

FOUNDATION INFORMATION

ASM	Artisanal and Small-scale Mining
AGM	Annual General Meeting
ASGM	Artisanal and Small-scale Gold Mining
EHS	Environment, Health and Safety
EI	Extractive Industry
FADev	Foundation for ASM Development
NGO	Non-Governmental Organization
IPSAS	International Public Sector Accounting Standard
ISAs	International Standard on Auditing
TZS	Tanzanian Shilling
PETS	Public Expenditure Tracking Systems
	Prime Minister's Office, Regional Administration and Local
PMORALG	Government

FOUNDATION INFORMATION

Name of Foundation	FOUNDATION FOR ASM DEVELOPMENT (FADEV)
Foundation Registered Number	OONGO/R/0251
Registered Office	P.O. Box 75419, Dar es salaam Tanzania
Auditors	Ecla Africa Consult, Jued Buiding, Plot 487, Wing B Mikocheni-Mwalimu Nyerere Street, Rose garden Road P. O Box 61216 Dar es Salaam Email: info@eclaafrica.com <u>Web: www.eclaafrica.co.tz</u>
Bankers	NBC Bank Sea cliff Branch P. O. Box 5137 Dar es salaam Tanzania

THE REPORT OF THOSE CHARGED WITH GOVERNANCE

1. INTRODUCTION

The management of Foundation for ASM Development (FADev) has the pleasure to present their annual report and the audited financial statements for the year ended 31ST DECEMBER 2023, which disclose the state of affairs of the Foundation. The report of those charged with governance has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1, The Report of Those Charged with Governance.

2. ABOUT FOUNDATION FOR ASM DEVELOPMENT (FADev)

Foundation for ASM Development (FADev) is an independent Non-Governmental Organisation established to catalyse multi-stakeholder dialogue, knowledge sharing and collaboration. The Organisation intends to

- ✓ Promote formal and legal Artisanal and Small-scale Mining (ASM) operations through well designed support mechanism in Tanzania
- ✓ Ensure environmentally and socially responsible ASM activities in Tanzania
- ✓ Promote active and meaningful participation of women in ASM activities
- ✓ Support productive and sustainable business development within and away from ASM, and
- ✓ Promote inclusive and ongoing participatory multi-stakeholder dialogue and institutional empowerment for inclusive policy and practice decision making

FOUNDATION FOR ASM DEVELOPMENT (FADev) IN TANZANIA.

Foundation for ASM Development (FADev) is an independent multi-stakeholder member based non-governmental organisation established to provide stakeholder collaboration and knowledge sharing on matters related to Artisanal and Small-scale Mining in Tanzania. It is registered in the United Republic of Tanzania under the Ministry of Health, Community Development, Gender, Elderly and Children with registration number 00NGO/R/0251 under the Non-Governmental Organisations Act no 24 of 2002.

THE REPORT OF THOSE CHARGED WITH GOVERNANCE (Continued)

3. ESTABLISHMENT

FADev was incorporated in the United Republic of Tanzania under the NGO Act of 2002 as revised in 2019 with the registered number 00NGO/R/0251 and is domiciled in Tanzania. The address of the registered office is:

P.O. Box 75419,
Dar es Salaam,
Tanzania.

3.1. VISION

To attain a responsible, inclusive and sustainable Artisanal and Small-scale Mining (ASM) sector.

3.2. MISSION

To serve as a centre of knowledge, dialogue, communication, partnership and execution to align this impoverished and vulnerable sector with national priorities and sustainable development agendas.

3.3. CORE VALUES

On its course to attain its vision FADev observe and adhere to the followings core values:

- i) Integrity
- ii) Equity
- iii) Accountability
- iv) Participation
- v) Knowledge sharing

3.4. PRINCIPAL ACTIVITIES

- i) Formalization of the ASM sector.
- ii) Improve livelihood.
- iii) Job security through diversification of economy.
- iv) To link Artisanal and small-scale miners to the market.
- v) Environmental, Health and Security within the ASM sector.

THE REPORT OF THOSE CHARGED WITH GOVERNANCE (Continued)

4. STRATEGIC OBJECTIVES OF Foundation For ASM Development (FADev)

Foundation for ASM Development (FADev) has following strategic objectives: -

- i) Legal and formal ASM.
- ii) Environmentally and socially responsible ASM.
- iii) Active participation of women in ASM
- iv) Productive business with and away from ASM
- v) Research, inclusive multistakeholder dialogues and empowered institutions.

5. ENVIRONMENTAL MATTERS

The organization being the tenant of the buildings where its offices are located, it is committed to the prevention of environmental pollution and it is in compliance with relevant environmental laws in the area where it operates at a minimum standard and seek to implement best practices whenever possible.

FADev promotes environmentally responsible ASM which includes interventions to stop harm to the environment by emphasizing best practices by ASM operators. Also, training is conducted on proper handling of chemicals.

6. EMPLOYEES

No.	Position	Requirement	Employed	Vacancies
01	Executive Secretary	1	1	0
02	Manager - Finance and Administrative	1	0	1
03	Monitoring and Evaluation Officer	1	0	1
04	Manager - Programs and Research	1	1	0
05	Finance Officer	1	0	1
06	Administrative Officer	1	1	0
07	Accounts Officer	1	0	1
08	Gender Officer	1	1	0
09	Communication and Outreach	1	0	1
10	Policy and Reforms Officer	1	0	1
Total		10	4	6

THE REPORT OF THOSE CHARGED WITH GOVERNANCE (Continued)

7. SOCIAL AND COMMUNITY ISSUES

FADev implements two projects through a participatory approach from initial stages of planning to designing and implementation. Extractive and Gender Projects.

8. BOARD OF DIRECTORS

8.1 COMPOSITION OF THE BOARD OF DIRECTORS (GOVERNING COUNCIL)

The FADev Governing Council is composed of seven (7) members, all of whom (including the Chairperson) are appointed by the Annual General Meeting (AGM).

At the date of this report, the Governing Council Members who have served for the period of one year from 1st January, 2023 to December 2023 except where otherwise stated are as shown in the Table below. -

No	Name of Board Member	Title	Age	Qualification	Date of Appointment
01	John-Bosco Tindyebwa	Chairperson	63 years	Geologist	4 th Nov, 2019
02	Gerald Mturi	Hon. Treasurer	53 years	Accountant	4 th Nov, 2019
03	Shamsa Diwani	Hon. Secretary	74 years	Mineral Value Addition	4 th Nov, 2019
04	Gloria Mafole	Member	46 years	Advocate	4 th Nov, 2019
05	Salma Kundi	Member	49 years	Small Miner	20 th Aug, 2021
06	Fuad Nahdi	Member	53 years	Small Miner	23 rd , Apr, 2021
07	Rosemary Mashimba	Member	48 years	Small Miner	4 th Nov, 2019
08	Theonestina Mwasha	Secretary	70 years	Mineral Processing Eng.	

