

**LAND RIGHTS RESEARCH AND
RESOURCES INSTITUTE
(LARRRI/HAKIARDHI)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Land Rights Research and Resources Institute
Annual Report and Financial Statements
For the Year Ended 31 December 2020

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Land Rights Research and Resources Institute
Annual Report and Financial Statements
For the Year Ended 31 December 2020

ORGANIZATION INFORMATION

BOARD OF DIRECTORS	Name	Nationality	Position
	: Mr. Alquin Senga	Tanzanian	Chairperson
	: Mr. Zephania Mariki	Tanzanian	Member
	: Mr. Adam Ole Mwarabu	Tanzanian	Member
	: Ms. Anna Oloishuro	Tanzanian	Member
	: Mr. Abdallah Matata	Tanzanian	Member
	: Mr. Cathbert Tomitho	Tanzanian	Secretary
REGISTERED OFFICE	: Plot No. 236, Block 47, Mori Road, : Kijitonyama Area, Kinondoni Municipal : P.O. Box 75885 : Dar es Salaam, Tanzania		
MANAGEMENT TEAM	: Cathbert Tomitho	Executive Director	
	: Joseph Chiombola	Senior Programme Officer	
	: Mary Mrosso	Finance and Administrative Officer	
AUDITORS	: Osanna Auditors Tanzania : 5th Floor, Twiga House : Samora Avenue : P.O. Box 9851 : Dar es Salaam, Tanzania		
PRINCIPAL BANKERS	: CRDB Bank PLC : UDSM Branch : P.O. Box 34022 : Dar es Salaam, Tanzania		
	: CRDB Bank PLC : Azikiwe Branch : P.O. Box 110138 : Dar es Salaam, Tanzania		

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2020 which disclose the state of affairs of the Land Rights Research and Resources Institute

REGISTRATION

Land Rights Research and Resources Institute (LARRRI/HAKIARDHI) is a non-governmental organization formed in September 1994. It was initially registered under the Companies Act, 2002 as a Company limited by guarantee without share capital on 28 September 1994. On 11 July 2019, the organization was re-registered under the terms and conditions of the Non-Governmental Organizations Act, 2002 with Registration No. 00NGO/R2/00012.

PRINCIPAL ACTIVITIES

LARRRI/HAKIARDHI strives to build up a knowledgeable corpus of grassroots-based communities who are able to stir up changes through self-mobilization and organizations and broad-based public awareness programmes. The organization conducts land rights training through district and grassroots level workshops, monthly seminars, national public fora, training of trainers, media programmes and wide dissemination of her publications.

Other activities of the organization include:

- To offer advice, counselling and related assistance on land tenure issues to small land users in rural and peri-urban areas and in this relation to undertake (or assist in undertaking) occasional test cases on pro bono basis before relevant judicial, quasi-judicial and administrative bodies.
- To make available on request arbitration services for resolving land disputes consistent with the Institute's objective.
- To research into, construct and suggest amicable means of resolving land disputes among and between small land users and villagers.
- To provide and organize on request short courses on land tenure and land rights.
- To provide on request consultancy services to government and non-governmental organizations provided it is within the spirit of social and educational objectives of the Institute.
- To raise funds for the purposes of the Institute on such terms as compatible with the autonomy of the Institute and within the spirit of its social and educational objectives.

VISION

Land Rights Research and Resources Institute envisages a socially just and equitable land tenure system in which all groups in the society and especially the rural based small producers are guaranteed security of tenure, access and ownership to land and other means of their livelihood.

MISSION

To promote and ensure realization of the rights to land of about eighty percent of the rural based communities who are mainly small landholders and producers.

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

The directors of the organization at the date of this report, except otherwise indicated are:

Sn	Name	Position	Age	Nationality	Qualifications/Discipline	Year of Appointment/Resignation
1	Mr. Alquin Senga	Member	66	Tanzanian	Planning and Administration	Appointed in 2015
2	Mr. Zephania Mariki	Member	45	Tanzanian	Pastoralist	Appointed in 2018
3	Mr. Adam Ole Mwarabu	Member	44	Tanzanian	Project Management	Appointed in 2019
4	Ms. Anna Oloishuro	Member	54	Tanzanian	Pastoralist	Appointed in 2020
5	Mr. Abdalah Matata	Member	55	Tanzanian	Peasant	Appointed in 2016
6	Mr. Cathbert Tomitho	Secretary	38	Tanzanian	M.Sc. Public Policy Analysis	Appointed in 2018

MANAGEMENT

The Management of the organization is under the Executive Director and is organized in the following departments.

- Knowledge Generation and Dissemination Unit
- Public Engagement Unit
- Institutional Management and Programme Support Unit

FINANCIAL PERFORMANCE

The results for the year are set out on the page 16 of these financial statements.

BUDGETS

At LARRRI/HAKIARDHI, the Accounts section of the Institutional Management and Programme support Unit is fully responsible for accuracy and all quality related aspects of the budget. However, the Executive Director is overall in charge of the final document at all levels from the management to the members' general assembly. To ensure quality control, the entire budgeting process shall be made to adhere to scrutiny procedures of the respective authority levels of the institute such as programme units, management, Board, and members through their annual assembly. Consideration shall be made to adhere to specific requirements of the donors provided they do not supersede the general principles of the Institute on budgeting. LARRRI may occasionally carryout activities outside its main strategic plan depending on the need for the time. On such situations, budgets shall be prepared on the basis of such project proposals. It is however, stressed that budgets for individual projects must be scrutinized by the Finance and Administration officer to ensure their accuracy and inclusion of some organizational costs where applicable.

KEY ACHIEVEMENTS

The programme implementation in HAKIARDHI is organized under three Units, namely Knowledge Generation and Dissemination Unit (KGD), Public Engagement Unit (PE), and Institutional Management and Programme Support Unit (IMPS). For the year 2020 the Institute had documented numerous achievements from different activities implemented at the local and national levels. These achievements have briefly discussed below:

REPORT OF THE DIRECTORS (CONTINUED)

KEY ACHIEVEMENTS (CONTINUED)

- Increased use of land rights publications among small-scale producers

The Study and Discussion Groups (SDG) and Community Libraries (CL) have boosted the reading morale among villagers. This has been manifested in several ways including request of more publications from the Institute by the Land Right Monitors (LRMs) who lead these Groups and Libraries. This has also manifested from the reports submitted by Land Right Monitors which show that awareness on land rights among the villagers have increased through the discussions conducted in Village Assembly meetings and other formal and informal meetings. It has also noticed there have been changes in the way villagers question/seek for advice with regard to land matters. Sometimes they call to seek for clarification on what they have learnt from publications provided to them.

