



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



NATIONAL ECONOMIC EMPOWERMENT COUNCIL

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL AND
COMPLIANCE AUDIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

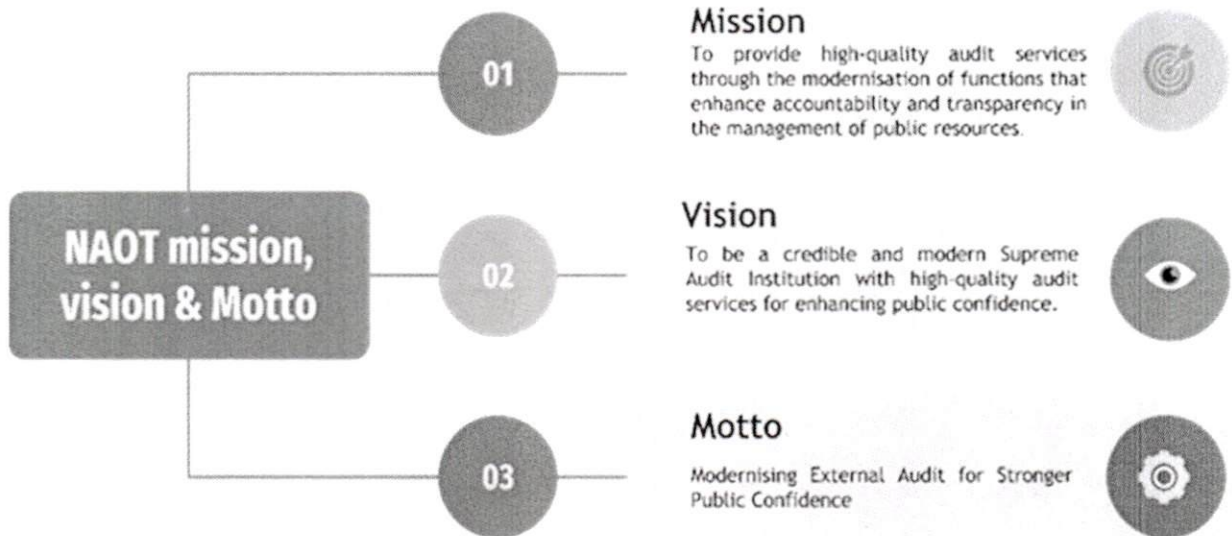
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March 2024

AR/PA/NEEC/2022/23

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418[R.E 2021]



Independence and objectivity

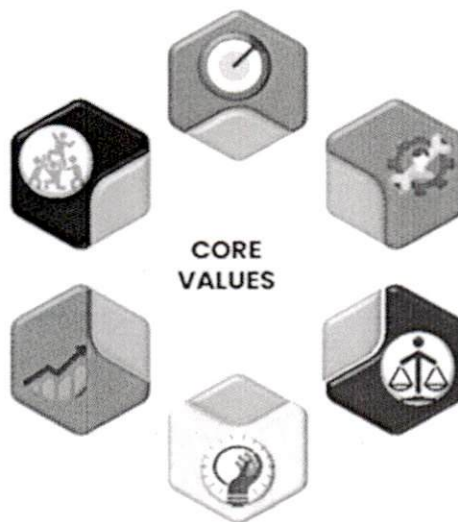
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ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
CAG	Controller and Auditor General
EACOP	East African Crude Oil Pipeline
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standards of Supreme Audit Institutions
MUSE	Mfumo wa Uhasibu Serikalini
NBAA	National Board of Accountants and Auditors
NLCP	National Local Content Policy
NSSF	National Social Security Fund
PAA	Public Audit Act
PAC	Public Accounts Committee
PASS	Private Agricultural Sector Support Trust
PLANREP	Planning and Reporting System
PPE	Property, Plant and Equipment
PPR	Public Procurement Regulations
PWDs	People with disabilities
SANVN	SIDO, AZANIA BANK NSSF, VETA AND NEEC
SDGs	Sustainable Development Goals
SELF MF	Small Entrepreneurs Loan Facility Micro Finance
SIDO	Small Industries Development Organization
TPDC	Tanzania Petroleum Development Corporation
TPSF	Tanzania Private Sector Foundation
TR	Treasury Registrar
TRA	Tanzania Revenue Authority

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Council,
National Economic Empowerment Council (NEEC),
P.O. Box 792,
DODOMA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of National Economic Empowerment Council (NEEC), which comprise the statement of financial position as at 30 June 2023, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of National Economic Empowerment Council (NEEC) as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled “Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements”. I am independent of National Economic Empowerment Council (NEEC) in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matter to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Report with those charged with Governance, statement of directors' responsibility, Declaration by the Head of Finance but does not include the financial statement audit report thereon which I obtained prior to the date of this auditor's report.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 IPSAS 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 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 entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My 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 audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement 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 ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- 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 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 I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I 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. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap 410 requires me to state in my annual audit report whether the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods, and services

I performed a compliance audit on the procurement of works, goods, and services by the National Economic Empowerment Council (NEEC) for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that procurement of goods, works and services by NEEC is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution by National Economic Empowerment Council (NEEC) for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution by the National Economic Empowerment Council (NEEC) is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Wendy W. Massoy
Ag. Controller and Auditor General,
Dodoma, United Republic of Tanzania,

March 2024



NATIONAL ECONOMIC EMPOWERMENT COUNCIL

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

2.1 INTRODUCTION

The Governing Council of National Economic Empowerment council (NEEC) presents this report and financial statements of the NEEC for the financial year ended 30 June 2023. The report discloses the statement of financial position, statement of financial performance, a statement of changes in net assets, statement of cash flow, a statement of comparison of budget against actual amounts and supporting notes to the financial statements.

2.2 BACKGROUND

The National Economic Empowerment Policy was formulated in 2004 and in the same year the National Economic Empowerment Act was enacted by the Parliament of the United Republic of Tanzania to implement the policy. National Economic Empowerment Council (NEEC) is constituted under the Prime Minister's Office.

Consequential to the enactment of the National Economic Empowerment Act, 2004, the National Economic Empowerment Council (NEEC) was established in 2005 to oversee the implementation of the empowerment initiatives as guided by its vision and mission.

The National Economic Empowerment Council office is located in Dodoma; the address of its registered office is at Nzuguni - Nanenane grounds, Plot 2, Block "A", Kondo Road, P.O. Box 792, Dodoma.

2.3 VISION STATEMENT

The Vision of NEEC states as follows:

"A large Share of the economy is owned and controlled by the majority of Tanzanians"

2.4 MISSION STATEMENT

The Mission of NEEC states as follows:

"To guide, facilitate and coordinate economic empowerment initiatives in Tanzania"

2.5 THE GOAL OF NEEC

The overall goal of NEEC is to enable the country to have an inclusive economy in which women, men, youth and PWDs participate equitably to substantially contribute to the national Gross Domestic Product and make Tanzania an upper middle-income country.

2.6 PRINCIPAL ACTIVITIES OF NEEC

The primary function according to Section 5(1) of the National Economic Empowerment Act 2004 (Act No. 16 of 2004) is to implement the National Economic Empowerment Policy of

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2004. The specific statutory functions of the Council (as provided for under the Act) are as follows: -

- (a) Provide Tanzanians with the opportunity to participate in economic activities;
- (b) Encourage and promote savings, investment and meaningful economic participation by Tanzanians;
- (c) Promote and support business ventures pioneered and run by Tanzanians; and
- (d) To manage, administer and identify sources of grants and donations for the fund.

2.7 CORE VALUES AND CULTURE

NEEC adhere to the following values; -

- a) Accountability: NEEC leadership, management and staff will strengthen its credibility, take responsibility for operational delivery and be fully accountable to stakeholders.
- b) Creativity: Council members and staff are committing themselves to be creative during designing, planning and implementation of empowerment interventions embedded in strategic plan and deliver creative solutions and output that will be highly beneficial to targeted enablers and Tanzanians who are empowered by NEEC
- c) Integrity: NEEC staff and other internal stakeholders affirm to the mandate of NEEC as trusted leader and coordinator of country -wide empowerment, and will apply management, operational and monitoring and evaluation approaches which are ethical in line with NEEC values and will tackle any kind of intra-organizational and unethical behavior and corruption practices that may erode NEEC trust, as set out in the guiding national anticorruption legislation and guidelines.
- d) People centered: The NEEC staff will provide its stakeholders with a positive customer experience in all its activities by continually improving its organizational culture in order to build trust and get stakeholder participation, support and feedback.
- e) Team work: The council will build effective and high performing teams to effectively implement set interventions and cross sectoral linkages.
- f) Partnership: The council will effectively implement set interventions through partnerships and cross sectoral linkages.
- g) Transparency: The Council commits itself to serve Tanzanians in an honest and transparent manner according to the rules and regulations, and through annual stakeholder meeting.
- h) Result oriented; The Council and staff commit to focus on achieving end results and not the process in the discharge of our mandate.

