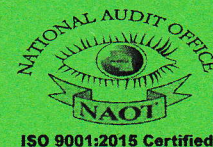




THE UNITED REPUBLIC OF TANZANIA



NATIONAL AUDIT OFFICE

TANZANIA AGRICULTURAL RESEARCH INSTITUTE
(TARI)

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

Controller and Auditor General,
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March 2024

AR/CG/TARI/2022/23



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



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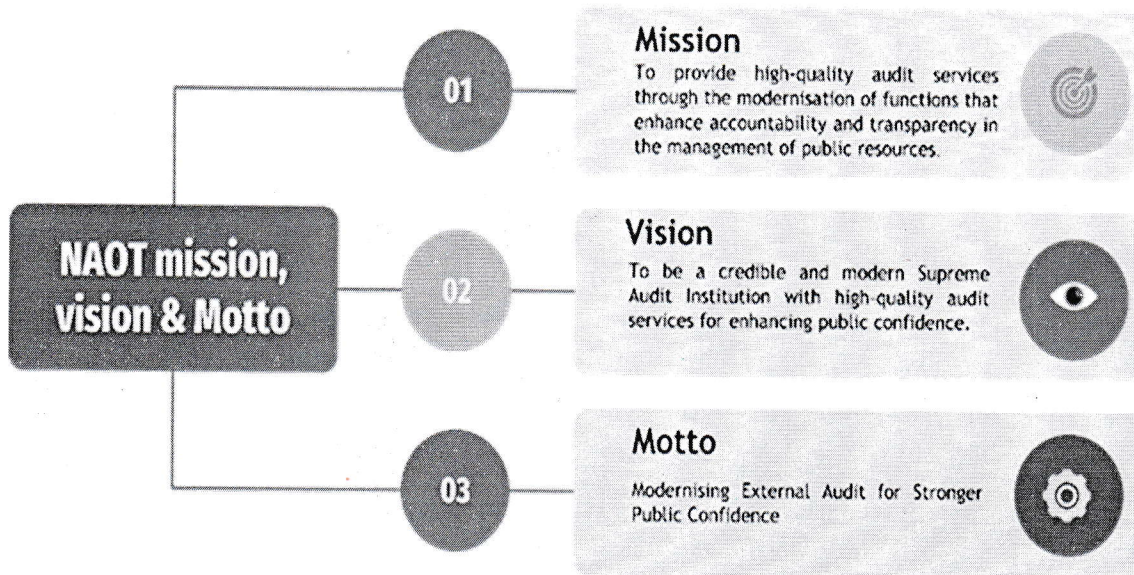
March 2024

AR/CG/TARI/2022/23

About the National Audit Office

Mandate

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



Independence and objectivity

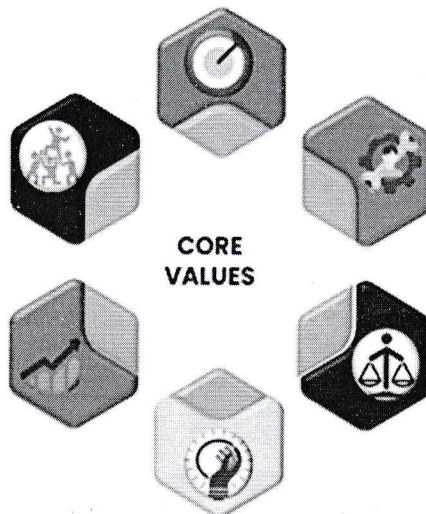
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

© This audit report is intended to be used by Tanzania Agricultural Research Institute and may form part of the annual general report, which once tabled to National Assembly, becomes a public document; hence, its distribution may not be limited.

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Abbreviations

CAG	Controller and Auditor General
COSTECH	Tanzania Commission for Science and Technology
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
LAAC	Local Authorities Accounts Committee
PAA	Public Audit Act
PAC	Public Accounts Committee
PAR	Public Audit Regulation
PFA	Public Finance Regulations
PPA	Public Procurement Act
PPR	Public Procurement Regulations
TALIRI	Tanzania Livestock Research Institute
TARI	Tanzania Agricultural Research Institute
TCB	Tanzania Commercial Bank
TPB	Tanzania Postal Bank

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,
Tanzania Agricultural Research Institute,
P.O. Box 1571,
DODOMA, TANZANIA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Tanzania Agricultural Research Institute (TARI) that comprise the statement of financial position as at 30 June 2023, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements".

I am independent of TARI in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

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

Emphasis of Matter

I draw attention to the matter below. My opinion not modified in respect of this matter.

As disclosed in note 38 to the financial statements that on 15 December 2023 Hon. Prof. Kitila A. Mkumbo (MP) Minister of State, Office of the President, Planning and Investment announced the Government intention to merge the operations of Tea Research Institute of Tanzania (TRIT), Tanzania Coffee Research Institute (TCRI) and Tobacco Research Institute of Tanzania (TORITA) with Tanzania Agricultural Research Institute (TARI).

Based on the government announcement, the merger of these institutions will be concluded by June 2024. This condition requires attention in the audit of the financial statements for the financial year 2023/24.

Other Information

Management is responsible for the other information. The other information comprises the Director's Report, Statement of Management Responsibility and Declaration by the Head of Finance but does not include the financial statements and my audit report thereon that I obtained prior to the date of this auditor's report.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic

alternative but to do so. Those charged with governance are responsible for overseeing the entity's financial reporting process.

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

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

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

In addition, Section 10 (2) of the Public Audit Act, Cap. 418 [R.E 2021] requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap. 410 [R.E 2022] requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

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

I performed a compliance audit on the procurement of works, goods, and services in the Tanzania Agricultural Research Institute for the financial year 2022/23 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that, except for the matters described below, procurement of works, goods and services of Tanzania Agricultural Research Institute is generally in compliance with the requirements of the Public Procurement laws.

Under implementation of planned procurements TZS 7,348,806,845.03

A review of the implementation of the annual procurement plan for 2022/23 revealed that, planned procurement of goods and services, non-consulting services and works worth TZS 7,348,806,845.03 out of TZS 44,936,885,000 were not implemented contrary to Regulation 69 (7) of the Public Procurement Regulations, 2013 and Section 49(1&2) of Public Procurement Act, 2011.

Cancellation of Tenders due to preparation of estimates without obtaining prevailing market prices TZS 355,558,308

The Institute set aside TZS 355,558,308 in 2022/23 for three tenders covering laboratory equipment, security services, and irrigation facilities.

However, my audit revealed that due to budget constraints, the tender board cancelled all tenders as the allocated funds fell below the bid prices.

This is contrary to the requirement of Reg. 69(6) of the Public Procurement Regulations, 2013 which requires a procuring entity to prepare its estimates based on prevailing market prices provided by the Public Procurement Regulatory Authority (PPRA) and updated from time to time.

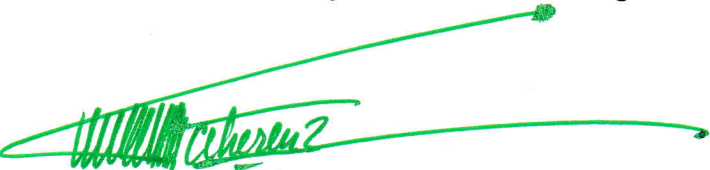
1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Tanzania Agricultural Research Institute for the financial year 2022/23 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that the Budget formulation and execution of Tanzania Agricultural Research Institute is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.


Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania



March 2024

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE AND FINANCIAL STATEMENTS

2.1 INTRODUCTION

The Directors submit their report together with the audited financial statements for the year ended 30 June 2023. The financial statements disclose the state of affairs of the Tanzania Agricultural Research Institute (TARI or “the Institute”) for the year ended 30 June 2023. The report provides information on operations, financial position, financial performance, budget information, cash flow position, governance systems, and the structure of the Institute.

2.2 ESTABLISHMENT

The Institute was established in 2016 under Section 3 of the Tanzania Agricultural Research Institute Act, 2016 (Cap. 51) as a leading institute responsible for conducting, regulating, promoting, and coordinating agricultural research in Tanzania Mainland.

2.3 OWNERSHIP

TARI is wholly owned by the Government of the United Republic of Tanzania.

2.4 VISION, MISSION, CORE VALUES

The Vision, Mission, and Principal Activities of TARI articulated in its Rolling Strategic Plan (2019/20 -2023/24) are as follows:

2.4.1 Vision

To be the Institute of Excellence for Agricultural Research in Tanzania and beyond.

2.4.2 Mission

To generate and disseminate the application of knowledge and agricultural technologies as catalysts of change in achieving agricultural productivity, food and nutrition security, environmental sustainability, and economic growth involving stakeholders in the country and the global community.

2.4.3 Core Values

TARI performs its duties and functions based on the following core values:-

- **Integrity:** TARI will always strive to be credible and consistent in its actions.

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- **Transparency:** TARI endeavours to convey correct, timely, and complete information about its services and products.
- **Accountability:** TARI will always be accountable for agricultural research activities to foster agricultural development.
- **Teamwork:** TARI will always work together to achieve its corporate goals.
- **Professionalism:** TARI will always adhere to ethics and uphold quality and standards in performing its duties;
- **Excellence:** Exercise competency through professionalism and ethical conduct
- **Equity:** Observe equal opportunity and treatment for our internal and external stakeholders without discrimination against gender, religion, race, affiliation, and ethnicity

2.5 PRINCIPAL ACTIVITIES OF THE INSTITUTE

The principal activities or core functions of TARI are provided under Section No.4 of the Tanzania Agricultural Research Institute Act, 2016 (Cap 51). TARI is responsible for conducting, regulating, and coordinating all agricultural research activities in mainland Tanzania. The principal activities are summarized as follows:

- a) To conduct, promote, and coordinate basic, applied, and strategic agricultural research
- b) To advise the Government on the formulation of national policies, laws, and regulatory frameworks for promoting and regulating agricultural research
- c) To formulate and oversee the implementation of the intellectual property policy of the Institute
- d) To formulate research standards, code of ethics, conduct and practice, and guidelines for the delivery of agricultural research services
- e) To set in collaboration with key stakeholders, the national agricultural research agenda and priorities of the national agricultural research system and coordinate the implementation of such agenda and priorities
- f) To establish and operate an efficient system of documentation, dissemination, and promotion of information on agricultural research
- g) To promote the advancement of skills by providing facilities for training research personnel for the Institute and other stakeholders for better carrying out basic, applied and strategic research
- h) To mobilize Institutes for agricultural research and development
- i) To coordinate and promote cooperation and collaboration with other countries, institutions, scientific or professional societies, and other agricultural research service providers, with regard to agricultural research, development, and technology transfer in the agricultural sector
- j) To provide, undertake, and promote consultancy services in research, training, and dissemination of information in agriculture and allied sciences

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- k) To register and maintain a register of agricultural research service providers and their research projects in the public and private sectors
- l) To promote seed deployment and multiplication
- m) To establish and maintain gene bank for purposes of characterizing, evaluating, and conserving plant genetic resources

2.6 ORGANIZATION STRUCTURE AND MANAGEMENT OF THE INSTITUTE

The Institute is under the overall supervision of the Board of Directors and the day-to-day management entrusted to the Director General. The Director General is assisted by the Management Team at Head Office which comprises Directors, Heads of Units, and Managers specified below: -

- Director of Research and Innovation,
- Director of Technology Transfer and Partnerships,
- Director of Administration and Human Resources Management,
- Chief Accountant,
- Chief Internal Auditor,
- Manager - Planning Monitoring and Evaluation,
- Manager - Procurement Management Unit,
- Head of ICT and Statistics Unit, and
- Head of Legal Unit.

2.6.1 Directorate of Research and Innovation

The Directorate headed by a director reporting to the Director General and responsible for the core functions of the Institute, research, and innovation.

2.6.2 Directorate of Technology Transfer and Partnerships

The Directorate headed by a director reporting to the Director General and responsible for technology dissemination and collaborations with stakeholders.

2.6.3 Directorate of Administration and Human Resources Management

The Directorate headed by a director reporting to the Director General and responsible for human resources management as well as administrative matters.

2.6.4 Finance Unit

The Unit is headed by a Chief Accountant reporting to the Director General and is responsible for the collection of funds, disbursements, maintenance of accounting records, and preparation of financial statements.

2.6.5 Internal Audit Unit

The Unit which is fully-fledged and independent is headed by Chief Internal Auditor reporting administratively to the Director General and functionally to the Board Audit and Risk Committee and is responsible for internal audit services to the Institute.

The Unit conducts internal audit assignments based on an approved annual internal Audit plan. The Unit adopts the International Professional Practices Framework (IPPF) and the TARI's Internal Audit Manual and Procedures to evaluate the quality assurance and acceptability of the related accounting policies, practices; and financial reporting compliance.

2.6.6 Planning Monitoring and Evaluation Unit

The Unit is headed by a manager reporting to the Director General and is responsible for planning, budgeting, monitoring, and evaluation of various projects.

2.6.7 Information Communication Technology and Statistics Unit

The Unit is headed by ICT Head reporting to the Director General. The unit maintains network infrastructure and computers, manages mail servers, proxy servers and extension of LAN to connect more computers to the Internet. Also, the Unit is responsible to give technical support on ICTS matters.

2.6.8 Legal Services Unit

The Unit is headed by Head of Legal Services reporting to the Director General and is responsible for providing legal service and expertise.

2.6.9 Procurement Management Unit (PMU)

The unit is headed by Procurement Management Manager reporting to the Director General and is responsible for providing expertise and services in handling procurement matters as per the requirement of the Public Procurement Act, 2011 and its amendments of 2016, Cap 410.

2.7 Tender Board

The Institute has an operating Tender Board, which oversees all procurement processes and procedures and ensures compliance with the Public Procurement Act, 2011. TARI Tender Board as at 30 June 2023 was composed of the following members as shown in the table No.1 below.