- Land Right Monitor (LRMs) organized public debates on their own for discussion on land rights and climate change matters

The Land Right Monitors (LRMs) took efforts to organize public debates, seeing the significance of spearheading awareness on land rights to the communities, on 12th October and 23rd November 2020 in Kilolo and Morogoro Districts respectively. A total of 180 (85 women) participants attended the debates in Kilolo district and 216 (98 women) people attended in Morogoro District.

This is a great achievement as the Institute has managed to achieve the long-term objective of having sustainability of the interventions implemented in different districts and villages. The expectation is to see LRMs taking over all the role of defending and protecting the land rights of small-scale producers in their respective villages and neighborhood. Through these debates, villagers got an opportunity to discuss land rights issues such as access to land, land ownership and resolution of conflicts and rights of villagers to make decisions over their land as well as environment destruction and effects they are facing. At the end, they came up with some deliberations such as; to increase number of members in study and discussion groups, to spread land rights awareness beyond project villages and to conserve environment.

- Establishment of Study and Discussion Groups beyond their villages

This is another notable achievement recorded for year 2020 as the Land Right Monitors (LRMs) managed to initiate the establishment of Study and Discussion Groups (SDG) in neighbor villages. For instance, Mustafa Seif and Mariam Mtulo from Msowero village in Kilosa district have taken the move to establish these groups in neighbor villages such as Mambegwa and Majambaa. This initiative has enabled villagers who could not be directly reached by HAKIARDHI due to resources constraints both human and financial.

- Land Right Monitors mobilized fellow villagers to stop land grabbing

Mr. Sadiki Kibugo from Mchukwi B village in Kibiti district is one among the successful Land Right Monitor in organizing their fellow villagers in addressing their land right problems. Mr. Kibugo for the year 2020 managed his fellow villagers to seek for their right in securing the land sized 1,500 acres which was allocated to investor namely Dawood and Brothers without their consent. Their efforts got the attention of the Minister for the Ministry of Lands who visited the village to address the matter. He later decided that small-scale producers should continue using the land while other administrative procedures of resolving the matter is ongoing at different levels of decision making. In fact, other Land Right Monitors in other villages where the Institute implements the programmes have done a lot for year 2020.

- Radio shows strengthened women land rights struggle beyond programme areas

The extensive radio coverage beyond the programme areas, enabled women who are in other Regions, Districts and Villages which are outside programme areas to learn from the topics on Land Laws presented by professional Lawyers and experienced staff of the Institute and experience shared by the LRMs who were invited during the shows. Some of the women who made calls during the shows requested the Institute if possible to visit their villages for the same interventions as they are facing discrimination on land access and ownership. For instance, the Institute has received a number of calls and messages for villagers from different parts of the country inquiring for clarification on land matters or asking for legal advice counselling.

REPORT OF THE DIRECTORS (CONTINUED)

KEY ACHIEVEMENTS (CONTINUED)

- **Toll Free service (0800711555) enhanced online discussion on land rights**

A Toll Free service (0800711555) was initially established in 2018 with the purpose of linking the gap between Land Right Monitors and Institute in reporting of the land right issues taking place in their respective villages. However, this service has advanced to the level that legal advice counselling is conducted through this service but also different other individuals both from programme areas, urban and peri-urban areas. This number is also shared during radio shows for listeners to make calls after the shows for asking questions and clarification on different land right issues. For instance, a total of 197 phone calls were received through this service.
- **Increased capacity of women to support each other in claiming their land rights from family to village levels**

Women Land Right Groups established in Kilindi and Morogoro districts have influenced women to demand for their rights not only land rights but also other socio-economic rights such as marriage matters, inheritance issues, and gender based violence as well as health services. The monitoring and evaluation visits documented different cases which justify how women supported each other through these groups which they usually meet twice or thrice in a month. Some of the villages where these issues were documented in Kilindi District were Gombero, Kwediswati, Mafisa, Mafisa Madukani and Kwamalgwa. In Morogoro District the villages were in Kibuko, Kiwege and Madamu.
- **Fair composition and participation of women in leadership and decision-making process**

The specific training to women and public debates on land rights and governance have awakened women, village leaders, and other villagers in regards to their positions in the decision making organs (such as Village Council, Village Committees, and Village Assemblies) to the extent that women are no longer taking for granted their positions. It was revealed that at least 5 out of 8 women who are members of the Village Councils attend the monthly Village Council meetings, but also 40 percent of the attendees in the Village Assembly meetings are women. This is remarkable progress in comparison to the situation before the programme started.
- **Provision of equal opportunities to men and women in allocation of village land**

Every activity under this programme concentrates in pushing for equal chances among women, men and people with disability. For instance, during preparation of Village Land Use Planning in Madamu village, Morogoro District a total of 248 Certificates of Customary Rights of Occupancy were issued to villagers, out of 248 title deeds 125 were issued to women. Hopefully, this practice will change the mindset of the village leaders and District Council Officials in the next similar projects.
- **Improved consultation and communication between land governance and disputes resolution organs and Land Rights Monitors (LRMs)**

The trainings on land rights offered through public debates and to LRMs have improved the operations and conducts of the Village Leaders and Members of the Village Land Councils and Ward Tribunals in dealing with land administration and land conflicts management in their respective Villages and Wards as they are collaboratively working in solving new and existing land conflicts in their villages. Example has been drawn from the following villages; Lubasazi and Kolelo in Morogoro District; and Kwaluguru and Kwamalgwa in Kilindi District. Besides, LRMs have played great role in sensitizing their fellow villagers to understand legal procedures in land access and ownership as well as resolving land conflicts in appropriate organs.
- **Advising the Government in Reforming Land Disputes Settlement System**

The 2020/21 Ministry of Land budget proposed shifting of District Land and Housing Tribunal from the Executive arm to Judiciary arm. The analysis conducted by the Institute pinpointed the pros and cons of the shifting. The analysis was shared with the Ministry of Land, Ministry of Justice, Registrar of Courts, Registrar of Tribunals, Chairpersons of the Tribunals and other stakeholders. The results of the sharing was the decision of the Government to suspend the idea of shifting and decide to work on the discrepancies and weaknesses facing the District Land and Housing Tribunals in order to improve their operations especially in ensuring that small-scale producers can access the organs without any obstacles.

