



**THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE**



ISO 9001:2015 Certified

NATIONAL HEALTH INSURANCE FUND (NHIF)

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE AUDIT
OF FINANCIAL STATEMENTS AND COMPLIANCE AUDIT FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2024**

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AR/PA/NHIF/2023/24

About the National Audit Office

Mandate

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



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.

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ABBREVIATIONS

AIDS	Acquired Immunodeficiency Syndrome
API	Application Programming Interface
BOT	Bank of Tanzania
CAG	Controller and Auditor General
CHF	Community Health Fund
DSE	Dar es Salaam Stock Exchange
ECL	Expected Credit Losses
ERMS	Enterprise Resource Management Suite
FVOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FY	Financial Year
HIV	Human Immunodeficiency Virus
ICT	Information Communication Technology
IFRS	International Financial Reporting Standards
ISP	Internet Services Provider
ISO	International Organization for Standardization
KCMC	Kilimanjaro Christian Medical Centre
LPO	Local Purchase Order
MOH	Ministry of Health
NCD	Non-Communicable Disease
NEST	National e-Procurement System of Tanzania.
NHIF	National Health Insurance Fund
NIDA	National Identification Authority
OCI	Other Comprehensive Income
PAA	Premium Allocation Approach
PAYE	Pay As You Earn
PSSSF	Public Service Social Security Fund
PPRA	Public Procurement Regulatory Authority
QMS	Quality Management System
RITA	Registration Insolvency and Trusteeship Agency
ROUA	Right of Use Assets
SACCOS	Savings and Credit Co-operative Society
TFRS 1	Tanzania Financial Reporting Standard No.1
UHI	Universal Health Insurance
UAT	User Acceptance Testing
USSD	Unstructured Supplementary Service Data
VAT	Value Added Tax
ZSSF	Zanzibar Social Security Fund

GENERAL INFORMATION

REGISTERED AND PRINCIPAL OFFICE

NHIF Head Office
NHIF House, Tambukareli Street
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Telephone: +255 26 2963887/8
Email: info@nhif.or.tz

MAIN BANKERS

NMB Bank Plc
Bank House Branch
P. O. Box 9031
Dar es Salaam

Bank of Tanzania
Dodoma Branch
P. O. Box 2303
Dodoma

Azania Bank Limited
Mawasiliano Tower
Head Office
P. O. Box 32089
Dar es Salaam

TAX CONSULTANT

Auditax International
PPF Tower, 7th Floor
Garden Avenue/Ohio Street
P. O. Box 77949
Dar es Salaam

CRDB Bank Limited Plc
Tower Branch
P. O. Box 2302
Dar es Salaam

National Bank of Commerce Limited
NBC House Azikiwe Street/ Sokoine Drive
P. O. Box 1863
Dar es Salaam

Tanzania Commercial Bank Limited
LAPF Towers
Bagamoyo Road
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Dar es Salaam

EXTERNAL AUDITOR

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National Audit Office
Audit House
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Tel: +255 22 2600330/90

PARENT MINISTRY:

Ministry of Health
Government City, Mtumba
P. O. Box 743
Dodoma.

REGULATOR:

Bank of Tanzania
Dodoma Branch
P. O. Box 2303
Dodoma.

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

The Chairman,
Board of Directors,
National Health Insurance Fund (NHIF),
P.O. Box 1437,
Dodoma, Tanzania.

1.1 REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of National Health Insurance Fund (the “Fund”), which comprise the statement of financial position as at 30 June 2024, and the statement of surplus or deficit and other comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, as well as the notes to the financial statements, including material accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of National Health Insurance Fund as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Public Finance Act, Cap 348.

Basis for Opinion

I conducted my audit in accordance with 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 the National Health Insurance Fund 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 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.

Emphasis of Matter

I draw attention to Note 15 to the financial statements, which discloses that, as at 30 June 2024, the Fund had loan receivables amounting to TZS 208 billion from four Government Institutions. These loans were guaranteed by the Government through the Ministry of Finance and Planning. However, during the year ended 30 June 2024, no repayments were made on these loans, contrary to the respective loan repayment plans for those with written contracts.

As at 30 June 2024, an impairment amounting to TZS 28 billion has been recognized with regard to this balance.

Despite this, the Government has formally committed to settling TZS 180 billion of the outstanding balance. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters are addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide separate opinion on these matters.

Key Audit Matter	How My Audit Addressed the Key Audit Matter
Unquoted investments - Refer to Note 6.2 (g) and Note 11 to the financial statements.	
As at 30 June 2024, the Fund had unquoted investment amounting to TZS 48.74 billion. I considered this as a key audit matter as the valuation of unquoted investments requires the use of estimates and significant judgements on unobservable inputs such as discount rate, inflation rates, gross domestic products (GDP) forecasts, cash flow forecasts, future expenditure costs, non-cash expenditure and a small change in the assumptions can have a material impact in the financial statements.	My audit procedures in this area included, among others: - Involving internal valuation specialists to assess the appropriateness of the methodology, estimates and assumptions used to account for the unquoted investments. These included the comparison of key data with market benchmarks and to challenge the methodology used by using an alternative approach based on my knowledge and experience of the investee; - Involving internal valuation specialists to independently recompute the value of shares as at 30 June 2024 and compare to the one recorded by management; - Assessing the assumptions used in the valuations by checking that the assumptions used were consistent with my internally developed range of discount rates, by comparing the cash flows to historical results and considering the impact of other external information; - Testing the accuracy of the calculations and assessed whether the assumptions used were in line with other market participants and reflected the particular status of the investment shareholding; and - Assessing the adequacy of the disclosures in the financial statements in accordance with the requirement of IFRS 9 Financial instruments.

NATIONAL HEALTH INSURANCE FUND (NHIF)

Key Audit Matter	How My Audit Addressed the Key Audit Matter
Transition from IFRS 4 - Insurance contracts ('IFRS 4') to IFRS 17 - Insurance contracts ('IFRS 17'), effective 1 July 2023 and Valuation of insurance contract liabilities - Refer to Note 3.1 adoption of new accounting standards, 5.1 material accounting policies, Note 6 critical accounting judgement and Note 14(b) to the financial statements.	
With the transition to the new insurance standard IFRS 17 <i>Insurance contracts</i>, the Fund has restated policy liability balances and disclosures to reflect the requirements of the new standard and in doing so, has made certain key judgments and assumptions to develop its accounting policies. The key judgments applied on transition were: • The determination of the transition approach applied for the insurance contracts issued by the Company, being the fully retrospective approach; and • The valuation of policy liability balances including related and the resultant effect on opening retained earnings. This includes various assumptions made including best estimate assumptions regarding expected claims and lapses, expected premiums on insurance contracts, expected expenses, commissions and charges. Determination of year-end balances of policy liability balances As at 30 June 2024, the value of policy liability balances was TZS 152.66 billion. For contracts that meet the eligibility criteria of the simplified premium allocation approach, the policy liability balance reflects, within the liability for remaining coverage component, the premiums received for which insurance cover should still be provided and outstanding premiums for which cover has already been provided. It also includes a liability for incurred claims element, which represents the estimate of	My audit of the policy liability balances, actuarial assumptions, models and methodologies applied in the valuation of material lines of the short-term insurance business included the following audit procedures, amongst others, that were executed with the assistance of my actuarial specialists: Transition from IFRS 4 to IFRS 17 • I obtained an understanding of the Fund's chosen key accounting policies and methodologies and assessed whether these comply with the requirements of IFRS 17. This included an assessment of the appropriateness of management's elected transition approach applied (i.e. fully retrospective approach) for the groups of insurance contracts it holds; and • I assessed the appropriateness of management's data and assumptions applied in valuing insurance contract liability balances as at the transition date (being 1 July 2022) and related opening adjustment in retained earnings for groups of contracts for which the fully retrospective approach was applied. Procedures over year-end balances I tailored my testing of the policy liability balances with reference to the various portfolios of contracts that the Fund identified as well as the various measurement models applied and performed testing on a disaggregated basis. My procedures over the year-end balances included the following: • With the assistance of my actuarial specialists, I assessed the valuation methodology and assumptions for compliance against the latest actuarial guidance, legislation and approved Fund accounting policy; • I challenged key assumptions and the methodologies and processes used to determine and update these assumptions through comparison with externally observable data and I assessment of the Fund's analysis of experience to date and allowance for future uncertainty. My challenge focused on the following assumptions: ◦ persistency assumptions, ◦ future expense assumptions,

NATIONAL HEALTH INSURANCE FUND (NHIF)

Key Audit Matter	How My Audit Addressed the Key Audit Matter
unsettled claims for which the insured event has occurred plus a risk adjustment for non-financial risk. In valuing policy liability balances, management applies significant judgment. Various assumptions are made including best estimate assumptions regarding the expected claims and lapses, expected premiums on insurance contracts, expected expenses, commission and charges. Changes to these assumptions may result in material changes to the valuation. The most significant assumptions made in the valuation of policy liability balances arising from the Company's insurance contracts relate to: • Persistency assumptions with regard to lapse, surrender and paid-up rates; • Future maintenance expenses; and • Discount rates • Levels of claims inflation I considered the valuation of policy liability balances (including the transition from IFRS 4 to IFRS 17) to be a key audit matter in my audit of the financial statements because of the following: (i) The judgment applied in determining the transition approach and balances as a consequence of the transition from IFRS 4 to IFRS 17; (ii) The significant judgments and high degree of estimation uncertainty relating to the magnitude and timing of the projected cash flows and the use of significant unobservable assumptions applied in valuing it; and (iii) The material nature of the policy liability balances on the Company's statement of financial position and resultant impact on the profit or loss for the year ended 30 June 2024.	◦ discount rates, and ◦ level of claims inflation. • I assessed the appropriateness of management's allocation of groups of contracts into the various measurement buckets as required by IFRS 17. Where management applied the premium allocation approach (PAA) to measure a group of contracts, I assessed compliance of these groups with the eligibility criteria in IFRS 17. • I evaluated the accuracy of the risk adjustment, including calculation method, and its related release. • For the valuation of the liability for incurred claims (LIC) for PAA contracts across the Fund, I assessed management's valuation of the balances based on internal actuarial's models. • I assessed the adequacy of the assumptions applied by management, e.g. claims triangles, and assessed the adequacy of the year-end valuation with amongst others reference to prior years and key ratios. I evaluated whether the IFRS 17 specific disclosures in the Fund's financial statements are adequate and in accordance with IFRS Accounting Standards.

Other Information

Management is responsible for the other information. The other information comprises the General Information, Report by Those Charged by Governance, Statement of Management and Directors' Responsibilities and Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

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 IFRS Accounting Standards and in the manner required by the National Health Insurance Fund Act, Cap 395 and for such internal controls 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 aggregate, they could reasonably be expected to influence the economic decisions of users taken based on 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 expressing an opinion on the effectiveness of the Fund's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors;
- 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 Fund'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 Fund 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 the 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 the 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 benefits of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 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, 2011 (as amended in 2016) requires me to state in my annual audit report whether or not the audited entity has generally complied with the procedures prescribed in the Procurement Act No. 7 of 2011 and its Regulations (as amended in 2016).

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with Public Procurement Laws

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

I performed a compliance audit on procurement of works, goods and services in the National Health Insurance Fund for the financial year 2023/24 as per the Public Procurement Laws in Tanzania.

Conclusion

Based on the audit work performed, I state that, procurement of works, goods and services of National Health Insurance Fund is generally in compliance with the requirements of the Public Procurement Laws in Tanzania.

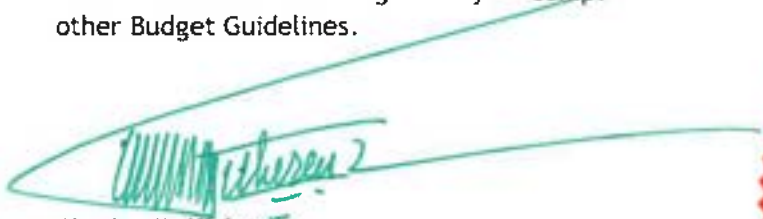
1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject Matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the National Health Insurance Fund for the financial year 2023/24 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of National Health Insurance Fund 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 2025



2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE PERIOD ENDED 30 JUNE 2024

The Board of Directors ("Those Charged with Governance") is pleased to submit this report together with the financial statements of the National Health Insurance Fund (hereafter referred as "the Fund" or "NHIF") for the period ended 30 June 2024 in accordance with Section 37 (2) of the National Health Insurance Fund Act Cap 395 ("the Act"), directives from Ministry of Finance and Tanzania Financial Reporting Standard No.1 (TFRS 1) - "Report by those charged with Governance". The Board of Directors of the National Health Insurance Fund represents those charged with Governance as required by TFRS 1.

2.1 ESTABLISHMENT

The National Health Insurance Fund (NHIF) was established under the National Health Insurance Fund Act CAP 395.

2.2 VISION STATEMENT

To be the leading health insurance scheme of choice in the sub-Saharan Africa region.

2.3 MISSION STATEMENT

Dedicated to expanding coverage and providing quality health insurance to beneficiaries.

2.4 CORE VALUES

NHIF will achieve its vision through a developed corporate culture that embraces the following core values:

- **Integrity:** We are dedicated to be fair and honest in all our dealings with stakeholders.
- **Accountability:** We count our activities, accept responsibilities and disclose the result in a transparent manner.
- **Innovativeness:** We create more effective processes and ideas.
- **Courtesy:** We intend to be polite in attitude and behavior in our dealing with stakeholders.
- **Promptness:** We are dedicated to timely respond to stakeholders' demands.
- **Pro-activeness:** We intend to be ahead of our stakeholders' expectations.

2.5 NATURE OF THE FUND'S OPERATIONS

2.5.1 The legislative and regulatory environment in which the organization operates

The National Health Insurance Fund is a compulsory Social Health Insurance Fund in Tanzania established under the National Health Insurance Fund Act, Cap. 395. Inception of the Fund was a result of socio-economic reforms that called for alternative healthcare financing due to

the economic crisis in the 1980s and early 1990s. As a consequence of this crisis, the Government embarked on cost sharing policies to complement its financial ability to render health services to Tanzanians. In this regard, the Fund is mandated by its Act to register all public employees on mandatory basis while other groups of members including individual persons, actors from formal and informal private sectors are join the Fund on voluntary basis. The Government through implementation of the Universal Health Insurance Act No 13 of 2023 intends to ensure all Tanzanians and Residents are included into the health insurance system.

2.5.2 The industry in which the Fund operates

The Fund operates in a dynamic environment influenced by a number of factors. The external environmental factors to which the Fund must be aligned includes political, economic, social, technological advancement, sustainable development goals, Vision 2025, National Health Policy 2027, Health Sector Strategic Plan and legislative framework as well as aspects of stakeholders and health insurance business. Despite the aforementioned factors, the Fund operates in a very competitive market environment in order to take on board private formal and informal sectors.

2.5.3 Structure of the Fund's operation and economic model

According to NHIF Act, the Fund operates under the Ministry of Health, which is the parent ministry responsible for provision of various treatment guidelines and protocols, which must be adhered by the Fund while reimbursing services rendered by healthcare providers. The Board of Directors of the National Health Insurance is responsible for overseeing overall operations of the Fund while the Director General is responsible for supervision of day-to-day operations of the scheme. In order to bring services closer to beneficiaries, the Fund has established its offices in all regions and certified healthcare facilities, which leads to a wide network of facilities within the United Republic of Tanzania.

2.5.4 Utilization of resources

The Fund continues to implement cost containment measures in order to make effective use of its resources. In ensuring this, the Fund continues to invest and make effective use of ICT systems on its core operational areas including registration of members, employers, contribution remittances, investments, claims submission and processing, payments to providers and certifications of health facilities. The Fund ensure its operations are in adherence to laws, regulations and procedures provided by the Authorities from time to time. In ensuring effective use of resources, the Fund continues to embrace digitalization of its processes and reducing manual interventions in its day-to-day operations.

The Fund operates in Tanzania which is a stable economy with rapidly growing emerging market and it ranks among the 20 fastest growing economies in the world. The country has exhibited a GDP growth rate of around 7% for the past 10 years with inflation rate remaining stable at 3%. This stability is attributed to an ample domestic food supply and reduced imported inflation, driven by a moderation in global market prices (BOT- Monthly Economic

Review June 2024). During the period, lending rates charged by banks eased, averaging 15.30% in June 2024 compared to 16.02% in the corresponding month of 2023. This decline is partly attributed to an improvement in credit risk, as evidenced by a decrease in the ratio of non-performing loans falling below the Bank's threshold of 5%. On the other hand, overall deposit rates remained relatively stable, averaging 7.39%. However, negotiated deposit rates slightly increased to 9.52% from 9.37%. The Government has encouraged Private Sector activities that have resulted in positive economic growth trends and impressive macro-economic which lead to increase in employment.

The Fund utilized this opportunity of conducive macro and micro economic conditions during the year to the following areas of operations: -

- i. Conducive microeconomic conditions created a favorable environment for overall economic stability. This accounted for the Government new employments in the Public Sector and be able to increase salaries and promotions. This was evidenced by the Fund's performance in recruitment in public sector by recruiting 38,419 new members and on increased contributions collections.
- ii. Investments activities experienced stable and improved negotiated interest rates as a result of prices stability during the year. This in turn attributed for the Fund to have negotiated interest rate that were maximum and optimal.
- iii. Stable and low inflation rates contributed to the price stability in the economy, to the Fund this meant that prices of services rendered to beneficiaries did not change too much over the year. This was also an important attribute for the Fund to control increase of expenditure on benefits.

2.6 THE SPEED AND EFFECT OF TECHNOLOGICAL CHANGE

Technological innovations have a significant role to the Fund's operation environment. Change in technology enables the Fund to improve its operations on both the beneficiaries and providers sides. The Fund currently utilizes biometric means of verification, submission of claims through online systems, electronic data exchange with other organizations including RITA, NIDA and banks. On the side of service providers, there is advancement in medical technology for managing diseases or cases, which has led to availability of high technological equipment and highly trained personnel undertaking super-specialized medical services that benefit NHIF beneficiaries. The integration of technology into the healthcare has led to significant digital solutions in streamlining data sharing and resource utilization, resulting in more efficient healthcare services and improved data management.

2.7 SOCIETAL ISSUES

The Fund operates in Tanzania with a population of more than 61 million whereby all people have a right to access health services. However, only 15 % (8% NHIF, 6% CHF, and 1% other

insurances) out of all the populace access services through health insurance arrangement, as a result of voluntary enrolment.

The Government among other things, implements various strategies aiming at increasing enrolment into health insurance scheme such as enactment of the Universal Health Insurance Act No.13 of 2023.

2.8 ENVIRONMENTAL CHALLENGES

Environmental changes have negative impact to the Fund because air, water, land and noise pollution affect the natural ecosystem hence lead to increase in both communicable and non-communicable diseases. The increase in diseases leads to increase in operational costs of the Fund caused by increase in benefits payments.

2.9 THE POLITICAL ENVIRONMENT

The Fund operates in a stable political environment, as guided by the ruling party's Manifesto. Currently, Chama Cha Mapinduzi Election Manifesto has given priority to the health sector by ensuring a healthy community that can participate in individual development and the nation at large. In achieving the objective, the Party's Election Manifesto 2020 directs the Government to improve health insurance schemes towards achieving Universal Health Insurance.

2.10 PRINCIPAL ACTIVITIES

The Fund's principal activities are to register members, collect insurance revenue, certify health care providers, invest members' funds prudently and pay certified health care providers for services rendered to beneficiaries of the scheme. Others include; undertake actuarial valuation, quality assurance for medical services rendered and public education.

Benefits offered by the Fund are Outpatient and Inpatient Care Services namely:

- Registration and consultation;
- Medicines and medical supplies;
- Investigations;
- Surgical Services;
- Intensive Care Unit (ICU) and High Dependency Unit (HDU) services;
- Physiotherapy and rehabilitation services;
- Ophthalmological services;
- Dental and Oral health Services; and
- Medical/Orthopedic Appliances.

2.11 SERVICE PERFORMANCE INFORMATION

Below is a summary of service performance information. This is explained further in the respective sections.

NATIONAL HEALTH INSURANCE FUND (NHIF)
Table 1: Summary of service performance information

Objective	Strategies	SERVICE PERFORMANCE INFORMATION					Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24											
Objective A: HIV, AIDS and NCDs reduce and supportive services enhanced	i. Enhance HIV, AIDS and NCDs awareness and interventions	i. HIV, AIDS and preventive measures implemented by June, 2025	100%	100%	100%	Lack of readiness for health check up by employees		i. Periodic counselling and health checkup for staff ii. staff health sensitization and awareness of HIV/AIDS & NCDs	Human & Financial resources	Periodic counselling and health checkup for staff and strengthening staff health sensitization and awareness program of HIV/AIDS & NCDs	Reduced number of New HIV/AIDS cases.	Improved staff health and livelihood.	i. Number of new HIV cases ; ii. Prevalence rate of NCDs ; iii. Percentage of staff living with HIV provided with care	The Fund conducted awareness campaigns during the Second Quarter whereby HIV, NCDs testing, and health awareness sessions were undertaken to 719 Staff (the number included intern doctors). No new case of HIV and AIDS was found among NHIF staff compared to two (2) cases reported in the previous period. The prevalence rate of NCDs has decreased to 16.3% compared to a prevalence rate of 43% recorded in the previous period.	TZS 86,365,000	68,232,500
	ii. Enhance supportive care living with HIV and AIDS	ii. Care and monitoring to all staff living with HIV/AIDS carried by June, 2025	100%	100%	100%			Staff welfare for staff tested and living with HIV/AIDS	Human & Financial resources	To sensitize Staff living with HIV to disclose their status and provision of Care and monitoring to all staff living with HIV and AIDS.	Provision of nutritional and treatment support for staff living with HIV and AIDS.	Improved staff health and livelihood.		The Fund has set aside funds to provide care and treatment to staff found with HIV /AIDS in order to improve their livelihoods. During the period, care and support was provided to staff who disclosed their status.	7,200,000	3,000,000



NATIONAL HEALTH INSURANCE FUND (NHIF)

Object ive	Strategi es	SERVICE PERFORMANCE INFORMATION					Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24	Risk Impact									
		iii. HIV, AIDS and NCDs Committee operationalized by June, 2025	1	1	1			Human Vehicl es & Financ ial resour ces	To facilitate the HIV, AIDS and NCDs Committee perform its functions.	Creation of perman ent staff awareness on HIV, and NCDs	Improve d staff health and livelihood d.		The Committee is operational and carried out scheduled meetings.	14,450,000	9,370,000
Object ive B: Imple menta tion of Nation al Anti- Corrup tion Strate gy enhan ced and sustain ed	Enhanc e Good Govern ance and Anti- Corrupti on progra mmes	i. Anti- Corruption awareness provided to all staff annually by June, 2025					i. Provision of anti- corruption and fraud awareness ii. warnings and Disciplinary measures to staff convicted iii. Whistle blower policy iv. periodical systems and security controls review	Human Vehicl es & Financ ial resour ces.	To create anti- corruption and fraud awareness among staff 2.To take Disciplinary measures to staff committed fraud 3. Implement whistle blower policy 4.Underate e periodical systems and security controls reviews.	Reduced number of staff invol ved in corruption and fraud cases.	Improve d Fund financial stability and enhance d reputatio n.	The numb er of staff corru ption /fraud cases	The Ant-Corruption awareness is the permanent agenda in every staff meeting including Master Workers Council, Senior Officers Conference and all management supportive supervision activities so as to ensure staff refrain from engaging in corrupt practices. Five staff were involved in disciplinary cases in the year 2023/2024.		

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SERVICE PERFORMANCE INFORMATION

Objective	Strategies	Targets				Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021/22	2022/23	2023/24										
		ii. Anti-corruption policy be put in place and operationalized by June, 2025	1	1	1		establishment of anti-corruption policy	Human, Vehicle & Financial resources.	Formulation of anti-corruption policy.	Anti-corruption policy be put in place	Enhanced fraud management within the Fund.		The Fund uses existing National Anti-Corruption Policy, Guidelines and directives to address anti-corruption matters.		
		iii. Ethics and Integrity Committee operationalized by June, 2025	1	1	1			Human, Vehicle & Financial resources.	Ethics and Integrity Committee operationalized	Facilitate Ethics and Integrity Committee	Improved Fund's staffs Ethics and Integrity.		The Committee is operational. Quarterly reports of the Fund's Integrity Committee of the Fund were submitted to the Chief Secretary timely.		
Objective C: Membership cover age of the Fund expanded	i. Intensifying members recruitment in all sectors	i. 11,397,398 beneficiaries registered by June, 2025				Adverse selections in members and employers recruitment and registration ratios	Sustainability of the Fund	Dully filled member registration forms	Verification, lodging and approval of member registration applications	Registered members	Membership coverage increased	Percentage coverage of the population	The Fund targeted to recruit 731,796 members. However, 573,849 new members were recruited equivalent to the performance of 78%. Following the performance on recruitment, coverage stood at 4,937,509 beneficiaries. The Fund's population coverage was therefore at 8% by the end of the reporting period (estimated based on the 2022 population census). The variation was due to the fact that, majority of Membership Officers were engaged in member verification exercises at health care facilities hence they did not have enough time for exploration of new ventures to enable advocacy.	844,767,400	744,422,629

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SERVICE PERFORMANCE INFORMATION																
Object ive	Strategi es	Targets				Risk	Impa ct	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24											
	ii. Promote creative and innovative market strategies	ii. Marketing Strategy of the Fund reviewed and implemented by June 2025	0	1	0	Low recruitment and under collection of contributions	Sustainability of the Fund	i. Establishment of recruitment target ii.marketing strategy iii.advocacy programs	Periodic performance reports	Review of existing marketing strategies and recommendations from different stakeholders and proposed new marketing strategies	Reviewed Marketing Strategy	Reviewed Fund's marketing strategy		The Marketing Strategy has not been reviewed.		
	iii. Harnessing relationship with stakeholders focusing on increasing health insurance coverage	iii. Collaboration with health insurance stakeholders strengthened by June, 2025							Financial resources, Human resources	Conducting meeting with stacked holders	Increase the number of stakeholders, strengthening stakeholder's cooperation.	Increase membership base of the Fund to 8% of population		The Fund was engaged in discussion with Partner (Pharma Access) to pilot a project on provision of health insurance services to informal sector by offering Community Health Insurance Package as a preparation towards implementation of Universal Health Insurance initiative.	284,203,000	211,690,500
														The project is expected to commence in the 2024/25 financial year. The expected out of the project is the increase in number of beneficiaries of the Fund		

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Objective	Strategies	SERVICE PERFORMANCE INFORMATION				Risk	Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24											
Objective D: Access and quality of services provided enhanced	i. Enhance member's access to the Fund's and medical services	i. Qualified facilities certified within sixty days by June, 2025				High growth rate of benefit payment complemented to contribution collection	Sustainability of the Fund	i. periodical review of business process flows and system controls set up ii. supportive supervision to service providers iii. onsite claims verification to facilities iv. Regular review of the benefit packages stationing of staff at all big health facilities to verify members and establish baseline reimbursement amount	Improvement of online certification systems.	Regular meetings for certifications at regional & head offices.	Reduced time for certification of facilities.	Certifications of facilities within 60 days.	Level of satisfaction with access and quality of services	The Fund through Health Service Committee managed to convene 12 meetings out of 12 meetings planned compared to 14 meetings convened in the same period of the previous year 2022/23. Benefit Package review was done and series of reviews and advocacies was done by the Special Committee appointed by the Minister of Health and its implementation started on 01st July 2024. Stationing of staff at Big facilities was also done, initially was supervised by The Directorate of Medical and Technical Services and later transferred to The Directorate of Membership Services More Funds were solicited to top up the initially allocated fund for Benefit Package and Claims verification & reconciliation	163,790,000	758,531,500

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SERVICE PERFORMANCE INFORMATION

Objective	Strategies	Targets	Risk			Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24									
		ii. Two hundred health facilities provided with medicine, medical equipment and facility improvement loans by June, 2025	50	50	50	Possibility of loan defaulting	Financial loss	i. Credit analysis of worthiness of the counterparts ii.fraud analysis for loan applications from facilities iii.Issuing of demand notes iv.Management follow up to the government for debt settlement and strategic lobbying	Financial resources, Human resources	Conducting credit analysis, site visit, initiating payment to supplier.	Number of facilities issued loans	Customer satisfaction	10,000,000,000	2,850,000,000
	i. Strengthen mechanism for quality assurance	iii. Identity cards production process reduced to two days by June, 2025	3	3	3	Possibility of increase in ID aging	customer complaints	KPI Monitoring, Timely request of printing materials, Periodical repair & maintenance	Dully filled application forms	Proper lodging, scanning, verification of dully filled application forms and printing of IDs	Identification Cards (IDs)	Access to service by members		
												The Fund produced 587,421 identity cards for her esteemed beneficiaries in order to facilitate access to certified health care facilities. Membership Identity cards were produced within an average of 7 days compared to annual target of 5 days. The main reason for not attaining the set target on timely production of IDs was malfunctioning of IDs printing machines in some offices. In addition, during the period under review, the Fund did not incurred		

NATIONAL HEALTH INSURANCE FUND (NHIF)

Objective	Strategies	SERVICE PERFORMANCE INFORMATION					Risk	Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Targets															
		Description	2021 /22	2022 /23	2023 /24												
															any cost to purchase ID printing materials because of delay in contract vetting by the Attorney General. However, TZS 2,254,850,200 has been set to be paid in the FY 2023/2024 after delivery of the procured ID printing materials		
		iv. Measures for quality assurance undertaken by June, 2025	100%	100%	100%				Human resources, financial resources and infrastructure support.	Regional supportive supervision	Reports and common understanding of claims processing, certifications process etc. Improved	Reduced common anomalies occurrences & improved customer satisfaction.			Supportive Supervision on Quality Assurance and Claims functions could not be done due to benefit package review activities. The respective funds were reallocated to Benefit Package review.	69,720,000	
iii. Enhance usage of technology in service provision		v. Usage of ICT systems in service provision improved by June, 2025	100%	100%	100%	Inaccessibility of health services due to lack of	member/beneficiary denial of services	i. Scheduled maintenance and updates for hardware and software's ii. more than one internet and data service provider for redundancy service back	Preventive maintenance and upgrade schedule	Initiation of approval process. Approval of PM Actual Preventive Maintenance	Updates for hardware and software's	Software's license updated			The Fund had successfully conducted 4 preventive maintenance exercises, which among others intended to update hardware's and software in the Data centers and in end users PC.	3,892,917,107	1,953,290,529
									System	Initiation of approval process. Tendering	System availability	Business continuity			Moreover the Fund had acquired and maintained Primary and secondary Internet service Providers		

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Objective	Strategies	SERVICE PERFORMANCE INFORMATION					Risk	Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Targets															
		Description	2021 /22	2022 /23	2023 /24												
						information from the Fund server at the facility		improve connectivity ii.establishment of data centers primary and secondary	System availability	process -Issue LPO to ISP -Connect the second link	System availability	maintained		namely TTCL and AIRTEL respectively for redundant service back up and connectivity Also the Fund had established and operates both primary and secondary data centers to ensure business continuity and improve efficiency and Reason for budget underutilization was • due to some of data center equipment were not timely purchased. • Procurement process was concluded in January 2025 (However the storage has not yet been delivered)			
		vi. Online claims submission rolled out to all facilities above health center level by June 2025	100%	100%	100%				Human resources, ICT infrastructures and ICT connectivity for staff and funds allocations.	Online claims submission, UAT & API	Real time submission of the claims	At least 30% of certified facilities submitting claims online		The Fund did not plan to recruit facilities for online claims submission instead the Fund worked on the system to improve its efficiency. Support to piloting of information sharing between KCMC and Mawenzi Hospital was done	54,600,000	11,895,000	

SERVICE PERFORMANCE INFORMATION

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Object ive	Strategi es	Targets				Risk	Impa ct	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24											
		viii. Claims aging reduced to 60 days by June, 2025	30	30	30	Delay in claims settlement for service providers	customer complaints	i. target no. of days for claims settlement ii. Service provider contract iii. Online claims submission iv. Supportive supervision for enhancing compliance function	Online claims submission and ICT infrastructures	Claims ageing reduced.	Claim aging reduced			For the period from July 2023 to June 2024, number of claims processed were 58,937 and total amount paid were TZS.650.42 billion. Claim reimbursement rate was 98%. The percentage of claims paid within 60 days were 45% and percentage of claims paid above 60 days were 55%. The percentage of total amount paid to government facilities was 35.8% and the percentage of amount paid to non-governmental facilities was 64.2%.	69,720,000	41,915,000
														Comparison of performance with the same period in last year 2022/2023 is that claim reimbursement rate has increased by 8%. Claims aging has increased remarkably by 14% as for the same period in last year percentage of claims paid above 60 days was 69% and within 45 days. Likewise, the comparison of reimbursement to		

NATIONAL HEALTH INSURANCE FUND (NHIF)

SERVICE PERFORMANCE INFORMATION															
Objectives	Strategies	Targets				Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24										
		ix. Customer relationship management functions implemented by June 2025	100%	100%	100%	Delay in response of customer enquiries		Customer attended	Undertaking customers complaints management	Complaints reduced	Increased customer satisfaction		governmental facilities and non-government facilities the difference is slightly as for the government it has increased by 2.2% and non-government facilities has been increased similarly by 2.1%. The Fund received 5,040 enquiries and complaints from stakeholders. Out of 5,040 received issues, 4,454 complaints were resolved and closed on time and 586 complaints are still under different levels of implementation. The performance is equivalent to 88%.		
Objective E: Revenue collection and Fund's sustainability enhanced	Enhancing compliance functions of the Fund	i. Measure for detection, deterrence and mitigation of fraud in the Fund implemented by June, 2025	100%	100%	100%	Fraud practices by service providers and beneficiaries	Financial loss	i. Facility inspection and onsite verification ii. Claims analysis-risk based iii. System controlled claims management (CMIS/online submission/service portal) iv. Whistle blower policy v. Fraud prevention	i. Information received ii. Aligned with risk based annual plan	i. To conduct fraud examination ii. To conduct onsite claim verification iii. Education and awareness	Deterred fraud incidences at the Fund	Fraud incidences reduced	i. Level of fraud reduced ii. Funds not achieving 100% performance was mainly because the whole period of quarter 1 & 2 staff of the Unit was stationed at health facilities verifying members and services. In addition, during the period under review, the Fund conducted Fraud Preventive activities to all planned 69 health facilities.	999,400,000	776,241,000

