TWAWEZA EAST AFRICA

ANNUAL REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2021

TWAWEZA EAST AFRICA

ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

TABLE OF CONTENTS

TWAWEZA EAST AFRICA

ORGANIZATION INFORMATION

Principal place of business	15 Uganda Avenue, off Karume Road Oysterbay P.O. Box 38342 Dar es Salaam Tanzania
Principal bankers	Stanbic Bank (T) Ltd P.O. Box 75647 Dar es Salaam Tanzania
Auditors	Deloitte & Touche Certified Public Accountants (Tanzania) 3rd Floor, Aris House 152 Haile Selassie Road, Oysterbay, P.O. Box 1559, Dar es Salaam, Tanzania
Lawyers	Victory Attorneys and Consultants 1st Floor, IT Plaza Building Ohio Street/Garden Avenue P.O. Box 72015 Dar es Salaam Tanzania

TWAWEZA EAST AFRICA

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

1. The Directors of Twaweza East Africa submit their report together with the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of Twaweza East Africa (also referred to as "Twaweza" or "the Organization").

2. INCORPORATION

Twaweza East Africa is a registered non-governmental organization with registration number 00NGO/R2/000422. Twaweza East Africa was originally incorporated in Tanzania under the Companies Act, No.12 of 2002 as a company limited by guarantee and not having share capital. Following the amendments to the Companies, Act, 2002 which required all Companies limited by guarantee that are not promoting commerce, trade and investment to register under the NGO Act, 2002, Twaweza East Africa acquired its status as a Non-governmental organization on 21 August 2019.

The Organization obtained a certificate of compliance to operate in Kenya and a certificate of registration in Uganda as per the laws of each of those countries and these remain valid beyond the status change from being a company limited by guarantee to a Non-Governmental Organization. Prior to being an independent legal entity, Twaweza was an initiative to promote citizen involvement and public accountability in East Africa which was hosted by Hivos Tanzania Limited up to 31 December 2014. Thereafter, Twaweza signed an oversight and guidance agreement with Hivos Netherlands which authorized them to monitor Twaweza activities until 30 April 2019.

3. PRINCIPAL ACTIVITIES

The principal activity of Twaweza East Africa is to enable citizens to exercise agency, promote governments to be more open and responsive, and improve basic learning for children in Tanzania, Kenya and Uganda.

4. RESULTS FOR THE YEAR

The financial results for the year are set out on page 10 of the financial statements.

5. CORPORATE GOVERNANCE

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

6. COMPOSITION OF THE MEMBERS

The members are the ultimate owners of the Organization. They are the supreme decision-making organ of the Organization that exercises formal fiduciary (legal and fiscal) oversight following recommendations from the Board of Directors. The members who served during the year are:

Name	Position	Qualification	Nationality	Remarks
Samwel Wangwe	Chairperson	Economist, University lecturer, Policy researcher and Policy analyst, and Economic advisor to the Government of Tanzania	Tanzanian	Appointed 21 August 2019
Elieshi Lema	Member	Chairperson of E & D Limited. A writer, has published over 26 children's books and 8 adult books.	Tanzanian	Appointed 24 September 2019
Rakesh Rajani	Member	Vice President at Co-Impact. Former Director of Civic Engagement and Government at the Ford Foundation, USA from 2015 to 2018. Former Head and Founder of Twaweza East Africa and HakiElimu.	Tanzanian	Appointed 21 August 2019
Rebeca Gyumi	Secretary	Executive Director and Founder of Msichana Initiative.	Tanzanian	Appointed 21 August 2019
Daniel Luhamo	Director	Former Finance Manager at HakiElimu. Financial expert in strengthening financial systems, formulating policies and	Tanzanian	Resigned on 22 July 2021

7. COMPOSITION OF BOARD OF DIRECTORS

The Directors of Twaweza East Africa at the date of this report, all of whom have served since 1 January 2021 except otherwise stated are:

Name	Position	Qualification	Nationality	Remarks
Elieshi Lema	Chairperson	Chairperson of E & D Limited. A writer, has published over 26 children's books and 8 adult books.	Tanzanian	Appointed on 30 April 2021
Getrude Mugizi	Director	Economist, public service and social accountability expert since 2005.	Tanzanian	Appointed 30 April 2021
Charles Businge	Director	Director of Southern Africa-Sub-Region at Plan International	Ugandan	Appointed on 1 January 2020
Linda Kasonde	Director	Partner at Mulenga Mundashi Kasonde (MMK), Lawyer and a Civil rights activist	Zambian	Appointed on 1 January 2020
Rebeca Gyumi	Director	Executive Director and Founder of Msichana Initiative	Tanzanian	Appointed on 24 September 2019
Wanjiru Kamau- Rutenberg	Director	Director, African Women in Agricultural Research and Development (AWARD)	Kenyan	Appointed on 15 September 2016
Leonard Mususa	Director	Chairman of the Board of Directors of Mwananchi Communications Limited, Tanzania	Tanzanian	Resigned on 30 April 2021
Samwel Wangwe	Chairperson	Economist, University lecturer, Policy researcher and Policy analyst, and Economic advisor to the Government of Tanzania	Tanzanian	Resigned on 30 April 2021

8. FUTURE DEVELOPMENT PLANS

We have extended our 2019-22 strategy to December 2023 instead of 2022 due to slow implementation in 2020 following Covid-19 pandemic restrictions in all countries. In 2021 we managed to intensify the pace of our work for deeper engagement and impact and re-strategize for the remaining period. We also produced a strategic reflections paper that reviews progress towards our strategy goals, strategic adjustments we made in light of changing contexts and summarizing key lessons in each of our mission areas. As we embark into the second half of the strategy, we continue to carefully navigate the evolving contexts in our countries as we strive for policy and societal wide engagement and impact in our three mission areas aiming to a) demonstrate how citizens can come together to collectively address their systemic problems and make government work better for them, b) enable citizens voice, experiences and interests to be heard and taken seriously in decision-making and c) to promote open civic space which enables citizens to freely assemble, organize, speak and act.

9. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Organization system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 31 December 2021 and is of the opinion that they met accepted criteria.

10. SOLVENCY

The Board of Directors confirms that applicable International Financial Reporting Standards (IFRS) have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Organization has adequate resources to continue in operational existence for the foreseeable future.

11. ADMINISTRATION POLICIES AND FINANCIAL REGULATIONS

Twaweza has formal Financial and Administration regulations approved by the Board of Directors of Twaweza. These provide a solid basis for accountability and high standards within the Organization.

12. EMPLOYEE WELFARE

Medical Assistance

All members of staff and their dependents are covered with a medical insurance.

Training

Twaweza organizes regular learning sessions aimed at enhancing staff skills and widening the understanding of relevance of Twaweza's work as well as for personal development. In addition the Organization pays contribution to school fees for employees' children and dependents.

Employment opportunities

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

Employees Benefit Plan

The Organization pays contributions to publicly administered pension plans on a mandatory basis which qualifies to be a defined contribution plan.

13. GENDER PARITY

The Organization is committed to ensuring gender parity. As at 31 December, 2021, Twaweza had 41 employees as per the table below;

	2021	%	2020	%
Female	22	54	22	55
Male	19	46	18	45
Total	**41**	**100**	**40**	**100**

14. RELATED PARTY TRANSACTIONS

The details of related party transactions and balances are disclosed in Note 19 of the financial statement.

15. POLITICAL AND CHARITABLE DONATIONS

The Organization did not make any political donations during the year. Moreover, no donations were made to public institutions and charitable organizations during the year (2020: Nil).

16. AUDITORS

Deloitte & Touche were the auditors for the Organization for the year ended 31 December 2021.

Approved by the Board of Directors and signed by:

Elieshi Lema
Chairperson

18 May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

The Twaweza East Africa ("the Organization") constitution requires Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Organization as at the end of the financial year and of its net income for the year. It also requires the Directors to ensure that the Organization keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Organization. They are also responsible for safeguarding the assets of the Organization and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors accept responsibility for the 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 (IFRS) and the requirements of the Non-Governmental Organizations Act, 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial position of the Organization and of its financial performance in accordance with International Financial Reporting Standards (IFRS). The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

Signed on behalf of the Board of Directors by:

Elieshi Lema
Chairperson

Aidan Eyakuze
Executive Director

18 May 2022

DECLARATION OF THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2021

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 Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's financial 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 Board of Directors as under Directors Responsibility statement on an earlier page.

I, Richard Modest, being the Head of Finance of Twaweza East Africa hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December, 2021 have been prepared in compliance with International Financial Reporting Standards and requirements of the Non-Governmental Organizations Act, 2002.

I thus confirm that the financial statements of Twaweza East Africa for the year ended 31 December 2021 give a true and fair view of the financial position as on that date and that they have been prepared based on properly maintained financial records.

Richard Modest
Head of Finance
NBAA Membership No. ACPA 2238

10/05/2022

Deloitte & Touche
Certified Public Accountants (Tanzania)
3rd Floor, ARiS House, Plot 152
Haile Selassie Road, Oysterbay
P.O. Box 1559
Dar es Salaam
Tanzania

Tel: + (255 - 22) 211 6006, 211 5352
Fax: + (255 - 22) 2600922
Email: deloitte@deloitte.co.tz

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TWAWEZA EAST AFRICA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Twaweza East Africa ("the Organization"), set out on pages 10 to 36, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, the statement of changes in general reserve and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Organization as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and requirements of the Non-Governmental Organization Act, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Organization in accordance with the National Board of Accountants and Auditors (NBAA) Code of Ethics which is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report and Appendix. The other information does not include the financial statements and our report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and, and for such internal controls as Directors determine are 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, the Directors are responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Organization or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner responsible for the audit resulting in this independent auditors' report is E.A Harunani.

Deloitte & Touche
Certified Public Accountants (Tanzania)

Signed by: E.A. Harunani
NBAA Registration No. TACPA 1065
Dar es Salaam

18 May 2022

TWAWEZA EAST AFRICA

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 USD	2020 USD
INCOME			
Grants	6	5,615,314	5,237,286
Release of capital grant	16	33,937	48,953
Other income	7	78,996	24,911
		5,728,247	5,311,150
Operating costs	8	(5,730,105)	(5,466,538)
Deficit before income tax		(1,858)	(155,388)
Income tax expense	10(a)	-	-
Total comprehensive deficit for the year		(1,858)	(155,388)

TWAWEZA EAST AFRICA

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 USD	2020 USD
ASSETS			
Non-current assets			
Property and equipment	12	87,922	49,157
Right-of-use asset	13(a)	267,421	331,865
		355,343	381,022
Current assets			
Income tax recoverable	10(b)	39,681	39,139
Grant funds receivable	17	710,000	-
Other receivables	14	185,764	197,302
Cash and bank balances	15	596,039	1,382,003
		1,531,484	1,618,444
TOTAL ASSETS		1,886,827	1,999,466
RESERVES AND LIABILITIES			
RESERVES			
General reserve		557,737	559,595
LIABILITIES			
Non-current liabilities			
Deferred capital grant	16	87,922	49,157
Lease liability	13(b)	126,157	205,172
		214,079	254,329
Current liabilities			
Trade and other payables	18	1,006,715	1,046,764
Deferred income grants	17	-	123,775
Lease liability	13(b)	108,296	15,003
		1,115,011	1,185,542
TOTAL LIABILITIES		1,329,090	1,439,871
TOTAL RESERVES AND LIABILITIES		1,886,827	1,999,466

