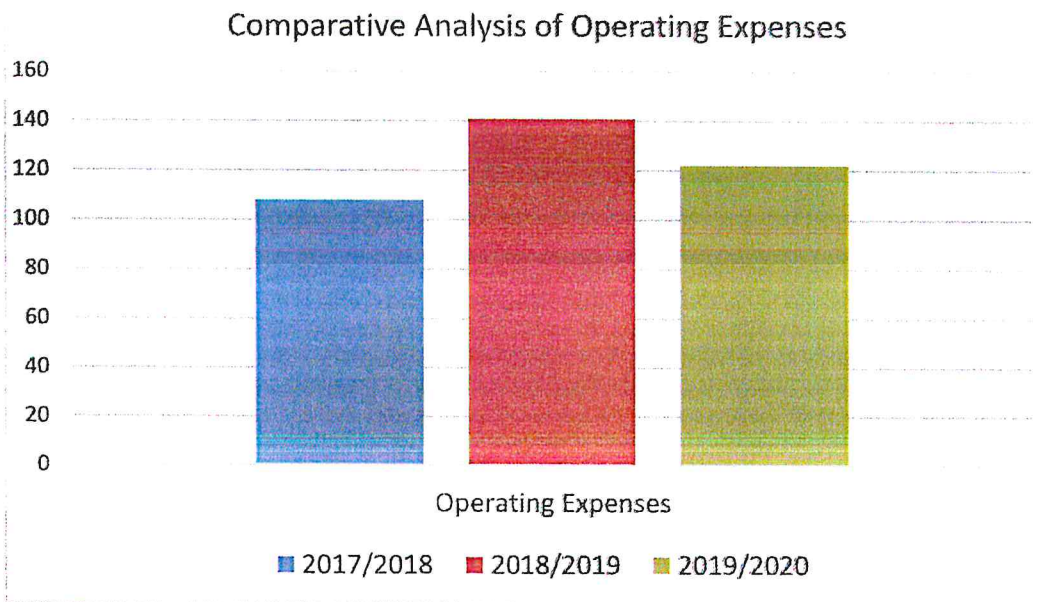
Centre for Alternative Dispute Resolution and the Kenya National Chamber of Commerce and Industry.

- 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 Vienna Austria, Dar es Salaam Tanzania and Doula Cameroon.
- Exhibited our services during the Legal Awareness Week (28th October – 1st November 2019) and the East Africa International Arbitration Conference (29th -30th August 2019).
- Recruited eleven (11) 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 **2017/2018** revenue was Ksh.126,623,507, in **2018/2019** revenue was Ksh.115,707,692 and in **2019/2020** revenue was Kshs. 118,118,016.

