

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF ENERGY

ENERGY AND WATER UTILITIES
REGULATORY AUTHORITY
(EWURA)



ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE 2021

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ABBREVIATIONS AND ACRONYMS

AFUR	: African Forum for Utility Regulators
DTWSSA	: District and Township Water Supply and Sanitation Authority
EWURA	: Energy and Water Utilities Regulatory Authority
FCT	: Fair Competition Tribunal
GIZ	: Deutsche Gesellschaft für Internationale Zusammenarbeit
HIV/AIDS	: Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
LOIS	: Licensing and Order Information System
MajIs	: Water Utilities Information System
ME	: Ministry of Energy
MT	: Metric Tonnes
MTEF	: Medium Term Expenditure Framework
MW	: Mega Watt
NARUC	: National Association of Regulatory Utility Commissioners
PSSSF	: Public Service Social Security Fund
RUWASA	: Rural Water Supply and Sanitation Agency
SPP	: Small Power Producer
TANESCO	: Tanzania Electric Supply Company
TBS	: Tanzanian Bureau of Standards
TZS	: Tanzania Shillings
URT	: United Republic of Tanzania
WSSA	: Water Supply and Sanitation Authority
ZECO	: Zanzibar Electric Company



LETTER OF TRANSMITTAL



Hon. Januari Yusuf Makamba (MP),
Minister for Energy,
Government City Mtumba,
Nishati Street,
P.O. Box 2494,
40474 DODOMA.

Honourable Minister,

Pursuant to section 48(1) of the Energy and Water Utilities Regulatory Authority Act, Cap.414, I am humbled and honoured to submit to you the Annual Report of the Energy and Water Utilities Regulatory Authority (EWURA) for the year ended 30th June 2021.

The Annual Report, which includes the Audited Financial Statements, summarizes the Authority's activities, achievements made, and challenges faced the Authority during the year under review. I submit.

Mr. Ahmad S. K. Kilima
Deputy Chairman
EWURA Board of Directors
31st December 2021

VISION

To be a world class regulator for sustainable energy and water services

To regulate energy and water utilities in a transparent, effective and efficient manner that ensures their quality, availability and affordability

MISSION

MOTTO

Fair regulation for positive IMPACT



CORE VALUES



Impartiality

EWURA staff shall treat all stakeholders with fairness. The duty of EWURA as a regulator is to set a level playing field and balance interests of all stakeholders.



Morality

EWURA staff shall ensure they uphold standards of right and good conduct.



Professionalism

EWURA staff shall attend to their duties with the highest degree of competence and skills.



Accountability

EWURA staff shall conduct their duties in a manner that shows readiness to take full liability and responsibility for their actions.



Consistency

EWURA ensures consistency and coherence in its regulatory practices and work.



Transparency

EWURA staff shall operate in an open manner. All their decisions shall be conducted without prejudice, with respect for the interests of all stakeholders and in a fair and completely transparent manner.

STRATEGIC OBJECTIVES

The Energy and Water Utilities Regulatory Authority (EWURA) is determined to be one of the Government's institution with significant contributions to the national economic development and improving the welfare of the Tanzanian society by delivering the best energy and water regulated services. EWURA's strategic objectives are:-

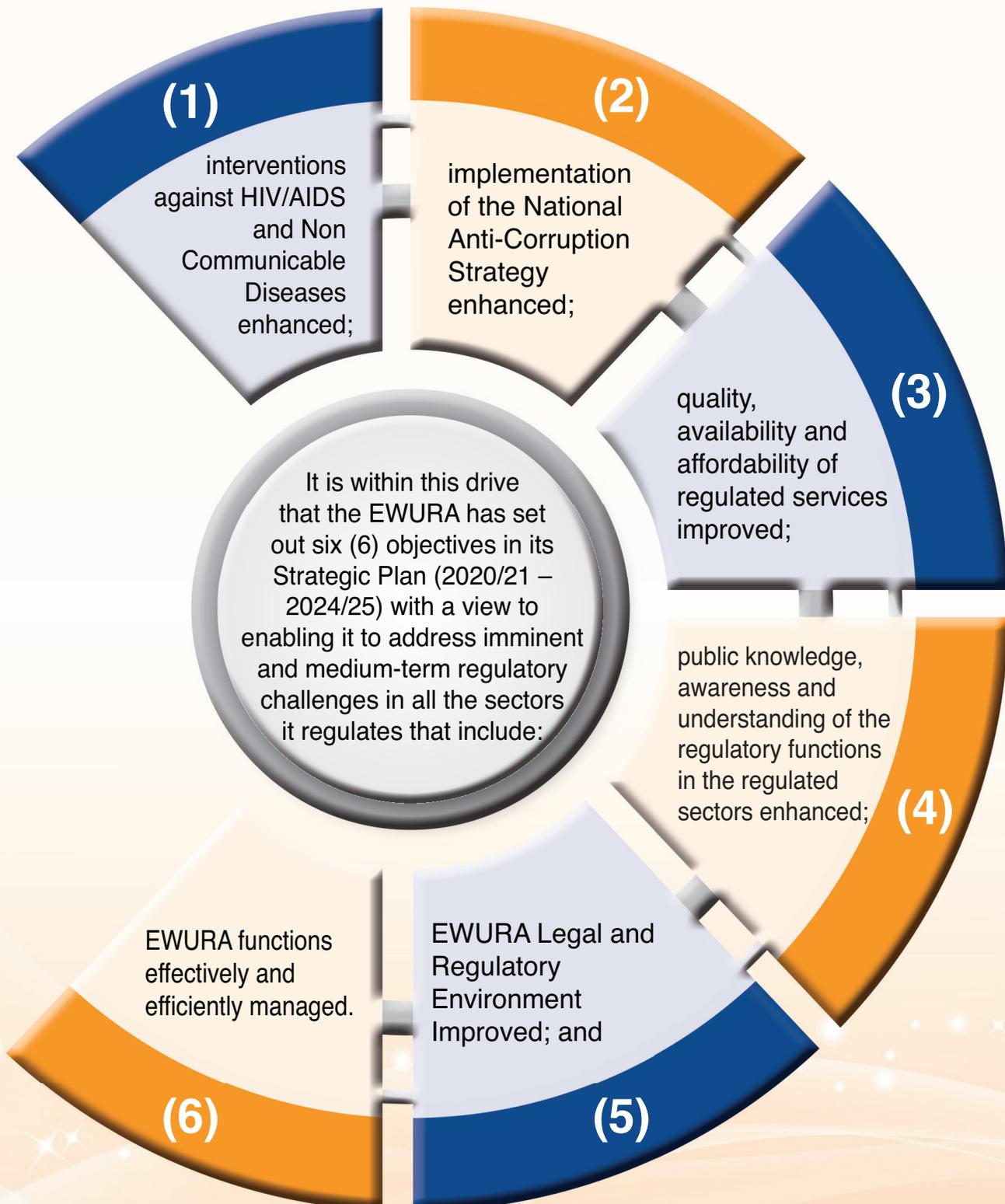




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INTRODUCTION

The Energy and Water Utilities Regulatory Authority (EWURA) presents its 15th Annual Report highlighting its performance for the year ended 30th June 2021. The Report summarizes the executed activities, challenges encountered; and achievements attained during the period under review.

Established under the EWURA Act, Cap. 414 of the Laws of Tanzania in 2001, EWURA started its operations on 1st September 2006 as a multi-sectoral regulatory authority and carries out technical and economic regulation of the Energy (electricity, mid and downstream petroleum and natural gas sub-sectors) and Water (water supply and sanitation) sectors.

The functions of EWURA as spelt out in the EWURA Act and sector legislation are to:

- (a) issue, renew and cancel licences;
- (b) establish standards for goods and services;
- (c) establish standards for terms and conditions of supply of goods and services;
- (d) regulate rates and charges;
- (e) make rules;
- (f) monitor performance of regulated sectors concerning availability, quality, standards of services, cost of services, the efficiency of production, investment levels, and distribution of services;
- (g) facilitate resolution of complaints and disputes; and
- (h) disseminate information about matters relevant to its functions.

