

2006

Annual Report

CUTS Africa Resource Centre, Nairobi, Kenya



25 years
CUTS
International

#0711

**CUTS Africa Resource Centre
Nairobi, Kenya**

ANNUAL REPORT 2006

Published by
Consumer Unity & Trust Society (CUTS)
CUTS Africa Resource Centre (CUTSARC), Nairobi , Kenya
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#0711

CUTS
International



Established in 1983, Consumer Unity & Trust Society (CUTS) is now at the cutting edge of the of the consumer movement in India as well as across the globe. Today, we operate out of five programme centres and an advocacy centre in India, two resource centres in Africa, and one resource centre in the UK, with a staff strength of over 100. Three programme centres are located in Jaipur and one each in Chittorgarh and Calcutta, India. The advocacy centre is located at New Delhi in India, and resource centres are at Lusaka, Zambia; Nairobi, Kenya; and London, UK.

The organisation elects its Board/Executive Committee every fourth year, while the Secretariat is headed by the Secretary General. Over 1200 individuals and 300 organisations are its members. The organisation is accredited to the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Commissions for Sustainable Development (UNCSD).

CUTS also works with several regional, national and international organisations, such as Consumer International (CI); the International Centre for Trade and Sustainable Development (ICTSD); South Asia Watch on Trade, Economics & Environment (SAWTEE); and the Consumer Coordination Council of India etc. It also serves on several policy-making bodies of the Government of India.

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From the Secretary General, CUTS International

CUTS Africa Resource Centre (CUTS ARC), Nairobi began its operation in 2003, two years after our Lusaka Centre took root, with a view to further consolidating and expanding CUTS activities on South-South civil society cooperation in the areas of trade, economics and environment. In principle, this Centre was conceived to promote our endeavours in eastern and central Africa because Nairobi is the gateway to Africa, and as most of the international organisations are located there, including United Nations Environment Programme (UNEP).

The Centre worked in close cooperation with non-governmental organisations (NGOs) in eastern Africa in the areas of consumer protection, poverty reduction, development of trade and economic policy, training and advocacy. More importantly, the Centre was entrusted with the task of carrying forward our mission abroad, including coordination, networking and advocacy on various programmes of CUTS.

The Centre has been conducting its activities in close consultation with the CUTS Head Office, Jaipur. During the period, it focused on the programme areas with diligence. This is encouraging though more efforts and competencies are required to meet the growing challenges. As part of the planning process, the Centre identified a number of research, advocacy and networking organisations and donor agencies for collaborative work.

During the period, the Centre, jointly with CUTS Centre for International Trade, Economics & Environment (CUTS CITEE), Jaipur, coordinated the ongoing project entitled, 'Linkages between Trade, Development & Poverty Reduction (TDP)' supported by the Ministry of Foreign Affairs, The Netherlands and the Department for International Development (DFID), UK. Research, capacity building and advocacy were continuously carried out during the period. The Centre coordinated advocacy and networking aspects of the project in the east African region with partner organisations in Kenya, Uganda and Tanzania by working with key institutions and organisations: Institute of Economic Affairs (IEA), Kenya; Kenya Institute for Public Policy Research and

Analysis (KIPPRA), Kenya; Economic and Social Research Foundation (ESRF), Tanzania; and Consumer Education Trust (CONSENT), Uganda. Under the project, two case studies were prepared.

The Centre, jointly with CUTS Centre for Competition, Investment and Economic Regulation (CUTS C-CIER), accomplished coordination work for the 7Up3 project whose theme is Capacity Building on Competition Policy in seven select countries, including: Uganda, Ethiopia, Mauritius, Botswana, Malawi, Mozambique and Namibia. Outreach activities on this programme have been realised and many publications on 7Up3 have been brought out, which can be accessed on the CUTS website. In addition, outputs such as advocacy toolkits have been developed by partners in the seven countries.

In another significant endeavour, the Centre, in partnership with CUTS London Resource Centre (CUTS LRC) undertook a project entitled, 'Capacity Building of Eastern and Southern African Civil Societies during the Economic Partnership Agreement (EPA) Negotiations'. During the period, the Centre undertook consultations – both at regional and national level – to disseminate the progress of EPAs to the stakeholders and the concerns of the two parties involved. A background paper entitled, 'Synthesising Studies on Potential Impact of an EPA on the Kenyan Economy', was produced during the period.

CUTS NRC has made a mark though it needs to realise its full potential, as I put the highest possible standard and achievement at stake in every activity, programme and institution. I acknowledge the efforts of all stakeholders – big and small – for working towards cementing CUTS' global presence.