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Object ive	Strategi es	SERVICE PERFORMANCE INFORMATION					Risk	Impa ct	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Targets	2021 /22	2022 /23	2023 /24												
		Description						and detection programs							Cumulatively for the period from July 2023 to June 2024, the Fund expected to recover defrauded funds with a total of TZS. 5,437,117,305.42		
	xi. Underta king prudent investm ent	ii. All extreme high risks reduced to tolerable level by June, 2025	100%	100%	100%	Possi bility of under perfo rman ce in risk mana gement	Busin ess disru ption and sustai nabili ty	i. Financial analysis of the counterparts ii.Daily monitoring of the financial market iii.Maintaining a well- diversified investment portfolio	Annual risk manag ement plan	To undertake identificati on of scope, context and criteria, conduct risk assessment	Risk managem ent report	Achieve ment of Funds' objectives		The Fund monitored performance with respect to risk exposure in 30 identified key risk indicators, which were set with risk appetites. Risk management guidelines require that at least 65% of key risk indicators should be within the acceptable risk appetite levels. During the period, 16 out of 30 risk indicators (53%) were within the acceptable tolerance level. The Fund continues to make close follow-up of the remaining key risks indicators that were not in the acceptable risks appetite limits for further improvement	77,015,000	26,205,926	

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Objective	Strategies	SERVICE PERFORMANCE INFORMATION				Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24										
	xii. Strengthening anti-fraud measures	iii. Biometric identification system in all health facilities above health center scaled up by June 2025	100%	100%	100%	Service accessibility to underserved and non-members	i. Member service authorization at the facility prior accessing services ii. Biometric authorization iii. Regular members data cleaning and Update of member details	Gadgets & ICT infrastructure	Biometric verification of beneficiaries.	Eligible members will be identified	Payment of authentic claims and reduced fraudulent claims		All selected Regional, Zonal and National certified health facilities were mandatorily required to undertake verifications. For this, the Fund introduced fingerprints verifications at strategic health care facilities both mainland and Zanzibar. The plan is to rollout this strategy to 25% of all certified facilities during the 2023/24 FY. As at 30 June 2024, a total of 467 strategic health facilities are implementing biometric verifications.		
	xiii. Undertaking actuarial valuations of the Fund	iv. Business Continuity Plan implemented by June, 2025	100%	100%	100%	Failure to come back to normal operations after disruption	i. Periodic and mandatory actuarial valuations ii. Monitoring implementation of actuarial evaluation recommendations	Business continuity management plans	i. Business impact analysis ii. simulation test	Recovery Time Objective (RTO), Recovery Point Objective (RPO)	Business resilience		5 BCM related activities were undertaken as planned. These activities were namely; • Engaging a Consultant who conducted Business Impact Assessment (BIA) that led to the review of BCM policy & Framework, RTO, RPO, BCM Plans and establishment of BCM Manual work around-guidelines; • Conducting BCP awareness to Staff & Management team; • Follow up of implementation of BCM	71,020,000	17,690,000

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recommendations; • Crisis simulation tests at DR site and primary data center; and • Participate in preventive maintenance activities at DR site and primary data center. The Fund also engaged eGA for undertaking penetration test to the Fund's systems. Reasons for variations • Crisis simulation test utilized fewer than expected funds due to relocation of principal risk officer from the Unit hence the task was undertaken by two instead of three staff. • ICT security assessment undertaken in 7 out of 30 regions due to relocation of ICT risk officer to another institution during the year TZS 34.33 million was carried over and spent in the FY 2024/25 after finalization of penetration test of the Fund's systems	
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SERVICE PERFORMANCE INFORMATION

Objective	Strategies	Targets				Risk	Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24											
xiv. Enhancing risk management		v. Benefit package reviewed annually by June 2025	1	1	1	Unrealistic pricing of medical services in benefit package compared to market prices	Sustainability of the Fund	i. Mandatory actuarial valuation ii. Market price survey iii. Benefit package review that done periodically	Guidelines & Protocols for medical services in the country, Actuarial Report Stakeholders opinion and expert review	Market survey, Costing of the items, Technical group review.	Benefit package reviewed	Reimbursement of services with standard prices.		Benefit Package review was done and series of reviews and advocacies was done by the Special Committee appointed by the Minister of Health and its implementation started on 01 st July 2024. More Funds were reallocated to this vote to support the related activities as well as baseline activities where staff were stationed to big facilities.	29,500,000	557,647,500
		vi. Compliance by members and employers enforced by June 2025	100%	100%	100%	Adverse selection in member and employer recruitment	Sustainability of the Fund	i. Verification of application forms ii. Provision of advocacy and awareness on health insurance iii. Approval for some medical services iv. Instituting	Duly filled membership registration forms Online membership registration	Verification, lodging and approval of member registration applications	Registered members	Membership coverage increased		The Fund targeted to collect TZS 668.03 billion as contributions from registered employers and members; however, TZS 699.26 billion was collected equivalent to 105% of the set target on contributions collection. Performance on collection of contributions was a result of increase of new	668.03 billion	699.26 billion



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SERVICE PERFORMANCE INFORMATION																
Objective	Strategies	Targets				Risk	Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24											
						and registration		i. Verification of application forms ii. Provision of advocacy and awareness on health insurance iii. Approval for some medical services iv. Instituting waiting period prior accessing medical services for some member (Vifurushi) v. Group enrollment	Dully filled member registration forms Online member registration application					employments in the Government Sector, collections of arrears, Fund's strategies to direct its resources on recruitment of new potential members and employers and use of employer service portal to generate monthly contributions invoices.		
	xvi. Enhancing information security and business continuity	vii. Investment income increased by 116% by June, 2025	29%	29%	29%	Low income from investment	Financial loss		Financial resources, Human resources	Conducting financial analysis, reviewing security market.	Increase in income from investment	Increase in total revenue of the Fund.		Investment income decreased by 14% to TZS 50.85 Billion in the period ended 30 June 2024 compared to TZS 58.98 Billion in period ending 30 June 2023 due to changes in the financial market conditions and decrease in investible funds.	66,984,260,000	50,845,094,000

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Object ive	Strategi es	SERVICE PERFORMANCE INFORMATION					Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Targets	2021 /22	2022 /23	2023 /24	Risk Impact									
		Description													
		viii. Actuarial Valuations of the Fund undertaken by June 2025				Misleading Recommendations		Actuarial valuation plan and Data collection	Actuarial valuation process	Actuarial valuation report	The solvency and financial sustainability of the Fund safeguarded.		The Fund had carried out a Comprehensive Actuarial Valuation during the period under review covering the period ending 30th June, 2021 that provided recommendations to ensure solvency and sustainability of the Fund. The Fund had prepared an action plan to implement the actuarial valuation recommendations that are being monitored on a quarterly basis. As of June 2024, 44% of the recommendations were implemented while 56% were partially implemented. The Fund also undertook 12 actuarial assessments as per directives provided.	50,530,000	47,040,000
		ix. Health insurance researches and studies undertaken by June 2025				Non implementation of research recommendations		Research proposals	field research	Research report	Putting use of research recommendations to improve Fund operations		The Fund conducted 4 out of 3 planned surveys namely 3 market surveys as well as a survey on the capitation payment mechanism		

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Object ive	Strategi es	SERVICE PERFORMANCE INFORMATION					Risk	Impa ct	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24												
object ive F: Institu tional capaci ty enhan ced	i. Stren gthen perform ance manage ment ii. Prioritiz e better working environ ment	i. Human Resource Plan reviewed and implemented by June, 2025	100%	100%	100%	Possi bility of delay in staff prom otion proce ss	staff comp lains and dissat isfact ion	i. Annual staff performance agreement ii. Periodical staff performance appraisal iii. Quarterly staff welfare committee	Human and Financ ial resour ces.	To undertake review of Human Resources Plan	Reviewed HR plan and implem ed	Enhance d human resources manage ment and increase d efficienc y	1. Staff reten tion rate; ii. Audit opini on; iii. Level of satisf action of benef iciari es with NHIF Servi ces	Staff retention was recorded at 99% during the period The Fund was granted an unqualified audit opinion based on the audit report issued by the CAG in March 2024. Level of satisfaction of beneficiaries was recorded at 93% during the period During the period under review; • 166 employees were promoted after acquiring the qualifications specified in the Scheme of Services of 2021. • 195 facilitated with medical support locally and 2 staff referred to foreign countries. • 38 were given study permission (34 for Long term and 4 for short term courses)	53,106,201,302	53,106,201,302	

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Object ive	Strategi es	SERVICE PERFORMANCE INFORMATION				Risk	Impa ct	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24											
						Staff job dissat isfact ion	Staff demo raliza tion and low produ ctivit y	i. Periodical conducting staff satisfaction survey ii.Customer complaints desk iii.Customer complaints register	Human and financi al resour ces.	To conduct Periodical staff satisfaction survey and Strengtheni ng Customer complaints desk as well as complaints register.	Staff satisfactio n enhanced	Performa nce improve ment and higher productiv ity				
						Unre cover ed staff loans	Loss to the Fund	i. Binding Contract signed by two parties (Fund and Borrower)ii.R egistration of collaterals iii.Issuance of reminder / de mand notices iv.Employing court broker for collecting longstanding loans.		To conduct Periodical staff satisfaction survey and Strengtheni ng Customer complaints desk as well as complaints register.						

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SERVICE PERFORMANCE INFORMATION																	
Object ive	Strategi es	Targets				Risk	Impa ct	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual	
		Description	2021 /22	2022 /23	2023 /24												
	ii. Prioritize construction of Funds offices aimed at reducing rent costs	ii. Working tools and equipment provided by June, 2025	100%	100%	100%				App based prioritization on needs assessment	To procure Fund's staff Working tools and equipment.	The enabled staff with Working tools and equipment	Presence of modern working tools and equipment for improved performance.		Partial implemented as the tender is in the award process.	375,917,629	375,917,629	
	iii. Strengthen Monitoring and Evaluation of the Fund's operations	iii. Three low cost office buildings constructed by June, 2025	1	1	1				Approved feasibility studies / project write-ups.	Procurement of consultancy , procurement of contractor, Site visit, site handover meeting	Completion of construction of Kibaha, Lindi and renovation of Morogoro building	Convenient office working environment		The Fund planned to construct three offices in Pwani, Lindi and remodeling of Morogoro building. However, the Ministry did not timely provide approval for the construction. Leading into delays in the process. Approval for the same was granted in December 2023 making the Fund to start procurement process in third Quarter of FY 2023/24.	5,234,667,190	975,649,535	
														The Fund has also prepared annual monitoring Plan that is used to monitor Budget and Strategic Plan implementation.			

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Objective	Strategies	SERVICE PERFORMANCE INFORMATION				Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24										
		iv. Monitoring and Evaluation Framework implemented by June, 2025	100%	100%	100%		Mitigate the risk of not tracking and assessing the results of programs/projects	Annual M&E Plan	To undertake implementations of the M&E Plan	M&E reports with respective recommendations			The Fund's Monitoring and Evaluation Framework was prepared. Monitoring and evaluation was conducted through periodic implementation and performance reports.	30,230,000	17,605,000
		v. Records and Asset Management functions improved by June, 2025	100%	100%	100%	Loss to the Fund	i. Periodical (annually) verification and updating of fixed asset register ii. Placing of barcodes to assets for identification and control iii. Using of asset inventory sheet for controlling asset movement within the office premises	Audited financial statements for opening balance of FA Fixed asset register and Board of survey report	To conduct Periodical (annually) verification and updating fixed asset register ii. Placing of barcodes to assets for identification and control iii. Using of inventory sheet for controlling asset movement within the office premises.	Fixed asset register in place.	Fixed asset register in place		During the period under review, the Management undertook fixed asset verification for the purpose of updating its asset register so as to ensure proper records keeping. During the same period, the Board of survey was formed and conducted physical asset verification in all regional offices and Head office pursuant to NHIF Financial Regulations of 2022.	75,355,000	69,320,000

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Object ive	Strategi es	SERVICE PERFORMANCE INFORMATION				Risk	Impa ct	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24											
		vi. Annual plans and budgets prepared and implemented by June 2025	100%	100%	100%	Fund budget deficit	Failure to achieve Fund's corporate objective	i. Approved Fund budget circular ii. mid-year budget review iii. Directorate s/Units and region action plans	Fund's target s and planne d activities Support ing service cost/r evenu e target s	Receiving and compilation of budget estimates, Preparation of Ceiling, printing and submitting budget for Approval.	Approved plan and budget of the Fund.	Achievin g Fund's strategic objective s.		The Fund's Annual Plan and Budget for the FY 2023/24 with its Annual Action Plans were prepared.	147,770,304	135,805,000
		vii. Public relations plan implemented by June, 2025	100%	100%	100%	Mismanagement of public communication	Reputation al damage	i. Approve of press/public information prior release ii. Communicati on restricted to authorized officials iii. Timely response of all negative feedback in the social media platforms iv. Advocacy and awareness to stakeholders and public at large	Identif ied gaps from the public and stakeh olders	Handling of press conference Events and stakeholders meeting management	Increase of public awareness and education Increase of customer satisfactio n	Good reputatio n of the Fund		- The Fund engaged different media to advertise and educate the public on Stakeholder's rights and responsibilities, Anti-fraud, Vifurushi membership services, Children membership through their schools and New 2023 Benefit Package - Inserted 26 newspaper articles in different newspapers against the target of 3, compared to 17 which were done the same period last year 47 live educative programs were undertaken against the target of 4 programs, compared to 24		

Object ive	Strategi es	SERVICE PERFORMANCE INFORMATION					Risk	Impa ct	Risk Mitigation	Input	Processes	Outputs	Outcome	KPI s	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24												
															undertaken in last year and 4 targeted press conferences were undertaken compared to 2 undertaken in last year.		
															24-targeted educative programs were aired and 990 adverts against the target of 450 adverts were aired through TVs and radios as compared to 24 programs and 632 adverts aired in the period last year. - Posted 394 against target of 180 publicity posts through Fund's social media accounts of Instagram, Facebook and Twitter and Online TV, compared to 338 posted the same period last year - Participated in 3 National exhibitions as targeted and 4 invited stakeholder's exhibitions that emerged during the period compared to 4 attended same periods last year - Produced and distributed stickers for Members rights and responsibilities and 1,150pcs of 2024 Calendars 3 editions of newsletters as		

well as branding of HQ office, replacing outdated directional boards

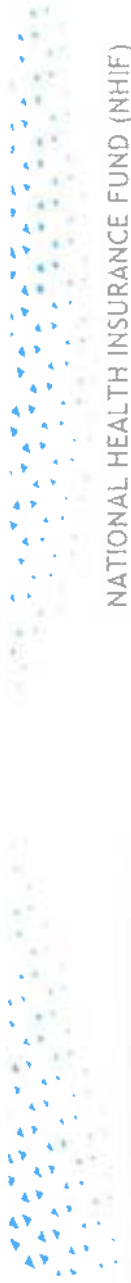
Controller and Auditor General

ARPA-HIF/2023/24



NATIONAL HEALTH INSURANCE FUND (NHIF)

Objective	Strategies	SERVICE PERFORMANCE INFORMATION				Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24										
													stickers and 8 participated exhibitions. Conducted 43 stakeholder's meetings against the target of 4 as compared to 4 undertaken in the same period last year. The deviation of the number of meetings was due to the emerged need for meetings with Service providers at all 32 regions and Zanzibar to create awareness of the 2023 benefit package after its approval.		
		vii. Public relations plan implemented by June, 2025	100%	100%	100%	Mismanagement of public communication	i. Approve of press/public information prior release ii. Communication restricted to only authorized officials iii. Timely response of all negative feedback in the social media platforms iv. Advocacy and awareness to stakeholders and public at large	Identified gaps from the public and stakeholders Approved Action plan	Handling of press conference Events and stakeholders meeting management Communication through social media Airing of advertisement	Increase public awareness and education Increase of customer satisfaction	Good reputation of the Fund		- The Fund engaged different media to advertise and educate the public on Stakeholder's rights and responsibilities, Anti-fraud, Vifurushi membership services, Children membership through their schools and New 2023 Benefit Package - Inserted 26 newspaper articles in different newspapers against the target of 3, compared to 17 which were done the same period last year 47 live educative programs were undertaken against the target of 4 programs, compared to 24 undertaken in last year and 4 targeted press conferences were undertaken compared to 2 undertaken in last year.		



NATIONAL HEALTH INSURANCE FUND (NHIF)

Objective	Strategies	SERVICE PERFORMANCE INFORMATION				Risk	Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24											
		vii. Public relations plan implemented by June, 2025	100%	100%	100%	Mismanagement of public communication	Reputation damage	i. Approve of press/public information prior release ii. Communicate on restricted to authorized officials iii. Timely response of all negative feedback in the social media platforms iv. Advocacy and awareness to stakeholders and public at large	Identified gaps from the public and stakeholders Approved Action plan	Handling of press conference Events and stakeholders meeting management Communication through social media Airing of advertisement	Increase of public awareness and education Increase of customer satisfaction	Good reputation of the Fund		24-targeted educational programs were aired and 990 adverts against the target of 450 adverts were aired through TVs and radios as compared to 24 programs and 632 adverts aired in the period last year. - Posted 394 against target of 180 publicity posts through Fund's social media accounts of Instagram, Facebook and Twitter and Online TV, compared to 338 posted the same period last year - Participated in 3 National exhibitions as targeted and 4 invited stakeholder's exhibitions that emerged during the period compared to 4 attended same periods last year - Produced and distributed stickers for Members rights and responsibilities and 1,150pcs of 2024 Calendars 3 editions of newsletters as well as branding of HQ office, replacing outdated directional boards stickers and 8 participated exhibitions. - Conducted 43 stakeholder's meetings against the target of 4 as compared to 4 undertaken in the same period last year. The deviation of the number of	937,520,120	990,229,465

NATIONAL HEALTH INSURANCE FUND (NHIF)

Object ive	Strategi es	SERVICE PERFORMANCE INFORMATION				Risk	Impa ct	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24											
		vi. Procurement plan implemented by June, 2025	100%	100%	100%	Possibility of incomplete implementation of APP	Impairing Fund's operations	I. Reminding users to initiate procurement as per APP II. Periodical review of APP	Availability of approved budget department, User requirement, Formulating APP, human resources and time	Collection of User requirement, consolidation of requirement, Formulating APP, Submission of APP for review to Management	Approved Annual Procurement Plan	Achievement of the Fund objectives		meetings was due to the emerged need for meetings with Service providers at all 32 regions and Zanzibar to create awareness of the 2023 benefit package after its approval. The Fund planned to implement 454 procurement transaction worth TZS. 24,287,233,553.00 The Fund managed to implement 443 procurement transactions worth TZS. 22,129,250,102.96 whereby the transactions worth TZS. 10,118,100,618.38 reached the award stage. The procurement transactions worth TZS. 12,011,149,484.58 are still on other procurement processes, which is expected to be implemented in the first quarter of the next financial year. The Management ensured compliance with the Public Procurement Act and i regulations for all the procurement transactions by ensuring the reports are being submitted time.	24,287,233,553	22,129,250,103

NATIONAL HEALTH INSURANCE FUND (NHIF)

Object ive	Strategi es	SERVICE PERFORMANCE INFORMATION				Risk Impa ct	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24										
		ix. Corporate governance undertaken by June 2025	100%	100%	100%			Call for agenda a Issuing notice to members	To facilitate Boards activities	Approved Minutes	Improved Fund's operations		- The Management conducted a total of 26 meetings to discuss and deliberate on various plans of the Fund. - Twelve ordinary Committee and Board meetings, three extra-ordinary board meetings and five special Committee meetings were also conducted. - The Management facilitated two (2) out of three (3) planned Board Members trainings for the aim of enlightening the Board and its Committee's on newly emerging issues and enable them perform their duties and achieve the objectives of the Fund. - One (1) worker's council meeting was conducted as planned.	647,503,701	519,213,688



NATIONAL HEALTH INSURANCE FUND (NHIF)

Objective	Strategies	SERVICE PERFORMANCE INFORMATION					Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24	Risk										
		x. Legal services provided by June 2025	100%	100%	100%				Case Register	Conducting case follow up as per the court calendar	Judgements/court decisions	Execution (award) of judgement /decision		• Made follow up on 10 cases out of fifteen case. Among the Challenges encountered in cases is prolonged prosecution process in cases that are still under investigation and Lack of control on the court calendar. The Fund successfully prepared financial statements for the fiscal year 2022/2023, which were subsequently audited by the Controller and Auditor General (CAG). Based on the audit report issued by the CAG in March 2024, an unqualified opinion was granted. Furthermore, the Fund was able to prepare interim financial statements for the first six (6) months of the Fiscal Year 2023/2024. Although the Management had intended to produce quarterly financial reports, operational challenges within the ERMS system hindered the timely completion. Tax compliance, Fund persistently fulfilled its tax obligations by submitting various taxes and deductions that included Value Added Tax (VAT), Pay As You Earn (PAYE), Withholding Tax, quarterly tax instalments, and Pension Deductions. These submissions were made to the respective authorities in accordance with the prescribed procedures and on the stipulated due dates.	518,675,000	488,585,194
		xi. Financial and accounting activities improved by June 2025	100%	100%	100%	Failure to prepare Financial Statement on time	affect the decision making and reputation of the financial damage	Statutory requirement to submit report on due date and required reports for preparation of financial statements made available in ERMS	Financial information in FMIS	To undertake financial and accounting activities per cycle	Periodic Financial statements	Timely submission of Financial statement to both the Board and the CAG			573,736,178	573,736,178

NATIONAL HEALTH INSURANCE FUND (NHIF)

Object ive	Strategi es	SERVICE PERFORMANCE INFORMATION					Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
		Description	2021 /22	2022 /23	2023 /24	Risk Impact									
		xii. Internal audit services improved by June 2025	100%	100%	100%	Failure to achieve annual performance target	Lack of audit assurance i. Approval of Board of Director for any major changes in the annual plan before implementation. ii. Annual internal audit plan	Audit plan	Audit verification	Audit report	Improvement of Controls, Governance and risk management		The internal audit targeted 20 routine audits however 18 routine audits conducted which is equivalent to performance of 90%. 2 special audits targeted and conducted all equivalent to performance of 100% and 4 consulting audit targeted only 3 conducted which is equivalent to performance of 75%.	541,160,000	389,918,000
		xiii. Outsourced services managed by June 2025	100%	100%	100%	Low customer satisfaction	Customer Complaints i. contracts for outsourced services ii. collecting feedback from staff iii. Monitoring of the contract performance	Service Providers contracts	To monitor outsourced services contracts	Presence of viable Outsourced services Contracts.	Improved working environment		The Fund outsourced cleanliness and security services for all its offices.	732,523,562	732,523,562
		Total												99,298,035,386	2,254,126,451

2.12 FUND OBJECTIVES, STRATEGIES AND RESOURCE ALLOCATION

2.12.1 Fund Objectives and Strategies

The Fund continues to implement its strategies towards attainment of set objectives stipulated in the Medium-Term Strategic Plan of 2020/21 - 2024/25. The objectives are as follows:

- A. HIV/AIDS and NCDs reduced and supportive services enhanced;
- B. Implementation of national Anti-corruption strategy enhanced and sustained;
- C. Membership coverage of the Fund expanded;
- D. Access and quality of services provided to beneficiaries enhanced;
- E. Revenue collection and Fund sustainability enhanced; and
- F. Institutional capacity enhanced;

Table 2: Fund Objectives and Strategies

OBJECTIVE	STRATEGIES
A: HIV, AIDS and NCDs reduced and supportive services enhanced	i. Short-Term Strategies - Enhance HIV, AIDS and NCDs awareness interventions ii. Medium-Term Strategies - Enhance supportive care to staff living with HIV and AIDS
B: Implementation of National Anti-Corruption Strategy enhanced and sustained	i. Medium-Term Strategies - Enhance Good Governance and Anti-Corruption programmes
C: Membership coverage of the Fund expanded	i. Medium-Term Strategies - Intensifying members recruitment in all sectors - Promote creativity and innovative market strategies - Harnessing relationship with stakeholders focusing on increasing health insurance coverage
D: Access and quality of services provided enhanced	i. Medium-Term Strategies - Enhance members access to the Fund's and medical services - Strengthen mechanism for quality assurance - Enhance usage of technology in service provision
E: Revenue collection and Fund's sustainability enhanced	i. Short-Term Strategies - Enhancing risk management - Undertaking prudent investment - Undertaking actuarial valuations of the Fund ii. Medium-Term Strategies - Enhancing compliance functions of the Fund - Strengthening anti-fraud measures - Periodic reviews of benefit package - Enhancing information security and business continuity
F: Institutional capacity enhanced	i. Medium-Term Strategies - Strengthen performance management - Prioritize better working environment - Prioritize construction of Funds offices aimed at reducing rent costs - Strengthen Monitoring and Evaluation of the Fund's operations

2.12.2 The Fund's resource allocation plan

The Fund's resources are allocated in accordance with the Fund's Annual Plan, Budget, and its respective Annual Action Plan as guided by the Ministry of Finance, Ministry of Health and the Office of the Treasury Registrar. For the year ended 30 June 2024, the Fund's expenditure was TZS 701.14 billion, which includes insurance service expenses amounting to TZS 605.60 billion, retiree expenses amounting to TZS 85.75 billion, development expenditure amounting to TZS 1.19 billion and other expenses plus tax amounting to TZS 8.6 billion. Actual fund allocation for the year 2023/24 is depicted in the Figure below;



2.13 RELATIONSHIP BETWEEN THE MANAGEMENT AND OTHER STAKEHOLDERS

The Fund has continued to maintain good relationships with its stakeholders including employees, regulators, authorities, suppliers, contractors, employers, members, service providers, Central Bank, commercial banks and Tanzania Revenue Authority. During the period ended 30 June 2024 the Fund conducted 51 stakeholder's meetings compared to 4 undertaken in the same period last year. The increased number of meetings was due to the emerged need for meetings with Service Providers in all regions and Zanzibar to create awareness of the 2023 benefit package after its approval. Other strategies which are used in communicating with its stakeholders includes social media, electronic media, print media, Fund's website and call center with a 24/7 toll free number 199.

Table 3: The Fund's stakeholder's needs analysis

S/N	Stakeholder	Their Interests / Concerns	How their needs are understood and considered and responded
1	Members	- Quality and timely accessibility of services - Comprehensive package - Sustainability of services - Going concern and Good Governance - Timely feedbacks - Education regarding services provided by the Fund	- Stakeholder meetings and visits at workplaces and learning institutions - Collecting feedback through suggestion boxes - Toll-free Call center - Communication through regional offices located throughout the country - Media channels including social media - Electronic communications - Social researches/surveys undertaken by the Fund

NATIONAL HEALTH INSURANCE FUND (NHIF)

S/N	Stakeholder	• Their Interests / Concerns	• How their needs are understood and considered and responded
2	Health Service Providers	• Timely certification • Timely payments of claims • Favourable terms and conditions for loans issued by the Fund • Quality of services • Timely feedbacks • Realistic prices • Availability of stable and reliable ICT system	• Regular meetings • Service provider stakeholder meetings • Supportive supervision at site • Collecting feedback through suggestion boxes • Toll-free Call center • Communication through regional offices located throughout the country • Researches/surveys undertaken by the Fund
3	Trade Unions	• Timely support of their activities • Collaboration from the Fund • Going concern and Good Governance. • Harmonized working environments • Satisfactory services to the members	• Communications through Fund's offices as well as electronic communications • Media channels
4	Employers	• Quality services to employees • Timely feedback	• Regular meetings • Stakeholder meetings • Toll-free Call center • Communication through regional offices located throughout the country • Researches/surveys undertaken by the Fund
5	Government	• Sustainability/Going concern • Good Governance • Enforcement of health related laws and policies. • Quality services to members • Expansion of coverage to citizens	• Regular meetings • Communications through the Fund's head office • Media channels
7	Tanzania Revenue Authority	• Timely payment of taxes • Submission of returns	• Communications through the Fund's head office • Website and electronic communications • Media channels
8	Regulators and Auditors (BOT/PPRA/C AG)	• Compliance • Sustainability/Going concern and Good Governance	• Communications through the Fund's head office • Website and electronic communications • Media channels
9	Pension Funds	• Compliance and Sustainability/Going concern. • Quality services to members	• Communications through the Fund's head office • Website and electronic communications • Media channels

NATIONAL HEALTH INSURANCE FUND (NHIF)

S/N	Stakeholder	Their Interests / Concerns	How their needs are understood and considered and responded
10	NHIF Board of Directors	• Achieve strategic goals • Sustainability of Fund • Good governance/going concern • Increase acceptability • Increase catchment and members • Safe guard assets	• Formal meetings • Regular communications
11	Employees of NHIF	• Sustainability/Going concern • Security of employment • Good Governance • Conducive working environment • Timely promotion, compensation and other motivations • Timely information from employer • Timely and relevant training	• Regular meetings • Communications through letters and email • Physical one-to-one personal meetings • Trade union representation • Employees complaints register • Researches/surveys undertaken by the Fund
13	Politicians	• Sustainability/Going concern and Good governance • Quality services to members • Increased coverage of the Fund	• Websites and social media • Formal communications through the Fund's offices • Media channels • Scheduled and unscheduled meetings
14	The Public	• Reliable information regarding the Fund	• Toll free call centre • Communications through the Fund's offices • Media including social media • Social researches/surveys undertaken by the Fund
15	Media	• Accurate and timely information • Timely payment for services offered • Secured and good business relations • Transparency	• Media including social media • Organised stakeholders meetings • Communications through the Fund's offices
16	Suppliers/vendors	• Timely payment of supplied goods and services • Sustainability/Going concern and good governance • Continued business relations • Adherence to contractual terms	• Communications through the Fund's offices • Media including social media • Toll-free call centre • Electronic communications
17	Financial Institutions	Good business relationship	• Communications through the Fund's offices • Media including social media • Toll-free call centre • Electronic communications • Organized meetings
18	Professional bodies	• Adherence to professional codes of ethics and conduct • Timely payment of fees • Participation in activities organized by the bodies • Good governance	• Communications through the Fund's offices • Media including social media • Toll-free call centre • Electronic communications

2.14 OPERATING AND FINANCIAL REVIEW

2.14.1 Membership position

As at 30 June 2024, the Fund had 1,196,205 contributing members compared to 1,368,314 for the previous period. This figure translates to 5,028,735 beneficiaries for the period under review compared to 4,978,856 beneficiaries for the previous period equivalent to 8% of the population of the United Republic of Tanzania of around 61,741,120 people.

The number of registered employers by the Fund as at 30 June 2024 stood at 7,486 compared to 7,376 recorded in the previous period, which is the increase of 1.5% by the end of 30 June 2024. Details of members is as shown in the table below:

Table 04: Details of principal members by category as at 30 June 2024

S/N	MEMBER CATEGORY PER PORTFOLIO	2023/24	PROPORTION
1	Public Employees	634,924	54%
2	Students	288,634	24%
3	Private Employees	159,846	13%
4	Insurance bundles (Vifurushi)	83,846	7%
5	Special group employees	11,937	1%
6	Toto Afya Kadi	16,105	1%
7	Other groups	913	0%
	Total	1,196,205	100%

2.14.2 Analysis of Financial Position

2.14.2.1 Total assets

Total assets stood at TZS 866.48 billion as at 30 June 2024 compared to TZS 922.24 billion as at 30 June 2023 and TZS 1,061.63 billion as at 30 June 2022. The decrease during the period was due to payment of liabilities and depreciation of assets.

i. Cash and bank balances

Cash and bank balances amounted to TZS 31.21 billion as at 30 June 2024 compared to TZS 66.88 billion as at 30 June 2023 and TZS 12.91 billion as at 30 June 2022. The decrease was attributed to the increase in cash used in operating activities during the period under review.

ii. Investment in term deposits and calls

Investment in term deposits reached TZS 134.11 billion as at 30 June 2024 compared to TZS 149.05 billion as at 30 June 2023 and TZS 220.18 billion as at 30 June 2022. The decrease was due to maturity of term deposits during the period under review and not the entire amount was re-invested.

Investment in call deposits reached TZS 15.30 billion as at 30 June 2024 compared to TZS 40.60 billion as at 30 June 2023 and TZS 28.24 billion as at 30 June 2022. The decrease was due to maturity of calls deposits during the period under review and not re-invested.

iii. Investment in shares

Investment in shares reached TZS 154.49 billion compared to TZS 150.71 billion as at 30 June 2023 and TZS 150.64 billion as at 30 June 2022. The increase is due to a net valuation gain of share prices for the shares invested in various companies.

iv. Investment in Government Securities

Investment in Government securities reached TZS 180.06 billion compared to TZS 190.65 billion as at 30 June 2023 and TZS 282.53 billion as at 30 June 2022. The decrease was attributed to the absence of new investments during the period and the maturity of certain securities that were not reinvested.

v. Investment in Corporate Bonds

No new investments were made in corporate bonds.

vi. Other receivables

The balance of other receivables reached TZS 24.53 billion as at 30 June 2024 compared to TZS 16.68 billion as at 30 June 2023 and TZS 36.65 billion as at 30 June 2022. The increase was attributed by supplementary services receivable amount.

vii. Loans receivables

The outstanding loan receivables amounted to TZS 204.02 billion as at 30 June 2024 compared to TZS 207.48 billion as at 30 June 2023 and TZS 228.03 billion as at 30 June 2022. The decrease was attributed to repayments of medical equipment and facility improvement loans.

viii. Other loans receivables

Other loans receivables amounted to TZS 31.35 billion as at 30 June 2024 compared to TZS 40.52 billion as at 30 June 2023 and TZS 38.85 billion as at 30 June 2022.

The decrease was attributed by repayment of loans by staff and there was no new loan issued during the period under review. Going forward, the Board has decided to operate a Staff Loans Revolving Fund, which will systematically reduce the loans to TZS 20.00 billion by the year 2032/33.

ix. Inventories

Inventories amounted to TZS 4.88 billion as at 30 June 2024 compared to TZS 1.2 billion as at 30 June 2023 and TZS 4.93 billion as at 30 June 2022. The increase was attributed by purchase of member's ID printing materials (ICT Consumables) during the period under review.

x. Investment property

Investment property amounted to TZS 411.93 million as at 30 June 2024 compared to TZS 421.99 million as at 30 June 2023 and TZS 432.05 million as at 30 June 2022. The decrease was caused by depreciation charges during the period under review.

xi. Property and equipment

Property and equipment reached TZS 47.71 billion as at 30 June 2024 compared to TZS 50.96 billion as at 30 June 2023 and TZS 51.30 billion as at 30 June 2022. The decrease was attributed by depreciation charges for the period under review.