In discharging its functions, section 6 of the EWURA Act obliges EWURA to:

- (a) promote effective competition and economic efficiency in the regulated sectors;
- (b) promote the interests of consumers;
- (c) protect the financial viability of efficient suppliers;
- (d) promote the availability of regulated services to all consumers, including low income, rural and disadvantaged consumers;
- (e) enhance public knowledge, awareness, and understanding of the regulated sectors, including the rights and obligations of consumers and regulated suppliers, how complaints and disputes may be initiated and resolved, and the duties, functions, and activities of the Authority; and
- (f) protect and preserve the environment.

Objectives of the Report

This Annual Report for the Financial Year 2021 fulfills the following objectives:

- (a) complies with the requirements of Section 48(1) of EWURA Act, Cap. 414;
- (b) informs stakeholders and the general public on the Authority's performance in regulating the energy and water sectors;
- (c) educates stakeholders of regulated sectors and the general public on regulatory matters; and
- (d) provides a source of reliable information on the regulated sectors.



CHAIRMAN'S STATEMENT



I am pleased to outline an overview of the institution's performance for the Financial Year ending 30th June 2021.

During the period under review, the Authority successfully implemented its annual planned activities in accordance with the performance agreement between the Board of Directors and the Treasury Registrar, with an overall annual performance of 84.5%. The Performance was based on four criterias: People Management; Customer Service; Good Governance and Control; and Financial Performance.

EWURA has registered significant achievements in its quest to serve the nation. The Authority continued maintenance of ISO (International Standard Organisation) certificate ISO 9001:2015. Additionally, it maintained a stable petroleum products' market, whose prices are in line with those at the world market prices and reflective of actual costs. Moreover, EWURA has kept high standards of petroleum infrastructure due to compliance monitoring and enforcement, thereby improving Health, Safety, and Environment; and revision and approval of business plans of various Water Authorities for improved service delivery.

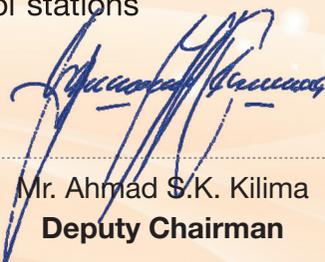
The main challenges during the year included inadequate understanding of regulatory activities among the public and other key stakeholders; weak network of petrol stations

in rural areas that limit availability of petroleum products, where vendors offer for sale petroleum products in plastic bottles and drums, which is detrimental to HSE. Other challenges include delay in finalizing the PPP national institutional frameworks, which affected implementation of regulatory activities.

Furthermore, the Authority could not implement some of the scheduled activities due to the continued presence of the COVID-19 pandemic. The activities not implemented include launching the water utilities performance reports, public hearing meetings, awareness programmes, stakeholders' consultative meetings to prepare regulatory tools, regional meetings, conferences, and staff training.

My sincere appreciation goes to the Government of the United Republic of Tanzania, specifically to Her Excellency, President Samia Suluhu Hassan, for her guidance in strengthening performance of regulatory activities.

I also wish to extend my sincere gratitude to the Ministry of Energy, Ministry of Water, EWURA Board of Directors, EWURA Management, EWURA staff, regulated suppliers and consumers; and the general public for their continued support as our goals would not have been achieved without their support.


Mr. Ahmad S.K. Kilima
Deputy Chairman

BOARD AND MANAGEMENT STRUCTURE

EWURA maintains an organisational structure that facilitates efficient regulation of the Energy (electricity, petroleum, natural gas sub-sector) and Water (water supply and sanitation) sectors; good corporate governance; and efficient provision of cross-cutting services. The structure contains the Board of Directors as the top decision-making and oversight body, the Director General as the overseer of the day-to-day activities of the Authority who is assisted by eight (8) Directors. There are also Heads of Units that report directly to the Director General, namely: Manager Communications and Public Relations; Manager Procurement Management; and Information and Technology Communication Manager. There are also five zonal offices headed by Zonal Managers who report to the Director General. The organisation structure is as shown in **Figure 1**.

Board of Directors

The Board of Directors governs EWURA and is the highest decision-making organ established under section 8 of the EWURA Act. The Board consists of a non-executive Chairman appointed by the President of the United Republic of Tanzania, five (5) non-executive members, and the Director General, all appointed by the Minister responsible for EWURA after consultation with Sector Ministers and after a successful recruitment process.

The Board has established four (4) Board Committees based on sectoral and crosscutting issues to fulfill its oversight responsibilities effectively. These are Energy, Water, Audit and Risk, and Legal and Corporate Affairs Board Committees.

Management

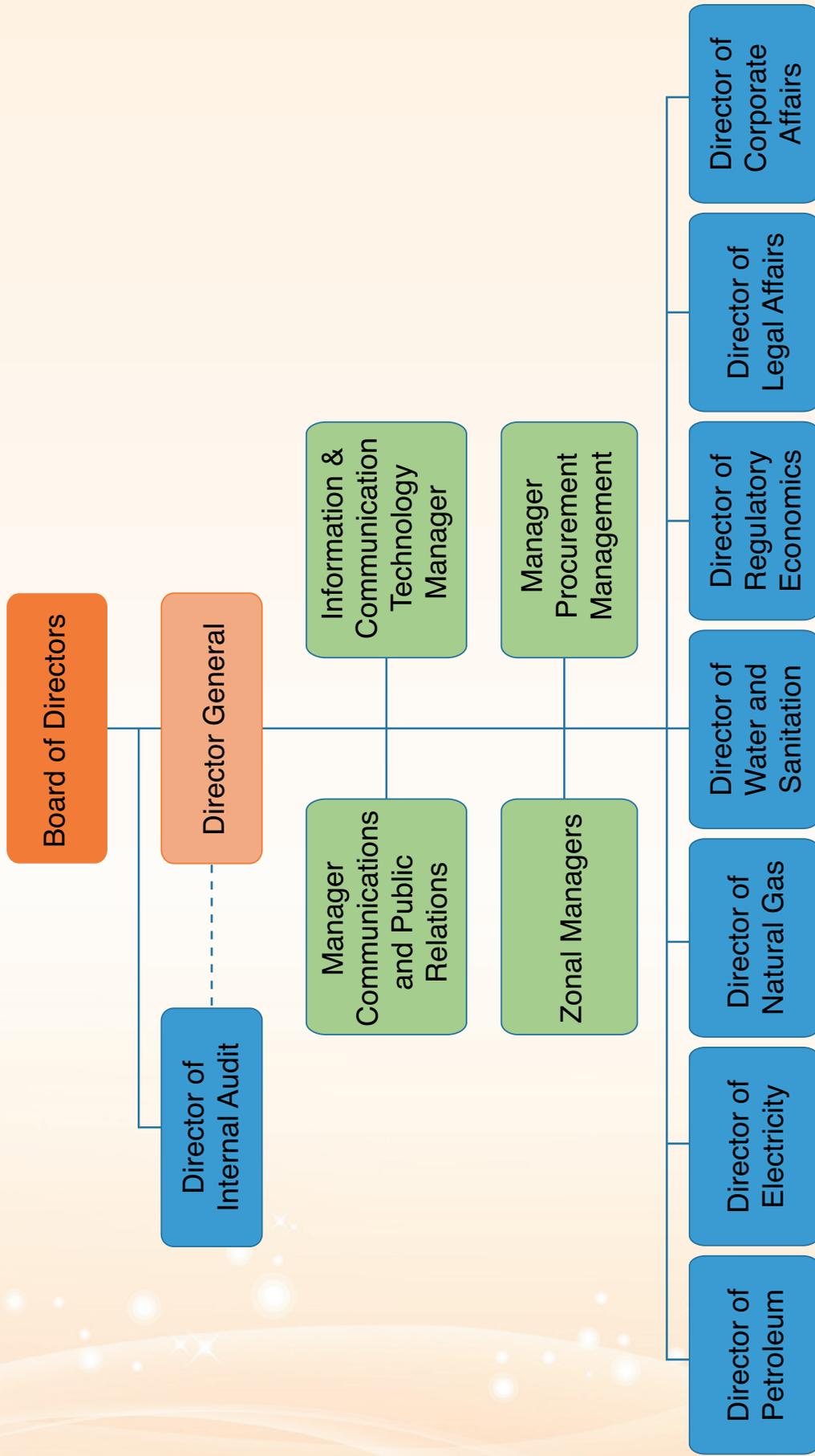
The Director General is in charge of the day-to-day management of the Authority, and divisional directors and heads of units assist him. The appointment of the Director General is according to section 14 of the EWURA Act.