Jaipur
July 2007

Pradeep S Mehta
Secretary General

Introducing CUTSARC, Nairobi

Consumer Unity & Trust Society Africa Resource Centre (CUTS ARC), Nairobi started as a non-governmental organisation (NGO), and was registered in the year 2000, in Nairobi, Kenya. The Centre started its operations in the year 2003. The setting up of this Centre was a necessity owing to the frequency at which many NGO's in Africa were approaching CUTS for supporting areas of consumer protection, poverty reduction, trade development and economic policy, training and advocacy. Another aim of CUTS ARC is to consolidate and expand the activities of South-South civil society cooperation.

MISSION & OBJECTIVES

CUTSARC's mission is to develop a close and beneficial relationship between two developing regions, namely, Eastern and Central Africa and South Asia. The Centre also functions as the Centre for African-based civil society organisations (CSOs), and resource centre for studies, research and advocacy programmes conducted by CUTS. It works closely with partner institutions in Kenya, Tanzania, Uganda and Ethiopia, among others.

In partnering with these like-minded organisations, ARC, Nairobi seeks to:

- promote South-South civil society cooperation on trade and sustainable economic development; and
- create and build long-term capacity of civil society representatives in the region to address the issues of equity and accountability in the economic system.

ORGANISATIONAL STRUCTURE

The governing structure of the Centre comprises the Executive and the Advisory Committee. The functions of the two committees are clearly defined:

Executive Committee

- to give policy direction and guidelines to the organisation; and
- to ensure that the aims and objectives of the organisations are achieved.

Advisory Committee

- to advise on project works undertaken by the Centre; and
- to attend meetings of the Centre as resource persons.

HUMAN RESOURCES

Five staff members and project specific consultants have carried out the activities of the Centre. The staff background stems from various disciplines ranging from economics, sociology and management.

FUNDS

The activities of the Centre for the year have been carried out with the help and support of its headquarters in India, and more specifically from three of CUTS Centres as well as other external sources, which include:

- CUTS Centre for International Trade, Economics & Environment (CUTS CITEE), Jaipur, India;
- CUTS London Resource Centre (CUTS LRC), UK; and
- CUTS Centre for Competition, Investment & Economic regulation CUTS (C-CIER)

External Partners

- Friedrich Ebert Stiftung (FES);
- Department for International Development (DFID), UK
- Canadian International Development Agency (CIDA) and CIDA-New Partnership for Africa's Development (NEPAD) Outreach Fund II;
- Royal Danish Embassy, Denmark; and
- Kenya Trade and Poverty Programme (KTPP).

STRATEGIC PLANNING, MONITORING AND EVALUATION

ARC, Nairobi is close to become a reputable regional resource Centre in Eastern and Central Africa on issues of policy research, advocacy, consumer protection and training on international trade. In collaboration with ARC, Lusaka, the Centre aims to develop not just a network, but become a vibrant initiator its outreach to all Anglophone countries in Africa. The Centre, therefore, focuses on the programmes having both a national and regional coverage.

During this period, the Centre identified and collaborated a number of research, advocacy and networking organisations, as well as donor agencies for its various programmes and activities. It also held a number of strategic roundtables at the beginning of the year with its partners and prospective donors in designing its strategic plan. The programme and activities for the year 2006 were discussed in detail during its Annual Retreat held at the Centre, in Nairobi, Kenya.

Work Programme on Trade and Development

During the year 2006, CUTSARC, Nairobi focused on the following activities:

- Projects;
- Representations; and
- Outreach.

PROJECTS

- Linkages between Trade, Development and Poverty Reduction (TDP)
- Capacity Building for Civil Society in Eastern and Southern Africa (ESA) region on Economic Partnership Agreements (EPAs)
- Capacity Building on Competition Policy in Select Countries of Eastern and Southern Africa (7Up3)

Linkages between Trade, Development and Poverty Reduction (TDP)

The Centre, jointly with CUTS CITEE coordinated the ongoing project entitled, “Linkages between Trade, Development and Poverty Reduction”, over a period of four years (January 2005 to December 2008) with support from the Royal Netherlands Embassy and DFID, UK. This is an ongoing project being implemented in select countries in Asia, Africa and Europe in a partnership mode.