The financial statements on page 10 to 36 were approved and authorized for issue by the Board of Directors on ......18 May......2022 and signed on its behalf by:

Elieshi Lema
Chairperson

Aidan Eyakuze
Executive Director

TWAWEZA EAST AFRICA

STATEMENT OF CHANGES IN GENERAL RESERVE
FOR THE YEAR ENDED 31 DECEMBER 2021

	USD
Year ended 31 December 2021	
At start of the year	559,595
Total comprehensive deficit for the year	(1,858)
At the end of year	557,737
Year ended 31 December 2020	
At start of the year	714,983
Total comprehensive deficit for the year	(155,388)
At the end of year	559,595

TWAWEZA EAST AFRICA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 USD	2020 USD
Cash flow from operating activities			
Deficit before income tax		(1,858)	(155,388)
Adjusted for:			
(Gain)/ loss on disposal of assets	7	(65,375)	19,110
Depreciation charge – property and equipment	8	32,382	29,843
Depreciation charge – right-of-use assets	8	121,727	143,847
Capital grants released	16	(33,937)	(48,953)
Interest expense on lease liability	8	19,611	14,545
Exchange gain on lease liability	8	(1,455)	(2,372)
		71,095	632
Changes in working capital:			
(Increase)/ decrease in grants funds receivable		(710,000)	699,350
Decrease in other receivables		11,538	44,207
Decrease in deferred income grants		(123,775)	(940,972)
Decrease/ (increase) in trade and other payables		(40,049)	33,053
		(791,191)	(163,730)
Tax paid	10(b)	(542)	(13,015)
Cash used in operations		(791,733)	(176,745)
Cash flows from investing activities:			
Plant and equipment acquired	12	(72,702)	(46,737)
Proceeds from sale of assets		66,930	-
Cash generated from investing activities		(5,772)	(46,737)
Cash flows from financing activities:			
Receipt of capital grant	16	72,702	46,737
Office lease paid	13(b)	(61,161)	(281,784)
Cash used in financing activities		11,541	(235,047)
Net decrease in cash and cash equivalents		(785,964)	(458,529)
Cash and cash equivalents at the beginning of the year		1,382,003	1,840,532
Cash and cash equivalents at the end of the year	15	596,039	1,382,003

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ORGANIZATION INFORMATION

Twaweza East Africa is a registered Non-Governmental Organization with registration number 00NGO/R2/000422.

The address of its registered office is described in page 1 of these financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

a) New standards, amendments and interpretations adopted by the Organization for year ended 31 December 2021

The following new and revised IFRSs have been applied in the current year and had no material impact on the amounts reported in these financial statements, except where stated.

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The amendments to Covid-19-Related Rent Concessions (Amendment to IFRS 16) in IFRS Standards was done to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The changes in *Covid-19-Related Rent Concessions (Amendment to IFRS 16)* amend IFRS 16 to:

1. provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.
2. require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.
3. require lessees that apply the exemption to disclose that fact; and
4. require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

The main change from the proposal in the exposure draft is that the IASB had proposed that the practical expedient should only be available for lease payments originally due in 2020. However, after having considered the feedback to the exposure draft, the IASB decided to extend this period to June 2021 to also capture rent concessions granted now and lasting for 12 months.
The IASB considered but decided not to provide any additional relief for lessors as the current situation is not as equally challenging for them and the required accounting is not as complicated.

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Amendments to Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) was done to address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

The changes in *Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)* relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS. 7 to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities.** The IASB introduces a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

a) New standards, amendments and interpretations adopted by the Organization for the year ended 31 December 2021 (continued)

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (continued)

- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.
- **Disclosures.** In order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition, the amendments require that an entity discloses information about
    - how the transition from interest rate benchmarks to alternative benchmark rates is managed, the progress made at the reporting date, and the risks arising from the transition.
    - quantitative information about non-derivative financial assets, non-derivative financial liabilities and derivatives that continue to reference interest rate benchmarks subject to the reform, disaggregated by significant interest rate benchmark.
    - to the extent that the IBOR reform has resulted in changes to an entity's risk management strategy, a description of these changes and how is the entity managing those risks.

The IASB also amended IFRS 4 to require insurers that apply the temporary exemption from IFRS 9 to apply the amendments in accounting for modifications directly required by IBOR reform.

The IASB has come to the conclusion that the application of all proposed amendments is mandatory. It also assessed that the nature of the proposed amendments is such that they can only be applied to modifications of financial instruments and changes to hedging relationships that satisfy the relevant criteria and, as such, no specific end of application requirements needed to be specified.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

b) New and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2021

Definition of Accounting Estimates (Amendments to IAS 8)	Effective for accounting periods beginning on or after 1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Effective for accounting periods beginning on or after 1 January 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	Effective for accounting periods beginning on or after 1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	Effective for accounting periods beginning on or after 1 January 2023
IFRS 17 Insurance Contracts	Effective for accounting periods beginning on or after 1 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3)	Effective for accounting periods beginning on or after 1 January 2022
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	Effective for accounting periods beginning on or after 1 January 2022
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	Effective for accounting periods beginning on or after 1 January 2022
Annual Improvements to IFRS Standards 2018–2020	Effective for accounting periods beginning on or after 1 January 2022
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	Effective for accounting periods beginning on or after 1 April 2021

c) Impact of new and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2021

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendment is effective for accounting periods beginning on or after 1 January 2023 and is not expected to have any impact on the financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendment is effective for accounting periods beginning on or after 1 January 2023 and is not expected to have any impact on the financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

c) **Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2021 (continued)**

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The amendment is effective for accounting periods beginning on or after 1 January 2023 and is not expected to have any impact on the financial statements.