The Director General oversees eight directorates of Electricity, Petroleum, Natural Gas, Water and Sanitation, Regulatory Economics, Legal Affairs, Corporate Affairs, and Internal Audit; and three units, namely: Communications and Public Relations; Procurement Management; and Information Communication and Technology.

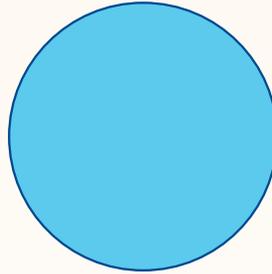
The Director General also oversees zonal functions in five EWURA zones in the Northern Zone, Central Zone, Lake Zone, Southern Highlands Zone, and the Eastern Zone. The Director of Internal Audit reports to the Board on audit functions and to the Director General on administrative matters.



Figure 1: Organisation Structure



BOARD OF DIRECTORS



Board Chairman
VACANT



Mr. Ahmad S.K. Kilima
Deputy Chairman



Mr. Richard Kayombo
Member



Mr. Fadhili Manongi
Member



Ms. Victoria Elangwa
Member



Eng. Godfrey H. Chibulunje
Acting Director General



MANAGEMENT



Eng. Godfrey H. Chibulunje
Ag. Director General



CPA Stanley Mahembe
Director of Corporate Affairs



Ms. Kapwete John
Director of Legal Affairs



Mr. Nzinyangwa E. Mchany
Director of Regulatory Economics



Eng. Godfrey H. Chibulunje
Director of Electricity



Mr. Gerald Maganga
Director of Petroleum



Eng. Poline Msuya
Director of Natural Gas



Eng. Exaud Fatael
Director of Water & Sanitation



Mr. Baptister Mgaya
Director of Internal Audit



Mr. Titus Kaguo
Manager Communications and Public Relations



Mr. Absalom Nnko
Manager Procurement Unit



Mr. Mtumwa Simba
Information & Communication Technology Manager

DIRECTOR GENERAL'S STATEMENT



I am honoured and pleased to present the 15th Annual Report of the Energy and Water Utilities Regulatory Authority (EWURA) for the period covering 1st July 2020 to 30th June 2021. This report includes the Audited Financial Statements, which summarizes the Authority's activities carried out during the year under review, including achievements made and challenges faced by the Authority.

EWURA, mandated with the role of overseeing economic and technical regulation of Energy (Electricity, Petroleum and Natural Gas) and Water sectors, has successfully undertaken various regulatory activities, with a clean audit record for the past 15 years of its operations since 1st September 2006.

During the year under review, EWURA continued to maintain Quality Management Systems (QMS) to enhance the Authority's operational procedures, thereby qualifying for re-certification to internationally recognised standards (ISO 9001:2015).

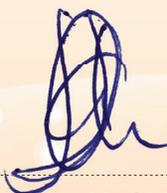
Notably, in the natural gas sub-sector, the commencement of licensing of Compressed Natural Gas (CNG) operators and publishing of several Rules related to CNG Supply

and Marketing Services and Natural Gas Processing; the Natural Gas Service Providers Client Service Charter Guidelines; and Local Content Guidelines, have facilitated the growth of the natural gas sub-sector.

During the period under review, EWURA recorded various achievements, particularly in the electricity sub-sector; EWURA increased monitoring and compliance inspections and created awareness to electrical installation contractors. Furthermore, in the petroleum sub-sector, the Authority maintained its high standard of monitoring compliance of regulated activities.

In efforts to enhance the performance of regulated water utilities, EWURA participated in reforms of the water sector whilst conducting detailed training on preparation of Business Plans to district and regional WSSAs in order to improve availability and quality of water supply and sanitation services to all Tanzanians.

Finally, I would like to thank the EWURA Board of Directors, Management, staff and all our stakeholders in general for their commitment and continued support rendered to EWURA in fostering our society's social and economic welfare.



Eng. Godfrey H. Chibulunje
Ag. Director General



1. CORPORATE GOVERNANCE

1.1. The Board of Directors

As the highest decision-making organ, the Board of Directors of EWURA consists of six non-executive members, including the Chairman and one executive member, the Director General. During the year under review, the Board convened 22 meetings, of which 12 were ordinary, and 10 were extra ordinary.

1.2 Board Committees

The Board of Directors has four committees established as per section 21 of the EWURA Act, Cap. 414 based on sectoral and cross-cutting issues to fulfill its oversight responsibilities. These are the Audit and Risk, Legal and Corporate Affairs, Energy and Water Committees. During the period under review, these Committees conducted 35 meetings, as shown in Table 1.

Table 1: Board Committees Meetings

S/N	Board Committee	Number of Meetings
1	Risk and Audit	11
2	Legal and Corporate Affairs	11
3	Energy	6
4	Water	7
	Total	35

1.3 Litigation

The Authority was a party to 30 legal suits during the year under review. Out of the suits, 13 cases were determined to finality, four of them favored the Authority, three were settled and six were decided against the Authority. By the end of the year under review, 17 cases were still pending at various registries of the District Courts, High Court of Tanzania, and the Fair Competition Tribunal.

1.4 Complaints and resolutions

The Authority attended to complaints against suppliers of regulated goods and services about any matter connected with the supply, possible supply, or proposed goods or services. During the Financial Year 2020/2021, the Authority received 419 complaints, 45 in the petroleum sub-sector, 205 in the electricity sub-sector, and 169 in the water sector were resolved. At the end of the year, 173 complaints were resolved, and 246 were at various mediation and hearing stages.

Table 2: EWURA complaints status in FY 2020/21

Zones	Electricity			Water			Petroleum		
	Received	Resolved	In progress	Received	Resolved	In progress	Received	Resolved	In progress
Southern Highlands Zone	18	7	11	6	2	4	0	0	0
Central Zone	9	5	4	6	3	3	7	3	4
Lake Zone	59	35	24	49	17	32	2	2	0
Eastern Zone	52	28	24	44	12	32	23	5	18
Northern Zone	67	23	44	64	19	45	13	12	1
Total	205	98	107	169	53	116	45	22	23

Table 3: Number of mediation and hearing sessions held for each zone

Zones	Electricity		Water		Petroleum		Total
	Mediation	Hearings	Mediation	Hearings	Mediation	Hearings	
Southern Highlands Zone	06	07	2	03	01	0	19
Central Zone	04	11	03	05	04	03	30
Lake Zone	22	05	27	03	03	01	61
Eastern Zone	55	64	41	32	18	22	232
Northern Zone	28	12	23	05	6	2	76
Total	115	99	96	48	32	28	418

Table 4: Number of award issued for each zone

Zones	Electricity		Water		Petroleum		Total
	Mediation	Hearings	Mediation	Hearings	Mediation	Hearings	
Southern Highlands Zone	1	0	0	0	0	0	01
Central Zone	1	2	1	2	1	2	9
Lake Zone	11	0	23	0	0	0	34
Eastern Zone	4	7	4	1	1	9	26
Northern Zone	11	3	21	4	1	0	40
Total	28	12	49	7	3	11	110

1.5 Finance and budget administration

The Public Finance Act, 2002, and international financial best practices govern the Authority's financial matters. The Authority prepared its Annual Plan and Budget following the Five Year Rolling Strategic and Operational Plan of 2020/21 – 2024/25 of the Authority and were based on Medium Term Expenditure Framework (MTEF). Regulatory levy which form 94% of the total revenue has continued to finance the Authority operations, furthermore, Licence application fees and other income form 6% of the total revenue.

1.6 Procurement management

The Authority has a Tender Board and Procurement Management Unit (PMU) established under the Public Procurement Act Cap. 410. During the year under review, the Authority managed all procurement and disposals by tender in accordance with the Public Procurement Act 2011 as amended in 2016 whereby the Authority implemented 25 tenders from 2020-21 Annual Procurement Plan compared to 27 tenders in Financial Year 2019/2020.



1.7 Code of conduct

The Authority's Code of Conduct binds both Members of the Board of Directors and Staff. The Code of Conduct explicitly underlines that the Authority employees and Board Members shall observe zero-tolerance to fraud and corruption. In order to observe the code of conduct, the Authority has established an Integrity Management Committee, whose functions are to deal with corruption and conduct within the Authority.

1.8 Internal Audit

Internal monitoring system

The Authority has established an Internal Monitoring System in line with relevant public-sector legislation and procedures. During the year under review, the Authority achieved internal administrative monitoring system through, among other things, financial controls, the code of conduct, and Internal Audit functions.

