

HIVOS TANZANIA-TWaweza INITIATIVE
REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2010

HIVOS TANZANIA-TWAWWEZA INITIATIVE

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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HIVOS TANZANIA - TWaweza INITIATIVE

CORPORATE INFORMATION

Directors of Hivos Tanzania

Allert Pieter van den Ham	Director	Dutch	Resigned in July 2010
Ben Witjes	Director	Dutch	Appointed in August 2010
Maria Manuela Monteiro	Director	Dutch	2009 to date

Head of Twaweza Initiative Rakesh Rajani

Hosting Organization Hivos Tanzania
Mafinga Street, Plot No. 127
Kinondoni
P.O. Box 38342
Dar es Salaam
Tanzania

Bankers Barclays Bank Tanzania Limited
P.O. Box 5137
Dar es Salaam
Tanzania

Stanbic Bank Tanzania Limited
P.O. Box 75647
Dar es Salaam
Tanzania

Auditors Deloitte & Touche
Certified Public Accountants (Tanzania)
10th Floor, PPF Tower
Corner of Ohio Street & Garden Avenue
P.O. Box 1559
Dar es Salaam
Tanzania

HIVOS TANZANIA-TWaweza INITIATIVE

REPORT OF THE MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

The Management of Hivos Tanzania - Twaweza Initiative submit their report together with the audited financial statements for the year ended 31 December 2010.

1. PRINCIPAL ACTIVITIES

The principal activity of the Twaweza Initiative is the promotion of access to information and expanded space for public action among millions of citizens across East Africa, through information sharing, grant-making, brokering new partnerships, learning and communication.

2. BACKGROUND

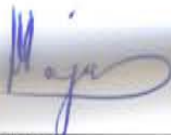
Hivos Tanzania is a not for profit company limited by guarantee and not having a share capital, registered under the Companies Act 2002. Hivos Tanzania is the hosting company for the Twaweza Initiative, a ten year initiative to promote citizen involvement and public accountability in East Africa. The vision of Twaweza Initiative is to have a society in which its citizens are informed and active, and making a difference to improve their lives and hold their governments to account.

The Board of Directors of Hivos Tanzania has delegated the day to day management of the Twaweza Initiative to the Head of Twaweza. Operations are guided by approved policies. The Board of Hivos Tanzania has established Human Resource, Administration and Financial regulations which provide a solid basis for accountability and high standards within the organization.

Twaweza Initiative's total estimated budget for its first five years (2009-2013) is USD 68 million. This funding is primarily derived from grants from international agencies, including an own contribution from the Hivos Head Office. The Twaweza Initiative has funding agreements in place with Hivos Netherlands, SNV Netherlands, The Hewlett Foundation USA, DFID Tanzania and Sida Tanzania. Funding for the Uwezo Initiative which is also managed by Twaweza Initiative in East Africa operates on a different (July to June) financial year and is not included in this statement.

3. AUDITORS

Deloitte & Touche were auditors of Hivos Tanzania – Twaweza Initiative and are eligible for re-appointment.



Rakesh Rajani
Head of Twaweza

27 May, 2011

HIVOS TANZANIA-TWaweza INITIATIVE

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The Management of Twaweza Initiative are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls as Management determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Management of Twaweza Initiative accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. The Management are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Twaweza Initiative and of their operating results. The Management further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Management of Twaweza Initiative to indicate that the Initiative will not remain a going concern for at least the next twelve months from the date of this statement.



Rakesh Rajani
Head of Twaweza

27 May 2011

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HIVOS TANZANIA

Report on the Financial Statements

We have audited the accompanying financial statements of Hivos Tanzania-Twaweza Initiative, set out on pages 6 to 18 which comprise the statement of financial position as at 31 December 2010, statement of comprehensive income, statement of changes in accumulated fund and statement of cash flows for the year then ended, and a summary of principal accounting policies and other explanatory notes.