REPORT OF THE DIRECTORS (CONTINUED)

KEY ACHIEVEMENTS (CONTINUED)

- Establishment of a loose think tank experts on land rights policy analysts

The Institute has established a group of policy analysts which comprised of Institute's staff and other staff from likeminded organizations namely Tanzania Land Alliance, Landesa and some of the freelancer. This group meet regularly to analyze different policies issued by the Government and share the findings back to Government and related stakeholders for decision making. So far, three analyses have been conducted such as analysis of the 2020/21 Ministry of Lands budget; analysis of the Land Dispute Settlements System; and analysis of 13 key Land Matters for submission to the Government for action.

- Supported Preparation of Village Land Use Planning

The Institute supported preparation of Village Land Use Planning in Madamu village in Morogoro district enabled the Village Council, Village Land Use Management Committee (VLUM) and District Participatory Land Use Planning Team (PLUM) to plan uses of land after being approved by the Village Assembly meetings. Through this support a pilot of 248 Certificates of Customary Rights of Occupancy which were issued to some of the villagers particularly women. Among the villagers who benefited were 125 women including girls and people with disabilities.

- Resolution of Boundary land conflicts between Luholole and Madamu Villages

Preparation of Village Land Use Planning in Madamu village in Morogoro district enabled the resolution of boundary land conflict with her neighbour village called Luholole which had existed for almost ten villages as explained by the village leaders. In fact, the resolution of the conflict came as a pre-condition for the preparation of the land use planning. Thus being the case, the PLUM Team, HAKIARDHI and Village Council of Madamu village convened a neighborhood meeting with Luholole Village Council, after a long discussion which took 2 days, they finally agreed on the borders to resolve the conflict. As per the Land Laws the decision was shared in the Village Assembly meetings of both villages for the blessing from the villagers. Thereafter, the District Council through the PLUM Team proceeds with preparation of land use plan in Madamu village.

- Increased media attention and reporting on land rights

A total of 15 newspaper articles and 5 TV documentaries on land rights and women land rights in particular and climate change were produced in 2020. The Institute engaged Journalists from the following Newspapers; the Guardian, Raia Mwema, Majira, Mwananchi, Nipashe and Uhuru. Five Newspaper journalists were engaged and one Journalist for TV (E-TV) documentaries. Journalists wrote and published articles on climate change; women land rights and land conflicts which were also shared through social media networks including Institute's Website, Facebook Page and Twitter.

- Establishment of forest conservation campaigns in the villages

LRMs and their village leaders have continued with campaigns of educating villagers on the importance of conserving village forests. Village leaders argued that they usually provide opportunities to LRMs to speak during Village meetings on the importance of conserving village forest which is followed by discussions of how they should conserve their forests. Among of the mentioned strategies was selecting environmental committees to easily manage the forests. Members of the environmental committees are responsible in forest monitoring and they are doing so by conducting regular forest patrols. Forest patrols have enabled to control people who invade village forests and harvest forest products without permission from village office.

CHALLENGES

Some of the challenges faced during the period under review include the following:

- (i) The outbreak of Covid-19 pandemic disease disrupted the implementation of the project activities as planned which failed to achieve the anticipated outcomes at the local level and national level.
- (ii) The General election conducted in October 2020 in the country had some implications in the projects implementation as it forced the postponement of the activities to pave the way for political campaigns. In addition to that some of the key decision makers and law makers who were supposed to be consulted in the policy dialogues were not available.

REPORT OF THE DIRECTORS (CONTINUED)

CHALLENGES (CONTINUED)

- (iii) A newly introduced biometric registration of phone cards left some of the LRMs, village leaders and other ordinary villagers without communication. This is because the requirement of securing national IDs for registration was not fulfilled by every citizen on time.
- (iv) Poor documentation of the land cases reported and dealt at the Village Councils, Village Land Councils and Ward Tribunals. This is because these organs lack facilities to facilitate the documentation due to lack of budget from the Government. What is required at this stage is to provide further training to members of these organs on how to address the issue. However, the Institute has been providing notebooks to them for documenting land cases.
- (v) As the LRMs are keeping on establishing Study and Discussion Groups the need for land rights, environment and climate change publications is very high to the extent that the publications produced under the programme cannot fulfill the demand.
- (vi) Limited engagement among Land Rights Monitors due to long distance from one village to another.
- (vii) The dominance of male callers during and after the radio talk shows. It has been observed that the ratio of men and women who made calls and send short text messages to ask questions and clarifications is dominated by men in comparison to women. The Institute in collaboration with the radio station is working on the matter in order to find the solution.
- (viii) There is a low awareness among members of the Village Councils and Village Assembly on the procedures of preparing bylaws which required the Institute to intervene upon the availability of resources. Additionally, the support from District Councils Officials in drafting the documents is limited.
- (ix) The existence of newly elected Village leaders with no land rights awareness whereby this refers to the Village leaders elected in 2019 during the Local Government election to hold positions at the Village Councils. These leaders have limited information on land rights, climate change and good governance. Since Village Councils are key partners in the intervention, for the newly elected leaders to be equipped with land rights and Village administration knowledge may increase project sustainability. The challenge is still there in some Villages although LRMs have played a great role to create awareness in their communities including those leaders.

FUTURE DEVELOPMENT PLANS

Below is the summary of the future plans;

- Producing more publications on land rights need to be produced/ reprinted for dissemination to community libraries.
- Trainings on land rights and political economy to LRMs and members of study and discussion groups as well as frequent visits to them. These will encourage them to work hard and continue with the struggles seeing that there are other people behind them who support their efforts.
- Supporting establishment of the Community Libraries (CL).
- Supporting techniques of conducting discussion in the Study and Discussion Groups (SDG) established by the Land Right Monitors (LRMs).