2.14.2.2 Total liabilities

Total liabilities amounted to TZS 233.26 billion as at 30 June 2024 compared to TZS 364.52 billion as at 30 June 2023 and TZS 289.78 billion as at 30 June 2022. The decrease during the period under review was attributed by decrease in total assets to pay liabilities.

i. Insurance contract liabilities

Insurance contract liabilities amounted to TZS 152.66 billion as at 30 June 2024 compared to TZS 264.21 billion as at 30 June 2023 and TZS 166.75 billion as at 30 June 2022. The decrease was attributed by the increase in premium received, decrease in claims expenses as compared to prior years.

ii. Accruals and other payables

The balance of accruals and other payables stood at TZS 77.98 billion as at 30 June 2024 compared to TZS 93.90 billion as at 30 June 2023 and TZS 98.09 billion as at 30 June 2022. The decrease was attributed by payments of liabilities during the period under review.

iii. Defined benefit obligations

Defined benefit obligations amounted to TZS 1.12 billion as at 30 June 2024 compared to TZS 3.91 billion as at 30 June 2023 and TZS 22.78 billion as at 30 June 2022. The decrease was attributed by payment of benefits to staff who finished their service to the Fund.

2.14.2.3 Total reserves

Total reserves increased to TZS 633.22 billion as at 30 June 2024 compared to TZS 557.71 billion as at 30 June 2023 and TZS 771.86 billion as at 30 June 2022. The increase of reserves was due to a surplus of TZS 58.17 billion, fair value gain on equity of TZS 3.78 billion and gain on re-measurement of defined benefit obligation TZS 1.30 billion recorded during the period under review.

2.14.3 Analysis of the Financial Performance.**2.14.3.1 Insurance revenue**

Insurance revenue stood at TZS 700.11 billion for the period ended 30 June 2024 compared to TZS 633.51 billion for the period ended 30 June 2023. The increase was due to increase of contribution income for Public Employees, Private Employees, Students and Health Insurance Bundles.

2.14.3.2 Insurance service expenses

Insurance service expenses stood at TZS 605.60 billion for the period, ended 30 June 2024 compared to TZS 771.69 billion for the period ended 30 June 2023. The decrease was attributed by decrease in claims expenses and reversal of onerous losses recorded in prior periods.

a) Incurred claims and other expenses

Incurred claims and other expenses reached TZS 495.38 billion for the period ended June 2024 compared to

TZS 514.43 billion recorded for the period ended 30 June 2023. The decrease was attributed by various measures taken by the Fund to contain costs. Refer note 39

b) Onerous contracts losses

The Fund had a positive result related to onerous contract losses amounting to TZS 59.35 billion compared to onerous contract losses of TZS 58.91 billion recorded for the period ended 30 June 2023. This was attributed to a positive result recorded in public employee's portfolio of TZS 61.95 billion and Others 16.33 million which offset the onerous contract losses recorded in Toto Afya portfolio. Refer note 39.

c) Changes to liabilities for incurred claims

The amount of incurred claims not yet paid for the period amounting to TZS 169.57 billion for the period ended 30 June 2024 compared to TZS 198.35 billion for the period ended 30 June 2023. The decrease was due to repayment of claims during the period. Refer note 39.

2.14.4 Investment income

Investment income stood at TZS 51.00 billion in June 2024 from TZS 33.60 billion recorded for the period ended 30 June 2023. The increase was caused by matured investments in Government Securities and Term Deposits during the period.

2.14.4.1 Retiree benefit expenses

Expenses for claims incurred to service retiree is TZS 85.75 billion for the period ended 30 June 2024 as compared to TZS 91.01 billion incurred for the period ended 30 June 2023. The decrease was attributed by cost containment measures taken by the Fund.

2.14.4.2 Other expenses

Other expenses stood at TZS 5.45 billion in the period ended 30 June 2024 from TZS 11.37 billion recorded in the period ended 30 June 2023. The decrease was due to various cost containment measures taken by the Fund.

2.14.4.3 Other income

Other income increased to TZS 7.01 billion in period, ended 30 June 2024 from TZS 4.23 billion recorded for the period ended 30 June 2023. The increase was due to increased revenue on supplementary services and ID's replacement income.

2.14.4.4 Accumulated reserves

The accumulated surplus (reserves) has increased to TZS 560.53 billion for period ended 30 June 2024 from TZS 510.71 billion recorded for the period ended 30 June 2023 and 727.37 billion for the period ended 30 June 2022.

The Fund's surplus for the period has reached TZS 49.8 billion as compared to deficit of TZS 216.65 billion for the period ended 30 June 2023. Surplus was attributed by various measures taken by Fund on cost containment and various controls on claims during the period under review.

2.14.5 Analysis of Cash flows**2.14.5.1 Net cash in operating activities**

Net cash used in operating activities increased to TZS 170.66 billion for the period ended 30 June 2024 from TZS 142.05 billion recorded for the period ended 30 June 2023. The increase was attributed by increased payment to suppliers.

2.14.5.2 Net cash from investing activities

The net cash generated from investing activities has decreased to TZS 110.68 billion for the period ended 30 June 2024 from TZS 209.43 billion recorded for the period ended 30 June 2023. The decrease was attributed by decrease on the amount of matured government securities and net inflow on Term deposits and call.

2.14.5.3 Cash and cash equivalent

The cash and cash equivalent balance (including investment in call deposits) has decreased to TZS 46.52 billion for the period ended 30 June 2024 compared to TZS 107.48 billion for the period 30 June 2023. This decrease was caused by payments of medical claims to health facilities, suppliers of goods and services and decrease in cash inflows from investments.

2.14.6 Budget Performance**(a) Revenue Collection**

The Fund has three major sources of income namely insurance revenue from members, investments and other incomes. The Fund targeted to cumulatively collect a total income of TZS 746.76 billion for the period under review. However, the total income collection was TZS 758.12 billion, equivalent to 101.52 % of the target. Out of the total income collected, insurance revenue collections were TZS 700.11 billion, investment income was TZS 51.00 billion and other incomes TZS 7.01 billion as shown in Table below.

Table5: Revenue Collection for the FY 2023/24 (For the year ended 30 June 2024)

SN	Revenue Sources	Approved Estimates"000"	Actual "000"	Performance
1.	Insurance revenue	668,028,862	700,106,799	104.80%
2.	Investment	66,984,260	51,002,037	76.14%
3.	Donor funds	10,250,000	-	0%
4.	Other income	1,500,000	7,010,446	467.36%
	Total income	746,763,122	758,119,282	101.52%

(b) Expenditure

The Fund's expenditure for the period was TZS 733.03 billion, whereby incurred claims accounted for TZS 643.15 billion, Administrative and Members Expenses amounted to TZS 88.69 billion, and Capital Expenditure comprised TZS 1.19 billion. Further details regarding financial performance of the Fund are summarized in the Table below.

Table 6: Annual Approved vs. Actual Expenditure for the FY 2023/24 (For the year ended 30 June 2024).

SN	Expenditure	Approved Estimates "000"	Actual"000"	Performance
1.	Incurred claims	592,756,367	643,146,694	108.50%
2.	Administrative & member services	93,991,319	88,690,108	94.36%
3.	Development	60,015,429	1,190,170	1.98%
	Total expenditure	746,763,115	733,026,972	98.16%

The analysis on both revenue and expenditure aspects clearly shows a minor deviation between initially approved estimates to final spent amounts. On revenue the Fund exceeds its expectations by collecting more by 1.50%. This is due to the various efforts made by the Fund to increase contribution collection. On the other hand, claims expenses seem to be little higher than the budget due to increased cost of claims raised from non-communicable diseases. Overall expenditure seems to be little less as compared to the budget as a result of cost containment measures taken by the Fund to reduce expenses.

2.14.7 Future plans

As the Government strides towards achieving Universal Health Insurance Coverage after passing the Universal Health Insurance (UHI) bill, the Fund plans to expand coverage especially to the informal sector which currently encompasses a small share of the Fund's membership portfolio. As such, technology shall play a huge role in facilitating the Fund's daily operations, which are expected to expand as the Fund recruits more members. The Fund has already started improving the use of technology on its business processes especially in automation of business processes.

In addition to automation, the Fund shall enhance its systems and infrastructures to enhance the capacity of the institution to handle the anticipated increase in business volume. This includes increasing storage and processing space as well as use of data analytics in its claims processing activities to improve fraud detection. Changes to some business processes are in plan including modification of the provider payment system looking to adopt either the capitation system or the diagnostic related group reimbursement system or a combination of the two.

The Fund is also working hand in hand with the Ministry of Health in proposing changes/additions to various member categories, premiums and benefits applicable once the implementation of the UHI law commences. The Fund has planned to enhance communication with the public as well as marketing of its products following the Communications Strategy and Marketing Strategy that have already been developed.

2.14.8 Capital Structure

The capital structure of the Fund is primarily composed of revenues from various sources as well as reserves. Revenues of the Fund are grouped into the following categories;

a) Insurance revenue

The Fund collects insurance revenue from its members, which include Employers insurance revenue, Private member insurance revenue, Student insurance revenue, Toto card insurance revenue, Clergies, and other eligible groups. Insurance revenue differ as per insurance portfolio where some are collected on a monthly basis whilst others are collected on a yearly basis. Government employees are statutorily obligated to contribute 6% of their monthly salary towards the Fund whereas other groups contribute voluntarily. Insurance revenue form a significant portion of the Fund's revenue sources and hence capital structure and are crucial for financing healthcare services for the Fund's beneficiaries.

b) Investment Income

The Fund also generates income through investments in financial instruments such as bonds, Treasury bills, fixed deposits, shares, Interest from staff loans, Interest from Government loans, and Interest from service provider loans, rent income and stocks. Investment income contributes to the fund's capital structure and helps sustain its operations and growth.

c) Donor Funding

In some cases, the Fund may receive funding from international organizations, donor agencies, or development partners to support specific healthcare initiatives or projects. Donor funding can supplement the Fund's resources and enhance its capacity to provide quality healthcare services.

d) Other Revenue Sources

The Fund also receives income from other revenue sources, such as certification fees, ID card replacement fees, supplementary service income and loan application fees to mention a few to diversify its income streams and strengthen its financial position. These additional sources of revenue support the Fund's objectives and improve healthcare accessibility for its members.

As at 30 June 2024, the Fund's reserves amounted to TZS 560.53 billion (June 2023: TZS 510.71 billion). These reserves are as a result of accumulation of unspent insurance revenue as well as investment income over the years since establishment.

In summary, the capital structure of the Tanzania National Health Insurance Fund is a combination of member insurance revenue, investment income, donor funding, and other revenue sources. This diversified funding approach helps ensure the sustainability and effectiveness of the Fund in providing healthcare services to its beneficiaries.

2.14.8 Treasury policy and objective

An Investment Policy guides the Fund treasury activities, which is a policy document providing guidance on the investment activities of the Fund. The Policy aims at attaining a positive real rate of return and maintaining a well-diversified investment portfolio capable of handling the Fund's obligations on a sustainable basis. The objectives of the Investments Policy include ensuring there is sufficient liquidity to meet maturing obligations in relation to both the provision of health services to members and administering the Fund.

During the year, the concentration of the Fund's investments was mainly in short term avenues particularly on fixed and call deposits.

2.14.9 Liquidity position of the Fund

The Fund's current ratio for the period as of June 2024 stood at 2.05:1 in comparison to the previous ratio 0.85:1 as of 30 June 2023. The Fund can meet its current liabilities when they all fall due. Additionally, the Net Working Capital for the period is reported at TZS 244.1 billion, as compared to TZS (52.91) billion recorded as of June 2023.

2.14.10 Investment performance

The investment of the Fund by its nature is a short-term undertaking. The investment policy of the Fund was duly approved by the Board of Directors and was lastly reviewed in 31 December 2023 to incorporate new investment guidelines issued by the Bank of Tanzania (BOT), which set limits on various permissible areas of investment for social security schemes.

Table 7: The Fund's investment portfolio as at 30 June 2024

Particulars	Investment as at 30 June 2024	%age	Investment as at 30 June 2023	%age	Approved allocation
	TZS'000		TZS'000		
Investment in term and call deposits	149,410,611	23%	189,641,848	27%	0-35%
Government Loans*	180,033,024	27%	180,033,024	25%	0-10%
Investment in Government securities	180,059,133	27%	190,649,507	27%	20-70%
Investment in corporate bonds	-	0%	-	0%	0-20%
Investment in shares	154,494,485	23%	150,713,332	21%	0-20%
Total	693,997,253		711,037,711		

*Government Loans portfolio exceeded the benchmark of 10% required by the regulator. However, the Fund obtained a special approval from BOT to maintain the ratio of direct loans to the Government above the allowable maximum limit of 10% of the total assets.

During the period ended 30 June 2024, the Fund recorded income from investments amounting to TZS 51.00 billion compared to TZS 33.60 billion for the period ended 30 June 2023.

2.15 FUND'S RESOURCES

2.15.1 Human Resources

During the period ended 30 June 2024, the Fund had 877 staff (694 permanent and pensionable and 183 were on one-year contracts) compared to 721 (695 permanent and pensionable and 26 were on one-year contracts) in the period ended 30 June 2023. The contract -based employees were engaged from Tanzania Employment Service Agency (TAESA). This provides assurance to the Fund for attainment of its key strategic goals.

2.15.2 Financial Resources

The Fund had sufficient funds to fulfill its financial obligations during the year.

2.15.3 Intellectual Resources

The Fund's staff knowledge is a crucial intellectual resource that plays a significant role in optimizing service provision to customer. The Fund embraces innovation in the effort to modernize its operations and currently has intellectual rights to two in-house developed information systems namely the Advanced Membership Management Information System (AMMIS), which manages recruitment and insurance revenue collection from members, and Claims Management Information System (ICMIS), which manages registration and processing of claims, received from healthcare facilities.

However, because of various challenges and changes in the business process and technological advancement as well as Universal Health Insurance initiatives, the Fund has seen a need to redesign the two systems to meet the emerging business requirements and technological challenges. In lieu of that the Fund has acquired the Board approval for the project of redesigning AMMIS and CMIS systems into a single unified web application that shall address all the challenges encountered. The project it is expected to commence in August 2024 and it is estimated to cost TZS 1,542,557,500.00 for duration of 10 months.

2.16 PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

The Management and Board of Directors accepts final responsibility for the Risk Management and Internal Control Systems of the Fund while the Board provides an oversight role on Risk Management and Internal Controls. It is the task of the Management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- i. The effectiveness and efficiency of operations;
- ii. The safeguarding of the Fund's assets;
- iii. Compliance with applicable laws and regulations;
- iv. The reliability of accounting records;
- v. Business sustainability under normal as well as adverse conditions; and
- vi. Responsible behaviors towards all stakeholders.

The Corporate Risk Management Framework (CRM) and Guidelines guide the risk management process. The CRM framework provides guidance on identifying and managing risks; determining appropriate risk response decisions; aligning risk appetite with corporate strategy; allocating resources effectively; minimizing unexpected events, which might result in financial losses and reputational damage, and seizing opportunities in a timely manner.

2.16.1 KEY RISKS AND UNCERTAINTIES

The risks that may affect the implementation of the Fund's strategies are categorized as credit, liquidity, economic, reputational and operational risks. Below is a description of the risks facing the Fund;

(a) Credit Risk

The Fund's principal financial assets are investment in Government Securities, loans to government institutions, investment in term of deposits and investment in shares.

The key area where the Fund faces high credit risk is on the investment portfolio specifically under the category of loan. As at 30 June 2024, the Fund has reported Non-Performing Loan (NPL) amounting to TZS 208.32 billion equivalent to 89% of loan portfolio with an outstanding balance of TZS 232.30 billion. This risk among other things, contributes into a lack of investible leading to decrease in income from investment, which affects financial position of the Fund. However, the Fund continue making follow up at the relevant authority on the payment of the outstanding loans.

To minimize credit risk the Fund is taking the following measures:

2.16.1 KEY RISKS AND UNCERTAINTIES (Continued)

- Set limits on different categories of investments;
- Set exposure limits for each bank where it makes placements of funds;
- Requires guarantees from top rated banks or the Government for credits;
- Invests in well-established markets particularly in listed shares at the Dar Es Salaam Stock Exchange; and
- Carrying out in-depth credit analysis of projects to establish viability.

(b) Liquidity Risk

Liquidity risks are posed whereby the Fund doesn't have sufficient funds to meet its financial obligations including claim payment and investment activities. The Fund manages liquidity risk by maintaining a pool of short-term investments with banks, in order to meet its obligations at any time such as benefit payments and administrative expenses. The main liquidity risks of the Fund are;

i. Adverse Selection in Member and Employer Recruitment and Registration

Risk related to registration of members in absence of compulsory recruitment and registration of some group of members, as a result most of voluntary members join the Fund when they fall sick. This risk is due to lack of public education and awareness in health insurance

schemes and enforcement hence most of the new members recruited with pre-existing health condition that threaten the sustainability of the Fund due to huge benefit payment.

The Fund address this risk by providing public education and awareness on the importance of having health insurance, group enrollment for some health product such as students and instituting controls for members registration and during accessing health services.

ii. High Growth Rate of Incurred Claims Compared to Insurance Revenue Collection

This risk may result to insolvency to the Fund. As of 30 June 2024, the benefit payments stood at TZS 605.60 billion compared to TZS 771.69 billion benefit payments made in 2022/23 equivalent to a decrease of 21.52%. The Fund continue instituting ICT systems controls and undertaking regular review of the benefit package based on recommendations from actuarial valuation report, stationing of staff at all big facilities to verify members before access of services in order to control payment of unjustifiable claims.

iii. Fraud Practices by Service Providers and Beneficiaries;

Risk caused by provider's malpractice, submission of forgery and fraud claims from service providers. Following observed fraud stars the Fund took stringent measures including termination of 50 facility contracts, revoking of 72 cards for beneficiaries and 76 facility staff reported to their respective professional Boards/Associations for further actions. To mitigate the risk, the Fund is enhancing ICT controls in Claims Management Information System (CMIS/online submission/service portal), conducting onsite claims verification for claims submitted with some indication of fraud, conducting public awareness on fraud and introduction of direct line (no. 0800 111163) for reporting fraud incidence and implementing Whistle Blower Policy.

(c) Operational Risk (Insurance Risk)

This is a risk resulting from inadequate or failed internal processes, people, and systems or from external events. In order to effectively manage operational/insurance risk, the Fund has put in place mechanism that assist in mitigating operational/insurance risks. The main operational/insurance risks are;

i. Information Technology Risks;

These risks arise from network breakdown, cybercrime/Malware attack, failure of hardware or software system and insufficient space for data storage. These could result to disruption of critical business operational processes, financial loss, customer dissatisfaction and reputational damage of the organization. In the period under review, the fund has not experienced the materialization of the said risk due to proper implementation and monitoring of the set mitigations.

To mitigate these risks, the Fund maintain internet connectivity back up (secondary back up), periodical software updates and hardware maintenance, review of security controls,

establishment of data center (primary and secondary), daily back up to offsite data storage (Replication) and periodic testing of primary and disaster recovery sites.

ii. Recruitment of Members below the target;

Actual recruitment of new members stood at **78%** of the set target, which is below the appetite level of **95%** of performance hence pose a risk associated with the failure of meeting the target required by the Fund. This resulted from voluntary nature of joining the Fund by the formal private and informal sectors as well as inadequate public education and awareness on health insurance from the public. The impact on failure on recruitment is low insurance revenue collections that may affect the operations of the Fund. To mitigate this risk, the Fund has been conducting strategic public education and awareness programs on the importance of health insurance schemes and establishing the marketing strategy for its insurance products to ensure new members are attracted to join and maintain the existing members.

iii. Corruption and Fraud Practices by Employees;

The risk arising from the staff collusion with employers, members and service providers and the appetite of the Fund on fraud is zero tolerance. To address this, the Fund undertakes staff awareness on integrity matters as a permanent agenda in every staff training and conference, periodical systems and security controls review to ensure the internal controls systems are strong. Moreover, the Fund had introduced the direct line for reporting fraud incidence number 0800 111163 and Whistle Blower Policy that open to the public.

(c) Economic/Market Risk

The Fund is exposed to market risk in its long-term investments in fixed income assets resulting from movement in interest rates. The Fund is also exposed to market risk in equities as a result of movement in market prices. Market risk is categorized as follows:

i. Interest Rate Risk

The Fund holds significant fixed income securities and therefore subjected to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. The Fund has not experienced this risk due to its mitigation of investing in safe but high yielding investments. In addition, the Fund monitors the sensitivity of reported interest rate movements on a monthly basis by assessing the expected changes in the different portfolios.

ii. Price Risk

The Fund is exposed to equity securities price risks because of its investments in shares, which are valued at fair value and therefore susceptible to market price fluctuations. To manage the price risk arising from investments in equity, the Fund invests in a diverse portfolio. The equity holdings are diversified across companies in different sectors of the economy and concentration in one company are limited by parameters established by Management (Investment Policy of the Fund). All quoted shares held by the Fund are traded

on the Dar es Salaam Stock Exchange (DSE) and are classified as FVOCI. The Fund has not been impacted by price risk following the effectiveness of the designed implemented control of having diversified portfolios on its investments.

iii. Currency Risk

The Fund's financial assets and liabilities are primarily denominated in Tanzania Shillings, which is the Fund's transaction and presentation currency; this mitigates the foreign currency exchange rate risk. The Fund does not have significant financial instruments that are denominated in foreign currency.

2.16.2 OPPORTUNITIES

There are substantial opportunities, which can be tapped by the Fund leading to propelling its business further towards achieving its goals and the Government's commitment towards Universal Health Insurance (UHC). The identified opportunities are;

- i. The Government's commitment towards achieving Universal Health Insurance goal;
- ii. Availability of large population not covered with health insurance;
- iii. Availability of wide network of accredited health facilities;
- iv. Availability of the Health Policy directing NHIF to expand its coverage to formal private and informal sector;
- v. Technology advancement in all aspects of health insurance business;
- vi. Existence of training institutions on all aspects related to health insurance including leadership, human resource management, health financing, monitoring and evaluation, quality assurance, marketing, strategic planning, etc.;
- vii. Availability of skilled labour in market for health insurance;
- viii. Existence of strong Government institution that providing directives health insurance matters;
- ix. Availability of National Health Insurance Act CAP. 395 governing the Fund's operations;

2.17 THE FUND'S OPERATING MODEL

The Fund operates under the Behaviour Model of Health Services that emphasizes the importance of having health insurance and a regular source of care to ensure that people gain access to health services. On the other hand, it links health insurance and access to the same. Furthermore, The Health Sector Strategic Plan (HSSP) V, the Medium-term Strategic Plan of the Ministry responsible for health, crosscutting policies, guidelines and Government circulars. It also takes into account time-to-time directives from the Government through its various channels including the ministry responsible for health, the Ministry of Finance and Planning and the Treasury Registrar. Also, by experiences and best practices in health insurance industry across the globe.

2.18 SUSTAINABILITY OF THE FUND'S OPERATIONS

Section 39A of the Act, requires the Fund to undertake actuarial valuation of its assets and liabilities at an interval of three years or at any other intervals as the Authority may direct with a view to determining surplus or deficit on the Fund. The valuation is aiming at providing recommendations to ensure solvency and sustainability of the Fund. The last actuarial valuation was carried out as at 30 June 2021 by an independent external Consultant, Zamara Actuaries, Administrators and Consultants Limited. The report recommended in the areas of membership, data and IT, service provider's management and assets and liabilities as follows;

a) Membership related issues

- i. Membership categories under Students, Toto Afya and non-Vifurushi related Individual solutions have consistently utilized over 200% of their insurance revenue in accessing their benefits, the report recommended the following;
 - a. To move all voluntary products except Private employees to Vifurushi product adopting all the same controls; or
 - b. To underwrite the Toto Afya and Students benefits on a mandatory basis if a flat rate premium is to be maintained. This will ensure that the Fund has more efficient risk pooling mechanisms that allow for minimal exposure to poor performing risks and fraudulent claims.
- ii. Retirees, who do not contribute to the scheme, had an average costs per principal member that are higher than all other demographics except members of parliament. The average monthly pension for public sector retirees was approximately TZS 560,000.

Hence, there is merit in collecting insurance revenue from them. The report recommended the following;

- a. To extend mandatory insurance revenue period from 10 years to 15 years;
 - b. To introduce mandatory premium collection of 10% of pension to be collected from the source of the pensions once payment of 15 years of credits has been achieved;
 - c. To use a Chronic Disease Management Program to manage the cost and frequency of consultations, diagnostics and medication provided to retirees with chronic illness; and
 - d. Do not on-board private sector retirees until the Fund have stabilized and an actuarial valuation has been done.
 - e. Private employees often understate their salaries leading to lower than required level of insurance revenue. The Fund should partner with the revenue authority and/or national pension scheme in data validation of salaries through system integration.
- iii. No enhancement of specialized services and all other benefit packages are provided until the Fund is able to achieve a stable annual surplus.

a) Data and IT related items

- i. Data and financials have reconciliation differences and there are data gaps observed in trying to match claims to membership data. The report recommended the following;
 - a. To conduct an IT audit to develop a business process harmonization strategy that would allow internal systems to be more aligned;
 - b. To conduct data cleaning exercise and verification of members' records;
 - c. Incorporate close of business process into business process to allow for daily reconciliation between data and financials; and
 - d. Assess how to unbundle the diagnosis and interpretation of diagnosis so the system allows for separate comments by multiple doctors for single tests done on an individual within a single treatment period.
- ii. Data practices are not governed by any law and no data protection act has been adopted in the country. Therefore, the report recommended the following;
 - a. To adopt a data protection law following consultation with the Ministry of Information and Communication Technology to avoid disruption when law is enacted; and
 - b. To explore solutions that provide members with ownership of their data.

The Data Protection Act, 2022 was passed on 1 November 2022 and adopted by the Fund.

b) Service providers management

- i. The referral system is ineffective with individuals often seeking direct care from higher-level facilities. The report recommended the following;
 - a. To introduce a co-pay of 15% on the whole bill where direct consultation is sought at higher tier hospitals without going through the referral system;
 - b. To engage telemedicine providers to develop a strategy and pilot the use of telemedicine solutions to encourage the use of primary care for primary health procedures; and
 - c. To work with MOH to determine a suitable provider rating framework.
- ii. The Fund is exposed to overcharging by providers because of lack of standardized treatment protocols, fraud and collusion between providers and members. In this regard, the following were recommended;
 - a. To implement biometric identification at point of services.
 - b. To finalize study on payment mechanism to establish;
 - Estimated number of visits per provider;
 - Cost of care per visit for different providers;
 - Capacity of providers to provide services;
 - Parameters to be monitored to assesses the quality of healthcare; and
 - Facilities to pilot the capitation model

- iii. The Fund should collect easily translatable feedback from consumers using USSD codes on CRM system post -visit to develop a rating that includes member's view of providers' quality of care.

c) Assets and liabilities

- i. Investments in all asset classes aside from direct loans to Government were within the prescribed thresholds in the Revised Investments Policy 2017 with the exception of Government loans which were in excess of TZS 180.03 billion and not paid to the Fund. In order to improve solvency of the scheme, the report recommended the following;
 - a. Do not issue any more direct loans to the Government.
 - b. To develop payment structure for existing loans.
 - c. Ensure no new investments in real estate and industrial are made until the Fund stabilizes.
- ii. There is a significant tax burden on NHIF. The Government exempted NHIF from tax on investment income.
- iii. Minimum investment rating for deposits, commercial papers, promissory notes and corporate bonds be set explicitly to investment grade (Standard and Poor's BBB or Moody's Baa) or higher. For companies that are not rated, it is recommended an alternative specific measure of creditworthiness be set with input from the BOT.
- iv. Do not make new investments in any industries until at least the next actuarial valuation.
- v. The number of recommendations put forward in the actuarial valuation report were 16, out of which, by the end of 30 June 2024, seven were implemented equivalent to 44% of the recommendations, while 9 were partially implemented equivalent to 56% of the total recommendations. The Fund continues with the implementation of the prepared plan of action of the recommendations put forward in the actuarial valuation.

2.19 ANTICIPATED CHANGES

Main anticipated changes for the Fund are expected upon beginning of the implementation of the Universal Health Insurance Act No 13 of 2023. The UHI Act (2023) requires to extend coverage to include poor households through the creation of a fund to cater for the indigent population. The main effect expected is an increase in the number of people joining the Fund. A special committee that is responsible for preparedness toward UHI has been formed which among other things is currently reviewing the organization structure and the NHIF Act in order to align with UHI.

2.20 KEY PERFORMANCE INDICATORS

Table 8: Summary of KPIs of the Fund for the period ended 30 June 2024

OBJECTIVE	KPI	DEFINITION (INCLUDING HOW IT IS CALCULATED)	PURPOSE	SOURCE OF DATA	PREVIOUS PERIOD VALUE	CURRENT PERIOD TARGET	TARGET NEXT PERIOD	ACTUAL PERFORMANCE
i. HIV/AIDS and NCDs reduced and supportive services enhanced	Number of new HIV cases.	Number of new cases reported during the period.	To measure trend of HIV cases at the Fund.	Report	-	-	-	One staff has voluntarily declared the status.
	Prevalence rate of NCDs.	Number of staff with NCDs/Total number of staff.	To measure trend of prevalence rate of NCDs among staff.	Report	43%	<=35%	<=35%	33.1% prevalence rate. Awareness and sensitization programs are ongoing.
	Percentage of staff living with HIV provided with care.	Number of staff provided with care /number of staff living with HIV.	To measure % of staff living with HIV provided with care.	Report	-	100%	100%	100% 1 staff declared the status and total of TZS 5,400,000 was paid for nutritional support.
ii) Implementation of national Anti-corruption strategy enhanced and sustained.	Number of staff corruption cases.	Number of staff corruption reported during the year.	To measure trend of corruption cases.	Report from the Disciplinary Committee.	-	-	-	5 staff were involved in fraud cases.
iii) Membership coverage of the Fund expanded	Recruitment of new members and retaining of yearly renewable membership.	Number of registered members during the period.	To measure trend of enrollment at the Fund.	Report	707,844	715,471	791,538	573,849-Fairly good performance of 78% is attributed to high recruitment in public sector as the Government increased new employments.
	Percentage of population covered.	number of beneficiaries /total population.	To measure coverage expansion.	Report	8%	12%	12%	8% -Low coverage is attributed to voluntary nature for joining health insurance schemes in the country.

NATIONAL HEALTH INSURANCE FUND (NHIF)

OBJECTIVE	KPI	DEFINITION (INCLUDING HOW IT IS CALCULATED)	PURPOSE	SOURCE OF DATA	PREVIOUS PERIOD VALUE	CURRENT PERIOD TARGET	TARGET NEXT PERIOD	ACTUAL PERFORMANCE
iv) Access and quality of services provided to beneficiaries enhanced.	Level of satisfaction with quality and access to services.	Customer satisfaction survey	To ensure whether customers are satisfied with quality of services provided to them	Report	93%	95%	95%	93% - High satisfaction rate is due to improved quality of services, including the comprehensive benefit package and customer care.
v) Revenue collection and Fund sustainability enhanced.	Funding ratio	Total reserve/Total Liabilities.	To measure Fund's Sustainability.	Report	2.4	2.9	1.5	0.9 - Low funding ratio is attributed to higher rate of benefit payment growth compared to revenues.
	Revenue growth rate.	Change in revenue /previous revenue*100%.	To measure trend in revenue.	Report	9.61	17%	12%	Low revenue growth rate is attributed to low recruitment of members.
vi) Institutional capacity enhanced	Staff retention rate	No of staff retained/Number of staff at beginning of period *100%.	Measure whether or not staff retention is within 70%-80% range.	Report	100%	99%	99%	99% High performance is due to high satisfaction rate of staffs and efficient retention schemes.
	% of trained staff as per approved Training Programme.	Number of trained staff/ number of planned staff to be trained as per training policy *100%.	Measure whether all staff where trained as planned	Report	100%	100%	100%	100%- 38 staff were given study permission where 34 were given permission for Long-term course and 4 for short-term course compared to 150 staff who were given study permission in 2022/23. (65 long term and 85 short term course)

2.21 CORPORATE GOVERNANCE

The Board of Directors takes overall responsibility for the Fund, including monitoring on investment decisions, significant financial matters, and reviewing the performance of management business plans and budgets. The Board of Directors is also responsible for ensuring that a comprehensive system of internal control policies and procedures are operative and compliant with sound corporate governance principles.

The Fund is committed to the highest standards of corporate governance. Its governance structure is flexible to adapt changes in the internal and external operational environment and strives to regularly review its policies, processes, procedures, rules, guidelines and overall management of its operations. The Fund has established and maintains an Internal Audit Unit, Anti-Fraud Unit, Actuarial, Research and Risk Unit, ICT Directorate, Management's Audit and Risk Committee, Tender Board and Procurement Management Unit to enhance its operational efficiency.

2.22 COMPOSITION OF THE BOARD OF DIRECTORS

Pursuant to Section 29(2) of the Act, read together with its Schedule, the Board of Directors is composed of nine non-executive members including the Chairman who are all Tanzanians by nationality. The Members of the Board with requisite qualifications are appointed by the Minister from the following:

- (i) Two representatives from the Ministry Responsible for Health Matters;
- (ii) One Representative from the Attorney General's Chambers;
- (iii) One member representing the organization of employees the majority of whom are members of the Fund;
- (iv) One member from the Association of Private Hospitals;
- (v) One representative from the Ministry of Finance; and
- (vi) Two other members with expertise in business or insurance.

A former Board Chairman was appointed on 16 June 2021 while the rest of the Members were appointed on 23 June 2021 except for one Member who was appointed on 13 June 2023 following a retirement of one of the Members in May 2023. Please note that, the statutory period for Board Members is three years (*National Health Insurance Act, Cap 395*) therefore, the former board of directors of the Fund ceased on 15 June 2024. On 16 August 2024 the new board Chairman was appointed while other Board Members were appointed on 31 December 2024.

