NBD-CIWA/WB, Grant No. TF015834
Engaging Civil Society for Social and Climate Resilience in the Nile Basin Project (ECSSCRNBP)

Implemented by:

THE NILE BASIN DISCOURSE

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Audited by:

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April 2019
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Appendices

- Statement of Expenditures (SoEs)
- Management Letter
ACRONYMS/ABBREVIATIONS

AF : Additional Financing
APO : Annual Plan of Operation
AusAID : Australian Aid
AWDF : African Women Development Fund
BAS : Baro-Akobo-Sobat
CIWA : Cooperation in International Waters in Africa
CSOs : Civil Society Organisations
CPA : Certified Public Accountant
CRM : Climate Risk Management
EC : Executive Committee
ECSSCRNBP : Engaging Civil Society in Social and Climate Resilience in the Nile Basin Project
ENTRO : Eastern Nile Technical Regional Office
ENSA : Eastern Nile Subsidiary Action Programs
ESIA : Environmental and Social Impact Assessment
GA : General Assembly
GAAP : Generally Acceptable Accounting Principles
GERD : Grand Ethiopian Renaissance Dam
GWP-EA : Global Water Partnership Eastern Africa
IDA : International Development Agency
IDRC : International Development Research Centre
IGAD : Inter-Governmental Authority on Development
IFRs : Interim Financial Reports
ISA : International Standards on Auditing
IPSAS : International Public Sector Accounting Standards
JSA : Jasper Semu & Associates
KAM : Key Audit Matters
LDFs : Local Discourse Forums
MoU : Memorandum of Understanding
NBD : Nile Basin Discourse
NBDS : Nile Basin Discourse Summit
NBRs : Nile Basin Riparian States
NDF : Nile Discourse Forums
NELCU : Nile Equatorial Lakes Coordination Unit
NELSAP : Nile Equatorial Lakes Subsidiary Action Program
NTSEs : National Technical Support Experts
PESTLE : Political, Economic, Social, Technological, Legal and Environmental
RAP : Resettlement Action Plan
RECs : Regional Economic Communities
SoE : Statement of Expenditure
SWOT : Strengths, Weaknesses, Opportunities and Threats
TTL : Task Team Leader
USS : United States Dollars
WB : World Bank
WWCC : Women and Water in Communities for Change
1.0 BACKGROUND INFORMATION

Introduction

The Nile Basin Discourse (NBD) or 'the Organization' is a regional Network of networks of Civil Society Organizations (CSOs) in the Nile Riparian countries that was established in 2003. It is registered in Uganda with the Secretariat at Entebbe, Uganda. NBD promotes dialogue on sustainable equitable development and cooperation, peace, and mutual understanding on issues of the Nile, providing and facilitating exchange of information on development and cooperation activities and supporting research on issues for evidence base, that promote integrated water resources development, environmental, gender and pro-poor development agendas. The organization operates regionally and country-wide in each and every Nile Riparian state. Membership comprises of the National Discourse Forums (NDFs) in the eleven (11) Nile Riparian States, namely Burundi, D.R. Congo, Egypt, Eritrea, Ethiopia, Kenya, Rwanda, South Sudan, Sudan, Tanzania and Uganda. Currently, ten (10) countries are active with the exception of Eritrea. NBD's extensive grassroots presence in the riparian communities makes it uniquely placed to link regional and local perspectives. The unique engagement has enabled contribution towards equitable and sustainable climate resilience growth in the region since the project cycle commencement date in 2013 up to the 1st project cycle that ended in 2016. Based on the good performance of the 1st cycle, NBD received an opportunity for Additional Funding (AF) for the period of 2017–2019.

Basically, the NDFs working through the National Technical Support Experts (NTSEs) and their Local Discourse Forums (LDFs) and CSOs' members, understand national issues and provide the NBD Network with the skills and support to enhance discourse on practical and sustainable policies, projects and programs that meet the real needs of the communities. The organization operates regionally and internationally to contribute towards change in policies and practices and ensures that issues of Nile cooperation and development are brought to the fore and are pivotal in reducing poverty in the countries. NBD seeks to engage and discourse on development processes in the Nile region with a primary focus on the development agendas of governments and development partners such as the Governments and the Inter-Governmental structures. The organization communicates through two pipelines: a vertical pipeline encompassing top-down and bottom-up advocacy flow, connecting the policy arm to the grassroots communities; and a horizontal pipeline connecting countries on trans-boundary agendas.

The NBD Vision

The NBD envisions “A Nile Basin in which there is sustainable and economic development for all people of the Nile Basin, free of conflict, leading to achievement of Justice, human rights, good governance, poverty reduction and protection of the environment”.

The NBD Mission

Its mission therefore is “To ensure that a fully informed and basin-wide civil society develops and plays a key role in achieving the vision, through pro-active and critical influencing of projects, programs and policies of the Nile Basin Initiative and other development processes”.

2.0 MANAGEMENT INFORMATION

2.1 Principal place of business

Plot 32, Nsamizi Road
P. O. Box 185
Entebbe, Uganda,

2.2 NBD Secretariat Personnel involved in the project

Dr. Helen Natu - Regional Manager
Herbert Wairugala - Regional Finance and Administration Officer
Ayenew Tessera - Regional Monitoring and Evaluation Officer
Jennifer Kurubeija - Regional Program Administrator
Fidele Niyigaba - Regional Communication and Media Officer
Mathias Nyanzi - Regional ICT and Social Media Officer

2.3 Bankers

Stanbic Bank Uganda Limited
Entebbe Branch
P.O. Box 7131
Kampala - Uganda

2.4 Auditors

The auditors commissioned by The Nile Basin Discourse to audit the CIWA-WB Engaging Civil Society in Social and Climate Resilience in the Nile Basin Project (ECSSCRNBP) for the period ended 31 December 2018 in accordance with the terms of reference set out in the service contract are:

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3.0 PERFOMANCE HIGHLIGHTS – MANAGEMENT REPORT

Implementation of the APO 2018 and Outputs

NBD, throughout the accounting year, focused on implementing activities towards its three milestones that are stipulated under the Cooperation in International Waters in Africa (CIWA) Grant TF015834, (AF). The title of the Project is "Engaging Civil Society for Social and Climate Resilience in the Nile Basin. This is a project running from February 2013 to December 2016 with Additional Funding (AF) to implement activities from January 2017 to December 2019.