Table No.1: Composition of TARI Tender Board members as at 30 June 2023

S/N	Name	Status	Designation
1	Zephania R. Mshanga	Chairman	Director of Administration & Human Resource Management
2	CSP Erick S. Kaswaka	Secretary	Manager-Procurement Management Unit
3	Dr. Deogratius N. Lwezaura	Member	Manager- Planning, Monitoring and Evaluation
4	Dr. Furaha P. Mroso	Member	Manager- Crop Research and Postharvest Management
5	CPA. Mohamed Mwandege	Member	Principal Accountant
6	Dr. Richard Y. Kasuga	Member	Manager- Knowledge Management and Communication
7	Dr. Joel L. Meliyo	Member	Centre Manager - TARI Hombolo
8	Ms. Mshaghuley M. Ishika	Member	Senior Research Officer I

In addition, TARI has 17 Research Centres throughout Tanzania's Mainland that are headed by Centre Directors or Managers reporting to the Director General.

Whereas the Head Office is mainly responsible for coordination and management of the Institute with the various support functions, the research and innovation as well as technology transfer agenda that is the core function of the Institute is executed through the TARI Research Centres. The geographical distribution and the core research mandate for each research center is provided under table No.2 below: -

Table No. 2:TARI Research Centres and their Mandate

SN	Name of the Research Centre	Location	Research Mandate
1	TARI - Hombolo	Dodoma	Sorghum and Millets
2	TARI - Ifakara	Morogoro	Rice
3	TARI - Dakawa	Morogoro	Rice
4	TARI - Ilonga	Morogoro	Maize, Grain Legumes, Sunflower, Post-harvest Management
5	TARI - Kibaha	Coastal	Sugar cane
6	TARI - Kifyulilo	Iringa	Beans, Maize, Irish Potato
7	TARI - Kihinga	Kigoma	Palm Oil
8	TARI - Makutupora	Dodoma	Grapes

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SN	Name of the Research Centre	Location	Research Mandate
9	TARI - Maruku	Kagera	Banana
10	TARI - Mikocheni	Dar es Salaam	Coconuts and Biotechnology
11	TARI - Mlingano	Tanga	Soils, sisal, coconut, biotechnology
12	TARI - Naliendeke	Mtwara	Cashew and Oil Seeds
13	TARI - Selian	Arusha	Wheat, Barley and Maize
14	TARI - Tengeru	Arusha	Vegetables, Spices and Fruits
15	TARI - Tumbi	Tabora	Agro forestry
16	TARI - Ukiriguru	Mwanza	Cotton, Roots, Tubers
17	TARI - Uyole	Mbeya	Beans, Maize, Irish Potato, Pyrethrum, Agro mechanization

2.8 Workers Council

The Institute has in place a Workers Council which is a participatory organ constituted by Members of the Management and employees' representatives from both the Head Office and all the Research Centres. The Master Council meets regularly as per the Master Workers Council Charter.

2.9 OPERATING MODEL

TARI is mandated to conduct, regulate, and coordinate agricultural research in Mainland Tanzania. Priority research areas were identified and included in the TARI Medium Term Strategic Plan that was implemented through the annual planning and budgeting process. The priority areas can be directed by the Government through the Ministry of Agriculture based on national priorities. Research areas can also be recommended by TARI scientists who usually prepare research proposals on the relevant research agenda.

The Government of the United Republic of Tanzania is the main financier of the Institute in terms of personnel emoluments, development funds (for research and infrastructure) as well as other charges. Research proposals from TARI Scientists are usually tabled for donor financing, hence the Institute has a number of research projects that are financed by development partners on areas of national interest.

Usually, research projects are undertaken through Project Teams with a Lead Researcher and such projects are implemented in the TARI Research Centres. Some research projects are collaborative with other research and academic institutions in the country and others with regional and international partners. Several research projects are usually undertaken by TARI each year by different project teams or different research centers. The duration of the research project varies depending on the complexity, nature, weather conditions, and other factors. Once, the research results are certified e.g. discovery of improved crop varieties with high yields, the discovery of

drought-resistant seeds, improved planting and harvest technologies, etc, the next step is dissemination of the research outcomes to the stakeholders, which is usually undertaken through different communication channels.

2.10 PHYSICAL PERFORMANCE AND ACHIEVEMENTS

2.10.1 Plan and Budget

In line with the principal functions of the Institute, the plan and budget priority areas for the 2022/2023 financial year were to: -

- i. Developing 35 demand-driven and climate-resilient research technologies and innovations;
- ii. Enhancing availability of improved seed, access, and use by farmers through Purification and Production of 1,453.1 MT of Early Generation Seeds of improved crop varieties/cultivars and at least 33,500,000 seedlings of vegetative propagative crops
- iii. Enhancing generation of 10 socio-economic, policy, and marketing options in agriculture and food systems;
- iv. Improving information and knowledge management systems;
- v. Strengthening and promoting technology dissemination and uptake pathways;
- vi. Strengthening resource mobilization strategies;
- vii. Enhancing National, Regional, and International collaboration and networking.

Strengthening the capacity of research centers through;

- a. Construction and rehabilitation of irrigation infrastructure of 854 ha in 15 centers,
- b. Seed farm expansion of about 914 ha,
- c. Construction of 5 storage facilities at TARI Kifyulilo, TARI Dakawa, TARI Makutupora, TARI Selian, TARI Hombolo; and rehabilitation of 5 storage facilities at TARI Uyole (3) and TARI Ilonga (2)
- d. Construction of one (1) tissue culture laboratory at TARI Mlingano; Accreditation of one soil laboratory at TARI Mlingano and refurbishment of GMO laboratory at TARI Mikocheni; and Rehabilitation of three (3) tissue culture laboratories at TARI Tengeru, TARI Uyole and TARI Mikocheni.
- e. Construction of two (2) screen houses and two (2) cold rooms at TARI Selian and TARI Ilonga
- f. Purchase of 10 tractors and associated implements, 5 seed processing machines, 35 motor vehicles, and other research facilities.

Strengthening the capacity of human resources through

- a. Long and tailor-made training
- b. Provision of staff benefits
- c. Facilitate a conducive working environment

2.11 Physical Performance Achievements

During the year ended 30 June, 2023 the Institute's key achievements in physical terms were as follows: -

2.12 Development of technologies and innovations

- a) A total of 5 crop varieties were released and registered for farmers' use. All five varieties were for grapevine and registered under the names TARIZAB 1, TARIZAB 2, TARIZAB 3, TARIZAB 4, and TARIZAB 5. These varieties are high-yielding, with good quality parameters and adaptable to the environment. The variety TARIZAB 1 has a long shelf life, while TARIZAB 5 has high-quality wine. The highest-yielding variety is TARIZAB 3 which yields 25 to 30 tons per hectare.
- b) A number of labor-saving technologies developed: TARI modified the previously developed and fabricated a simple cotton planting machine by installing a motor with a capacity of six 6.5HP engines. This planter named RAFIKI can plant one hectare within 30 minutes to 1 hour using one to two litres of petrol. Therefore, the planter is effective and efficient when compared to 8 hours that is used by 8 casual laborers to plant one hectare for TZS 50,000.00.
- c) In post-harvest management, a prototype sugarcane crusher for a small-scale sugar mill plant with a capacity of crushing 3000kg canes per hour, with 2000 liters of clarifying tanks and boiling chambers was developed.
- d) TARI maintained 36,692 germplasm materials of different crops including 1,799 Rice, 44 Sorghum, Finger millet 105, Pearl Millet 02, Maize 500, Cassava 739, Sweet potato 93, Grapevines 32, Wheat 5, Bean 85, Round potato 5, Banana 143, Mungbean 20, Sisal 45, Cocoa 17, Coconut 7, Cashew 30,000, Garden pea 6, Sugarcane 324, Dates 40, Citrus 120, Macadamia nuts 80, Annona 10, Oil palm 2453, Cotton 328, and 14 Fruit & Medicinal trees. The target was to maintain at least 25,000 Germplasm for different crops maintained annually.
- e) Land Use and Water Management: During the reporting period, 3 land suitability maps (1:2,000,000) and recommendations for land management under wheat, oil palm, and sunflower were made for production of the same at Luhafwe Investment Farm. A total of 1,443 soil (1,221), plant (194), fertilizer (19), and water (9) samples were received from different stakeholders and analyzed for pH, organic carbon, macronutrients (N, P and K), Cation Exchange Capacity, bulk density, and

micronutrients. The results found and relevant recommendations were given to those stakeholders.

- f) Agro forestry: Number of agroforestry collection and maintenance of 14 indigenous priority fruit and medicinal trees was done. A total of 1,000,000 trees were planted around the TARI Ukiriguru area to combat climate change and to establish the institute boundaries.

2.13 Seed production and multiplication

In ensuring the availability of improved seeds to farmers, 342.48 MT of different classes of seed were produced (13.92 MT breeder, 118.69 MT pre-basic, 150.67 MT basic, and 59.2 MT certified seed). In addition, 10,766,504 cuttings/seedlings of vegetatively propagated crop planting materials were produced and distributed to farmers. In addition, as at the end of the fourth quarter 355.74 ha of land under seed production not yet been harvested and will be accounted for in the FY 2023/24.

2.14 Technology Transfer

During the reporting period, 1,498,625 farmers and other stakeholders reached with improved technologies. Various dissemination uptake pathways were used including 2,909 demonstration plots, 68 Farmer Field Days (FFD), 113 trainings, and 34 exhibitions.

In addition, 8,345 copies of promotional materials including 103 posters, 5,715 leaflets, 1,017 fliers, 1,346 brochures, 87 banners, and 77 signboards disseminated. Regarding mass media coverage, 446 TV programs/news segments, and 388 radio and Newspaper articles were prepared and disseminated.

In addition, 27 publications were published in peer-reviewed journals. Moreover, the social media used were YouTube TARITV channel (149 videos) with 565 subscribers; Instagram (624 posts) with 1821 followers; Facebook (2834 posts) with 3700 followers; and Twitter (437 tweets) with 3432 followers.

In addition, 4,522 phone calls and 2955 short messages were received from stakeholders whereby TARI experts provided online advisory services and clarification on improved technologies and guidance on where to get seeds and seedlings on technologies that were disseminated.

2.15 Strengthening partnerships and collaboration

A total of 43 contracts/Agreements/memorandum of understanding (MoUs) were signed to strengthen partnerships with national, regional, and international organizations in an effort to achieve institutional goals. In FY 2022/23, TARI implemented 56 collaborative research projects; their progress is at various stages. In addition, TARI researchers

increased their capacity to undertake scientific research and competence, whereby 27 publications made in various peer-reviewed journals.

2.16 Physical Infrastructure Development

During the year 2022/23, the institute planned and executed the following projects:

- a) Construction of TARI Headquarters at Njedengwa Investment Area, Dodoma Municipal. The construction process is on progress.
- b) Construction of TARI Kihinga at Kigoma, the construction process is in progress.
- c) The Institute contracted out procurement functions to the Commission for the construction of irrigation infrastructure covering 854 ha of the 17 TARI Research Centres, works are ongoing.
- d) Purchase of 35 vehicles (17 Toyota Land Cruiser Hard Top 4WD; 14 Toyota Hilux Pick up Double Cabin; 2 Prado VXL; and 2 Lorries).
- e) procurement of ten (10) tractors (5 tractors with 110HP; 5 tractors with 90HP) and their associated implements; two (2) combine harvesters; and eight (8) seed processing plants,
- f) Construction and rehabilitation of irrigation schemes at TARI Selian, TARI Ilonga, and TARI Ifakara to increase seed production for rice, sunflower, and maize.
- g) Construction of wall fence at TARI Uyole.
- h) Rehabilitation of TARI Mlingano soil laboratory and construction of tissue culture laboratory.

2.17 ANALYSIS OF FINANCIAL PERFORMANCE AND POSITION

2.17.1 Analysis of the Statement of Financial Performance

Revenue for the year increased from TZS 38,428,993,053 recorded in the financial 2021/22 to TZS 47,289,461,378 in the financial year 2022/23 which is equivalent to an increase of 23%. The main reason for the increase is an increase in subvention grants for development projects, revenue from exchange transactions, and personnel emoluments from the Government as described in Table No.3 below.

Table No.3 Distribution of Revenue Sources

Revenue Source	2022/23		2021/22	
	TZS	%	TZS	%
Revenue from Research (Other Revenue)	12,776,066,274	27	13,002,949,569	34
Revenue from Exchange Transactions (Farm Produce)	2,942,096,432	6	3,165,764,114	8
Subventions Grants from Government	31,571,298,672	67	22,260,279,370	58

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Revenue Source	2022/23		2021/22	
	TZS	%	TZS	%
Total Revenue	47,289,461,378	100	38,428,993,054	100

As seen from the table above, the Government is the main financier of the Institution in terms of funding personnel emoluments as well as funding of development grants and other charges, which in total accounted for 67% of the total revenue followed by grants from development partners at 27% while internally generated revenue i.e. sales of seeds and farm produce accounts for 6%.

Expenses for the year also increased from TZS 41,149,957,287 in 2021/22 to TZS 42,927,032,241 in 2022/23 equivalent to an increase of 4%. The main rationale for the increase is the increase of personnel emoluments due to a slight increase in the number of staff from 734 to 834 on 30 June 2023 because these social security contributions also increased.

Another main reason for the increase is the growing cost of casual laborers and non-civil service contract staff used to support the functioning of the Institute, especially in the execution of research projects. Use of goods and services expenses has also grown due to an increase in travel costs attributable to the ongoing research activities coupled with an increase in fuel costs. Expenses distributions are shown in Table No.4 below.