TABLE 9: COMPOSITION OF PREVIOUS BOARD MEMBERS

No.	Name	Position	Age	Gender	Qualification
1	FCPA. Juma A. M. Muhimbi	Chairman	70	M	Master of Social Science in Accounting and Finance, FCPA
2	CPA. Anne C. Mbughuni	Member	65	F	Master of Social Science in Accounting and Finance, CPA(T)
3	Dr. Samuel O. Ogilo	Member	54	M	Bachelor of Medicine
4	Ms. Violet Mordichai	Member	49	F	Bachelor of Business Administration
5	Dr. Paul C. Chaote	Member	48	M	Master of Public Health
6	CPA. Aziz H. Kifile	Member	60		Master of Business

No.	Name	Position	Age	Gender	Qualification
				M	Administration, CPA(T)
7	Mr. Shaban A. Kabunga	Member	49	M	Post graduate Diploma in Legislative Drafting
8	Mr. Maganga M. Japhet	Member	47	M	Master of Real Estate, CPA(T)

TABLE 10: COMPOSITION OF NEW BOARD MEMBERS

No.	Name	Position	Age	Gender	Qualification
1	Mr. Eliud Betri Sanga	Chairman	63	M	Master Degree (With Distinction) in Development Administration
2	Ms Veronica Kishala	Member	51	F	Master of science in Finance and Investment, CPA(T), PGDA,ADA
4	Dr. Kaushik L. Ramaiya	Member	69	M	Bachelor of Medicine and Bachelor of Surgery (MBBS)
5	MS. Zubeda Chande	Member	45	F	Masters of Science in Public Policy and Human Development
6	Prof. George M. Ruhago	Member	54	M	PhD. in Health Economics.
7	Mr. Shaban A. Kabunga	Member	50	M	Post Graduate Diploma in Legislative Drafting
8	Mr. Dickson A. Kaambwa	Member	44	M	Masters of Accounting and Finance Certified Public Accountants (CPA-T), Certified Forensic Investigations Professional (CFIP) Certified Risk Management Professional (C31000)
9	Mr. Amour A. Amour	Member	47	M	Master of Arts in Economics.

The Director General is the Secretary to the Board

During the period under review, the Board conducted four ordinary and three special meetings from and individual members of the Board attended the meetings as provided in table below;

TABLE 11: BOARD MEMBERS ATTENDANCE

No	Name	Number of Ordinary Meetings attended	Number of Special Meetings attended
1	FCPA. Juma A. M. Muhimbi	4	3
2	CPA. Anne C. Mbughuni	4	3
3	Dr. Samuel O. Ogilo	4	3
4	Ms. Violet Mordichai*	3	3
5	Dr. Paul C. Chaote	4	2
6	CPA. Aziz H. Kifile*	3	2
7	Mr. Shaban A. Kabunga*	3	1
8	Mr. Maganga M. Japhet*	2	1

*Absent from some of the meetings with apologies.

During the period under review, the Board discussed the following topical issues among others:

- i. Annual Performance Report of the Fund 2022/23;
- ii. Proposed Board Performance Contract for 2023/24;
- iii. Implementation Status of Recommendations for the Actuarial Valuation Report as of 30 June 2023;
- iv. Procurement Management Report as of 30 June 2023;
- v. Status of Cases for and against the Fund as of 30 June 2023;
- vi. Report on Members and Medical Services Verification in the Facilities;
- vii. Proposed Revised Premium Amount for Students;
- viii. The Performance Report of the Fund for the First Quarter of the FY 2023/24;
- ix. Proposal to Employ Additional Temporary Staff to Strengthen Verification at Certified Health Care Facilities and Sales Executives;
- x. Proposed Additional Costs for Internet Connectivity Services;
- xi. Six Months Performance Report of the Fund as of 31 December, 2023;
- xii. The Proposed Mid-Year Review of the Plan and Budget for the FY 2023/2024;
- xiii. Board Visit Report to Arusha and Tanga;
- xiv. Interim Financial Statements of the Fund for the period ended 31 December, 2023;
- xv. Mid Term Strategic Plan;
- xvi. Presentation of IFRS 17 Reporting System;
- xvii. The Performance report of the Board of Directors of the National Health Insurance Fund for the period of 2021/22, 2022/23, and 2023/24;
- xviii. Proposed Amendment of the NHIF Act, Cap. 395;
- xix. An update on the implementation of Benefit Package of 2023;
- xx. Internal Audit Report of the Fourth Quarter for the Financial Year 2022/23;
- xxi. Annual Internal Audit Report for the Financial Year 2022/23;
- xxii. Paper for Closing a Long Outstanding Audit Query;
- xxiii. Follow up on Status of Previous Quality Assessment, Internal Audit Recommendations;
- xxiv. Anti-Fraud Activities Performance Report 4th Quarter for the Financial Year 2022/23;
- xxv. Risk Management Report as of 30 June 2023;
- xxvi. Risk Management Plan and Risk Register for the Financial Year 2023/24;
- xxvii. The Fund's Financial Statements for The Year Ended 30 June 2023;
- xxviii. Status of Implementation of the Committee Directives to the Management Regarding BOT Findings;
- xxix. Internal Audit Report for the First Quarter as of 30 September 2023;
- xxx. Anti-Fraud Activities Performance Report as of 30 September 2023;
- xxxi. Risk Management Report as of 30 September 2023;
- xxxii. Internal Audit Report for the Second Quarter as of 31 December 2023;
- xxxiii. Anti-Fraud Activities Performance Report for the Second Quarter of the Financial Year 2023/2024;
- xxxiv. Risk Management Report as of 31 December 2023;
- xxxv. Annual Performance Report of Human Resources Management and Administration Matters as of 30 June, 2023;
- xxxvi. Proposed Staff Regulations and Incentives Scheme, 2023;
- xxxvii. Proposal to Review Staff Loan Policy;
- xxxviii. First Quarter Performance Report of Human Resources Management and Administration Matters as of 30 September 2023;
- xxxix. Mid-Year Performance Report of Human Resources Management and Administration Matters as of From July to December 2023;

- xl. Nine Months Performance Report of the Fund as of 31 March 2024;
- xli. Proposed Plan and Budget for the FY 2024/25;
- xl.ii. Redesigning of Membership and Claims Management Systems Project Proposal;
- xl.iii. Proposal to Use National Identification Number for NHIF Beneficiaries at Certified Facilities;
- xliv. Review of Investment Management Policy;
- xl. v. Review of ICT Policy 2024;
- xlvi. Development of ICT Security Policy and Acceptable ICT Use Policy;
- xl. vii. Reviewed Internal Audit Charter;
- xl. viii. Mid-Year Review of the Internal Audit Strategic Plan 2021/22-2025/26;
- xl. ix. Risk Based Annual Internal Audit Plan 2024/25;
 - l. Interim Financial Statements of the Fund for the period ended 31 March 2024;
 - li. Anti-Fraud Activities Performance Report for the Third Quarter of the Financial Year 2023/2024;
 - lii. Risk Management Report as of 31 March 2024;
 - liii. Nine Month Performance Report of Human Resources Management and Administration Matters from July 2023 to March 2024;
 - liv. The Proposed Review of the Organization Structure of the National Health Insurance Fund; and
 - lv. Staff Matters.

Pursuant to Sec. 29 of the National Health Insurance Fund Act CAP 395, the Board of Directors is mandated to administer operations of the Fund. As such, in order to execute its legal obligations, the Board through its Charter has established three Committees including; the Finance and Operations Committee, the Audit and Risk Management Committee and the Staff Welfare Development Committee. Committees discuss all issues under their portfolio and the same are submitted to the Board on quarterly basis for deliberations and decision-making. Further to that, the Board handles integrity issues through an Integrity Committee established within the Fund as per the Government Policy. The functions, composition and agenda discussed by the three standing committees are as follows:

a) Finance and Operations Committee

The Committee is mandated to oversee the financial and operational processes of the Fund and to ensure its performance is in accordance with the applicable laws, Regulations, Guidelines, Practices and Procedures. During the period under review, the Committee conducted four ordinary meetings and one joint special committee meeting. The Joint Special Committee Meeting was conducted because of the agenda which was deliberated involved operational and Staff development thus, Members of the Staff Welfare and Development Committee were invited in the special meeting so that the guidance's and recommendations of the Committee would be obtained from members of two Committees. Table No. 3 shows the members composition and number of meetings attended.

TABLE 12: FINANCE AND OPERATIONS COMMITTEE MEMBERS AND MEETINGS ATTENDED

No	Name	Position	Number of ordinary meetings attended	Number of Special Meetings attended
1	Dr. Samuel O. Ogillo	Chairman	4	1
2	Ms. Violet Mordichai	Member	4	1
3	Dr. Paul C. Chaote*	Member	3	*

4	CPA. Aziz H. Kifile	Member	4	1
5	CPA. Anne Mbughuni*	Invited	-	1
6	Mr. Maganga Japhet*	Member	-	-

*Absent from some of the meetings with apologies.

The Director General is the Secretary to the Finance and Operations Committee, which reports to the Board of Directors.

During the period under review, the Committee deliberated the following agenda items:

- i. Annual Performance Report of the Fund 2022/23;
- ii. Proposed Board Performance Contract for 2023/24;
- iii. Implementation Status of Recommendations for the Actuarial Valuation Report as of 30 June 2023;
- iv. Procurement Management Report as of 30 June 2023;
- v. Status of Cases for and against the Fund as of 30 June 2023;
- vi. Report on Members and Medical Services Verification in the Facilities;
- vii. Proposed Revised Premium Amount for Students;
- viii. The Performance Report of the Fund for the First Quarter of the FY 2023/24
- ix. Proposal to Employ Additional Temporary Staff to Strengthen Verification at Certified Health Care Facilities and Sales Executives;
- x. Proposed Additional Costs for Internet Connectivity Services;
- xi. Six Months Performance Report of the Fund as of 31 December 2023;
- xii. The Proposed Mid-Year Review of the Plan and Budget for the FY 2023/24;
- xiii. Board Visit Report to Arusha and Tanga;
- xiv. Mid Term Strategic Plan 2020/21-2025/26;
- xv. The Performance report of the Board of Directors of the National Health Insurance Fund for the period of 2021/22, 2022/23, and 2023/24;
- xvi. Proposed Amendment of the NHIF Act, Cap. 395;
- xvii. An update on the implementation of Benefit Package of 2023.
- xviii. Nine Months Performance Report of the Fund as of 31 March 2024;
- xix. Proposed Plan and Budget for the FY 2024/25;
- xx. Redesigning of Membership and Claims Management Systems Project Proposal;
- xxi. Proposal to Use National Identification Number for NHIF Beneficiaries at Certified Facilities;
- xxii. Review of Investment Management Policy;
- xxiii. Review of ICT Policy 2024; and
- xxiv. Development of ICT Security Policy and Acceptable ICT Use Policy;

b) Audit and Risk Management Committee

The Committee in relation to audit is mandated to oversee the financial reporting process to ensure balance, transparency and integrity of the published financial information. In relation to risk management, the Committee is mandated to assist the Board of Directors to fulfil its risk management responsibilities. Furthermore, the Committee is also mandated to oversee that anti-fraud activities are well performed.

During the period under review, the Committee conducted four ordinary meetings and five special meetings. Table 4 below shows the members composition and number of meetings attended.

TABLE 13: AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS AND MEETINGS ATTENDED

No.	Name	Position	Number of Ordinary meetings attended	Number of Special Meetings attended
1	CPA. Anne C. Mbughuni	Chairman	4	5
2	Dr. Paul C. Chaote*	Member	2	3
3	Ms. Violet Mordichai	Member	4	5
4	CPA. Aziz H. Kifile*	Member	3	2
5	Mr. Shaban A. Kabunga*	Member	4	2
6	Mr. Maganga M. Japhet*	Member	1	1

**Absent from some of the meetings with apologies.*

The Legal Services Manager is the Secretary to the Audit and Risk Management Committee, which reports to the Board of Directors.

Audit and Risk Management Committee deliberated the following agenda items: -

- i. Internal Audit Report of the Fourth Quarter for the Financial Year 2022/23;
- ii. Annual Internal Audit Report for the Financial Year 2022/23;
- iii. Paper for Closing a Long Outstanding Audit Query;
- iv. Follow up on Status of Previous Quality Assessment, Internal Audit Recommendations;
- v. Anti-Fraud Activities Performance Report 4th Quarter for the Financial Year 2022/23;
- vi. Risk Management Report as of 30 June 2023;
- vii. Risk Management Plan and Risk Register for the Financial Year 2023/24;
- viii. The Fund's Financial Statements for The Year Ended 30 June 2023;
- ix. Status of Implementation of the Committee Directives to the Management Regarding BOT Findings;
- x. Internal Audit Report for the First Quarter as of 30 September 2023;
- xi. Anti-Fraud Activities Performance Report as of 30 September 2023;
- xii. Risk Management Report as of 30 September 2023;
- xiii. Internal Audit Report for the Second Quarter as of 30 December, 2023;
- xiv. Anti-Fraud Activities Performance Report for the Second Quarter of the Financial Year 2023/2024;
- xv. Risk Management Report as of 31 December 2023;
- xvi. The Third Quarter Internal Audit Report;
- xvii. Interim Financials of the Fund for the period ended 31 December 2023;
- xviii. Presentation of IFRS 17 reporting system;
- xix. Interim Financial Statements of the Fund for the period ended 31 March 2024;
- xx. Reviewed Internal Audit Charter;
- xxi. Mid-Year Review of the Internal Audit Strategic Plan 2021/22-2025/26;
- xxii. Risk Based Annual Internal Audit Plan 2024/25;
- xxiii. Anti-Fraud Activities Performance Report for the Third Quarter of the Financial Year 2023/2024; and
- xxiv. Risk Management Report as of 31 March 2024.

c) Staff Welfare and Development Committee

The Committee is mandated to oversee all matters relating to welfare. During the period under review, the Committee conducted four ordinary meetings and one special meetings. Table 5 below shows the Members composition and number of meetings attended.

Table 14: Staff Welfare and Development Committee members and meetings attended

No	Name	Position	Number of ordinary meetings attended	Number of Special Meeting attended
1	Dr. Paul C. Chaote	Chairman	4	1
2	CPA. Anne C. Mbughuni	Member	4	1
3	Dr. Samuel O. Ogilo*	Member	3	1
4	Mr. Shaban A. Kabunga*	Member	1	1
5	Mr. Maganga M. Japhet*	Member	1	1

*Absent from some of the meetings with apologies.

The Director General is the Secretary to the Staff Welfare and Development Committee, which reports to the Board of Directors.

The following agenda items were deliberated: -

- i. Annual Performance Report of Human Resources Management and Administration Matters as of 30 June 2023;
- ii. Proposed Staff Regulations and Incentives Scheme, 2023;
- iii. Proposal to Review Staff Loan Policy;
- iv. First Quarter Performance Report of Human Resources Management and Administration Matters as of 30 September 2023;
- v. Mid-Year Performance Report of Human Resources Management and Administration Matters as of From July to December 2023;
- vi. Nine Month Performance Report of Human Resources Management and Administration Matters from July 2023 to March 2024;
- vii. The Proposed Review of the Organization Structure of the National Health Insurance Fund; and
- viii. Staff Matters.

2.23 REMUNERATION OF THE BOARD OF DIRECTORS

The Treasury Registrar usually approves the Directors fees together with any other payment to the Board members. During the period under review, the Directors fees paid to the Board Members amounted to TZS 93.53 million (30 June 2023: TZS 99.41 million). Other expenses incurred by the Board together with the compensation of the Management are disclosed on Note 31 and 37.

2.24 MANAGEMENT TEAM OF THE FUND

2.24.1 Management structure

Pursuant to section 6 of NHIF Act CAP 395, The Board of Directors has delegated day-to-day operations of the Fund to the Management under the leadership of the Director General. The Director General is the Chief Executive Officer of the Fund and is responsible for ensuring that the Fund's operations are efficiently and competently carried out.

The Director General is assisted by six Directors and six Heads of Units as briefly explained hereunder: -

- (a) Director of Membership Services is responsible for management and coordination of all matters pertaining to membership, compliance, marketing and customer services;
- (b) Director of Medical and Technical Services is responsible for administering accessibility of quality health services to members and service providers;
- (c) Director of Information and Communication Technology is responsible for managing and providing expertise in ICT usage in the Fund.
- (d) Director of Human Resources Management and Administration is responsible for managing and providing expertise service on human resources and administrative matters.
- (e) Director of Finance is responsible for managing financial matters and providing expertise on financial management and application of accounting standards;
- (f) Director of Planning and Investments is responsible for management of corporate planning and investments portfolio of the Fund;
- (g) Manager for Actuarial, Research and Risk Management is responsible for management of risk and safeguarding sustainability of the Fund;
- (h) Manager for Anti-Fraud Unit is responsible for managing matters related to fraud and providing advisory service on matters related prevention and combatting fraud practices facing the Fund.
- (i) Chief Internal Auditor is responsible for providing assurance and advisory services with respect to the governance, risk management and internal control to the Senior Management and the Board;
- (j) Manager for Procurement Management Unit is responsible for managing and providing expertise services in procurement, storage and supply of goods and services;
- (k) Manager for Legal Services Unit is responsible for legal services functions in the Fund and advises the Director General on all matters pertaining to all legal issues;
- (l) Manager for Public Relations Unit is responsible for creation of awareness about the Fund services and coordination of Stakeholders relationship.

2.24.2 Management composition.

The Management of the Fund consists of 13 Executive Members including the Director General. The executive members are as follows;

Table 15: Executive management members

No	Name	Position	Qualification
1	Mr. Bernard H. Konga*	Director General	Master of Science in Economics
2	Dr. Irene C. Isaka**	Director General	PhD in Economics
3	Mr. Celestin L. Muganga	Director of Planning and Investments	Master of Business Administration, Post Graduate Diploma in Scientific Computing, Post Graduate Diploma in Financial Management
4	Mr. Lameck A. Kabeho	Director of Human Resources and Administration	Master of Science in Human Resource Management (International Development)
5	Dr. David R. Mwenesano	Director of Medical and Technical Services	Master of Medicines (Internal Medicine), Master of Sciences.
6	Mr. Hipoliti P. Lello	Acting Director of Membership Services	Master of Business Administration in Human Resource Management, Bachelor of Arts in Economics
7	Mr. Alexander M. Sanga	Director of Information and Communication Technology	Master of Business Administration, Certified in Governance of Enterprise IT (CGEIT), Certified in Information Systems Audit (CISA), Certified Information Security Manager (CISM) and Certified in Risk and Information Systems Control (CRISC)
8	CPA. Grace A. Temba	Director of Finance	Master of Science in Finance, Associate Certified Public Accountant (ACPA), Certified Internal Auditor

No	Name	Position	Qualification
			(CIA), Certification in Risk Management Assurance (CRMA)
9	Mr. Baraka J. Maduhu	Actuarial, Research and Risk Management Manager	Master of Arts in Economics, Professional Certified in Risk Management in accordance with ISO 31000 (CRM)
10	CPA. Thadeus R. Machume	Acting Chief Internal Auditor	Master of Science in Corporate Risk and Security Management, Post Graduate Diploma in Insurance and Risk Management, Certified QMS Lead Auditor ISO 9001, Certified Enterprise Risk Manager, Certificate in IFRS, Associate Certified Public Accountant in Public Practice
11	Dr. Rose A. Ntundu	Anti-Fraud Manager	Master of Science in Health Monitoring and Evaluation, Certified Fraud Examiner (CFE)
12	Ms. Leonia A. Masmin	Procurement Unit Manager	Master of International Business, Certified Procurement and Supplies Professional (CPSP)
13	Ms. Grace K. Michael	Public Relations Manager	Bachelor of Mass Communication
14	Mr. Matamus A. Fungo	Legal Services Manager	Master of Laws (LLM) in Taxation, Postgraduate Diploma in Legal Practice, Advocate of the High Court and Subordinate Courts and Bachelor of Laws (LLB)

*His contract was completed on 08 August 2024

**She was appointed on 14 August 2024

2.25.2 KEY STRENGTHS OF THE FUND

The key strengths of the Fund are internal capacities, which have positive impact on the operations of the Fund at strategic levels. These strengths give the Fund ability to effectively implement its core objectives. Key strength areas are as follows:

i. Human Resources

- Diverse expertise on management of social health insurance.
- Decentralized Management System that supports regional settings to serve members; and
- Low level of staff turnover, which is a result of satisfaction with conducive working conditions and
- Climate within the Fund.

ii. ICT Technological development

- Presence of highly engaged ICT team that supports the Fund's business processes end to end; and
- Flexibility of the Fund to adopt ICT technological changes related to the Fund's business.

iii. Members services and public relations

- Presence of regional offices in every region of Tanzania mainland and Zanzibar;
- Diversity of health insurance products, which meets a wide range of health insurance needs and preferences of members;
- A Benefit Package which provide a wide range of medical services;

- Wide network of certified health care facilities, which are accessible in both Tanzania Mainland and Zanzibar;
- Robust customer care systems which support close communication with our esteemed clients confirmed with ISO certifications; and
- Wide market share in the health insurance industry within the country.

iv. Finances, investments and ability to develop

- Effective budgeting and costs controls, thus enabling making sound investment decisions;
- Capital reserves invested in safe and liquid investments with relatively high rate of return; and
- Major source of the funds is from Government employees' and employers' insurance revenue.

v. Management systems and business processes

- ISO Certified focusing on customer satisfaction; and
- Structure of the Fund supports the implementation of its objectives.

2.25 RISK MANAGEMENT AND INTERNAL CONTROL

The Management and Board of Directors accepts final responsibility for the Risk Management and Internal Control Systems of the Fund while the Board provides an oversight role on Risk Management and Internal Controls. It is the task of the Management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- i. The effectiveness and efficiency of operations;
- ii. The safeguarding of the Fund's assets;
- iii. Compliance with applicable laws and regulations;
- iv. The reliability of accounting records;
- v. Business sustainability under normal as well as adverse conditions; and
- vi. Responsible behaviors towards all stakeholders.

The Management and Directors have assessed the internal control systems for the period from July to December 2023 and are of the opinion that they met acceptable criteria.

2.26 ENVIRONMENTAL MATTERS

In supporting conservation and environmental protection efforts, the Fund ensures that all of its construction projects are undertaken by complying with the statutory environmental impact assessment requirements. Furthermore, the Fund has embarked on technology integration by ensuring that all processes are automated and therefore, do away with paperwork aiming to protect the environment. At present, the Fund uses e-office management system (automated registry operations) and continues to facilitate certified health facilities in submitting their monthly claims through the online system, consequently reducing paperwork.

The Fund also continues to support environmental protection by starting to recycle obsolete documents instead of fire burning. The Fund recognizes that the sustainability Standards S1 and S2 is applicable from 1 January 2025, and we are in the process of updating our strategy to apply these standards on applicable date.

2.27 EMPLOYEE'S WELFARE

The Fund has policies including NHIF Staff Regulations, Staff Training and Development Policy, Staff Loan Policy that aim in providing standard guidance when dealing with human resource and their welfare in the Fund.

NHIF Staff Regulations describe rights and responsibilities between employer and staff, provide framework of behavior pattern and performance standards expected by the Fund staff and provide fair and transparent mechanism in dealing with human resource matters.

Staff Training and Development Policy provide guidance to each employee of the Fund in matters pertaining to training with a view to enhancing employee's knowledge, skills, abilities and attitudes aimed at improving their work performance.

Staff Loan Policy aims at motivating employees towards improving their work performance.

a) Relationship between management and employees

Good relationship between employees and Management of the Fund was observed and a cordial relationship continues to exist between Management and Trade Unions.

b) Medical facilities

The Fund meets the extra cost of medical consultation and treatment on top of NHIF benefits for its employees and their immediate families.

c) Training facilities

The Fund implements on the job training programme and has developed Training Needs Assessment (TNA) programme for her staff members and ensure employees are adequately trained at all levels.

d) Retirement benefits

The Fund pays contributions to the Public Service Social Security Fund (PSSSF) and Zanzibar Social Security Fund (ZSSF) to provide social security benefits upon retirement or death of employees. It also has training programs, which include pre-retirement programs to all its employees, and pays repatriation benefits to retired employees with their family members to their place of domicile.

e) Financial assistance to staff

Loans are available to all confirmed employees based on existing NHIF Loans Policy approved by the Board and the assessment of and the discretion of the Management as to the need and circumstances. For the period ending 30 June 2024, a total of TZS 31.35 billion was outstanding loans to staff compared to TZS 40.52 billion for previous period. Management

signed Memorandum of Understanding with commercial banks to facilitate staff to solicit salaried loans and has established a Savings and Credit Co- Operative Society (SACCOS) to assist in promoting the welfare of its employees.

f) Contributions to NHIF

The Fund contributes 3% for its employees to cater for their health insurance revenue in accordance with the NHIF Act. During the period, the Fund contributed TZS 878.19 million compared to TZS 838.71 million in the period ended 30 June 2023.

2.28 SOCIAL AND COMMUNITY ISSUES

The Fund operates with consideration of social responsibility, including open and honest communication with the community, stakeholders and authorities. The Fund also sets aside funds for donation every year to support the community when need arise. It also provides feedback and information on what changes will be made.

2.29 GENDER PARITY

The Fund gives equal opportunity to all Tanzanians during recruitment and filling of the Management positions provided that they have the required qualifications and capabilities regardless of their gender. The Fund had 877 employees, out of which 526 (equivalent to 60%) were male and 351 (equivalent to 40% were female). The regulation 28 (1) of NHIF Staff Regulations, 2014 addresses discrimination against gender, however the policy is being review and is in the final stage of approval by the relevant authorities.

2.30 DISABLED PERSONS

The Fund is an equal opportunity employer whereby it gives equal opportunities to persons with disabilities in recruitment, appointment, confirmation, promotion and training development. The regulation 8 (1) of NHIF Staff Regulations, 2023 addresses discrimination to all people including people with disability in recruitment and appointment.

2.31 POLITICAL AND CHARITABLE DONATIONS

The Fund continued to provide direct support to the community in which it operates in form of social and financial support, mainly in the area of health and social matters. During the period under review, the Fund donated a total amount of TZS 184.04 million. The Fund did not donate to any political organization.

2.32 ESSENTIAL CONTRACTUAL OR OTHER ARRANGEMENTS

The Fund has various contractual arrangements with its stakeholders as explained below

(a) Certification Contracts

These are contracts, which the Fund enters with health care providers accredited by Ministry responsible for health matters for provision of health services to the Fund's members. The National Health Insurance Fund Act under S.19 and 27 gives the Board the mandate to certify and enter into contract with health care facility after fulfilling the required standards.

(b) Employer Contracts

These are contracts, which the Fund enters with employers or any other category for provision of health insurance services to their employees or members. The National Health Insurance Fund Act under 5.2(1) provides for groups under which the Fund shall cover, under subsection 2 of the Act, it gives the Minister responsible for Health Matters the mandate to determine other categories to be members of the Fund.

(c) Procurement Contracts

These are contracts, which the Fund enters with various tenderers for provision of goods, works or services as per the requirement of the Procurement Act Cap.411 and its Regulations as amended in 2016.

(d) Lease Contracts

These are contracts, which the Fund enters with different stakeholders on buildings that are owned by the Fund as per the Fund's Investment Policy. The Fund Also enters lease agreements with property owners for office space or other requirement as per the requirement of the law.

(e) Staff Loan Contracts

The Fund provides loans to its employees as per the requirement of loan policy. The Fund provides housing loans, domestic appliances loans, transport facilities loans, ICT loans, training loans and salary advance loans. The loans are granted to employees in accordance with the NHIF Staff Loan Policy.

2.33 SOLVENCY

The Management and the Board of Directors of the Fund confirms that these financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) on a going concern basis and in the manner required by the National Health Insurance Fund Act CAP 395. The Management of the Fund has reasonable expectations that the Fund has adequate resources to continue in operation in the foreseeable future.

2.34 TENDER BOARD

The Fund has established its Tender Board in order to govern on all procurement issues pursuant to the Public Procurement Act 2011 as amended in 2016. Its composition has been done as stipulated in the second schedule of the Public Procurement Act. The Tender Board performs all the duties as stipulated in section 33 of the Public Procurement Act 2011 as amended in 2016. There are seven (7) members including a chairperson. The Secretary to the Tender Board is the Head of Procurement Management Unit.

2.35 ADMINISTRATIVE EFFICIENCY

All statutory payments such as Pay As You Earn (PAYE), pension contributions and other statutory deductions from staff salaries were made promptly to the relevant authorities. Most

of the properties of the Fund have requisite certificates of ownership and adequately insured. Only four laptops were lost and reported during the period. The existing management systems are invariably complied with and this has resulted in smooth operations of the Fund.

2.36 MANAGEMENT OF DONOR FUNDED PROJECTS

The Fund used to collaborate with donors in various projects geared towards preventive maternal and newborn death in the country. At 30 June 2024, there were no any new implemented project. However, following completion of negotiation between the Government of Tanzania and Germany, the two parties expect to implement the ICT project with the objective of improving the Fund's ICT systems. The project implementation is expected to start in FY 2024/25. In addition, the Germany Government has committed funds for the implementation of Tumaini la Mama Project Phase IV that is in initial preparation stages.

2.37 MAJOR ACHIEVEMENTS DURING THE PERIOD UNDER REVIEW

For the period under review, the Fund has accomplished some of its goals as provided in the activity plan that was approved by the Board. Some of the major achievements are as highlighted below:

- For the first time in the last 5 years, the Fund has generated surplus of TZS 49.8 billion as compared to deficit of TZS 216.65 billion obtained in the last financial year ended 30 June 2023.
- Recruitment of 573,849 new and renewed member's equivalent to 78% of the year target of registering 731,796 members. Out of the new recruited members 38,419 were from the public sector while 535,430 were from the private sectors.
- Total income collection was TZS 758.12 billion equivalent to 1.52% above the target of TZS 746.76 billion.
- Increased in insurance revenue by 10% compared to insurance revenue collected same period in previous period. The Fund targeted to collect TZS 668.02 billion as insurance revenue from registered employers and members. The Fund managed to collect TZS 700.11 billion equivalent to a performance of 104.67% of annual target on insurance revenue collection.
- Continued to issue loans to Health Services Providers to ensure improvements in health services provision to its beneficiaries and the community at large. The Fund issued loans amounting to TZS 3.64 billion to health facilities to undertake purchase of medical equipment, medicine and rehabilitation of facilities.
- Introduction of biometric verification during member verification process at the point of care
- Member verification through National Identification Number (NIN) for all groups.
- Introduction of usage of card less identity cards that do not necessitate the Fund to print physical card to members.

2.38 CHALLENGES DURING THE PERIOD UNDER REVIEW

The Fund, as it is for other entities, has faced a number of challenges in its day-to-day operations. Some of the challenges include:

- Decrease of investible funds reducing income from investment hence failure to obtaining revenue collection targets; and
- Fraudulent practices in registration of members and dependents.
- Voluntarily nature of private Employers and Individuals to join the Fund lead to adverse selection.
- Rapid changes in technology that increases the risk of cyber threats.
- Non-adherence to referral system.
- Absence of medical services regulatory Authority that will help to regulate medical price within the country.

2.39 CORPORATE SOCIAL RESPONSIBILITY

The Fund continued to provide direct support to the community in which it operates in form of social and financial support, mainly in the area of education, health and social calamities. The Fund has constructed a volleyball court at Kilimani Primary School in Dodoma to raise awareness about sports and games among pupils as a strategy for combating non-communicable diseases.

2.40 ACCOUNTING POLICIES

The NHIF Act CAP 395 gives the responsibility to Management under the oversight of the Board of Directors on the selection of the relevant and suitable accounting policies that are reasonable and prudent. The significant accounting policies have been summarized in Note 5 to the financial statements.

2.41 CAPITAL MANAGEMENT

The Fund's capital includes revaluation reserves and accumulated surplus, which stood at TZS 633.22 billion for the period 30 June 2024 compared to TZS 557.71 billion for the period 30 June 2023. The primary objective of the Fund's capital management is to ensure that it maintains a strong asset base. In order to support its objectives and optimize the achievement of stakeholders' expectations. No changes were made in the objectives during the period ended 30 June 2024.

During the period under review, the Fund targeted to utilize TZS 60.02 billion on capital development activities which includes construction and rehabilitation of buildings, ICT projects, production of Identity cards and purchase of working tools and equipment's. During the period, the Fund managed to spend TZS 1.19 billion equivalent to 1.98% of the target.

2.42 ANTI-CORRUPTION

The Fund accepts no corruption and recognizes the fight against corruption as a National crosscutting agenda. This is reflected in the Fund's Strategic Plan "Objective B" and hence in the Fund's operations. Strategies of the Fund in the fight against corruption include enhancing Good Governance and Anti-Corruption programmes whereby staff awareness on anti-corruption matters is emphasized as well as establishment of the Integrity Committee to coordinate anti-corruption activities of the Fund. In addition to that, the Fund has whistle-blowing mechanisms in place to spearhead the efforts. As a result, no corruption incidence has been recorded during period ended 30 June 2024. The Fund has a toll-free number 0800111163 for receiving corruption and related fraud incidences from the public.

2.43 EVENTS AFTER END OF THE REPORTING PERIOD

As at the report date, the Management of the Fund and Directors are not aware of any other matter or circumstance, which significantly affects the financial position of the Fund and results of its operations since the end of the period under review.

2.44 PREJUDICIAL MATTERS

The Management and Directors confirms that there were contingent liabilities of TZS 10.23 billion related to civil cases and TZS 1.13 billion related to usage of data from NIDA as at reporting date. The Fund is also engaged in an ongoing dispute with the Tanzania Revenue Authority regarding the application of VAT on ID replacement fees and service provider certification fees. The estimated contingent liability arising from this dispute amounts to TZS 391 million. More details are disclosed in Note 40.

2.45 STATEMENT OF COMPLIANCE

This report has been prepared in full compliance with Tanzania Financial Reporting Standard No.1 (TFRS 1) - The report by those charged with governance and the requirements of the NHIF Act CAP 395. The report has complied with principles and codes of best practice as per TFRS1.

2.46 STATUTORY AUDITOR

The Controller and Auditor General is the statutory independent auditor of the Fund by virtue of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005) and as amplified under section 10 of the Public Audit Act, Cap 418 (R.E 2021). However, in accordance with section 33 of the same Act, the Controller and Auditor General will carry out the audit of the Financial Statements of the National Health Insurance Fund for the year ending 30 June 2024, together with M/s KPMG in order to enable him to form an audit opinion.

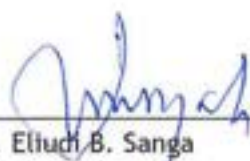
2.47 RESPONSIBILITY OF THE AUDITOR

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework and statutory requirements.

RESPONSIBILITIES OF THE MANAGEMENT AND DIRECTORS

The Management of the National Health Insurance Fund is responsible for preparation of financial statements that give a true and fair view of the National Health Insurance Fund for the period ended 30 June 2024 to the date of approval of the financial statements, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the National Health Insurance Fund (NHIF) Act, CAP 395. Directors are responsible for overseeing the Fund's financial reporting process. More details of the responsibilities of Management and the Directors are shown on page 74.