2.8 COUNCIL MEMBERS

The Council is made up of nine (9) non-executive members including the Chairperson appointed by the President and members appointed by the Minister responsible for economic empowerment. All members are Tanzanians. The chairperson Prof. Aurelia Kokuletage Ngirwa Kamuzora was appointed on 1 August 2022 and her term will end on 31 July 2025. The tenure for eight (8) members commenced from 11 June 2020 and appointment expired on 10 June 2023. On 4 April 2023 the Management vide a letter with reference No. CCB.65/444/01/65 wrote to MIT for appointment of new members. No member has been appointed so far. The Management keeps on following up so that new members are

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appointed and commence operations. The Executive secretary is appointed by the President and is the secretary to the Council. The chairperson leads the Fifth Council as indicated in Table No. 1.

Table 1: Composition of Council Members

S/N	Name	Gender	Position	Age	Qualifications	Period served
1	Prof. Aurelia K. Kamuzora	F	Chairperson	57	PhD in Law and Economics	1/08/2022 to 31/07/2025
2	Prof. Lucian A. Msambichaka	M	Member	79	PhD in Agriculture and Economics	11/06/2020 to 10/06/2023
3	Dr. Frederick S. Ringo	M	Member	64	PhD in Laws	11/06/2020 to 10/06/2023
4	Dr. Astronaut R. Bagile	F	Member	54	PhD in Gender and Development	11/06/2020 to 10/06/2023
5	Mrs. Anna T. Maembe	F	Member	68	MSc. In Wildlife Ecology	11/06/2020 to 10/06/2023
6	Prof. Timothy E. Simalenga	M	Member	68	PhD in Agricultural Engineering	11/06/2020 to 10/06/2023
7	Mr. Ladislaus J. Mwamanga	M	Member	62	MBA in Information	11/06/2020 to 10/06/2023
8	Brig. Gen. (retired) Aloyce D. Mwanjile	M	Member	66	Master's Degree in Security and strategic Studies	11/06/2020 to 10/06/2023
9	CPA Nicodemus D. Mkama	M	Member	52	MBA in Finance, CPA (T)	11/06/2020 to 10/06/2023
10	CPA Beng'i M. Issa	F	Secretary	57	MSc in Financial Management, CPA (T)	4/12/2014 to date

Source: Council member's appointment letters

2.8.1 Corporate Governance

The overall responsibilities of the council, among other things, include providing general oversight on the councils operations, identifying key risk areas, monitoring and reviewing the performance of management strategic plans and budgets. The council is responsible for ensuring presence of a comprehensive system of internal control as well as compliance with sound corporate governance practices.

During the financial year ended 30 June 2023. The fifth council deliberated the following key agenda:-

- (a) Draft financial statements for the year ended 30 June 2022;
- (b) NEEC progress reports for each quarter;
- (c) Audited financial statements and Management Letter for the year ended 30 June 2022;
- (d) Recommendation reports from Empowerment and Facilitation, Finance and Administration and Risk and Audit Committees.

2.8.2 Council Committees

The Council established the following Committees to enhance its effectiveness and efficiency and the Committees report to the Council. The established Committees are as follows: -

- (a) Risk and Audit Committee;
- (b) Finance and Administration Committee; and
- (c) Empowerment and Facilitation Committee.

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A. RISK AND AUDIT COMMITTEE

The Council has in place the Risk and Audit Committee as per the Public Finance Regulations of 2001 to enhance corporate governance of the Council. The fifth Council Risk and Audit Committee members were: -

Table 2: Risk and Audit Committee Members

SN	Name	Position	Qualification	Period served
1.	CPA. Nicodemus. D. Mkama	Chairman	MBA in Finance, CPA (T)	11/09/2020 to 10/06/2023
2.	Mrs. Anna. T. Maembe	Member	MSc. In Wildlife Ecology	11/09/2020 to 10/06/2023
3.	Dr. Frederick S. Ringo	Member	PhD in Laws	11/09/2020 to 10/06/2023
4.	Brig. Gen (Rtd) Aloyce D. Mwanjile-(ndc)	Secretary	Master's Degree in Security and	11/09/2020 to 10/06/2023
5.	CPA Beng'i M.Issa	Executive Secretary	MSc in Financial Management, CPA (T)	4/12/2014 to date

Source: Council member's appointment letters

During the financial year ended 30 June 2023, the Risk and Audit Committee held six (6) meetings (four (4) ordinary and two (2) extraordinary) and the following key agenda were deliberated:

- (a) Draft Risk Management Register
- (b) Annual Internal Audit Report for the year ended 30 June 2022;
- (c) Internal Audit Reports for 1st, 2nd and 3rd quarters for financial year ended 30 June 2022;
- (d) Draft financial statements for the financial year ended 30 June 2022;
- (e) Status of implementation of recommendations made by the Controller and Auditor General;
- (f) Audited financial statements and Management letter for the financial year ended 30 June 2022;
- (g) Internal Audit Plan for the FY 2023/2024.

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B. FINANCE AND ADMINISTRATION COMMITTEE

Table 3: Finance and Administration Committee Members

SN	Name	Position	Qualification	Period served
1	Mrs Anna T. Maembe	Chairperson	MSc. In Wildlife Ecology	11/09/2020 to 10/06/2023
2	Mr Ladislaus J. Mwamanga	Member	MBA in Information system and Management	11/09/2020 to 10/06/2023
3	Dr Astronaut R. Bagile	Member	PhD in Gender and Development	11/09/2020 to 10/06/2023
4	CPA Nicodemus. D. Mkama	Member	MBA in Finance and CPA (T)	11/09/2020 to 10/06/2023
5	CPA Beng'i M. Issa	Executive Secretary	MSc in Financial Management, CPA (T)	4/12/2014 to date
6	Mr Emmanuel Kalengela	Secretary	LLM	01/07/ 2021 to date

Source: Council member's appointment letters

During the financial year ended 30 June 2023, the Finance and Administration Committee held four (4) meetings and the following key agenda were deliberated: -

- (a) Human Resource and Administration Reports for the 1st, 2nd and 3rd Quarters for the financial year 2022/2023;
- (b) Staff Confirmation reports;
- (c) NEEC Asset verification report;
- (d) Approval of vetting for vacant positions

C. EMPOWERMENT AND FACILITATION

Table 4: Empowerment and Facilitation

S/N	Name	Position	Qualification	Period served
1	Prof. Lucian A. Msambichaka	Chairman	PhD in Agriculture and Economics	11/09/2020 to 10/06/2023
2	Dr. Astronaut R. Bagile	Member	PhD in Gender and Development	11/09/2020 to 10/06/2023
3	Prof. Timothy. E. Simalenga	Member	PhD in Agricultural	11/09/2020 to 10/06/2023
4	CPA. Nicodemus D. Mkama	Member	MBA in Finance, CPA (T)	11/09/2020 to 10/06/2023
5	Dr. Frederick S. Ringo	Member	PhD in Laws	11/09/2020 to 10/06/2023
6	CPA Beng'i M. Issa	Executive Secretary	MSc in Financial Management, CPA (T)	4/12/2014 to date
7	Mr. Emmanuel Kalengela	Secretary	LLM	01/07/2021 to date

Source: Council member's appointment letters

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During the financial year ended 30 June 2023, the Empowerment and Facilitation Committee held four (4) meetings and the following key agenda were deliberated: -

- (a) Progress Reports for the 1st, 2nd and 3rd Quarters for the financial year ended 30 June, 2023;
- (b) Annual Progress Report for the Financial Year 2021/2022;
- (c) Sixth Annual Economic Empowerment Forum Report;
- (d) Budget projections (MTEF) for the Financial Year 2023/2024;
- (e) Economic Empowerment Funds and programme Exhibitions;
- (f) Report on Implementation of Memorandum of understandings;
- (g) Approval of the ICT Strategic Plan