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

IFRS 17 is effective for accounting periods beginning on or after 1 January 2023 and is not expected to have any impact on the financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendment to IAS 1 is effective for accounting periods beginning on or after 1 January 2023 and is not expected to have significant impact on the financial statements.

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard. The amendment is effective for accounting periods beginning on or after 1 January 2022 and is not expected to have significant impact on the financial statements.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment to IAS 16 is effective for accounting periods beginning on or after 1 January 2022 and due to the manure of the Organization, is not expected to have significant impact on the financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

c) **Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2021 (continued)**

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendment to IAS 37 is effective for accounting periods beginning on or after 1 January 2022 and is not expected to have significant impact on the financial statements.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards:

- **IFRS 1** – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- **IFRS 9** – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IFRS 16** – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- **IAS 41** – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The amendment to above standards is effective for accounting periods beginning on or after 1 January 2022 and is not expected to have significant impact on the financial statements.

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification

Amendment to IFRS 16 is effective for accounting periods beginning on or after 1 April 2021. The changes did not have impact on the financial statements.

d) **Early adoption of standards**

The Organization did not early-adopt any new or amended standards in the year.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the non-Governmental Organizations Act, 2002. The financial statements have been prepared under the historical cost convention.

Where a change in the presentation format between the prior year and current year financial statements has been made during the period, comparative figures have been restated accordingly.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgement in the process of applying the Organization's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

b) General reserves

General reserves represent unrestricted funds arising from accumulated other income that are available for use at the discretion of the Directors in furtherance of the objects of the Organization.

c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Organization are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars which is the Organization's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

d) Income recognition

Income comprises grants income from current grants, release of capital grants and other income from Twaweza East Africa staff participating in various technical meetings and forums.

Funding arrangements

Twaweza East Africa operates a funding arrangement where donor funds are directly received in Twaweza East Africa bank accounts maintained in East Africa. Grant's revenue is recognized only when conditions for spending have been fully met.

Donor funds used to acquire property and equipment are allocated to a deferred capital grants account. The deferred capital grants are amortized to statement of comprehensive income on a systematic basis to match the depreciation charge on the assets on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Property and equipment

Property and equipment are initially recognized at cost. Subsequently, property and equipment are stated at historical cost less depreciation.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organization 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 comprehensive income during the financial period in which they are incurred.

Assets are depreciated starting in the month they are put into use. Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Rate (%)
Motor vehicles	25.0%
Computers and accessories	33.3%
Furniture and fittings	12.5%
Equipment	25.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included in the statement of comprehensive income within other income.

f) Financial assets

(i) Classification

All financial assets of the Organization are in the category of receivables.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are classified as current assets except for maturities greater than 12 months, otherwise they are classified as non-current. The Organization's receivables comprise staff debtors and cash and cash equivalents in the statement of financial position.

(ii) Recognition and measurement

Receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(iv) Impairment

The Organization assesses at the end of each reporting period whether there is objective evidence that a financial asset or Organization of financial assets is impaired. A financial asset or an Organization of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Organization of financial assets that can be reliably estimated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial assets (continued)

(iv) Impairment (continued)

Evidence of impairment may include indications that the donors or a group of donors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows.

g) Financial assets

For receivable category the amount of the loss is measured as a difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of comprehensive income. If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

h) Other receivables

Other receivables consist of funds deposited to vendors and employees in the normal course of the business. Advances and prepaid expenses are recognized upon payment and derecognized when service has been rendered.

i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

j) Income tax

The current and deferred income tax charge is computed on the basis of reported profit before tax for the year under review and regulations of the United Republic of Tanzania, in which the Organization is registered, using substantively enacted tax rates in Tanzania where the Organization operates and generates taxable income. Income tax companies' currents tax and deferred tax.

Current tax charge is the amount of income tax payable on the taxable profit for the year and any adjustments to the tax payables in respect of prior years. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset the current tax assets against the current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Grant's receivable

Grant's receivables comprise contractual commitments from donors/development partners where the Organization has incurred expenditure as per grant agreement and is yet to be reimbursed by the donor/development partner. This is a change in accounting for grants receivable which were previously accounted for upon signing of the agreement with donor/development partner. Details of the restatement as a result of this change, which also affected deferred revenue grant is set out in note 20.

f) Deferred capital grants

Donations received to acquire property and equipment are capitalized and credited to deferred capital grant account. Deferred capital grant account is amortized in the statement of comprehensive income over the estimated useful lives of the assets concerned.

g) Deferred income grants

Deferred income grant represents an obligation to conduct donor funded activities per contractual commitments made between donors/development partners and the Organization.