Research, capacity building, advocacy were continuously carried out during the period. The Centre coordinated advocacy and networking aspects of the project in the east African region with partner organisations in Kenya, Uganda and Tanzania through working with following institutions and organisations:

Kenya

- Institute of Economic Affairs (IEA)
- Kenya Institute of Public Policy Research and Analysis (KIPPRA)

Uganda

- Consumer Education Trust (CONSENT)

Tanzania

- Economic and Social Research Foundation (ESRF)

Research

Under the project, two case studies were prepared: *Trade Liberalisation and Poverty in Kenya: A Case Study of the Cotton Textiles Sub-sector* and *Trade Liberalisation and Poverty in Kenya: A Case Study of the Telecommunications Sub-sector*.

Trade Liberalisation and Poverty in Kenya: A Case Study of the Telecommunications Sub-sector

The main objective of the study is to analyse the impact of trade liberalisation on the telecommunications sub sector in Kenya, including growth of the sub-sector, trends in employment and wages, new developments and technological advancements, access and availability of services and affordability.

Trade Liberalisation and Poverty in Kenya: A Case Study of the Cotton Textiles Sub-sector

The main objective of the study is to present an overview of the effects of trade liberalisation on Kenya's cotton textiles sector and give the background of trade reforms in the country, including how they have affected the sub sector; and an insight into some of the global aspects of the cotton textiles industry.

Capacity Building for Civil Society in Eastern and Southern Africa (ESA) region on Economic Partnership Agreements (EPAs)

This two year project entitled, "Capacity Building for Civil Society in Eastern and Southern Africa (ESA) region on Economic Partnership Agreements (EPA)", commenced in 2005. The project covers six countries in the ESA region i.e. Kenya, Uganda, Tanzania, Ethiopia, Malawi and Zambia.

The Centre was able to work with both research and advocacy partners in these countries including: EcoNews Africa (ENA), Kenya; The Development Network of Indigenous Voluntary Associations (DENIVA), Uganda; The Tanzania Association of Non Governmental Organisations (TANGO), Tanzania; Malawi Economic Justice Network (MEJN), Malawi; CUTSARC, Lusaka; and ActionAid, Ethiopia.

In the year 2006, the Centre engaged itself in consultations – both at regional and national level – to update the progress of EPA to the stakeholders. The advocacy toolkits of various countries were released.

During the period, the two-year project made some very important progress in realising its objectives of capacity building in the six African countries, with CUTS LRC as the main coordinator.

Research

Synthesising Studies on Potential Impact of an EPA on the Kenyan Economy

The Centre produced a background paper on “Synthesising Studies on Potential Impact of an EPA on the Kenyan Economy”, which states that EPAs will require ESA countries to liberalise most of their trade over a short period of time, with the new trading arrangements expected to come into force at the beginning of 2008, and with an implementation period of at least 10-12 years.

Capacity Building on Competition Policy in Select Countries of Eastern and Southern Africa (7Up3)

The Centre, jointly with CUTS C-CIER coordinated a project called 7Up3 whose theme is capacity building on competition policy in select countries of ESA. This project aims at building capacity among CSOs in promoting competition policy and law in six African countries in ESA including: Ethiopia, Malawi, Uganda, Mauritius, Botswana and Namibia.

The project will be coming to conclusion with an international event to be held in Mauritius in March 2007. Similar projects have previously been undertaken in other African and Southeast Asian countries.

These projects have been of great value to many African countries. Though these projects, CUTS has emerged as a key stakeholder in the forthcoming Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC) competition authority.

Research

The project partners finalised the draft of the Country Research Reports (CRRs). A detailed assessment of the competition regime of each project country is presented in the CRR. One of the project partners prepared a series of policy briefs in order to sensitise various stakeholders on the relevance of a functional competition regime.

Advocacy & Networking

It has always been CUTS priority to network and reachout to various organisations. The networking has enabled the Centre to share its strengths and involve others in activities with a view to build capacity.

Inception Meeting of 7Up3 Project – Stage-II

A meeting of the 7Up3 project partners and members of the project management unit (comprising CUTS representatives from India; and Resource Centres in Lusaka and Nairobi) was organised in Nairobi, on November 25, 2006.



Inception Meeting of 7Up3 Project – Stage-II

The objective of meeting was to flag-off Stage-II i.e. Advocacy and Training under the project, while taking note of achievements and non-achievements of Stage-I (Research and Capacity Building). Besides, it aimed to develop a common understanding on Stage-II activities with regard to its focus, purpose and schedule. Over the course of the discussions, the following outcomes were achieved:

- finalising the topics and schedule of the 3rd and 4th rounds of the National Reference Group (NRG) meetings;

- discussing the format and content of the National Training Workshops (on competition policy and law);
- identifying topics/issues for developing Briefings;
- deciding tentatively on the Regional Training Workshop;
- ensuring views on the Final Project Meeting (participation, location, agenda, etc.) to be held in March 2007; and
- building consensus on the need to respect the tight activity schedule of the Stage-II.