2.8.3 Attendance in Council and Committee Meetings

During the year under review, the Council members planned and participated in the Council and Committee meetings as follows: -

Table 5: Attendance in Council and Committee Meetings

SN	Name	Council Meeting	Risk & Audit Committee	Finance Administration & Committee	Empowerment & Facilitation Committee
Total No. of meetings planned		4	4	4	4
Total No. of Meetings held		4	6	4	4
1	Prof. Aurelia Kamuzora	4	N/A	N/A	N/A
2	Mrs. Anna T. Maembe	4	4	3	N/A
3	Prof. Lucian A. Msambichaka	3	N/A	N/A	4
4	Dr. Frederick S. Ringo	2	4	N/A	2
5	Dr. Astronaut R. Bagile	4	N/A	4	4
6	Prof. Timothy E. Simalenga	3	N/A	N/A	4
7	CPA. Nicodemus D. Mkama	3	6	3	3
8	Mr. Ladislaus J. Mwamanga	2	N/A	3	N/A
9	Brig. Gen (Rtd) Aloyce D. Mwanjile (ndc)	2	3	N/A	N/A
10	CPA. Beng'i M. Issa	4	5	4	3

Source: Council attendance Register

****N/A:** Means not a member of the particular Committee

2.8.4 Council Remuneration

As per Treasury Registrar circular No. 1 issued on 13 January 2020 the Eight (8) members of the Council are entitled to be paid council membership fees as per the approved designated rate per person. During the year TZS 55,000,000 were paid to council members as detailed below:

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Table 6: Council Members Remuneration

Details	Number of persons	2022/2023 Amount TZS	2021/2022 Amount TZS
Council Members fees	9	55,000,000	55,000,000
Total		55,000,000	55,000,000

Source: Accounts files

2.9 RELATIONSHIP WITH KEY STAKEHOLDERS

The council continued to maintain good relations with its key stakeholders including ministries, departments and Agencies (MDAs), Local Government Authorities (LGAs), National Audit office of Tanzania (NAOT), Tanzania Private Sector Foundation(TPSF), Development partners (DPs), Financial Institutions, Empowerment Funds, and Non-Governmental Organisations (NGOs).

2.10 NEEC MANAGEMENT

The management is responsible for day to day operations of the Council and comprises Executive Secretary, six heads of departments and units namely Corporate Services, Empowerment Facilitation and Local Content, Internal Audit, Information Communication Technology and Statistics, Procurement Management and Government Communication.

2.10.1 Management Key Personnel Remuneration

During the year management key personnel were paid total remuneration amounting to TZS 336,423,148 indicated as per below:

Table 7: Management Key Personnel Salaries Remuneration

Details	Number of persons	2022/2023 Amount TZS	2021/2022 Amount TZS
Key management personnel	7	336,423,148	322,320,000
Total		336,423,148	322,320,000

Source: Finance and Accounts section

2.11 NEEC STRATEGIC OBJECTIVES

During the year 2022/23, The NEEC recorded some remarkable achievements as explained in the succeeding subsection as per the following objectives

- a) Health services improved and HIV /AIDS infections reduced by year 2025
- b) Accountability transparency and good governance at NEEC and their undertakings strengthened by June 2025;
- c) To enhance adherence in implementing cross cutting issues in economic empowerment undertakings by June 2025
- d) To facilitate development of potential economic empowerment opportunities and link them to targeted beneficiaries by June 2025
- e) To coordinate multi sectoral strategies for local content and economic empowerment and unlocking potential economic opportunities by June 2025
- f) To raise public awareness on the role of NEEC in coordinating empowerment initiatives in Tanzania by June 2025

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- g) To Strengthen NEEC capability to coordinate economic empowerment processes by June 2025

2.12 FINANCIAL PERFORMANCE

2.12.1 Revenue

During the year ended 30 June 2023, the Council received Government subvention as per approved budgets indicated in the Table below: -

Table 8: Government Subvention

Year	Total Budgeted	Actual Realised		Total TZS
		OC	PE	
2022/23	1,634,266,304	397,833,708	910,778,442	1,308,612,150
2021/22	1,511,019,000	537,755,875	1,027,205,892	1,564,961,767

Source: Finance and Accounts section

On 30 June, 2023 the Government disbursed Development Fund amounting to TZS 664,464,435 to the Council which have been recorded as deferred income for implementation on rehabilitation works for economic empowerment centres in the next financial year. Also two desktop Computers amounting to TZS 8,000,000 were received from the Government institution.

In addition, during the year under review other revenue was obtained through fund raising from various donors and stakeholders and interest income generated from fixed deposits and Treasury Bills to support economic empowerment activities as indicated in the Table below:

Table 9: Other Revenue

Year	Budgeted (TZS)	Actual Realised		
		Fund raising (TZS)	Interest (TZS)	Total TZS
2022/23	3,799,870,000	246,721,000	170,365,798	417,086,798
2021/22	1,405,000,000	846,113,640	167,666,232	1,013,779,872

Source: Finance and Accounts section

2.12.2 Expenses

Total expenses incurred during the year are indicated in the Table below:

Table 10: Expenditure

Year	Budgeted (TZS) Expenditure	Actual Incurred		
		Personnel (TZS)	Operating (TZS)	Depreciation TZS
2022/23	5,434,134,304	1,078,831,795	633,988,110	123,746,085
2021/22	2,637,830,506	1,410,154,575	1,092,648,171	135,027,760

Source: Finance and Accounts section

2.12.3 Reported Deficit

During the year under review, NEEC had a deficit of TZS 102,867,042 compared to a deficit of TZS 59,088,867 in 2021/22, and during the year the Council had total accumulated surplus of TZS 1,229,402,467 compared to TZS 1,332,269,509 in year 2021/22.

2.13 NEEC KEY ACHIEVEMENTS

The following sub-sections describe performance of NEEC during the reporting period and the Summary of Achievements for twelve months (July 2022- June 2023):

2.13.1 HIV/AIDS and NCDS Workplace Programs Operationalized By June 2023

NEEC has developed HIV/AIDS programs, which provides the framework, direction and general principles for interventions and prevention care and support of those infected and affected by the epidemic for mitigation of its impact. During the year under review the seminar was conducted to staff to increase awareness on HIV/AIDS and Non-Communicable diseases.

2.13.2 Conducted Quarterly Internal Audits

Internal audits was carried out in 4 NEEC sections, 3 units and 2 Empowerment Centres (Finance and Accounts; Planning and Research; Human Resource and Administration; Monitoring and Evaluation; Legal Services; Information Communication and Technology and Statistics; Procurement Management; Kahama and Geita economic empowerment centres. It made follow ups on the implementations of CAG's previous recommendations which led to reduction of outstanding queries from 10 to 7. The functions of internal Audit unit helped reduction of new queries.

2.13.3 Council and Management Meetings by June 2023

Four (4) Council meetings were held during the period under review. The 45th, 46th, 47th and 48th Council meetings were held on 25 August 2022, 01 December 2022, 23 February, 2023 and 17 May 2023 respectively six (6) Council Risk and Audit committee meetings were held during the period under review and four (4) meetings were held for the Finance and Administration. Moreover, Four (4) Empowerment and Facilitation Committees were also held. Twelve (12) Management meetings were held to deliberate on various issues.

2.13.4 Fighting Against Corruption

During the year under review the council continued to implement the National Anti-corruption laws. NEEC staff were trained with officials from Prevention and Combating of Corruption Bureau (PCCB). 32 staff attended the training which was held at NEEC conference room on 6 march, 2023.

2.13.5 Economic Empowerment Funds

During the reporting period, NEEC coordinated and monitored 72 economic empowerment Funds and Programs, of which 62 are managed by the government and 10 are owned by the private sector. The Funds and Programs are obliged to provide direct lending, guarantees,

and subsidies. The Funds provided loans and guarantees worth TZS 6.1 trillion shillings to 8,650,257 entrepreneurs, including 4,747,321 female equal to 55 percent, and 3,902,936 men equal to 45 percent.