Project management is mainly by the NBD Secretariat with supervision and guidance from the 13 member NBD Board (10 Board members + 3 co-opted women representation per cluster whereby the 10 NBRS are in 3 clusters namely: Cluster 1 (C1): Egypt, Ethiopia, South Sudan and Sudan; Cluster 2 (C2): Kenya, Tanzania and Uganda; and Cluster 3 (C3): Burundi, D.R. Congo, and Rwanda. The NBD Secretariat also receives closer supervision from the 4-member Executive Committee (EC) consisting of the Board Chairperson, Vice Chairperson, Treasurer and Secretary General. They hold meetings aimed at giving guidance to the Secretariat and the entire NBD fraternity at large. The Secretariat also benefits from supervision missions and guidance by the CIWAAWB team led by the Project’s Task Team Leader (TTL), to discuss on the general progress and performance of activities and programmatically guide on the strategic direction and engagement as stipulated in the Project Appraisal Document (PAD).

COMPONENT 1: Strengthening the NBD Secretariat

PLANNED

In 2018, the NBD Network was focused on enhancing capacity of the Secretariat with activities that included: (i) finalizing NBD Network Strategy 2018-2022, (ii) mobilizing additional resources to ensure NBD Network’s financial sustainability, (iii) implementing NBD Network’s strategies namely: the Communications, Advocacy and Outreach; Monitoring and Evaluation; and Financial Sustainability.

OUTPUTS

Output 1.1 NBD Strategy 2018-2022 developed and operational

Status: Output achieved

The Nile Basin Discourse launched its strategy (2018-2022) development process in February 2017 back to back with the 11th Regional Nile Day celebrations in Dar Es Salaam-Tanzania. An external consultant was hired to facilitate the strategy development process and to prepare a write-up of the content in collaboration with the secretariat. The draft strategy 2018-2022 was presented to the NBD Board, the NBD General Assembly (GA), and the NBDS for strategic feedback. It was finally approved at the NBD GA of November 2017 with the minor adjustments (feedback) as stated in the November 2017 GA minutes. The final strategy, incorporating feedback obtained, was submitted to the NBD Secretariat in August 2018. The strategy was pivotal in the resource mobilization efforts which led NBD into being one of the co-partners with IHE-Delft’s seed funding by Coca Cola Foundation.

Output 1.2: Additional Resources Mobilized

Status: output achievement is a continuing process
During the planned year, resources mobilization efforts were made to various development partner agencies. The following events unfolded:

Partnership with IHE-DELFT: NBD became one of the co-partners with IHE-Delft which practically expressed interest to co-partner with the NBD Network. Under the project titled, “Women and Water in Communities for Change project 105565”, a grant as Seed Funding (SF) from the Coca-Cola Foundation, was received to implement activities running for a 20-months period with effect from September 2017 – August 2019.

The two organizations identified areas of common interest and agreed upon various responsibilities. NBD and IHE-Delft agreed to collaboratively implement activities in two Nile Basin countries of Tanzania and Uganda. In 2018, NBD concurrently implemented the activities in the two countries by combining with the already planned capacity building workshops on empowering women and youths under the CIWA/WB. This gave a platform for selected IHE-Delft project beneficiaries from Mabamba Bay Wetlands of Uganda and from Mara Wetlands of Tanzania to participate in the related capacity building activities in Entebbe – Uganda and Mwanza – Tanzania respectively.

Output 1.3: NBD Strategies Implemented
Status: output achieved
Communications, Advocacy and Outreach Strategy: This strategy was drafted, approved and is engaged as a dynamic tool during the implementation process. Promotional materials were printed and distributed, E-Newsletter of Nile Voices issued and shared, user generated contents gathered from NDFs and were e-published and webinars conducted.

Monitoring and Evaluation Strategy: This strategy was also drafted, approved and is engaged as a dynamic tool during the implementation process. The existing online M&E system was developed and is fully functional with indicators, goals, outcomes, output and input levels developed and entered into the system; comprehensive data collecting and reporting templates were also developed and inbuilt into the system; user IDs for accessing and using the system were provided to those that qualified; the NTSEs were guided on how to use the system; data for monitoring progress on NBD’s program performance collected, analyzed and interpreted with the help of the system.

COMPONENT 2: Improved Communication and Outreach
PLANNED
For the second milestone in 2018, the NBD Network focused on improving communication and outreach with the following activities. (i) facilitated face-to-face stakeholder engagement in investment programs for the Lakes Edward and Albert Fisheries (LEAF II) project; (ii) leveraged NBD’s website through user generated contents from mainly eight of the ten national chapters; (iii) enhanced participation in partnerships with regional/national organizations most notably the annual regional Nile Day Celebrations 2018; and (iv) facilitated virtual stakeholder engagement in investment programs through webinars.

OUTPUTS
Output 2.1: Stakeholder engagement in investment programs (face-to-face)

2.1.1. Trans-boundary stakeholder engagement for Lakes Edward and Albert Fisheries (LEAF II) project facilitated:

**Status:** output achieved

Trans-boundary communities’ engagement for the Lakes Edward and Albert Integrated Fisheries and Water Resources Management (LEAF-II) project was organized on the 7th day of December 2018 by NBD in collaboration with the Uganda - NDF and the D. R. Congo - NDF. The engagement platform took place in Mpondwe, Bwera – Republic of Uganda, a border town with the Democratic Republic of Congo.

Participants were drawn from the local communities of the Lakes’ basin of Uganda and D.R. Congo, district political leaders and local governments representatives from both countries, the security personnel from Uganda, management and staff from both NDFs and the NBD Secretariat, representatives from NELCU of the NBI, together with LEAF II project coordinators from both countries.

The platform created awareness and an opportunity for the project beneficiaries and stakeholders to learn about the project’s trans-boundary benefits, successes, and challenges faced during its implementation. It also created an opportunity for the stakeholders to beware of the broader scope of coverage of LEAF II as compared to LEAF I. The intense discussions, which followed presentations, further enriched communities’ understanding of insights related to the project and its benefits to them while demonstrating ownership, expected roles and contributions to the success of the project. For purposes of monitoring the results of the platform, an agreed declaration was made and disseminated. This declaration highlighted the way forward in which strengths were emphasized, limitations identified and actions to be taken thereafter to improve the project implementation would clearly be stipulated. The declaration was published in the NBD’s website, www.nilebasindiscourse.org.

**Emerging issue(s):**

The implementation of LEAF II project activities on the D.R. Congo side was behind schedule in comparison to Uganda’s side, hence creating the need to expeditiously engage the relevant stakeholders into approved activities so as to achieve the intended objectives of the project.