CORPORATE GOVERNANCE

The Board takes overall responsibility for the organization, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The actual number of meetings held during the year was four. The Board delegates the day to day management of the business to Executive Director assisted by the heads of departments: Knowledge Generation and Dissemination Unit, Public Engagement Unit and Institutional Management and Programme Support Unit.

REPORT OF THE DIRECTORS (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

The organization is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the organization. It is the task of the organization's management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the organization's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. Whilst no system of internal controls can provide absolute assurance against misstatement or losses, organization's procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 December 2020 and is of the opinion that they met accepted criteria. The key elements of the system of internal control are as follows:

Principal Risks and Uncertainties

The principal risks that may significantly affect LARRRI/HAKIARDHI's strategies, programs and development are mainly in the form of financial risks and compliance related risks. Below, we provide a description of the financial risks and compliance related risks facing the organization and the related management controls in place:

(a) Financial Risks

(i) Risk of poor financial management leading to financial loss

To mitigate against this, LARRRI/HAKIARDHI has financial policies and procedures in place to ensure good financial management and these include:

- Robust cash and banking procedures.
- Rigorous internal financial reporting processes including; monthly review of budget versus actuals for each contract, quarterly reforecasting, annual and six-monthly budget process and reviews.
- Recruitment of professional qualified Accountants in senior finance positions.

(ii) Fraud and corruption

To manage the risk:

- LARRRI/HAKIARDHI follows policy and guidance on facilitation payments, which adhere to Prevention and Combating of Corruption Act of 2007. All staff carries out anti-bribery training, and there is a standardized approach for the reporting of any bribes paid. Where corruption is discovered, investigations are carried out and appropriate action is taken. These actions may include disciplinary measures with culpable staff and referral to legal authorities in the relevant countries.
- Robust procurement procedures are followed.

(iii) Theft of assets

To manage the risk

- An asset register is maintained.
- Assets are marked and tagged with a unique identification code and verified on a regular basis.
- Access to high value assets is restricted to authorized personnel only.

REPORT OF THE DIRECTORS (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

(b) Compliance Related Risks

(i) Non-compliance with funder regulations

To manage the risk

- LARRRI/HAKIARDHI provides training to staff on specific donor regulations.
- LARRRI/HAKIARDHI maintains good relationships with funders, as well as keeping abreast of any developments in specific funding regulations.

(ii) Non-compliance with local and international regulations

To manage the risk

- An annual audit is conducted, which includes advising on compliance with applicable country regulations.
- This is in compliance with Tanzania financial regulations for Non-Governmental Organizations.

SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that Land Rights Research and Resources Institute has adequate resources to continue in operational existence for the foreseeable future.

POLITICAL AND CHARITABLE DONATIONS

The organization did not make any political donations or other donations during the year.

ENVIRONMENTAL CONTROL PROGRAM

The organization monitors the impact of its operations on the environment, which is mainly through including environment control activities in its action plan/schedules annually. Through its own occasional activities, the organization includes activities in connection with conservation of environmental resources through trainings to create general awareness.

EMPLOYEE WELFARE

Competence

Staff skills are maintained both by a formal recruitment process and a performance appraisal system, which identifies training needs. Also, necessary training both in house and externally, helps to consolidate existing staff skills and competences.

Medical Assistance

All LARRRI/HAKIARDHI employees have access to medical insurance paid by the organization provided funds from donors are available.

Management and Employees' Relationship

There was good relation between employees and management during the period ended 31 December 2020. There were no unresolved complaints received by Management from the employees during the period.

The organization is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

The organization's employment terms are reviewed annually to ensure that they meet statutory and market conditions.

REPORT OF THE DIRECTORS (CONTINUED)

EMPLOYEE WELFARE (CONTINUED)

Health and Safety

The organization has a strong health and safety program which ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees by providing adequate and proper protective equipment, training and supervision as necessary.

Employees Benefit Plan

The organization pays contributions to a publicly administered pension plan on mandatory basis which qualifies to be a defined contribution plan. The organization contributes 10% of the employee's salary to National Social Security Fund (NSSF).

Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the organization continues and appropriate training is arranged. It is the policy of the organization that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

GENDER PARITY

The organization had 14 employees, out of which 6 were males and 8 were females (2019: 5 males and 4 females).

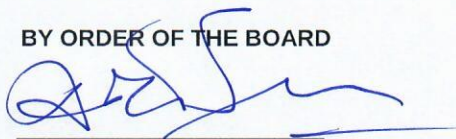
RELATED PARTIES

All related party transactions and balances; including board of directors and key management emoluments are disclosed in Note 11 to these financial statements.

AUDITORS

The organization's auditors, Osanna Auditors Tanzania have expressed their willingness to continue in office and are eligible for re-appointment.

BY ORDER OF THE BOARD



Mr. Alquin Senga
Chairperson



Cathbert Tomitho
Executive Director

Date: 16-03-2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required in terms of the Non-Governmental Organizations Act, 2002 of United Republic of Tanzania to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the organization as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Public Sector Accounting Standards (IPSAS) and the requirements of the Non-Governmental Organizations Act, 2002. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Non-Governmental Organizations Act, 2002, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the organization and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the organization and all employees are required to maintain the highest ethical standards in ensuring the organization's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organization is on identifying, assessing, managing and monitoring all known forms of risk across the organization. While operating risk cannot be fully eliminated, the organization endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

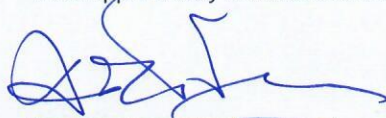
The directors acknowledge that they are responsible for establishing appropriate policies and procedures to prevent Non-Compliance with Laws and Regulations (NOCLAR), including whistleblowing procedures as a necessary part of good internal governance.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the organization's next 12-month cash flow forecast and, in the light of this review and the current financial position, they are satisfied that the organization has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the organization's financial statements. The financial statements have been examined by the organization's external auditors and their report is presented on pages 13 to 15.