During the year under review, Internal Audit carried out its functions that entail assuring risk management, control, and governance processes following the Internal Audit Charter, Annual Audit Plan, and International Standards for Professional Practices of Internal Auditing.

The Authority witnessed smooth running of various processes under the guidance of the Board of Directors. The Internal Audit directorate continued to provide assurance and consulting services to the Board and Management on the effectiveness of risk management, control and governance processes.

Risk management and control

The Authority continued to implement risk management activities and ensure that risk mitigation measures and internal controls are efficient and effective in safeguarding assets, enhancing compliance with the laws, and protecting the corporate image with the public.

EWURA identified, assessed and managed operational and strategic risks to which the Authority was exposed during the year. Threats, hatred, and grievances by operators of regulated entities found with non-compliances, an inadequate mechanism for managing Public Access Register (PAR), and change from current to new Scheme of Service may affect staff performance (positively or negatively) as a result of placement in lower or upper grades relative to the previous position/level

The Authority developed and implemented mitigation measures to manage the identified operational and fraud risks and continued monitoring significant risks to minimize the possibility of their occurrence, and the potential consequences in the event the risks materialise.

The Board of Directors continued to assume the final oversight role on risk management and internal control system of the Authority by ensuring that adequate internal financial and operational control systems are developed, implemented, improved and maintained.

2. GENERAL INSTITUTIONAL PERFORMANCE

The Authority implemented all the planned activities in line with the annual action plans under review. A summary of the performed activities is as follows:-

2.1 Staffing and institutional capacity building

The Authority, at all times, aims to have dedicated, competent and adequate staff through competitive recruitment procedures and the provision of various capacity-building programmes.

2.1.1 Recruitment

The Authority maintained its recruitment policy during the year under review by providing equal opportunity. In so doing, the Authority recruited the most appropriate candidates available in the market competitively and transparently to ensure that the functions and duties of the Authority were performed efficiently and effectively.

The approved staff establishment was 188. During the period under review, the Authority recruited 15 staff making 182 staff compared to 171 staff during the FY 2019/20.

Table 5: Number of EWURA staff FY 2020/21

Item	Male	Female	Total
Staff Complement	126	56	182
Percentage	69	31	100

2.1.2 Capacity building

During the year under review, the Authority enhanced knowledge of its staff concerning regulatory, managerial and operational competencies of which 158 staff attended local training

2.1.3 Regional co-operation and collaboration

The Authority participated in the activities of four Regional Associations namely, the Regional Energy Regulators Association (RERA), the African Forum for Utility Regulators (AFUR), the Energy Regulators Association of East Africa (EREA), the Eastern and Southern Africa Water and Sanitation Regulators Association (ESAWAS). The main objective of participating in these activities was to exchange regulatory experiences within the International and Regional setting and allow the Authority to access information necessary for regulation and performance benchmarking. In addition, the Authority, as a member of the Independent Regulatory Board (IRB) of the Eastern Africa Power Pool (EAPP), participated in the preparation of its 10 year Strategic Plan (2021-2030) and other activities.



2.2 Regulatory and management information systems

The Authority's Information Communication and Technology system supports regulatory and management functions. The Authority's policy is to ensure that it provides timely and accurate information to the public. The Authority's website provides access to regulatory information, including publications of decisions made by the Board.

Licensing and Order Information System (LOIS) has registered many applicants who submit online licence and tariff applications. Applicants can now view the status of applications they have made for licenses and tariffs. Applicants also receive alerts and notifications via e-mail and SMS regarding necessary processing or compliance actions. LOIS has enhanced transparency by providing a level of convenient access to applicants, licensees and complainants by following up on the status of their submissions.

The Authority continued developing the National Petroleum and Gas Information System (NPGIS) in line with the Petroleum Act, 2015. The system consists of an integrated and centralized information system using modern data processing technology and covering all Petroleum and Natural Gas supply operations and installations, the principal market activities and statistics of the country, and international reference data. The Authority also developed and installed the Common Qualification System (CQS) for local service providers and suppliers. In ensuring that the system works well and meets the expectations of all users, the Authority conducted several meetings with Oil Marketing Companies (OMCs) and Natural Gas service providers on the requirements of NPGIS and CQS.

The Authority continued to monitor the performance of Water Supply and Sanitation Authorities (WSSA) by using the Water Utilities Information System (Majls). Majls serves to improve accessibility to data and information for monitoring, planning and decision-making.

The EPICOR software manages the finance and accounting activities of the Authority, whereby it provides accurate data and timely reporting. During the period under review, the Authority upgraded the system; and is now integrated with LOIS and Government electronic Payment Gateway (GePG). Likewise, the Authority uses an electronic Document Management System (eDMS) to manage documents effectively. Currently, 95% of the file movement and document management is through the electronic system. The Authority also maintains the system that enables the public to access petroleum prices at any point in Tanzania through mobile phones by dialing number *152*00#. The monthly fuel prices are also available on the website (www.ewura.go.tz) for public consumption.

2.3 Public access register

During the period under review, the Authority continued to strengthen a Public Access Register, which the public can now access during office hours at both the Head Office and the EWURA zonal offices. The Public Access Register provides information for researchers and the public. The Authority website contains some of the information, which is also available in the Public Access Register.

2.4 Registry operations

The registry continued to support the Authority's functions whereby the Authority maintained both active and semi-active records. An Electronic Document Management System (DMS) has facilitated registry operations.

2.5 Financial performance

The Authority mainly financed its operations through levy collection from regulated service providers. Other sources of financing included: licence fees, application fees and penalties. During the year, the Authority earned a total revenue of TZS 53.79 billion (2019/20: TZS 49.84 billion), indicating an increase of 7.9% compared to the previous year. In addition, the Authority incurred a total expenditure of TZS. 49.54 billion (2019/20: TZS. 45.65 billion), marking an increase by 8.5% compared to the previous year.

Table 6: Revenue performance of the Authority FY 2020/21

Description	30.06.2021	30.06.2020	Increase/ (Decrease)
	TZS'000	TZS'000	%
Income from Regulatory Levy and Licenses	52,433,756	48,900,844	7.2
Penalties	1,348,091	932,527	44.6
Other Income	7,161	4,965	44.2
Total Revenue	53,789,008	49,838,336	7.9

Source: EWURA

Table 7: Expenditure performance FY 2020/21

Description	30.06.2021	30.06.2020	Increase/ (Decrease)
	TZS'000	TZS'000	%
Staff Costs	17,678,830	16,863,311	5
Operating Expenditure	13,889,237	11,452,915	21
Contribution to TR and Other Government Entities	11,766,239	11,295,769	4
Administration Costs	4,399,145	5,202,109	(15)
Finance costs	28,348	26,882	(9)
Depreciation and Amortization	1,780,628	806,563	121
Total Expenditure	49,542,427	45,647,549	8.5

Source: EWURA



3. ENERGY SUBSECTOR PERFORMANCE AND REGULATION

This section summarizes the executed activities, challenges encountered; and achievements while implementing economic and technical regulation of the energy sub-sector that comprises Electricity, Petroleum and Natural Gas.

3.1 ELECTRICITY SUB-SECTOR REGULATION

Regulatory activities performed by EWURA in the electricity supply industry during the year under review included, among other things; issuing licences; approval of initiation of procurement of power projects; approval of Power Purchase Agreements (PPA); tariff setting; and compliance monitoring operations and infrastructure of regulated entities to ensure quality and reliability of services. The infrastructure of regulated entities includes power generating plants, power transmission lines, distribution substations and lines.

Tanzania Electric Supply Company Limited (TANESCO) dominates Tanzania's electricity supply industry structure. TANESCO is a vertically integrated state-owned company; it owns and carries out generation, transmission and distribution of electricity up to the final consumers and sells electricity in bulk to Zanzibar Electricity Corporation (ZECO) through submarine cables to Unguja and Pemba Islands. Other players include Independent Power Producers (IPPs), Small Power Producers (SPPs), and Very Small Power Producers, as shown in **Figure 2**.