The deferred income grants amount recorded on the recipient's statement of financial position generally represents the total amount of grants per funding agreements to match with the grant funds receivable, less the amount amortized for services performed to date.

h) Employee benefits - Retirement benefit obligation

The Organization has a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Organization pays fixed contributions into a separate entity. The Organization's contributions to the defined contribution schemes are charged in statement of comprehensive income in the year in which they relate. The Organization has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Organization has no further payment obligations once the contributions have been paid. The Organization and all its employees contribute to the NSSF, PSSSF and Jubilee Insurance which are defined contribution scheme.

i) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are presented as current liabilities unless payment is not due within twelve months after year end. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

j) Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which these are separately identifiable cash flows (cash-generating units).

k) Leases

The Organization assesses whether a contract is or contains a lease, at inception of the contract. The Organization recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Leases (continued)

For these leases, the Organization recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Organization remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Organization did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Organization incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Organization expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.
The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Organization applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Organization has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Organization allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4. FINANCIAL RISK MANAGEMENT

The Organization's activities expose it to a variety of financial risks, namely: market risk, credit risk and liquidity risk. The Organization's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Organization does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors. Foreign currency risk is managed by contracting suppliers in local currency so as to protect Organization from the volatility associated with foreign currency depreciation. The Organization also maintains cash balances in US Dollars which has been strong over time and conversion to foreign currencies (i.e., Tanzania Shillings, Kenyan Shillings and Ugandan Shillings) is made on need basis.

(a) Market risk

Foreign exchange risk

The Organization is exposed to foreign exchange risk arising from grants receivable/received, purchases, assets and liabilities denominated in currencies other than the functional currency of the Organization, primarily with respect to Tanzania shillings, Uganda shillings and Kenya shillings.

Organization financial assets and liabilities are denominated in Tanzania shillings, Kenyan shillings and Ugandan shillings. As a result, the Organization is exposed to exchange rate fluctuations that have impact on cash flows. Exposure to foreign currency risk is mitigated by the fact that the Organization maintains certain part of its grants in United States Dollar. The effect of the foreign currency risk is not significant and therefore management does not hedge against foreign currency risk. This exposure does not result in significant risk as foreign currency assets and liabilities are normally recovered and settled within a fairly short time.

As at 31 December 2021, if the US Dollar weakened/strengthened by 10% against the Tanzanian shillings with all other variables held constant, change in net income for the year would have been USD 3,433 (2020: USD 19,852) higher/lower mainly as a result of foreign exchange gains/losses on translation of Tanzania Shillings denominated payables, receivables and cash.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

As at 31 December 2021, if the US dollar weakened/strengthened by 10% against the Ugandan shillings with all other variables held constant, change in net income for the year would have been USD

1,157.52 (2020: USD 16,962) higher/lower mainly as a result of foreign exchange gains'/losses on translation of Ugandan Shillings denominated payables, receivables and cash.

As at 31 December 2021, if the US dollar weakened/strengthened by 10% against the Kenyan shillings with all other variables held constant, change in net income for the year would have been USD 1,031 (2020: USD 1,802) higher/lower mainly as a result of foreign exchange gains'/losses on translation of Kenyan Shillings denominated payables, receivables and cash.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, including outstanding receivables and committed transactions.

The amount that best represents the Organization's maximum exposure to credit risk at 31 December 2021 is made up as follows:

	2021 USD	2020 USD
Cash at bank (note 15)	595,214	1,381,376
Staff debtors (note 14)	681	2,481
Other receivables (note 14)	10,629	44,591
Grant receivables (note 17)	710,000	-
No collateral is held for any of the above assets	1,316,524	1,428,448

(c) Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from various donors and/ (or) development partners.

The table below analyses the Organization's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than 1 year USD
At 31 December 2021	
- Trade and other payables (note 18)	504,174
At 31 December 2020	
- Trade and other payables (note 18)	592,835

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Organization makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Taxation

The Organization is subjected to several taxes and levies by various government and quasi-government regulatory bodies. Generally, the Organization recognizes liabilities with regard to anticipated taxes and levies payable with utmost care and diligence. However, significant judgement is required in the interpretation and application of those taxes and levies. In the event that management assesses that the initially recorded liability was erroneous, the differences are charged to the profit and loss account in the period in which the differences are determined.

	2021 USD	2020 USD
6. INCOME GRANTS		
Amount released from deferred income grants (Note 17)	5,615,314	5,237,286
7. OTHER INCOME		
Contribution from Hivos on office use	-	5,400
Contribution from Food Right Alliance for use of Sauti za Wananchi platform in Uganda	-	7,425
Interest income	4,383	10,941
Contribution from other Organizations on Twaweza staff participation/ facilitation in their meetings/ activities	7,683	1,145
Gain on disposal of assets	65,375	-
Loss on equipment written-off	1,555	-
	78,996	24,911
8. OPERATING COSTS		
Learning outcomes (incl. Uwezo)	-	936,929
Motivated teachers (incl. Kiufunza)	881,053	537,243
Learning, monitoring and evaluation	349,149	174,126
Citizen Agency	447,605	241,428
Enabling citizen voices	883,431	521,937
Promoting and protecting open civic space	222,143	311,537
Governance and management*	2,946,724	2,743,338
	5,730,105	5,466,538
*Governance and management costs includes the following:		
Management and strategic support	42,018	128,176
Program staff costs (Note 9a)	1,684,398	1,520,863
Support staff costs (Note 9b)	739,054	661,746
Staff recruitment	3,905	-
Office running costs	189,584	155,729
Value Added Tax, on office rent	25,129	3,181
Communications/ Internet/ Utilities	63,285	59,462
Travel and transport	20,715	9,523
Exchange movement on conversion between bank accounts	4,816	(2,687)
Depreciation of property and equipment	32,382	29,843
Depreciation - right of use asset	121,727	143,847
Equipment written off	-	19,110
Realized exchange gain on lease liability	(1,455)	(2,372)
Interest expense on lease liability	19,611	14,545
	2,945,169	2,740,966