Managements' responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls as Management determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Initiative's affairs as at 31 December 2010 and of its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

Certified Public Accountants (T)
Dar es Salaam

Signed by: E.A. Harunani

27 May 2011

HIVOS TANZANIA-TWAWWEZA INITIATIVE

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2010

Income	Note	2010 USD	2009 USD
Revenue grants	5	3,600,814	2,821,366
Release of capital grant	13	41,469	15,579
Other income	6	<u>65,658</u>	<u>6,854</u>
Total income		<u>3,707,941</u>	<u>2,843,799</u>
Expenses			
Direct program costs	7	2,533,236	2,126,218
Indirect program & administrative costs	8	<u>1,067,578</u>	<u>691,837</u>
Total expenses		<u>3,602,642</u>	<u>2,818,055</u>
Surplus of income over expenditure		<u>107,127</u>	<u>25,744</u>


HIVOS TANZANIA - TWaweza INITIATIVE

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Note	2010 USD	2009 USD
ASSETS			
Non current assets			
Equipment	10	<u>124,914</u>	<u>143,592</u>
Current assets			
Other receivables	11	1,250,608	151,703
Cash and bank balances	12	<u>2,316,227</u>	<u>822,554</u>
		<u>3,566,835</u>	<u>974,257</u>
Total assets		<u>3,691,749</u>	<u>1,117,849</u>
EQUITY AND LIABILITIES			
Accumulated fund			
Accumulated fund		<u>132,871</u>	<u>25,744</u>
Long term Liability			
Capital grant	13	<u>124,914</u>	<u>143,592</u>
Current liabilities			
Hivos Netherlands deferred grants	14	3,214,991	888,656
Other payables	15	202,161	31,528
Deferred income	16	<u>16,812</u>	<u>28,329</u>
		<u>3,433,964</u>	<u>948,513</u>
Total equity and liabilities		<u>3,691,749</u>	<u>1,117,849</u>

The financial statements on pages 6 to 18 were approved by the management and signed
on 27/05/11 its behalf by:-


Rakesh Rajani
Head of Twaweza


Ben Witjes
Executive Director

HIVOS TANZANIA - TWaweza INITIATIVE

STATEMENT OF CHANGES IN ACCUMULATED FUND

FOR THE YEAR ENDED 31 DECEMBER 2010

	Accumulated Fund 2010 USD	Accumulated Fund 2009 USD
At 1 January	25,744	-
Surplus of income over expenditure	<u>107,127</u>	<u>25,744</u>
At 31 December	<u>132,871</u>	<u>25,744</u>

HIVOS TANZANIA-TWaweza Initiative

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 USD	2009 USD
Cash flows from operating activities		
Excess of income over expenditure	107,128	25,744
<i>Adjustments for:</i>		
Depreciation charge	41,469	15,579
Capital grants released	(41,469)	(15,579)
Revenue grants released	(3,600,814)	(2,821,366)
	(3,493,687)	2,795,622
<i>Changes in working capital</i>		
Increase in other receivables	(1,098,906)	(151,703)
Increase in other payables	170,633	31,528
Increase in other deferred income	(11,517)	28,329
Cash used in operating activities	<u>(4,433,476)</u>	<u>(2,887,468)</u>
Cash flows from investing activities		
Purchase of equipment	(22,791)	(159,171)
Net cash used in investing activities	<u>(22,791)</u>	<u>(159,171)</u>
Cash flows from financing activities		
Grants received from Hivos Netherlands	5,949,940	3,869,193
Net cash flows from financing activities	<u>5,949,940</u>	<u>3,869,193</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,493,673</u>	<u>822,554</u>
Cash and cash equivalents at beginning of the period	822,554	-
Cash and cash equivalents at end of the period	<u>2,316,227</u>	<u>822,554</u>

HIVOS TANZANIA - TWaweza INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. GENERAL INFORMATION

The Twaweza Initiative is hosted by Hivos Tanzania which is incorporated in Tanzania under the Companies Act 2002 (Cap 212 of the Laws of Tanzania).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted, are set out below.

Standards and interpretations effective in the current period affecting the amounts reported

- Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements

Standards and interpretations adopted with no effect on the financial statements.

- Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2009)
- Amendments to IAS 7 Statement of Cash Flows (as part of Improvements to IFRSs issued in 2009)
- IAS 39, Financial Instruments: Recognition and Measurement – amendments for eligible hedged items – effective 1 July 2009
- Amendments to IFRS 7 Financial Instruments: Disclosures (as part of Improvements to IFRSs issued in 2010)
- Various improvements resulting from May 2008, April 2009 and May 2010 Annual Improvements to IFRSs – effective 1 July 2009 and 1 January 2010

Standards and interpretations in issue but not yet effective

- IFRS 7, Financial Instruments: Disclosures – amendments enhancing disclosures about transfers of financial assets(effective for accounting periods beginning on or after 1 January 2011);
- IFRS 9, Financial Instruments – Classification and Measurement (effective for accounting periods beginning on or after 1 January 2013);
- IAS 24, Related Party Disclosures – revised definition of related parties (effective for accounting periods beginning on or after 1 January 2011);
- Various improvements resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 July 2010 and 1 January 2011);
- IAS 32, Financial Instruments: Presentation – amendments relating to classification of rights issues(effective for accounting periods beginning on or after 1 February 2010)

The Directors will assess the potential impact of the above standards and interpretations when become effective.

Basis of accounting

The financial statements are prepared under the historical cost basis.

HIVOS TANZANIA - TWaweza PROJECT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards and interpretations in issue but not yet effective (Continued)

Revenue recognition

Grants income

Hivos Tanzania - Twaweza Initiative operates funding arrangement with donors through Hivos Netherlands. Grants received are initially booked as deferred grants. The balance of this account is reduced gradually through transfer to capital and revenue grants as explained below.

Capital grants

Grants used for the acquisition of property and equipment during the period are allocated to a capital grants account. The capital grants are amortised to the income statement on a systematic basis to match the depreciation charge on the assets acquired using the grants.

Revenue grants

Revenue grants represent balance of funds used for general operations of the organization's programmes and activities during the year.

i) Functional and presentation currency

The functional currency of the Initiative is the US Dollars (USD). The financial statements are therefore presented in US Dollars, which is the Initiative's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions (in this case Tanzania and Kenya Shillings) are translated into the US Dollars using a budget rate. Foreign exchange gains and losses resulting from the settlement of foreign currency denominated monetary assets and monetary liabilities as well as on translation of foreign currency denominated monetary assets and liabilities are recognized in profit and loss, recognised through profit or loss.

Property and equipment

Property and equipment are stated at historical cost less depreciation. Cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Initiative and the cost of the item can be reliably measured.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over the estimated useful life as follows:

The rates of depreciation in use are:	%
Land buildings	3.0
Motor vehicles and motor cycles	25.0
Computers	33.3
Furniture and fittings	12.5
Other equipments and tools	25.0

Where the carrying amount of assets is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gain and losses on disposal are determined by comparing proceeds with carrying amount and recognised profit or loss through.

HIVOS TANZANIA - TWaweza INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

2. SIGNIFICANT PRINCIPAL ACCOUNTING POLICIES (Continued)

Impairment of assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Provisions

Provisions are recognised when the Initiative has a present legal 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. Where the Initiative expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

Retirement benefits obligations

The Initiative makes statutory contributions to the Parastatal Pension Fund (PPF). The Initiative's obligation with respect to contributions is 10% of the employees' gross. The Initiative's contributions with respect to these retirement benefits obligations are charged to the statement of comprehensive income in the period to which they relate.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Initiative's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk. The Initiative's overall risk management programme seeks to minimise potential adverse effect on the Initiative's financial performance.

Risk management is carried out by the Finance and Administration department under policies approved by the Management.

Market risk

(i) Foreign exchange risk

The Initiative has some exposure to foreign currency as its donor income is largely earned in US Dollars, while operating expenditure is incurred in part in local currency.

Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies.

HIVOS TANZANIA - TWaweza PROJECT

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2010 (Continued)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Price risk

The Initiative does not hold any financial instruments subject to price risk.

(iii) Interest rate risk

The Initiative did not have any interest bearing financial liability as at 31 December 2010.

Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. The Initiative does not have any significant concentrations of credit risk.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of confirmed funding from donors.