2.1.2. Trans-boundary stakeholder engagement for Baro-Akobo-Sobat sub-basin facilitated:

**Status:** output achieved

The Trans-boundary stakeholders’ consultation platform on the Baro-Akobo-Sobat (BAS) Multi-Purpose Water Resources Development and Management Project was organized on the 20th day of December 2018 by NBD in collaboration with both the Ethiopia – NDF and South Sudan - NDF. The platform took place in Addis Ababa, Ethiopia. A total of 27 participants (11% of which were women) representing local communities from the BAS sub-basin in South Sudan and Ethiopia, government representatives from both countries, representatives of the NDFs from both countries, the NBD Secretariat, and representatives of the Eastern Nile Technical Regional Office (ENTRO) of the NBI participated.
The objective was to facilitate a trans-boundary platform of engagement in investment programs for sharing experiences; learning and understanding the stakes and responsibilities in the BAS project; open an opportunity for the project's beneficiaries and stakeholders to learn about the project's benefits, success-to-date, challenges, and future prospects; provide a platform for the stakeholders to discuss the follow-up on BAS feasibility studies, the stakes involved, various responsibilities and expectations in the identified short, medium, and long-term projects.

Efforts were made to create much needed awareness at the platform on a number of critical areas which include but not limited to: hydropower potentials of the BAS basin; the BAS project's design and status; the BAS multipurpose water resource development feasibility study; the communities' engagements on the BAS project; and the appropriate stakeholder engagement modalities in development interventions in trans-boundary waters. This intervention yielded a declaration which was drafted and signed as the way forward aimed at identifying key indices that will be able to monitor the success of the project. This declaration critically identified strengths to uphold, limitations to address, expected roles and contributions of each stakeholder and actions to be taken before project implementation.

**Emerging Issue(s)**

It was noted that the BAS transboundary project has generally registered tremendous progress on Ethiopia’s side in comparison to South Sudan's.

**OUTPUT 2.2: Participation in and partnerships with regional/national organizations enhanced:**

**2.2.1. Regional Nile Day Celebrations, 2018**

**Status:** output achieved

The Nile Day celebration is an annual event organized by NBI with NBD as a very key partner in the celebrations. The importance of NBD in these celebrations always highlights civil society engagements in all the investments administered by NBI. It’s also important to note that such celebrations provide a platform for NBD's publicity and voice recognition amongst the high level dignitaries invited for the celebrations.

The NBD joined the NBI and the rest of the Nile riparian states for the 12th Regional Nile Day celebrations that took place on the 22nd February 2018 in Addis Ababa, Ethiopia. NBD participated in the event from preparation to execution of the celebrations. NBD collaborated with NBI and the Ministry of Water, Irrigation and Electricity of the host country in the preparation of the annual event. The Ethiopian -NDF was part of the National Organizing Committee (NOC) in Ethiopia, while the NBD Secretariat worked as a member of the Regional Organizing Committee (ROC).

The regional Nile Day celebrations 2018 attracted high level dignitaries such as Ministers in charge of Water Affairs in the Nile Basin countries, Permanent Secretaries, Civil Society Organizations (CSOs), members of Diplomatic Community, the Executive Secretary of the United Nations Economic Commission for Africa (UNECA), Development Partners, Researchers, Academia, Youths, International and national
media houses, and students from selected urban schools. The theme of this year’s event was “The Nile: Shared River, Collective Actions.”

The annual Nile Day event, therefore, offered NBD the platform to advocate for the benefits of basin-wide cooperation in mutual conservation of equitable and reasonable utilization of the shared Nile Basin waters and related resources. NBD was represented by members of the NBD Executive Board, NBD board member for Ethiopia, member civil society organizations of Ethiopia National Discourse Forum, and the NBD Secretariat Staff.

While representing the NBD Board Chairperson, the NBD Secretary General, Mr. Donald KASONGI in his statement reiterated the readiness of the NBD Network to continue working closely with the intergovernmental organizations on the Nile and governments of the Nile Basin to foster cooperation and development and support initiatives that lead to enhanced optimal and collective sharing of the resources of the Nile.

The Secretary General drew attention to the 1st Nile Basin Discourse Summit (NBDS) held in 2017, whose theme was “Integration and Inclusion: New Ideas for collaboration in River Basins Management Policies and Practices” and with sub-themes that opened dialogue on enhancement of the all-level, all-inclusive, hands-on, trans-boundary cooperation, collaborative assessment of solutions, experiences and practices; together with tracking of actions towards the transformative agenda 2030 Sustainable Development Goals (SDGs) in shared water resources. The theme for the summit was already in line with the theme of the Nile day 2018, especially on the issue of inclusivity that showed value addition by civil society in investments conducted by NBI.

OUTPUT 2.3: Stakeholder Engagement in Investment Programs facilitated (virtual)

2.3.2. User generated contents for member engagement increased – One from each country per month:
Status: output achieved 80%
During the planned year, 97 out of the planned 120 User Generated Contents (UGCs) were submitted to the NBD Secretariat by each country’s NTSES save for Ethiopia NDF and South Sudan NDF. The submissions represent 80% progress of the targeted 100% user-generated contents from all the NDFs. The issues and contents of submissions covered several topics that included, but not limited to: resilience to climate change including protection of the environment through tree planting, disaster prevention, income generating activities for local communities to improve livelihoods, women’s rights, engagement of youths in waste management, challenges and opportunities of water hyacinth on the Nile waters, trans-boundary lakes management in the basin, prevention of water pollution, climate change impacts and mitigation/adaptation measures, food and nutrition security. The UGCs were reviewed for quality assurance and e-published on the community blog of the NBD website for knowledge and experience sharing among the Network members and partners. See www.nilebasindiscourse.org

2.3.3. Communiqué posted and shared 3/year:
Status: output 2/3 achieved

During the year, NBD planned to issue at least 3 communiqués to be posted on the web and accessed by the wider stakeholders for knowledge and information dissemination for facilitating stakeholder engagement in investment programs. The communiqués were to be issued after the end of stakeholder consultations on the LEAF II, the BAS, and the Grand Ethiopian Renaissance Dam (GERD) projects. While the planned trans-boundary stakeholder consultation for the GERD was postponed for 2019, communiqués were issued and e-published following the trans-boundary stakeholders' consultations platforms on the LEAF II and the BAS projects held on the 7th and 20th December 2018, respectively. The NBD Network achieved two out of the planned three.