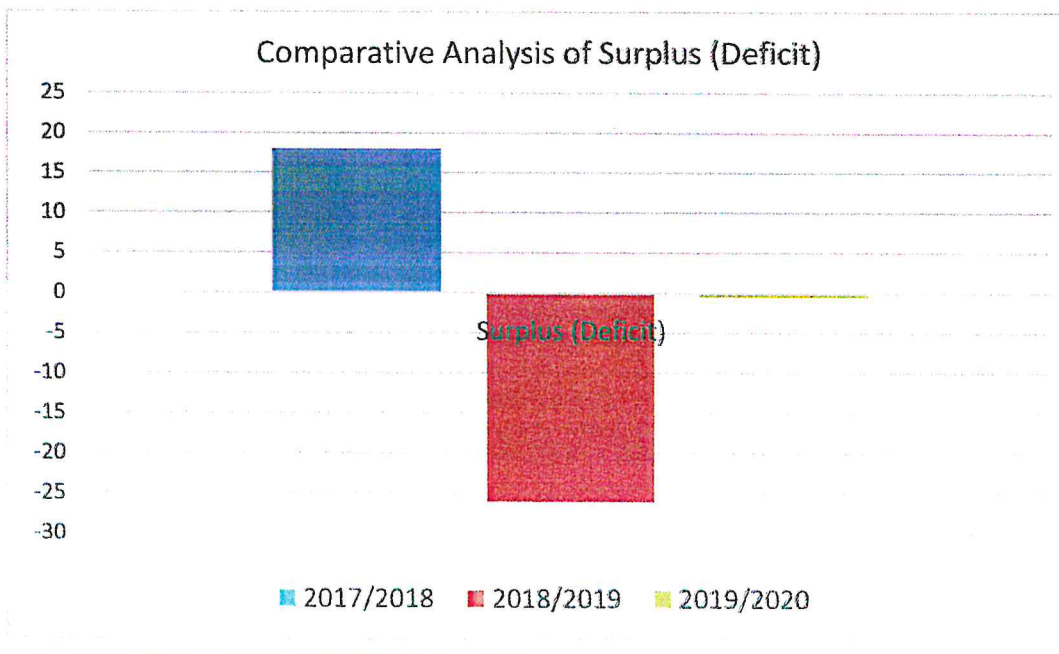


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- Comparative analysis of operating expenses in the last three (3) years is as indicated in the graph below. In **2017/2018** operating expenses was Ksh.108,213,323 and in **2018/2019** operating expenses was Ksh. 141,935,088. In **2019/2020** operating expenses was Ksh. 118,945,673



- Comparative analysis of surplus (deficit) in the last three (3) years is as indicated in the graph below. In **2017/2018** there was a surplus of Ksh.18,410,184 and in **2018/2019** there was a deficit of Ksh. 26,216,283. In **2019/2020** the deficit is Ksh. 592,994.



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;
- Undertake training programmes on ADR to enhance capacity in international commercial arbitration and investment dispute settlement;
- Coordinate formulation of a National ADR Policy and Action Plan;
- Organize the 1st National Moot Competition;
- 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.

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.

IX. 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.

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X. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 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.

**Nairobi Centre for International Arbitration
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Results

The results of the Centre for the year ended June 30, 2020 are set out on pages 48 to 74.

Directors

The members of the Board of Directors who served during the year are shown on pages 11 to 16. During the year, the term of Director Arthur Igeria ended as Chairperson of the Board in March 2020.

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 2019/2020. The deficit reported for the period under review was Kshs. 592,994.

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: 30.06.2020

XI. 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, 2020. 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, 2020, 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, 2020

Approval of the financial statements

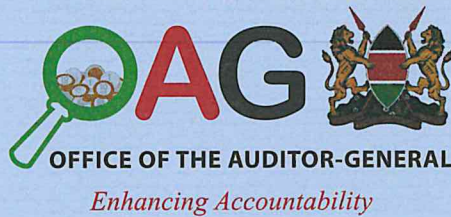
The Nairobi Centre for International Arbitration (NCIA) financial statements were approved by the Board on 30.06. 2020 and signed on its behalf by:


Director


Director


Director

REPUBLIC OF KENYA



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

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, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Nairobi Centre for International Arbitration set out on pages 48 to 72, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nairobi Centre for International Arbitration as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the 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. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

As reflected in the statement of comparison of budget and actual amounts, the Centre incurred total actual expenditure of Kshs.134,840,175 against a budget of Kshs.181,189,737 resulting into an under expenditure of Kshs.46,349,562 or 25%.

The under expenditure may have impacted negatively on the achievement of the Centre's annual goals, activities and objectives.

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 control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 going concern basis of accounting unless Management is aware of the 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.

The Board of Directors is responsible for overseeing the Centre's 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 Centre's ability 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 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 February, 2022

Nairobi Centre for International Arbitration
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XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30TH JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	6	111,430,000	113,415,400
Public contributions and donations	7	150,000	713,790
		111,580,000	114,129,190
Revenue from exchange transactions			
Rendering of services	8	6,536,016	1,300,952
Other Income	9	2,000	277,550
Total revenue		118,118,016	115,707,692
Expenses			
Employee costs	10	54,885,614	62,169,628
Remuneration of directors	11	5,011,587	9,050,962
Depreciation and amortization expense	12	8,692,053	10,531,620
Repairs and maintenance	13	2,199,779	1,817,853
Contracted Services	14	3,145,208	3,189,579
General expenses	15	45,011,432	55,175,446
Total expenses		118,945,673	141,935,088
Other Gains/Losses			
Gain on foreign exchange transactions		234,663	11,113
Surplus/(deficit) for the year		(592,994)	(26,216,283)
Surplus B/F		85,278,604	111,494,887
Adjustment (Transfer of H/W to Non-current Asset)	20	1,345,600	0
Accumulated Surplus (Deficit) for the period	20	86,031,210	85,278,604