All Governing Council members are citizens of Tanzania and are non-executive except the Secretary, Theonestina Mwasha who is the Executive Secretary responsible for management of day-to-day activities of FADev.

The members of the Governing Council were appointed during the Annual General Meeting in 2022 to assume their responsibilities for a period of 3 years and were required to hold at least four statutory meetings in a year.

During the year under review, the Governing Council held two ordinary meetings and one extra ordinary meeting, through which it transacted and approved various issues including the following:

- i. Work plan and Budgets
- ii. Audited Financial report ended by 31st December, 2022

THE REPORT OF THOSE CHARGED WITH GOVERNANCE (Continued)

8.2 BOARD COMMITTEES

FADev has one (1) Board Committee which aim to advice the Governing Council on Technical matters, this is the 'Technical Advisory Committee (TAC)'

9. CORPORATE GOVERNANCE

FADev has a functioning corporate governance structure of which the Governing Council is the ultimate decision-making organ responsible for the strategic direction. It is the responsibility of the Governing Council to ensure that the Management adheres to the principals of good corporate governance. As such, the Governing Council directs the activities of the organization through both ordinary and extra-ordinary meetings to approve and direct the activities which are later implemented by Secretariat and subsequently followed in the upcoming Governing Council meetings.

As mentioned above, the Governing Council is currently supported by one Committee to execute its duties.

10. CAPITAL STRUCTURE AND TREASURY POLICIES

FADev depends upon grants from donors and had no initial capital, apart from grants for implementation of its activities.

11. ENTITY OPERATING MODEL

FADev operating model (inputs, activities, outputs and outcomes are visualized in the attached Result Framework.

11.1. Inputs

- i. Promote the use of environmentally friendly mining operation.
- ii. Conduct awareness on EHS in mining areas.
- iii. Engaging ASM communities on human right promotion.
- iv. Promote research and establish an information hub ASM.
- v. Strengthen institutional capacity of FADev's secretariat ASM.

11.2. Operating Activities

Main activities were

- i) Institutional strengthening in the extractive sector.
- ii) Improved mining and business standards in the ASM sub-sector.

THE REPORT OF THOSE CHARGED WITH GOVERNANCE (Continued)

- iii) Advocating for ASM reforms and policy implementation.
- iv) Technical support to women-led group in the ASM sector.
- v) Small grants for women-led group in the ASM sector.

11.3. Output

- i) FADEV strengthens its position as an NGO that serves as a national hub for responsible ASGM
- ii) ASGM mines operate according to responsible mining standards
- iii) SGM mines operate with concessionary bank loan from FADev "Tanzania ASM Development Fund -TAD Fund"
- iv) Women own shares and decision within the sector of ASGM
- v) Training Women Groups on group management, record-keeping and introduction of Business Plans at their locality. Policy Makers address the issues of EI Sector related to ASGM policy reforms and sectoral development.
- vi) To acquire and distribute equipment or materials for Women Groups (Small grants for groups)

12. PROJECTS IMPLEMENTED DURING THE YEAR

During the year under review FADev had implemented the following projects: -

- a. Extractive project.
- b. Gender project.

13. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

13.1. Performance

Foundation for ASM Development (FADev) implements its annual approved budget. The following sub-sections analyse the financial statements of Foundation for ASM Development (FADev).

13.2. Financial Position

Items included in the statement of Financial Position include Cash and Cash Equivalents, Receivables and Prepayments, Equipment, Payables and Accruals, Deferred Income and Net Assets.

THE REPORT OF THOSE CHARGED WITH GOVERNANCE (Continued)

a. Cash and cash equivalent.

The overall Foundation for ASM Development (FADev) cash and cash equivalent for the financial year ended 31st December 2023 was TZS. 51,715,464 compared to the previous year which was TZS. 56,933,634 (refer to Note 12). Cash and cash equivalent contain a fixed deposit of TZS 50,000,000 as collateral to NBC bank for Artisanal and Small-scale Miners.

b. Accounts and other receivables from exchange transactions

Receivables for the financial year ended 31st December 2023 were TZS. 8,113,193 compared to a NIL balance the previous year. The increase of receivables was due to prepayment of rent, medical insurance and cleaning services. See description in note 13.

c. Property, plant, and equipment

Property, plant, and equipment (PP&E) for the year ended December 31, 2023, were valued at TZS 7,446,848, representing a significant increase from TZS 2,256,543 reported in the financial year ended December 31, 2022. This increase primarily resulted from the acquisition of computer equipment, furniture, and office equipment during the year. Refer to the Note 14.

c. Accounts and Other Payables from Exchange Transactions

Payables for the financial year ended 31st December 2023 were TZS. 5,610,000 compared to a NIL balance the previous year. The increase of liabilities was due to increase of liability of revolving support grant. See description in note 16.

d. Deferred capital grant

During the year deferred capital grant was TZS. 7,446,848 as compared to TZS. 2,256,543 during the financial year that ended 31 December 2022. The increase of capital grant was due to purchase of office furniture, computer and office equipment.

e. Deferred revenue grant

During the year ended 31st December 2023, Foundation for ASM Development (FADev) had received TZS. 349,125,366 for the implementation of the project activities, compared to the previous year whereby TZS. 414,296,076 was received. The amount spent during the year was TZS 344,341,343 (for revenue expenditure) and TZS 7,499,000 for capital. The remaining balance for the year ended 2023 was TZS 4,218,657 as deferred revenue.

h. Accumulated Surplus/(Deficit)

There was no accumulated surplus/(deficit) during the year ended 31st December 2023, similar to the financial year ended 31st December 2022. This is because revenue as per IPSAS 23 is recognized when expenditures for the project are

THE REPORT OF THOSE CHARGED WITH GOVERNANCE (Continued)

incurred. Hence no surplus or deficit is obtained in the statement of financial performance.

13.3. Financial Performance

a. Revenue from Non - Exchange Transactions

Revenue from non-exchange transactions was TZS. 346,650,695 composed of grant revenue worth TZS. 344,341,343 and amortized grant worth TZS. 2,308,695. This represents the total project costs incurred during the year from revenue and capital grants.

b. Expenses

Expenses have decreased by 15% from the previous year, due to reduced donor funding.

i. Project implementation cost

The project implementation costs were TZS145,557,490 as compared to TZS 222,068,374 in previous year. The decrease of project implementation cost was due to decreased budget during the year.

ii. Wages, Salaries and Employee Benefits

The total wages, salaries and employee benefits were TZS 168,412,924 as compared to TZS 164,024,678 in the previous year. The increased salary figure was a result of increased number of employees during the year. The extra employee was posted to FADev Geita office.

iii. General and Administrative Expenses

The general and administrative expenses were TZS 21,888,638 as compared to TZS. 16,466,139 in the previous year. The increased cost of administration caused by the unbudgeted cost of relocating to the new office.

iv. Supplies and consumables used.