Managements ensures that they plan and contact donors on a timely basis to ensure smooth flow of funds.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Initiative's accounting policies, which are described in note 2, the management is required to make judgments', estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on accounting policies and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgments are evaluated and are based on accounting policies and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Property and equipment

Critical estimates are made by management in determining the useful lives and residual values to property and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

HIVOS TANZANIA - TWaweza Initiative

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2010 (Continued)

	2010 USD	2009 USD
5. REVENUE GRANTS		
Amount released from deferred grants (Note 14)	<u>3,600,814</u>	<u>2,821,366</u>
6. OTHER INCOME		
Hivos-Kenya Support to start up Kenya offices	269	-
Tanzania Media Fund contribution for running cost	14,700	-
Tanzania Media Fund contribution to office rent	11,684	-
Tanzania Media Fund contribution - to shared facility	11,750	6,854
Income from Zinduko	27,247	-
Others	<u>8</u>	<u>-</u>
	<u>65,658</u>	<u>6,854</u>
7. DIRECT PROGRAM EXPENSES		
Strategic partnerships and initiatives	1,243,392	1,356,295
InfoShop (Uwazi)	519,105	139,248
Consultancy costs	-	40,807
Communications	71,346	12,965
Learning	43,446	-
Monitoring and evaluation	346,947	201,902
Management fees – Hivos Netherlands	<u>309,000</u>	<u>375,000</u>
	<u>2,533,236</u>	<u>2,126,218</u>
8. INDIRECT PROGRAM & ADMINISTRATIVE COSTS		
Staff costs (Note 9)	708,773	508,861
Staff recruitment	16,316	25,621
Office running costs	79,791	45,911
Health Insurance costs	27,119	17,704
Leave travel costs	8,422	-
Office rent	154,241	40,317
Communication	41,869	25,915
Travel and transport	16,523	12,895
Temporary staff costs	6,088	2,345
Exchange gain on conversion between accounts	(33,033)	(3,311)
Depreciation and amortization	<u>41,469</u>	<u>15,579</u>
	<u>1,067,578</u>	<u>691,837</u>
9. STAFF COST		
Salaries	538,945	371,664
Skills and Development Levy	23,045	-
NSSF and PPF contributions	38,004	27,801
Other staff benefits	<u>108,779</u>	<u>109,396</u>
	<u>708,773</u>	<u>508,861</u>

HIVOS TANZANIA - TWaweza INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

10. PROPERTY AND EQUIPMENT

	Leasehold Improvement USD	Motor Vehicle USD	Computer & accessories USD	Equipment USD	Furniture & fittings USD	Other assets USD	Total USD
COST							
Additions	22,000	16,149	42,357	44,377	30,865	3,422	159,171
At 1 January 2010	22,000	16,149	42,357	44,377	30,865	3,422	159,171
Additions	-	-	15,562	4,372	1,837	1,020	22,791
At 31 December 2010	22,000	16,149	57,919	48,749	32,702	4,442	181,962
DEPRECIATION							
Charge for the period	2,800	-	5,570	1,780	5,361	68	15,579
At 1 January 2010	2,800	-	5,570	1,780	5,361	68	15,579
Charge for the year	4,800	4,037	16,381	11,194	4,001	1,056	41,469
At 31 December	7,600	4,037	21,951	12,974	9,362	1,124	57,048
NET BOOK VALUE							
At 31 December 2010	14,400	12,112	35,968	35,776	23,340	3,318	124,914
At 31 December 2009	19,200	16,149	36,787	42,598	25,504	3,354	143,592

HIVOS TANZANIA - TWaweza INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

	2010 USD	2009 USD
11. OTHER RECEIVABLES		
Prepaid wiring charges programme (note 17)	-	277
Advance to Uwezo	1,196,842	29,876
Prepaid rent	35,950	121,550
Other prepaid expenses	17,383	-
Other debtors	432	-
	<u>1,250,608</u>	<u>151,703</u>
12. CASH AND BANK BALANCES		
Bank balances	2,315,503	822,061
Petty cash balances	724	493
	<u>2,316,227</u>	<u>822,554</u>
13. CAPITAL GRANTS		
As At 1 January	143,592	-
Grants received during the year	22,791	159,171
Released to income statement	(41,469)	(15,579)
At 31 December	<u>124,914</u>	<u>143,592</u>
14(a) HIVOS NETHERLANDS DEFERRED GRANTS		
As at 1 January	888,656	-
Funds received during the year (Note 14(b))	5,949,940	3,869,193
Transferred to Capital grants (Note 13)	(22,791)	(159,171)
Released to statement of income and expenditure	(3,600,814)	(2,821,366)
	<u>3,214,991</u>	<u>888,656</u>
14(b) GRANTS RECEIVED FROM SPECIFIC DONORS:		
DFID (T)	890,520	650,040
Hewlett Foundation	2,800,000	1,400,000
Hivos Netherlands	953,250	502,653
SNV	-	1,316,500
SIDA(T)	1,306,170	-
	<u>5,949,940</u>	<u>3,869,193</u>