Table No.4 Distribution of Major Expenses

Expenses	2022/23		2021/22	
	TZS	%	TZS	%
Depreciation of Property, Plant and Equipment	3,503,400,456	8.16	3,313,370,776	8.05
Maintenance Expenses	781,202,883	1.82	1,409,296,373	3.42
Other Expenses	399,929,721	0.91	202,499,929	0.49
Use of Goods and Service	12,404,860,786	28.90	11,283,041,280	27.42
Wages, Salaries and Employee Benefits	25,837,638,395	60.20	24,910,383,929	60.54
Other Transfers (Contribution to Government)	-	-	31,365,000	0.08
Total Expenses	42,927,032,241	100.00	41,149,957,287	100.00

2.17.2 Analysis of the Statement of Financial Position

The total assets of the Institute stood at TZS 153,648,312,253 on 30 June 2023 compared to TZS 145,012,070,430 on 30 June 2022 representing a 6% increase. The increase in total assets is due to work in progress for the construction of buildings at Tari Kihinga, Tari Head Quarter, and Wall fence at Tari Uyole as well as construction of Irrigation schemes and warehouses. The table below describes the assets distribution for the years 2021/22 and 2022/23.

Table No.5 Asset Distribution

Assets	2022/23		2021/22	
	TZS	%	TZS	%
Current Asset				
Cash and Cash Equivalents	727,875,101	0.48	2,846,263,052	1.96
Inventories	203,123,165	0.13	580,696,168	0.40
Prepayments	2,830,103,931	1.85	1,373,181,483	0.95
Receivables	812,255,470	0.53	60,082,379	0.04
Total Current Asset	4,573,357,667	2.99	4,860,223,081	3.35
Non-Current Asset				
Biological Assets	15,161,820,361	9.87	15,161,820,361	10.45
Property, Plant and Equipment	122,249,229,926	79.55	124,003,886,153	85.51
Work In Progress	11,663,904,299	7.59	986,140,835	0.68
Total Non-Current Asset	149,074,954,586	97.01	140,151,847,349	96.65
Total Assets	153,648,312,253	100.00	145,012,070,430	100

On the other hand, total liabilities amounted to TZS 6,043,063,841 on 30 June 2023 this increased from TZS 1,769,251,155 on 30 June 2022 by 241.56%. The main reason for the increase in liabilities is due to an increase in payable and accruals as at 30 June 2023.

2.17.3 Analysis of the Statement of Cash Flows

Total receipts of the Institute for the year amounted to TZS 47,381,492,148 (2021/22: TZS 37,049,774,816) representing an increase of 28%. The main sources of funds for the institute are government grants, grants from development partners, and internally generated revenue for the sale of seeds and farm produce. All these areas have recorded a noticeable increase during the year.

Receipts from the government increasing by 52% from TZS 20,848,479,617 to TZS 31,698,771,539. Though there is an increase in development funds and personnel emoluments. Receipts from development partners for the year decreased by 1.7% from

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TZS 13,002,949,569 to TZS 12,776,066,274 and sales of seeds and farm produce decreased by 7.1% from TZS 3,165,764,114 to TZS 2,862,363,072

Total payments for the year totalled TZS 35,633,425,027 decreasing by 5.2% from the prior year's payment amount to TZS 37,578,619,028. Major expenditure areas are wages, salaries, and employment benefits TZS 25,280,724,258 (2021/22: TZS 24,988,633,807) which has increased by 1.17%.

The other major areas of expenditures are the use of goods and services amounted to TZS 9,171,568,165 (2021/2022: 10,946,823,919) representing a decrease of 16.2%, Maintenance expenses amounted to TZS 781,202,883 (2021/22: TZS 1,409,296,374) representing a decrease by 44.56% and other expenses amounted to TZS 399,929,721 (2021/22: 202,499,929) representing an increase of 97%.

2.17.4 Analysis of the Statement of Budget Comparison

The budgeted receipts for the year amounted to TZS 90,664,371,753 whereas the actual receipts amounted to TZS 47,381,492,148 implying deficit of TZS 43,282,879,605 equivalent to 48%. Two main factors have contributed to non-attainment of the budget, were revenue grants from the Government that were budgeted at TZS 54,871,884,753 but TZS 31,698,771,539 received (negative variance of 42% and under collection from internal revenues which were budgeted at TZS 35,792,487,000 but actual collections amounted to TZS 15,682,720,609.

The total budgeted payments for the year were TZS 90,664,371,753 implying a balanced budget. However, total actual payments amounted to TZS 49,499,880,099.

2.17.5 Analysis of the Statement of Changes in Net Assets and Equity

As reported in the Statement of Financial Performance, the Institute recorded a surplus of TZS 4,362,429,137 during the year under review (2022/23). This has increased the net assets from TZS 143,242,819,275 at 30 June 2022 to TZS 147,605,248,412 at 30 June 2023.

2.17.6 Key Performance Ratios

The Key Performance Indicators (KPIs) are indicated in Table No.6 below.

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Table No. 6: Key Performance Ratios

Performance indicator/ratio	Formula	Purpose	2023	2022
Income ratios	Total Income/Total Assets	Income generating activities	31%	30%
	Total Income from TARI sources/Total Income	Own source income generation	6%	8%
Expenditure Ratios	Total Expenses/Total Income	Relationship between expenses and income	91%	107%
	Total Expenses less Depreciation/Total Income	Relationship between expenses and income excluding non-cash expenses	83%	98%
Liquidity Ratio	Current Assets/Current Liabilities	Ability of the institute to settle current obligation	76%	275%

2.18 STAKEHOLDERS ANALYSIS

TARI is deeply connected and committed to the environment we operate in and the societies we serve. Our ability to deliver value is dependent on our relationships and the contributions and activities of our stakeholders. We engage in dialogue with our stakeholders to understand their needs and seek to meet their expectations to create value for them and for the Institute.

Table No.7: Stakeholder Analysis

S/N	Stakeholder / Client	Expectations	Service offered by TARI	Potential Impact
A	Direct Stakeholder			
1	Ministry of Agriculture	Contribute to improved agricultural production, productivity and livelihoods of rural people Alignment with ASDP II priorities	Develop and transfer modern agricultural technologies	Increase in crop yield Increase in farm area under improved technologies Reduced labour drudgery
2	Farmers and Farmers' Organizations	Timely and quality technological packages	Development and deployment of appropriately	Improved livelihoods, food security and income

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S/N	Stakeholder / Client	Expectations	Service offered by TARI	Potential Impact
		Enhanced capacity building in production, post-harvest management and markets (Timely advisory services, Awareness on agricultural intervention options, Access and use of factual information and Training) Gender consideration in the development of technology and provision of services	packaged improved technologies Provision of tailored training to farmers and related information, education and communication (IEC) materias	
3	Traders	Quality products Timely and reliable market information. Appropriate post harvest technologies	Development and deployment of cost-effective post harvest technologies Compile and disseminate market information Development and deployment of products with quality standards	Reduced costs for undertaking business
4	Processors	Timely and reliable information on quality and quantity of agricultural products Timely and reliable market information. Enhanced capacity building of SMEs in processing value addition, post harvest handling, post-harvest management and markets	Packaging reliable information on quality, quantity and market opportunity of agricultural products Provision of tailored training to SMEs and related information, education and communication (IEC) materials	Increased efficiency Increased benefits
5	Local Government Authorities	Innovativeness in agricultural technologies Well researched and applicable technical advice Timely and effective delivery of services	Develop and deploy demand driven technologies and services Effective and timely delivery of agricultural research services	Availability of improved technologies

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S/N	Stakeholder / Client	Expectations	Service offered by TARI	Potential Impact
		Establishment of strong linkage between research and local government extension system	Participatory generation and dissemination of agricultural technologies	
6	Consumers of agricultural produce	Quality products of affordable prices Responses to consumer preferences	Development of technologies, innovations and policies that will enhance productivity and labour saving Inclusiveness of all stakeholders in the generation of agricultural technologies	Increased quality and prices of products
7	Development Partners	Conducive policies, legal and regulatory framework Efficient and effective management of resources Commitment and accountability. Effective management information system and timely reporting. Good governance and Transparency Effective collaboration and cooperation	Conducive policies, legal and regulatory framework Adhere to agreed commitments Demonstrate good governance, efficient and effective management of resources	Enhanced partnerships
8	Service Providers	Timely and reliable data on recommended technological packages according to agro-ecologies Marketable agricultural technologies by farmers Technical support	Packaging reliable data on recommended technologies Provision of tailor-made training Package and disseminate improved technologies	Availability of high quality raw materials
9	Agricultural research institutions (e.g CG Centres, ASARECA, NARO,	Conduct collaborative research Sharing of agricultural information Streamlined coordination in agricultural research	Develop collaborative research and adhere to agreements Sharing of research findings	Enhance collaboration, networking and sharing of information

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S/N	Stakeholder / Client	Expectations	Service offered by TARI	Potential Impact
	TALIRI, TAFORI)	Conduct on-job training Sharing of resources	Operationalize national agricultural research forum Develop and implement national research agenda	
10	Treasury Registrar	Increased efficiency and effectiveness of the Institute Improved mechanisms for resource mobilization	Writing winning research grant projects Well streamlined coordination and operationalization of TARI activities	Funded research grant projects complementing to government budget Resource use efficiency
B	Indirect Stakeholders			
11	Politicians	Professional, non-partisan agricultural services Significant contribution to economic growth, poverty reduction and livelihood improvement Efficient and cost-effective service delivery transparency and accountability Enforcement of laws and relevant regulations	Adhere to scientific principles, rules and regulations to deliver services professionally Contribute to national economic growth, poverty reduction and livelihood improvement Adherence to TARI Client Service Charter	Increased contribution to livelihoods of rural people particularly in the respective constituents
12	Policy makers	Transparency and accountability. Enforcement of laws and regulations Good agricultural research management and coordination Advice for policy change Significant contribution to economic growth, poverty reduction and livelihood improvement	Adhere to guidelines and procedures Provision of technical advice and policy briefs Contribute to national economy and reduction of poverty through development and deployment of demand driven technologies and services	Increased contribution to GDP Increased agricultural growth Increased food security, nutrition and sustainable agriculture
13	Central government	Increasing contribution of	Strategize in contributing to	Efficient resource use

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S/N	Stakeholder / Client	Expectations	Service offered by TARI	Potential Impact
		agricultural sector to the national economy Efficient and timely delivery of quality agricultural technologies and services Contribution to sustainable agriculture and food security	national economy, food security and poverty reduction Deliver cost effective agricultural technologies and services	Increased contribution to GDP
14	Civil Society Organizations and NGOs	Conducive legal and regulatory framework Good governance and transparency Timely and streamlined approval procedures Knowledge and information sharing in agricultural development	Provision of conducive legal and regulatory framework Provision of agricultural research information and technical advice Create awareness of prevailing agricultural research standards	Enhanced networking and collaboration Sharing of information
15	Financial institutions	Adoption of marketable agricultural technologies by farmers Sufficient and timely utilization of resources. Timely accounting and reporting Availability of collateral at the institute	Generate and disseminate marketable agricultural technologies Compliance to financial commitments and regulations	Meet financial commitments and compliance Increased use of financial services
16	Academic Institutions	Conduct collaborative research Sharing of agricultural information Appropriate research findings for teaching and curriculum improvement Utilization of education opportunities Training and supervision of students	Packaging and sharing of research findings Develop collaboration agreements	Sharing of training programs Networking and collaboration Trained scientists

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S/N	Stakeholder / Client	Expectations	Service offered by TARI	Potential Impact
17	Media	Timely, simple to understand and reliable research information Collaboration in preparation of articles for public awareness Technical backstopping in agricultural technologies	Package research information Collaborate in developing programs/articles for broadcast and publication	Sharing of information Increased awareness and knowledge on available technologies by clients

2.19 CURRENT AND FUTURE DEVELOPMENT PLANS

In the financial year 2023/24, TARI intends to address the following areas:

- i) To devise mechanisms for funds mobilization including writing grant winning research proposals, strengthening seed production and services.
- ii) Foster collaboration and networking with local, regional and international research centres and organizations in undertaking research activities;
- iii) Strengthen Intellectual Property Management and commercialization;
- iv) To develop and validate new technologies in participatory manner to meet the growing demands and expectations of the TARI's stakeholders;
- v) Multiplication of the developed technologies to meet the demand of the stakeholders
- vi) To retool and equip TARI centres with necessary facilities as well as rehabilitate/construct centers infrastructure including but not limited to, irrigation systems, laboratories, warehouses and develop production farms.
- vii) Recruit more staff and support capacity building through short and long term trainings as part of human resource development program;
- viii) Develop and implement financial management systems to improve monitoring, evaluation, and fraud control; and
- ix) Strengthen the current TARI headquarters with adequate staff and allied infrastructure, and to construct new TARI's Headquarters to enhance its operation.

2.20 ACCOUNTING POLICIES

The accounting policies used in the preparation of the Financial Statements disclosed in Note 1 to the Financial Statements. These policies are all considered to be critical to an understanding of the performance and financial position of the Institute.

2.21 SOLVENCY EVALUATION

Mobilization of sufficient financial resources to meet current and future research obligations is a primary responsibility of the Directors. The Directors reviewed current financial position of the Institute and confirms that applicable accounting standards followed and that the Financial Statements have been prepared on a going concern basis.

The state of affairs of the Institute as at 30th June 2023 is set out on page 42 of the financial statements. The Directors consider the Institute to be solvent.

2.22 RESPONSIBLE BEHAVIORS TOWARDS STAKEHOLDERS

The Directors believe that effective practical and scientific research is the primary reason for the existence of the Institute. A number of measures taken to institute a responsible behaviour towards stakeholders. This includes establishment of the Institutes website, radio and TV programs and participation in agricultural fairs and exhibitions at national, regional and district levels in order to communicate positive research outcomes to the stakeholders and receive their feedback.

2.23 ADMINISTRATIVE EFFICIENCY

The Directors consider administrative efficiency as the key to superior service delivery. The Institute is currently using a range of e-based government systems that translate its requirements into tools facilitating a number of administrative activities. This has significantly improved administrative functions including accounting, stores and procurement management and human resources management.