2.3.4. Conducting Social media campaigns - 2/year

Status: achieved 50% and continues to 2019

NBD planned to carry out two social media campaigns (SMC) during the year but was only able to conduct one SMC that took 16 days of activism under the theme “Strengthening Women Participation in Water Decision Making in the Nile Basin”. Members, partners and friends of the Nile participated in the campaign through online tweets. The NBD social media campaign used the hash-tag, #One Nile-One Family# and attracted at least 653,618 tweets. About 1200 individuals directly tweeted, increasing the total number of NBD's followers/contributors to 2,289,425 @nilebasin. This is further evidenced at nbd@nilebasindiscourse.org

COMPONENT 3: Capacity building for NBD members:

Output 3.1. NBD members’ capacity enhanced (face-to-face trainings):

3.1.1. Country level capacity building trainings conducted:

Status: achieved 90% (9 out of 10 countries) of the target.

Climate change, in particular, affects all people across the Nile Basin but also the entire world as a whole. However, poor communities will be more acutely affected by climate change than developed communities, partly due to their limited access to information and financial resources, as well as their increased dependence on natural resources. Gender also played a critical role regarding individual vulnerability, with women typically more likely to be negatively affected by the impacts of climate change and access to both power and resources than men. Women, men, girls and boys are therefore differently affected by disaster and climate impacts and, therefore, find different methods of coping with both of them.

In 2018, the NBD Network facilitated capacity building on gender equality, empowerment of women and young people as climate resilience champions in the Nile basin. The objective was to build the capacity of women and youth as climate change resilience champions through enhancement of their skills towards creating green jobs. In order to guide the capacity building activity, NBD has a pool of in-country climate change experts already procured under NBD-CIWA/WB phase 1 of the project. In addition to the capacity building activity conducted by the experts, the participating women and youths entrepreneurs shared their experiences which included, but by no means, not limited to: What they do? How they started climate smart
businesses? How they manage their businesses, and what challenges they face? And how they deal with such challenges faced?

In the case of two countries, thus Tanzania and Uganda, the NBD Network in co-partnership with IHE-Delft, implemented a Coca Cola seed funded project titled: “Women and Water in Communities for Change”. In this co-partnership arrangement, IHE-Delft brought in 11 participants for Uganda from Mabamba Bay Wetlands, and 10 participants for Tanzania from Mara Wetlands.

Out of a total 533 participants that benefited from the capacity building, 289 (54%) were female, and 244 (46%) were male. Furthermore, out of the 533 participants, a sizeable number of 252 (47%) were youths and 281 (53%) were adults.

3.1.2. Links with the Country Entry-Points for NDF National Technical Support maintained:

Status: achieved and continues to 2019

NBD was able to maintain links with the National Technical Support Experts (NTSEs) for all the 10 NDFs. Except for the NTSE in Ethiopia and South Sudan, all the rest of the NTSEs spearheaded the preparation and organization of the in-country capacity building training workshops; wrote workshop reports; facilitated the increase in monthly in-country user generated contents and engagements; encouraged (and some recruited) potential CSOs to join the NBD network; and contributed to data and information/evidence collection for NBD’s web-based M&E system.

Emerging Issue: In country contextual challenges faced especially for Ethiopia and South Sudan.

Output 3.2: NBD’s member capacity enhanced (virtual dialogue)

NBD prepared a training video on “Introduction to Funding and Donor Trends” to build the capacities of its members on resources mobilization. A PowerPoint presentation and a video footage were prepared and posted on the YouTube for wider accessibility. The video was organized in such a way that all-level stakeholders accessing it would be able to understand basic terms and steps related to fundraising, a typical funding agency’s funding cycle, broad trends in NGO project funding, and where and how to identify funding opportunities. Three major topics were covered by the training video footage, entailing (1) Types of Funding such as: (a) Grants (bi-lateral, institutional donors, foundations, & private sector); (b) Tenders (donors, foundations & private sector), and (c) Investments (private sector, high net worth individuals, and other NGOs). The advantages and disadvantages of each type were elaborated (2) Typical donor funding cycle (identification, preparation, appraisal, negotiation & approval, implementation & supervision, and evaluation). Detailed actions for each cycle were elaborated. (3) Donor trends as one of the challenges in fund raising. The trainees were advised to design adaptive fundraising strategies, bearing in mind, the changing donor trends today. See www.nilebasindiscourse.org

SUMMARY

The NBD Network incredibly achieved fully on all the activities for each component planned to be completed in 2018 even with the meager resources, but partially to the activities that were deemed
continuous. The organization also put concerted effort at resource mobilization by initiating concept notes that it put in the pipe line, with the understanding that the success of which was to lead towards organizational sustainability and achievement of its mandate. The NBD was able to sign an agreement as a co-partner with IHE-Delft on a Coca Cola foundation seed funding. The NBD Network made efforts to retain (through good performance with tangible results) its key funding partner the CIWA/WB. It also made efforts to retain the implementing partnerships, such as the governments of the Nile Basin countries and the centers of the inter-governmental organizations on the Nile water resources (through provision of the independent voice to the cooperation and development agendas on the Nile water resources), by focusing on its mandate as stipulated in the 5-year Strategy 2018 – 2022 “Inclusive Aquawareness and Empowerment”, strategic directions.

The organization has also agreed on cost-effective value for money strategies for implementation of activities, such as undertaking two or more activities for the same monetary unit spent, and leveraging on co-partnerships (for example the leverage on the CIWA/WB and contract-partner arrangements, such as the co-partnership with IHE-Delft under the Coca Cola Foundation. Most of all, the NBD Network is closely following through the strategic directions as stipulated under the NBD Strategy 2018 – 2022, that has been put in place under the NBD-CIWA/WB Project AF 2017 – 2019 “Engaging Civil Society for Social and Climate Resilience in the Nile Basin”

Chairperson, Board of Directors

The Nile Basin Discourse
4.0 MANAGEMENT ASSERTIONS ON THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2018

This section presents Nile Basin Discourse management’s confirmation of its responsibility for information in the financial statements and information provided during the course of the audit.

NBD management is required to prepare financial statements that give a true and fair view of the state of affairs of the Project and of its operational results that comply with the funding guidelines under the grant agreement. Management is responsible for keeping proper accounting records that disclose, with reasonable accuracy, the financial position of the Project. Management is also responsible for safeguarding the assets of the Project.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the Generally Accepted Accounting Principles; and the World Bank guidelines. Management is of the opinion that the financial statements for the period ended December 31, 2018 gives a true and fair view of the state of affairs of the Project and of its operations. Management further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal controls.