Approved by the Board of Directors and signed by:


Mr. Eliud B. Sanga
Board Chairman

Date: 5/3/2025


Dr. Irene C. Isaka
Director General

3.0 STATEMENT OF MANAGEMENT AND DIRECTORS' RESPONSIBILITIES FOR THE PERIOD ENDED 30 JUNE 2024

The Management of the National Health Insurance Fund is responsible for preparation and submission of financial report that give a true and fair view of the National Health Insurance Fund. The financial statements comprised of the statement of financial position of the Fund as at 30 June 2024, statement of surplus or deficit and other comprehensive income, statement of changes in reserves and statement of cash flows for the period ended 30 June 2024, and notes to the financial statements, comprising of material accounting policies and other explanatory information, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the National Health Insurance Fund (NHIF) Act, CAP 395. The Board of Directors is responsible for overseeing the Fund's financial reporting process.

Management and Directors are also responsible for such internal controls as their assessments are necessary to enable preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Directors also accept the responsibility for the maintenance of accounting records, which may be relied upon in preparation of these financial statements as well as adequate system of internal financial controls including effective Risk Management.

Management and Directors have made an assessment on the ability of the Fund to continue as going concern and have no reason to believe that the business will not be a going concern at least for the next twelve months from the date of approval of these financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework and statutory requirements.

Approval of the financial statements

The Financial Statements of the National Health Insurance Fund as identified in the first paragraph were approved by the Board of Directors and signed by:



Mr. Eliudi B. Sanga
Board Chairman

Date: 5/3/2025



Dr. Irene C. Isaka
Director General

4.0 DECLARATION OF THE HEAD OF FINANCE FOR THE PERIOD ENDED 30 JUNE 2024

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a Statement of Declaration issued by a person responsible for the preparation of Financial Statements of the National Health Insurance Fund ("NHIF" or the "Fund").

It is the duty of a professional accountant to assist the Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the Fund's financial position and performance in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and the statutory financial reporting requirements.

I, **Grace Temba**, being the Director of Finance of the National Health Insurance Fund, hereby acknowledge my responsibility of ensuring that financial statements as at 30 June 2024 have been prepared in compliance with International Financial Reporting Standards (IFRS Accounting Standards) and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.


.....
Grace A. Temba

Position: Director of Finance

NBAA Membership No: ACPA 3870

Date 5/3/2025
.....

5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

		2023/24	2022/23	2021/22
ASSETS			Restated	Restated
Non-Current Assets	Notes	TZS'000	TZS'000	TZS'000
Investment in shares	11	154,494,485	150,713,332	150,641,557
Investment in Government Securities	12	135,837,083	179,618,760	188,048,275
Loans receivable	15	17,873,617	200,602,098	223,753,148
Other loans receivable	16	23,599,885	31,359,340	29,219,757
Right of use assets	20(a)	1,243,772	2,083,065	1,449,425
Deferred tax asset	26	9,474,606	-	436,278
Intangible assets	19	29,711	29,711	29,711
Investment property	18	411,927	421,989	432,054
Property and equipment	21	47,709,013	50,963,063	51,301,719
		390,674,099	615,791,358	645,311,924
Current Assets				
Cash and bank balances	9	31,213,818	66,883,172	12,909,070
Investment in call deposits	10(a)	15,303,187	40,596,336	28,241,317
Investment in Government Securities	12	44,222,050	11,030,747	94,485,843
Loans receivable	15	186,145,507	6,873,093	4,278,535
Other loans receivable	16	7,749,364	9,155,963	9,630,492
Investment in corporate bonds	13	-	-	1,003,837
Investment in term deposits	10(b)	134,107,424	149,045,513	220,181,892
Insurance contract assets	14(a)	22,180,220	-	-
Other receivables	14(c)	24,529,532	16,684,091	36,654,646
Current tax asset	25	5,474,406	4,974,457	4,004,252
Inventory	17	4,883,845	1,200,358	4,931,796
		475,809,353	306,443,730	416,321,680
TOTAL ASSETS		866,483,452	922,235,088	1,061,633,604
RESERVES AND LIABILITIES				
Reserves				
Fair value reserve - equity investment		63,010,094	41,134,009	41,083,767
Fair value reserve - defined benefit obligation		9,682,196	5,866,837	3,405,039
Accumulated reserve		560,527,643	510,714,021	727,368,786
		633,219,933	557,714,867	771,857,592
Liabilities				
Non-Current Liabilities				
Deferred tax liability	26	-	216,707	-
Lease liability	20(b)	452,913	1,019,906	795,477
Deferred Revenue (Grant)	23(a)	13,000	19,125	25,250
Defined benefit obligation	24	1,124,155	3,912,290	22,777,000
		1,590,068	5,168,028	23,597,727
Current Liabilities				
Insurance contract liabilities	14(b)	152,659,970	264,207,557	166,745,025
Accruals and other payables	22(c)	77,977,435	93,898,395	98,092,661
Lease liability	20(b)	1,036,046	1,246,241	1,041,953
CHF matching fund payable	23(b)	-	-	298,646
		231,673,451	359,352,193	266,178,285
Total liabilities		233,263,519	364,520,221	289,776,012
TOTAL RESERVES AND LIABILITIES		866,483,452	922,235,088	1,061,633,604

Mr. Eludi B. Sanga
Board Chairman

Date: 5/3/2025

Dr. Irene C. Isaka
Director General

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2024

		2023/24	2022/23
	Notes	TZS '000	Restated TZS '000
CONTRIBUTIONS AND BENEFITS			
Insurance revenue	27	700,106,799	633,508,831
Insurance service expenses	22(a)	<u>(605,598,096)</u>	<u>(771,687,510)</u>
Insurance service result		94,508,703	(138,178,679)
RETURN ON INVESTMENTS			
Dividend income	29	5,977,429	3,682,181
Interest income	30(a)	43,249,029	53,429,718
Rental Income	30(b)	1,618,636	1,866,491
Net impairment gain/(loss) on financial assets	31	<u>156,943</u>	<u>(25,375,241)</u>
Total investment income		51,002,037	33,603,149
Retiree benefit expenses	28	(85,747,034)	(91,014,678)
Other expenses	31	(5,445,396)	(11,367,529)
Other income	32	<u>7,010,446</u>	<u>4,234,978</u>
Surplus/(deficit) before tax		<u>61,328,756</u>	<u>(202,722,759)</u>
Income tax expenses	33	<u>(11,515,137)</u>	<u>(13,932,006)</u>
Surplus for the year		<u>49,813,622</u>	<u>(216,654,765)</u>
Other comprehensive income:			
Items that will not be reclassified subsequently to surplus or deficit			
> Gain/(loss) from re-measurement of defined benefit obligation	24	1,301,000	3,516,855
> Deferred tax (charge)/credit relating to items that will not be reclassified subsequently		-	(1,055,057)
> Reversal of deferred tax charge on re-measurement of defined benefit obligation		2,514,359	-
Net of Tax		<u>3,815,359</u>	<u>2,461,799</u>
Items that will be reclassified subsequently to surplus or deficit:			
> Revaluation gains on equity investment	11	3,781,153	71,775
> Deferred tax charge on revaluation gain		-	(21,532)
> Reversal of deferred tax charge on revaluation gain		18,094,932	-
Net of Tax		<u>21,876,085</u>	<u>50,242</u>
Total other comprehensive income/(deficit) for the year, net of income tax		<u>25,691,444</u>	<u>2,512,041</u>
Total comprehensive surplus/(deficit) for the year		<u>75,505,066</u>	<u>(214,142,724)</u>


Mr. Eliudi B. Sanga
Board Chairman

Date 5/3/2025


Dr. Irene C. Isaka
Director General

STATEMENT OF CHANGES IN RESERVE FOR THE PERIOD ENDED 30 JUNE 2024

	Fair value reserve - Equity investment TZS'000	Fair value reserve - Defined benefit obligation TZS'000	Accumulated Reserve TZS'000	Total TZS'000
Balance at 30 June 2021, as previously reported	39,662,622	4,337,930	933,981,750	977,982,302
Adjustment on initial application of IFRS 17, net of tax	-	-	(19,043,953)	(19,043,953)
Balance at 30 June 2021 as restated	39,662,622	4,337,930	914,937,797	958,938,349
Contribution to the Government			(600,000)	(600,000)
Deficit for the year as previously reported	-	-	(205,952,792)	(205,952,792)
IFRS 17 adjustment	-	-	18,983,781	18,983,781
Deficit for the year as restated	-	-	(186,969,011)	(186,969,011)
Other comprehensive income:				
Fair value gain on equity investment	1,421,145	-	-	1,421,145
Gain on re-measurement of defined benefit obligation	-	(932,891)	-	(932,891)
Total other comprehensive income for the year	1,421,145	(932,891)	-	488,254
At 30 June 2022 as restated	41,083,767	3,405,039	727,368,786	771,857,592
At 1 July 2022 as restated	41,083,767	3,405,039	727,368,786	771,857,592
Deficit for the year as previously reported	-	-	(156,770,716)	(156,770,716)
IFRS 17 adjustment	-	-	(59,884,049)	(59,884,049)
Deficit for the year as restated	-	-	(216,654,765)	(216,654,765)
Other comprehensive income:				
Fair value gain on equity investment	50,242	-	-	50,242
Gain on re-measurement of defined benefit obligation	-	2,461,798	-	2,461,798
Total other comprehensive income for the year	50,242	2,461,798	-	2,512,040
Balance at 30 June 2023 as restated	41,134,009	5,866,837	510,714,021	557,714,867
At 1 July 2023	41,134,009	5,866,837	510,714,021	557,714,867
Surplus for the year	-	-	49,813,622	49,813,622
Other comprehensive for the year:				
Fair value gain on equity investment	21,876,085	-	-	21,876,085
Gain on re-measurement of defined benefit obligation	-	3,815,359	-	3,815,359
Total other comprehensive income for the year	21,876,085	3,815,359	-	25,691,444
At 30 June 2024	63,010,094	9,682,196	560,527,643	633,219,933


Mr. Eliudi B. Sanga
Board Chairman

Date 5/3/2025


Dr. Irene C. Isaka
Director General

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2024

		2023/24 TZS '000	2022/23 TZS '000
CASH FLOWS FROM OPERATING ACTIVITIES	Notes		
Receipts from insurance contracts	14(d)	667,521,906	641,784,388
Receipts from other income	32	7,004,320	4,100,248
Payment to Health Facilities	22	(716,402,256)	(716,778,876)
Payment to suppliers and employees	35	(127,903,010)	(58,665,387)
Tax paid during the year	25	(619,362)	(12,000,000)
CHF payment during the year	23(b)	-	(298,615)
Interest on lease payment	20(b)	(257,680)	(189,124)
Net cash used in operating activities		(170,656,082)	(142,047,366)
Cash flow from Investing activities			
Payment for purchase of property and equipment	21	(1,190,170)	(3,448,485)
Proceeds from disposal of property and equipment	21	-	5,281
Term and call deposits received	34	273,000,000	229,424,133
Term and call deposits disbursed	34	(233,000,000)	(168,000,000)
Receipts from matured government securities	12	10,737,000	94,592,000
Receipt from corporate bonds	13	-	1,003,837
Loans disbursed during the year	15	(3,638,154)	(13,302,850)
Loans repayment received during the year	15	8,088,456	13,306,932
Staff loans disbursed during the year	16	-	(14,223,822)
Staff loans repaid during the year	16	9,687,555	11,524,519
Dividend received	29	4,959,755	3,682,181
Rent received	30(b)	1,618,636	1,866,491
Interest received	36	40,413,689	53,003,386
Net cash generated from investing activities		110,676,767	209,433,603
Cash flows from financing activities			
Lease Payment	20(b)	(983,188)	(1,057,117)
Net cash used in financing activities		(983,188)	(1,057,117)
(Decrease)/Increase in cash and cash equivalents		(60,962,503)	66,329,120
Cash and cash equivalent at the beginning of the year		107,479,508	41,150,388
Cash and cash equivalent at the end of the year		46,517,005	107,479,508
Represented by:			
Bank balances	9	31,213,818	66,883,172
Call deposit	10(a)	15,303,187	40,596,336
		46,517,005	107,479,508


 Mr. Eliudi B. Sanga
 Board Chairman

Date 5/3/2025


 Dr. Irene C. Isaka
 Director General

6.0 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**1. THE REPORTING ENTITY**

The National Health Insurance Fund (NHIF or the "Fund") was established under the National Health Insurance Fund Act, Cap 395 (hereafter "the Act"). The registered office is at NHIF House, Tambukareli Street, and P. O. Box 1437 Dodoma. The primary objective of NHIF is to provide health care benefits to members in the public service. NHIF administers a contributory scheme. The National Health Insurance Fund was established for achieving the following:

- To enhance efficiency in the provision of health services at all levels from dispensary level to the referral hospitals;
- To bridge the gap in the health budget in the country;
- To have in place a reliable mechanism to ensure that public servants have unrestricted access to affordable health services at different categories of health facilities;
- To involve members of the public in contributing to and managing the provision of health services in the country; and
- To promote Private-Public Partnership in the provision of health services in the country.

(a) Eligibility

The National Health Insurance Fund operates a defined contributions plan covering public employees and other groups of:

- The Central Government;
- The Local Government;
- The Government Agencies;
- The Public Institutions;
- The Private Institutions; and
- Private member such as students, children under the age of 18 years and private individuals.

Membership in the Fund is compulsory for all eligible public employees.

(b) Members of the Fund

The Fund currently caters for central Government employees, local Government, Government Agencies, Public and Private Institutions, Private individuals including their spouses and up to four children and / or legal dependants. Thus, the Fund covers up to six people in a family. The Minister responsible for health matters may determine any other category of members from time to time with a view of enhancing the membership.

(c) Funding of the Fund

The Fund is a contributory scheme for public employees. Insured persons are required to contribute 3% of the monthly salary and contributing employers are required to contribute 3% of monthly salary of insured person. For other products premium are determined and reviewed from time to time.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)**1. THE REPORTING ENTITY (CONTINUED)****(d) Fund's Investments**

The Fund's investments are made in accordance with section 33 of the Act as amended in 2010. The Fund invests in both short term and long-term investment, which aim at improving the health sector in Tanzania. The Fund also invest in Government securities, corporate bonds, fixed/call deposits, Shares/equity, Government projects, loans to health services providers towards improving health services delivered in Tanzania and any other profitable Investment.

(e) Certified health care facility and number of registered employers.

During the period ended 30 June 2024, the Fund had 8,051 certified health care facilities across the country and has registered 7,486 employers.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**Basis of preparation**

The financial statements have been prepared on the historical cost basis, except for the fair value of some financial instruments as stated in specific accounting policies. The summary of material accounting policies adopted are set out in notes 5 to the financial statements.

Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the National Health Insurance Fund Act, CAP 395. Additional information required by regulatory bodies is included where appropriate.

Functional and presentation currency

These financial statements are presented in Tanzanian Shillings (TZS), which is the Fund's functional and presentation currency. All amounts have been rounded to the nearest thousands (TZS '000'), except when otherwise indicated.

3.1.0 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

In these financial statements, the Fund has applied IFRS 17 for the first time.

3.1.1 IFRS 17 INSURANCE CONTRACTS

IFRS 17 is an accounting standard, which replaces the IFRS 4 standard, which had been issued in March 2004 as an interim accounting standard to be in place until the International Accounting Standards Board (IASB) completed the project on IFRS 17. IFRS 17 was developed to standardize insurance accounting globally and improve transparency in

insurance accounts. IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023.

The Fund applied the full retrospective approach as the transition approach and restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17. The nature of the changes in accounting policies can be summarized, as follows:

3.1.2 CHANGES TO CLASSIFICATION AND MEASUREMENT

The adoption of IFRS 17 did not change the classification of the Fund's insurance contracts rather than establishing specific principles for the recognition and measurement of insurance contracts issued by the Fund.

Under IFRS 17, the Fund's insurance contracts issued are all eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance contracts in comparison with the general measurement model in IFRS 17.

The measurement principles of the PAA brought new perspective to the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognized in revenue for insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Fund's obligation to pay other incurred insurance expenses.
- The Fund expenses its insurance acquisition cash flows for its property insurance product line immediately upon payment and capitalizes insurance acquisition cash flows for all other product lines. For product, lines where insurance acquisition cash flows are not immediately expensed, the Fund allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group.
- The Fund expenses its insurance acquisition cash flows for its property insurance product line immediately upon payment and capitalizes insurance acquisition cash flows for all other product lines. For product, lines where insurance acquisition cash flows are not immediately expensed, the Fund allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group.

Where such insurance acquisition cash flows are paid (or where a liability has been recognized applying another IFRS standard) before the related group of insurance contracts is recognized, an asset for insurance acquisition cash flows is recognized. When insurance contracts are recognized, the related portion of the asset for insurance acquisition cash flows is derecognized and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

3.1.3 CHANGES TO PRESENTATION AND DISCLOSURE

For presentation in the statement of financial position, the Fund aggregates insurance contracts issued and presents separately:

- Portfolios of insurance contracts issued that are assets
- Portfolios of insurance contracts issued that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance contract asset
- Insurance contract liabilities

3.1.3 CHANGES TO PRESENTATION AND DISCLOSURE

The Fund provides disaggregated qualitative and quantitative information about:

- Amounts recognized in its financial statements from insurance contracts
- Material judgements, and changes in those judgements, when applying the standard

3.1.4 TRANSITION

On transition date, 1 July 2022, the Fund:

- Has identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied.
- Has identified, recognized and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified.
- Derecognized any existing balances that would not exist had IFRS 17 always applied
- Recognized any resulting net difference in equity

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

3.1.0 NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

3.1.5 IMPACT OF CHANGES IN RESERVE

The impact of transition to IFRS 17 on accumulated reserves is, as follows:

30 June 2021	Accumulated reserve TZS '000'
Balance at 30 June 2021, as previously reported	977,982,302
Impact of initial application of IFRS 17	(19,043,953)
Balance at 30 June 2021 as restated	958,938,349
30 June 2022	
Contribution to the Government	(600,000)
Deficit for the year as previously reported	(205,952,792)
IFRS 17 adjustment	18,983,781
Deficit for the year as restated	(186,969,011)
Balance at 30 June 2022 as restated	772,368,786
30 June 2023	
Deficit for the year as previously reported	(156,770,716)
IFRS 17 adjustment	(59,884,049)
Deficit for the year as restated	(216,654,765)
Balance at 30 June 2023 as restated	510,714,021

3.1.6 OTHER NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AND ADOPTED DURING THE YEAR

i. Disclosure of accounting policies -Amendments to IAS 1 and IFRS practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Fund's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

ii. Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The adoption of these changes did not have significant impact on the amounts presented in the Fund's financial statements.

iii. Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates:

The adoption of these changes did not have significant impact on the amounts presented in the Fund's financial statements.

3.1.7 NEW AND AMENDED STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2024

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June and have not been applied in preparing these financial statements. The Fund does not plan to adopt these standards early. All standards and interpretations will be adopted at their effective date. These are summarised below;

New pronouncement	Effective date
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	1 January 2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024
Lack of exchangeability - Amendments to IAS 21	1 January 2025
IFRS S1 and S2 for disclosure of sustainability and climate-related information	1 January 2025
Amendments to IFRS 9 and 7 financial Instruments and related disclosures.	1 January 2026
Presentation and Disclosure in Financial Statements - IFRS 18	1 January 2027
Subsidiaries without Public Accountability: Disclosures - IFRS 19	1 January 2027

4. SOLVENCY OF THE FUND

The National Health Insurance Fund was established in July 2001 with a vision of becoming the leading health insurance scheme in the Sub-Saharan region and providing support to a large number of beneficiaries to access health services. It was established by Parliamentary Act No 8 of 1999, which was amended repeatedly in the years 2002, 2005, 2009, 2010, 2012 and 2015.

Section 39A of the NHIF Act, CAP 395, requires the Fund to undertake actuarial valuation of its assets and liabilities at an interval of three years or at any other intervals as the Authority may direct with a view to determining surplus or deficit on the Fund. The valuation is aiming at providing recommendations to ensure solvency and sustainability of the Fund. The last actuarial valuation was carried out as at 30 June 2021 by an independent external Consultant, Zamara Actuaries, Administrators and Consultants Limited.

According to the actuarial valuation report, as at the valuation date, annual benefit expenditure exceeded annual insurance revenue. In addition, year on year subsequent deficits over the first four years of the projection period are expected to deplete the accumulated reserves, causing it to decrease to a level below zero by 2025. However, in order to ensure solvency and sustainability of the Fund, the Government has taken

measures such as the commitment to start repayment of the outstanding loans and exempting the Fund from tax on investments income.

The Fund continue with its effort to control escalation of benefit payments by deploying measures such as stationing staff at the selected strategic facilities to verify beneficiaries and provision of services and the use of biometric members identification (finger print and facial recognition) at facility, reviewing its loss-making health insurance products and proposing alternative financing for the retirees who are covered by the Fund with their spouses without contributing.

The solvency position of the Fund was examined using:

- (i) Projection of the Fund's future cash flows for a period of at least fifteen years to determine the long-term sustainability of the Fund; and
- (ii) To model the future claims and contributions of the Fund, the evolution of NHIF Tanzania membership was modelled and this formed the basis for projecting the future primary cash flows of the Fund (contribution inflows and benefits outflow). The primary cash flows were used to model the assets of the Fund, taking into. Consideration projections of future investment returns, taxes and expenses of the Fund.

Summary of core actuarial basis for 2021 valuation:

Membership growth rate	11.2%	Investments return	8.5%
Withdrawal rates of members	50%	Taxation rate	20.5%
Inflation rate	4%	Claims growth rate	10%
Members salary increment rate	6.3%		

The data provided did not allow for any meaningful analysis of the Fund's actual mortality or withdrawal experience. Thus, modified independent rates of decrement for retirement, death and withdrawal were used to obtain the overall dependent rate of decrement applied to the individual members at each age.

During the period, the Fund earned a net surplus amounting to TZS 58.17 billion (30 June 2023: Net deficit of TZS 216.65 billion) from Insurance Services.

5. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are set out below.

5.1. Insurance Contracts

5.1.1. Insurance contracts classification

The Fund issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Fund determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Fund issues medical insurance to individuals and businesses.

The Fund does not issue any contracts with direct participating features.

5.1.2. Insurance contracts accounting treatment

(i) Separating components from insurance contracts

The Fund assesses its non-life insurance to determine whether they contain distinct components, which must be accounted for under another IFRS Accounting Standards instead of under IFRS 17. After separating any distinct components, the Fund applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Fund's products do not include any distinct components that require separation.

(ii) Level of aggregation

IFRS 17 requires a Fund to determine the level of aggregation for applying its requirements. The level of aggregation for the Fund is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks, which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Fund identifies a contract as the smallest unit i.e. the lowest common denominator. However, the Fund makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e. legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Fund has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. The Fund applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Fund assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Fund assesses at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Fund considers facts and circumstances to identify whether a group of contracts is onerous based on:

- Pricing information
- Results of similar contracts it has recognized
- Environmental factors, e.g., a change in market experience or regulations

(iii) Recognition

The Fund recognizes groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Fund adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

(iv) Contract boundary

The Fund includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Fund can compel the policyholder to pay the premiums, or in which the Fund has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Fund has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or
- Both of the following criteria are satisfied:
 - The Fund has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio,
 - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognized. Such amounts relate to future insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.1. Insurance Contracts (Continued)

(v) Measurement - Premium Allocation Approach

Details	IFRS 17 Options	Adopted approach
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general measurement model	Coverage period for the entire Fund insurance product is one year or less and so qualifies automatically for PAA.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is no longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortized over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortized over the coverage period of the related group.	For one-year health insurance products, insurance acquisition cash flows are expensed as incurred. In case of products with more than one year, insurance acquisition cash flows will be allocated to related groups of insurance contracts and amortized over the coverage period of the related group.
Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	For all the funds products, there is no allowance for the accretion of interest as the premiums are received within one year of the coverage period. In case of products with more than one year, an allowance will be made for accretion of interest on the LFRC.
Liability for Incurred Claims, (LFIC) adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The incurred claims are expected to be paid out in less than one year. Hence, no adjustment is made for the time value of money. For all the products in case the claim will be expected for more than one year, the LFIC will be adjusted for the time value of money.
Insurance finance income and expense	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI.	For all the products, the change in LFIC as a result of changes in discount rates will be captured within profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)**5. MATERIAL ACCOUNTING POLICIES (CONTINUED)****5.1. Insurance Contracts (Continued)****5.1.2.1 Insurance contracts - initial measurement**

The Fund applies the premium allocation approach (PAA) to all the insurance contracts that it issues;

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary, Or
- For contracts longer than one year, the Fund has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general measurement model. In assessing materiality, the Fund has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Fund does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:

- The extent of future cash flows related to any derivatives embedded in the contracts.
- The length of the coverage period of the group of contracts

For a group of contracts that is not onerous at initial recognition, the Fund measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
- Plus or minus any amount arising from the de-recognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Fund pays or receives before the group of insurance contracts is recognised.

For all business, there is no allowance for time value of money as the premiums are received within one year of the coverage period.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Fund performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognizes a loss in profit or loss for the net outflow, resulting in the carrying

amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Fund for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to Note 5.1.2.7

5.1.2.2 Insurance contracts - subsequent measurement

The Fund measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus, premiums received in the period;
- Minus insurance acquisition cash flows;
- Plus any amounts relating to the amortization of the insurance acquisition cash flows recognised as an expense in the reporting period for the group;
- Plus, any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the services provided in the period; and
- Minus any investment component paid or transferred to the liability for incurred claims

The Fund estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims.

The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Fund, and include an explicit adjustment for non-financial risk (the risk adjustment).

The Fund does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Fund recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Fund for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to Note 5.1.2.7.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

5.1.2.3 Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. With the exception of the product line, for which the Fund chooses to expense insurance acquisition cash flows as they occur, the Fund uses a systematic and rational method to allocate:

- (a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
 - (i) to that group; and
 - (ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.1. Insurance Contracts (Continued)

- (a) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognized from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts. The time bands when the Fund expects to derecognize the above asset for insurance acquisition cash flows.

At the end of each reporting period, the Fund revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Fund assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Fund applies:

- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Fund recognises in profit or loss a reversal of some or all of an impairment loss previously recognized and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

5.1.2.4 Insurance contracts - modification and derecognition

The Fund derecognizes insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)
- or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Fund derecognizes the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Fund recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

5.1.2.5 Presentation

The Fund has presented separately, in the statement of financial position, the carrying number of portfolios of insurance contracts issued that are assets and portfolios of insurance contracts issued that are liabilities,

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Fund disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Fund does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

5.1.2.6 Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Fund allocates the expected premium receipts to each period of insurance contract services based on the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Fund changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

5.1.2.7 Loss components

The Fund assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in Note 5.1.2.2 indicate that a group of insurance contracts is onerous, the Fund establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in Note 5.1.2.1. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

5.1.2.8 Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and

5.1.2.9 Insurance finance income and expense

- The effect of financial risk and changes in financial risk.

The Fund disaggregates insurance finance income or expenses on insurance contracts issued for product line between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI in order to minimize accounting mismatches between the accounting for financial assets and insurance assets and liabilities. For all the business, the Fund does not disaggregate finance income and expenses because the related financial assets are managed on a fair value basis and measured at FVPL.

5.2. Interest income

Interest income and expense for all interest-bearing financial instruments are recognized in profit or loss using the effective interest method as per IFRS 9.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

5.3. Dividend income

Revenue is recognized when the right to receive payment is established.

5.4. Other income

Other income comprises of application fees for loans equipment facility and certification, replacement of IDs, and commission from supplementary services. The Fund recognizes other income to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Fund expects to be entitled in exchange for those goods or services.

5.5. Employees benefits

Defined Contributions Plan (DC)

The Fund contributes to the publicly administered pension plans on a mandatory basis. The Fund has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefits expense when they are due. The Fund's contributions to the defined contribution schemes are charged to profit or loss in the year in which they fall due. The Fund has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and previous years.

The Fund maintains a non-contributory defined benefit plan for its employees, which remains unfunded. According to Regulation 101 of the Staff Regulations of 2014, the Fund offers terminal benefits to both permanent and pensionable staff, as well as contract staff. These benefits are outlined as follows:

- (a) The Director General is entitled to receive one month's gross salary;
- (b) Other staff members are entitled to receive their basic salary, which covers transportation expenses for both the staff member and their family to their place of domicile;
- (c) Personal effects of the staff member will be transported to their place of domicile;
- (d) Management members will receive a mileage allowance for travel to their place of domicile;
- (e) A subsistence allowance will be provided for the staff member, their spouse, and up to four children below 18 years of age;
- (f) Accrued annual leave days will be compensated;
- (g) A packing allowance is provided; and
- (h) The Director General is eligible for a gratuity payment.

The cost of the defined benefit plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The latest actuarial valuation was carried out as at 30 June 2023 by Zamara Actuaries, Administrators & Consultants Limited in Nairobi - Kenya. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. Under IAS 19, measurement of scheme liabilities must be calculated under the projected unit credit method, which requires certain demographic and financial assumptions, including an assumption about future salary growth.

The estimated monetary liability for employees accrued leave entitlement as at the statement of net assets available for benefits' date is recognized as an expense accrual. Provision is made for the estimated liability in respect of annual leave accrued on reporting date. Actuarial gain/loss is recognised in other comprehensive income.

5.6. Property and equipment

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

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

parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in statement of surplus or deficit under other operating income.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation is calculated on the straight-line basis to write down the cost of each asset to its residual value over its estimated useful life as shown below. Land is not depreciated.

Asset Description	Useful life in years
Buildings	30 to 50
Equipment	3 to 22
Furniture and Fittings	8 to 14
Motor Vehicles	4 to 14
Computers	3 to 9

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

5.7. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured using the cost model less accumulated depreciation. All of the Fund's property interests held under leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the cost model approach. Depreciation is calculated on the straight-line basis and the depreciation rate charged against the carrying amount of the investment property is based on the useful life of the investment property. The Fund's investment properties are buildings whose useful life is between 5 to 50 years.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on recognition of the property (calculated as the

difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the property is derecognized.

5.8. Leases

At inception of a contract, the Fund assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration - i.e. the customer has the rights to obtain substantially all of the economic benefits from using the assets and the rights to direct the use of the asset.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Fund allocates the consideration in the contract to each lease component based on its relative stand-alone prices.

The Fund recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Fund by end of the lease term or the cost of the right-of-use asset reflects that the Fund will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Fund uses its incremental borrowing rate as the discount rate.

The Fund determines its incremental borrowing rate by obtaining interest rates from external financing sources and adjust reflect the terms of the lease and type of the asset leased.

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Fund is reasonably certain to exercise, lease payments in an optional renewal period if the Fund is reasonably

- certain to exercise an extension option, and penalties for early termination of a lease unless the Fund is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Fund's estimate of the amount expected to be payable under a residual value guarantee, if the Fund changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

As a lessee

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Fund has applied judgment to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Fund is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of lease liabilities and right-of-use assets recognized.

As a lessor

At inception or on modification of a contract that contains a lease component, the Fund allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Fund acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Fund makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Fund considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Fund is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Fund applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Fund applies IFRS 15 to allocate the consideration in the contract.

The Fund applies the de-recognition and impairment requirements in IFRS 9 to the net investment in the lease. The Fund further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Fund recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Return on investment as rental income'. The assets being leased out primarily consist of office spaces.

Impairment

The Fund has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired since inception of this standard.

Short-term leases and leases of low-value assets

The Fund has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (less than TZS 10 million) and short-term leases (less than 12 months). The Fund recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5.9. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged in the profit or loss in the year in which the expenditure is incurred.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization is calculated on a straight-line basis over the estimated useful lives. The Fund's intangible assets have finite useful life of 3 years.

Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment of intangible assets. The carrying value of intangible assets as at the year-end is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

5.10. Inventories

Inventories include stocks and stores, which are stated at the lower of cost and net realizable value. Cost is determined on a first in first out basis (FIFO). Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Any obsolete items are provided for in full in the year they are detected.

5.11. Financial instruments

Financial assets

Initial recognition

On initial recognition, financial assets are classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent measurement

Financial assets are classified into the following specified categories;

- Financial assets at amortized cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments); and
- Financial assets at fair value through profit or loss.

The Fund's principal financial assets are loans receivable, investment in corporate bonds, investment in shares, investment in Government securities, insurance revenue and other receivables, investment in term deposits and cash and cash equivalents.

Financial assets are recognized and derecognized on trade-date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

All financial assets are initially measured at amortized cost or fair value, depending on the classification of financials assets.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at Fair Value Through Other Comprehensive Income (FVTOCI)

Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents include cash on hand, in banks and investments in money market instruments, which will mature within three months from the date of deposit.

Impairment of financial assets

The Fund recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Fund applies a simplified approach in calculating ECLs for trade and other receivables. Therefore, the Fund does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Fund considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Fund may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Loans investments, interest receivables, deposits with financial institutions and cash and cash equivalents fall in this category. They are both measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

De-recognition of financial assets

The Fund derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to

recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

The Fund's financial liabilities include trade and other payables (Value Added Tax, accruals and provisions excluded), related party payables and borrowings. The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Fund has not designated any financial liability as at fair value through profit or loss.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business, held for trading, or designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Trade payables

Trade payables and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

De-recognition of financial liabilities

The Fund de-recognizes financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire. The difference between the carrying amount of

the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

Offset

Where a legally enforceable right of offset exists for recognized financial assets and financial liabilities and there is an intention to settle the liability and realize the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

5.12. Provisions

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.13. Foreign currency transactions

Foreign currency transactions refer to financial transactions that involve the exchange of one currency for another. These transactions typically occur when the Fund need to make payments or transfers in a currency different from Tanzania shilling.

These transactions require careful accounting and reporting to ensure accurate financial statements and compliance with relevant regulations.

i. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Tanzania Shillings (TZS) which is the Fund’s functional and presentation currency, rounded to the nearest thousand (TZS’000).

ii. Transactions and balances

Transactions in foreign currencies during the period are converted into Tanzania Shillings at rates prevailing at the transaction dates. Monetary items denominated in foreign currency are translated using the closing exchange rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the date of initial recognition. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

5.14. Current and deferred tax

Current income tax is the amount of income tax payable on the taxable investment income for the year determined in accordance with the Tanzania Income Tax Act, 2004. The current income taxes charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The current applicable tax rate is 30%.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences.

However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5.15. Government Grants

Government grants are recognized in the financial statements when there is reasonable assurance that the Fund will comply with the conditions attached to the grants and the grants will be received as per IAS 20. Government grants are classified into two categories: grants related to income and grants related to assets.