The notes set out on pages 55 to 74 form an integral part of these Financial Statements

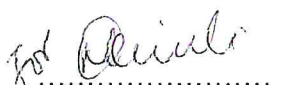
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XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	16	54,936,919	61,929,267
Prepayments	17	4,911,952	5,070,987
Total Current Assets		59,848,871	67,000,254
Non-Current Assets			
Property, plant and equipment	18	55,797,566	47,249,518
Total Assets		115,646,437	114,249,772
Liabilities			
Current Liabilities			
Refundable deposits from customers	19	3,349,645	2,705,585
Total liabilities		3,349,645	2,705,585
Net Assets		112,296,792	111,544,186
Capital Fund		26,265,582	26,265,582
Accumulated surplus		86,031,210	85,278,604
Total Net Assets and Liabilities		112,296,792	111,544,186

The Financial Statements set out on pages 48 to 54 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
 Director

Date: 30.06.2020

Date: 30.06.2020

Date: 30.06.2020

Nairobi Centre for International Arbitration
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XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	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
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)	-	(26,216,283)
Increase/(Decrease) in Capital fund	-	-	-
At June 30 2019	85,278,604	26,265,582	111,544,186
At July 1,2019	85,278,604	26,265,582	111,544,186
Increase/(Decrease) in Surplus for the year	(592,994)	-	(592,994)
Transfer of hardware to non-current assets	1,345,600	-	1,345,600
At June 30,2020	86,031,210	26,265,582	112,296,792

- The Capital Fund is composed of Ksh. 26,265,582 relating to assets bought on behalf of the Centre by the Office of the Attorney General and Department of Justice at inception.
- The accumulated surplus as at June 30 2020 is composed of cumulative surplus for the previous financial years less decrease in surplus (deficit) reported for the period ended June 30 2020 of Ksh. 592,994.
- Transfer of hardware to non-current asset relates to servers which were bought and erroneously expensed contrary to section 162(1) of the procurement and Asset Disposal Act 2015 but now captured non-current Assets.

**Nairobi Centre for International Arbitration
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For the year ended June 30, 2020**

XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020	2018-2019
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	111,430,000	113,415,400
Public contributions and donations	7	150,000	713,790
Rendering of services	8	6,538,016	1,300,952
Other Income	9	0	277,550
Gains on Foreign Exchange Transactions		234,663	11,113
Total Receipts		118,352,679	115,718,805
Payments			
Employee costs	10	54,885,614	62,169,628
Remuneration of directors	11	5,011,587	9,050,962
Repairs and maintenance	13	2,199,779	1,817,853
Contracted Services	14	3,145,208	3,189,579
General expenses	15	45,011,432	55,175,446
Total Payments		110,253,620	131,403,468
Cash flows from operating activities		8,099,059	(15,684,663)
Decrease in prepayments	17	159,035	1,031,557
Net cash flows from operating activities		8,258,094	(15,684,663)
Cash flows from investing activities			
Purchase of property, plant, equipment	18	(15,894,502)	(1,057,566)
Net cash flows used in investing activities		(15,894,502)	(26,009)
Cash flows from Financing activities			
Increase in deposits	19	644,060	317,090
Net increase/decrease in cash and cash equivalent		(6,992,348)	(15,393,582)
Cash and cash equivalents at 1st JULY		61,929,267	77,322,850
Cash and cash equivalents at 30th JUNE	16	54,936,919	61,929,267

Nairobi Centre for International Arbitration
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For the period ended June 30, 2020