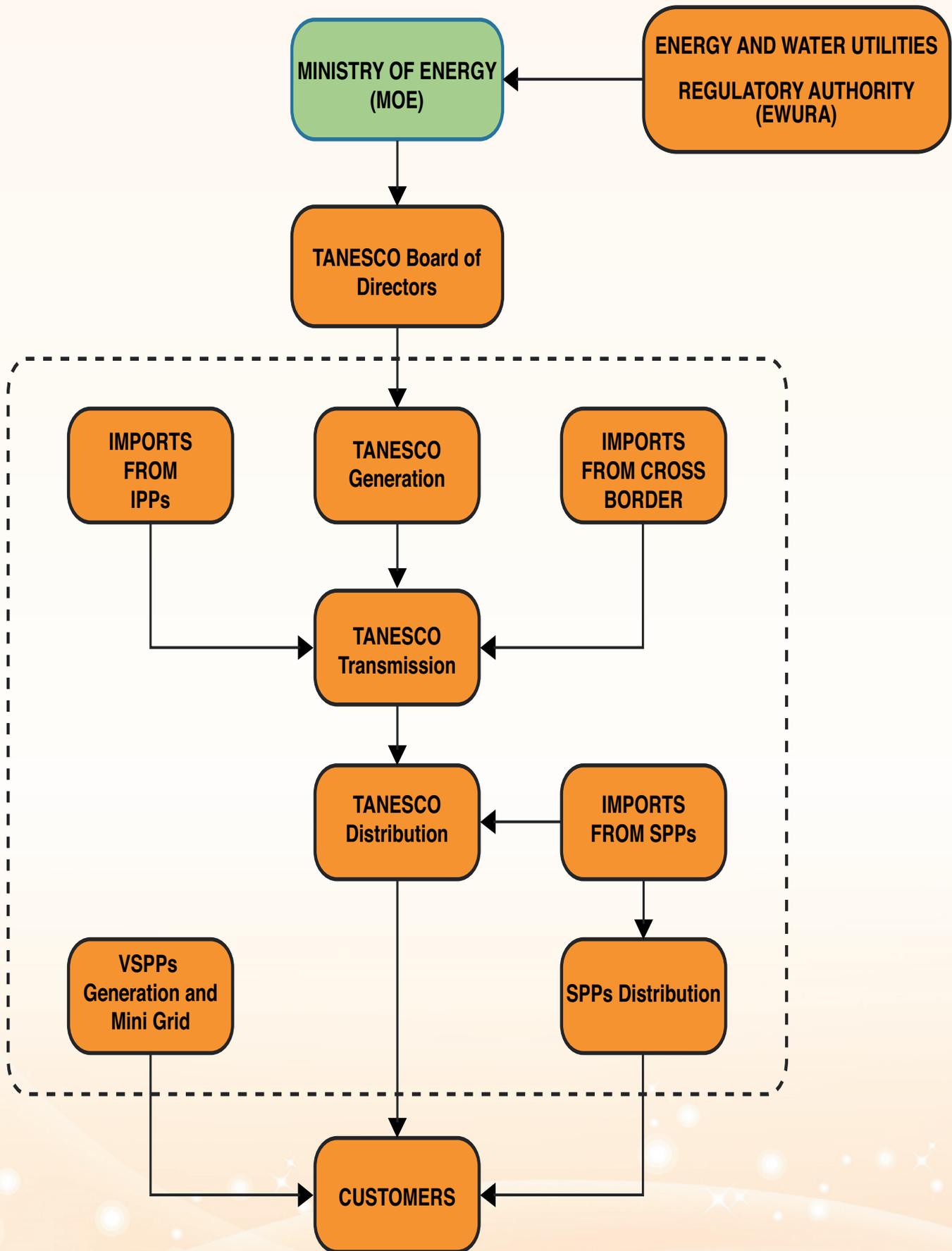


Figure 2: Current electricity supply industry structure



Currently, there are 13 entities actively undertaking power generation activities in Tanzania, namely: TANESCO (1,393.92MW), Songas Tanzania Limited (189MW), Mwenga Hydropower Limited (MHL-3.36MW, from hydro), Mwenga Hydropower Limited (2.4MW from wind), Tanzania Wattle Company (TANWAT-2.75), Tanganyika Planting Company Limited (TPC-20MW), Andoya Hydro Electric Power Company Limited (1MW), Tulila Hydroelectric Power Company Limited (5MW), Yovi Hydropower Company Limited (1MW), Darakuta Hydropower Development Company Limited (0.3MW), Nextgen Solawazi (5MW) and Matembwe Village Company Limited (0.4MW). Additionally, there are 61 registered VSPP sites, which generate and distribute power through mini-grids in isolated areas. Six (6) companies own the VSPP sites, namely Jumeme Rural Power Ltd, Powergen Renewable Energy Ltd, Watu na Umeme Ltd, Ruaha Energy, E.O.N, and Powercorner Tanzania Limited. The following service providers actively undertake distribution and supply activities: TANESCO Limited, Andoya Hydro Electric Power Company Limited, Mwenga Power Services Limited, and Solar Photovoltaic and Micro-hydro Mini-Grid operators. Currently TANESCO is the only utility undertaking power transmission services in the country.

3.2 Licensing

3.2.1 Power supply licensing

During the period under review, two power generation licences with a total installed capacity of 7.4MW were approved by the Authority compared to the five licences with a total installed capacity of 12.10MW issued during the previous FY 2019/20. The first licence was for Nextgen Solawazi Limited for a 5.0MW solar photovoltaic power plant (in Kigoma) and the other one for Mwenga Hydropower Limited for a 2.4MW wind power plant (Mufindi-Iringa). On the other hand, the Authority did not issue transmission and distribution licences during the period under review.

3.2.2 Power supply registration

The Electricity Act, Cap 131 exempts from requirements to obtain a licence electricity services providers conducting generation, distribution and supply with a capacity below 1 MW. However, the Authority registers these suppliers. During the period under review, the Authority registered 17 electricity projects operated by three service providers who conduct generation, distribution and supply activities at different rural areas within Mainland Tanzania with a total installed capacity of 1,437.48kW from solar and hydropower. Out of the 17 registered projects, six sites with a total installed capacity of 181kW from solar PV are owned and operated by PowerGen Renewable Energy Limited. Moreover, 10 sites with a total installed capacity of 556kW from solar PV are owned and operated by Jumeme Rural Power Limited. M/s Madope Hydro Company owns and operates one-site with an installed capacity of 700.48kW.

3.2.3 Electrical installation licenses

During the year under review, the Authority received 965 licence applications for electrical installations personnel which is the same number of applications as received in the last financial year, and 955 licences were issued to successful applicants, while 10 applications were not approved. **Table 8** shows details of different classes of licence that the Authority has published.

Table 8: Electrical installation classes issued FY 2020/21

S/N	Licence Class	Issued Licences 2019/20	Issued Licences 2020/21
1.	A	36	27
2.	B	82	86
3.	C	559	479
4.	D	235	313
5.	W	45	47
6.	S1	0	2
7.	S2	2	1
8.	S3	4	0
9.	L	0	0
TOTAL LICENCES ISSUED		963	955

3.3 Performance monitoring

3.3.1 Reporting system

Section 15(4) of the Electricity Act, Cap 131 requires every electricity service provider to submit to the Authority data, and information relating to the performance of its functions. The Authority continued to receive and maintain periodic data and reports submitted by licensed power utilities during the review period.

3.3.2 Compliance monitoring

During the year under review, the Authority conducted 26 against 25 planned routine inspections on TANESCO's electricity transmission and distribution infrastructure in TANESCO's regions of Manyara, Mtwara, Mwanza, Njombe, Tabora, Arusha, Dodoma, Kagera, Shinyanga, Lindi, Rukwa, Kinondoni South, Kinondoni North, Kilimanjaro, Mara, Simiyu, Songwe, Tanga, Geita, Ilala, Katavi, Morogoro, Njombe, Ruvuma, Singida, and Temeke. The Authority observed various anomalies and submitted them to TANESCO for corrective actions. In addition, the Authority observed major non-compliance related to unreliable power supply, unavailability of outages and maintenance records for primary and secondary substations, improper documentation of energy dispatched to the districts due to non-availability of boundary meters and the existence of rotten poles.

The Authority further found incomplete exercise for customer data collection and verification; inadequate boundary energy meters for determining the amount of energy sent to a specific district/ region; unavailable and unrealistic data for calculating reliability indices; and non-functioning of energy meters at secondary distribution substations. Other flaws include the non-compliance to customer service charter - which includes consists of delays in new customers connections; and lack of single line diagrams for power distribution network. Other findings relate to TANESCO accepting works carried out by electricians without licence or those with expired electrical installation licence.