(a) Grants Related to Income

Government grants related to income, such as grants that compensate the Fund for expenses incurred or losses suffered, are recognized in the income statement as other income over the periods necessary to match the grants with the related costs that they are intended to compensate. The grants are presented separately from other income.

(b) Grants Related to Assets

Government grants related to assets, such as grants that support the acquisition or construction of assets, are recognized initially at their fair value when there is reasonable assurance that the Fund will comply with the conditions attached to the grant and the grant will be received. These grants are presented as deferred income in the balance sheet and are recognized in the income statement over the useful life of the related asset as a credit to the depreciation expense or as a reduction of the carrying amount of the asset.

5.16. Reserve

The Accumulated Reserve represents the cumulative surplus or deficit of the Fund arising from its operations over the years. It includes surplus from prior periods and current period results after considering any appropriations.

Fair value reserve comprised of gain or loss from equity investment and defined benefit obligation.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

The preparation of the Fund's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

6.1 MATERIAL JUDGEMENTS AND ESTIMATES- INSURANCE CONTRACTS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. The Fund disaggregates information to disclose major portfolio namely, public employees, private employees, students insurance, Toto Afya, health insurance bundles, special group and other groups. This disaggregation has been determined based on how the Fund is managed.

The Fund applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage.

6.1.1 Liability for Remaining Coverage

6.1.1.1 Insurance Acquisition Cash Flows

The fund is eligible and chooses to recognise insurance acquisition cash flows as an expense immediately as incurred. This is because all insurance contracts issued have a coverage period of one year or less.

Where groups are not eligible to recognise an expense immediately, the insurance acquisition cash flows are allocated to related groups of insurance contracts recognized in the statement of financial position (including those groups that will include insurance contracts expected to arise from renewals). An asset for insurance acquisition cash flows is recognized for acquisition cash flows incurred before the related group of insurance contracts has been recognized.

The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

The Fund applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance

contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

6.1.1.2 Onerous Groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognized on underlying contracts.

6.1.2. Liability For Incurred Claims

IFRS 17 defines the fulfilment cash flows of an (group of) insurance contract as estimate of future cash flows, adjustment to reflect the time value of money (discounting) and risk Adjustment for non-financial risk

The fulfilment cash flows can be divided into Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC).

The Liability for Incurred Claims is an entity's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses."

The Liability for Incurred Claims is the liability for claims that already has incurred either as reported claims (RBNS) or as claims that has not yet been reported (IBNR). The Liability for Incurred Claims thus comprise of a best estimate of future cash flows.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques.

The main assumption underlying these techniques is that a Fund's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by incident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

6.1.3 DISCOUNT RATES

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

IFRS 17 section 36 states that an entity shall adjust the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows. Further section 36 states that discount rate should reflect the “characteristics of the cash flows and the liquidity characteristics of the insurance contracts, be consistent with observable current market prices (if any) and exclude factors that do not affect the future cash flows of the insurance contracts”.

Furthermore, IFRS 17 section 56 allow entities to not adjust the fulfilment cash flows under LRC/PAA for the time value of money, given that the contracts do not have a significant financing component and that the “entity expects that the time between providing each part of the services and the related premium due date is no more than a year”.

Since NHIF, will use the PAA measurement for LRC and the premium is expected to be paid no more than a year apart from the coverage period, NHIF opts not to adjust LRC for the time value of money under PAA.

6.1.4 RISK ADJUSTMENT FOR NON-FINANCIAL RISK

The risk adjustment for non-financial risk is the compensation that the Fund requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Fund has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 85th percentile. That is, the Fund has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 85th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Fund has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

6.2. MATERIAL JUDGEMENTS AND ESTIMATES- OTHERS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting sheet date, that have a significant risk of causing a material

adjustment to the carrying amounts of assets and liabilities within the next Financial Year are discussed below.

a) Useful life of property and equipment

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

b) Impairment of assets

The Fund assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

c) Calculation of expected loss allowance

When measuring expected credit losses (ECL), the Fund uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Fund would expect to receive, considering cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

d) Loans receivables

At the end of each reporting period, the Fund reviews the carrying amounts of its receivables that mainly include loans receivables from Government institutions and estimates the loss allowance specific to these asset classes as using the calculation of expected loss allowance approach mentioned above.

e) Actuarial valuation of defined benefit obligation

The present value of the defined benefit pension plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

f) Taxes

The Fund is subjected to various taxes and levies by various Government and quasi-Government regulatory bodies. As a rule of thumb, the Fund recognizes liabilities for the anticipated tax /levies payable with utmost care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes /levies.

Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

g) Fair value measurement

The Fund measures financial instruments, such as, derivatives, and non-financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place; either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 Valuation techniques for which the lowest level input that significant to the fair value measurement is directly or indirectly observable; and
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

7. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of financial risks, which arise out of a variety of its activities. The Fund's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Fund's regularly

reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Management of the Fund and the Board of Directors have overall responsibility for the establishment and oversight of the Fund's risk management framework. As part of its governance structure the Board of Directors has embedded a comprehensive risk management framework for measuring, monitoring, controlling and mitigation of the Fund's risks. The policies are integrated in the overall management information system of the Fund's and supplemented by a management reporting structure.

The Audit Committee of the Board of Directors is responsible for monitoring compliance with the Fund's risk management policies and procedures, and review of the adequacy of risk management framework in relation to the risks faced by the Fund. This committee is assisted in these functions by Technical Committee of management which undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

The most important type of risks are:

- Insurance risk;
- Credit risk;
- Liquidity risk;
- Market risk;

The notes below provide detailed information on each of the above risks and the Fund's objectives, policies and processes for measuring and managing risk.

7.1 INSURANCE RISK MANAGEMENT

The Fund provides health insurance schemes to the insured persons of the Fund and that it has specific price list for all services provided to the members of the Fund. Thus, the benefits provided to the insured members of the Fund are defined. The Fund assumes risks of funding when it happens that the Fund's assets are inadequate to cover the promised medical services and that insured members will live longer in future than in the past. The Fund has a fully-fledged Directorate of Actuarial Services and Statistics, which in collaboration with certified Actuaries undertake actuarial valuation for the Fund after every three years. The valuation determines inter alia the funding options for the sustainability of the Fund.

7.1.1 Insurance contracts

The objective of the Fund is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Fund. The Fund further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact

the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

The following tables show the concentration of net insurance contract liabilities by type of contract.

Insurance contracts

2023/24 TZS'000	Assets	Liabilities	Net
Public Employees (Inc Councilors)	(22,180,220)	-	(22,180,220)
Private Employees	-	20,939,487	20,939,487
Student insurance	-	27,743,603	27,743,603
Health Insurance bundles	-	73,238,831	73,238,831
Special group	-	18,196,168	18,196,168
Toto Afya	-	10,817,465	10,817,465
Others	-	1,724,416	1,724,416
Total insurance contracts issued	(22,180,220)	152,659,970	130,479,750

Insurance contracts

2022/23 TZS'000	Assets	Liabilities	Net
Public Employees (Inc Councilors)	-	123,571,748	123,571,748
Private Employees	-	39,845,052	39,845,052
Student insurance	-	28,398,856	28,398,856
Health Insurance bundles	-	37,711,799	37,711,799
Special group	-	12,900,689	12,900,689
Toto Afya	-	19,283,002	19,283,002
Others	-	2,496,411	2,496,411
Total insurance contracts issued	-	264,207,557	264,207,557

Insurance contracts

2022	Assets	Liabilities	Net
Public Employees (Inc Councilors)	-	75,716,829	75,716,829
Private Employees	-	24,517,614	24,517,614
Student insurance	-	18,965,567	18,965,567
Health Insurance bundles	-	21,684,265	21,684,265
Special group	-	7,040,060	7,040,060
Toto Afya	-	16,362,874	16,362,874
Others	-	2,457,816	2,457,816
Total insurance contracts issued	-	166,745,025	166,745,025

7.1.2 Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant.

The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these

assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

In TZS "000"		2024		
	Change in assumptions	Impact on Gross Liabilities	Impact on profit before tax	Impact on equity
Average claim cost	+5%	8,108,963	6,048,323	4,233,826
Inflation rate	+1%	1,621,793	1,209,665	846,765

In TZS "000"		2023		
	Change in assumptions	Impact on Gross Liabilities	Impact on profit before tax	Impact on equity
Average claim cost	+5%	10,171,870	11,416,166	7,991,316
Inflation rate	+1%	2,034,374	2,283,233	1,598,263

7.1.3 Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive year at each reporting date, together with cumulative payments to date.

As required by IFRS 17, in setting claims provisions, the Fund gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The Fund has not disclosed previously unpublished information about claims development that occurred earlier than three years before the end of the annual reporting period in which it first applies IFRS 17.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

7. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

7.1.3 Claims development table (Continued)

CLAIM DEVELOPMENT TABLE
TZS "000"

Accident Year	2022	2023	2024	Total
At end of accident year	178,435,581	203,437,406	411,973,913	
One year later	173,080,262	212,680,786		
Gross estimates of the undiscounted amount of the claim	173,080,262	212,680,786	411,973,913	797,734,960
Cumulative payments:				
At end of accident year	(139,813,869)	(172,922,994)	(251,109,987)	
One year later	(173,080,262)	(211,365,443)		
Cumulative payments to date	(173,080,262)	(211,365,443)	(251,109,987)	(635,555,691)
Gross undiscounted liabilities for incurred claims		1,315,343	160,863,926	162,179,269
Effect of discounting				
Total gross liabilities for incurred claims				162,179,269
	Expected present value of future cash flow	Risk adjustment	Total	
Total gross liabilities for incurred claims	162,179,269	2,919,227	165,098,496	

The Fund has elected to use the practical expedient for transition in IFRS 17.C28 to not disclose previously unpublished information about its claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

7.2 CREDIT RISK

Credit risk is the risk that the counterpart to any financial transaction may not be able to fulfil its obligation on due date. The Fund's principal financial assets are investment in Government securities, loans to government institutions, investment in term deposits and investment in shares. To minimize credit risk the Fund has set limits on different categories of investments; the Fund has also set exposure limits for each bank where it makes placements of funds. To address lending risk the Fund requires guarantees from top rated banks or the Government for credits other than, credits to well establish employer-based Savings and Credit Societies (SACCOS). On equity, the Fund mitigates risks by investing in well-established markets particularly in listed shares at the Dar es Salaam Stock Exchange. In granting loans, the Fund carries out in-depth credit analysis of the project to establish viability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

7. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

7.2 CREDIT RISK (CONTINUED)

The amount that best represents the Fund's maximum exposure to credit risk as at 30 June 2024 is as follows:

(ii) Credit risk management

	12 month or lifetime ECL	Internal Credit Rating	Gross Carrying Amount TZS "000"	Loss Allowance TZS "000"	Net Carrying Amount TZS "000"
Investment in Government Security	12-month ECL	Performing	180,059,133	-	180,059,133
Loan Receivable	Lifetime ECL	Non-performing	208,316,618	(28,283,593)	180,033,025
Other Loans Receivables	Lifetime ECL	Non-performing	34,409,122	(3,059,873)	31,349,249
Investment in Term Deposits	12-month ECL	Non-performing	171,329,301	(21,918,690)	149,410,611
Other receivables	Lifetime ECL	Non-performing	26,648,640	(2,119,108)	24,529,532
Cash & Bank balances	12-month ECL	Performing	31,213,818	-	31,213,818
			651,976,632	(55,381,264)	596,595,368

The amount that best represent the Fund's maximum exposure to credit risk as at 30 June 2023 is as follows:

	12 month or lifetime ECL	Internal Credit Rating	Gross Carrying Amount TZS "000"	Loss Allowance TZS "000"	Net Carrying Amount TZS "000"
Investment in Government Security	12-month ECL	Performing	190,649,507	-	190,649,507
Loan Receivable	Lifetime ECL	Non-Performing	235,758,784	(28,283,593)	207,475,191
Other Loans Receivables	Lifetime ECL	Non-Performing	44,096,676	(3,581,373)	40,515,303
Investment in Term Deposits	12-month ECL	Non-Performing	211,717,481	(22,075,632)	189,641,849
Other receivables	Lifetime ECL	Non-Performing	18,803,199	(2,119,108)	16,684,091
Cash & Bank balances	12-month ECL	Performing	66,883,172	-	66,883,172
			767,908,819	(56,059,706)	711,849,113

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

7. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

7.2 CREDIT RISK (CONTINUED)

The amount that best represent the Fund's maximum exposure to credit risk as at 30 June 2022 is as follows:

	12 month or lifetime ECL	Internal Credit Rating	Gross Carrying Amount TZS "000"	Loss Allowance TZS "000"	Net Carrying Amount TZS "000"
Investment in Government Security	12-month ECL	Performing	282,534,118	-	282,534,118
Investment in Corporate Bond	12-month ECL	performing	1,003,837	-	1,003,837
Loan Receivable	Lifetime ECL	Non-performing	232,861,683	(4,830,000)	228,031,683
Other Loans Receivables	Lifetime ECL	Non-performing	40,971,661	(2,121,412)	38,850,249
Investment in Term Deposits	12-month ECL	Non-performing	270,001,303	(21,578,095)	248,423,208
Other receivables	Lifetime ECL	Non-performing	38,885,734	(2,231,088)	36,654,646
Cash & Bank balances	12-month ECL	Performing	12,909,070	-	12,909,070
			879,167,406	(30,760,595)	848,406,811

Movement in Expected Credit Losses

2024	1 July TZS "000"	Charge/(release) for the year TZS "000"	30 June TZS "000"
Investment in Government Security	-	-	-
Loan Receivable	28,283,593	-	28,283,593
Other Loans Receivables	3,581,373	(521,500)	3,059,873
Investment in Term Deposits	22,075,632	(156,942)	21,918,690
Other receivables	2,119,108	-	2,119,108
Cash & Bank balances	-	-	-
	56,059,706	(678,442)	55,381,264
2023	1 July TZS "000"	Charge/(release) for the year TZS "000"	30 June TZS "000"
Investment in Government Security	-	-	-
Loan Receivable	4,830,000	23,453,593	28,283,593
Other Loans Receivables	2,121,412	1,459,961	3,581,373
Investment in Term Deposits	21,578,095	497,537	22,075,632
Other receivables	2,231,088	(111,980)	2,119,108
Cash & Bank balances	-	-	-
	30,760,595	25,299,111	56,059,706

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

7. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

7.2 CREDIT RISK (CONTINUED)

2022	1 July TZS '000"	Charge/(release) for the year TZS '000"	30 June TZS '000"
Investment in Government Security	-	-	-
Loan Receivable	4,830,000	-	4,830,000
Other Loans Receivables	2,691,567	570,155	2,121,412
Investment in Term Deposits	20,692,974	885,121	21,578,095
Other receivables	3,955,724	1,724,636	2,231,088
Cash & Bank balances	-	-	-
	32,170,265	1,409,670	30,760,595

Maturity profile of non-derivative financial liabilities based on the contractual cash flows, "undiscounted" is as follows:

	Carrying amount TZS'000	Contractual Cash flows TZS'000	Within 1 year TZS'000	1 year and above TZS'000
As at 30 June 2024				
Non-Derivative financial liabilities				
Insurance contract liabilities	130,479,750	130,479,750	130,479,750	-
Accruals and other payables	77,977,437	77,977,437	77,977,437	-
Lease liability	1,488,959	1,488,959	1,036,046	452,913
	209,946,146	209,946,146	209,493,233	452,913
As at 30 June 2023				
Non-Derivative financial liabilities				
Insurance contract liabilities	264,207,557	264,207,557	264,207,557	-
Accruals and other payables	93,898,396	93,898,396	93,898,396	-
Lease liability	2,266,146	2,266,146	1,246,241	1,019,905
	360,372,099	360,372,099	359,352,194	1,019,905
As at 30 June 2022				
Non-Derivative financial liabilities				
Insurance contract liabilities	166,745,025	166,745,025	166,745,025	-
Accruals and other payables	98,092,661	98,092,661	98,092,661	-
CHF matching fund payable	298,646	298,646	298,646	-
Lease liability	1,837,430	1,837,430	1,041,953	795,477
	266,973,762	266,973,762	266,178,285	795,477

7.3 MARKET RISK

Market risks is the risk that changes in market prices, such as interest rate, equity prices and foreign exchange rates will affect the Fund's income or the value of its holdings of financial instruments. The Fund is exposed to market risk in its long-term investments in fixed income assets resulting from movement in interest rates. The Fund is also exposed to market risk in equities as a result of movement in market prices.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

7. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

7.3 MARKET RISK (CONTINUED)

a) Interest rate risk

The Fund holds significant fixed income securities and therefore subjected to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. The Fund mitigates the risks by investing in safe but high yielding investments. The Fund's management monitors the sensitivity of reported interest rate movements on a monthly basis by assessing the expected changes in the different portfolios due to a parallel movement of plus 2 percentage points in all yield curves of financial assets and financial liabilities.

7.4 LIQUIDITY RISK

Liquidity risk is the risk of failing to meet obligations when they fall due. The risk arises when proceeds from the Fund's financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The Fund manage liquidity risk by maintaining a pool of short term placements with banks which is adequate to meet its obligations for benefit payments as well as investment commitment and administrative expenses. The Fund carries out monthly cash flow projection, which is discussed by Investment committee for placement/investment decisions.

The Fund ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the Fund's board of directors.

The Fund's sources of funds include monthly insurance revenue from its contributing members and government employees. Other sources are investment income and other income.

As of 30th June 2024, the Fund had investments of TZS 180.06 billion in government securities and TZS 149.41 billion in term deposits. A 1% increase/decrease in interest yields would result in additional surplus/loss for the period by TZS 1,795,537,000 and equity by TZS 1,256,875,600 (2023: TZS 2,119,489,000 and TZS 1,483,642,300).

a) Price risk

The Fund is exposed to equity securities price risks because of its investments in shares which are valued at fair value and therefore susceptible to market price fluctuations. To manage its price risk arising from investments in equity, the Fund invests in a diverse portfolio. The equity holdings are diversified across companies in different sectors of the economy and concentration in one company are limited by parameters established by Management (Investment policy of the Fund). All quoted shares held by the Fund are traded on the Dar es Salaam Stock Exchange (DSE) and are classified as FVOCI. A 2%

sensitivity analysis is performed by the Fund's management. A 2% increase or decrease in the DSE prices at the reporting date would have increased or decrease the fair values of assets to TZS 158.26 billion (2023: TZS 154.58 billion), compared to the reported fair value of TZS 154.49 billion at 30th June 2024 (2023: TZS 150.71 billion).

b) Currency risk

Foreign exchange currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund's financial assets and liabilities are primarily denominated in Tanzania Shillings, which is the Fund's transaction and presentation currency, which mitigate the foreign currency exchange rate risk. The Fund do not have significant financial instruments that are denominated in foreign currency.

c) Operational risk

Operational risks refer to the risks when processes of contributions collection and provider's benefit payment obligations are impaired. The Fund has identified integrity of ICT system, staff behaviour, adverse selection in member's recruitment and fraud to be key areas of risks that may affects its operations. In addressing the related risks, the Fund has carries out regular preventive and detective antifraud activities internally and externally also enhancing system controls to suit the predetermined member enrolment and service access requirements. Staff awareness on integrity matters has been a permanent agenda in every staff training and conference sessions to imbued required culture and for ensuring the interest of the Fund is safeguarded collectively. The Fund has been conducting various stakeholders' awareness programs through private and public media platform as a strategy of minimizing operational risks that relates to attitude, behaviours, perceptions and deeds of stakeholders.

8. ACCOUNTING CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS & LIABILITIES

IFRS 13 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Fund specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy;

30 June 2024

	Level 1	Lever 2	Level 3	Total
Financial Assets	TZS'000	TZS'000	TZS'000	TZS'000
Investment in shares	105,753,527	-	48,740,958	154,494,485
	105,753,527	-	48,740,958	154,494,485

30 June 2023

	Level 1	Lever 2	Level 3	Total
Financial Assets	TZS'000	TZS'000	TZS'000	TZS'000
Investment in shares	101,972,374	-	48,740,958	150,713,332
	101,972,374	-	48,740,958	150,713,332

30 June 2022

	Level 1	Lever 2	Level 3	Total
Financial Assets	TZS'000	TZS'000	TZS'000	TZS'000
Investment in shares	99,605,829	-	51,035,729	150,641,557
	99,605,829	-	51,035,729	150,641,557

Valuation technique used for level 3 are summarized in the table below:

Level 3		Valuation Technique	
		2023/24	2022/23
Azania Bank Limited		Price to book value	Price to book value
Watumishi Housing Company Real Estate Investment Trust		Net Asset Value	Net Asset Value
Watumishi Housing Company Limited		Net Asset Value	Net Asset Value

Type of financial instrument	Fair values at 30 June 2024 TZS'000	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs
Unlisted equity investment	48,740,958 (2023: 51,035,729)	Specific discount of 10% and liquidity discount of 15% on the equity value.	The estimated fair value would increase or (decrease) if the discount rates are lower (higher)

The following table shows financial assets and liabilities not measured at fair value. The carrying value of these financial assets and liabilities are reasonable approximation of fair value due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

8. ACCOUNTING CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS & LIABILITIES (CONTINUED)

	Financial Assets at amortised cost TZS '000	Other financial liabilities TZS '000	Total TZS '000
30 June 2024			
Investment in Government Securities	180,059,133	-	-
Loans receivables	204,019,124	-	-
Other loans receivable	31,349,249	-	-
Investments in term deposit	149,410,611	-	-
Other receivables	24,529,532	-	-
Cash and bank balances	31,213,818	-	-
	620,581,467	-	-
Financial Liabilities			
Insurance Contract liability	-	130,479,750	-
Accruals and other payables	-	77,977,437	-
	-	208,457,187	-
30 June 2023			
Investment in Government Securities	190,649,507	-	-
Investment in Corporate bonds	-	-	-
Loans receivables	207,475,191	-	-
Other loans receivable	40,515,304	-	-
Investments in term deposit	189,641,848	-	-
Other receivables	16,684,091	-	-
Cash and bank balances	66,883,172	-	-
	711,849,113	-	-
Financial Liabilities			
Insurance Contract liability	-	264,207,557	-
Accruals and other payables	-	93,898,396	-
	-	358,105,953	-
30 June 2022			
Investment in Government Securities	282,534,118	-	-
Investment in Corporate bonds	1,003,837	-	-
Loans receivables	228,031,684	-	-
Other loans receivable	38,850,249	-	-
Investments in term deposit	248,423,209	-	-
Other receivables	36,654,646	-	-
Cash and bank balances	12,909,070	-	-
	848,406,813	-	-
Financial Liabilities			
Insurance Contract liability	-	166,745,025	-
Accruals and other payables	-	98,092,661	-
	-	264,837,686	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

9. CASH AND BANK BALANCES

	2023/24	2022/23	2021/22
	TZS '000	TZS '000	TZS '000
Cash and bank balances			
Bank balances	31,213,818	66,883,172	12,908,503
Cash at hand	-	-	567
	31,213,818	66,883,172	12,909,070

Cash at bank agree to amount as per bank statement.

10. INVESTMENT IN CALL AND TERM DEPOSITS

(a). INVESTMENT IN CALL DEPOSITS

	2023/24	2022/23	2021/22
	TZS '000	TZS '000	TZS '000
Call deposits	15,303,187	40,596,336	28,241,317
	15,303,187	40,596,336	28,241,317

Call deposits are short terms deposits that are available for withdraw at any time and has been classified as cash and cash equivalent in the statement of cash flows.

(b). INVESTMENT IN TERM DEPOSITS

	2023/24	2022/23	2022/22
	TZS '000	TZS '000	TZS '000
Maturing within 3 months	89,324,855	63,116,166	85,974,170
Maturing between 3 months to 1 year	66,701,259	108,004,979	155,785,817
Less: Expected Credit Loss Provision	(21,918,690)	(22,075,632)	(21,578,095)
	134,107,424	149,045,513	220,181,892

Deposits with banks are categorized and measured at amortized cost. The weighted average effective interest rate on deposits with banks as at 30 June 2024 is 8.7% (2023: 9.6%)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

11. INVESTMENT IN SHARES

	2023/24 TZS '000	2022/23 TZS '000	2021/22 TZS '000
Listed equity investment*	105,753,527	101,972,374	99,605,828
Unlisted equity investment**	48,740,958	48,740,958	51,035,729
	154,494,485	150,713,332	150,641,557
Movement in investment in shares:			
At 1 July	150,713,332	150,641,557	148,611,350
Fair value gain	3,781,153	71,775	2,030,207
At 30 June	154,494,485	150,713,332	150,641,557
Listed equity investment*			
Tanzania Portland Cement Company Limited	1,037,394	1,012,092	941,246
NMB Bank Plc	4,476,919	2,996,092	2,686,151
CRDB Bank Plc	16,660,822	15,058,819	12,816,016
Tanzania Breweries Limited	52,912,633	52,912,633	52,912,633
Mwalimu Commercial Bank Plc	3,100,000	3,200,000	3,950,000
DCB Commercial Bank Plc	660,000	840,000	1,140,000
Vodacom Tanzania Plc	18,075,750	18,075,750	18,075,750
Unit Trust of Tanzania	8,830,009	7,876,988	7,084,032
	105,753,527	101,972,374	99,605,828
Unlisted equity investment**			
Watumishi Housing Company	226,000	226,000	388,265
Watumishi Housing Company Real Estate Investment Trust	12,596,763	12,596,748	12,274,584
Azania Bank Ltd	35,918,195	35,918,210	38,372,880
	48,740,958	48,740,958	51,035,729
Total	154,494,485	150,713,332	150,641,557

The movement of investments in listed shares during the period of TZS 3.78 billion relates to a fair value gain during the period. There was no movement of value for unlisted shares. Hence a fair value gain of investments in shares of TZS 3.78 billion is a result of investment in listed shares.

Investment in Watumishi Housing Company was made in response to the Government's initiative in accordance with the directive by the office of the President of the United Republic of Tanzania of June 2012. The directive required all social security schemes and the National Housing Corporation (NHC) to form an independent Unit Trust Company by contributing a certain sum of money for land acquisition and housing constructions project in all regions of Tanzania. These houses will later be sold at affordable prices to public servants. The company is expected to go public after attaining its initial targets.

Shares in the company are transferable. The Fund's share of holding in the Watumishi Housing Company is approximately 23% with no control over the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

11. INVESTMENT IN SHARES (CONTINUED)

The Fund uses the net assets valuation methodology in determining the fair value of unlisted equity investment. The methodology requires the use of estimates and significant judgements on unobservable inputs such as discount rate, inflation rates, gross domestic products (GDP) forecasts, cash flow forecasts, future expenditure costs.

12. INVESTMENT IN GOVERNMENT SECURITIES

	2023/24 TZS '000	2022/23 TZS '000	2021/22 TZS '000
Treasury bonds - non-current	135,837,083	179,618,760	188,048,275
Treasury bonds - Current	44,222,050	11,030,747	94,485,843
	180,059,133	190,649,507	282,534,118
Movement during the year:			
Cost of Bonds	167,501,841	177,502,284	257,608,211
Amortized cost	12,557,292	13,147,223	24,925,907
	180,059,133	190,649,507	282,534,118
As at 1 July	190,649,507	282,534,118	372,163,624
Receipt from matured government security	(10,737,000)	(94,592,000)	(87,272,622)
Interest earned during the period	23,318,106	29,895,236	36,994,113
Interest received during the period	(23,171,480)	(27,187,847)	(39,350,997)
As at 30 June	180,059,133	190,649,507	282,534,118
The maturity analysis of treasury bonds is as follows			
Maturing within 12 months	44,222,050	11,030,747	94,485,843
Maturing after one year but within 2 years	28,583,953	54,531,293	10,854,157
Maturing after 2 years but within 5 years	30,940,922	42,286,447	70,413,142
Maturing after 5 years but within 10 years	37,010,527	42,135,226	30,740,292
Maturing after 10 years	39,301,681	40,665,794	76,040,684
	180,059,133	190,649,507	282,534,118

13. INVESTMENT IN CORPORATE BOND

Tanzania Mortgage Refinance Company Limited (TMRC)	-	-	1,003,837
	-	-	1,003,837
Movement during the year			
Cost of Bond	-	-	1,000,000
Amortized cost	-	-	3,837
	-	-	1,003,837
The maturity analysis of Corporate bonds is as follows;			
Maturing within 12 months	-	-	1,003,837
Maturing after one year but within 2 years	-	-	-
Maturing after 2 years but within 5 years	-	-	-
Total	-	-	1,003,837

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

13. INVESTMENT IN CORPORATE BOND (CONTINUED)

The Fund acquired corporate bonds issued by Tanzania Mortgage Refinance Company Limited (TMRC), at 11.79% interest per annum. The investment matured on 30 June 2023 and the total amount received.

14(a) INSURANCE CONTRACT ASSETS

The breakdown of groups of insurance contracts issued, that are in an asset position and those in a liability position is set out in the table below.

Insurance contracts	
2023/24 TZS'000	TZS'000
Public Employees (Inc Councilors)	22,180,220
Total insurance contracts issued	22,180,220

Insurance contracts	
2022/23 TZS'000	
Public Employees (Inc Councilors)	-
Total insurance contracts issued	-

Insurance contracts	
2022	
Public Employees (Inc Councilors)	-
Total insurance contracts issued	-

14(b) INSURANCE CONTRACT LIABILITIES

Insurance contracts	
2023/24 TZS'000	
Public Employees (Inc Councilors)	-
Private Employees	20,939,487
Student insurance	27,743,603
Health Insurance bundles	73,238,831
Special group	18,196,168
Toto Afya	10,817,465
Others	1,724,416
Total insurance contracts issued	152,659,970

Insurance contracts	
2022/23 TZS'000	
Public Employees (Inc Councilors)	123,571,748
Private Employees	39,845,052
Student insurance	28,398,856
Health Insurance bundles	37,711,799
Special group	12,900,689
Toto Afya	19,283,002
Others	2,496,411
Total insurance contracts issued	264,207,557

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

14(b) INSURANCE CONTRACT LIABILITIES (CONTINUED)

Insurance contracts 2021/22 TZS'000	Net
Public Employees (Inc Councilors)	75,716,829
Private Employees	24,517,614
Student insurance	18,965,567
Health Insurance bundles	21,684,265
Special group	7,040,060
Toto Afya	16,362,874
Others	2,457,816
Total insurance contracts issued	166,745,025

*More details are shown in note 39

14(c) OTHER RECEIVABLES

	2023/24 TZS '000	2022/23 TZS '000	2021/22 TZS '000
Staff advances	45,622	42,179	189,383
Prepayments	1,250,744	907,258	1,543,940
Tumaini la Mama Project	2,119,108	2,119,108	2,231,088
Withholding tax receivable	864,822	634,487	1,618,699
Fraud recovery	3,226,684	4,498,193	2,526,078
Claims verification receivable	771,292	580,315	1,075,411
Rent receivables	316,925	484,630	766,951
Supplementary receivable*	16,824,096	8,886,469	6,865,197
Other debtors	166,207	571,511	96,117
Dividend receivables	1,017,675	-	36,754
Claims advances	45,465	79,049	21,936,116
	26,648,640	18,803,199	38,885,734
Less: Bad debt provision- Tumaini la Mama Project	(2,119,108)	(2,119,108)	(2,231,088)
Total accrual and other receivables	24,529,532	16,684,091	36,654,646

* This is a receivable from customers who received non-standard services that are not covered by NHIF.

14(d) Receipts from insurance contracts

Receipts from insurance contracts during the period	2023/24 TZS '000	2022/23 TZS '000
Contribution receivable as at 1 July	42,569,536	50,845,093
Contribution invoices issued during the year	698,323,086	633,508,831
Contribution receivable as at 30 June	(73,370,716)	(42,569,536)
Receipts from insurance contracts during the period	667,521,906	641,784,388

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

15. LOANS RECEIVABLE

(i) LOAN TO THE GOVERNMENT INSTITUTION*

	2023/24 TZS '000	2022/23 TZS '000	2021/22 TZS '000
Current			
Ministry of Home affairs	45,445,479	45,445,479	45,445,479
Benjamin Mkapa Hospital	129,351,401	129,351,401	129,351,401
Muhimbili Orthopedic Institute	16,190,057	16,190,057	18,164,741
National Identification Authority	17,329,681	17,329,681	17,329,681
	208,316,618	208,316,618	210,291,302
Less: allowance for doubtful penalty receivable*	(28,283,593)	(28,283,593)	(4,830,000)
Net Government Loans	180,033,025	180,033,025	205,461,302

* This relates to interest on loan to Government Institutions amounting to TZS 28.28 billion that was not confirmed as receivable, hence impaired (2023: TZS 28.28 billion).

	2023/24 TZS '000	2022/23 TZS '000	2021/22 TZS '000
(ii) LOAN TO HEALTH FACILITIES			
Current			
Medical equipment loans	3,767,323	4,407,133	1,811,408
Facility improvements loans	2,345,159	2,465,960	2,467,127
	6,112,482	6,873,093	4,278,535
Non- current			
Medical equipment loans	2,497,702	3,505,741	423,956
Facility improvements loans	15,375,915	17,063,332	17,867,890
	17,873,617	20,569,073	18,291,846
Total facilities loans	23,986,099	27,442,166	22,570,381

The loans given to Government Institutions are guaranteed and supposed to be repaid by the Government through the Ministry of Finance and Planning. The interest rate ranges from 13.5% to 14.5%. The government through the Ministry of Finance promised to repay these loans in the financial year ending 30 June 2025. Hence classified as current asset in the statement of financial position.

Medical equipment and facility improvement loans were given to the various accredited health providers buying various equipment and improving the health centres for better health services. The loans have interest rates ranging from 8% - 10%. The guarantee for these loans is the equipment bought or improved facility. The loans are repayable through the agreed amount which is deducted on monthly basis through the benefit payables (claims) submitted by the accredited health provider.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

16. OTHER LOANS RECEIVABLE (CONTINUED)

	2023/24 TZS '000	2022/23 TZS '000	2021/22 TZS '000
Staff loan	34,409,122	44,096,676	40,971,661
Less: Expected Credit loss provision	(3,059,873)	(3,581,373)	(2,121,412)
	31,349,249	40,515,303	38,850,249
Classification of other loan receivable:			
Receivable within 12 months	7,749,364	9,155,963	9,630,492
Receivable in more than 12 months	23,599,885	31,359,340	29,219,757
	31,349,249	40,515,303	38,850,249
Movement of other loans receivables			
At 1 July	44,096,677	40,971,661	38,517,323
Loans disbursed during the year	-	14,223,822	11,331,421
Accrued interest	-	425,712	-
Loans repaid during the year	(9,687,555)	(11,524,519)	(8,877,083)
	34,409,122	44,096,676	40,971,661
Less: Expected credit loss provision	(3,059,873)	(3,581,373)	(2,121,412)
	31,349,249	40,515,303	38,850,249

Types of loans issued to staff are housing loans, transport facility loans, training loans, ICT loans, domestic appliance loans and salary advance. The interest rate for all types of loans mentioned, except training loans, is 3% which is payable on monthly basis.