The financial statements set out on pages 16 to 33, which have been prepared on the going concern basis, were approved by the board of directors on 16-03-2021 and were signed on its behalf by:



Mr. Alquin Senga
Chairperson



Cathbert Tomitho
Executive Director

DECLARATION OF THE HEAD OF FINANCE OF LARRRI/HAKIARDHI

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by Professional Accountant responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Public Sector Accounting Standards (IPSAS) and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I, AGAPITI BENJAMIN, being the Outsourced Financial Consultant of Land Rights Research and Resources Institute hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2020 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Non-Governmental Organizations Act, 2002.

I thus confirm that the financial statements give a true and fair view position of Land Rights Research and Resources Institute as on that date and that they have been prepared based on properly maintained financial records.

Signed by:



Position:

OUTSOURCED FINANCIAL CONSULTANT

NBAA Membership No:

PA 3778

Date: 16.03.2021

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF LAND RIGHTS RESEARCH AND RESOURCES INSTITUTE**

Report on the financial statements

Opinion

We have audited the financial statements of Land Rights Research and Resources Institute, which comprise the statement of financial position as at 31 December 2020, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Public Accounting Standards (IPSAS) and the requirements of the Non-Governmental Organization Act, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Organization's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to Organization's ability to continue as a going concern.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Accounting Standards (IPSAS) and the requirements of the Non-Governmental Organization Act, 2002, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

**REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)
TO THE MEMBERS OF LAND RIGHTS RESEARCH AND RESOURCES INSTITUTE**

Key Audit Matters

We have determined that there are no other key audit matters to communicate in our audit report.

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 in the aggregate, 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 control 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 Organization'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 Organization'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 Organization to cease to continue as a going concern.

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.

**REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)
TO THE MEMBERS OF LAND RIGHTS RESEARCH AND RESOURCES INSTITUTE**

Report on Other Legal and Regulatory Requirements

This report, including the opinion, has been prepared for, and only, for the Organization's members as a body in accordance with Non-Governmental Organization Act, 2002 and for no other purposes.

As required by the Tanzania Non-Governmental Organization Act, 2002, 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 purposes of our audit;
- (ii) in our opinion proper books of account have been kept by the Organization, so far as appears from our examination of those books; and
- (iii) the Organization's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Osanna Auditors Tanzania

Osanna Auditors Tanzania
Certified Public Accountants

Fulgensio Mgaya

CPA Fulgensio Mgaya (ACPA 3142)
Dar es Salaam



Date: 17-03-2021

Land Rights Research and Resources Institute
Annual Report and Financial Statements
For the Year Ended 31 December 2020

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2020 TZS	2019 TZS
Income			
Grant Income	1	909,545,975	935,573,686
Other Income	2	14,551,988	15,486,392
		924,097,963	951,060,078
Expenditure			
Knowledge Generations and Dissemination	3	(204,647,516)	(155,097,762)
Public Engagement	4	(401,822,199)	(501,219,302)
Institutional Management and Programme Support Cost	5	(248,628,023)	(242,857,956)
Depreciation of Property and Equipment	6	(69,000,225)	(69,052,377)
		(924,097,963)	(968,227,397)
Surplus/(deficit) for the year		-	(17,167,319)


The significant accounting policies on pages 21 to 25 and the notes on pages 26 to 33 form an integral part of these financial statements.

Report of the independent auditors - pages 13 to 15.

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2020 TZS	2019 TZS
Non-current assets			
Property and equipment	6	628,674,308	684,895,871
Current assets			
Cash and cash equivalents	7	51,174,647	80,305,951
		51,174,647	80,305,951
Total Assets		679,848,955	765,201,822
Equity and Liabilities			
Equity			
Capital grant	8	552,667,993	608,889,556
Building fund		6,152,840	-
Revaluation reserve		76,006,315	76,006,315
Accumulated deficit		(7,172,523)	(7,172,523)
		627,654,625	677,723,348
Current liabilities			
Other payables	9	7,095,000	37,620,603
Deferred grant income	10	45,099,330	49,857,871
		52,194,330	87,478,474
Total Equity and Liabilities		679,848,955	765,201,822

The financial statements on pages 16 to 33 were approved for issue by the Board of Directors on 16.03.2021 and were signed on its behalf by:


Mr. Alquin Senga
Chairperson


Cathbert Tomitho
Executive Director

The significant accounting policies on pages 21 to 25 and the notes on pages 26 to 33 form an integral part of these financial statements.

Report of the independent auditors - pages 13 to 15.

Land Rights Research and Resources Institute
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STATEMENT OF CHANGES IN NET ASSETS

Year ended 31 December 2020	Capital grant TZS	Building fund TZS	Revaluation reserve TZS	Accumulated deficit TZS	Total TZS
At start of year	608,889,556	-	76,006,315	(7,172,523)	677,723,348
Surplus for the year	-	-	-	-	-
Transfer from deferred grant income	-	6,152,840	-	-	6,152,840
Capital grants fund received during the year	16,275,573	-	-	-	16,275,573
Disposals	(3,496,911)	-	-	-	(3,496,911)
Capital grants fund released to grant income	(69,000,225)	-	-	-	(69,000,225)
At end of year	552,667,993	6,152,840	76,006,315	(7,172,523)	627,654,625
Year ended 31 December 2019					
At start of year	676,776,933	-	76,006,315	9,994,796	762,778,044
Deficit for the year	-	-	-	(17,167,319)	(17,167,319)
Capital grants fund received during the year	1,590,000	-	-	-	1,590,000
Disposals	(425,000)	-	-	-	(425,000)
Capital grants fund released to grant income	(69,052,377)	-	-	-	(69,052,377)
At end of year	608,889,556	-	76,006,315	(7,172,523)	677,723,348

The significant accounting policies on pages 21 to 25 and the notes on pages 26 to 33 form an integral part of these financial statements.

Report of the independent auditors - pages 13 to 15.

STATEMENT OF CASH FLOWS

	Note	2020 TZS	2019 TZS
Operating activities			
Cash used in operations	12	(13,096,920)	(33,560,632)
Income tax paid		-	-
Net cash used in operating activities		<u>(13,096,920)</u>	<u>(33,560,632)</u>
Investing activities			
Purchase of property and equipment		(16,494,386)	(1,590,000)
Proceeds from disposal of property and equipment		460,000	-
Net cash used in from investing activities		<u>(16,034,386)</u>	<u>(1,590,000)</u>
Decrease in cash and cash equivalents		<u>(29,131,305)</u>	<u>(35,150,632)</u>
Movement in cash and cash equivalents			
At start of year		80,305,951	115,456,583
Decrease in cash and cash equivalents		(29,131,305)	(35,150,632)
At end of year	7	<u>51,174,646</u>	<u>80,305,951</u>

The significant accounting policies on pages 21 to 25 and the notes on pages 26 to 33 form an integral part of these financial statements.