2.13.6 SANVN Viwanda Scheme

The SANVN Viwanda Scheme was implemented under the coordination and supervision of the NEEC during the reporting period, the scheme achieved the goal of issuing loans worth TZS 3,781,896,907.23 to 64 enterprises in 13 regions, which are Arusha, Dar es Salaam, Kilimanjaro, Shinyanga, Mwanza, Geita, Simiyu Dodoma, Iringa, Njombe, Mbeya Rukwa, and Songwe. In addition to that, the scheme created 8,232 jobs, of which men were 4,939 and women were 3,232. Further analysis indicated a total of 1,745 jobs were created through direct jobs and 6,487 were indirect jobs.

2.13.7 Exhibition Week for Economic Empowerment Funds and Programmes;

The 6th Economic Empowerment Funds and Programs exhibition was conducted with the theme “Economic Empowerment through Digital Transformation” was held at Mwanza grounds in Kigoma from 21 - 28 May 2023. The exhibition week was visited by 12,167 citizens, of whom 6,272 were men and 5,895 women. The exhibition was attended by a total of 53 exhibitors of goods and services from both public and private sector and 315 MSMEs, including 31 economic groups. The exhibition was successful met its objectives raise awareness on various economic opportunities and link SMEs with the market

2.13.8 Financial Disbursement at the Economic Empowerment Centre

NEEC managed to coordinate the implementation of 18 economic empowerment centres in eight (8) regions: Shinyanga (2), Singida (1), Geita (1), Rukwa (1), Dodoma (7), Pwani (1), Morogoro (1), and Kigoma (6). A total of 34,441 citizens received business development services from empowerment centres, 21,646 were men and 12,795 were women. Furthermore, the centres made it possible for 4,017 entrepreneurs, of whom 2,431 were men and 1,586 were women, to secure loans worth TZS 9,400,000,000. Likewise, Kahama Empowerment Centre, as a leading centre achieved to issue total loans worth TZS 4,804,356,000 for 365 SMEs, 199 were owned by men and 166 were by women, and 25 community microfinance groups received loans amounting to TZS 570,000,000. SELF Microfinance managed to disburse total loans worth TZS 2,732,043,000 to the 329 loan beneficiaries, and PASS Trust Fund issued credit guarantees worth TZS 2,031,100,000 to the 36 loan beneficiaries, comprised 32 farmers who received 32 modern farming tractors. Further to that, the PASS Trust Fund managed to distribute a total of 17 Power Tillers and equipment for tractors, worth TZS 177,435,000. Similarly, SIDO disbursed a total loan amounting to TZS 113,278,000.

2.13.9 Women's Economic Empowerment Platforms

NEEC mobilized establishment and development of Women's Economic Empowerment platforms in all regions in Tanzania Mainland. For the period under review total of 3091 of platforms were established in 26 regions of Tanzania Mainland which include 140 in District councils, 1149 in Wards and 1176 in streets/villages and total number of 3430 groups of women under these platforms were registered. Also, women in these platforms were trained

NATIONAL ECONOMIC EMPOWERMENT COUNCIL

in different areas including leadership, entrepreneurship, business registration, financial management and loans management's skills.

2.13.10 Finalization of the Local Content Assessment Reports

The draft local content assessment reports were submitted by the consultants. NEEC, in collaboration with the Ministry of Industry, and Trade, supervised the consultants IRDP under the financial support of UNDP and Daima Associates Limited in partnership with the UDSM School of Economics. A stakeholder validation workshop was conducted to review and validate a draft local content assessment report developed by IRDP. However, the Uongozi Institute published a Journal of Local Content Study undertaken in collaboration with NEEC.

2.13.11 Annual Economic Empowerment Forum;

NEEC coordinated the 6th Annual Economic Empowerment Forum 2022 of which was officially chaired by the Prime Minister's Office Honorable Kassim Majaliwa (M.P). The forum witnessed, among other things, the launch of the Annual Economic Empowerment Report on the implementation of the National Economic Empowerment Policy of 2004 for the financial year 2021/2022. The forum was attended by over 500 participants from public and private sector. The event took place at LAPF conference hall in Dodoma on 19th September, 2022, and various issues were deliberated.

2.13.12 Advocacy Campaign and Sensitization Meetings on Economic Empowerment

Table 11: Advocacy Campaign and Sensitization Meetings on Economic Empowerment

S/N	Name of the Meeting/Forum	Objective of the Meeting/Forum	Venue	Partner Institutions
1	Educating Regions and District Councils about the importance of having Empowerment centres in their areas	To create favourable condition and easy access to Economic Empowerment initiatives to the citizens in Tanzania	Through different platforms	NEEC, Other Empowerment stakeholders and Media houses
	Media program through Radio, TV, newspapers and social media	To create awareness to the general public on various economic empowerment opportunities to Tanzanians	Various	NEEC and various media houses
	Conduction press conferences and publicizing for the annual economic empowerment forum and empowerment funds and programmes exhibition	To create awareness to the stakeholder to the stakeholder	NEEC conference room, LAPF Hall, Mwangi social ground	Various Media Houses

The National Economic Empowerment Council also outfits its training program by supporting its staff to partake different training program organized within and outside the organization to enable them to acquire the required and necessary skills to improve their capacity and ability to deliver quality services. Below is the table that gives the detailed report on the trained staff.

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2.13.13 Staff Development and Training

S/N	Training Program	Starting Date	Ending Date	Days taken	Number of Staff Attended	Place for Training
1.	Training on Loan Provision to government staff -Facilitated by Ministry of Finance.	5 January 2023	07 January 2023	2 Days	1	Iringa
2.	Training on Ethics and Integrity-Facilitated by Po-State House.	24 May 2023	24 May 2023	1 Days	7	Dodoma
3.	Pre-retirement training	13 March 2023	24 March 2023	12 Days	1	Dar-es salaam
4.	Training on e-Uhamisho, e-Mrejesho & Watumishi Portal -Facilitated by PO-PSM	13 June 2023	13 June 2023	1 Days	1	Dodoma
5.	Combating fight against corruption, HIV- AIDS Prevention and non-communicable Diseases - Facilitated by TACAIDs.	28 June 2023	28 June 2023	1 Day	27	Dodoma
6.	Training of entrepreneurship and business for Women and Youth - Facilitated by Mwanamke Imara - Project	7 June 2023	8 June 2023	2days	1	Moshi
7.	Training on Business Workshop for Probono entrepreneurship	9 February 2023	10 February 2023	2days	1	Moshi
8.	Training on Retirement Planning Workshop	26 Sept 2023	7 October 2023	10days	1	Arusha

Source: Human Resource and Administration Section

2.13.14 Staffing and Gender Parity

The Council is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available personnel are appointed. Employment at NEEC is free from discrimination of any type like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties. As of 30 June 2023, the total NEEC manpower was 42 staff (11 female and 31 male) compared to the year ended 30 June 2022, the total NEEC manpower was 39 staff (11 females and 28 male). NEEC has two employees who are disabled.

2.13.15 Council - Employees Relationship

The Council maintained a cordial relationship with its employees to install harmony in the organization. The Council has a policy in place for medical treatment of its employees through the National Health Insurance Fund (NHIF), Pensions scheme through PSSF, TUGHE branch and provision of leave allowances and other financial support, whenever necessary. The council through TUGHE branch has facilitated two workers council meetings, eleven (11) Management meetings and three staff meetings and discussed several issues pertained to staff welfare and performance of the Council.

Employees' involvement is also being fortified in the organization, to allow them to participate effectively in decision-making process and be attentive of the objectives of the Council and management plans in attaining the targeted objectives.

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2.13.16 Staff Promotions

During the period under review 3 staff members were promoted according to the promotion permit given from PO-PSM, implementation of such promotion started officially with effect from 01 July 2022.