Housing loans and transport facility loans are limited to TZS 150,000,000. ICT Loans and Domestic appliance loans are limited to four times the basic salary, training loans is limited to cost associated with particular training, and salary advance is limited to three times the basic salary and should be paid within the Financial Year.

Regardless of the number of loans staff has, one third of the staff salary must be retained. The repayment period for housing loans is ten (10) years, ICT loans and Domestic appliance loans is three (3) years, Transport facility loans is six (6) years and training loans is six (6) years. Securities for staff housing loans are title deed and securities for transport loans are vehicles registration cards. NHIF SACCOS is an independent arrangement of the Fund to assist members. The membership to the SACCOS is not mandatory. SACCOS may request loans from the Fund for servicing credits to its members, where the Fund earn principle plus interest from loans issued to NHIF SACCOS.

The carrying values of these loans receivable from Staff are reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

17. INVENTORY

	2023/24	2022/23	2021/22
Item	TZS'000	TZS'000	TZS'000
Stationery	225,034	229,892	255,088
Cleaning& Sanitation Materials	-	-	563
Printed Matters	305,297	459,598	924,133
ICT Consumables	4,353,222	510,429	3,737,529
Other Consumables	292	439	14,483
Total Inventory	4,883,845	1,200,358	4,931,796

Total inventories (consumables) amounting to TZS 92.47 million (2023: TZS 4.48 billion) were expensed during the period.

18. INVESTMENT PROPERTY

	2023/24	2022/23	2021/22
Cost	TZS'000	TZS'000	TZS'000
At 01 July	472,313	472,313	745,287
Additions	-	-	-
Reclassification	-	-	(272,974)
At end of the period	472,313	472,313	472,313

Depreciation

At 01 July	50,324	40,259	30,194
Charge for the year	10,062	10,065	10,065
At end of the period	60,386	50,324	40,259
Carrying amount			
At 30 June	411,927	421,989	432,054

19. INTANGIBLE ASSETS

	2023/24	2022/23	2021/22
	TZS '000	TZS '000	TZS '000
Cost			
At start of year	2,082,130	2,082,130	2,082,130
Disposal	(337,134)	-	-
At end of year	1,744,996	2,082,130	2,082,130
Amortization			
At start of year	2,052,419	2,052,419	2,052,419
Charge for the year	-	-	-
Elimination from disposal	(337,134)	-	-
At end of year	1,715,285	2,052,419	2,052,419
Carrying amount at 30 June	29,711	29,711	29,711

The intangible assets disclosed above is the residual value of computer software. During the period under review, TZS 337.13 million was eliminated as accumulated amortization.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

20. LEASES

(a) Right of use assets

	2023/24	2022/23	2021/22
Cost	TZS' 000	TZS' 000	TZS' 000
As at 1 Jul	6,675,424	4,945,412	4,586,557
Re-measurement	-	(64,902)	(23,270)
Addition	223,230	1,794,914	382,125
As the end of the period	6,898,654	6,675,424	4,945,412
Accumulated depreciation			
As at 1 Jul	4,592,359	3,495,987	2,261,948
Re-measurement	-	-	8,037
Depreciation charge	1,062,523	1,096,372	1,226,002
As the end of the period	5,654,882	4,592,359	3,495,987
Carrying amount at 30 June	1,243,772	2,083,065	1,449,425

(b) Lease liability

Lease Liability			
As at 1 Jul	2,266,147	1,837,429	2,297,730
Re-measurement	1,248	(309,079)	(28,930)
Addition	204,752	1,794,914	382,125
Repayments	(1,240,868)	(1,246,241)	(1,041,953)
Finance cost	257,680	189,124	228,458
As at 30 June	1,488,959	2,266,147	1,837,430
Payments in the next 12 months	1,036,046	1,246,241	1,041,953
Payments in more than 12 months	452,913	1,019,906	795,477
	1,488,959	2,266,147	1,837,430

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

21. PROPERTY, PLANT AND EQUIPMENT

Cost	Land TZS'000	Buildings* TZS'000	Motor vehicles TZS'000	Furniture and fittings TZS'000	Office and computer equipment TZS'000	Work in progress TZS'000	Total TZS'000
At 01 July 2021 as restated	9,267,015	30,067,418	9,932,374	4,356,537	13,281,995	4,224,052	71,129,391
Write off	-	-	-	-	-	(602,448)	(602,448)
Additions	-	96,819	-	139,103	844,829	-	1,080,751
Disposal	-	-	(434,287)	-	-	-	(434,287)
At 30 June 2022	9,267,015	30,164,237	9,498,087	4,495,640	14,126,824	3,621,604	71,173,407
Depreciation							
At 01 July 2021 as restated	-	3,178,473	5,129,347	2,012,215	6,451,253	-	16,771,288
Reinstatement	-	-	-	26,806	682,878	-	709,684
Charge for the year	-	603,669	462,921	402,846	741,340	-	2,210,776
Restatement adjustment**	-	19,429	594,798	-	-	-	614,227
Eliminated on disposal	-	-	(434,287)	-	-	-	(434,287)
At 30 June 2022	-	3,801,571	5,752,779	2,441,867	7,875,471	-	19,871,688
Carrying amount at 30 June 2022	9,267,015	26,362,666	3,745,308	2,053,773	6,251,353	3,621,604	51,301,719
Cost							
At 01 July 2022 as restated	9,267,015	30,164,237	9,498,087	4,495,640	14,126,824	3,621,604	71,173,407
Additions	-	37,873	1,095,438	251,096	2,064,078	-	3,448,485
Disposal	-	-	-	-	(1,146)	-	(1,146)
At 30 June 2023	9,267,015	30,202,110	10,593,525	4,746,736	16,189,756	3,621,604	74,620,746
Depreciation							
At 01 July 2022 as restated	-	3,801,571	5,752,779	2,441,867	7,875,471	-	19,871,688
Charge for the year	-	623,893	1,103,873	485,959	1,573,393	-	3,787,118
Eliminated on disposal	-	-	-	-	(1,123)	-	(1,123)
At 30 June 2023	-	4,425,464	6,856,652	2,927,826	9,447,741	-	23,657,683
Carrying amount at 30 June 2023	9,267,015	25,776,646	3,736,873	1,818,910	6,742,015	3,621,604	50,963,063

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

21. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Cost	Land TZS'000	Buildings* TZS'000	Motor vehicles TZS'000	Furniture and fittings TZS'000	Office and computer equipment TZS'000	Work in progress TZS'000	Total TZS'000
At 01 July 2023	9,267,015	30,202,110	10,593,525	4,746,736	16,189,756	3,621,604	74,620,746
Additions	-	624,394	258,657	156,255	150,865	-	1,190,171
Disposal	-	-	-	-	(13,181)	-	(13,181)
At 30 June 2024	9,267,015	30,826,504	10,852,182	4,902,991	16,327,440	3,621,604	75,797,736
Depreciation							
At 01 July 2023	-	4,425,464	6,856,652	2,927,826	9,447,741	-	23,657,683
Charge for the year	-	637,748	1,235,136	389,207	2,179,105	-	4,441,196
Eliminated on disposal	-	-	-	-	(10,156)	-	(10,156)
At 30 June 2024	-	5,063,212	8,091,788	3,317,033	11,616,690	-	28,088,723
Carrying amount							
At 30 June 2024	9,267,015	25,763,292	2,760,394	1,585,958	4,710,750	3,621,604	47,709,013

*Part of these buildings were leased to various customers. During the year, the Fund earned a rental income amounting to TZS 1.62 billion (30 June 2023: TZS 1.87 billion). The buildings did not meet the requirement of IAS 40 to be reclassified as investment property.

There was disposal of Property and Equipment's for the year under review amounting TZS 13.18 million, (30 June 2023: TZS 1.15 million). No cash receipts on disposed office equipment (2023: TZS 5.28 million for disposed of office equipment). During the year under review, there was no property and equipment, which is still in use with fully depreciated gross carrying amount. In addition, there was no any property and equipment retired from active use and not classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

22. (a) INSURANCE SERVICE EXPENSES

2023/24 TZS'000	Public Employees (Inc Councilors)	Private Employees	Student insurance	Health Insurance bundles	Special group	Toto Afya	Others	Total
Incurred claims and other expenses	(343,328,530)	(67,992,298)	(27,121,322)	(28,545,728)	(10,226,715)	(15,260,519)	(2,900,455)	(495,375,567)
Gain/(Losses) on onerous contracts and reversals of those losses	61,953,499	-	-	-	-	(2,624,259)	16,328	59,345,568
Amortisation of insurance acquisition cash flows	-	-	-	-	-	-	-	-
Changes to liabilities for incurred claims	(119,827,994)	(22,726,427)	(8,303,071)	(11,029,693)	(4,873,897)	(2,229,571)	(577,444)	(169,568,097)
Total	(401,203,025)	(90,718,725)	(35,424,393)	(39,575,421)	(15,100,612)	(20,114,349)	(3,461,571)	(605,598,096)
2022/23 TZS'000	Public Employees (Inc Councilors)	Private Employees	Student insurance	Health Insurance bundles	Special group	Toto Afya	Others	Total
Incurred claims and other expenses	(348,525,105)	(71,172,522)	(25,719,975)	(23,658,203)	(9,138,075)	(31,351,908)	(4,862,387)	(514,428,175)
Losses on onerous contracts and reversals of those losses	(58,893,157)	-	-	-	-	-	(16,328)	(58,909,485)
Amortisation of insurance acquisition cash flows	-	-	-	-	-	-	-	-
Changes to liabilities for incurred claims	(133,738,556)	(26,409,327)	(9,334,740)	(9,809,584)	(4,785,586)	(12,167,013)	(2,105,044)	(198,349,850)
Total	(541,156,818)	(97,581,849)	(35,054,715)	(33,467,787)	(13,923,661)	(43,518,921)	(6,983,759)	(771,687,510)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

22 (b) IMPACT ASSESSMENT ON INSURANCE SERVICE EXPENSES

Amount in TZS	2021/22		2022/23		2023/24	
	Before IFRS 17	After IFRS 17	Before IFRS 17	After IFRS 17	Before IFRS 17	After IFRS 17
Benefit expenses	674,254,930	569,842,806	743,277,534	651,669,610	643,146,694	582,081,219
Fulfilment expenses	10,908,203	76,994,718	10,216,433	60,683,384	11,033,918	83,401,655
Risk adjustments	-	3,033,405	-	425,031	-	(539,209)
Losses on onerous contracts and reversals of those losses	-	3,060,342	-	58,909,485	-	(59,345,569)
Insurance service expenses	685,163,133	652,931,271	753,493,967	771,687,510	654,180,612	605,598,096
Payment to health facilities	2023/24		2022/23		TZS' 000	
Benefit payables balance as at 1 July	TZS' 000		TZS' 000		TZS' 000	
	244,501,111		218,002,453			
Benefit expense during the year	643,146,694		743,277,534			
Benefit payables as at 30 June	(171,245,549)		(244,501,111)			
Benefit paid during the year	716,402,256		716,778,876			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

22 (c) ACCRUALS AND OTHER PAYABLES

	2023/24	2022/23	2021/22
Account Description	TZS' 000	TZS' 000	TZS' 000
Other creditors	1,286,122	969,349	1,946,855
Creditors - Goods & Services	1,630,572	3,880,729	2,706,433
Creditors - Benefit payable retiree and supplementary	33,154,590	40,470,456	39,566,872
WCF Claims Deposit	150,000	-	-
Accruals - Admin Expenditure	549,000	603,695	2,474,029
Fraud Creditors	58,776	413,283	58,776
Supplementary contributions payable	1,948,033	2,555,392	1,526,265
VAT PAYABLE	32,571	7,938	193,783
Insurance premium on Staff Loans	-	-	44,167
Tax liability - Audit	37,418,936	43,418,936	48,918,936
Public Service Social Security Fund (PSSSF)	-	-	418
PAYE - Payroll only	923,300	870,087	-
TUGHE Rambirambi Contribution	40	23,960	12,640
MSD medical deductions payable	216,024	-	-
Tax benefit in kind (Loan tax)	3,518	-	3,476
Skills Development Levy (SDL)	133,382	149,480	-
Rent Deposit (Received in Advance)	210,305	120,959	210,760
PAYE (Pay As You Earn)	96,605	-	11,548
Withholding Tax - Payable	15,977	16,007	-
Suppliers Retention Money	143,929	368,500	370,583
Staff Creditors	5,755	11,845	-
Higher Education Students Loan Board (HESLB)	-	17,780	-
Gratuity Payable	-	-	45,225
Staff External Loans Payable	-	-	1,895
Total	77,977,435	93,898,395	98,092,661

23 (a). DEFERRED REVENUE (GRANT)

	2023/24	2022/23	2021/22
	TZS' 000	TZS' 000	TZS' 000
Balance as of 1 July	19,125	25,250	31,375
Amortized amount during the period	(6,125)	(6,125)	(6,125)
Balance at the end of the period	13,000	19,125	25,250

Deferred revenue relates to a motor vehicle received as a grant in FY 2020/21 with a net amount to TZS 31.38 million. The motor vehicle is being amortised over a period of 5 years.

23 (b) CHF MATCHING FUND PAYABLES

	2023/24	2022/23	2021/22
	TZS'000	TZS'000	TZS'000
At 1 July	-	298,646	298,882
Bank charges	-	(31)	(236)
Transferred to other income	-	(298,615)	-
At 30 June	-	-	298,646

Community Health Fund (CHF) relate to the remaining balance of the amount received from members of CHF in prior years. The balance was transferred to other income in year 2022/23. The Memorandum of Understanding expired in 2018 and NHIF remained with the role of providing technical support.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

24. DEFINED BENEFIT OBLIGATION

The movement in the Fund retirement benefit obligation is as follow:

	2023/24 TZS' 000	2022/23 TZS' 000	2021/22 TZS' 000
Opening balance 1st July	3,912,290	22,777,000	18,172,000
Interest cost	602,000	2,902,145	2,198,812
Past service cost	(1,870,000)	(19,452,000)	1,186,000
Service cost	28,000	1,333,000	1,332,702
Included in OCI:			
Benefit paid during the period	(247,135)	(131,000)	(112,514)
Actuarial gain	(1,301,000)	(3,516,855)	-
At end of the period	1,124,155	3,912,290	22,777,000

The value in the period under review has reduced to TZS 1.12 billion from the TZS 3.91 billion as a result of terminal benefits paid to leavers.

For the period ended 30 June 2023 the value has significantly reduced from TZS.22.78 billion recorded for the period ended 30 June 2022 due to abolishment of two key benefits that were based on an employee's services (Severance pay of one month's salary for each year of service and gratuity of 5% of annual salary for each year of service).

Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

- Discount rate of 13.1% (2022:12.10%) per annum;
- Future salary growth 10.00% (2022:10.00%) per annum;
- Future inflation rate 5.00% (2022: 5.00%) per annum; and
- Retirement age 60 years (2022: 60 years)

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Current discount rate at 13.1% and inflation rate 5.00% per annum TZS'000 2023/2024	Discount rate less 1% at 12.1% and inflation rate at 4.00% per annum TZS'000 2022/2023
Present value of obligation	3,671,290	3,524,938
Movement in actuarial reserves:		
At 1 July	5,866,837	3,405,039
Actuarial gain during the year	1,301,000	3,516,855
Deferred tax at 30%	-	(1,055,057)
Reversal of deferred tax	2,514,359	-
	9,682,196	5,866,837

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

25. CURRENT TAX ASSET

	2023/24	2022/23	2021/22
	TZS 000	TZS 000	TZS 000
At 1 July	4,974,457	4,004,252	(4,069,251)
Prior year adjustment	(260,637)	-	-
Tax paid	619,362	12,000,000	23,986,576
Withholding tax paid	738,382	3,325,816	1,713,487
Current tax expense	(597,158)	(14,355,611)	(17,626,560)
At the end of the period	5,474,406	4,974,457	4,004,252

26. DEFERRED TAX (ASSET)/LIABILITY

Deferred income taxes are calculated on all temporary differences under the liability/asset method using the enacted tax rate of 30%. The net deferred tax liability/ (asset) is attributable to the following:

	2023/24	2022/23	2021/22
	TZS' 000	TZS' 000	TZS' 000
Accelerated capital allowances	10,547	118,526	1,146,344
Provisions	(9,354,925)	(12,021,872)	(12,685,311)
IFRS 16- Leases liability	(130,228)	(130,228)	(71,002)
Defined benefit reserve	-	(5,844,651)	(6,899,708)
Revaluation gain/loss	-	18,094,932	18,073,399
	(9,474,606)	216,707	(436,278)

The movement in the deferred tax account during the year is as follows:

	Opening balance	Recognized in P&L	Recognized in OCI	Closing balance
	TZS '000	TZS '000	TZS '000	TZS '000
30-Jun-24				
Accelerated capital allowances	118,526	(107,979)	-	10,547
Provisions	(12,021,872)	2,666,947	-	(9,354,925)
IFRS 16- Leases liability	(130,228)	-	-	(130,228)
Defined benefit reserve	(5,844,651)	8,359,011	(2,514,359)	-
Revaluation gain/(loss)	18,094,932	-	(18,094,932)	-
	216,707	10,917,979	(20,609,291)	(9,474,606)
30-Jun-23				
Accelerated capital allowances	1,146,344	(1,027,818)	-	118,526
Provisions	(12,685,311)	663,439	-	(12,021,872)
IFRS 16- Leases liability	(71,002)	(59,226)	-	(130,228)
Defined benefit reserve	(6,899,708)	-	1,055,057	(5,844,651)
Revaluation gain	18,073,399	-	21,533	18,094,932
	(436,278)	(423,605)	1,076,590	216,707
30-Jun-22				
Accelerated capital allowances	887,765	258,579	-	1,146,344
Provisions	(10,976,951)	(1,708,360)	-	(12,685,311)
IFRS 16- Leases liability	52,751	(123,753)	-	(71,002)
Defined benefit reserve	(5,451,599)	(1,048,298)	(399,811)	(6,899,708)
Revaluation gain	17,464,337	-	609,062	18,073,399
	1,976,303	(2,621,832)	209,251	(436,278)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

27. INSURANCE REVENUE

	2023/24 TZS' 000	2022/23 TZS' 000
Public Employees (Inc Councillors)	545,995,263	496,492,759
Private Employees	96,322,250	84,791,242
Student insurance	15,377,065	9,336,590
Health Insurance bundles	28,241,259	17,258,456
Special group	11,444,761	18,267,328
Toto Afya	2,624,259	6,191,356
Others	101,942	1,171,100
Total	700,106,799	633,508,831

28. RETIREE CLAIMS EXPENSES

	2023/24 TZS' 000	2022/23 TZS' 000
Retiree claims	85,747,034	91,014,678

29. DIVIDEND INCOME

	2023/24 TZS' 000	2022/23 TZS' 000
Tanzania Breweries Limited	2,606,797	1,407,767
Watumishi Housing Scheme-Units	107,744	-
NMB Plc	310,956	246,446
CRDB Plc	1,602,002	1,441,802
Twiga Cement Limited	98,679	98,679
Azania Bank Ltd	1,017,675	487,487
Vodacom Tanzania Plc	233,576	-
	5,977,429	3,682,181
*Total dividend received during the year	4,959,755	3,682,181

30(a). INTEREST INCOME

	2023/24 TZS' 000	2022/23 TZS' 000
Government securities	23,318,106	29,895,236
Fixed and call deposits	18,936,689	22,360,348
Loans to health facilities	994,234	634,357
Other interest income	-	539,777
	43,249,029	53,429,718

30(b). RENTAL INCOME

	2023/24 TZS' 000	2022/23 TZS' 000
Rental on buildings	1,618,636	1,866,491

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

31. OTHER EXPENSES

2023/24 TZS'000

Description	Amount	Direct Insurance Costs	Indirect Insurance Costs	Other Expenses	Net impairment gain/(loss) on financial assets
Agency fees - Brokerage Fees/Commissions	451,434	-	-	451,434	-
Printing and Photocopying Costs-Member Service (MS)	688,673	688,673	-	-	-
Diesel MS Only	1,155,275	1,155,275	-	-	-
Consumable Medical Supplies	25,497	25,497	-	-	-
Air Travel Tickets-Foreign MS	21,935	21,935	-	-	-
Air Travel Tickets - MS Only	160,368	160,368	-	-	-
Ground travel (bus, railway tax, etc.) - Member Service (MS)	20,598	20,598	-	-	-
Per Diem - Domestic - MS	9,579,539	9,579,539	-	-	-
Per Diem - Foreign MS	45,464	45,464	-	-	-
Advertising and Publication	36,426	36,426	-	-	-
Telephone and mobile Charges	306,355	306,355	-	-	-
Publicity	274,737	274,737	-	-	-
Exhibition, Festivals and Celebrations	143,472	143,472	-	-	-
Food and refreshment - MS	122,922	122,922	-	-	-
Outsource Maintenance Contract Services - MS	270,374	270,374	-	-	-
Motor Vehicles and Water Craft MS	724,937	724,937	-	-	-
Temporary staff	1,723,064	1,723,064	-	-	-
Extra-Duty	1,527,522	1,199,850	302,881	24,791	-
Conference Facilities	138,978	63,973	69,330	5,675	-
Internet and email connections	1,043,719	61,574	903,573	78,572	-
Direct Labour (contracted or casual hire)	45,396	25,547	18,347	1,502	-
Basic Salary	29,535,104	17,247,459	11,357,997	929,648	-
Acting Allowance	387,304	30,103	330,175	27,026	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

31. OTHER EXPENSES (CONTINUED)

2023/24 TZS'000

Description	Amount	Direct Insurance Costs	Indirect Insurance Costs	Other Expenses	Net impairment gain/(loss) on financial assets
Special Allowance	96,400	650	88,506	7,244	-
Housing allowance	8,597,425	5,095,383	3,237,087	264,955	-
Transport Allowance	3,808,976	2,118,775	1,562,325	127,876	-
Skills & Development Levy	1,492,864	858,938	585,965	47,961	-
Public Service Pension Fund (PSSSF)	4,365,984	2,560,667	1,668,732	136,585	-
National Health Insurance Schemes (NHIF)	878,190	512,129	338,366	27,695	-
ZSSF Contribution	3,071	-	2,839	232	-
Workers' compensation fund (WCF)	213,272	122,705	83,715	6,852	-
Utility allowance	324,200	45,550	257,568	21,082	-
Outfit Allowance	3,500	-	3,235	265	-
Leave Travel	2,089,455	-	1,922,299	167,156	-
Sitting Allowance	117,533	-	108,641	8,892	-
Field (Practical Allowance)	89,488	-	82,718	6,770	-
Moving Expenses - Staff transfer	644,099	-	595,368	48,731	-
Honoraria	58,500	-	54,074	4,426	-
Non payroll Skills development Levy	136,023	-	125,732	10,291	-
Furniture Grant	44,000	-	-	44,000	-
Office Consumables (papers, pencils, pens and stationaries)	181,434	-	167,707	13,727	-
Computer Supplies and Accessories	2,123,651	-	1,962,982	160,669	-
Printing and Photocopying Costs - Admin	98,295	-	90,858	7,437	-
Outsourcing Costs - cleaning services)	188,248	-	174,006	14,242	-
Outsourcing Costs - security services)	342,034	-	316,157	25,877	-
Electricity	367,145	-	339,368	27,777	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

31. OTHER EXPENSES (CONTINUED)

2023/24 TZS'000

Description	Amount	Direct Insurance Costs	Indirect Insurance Costs	Other Expenses	Net impairment gain/(loss) on financial assets
Water Charges	7,463	-	6,898	565	-
Petrol	16,080	-	14,863	1,217	-
Diesel - Admin Only	228,431	-	211,149	17,282	-
Uniforms and Ceremonial Dresses	63,163	-	58,384	4,779	-
Service charge only	259,009	-	238,288	20,721	-
Furniture and Appliances (R & M)	9,785	-	9,045	740	-
Tuition Fees	91,645	-	84,711	6,934	-
Remuneration of Instructors	13,200	-	12,201	999	-
Training Allowances	69,463	-	64,208	5,255	-
Training Materials	12,580	-	11,628	952	-
Air Travel Tickets - Admin only	144,856	-	133,897	10,959	-
Ground travel (bus, railway taxi, etc.) - Admin	84,728	-	78,318	6,410	-
Per Diem - Domestic - Admin	1,945,095	-	1,797,935	147,160	-
Per Diem - Foreign Admin	4,080	-	3,771	309	-
Visa Application Fees	554	-	512	42	-
Courier Services- postage	48,274	-	44,622	3,652	-
Subscription Fees - TV	11,551	-	10,677	874	-
Sporting Supplies	13,850	-	12,802	1,048	-
Food and Refreshments - Admin	849,237	-	784,986	64,251	-
Entertainment	14,000	-	12,941	1,059	-
Gifts, Prizes and Donations	184,035	-	170,111	13,924	-
Plumbing supplies and Fixtures	7,415	-	6,854	561	-
Electrical and other cabling Materials	23,844	-	22,040	1,804	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

31. OTHER EXPENSES (CONTINUED)

2023/24 TZS'000

Description	Amount	Direct Insurance Costs	Indirect Insurance Costs	Other Expenses	Net impairment gain/(loss) on financial assets
Motor Vehicles and Water Craft - admin	31,359	-	28,986	2,373	-
Tyres and Batteries	197,123	-	182,209	14,914	-
Small tools and equipment - R & M - Office Equipment	38,929	-	35,984	2,945	-
Computers, printers, scanners, and other computer related equipment - Maintenance	3,275	-	3,027	248	-
Fire protection Equipment and Services	3,805	-	3,517	288	-
Fumigation	10,734	-	9,922	812	-
Audit fees	548,451	-	506,957	41,494	-
Consultancy Costs-Admin	566,183	-	523,347	42,836	-
Audit supervision expenses	45,007	-	41,602	3,405	-
Bank Charges	83,076	-	76,791	6,285	-
Board of Directors fee	93,529	-	86,453	7,076	-
Taxes Levied by another Level of Government	82,771	-	76,509	6,262	-
Insurance Expenses	276,575	-	252,469	24,106	-
Burial Expenses	69,842	-	-	69,842	-
ICT Consumables	73,224	-	67,684	5,540	-
Staff Welfare	6,368	-	5,886	482	-
Tender Expenses	1,715	-	1,585	130	-
Subscriptions to professional boards	102,606	-	-	102,606	-
R & M - Office Buildings	(20,958)	-	(19,372)	(1,586)	-
R & M - Office Furniture & Fittings	8,886	-	8,214	672	-
Unclaimable VAT	2,081,268	-	-	2,081,268	-
Tax expense - Audit	13,364	-	-	13,364	-
Board of directors Expenses	275,976	-	255,096	20,880	-
Board members training	38,519	-	-	38,519	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

31. OTHER EXPENSES (CONTINUED)

2023/24 TZS'000

Description	Amount	Direct Insurance Costs	Indirect Insurance Costs	Other Expenses	Net impairment gain/(loss) on financial assets
Depreciation - Office Buildings	637,748	-	226,703	411,045	-
Depreciation - Motor Vehicles	1,235,136	-	1,141,689	93,447	-
Software and license Expenses	170,899	-	157,969	12,930	-
Depreciation - Office Equipment	1,623,765	-	1,500,916	122,849	-
Depreciation - Investment Properties	10,062	-	-	10,062	-
Occupational Safety Health Authority (OSHA) Fees	83,000	-	76,720	6,280	-
Stamp Duty Expenses	37,991	-	35,117	2,874	-
Staff - Settlement of Medical Treatment Claims	269,159	-	248,796	20,363	-
Loss on Disposal of PPE	3,022	-	-	3,022	-
Depreciation - Furniture & Fittings	389,206	-	359,760	29,446	-
Depreciation - Computers and Related Equipment's	555,339	-	513,324	42,015	-
Interest expense on lease	245,936	-	227,329	18,607	-
Recovery for provision for doubtful debts (ECL)	179,478	-	-	336,421	(156,943)
Defined Benefit Costs	(1,240,000)	-	-	(1,240,000)	-
Amortization of ROUA expense	1,062,523	-	982,136	80,387	-
Total	88,690,108	45,242,939	38,158,716	5,445,396	(156,943)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

31. OTHER EXPENSES (CONTINUED)

2022/23 TZS'000

Description	Amount	Direct Insurance Costs	Indirect Insurance Costs	Other Expenses	Net impairment gain/(loss) on financial assets
Printing and Photocopying Costs -MS	1,690,820	1,690,820	-	-	-
Diesel MS Only	760,623	760,623	-	-	-
Consumable Medical supplies	26,726	26,726	-	-	-
Ground ravel (bus, railway tax, e.t.c) - MS	36,583	36,583	-	-	-
Per Diem - Domestic - MS	5,605,637	5,605,637	-	-	-
Per Diem - Foreign					
Advertising and Publication	164,297	164,297	-	-	-
Publicity	231,660	231,660	-	-	-
Exhibition, Festivals and Celebrations	157,688	157,688	-	-	-
Motor Vehicles and Water Craft	99,032	99,032	-	-	-
Air Travel Tickets-foreign	606,544	606,544	-	-	-
Food and refreshment - MS	76,077	76,077	-	-	-
Air Travel Tickets - MS Only	124,848	124,848	-	-	-
Personnel Costs	59,304	59,304	-	-	-
Basic Salary	-	-	-	-	-
Acting Allowance	28,216,760	-	-	-	-
Special Allowance	231,137	-	-	-	-
Housing allowance	105,600	-	-	-	-
	8,184,983	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

31. OTHER EXPENSES (CONTINUED)

2022/23 TZS'000

Description	Amount	Direct Insurance Costs	Indirect Insurance Costs	Other Expenses	Net impairment gain/(loss) on financial assets
Transport Allowance	3,771,666	-	-	-	-
Skills & Development Levy	1,630,191	-	-	-	-
Non payroll Skills development Levy	154,082	-	-	-	-
Public Service Pension Fund (PSSSF)	4,173,016	-	-	-	-
National Health Insurance Schemes (NHIF)	838,710	-	-	-	-
ZSSF Contribution	3,004	-	-	-	-
Workers' compensation fund (WCF)	203,774	-	-	-	-
Utility allowance	349,100	-	-	-	-
Leave Travel	2,359,524	-	-	-	-
Settlement of Medical Treatment Claims - Staff	375,270	-	-	-	-
Total Personnel Costs	50,596,817	29,268,585	19,408,691	1,919,541	-
Defined Benefit Costs	(16,816,647)	-	(15,303,149)	(1,513,498)	-
Printing and Photocopying Costs - Admin	150,480	-	136,937	13,543	-
Field (Practical Allowance)	76,684	-	-	76,684	-
Moving Expenses - Staff transfer	424,908	-	386,666	38,242	-
Sitting Allowance	109,270	-	-	109,270	-
Extra-Duty	809,620	-	736,754	72,866	-
Internet and Email connections	1,596,726	-	1,453,021	143,705	-
Outsourcing Costs - security services)	399,096	-	363,177	35,919	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

31. OTHER EXPENSES (CONTINUED)

2022/23 TZS'000

Description	Amount	Direct Insurance Costs	Indirect Insurance Costs	Other Expenses	Net impairment gain/(loss) on financial assets
Per Diem - Domestic - Admin	4,345,347	4,345,347	-	-	-
Tuition fees - Foreign	15,645	-	-	15,645	-
Office Consumables (papers, pencils, pens and stationaries)	177,221	-	161,271	15,950	-
Computer Supplies and Accessories	3,381,128	-	2,693,507	687,621	-
Outsourcing Costs - cleaning services)	209,774	-	190,894	18,880	-
Electricity	363,944	-	331,189	32,755	-
Water Charges	6,205	-	5,647	558	-
Petrol	7,007	-	-	7,007	-
Uniforms and Ceremonial Dresses	51,305	-	-	51,305	-
Rent - Office Accommodation (service charge only)	192,629	-	175,292	17,337	-
Agency fees - Brokerage Fees/Commissions	385,049	-	-	385,049	-
Furniture and Appliances (R & M)	1,554	-	1,414	140	-
Conference Facilities	106,528	-	-	106,528	-
Tuition Fees	85,637	-	-	85,637	-
Remuneration of Instructors	44,360	-	-	44,360	-
Training Allowances	141,465	-	-	141,465	-
Training Materials	13,755	-	-	13,755	-
Tax expense - Audit	144,282	-	-	144,282	-
Air Travel Tickets - Admin only	172,109	172,109	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

31. OTHER EXPENSES (CONTINUED)

2022/23 TZS'000

Description	Amount	Direct Insurance Costs	Indirect Insurance Costs	Other Expenses	Net impairment gain/(loss) on financial assets
Courier Services- postage	313,151	-	284,967	28,184	-
Telephone and mobile charges	618,952	-	563,246	55,706	-
Subscription fees	92,157	-	-	92,157	-
Sporting Supplies	12,843	-	-	12,843	-
Food and Refreshments - Admin	710,897	710,897	-	-	-
Entertainment	17,500	-	-	17,500	-
Gifts, Prizes and Donations	118,679	-	-	118,679	-
Plumbing supplies and Fixtures	2,735	-	-	2,735	-
Electrical and other cabling Materials	6,224	-	5,664	560	-
Direct Labour (contracted or casual hire)	50,075	-	-	50,075	-
Outsource Maintenance Contract Services - MS	160,926	-	146,443	14,483	-
Tyres and Batteries	211,591	-	192,548	19,043	-
Small tools and equipment - R & M - Office Equipment	31,206	-	28,397	2,809	-
Computers, printers, scanners, and other computer related equipment - Maintenance	163,239	-	148,547	14,692	-
Fire protection Equipment and Services	4,617	-	-	4,617	-
Fumigation	8,194	-	-	8,194	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

31. OTHER EXPENSES (CONTINUED)

2022/23 TZS'000

Description	Amount	Direct Insurance Costs	Indirect Insurance Costs	Other Expenses	Net impairment gain/(loss) on financial assets
Audit fees	489,250	-	-	489,250	-
Consultancy Costs-Admin	82,628	-	-	82,628	-
Audit supervision expenses	213,090	-	-	213,090	-
Insurance Expenses	309,033	-	-	309,033	-
Burial Expenses	104,310	-	-	104,310	-
Software and license Expenses	807,579	-	734,897	72,682	-
Occupational Safety Health Authority (OSHA) Fees	1,867	-	-	1,867	-
Temporary staff	407,084	407,084	-	-	-
Staff Welfare	43,855	-	-	43,855	-
R & M - Office Buildings	21,901	-	19,930	1,971	-
R & M - Office Furniture & Fittings	39,415	-	35,868	3,547	-
Unclaimable VAT	1,352,617	-	-	1,352,617	-
Interest expense on lease	189,124	-	-	189,124	-
Tax-management car loan	211,031	-	-	211,031	-
Diesel - Admin Only	587,890	-	-	587,890	-
Ground travel (bus, railway taxi, etc.) - Admin	98,061	98,061	-	-	-
Bad Debts written-off	2,003,919	-	-	2,003,919	-
Provision for doubtful debts (ECL)	25,683,539	-	-	308,298	25,375,241
ICT Consumables	46,685	-	42,483	4,202	-
Recruitment Cost	29,425	-	-	29,425	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

31. OTHER EXPENSES (CONTINUED)

2022/23 TZS'000

Description	Amount	Direct Insurance Costs	Indirect Insurance Costs	Other Expenses	Net impairment gain/(loss) on financial assets
Subscriptions to professional boards	32,218	-	-	32,218	-
Stamp Duty Expenses	5,559	-	-	5,559	-
Board Meetings Expenses	130,578	-	-	130,578	-
Board of Directors fee	99,412	-	-	99,412	-
Board Members Training	32,608	-	-	32,608	-
Bank Charges and Commissions	82,324	-	-	82,324	-
Depreciation - Office Buildings	623,893	-	218,627	405,266	-
Depreciation - Motor Vehicles	1,103,874	-	1,004,525	99,349	-
Depreciation - Furniture & Fittings	485,959	-	442,223	43,736	-
Depreciation - Computers and Related	460,648	-	419,190	41,458	-
Depreciation - Investment Properties	10,065	-	-	10,065	-
Depreciation - Office Equipment	1,112,745	-	1,012,598	100,147	-
Amortization of ROUA	1,096,372	-	-	1,096,372	-
Furniture Grant	54,075	-	-	54,075	-
Taxes Levied by another Level of Government	18,799	-	-	18,799	-
Total	97,426,155	44,641,921	16,041,464	11,367,529	25,375,241

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

32. OTHER INCOME

	2023/24 TZS' 000	2022/23 TZS' 000
Accreditation fees	111,442	113,930
Amortization of motor vehicle grant*	6,125	6,125
Penalties on delayed contribution	40,496	17,751
Income from IDs replacement	1,722,080	1,011,281
Supplementary services income	4,420,349	2,540,393
Equipment loan application fees	1,120	1,040
Gain on disposal of items of property and equipment	-	5,258
Bad debts recovery- Tumaini la Mama project	-	111,980
CHF income	-	298,615
Foreign exchange gain*	708,187	128,605
Miscellaneous income	647	-
	7,010,446	4,234,978
Cash received	7,004,320	4,100,248

*Revenue grant amount was based on the amortization of the deferred revenue of Motor vehicle received as grant in 2021. The above cash received included in flows statement has excluded non-cash items i.e revenue grant an foreign exchange gain.