Regional Conference on Trade, Development and Poverty Reduction
ARC, Nairobi in collaboration with CUTS CITEE, organised the Regional Conference on Trade, Development and Poverty Reduction as part of the project entitled “Linkages between Trade, Development and Poverty Reduction (TDP)” at Nairobi, on March 15-16, 2007.

The TDP project aims to promote coherence between trade, development poverty reduction policies in 13 developing countries in Africa and Asia and promote pro-poor trade policies at the national and international level. This Regional Conference was an important event that provided an opportunity for project partners and other key stakeholders from across the ESA region to get together to share insights and experiences while working on TDP linkages. In addition, it offered an opportunity to critically investigate existing initiatives. Discussions were stimulated by the presentation of a study critically analysing the effectiveness of existing TDP initiatives.



L-R Clement (CUTS Nairobi), Ongolo (CUTS Nairobi), Bipul (CUTS-Jaipur), and Nalo (PS, Ministry of Trade and Industry, Kenya) during TDP Conference in Nairobi

There were around 50 participants including representatives from the Kenyan Government and NGOs, research institutes and private sector from across the ESA region. The countries represented in the conference included Kenya, South Africa, Tanzania, Uganda and Zambia.

Regional Trade Dialogue on ‘Linking Trade Policies to National and Regional Development Agenda’

ARC, Nairobi, in partnership with the Nairobi office of FES, organised a Regional Conference on linking trade policies to national and regional development agenda at Naivasha, Kenya, on April 27-28, 2006.

The Regional Conference aimed to facilitate non-state participation in external trade and development of Kenya’s position for trade negotiation. Non-State Actors (NSAs), trade policy practitioners and government officials. It also facilitated their participation in the development of trading policy and position on regional and international agreements and negotiations that Eastern Africa develops and adopts as well as participation in external trade and implementation of trade agreements.



Participants at the Conference on Linking Trade Policies to National and Regional Development Agenda at Nairobi, Kenya

The seminar provided concrete case studies and evidences, which have set examples to work in other selected countries including those of South and Southeast Asia, namely Malaysia and Cambodia. This was done with the focus of striving to have a better cross fertilisation of ideas, lessons and experiences learnt on economic liberalisation.

Another notable feature of the Conference was that it made recommendations for trade policies. The Conference was an ideal platform for South-South dialogue between state and NSAs.

Capacity Building

Capacity Building on EPA Negotiations

ARC, Nairobi in collaboration with EcoNewsAfrica embarked on a partnership to produce an advocacy toolkit aimed at increasing the capacity of CSOs to effectively participate and engage in the EPAs negotiations between the EU and the ESA bloc of countries, of which Kenya is a member.

Towards this end, ARC, Nairobi prepared a background paper that synthesised the possible impacts of EPAs on the Kenyan economy. The paper was presented to trade experts at a half-day technical workshop held in Nairobi, Kenya, on March 13, 2006. The Danish Ministry of Foreign Affairs supported the workshop.

PARTICIPATION/REPRESENTATIONS

During the year, the representatives of the Centre took part in the following events:

- Launch workshop for Affiliated Networks of Social Accountability (ANSA)-Africa and Stakeholder Workshop of Human Sciences Research Council (HSRC) and World Bank in Pretoria, on December 11-12, 2006.
- A presentation on “Trilateral Development Cooperation-An Emerging Trend” on the launch workshop of the Trade Policy Training Centre in Africa (TRAPCA), in Arusha, Tanzania, from November 28-December 01, 2006.
- The Petroleum Fuels Prices and Regulation in Kenya organised by the IEA-Kenya, on November 14, 2006.
- The EPA Policy Round table organised by IEA-Kenya on November 14, 2006 focused on the outcome of the 9th Regional Negotiating Forum (RNF), its implications for development and alternatives to EPA.
- COMESA-Non-State Actors’ workshop facilitated by Oxfam International, in Addis Ababa, on November 06-08, 2006.
- Implementation of the Extractive Industries Transparency Initiative in November 2006, to inform participants about the happenings in the exploration of the alleged oil fossils along the Kenyan Coast.
- A meeting dubbed ‘The Nairobi +21 Initiative’ organised by Heinrich Boll Foundation (HBF) in collaboration with the National Commission on Gender and Development, the United Nations Development Fund for Women (UNIFEM), Ford Foundation, The African Women's Development and Communication Network (FEMNET), Child Feature Services (AWC),

CIDA-Gender Equity Support Programme (GESP) and the Urgent Action Fund, on August 31, 2006.