Table 12: Staff Promotion

S/N	Groups of Promotion	Position Before Promotion	Position After Promotion	Number of Staff Promoted.
1.	Technical Officer	Procurement Officer Grade II	Procurement Officer Grade I	1
2	Technical Officer	Senior Grade II Legal Officer	Principal Officer Grade I	1
3	Leadership/Administrative post	Acting Chief Internal Auditor	Chief Internal Auditor	1

Source: Human Resource and Administration section

2.14 CHALLENGES ENCOUNTERED AND MITIGATION STRATEGIES

During the reporting period NEEC faced various challenges as follows:-

Table 13: Challenges and Mitigation Strategies

S/N	Challenge Encountered	Mitigation Strategies
1.	An inadequate fund has made it challenging for the NEEC to effectively carry out its planned activities)	<p>a. NEEC will continue to solicit funds from Central Government (Development and Othercharges).</p> <p>b. The Council will continue to collaborate with various stakeholders including conducting fundraising to facilitate implementation of its activities; and</p> <p>c. Draft Regulations of the 2004 Economic Empowerment Act have been developed whose objectives among others is to facilitate the Council to collect revenues from registration of institutions that undertake Economic empowerment initiatives.</p>
2	Limited office space	<p>a. The council has budgeted for acquiring land for constructing a building for office in the next financial year.</p>

Source: Human Resource and Administration section

2.15 NEEC FUTURE PLANS

During the year, the Council continued to implement its third five years Strategic Plan (2018/19-2025/26) which aims at strengthening the implementation of the key Council mandates as defined in the guiding policy and Act (both of 2004) and the NEEC Medium Term Expenditure Framework (MTEF) - 2023/24. The implementation of the strategic plan and MTEF continued to focus and aim at: -

- (a) Coordinating implementation of the National Economic Empowerment Policy undertaken by Ministries, Regions, Local Governments, Private sectors and Non-

NATIONAL ECONOMIC EMPOWERMENT COUNCIL

- Government Organizations by June 2024;
- (b) Coordinating implementation of Local Content, Empowerment Funds, economic empowerment research findings in order to increase access to working and investment capital by June 2024;
 - (c) Strengthen Women Economic Empowerment Forums in all regions by June, 2024;
 - (d) Promoting Business Development Services in terms of provision of skills and knowledge; market penetration and the ability to start and run profitable businesses by June 2024;
 - (e) Facilitate local SMEs and special groups to access public procurement and tenders by June, 2024
 - (f) Promoting sustainability of Community Microfinance Groups by June, 2024;
 - (g) Promoting finalization of development of the NLCP and its Act by 2024;
 - (h) Carrying out monitoring and evaluation of the implementation of the Economic Empowerment initiatives;
 - (i) Strengthening the capacity of NEEC employees to have a team which will effectively and efficiently achieve the Council objectives; and
 - (j) Operationalization of the third five years Rolling Strategic Plan (2018/19 to 2025/26).

2.16 SOLVENCY

The Council is charged with the responsibility of coordinating, facilitating, supervising and monitoring all economic empowerment initiatives as provided in the National Empowerment Policy and Act of 2004. The Council’s budget depends on Government subvention and it has been solvent for the entire period under review and for a foreseeable future.

2.17 AUDITORS

The Controller and Auditor General is the statutory auditor of NEEC by virtue of Articles No. 143 of the Constitution of United Republic of Tanzania as amplified under Section 10(1) of the Public Audit Act, Cap 418. However, in accordance with Section 33(1) of the same Act, M/s Imara Consultants was authorized to audit NEEC for the year ended 30 June, 2023 on behalf of the Controller and Auditor General.


.....
Chairperson


.....
Executive Secretary

Date 27/03/2024

NATIONAL ECONOMIC EMPOWERMENT COUNCIL

3.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The Governing Council Members are required under Section 32 of the National Economic Empowerment Act No. 16 of 2004 to prepare Financial Statements for each financial year in accordance with the International Public Sector Accounting Standards (IPSAS) and report on the operations of the NEEC.

The Council of National Economic Empowerment Council (NEEC) is responsible for establishing and maintaining a system of effective Internal Control designed to provide reasonable assurance that the transactions recorded in the accounts are within the statutory authority and that they contain the receipt and use of all public financial resources by National Economic Empowerment Council (NEEC).

To the best of our knowledge, the system of Internal Control has operated adequately throughout the reporting period and that the financial statements and underlying records provide a reasonable basis for the preparation of the financial statements for the 2022/23 financial year.

We accept responsibility for the integrity of the financial statements, the information they contain and their compliance with the International Public Sector Accounting Standards. Nothing has come to the attention of the Members to indicate that NEEC will not remain a going concern for at least the next twelve months from the date of these financial statements.

The financial statements were approved by the Governing Council for audit on 29 August, 2023 and signed on its behalf by:



Prof. Aurelia K.N. Kamuzora
Chairperson



CPA. Bengi M. Issa
Executive Secretary

Date.....27/03/2024.....

NATIONAL ECONOMIC EMPOWERMENT COUNCIL

4.0 DECLARATION OF THE HEAD OF FINANCE

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 the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Governing Council 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 Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Governing Council as under Council's Responsibility statement on an earlier page.

I Sarah J. Lupembe being the Acting Head of Finance Section of the National Economic Empowerment Council hereby acknowledges my responsibility of ensuring that financial statements for the year ended 30 June 2023 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS).

I thus confirm that the financial statements give a true and fair view position of National Economic Empowerment Council as on that date and that they have been prepared based on properly maintained financial records.



Signed by: Sarah J. Lupembe
Position: Manager of Finance and Accounts
NBAA Membership No: GA 2804

Date: 27th March, 2024

NATIONAL ECONOMIC EMPOWERMENT COUNCIL

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

		2022/23	2021/22
ASSETS	Notes	TZS	TZS
Current assets			
Cash and Cash Equivalents	6	769,735,163	274,984,288
Receivables and Prepayments	7	8,964,112	8,083,326
Inventories	8	5,147,256	5,517,286
		783,846,531	288,584,900
Non-current assets			
Financial Assets	9	1,104,424,428	1,102,163,358
Property, plant and equipment	10	211,105,836	314,544,921
		1,315,530,264	1,416,708,279
TOTAL ASSETS		2,099,376,795	1,705,293,179
LIABILITIES			
CURRENT LIABILITIES			
Payables and accruals	12	205,509,893	373,023,670
Deferred income (Revenue)	13	664,464,435	
TOTAL LIABILITIES		869,974,328	373,023,670
EQUITY			
Accumulated Surplus	11	1,229,402,467	1,332,269,509
TOTAL EQUITY AND LIABILITIES		2,099,376,795	1,705,293,179

These Draft financial statements were approved for issue by the Governing Council on _____ and were signed on its behalf by;



 Prof. Aurelia K.N. Kamuzora
 Chairperson



 CPA. Bengi M. Issa
 Executive Secretary

Date.....27/03/2024.....


NATIONAL ECONOMIC EMPOWERMENT COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2022/23 TZS	2021/22 TZS
Revenue			
Revenue from non-exchange transaction	15	1,316,612,150	1,564,961,767
Revenue from exchange transactions	16	170,365,798	167,666,232
Other revenue	17	246,721,000	846,113,640
		1,733,698,948	2,578,741,639
Expenses			
Wages, salaries and employee benefits	18	1,078,831,795	1,410,154,575
Other expenses	19	36,562,910	42,887,276
Supplies and Consumables used	20	560,848,708	921,498,084
Maintenance Expenses	21	36,576,492	128,262,811
Depreciation of Property, Plant and Equipment	10	123,746,085	135,027,760
Total Expenses		1,836,565,990	2,637,830,506
Surplus/(deficit) during the year		(102,867,042)	(59,088,867)

The accompanying notes are integral part of the financial statements.


 Prof. Aurelia K.N. Kamuzora
 Chairperson


 CPA. Beng'im. Issa
 Executive Secretary

Date.....27/03/2024.....

NATIONAL ECONOMIC EMPOWERMENT COUNCIL

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Accumulated Surplus/(Deficit)	Total
	TZS	TZS
At 01 July 2022	1,332,269,509	1,332,269,509
Deficit for the year	(102,867,042)	(102,867,042)
At 30 June 2023	1,229,402,467	1,229,402,467
At 01 July 2021	1,391,358,376	1,391,358,376
Deficit for the year	(59,088,867)	(59,088,867)
At 30 June 2022	1,332,269,509	1,332,269,509

The accompanying notes are integral part of the financial statements.



 Prof. Aurelia K.N. Kamuzora
 Chairperson



 CPA. Beng'i M. Issa
 Executive Secretary

Date.....27/03/2024.....