The supplies and consumables used were TZS 8,482,290 as compared to TZS.5,183,990 in the previous year. The increase of supplies and consumables caused by increase of computer service and ICT costs during the year.

v. Depreciation of Property Plant and Equipment

Depreciation allowances during the year 2023 was TZS. 2,308,695 as compared to TZS. 2,448,531 in the previous year. The decrease in depreciation charge is due to reduced Net book value of assets used to compute the depreciation amount.

THE REPORT OF THOSE CHARGED WITH GOVERNANCE (Continued)

14. ACHIEVEMENTS, CHALLENGES AND WAY FORWARD

14.1. Achievements

FADev has six strategic objectives set out in the strategic plan 2021 to 2025. During the year under review the following was achieved

- i. Engagement with different government departments and large-scale mining companies
- ii. Distributing PPE to ASMOs in Geita and Kahama
- iii. Recognition at the 6th National Minerals Technology Exhibition in Geita and being awarded 2nd place for supporting Artisanal and Small-scale operations in the Lake Zone
- iv. Increased awareness among partnering ASMOs as they are now getting loans from commercial banks.

In 2023, the following achievements were recorded against the planned targets as explained hereunder: -

- i. Capacity building program providing technical, financial and management skills to miners, and developing standards for ASM in the country.
- ii. Collaboration with different stakeholders to promote safe and clean mining practices, and to train miners to reduce risks and harm.
- iii. Alliance building with international and local organizations
- iv. Stakeholder engagements and networking as a way of knowledge sharing and learning

14.2. Challenges

Despite notable achievements observed in 2023, the following challenges were encountered:

- i. Limited funds - dependence on one donor
- ii. High Operating costs compared to activity cost due to the program activities being remotely located.

14.3. The way forward

During implementation of the project in 2024 the following are the way forward: -

THE REPORT OF THOSE CHARGED WITH GOVERNANCE (Continued)

- i. Develop a Fundraising Strategy
- ii. Recruit a technical officer to be located in Geita where most of the program activities are being implemented for close follow up and monitoring

15. FUTURE DEVELOPMENT PLANS

For the financial year 2024, focuses on the following major areas: -

- i. Conduct Trainings to Beneficiaries: Miners, leaders of ASM Organization
- ii. Provide Personal Protection Equipment
- iii. Organize Engagement Meetings with policy makers.

16. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

16.1. Principal Risks

a. Risk Associated with service delivery.

SN	Risk	Implication	Mitigation
1	Limited technological advancement in ASM	Low productivity	Alternative means of communication

b. Financial and Human Resources Risk

SN	Risk	Implication	Mitigation
1	Inadequate staffing of the secretariat Staff turnover	Delayed delivery of services program implementation Service delivery is compromised	Recruit staff and build their capacity to deliver Improve staff benefits and working environment and incentives

16.2. Uncertainties

FADev relies on external funding to implement its activities. Uncertainty exists on how FADev will implement its projects in the absence of external financing.

THE REPORT OF THOSE CHARGED WITH GOVERNANCE (Continued)

16.3. Opportunities

- i. Established acceptance among miners and their communities
- ii. Established working relations with Government through relevant agencies
- iii. Presence of reliable external financing willing to support various project
- iv. Established relationships with different ASM stakeholders, nationally, regionally and internationally.
- v. Existence of interested international Organization to learn from FADev projects

17. STAKEHOLDERS' RELATIONSHIP

FADev stakeholders are individuals or institutions with direct or indirect interest to ASM such as: CSOs; Development partners; Rural Communities, Local Government Authorities, Contractors, Consultants, Service Providers, Suppliers/Manufacturers, Primary Mining Licence holders, Artisanal and Small-scale Organizations Employees, Education related NGOs, etc. The relationship is explained in the Table below.

No	Stakeholder	Relationship	Impact
1	Rural Communities	Main beneficiaries of Foundation for ASM Development services (Water)	High
2	Contractors/ Consultants	Projects construction and management	Medium
3	Service Providers/ Manufacturers	Provision of services (security, cleaning etc.) and supply of goods	High
4	Education related NGOs	Support mobilization of resources, implementation of projects, capacity building and services delivery	Medium
5	Development Partners	Financing, Policy and Capacity building	High
6	Political Leaders	Community mobilization and harmonization;	High
7	RS & LGAs	Create favourable working environment; Projects initiation;	High
8	PORALG	Create favourable working environment; Guidance to RSs and LGAs	High
9	Media	Information sharing; Branding	High

THE REPORT OF THOSE CHARGED WITH GOVERNANCE (Continued)

18. KEY PERFORMANCE INDICATORS

- i) Promote formal and legal ASM operations through well designed and clearly stated support mechanism
- ii) Support productive and sustainable business development within and away from ASM
- iii) Promote active and meaningfully participation of women in ASM activities
- iv) Promote inclusive and ongoing participatory multistakeholder dialogue, institutional, empowerment and inclusive policy and practice decision making.

19. APPOINTMENT OF AUDITORS

The Foundation for ASM Development (FADev) appointed Ecla Africa Consult to undertake the role of external auditors for Foundation for ASM Development (FADev) in Tanzania for the financial year 2024. The auditors, ECLA Africa Consult have expressed their willingness to continue in office and are eligible for re-appointment, subject to the Organizations' internal procedures and processes in selecting auditors.

20. RESPONSIBILITY OF THE AUDITOR

The responsibility of the Auditor is to obtain reasonable assurance about whether financial statements as whole are free from material misstatement, whether due to fraud or error, and to issue an independent audit opinion. In regard to the report of those charged with governance the auditor has the responsibility to read the report for the purpose of checking consistency with the financial statement. If there is inconsistent to report the fact

21. POLITICAL AND CHARITABLE DONATIONS

During the year under review, Foundation for ASM Development (FADev) neither made charitable nor political donations.

22. EMPLOYEES WELFARE

22.1. Management and Employees' Relationship

During the year under review the relationship between management and employees continued to be good. The employee benefited from good working environment

THE REPORT OF THOSE CHARGED WITH GOVERNANCE (Continued)

including timely payment of salaries, terminal benefits, medical expenses, food and refreshment, leave travel allowance, moving expenses and official travel allowances.

22.2. Medical Assistance

The Organisation has enrolled a medical insurance scheme for all its staff members. This extends to where applicable, one spouse and up to 4 children of until 18 years of age. These services have been provided by Assemble Insurance Tanzania Limited which is provided to all staff on non-discriminatory basis.