33. INCOME TAX EXPENSE

	2023/24 TZS' 000	2022/23 TZS' 000
Current tax expense	597,158	14,355,611
Deferred tax (credit)/charge - Note 26	10,917,979	(423,605)
	11,515,137	13,932,006

	2023/24 TZS '000	2022/23 TZS '000
Current tax expense		
Deficit before tax	61,328,756	(142,838,710)
Tax calculated at the rate of 30%	18,398,627	(42,851,613)
Tax effect on:		
Expenditure permanently disallowed	25,244,217	25,288,304
Members contribution income	(210,032,040)	(190,052,649)
Members benefits expenses	182,383,042	222,983,260
Final withholding payment	(738,382)	(3,325,816)
Over/under provision in prior year	(3,740,327)	1,890,520
	11,515,137	13,932,006

34. TERM DEPOSITS

	2023/24 TZS "000"	2022/23 TZS "000"
Term deposits received	273,000,000	229,424,133
Term deposits disbursed	(233,000,000)	(168,000,000)
Net receipt from term deposits	40,000,000	61,424,133

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

35. PAYMENT TO SUPPLIERS AND EMPLOYEES

	2023/24	2022/23
	TZS' 000	TZS' 000
Accrual balance as at 1 July	3,940,925	2,474,029
Other payables balance as at 1 July	93,898,396	95,618,632
Add: Expenses incurred during the year	-	-
Direct insurance Costs	45,242,939	44,641,921
Indirect insurance Costs	38,158,716	16,041,464
Other expenses	5,445,396	11,367,528
Net impairment gain/(loss) on financial assets	(156,943)	25,375,241
Less: Non-cash expenses		
Depreciation property & equipment	(4,441,196)	(3,797,183)
Depreciation investment property	(10,062)	(10,065)
Amortization of ROUA	(1,062,523)	(1,096,371)
Defined benefit costs	1,240,000	16,816,647
Impairment provision on ECL	(179,478)	(25,683,538)
Trade receivable write off	-	(2,003,919)
Audit fees - provision	-	(489,250)
Audit supervision - provision	-	(69,400)
Loss on disposal of PPE	(3,022)	-
Tax expense - audit	(13,364)	-
Less:		
Accrual and other payables balance as at 30 June	13,539,744	(3,940,925)
Other payables as at 30 June	(77,977,437)	(93,898,396)
Impact of other balances affecting expenses		
less: Prepayment balance as at 1 July	(907,258)	(1,543,940)
Add: Prepayment balance as at 30 June	1,250,744	907,257
Less: Inventory balance as at 1 July	(1,200,358)	(4,931,798)
Add: Inventory balance as at 30 June	4,883,845	1,200,358
Less: Advance to staff as at 1 July	(42,179)	(189,382)
Add: Advance to staff as at 30 June	45,622	42,179
(Decrease) or increase in other receivables balance as at 30 June	(573,009)	-
Add: Fraud and verification balance as at 30 June	3,997,976	5,078,509
Less: Fraud and verification balance as at 1 July	(5,078,509)	(3,601,489)
Increase/(decrease) of Claim advance, supplementary and other securities	7,904,045	(19,642,722)
	127,903,010	58,665,387

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

36. INTEREST RECEIVED

	2023/24 TZS'000"	2022/23 TZS'000"
Interest from treasury bond	23,318,106	29,895,236
Interest from fixed deposits	13,385,361	20,329,421
Interest from corporate bonds	-	114,063
Interest on service providers	994,235	540,535
Interest from call account	2,715,987	2,010,068
Interest from corporate body	-	114,063.00
	40,413,689	53,003,386

37. RELATED PARTY TRANSACTIONS

The Fund is controlled by the Government of the United Republic of Tanzania. The related parties to the Fund are the key management and the Board of Directors. The following are the related party transactions, which took place during the period under review:

	2023/24 TZS' 000	2022/23 TZS' 000
(a) Transactions with key management personnel		
Board of Directors fees	93,529	99,412
Key Management basic salary	4,253,310	4,016,430
Key Management allowances	2,323,962	2,009,983
	6,670,801	6,125,825
(b) Balances with key management personnel		
Loans to key management	2,458,997	4,181,000
Car loan tax benefit to key management	-	189,124
	2,458,997	4,370,124

Loans to key management comprises of housing loans, transport facility loans and educational loans. The housing and transport facility loans attract 3% interest while education loans is interest free. The maximum loans repayment period is 120 months. Tax benefit is paid by the Fund on behalf of the key management in respect of the motor car purchased.

38. COMPARATIVE FIGURES

Where necessary comparative figures have been reclassified and adjusted to conform to changes in presentation in the current period.

Adoption of IFRS 17 impacted presentation and disclosures of prior year's comparative figures. The line items affected in the financial statements includes contribution income which has renamed to insurance revenue, benefit expenses which has changed to insurance service

expenses, contribution receivables currently replaced by insurance contract assets, and benefit payables currently known as insurance contract liabilities.

Insurance service expenses include claims and other attributable expenses which previously reported under administrative expenses.

Retiree expenses is currently disclosed separately, previously were included in benefit expenses.

Administration expenses are currently distributed into attributable insurance expenses included under insurance service expenses and other expenses.

The table below shows comparative numbers affected by the changes brought by IFRS 17 application.

Table 16. IMPACT ON STATEMENT OF FINANCIAL POSITION ("000")

Amount in TZS	2021/22		2022/23		2023/24	
	Before IFRS17	After IFRS 17	Before IFRS17	After IFRS 17	Before IFRS17	After IFRS 17
Benefit payable	178,435,581	178,435,581	203,437,406	203,437,406	162,179,269	162,179,269
Risk adjustments	-	3,033,405	-	3,458,436	-	2,919,227
Losses on onerous contracts and reversals of those losses	-	3,060,342	-	61,969,827	-	2,624,259
Effect of discounting	-	-	-	-	-	-
Liability for incurred claims	178,435,581	184,529,328	203,437,406	268,865,669	162,179,269	167,722,755
Contribution receivables	(50,845,093)	(50,845,093)	(42,569,536)	(42,569,536)	(73,370,716)	(73,370,716)
Prepaid Income	33,060,790	33,060,790	37,911,425	37,911,425	36,127,711	36,127,711
Liability for remaining coverage	(17,784,303)	(17,784,303)	(4,658,111)	(4,658,111)	(37,243,005)	(37,243,005)
Insurance contract liabilities	160,651,278	166,745,025	198,779,295	264,207,558	124,936,264	130,479,750

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

38 COMPARATIVE FIGURES (CONTINUED)

Table 17. IMPACT ON STATEMENT OF SURPLUS OR DEFICIT ("000")

Amount in TZS	2021/22		2022/23		2023/24	
	Before IFRS17	After IFRS 17	Before IFRS17	After IFRS 17	Before IFRS17	After IFRS 17
Contribution income	552,580,226	552,580,226	633,508,831	633,508,831	700,106,799	700,106,799
Insurance revenue	552,580,226	552,580,226	633,508,831	633,508,831	700,106,799	700,106,799
Benefit expenses	674,254,930	569,842,806	743,277,534	651,669,610	643,146,694	582,081,218
Fulfilment expenses	10,908,203	76,994,718	10,216,433	60,683,384	11,033,918	83,401,655
Risk adjustments	-	3,033,405	-	425,031	-	(539,209)
Losses on onerous contracts and reversals of those losses	-	3,060,342	-	58,909,485	-	(59,345,568)
Effect of discounting	-	-	-	-	-	-
Insurance service expenses	685,163,133	652,931,271	753,493,967	771,687,510	654,180,612	605,598,096
Insurance service result	(132,582,907)	(100,351,045)	(119,985,136)	(138,178,679)	45,926,187	94,508,703

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS.

The Fund disaggregates information to provide disclosure in respect of major portfolios separately. This disaggregation has been determined based on how the insurance contracts are managed.

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for each insurance portfolio, is disclosed in the table below:

Insurance Contract Liabilities-Combined							
2023/24 TZS'000	Liabilities for remaining coverage		Liabilities for incurred claims			Total	
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment			
Insurance contract liabilities as at 01/07	(4,658,112)	61,969,827	203,437,406	3,458,436		264,207,557	
Insurance contract assets as at 01/07	-	-	-	-		-	
Net insurance contract (assets)/liabilities as at 01/01	(4,658,112)	61,969,827	203,437,406	3,458,436		264,207,557	
Insurance revenue	(700,106,799)	-	-	-		(700,106,799)	
Insurance service expenses:	495,375,568	(59,345,568)	170,107,306	(539,209)		605,598,097	
Incurred claims and other expenses	495,375,568	-	-	-		495,375,568	
Losses on onerous contracts and reversals of those losses	-	(59,345,568)	-	-		(59,345,568)	
Amortisation of insurance acquisition cash flows	-	-	-	-		-	
Changes to liabilities for incurred claims	-	-	170,107,306	(539,209)		169,568,097	
Insurance service result	(204,731,231)	(59,345,568)	170,107,306	(539,209)		(94,508,702)	
Insurance finance (income)/expenses	-	-	-	-		-	
Effect of movements in exchange rates	-	-	-	-		-	
Total changes in the statement of comprehensive income	(204,731,231)	(59,345,568)	170,107,306	(539,209)		(94,508,702)	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Insurance Contract Liabilities-Combined - Continued

2023/24 TZS'000

	Liabilities for remaining coverage	Liabilities for incurred claims	Estimates of the present value of future cash flows	Risk adjustment
Cash flows:				
Premiums received	667,521,906	-	-	667,521,906
Claims and other expenses paid	(495,375,568)	-	(211,365,443)	(706,741,011)
Insurance acquisition cash flows	-	-	-	-
Total cash flows	172,146,338	-	(211,365,443)	(39,219,105)
Net insurance contract (assets)/liabilities as at 30/6	(37,243,005)	2,624,259	162,179,269	2,919,227
Insurance contract liabilities as at 30/6	-	2,624,259	162,179,269	2,919,227
Insurance contract assets as at 30/6	(37,243,005)	-	-	(37,243,005)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Public Employees (Inc Councillors)
2023/24 TZS'000

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 01/07	(78,485,462)	61,953,499	137,761,761	2,341,950	123,571,748
Insurance contract assets as at 01/07	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	(78,485,462)	61,953,499	137,761,761	2,341,950	123,571,748
Insurance revenue	(545,995,263)	-	-	-	(545,995,263)
Insurance service expenses:	343,328,530	(61,953,499)	120,111,773	(283,779)	401,203,025
Incurred claims and other expenses	343,328,530	-	-	-	343,328,530
Losses on onerous contracts and reversals of those losses	-	(61,953,499)	-	-	(61,953,499)
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	120,111,773	(283,779)	119,827,994
Insurance service result	(202,666,733)	(61,953,499)	120,111,773	(283,779)	(144,792,238)
Insurance finance (income)/expenses	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	(202,666,733)	(61,953,499)	120,111,773	(283,779)	(144,792,238)
Cash flows:	-	-	-	-	-
Premiums received	485,899,518	-	-	-	485,899,518
Claims and other expenses paid	(343,328,530)	-	(143,530,718)	-	(486,859,248)
Insurance acquisition cash flows	-	-	-	-	-
Total cash flows	142,570,988	-	(143,530,718)	-	(99,730)
Net insurance contract (assets)/liabilities as at 30/6	(138,581,208)	-	114,342,817	2,058,171	(22,180,220)
Insurance contract liabilities as at 30/6	-	-	-	-	-
Insurance contract assets as at 30/6	(138,581,208)	-	114,342,817	2,058,171	(22,180,220)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Private Employees
2023/24 TZS'000

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 01/07	10,575,122	-	28,780,658	489,271	39,845,052
Insurance contract assets as at 01/07	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	10,575,122	-	28,780,658	489,271	39,845,052
Insurance revenue	(96,322,250)	-	-	-	(96,322,250)
Insurance service expenses:	67,992,298	-	22,802,460	(76,033)	90,718,725
Incurred claims and other expenses	67,992,298	-	-	-	67,992,298
Losses on onerous contracts and reversals of those losses	-	-	-	-	-
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	22,802,460	(76,033)	22,726,427
Insurance service result	(28,329,952)	-	22,802,460	(76,033)	(5,603,525)
Insurance finance (income)/expenses	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	(28,329,952)	-	22,802,460	(76,033)	(5,603,525)
Cash flows:					
Premiums received	83,315,698	-	-	-	83,315,698
Claims and other expenses paid	(67,992,298)	-	(28,625,440)	-	(96,617,738)
Insurance acquisition cash flows	15,323,400	-	(28,625,440)	-	(13,302,040)
Total cash flows	(2,431,429)	-	22,957,678	413,238	20,939,487
Net insurance contract (assets)/liabilities as at 30/6	(2,431,429)	-	22,957,678	413,238	20,939,487
Insurance contract liabilities as at 30/6	-	-	-	-	-
Insurance contract assets as at 30/6	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Health Insurance bundles
2023/24 TZS'000

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 01/07	27,698,785	-	9,845,638	167,376	37,711,799
Insurance contract assets as at 01/07	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	27,698,785	-	9,845,638	167,376	37,711,799
Insurance revenue	(28,241,259)	-	-	-	(28,241,259)
Insurance service expenses:	28,545,728	-	11,014,494	15,199	39,575,421
Incurred claims and other expenses	28,545,728	-	-	-	28,545,728
Losses on onerous contracts and reversals of those losses	-	-	-	-	-
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	11,014,494	15,199	11,029,693
Insurance service result	304,469	-	11,014,494	15,199	11,334,162
Insurance finance (income)/expenses	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	304,469	-	11,014,494	15,199	11,334,162
Cash flows:					
Premiums received	63,455,665	-	-	-	63,455,665
Claims and other expenses paid	(28,545,728)	-	(10,717,067)	-	(39,262,794)
Insurance acquisition cash flows	-	-	-	-	-
Total cash flows	34,909,937	-	(10,717,067)	-	24,192,871
Net insurance contract (assets)/liabilities as at 30/6	62,913,191	-	10,143,065	182,575	73,238,831
Insurance contract liabilities as at 30/6	62,913,191	-	10,143,065	182,575	73,238,831
Insurance contract assets as at 30/6	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Special group
2023/24 TZS'000

	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows
Insurance contract liabilities as at 01/07	8,918,340	-	12,900,689
Insurance contract assets as at 01/07	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	8,918,340	-	12,900,689
Insurance revenue	(11,444,761)	-	(11,444,761)
Insurance service expenses:	10,226,715	-	15,100,612
Incurred claims and other expenses	10,226,715	-	10,226,715
Losses on onerous contracts and reversals of those losses	-	-	-
Amortisation of insurance acquisition cash flows	-	-	-
Changes to liabilities for incurred claims	-	-	-
Insurance service result	(1,218,046)	-	4,873,897
Insurance finance (income)/expenses	-	-	4,584
Effect of movements in exchange rates	-	-	4,584
Total changes in the statement of comprehensive income	(1,218,046)	-	3,655,851
Cash flows:	-	-	-
Premiums received	16,698,506	-	16,698,506
Claims and other expenses paid	(10,226,715)	-	(15,058,879)
Insurance acquisition cash flows	-	-	-
Total cash flows	6,471,792	-	1,639,627
Net insurance contract (assets)/liabilities as at 30/6	14,172,086	-	18,196,168
Insurance contract liabilities as at 30/6	14,172,086	-	18,196,168
Insurance contract assets as at 30/6	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Toto Afya
2023/24 TZS'000

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 01/07	7,165,556	-	11,914,892	202,553	19,283,002
Insurance contract assets as at 01/07	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/07	7,165,556	-	11,914,892	202,553	19,283,002
Insurance revenue	(2,624,259)	-	-	-	(2,624,259)
Insurance service expenses:	15,260,519	2,624,259	2,367,552	(137,981)	20,114,348
Incurred claims and other expenses	15,260,519	-	-	-	15,260,519
Losses on onerous contracts and reversals of those losses	-	2,624,259	-	-	2,624,259
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	2,367,552	(137,981)	2,229,571
Insurance service result	12,636,260	2,624,259	2,367,552	(137,981)	17,490,089
Insurance finance (Income)/expenses	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	12,636,260	2,624,259	2,367,552	(137,981)	17,490,089
Cash flows:	-	-	-	-	-
Premiums received	-	-	-	-	-
Claims and other expenses paid	(15,260,519)	-	(10,695,108)	-	(25,955,626)
Insurance acquisition cash flows	-	-	-	-	-
Total cash flows	(15,260,519)	-	(10,695,108)	-	(25,955,626)
Net insurance contract (assets)/liabilities as at 30/6	4,541,298	2,624,259	3,587,337	64,572	10,817,465
Insurance contract liabilities as at 30/6	4,541,298	2,624,259	3,587,337	64,572	10,817,465
Insurance contract assets as at 30/6	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Others
2023/24 TZS'000

	Liabilities for remaining coverage	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities as at 01/07	414,400	16,328	2,031,154	34,530	2,496,411
Insurance contract assets as at 01/07	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	414,400	16,328	2,031,154	34,530	2,496,411
Insurance revenue	(101,942)	-	-	-	(101,942)
Insurance service expenses:					
Incurred claims and other expenses	2,900,457	(16,328)	594,966	(17,522)	3,461,573
Losses on onerous contracts and reversals of those losses	2,900,457	-	-	-	2,900,457
Amortisation of insurance acquisition cash flows	-	(16,328)	-	-	(16,328)
Changes to liabilities for incurred claims	-	-	594,966	(17,522)	577,444
Insurance service result	2,798,515	(16,328)	594,966	(17,522)	3,359,631
Insurance finance (income)/expenses	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	2,798,515	(16,328)	594,966	(17,522)	3,359,631
Cash flows:					
Premiums received	450,083	-	-	-	450,083
Claims and other expenses paid	(2,900,457)	-	(1,681,253)	-	(4,581,710)
Insurance acquisition cash flows	-	-	-	-	-
Total cash flows	(2,450,374)	-	(1,681,253)	-	(4,131,627)
Net insurance contract (assets)/liabilities as at 30/6	762,541	-	944,867	17,008	1,724,416
Insurance contract liabilities as at 30/6	762,541	-	944,867	17,008	1,724,416
Insurance contract assets as at 30/6	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Insurance Contract Liabilities-Combined

2022/23 TZS'000

	Liabilities for remaining coverage	Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment
Insurance contract liabilities as at 01/07	(17,784,302)	3,060,342	178,435,581	3,033,405
Insurance contract assets as at 01/07	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	(17,784,302)	3,060,342	178,435,581	3,033,405
Insurance revenue	(633,508,831)	-	-	-
Insurance service expenses:	514,428,175	58,909,485	197,924,819	425,031
Incurred claims and other expenses	514,428,175	-	-	-
Losses on onerous contracts and reversals of those losses	-	58,909,485	-	-
Amortisation of insurance acquisition cash flows	-	-	-	-
Changes to liabilities for incurred claims	-	-	197,924,819	425,031
Insurance service result	(119,080,656)	58,909,485	197,924,819	425,031
Insurance finance (income)/expenses	-	-	-	-
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of comprehensive income	(119,080,656)	58,909,485	197,924,819	425,031
Cash flows:	-	-	-	-
Premiums received	646,635,021	-	-	-
Claims and other expenses paid	(514,428,175)	-	(172,922,994)	-
Insurance acquisition cash flows	-	-	-	-
Total cash flows	132,206,847	-	(172,922,994)	-
Net insurance contract (assets)/liabilities as at 30/6	(4,658,112)	61,969,827	203,437,406	3,458,436
Insurance contract liabilities as at 30/6	(4,658,112)	61,969,827	203,437,406	3,458,436
Insurance contract assets as at 30/6	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Public Employees (Inc Councillors)

2022/23 TZS'000

	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment
Insurance contract liabilities as at 01/07	(53,953,884)	124,493,973	75,716,829
Insurance contract assets as at 01/07	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	(53,953,884)	124,493,973	75,716,829
Insurance revenue	(496,492,759)	-	(496,492,759)
Insurance service expenses:	348,525,105	133,513,003	541,156,817
Incurred claims and other expenses	348,525,105	-	348,525,105
Losses on onerous contracts and reversals of those losses	-	58,893,157	58,893,157
Amortisation of insurance acquisition cash flows	-	-	-
Changes to liabilities for incurred claims	-	133,513,003	133,738,556
Insurance service result	(147,967,655)	58,893,157	44,664,058
Insurance finance (income)/expenses	-	-	-
Effect of movements in exchange rates	-	-	-
Total changes in the statement of comprehensive income	(147,967,655)	133,513,003	44,664,058
Cash flows:	-	-	-
Premiums received	471,961,181	-	471,961,181
Claims and other expenses paid	(348,525,105)	(120,245,215)	(468,770,319)
Insurance acquisition cash flows	123,436,076	(120,245,215)	3,190,862
Total cash flows	(78,485,462)	137,761,761	123,571,748
Net insurance contract (assets)/liabilities as at 30/6	(78,485,462)	137,761,761	123,571,748
Insurance contract liabilities as at 30/6	-	-	-
Insurance contract assets as at 30/6	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Private Employees

2022/23 T25'000

	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment
Insurance contract liabilities as at 01/07	(520,211)	24,619,297	24,517,614
Insurance contract assets as at 01/07	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	(520,211)	24,619,297	24,517,614
Insurance revenue	(84,791,242)	-	(84,791,242)
Insurance service expenses:	71,172,522	26,338,583	97,581,849
Incurred claims and other expenses	71,172,522	-	71,172,522
Losses on onerous contracts and reversals of those losses	-	-	-
Amortisation of insurance acquisition cash flows	-	-	-
Changes to liabilities for incurred claims	-	26,338,583	26,409,327
Insurance service result	(13,618,720)	26,338,583	12,790,606
Insurance finance (Income)/expenses	-	-	-
Effect of movements in exchange rates	-	-	-
Total changes in the statement of comprehensive income	(13,618,720)	26,338,583	12,790,606
Cash flows:	-	-	-
Premiums received	95,886,576	-	95,886,576
Claims and other expenses paid	(71,172,522)	(22,177,223)	(93,349,745)
Insurance acquisition cash flows	-	-	-
Total cash flows	24,714,054	(22,177,223)	2,536,831
Net insurance contract (assets)/liabilities as at 30/6	10,575,122	28,780,658	39,845,052
Insurance contract liabilities as at 30/6	10,575,122	28,780,658	39,845,052

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Student insurance	Liabilities for remaining coverage				Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment			
2022/23 TZS'000	8,715,871	-	10,078,364	171,332			18,965,567
Insurance contract liabilities as at 01/07							
Insurance contract assets as at 01/07							
Net insurance contract (assets)/liabilities as at 01/01	8,715,871	-	10,078,364	171,332			18,965,567
Insurance revenue	(9,336,590)						(9,336,590)
Insurance service expenses:	25,719,975	-	9,349,884	(15,144)			35,054,715
Incurred claims and other expenses	25,719,975	-					25,719,975
Losses on onerous contracts and reversals of those losses	-	-					-
Amortisation of insurance acquisition cash flows	-	-					-
Changes to liabilities for incurred claims	-	-	9,349,884	(15,144)			9,334,740
Insurance service result	16,383,385	-	9,349,884	(15,144)			25,718,125
Insurance finance (income)/expenses							
Effect of movements in exchange rates							
Total changes in the statement of comprehensive income	16,383,385	-	9,349,884	(15,144)			25,718,125
Cash flows:							
Premiums received	19,675,865						19,675,865
Claims and other expenses paid	(25,719,975)		(10,240,727)				(35,960,702)
Insurance acquisition cash flows		-					
Total cash flows	(6,044,110)	-	(10,240,727)				(16,284,837)
Net insurance contract (assets)/liabilities as at 30/6	19,055,147	-	9,187,521	156,188			28,398,856
Insurance contract liabilities as at 30/6	19,055,147	-	9,187,521	156,188			28,398,856
Insurance contract assets as at 30/6		-					

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Health Insurance bundles

2022/23 TZS'000

	Liabilities for remaining coverage			Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/07	14,510,773	-	7,053,580	119,911		21,684,265
Insurance contract assets as at 01/07	-	-	-	-		-
Net insurance contract (assets)/liabilities as at 01/01	14,510,773	-	7,053,580	119,911		21,684,265
Insurance revenue	(17,258,456)	-	-	-		(17,258,456)
Insurance service expenses:	23,658,203	-	9,762,119	47,465		33,467,788
Incurred claims and other expenses	23,658,203	-	-	-		23,658,203
Losses on onerous contracts and reversals of those losses	-	-	-	-		-
Amortisation of insurance acquisition cash flows	-	-	-	-		-
Changes to liabilities for incurred claims	-	-	9,762,119	47,465		9,809,584
Insurance service result	6,399,747	-	9,762,119	47,465		16,209,331
Insurance finance (income)/expenses	-	-	-	-		-
Effect of movements in exchange rates	-	-	-	-		-
Total changes in the statement of comprehensive income	6,399,747	-	9,762,119	47,465		16,209,331
Cash flows:						
Premiums received	30,446,468	-	-	-		30,446,468
Claims and other expenses paid	(23,658,203)	-	(6,970,062)	-		(30,628,265)
Insurance acquisition cash flows	-	-	-	-		-
Total cash flows	6,788,265	-	(6,970,062)	-		(181,797)
Net insurance contract (assets)/liabilities as at 30/6	27,698,785	-	9,845,638	167,376		37,711,799
Insurance contract liabilities as at 30/6	27,698,785	-	9,845,638	167,376		37,711,799
Insurance contract assets as at 30/6	-	-	-	-		-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Special group

2022/23 TZS'000

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 01/07	5,506,969	-	1,507,465	25,627	7,040,060
Insurance contract assets as at 01/07	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	5,506,969	-	1,507,465	25,627	7,040,060
Insurance revenue	(18,267,328)	-	-	-	(18,267,328)
Insurance service expenses:	9,138,075	-	4,744,645	40,941	13,923,661
Incurred claims and other expenses	9,138,075	-	-	-	9,138,075
Losses on onerous contracts and reversals of those losses	-	-	-	-	-
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	4,744,645	40,941	4,785,586
Insurance service result	(9,129,253)	-	4,744,645	40,941	(4,343,667)
Insurance finance (income)/expenses	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	(9,129,253)	-	4,744,645	40,941	(4,343,667)
Cash flows:					
Premiums received	21,678,699	-	-	-	21,678,699
Claims and other expenses paid	(9,138,075)	-	(2,336,329)	-	(11,474,403)
Insurance acquisition cash flows	-	-	-	-	-
Total cash flows	12,540,625	-	(2,336,329)	-	10,204,296
Net insurance contract (assets)/liabilities as at 30/6	8,918,340	-	3,915,781	66,568	12,900,689
Insurance contract liabilities as at 30/6	8,918,340	-	3,915,781	66,568	12,900,689
Insurance contract assets as at 30/6	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Toto Afya

2022/23 TZS'000

	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment
Insurance contract liabilities as at 01/07	7,298,916	8,912,447	151,512
Insurance contract assets as at 01/07	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	7,298,916	8,912,447	151,512
Insurance revenue	(6,191,356)	-	-
Insurance service expenses:	31,351,908	12,115,972	51,042
Incurred claims and other expenses	31,351,908	-	-
Losses on onerous contracts and reversals of those losses	-	-	-
Amortisation of insurance acquisition cash flows	-	-	-
Changes to liabilities for incurred claims	-	12,115,972	51,042
Insurance service result	25,160,552	12,115,972	51,042
Insurance finance (income)/expenses	-	-	-
Effect of movements in exchange rates	-	-	-
Total changes in the statement of comprehensive income	25,160,552	12,115,972	51,042
Cash flows:			
Premiums received	6,057,996	-	-
Claims and other expenses paid	(31,351,908)	(9,113,526)	6,057,996
Insurance acquisition cash flows	-	-	(40,465,434)
Total cash flows	(25,293,912)	(9,113,526)	(34,407,438)
Net insurance contract (assets)/liabilities as at 30/6	7,165,556	11,914,892	202,553
Insurance contract liabilities as at 30/6	7,165,556	11,914,892	202,553
Insurance contract assets as at 30/6	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

39 ROLL-FORWARD OF NET ASSET OR LIABILITY FOR INSURANCE CONTRACTS ISSUED SHOWING THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS (CONTINUED)

Others	Liabilities for remaining coverage			Liabilities for incurred claims		Total
2022/23 TZS'000	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/07	657,264	-	1,770,455	30,098		2,457,816
Insurance contract assets as at 01/07	-	-	-	-		-
Net insurance contract (assets)/liabilities as at 01/01	657,264	-	1,770,455	30,098		2,457,816
Insurance revenue	(1,171,100)					(1,171,100)
Insurance service expenses:						
Incurred claims and other expenses	4,862,387	16,328	2,100,612	4,432		6,983,759
Losses on onerous contracts and reversals of those losses	4,862,387	-				4,862,387
Amortisation of insurance acquisition cash flows	-	16,328				16,328
Changes to liabilities for incurred claims	-	-	2,100,612	4,432		2,105,044
Insurance service result	3,691,288	16,328	2,100,612	4,432		5,812,659
Insurance finance (Income)/expenses						
Effect of movements in exchange rates						
Total changes in the statement of comprehensive income	3,691,288	16,328	2,100,612	4,432		5,812,659
Cash flows:						
Premiums received	928,236					928,236
Claims and other expenses paid	(4,862,387)		(1,839,913)			(6,702,300)
Insurance acquisition cash flows	-					
Total cash flows	(3,934,151)	-	(1,839,913)	-		(5,774,064)
Net insurance contract (assets)/liabilities as at 30/6	414,400	16,328	2,031,154	34,530		2,496,411
Insurance contract liabilities as at 30/6	414,400	16,328	2,031,154	34,530		2,496,411
Insurance contract assets as at 30/6		-	-	-		-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024 (CONTINUED)**40 CONTINGENT LIABILITIES**

Contingent liabilities are possible obligations that are not probable. They arise in respect of litigation, investigations by competition, regulatory and fiscal authorities. At the reporting date there were several ongoing litigations and claims against the Fund in respect of unfair termination of staff and claim for recovery for unpaid staff loans guaranteed by the Fund. The total litigation relating to the civil case approximately TZS 10.23 billion. There were contingent liabilities from National Identification Authority relating to usage of data by NHIF for verification of members during registration and medical treatment amounting to TZS 1.13 billion. Management and directors do not believe that there is material liability which is needed to be provided apart from those already provided for as a result of these litigations.

The Fund is also engaged in an ongoing dispute with the Tanzania Revenue Authority regarding the application of VAT on ID replacement fees and service provider certification fees. The Fund maintains that this income is exempt from VAT.

The estimated contingent liability arising from this dispute amounts to TZS 391 million. Management believes the Fund has a reasonable basis for its position and anticipates a favorable outcome from the appeal. However, due to the inherent uncertainty of the appeal's resolution, no provision has been recognized in the financial statements for the potential tax liability.

41 CAPITAL COMMITMENTS

At the period under review, the Fund had a capital commitment of TZS 2.47 billion for various development projects, including Morogoro, Lindi and Pwani construction projects.

42 EVENTS AFTER REPORTING DATE

As at the report date, the Management of the Fund and Directors are not aware of any other matter or circumstance, which significantly affect the financial position of the Fund and results of its operations since the end of the period under review.