9. EMPLOYEE BENEFIT COSTS

	2021 USD	2020 USD
a) Program employees		
Salaries	1,281,037	1,616,295
Skills and Development Levy	29,910	41,190
Social Security Contributions	130,536	165,824
Health and group insurance	66,703	94,979
Other staff benefits	114,431	146,280
Staff leave	24,716	44,703
Workers Compensation Fund	6,101	8,600
Severance pay	30,964	40,458
	1,684,398	2,158,329
b) Support employees		
Salaries	538,314	480,500
Skills and Development Levy	18,433	17,918
Social Security Contributions	55,682	46,439
Health and group insurance	50,585	37,173
Other staff benefits	50,563	39,396
Staff leave	6,748	13,480
Workers Compensation Fund	3,470	3,953
Severance pay	15,259	15,046
	739,054	653,905

10. INCOME TAX

	2021 USD	2020 USD
a) Income tax expense		
Income tax charge/(credit)	-	-
Reconciliation of income tax expense to tax credit based on deficit		
Deficit before income tax	(1,858)	(155,388)
Tax credit calculated at 30%	(557)	(46,616)
Items not deductible for tax purposes	3,743	-
Deferred tax movement not recognized	3,186	46,616
Income tax expense	6,372	-
b) Income tax recoverable		
Opening balance of tax recoverable	39,139	26,124
Current tax charge – Note 10(a)	-	-
Tax paid during the year	542	13,015
	39,681	39,139

11. DEFERRED INCOME TAX

Deferred income tax is calculated using the enacted income tax rate of 30% (2020: 30%). The movement on the deferred income tax account is as follows

	2021 USD	2020 USD
At start of year	-	-
Deferred tax asset	79,137	82,323
Deferred tax not recognized	(79,137)	(82,323)
At end of year	-	-

Deferred tax assets and liabilities are attributable to the following items:

Year ended 31 December 2021

Deferred tax assets	1.01.2020 USD	Movement USD	31.12.2021 USD
Plant and equipment	(35,538)	4,576	(30,962)
Other timing differences	1,436	5,522	6,958
Tax losses carried forward	(48,221)	(6,912)	(55,133)
Net deferred tax asset	(82,323)	3,186	(79,137)
Deferred tax not recognized	82,323	(3,186)	79,137
Net deferred tax	-	-	-

Year ended 31 December 2020

Deferred tax assets	1.01.2020 USD	Movement USD	31.12.2020 USD
Plant and equipment	(33,256)	(2,282)	(35,538)
Other timing differences	(1,043)	2,479	1,436
Tax losses carried forward	(1,408)	(46,813)	(48,221)
Net deferred tax asset	(35,707)	(46,616)	(82,323)
Deferred tax not recognized	35,707	46,616	82,323
Net deferred tax	-	-	-

Deferred tax asset has not been recognized in these financial statements to the extent that the realization of the related tax benefit through future taxable profits is not probable.

12. PROPERTY AND EQUIPMENT

	WIP - Leasehold improvement USD	Computer accessories USD	Furniture & fittings USD	Equipment USD	Total USD
At 1 January 2021					
Cost	-	215,630	62,082	192,865	470,577
Accumulated depreciation	-	(179,064)	(57,977)	(184,379)	(421,420)
Net book value	-	36,566	4,105	8,486	49,157
Year ended 31 December 2021					
At start of the year	-	36,566	4,105	8,486	49,157
Additions	2,789	43,116	549	26,248	72,702
Depreciation charge	-	(22,203)	(1,942)	(8,237)	(32,382)
Disposals	-	(13,445)	(3,762)	(75)	(17,282)
Accumulated depreciation on disposals	-	11,917	3,735	75	15,727
Closing net book value	2,789	55,951	2,685	26,497	87,922
At 31 December 2021					
Cost	2,789	245,301	58,869	219,038	525,997
Accumulated depreciation	-	(189,350)	(56,184)	(192,541)	(438,075)
Net book value	2,789	55,951	2,685	26,497	87,922

12. PROPERTY AND EQUIPMENT (CONTINUED)

	Leasehold improvement USD	Computer accessories USD	Furniture & fittings USD	Equipment USD	Total USD
At 1 January 2020					
Cost	25,868	245,741	90,642	239,934	602,185
Accumulated depreciation	(25,868)	(213,947)	(80,926)	(230,071)	(550,812)
Net book value	-	31,794	9,716	9,863	51,373
Year ended 31 December 2020					
At start of the year	-	31,794	9,716	9,863	51,373
Additions	-	34,991	661	11,085	46,737
Depreciation charge	-	(21,142)	(3,915)	(4,786)	(29,843)
Disposals	(25,868)	(65,102)	(29,221)	(58,154)	(178,345)
Accumulated depreciation on disposals	25,868	56,025	26,864	50,478	159,235
Closing net book value	-	36,566	4,105	8,486	49,157
At 31 December 2020					
Cost	-	215,630	62,082	192,865	470,577
Accumulated depreciation	-	(179,064)	(57,977)	(184,379)	(421,420)
Net book value	-	36,566	4,105	8,486	49,157

13. LEASES

(a) Right-of-use assets

	2021 USD	2020 USD
Cost		
At January	388,367	416,011
Additions	57,283	199,989
Prepayment	-	117,500
Write-off	(62,477)	(345,133)
At 31 December	383,173	388,367
Depreciation		
At January	56,502	257,788
Charge for the year	121,727	143,847
Write-off	(62,477)	(345,133)
At 31 December	115,752	56,502
Carrying amount		
At 31 December	267,421	331,865

(b) Lease liabilities

	2021 USD	2020 USD
At 1 January	220,175	172,297
Addition	57,283	199,989
Interest expense to lease liability	19,611	14,545
Exchange gain on lease liabilities	(1,455)	(2,372)
Repayment of lease liability (including interest)	(61,161)	(164,284)
	234,453	220,175
Analyzed as:		
Non-current	126,157	205,172
Current	108,296	15,003
	234,453	220,175
Maturity analysis:		
Year 1	108,296	15,003
Year 2	97,840	205,172
Year 3	15,639	-
Year 4	12,678	-
	234,453	220,175

The Organization does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Organization's operations function.