22.3. Staff Training

There was no budget for capacity building. However, a member of staff was able to attend training programs organized by other organizations such as HakiRasilimali.

22.4. Social security contributions

Foundation for ASM Development (FADev) operates defined social contribution plan, where contributions are made to Pension fund (NSSF) where by employer and employees each contribute 10% to the fund.

23. DISABLED PERSONS AND GENDER BALANCE

23.1. Disabled Person

The recruitment policy of the Foundation for ASM Development (FADev) does not discriminate against persons with physical disabilities. Similarly, under the Workman Compensation Act, the Foundation for ASM Development (FADev) has worker's compensation fund for employees who become disabled while in service.

23.2. Gender

Foundation for ASM Development (FADev) is a gender equal employer. FADev gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability, which does not impair ability to discharge duties. During the year under review Foundation

THE REPORT OF THOSE CHARGED WITH GOVERNANCE (Continued)

for ASM Development (FADev) had 5 employees of which 2 (40%) are females and 3 (60%) are male.

24. PREJUDICIAL ISSUES

During the year under review FADev had no pending legal case.

25. STATEMENT OF COMPLIANCE

The report by those charged with governance and financial statements of the Foundation for ASM Development (FADev) have been prepared in accordance with the Tanzania Financial Reporting Standards 1 and comply with the International Public Sector Accounting Standards (IPSAS) and Generally Accepted Accounting Principles. The financial statements are presented in Tanzanian Shillings (TZS), which is the functional and reporting currency of Foundation for ASM Development (FADev).

BY ORDER OF THE BOARD

Gerald B. Mtei
.....

Name

Chairperson

Hon. Treasurer

Date: *24.06.2024*
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STATEMENT OF MANAGEMENT RESPONSIBILITIES

The management of Foundation for ASM Development (FADev) is required to prepare financial statements which portray true and fair view in compliance with International Public Sector Accounting Standards (IPSAS). Further, the management is responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the organization. Management is also responsible for safeguarding the assets of the Organization and hence taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

The management accept responsibility for the financial statements, which have been prepared using appropriate accounting policies and supported by reasonable and prudent judgments in conformity with International Public Sector Accounting Standards (IPSAS) to the financial statements. The management are of the opinion that the organization's financial statements have been prepared, in all material respects, in accordance with International Public Sector Accounting Standards (IPSAS). Management further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the organization's financial statements, as well as designing, implementing, and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement whether due to fraud or error.

Signed on behalf of the organization by:

Gerald B. Mturi

Name:

Chairperson Hon. Treasurer

Date: 24.06.2024



DECLARATION OF THE HEAD OF FINANCE

Declaration of the Head of Finance/Accounting of Foundation for ASM Development (FADev).

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/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Directors/management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with International Public Sector Accounting Standards and the manner required by NGO's Act 2002 as revised in 2019. Full legal responsibility for the preparation of financial statements rests with management as stated on the statement of managements' responsibility on page 18.

Gibson A. Mwabukesi being the Head of Finance/Accounting of Foundation for ASM Development (FADev) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December 2023 have been prepared in compliance with International Public Sector Accounting Standards and in the manner required by NGO's Act 2002 as revised in 2019.

I thus confirm that the financial statements give a true and fair view of Foundation for ASM Development (FADev) as on that date and that they have been prepared based on properly maintained financial records.

Signed by: [Signature]

Position: Financial Consultant

NBAA Membership No: ACPA 3703

Date:



TO THE MANAGEMENT OF FOUNDATION FOR ASM DEVELOPMENT (FADev)

Chairperson

P.O. Box 75419

Dar es salaam

Opinion

We have audited Financial Statements of Foundation for ASM Development (FADev) ("the Organization") which comprise the Statement of Financial Position as at 31st December 2023, Statement of Financial Performance, Statement of Change in Net Assets, the statement of budget versus actual comparison and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies. The comparative figures for the year ended 31 December 2022 were audited by HLB Tanzania who expressed an unqualified opinion on those Financial Statements on 14th April 2023.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Foundation for ASM Development (FADev) as at 31st December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of NGO's Act, 2002 as revised in 2019.

Basis for opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs). Our responsibilities on those standards are further described in the Auditor's responsibilities for the Audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion with emphasis of matter

Independence

We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the National Board of Accountant and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA

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

Other information

The management of FADev are responsible for the other information. The other information comprises the List of Abbreviation; Report of those charged with governance; Statement of Management's Responsibilities; Declaration of the Head of Finance but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or 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, 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 management on the financial statements

The management of FADev is responsible for the preparation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS) to the financial statements. This responsibility includes: designing,

implementing and maintaining internal controls relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management are responsible for assessing the 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 management 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management' 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 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 special purpose financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

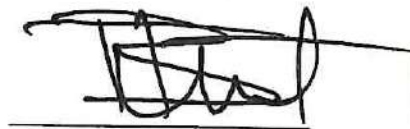
We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

We report to you, based on our audit, that;

- We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of audit;
- In our opinion, proper books of accounts have been kept by the Organization, so far as appears from our examination of those books;
- The Directors' report is consistent with the financial statements;
- Information specified by law regarding transactions with the management are disclose; and
- The Director's statement of financial position and statements of income and expenditure are in agreement with the books of accounts.

The engagement partner on the audit resulting in this independent auditor's report is Lauden Cheyo.

A handwritten signature in black ink, appearing to be "Lauden Cheyo", written over a horizontal line.

Lauden Cheyo,

ACPA-PP 3972

For and on behalf of ECLA Africa Consult

Certified Public Accountants

Dar es Salaam

Date: 26/06/2024

FOUNDATION FOR ASM DEVELOPMENT (FADEV)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

THE STATEMENT OF FINANCIAL POSITION

	NOTES	2023 TZS	2022 TZS
ASSETS			
Current Assets			
Cash and cash equivalents	12	51,715,464	56,933,634
Account and other receivables	13	8,113,193	-
		<u>59,828,657</u>	<u>56,933,634</u>
Non-Current assets			
Property, Plant and equipment	14	7,446,848	2,256,543
Total assets		<u>67,275,505</u>	<u>59,190,177</u>
LIABILITIES			
Current liabilities			
Deferred revenue grant	15	4,218,657	6,933,634
Accounts and other payable	16	5,610,000	-
		<u>9,828,657</u>	<u>6,933,634</u>
Non-Current Liabilities			
Deferred capital grant	17	7,446,848	2,256,543
Total liabilities		<u>17,275,505</u>	<u>9,190,177</u>
Net assets		<u>50,000,000</u>	<u>50,000,000</u>
NET ASSETS			
Reserve fund	18	50,000,000	50,000,000
Accumulated surplus/(Deficit)		-	-
Total		<u>50,000,000</u>	<u>50,000,000</u>