These assertions are certified by management of NBD on June 6th, 2019 and signed on its behalf by:

Chairman, Board of Directors
The Nile Basin Discourse

Regional Manager
The Nile Basin Discourse
5.0 AUDIT METHODOLOGY AND PROCEDURES

5.1 Audit objective

The objective of the audit of the financial statements of each project is to enable the auditor to express a professional opinion(s) on the financial position of the project and the statement on the funds received and expenditures incurred for the period ended December 31, 2018.

The specific objectives of the audit are to:

- Audit the financial statements relating to CIWA, ECSSCRNBP to obtain reasonable assurance that they are fully compliant with the grant agreement and other pertinent regulations;
- Express an opinion on the adequacy or otherwise of the financial management and operations of the project.

5.2 Audit Scope

The audit was carried out in accordance with International Standards of Auditing (ISA). In conducting the audit, special attention was paid to whether:

- The World Bank grant was used in accordance with the conditions of the grant agreement, with due attention to economy and efficiency and only for the purposes for which the grant was provided;
- Counterpart funds were provided and used in accordance with the relevant grant agreement, with due attention to economy and efficiency, and only for purposes for which they were provided;
- Goods and services procured were in accordance with the grant agreement and in accordance with the World Bank rules and procedures;
- All necessary supporting documents, records and accounts were kept well in respect of all project activities, including expenditures reported using Statement of Expenditures (SOE) or Interim Financial Statements (IFS) methods of reporting;
- Designated Accounts were maintained in accordance with the provisions of the relevant grant agreement and funds disbursed out of the Designated Accounts were used only for the purpose intended in the grant agreement;
- National laws and regulations were complied with, and that the financial and accounting procedures approved for the project were followed and used;
- Financial Performance of the project was satisfactory;
- Assets procured from project funds existed and there was verifiable ownership by the implementing unit or beneficiaries in line with the grant agreement;
- Ineligible expenditures (if any) included in withdrawal applications were identified and reimbursed to the designated Accounts;
- There are adequate/effective accounting and internal control systems to enable efficient and effective monitoring of expenditures, other financial transactions and effective management of project assets and liabilities;

5.3 Audit Methodology and Procedures

The audit was guided by a strategically driven audit approach to meet audit objectives and some of the audit procedures carried out included; strategic, operational and compliance reviews as described below;

- Reviewed terms of reference after signing the contract and oriented the audit team towards achieving the audit objective within the agreed time frame and agreed work plan with management.
- Prepared a strategy audit document including tailored audit programmes and checklists to meet audit objectives.
 Reviewed background information including the Grant Agreement and the addendums.

 Identified and reviewed possibilities for relevant strategic risks and evaluated the strategic control environment.

 We conducted systems based audit - tests to assess the effectiveness of the internal control system.

 We performed an overview of the Microsoft Navision software for suitability, efficiency and effectiveness to meet recording and reporting requirements of the project.

 Reviewed the progress in the implementation of agreed prior year audit recommendations where applicable.

 We carried out substantive tests on the significant project cycles as below;

 5.3.1 Receipts from the World Bank

 We conducted systems based audit - tests to assess the effectiveness of the internal control system.

 We performed an overview of the Microsoft Navision software for suitability, efficiency and effectiveness to meet recording and reporting requirements of the project.

 Reviewed the progress in the implementation of agreed prior year audit recommendations where applicable.

 We carried out substantive tests on the significant project cycles as below;

 5.3.1 Receipts from the World Bank

 Through enquiry, we documented the process of recording receipts from the World Bank and confirmed that a separate bank account (the Designated Account) was opened for the funds disbursed through withdrawal applications.

 Through enquiry, documented the process of recording receipts from the World Bank disbursed through direct payment withdrawal applications that do not pass through the special account.

 We agreed all receipts of funds from the World Bank to the copies of the withdrawal application forms, bank statements, the Client connection website and the cashbooks.

 Reconciled the application totals to bank receipts and confirmed completeness of recording.

 5.3.2 Counterpart contributions and other receipts (if any)

 Through enquiry, we documented the process of recording receipts from the World Bank and confirmed that a separate bank account (the Designated Account) was opened for the funds disbursed through withdrawal applications.

 Through enquiry, documented the process of recording receipts from the World Bank disbursed through direct payment withdrawal applications that do not pass through the special account.

 We agreed all receipts of funds from the World Bank to the copies of the withdrawal application forms, bank statements, the Client connection website and the cashbooks.

 Reconciled the application totals to bank receipts and confirmed completeness of recording.

 5.3.3 Payments

 Vouched payments from cashbooks and ledgers against respective invoices, and against evidence of receipt of goods or services and whether they were checked by management for arithmetic accuracy, pricing, condition, authorisation and eligibility.

 Checked completeness of recording and confirmed appropriate categorisation of costs to correct eligible codes.

 Assessed and confirmed official use of exchange rates in recording foreign exchange transactions.

 Reviewed all payments to ascertain whether the relevant taxes were paid.

 5.3.4 Bank balances

 Agreed the reported balances to the cashbook and the reconciled bank statements.
Traced clearance of un-presented cheques by reference to bank statements after the closing date of December 31, 2018.

Obtained explanations for long outstanding reconciling items not cleared at the time of audit.

We reviewed to confirm whether bank reconciliations are performed on a regular basis and reviewed by a senior official.

5.3.5 Other audit procedures

We received minutes for management meetings and project management meetings during the year for corroborative evidence to confirm assertions of the financial statements.

We reviewed internal controls as a basis for detection and reporting of frauds and suspicious transactions.

We reviewed the ongoing contracts and computed the reviewed levels of completion of the contracts and the outstanding payments as of December 31, 2018.

We made inquiries to establish evidence of any pending litigations for or against the Project and verified information for evidence of any related party transactions.

We reviewed the financial statements for compliance with GAAP and performed tasks to ensure reporting compliance.

Audit results

Results from the audit are presented under: the auditor's reports on compliance on page 15; the auditor's report on financial statements on pages 16 to 18, auditor's report on Special Account operations on page 19; the audited financial statements on pages 20 to 22 and the management letter appended to this report. All these reports form one integral audit report.
6.0 AUDITOR'S REPORT ON MANAGEMENT COMPLIANCE WITH THE KEY COVENANTS OF THE GRANT AGREEMENT

The audit was guided by the checklist presented under (i) – (viii) to review compliance with the key Terms of Reference for the audit.