- A Workshop on the Fiscal Management Bill, 2006 organised by the Representative Institutions Programme (RIP) of the Centre for Governance and Development (CGD), on August 29, 2006.
- Stakeholders Workshop on ESA-EPA Draft Text on August 14, 2006.
- A Roundtable Meeting with Globalisation Institute on August 2006 hosted by the IEA, Kenya.
- A KTPP workshop at Kenyatta International Conference (KICC) organised by KTPP, themed: “Modalities and Mechanisms of Incorporating Pro-Poor Consumer Interests in Trade Policy-Making and Implementation” at Nairobi Kenya, on June 29, 2006.
- A meeting themed ‘People’s Week of Action on Trade’ organised by ActionAid International at Pan Afric Hotel during June 12-16, 2006, for which it conducted a public awareness campaign on the implications of the current trade negotiations on Africa’s trade.
- A KTPP workshop themed “Linking Trade Policies with Development and Poverty Reduction” in Nairobi, Kenya, on June 06, 2006.
- A Policy Roundtable meeting at CIDA Headquarters in Kenya, provided a consultative forum with possible partners in realising the objective of the visit which was to assist CIDA in developing the Regional Development Policy Framework (RDPF) programme.
- A Roundtable meeting with DFID, KTPP, IEA and KIPPRA, on April 25, 2006.
- A meeting organised by IEA, Kenya for Media Capacity Building.
- Kenyan TDP quarterly round table meeting at IEA, Kenya.
- The CSOs EPAs Consultative and Planning Meeting, organised by EcoNews Africa, Agency for Cooperation and Research Development (ACORD), Oxfam International and Participatory Ecological Land Use Management (PELUM) Association in Nairobi, Kenya, on July 26-28, 2006.



CSOs EPAs Consultative and Planning Meeting

Outreach

Tradequity

The Centre in conjunction with CUTS ARC, Lusaka produced the quarterly newsletter entitled, “Tradequity” which is circulated among the stakeholders in the region. Four issues of the newsletter were published and can be accessed at: <http://www.cuts-international.org/tradequity-index.htm>. The newsletter highlights the current topics and debates on trade, environment regional integration.

Electronic bulletin

Regional Co-operation and Development Monitor

CUTS ARC, Nairobi continued with the development of its quarterly in-house e-newsletter “Regional Cooperation and Development Monitor” which has been circulated within its network. As the name suggests, the bulletin aims at bringing out stories and resources from various sources in the region on trade and development. The content bulletin also comprises activities of the Centre and the entire CUTS’ and other relevant news items on trade, consumer protection, environment and development.

Four issues were published during the year and electronic versions of the newsletter can be found on: <http://www.cuts-international.org/cuts-nrcnewsletter-index.htm>

Publications

- CUTS ARC, Nairobi Annual Report for the year 2005 is available and can be accessed at: http://www.cuts-international.org/pdf/NRC_Annual_Report-2004-2005.pdf .
- EPA Advocacy Toolkit is also ready, and currently having an expert perusal including corroboration of facts and the outcome will be out in due course to pave the way for publication and distribution.

Networking with Stakeholders and Other NGOs

In 2006, the Centre established links with a number of CSOs working on trade and development issues in eastern and central Africa. Collaborative work has thus been extensively done with like-minded organisations where skills and expertise were shared in the spirit of South-South civil society cooperation on trade and development issues.

During the period, the Centre worked, among others, with IEA, Kenya. The Centre also established contacts with key research institutions in both Kenya and Tanzania. In Kenya, the Centre worked with KIPPRA, while in Tanzania, the Centre worked with Economic and Social Research Foundation (ESRF). These institutions are involved with CUTS' project entitled, 'Linkages between Trade, Development and Poverty Reduction (TDP)', a global project initiated by CUTS CITEE. These were research partners in this four-year project ending in 2008.