The Institute has not borrowed funds and consequently no interest charges have accrued against the Institute. All statutory payments such as Pay As You Earn (PAYE), pension contributions and other statutory deductions effected from staff salaries were made and submitted to the relevant authorities in time.

The existing internal control systems invariably complied. This has resulted in smooth operations of the Institute. TARI had 834 employees as at 30 June 2023, out of them, 569 are male and 265 are female (2022: 734 employees, 491 male, 243.female).

2.24 GOVERNING BOARD AND ITS COMPOSITION

2.24.1 Powers and Functions of the Board

Pursuant to Section 6 of TARI Act, "management oversight, governance and control of the Institute shall be vested to the Board". Key roles and responsibilities of the TARI Board of Directors are to:

- (a) provide oversight, direction and guidance to affairs of the Institute and ensure that adequate funds and resources are made available to the Institute to carry out its national mandate of agricultural research, development and promotion;
- (b) review and approve, strategic plans, work plans and budgets of the Institute;
- (c) review performance reports and approve plans for career development and promotion of research scientists, technicians and other staff;
- (d) recommend to the appointing Authority through the Minister for disciplinary action against the Director General (DG);
- (e) act as disciplinary authority over employees in the management of the Institute;
- (f) act as the appellate disciplinary authority for other subordinate staff of the Institute who are not at the managerial level;
- (g) advise the Minister on the establishment of centres as may be necessary for the better performance of the functions of the Institute;
- (h) oversee the administration and accountability of funds and other assets of the Institute; and
- (i) do all acts and things as may be, in the opinion of the Board, necessary or expedient for the proper discharge of its functions under this Act.

2.24.2 Composition of the Board

Pursuant to Section 5(1) and (2) of the Tanzania Agricultural Research Institute Cap 51 the Board shall consist of the following: (a) The Chairman of the Board who is appointed by the President of the United Republic of Tanzania and ten (10) other Members appointed by the Minister responsible for agriculture from the following:- (i) a member from the Ministry of Agriculture, (ii) A Vice Chancellor appointed from one of a leading agricultural university, (iii) a Chief Executive Officer representing private agricultural research institutes, (iv) The Director of Local Government Authority, (v) The Director General of Tanzania Commission for Science and Technology (COSTECH) and (vi) The Director General of Tanzania Livestock Research Institute (TALIRI). Others are (vii) A Law Officer from the Attorney General's Chambers, (viii) Two Members with experience in agriculture representing farmers' organizations and (ix) one member with experience in agriculture representing Agri-Business Organizations as shown in Table below The Director General of TARI is the Secretary to the Board of Directors. The composition of the new board presented in the table below.

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Table No.8 Composition of those Charged with Governance

S/N	Name	Position & Qualifications	Age	Institution	Nationality	Appointment Date
1	Dr. Tausi M. Kida	Chairperson PhD in Development Economics	51	Executive Director, Economic and Social Research Foundation (ESRF)	Tanzanian	From 24 August 2022 to 2 April 2023
2	Andrew W. Massawe	Chairperson		Former Permanent Secretary Ministry of Agriculture	Tanzanian	2 April 2023
3	Dr. Jacqueline D. Mkindi	Member Dr. Business Administration and Enterprises	47	Chief Executive Officer of Tanzania Horticultural Association (TAHA)	Tanzanian	22 March 2022
4	Prof. Erick V. Komba	Member Associate Prof. PhD in Veterinary Medicine	46	Associate Professor, Sokoine University of Agricultural (SUA)	Tanzanian	22 March 2022
5	Ms. Felister Lelo	Member, Master of Law in Taxation	37	Principal Legal Officer- Office of the Attorney General (AG)	Tanzanian	22 March 2022
6	Mr. Arnold Oosterhuis	Member BSc International Agricultural Trade	47	General Manager, PropVriend Tanzania, Farmers' Representative	Dutch	22 March 2022
7	Dr. Amos M. Nungu	Member, PhD in Telecommunication Systems	48	Director General of Tanzania Commission for Science and Technology (COSTECH)	Tanzanian	22 March 2022
8	Ms. Vumilia L. Zikankuba	Member Masters of Food Science and Technology	44	Head of Agricultural Sector Development Programme (ASDP II) - Ministry of Agriculture (MoA)	Tanzanian	22 March 2022
9	Mr. Sixtus Mapunda	Member Masters of Public Administration	46	Farmers Representative	Tanzanian	22 March 2022
10	Dr. Rogers Shamuelekwa	Member PhD in Education Research	46	Director Education Service, Kibaha Education Centre, Representative President's Office Regional Administration and Local Government (PO-RALG)	Tanzanian	22 March 2022

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S/N	Name	Position & Qualifications	Age	Institution	Nationality	Appointment Date
11	Dr. Rugalema Rwegarulila	Member PhD Development Studies	61	Regional Director for Eastern and Southern Africa at the World Vegetable Centre	Tanzanian	22 March 2022
12	Prof. Emmanuel J. Luoga	Member PhD in Ecological Economics.	61	Vice Chancellor of Nelson Mandela African Institute of Science and Technology (NM-AIST)	Tanzanian	22 March 2022
13	Prof. Sylvia C. Temu	Co-opted Member in Professor Business Management.	65	Professor in Business Management, University of Dar es Salaam	Tanzania	5 November 2022

Dr. Geoffrey S. Mkamilo is the Director General of TARI and the Secretary to the Governing Board.

2.24.3 Board Committees

Roles of the Committees is to make in depth analysis of various matters presented by the management and advise the Board on appropriate action. The Board has three Committees as follows: -

1. Audit, and Monitoring and Evaluation Committee (AMEC).
2. Research, Technology Transfer and Resource Mobilization (RTRM).
3. Finance, Administration and Human Resources Management (FAHRM).

Audit, Monitoring and Evaluation Committee

The Committee is responsible for: -

- Oversee audit and accountability of funds and other assets of the Institute
- Receive and deliberate on internal audit reports
- Receive and deliberate external audit reports
- Oversee planning, monitoring and evaluation.

The Board's Audit, and Monitoring and Evaluation Committee is composed of the following members.

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Table No.9: Board's Audit, Monitoring and Evaluation Committee members

S/N	Name	Profession/Qualification	Age	Status
1.	Dr. Amos M. Nungu	PhD (Communications Systems) - Director General, COSTECH	48	Chairman
2.	Ms. Vumilia Zikankuba	MSc (Food Science and Technology) - Head of Agricultural Sector Development Programme (ASDP II) - Ministry of Agriculture (MoA) Ministry of Agriculture	44	Member
3.	Dr. Jacqueline D. Mkindi	Dr. Business Administration and Enterprises	47	Member
4.	Prof. Sylvia C. Temu	Professor in Business Management	65	Member
5.	Dr. Geoffrey S. Mkamilo	PhD in Production Ecology and Resource Conservation, Director General.	59	Secretary

Research, Technology Transfer and Resource Mobilization (RTRM)

The Committee charged with the following functions: -

- Oversee research, innovation, and technology dissemination activities.
- Oversee fostering partnerships between TARI and stakeholders.
- Ensure that adequate funds and resources are made available.
- Oversee that resources are used efficiently and effectively in research operations.

The Board's Research, Technology Transfer and Resource Mobilization (RTRM) Committee is composed of the following members.

Table No.10: TARI Board's Research, Technology Transfer and Resource Mobilization (RTRM) Committee members

S/N	Name	Profession/Qualification	Age	Status
1.	Prof. Emmanuel J. Luoga	PhD in Ecological Economics	61	Chairman
2.	Prof. Erik Vitus Komba	Associate Prof. PhD in Veterinary Medicine	46	Member
3.	Dr. Helson Gabriel Rugalema	PhD Development Studies	61	Member
4.	Mr. Anorid Oosterhuis	BSc International Agricultural Trade	47	Member
5.	Dr. Geoffrey S. Mkamilo	PhD in Production Ecology and Resource Conservation, Director General.	59	Secretary

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TARI Board's Finance, Administration and Human Resources Management Committee (FAHRMC)

The Committee charged with the following functions: -

- Management oversight for staff performance
- Oversee career development and promotion of staff
- Oversee issues related to disciplinary actions
- Oversee Staff recruitment
- Oversee Promotion and motivation
- Oversee financial performance
- Oversee planning and budget

The Board's Finance, Administration and Human Resources Management Committee (FAHRMC) is composed of the following members.

Board's Finance, Administration and Human Resources Management Committee

S/N	Name	Profession/Qualification	Age	Status
1.	Ms. Felister S. Lelo	Master of Law in Taxation	37	Chairperson
2.	Mr. Sixtus Mapunda	Masters of Public Administration	46	Member
3.	Dr. Rogers J. Shemwelekwa	PhD in Education Research	46	Member
4.	Prof. Erik Vitus Komba	Associate Prof. PhD in Veterinary Medicine	46	Member
5.	Dr. Geoffrey S. Mkamilo	PhD in Production Ecology and Resource Conservation, Director General.	59	Secretary

2.25 Board and Committee Meetings

During the year ended 30 June 2023, Board convened four meetings and Committees convened three meetings. During the financial year ended on 30th June 2023, the Board approved the following key matters.

1. Approved of the TARI Board Charter
2. Approved Performance Contract between TARI Board and the Treasury Registrar
3. Elected Vice chairperson of the Board and appointment of Committees
4. Approved of National Agricultural Research Agenda (NARA)
5. Approved of TARI Action Plan and Budget for FY 2022/2023
6. Approved of TARI Annual Procurement Plan for FY 2022/2023
7. Deliberated on Audited Financial Statements and Management Letters for the year ended 30th June, 2022 and approved Controller and Auditor General(CAG) Report for FY 2021/2022 and

8. Deliberated on quarterly management and internal audit reports

2.26 INDEPENDENCE OF DIRECTORS AND ETHICAL BEHAVIOUR

All the Directors are considered by the Board to be independent both in character, judgement and free of relationships or circumstances that could affect their judgement. All the Directors are considered to behave and act ethically in the discharge of their fiduciary responsibilities.

2.27 DIRECTORS' INTEREST

The Institute is a public body established by the TARI Act, Cap 51 It is under the supervision and control of the Board of Directors. The Directors Report supplements the information provided in the Financial Statements of the Institute. As the Board did not operate during the year, no Director had conflict of interest in the affairs of the Institute.

2.28 DIRECTORS' REMUNERATION

All the Directors are non-executive. The Directors' remuneration is as approved by the Treasury Registrar and the President's Office - Public Service Management. During the year, there were no Director's fees and allowances paid due to non-existence of the Board.

2.29 CORPORATE GOVERNANCE

TARI's Board of Directors is responsible for oversight, direction and guidance on the affairs of the Institute and ensure that adequate Institutes and resources made available to the Institute to carry out its national mandate of agricultural research, development and promotion.

The Directors consider corporate governance as key to good performance of the Institute. The Board is responsible for overseeing the Institute's performance and internal controls. The Directors confirm that:

- (a) All the Directors are non-executive and retains full and effective control of the Institute and monitor the executive management;
- (b) They accept and exercise responsibility for strategic and policy decisions, approval of budgets and monitoring of performance;
- (c) They continued to strengthen good governance systems by overseeing the implementation of various policies and guidelines in the areas of financial management, operations, investments, internal audit, human resources and ICT; and

(d) They acted and behaved ethically in discharge of their responsibilities.

2.30 RISK MANAGEMENT AND INTERNAL CONTROL

The Directors accept final responsibility for risk management and internal control system of the Institute. The management ensures that adequate financial and operational control systems maintained on an ongoing basis. The objective is to provide reasonable assurance on the following:

- (a) Safeguarding the Institute's assets;
- (b) Effectiveness and efficiency of operations;
- (c) Compliance with applicable laws and regulations;
- (d) Reliability of accounting records and financial information;
- (e) Sustainability of the Institute's operations under normal and adverse conditions;
- (f) Responsive behaviour towards stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Institute's system designed to provide the Directors with reasonable assurance that procedures in place are operating effectively. The Directors have assessed the internal control system and generally satisfied as explained herein.

The Institute has a risk management framework and various policies/regulations through which it manages its risks. On the other hand, the Institute has an internal audit function which reports to the Board Audit Committee through which the Board monitors and directs corrective measures on the internal control environment.

2.31 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

The most important type of risks are operational risks, reputation risk, legal risk, liquidity risk and market risk (foreign exchange risk and price risk). The notes below provide detailed information on financial and non-financial risks faced by the Institute and the Institute's general policies for managing the same.

2.31.1 Operational Risks

Operational risks result from inadequate systems, management failures, ineffective internal control processes, fraud, theft and human errors. The Institute addresses this risk through sound internal control system. Main instruments of the internal control system include operational and procedural manuals, regulations and policies and guidelines, and independent internal audit function.

Managing operational risks in the Institute is an integral part of day-to-day operations by the Management. The Management, Internal Audit Function, Audit and Risk Committee and the Board of Directors are actively involved in monitoring process and guidelines and independent internal audit function.

2.31.2 Legal Risk

This risk arises from possible litigations instituted by or against the Institute and uncertainty of enforceability of contracts. In mitigating this risk, the Institute operates a fully-fledged Legal Services Unit and for each contract entered into by the Institute, there is a Contract Manager responsible for managing the implementation of specific contract entered by the Institute.

2.31.3 Reputational Risk

The Institute has an obligation to ensure that it performs its functions and maintains its reputation as a reputable research institution pursuant to TARI Act and other applicable laws and regulations. In this endeavour, the Board of Directors and the Management ensure that they fulfil their fiduciary responsibilities by applying principles of sound corporate governance and adopting best practices in the industry as well as responsible behaviour towards stakeholders.

2.31.4 Foreign Currency Transaction Risk

The foreign exchange risk (currency risk) is the risk arising from variation of exchange rate changes in the transactions denominated in foreign currencies. The Institute has significant foreign currency transactions in terms of research grants from development partners. In the operating environment, transactions based on the local currency (Tanzanian Shillings) which exposing the institute to foreign currency risk during the conversion. The Institute obliged to take the risk due to operation environment.