VII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Notes
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	%	
Revenue											
Government grants and subsidies	111,430,000		0		111,430,000		111,430,000	0		0%	
Rendering of services	11,200,000		-		11,200,000		6,688,016	4,511,984		40%	1
Balances b/f	61,929,267		0		61,929,267		61,929,267	0			
Gain on foreign exchange transactions	0		0		0		234,663	(234,663)			
Total income	183,697,684		0		184,559,267		180,281,946	4,277,321		2%	
Expenses											
Compensation of employees	62,626,120		0		62,626,120		54,885,614	7,740,506		12%	2
Remuneration of directors	7,864,000		0		7,864,000		5,011,587	2,852,413		36%	3
Repairs and maintenance	2,150,000		1,350,000		3,500,000		2,199,779	1,300,221		37%	4
Contracted services	3,720,000		0		3,720,000		3,145,208	574,792		15%	5
General expenses	88,108,609		(12,005,340)		76,103,269		45,011,432	31,091,837		41%	6
Capital Expenditure	19,228,955		(544,660)		18,684,295		15,894,502	2,789,793		15%	7
Depreciation & amortization expense	8,692,053		0		8,692,053		8,692,053	0			
Total Expenditure	183,697,684		(11,200,000)		181,189,737		134,840,175	46,349,562		25%	
Surplus/(Deficit) for the Period							45,441,771				

➤ Total expenditure of Ksh. 134,840,175 includes capital expenditure of Ksh. 15,894,502 being purchase of property, plant and equipment in the year. The actual deficit for the period is Ksh. 592,994.

Budget Notes

1. **Rendering of Services:** The cancellation of the Training Calendar on 18th March, 2020 due to the Covid19 pandemic affected generation of revenue through training which had been projected to bring in AIA of Ksh. 2,000,000.
2. **Compensation of Employees:** Included in the compensation of employees is staff pension employer contribution projected at Ksh. 6,966,120 and earlier scheduled to commence from January 2020. Setting up of the pension scheme took long to materialize due to legal issues that were being handled by the Accounting Officer and the legal team. HRAU took the initiative to prepare the necessary documents to ensure that our Staff benefited from the Pension Scheme.
3. **Remuneration of Directors:** There was significant reduction in expenses related to board activities as from March 2020. This is because all board meetings from March 2020 were held via video conference as guided by the Head of Public Service as a measure to contain the spread of Covid-19. This meant that expenses such as daily subsistence allowance, travel expenses, accommodation expenses and catering expenses were not incurred.
4. **Repairs and Maintenance:** Planned repairs was not carried out in the 3rd and 4th quarter due to the Covid -19 pandemic as staff worked off-site in these quarters.
5. **Contracted Services:** 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.
6. **General Expenses:** The general expenses variances were caused by:
 - a) The first half of the year (1st and 2nd Quarter) was lost as a result of the National Treasury and Planning circulars that provided budget rationalization guidelines and limited expenditure to 1/3 of last financial year budget. The Registrar/CEO gave authority for the conference activity to be undertaken in November 2019 where the bulk of expenses (budgeted at Ksh. 15,918,500) was to be undertaken.
 - b) Additionally, following the Registrar's directive that priority be given to the conference planning, a number of activities were pushed to the 4th quarter. These activities required face to face interface which was not possible due to the government regulation on COVID-19 especially on limiting gatherings and closing off movement beyond Nairobi Metropolis.
 - c) **Promotional Activities:** Print adverts planned for 1st and 2nd Quarter were not undertaken in adherence to the budget rationalization circulars. The Internal Journal was scheduled for publishing in 4th Quarter but the board committee had not concluded constitution of the editorial team.
 - d) **Media & ADR Awareness:** Radio activations and print media adverts planned for the sensitization of the approved National ADR Policy were not undertaken because of the delay in gazettelement (done in January 2020) of the National

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Steering Committee hence delay in approving the National ADR Policy - which is still pending to date.