The financial statements on page 23 to 49 were approved by the Management of FADev for issue on 24.06.2024 and were signed on their behalf by:

Gerald B. Mtuni

Name:

Chairperson Hon. Treasurer

Date: 24.06.2024



THE STATEMENT OF FINANCIAL PERFORMANCE

		2023	2022
	Notes	TZS	TZS
Revenue from non-exchange transactions			
Amortized revenue grant	6	344,341,343	407,743,182
Amortized capital grant	6	2,308,695	2,448,531
		<u>346,650,038</u>	<u>410,191,713</u>
Expenditure			
Project implementation costs	7	145,557,490	222,068,374
Supplies and consumable used	8	8,482,290	5,183,990
General and administrative expenses	9	21,888,638	16,466,139
Wages, salaries and employees' benefits	10	168,412,924	164,024,678
Depreciation and amortization	11	2,308,695	2,448,531
		<u>346,650,038</u>	<u>410,191,713</u>
Surplus (Deficit)/ for the year		<u>-</u>	<u>-</u>

The financial statements on pages 23 to 49 were approved by the Management of FADEV for issue on 24.06. 2024, and signed on their behalf by:

Gerald B. Mburu

Name: _____
Chairperson Hon. Treasurer
Date: 24.06.2024

THE STATEMENT OF CHANGES IN NET ASSETS

	CAPITAL FUND TZS	RELEASED OF CAPITAL GRANT TZS	TOTAL TZS
<i>At 01 January 2023</i>			-
Additional capital fund			-
Release of capital grant:			-
<i>At 31 December 2023</i>	-	-	-
<i>At 01 January 2022</i>			-
Additional capital fund			-
Release of capital grant:			-
<i>At 31 December 2022</i>	-	-	-

STATEMENT OF CASH FLOW

	NOTES	2023 TZS	2022 TZS
Operating activities			
<u>Receipts</u>			
Fund received from donors	19	349,125,366	414,296,076
<u>Payments</u>			
Project implementation costs	7.1	144,447,490	222,068,374
Supplies and consumable used	8	8,482,290	5,183,990
General and administrative expenses	9.1	25,501,831	16,466,139
Wages, salaries and employees' benefits	10	168,412,924	164,024,678
		<u>346,844,535</u>	<u>407,743,182</u>
Net cash inflow from operating activities		<u>2,280,831</u>	<u>6,552,895</u>
Investing activities			
Purchase of Property, plant and equipment	14	<u>(7,499,000)</u>	<u>(1,099,000)</u>
Net cash flows used in investing activities		<u>(7,499,000)</u>	<u>(1,099,000)</u>
Financing activities			
Reserve fund (fixed deposit)		-	50,000,000
Net cash flows used in financing activities		-	<u>50,000,000</u>
Net increase in cash and cash equivalents		(5,218,169)	55,453,895
Cash and cash equivalents at 01 January		<u>56,933,634</u>	<u>1,479,739</u>
Cash and cash equivalent at 31 December		<u>51,715,464</u>	<u>56,933,634</u>

**FOUNDATION FOR ASM DEVELOPMENT (FADEV)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 31 DECEMBER 2023

	Final Budget	Actual Amount	Difference: Final Budget Vs Actual	Variance Percentage of Final budget
	TZS	TZS	TZS	
Revenue				
Fund received for Extractive	324,174,800	303,304,800	(20,870,000)	(6%)
Fund received for Gender	60,220,800	50,410,567	(9,810,233)	(16%)
Total revenue	384,395,600	353,715,367	(30,680,233)	(23%)
Expenses				
Policy Makers address the issues of EI Sector related to ASGM policy reforms and sectoral development	23,320,000	13,260,970	(10,059,030)	(43%)
ASGM mines operate according to responsible mining standards	102,370,000	90,075,870	(12,294,130)	(12%)
FADEV strengthens its position as an NGO that serves as a national hub for responsible ASGM	184,484,800	193,696,036	9,211,236	5%
Women own shares and decide in high value positions within the sector of ASGM	9,000,000	6,288,060	(2,711,940)	(30%)
Technical support to women-led group in the ASM sector	31,060,000	25,719,900	(5,340,100)	(17%)
Regular meetings supporting ASGM reforms	2,000,000	-	(2,000,000)	(100%)
ASGM operate significantly responsible and effectively monitored	3,000,000	-	(3,000,000)	(100%)
Small grants for women-led group in the ASM sector	24,700,000	26,533,200	1,833,200	7%
Office utilities and admin costs (overheads)	4,460,800	4,469,500	8,700	0%
Total expenses	384,395,600	360,043,536	(24,352,064)	(290%)
Surplus/(Deficit) for the period	-	(6,328,169)	(6,328,169)	267%

NOTES TO FINANCIAL STATEMENTS

1. REPORTING ENTITY

FADev was incorporated in the United Republic of Tanzania under the NGO Act of 2002 as revised in 2019 with the registered number 00NGO/R/0251 and is domiciled in Tanzania. The address of the registered office is:

Foundation for ASM Development (FADev)
P.O. Box 75419,
Dar es Salaam,
Tanzania

The Foundation's financial statements for the year ended 31st December 2023 have been approved for the issue by the FADev Management on 24.06.2024. Neither the entity's owners nor others have the power to amend the financial statements after issue.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

2.1 We have adopted IPSAS

The financial statements of Foundation for ASM Development (FADev) ('the Organisation') have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). These are the organization's first financial statements prepared in accordance with IPSAS. The Organization previously prepared its financial statements by using Modified cash basis.

The financial statements are presented in Tanzanian Shilling (TZS), which is the functional and Euro is reporting currency of the Organisation. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost.

(a) Statement of compliance

The financial statements have been prepared on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS). They have been prepared on a going-concern basis, and the accounting policies have been applied consistently in their preparation and presentation. In accordance with the requirements of IPSAS, the financial statements, which present fairly the assets, liabilities, revenue and expenses of the

NOTES TO FINANCIAL STATEMENTS (Continued)

Organization, consist of the following:

- a. Statement of financial position (statement I);
- b. Statement of financial performance (statement II);
- c. Statement of changes in net assets (statement III);
- d. Statement of cash flows (using the direct method) (statement IV);
- e. Notes to the financial statements comprising a summary of significant accounting policies and other explanatory notes;
- f. Statement of budget versus actual compared

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value

(c) Functional and presentation currency

These financial statements are presented in Tanzanian Shillings, which is the Foundation's functional currency.

Transactions in currencies other than the functional currency (foreign currencies) are translated into Tanzanian Shillings at the FADEV operational rate of exchange at the date of the transaction. The FADEV operational rates of exchange approximate the spot rates prevailing at the dates of the transactions. At year end, monetary assets and liabilities denominated in foreign currencies are translated at the Bank of Tanzania average spot rate. Non-monetary foreign currency denominated items that are measured at fair value are translated at the FADEV operational rates of exchange at the date on which the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not translated at year end.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities

NOTES TO FINANCIAL STATEMENTS (Continued)

denominated in foreign currencies at year-end exchange rates are recognized in the statement of financial performance on a net basis.