(c) Amounts recognized in profit or loss

	2021 USD	2020 USD
Depreciation expense on right-of-use assets (Note 8)	121,727	143,847
Interest expense on lease liabilities (Note 8)	19,611	14,545
Exchange gain on lease liabilities (Note 8)	(1,455)	(2,372)
Income from subleasing right-of-use assets (Note 7)	-	(5,400)

13. LEASES (CONTINUED)

(d) The Organization's leasing activities

The Organization has 3 leased office buildings in Tanzania, Kenya and Uganda. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The average lease term is 48 months (2020: 34 months).

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not be used as security for borrowing purposes. The Organization's obligations are secured by the lessors' title to the leased assets for such leases.

The Organization has no options to purchase the leased assets at the end of the lease term. There are no extension or termination options on the leases.

To determine the incremental borrowing rate, the Organization:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

	2021 USD	2020 USD
14. OTHER RECEIVABLES		
Prepayments	174,454	150,230
Other receivables	10,629	44,591
Staff debtors	681	2,481
	185,764	197,302

The carrying amounts of accounts receivable are denominated in the following currencies:

United States dollars	130,536	147,881
Kenyan shillings	19,584	17,942
Ugandan shillings	30,865	31,018
Tanzanian shillings	4,779	461
	185,764	197,302

15. CASH AND BANK BALANCES

Bank balances	595,214	1,381,376
Petty cash balances	825	627
	596,039	1,382,003

16. DEFERRED CAPITAL GRANTS

At start of year	49,157	51,373
Grants received during the year (note 17)	72,702	46,737
Released to income	(33,937)	(48,953)
At end of year	87,922	49,157

17. GRANT FUNDS RECEIVABLE/ (DEFERRED INCOME GRANTS)

	Opening balance USD	Cash received during the year USD	Grant charged USD	Closing balance USD	Grant funds receivable USD	Deferred income grants USD
Year ended 31 December 2021						
FCDO Tanzania	-	(689,925)	689,925	-	-	-
Hewlett Foundation	(5,363)	(1,000,000)	1,005,363	-	-	-
American Jewish World Service	(4,959)	(950,000)	954,959	-	-	-
SIDA Tanzania	(2,165)	-	502,165	500,000	500,000	-
DANIDA Tanzania	(4,449)	(951,196)	955,645	-	-	-
Dejusticia	(39)	-	39	-	-	-
Embassy of Finland	(3,439)	(703,136)	706,575	-	-	-
PAL Network	(33)	-	33	-	-	-
Embassy of Switzerland to Tanzania and Zambia	(2,008)	(300,000)	302,008	-	-	-
Ford Foundation	(1,320)	(259,986)	261,306	-	-	-
Foundation for Open Society	(100,000)	-	200,000	100,000	100,000	-
Georgetown University	-	-	110,000	110,000	110,000	-
Total	(123,775)	(4,854,243)	5,688,018	710,000	710,000	-
Recognised as;						
Capital grant (Note 16)	-	-	72,702	-	-	-
Income grant (Note 6)	-	-	5,615,314	-	-	-
	-	-	5,688,016	-	-	-

17. GRANT FUNDS RECEIVABLE/ (DEFERRED INCOME GRANTS) (CONTINUED)

	Opening balance USD	Cash received during the year USD	Write off USD	Grant charged USD	Closing balance USD	Grant funds receivable USD	Deferred income grants USD
Year ended 31 December 2020							
DFID Tanzania	198,922	(625,150)	-	426,228	-	-	-
Hewlett Foundation	(56,182)	(1,000,000)	-	1,050,819	(5,363)	-	(5,363)
American Jewish World Service	(26,753)	(950,000)	-	971,794	(4,959)	-	(4,959)
SIDA Tanzania	(426,361)	-	-	424,196	(2,165)	-	(2,165)
DANIDA Tanzania	(398,205)	(478,248)	-	872,004	(4,449)	-	(4,449)
Wellspring Philanthropic Fund	189,299	(400,000)	-	210,701	-	-	-
DFID Uganda /Mott MacDonald/ Oxford	311,129	(299,504)	(11,625)	-	-	-	-
Dejusticia	(7,492)	-	-	7,453	(39)	-	(39)
Embassy of Finland	(47,777)	(629,499)	-	673,837	(3,439)	-	(3,439)
PAL Network	(6,542)	-	-	6,509	(33)	-	(33)
Embassy of Switzerland to Tanzania and Zambia	(95,435)	(300,000)	-	393,427	(2,008)	-	(2,008)
Ford Foundation	-	(260,000)	-	258,680	(1,320)	-	(1,320)
Foundation for Open Society	-	(100,000)	-	-	(100,000)	-	(100,000)
Total	(365,397)	(5,042,401)	(11,625)	5,295,648	(123,775)	-	(123,775)
Recognised as;							
Capital grant (Note 16)	-	-	-	46,737	-	-	-
Income grant (Note 6)	-	-	-	5,237,286	-	-	-
Write-off	-	-	-	11,625	-	-	-
	-	-	-	5,295,648	-	-	-

18. TRADE AND OTHER PAYABLES

	2021 USD	2020 USD
Trade payables	1,327	1,630
Accruals and other payables	502,847	591,205
Statutory liabilities	502,541	453,929
	1,006,715	1,046,764

19. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party by participating in its financial or operational policy decisions.