NATIONAL ECONOMIC EMPOWERMENT COUNCIL

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2022/23 TZS	2021/22 TZS
Cash flows from operating activities			
Receipts			
Transfers from the Government	27.2	1,973,077,585	1,564,961,767
Other Revenue	27.3	246,721,000	841,113,640
		2,219,798,585	2,406,075,407
Payments			
Wages, salaries and employee benefits	27.4	1,222,619,417	1,450,096,569
Other Expenses	19	36,562,910	42,887,276
Supplies and consumables	27.5	587,062,091	936,338,322
Maintenance expenses	21	36,576,492	128,262,811
		1,882,820,910	2,557,584,978
Net cash flow from operating activities		336,977,675	(151,509,571)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(12,307,000)	(28,154,799)
Interest on Bond	27.1	170,080,200	170,080,200
Net cash flows used in investing activities		157,773,200	141,925,401
Net decrease in cash and cash equivalents		494,750,875	(9,584,172)
Cash and cash equivalents at beginning of year		274,984,288	284,568,460
Cash and cash equivalents at end of the year	6	769,735,163	274,984,288

The accompanying notes are integral part of the financial statements.


 Prof. Aurelia K.N. Kamuzora
 Chairperson


 CPA. Bengi M. Issa
 Executive Secretary

Date.....27/03/2024.....

NATIONAL ECONOMIC EMPOWERMENT COUNCIL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 JUNE 2023

Item	Original Budget (A)	Reallocation/A adjustments	Final Budget (B)	Actual Amount (C)	Variance (C-B)	%
	TZS		TZS	TZS	TZS	
Receipts						
Transfers from the Government	1,634,266,304	-	1,634,266,304	1,981,077,585	346,811,281	121
Other Revenue	3,799,870,000	-	3,799,870,000	416,801,200	(3,383,068,800)	11
Total Receipts	5,434,136,304	-	5,434,136,304	2,397,878,785	(3,036,257,519)	44
Payments						
Wages, salaries and employee benefits	1,468,739,304	-	1,468,739,304	1,221,919,417	246,819,887	83
Use of Goods and service	3,739,657,000	-	3,739,657,000	590,036,091	3,149,620,909	16
Other Expenses	48,440,000	-	48,440,000	36,562,910	11,877,090	75
Maintenance Expenses	95,300,000	-	95,300,000	34,302,492	60,997,508	36
Acquisition of Property, Plant and Equipment	82,000,000	-	82,000,000	20,307,000	61,693,000	25
Total Payments	5,434,136,304	-	5,434,136,304	1,903,127,910	3,531,008,394	
Net Receipts /(Payments) during the year	-	-	-	494,750,875	494,750,875	

The reconciliation of the comparable amounts and actual amounts and explanation of the budget variance is detailed in Note 26&27.


 Prof. Aurelia K.N. Kamuzora
 Chairperson


 CPA. Bengi M. Issa
 Executive Secretary

Date.....27/03/2024.....

NATIONAL ECONOMIC EMPOWERMENT COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

The National Economic Empowerment Policy was formulated in 2004 and in the same year the National Economic Empowerment Act was enacted by the Parliament of the United Republic of Tanzania to implement the policy. National Economic Empowerment Council (NEEC) is constituted under the Prime Minister's Office.

Consequential to the enactment of the National Economic Empowerment Act, 2004, the National Economic Empowerment Council (NEEC) was established in 2005 to oversee the implementation of the empowerment initiatives as guided by its vision and mission.

The current address of its registered office is: -

National Economic Empowerment Council (NEEC),
Nzuguni - Nanenane grounds, Plot 2, Block "A", Kondo Road,
P.O. Box 792,
Dodoma, Tanzania.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 The Financial Statements have been prepared on IPSAS accrual and going concern basis of accounting.

Functional, presentation, currency translation and rounding off

Items included in the financial statements of the Council are presented using the currency of the primary economic environment in which the Council operates ("the functional currency"). The financial statements are presented in Tanzania shillings, which is the Council functional and presentation currency..

The Measurement basis used is the historical cost basis, except where otherwise stated.

The statement of cash flows is prepared using the direct method.

3. STATEMENT OF COMPLIANCE WITH IPSAS AND LAWS

The financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting as issued by the International Public Sector Accounting Standards Board (IPSASB) and other applicable laws of United Republic of Tanzania.

In compliance with TFRS1, NEEC is aware of several standards in use and those issued standards which are yet to be used. NEEC will ensure to comply when they fall due.

4. MATERIAL ACCOUNTING POLICIES

The material 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.

4.1 Revenue recognition

Revenue comprises of inflows of economic benefits received and receivable by the Council which represents an increase in net Assets/Equity.

4.1.1 Revenue from Non-Exchange Transactions

Government subvention that is Personnel Income and Other Charges Income are recognized as revenue from non-exchange transactions when inflow of resources received by the Council .

4.1.2 Donor Funds

Funds from the Donors are recognized as revenue when there is reasonable assurance that the donor funds will be received and the Council will comply with the conditions attached to them.

4.1.3 Revenue from Exchange Transactions

Revenue from exchange transactions is recognized to the extent that it is probable that the economic benefits will flow to the Council and the amount for which can be reliably measured.

a. Interest Income

Interest income is accounted for in the period in which it is earned for all financial instruments measured at amortized cost. Interest income is recognized in the Statement of Financial Performance in the period in which it is earned. It is recognized on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to NEEC.

b. Other Revenue

Other source of revenue is recognized and accounted for as revenue to the Council in the period in which it is earned.

5. Property, plant and equipment

Property, plant and equipment are initially recorded at historical cost. Subsequently, the assets are measured at cost less accumulated depreciation and impairment losses. The assets are stated at historical cost excluding day to day servicing less accumulated depreciation and accumulated impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of item. Additional costs are included in the assets carrying amount or recognized as a separate asset as appropriate, only when it is

NATIONAL ECONOMIC EMPOWERMENT COUNCIL

probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

All other repairs and maintenance are charged to the statement of financial performance during the financial year in which they are incurred.

Land is not depreciated and other assets are depreciated by using straight line method to write off the cost of each asset over its estimated useful life at a given rate per annum. The rates below are in use:

Table 14: Property, Plant and Equipment

Particular	Estimated useful life (Years)	Rate
Buildings	50	2%
Office furniture	5	20%
Office equipment	5	20%
Computers and printers	5	20%
Plant and machinery	10	10%
Motor vehicles	5	20%

Expenditure on tools and other minor assets are expensed during the year of acquisition.

5.1 Intangible Assets

The intangible assets of the Council consist of Computer software licenses which are capitalized based on the costs incurred to acquire and bring to use the specific software and are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognized in statement of financial performance as incurred.

5.2 Acquired computer software

Acquired computer software are initially capitalized at cost which includes the purchase price and other directly attributable costs of preparing the asset for its intended use.

Direct expenditure including employees' costs, which enhances or extends the performance of the software, are added to the original cost of the software. Costs associated with the maintaining the software is recognized as an expense when incurred.

Computer software is subsequently carried at cost less accumulated amortization and accumulated impairment losses. These costs are amortized on a straight-line basis over the estimated economic life. Currently NEEC is utilizing MUSE financial system owned by Ministry of Finance and Planning.

5.3 Impairment of assets:

An impairment of an asset is recognized when its carrying amount exceeds its recoverable

NATIONAL ECONOMIC EMPOWERMENT COUNCIL

amount. The recoverable amount is the higher the asset's fair value less cost to sell and its value in use and it is determined for an individual asset.

6. Financial Instruments

An instrument is classified at fair value through surplus or deficit if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through surplus or deficit, the councils manage such investments and make purchase and sale decisions based on their fair value in accordance with the Board's documented risk management or investment strategy. Upon initial recognition attributable to transactional costs are recognized in the statement of surplus or deficit when incurred. Financial instruments at fair value through surplus or deficit are measured at fair value, and changes therein are recognized in the statement of surplus or deficit.

6.1 Cash and cash equivalent

Cash and cash equivalent comprise of cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

6.2 Inventories

Inventories are valued at the lower of cost and current replacement cost. Cost is determined on First in first out (FIFO) basis after making due allowances for obsolete stock. It is the policy of the Council to write off obsolete stocks after receiving a technical report from competent officials other than those having direct responsibility over the stores.

6.3 Provisions

Provisions are recognized when the Council has a present legal obligation or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

6.4 Employees Benefits Retirement benefits

The Council makes statutory contributions to Public Service Social Security Fund (PSSSF for all staff under permanent terms of employment.