- e) Seminars that were scheduled for 4th Quarter could not happen due to the physical face to face interaction required. We opted for webinars.*
 - f) Training was scheduled for 4th quarter after the conference held in March 2020, however the Covid-19 pandemic happened and we were not able to conduct the planned face to face trainings and the awareness activities were then not conducted.*
 - g) **Public Relations:** Training of the complaints committee was scheduled for 4th Quarter but due to the changes brought about by the Covid-19 pandemic, the face to face training was not possible. Commission on Administrative Justice had not developed an alternative.*
 - h) **Corporate Social Responsibility:** Books bought were to be delivered to Moi University in 4th Quarter. This was not possible due to government regulation on gatherings and movement cessation.*
 - i) **Audit Fee:** Ksh. 580,000 projected for payment for audit services conducted by the Office of the Auditor General in the year was not settled as the audit process was not concluded due to delay in the appointment of a new Auditor General.*
 - j) A cost of insurance of NCIA assets at projected cost of Ksh. 1,000,000 which was not undertaken in the year due to delay in procurement process.*
7. **Capital Expenditure:** *This amount included Kshs. 1,609,732 related to Purchase of ERP Software and Ksh. 3,556,816 related to purchase of ICT infrastructure and other software transferred to the General Expense.*

XVIII. 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 2020

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 2020

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 did not undertake early adoption of the provisions in IPSAS 41 in the preparation of the financial statements for the year under review</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> a. The nature of such social benefits provided by the entity; b. The key features of the operation of those social benefit schemes; and c. The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p>NCIA does not yet have in place a social security benefits scheme and thus did not undertake the early adoption of the provisions in the standard.</p>

iii. Early adoption of standards

The Centre did not early – adopt any new or amended standards in year 2019 and 2020.

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

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 2019-2020 was approved by the NCIA Board on 25th July 2019. 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

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.

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%

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

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 Directors, Registrar/CEO and Heads of Departments.

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.

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	2019-2020
		KShs	KShs
OAG&DOJ	111,430,000	111,430,000	111,430,000
Total	111,430,000	111,430,000	111,430,000

7. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2019-2020	2018-2019
	KShs	KShs
Coulson Harney LLP (Bowmans)	0	100,000
IKM Advocates (US\$ 3,000)	0	306,895
Triple OK Law Advocates (US\$ 3,000)	0	306,895
Mohammed Muigai LLP	100,000	0
Daly Inamdar	50,000	0
Total transfers and sponsorships	150,000	713,790

8. RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Hiring of rooms	281,750	259,000
NCIA Arbitrator Panel - Domestic	215,000	255,000
NCIA Arbitrator Panel - International	468,046	480,802
NCIA Mediator Panel - Domestic	94,000	118,000
NCIA Mediator Panel - International	74,566	40,919
Case Admin. - Domestic - Registration	157,522	11,000
Case Admin.- Domestic - Administration	137,930	111,231
ADR Conference Registration	5,107,202	25,000
Total Revenue Rendering of Services	6,536,016	1,300,952

9. OTHER INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Sale of tender	2,000	2,000
Miscellaneous Income	0	275,550
Total other income	2,000	277,550

10.EMPLOYEE COSTS

Description	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	52,348,697	53,837,620
Travel, motor car, accommodation, subsistence and other allowances	0	7,943,539
Club membership	65,196	65,196
Gratuity Paid	2,247,201	323,273
Pension contribution	224,520	0
Total Employee costs	54,885,614	62,169,628

- Costs related to travel, motor car, accommodation, subsistence and other allowances were budgeted for in FY 2019-2020 under each cost head in programmes in each unit as per the strategic plan for more accountability. There was no independent budget item for Foreign Travel and Domestic Travel as was the case in FY 2018-2019.

11.REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	KShs	KShs
Chairman's Honoraria	783,000	1,044,000
Directors emoluments	3,021,000	4,384,000
Board session expenses	1,207,587	3,622,962
Total director emoluments	5,011,587	9,050,962

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12. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	8,692,053	10,531,620
Total depreciation and amortization	8,692,053	10,531,620

13. REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Transport services	1,242,109	871,526
Purchase of office ICT equipment/accessories	957,670	946,327
Total repairs and maintenance	2,199,779	1,817,853

14. CONTRACTED SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Cleaning Services	1,256,484	1,659,646
Internet Broadband and Networks	1,888,724	1,529,933
Total Employee costs	3,145,208	3,189,579