Transactions with related parties are consummated on terms substantially equivalent to those that prevail in an arm's length transaction.

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

Key management remuneration	2021 USD	2020 USD
Salaries and other short-term benefits	841,276	817,608

Key management personnel are described as those personnel having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) of that entity.

20. EVENTS AFTER REPORTING DATE

The management is not aware of any events that have occurred between the date of financial reporting period and when the financial statements are authorized for issue to be disclosed.

21. COMMITMENTS AND CONTINGENCIES

Contingencies:

There are no contingencies at the year-end.

Commitments:

Twaweza East Africa's general contractual approach is to account and pay after delivery of work and scrutiny of reports. In 2021 a number of payments were not made due to partial delivery or inadequate provision of evidence/reporting. Operating costs do not include contractual commitments made but not paid out because the delivery of work and scrutiny of reports was outstanding as at year-end. The total outstanding value of signed direct program contracts not yet paid on 31 December 2021 was USD 200,798 (2020: USD 790,232).

22. LEGAL STATUS

The Organization is registered as a Non-Governmental Organization and hence the Members of the Organization have the ownership and fiduciary responsibility over the Organization's affairs, assets and liabilities.

ANALYSIS OF DETAILED BUDGET VERSUS ACTUAL EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2021

	Tanzania		Uganda		Kenya		Regional		Combined		
Description	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	Annual Budget (USD)	Actual Expenditure (USD)	% Variance
Civic Space & Citizen Agency											
Mission O1: Citizen agency	298,831	228,325	245,380	218,719	15,000	561	-	-	559,211	447,605	
Mission O2: Citizen voices	237,450	233,435	529,019	490,611	224,902	159,385	-	-	991,371	883,431	
Mission O3: Civic space	228,150	195,529	54,700	26,614	-	-	-	-	282,850	222,143	
Staff costs - Civic Space & Citizen Agency	236,804	202,448	154,137	163,710	25,985	22,095	783,242	684,466	1,200,168	1,072,719	
Total Civic Space & Citizen Agency	1,001,235	859,737	983,236	899,655	265,887	182,040	783,242	684,466	3,033,600	2,625,898	87%
Education											
KiuFunza III	800,715	881,053	-	-	-	-	-	-	800,715	881,053	
Total Education	800,715	881,053	-	-	-	-	-	-	800,715	881,053	110%
Learning and Strategy											
L&S Mission 1: Monitoring	54,000	47,782	38,400	13,353	3,000	288	-	-	95,400	61,423	
L&S Mission 2: Evaluation	125,434	117,615	96,000	85,717	35,000	-158	-	-	256,434	203,174	
L&S Mission 3: Learning	11,375	3,484	-	-	-	-	79,250	81,070	90,625	84,554	
Staff costs - L&S	38,744	-	101,162	96,328	26,843	25,791	254,278	250,219	421,027	372,338	
Total L&S	229,553	168,881	235,562	195,398	64,843	25,921	333,528	331,289	863,486	721,489	84%

ANALYSIS OF DETAILED BUDGET VERSUS ACTUAL EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2021

	Tanzania		Uganda		Kenya		Regional		Combined		
Description	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	Annual Budget (USD)	Actual Expenditure (USD)	% Variance
Operations and finance											
Ops and Finance	281,519	258,748	114,353	108,486	108,735	74,862	77,094	71,198	581,701	513,294	
Staff costs - Ops and Fin	105,630	138,614	102,343	103,293	60,210	59,154	433,783	437,993	701,966	739,054	
Total Ops and Finance	387,149	397,362	216,696	211,779	168,945	134,016	510,877	509,191	1,283,667	1,252,348	98%
Governance and Management											
G1: Planning and reporting	-	-	-	-	-	-	1,500	586	1,500	586	
G2 Management and strategic support	-	-	-	-	-	-	32,000	11,032	32,000	11,032	
G3: Compliance	-	-	-	-	-	-	34,500	23,708	34,500	23,708	
G4: Governance	-	-	-	-	-	-	13,500	6,692	13,500	6,692	
Staff costs - GovMan	51,988	69,095	-	-	-	-	167,236	170,245	219,224	239,340	
Total Governance and management	51,988	69,095	-	-	-	-	248,736	212,263	300,724	281,358	94%
Provision for reserve 2% of total budget	-	-	-	-	-	-	100,000	-	100,000	-	

ANALYSIS OF DETAILED BUDGET VERSUS ACTUAL EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2021

	Tanzania		Uganda		Kenya		Regional		Combined		
Description	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	Annual Budget	Actual Expenditure	Annual Budget (USD)	Actual Expenditure (USD)	% Variance
Grand total	2,470,640	2,376,128	1,435,494	1,306,832	499,675	341,977	1,976,383	1,737,209	6,382,192	5,762,146	90%
Less: Assets purchased during the year										72,702	
Office rent payment during the year										133,161	
Foreign exchange gain on lease liability										1,455	
										5,554,829	
Add: Depreciation on property and equipment										32,382	
Depreciation on right of use of asset										121,727	
Interest expenses on lease liability										19,611	
Net book value of assets written off										1,555	
Total expenditure (per financial statements)										5,730,105	