(d) Use of estimates and judgements

- Materiality is central to the preparation and presentation of the Foundation's financial statements and its materiality framework provides a systematic method in guiding accounting decisions relating to presentation, disclosure, aggregation, offsetting and retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or its aggregation would have an impact on the conclusions or decisions of the users of the financial statements.
- Preparing financial statements in accordance with IPSAS requires use of estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of certain assets, liabilities, revenues and expenses.
- Accounting estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; selection of useful lives and the depreciation/amortization methods for property, plant and equipment/intangible assets; impairment of assets; classification of financial instruments; valuation of inventory; inflation and discount rates used in the calculation of the present value of provisions and classification of contingent assets/liabilities.

3. SUMMARY OF 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

a) Basis of preparation

- The financial statements have been prepared in accordance with International Public Sector Accounting Standards ("IPSAS"). In the absence of an International Public Sector Accounting Standard that specifically applies to a transaction, other event or condition, management uses its judgement in developing and applying an accounting policy that results in information that is relevant to the decision-making needs of users so that the financial statements: Represent faithfully the financial position, financial performance and cash flows of the entity;
- Reflect the economic substance of transactions, other events or conditions and not merely the legal form.
- Are neutral, that is free from bias;
- Are prudent; and
- Are complete in all material respects.

b) Use of estimates and judgements

The preparation of financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The key estimates management has made in preparing these financial statements are disclosed in note 4

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Organisation are measured using the currency of the primary economic environment in which the Organisation operates ("the functional currency"). The financial statements are presented in Tanzanian Shilling (TZS), which is the Organisation's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into TZS 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 year-end exchange rates of monetary assets and liabilities denominated in foreign

NOTES TO FINANCIAL STATEMENTS (Continued)

currencies are recognized in the income and expenditure statement in the period in which they arise

d) Receivables from exchange transaction and non-exchange transactions

Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that FADEV will not be able to collect all amounts due according to the original terms of the receivables. Receivables from non-exchange transactions comprises, Grants receivable, donations receivable, in-kind assets receivable. These receivables are initially assessed at nominal amount or face value.

e) Revenue recognition

Revenue arises from non-exchange transactions such as grants from donor(s). Grants and donations are measured at fair value and recognised where there is reasonable assurance that they will be received, and all attaching conditions will be complied with. When the grant or donation relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Where the grant or donation relates to an asset, the fair value is credited to a deferred income account and is released to the income and expenditure statement over the expected useful life of the relevant asset by equal annual instalments. Grant income for implementation of contractual project/program activities is recognized to the extent that the project related expenses are incurred. Contributions received but not yet utilized are deferred and included in liabilities. The deferred grant income amounts recorded in the statement of financial position represent the amount of grant income received but not utilized by the reporting date.

f) Cash and cash equivalents.

Cash and cash equivalents comprise cash on hand and cash at bank.

NOTES TO FINANCIAL STATEMENTS (Continued)

g) Property and equipment

i) Recognition and measurement

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to the working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets is capitalized as incurred.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in profit or loss.

ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Foundation and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost,

Depreciation is recognized in profit or loss on a reducing basis over the estimated useful lives of each part of an item of property and equipment. During the year, the

NOTES TO FINANCIAL STATEMENTS (Continued)

Board assessed the useful lives of motor vehicles, computers accessories and office equipment as shown in the table below:

Items of property and equipment	Rate
Computers	37.5%
Furniture and fittings	12.5%
Office equipment	12.5%

h) Income tax

The FADev as Non-profit Foundation is yet to obtain a ruling certificate from the Commissioner General to grant the Foundation a charitable status and exempt it from payment of income taxes, and no application has been made to the Commissioner General.

i) Account payable.

Account payable is obligation to pay for goods and 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 to within twelve months after year-end. If not, they are presented as non-current liabilities.

j) Provisions for liabilities

A provision is recognized if, as a result of a past event, the Foundation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

k) Employee benefits

(i) Retirement benefit obligations

The Foundation has a statutory requirement to contribute to the pension fund preferred by employees, which is a defined contribution scheme. FADEV contributes 10% of the required 20% of gross emoluments to the scheme and the contributions

NOTES TO FINANCIAL STATEMENTS (Continued)

are recognized as an expense in the period to which they relate. The remaining 10% is deducted from employees' emoluments.

(ii) Medical benefits

The Organisation has enrolled a medical insurance scheme for all its staff members only. These services have been provided by Assemble Insurance

l) Payables under exchange transactions

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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.

FADev 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.

(i) Impairment of receivables

FADev reviews its receivables from non-exchange transactions and other receivables to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the statement of financial performance, FADev makes judgements using estimates based on historical loss experience for its debtors. It is on this basis that management have determined the risk of recoverability based on days outstanding.

(ii) Provisions

A provision is recognised if, as a result of a past event, FADev has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. FADev makes provisions for expenses that are most likely to be incurred based on events that have

NOTES TO FINANCIAL STATEMENTS (Continued)

taken place during the year. Provisions are determined by making a best estimate of the expenditure required to settle the present obligation at the reporting date.

(iii) Useful lives and residual values of property and equipment

FADEV tests annually whether the useful life and residual value estimates were appropriate and in accordance with its accounting policy. Useful lives and residual values of property and equipment have been determined based on previous experience and anticipated disposal values when the assets are disposed.

5. DETERMINING FAIR VALUES

The Organisation seeks to minimise its exposure to financial risk. It uses only non-derivative financial instruments as part of its normal operations. These financial instruments include bank accounts, accounts receivable and accounts payable.

The management regularly reviews its risk management policies to reflect changes in the market conditions and the service offered.

The Organization aims to develop a disciplined and constructive control environment in which all employees and stakeholders understand their roles and obligations.

The most important types of risks are:

- Credit risk
- Liquidity risk
- Market risk which is mainly due to foreign exchange risk.

A description of the significant risk factors is given below together with the risk management policies applicable.

The Board of Directors has overall responsibility for the establishment and oversight of the Organization's risk management framework. The Board of Directors is responsible for developing and monitoring the Organization's risk management policies in their specified areas.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the organisation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO FINANCIAL STATEMENTS (Continued)

Credit risk

Credit risk is the risk of financial loss to the Organization if customers or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from the organizations' investments, receivables, and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 December was;

	NOTES	2023 TZS	2022 TZS
Cash and cash equivalents	12	51,715,464	56,933,634
Account and other receivable	13	8,113,193	-
		<u>59,828,657</u>	<u>56,933,634</u>

In the normal course of business, FADEV incurs credit risk from transactions with banking institutions. FADEV manages its exposure to credit risk by:

- Holding bank balances and short-term deposits (demand deposits) with Tanzanian registered banks

The maximum exposure as at 31 December 2023 was equal to the total amount of bank balances in the statement of financial position.