Audit instructions on the checklist and audit findings are presented below. Audit instructions are bolded whilst audit conclusions and answers are inserted immediately after each instruction in italics.

i) Determine that all funds have been used in accordance with conditions of the relevant funding agreements.

We concluded that all funds received in the period ended December 31, 2018 were used in accordance with the relevant funding agreement provisions.

ii) Determine whether goods and services financed have been procured in accordance with relevant financing agreement provisions.

We concluded that goods and services financed were procured in accordance with the World Bank Procurement Guidelines.

iii) Determine that all necessary supporting documents, records and accounts have been kept in respect of all project expenditures.

Having reviewed all quarterly accountability reports and the respective support documents, we concluded that all necessary supporting documents, records and accounts have been kept in respect of all project expenditures. Monthly reports were provided for review and the audit found them adequately supported.

iv) Determine whether the designated account has been maintained in accordance with the provisions of the relevant financing agreement and funds disbursed out of the account were used only for the purpose intended in the financing agreement.

We concluded that the designated account has been maintained in accordance with the provisions of the relevant grant financing agreement and funds disbursed out of the account were used only for the purpose intended in the grant agreement.

v) Identify, evaluate and report on the Project’s internal control structure.

We reviewed the internal control structure of the project. We concluded, based on our review, that the internal control structure was generally adequate.

vi) Determine whether the project management complied in all material respects with agreement terms and applicable laws and regulations.

We concluded that there were no known instances of material non-compliance with agreement terms, applicable laws and regulations.

vii) Determine the eligibility and correctness of the financial transactions during the period and fund balances at the end of December 31, 2018.

Our audit enabled us conclude that the financial transactions were eligible. The closing balance as at December 31, 2018 on the project bank accounts was correctly reported.
INDEPENDENT AUDITOR’S REPORT IN RESPECT TO THE FINANCIAL STATEMENTS OF NBD CIWA/WB GRANT NO TF0185834 FOR THE YEAR ENDED DECEMBER 31, 2018

NBD Regional Manager
Plot 32, Nsamizi Road
Entebbe- Uganda

Opinion
We have audited the financial statements of the Engaging Civil Society and Climate Resilience in the Nile Basin Project (ECSSCRNBP) which comprise the statement of financial position as at 31 December 2018, the statements of comprehensive income for the twelve months period ended 31 December 2018, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 23 to 26.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the project for the year ended 31 December 2018 and of its operational results for the year then ended, and are in accordance with the Significant Accounting Policies in Note 11 and the CIWA-WB guidelines for Accountable Grant Agreement No. TF0185834.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and Guidelines issued by the Institute of Certified Public Accountants of Uganda. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of NBD in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern
These financial statements have been prepared on a going concern basis because The Nile Basin Discourse secured funding of US$ 1 million from the World Bank through the Cooperation in International Waters in Africa (CIWA) covering a 3 year period, 2017 – 2019 to implement the “Engaging the Civil Society for Social and Climate Resilience in the Nile Basin Project”. As The Nile Basin Discourse is continuously implementing the 2019 activity work plan, the organization is in advanced stages with the World Bank to access more funding so as to implement both newly introduced activities and ongoing activities at least for the next 12 months.

Key Audit Matters (KAM)
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there were no key exceptional audit matters to communicate in this report.

Responsibilities of Management and those charged with Governance for Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Policies described in Note 11 of these financial statements and...
The CIWA-WB Financing Agreement. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance. Management is also responsible for determining the appropriate financial reporting framework for the preparation of these financial statements.

In preparing the financial statements, management is responsible for assessing the project/entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the project/entity’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements
Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of 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 Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit
evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the project to cease to continue as a going concern.

- 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We report to you based on our audit, that:

(i) 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;

(ii) In our opinion, proper books of accounts have been kept by NBD for the ECSSCRNBProject in so far as appears from our examination of those books:

(iii) The project financial statements are in agreement with the books of account:

(iv) The proceeds from the World Bank were used in accordance with the conditions set out in the financing agreement and only for the intended purposes:

(v) Goods and services were procured in accordance with the World Bank loan agreement provisions; and

(vi) The statement of financial position and statement of comprehensive income are in agreement with the books of account.

Name of the Partner

The Engagement Partner responsible for this audit resulting in this independent auditor's report is CPA Charles Gerald Mugerva, Partner of Jasper-Semu & Associates, Practicing No. P0060 and Certificate No. P098/19.

Jasper-Semu & Associates
Certified Public Accountants
P.O. Box 8294
Kampala

Date........06 June 2019
INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL ACCOUNT OPERATIONS

NBD Regional Manager
32, Nsamizi Road
Entebbe- Uganda

We have audited the Special Account Reconciliation Statement of Engaging Civil Society in Social and Climate Resilience in the Nile Basin Project (ECSSCRNBP) for the period ended December 31, 2018.

Management's responsibility for the financial statements
The Management of NBD, the implementing agency of the project is responsible for the preparation and fair presentation of the Special Account Statement on the basis of cash deposits and withdrawals for the purpose of complying with the Grant Agreement and for such internal controls as Management determines is necessary to enable the preparation of the statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility for the financial statements
Our responsibility is to express an opinion on the Special Account Statement, based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special account statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Special Account Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the receipts were properly accounted for and withdrawals were made for the purposes of the project in accordance with the Grant Agreement. The Special Account Statement contained in note 11.0 and notes thereon fairly presents in all material respects the account operations for the period ended December 31, 2018 in accordance with basis of accounting described under note 12 of this report.