6.4.1 Gratuity payment

The Council has one staff that is under contract terms with gratuity entitlement.

6.5 Receivables and Prepayments

Trade receivables are recognized initially at original invoice amount, which is fair value at transaction date. Subsequently, trade receivables are measured at amortized cost less provision for impairment. Prepayments shall be recognized as current asset at transacted amount when a prepayment is made. Prepaid expense will be charged as an expense on a

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systematic and rational basis related to use. The balance of any prepaid expense shall be written off to expense in the period that no future benefit remains.

6.6 Payables

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate.

6.7 Investment and other financial assets

Financial assets within the scope of IPSAS 29 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Council determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Council has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus/ (deficit) when the investments are derecognized or impaired, as well as through the amortization process.

6.8 Comparatives

Comparatives figures have been adjusted to conform to changes in preparation in the current year where necessary.

7. INFORMATION ON BUDGET PERFORMANCE

IPSAS 24 requires a public sector entity that is required or elect make a publicly available its approved budget to present budgetary information covering classification and basis adopted in the approved budget, budget period covered explanation of changes between approved original and final budget because of reallocations within budget and material difference (variance) between the final budget amounts and actual amounts during the year for both revenue and expenditure.

7.1 Comparison to Budget

The statement of comparison of budget and actual amounts presents the difference between budget amounts, which are prepared on cash basis, and actual expenditure on a comparable basis. Approved budgets are those that permit expenses to be incurred and are approved by the National Assembly. For IPSAS reporting purposes, approved budgets are the appropriations authorized by the National Assembly.

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6. CASH AND CASH EQUIVALENTS	2022/23 TZS	2021/22 TZS
Bank of Tanzania 1	705,559,967	246,337,999
Bank of Tanzania 2	58,798,643	25,945,542
CRDB 1	100,327	1,119,151
CRDB 2tras	16,685	956,607
GEPG CRDB	2,000,000	-
GEPG NMB	2,000,000	-
NMB	1,259,541	624,989
TOTAL	769,735,163	274,984,288
7 RECEIVABLES AND PREPAYMENTS		
Interest Receivables	6,107,852	8,083,326
Fuel prepayment	2,856,260	-
TOTAL	8,964,112	8,083,326
8 INVENTORIES		
Office consumables (stationeries)	5,147,256	5,517,286
TOTAL	5,147,256	5,517,286
9 LONG TERM FINANCIAL ASSETS		
15.49%-20 years Treasury Bonds	1,104,424,428	1,102,163,358
	1,104,424,428	1,102,163,358

Treasury Bonds are securities issued by the Government of the Republic of Tanzania. On 17 December 2020 NEEC purchased a 20 years Treasury bond with a face value of TZS 1,098,000,000 at the price of TZS 100.67. The coupon interest of the bond is 15.49% payable semi-annually. The bond was purchased at premium at a cost TZS 7,315,974. The amount of premium is amortized for 20 years. The amortized amount during the year is shown under note 27.6. The carrying value of bond at the end of the year after exclude amount of unamortized premium shown as follows:

CARRYING VALUE OF THE TREASURY BONDS		
15.49%-20 years Treasury Bonds	1,104,424,428	1,102,163,358
Unamortized Premium	(6,424,428)	(4,163,358)
Maturity on December 2040	1,098,000,000	1,098,000,000

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10 - PROPERTY, PLANT AND EQUIPMENT

	Land	Motor Vehicles	Office Equipment	Plant & Machinery	Computer Equipment	Furniture & Fittings	Total
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Cost/Revaluation							
At 01 July 2022	18,646,500	714,376,825	35,902,000	63,000,000	205,059,321	81,271,898	1,118,256,544
Additions			12,307,000		8,000,000		20,307,000
Disposals	-	(36,400,000)	-	-	(5,976,250)	(1,019,000)	(43,395,250)
At 30 June 2023	18,646,500	677,976,825	48,209,000	63,000,000	207,083,071	80,252,898	1,095,168,294
Accumulated Depreciation							
At 01 July 2022	-	552,438,709	30,533,100	37,275,000	108,752,674	74,712,140	803,711,623
Depreciation charge during the year	-	88,912,152	3,501,633	6,300,000	23,245,708	1,786,592	123,746,085
Disposals		(36,400,000)	-	-	(5,976,250)	(1,019,000)	(43,395,250)
At 30 June 2023	-	604,950,861	34,034,733	43,575,000	126,022,132	75,479,732	884,062,458
Carrying value -30 June 2023	18,646,500	73,025,964	14,174,267	19,425,000	81,060,939	4,773,166	211,105,836
Cost/Revaluation							
At 01 July 2021	18,646,500	714,376,825	32,092,000	63,000,000	182,389,522	79,596,898	1,090,101,745
Additions	-	-	3,810,000	-	22,669,799	1,675,000	28,154,799
At 30 June 2022	18,646,500	714,376,825	35,902,000	63,000,000	205,059,321	81,271,898	1,118,256,544
Accumulated Depreciation							
At 01 July 2021	-	448,627,952	29,315,433	30,975,000	88,110,721	71,654,756	668,683,862
Charge during the year-Depreciation	-	103,810,756	1,217,667	6,300,000	20,641,953	3,057,384	135,027,760
Adjustment rounding off	-	1					1
At 30 June 2022		552,438,709	30,533,100	37,275,000	108,752,674	74,712,140	803,711,623
Carrying value -30 June 2022	18,646,500	161,938,116	5,368,900	25,725,000	96,306,647	6,559,758	314,544,921

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11	ACCUMULATED SURPLUS/(DEFICIT)	2022/23	2021/22
		TZS	TZS
	Accumulated fund brought forward	1,332,269,509	1,391,358,376
	Surplus/(deficit) for the year	(102,867,042)	(59,088,867)
	Accumulated fund carried forward	1,229,402,467	1,332,269,509
12	PAYABLES AND ACCRUALS		
	Third party payables*	89,381,893	113,109,047
	Miscellaneous other payables**	116,128,000	259,914,623
	TOTAL	205,509,893	373,023,670

*Third party payables relate to all outstanding debts for various suppliers, who supplied various goods and services to council.

** Miscellaneous other accounts payables relate to outstanding debts for statutory benefits for NEEC staff and Council.

13	DEFERRED REVENUE (INCOME)		
	Opening balance	-	5,000,000
	Amount received during the year	664,464,435	-
	Amount amortized during the year	-	(5,000,000)
	TOTAL	664,464,435	-

14 CAPITAL COMMITMENTS

The Council had no capital commitments as at 30 June 2023.

15	REVENUE FROM NON-EXCHANGE TRANSACTION	2022/23	2021/22
		TZS	TZS
	Personnel emoluments	910,778,442	1,027,205,892
	Other charges	397,833,708	537,755,875
	Non-monetary Revenue	8,000,000	-
	TOTAL	1,316,612,150	1,564,961,767

REVENUE FROM EXCHANGE TRANSACTION

16		2022/23	2021/22
		TZS	TZS
	Interest income from government institution*	170,365,798	167,666,232
	TOTAL	170,365,798	167,666,232

*Interest income relate to interest earned from investment of Treasury bond. The coupon interest rate of the bond is 15.49% payable semi-annually.

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17	OTHER REVENUE		
	Others*	246,721,000	846, 113, 640
	TOTAL	246,721,000	846,113,640

* Other revenue relates to income received from various donors' stakeholders to support various empowerment activities. During the financial year NEEC received TZS 167,924,800 from Government Institutions and TZS 78,796,200 from Tanzania Companies and NGOs.