Report of the independent auditors - pages 13 to 15.

Land Rights Research and Resources Institute
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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Budget TZS	Actual TZS	Performance Difference TZS	Performance Difference %
INCOME				
Revenue Grants	1,099,923,157	840,545,750	(259,377,407)	-24%
Other Income	-	14,551,988	14,551,988	100%
Total	1,099,923,157	855,097,738	(244,825,419)	-22%
EXPENDITURE				
Reliable, Concrete and up to Date Information on Land and Natural Resources	112,705,700	72,201,530	(40,504,170)	-36%
Increased Access to Reliable, Concrete and Up to Date Information on Land	161,153,600	132,445,986	(28,707,614)	-18%
Enhance Knowledge Base and Citizen Participation in Policy and Decision	220,330,006	165,079,991	(55,250,015)	-25%
Improved Policies, Practices and Institutional Framework Governing Land	50,109,000	36,731,802	(13,377,198)	-27%
Strengthen Partnership with Likeminded Local and International	19,500,000	13,216,052	(6,283,948)	-32%
Secured and protected citizen/communities rights through VLUP	44,390,000	27,514,075	(16,875,925)	-38%
Programme Personnel costs	79,200,000	85,800,000	6,600,000	8%
Securing Programme Equipments and Services	39,820,000	35,367,706	(4,452,294)	100%
Other Program Costs	39,307,683	38,112,573	(1,195,110)	-3%
Improved HAKIARDHI Institutional Governance	176,795,500	134,515,174	(42,280,326)	-24%
Ensured Availability of Resources	42,105,435	39,687,280	(2,418,155)	-6%
Improved Quality of HAKIARDHI Intervention	85,998,400	51,135,619	(34,862,781)	-41%
Other administrative costs	28,507,833	23,289,950	(5,217,883)	-18%
Total	1,099,923,157	855,097,738	(244,825,419)	-22%
Surplus for the year				

The significant accounting policies on pages 21 to 25 and the notes on pages 26 to 33 form an integral part of these financial statements.
 Report of the independent auditors - pages 13 to 15.

SIGNIFICANT ACCOUNTING POLICIES

1 Basis of preparation and summary of significant accounting policies

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Non-Governmental Organizations Act, 2002 of United Republic of Tanzania. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

1.1 Going concern

The financial performance of the organization is set out in the Director's report and in the statement of comprehensive income. The financial position of the organization is set out in the statement of financial position.

Based on the financial performance and position of the organization and its risk management policies, the directors are of the opinion that the organization is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

These financial statements comply with the requirements of the Tanzanian Non-Governmental Organizations Act, 2002.

Based on these facts, the directors consider it appropriate to prepare the financial statements on a going concern basis which assumes that the organization will be in operational existence for the foreseeable future.

1.2 Revenue recognition

Grant income comprises of amounts received from the donors. Grants are generally received against approved activities and related budgets. Funds received in excess of the amounts actually spent during the year on the activities funded by such grants, are allocated to a deferred grants account. Such deferred grants are released to the statement of financial performance in the accounting year in which such activities are completed. Interest income is recognized on an accrual basis.

1.3 Other income

Income from other sources is recognized when received, and includes bank interest; disposal of organization's assets, members' contribution, consultancy services and sales of publications.

1.4 Property and equipment

All categories of property and equipment are initially recognized at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalized as part of the computer equipment. All items of property and equipment are subsequently carried at a revalued amount, based on triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the organization over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognized in the statement of financial performance and accumulated in equity under the heading of revaluation reserve. All decreases are charged to the statement of changes in net assets under the revaluation reserve. The depreciation charge of the asset is charged to the statement of financial performance.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1 Basis of preparation and summary of significant accounting policies (continued)

1.4 Property and equipment (continued)

Depreciation is calculated on straight-line basis to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

Item	Rate %
Building	2
Motor vehicles	25
Office furniture	25
Computer & accessories	25
Generators	25
Equipment	25

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to accumulated fund/(deficit).

1.5 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, accounts receivable. The organization determines the classification of its financial assets at initial recognition.

Accounts receivable

Accounts receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Current receivables are for amounts due within twelve months of the reporting date, while non-current receivables are those that are due more than twelve months from the reporting date of the financial statements. Receivables are stated at amortized cost calculated using the effective interest method, less any impairment losses (which are recognized in the Statement of Financial Performance).

However, for current receivables there is no material difference between the amortized costs and so these receivables have been recognized at cost (less any impairment losses).

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or accounts payable, as appropriate. The organization determines the classification of its financial liabilities at initial recognition.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1 Basis of preparation and summary of significant accounting policies (continued)

1.5 Financial instruments (continued)

Accounts payables

Accounts Payables are financial liabilities in respect of goods or services that have been received by the Organization and are recognized at amortized cost, which for payables is equal to cost. Accounts payable include the following:

- Amounts due to donors, partners, and stakeholders representing the unspent funds for expired agreements.
- Invoices received and approved for payment but not yet paid.

Accrued liabilities

Accrued liabilities are financial liabilities in respect of goods or services that have been received or provided to the Organization during the reporting period and which have not yet been invoiced or invoices have been received but not approved for payment. They are recognized at amortized cost, which for accruals is equal to cost.

1.6 Foreign currency transactions

Foreign currency transactions are translated at the rate of exchange ruling on the date of transaction. Closing balances of monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling on the statement of financial position date. Resulting exchange differences are recognized as foreign exchange gain or loss in the statement of performance for the year.

1.7 Employee benefits

Employee entitlements

A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the statement of financial position date.

Retirement benefit obligations

The Organization and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The Organization's contributions to the defined contribution scheme are charged to the statement of comprehensive income in the period to which they relate.

Workers Compensation Fund (WCF)

Workers Compensation Fund (WCF) is a social security scheme established by the government responsible for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment.