FADEV does not require any collateral or security to support financial instruments it holds due to low risk associated with the realisation of these instruments.

Liquidity risk

Liquidity risk is the risk that the organisation will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances. Management performs cash flow forecasting and monitors rolling forecasts of the organisation's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

Liquidity risk

	2023 TZS	2022 TZS
Current assets	9,828,657	6,933,634
Current liabilities	9,828,657	6,933,634
Quick assets ratio	<u>1 : 1</u>	<u>1 : 1</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Foreign currency exchange risk

The organisation's exposure to currency risk is significant on cash balances in foreign currencies where FADEV has bank accounts Euro and on receivables in currencies other than the functional currency which is not significant. Foreign exchange gains and losses resulting from settlement, or translation of year-end monetary balances denominated in foreign currencies are recognised in the statement of financial performance.

Management's policy to manage foreign exchange risk is to maintain foreign currency bank accounts, which act as a natural hedge for payment.

Capital management.

The primary objective of managing the organization's capital is to ensure that there is sufficient cash available to support the organizations' funding requirements, including capital expenditure, to ensure that the Organization remains financially sound. The donors and members continue to provide financial support through grants, donations and members' contributions.

Fair value

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, receivables, payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of financial assets is derived from quoted market prices in active markets, if available.

NOTE 6: REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2023	2022
	TZS	TZS
Amortized of revenue grants	344,341,343	407,743,182
Amortized capital grants	2,308,695	2,448,531
	<u>346,650,038</u>	<u>410,191,713</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7: PROJECT IMPLEMENTATION COST

	2023	2022
	TZS	TZS
Project implementation cost		
Conference package	11,015,500	17,430,600
Facilitation fees	2,000,000	2,750,000
Meeting	9,519,950	47,852,633
Professional fees	11,233,000	5,720,000
Project cost	25,749,500	24,000,000
Training	18,362,500	2,840,900
Travel Air Fares/Flights	7,120,140	20,307,942
Travel Car Hire	9,600,000	24,559,999
Travel Participants Transportation	6,970,000	17,744,700
Development of multi media	-	44,237,000
Technical support to women-led group in the ASM sector	4,417,000	2,584,600
Monitoring and evaluation	3,770,000	12,040,000
Training of ASM Mines	14,670,000	-
Exposure site visits	8,699,900	-
Support with working equipment and materials	7,980,000	-
ASGM policy reforms and sectoral development	4,450,000	-
	145,557,490	222,068,374

NOTE 7.1: CASH PAID FOR PROJECT IMPLEMENTATION

Trade and other payable at the beginning	-	-
Add: project implementation costs	145,557,490	222,068,374
Less: Revolving support grants	(1,110,000)	-
Cash paid for project implementation	144,447,490	222,068,374

NOTE 8: SUPPLIES AND CONSUMABLE USED

Computer services & ICT Costs	4,436,780	619,000
Stationaries	1,100,260	2,748,600
Supplies & consumables	2,945,250	1,816,390
	8,482,290	5,183,990

NOTE 9: GENERAL AND ADMINISTRATIVE EXPENSES

Annual fees	150,000	152,000
Audit fees	4,500,000	4,700,001
Bank charges	726,700	1,018,385
Email and website Hosting cost	468,500	1,844,500
Internet	1,050,000	760,000

NOTES TO FINANCIAL STATEMENTS (Continued)

Local transport	4,986,000	6,601,750
office cleaning	1,440,000	1,200,000
Office communications	240,000	40,000
Interest and Penalties	226,290	-
Rent	7,741,484	-
Visa fee	-	149,504
Service charge	359,664	-
	<u>21,888,638</u>	<u>16,466,139</u>

NOTE 9.1: PAYMENT FOR GENERAL AND ADMINISTRATIVE EXPENSES

Prepaid rent at end	8,113,193	-
Add: General and administrative expenses	21,888,638	16,466,139
Less: Audit fee payable at end	(4,500,000)	-
Payments for general and administrative expenses	<u>25,501,831</u>	<u>16,466,139</u>

NOTE 10: WAGES, SALARIES AND EMPLOYEES BANEFITS

Employer Contributions	14,855,000	15,265,500
Salaries	148,550,000	140,274,500
Workers' compensation fund	742,750	772,100
Medical insurance	4,265,174	7,712,578
	<u>168,412,924</u>	<u>164,024,678</u>

NOTE 11: DEPRECIATION AND AMORTIZATION

Depreciation and amortization	2,308,695	2,448,531
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NOTE 12: CASH AND CASH EQUIVALENTS

Sort term investment	50,000,000	50,000,000
Cash at bank	1,715,464	6,933,634
	<u>51,715,464</u>	<u>56,933,634</u>

NOTE 13: ACCOUNT AND OTHER RECEIVABLES

Prepaid Medical insurance	3,046,553	-
Prepaid Rent	4,227,312	-
Prepaid Cleaning	120,000	-
Prepaid Service charge	719,328	-
	<u>8,113,193</u>	<u>-</u>

FOUNDATION FOR ASM DEVELOPMENT (FADEV)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

NOTES TO FINANCIAL STATEMENTS (Continued)
NOTE 14. PROPERTY, PLANT AND EQUIPMENT (A)

DESCRIPTION	Computer & Accessories at Cost	Furniture at Cost	Office equipment's at Cost	Total
	TZS	TZS	TZS	TZS
COST				
As at 1 January 2023	6,994,000	361,877	2,350,000	9,705,877
Additions	3,599,000	1,600,000	2,300,000	7,499,000
As at 31 December 2023	10,593,000	1,961,877	4,650,000	17,204,877
Accumulated depreciation				
As at 1 January 2023	6,235,991	120,626	1,092,716	7,449,333
Charge for the year	1,633,878	230,156	444,661	2,308,695
At 31 December 2023	7,869,869	350,783	1,537,376	9,758,028
NBV as at 31 December 2023	2,723,131	1,611,094	3,112,624	7,446,848
NBV as at 31 December 2022	758,009	241,250	1,257,284	2,256,543

FOUNDATION FOR ASM DEVELOPMENT (FADEV)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14. PROPERTY, PLANT AND EQUIPMENT (B)