Additionally, 19 generation infrastructure were inspected, including 4MW Mwenga Hydropower Plant, 30.5MW Mtwara Gas Power Plant, 3.2MW Mafia Diesel Power Plant, 4MW Loliondo Diesel Power Plant, 320kW Darakuta Hydropower Plant, 17MW TPC Moshi Biomass Power Plant, and 68MW New Pangani Falls Power Plant. Others were 21MW Hale Power Plant, 8MW Nyumba ya Mungu Power Plant, 204 Kidatu Hydropower Plant, 180MW Kihansi Hydropower Plant. Also, the Authority inspected 1MW Iyovi Hydropower Plant, Kilombero Sugar Biomass Power Plant, Bukoba Diesel Power Plant, Ngara Diesel Power Plant, Biharamulo Diesel Power Plant, Kibondo Diesel Power Plant, Kasulu Diesel Power Plant and Kigoma Diesel Power Plant.

Some of the major observations found during inspections included aged substation equipment in most diesel engine power plants and one unit (10.5MW) of Hydro Electric Plant at Hale Power Plant being defective since 2000.

In fulfilling its roles, the Authority continued to monitor the quality of service, focusing on power system disturbances such as low and high frequencies, low voltage, power outages, and load shedding. The Authority observed that the system experienced frequent voltage and frequency fluctuations due to aged equipment and inadequate maintenance.

3.3.3 Pre- Licensing and pre- registration inspections

During the year under review, the Authority conducted five pre-licensing inspections for North Mara Gold Mine Limited (18M), Bulyanhulu Gold Mine Limited (39.1 MW), Mwenga Hydro Limited Wind Power Project (2.4MW)), Dangote Cement Limited Natural Gas, Coal or LPFO/HSD (50MW) and Nextgen Solawazi Limited Solar PV Power Plant 5MW.

Furthermore, the Authority conducted pre-registration inspections in respect of 17 solar PV and hydropower-micro-grid-sites with a total installed capacity of 1,437.48kW. The projects aim to provide generation, distribution, and supply services. The Authority also inspected eight sites with a total installed capacity of 181kW for PowerGen Renewable Energy Limited, one (1) site with 700.48kW for Madope Hydropower Limited, and ten(10) sites with a total installed capacity of 556kW for Jumeme Rural Power Supply Limited.

3.3.4 Generation capacity

During the year under review, the generation installed capacity of the Main Grid increased from 1,565.72 MW to 1,573.65MW. The Isolated off-grid generation installed capacity reduced to 32.622MW from 34.606MW that was registered in the last financial year. The peak maximum demand attained was 1,201.02MW, recorded on 2nd June 2021, implying an addition of approximately 49.36MW. The increase in maximum demand was due to the ongoing Government's Policy of industrialization and rural electrification spearheaded by the Rural Energy Agency (REA). During the period under review, electricity generation and imports reached a total of 8,177.69GWh, of which TANESCO, IPP (Songas) generated 6,710.43GWh – 1,264.62GWh GWh and 125.50GWh GWh imported from neighbouring countries (Kenya, Uganda, and Zambia) while generation from Small Power Producers was 77.143GWh as shown **Table 9**.

Table 9: Electricity generation and imports FY 2020/21

Description	GWh	Remarks
Main Grid	7,973.30GWh (97.50%)	6,629.79GWh (83.15%) - TANESCO
		1,264.62GWh (15.86%) – IPP (Songas)
		78.89GWh (0.99%) - SPP owned by private entities
Off-Grid	78.89GWh (0.96%)	74.48GWh (94.41%) -TANESCO
		4.41GWh (5.59%) - SPP Off-Grid (2.19MW*8760hours*23% SPP capacity factor for solar).
Cross Boarder Imports	125.50GWh (1.53%)	0.00GWh (0.00%) – Kenya
		88.79GWh (70.75%) – Uganda
		36.71GWh (29.25%) – Zambia
Total	8,177.69GWh	6,710.43GWh (80.10%) - TANESCO
		1,264.62 GWh (15.50%) – IPP (Songas)
		77.14GWh (0.90%) - SPP & VSPP owned by private entities
		125.50GWh (1.50%) Cross Border Imports

Source: TANESCO Daily System Operation Reports & Other Licensees Annual Reports

3.3.5 Generation mix

During the period under review, the contribution of natural gas in the electricity generation mix was the highest at 60.55%, followed by hydropower at 9.12%, liquid fuel - HFO/IDO/GO (0.15%) and biomass (0.18%) respectively, as shown in **Figure 3**.

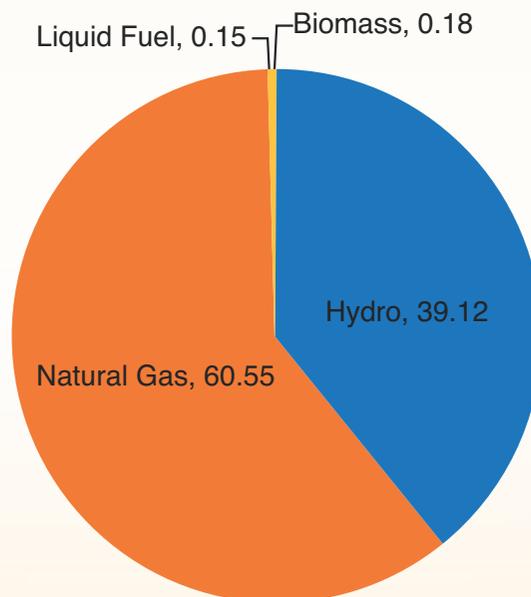


Figure 3: Generation mix

3.3.6 Approval for initiation of procurement of power projects and power purchase agreements

During the year under review, EWURA received and approved two applications for Power Purchase Agreements, namely, amendment No.1 of SPPA between TANESCO and Matembwe Village Company to operate 0.4MW hydropower project. The Authority also on 17th May 2021 approved an SPPA between TANESCO and Turiani Hydropower Company for the development of Diwale 1 Hydropower project.



3.3.7 Regulatory tools

During the period under review, EWURA reviewed and developed three regulatory tools, namely: the Energy and Water Utilities Regulatory Authority (Electricity and Natural Gas) (Tariff application and rate setting) Rules, 2021 GN. 396 published on 21st May 2021 and the Electricity (Development of Small Power Projects) Rules, 2020 GN 491 published on 3rd July 2020. Furthermore, EWURA participated in reviewing the Electricity (General) Regulations, 2020. The Ministry of Energy coordinated the activity, and the Regulations were published on 6th November 2020 with GN. 945.

3.3.8 Health, Safety and Environmental (HSE) matters

During the year under review, EWURA continued to sensitize electricity service providers on the need and importance to keep their power generation, transmission, distribution and supply facilities and workplaces at highest level of safety. From time to time, service providers have been reminded to disseminate information to the public on the safe use of electricity and complying to HSE requirements when conducting their operations. To ensure compliance to HSE, EWURA carried out inspections of power supply facilities, including power stations, substations and distribution lines.

3.3.9 Awareness seminars

Two seminars for electrical installation licensees were conducted at Central Zone in Dodoma and at Southern Highland Zone in Njombe Region. In addition, two seminars were conducted to TANESCO staff on regulatory tools in Dar Es Salaam and Arusha Regions. The aforementioned awareness seminars had the following impacts:

- (a) Assisted the licensed electrical installers to understand the correct way of filling-in the technical parameters in TANESCO's service line applications forms and hence adherence to standards. This has enabled TANESCO staff to understand the applicable laws and Standards hence increased compliance.
- (b) Facilitated participants to understand the Licensing and Order Information System (LOIS) for licence application and processing.

4. THE MID AND DOWNSTREAM PETROLEUM SUB-SECTOR REGULATION

The Authority continued to undertake technical and economic regulatory roles in the mid and downstream petroleum sub-sector in mainland Tanzania. During the period under review, the Authority continued to oversee the supply of petroleum products for the Tanzania local market through implementation of the Bulk Procurement System (BPS) and ensured availability of petroleum products across the country.

During the period under review, the Authority continued to oversee the implementation of the Bulk Procurement System (BPS), ensuring that at all times there was availability of supply of petroleum products at the prices set by EWURA with right quality specifications. The Authority also continued to foster competition in the sub-sector and ensured that petroleum-handling infrastructure; and petroleum operations were compliant to the applicable laws, approved standards and the best petroleum industry practices.

