

TANZANIA NATURAL RESOURCE FORUM

**STEERING COMMITTEE'S REPORT AND
FINANCIAL STATEMENTS
31 DECEMBER 2006**

TANZANIA NATURAL RESOURCE FORUM

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FINANCIAL STATEMENTS
31 DECEMBER 2006**

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TANZANIA NATURAL RESOURCE FORUM

ORGANISATION INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2006

PRINCIPAL PLACE OF ACTIVITIES : UNITED REPUBLIC OF TANZANIA

REGISTERED OFFICE : OL ORIEN,
P. O. BOX 15605
ARUSHA, TANZANIA

BANKERS : BARCLAYS BANK (T) LIMITED
P. O. BOX 5137
ARUSHA.

SECRETARY : ANDREW WILLIAMS (COORDINATOR)
P. O. BOX 15605
ARUSHA, TANZANIA

EXTERNAL AUDITORS : VA BUSINESS ASSURANCE SERVICES
3RD FLOOR, BLUE PLAZA BUILDING,
INDIA STREET
P. O. BOX 1090
ARUSHA, TANZANIA

TANZANIA NATURAL RESOURCE FORUM

STEERING COMMITTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The Steering Committee submit their report and the audited financial statements for the year ended 31 December 2006 which show the state of the Organization's affairs.

1. BACKGROUND

The Tanzania Natural Resource Forum (TNRF) is a network of individuals and organisations which has grown from a small, informal discussion group with a focus on wildlife issues, to a natural resource advocacy and informational network. TNRF works for improved natural resource governance by being a demand-driven network of members and partners that helps people to bridge the gap between:

- People's local natural resource management experiences and practices, and
- National natural resource policies, laws and programmes.

TNRF seeks to support its members by:

- Improving communication;
- Sharing information;
- Promoting collaboration; and
- Supporting collective action.

TNRF has a growing membership of over 300 people and organisations, a supporting secretariat and a steering committee drawn from the membership. Membership is free and open to everyone not acting in a government capacity.

TNRF facilitates and supports member-driven 'Working Groups' on key policy and practice issues that are of direct use and interest to members. These working groups are very collaborative and provide an opportunity for TNRF's diverse membership to tackle policy and practice issues at a range of different levels.

The Tanzania Natural Resource Forum (TNRF) is a Non-Governmental Organisation registered under the Non-Governmental Organization Act, 2002 and issued with a Certificate of Registration No. OONGO/0640 dated 8 February 2006. TNRF was launched in October 2004, with the aim of promoting the improvement of natural resource governance and management to achieve more sustainable rural livelihoods and better conservation outcomes.

TANZANIA NATURAL RESOURCE FORUM**STEERING COMMITTEE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006 (Continued)**

2. GOAL AND PURPOSE

The TNRF's **goal** is of Tanzania where all natural resources are equitably, sustainably and transparently managed.

The TNRF's **purpose** is to build a cohesive, informed, articulate and empowered civil society network of natural resource stakeholders which works for:

- Accountable and transparent governance institutions that facilitate equitable and sustainable natural resource management;
- An enabling, responsive and properly functioning policy and legislative environment that supports sustainable livelihoods and devolved local rights-based natural resource management;
- Empowered, skilled and accountable local communities, who with their partner stakeholders, sustainably and equitably manage their land and natural resources for their livelihood improvement and the nation's development;
- Sustainably and well managed landscapes, in which there exists a responsive mosaic of land management systems that equitably and sustainably generate the ecosystem services and values needed by a diverse range of people and interests, giving priority to local communities.

The TNRF has **three themed programmatic areas** which directly relate to addressing the three areas of challenges that have been identified above. Figure 3 illustrates how the goal, themes and objectives work together. These program areas help conceptually organize TNRF's primary objectives:

- A. Advocating for improved natural resource governance and availability of information;
- B. Strengthening civil society's ability to hold government accountable; and
- C. Promoting and learning from best practices in natural resource management.

TANZANIA NATURAL RESOURCE FORUM

**STEERING COMMITTEE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006 (Continued)**

3. MAIN SOURCE OF FINANCE

TNRF's main sources of finance are:

- Norwegian People's Aid;
- Bradley Fund for the Environment;
- Ford Foundation;
- Sigrid Rausing Trust; and
- Wildlife Conservation Society (New York).