15. GENERAL EXPENSES

Description	2019-2020	2018-2019
	KShs	KShs
Media & public ADR awareness	2,424,363	7,278,815
Statutory Reporting	284,105	233,250
Audit fees	0	580,000
Conferences and catering services	0	3,464,657
Consultancy	760,500	822,072
Medical insurance	6,195,574	7,018,287
Website and Intranet	56,310	310,660
Procurement activities	946,160	3,258,190
Budget Planning and Preparation	602,281	595,225
Telephone Services (Staff Airtime Allowance)	1,795,193	1,729,254
Strategic plan & performance contract	0	1,053,339
ISO certification	0	222,300
Staff welfare programmes	47,600	74,284

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Office rent, utilities & car park	1,865,280	1,095,210
Internship Programmes	222,200	844,072
Promotional print materials	72,200	1,950,147
Library & reference books & materials	1,229,673	64,334
Human Resource Administration	722,017	258,542
Anti-corruption programmes	42,000	145,800
Staff training and development	657,453	8,858,209
Staff recruitment & induction	21,520	1,385,313
Staff retreat & team building	0	1,985,040
Subscription to intl. & local prof. bodies	0	127,323
Subscriptions to corporate membership	168,100	694,541
Implementing public service programmes (Cross-Cutting Issues)	0	806,535
Payment processing (Bank Charges)	150,645	221,216
Asset Tagging	0	1,044,000
Administrative Services	1,260,753	206,262
Arbitration Conferences/Seminars/Workshops	4,093,238	594,651
Resource Mobilization	718,865	345,794
Public Relations Services	25,000	730,400
ISMS Implementation	81,900	698,850
Registrar's office Administration	143,903	145,239
Preventive Maintenance & SLA Support	783,109	855,488
ADR Services Policy Framework	1,217,589	191,000
Training on International Arbitration	0	2,394,062
Moot Competition	0	1,972,617
Management of ADR Processes	3,500	5,000
Risk Management	0	415,928
Quality Review and Assurance	0	161,920
Inventory Management	2,000	7,500
Corporate social responsibility	293,653	0
Training programmes on ADR processes	109,900	0
ICT Infrastructure & software	2,744,360	0
Purchase of ERP system	1,014,072	0
NCIA international conference	13,317,176	0
General insurance of motor vehicle & assets	282,526	330,120
Performance contracting	58,005	0
Stores consumables	598,709	0
Total general expenses	45,011,432	55,175,446

16. CASH AND CASH EQUIVALENTS

Summary

Description	2019-2020	2018-2019
	KShs	KShs
Kshs. Current account	44,497,828	55,536,427
USD. Current Account*	7,089,446	5,582,000
Kshs. Client Trust Account	3,349,645	810,840
Total cash and cash equivalents	54,936,919	61,929,267

Exchange rate as at the closure of FY 2019/2020 was:

Key CBK Indicative Exchange Rates

Date	Currency	Mean	Buy	Sell
30/06/2020	US DOLLAR	106.5224	106.4224	106.6224

USD 66,553.58*106.5224= KES 7,089,446

Detailed Analysis

Financial institution	Account number	2019-2020	2018-2019
		KShs	KShs
Current account			
KCB Current Account	1180828607	44,497,828	55,536,427
KCB Dollar Account	1181122961	7,089,446	5,582,000
KCB Client Trust Account	1229086544	3,349,645	810,840
Total		54,936,919	61,929,267

17. TRADE RECEIVABLES AND OTHER PREPAYMENTS

(a) TRADE RECEIVABLES

There were no trade receivables noted in the financial year 2019-2020

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(b) PREPAYMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Group Medical Insurance	4,692,260	4,631,487
Motor Vehicle General Insurance	104,317	136,483
Motor Vehicle Fuel, oil & lubricants	115,375	303,017
Total	4,911,952	5,070,987

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18. PROPERTY, PLANT AND EQUIPMENT