In Uganda, the Centre worked with a key consumer organisation in the country – Consumer Education Trust (CONSENT). In its continued competition programme, the Centre worked with the Kenya Monopolies and Regulatory Trade Practice Commission. In collaboration with it, the Centre worked on regulation of trade practices mainly on the theme of consumer protection and competition policy. The Centre also organised visits for the head of the Commission, Dr Peter Muchoki Njoroge, to attend key meetings in India on competition policy. The Centre also worked closely with the government i.e. Ministry of Trade and Industry of Kenya and the Ministry of National Planning, Kenya.

ASSOCIATION

The Centre is a NSA member representative of the Ministry of Trade and Industry Kenya under the EU-funded Kenya European Union Post Lome Trade Programme (KEPLOTRADE). The Centre is represented in two clusters namely: market access and development aspects of the ACP-EU EPA negotiations.

Conclusion and the Road Ahead

CUTS ARC Nairobi, envisions itself to be among the leading and key CSO in Eastern Africa in research, policy development and advocacy on the themes of international, regional trade and development, consumer protection, creating and building long-term research, capacity and advocacy in the East African region.

In achieving this, the Centre has established networks with leading CSOs working on trade and development in Eastern Africa. Collaborative work with like-minded organisations therefore was given topmost priority. The strengthening of this networks and linkages to achieve the objectives of South-South civil society in the coming years will be the main agenda.

The current and proposed future activities of the Centre were discussed in detail over a series of roundtable consultation with CUTS heads and other officials, various resource centres that are theme based, prospective donors and a few selected CSOs who network at the grassroots.

Some of the strategies it intends to engage in long-term projects involving research, capacity building and networking and the information dissemination. It also would like to form networks around the region to engage in economic justice and social accountability. This will form strong partners in the area of international and regional trade, development, poverty and economic justice.

Audit Report

CUTS - CITEE
Director's Report
For the year ended
31st December 2006

The directors have the pleasure in presenting their annual report together with the financial statements of the Organisation for the year ended 31st December 2006.

Activities

CUTS - CITEE principal activities are consultancy and research in International trade, economic and environmental issues.

Registration

CUTS - CITEE is registered as an NGO under the Non Governmental Organisation Board. It was registered on 2nd November, 2000.

Directors

The directors who served on the board during the year were: -

Professor Jasper A. Okele - Director

Pradeep S. Mehta - Director

S.M. Mathur - Director

Auditors

Our Auditors, Messrs Otieno & Associates, Certified Public Accountants (K) have expressed their willingness to continue in office.

By order of the board



Secretary

DATE *23/01/2007*

CUTS - CITEE
Balance Sheet
As at 31st December 2006

	Note	2006 Kshs	2005 Kshs
Fixed Assets	2	380,264	470,247
Current Assets			
Cash at Bank		424,379	604,424
Cash in Hand		<u>21,321</u>	<u>35,117</u>
		<u>445,700</u>	<u>639,541</u>
Current Liabilities			
Payables		<u>55,000</u>	<u>55,000</u>
		<u>55,000</u>	<u>55,000</u>
Net Current Assets/(Liabilities)		<u>390,700</u>	<u>584,541</u>
Net Assets		<u>770,964</u>	<u>1,054,788</u>
Financed by: -			
Capital Fund	3	380,264	470,247
General Fund	4	<u>390,700</u>	<u>584,541</u>
Net Worth		<u>770,964</u>	<u>1,054,788</u>

DIRECTOR



NAIROBI

DATE 23-01-2007

**Report of the Auditors
To the members of CUTS - CITEE
for the year ended
31st December 2006.**

We have audited the financial statements set out on pages 3 to 7 which have been prepared on the basis of the accounting policies set out on pages 4 and 5 in accordance with the approved auditing standards.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and to provide a reasonable basis for our opinion.

Respective responsibilities of the Directors and The Auditors

The directors of CUTS - CITEE are responsible for the preparation of financial statements which give a true and fair view of the Organisation's state of affairs and its operating results. Our responsibility is to express independent opinion on the financial statements based on our audit and to report our opinion to you.

Basis of Opinion

We have conducted our audit in accordance with International Auditing Standards which require that we plan and perform an audit to obtain reasonable assurance that the accounts are free from material misstatement.

An audit includes an examination on test basis of evidence supporting the accounts and disclosures in the financial statements.

Opinion

In our opinion, proper books of account have been kept and the financial statements which are in agreement therewith, give a true and fair view of the state of the CUTS - CITEE's affairs as at 31st December, 2006 and of its operating results for the year then ended and comply with International Accounting Standards.

OTIENO AND ASSOCIATES
P.O. Box 67289
Nairobi
Certified Public Accountants (K)



Nairobi.

Date 22/1/07



CUTS 
International

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