2.31.5 Liquidity Risk

Liquidity risk is the risk of failing to meet obligations when they fall due. Liquidity risk may also arise from inability to sell products or services at close to its fair value. The Institute exposed to daily calls to meet research obligations and other administrative expenses. The Institute manages liquidity risk by cash flow forecasts. The Institute carries out weekly cash flow projection that discussed by Management. Main sources of Institutes include government grants, grants from development partners and sale of seeds and farm produce.

2.31.6 Compliance risks

Compliance risk is the risk of legal or regulatory sanctions, financial loss or damage to the reputation that the Institute may suffer as a result of its failure to comply with laws, regulations, codes of conduct and standard of good practice that are applicable to its activities. The Board ensures that Management complies with Regulatory and Internal policies and procedures.

2.31.7 Strategic risks

Strategic risk is the possibility of making losses due to adverse business decision or improper implementation of the decision, poor leadership, or ineffective governance and oversight, as well as external risks associated with changes in the business environment.

2.32 SAFEGUARDING THE INSTITUTE'S ASSETS

The Directors are responsible for safeguarding the assets of the Institute. The Institute has in place various policies including, but not limited to, financial regulations and internal audit manual in order to strengthen the internal control environment. These reviewed from time to time to align with the dynamics of the operating environment. The Directors are pleased to report that during the year under review, no material incidents of fraud encountered.

2.33 RELIABILITY OF ACCOUNTING RECORDS AND FINANCIAL STATEMENTS

The Institute has a Finance Unit and continues to strengthen its capacity through recruitment of additional staff especially for the Research Centres. During the year, the Institute has started to use a computerized government accounting system (MUSE). Accordingly, proper books of accounts maintained and the Financial Statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS).

2.34 RELATED PARTY TRANSACTIONS

All related party transactions and balances disclosed under Note 34 to these Financial Statements.

During the financial year ended 30 June 2023 members of the Management were paid salary and other entitlements in respect of 2022/23 financial year as disclosed in Note 38 to the Financial Statements.

2.35 VESTED INTEREST

Board Members of Tanzania Agricultural Research Institute have no vested interest on different projects/businesses within the Institute.

2.36 STAFFING AND GENDER BALANCE

TARI has continued to have critical mass of scientists specialized in various disciplines who have continued to undertake research leading to technology discoveries. As of June 2023, TARI had 60 PhD holders, 185 Masters, 306 Bachelor degrees, 189 Diploma and the rest 93 are with Certificates and Standard Seven making up a total of 833 staff.

However, the current number of staff is low compared to the actual demand of more than a 1000 staff. There have been concerted efforts to recruit and request for staff transfer-in/replacement from Permanent Secretary - Public Service Management and Good Governance (PS-PSMGG). During the year under review TARI employed 148 staff and 20 staff were transferred-in from other institutions.

The Institute is an equal opportunity employer, as it has no discriminatory policies or practices. As at 30 June 2023, the Institute had the following distribution of employees by gender:

Table: Staff Composition as of 30 June 2023

Staff Category	Male	Female	Total
Researchers Staff	277	111	388
Agricultural Officers Staff	53	20	73
Field Officers/Technicians Staff	141	69	210
Administrative/Supporting Staff	98	65	163
Total	569	265	834

Staff Distribution by Research Centers

SN	Centre	30 June 2023		
		Male	Female	Total
	TARI - Headquarters	44	20	64
	TARI - Dakawa	21	16	37
	TARI - Hombolo	21	6	27
	TARI - Ifakara	21	8	29
	TARI - Ilonga	39	11	50
	TARI - Kibaha	26	25	51
	TARI - Kifyulilo	23	7	30
	TARI - Kihinga	24	5	29
	TARI - Makutupora	18	16	34

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SN	Centre	30 June 2023		
		Male	Female	Total
	TARI - Maruku	21	5	26
	TARI - Mikocheni	25	31	56
	TARI - Mlingano	35	14	49
	TARI - Naliendele	38	15	53
	TARI - Selian	36	22	58
	TARI - Tengeru	23	11	34
	TARI - Tumbi	32	6	38
	TARI - Ukiriguru	47	20	67
	TARI - Uyole	75	27	102
	Total	569	265	834

The Institute will continue to improve gender balance when filling vacancies, female candidates who are able to fill in vacancies will be given priority and given equal opportunity for career development including short and long-term training.

2.37 POLITICAL DONATIONS AND CHARITABLE DONATIONS

The Institute did not make any political or charitable donations during the period (2022: NIL).

2.38 CORPORATE SOCIAL RESPONSIBILITY

In fulfilling its corporate social responsibility, the Institute has been distributing seeds to village farmers in various areas for free or at discounted prices in order to promote strategic crops in the country.

2.39 ENVIRONMENTAL CONTROL

The Directors recognize that environmental protection is a contemporary agenda. The Institute monitors the impact of its operations on the environment, which is mainly through the use of power, water and generation of waste. The Institute minimizes its impact through better use of its premises and facilities to ensure that there is proper waste management.

Environment Research activities being implemented by TARI abide to national policies, laws and guidelines responsible for safeguarding the environment. The National Environment Policy of 1997 and related guidelines whose salient features, among others include prevention and control of land degradation, water, vegetation and air that provide life support systems set are the guiding factors for consideration of the environment.

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During designing of research programs, environmental safeguard issues are considered. The Institute executes research projects that safeguard the environment such as establishment and maintenance of indigenous exotic trees for environmental conservation and soil fertility improvement in several areas of the country. Moreover, TARI undertakes research on chemical use in management of pests, diseases and weeds while ensuring environmental protection.

TARI continued to conduct training to farmers, extension staff, policy makers, senior government officials and other relevant stakeholders on environmental and safe guard issues. TARI also build capacity of stakeholders through awareness creation by establishment of demonstration plots of climate smart agriculture.

2.40 EMPLOYEES' WELFARE AND DEVELOPMENT

The Institute has the following employees' welfare arrangements:

2.40.1 Training

The Institute offers sponsorship to its employees both in short- and long-term courses within the country on various disciplines depending on the corporate needs and financial resources available. Also, the Institute supports employees' own initiatives for both short and long-term training.

During the financial year 2022/23 16 staff completed their long-term training programmes and 92 staff are on long-term training in various programmes as shown in Table below.

Table No. 14: Staff on Training as at 30 June 2023

Training Program	Staff on Training to date		
	Male	Female	Total
PhD Studies	19	5	24
MSc Studies	36	6	42
BSc Studies	19	7	26
Total	74	18	92

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Table: Staff Academic Profile as at 30 June 2023

S/N	Centre	Doctorate degree	Master's degree	Bachelor Degree	Ordinary Diploma	Certif/ Form IV	Stand. Seven	TOTAL
1	HQ	8	18	15	8	15	0	64
2	Dakawa	2	11	11	7	5	1	37
3	Hombolo	3	4	13	6	1	0	27
4	Ifakara	4	4	12	7	2	0	29
5	Ilonga	2	14	21	11	2	0	50
6	Kibaha	3	17	12	15	4	0	51
7	Kifyulilo	1	1	14	7	4	3	30
8	Kihinga	2	1	18	5	3	0	29
9	Makutupora	3	11	14	6	0	0	34
10	Maruku	2	5	13	4	2	0	26
11	Mikocheni	3	13	20	14	6	0	56
12	Mlingano	3	10	14	9	9	4	49
13	Naliendele	5	12	22	14	0	0	53
14	Selian	1	14	24	11	7	1	58
15	Tengeru	1	9	14	9	1	0	34
16	Tumbi	2	3	16	15	2	0	38
17	Ukiriguru	8	17	22	15	4	1	67
18	Uyole	7	21	31	26	14	3	102
	Total	60	185	306	189	81	13	834

2.40.2 Medical Facilities

All TARI staff covered by health insurance offered by The National Health Insurance Fund (NHIF).

The Institute pay contributions to the National Health Insurance Fund for them to provide medical insurance scheme to its employees and their immediate family dependents. It also pays premiums to the Workers Compensation Fund to provide compensation to employees who may suffer occupational injuries or contract occupational diseases arising out of work and in the course of their employment.

2.40.3 HIV/AIDS at Work Place

The management continued with the programmes intended to educate employees on HIV /AIDS pandemic. During the year ended 30 June 2023, TARI continued to provide meals support to staff living with HIV/AIDS. This is in line with National HIV/AIDS Policy of 2001 and Guidelines.

2.40.4 Financial Assistance

The Institute operates a policy to assist in the event of death of an employee or immediate family dependant.

Also, the Institute has entered into agreements with commercial banks and financial institutions to provide loans to staff. The following financial institutions provide loans to staff namely CRDB bank PLC, DCB, NMB Bank PLC, NBC Bank PLC, BayPort Financial Services, Fanikiwa, Faidika, Platinum Credit and TCB formerly known as TPB Bank.

2.40.5 Retirement Benefits

The Institute pays contributions to the Public Service Social Security Fund to provide social security benefits on retirement due to age, invalidity or in the event of death.

2.41 Relationship between Management and Employees

TARI Management and Staff enjoy a friendly and effective organizational environment accruing from the leadership direction and support of the Management at all levels through process management and providing staff with the necessary resources.

A healthy relationship continues to exist between the Management and employees. Management liaise and communicate with employees, for inputs, on matters relating to the Institute's operations and its employees' welfare. Such matters include, but not limited to, long- and short-term plans, budgetary allocations and operational efficiency.

Regular meetings with employees' representatives held to discuss matters as part of employees' involvement in the Institute's decision-making process. These meetings provide important forums form important ingredients into the Management decision making process. During the year ended 30 June 2023, there were no unresolved grievances or disputes received by the Management from the employees. Specific employees related matters are explained below.

2.42 Persons with Disabilities

The Institute gives equal opportunities to persons with disabilities for vacancies they are able to fill and are given equal opportunity in career development.

2.43 Health and Safety

The business activities carried out by the Institute is research in nature. The Board ensures that the working environment is safe at all times. The Management ensures also

that the working environment is clean and attractive. Fire extinguishers have also been installed in office buildings to ensure that unexpected fire incidents are contained.

2.44 RELATIONSHIP BETWEEN MANAGEMENT AND OTHER STAKEHOLDERS

The Institute has continued to maintain good relationship with its key stakeholders including The Government and Parent Ministry, Regulators, Authorities, Development Partners, suppliers, contractors, service providers and relevant banks.

2.45 LIQUIDITY AND BORROWING

The Institute is considered to be liquid. The Institute did not borrow from any financial institution, or other third parties to meet its day-to-day liquidity management and funding needs. Sound liquidity of the Institute is expected to continue in future given the Institute's financing arrangements.

2.46 CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The financial performance of the Institute is sensitive to the accounting policies, assumptions, and estimates that underlie the preparation of the financial statements. When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent.

The accounting policies that are deemed critical to our performance and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgment involved, including the use of assumptions and estimation, are described in Notes 1 to the Financial Statements.

2.47 COMPLIANCE WITH LAWS AND REGULATIONS

During the period, the Institute observed compliance to all applicable laws and regulations, policies and guidelines that have impact on the Institute's operations. These include The Tanzania Agricultural Research Institute Act No. 10 of 2016, Income Tax Act [CAP. 332 R.E 2019] and The Public Procurement Act [CAP. 411 R.E 2019] and its regulations. The Directors confirm that the activities and operations of the Institute conducted in accordance with the TARI Act and other applicable laws and the Directors are not aware of non-compliance that would have material impact on the Institute.

2.48 CAPITAL COMMITMENTS

As at 30 June 2023, The Institute had the following capital commitments: -

- Construction of Office Building for TARI HQs TZS 1,720,031,624;

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- Construction of Office Building for TARI Kihinga TZS 960,807,231.09; and
- Design & Construction of Warehouse TZS 897,629,208.56.

2.49 SERIOUS PREJUDICIAL MATTERS

During the period ended 30 June 2023, there were no serious prejudicial matters to report on as required by the Tanzania Financial Reporting Standard No.1.

2.50 STATEMENT OF COMPLIANCE

The Director's Report has been prepared in full compliance with the Tanzania Financial Reporting Standards (TFRS) No. 1.

2.51 BASIS OF ACCOUNTING

The financial statements of Tanzania Agricultural Research Institute have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) for first time, under the historical cost convention. No adjustments have been made for other inflationary factors affecting the financial statements. The changes in application done retrospectively.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It is also requiring management to exercise its judgment in the process of applying the TARI's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements separately disclosed in a note.

2.51.1 Accounting Policies

The financial statements of Tanzania Agricultural Research Institute have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), under the historical cost convention. No adjustments have been made for other inflationary factors affecting the financial statements. The changes in application done retrospectively.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It is also requiring management to exercise its judgment in the process of applying the TARI's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements separately disclosed in a note.

2.51.2 Accounting System

The financial statements have been prepared by using the Tanzanian Government Accounting System (*Mfumo wa Uhasibu Serikalini - MUSE*). The use of MUSE has impacted the way in which the financial statements have been organized as well as the numbering and context or nature of the notes to the financial statements to be MUSE compliant and consistent with other public sector entities in Tanzania.

Comparative figures have therefore been regrouped as necessary for the financial statements to be comparable with prior year. Additional notes have been introduced as deemed necessary to ensure compliance to disclosure requirements as well completeness of the financial statements.

2.52 EVENTS AFTER THE REPORTING PERIOD

The Directors believe that the Institute will be a going concern for the foreseeable future. As disclosed in note 38, the Directors are aware of the Government intention to merge TRIT, TCRI and TORITA with TARI by June 2024.

On 15 December 2023, Hon. Prof. Kitila A. Mkumbo (MP), Minister of State, Office of the President, Planning and Investment announced the Government intention to merge the operations of Tea Research Institute of Tanzania (TRIT), Tanzania Coffee Research Institute (TCRI) and Tobacco Research Institute of Tanzania (TORITA) with Tanzania Agricultural Research Institute (TARI).