Private entities are statutorily required to contribute 1% of monthly employees' earnings (wage bill) to the Fund. Monthly employees' earnings (wage bill) include basic salaries plus all fixed allowances which are regularly paid along with basic salaries. The contributions are part of Organization's costs and are not deducted from salaries of the employees.

Once the payment has been effected by the Organization to the Fund, there is no further obligation to the Organization for any claim from the employee out of the occupational injuries suffered by them.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1 Basis of preparation and summary of significant accounting policies (continued)

1.8 Cash and cash equivalents

Cash and cash equivalents, which are financial assets, comprise cash on hand, cash at banks, money markets and short-term deposits with original maturities of 90 days or less. For an investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

Short-term deposits are stated at amortized cost using the effective interest method, with interest income recognized on an effective yield basis.

Cash and Cash Equivalents are held for purposes of meeting short-term cash commitments rather than for investment purposes.

1.9 Deferred income grants

Deferred income grants represent the revenues received from donors but not utilized at the end of reporting period.

1.10 Capital grants

Grants to fund the acquisition of fixed assets during the year are allocated to a capital grants account. The capital grants are amortized to the statement of financial performance on a systematic basis to match the depreciation charge on the assets acquired using the grants.

1.11 Comparative figures

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

2 Risk management objectives and policies

Financial risk management

The organization's activities expose it to a variety of financial risks including credit and liquidity. The organization's overall risk management policies are set out by the board and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimize the potential adverse effects of such risks on the organization's performance by setting acceptable levels of risk. The organization does not hedge against any risks.

2.1 Credit risk and expected credit losses

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a organization-wide basis.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution. The organization carries out its own assessment of credit risk before investing in corporate bonds, and updates such assessments at each reporting date.

Credit risk on receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting a credit limit and credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2 Risk management objectives and policies (continued)

In assessing whether the credit risk on a financial asset has increased significantly, the organization compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the organization considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the organization does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognized on a collective basis. For such purposes, the organization groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

The organization is not exposed to credit risk as it has no trade receivables at the year-end.

2.2 Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the organization's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The organization manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

The table below summarizes the maturity analysis for financial liabilities to their remaining contractual maturities. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 month TZS	Between 1 - 3 months TZS	Between 3 - 12 months TZS	Over 1 year TZS
31 December 2020				
Other payables	7,095,000	-	-	-
	<u>7,095,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2019				
Other payables	37,620,603	-	-	-
	<u>37,620,603</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS

		2020	2019
		TZS	TZS
1 Grant income	Note		
Grant income released from deferred capital grant	8		
Capital grants amortization		69,000,226	69,052,377
Sub-total		69,000,226	69,052,377
Grant income released from deferred grant income	10		
Foundation for Civil Society		78,448,309	95,956,107
Horizont3000		251,030,899	254,865,783
Care International Tanzania		260,106,610	316,219,737
Rosa Luxemburg Stiftung		156,785,240	66,756,176
IUCN NL		90,500,118	122,077,906
Other donors		3,674,573	10,645,600
Sub-total		840,545,749	866,521,309
Total		909,545,975	935,573,686
2 Other income			
Sales of books and other publications		-	3,530,000
Bank Interest		93,232	69,795
Income from disposal		460,000	670,000
Members contribution - release from deferred income		10,033,136	2,845,000
Consultancy		3,965,620	8,371,597
		14,551,988	15,486,392
3 Knowledge Generations and Dissemination			
Baseline study		-	5,067,189
Printing of fact sheet & policy briefs		48,550,600	49,412,972
Website documentation and subscription		10,912,986	9,325,601
Mass media programme		18,721,000	12,992,000
Fact finding missions and rapid responses		3,901,862	-
Data validation and documentation of best practices		6,082,552	-
Data validation on Land Ministry budget analysis		7,053,600	-
Study on relationship between land ownership and women livelihood improvement		6,612,916	-
Stocking and maintainance of resources centre facilities		7,572,000	-
Programme personnel cost		86,800,000	72,000,000
NSSF for programme personnel		8,440,000	6,300,000
		204,647,516	155,097,762

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2020	2019
		TZS	TZS
4 Public Engagement	Note		
Village leaders' trainings		-	22,986,502
District level stakeholders' training	13,233,922	32,752,677	
Capacity building to ward tribunal	-	24,613,626	
Capacity building for CSOs	-	14,552,746	
Technical backstopping to LRMs	48,193,000	52,889,199	
Capacity building on land rights issues to Journalists	-	9,182,800	
Learning and reflection session	17,682,548	3,953,993	
Organize Annual National Land Forum	-	25,272,263	
Technical backstopping to local government Officials	-	27,799,171	
Capacity building on gender and land rights to MPs	-	1,950,000	
Policy analysis to create advocacy document	-	4,060,000	
Public debates on land rights and governance	17,407,055	-	
Annual Land Forum	22,116,000	-	
Session on experience and lessons of building a land coalition	10,942,000	-	
Policy dialogue forums	6,938,000	-	
Technical review meeting	5,435,000	-	
International women's day	9,717,000	-	
Participation in regional and international networking on land matters	3,499,052	9,473,684	
Engagement with local and central government official to advocate for land and natural resources	-	22,107,005	
Training to farmers and pastoralists	-	11,714,000	
Visiting study and discussion	-	2,500,000	
Capacity building to women and girls	23,186,466	22,405,649	
Training to members of HAKIARDHI	12,319,000	36,233,600	
Dialogue with sectorial ministries	-	6,812,835	
Dialogue to harmonize and reconcile statutory and traditional practices	14,244,800	13,874,600	
Engagement in land sectoral budget tracking and gender sensitive budget	10,114,002	3,343,000	
Participation in Tanzania civil society week	-	3,040,030	
Securing programme equipment and services	35,367,706	17,853,260	
Facilitate preparation of Village Land Use Plan (VLUP)	19,514,075	-	
Assessment of the linkage between LUP processes and economic growth	8,000,000	-	
Programme personnel costs	85,800,000	76,500,000	
NSSF for programme personnel	-	7,650,000	
Other programme costs	38,112,573	47,698,662	
		401,822,199	501,219,302