During the period under review, there was shortage of petroleum products in some parts of the country due to COVID-19 outbreak whereby some of the Oil Marketing Companies (OMCs) reduced volumes of importation anticipating there would be a continued shut down of economic activities. Petroleum operators continued to sell or offer for sale petroleum products within the cap prices set by the Authority. The monitoring activities showed that the products offered for sale met TBS specifications and most the petroleum handling infrastructures and petroleum operations are compliant to the applicable laws, approved standards and the best petroleum industry practices.

4.1 Petroleum products supply and stock monitoring

4.1.1 Petroleum products imports

During the period under review, 5,767,911,282 litres of petroleum products were imported into the country through Dar es Salaam, Tanga and Mtwara Ports. The importation increased by 0.3% as compared to 5,753,118,081 litres of petroleum products imported in the previous year. The volume imported for local market was 3,458,124,442 litres (equivalent to 60% of the total imports) while the volume imported and transited to neighbouring countries was 2,309,786,841 litres (equivalent to 40% of the total imports) as summarised in **Table 10** and **Table 11**.



Table 10: Petroleum products imports for the local market

MONTH	AGO	PMS	IK	JET A1	HFO	TOTAL
Jul-20	100,626,451	92,660,911				193,287,362
Aug-20	209,275,758	142,307,023			4,496,215	356,078,995
Sep-20	208,036,580	115,918,591	6,605,390	3,561,292	4,738,255	338,860,108
Oct-20	131,361,563	160,897,766				292,259,329
Nov-20	187,285,677	117,841,106	1,593,696	9,961,772		316,682,252
Dec-20	179,236,527	85,052,268	6,210,553	20,905,058	5,157,978	296,562,385
Jan-21	142,205,253	137,576,287			4,670,720	284,452,260
Feb-21	180,698,555	118,579,698	2,586,773	14,370,352		316,235,378
Mar-21	158,461,181	145,843,883	1,966,497	27,771,770		334,043,330
Apr-21	177,961,566	85,652,746	2,338,870	22,115,984	4,486,294	292,555,459
May-21	199,627,580	101,785,091				301,412,672
Jun-21	69,753,181	141,369,701	1,971,768	18,392,456		231,487,106
Add Localized Jul-20 to June-21	176,652,879	86,072,855	2,593,371	5,898,572	42,520	271,260,196
Downgraded			2,000,000	(2,000,000)		-
TOTAL	2,121,182,751	1,531,557,927	27,866,918	120,977,255	23,591,981	3,825,176,832
FY 2019/20	1,908,116,467	1,303,497,485	38,475,107	182,379,198	25,656,184	3,280,315,105
% CHANGE	11.2%	17.5%	-28%	-33.7%	-8.0%	16.6%

Source: EWURA

Table 11: Petroleum products imports transited to neighbouring countries

MONTH	AGO	PMS	JETA1/IK	HFO	TOTAL
Jul-20	143,625,086	63,823,296			207,448,382
Aug-20	110,304,665	73,464,172			183,768,837
Sep-20	193,068,017	57,610,228	2,122,079	3,666,560	256,466,884
Oct-20	86,831,700	91,082,313			177,914,013
Nov-20	199,812,740	81,295,230	8,810,720		289,918,689
Dec-20	181,161,116	74,963,308	22,863,876		278,988,299
Jan-21	103,642,115	107,913,502		4,482,926	216,038,543
Feb-21	209,914,738	89,035,917	10,545,989		309,496,644
Mar-21	177,090,101	114,951,926	19,664,658		311,706,686
Apr-21	201,172,732	75,301,670	13,500,731		289,975,133
May-21	186,134,825	103,621,095			289,755,920
Jun-21	78,633,633	100,424,928	11,412,991		190,471,551
Less Localized Jul-20 to June-21	176,652,879	86,072,855	8,491,943	42,520	271,260,196
TOTAL	1,694,738,589	947,414,730	80,429,100	8,106,967	2,730,689,385
FY 2019/20	1,356,040,557	807,436,045	142,716,736	3,593,504	2,309,786,841
% CHANGE	25%	17%	-44%	126%	18%

4.1.2 Petroleum products stock monitoring

During the period under review, the Authority continued to monitor stock levels of petroleum products to ensure that at all times the country had adequate supply of petroleum products

4.1.3 Liquefied Petroleum Gas (LPG) imports

During the period under review, the Authority continued to monitor imports of LPG in the country of which 217,149 MT of LPG were imported into the country by LPG Marketing Companies (LMCs) compared to 189,509 MT imported in the previous year reflecting an increase of 14%. This indicates that there is a continued increase of LPG market in the country. **Table 12** presents the quantity of LPG imported in the period under review.

Table 12: LPG imports and consumption in the year 2019/20 and 2020/21

MONTH	FY2019/20 (MT)	FY2020/21 (MT)
Jul	20,088	19,011
Aug	16,988	18,384
Sep	17,067	12,093
Oct	21,274	17,819
Nov	8,978	12,252
Dec	12,954	22,140
Jan	9,335	12,295
Feb	18,681	16,648
Mar	15,671	27,297
Apr	18,796	16,356
May	18,330	19,892
Jun	11,347	22,961
TOTAL IMPORT (MT)	189,509	217,149
% Change		14%

Source:EWURA

4.1.4 OMCs Sales performance and market shares

During the period under review, the Authority continued to monitor OMCs' sales in order to establish the level of competition in the industry. OMCs sales in the period under review was 3,814,257,058 litres which was an increase of 10% compared to litres sold in the previous financial year. The figures show that consumption of Petrol and Diesel increased by 11% and 13% consecutively, compared to the figure in the previous financial year. The consumptions of Heavy Fuel Oil (HFO) and Kerosene continued to decrease because the demand of HFO for power generation had decreased and due to the availability of alternative source of lighting. **Table 13** shows the petroleum products consumptions based on the OMCs sales performance.

Table 13: Petroleum products consumption in the FY FY 2019/20 and 2020/21

PRODUCT	AGO	PMS	IK	HFO	JET A1	IDO	TOTAL
FY2020/21	2,108,346,656	1,496,549,061	46,646,189	27,303,736	135,305,416	106,000	3,814,257,058
FY 2019/20	1,903,087,249	1,321,352,521	35,875,050	31,653,702	179,857,637	368,677	3,472,194,836
% CHANGE	11%	13%	30%	-14%	-25%	-71%	10%

Source: EWURA



The petroleum market in the country remained competitive and distributed among different oil marketing companies. The market had oligopoly structure with six OMCs (Puma (13.7%), Total (12.5%), GBP (9.1%), MOIL (7.9%), Oryx (7.4%), Oilcom (6.2%) Camel oil (6.0%) and Acer Petroleum (5.0%) These companies dominated 67.8%% of the market share. Although few firms dominate, there are other firms, which operate in the market as well. **Table 14** shows the sales figures and market share of each OMCs.

Annual sales for diesel remained the highest (55%), followed by petrol (39%), Jet A1 (4%), HFO (1%) and Kerosene (1%).