Funds from donors are recognized once received in Hivos Tanzania-Twaweza accounts.

At the end of year 2010, Hivos Netherlands received USD 2,306,400 and USD 2,100,000 from SIDA and SNV respectively. These amounts are not included in the funds received by Hivos Tanzania as at 31 December 2010 as the funds were yet to be transferred to Hivos –Twaweza Initiative bank accounts by that date.

HIVOS TANZANIA - TWaweza INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

15. OTHER PAYABLES	2010 USD	2009 USD
Accruals	162,957	13,046
Other payables	19,507	10,079
Staff leave provision	19,697	8,403
	<u>202,161</u>	<u>31,528</u>

16. DEFERRED INCOME

Rental income – Tanzania Media Fund Project	11,916	11,684
Shared facility – Tanzania Media Fund Project	4,896	16,646
	<u>16,812</u>	<u>28,330</u>

17. RELATED PARTY TRANSACTIONS

Remuneration paid to key management personnel who were on contractual terms is as set out below:

Key management personnel remuneration	2010 USD	2009 USD
Salaries and employer's contribution to pension	<u>315,147</u>	<u>248,249</u>

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Initiative directly or indirectly.

Related party receivables	2009 USD	2009 USD
Uwezo Programme (note 11)	<u>1,196,842</u>	<u>29,876</u>

Uwezo Programme is an initiative to assess and promote better learning in East Africa. Twaweza Initiative provides oversight and quality assurance for Uwezo Programme. These funds were advanced to Uwezo Programme because Uwezo Programme funds were at the Hivos HQ account not yet available in East Africa and will be refunded in 2011.

18. CONTINGENT LIABILITIES

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

19. INCORPORATION

The hosting company of the Twaweza Initiative, Hivos Tanzania, is incorporated in Tanzania under the Companies Act 2002 as a company limited by guarantee and not having share capital.

HIVOS TANZANIA - TWaweza Initiative

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (Continued)

20. DETAILED ACTUAL VS BUDGET EXPENDITURE PRESENTATION

	Budget US\$	Actual Expenditure US\$	%
CORE ACTIVITIES			
Strategic partnerships	3,910,000	1,243,392	32%
InfoShop (Uwazi)	2,285,000	519,105	23%
Learning and communications	382,000	114,792	30%
Monitoring and evaluation	1,104,000	346,947	31%
Quality assurance (Hivos management fee)	310,000	309,000	100%
Subtotal	7,991,000	2,533,236	32%
PROGRAM AND ADMINISTRATIVE STAFF COSTS			
Staff salaries	819,000	561,990	69%
Benefits/Health/Pension	324,500	182,480	56%
Staff Development	15,000	-	0%
Staff Recruitment costs	6,000	16,315	272%
Subtotal	1,164,500	760,629	65%
OPERATIONAL COSTS			
Office running costs		251,400	110%
Communications	51,000	41,869	82%
Travel and transport	40,000	16,523	41%
Consultants/Temporary services	15,000	6,088	41%
Assets/equipment	60,000	22,791	38%
Subtotal	417,400	362,772	87%
CONTINGENCY	200,000	-	0%
Foreign exchange gain	-	(33,033)	37%
GRAND TOTAL	9,772,900	3,623,605	
Less: Payment for acquisition of assets (Note 10)	-	(22,791)	-
Expenses charged to statement of income and expenditure	9,772,900	3,600,814	-

Note: In 2010 actual disbursements for core activities were 32% of budget. However, budgets are made for total (multi- year) contractual commitments, the major ones of which in 2010 totalled USD 7,495,824 or 94% of the core activities budget.