Cost	Motor vehicles		Furniture and fittings		Computers		Plant and equipment		software		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2017	11,071,750	13,870,952	7,357,880	1,342,000	0	33,642,582						
Additions 2017/2018	0	3,233,550	4,243,722	3,950,154	0	11,427,426						
At 30 th June 2018	11,071,750	17,104,502	11,601,602	5,292,154	0	45,070,008						
Additions 2018/2019	0	479,415	578,151	0	0	1,057,566						
At 30 th June 2019 (At Cost)	11,071,750	17,583,917	12,179,753	5,292,154	0	46,127,574						
Additions 2019/2020	0	30,782,998	1,190,156	0	0	40,108,358			8,947,660			
Adjustments			1,345,600	0	0	1,345,600						
At 30 th June 2020 (At cost)	11,071,750	48,366,915	14,715,509	5,292,154	0	88,393,988			8,947,660			
Depreciation & Impairment												
Depreciation 2017/2018	(2,767,936)	(1,733,868)	(2,450,176)	(446,888)	0	(7,398,868)			0			
At 30 June 2018	(5,535,874)	(2,847,812)	(4,186,198)	(802,865)	0	(13,372,749)			0			
Depreciation 2018/2019	(2,767,936)	(2,138,064)	(3,863,332)	(1,762,288)	0	(10,531,620)			0			
At 30 th June 2019	(8,303,810)	(4,985,876)	(8,049,530)	(2,565,153)	0	(23,904,369)			0			
Depreciation 2019/2020	(2,767,940)	(2,197,968)	(2,319,836)	(1,406,310)	0	(8,692,053)			0			
At 30 th June 2020 (Total)	(11,071,750)	(7,183,844)	(10,369,366)	(3,971,463)	0	(32,595,423)			0			
Net book values												
At 30 th June 2018	5,535,876	14,256,690	7,415,404	4,489,289	0	31,697,259			0			
At 30 th June 2019	2,767,940	12,598,041	4,130,223	2,727,001	0	22,223,205			0			
At 30 th June 2020	0	41,183,071	3,533,687	1,320,691	0	55,797,565			8,947,660			

The amount of Kshs. 30,782,998 in the PPE relates to refurbishment of NCIA offices and Kshs. 8,352,000 in the PPE relates to Enterprise Resource Planning (ERP) System. These were once treated as Work In Progress (WIP) in previous financial statements. Both projects were closed in the current financial year and classified under furniture and fittings and software respectively as indicated above.

PROPERTY, PLANT AND EQUIPMENT

Work In Progress

Description	2019-2020	2018-2019
	KShs	KShs
ERP	0	6,078,864
Refurbishment of offices	0	18,947,448
Total deposits	0	25,026,312

17. REFUNDABLE DEPOSITS FROM CUSTOMERS

Description	2019-2020	2018-2019
	KShs	KShs
Client retention	0	1,894,745
Client fees account	3,349,645	493,750
Total deposits	3,349,645	2,388,495

18. 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 Centre 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:

	2019-2020	2018-2019
	Kshs	Kshs
Capital fund	26,265,582	26,265,582
Accumulated surplus	86,031,210	85,278,604
Total funds	112,296,792	111,544,186
Cash and Bank Balances	54,936,919	61,929,267
Gearing	0%	0%

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

19. 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.

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	2020	2019
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	111,430,000	113,415,400
Total	111,430,000	113,415,400
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

20. TAXATION

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

21. EVENTS AFTER THE REPORTING PERIOD

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

22. 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.

23. 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)

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.....

APPENDIX II: INTER-ENTITY TRANSFERS

	ENTITY NAME:			
	Break down of Transfers from the Office of the Attorney General and Department of Justice			
	FY 2019/2020			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		28-08-2019	27,857,500	2019-2020
		12-11-2019	27,875,500	2019-2020
		04-02-2020	27,857,500	2019-2020
		22-05-2020	27,857,500	2019-2020
		Total	111,430,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			00	
			00	
		Total	00	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			00	
			00	
		Total	00	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			00	
			00	
		Total	00	

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

Manager,
 Corporate Support Services
 NCIA

Head of Accounting Unit
 OAG & DOJ

Sign -----

Sign-----

Nairobi Centre for International Arbitration
Annual Reports and Financial Statements
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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					Others - must be specific	Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables			
NIL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Total		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	