DESCRIPTION	Computer & Accessories at Cost	Furniture at Cost	Office equipment at Cost	Total
COST	TZS	TZS	TZS	TZS
As at 1 January 2022	5,895,000	361,877	2,350,000	8,606,877
Additions	1,099,000	-	-	1,099,000
As at 31 December 2022	6,994,000	361,877	2,350,000	9,705,877
Accumulated depreciation				
As at 1 January 2022	4,420,000	75,391	505,411	5,000,802
Adjustments	-	-	-	-
Charge for the year	1,815,991	45,235	587,305	2,448,531
At 31 December 2022	6,235,991	120,626	1,092,716	7,449,333
NBV as at 31 December 2022	758,009	241,250	1,257,284	2,256,543
NBV as at 31 December 2021	1,475,000	286,486	1,844,589	3,606,075

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 15: DEFERRED REVENUE GRANTS

	2023	2022
	TZS	TZS
At start of year	6,933,634	1,479,739
Funds received during the year	349,125,366	414,296,076
Deferred grants released (Note 4-7)	(344,341,343)	(407,743,182)
Purchase of property, plant and equipment	(7,499,000)	(1,099,000)
At end of year	<u>4,218,657</u>	<u>6,933,634</u>

NOTE 16 : ACCOUNTS AND OTHER PAYABLE

Audit fees payables	4,500,000	-
Revolving Support Grant	1,110,000	-
	<u>5,610,000</u>	<u>-</u>

FOUNDATION FOR ASM DEVELOPMENT (FADEV)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

NOTES TO FINANCIAL STATEMENTS (Continued)
NOTE 17 : DEFERRED CAPITAL GRANT (A)

	Furniture and Fittings	Office Equipment and Machinery	Computer and Accessories	Total
	TZS	TZS	TZS	TZS
Capital grant				
As at 1 January 2023	6,994,000	361,877	2,350,000	9,705,877
Additions	3,599,000	1,600,000	2,300,000	7,499,000
As at 31 December 2023	10,593,000	1,961,877	4,650,000	17,204,877
Accumulated release to				
As at 1 January 2023	6,235,991	120,626	1,092,716	7,449,333
Amortized capital grants				
	1,633,878	230,156	444,661	2,308,695
At 31 December 2023	7,869,869	350,783	1,537,376	9,758,028
Deferred capital grant				
as at 31 December 2023	2,723,131	1,611,094	3,112,624	7,446,848
as at 31 December 2022	758,009	241,250	1,257,284	2,256,543

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 18: FUND RESERVE

Reserve fund

1-Jan	50,000,000	-
Reserve fund received during the year	-	50,000,000
31-Dec	<u>50,000,000</u>	<u>50,000,000</u>

Reserve funds, totaling TZS 50 million, have been deposited as fixed deposits at NBC Bank to serve as collateral supporting the Artisanal and Small-scale Mining (ASM) sector. These funds have been provided by donors with the aim of bolstering the small-scale mining industry while ensuring safety for borrowing from the bank.

The deposited funds act as a guarantee for the bank, mitigating risks associated with lending to ASM enterprises. This collateralization not only provides financial security for the bank but also instills confidence in donors and stakeholders regarding the responsible management of funds allocated for supporting the mining sector.

Overall, this strategic utilization of reserve funds underscores a concerted effort to promote sustainable development within the ASM industry, fostering economic resilience and empowerment within local communities. Through collaborative initiatives between donors, financial institutions, and ASM stakeholders, this endeavor aims to unlock the potential of small-scale mining while ensuring prudent financial management and risk mitigation.

NOTE 19: CASH RECEIVED FROM DONORS

Deferred income at the end of the year	4,218,657	6,933,634
Add:		
Grant revenue for the year	344,341,343	407,743,182
Deferred capital grant at end	7,446,848	2,256,543
Amortization of capital grant	2,308,695	2,448,531
Less:		
Deferred income at the beginning of the year	(6,933,634)	(1,460,341)
Adjustment of deferred income at beginning	-	(19,398)
Deferred capital grant at beginning	(2,256,543)	(3,606,075)
Receipt from donors	<u><u>349,125,366</u></u>	<u><u>414,296,076</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 20 : BUDGET

The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from January 1, 2023 to December 31, 2023.

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

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

Reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and actual amounts and the actual amounts in the Statement of Financial Performance for the year ended December 31, 2023 is presented below. The financial statements and budget documents are prepared for the same period

NOTE 20.1: RECONCILIATION OF STATEMENT OF BUDGETARY COMPARISON AND STATEMENT OF FINANCIAL PERFORMANCE

	OPERATING TZS	INVESTING TZS	FINANCING TZS	TOTAL TZS
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(6,328,169)			(6,328,169)
Changes in deferred income	2,714,977			2,714,977
Changes in deferred capital grant	(5,190,305)			(5,190,305)
Changes in payables	(5,610,000)			(5,610,000)
Changes in receivables	8,113,193			8,113,193
Revolving Support Grant	1,110,000			1,110,000
Depreciation and amortization	(2,308,695)			(2,308,695)
Procurement of assets	-	7,499,000		7,499,000

NOTES TO FINANCIAL STATEMENTS (Continued)

	OPERATING TZS	INVESTING TZS	FINANCING TZS	TOTAL TZS
Actual Amount in the Statement of Financial Performance	(7,499,000)	7,499,000	-	-

NOTE 20.2: EXPLANATION ON VARIANCE

- i) Policy Makers address the issues of EI Sector related to ASGM policy reforms and sectoral development
- ii) ASGM mines operate according to responsible mining standards
- iii) FADEV strengthens its position as an NGO that serves as a national hub for responsible ASGM
- iv) Women own shares and decide in high value positions within the sector of ASGM. During the year the amount of fund released to the activities was less than amount required according to the budget
- v) Technical support to women-led group in the ASM sector
- vi) Regular meetings supporting ASGM reforms
- vii) The activities was not implemented during the year due to insufficient fund from the active donor
- viii) ASGM operate significantly responsible and effectively monitored. The activities was not implemented during the year due to insufficient fund from the active donor
- ix) Small grants for women-led group in the ASM sector

NOTE 21: CONTINGENT LIABILITY

During the year the organization has no any contingent liabilities

NOTE 22: 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 in making financial or operational decisions. In the normal course of business, a number of transactions are entered into with related

parties i.e. key management personnel of FADev is Executive Secretary and she has responsibility for planning, directing and controlling the activities of organization.

NOTES TO FINANCIAL STATEMENTS (Continued)

The aggregate remuneration paid to key management personnel is net salaries.

22.1 Transactions

These are remuneration to the organization Executive secretary. Apart from management remuneration, there are no other related party transactions.

	2023	2022
	TZS	TZS
Management Remuneration	39,297,000	36,054,000

23. COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year and to correct errors in prior years

24. THE DATE OF AUTHORIZATION FOR ISSUE

The financial statements for the year ended 31st December 2023 were authorized for issue by the Board on 24.06. 2024, no organ has the power to amend the financial statements after issue.