Land Rights Research and Resources Institute
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2020	2019
		TZS	TZS
5 Institutional Management and Programme Support Cost	Note		
Staff costs			
Administrative personnel costs		87,000,000	73,350,000
NSSF for administrative personnel		8,640,000	7,275,000
Skills development levy		11,563,500	10,631,250
Workers compensation		2,708,000	2,362,500
Staff recruitment		1,112,000	-
Staff medical insurance		6,785,974	-
Sub-total		117,809,474	93,618,750
Administrative expenses			
Communication and couriers		4,533,000	3,905,000
Transport and traveling expenses		6,482,007	3,821,583
Repair and maintenance of equipment		7,371,997	5,145,029
Electricity and water supply		7,773,124	7,415,766
Security expenses		2,362,000	5,316,000
Consultancy charges (Finance and Audit)		8,000,000	8,260,000
Material supplies and daily sundries		8,685,858	9,974,924
Fixed assets insurance		879,552	-
Board meetings expenses		11,111,700	10,127,600
Annual general meeting		5,594,000	-
Other administrative expenses		23,289,950	-
Bank charges		2,479,294	2,445,494
Sub-total		88,562,482	56,411,396
Quality Assurance, Monitoring and Evaluation			
Monitoring and evaluation		17,286,117	37,536,019
M&E personnel costs		24,969,950	24,000,000
NSSF for M&E personnel		-	2,400,000
Sub-total		42,256,067	63,936,019
Other program costs			
Other program costs		-	28,891,791
Sub-total		-	28,891,791
Total Institutional Management and Programme Support Cost		248,628,023	242,857,956

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Property and equipment

Year ended 31 December 2020	Land TZS	Building TZS	Motor vehicles TZS	Office furniture TZS	Computer & accessories TZS	Generators TZS	Equipment TZS	Total TZS
Cost or valuation								
At start of year	232,950,000	308,530,704	439,706,708	46,462,471	69,043,984	44,649,090	33,009,703	1,174,352,660
Additions	-	9,901,040	-	1,920,000	1,852,000	-	2,821,346	16,494,386
Disposals	-	-	-	(7,327,474)	(7,354,139)	(900,000)	(14,712,750)	(30,294,363)
At end of year	232,950,000	318,431,744	439,706,708	41,054,997	63,541,845	43,749,090	21,118,299	1,160,552,683
Accumulated depreciation								
At start of year	-	49,330,014	312,354,979	32,415,862	42,848,435	30,586,883	21,920,616	489,456,789
Charge for the year	-	5,315,857	42,450,576	4,337,354	8,381,551	4,687,403	3,827,484	69,000,225
Disposals	-	-	-	(5,602,919)	(6,164,366)	(900,000)	(13,911,354)	(26,578,639)
At end of year	-	54,645,871	354,805,555	31,150,297	45,065,620	34,374,286	11,836,746	531,878,375
Net book value	232,950,000	263,785,873	84,901,153	9,904,700	18,476,225	9,374,804	9,281,553	628,674,308

In the opinion of the directors, there is no impairment in the value of property and equipment.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Property and equipment (continued)

Year ended 31 December 2019	Land TZS	Building TZS	Motor vehicles TZS	Office furniture TZS	Computer & accessories TZS	Generators TZS	Equipment TZS	Total TZS
Cost or valuation								
At start of year	232,950,000	308,530,704	439,706,708	46,462,471	73,703,984	44,649,090	42,009,703	1,188,012,660
Additions	-	-	-	-	1,590,000	-	-	1,590,000
Disposals	-	-	-	-	(6,250,000)	-	(9,000,000)	(15,250,000)
At end of year	232,950,000	308,530,704	439,706,708	46,462,471	69,043,984	44,649,090	33,009,703	1,174,352,660
Accumulated depreciation								
At start of year	-	44,040,204	269,904,402	27,733,655	40,427,418	25,899,480	27,224,253	435,229,412
Charge for the year	-	5,289,810	42,450,577	4,682,207	8,246,017	4,687,403	3,696,363	69,052,377
Disposals	-	-	-	-	(5,825,000)	-	(9,000,000)	(14,825,000)
At end of year	-	49,330,014	312,354,979	32,415,862	42,848,435	30,586,883	21,920,616	489,456,789
Net book value	232,950,000	259,200,690	127,351,729	14,046,609	26,195,549	14,062,207	11,089,087	684,895,871

In the opinion of the directors, there is no impairment in the value of property and equipment.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Note	2020 TZS	2019 TZS
7 Cash and cash equivalents			
Cash and cash equivalents consist of:			
Cash at bank		51,174,647	80,305,951
For the purpose of the cash flow statement, the year end cash and cash equivalent comprise of the above.			
8 Capital grant			
At start of year		608,889,556	676,776,933
Grant received during the year	10	16,275,573	1,590,000
Disposals		(3,496,911)	(425,000)
Release to grant income	1	(69,000,225)	(69,052,377)
At end of year		552,667,993	608,889,556
Capital grant relates to property and equipment which were purchased by donors' funds during the implementation of various donor-funded projects.			
9 Other payables			
Accruals		7,095,000	37,620,603
In the opinion of the directors, the carrying amounts of other payables approximate to their fair value.			
The carrying amount of other payables are denominated in Tanzanian Shillings.			

Year ended 31 December 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Related party transactions

Related parties comprised of board member's fees and senior staff remuneration.

	2020	2019
	TZS	TZS
Board meetings expenses	11,111,700	10,127,600
Key management remuneration	158,400,000	146,300,000
	169,511,700	156,427,600

12 Cash used in operations

Reconciliation of surplus/(deficit) for the year to cash used in operations:

Surplus/(deficit) for the year - (17,167,319)

Adjustments for:

Depreciation on property and equipment 69,000,225 69,052,377
Profit on disposal of assets (460,000) (670,000)

Changes in working capital:

- other payables (30,525,603) 25,038,431
- deferred grant income 5,110,021 (43,021,743)
- capital grant (56,221,563) (66,792,378)

Cash used in operations (13,096,920) (33,560,632)

13 Contingent liabilities

The directors are of the opinion that there are no contingent liabilities at the year end.

14 Commitments

The directors are of the opinion that there are no commitments at the year end.

15 Presentation currency

The financial statements are presented in Tanzania Shillings (TZS).