Based on the government announcement, the merger of these institutions will be concluded by June 2024. This event worth to be disclosed as it occurred after the reporting date, but before signing of the audited financial statements for the year ended 30 June 2023.

2.53 AUDITORS

The Controller and Auditor General (CAG) is the Statutory Auditor of the Institute by virtue of Article 143 of the Constitution of the United Republic of Tanzania (URT), as amplified by section 32 (4) of the Public Audit Act, Cap. 418.

BY ORDER OF THE GOVERNING BOARD

CHAIRMAN



DATE

08-03-2024

2.54 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

It is the Governing Board's responsibility to cause and to be kept proper books of accounts and at the end of each financial year to produce financial statements, which reflect a true and fair view of the state of affairs and the results of operations of the Institute.

The Governing Board confirms that suitable policies have been used and applied consistently and reasonably, and prudent judgments and estimates have been made in the preparation of TARI's financial statements for the year ended 30 June 2023.

The Governing Board further confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going-concern basis. The Board has reasonable expectations that the Institute has adequate resources to continue in operation for the foreseeable future.

BY ORDER OF THE GOVERNING BOARD

CHAIRMAN



DATE 08-03-2024

2.55 DECLARATION OF THE HEAD OF FINANCE OF THE INSTITUTE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Accountants and Auditors (Registration) Act, CAP 286 R.E 2002, requires Financial Statements be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

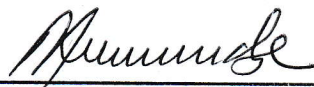
It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Directors Responsibility statement made on an earlier page.

I, **CPA Mohamed Mwandege**, being the Chief Accountant of the Tanzania Agricultural Research Institute hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2023 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of the Tanzania Agricultural Research Institute as on that date and that they have been prepared based on properly maintained financial records.

Signed by: _____



Date: _____

07th March 2024


Position: Chief Accountant

NBAA Membership No: ACPA 1393

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	TZS 2023	TZS 2022
ASSETS			
Current Asset			
Cash and Cash Equivalents	2	727,875,101	2,846,263,052
Inventories	3	203,123,165	580,696,168
Prepayments	4	2,830,103,931	1,373,181,483
Receivables	5	<u>812,255,470</u>	<u>60,082,378</u>
Total Current Asset		<u>4,573,357,667</u>	<u>4,860,223,081</u>
Non-Current Asset			
Biological Assets	6	15,161,820,361	15,161,820,361
Property, Plant and Equipment	7	122,249,229,926	124,003,886,153
Work In Progress	8	<u>11,663,904,299</u>	<u>986,140,835</u>
Total Non-Current Asset		<u>149,074,954,586</u>	<u>140,151,847,349</u>
TOTAL ASSETS		<u>153,648,312,253</u>	<u>145,012,070,430</u>
LIABILITIES			
Current Liabilities			
Deferred Income	9	507,941,415	380,468,548
Deposits	10	76,872,778	32,581,515
Payables and Accruals	11	<u>5,458,249,648</u>	<u>1,356,201,092</u>
Total Current Liabilities		<u>6,043,063,841</u>	<u>1,769,251,155</u>
TOTAL LIABILITIES		<u>6,043,063,841</u>	<u>1,769,251,155</u>
Net Assets		<u>147,605,248,412</u>	<u>143,242,819,275</u>
NET ASSETS			
Capital Contributed by:			
Tax payers funds		143,755,615,979	143,755,615,979
Accumulated-Surpluses / (Deficits)		<u>3,849,632,433</u>	<u>(512,796,704)</u>
TOTAL NET ASSETS		<u>147,605,248,412</u>	<u>143,242,819,275</u>


.....
Mr. Andrew W. Massawe
BOARD CHAIRMAN


.....
8/2/24
.....
DATE

Dr. Thomas N. Bwana
DIRECTOR GENERAL

The United Republic of Tanzania
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STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2023

REVENUE	Note	TZS 2022/23	TZS 2021/22
Revenue			
Subvention from other Government entities	12	31,571,298,672	22,260,279,370
Revenue from Exchange Transactions	13	2,942,096,432	3,165,764,114
Other Revenue	14	<u>12,776,066,274</u>	<u>13,002,949,569</u>
TOTAL REVENUE		<u>47,289,461,378</u>	<u>38,428,993,053</u>
EXPENSES AND TRANSFERS			
Expenses			
Depreciation of Property, Plant and Equipment	15	3,503,400,456	3,313,370,776
Maintenance Expenses	16	781,202,883	1,409,296,373
Other Expenses	17	399,929,721	202,499,929
Use of Goods and Service	18	12,404,860,786	11,283,041,280
Wages, Salaries and Employee Benefits	19	<u>25,837,638,395</u>	<u>24,910,383,929</u>
Total Expenses		<u>42,927,032,241</u>	<u>41,118,592,287</u>
Transfer			
Other Transfers	20	-	31,365,000
Total Transfer		<u>-</u>	<u>31,365,000</u>
TOTAL EXPENSES AND TRANSFERS		<u>42,927,032,241</u>	<u>41,149,957,287</u>
Surplus / (Deficit)		<u>4,362,429,137</u>	<u>(2,720,964,234)</u>

.....
Mr. Andrew W. Massawe
BOARD CHAIRMAN

.....
DATE

.....
Dr. Thomas N. Bwana
DIRECTOR GENERAL

The United Republic of Tanzania
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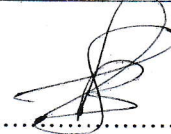
STATEMENT OF CHANGES IN NET ASSET AND EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

	Tax Payer's Fund	Accumulated Surplus/(Deficit)	Total
	TZS	TZS	TZS
Opening Balance as at 01 July 2022	143,755,615,979	(512,796,704)	143,242,819,275
Capital Fund	-	-	-
Adjustment	-	-	-
Surplus/(Deficit) for the Year	-	4,362,429,137	4,362,429,137
Closing Balance as at 30 June 2023	<u>143,755,615,979</u>	<u>3,849,632,433</u>	<u>147,605,248,412</u>
Opening Balance as at 01 July 2021	143,755,615,979	2,208,167,530	145,963,783,509
Capital Fund	-	-	-
Adjustment	-	-	-
Surplus/ (Deficit) for the Year	-	(2,720,964,234)	(2,720,964,234)
Closing Balance as at 30 June 2022	<u>143,755,615,979</u>	<u>(512,796,704)</u>	<u>143,242,819,275</u>



Mr. Andrew W. Massawe
BOARD CHAIRMAN

8/3/24
DATE



Dr. Thomas N. Bwana
DIRECTOR GENERAL

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CASHFLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2023

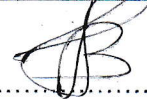
CASH FLOW FROM OPERATING ACTIVITIES		TZS	TZS
RECEIPTS:	Notes	2022/23	2021/22
Subvention from other Government entities	21	31,698,771,539	20,848,479,617
Revenue from Exchange Transactions	22	2,862,363,072	3,165,764,114
Other Revenue	23	12,776,066,274	13,002,949,569
Deposit	24	44,291,263	32,581,515
Total Receipts		<u>47,381,492,148</u>	<u>37,049,774,816</u>
PAYMENTS:			
Wages, Salaries and Employee Benefits	25	25,280,724,258	24,988,633,807
Use of Goods and Service	26	9,171,568,165	10,946,823,919
Other Transfers	20	-	31,365,000
Other Expenses	17	399,929,721	202,499,929
Maintenance Expenses	16	781,202,883	1,409,296,373
Total Payments		<u>35,633,425,027</u>	<u>37,578,619,028</u>
NET CASH FLOW GENERATED FROM /(USED IN) OPERATING ACTIVITIES		<u>11,748,067,122</u>	<u>(528,844,212)</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
Investing Activities			
Payments for Work in Progress (WIP)	27	10,608,763,464	589,230,929
Advance payments for Acquisition of Property, Plant and Equipment	28	1,439,947,380	1,361,431,483
Acquisition of Property, Plant and Equipment	29	1,817,744,229	273,699,610
Total Investing Activities		<u>13,866,455,073</u>	<u>2,224,362,022</u>
NET CASH FLOW USED IN INVESTING ACTIVITIES		<u>13,866,455,073</u>	<u>2,224,362,022</u>
Net Decrease		(2,118,387,951)	(2,753,206,234)
Cash and cash equivalent at beginning of period		<u>2,846,263,052</u>	<u>5,599,469,286</u>
Cash and cash equivalent at end of period	2	<u>727,875,101</u>	<u>2,846,263,052</u>



Mr. Andrew W. Massawe
BOARD CHAIRMAN

8/3/24

DATE



Dr. Thomas N. Bwana
DIRECTOR GENERAL

The United Republic of Tanzania
Ministry of Agriculture
Tanzania Agricultural Research Institute

RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT) FOR THE PERIOD ENDED 30 JUNE 2023

	TZS 2023	TZS 2022
Surplus/ (Deficit) for the Period	4,362,429,137	(2,720,964,234)
Add/ (Less) Non-Cash Item		
Depreciation of Property, Plant and Equipment	3,503,400,456	3,313,370,776
Add/ (Less) Change in Working Capital:		
Deferred Income	127,472,867	(1,411,799,753)
Deposit	44,291,263	32,581,515
Inventories	377,573,003	181,380,511
Payables and Accruals	4,102,048,556	7,028,756
Prepayments	(16,975,068)	98,663,596
Receivables	<u>(752,173,092)</u>	<u>(29,105,379)</u>
Net Cash Flow from Operating Activities	<u>11,748,067,122</u>	<u>(528,844,212)</u>

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2023

RECEIPTS AND PAYMENTS	Original Budget	Reallocations / Adjustment	Final Budget (A)	Actual Amount (B)	Difference (A-B)	%
RECEIPTS						
Revenue from Exchange Transactions	35,792,487,000	-	35,792,487,000	15,682,720,609	20,109,766,391	56
Subvention from other Government entities	54,871,884,753	-	54,871,884,753	31,698,771,539	23,173,113,214	42
Total Receipts	90,664,371,753	-	90,664,371,753	47,381,492,148	43,282,879,605	48
PAYMENTS						
Maintenance Expenses	850,000,000	-	850,000,000	781,202,883	68,797,117	8
Other Expenses	415,000,000	-	415,000,000	399,929,721	15,070,279	4
Use of Goods and Service	15,500,000,000	-	15,500,000,000	9,171,568,165	6,328,431,835	41
Wages, Salaries and Employee Benefits	25,800,750,000	-	25,800,750,000	25,280,724,257	520,025,743	2
Acquisition of Property, Plant and Equipment	48,098,621,753	-	48,098,621,753	13,866,455,073	34,232,166,680	71
Total Payments	90,664,371,753	-	90,664,371,753	49,499,880,099	41,164,491,654	45
Net Receipts/((Payments)	-	-	-	(2,118,387,951)	(2,118,387,951)	
Cash and cash equivalent at beginning of period	-	-	-	2,846,263,052	2,846,263,052	
Cash and cash equivalent at end of period	-	-	-	727,875,101	727,875,101	

Explanation of significant Variances

- Revenue from Exchange Transactions (Own sources) fall short due to changes in weather which affected production of farm produce due to seasonal variation.
- Government subventions was not released by 100%
- Decrease of expenditure in a category of use of goods and services were mainly caused by shortage of funds from Own source and Government subventions.
- Acquisition of Property, Plant and Equipment based on actual expenditure incurred as per available resources

NOTES TO THE FINANCIAL STATEMENTS

1.0 STATUTE AND PRINCIPAL ACTIVITIES

Tanzania Agricultural Research Institute (a government owned Institution) established under Tanzania Agricultural Research Institute Act 2016 Cap 51 as a leading institute responsible for strategic leadership in agricultural research.

The TARI is located at Makutupora area about 28 kilometres North of Dodoma City Centre with postal address number 1571 Dodoma.

1.1 PRINCIPAL ACCOUNTING POLICIES

1.1.1 Basis of Accounting

The financial statements of Tanzania Agricultural Research Institute have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) for first time, under the historical cost convention. No adjustments have been made for other inflationary factors affecting the financial statements. The changes in application were done retrospectively.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It is also requiring management to exercise its judgment in the process of applying the TARI's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are separately disclosed in a note.

1.1.2 Accounting System

The financial statements have been prepared by using the Tanzanian Government Accounting System (*Mfumo wa Uhasibu Serikalini - MUSE*). The use of MUSE has impacted the way in which the financial statements have been organized as well as the numbering and context or nature of the notes to the financial statements to be MUSE compliant and consistent with other public sector entities in Tanzania.

Comparative figures have therefore been regrouped as necessary for the financial statements to be comparable with prior year. Additional notes have been introduced as deemed necessary to ensure compliance to disclosure requirements as well completeness of the financial statements.

1.1.3 Property, Machinery and Equipment

Property, Machinery and Equipment are initially recorded at historical cost which includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the cost of the item can be measured reliably. All other repair and maintenance are charges to the statement of comprehensive income during the financial period in which they are incurred.

Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed to the statement of comprehensive income.

Increases in the carrying amount arising on revaluation of property, machinery and equipment are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity, all other decreases are charged to the statement of comprehensive income.

(a) Depreciation

Land is not depreciated. Depreciation on other assets is calculated on the following basis: Depreciation is calculated to write off the cost/valuation of fixed assets over their expected useful lives on a straight-line basis. It is the TARI policy to reassess depreciation method and rate(s) annually. The relevant rates of depreciation applied during the period under review are as follows: -

S/N	Item	Rate %
1.	Buildings	
	Office Buildings	2%
	Residential Buildings	2%
	Workshop & Warehouse Building	2%
	Industrial & Laboratory Buildings	2%
2.	Motor Vehicles	
	Heavy duty (5 tons and above)	10%
	Light duty (below 5 tons)	20%
	Motor Cycle	14%
3.	Furniture & Fittings	
	Office Furniture & Fittings	20%
	Residential Furniture & Fittings	20%
4.	Equipment & Machinery	
	Office Equipment & Machinery	20%
	Residential Equipment & Machinery	20%
	Agricultural Equipment & Machinery	6.70%
	Laboratory Equipment & Machinery	20%
5.	Computers & Accessories	25%

Depreciation is charged when the asset is put to use and stopped when an asset is derecognized.