4. DONOR WILLINGNESS TO CONTINUE FUNDING

- Norwegian People's Aid – have committed funding until end 2008, and are likely to continue until 2009, and perhaps further;
- Bradley Fund for the Environment – are likely to commit to fund until end 2008, and may fund 2009;
- Ford Foundation – have committed to fund until end 2008, and may fund thereafter pending satisfactory performance of TNRF;
- Sigrid Rausing Trust – will fund until end 2008, and pending TNRF's performance, may extend funding on a longer term basis;
- Wildlife Conservation Society (New York) – is likely to fund until 2008, and may extend further, pending satisfactory performance of TNRF.

TANZANIA NATURAL RESOURCE FORUM

STEERING COMMITTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (Continued)

5. MEMBERS OF STEERING COMMITTEE

Members of Steering Committee are: -

		Nationality
Mr Alais	Morindat	Tanzania - Chairperson
Mr Clive	Jones	United Kingdom – Vice Chair
Mr Edward	Porokwa	Tanzania - Treasurer
Dr Katherine	Snyder	USA
Dr George	Jambiya	Tanzania
Dr Charles	Foley	United Kingdom
Mrs Jane-Mary	Ntalwila	Tanzania
Mr Damian	Bell	United Kingdom
Mr Moses	Sangale	Tanzania
Mrs Sally	Capper	United Kingdom
Mr Charles	Meshack	Tanzania
Mr David	Peterson	USA
Mr Edward	Loure	Tanzania
Mr David	Erickson	USA
Mr Moses	Ole Nesselle	Tanzania
Dr Alan	Rodgers	United Kingdom (ex officio)
Ms Elizabeth	Singleton	USA (ex officio)
Dr Andrew	Williams	United Kingdom- Coordinator/Secretary

6. NUMBER OF MEETINGS CONVENED DURING THE YEAR

Tanzania Natural Resource Forum has held four (4) steering committee meetings, and five (5) general meetings during the year 2006.

7. EMPLOYEES

Tanzania Natural Resource Forum had seven (7) employees on payroll during the year.

8. STEERING COMMITTEE'S RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

Steering Committee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards.

This responsibility includes: -

- 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;
- selecting and applying appropriate accounting policies; and

TANZANIA NATURAL RESOURCE FORUM

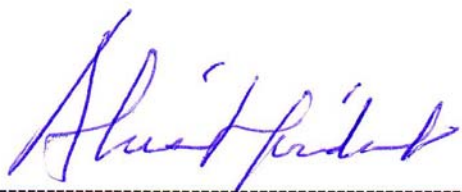
**STEERING COMMITTEE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006 (Continued)**

- making accounting estimates that are reasonable in the circumstances.

7. AUDITORS

VA Business Assurance Services were appointed to carry out the audit for the financial statements for the year ended 31 December 2006, and, have expressed their willingness to continue in office in accordance with Article 19.2 of TNRF's Constitution. A resolution will be sought from the Annual General Meeting to re-appoint them.

By Order of the Steering Committee



ALAIS MORINDAT
CHAIR PERSON

Date: 20.2.2007



REPORT OF THE INDEPENDENT AUDITORS

to the management of

TANZANIA NATURAL RESOURCE FORUM

We have audited the accompanying financial statements of TANZANIA NATURAL RESOURCE FORUM, which comprise of statement of assets and liabilities, and the statement of receipts and payments for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s 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. This responsibility include: 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 amount and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, 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 control 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 control. 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 for our audit opinion.

The organization’s policy is to prepare the statement of receipts and payments on cash receipts and disbursement basis. On this basis, income is recognized when received and expenses are recognized when paid rather than when incurred.

OPINION

In our opinion, the statement of receipts and payments, in all material respects, gives a true and fair view of funds received from various donors and expenses paid by the TNRF in accordance with the International Financial Reporting Standards and TNRF accounting policies set out on note 1.

Vincent Augustino, CPA (T), ACPA 1140

Date-----

Partner:-----
Certified Public Accountants in Public Practice
3rd Floor Blue Plaza, India Street
Arusha

TANZANIA NATURAL RESOURCE FORUM

STATEMENT OF ASSETS AND LIABILITIES
FOR THE YEAR ENDED 31 DECEMBER 2006

ASSETS	Notes	2006 TShs
Cash and bank balances	11	62,812,789
Project advances	12	<u>25,249,600</u>
Total assets		<u>88,062,389</u>
LIABILITIES		
Accrued expenses	13	5,732,000
Deferred revenue		<u>82,330,389</u>
		<u>88,062,389</u>

The notes on pages 10 to 14 form part of these financial statements.
Auditors' report - page 7

TANZANIA NATURAL RESOURCE FORUM**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Continued)****1 BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared on a cash basis as modified by the accruals for project liabilities existing at year end.