Jasper Semu & Associates
Certified Public Accountants
P.O. Box 8294
Kampala

Date: 06 June 2019
9.0 STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE NBD CIWA GRANT NO TF0185834 FOR THE YEAR ENDED DECEMBER 31, 2018

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Notes</th>
<th>Budget</th>
<th>Actual 2018</th>
<th>Actual 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor funding (CIWA)</td>
<td>13.1</td>
<td>482,537.00</td>
<td>482,535.97</td>
<td>491,725.94</td>
</tr>
<tr>
<td>Other income (Forex Gains)</td>
<td></td>
<td>-</td>
<td>2,483.59</td>
<td>90.75</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td>485,019.56</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>491,816.69</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project expenditure</td>
<td>13.2</td>
<td>482,537.00</td>
<td>427,734.67</td>
<td>520,379.18</td>
</tr>
<tr>
<td><strong>(Deficit) for the year</strong></td>
<td></td>
<td>-</td>
<td>57,284.89</td>
<td>(28,562.49)</td>
</tr>
</tbody>
</table>

The Financial Statements on pages 20 to 22 were approved by NBD management on June 6th 2019 and signed on its behalf by

[Signatures]

Chairman, Board of Directors
The Nile Basin Discourse

[Signature]

Regional Manager
The Nile Basin Discourse

The significant accounting policies and the notes on pages 23 to 26 form part of the financial statements.
10.0 STATEMENT OF FUND BALANCES FOR THE NBD CIWA/WB, GRANT No. TF015834 AS AT DECEMBER 31, 2018

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>At start of year</td>
<td>-28,403.98</td>
<td>158.51</td>
</tr>
<tr>
<td>(Deficit)/Surplus for the year</td>
<td>57,284.89</td>
<td>-28,562.49</td>
</tr>
<tr>
<td>At end of period</td>
<td>28,880.91</td>
<td>-28,403.98</td>
</tr>
<tr>
<td>Represented by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>61,881.21</td>
<td>-37.46</td>
</tr>
<tr>
<td>Receivables</td>
<td>395.00</td>
<td>1,011.99</td>
</tr>
<tr>
<td></td>
<td>62,276.21</td>
<td>974.53</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>33,395.30</td>
<td>29,378.51</td>
</tr>
<tr>
<td>Net current assets</td>
<td>28,880.91</td>
<td>-28,403.98</td>
</tr>
</tbody>
</table>

The Financial Statements on pages 20 to 22 were approved by NBD management on June 6th, 2019, and signed on its behalf by:

Chairman, Board of Directors
The Nile Basin Discourse

Regional Manager
The Nile Basin Discourse

The significant accounting policies and the notes on pages 23 to 26 form part of the financial statements.
### 11.0 NBD CIWA/WB GRANT No. TF015834 SPECIAL ACCOUNT RECONCILIATION STATEMENT AS AT 31 DECEMBER 2018

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Opening DA Bank Balance as at January 1, 2018</td>
<td>323.83</td>
</tr>
<tr>
<td>Opening UGX Bank Balance as at January 1, 2018</td>
<td>286.37</td>
</tr>
<tr>
<td>Opening Cash Book Balance as at January 1, 2018</td>
<td>37.46</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
</tr>
<tr>
<td>Total Replenishments by World Bank</td>
<td>482,535.97</td>
</tr>
<tr>
<td>Funds Available during the audited period to December 2018</td>
<td>482,498.51</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Transfers to UGX Bank Account</td>
<td>117,700.00</td>
</tr>
<tr>
<td>Expenditures paid from DA Account</td>
<td>231,002.19</td>
</tr>
<tr>
<td>Work Advances to Staff - Secretariat</td>
<td>63,643.00</td>
</tr>
<tr>
<td>Staff Advances</td>
<td>8,500.00</td>
</tr>
<tr>
<td>Total payments during the year</td>
<td>420,845.19</td>
</tr>
<tr>
<td>Closing DA Cash Book Balance as at December 31, 2018</td>
<td>61,653.32</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
</tr>
<tr>
<td>Closing Cash Book Balance (UGX) as at December 31, 2018</td>
<td>227.89</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
</tr>
<tr>
<td>Closing Cash Book Balance (Petty Cash) as at December 31, 2018</td>
<td></td>
</tr>
<tr>
<td>Closing Cash and Bank Balance as at December 31, 2018</td>
<td>61,881.21</td>
</tr>
</tbody>
</table>
12.0 SIGNIFICANT ACCOUNTING POLICIES

12.1 Accounting Entity:

The Nile Basin Discourse (NBD) works through a decentralized system, (NBD General Assembly, NBD Board, NBD Regional Secretariat, National Discourse Forums and Local Discourse Forums), and is both a non-Governmental Organization with a Secretariat based in Entebbe, and as a regional network of networks of Civil Society Organizations (CSOs) in the Nile Basin. Since its launch in 2003, the organization still operates regionally and country wide in each and every Nile Basin Country. NBD's full membership comprises of the National Discourse Forums (NDFs) in the eleven (11) Nile Basin Riparian States(NBRS) namely: Burundi, D.R. Congo, Egypt, Ethiopia, Eritrea, Kenya, Rwanda, South Sudan, Tanzania, and Uganda. Currently, ten (10) NBRS are active with the exception of Eritrea. Three members from each NDF form part of the regional General Assembly of the NBD, that also includes representation from partners. According to the NBD constitution, the Board functions under the General Assembly and is composed of one member from each NDF chosen by that country.

Funding to NBD was made available under the multi-donor trust fund, Cooperation in International Waters in Africa (CIWA) and administered by World Bank under accountable grant agreement number TF015834 as per Amendment to the Letter of Agreement signed on December 20, 2016. These Financial Statements are for CIWA-WB funding received under the grant agreement and present transactions through the following project bank accounts:

<table>
<thead>
<tr>
<th>Account Name</th>
<th>Currency</th>
<th>Bank</th>
<th>Account Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Nile Basin Discourse (ECSSCRNBP)</td>
<td>United States Dollars</td>
<td>Stanbic Bank Uganda Limited</td>
<td>9030007104161</td>
</tr>
<tr>
<td>The Nile Basin Discourse (ECSSCRNBP)</td>
<td>Uganda Shillings</td>
<td>Stanbic Bank Uganda Limited</td>
<td>9030007104099</td>
</tr>
</tbody>
</table>

The principal accounting policies adopted in the preparation of these financial statements are set out below:

12.2 Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

a. Accounting convention

The financial statements are prepared under the historical cost convention.

b. Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting whereby receipts and expenditures are accounted for as and when received and paid respectively. Modifications to this policy include: advances to staff are recognized as receivables until they have been accounted for and audit fees, office rent, staff salaries, utility bills and other statutory obligations are recognized as expenses when incurred as opposed to when they were paid. Advances to other projects are recognized as receivables until they are recovered. However, prepayments and accruals are recognised as assets and liabilities.
These financial statements are therefore not intended to be presented in conformity with International Financial Reporting Standards.

c. Receipts

Receipts are recognised as income in the financial statements in the period in which they are received. Interest income, if applicable, on bank deposits is recognised as and when credited to the entity’s bank account.