(b) Major Renovations

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

(c) An Asset's Carrying Amount and Residual Value

An asset's carrying amount is written down immediately to its recoverable amount when there is strong evidence that carrying amount is greater than its estimated recoverable amount.

Likewise, the assets' residual values and useful lives are reviewed only when the conditions to warrant the review exist at the balance sheet date.

(d) Gains and Losses on Disposal

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognized through statement of performance.

1.1.1 Biological Assets

A biological asset or agricultural produce shall be measured on initial recognition and at each reporting date at its fair value less costs to sell, except where the fair value cannot be measured reliably.

1.1.2 Inventories Valuation

Inventories are valued at the lower of cost and net realizable value. Cost is determined by using first in first out method of valuation. This method of valuation is consistent with that of previous years.

1.1.3 Impairment of Inventories

When there is objective evidence that the value of inventories is impaired either through damage and or obsolescence, provision made to that effect through statement of performance.

1.1.4 Deposits, Prepayments and Receivables

Deposits, prepayments and receivables recognized initially at fair value and subsequently measured at amortized cost net of provision for impairment.

1.1.5 Provision for Impairment of Receivables

Provision for impairment of receivables established when there is objective evidence that the TARI will not be able to collect all amounts due according to the original terms of the specific receivables. The loss recognized through statement of performance.

1.1.6 Cash and Cash Equivalents

Cash and cash equivalents carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand; cash at bank and bank short term deposits whose maturity do not exceed three months.

1.1.7 Bank Fixed Deposits

Bank fixed deposits with maturity of over three months are accounted under short-term investments.

1.1.8 Capital Institute

Capital Institute is made up of the donor, government and own contributed Institutes/assets. The value of properties which appreciates over time such as land and buildings are not amortized.

1.1.9 Grants

Grants received by TARI which represent an inflow of resources from a non-exchange transaction shall be recognized as asset as well as revenue with exception of a liability which has to be recognized in respect of the same inflow.

1.1.10 Payables and Accrued Charges

Payables are recognized at fair value. Other payables are recognized when incurred through either enjoyment of services on credit and/or receiving of goods supplied on credit.

1.1.11 Income and Expenditure Recognition

Income comprises of the fair value of Sales of Seeds, Farm Produce, Government Subvention, Grants and Donations received from Donors, Consultancy as well as Rent and other income.

1.1.12 Revenue is recognized as follows: -

1. Sales of Seed/ Farm Produce

These types of income are recognized in the accounting period in which the related income accrued/ earned in the respective financial year on accrual basis.

2. Subvention Grants and Assistances

Subvention, grants and assistances received from the government and other donors are recognized when received by the TARI and Subvention is accrued when due.

3. Consultancy Income

Consultancy income is recognized on accrual basis and is extended over the period covered to complete the assignment.

4. Other Income

Other income apart from sales of seeds and farm produce is recognized on accrual basis on a time-proportion basis.

5. Rent Income

Rent income is mainly from the rented properties/space for office use and accommodation and farm land to the third party. Rent is recognized on time proportion basis when earned and accounted in the respective accounting period.

1.1.13 Expenditure

Expenditure/expenses are recognized in the financial statements on accrual basis.

1.1.14 Foreign Currency Translations

Functional and Presentation

Items included in the financial statements of TARI are measured using Tanzanian Shilling (TZS), which is the currency of the primary economic environment in which the TARI operates.

Transactions and Balances

Foreign currency transactions are translated into functional currency using average exchange rate and if exchange differ significantly exchange rates prevailing at the date of the transactions is used. Monetary assets and liabilities at the year and expressed in foreign currencies are translated into functional currency using the exchange rates prevailing at the end of the financial year. Translation losses/ (gains) on loans used to finance capital construction projects are capitalized as part of construction work in progress. All other exchange rates gain and losses are reflected in the Statement of performance.

1.1.15 Financial Risk Management

The overall risk management focuses on the unpredictable operating environment and is aimed at minimizing potential adverse effects on the TARI's financial performance. The role of the TARI's risk management is primarily vested in the Finance Department under guidance of the Board.

The specific risk management policies of the TARI are as follows: -

(a) Liquidity Risk

The TARI has a prudent liquidity risk management through maintaining sufficient cash to cover committed credit facilities and working capital requirements as budgeted in each financial year based on the approved Institutes disbursed to the TARI from the Government and other donors as well as own generated Institutes.

(b) Credit Risk Management

The potential credit risk involves short term cash and receivables which are managed as follows:

Short Term Cash Surpluses

The TARI deposits her Institutes with Bank of Tanzania (BoT) and withdrawal for immediate use.

Receivables

Customers requiring services from TARI are required to pay for the service up front through GePG. Few reputable sponsors are allowed to continue with their projects before disbursement of Institutes as per term of sub grant agreement.

(c) Foreign Currency Risk

Foreign currency risk is managed at operational level and it is monitored by Finance Department. Losses arising from holding of foreign currency denominated liabilities through timely payment of outstanding liabilities are minimized.

(d) Operational Risk

This Risk is associate with physical research infrastructure, quality of research output, environmental, technology, production risk research Instituting. These types of risks arise from a variety of sources. Therefore, to deal with them effectively, various types of tools that are suitable to deal with either a single specific risk or multiple risk situations are employed to mitigate the risk. Some risks are systemic (e.g. droughts and floods), affecting a large part of a geographic area while some are non-systematic or idiosyncratic. Some risks can be managed with traditional farm management solutions and some can be minimized with government support.

Another type of uncertainty arises from the constant development and adoption of new techniques or methods of production. Technological uncertainty is oftentimes viewed as a contributor to production risk. New crop varieties, chemicals, feed combinations, models of machines, and the like, are continually being introduced to combat the risk. While the potential benefits of these new developments are proven "in experimental trials and on-farm demonstrations.

1.1.16 Employee Benefits

(i) Pensions Obligations

The TARI has defined contribution plans to cater for pension obligations for her employees by paying on monthly basis agreed contributions to Public Service Social Security Institute (PSSSF). TARI has statutory obligation to contribute to PSSSF in favor of all the employees under permanent and pensionable terms. Employer contributions to PSSSF recognized as an expense in the period employees render the related services.

(ii) Other Entitlements

Other entitlements include monthly salaries, honoraria, allowances, and other fringe benefits as provided in the staff regulations. The expense of these entitlements is recognized during the period in which the employees render the related services.

(iii) Post - Retirement Gratuities

Post-retirement gratuities are paid by the respective Pensions Institute in accordance with its Establishment Act, TARI pays gratuity for staff who are employed on contract basis.

NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE, 2023

	TZS 2022/23	TZS 2021/22
NOTE 2		
Cash and Cash Equivalents		
BOT Own source Collection Account	467,809,907	62,858,224
Deposit General Cash Account	46,683,663	-
Development Expenditure Cash Account	-	1,419,714,780
Own source Collection Account - CRDB	672,353	8,641,920
Own source e Collection Account - NMB - TZS	1,189,500	-
Own source Collection Account NMB - USD	-	124,208,485
Own source Recurrent Expenditure	-	89,896,934
Recurrent Expenditure Cash Account	113,368,192	206,619,047
Unapplied Cash Account	30,189,115	32,581,515
BOT Collection Account- USD	67,962,371	901,742,147
	<u>727,875,101</u>	<u>2,846,263,052</u>
NOTE 3		
Inventories		
Fuel	133,454,855	11,420,800
Office consumables	69,668,310	569,275,368
	<u>203,123,165</u>	<u>580,696,168</u>
NOTE 4		
Prepayments		
Prepayment - Expenses	28,725,068	11,750,000
Prepayments - Assets	2,801,378,863	1,361,431,483
	<u>2,830,103,931</u>	<u>1,373,181,483</u>
NOTE 5		
Receivables		
Imprest Receivable	732,522,110	60,082,378
Receivable from Exchange Transaction	79,733,360	-
	<u>812,255,470</u>	<u>60,082,378</u>
NOTE 6		
Biological Assets		
Bearer Plants	15,161,820,361	15,161,820,361
	<u>15,161,820,361</u>	<u>15,161,820,361</u>
NOTE 7		
Property, Plant and Equipment		
Accumulated Depr. Laboratory equipment	(393,547,462)	(175,220,550)
Office Furniture	1,391,627,997	1,375,345,137

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	Acc. Depr. Computers and Photocopiers		(243,753,155)
		(382,210,042)	
	Accum. Depreciation Other Office equipment	(1,646,864)	-
	Accumulated Depreciation Motor Vehicles		(2,923,374,196)
		(4,460,628,445)	
	Accumulated Depreciation Motorbikes	(68,879,021)	(46,198,881)
	Accumulated Depr. Office buildings and structures		(1,666,680,024)
		(2,498,192,536)	
	Accumulated Depr. Office Furniture and Fittings		(1,196,265,735)
		(1,778,722,298)	
	Acquisition of land		74,744,712,945
		74,744,712,945	
	Agricultural Equipment and Equipment		(340,082,517)
		(511,148,844)	
	Agricultural equipment and machinery	2,573,273,599	2,551,749,599
	Computers and Photocopiers	586,488,102	522,046,440
	Laboratory equipment and instruments	1,595,257,508	579,112,444
	Lease hold land	216,040,625	132,761,410
	Motor vehicles	7,952,272,536	7,355,746,868
	Motorbikes and bicycles	162,001,000	162,001,000
	Office buildings and structures		41,644,625,606
		41,575,625,606	
	Office equipment	19,195,760	-
	Office Fittings	11,838,760	11,838,760
	Office Furniture and Fittings	<u>1,515,871,000</u>	<u>1,515,521,000</u>
			<u>124,003,886,151</u>
		<u>122,249,229,926</u>	
NOTE 8	Work In Progress		
	Open balance WIP	986,140,835	396,909,906
	Work in Progress-Monetary	10,608,763,464	<u>589,230,929</u>
	Addition - non-monetary	<u>69,000,000</u>	
		<u>11,663,904,299</u>	<u>986,140,835</u>
NOTE 9	Deferred Income		
	Deferred Subvention Capital	357,086,944	110,355,475
	Deferred Subvention Current	<u>150,854,471</u>	<u>270,113,073</u>
		<u>507,941,415</u>	<u>380,468,548</u>
NOTE 10	Deposits		
	Deposit General	46,683,663	-
	Unapplied Deposit Account	<u>30,189,115</u>	<u>32,581,515</u>

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		<u>76,872,778</u>	<u>32,581,515</u>
NOTE 11	Payables and Accruals		
	Supplies and Consumable Goods	4,813,037,392	1,253,983,217
	Wages Salaries and Employee Benefit	636,151,592	79,237,455
	Withholding Tax Payable	<u>9,060,664</u>	<u>22,980,420</u>
		<u>5,458,249,648</u>	<u>1,356,201,092</u>
NOTE 12	Subvention from other Government entities		
	Government Grant Development Local		6,789,576,543
		14,085,145,039	
	Government Grant Other Charges	1,158,799,592	1,510,134,540
	Government Grant Personal Emolument		<u>13,960,568,287</u>
		<u>16,327,354,041</u>	<u>22,260,279,370</u>
		<u>31,571,298,672</u>	
NOTE 13	Revenue from Exchange Transactions		
	Agriculture and Farm produce	<u>2,942,096,432</u>	<u>3,165,764,114</u>
		<u>2,942,096,432</u>	<u>3,165,764,114</u>
NOTE 14	Other Revenue		
	Receipt from Research Fees		<u>13,002,949,569</u>
		<u>12,776,066,274</u>	
		<u>12,776,066,274</u>	<u>13,002,949,569</u>
NOTE 15	Depreciation of Property, Plant and Equipment		
	Office buildings and structures	831,512,512	831,627,512
	Motor Vehicles (Administrative)	1,537,254,249	1,471,149,374
	Motorbikes, Motor cycles and bicycles	22,680,140	22,680,140
	Computers and Photocopiers	138,456,887	122,289,198
	Other Office equipment	1,646,864	-
	Laboratory equipment and instruments	218,326,913	115,822,489
	Agricultural equipment and machinery	171,066,328	170,642,273
	Furniture and Fittings	<u>582,456,563</u>	<u>579,159,790</u>
		<u>3,503,400,456</u>	<u>3,313,370,776</u>
NOTE 16	Maintenance Expenses		
	Computers and other related equipment	65,484,220	24,725,990
	Electrical and Other Cabling Materials	3,222,580	-
	Fire Protection Equipment	17,800,000	-
	Motor Vehicles and Water Craft	456,027,092	876,827,909

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Outsource maintenance contract services	114,153,702	507,742,475
Pipes and Fittings	3,811,400	-
Plumbing Supplies and Fixtures	6,556,000	-
Small tools and equipment	5,600,000	-
Tyres and Batteries	108,547,889	-
	<u>781,202,883</u>	<u>1,409,296,374</u>

NOTE 17 Other Expenses

Agency fees	92,965,590	65,877,410
Audit fees	47,000,000	47,000,000
Audit supervision expenses	-	28,000,000
Bank Charges and Commissions	38,000	2,212,911
Burial Expenses	23,439,400	34,217,600
consultancy fees	26,337,100	8,200,007
Director's Fee	51,000,000	-
Insurance Expenses	583,407	-
Legal fees	150,000	-
Parastatal Rehabilitation	138,846,460	-
Surveys	526,690	-
Vehicles Insurance	3,230,074	16,992,001
Water Use Fees	15,813,000	-
	<u>399,929,721</u>	<u>202,499,929</u>