The following is a summary of important accounting policies: -

1.1 Revenue recognition

Revenue which is mainly from co-operative agreement wherein the organization agrees to perform specified services is recognized only to the extent that program-related expenses are incurred. If the organization's expenses under the agreement exceed specific ceilings in the agreement, or if expenditure incurred outside those covered by donor agreement, such costs are not eligible.

The amount of revenue not spent is shown as deferred income in the financial statements.

1.2 Fixed Assets

Equipment, computers, projector, office furniture, collectively referred to as fixed assets, are funded through the donor programs and are recorded as an expense to the respective programs at the time of acquisition. Fixed assets are subject to donor requirements regarding use, title, disposition, and consequently are not recorded as assets of the organization. Accordingly, no depreciation of fixed assets is computed or charged. Organization maintains a separate memorandum of fixed assets.

1.3 Grants

Grants received are used for the purpose intended in the co-operation agreement. List of current year's grants/donations and the amount donated are given on Note No.2 to the financial statements.

1.4 Inventory

No inventory of commodities is recorded in the financial statements as these are fully expenses when purchased. A register of consumable is maintained by the Administrative Assistant.

1.5 Foreign currency translation

The Tanzania Shillings (TShs) is considered to be the functional currency of the organization. Therefore, all transactions and balances denominated in foreign currency are translated to Tanzania Shillings (TShs) using applicable exchange rates. For revenue and expenses, translation is done using exchange rate prevailing at the date of transaction. Balance sheet items are translated using the rate prevailing at balance sheet date.

Currency translation gains or losses are recognized in the statement of revenue and expenses.

TANZANIA NATURAL RESOURCE FORUM

STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2006

REVENUE	Notes	2006 TShs
Funds received from donors	2	227,736,818
Other revenues - Exchange rates etc.	3	<u>11,829,671</u>
Revenue received during the year		239,566,489
Deferred revenue carried forward		<u>(82,330,389)</u>
Revenue Available for the year		<u>157,236,100</u>
EXPENSES		
Human Resources & Administration	4	65,964,362
PROGRAMS EXPENDITURE		
Short term Human Resources costs	5	973,800
Capital Expenditure	6	3,329,748
Travel	7	5,450,283
Steering committee, Net working and members support	8	9,591,127
Advocacy & Education Meetings	9	67,046,051
Communication and Publications	10	<u>4,880,729</u>
TOTAL EXPENSES		<u>157,236,100</u>

The notes on pages 10 to 14 form part of these financial statements.
Auditors' report - page 7

These financial statements were approved by the Steering Committee on 14TH JUNE 2007
and signed on its behalf by:

Name

Signature

ALAIS MORINDAT

Alais Morindat

Chairperson

EDWARD POBOKWA

Edward Pobokwa

Treasurer



TANZANIA NATURAL RESOURCE FORUM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Continued)**2 FUNDS RECEIVED FROM DONORS**

Funds received from donors during the year were as follows:

DONOR	US\$	2006 TShs
Norwegian Peoples Aid	-	30,000,000
Norwegian Peoples Aid	8,000	10,064,000
Bradley Fund for the Environment	49,794	61,151,878
Wildlife Conservation Society	18,810	23,700,600
The Ford Foundation	46,468	58,549,680
The Sigrid Rausing Trust	27,535	36,346,992
Sand County Foundation	-	3,999,528
Ministry of Natural Resources Tanzania	3,087	3,924,140
		<u>227,736,818</u>

The anticipated total funding from Norwegian Peoples Aid (NPA) during the year was TShs 30,000,000/- TShs 15,000,000/- was paid through Wildlife Conservation Society Tanzania (WCST). WCST had not paid the this amount to Tanzania Natural Resource Forum (TNRF) as at 31 December 2006.

Ministry of Economic Planning and Empowerment through WWF Tanzania owed TNRF US\$ 5,000 for Poverty Environment Training. This amount is not included in the financial statements.

3 OTHER REVENUE

	2006 TShs
Sundry income - hire of projector, cash taken over from WCS/TNRF and rental income SCF sharing cost for previous year	8,917,177
Gain on foreign exchange rate	2,912,494
	<u>11,829,671</u>

4 HUMAN RESOURCES & ADMINISTRATION

Salaries and wages - Coordinator	22,253,140
Salaries and wages - Others	31,255,200
Health Insurance	963,750
Water and electricity	504,405
Office consumables	5,638,625
Office rent	2,942,400
Audit fees	1,847,000
Bank charges	559,842
	<u>65,964,362</u>

Audit fees include TShs589,000 (US\$ 500) paid to former WCST/TNRF Project Auditors for the financial year ended 31 December 2005.