18	WAGES, SALARIES AND EMPLOYEE BENEFITS	2022/23	2021/22
		TZS	TZS
	Civil servants	816,795,460	866,840,415
	Employment allowances	262,036,335	382,948,683
	Contribution to Social security fund - employer	-	130,026,062
	Workers' compensation fund contribution -employers	-	4,334,202
	Health Insurance -employer (NHIF)	-	26,005,213
	TOTAL	1,078,831,795	1,410,154,575

19	OTHER EXPENSES		
	Audit fees	33,000,000	33,000,000
	Bank charges and other bank expenses	562,910	2,837,276
	Death benefits	3,000,000	7,050,000
	TOTAL	36,562,910	42,887,276

20	SUPPLIES AND CONSUMABLES USED	2022/23	2021/22
		TZS	TZS
	Advertising and Publication	7,259,000	6,962,080
	Air Travel Tickets	5,398,360	7,063,300
	Computer Supplies and Accessories	-	100,000
	Conference Facilities	52,433,851	129,756,727
	Diesel	44,083,923	71,556,169
	Electricity	5,672,000	1,880,000
	Food and Refreshments	29,927,100	13,849,101
	Gifts and Prizes	25,172,720	18,668,000
	Ground travel (bus, railway taxi)	171,307,515	153,627,667
	Internet and Email connections	2,105,730	8,149,370
	Mobile Charges	650,000	696,800
	Contribution to TR	-	1,000,000
	Office Consumables (papers, pencils, pens and stationaries)	6,222,730	19,737,972
	Outsourcing Costs (includes cleaning and security services)	27,129,000	22,905,680
	Per Diem - Domestic	147,984,679	345,461,140
	Posts and Telegraphs	135,700	3,016,699
	Printing and Photocopying Costs	7,910,000	37,207,025
	Remuneration of Instructors	23,096,400	67,093,385
	Telephone Charges (Land Lines)	168,096	5,046,969
	Tuition Fees	1,250,000	6,000,000
	Water Charges	2,941,904	1,720,000
	TOTAL	560,848,708	921,498,084

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MAINTENANCE EXPENSES

21

Outsource maintenance contract services	36,576,492	128,262,811
	36,576,492	128,262,811

22 - FINANCIAL RISK MANAGEMENT

Financial risk factors

The council's activities potentially expose it to a credit risk. The council is taking much effort to minimize the risk.

(a) Credit risk

This arises from cash and cash equivalents, deposits with organizations, financial institutions and outstanding receivables. The Council for its banking services uses reputable financial institutions.

(b) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The council have 20years BOT Treasury bond.

The amount that represents the Council's exposure to credit risk at 30 June is made up as follows: -

	2022/23	2021/22
	TZS	TZS
Bank balances	769,735,163	274,984,286
Accounts receivable and prepayments	8,964,112	8,083,326
Total	778,699,275	283,067,612

The Council's accounts receivable is mainly from the fixed deposit interest held with the bank, which are yet to be matured.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Council ensures that cash is always available to meet recurring expenditure. NEEC plans in place to generate revenue from various development partners especially due to shortfall in receiving Government subvention as per approved budget.

The Table below analyses the Councils financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date.

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	Less than 1yr	between 1 & 2yrs	between 2&5yrs	Over 5yrs
	TZS'000	TZS'000	TZS'000	TZS'000
At 30 June 2023				
Accounts payable	33,000	28,088	80,856	63,565
At 30 June 2022				
Accounts payable	33,000	26,538	-	313,485

Management monitors budgets of the organization's liquidity reserve on the basis of expected cash flows.

(d) Capital risk Management

The council is a government institution. The council ensures that expenditures are always as per the budget in order to keep the organization operations.

23 RELATED PARTY TRANSACTION

A number of transactions are entered into with related parties in the normal course of operation. These include Council members' fees, salaries to key management personnel. Key management includes the Executive Secretary, Directors, Managers & Head of Units

	2022/23 TZS"000"		2021/2022 TZS"000"	
Council Membership fees	55,000		55,000	
Key Personnel Salaries	336,423		322,320	

24. NOTES TO THE STATEMENT OF ACTUAL VERSUS BUDGET

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from 01 July 2022 to 30 June 2023.

The budget and the accounting bases differ. The financial statements for the Council are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The financial statements differ from the budget, which is approved on the cash basis.

The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the financial statements were made to express the actual amounts on a comparable basis to the final approved budget.

Reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Financial Performance for the year ended 30 June 2022 is presented below. The financial statements and budget documents are prepared for the same period.

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25. RECONCILIATION OF THE STATEMENT OF BUDGETARY COMPARISON AND STATEMENT OF FINANCIAL PERFORMANCE

Item	OPERATING	FINANCING	INVESTING	TOTAL
	TZS	TZS	TZS	TZS
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	494,750,875	-	-	494,750,875
Changes in payables for payment of Wages, Salaries and Employee Benefits	143,786,623			143,786,623
Changes in payables for payment of Supplies, Services and Consumables Used	23,727,154			23,727,154
Changes in receivables and prepayments	880,785			880,785
Depreciation	(123,746,086)			(123,746,086)
Changes in Inventories	(370,030)			(370,030)
Deferred revenue	(664,464,435)			(664,464,435)
Additional Assets			20,307,000	20,307,000
Interest on Bond amortization	2,261,072			2,261,072
Actual Amount in the Statement of Financial Performance	123,174,042	-	20,307,000	(102,867,042)

26.1. EXPLANATION OF THE BUDGET VERSUS ACTUAL VARIANCE

BUDGET LINE ITEM	REASON FOR VARIATION
Transfers	The gap between approved and disbursed was due to changes on financing budget by the Ministry of Finance & planning
Revenue from exchange transactions	Decrease of funds received from stakeholders' financiers
Wages, salaries and employee benefits	Vacant filled position from new recruitment, staff promotions and paid salary arrears
Social benefits	The difference is due to fact that the nature of payment depends on occurrence of the event.
Supplies and Consumables used	Various activities were not implemented due to lack of Funds
Maintenance Expenses	Change is immaterial
Depreciation of property, plant and equipment	Not budgeted
Acquisition of Property, Plant and Equipment	Acquisition of PPE were not implemented fully due to lack of Funds

27. NOTES TO THE STATEMENT OF CASH FLOWS

27.1 Interest received

	2022/23	2021/22
	TZS	TZS
Interest receivable 01.07	8,083,326	7,488,674
Interest income	170,365,798	167,666,232
Amortization	(2,261,072)	3,008,620
Interest receivable 30.06.2022	(6,107,852)	(8,083,326)
Interest received	170,080,200	170,080,200

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27.2 Receipts from Government subvention

	2022/23 TZS	2020/21 TZS
Transfers from the Government	1,308,613,150	1,564,961,767
Deferred Income	664,464,435	-
Cash received from the Government	<u>1,973,077,585</u>	<u>1,564,961,767</u>

27.3 Receipts from Donors and Other partners

	2022/23 TZS	2020/21 TZS
Deferred Income 01.07	-	(5,000,000)
Donors from Government institutions	167,924,800	258,494,000
Donors from Tanzania companies & NGOs	78,796,200	587,619,640
Deferred Income	-	-
Cash received from Donor funding	<u>246,721,000</u>	<u>841,113,640</u>

27.4 Payment for wages, salaries and employee benefits

	2022/23 TZS	2021/22 TZS
Open balance 01.07 miscellaneous payable	259,914,623	350,054,521
Employee expenses for the year	1,078,831,795	1,410,154,575
Arrears	999	(50,197,904)
Closing balance 30.06 miscellaneous payable	(116,128,000)	(259,914,623)
Payment to employees	<u>1,222,619,417</u>	<u>1,450,096,569</u>

27.5 Payment to Suppliers and other payables

	2022/23 TZS	2021/22 TZS
Open balance 01.07 Third party payable	113,109,047	126,512,000
Open Inventory	(5,517,286)	(4,080,002)
Supplies and Consumables used	560,848,708	921,498,084
Ending Inventory and fuel prepaid	8,003,515	5,517,286
Closing balance 30.06 Third party payable	(89,381,893)	(113,109,047)
Cash paid to suppliers and others	<u>587,062,091</u>	<u>936,338,321</u>

27.6 Reconciliation Statement on Net Operating Activities

	2022/23 TZS	2021/22 TZS
Surplus/(Deficit)	(102,867,042)	-59,088,867
Depreciation	123,746,085	135,027,760
Interest on Bond	(170,080,200)	(170,080,200)
Amortization of 20yrs Treasury Bond from BOT/Interest	(2,261,072)	1,975,476
(Increase)/Decrease in Receivables	(880,785)	60,464,098
(Increase)/Decrease on Inventories	370,030	(1,437,284)
Increase/(Decrease) on Payables	(167,513,777)	(113,370,556)
Increase/(Decrease) in Deferred Income	664,464,435	(5,000,000)
Net Cash Flow from Operating Activities	<u>344,977,675</u>	<u>(151,509,573)</u>