NOTE 18 Use of Goods and Service

Accommodation	105,583,275	-
Advertising and publication	144,188,440	380,078,286
Agricultural Chemicals	314,077,651	541,133,511
Agricultural Implements	230,385,254	560,324,747
Air Travel Tickets	157,983,417	58,985,124
Cleaning Supplies	6,869,880	240,000
Computer Software	-	2,000,000
Computer Supplies and Accessories	26,757,555	50,709,640
Conference Facilities	110,293,298	114,286,237
Diesel	1,573,577,867	1,507,717,012
Educational broadcasting programming	900,000	-
Electricity	199,595,521	142,085,529
Exhibition, Festivals ,and Celebrations	133,481,370	236,659,375
Fertilizers	415,766,745	100,620,867
Food and Refreshments	3,511,300	-
Fumigation	24,000,000	-
Gifts and Prizes	500,000	1,000,000
Ground Transport	74,198,620	14,378,363
Health Insurance	552,000	-

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Internet and Email connections	43,623,114	39,364,524
Laboratory Supplies	379,397,208	307,530,303
Lubricants	1,608,000	-
Mapping Surveys	-	4,392,000
Newspapers and Magazines	1,000,000	-
Office Consumables (Stationaries)	644,677,638	435,599,406
Outsourcing Costs	128,183,076	165,458,884
Per Diem - Domestic	6,484,796,886	6,011,864,908
Per Diem - Foreign	67,806,131	4,773,000
Posts and Telegraphs	1,341,200	-
Printing and Photocopying Costs	161,185,620	107,633,052
Production and Printing of Training Materials	11,385,000	-
Programs Transmission Fees	181,917,739	-
Protective Clothing, footwear and gears	12,006,000	34,962,328
Research and Dissertation	25,590,000	-
Seeds	159,501,702	189,761,956
Subscription Fees	3,328,667	-
Technical Materials	167,568,700	-
Technical Service Fees	3,200,000	-
Telephone Charges (Land Lines)	699,581	-
Training Allowances	21,588,200	-
Training Materials	58,251,656	136,701,765
Tuition Fees	171,509,612	14,232,603
Uniforms and Ceremonial Dresses	13,966,000	2,270,000
Upkeep Allowances	64,262,800	-
Water Charges	74,244,063	120,377,861
	<u>12,404,860,786</u>	<u>11,285,141,281</u>

NOTE 19 Wages, Salaries and Employee Benefits

Casual Labourers	4,228,204,378	3,885,640,893
Civil Servants		13,960,568,287
	13,778,357,841	
Electricity	73,016,368	163,374,719
Extra-Duty	935,324,867	746,308,187
Food and Refreshment	383,275,810	324,904,787
Furniture	328,000,000	32,000,000
Honoraria	2,322,492,936	2,517,266,661
Housing Allowance	120,300,000	152,640,000
Leave Travel	73,934,000	74,593,040
Medical and Dental Refunds	18,000,000	-
Moving Expenses	246,764,876	214,205,154
National Health Insurance Fund (NHIF)	413,350,735	353,746,362
Non-Civil Servant Contracts	716,771,904	451,064,266

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	Public Service Social Security Fund (PSSSF)	2,066,753,676	1,769,756,270
	Sitting Allowance	-	117,240,000
	Telephone	64,199,215	86,017,576
	Workers Compensation Fund	<u>68,891,789</u>	<u>58,957,727</u>
		<u>25,837,638,395</u>	<u>24,908,283,929</u>
NOTE 20	Other Transfers		
	Contributions to Government	-	<u>31,365,000</u>
		-	<u>31,365,000</u>
NOTE 21	Subvention from other Government entities		
	Gross Subvention (Note 12)		22,260,279,370
		31,571,298,672	
	Add/Less (Change in Working Capital)		
	Increases (Decrease) in Deferred Subventions	<u>127,472,867</u>	<u>(1,411,799,753)</u>
		<u>31,698,771,539</u>	<u>20,848,479,617</u>
NOTE 22	Revenue from Exchange Transactions		
	Agriculture and Farm produce	2,942,096,432	3,165,764,114
	Receivable from Exchange Transaction	<u>(79,733,360)</u>	<u>-</u>
		<u>2,862,363,072</u>	<u>3,165,764,114</u>
NOTE 23	Other Revenue		
	Receipt from Research Fees		<u>13,002,949,569</u>
		12,776,066,274	
		<u>12,776,066,274</u>	<u>13,002,949,569</u>
NOTE 24	Deposits		
	Increase in deposits	<u>44,291,263</u>	<u>32,581,515</u>
		<u>44,291,263</u>	<u>32,581,515</u>
NOTE 25	Wages, Salaries and Employee Benefits		
	Expenses.(Note 19)		24,910,383,929
		25,837,638,395	
	Add/Less (Change in Working Capital)		
	Wages Salaries and Employee Benefit	<u>(556,914,137)</u>	<u>78,249,878</u>
		<u>25,280,724,258</u>	<u>24,988,633,807</u>

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NOTE 26	Use of Goods and Service		
	Expenses.(Note 18)		11,283,041,280
		12,404,860,786	
	Add/Less (Change in Working Capital)		
	Inventories		(181,380,510)
		(377,573,003)	
	Prepayments	16,975,068	(98,663,596)
	Imprest Receivables	672,439,733	29,105,379
	Payables		(85,278,634)
		<u>(3,545,134,419)</u>	
			<u>10,946,823,919</u>
		<u>9,171,568,165</u>	
NOTE 27	Payment for Work in Progress (WIP)		
	Addition for Work in Progress - Monetary		589,230,929
		10,608,763,464	
			<u>589,230,929</u>
		<u>10,608,763,464</u>	
NOTE 28	Advance payment for Acquisition of Property, Plant, and Equipment		
	Addition in Prepayment - Assets		1,361,431,483
		1,439,947,380	
		<u>1,439,947,380</u>	<u>1,361,431,483</u>
NOTE 29	Acquisition of Property, Plant and Equipment		
	Office buildings and structures	-	69,000,000
	Lease hold land	83,279,215	132,761,410
	Motor vehicles	596,525,668	-
	Computers and Photocopiers	64,441,662	50,399,440
	Office Furniture and Fittings	16,632,860	11,838,760
	Office equipment	19,195,760	-
	Laboratory equipment and instruments	1,016,145,064	-
	Agricultural equipment and machinery	21,524,000	9,700,000
		<u>1,817,744,229</u>	<u>273,699,610</u>

NOTE 30 Social Security Contributions

Tanzania Agricultural Research Institute cover its employees with social security schemes. The TARI and employees both contribute to the schemes, on a monthly basis. The employer's contribution to the pension's scheme, health insurance and workman compensation plan are charged to the statement of comprehensive income when

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payable. The amounts charged to the income statement during the year in respect of the TARI's contribution to the schemes are shown below:

Public Service Social Security Fund (PSSSF)	2,066,753,676	1,769,756,270
National Health Insurance Fund (NHIF)	413,350,735	353,746,362
Workman Compensation Fund (WCF)	<u>68,891,789</u>	<u>58,957,727</u>
	<u>2,548,996,201</u>	<u>2,182,460,359</u>

NOTE 31 Credit Risk

	TZS		TZS		TZS	
	Up to 1 Month	1-3 Months	3-12 Months	Total	Up to 1 Month	3-12 Months
30th June 2023						
Receivables & Prepayments	840,980,539	1,859,425,953	941,952,909	3,642,359,401	840,980,539	941,952,909
	<u>840,980,539</u>	<u>1,859,425,953</u>	<u>941,952,909</u>	<u>3,642,359,401</u>		

Credit Risk

	TZS		TZS		TZS	
	Up to 1 Month	1-3 Months	3-12 Months	Total	Up to 1 Month	3-12 Months
30th June 2022						
Receivables & Prepayments	72,006,429	396,629,254	964,628,179	1,433,263,862	72,006,429	964,628,179
	<u>72,006,429</u>	<u>396,629,254</u>	<u>964,628,179</u>	<u>1,433,263,862</u>		

NOTE 32 Liquidity Risk

	TZS		TZS		TZS	
	Up to 1 Month	1-3 Months	3-12 Months	Total	Up to 1 Month	3-12 Months
30th June 2023						
Payables	1,629,079,397	2,716,804,676	476,213,983	4,822,098,056	1,629,079,397	476,213,983
Employees benefits obligation	413,498,535	222,653,057	-	636,151,592	413,498,535	-
	<u>2,042,577,932</u>	<u>2,939,457,734</u>	<u>476,213,983</u>	<u>5,458,249,648</u>		

Liquidity Risk

	TZS		TZS		TZS	
	Up to 1 Month	1-3 Months	3-12 Months	Total	Up to 1 Month	3-12 Months
30th June 2022						
Payables	25,033,397	1,090,833,157	161,097,084	1,276,963,638	25,033,397	161,097,084
Employees benefits obligation	79,237,455	-	-	79,237,455	79,237,455	-
	<u>104,270,852</u>	<u>1,067,852,737</u>	<u>161,097,084</u>	<u>1,356,201,093</u>		

NOTE 33 - PROPERTY, PLANT AND EQUIPMENT (PPE) FOR THE YEAR ENDED 30TH JUNE 2023

ASSETS CATEGORY	AT 1ST JULY 2022	COSTS/REVALUATION		ACCUMULATED DEPRECIATION AND IMPAIRMENT	CARRYING VALUE		
		ADDITION MONETARY	30TH JUNE 2023			1ST JULY 2022	CHARGE DURING THE YEAR
Agricultural equipment and machinery	2,551,749,598	21,524,000	2,573,273,598	340,082,517	171,066,328	511,148,845	2,062,124,753
Computers and Photocopiers	522,046,440	64,441,662	586,488,102	243,753,155	138,456,887	382,210,042	204,278,060
Laboratory equipment and instruments	579,112,444	1,016,145,064	1,595,257,508	175,220,549	218,326,912	393,547,461	1,201,710,047
Land	74,877,474,355	83,279,215	74,960,753,570	-	-	-	74,960,753,570
Motor Vehicles	7,355,746,868	596,525,668	7,952,272,536	2,923,374,196	1,537,254,249	4,460,628,445	3,491,644,091
Motorbikes and bicycles	162,001,000	-	162,001,000	46,198,881	22,680,140	68,879,021	93,121,979
Office buildings and structures	41,575,625,606	-	41,575,625,606	1,666,680,023	831,512,512	2,498,192,535	39,077,433,071
Office Equipment	-	19,195,760	19,195,760	-	1,646,864	1,646,864	17,548,896
Office Furniture and Fittings	2,902,704,897	16,632,860	2,919,337,757	1,196,265,735	582,456,563	1,778,722,298	1,140,615,459
TOTAL	130,526,461,209	1,817,744,229	132,344,205,438	6,591,575,056	3,503,400,456	10,094,975,512	122,249,229,926

NOTE 35 DEFERRED TAXES

Tanzania Agricultural Research Institute is exempted from paying tax and therefore computation of potential tax has not been made.

NOTE 36 RELATED PARTY TRANSACTIONS

During the year under review, the TARI had the following transactions in relation to the related parties: -

	30 June 2023	30 June 2022
	TZS	TZS
Key Management Personnel	1,752,465,095	1,765,157,122
Emoluments		
Director's Fee	<u>78,000,000</u>	=
	<u>1,830,465,095</u>	<u>1,765,157,122</u>

NOTE 37 Government Subvention Received

During the year 2022/2023 the TARI received subvention from the Government as follows: -

Government Grant Development Local	14,085,125,039	6,789,576,543
Government Grant Other Charges	1,158,799,592	1,510,134,540
Government Grant Personal Emolument	<u>16,327,354,041</u>	<u>13,960,568,287</u>
	<u>31,571,278,672</u>	<u>22,260,279,370</u>

NOTE 38 EVENTS AFTER THE REPORTING DATE

Government intention to merge TRIT, TCRI and TORITA with TARI by June 2024.

On 15 December 2023, Hon. Prof. Kitila A. Mkumbo (MP), Minister of State, Office of the President, Planning and Investment announced the Government intention to merge the operations of Tea Research Institute of Tanzania (TRIT), Tanzania Coffee Research Institute (TCRI) and Tobacco Research Institute of Tanzania (TORITA) with Tanzania Agricultural Research Institute (TARI).

Based on the government announcement, the merger of these institutions will be concluded by June 2024. This event worth to be disclosed as it occurred after the reporting date, but before signing of the audited financial statements for the year ended 30 June 2023.

NOTE 39 DEPRECIATED ASSETS

During the financial year 2022/2023 there were no fully depreciated assets.

NOTE 40 CONTINGENT LIABILITIES

As at 30 June, 2023 TARI had no any contingent liability.

NOTE 41 COMPARATIVE FIGURES

Previous year figures have been re-grouped whenever considered necessary to make them comparable with current year's figure as shown in Table 15.

Table 15: Re - Classification Disclose for the Year 2022/23

S/N	Item	Original amount as at 30th June 2022	Restated amount	Difference	Reason for restatement
1	Plant, Property and Equipment (PPE)	130,595,461,209	130,526,461,209	(69,000,000)	The amount wrongly classified as addition Building and Structures instead of Work in Progress (WIP) for the previous financial year (2021/2022). The same amount has been rectified and transferred to WIP. The figures merged as per MUSE system.
2	Work in Progress (WIP)	986,140,835	1,055,140,835	69,000,000	
3	Deferred Income (Revenue)	270,113,073	380,468,548		
4	Deferred Income (Capital)	110,355,475			

NOTE 42: RECONCILIATION OF ACTUAL AMOUNTS ON A COMPARABLE BASIS BETWEEN STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AND STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30TH JUNE 2023

Description	Operating	Financing	Investing	Total
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	11,748,067,122	-	(13,866,455,073)	(2,118,387,951)
Adjustment for Basis difference	-	-	-	-
Adjustment for Time difference	-	-	-	-
Adjustment for Entity difference	-	-	-	-
Actual Amount in the statements of cash flows	11,748,067,122	-	(13,866,455,073)	(2,118,387,951)