d. Expenditure

Expenditure is recognised in the financial statements in the period in which it is paid rather than incurred. Therefore, no provision for accrued expenses is made in the financial statements. Prepayments and accruals are recognized as assets and liabilities at the end of the financial period for reporting purposes.

e. Fixed assets

Fixed assets are expensed in full in the year of acquisition/purchase and not capitalized. A memorandum fixed assets register and stores system to monitor and control the inventory movements is however maintained. Fixed assets both purchased and donated, held at period end are not recognised in the statement of fund balances.

f. Foreign Currency Transactions and translations

The base currency for the program is US Dollars. Transactions denominated in other currencies are translated into US Dollars at the rates ruling on the date of the transaction. Monetary assets and liabilities held at year-end which are expressed in other currencies are translated into US Dollar at rates ruling at that date. The resulting differences (if any) are dealt with in the statement of receipts and payments.

g. Staff Gratuity

Staff gratuity is computed as a percentage of the employee's monthly salary and is payable when the employee leaves the organization. The amount is accrued on a monthly basis and is recognized as an expense when paid.
13.0 NOTES TO THE FINANCIAL STATEMENTS

13.1 Project funding NBD-CIWA/WB GRANT No. TF015834

Detailed disbursements

This represents transfers from the World Bank to the designated account of the ECSSCRNBP project. The receipts during the period ended December 31, 2018 are detailed below:

<table>
<thead>
<tr>
<th>Posting Date</th>
<th>Document No.</th>
<th>World Bank Remittances in 2018 (US$)</th>
<th>Actual Amount Received on the DA (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/7/2018</td>
<td>NBD/USD/W-BANK/018</td>
<td>111,000.00</td>
<td>110,993.00</td>
</tr>
<tr>
<td>5/24/2018</td>
<td>NBD/USD/W-BANK/019</td>
<td>104,570.97</td>
<td>104,563.97</td>
</tr>
<tr>
<td>8/14/2018</td>
<td>NBD/USD/W-BANK/020</td>
<td>88,000.00</td>
<td>87,993.00</td>
</tr>
<tr>
<td>10/25/2018</td>
<td>NBD/USD/W-BANK/021</td>
<td>102,000.00</td>
<td>101,993.00</td>
</tr>
<tr>
<td>12/19/2018</td>
<td>NBD/USD/W-BANK/022</td>
<td>77,000.00</td>
<td>76,993.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>482,570.97</td>
<td>482,535.97</td>
</tr>
</tbody>
</table>

13.2 Project Expenditure

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Budget 31-Dec-18</th>
<th>Actual 31-Dec-18</th>
<th>Actual 31-Dec-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure CAPTIONS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel costs - Operations and Support staff</td>
<td>147,240.00</td>
<td>130,169.59</td>
<td>125,403</td>
</tr>
<tr>
<td>Rent, Utilities and Related Costs</td>
<td>13,941.00</td>
<td>12,324.52</td>
<td>12,039</td>
</tr>
<tr>
<td>Office Consumables</td>
<td>3,108.00</td>
<td>2,747.21</td>
<td>893</td>
</tr>
<tr>
<td>Communication</td>
<td>5,699.00</td>
<td>5,037.85</td>
<td>5,172</td>
</tr>
<tr>
<td>Travel and Travel-related costs</td>
<td>18,029.00</td>
<td>15,938.95</td>
<td>42,983</td>
</tr>
<tr>
<td>Equipment Supplies and Software Maintenance</td>
<td>594.00</td>
<td>524.86</td>
<td>3,285</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>4,629.00</td>
<td>4,092.32</td>
<td>3,313</td>
</tr>
<tr>
<td>Other Core Costs</td>
<td>11,605.00</td>
<td>10,259.65</td>
<td>4,331</td>
</tr>
<tr>
<td>Personnel costs - Program Staff</td>
<td>170,417.00</td>
<td>150,658.90</td>
<td>143,058</td>
</tr>
<tr>
<td>Strengthening the NBD Secretariat Functions</td>
<td>468.00</td>
<td>413.87</td>
<td>5,706</td>
</tr>
<tr>
<td>Improving Communications and Outreach</td>
<td>38,586.00</td>
<td>34,111.97</td>
<td>102,709</td>
</tr>
<tr>
<td>Capacity Development of NBD Members</td>
<td>68,221.00</td>
<td>60,311.88</td>
<td>71,425</td>
</tr>
<tr>
<td>Forex Losses (Includes Amount and Invoice Rounding off)</td>
<td>-</td>
<td>1,143.10</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td>482,537.00</td>
<td>427,734.67</td>
<td>520,380.00</td>
</tr>
</tbody>
</table>
13.3 Cash and bank balances

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Actual</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31-Dec-18</td>
<td>31-Dec-17</td>
</tr>
<tr>
<td></td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>61,881.21</td>
<td>- 37.46</td>
</tr>
<tr>
<td>Total cash at bank balances</td>
<td>61,881.21</td>
<td>- 37.46</td>
</tr>
</tbody>
</table>

13.4 Receivables

The receivables represent work advances. These are as detailed in the table below;

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Actual</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31-Dec-18</td>
<td>31-Dec-17</td>
</tr>
<tr>
<td></td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>Work advances</td>
<td>395.00</td>
<td>1,011.99</td>
</tr>
<tr>
<td>Total</td>
<td>395.00</td>
<td>1,011.99</td>
</tr>
</tbody>
</table>

13.5 Payables

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Actual</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31-Dec-18</td>
<td>31-Dec-17</td>
</tr>
<tr>
<td></td>
<td>USD</td>
<td>USD</td>
</tr>
<tr>
<td>NSSF Payable</td>
<td>5,772.80</td>
<td>2,902.19</td>
</tr>
<tr>
<td>PAYE Payable</td>
<td>12,191.21</td>
<td>6,103.59</td>
</tr>
<tr>
<td>Provident Payable</td>
<td>12,881.52</td>
<td>12,881.52</td>
</tr>
<tr>
<td>Accruals and Payables</td>
<td>-</td>
<td>2,554.00</td>
</tr>
<tr>
<td>Other Creditors</td>
<td>2,549.77</td>
<td>4,937.21</td>
</tr>
<tr>
<td>Total</td>
<td>33,395.30</td>
<td>29,378.51</td>
</tr>
</tbody>
</table>

13.6 Contingent liabilities

There were no known contingent assets/ liabilities that qualify for accrual or disclosure as at December 31, 2018.

13.7 Related party transactions

There were no known reportable related party transactions for the period ended December 31, 2018.