5 SHORT TERM HUMAN RESOURCES

Consultancies	847,000
Other short term human resources costs	126,800
	<u>973,800</u>

TANZANIA NATURAL RESOURCE FORUM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Continued)

6 CAPITAL EXPENDITURE	TShs
Office Equipment	2,759,548
Computers	211,500
Furnitures	187,000
Maintenance	171,700
	<u>3,329,748</u>
7 TRAVELLING COSTS	
Air travel	(228,525)
Bus and shuttle travel	37,000
Hired taxis	1,095,060
Milleage	40,000
Travel costs - other	4,506,748
	<u>5,450,283</u>
During the year, TNRF received US\$ 1,290.29 being air ticket refund related to period prior 2006.	
8 STEERING COMMITTEE, NETWORKING & MEMBERS SUPPORT	
Steering committee expenses	679,580
General meetings	4,854,376
Workshops and Seminars	2,405,600
Net working & members support - other	1,651,571
	<u>9,591,127</u>
9 ADVOCACY & EDUCATION MEETING	
Parliament	62,418,607
Central Government	4,627,444
	<u>67,046,051</u>
10 COMMUNICATION AND PUBLICITY	
Publication	1,059,784
Information Technology & Enternet	2,037,420
News papers	402,625
Telephone	1,380,900
	<u>4,880,729</u>

TANZANIA NATURAL RESOURCE FORUM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Continued)

11 CASH AND BANK BALANCES		2006
		TShs
Barclays bank USD account	\$ 48,123.52	60,572,496
Barclays bank Tanzania shilling account		2,166,080
Petty cash -Tanzania shillings		74,213
		<u>62,812,789</u>

This represents cash balance on hand and balance at bank.

12 PROJECT ADVANCES		2006
		TShs
Wildlife Conservation Society Tanzania		15,000,000
Norwegian Peoples Aid (received 2 February 2007) S 8,000		10,064,000
Salary Advances		185,600
		<u>25,249,600</u>

The anticipated total funding from Norwegian Peoples Aid (NPA) during the year was TShs 30,000,000/- TShs 15,000,000/- was paid through Wildlife Conservation Society Tanzania (WCST). WCST had not paid the this amount to Tanzania Natural Resource Forum (TNRF) as at 31 December 2006.

13 ACCRUED EXPENSES		TShs
Audit fees payable	\$ 1,000.00	1,258,000
NASCO Service charge	\$ 2,500.00	3,145,000
Imprest payable		400,000
Payroll liabilities - NSSF and PAYE paid Jan 2007		929,000
		<u>5,732,000</u>

14 LEASE COMMITMENTS

The organization does not have any obligation under the terms of a long-term lease.

15 CONTINGENT LIABILITY

The organization is not aware of any contingent liability or commitments.

16 CURRENCY

These financial statements are presented in Tanzania Shillings (TShs.)

TANZANIA NATURAL RESOURCE FORUM

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (Continued)

16 FIXED ASSETS

As described in Note 1.2, fixed assets are not recorded in the statement of assets and liabilities. However, the management maintains a record of Non-expandable property which includes all properties with a cost of TShs 40,000 or more (or the equivalent in other currencies) and has a useful life of more than one year.

Non-expendable properties held by TNRF at 31 December 2006 comprise: -

Serial Number	Year of Purchase	Item Description	Identification code	Currency	Unit Price	Value	Condition
1	2005	3 HP Computers		USD	1000	3000	Good
2	2005	2 HP Flat Screen		USD	300	600	Good
3	2005	HP CRT Screen		USD	300	300	Good
4	2005	HP LaserJet Printer		USD	350	350	Good
5	2005	HP DeskJet Printer		USD	120	120	Good
6	2005	3 APC battery backup		USD	140	420	Poor
7	2005	Projector		USD			Good
8	2006	Generator		USD	2126	2126	Good
9	2005	3 Conference desks		TShs	160,000	480,000	Good
10	2005	13 Conference Chairs		TShs	55,000	715,000	Good
11	2005	2 Office Chairs		TShs	125,000	250,000	Good
12	2005	Sofa Set		TShs	337,500	337,500	Good
13	2005	5 Shelves		TShs	130,000	650,000	Good
14	2006	2 Shelves		TShs	100,000	200,000	Good
15	2005	2 Notice boards		TShs	48,000	96,000	Good
16	2005	3 Office tables		TShs	100,000	300,000	Good

Items indicated as acquired 2005 are those taken over from WCST/TNRF Project after registration of Tanzania Natural Resource Forum as an NGO on 8 February 2006.