Table 14: Petroleum sales market shares for year 2020/21

NAME OF OMC	AGO (LT)	PMS (LT)	IK (LT)	HFO (LT)	JET A1 (LT)	IDO (LT)	TOTAL (LT)	MARKET SHARE
PUMA	309,331,995	111,633,631	85,000	11,663,887	91,432,480	-	524,146,993	13.7%
TOTAL	240,598,145	190,720,719	5,340,580	14,805,500	23,614,008	-	475,078,952	12.5%
GBP	176,273,728	163,593,637	6,007,439	-	-	-	345,874,805	9.1%
MOIL	157,428,372	142,720,947	-	-	-	-	300,149,319	7.9%
ORYX	174,514,721	105,903,476	1,489,971	834,349	-	106,000	282,848,516	7.4%
OILCOM	113,265,088	86,769,519	16,525,676	-	20,258,928	-	236,819,211	6.2%
CAMEL OIL	134,081,406	93,707,435	-	-	-	-	227,788,841	6.0%
ACER	102,666,794	89,819,221	-	-	-	-	192,486,015	5.0%
MT.MERU	101,524,738	81,592,478	-	-	-	-	183,117,216	4.8%
LAKEOIL	81,803,507	78,942,803	-	-	-	-	160,746,310	4.2%
HASS	81,171,317	45,489,117	6,755,303	-	-	-	133,415,737	3.5%
STAR OIL	63,719,016	50,747,269	-	-	-	-	114,466,285	3.0%
OLYMPIC	50,032,316	61,924,846	6,000	-	-	-	111,963,162	2.9%
VIVO	48,333,063	46,166,974	-	-	-	-	94,500,037	2.5%
AFROIL INVESTMENT	50,540,554	29,263,000	9,463,897	-	-	-	89,267,451	2.3%
GAPCO	27,641,100	39,649,600	344,000	-	-	-	67,634,700	1.8%
BARREL PETRO ENERGY	22,377,760	15,592,624	-	-	-	-	37,970,384	1.0%
DALBIT	31,507,541	4,302,241	580,323	-	-	-	36,390,105	1.0%
PETROAFRICA	22,582,600	15,195,300	-	-	-	-	37,777,900	1.0%
ATN	17,653,311	21,495,352	36,000	-	-	-	39,184,663	1.0%
PETROFUEL	28,979,129	89,500	-	-	-	-	29,068,629	0.8%
UNITED GROUP	24,091,000	-	-	-	-	-	24,091,000	0.6%
ADMIRE	12,007,743	7,248,285	-	-	-	-	19,256,028	0.5%
OTHERS	36,221,712	13,981,088	12,000	-	-	-	50,214,800	1.3%
TOTAL	2,108,346,656	1,496,549,061	46,646,189	27,303,736	135,305,416	106,000	3,814,257,058	100.0%
Contribution (%)	55%	39%	1%	1%	4%	0%	100%	

Source: EWURA

Petroleum Products Prices

4.1.5 Crude Oil Prices

During the year under review, the Authority continued to closely monitor the world market prices for crude oil and refined petroleum products as published by Platt's Oilgram. Mediterranean (MED) market continued to be a source for petrol world oil prices, whereas Arabian Gulf (AG) market was a source of diesel and Jet A1/Kerosene oil prices. During the year under review, crude oil prices in the world market continued to fluctuate. The average crude oil price was 55 USD/BBL compared to 52 USD/BBL scored in the previous financial year. **Table 15** shows the monthly average crude oil prices in the period under review. Due to the rise and fall of crude oil prices in the world market, local market prices in the country were also affected because the country is a net importer of refined petroleum products.

Table 15: Monthly average crude oil world market price trends for FY 2019/20 and FY 2020/21.

PERIOD	CRUDE OIL PRICE, BRENT BLEND (USD/BBL)
Jul-20	43
Aug-20	45
Sep-20	43
Oct-20	42
Nov-20	44
Dec-20	50
Jan-21	55
Feb-21	62
Mar-21	66
Apr-21	65
May-21	68
Jun-21	73
FY2020/21	55
FY2019/20	52
% Change	5%

Source: EWURA

4.1.6 Refined petroleum products prices in the world market

The Authority continued to monitor the movement of refined petroleum products prices in the world market. In the period under review, average Freight On Board (FOB) prices for refined petroleum products in the world market stood at 430 USD/MT for Petrol, 392 USD/MT for Diesel and 381 USD/MT for Jet A1/IK. The FOB prices in the previous financial year were 646 USD/MT for Petrol, 518 USD/MT for Diesel and 530 USD/MT for JetA/IK indicating a decrease of 21%, 24% and 28% for Petrol, Diesel and JetA1/IK as shown in **Table 16**.



Table 16: Refined Petroleum products world market prices in FY 2020/21

Month	Petrol (USD/MT)	Diesel (USD/MT)	Kerosene (USD/MT)
Jul-20	261	300	291
Aug-20	389	367	291
Sep-20	389	369	333
Oct-20	405	359	333
Nov-20	394	320	333
Dec-20	386	321	301
Jan-21	379	339	340
Feb-21	401	403	418
Mar-21	449	431	452
Apr-21	534	478	452
May-21	558	511	517
Jun-21	617	507	517
Average FY 2020/21	430	392	381
Average FY 2019/20	544	518	530
% Change	-21%	-24%	-28%

Source: EWURA

4.1.7 Petroleum products local market prices

Pursuant to the Energy and Water Utilities Regulatory Authority (Petroleum Products Price Setting) Rules, 2020 GN 74, the Authority continued to set and publish monthly cap prices for the three main petroleum products, namely petrol, diesel and kerosene. The prices published were wholesale cap prices ex-Dar es Salaam, Tanga and Mtwara and retail pump prices in all districts and major towns in Tanzania Mainland. In the period under review, there was a decrease of prices in the local market compared to local pump prices in the previous financial year. The decrease of pump prices in the local market was a reflection of the petroleum products in the world market. **Table 17** shows the cap retail prices for Dar es Salaam region.

Table 17: Dar es Salaam pump prices trend in FY 2020/21

Month	Petrol (Tsh/Lt)	Diesel (Tsh/Lt)	Kerosene (Tsh/Lt)
Jul-20	1,693	1,716	1,568
Aug-20	1,832	1,785	1,568
Sep-20	1,852	1,793	1,692
Oct-20	1,877	1,778	1,695
Nov-20	1,902	1,734	1,707
Dec-20	1,865	1,687	1,621
Jan-21	1,834	1,695	1,650
Feb-21	1,887	1,829	1,769
Mar-21	1,981	1,911	1,863
Apr-21	2,123	1,996	1,863
May-21	2,169	2,038	1,957
Jun-21	2,249	2,073	1,957
FY2020/21	1,939	1,836	1,743
FY2019/20	2,105	2,061	2,000
% Change	-8%	-11%	-13%

Source: EWURA

4.1.8 Exchange rates

The strength of the Tanzania Shilling against the US Dollar has a direct influence on the petroleum products local market prices. The Bank of Tanzania (BOT) continued to provide the Authority in each month the USD exchange rates that OMCs used to buy dollars for importing petroleum products. Based on that information, the Authority established average exchange rate for each month. As seen in **Table 18** the Tanzania Shilling in the period under review against US Dollar increased by 0.1% compared to the previous financial year.

Table 18: Monthly exchange rates trend for the FY 2019/20 and 2020/21

FY 2020/21	Applicable Exchange rate (TZS/USD)	FY 2019/20	Applicable Exchange Rate (TZS/USD)
Jul-20	2,342	Jul-19	2,293
Aug-20	2,362	Aug-19	2,298
Sep-20	2,355	Sep-19	2,303
Oct-20	2,314	Oct-19	2,301
Nov-20	2,318	Nov-19	2,309
Dec-20	2,325	Dec-19	2,319
Jan-21	2,321	Jan-20	2,308
Feb-21	2,328	Feb-20	2,316
Mar-21	2,342	Mar-20	2,324
Apr-21	2,340	Apr-20	2,304
May-21	2,333	May-20	2,342
Jun-21	2,333	Jun-20	2,359
Average Exch. Rate (TZS/USD)	2,334		2,315
% Change		1%	

Source: BOT

4.1.9 Petroleum Bulk Procurement System

During the period under review, EWURA continued to oversee the implementation of the Bulk Procurement System (BPS) to ensure that the volumes of petroleum products to be procured were sufficient to cater the country's petroleum products requirements; and that there was transparency in all floated BPS tenders to foster competition.

During the year under review, 101 contracts were awarded to the winning suppliers as shown in **Table 19** which indicates that the average premiums for the financial year under review were lower than those in FY 2019/20.

Table 19: Average Premiums for the FY 2020/21

FINANCIAL YEAR	AGO	PMS	JET A-1 / IK
	PREMIUM USD/MT	PREMIUM USD/MT	PREMIUM USD/MT
FY2020/21	29.49	28.79	47.49
FY2019/20	32.27	29.84	48.00
% CHANGE	-0.09	-0.04	-0.01



4.2 Compliance monitoring

During the year under review, EWURA continued to undertake monitoring programmes to ensure operators and operations in the mid and downstream petroleum subsector comply with applicable laws, licensing conditions, standards, Health, Safety and Environmental (HSE) requirements; and petroleum industry best practices. The following sections provide highlights of the compliance monitoring activities conducted in the period under review.

4.2.1 Inspections to monitor compliance

EWURA inspected 676 petroleum facilities to check their compliance with applicable laws, licensing conditions, standards, HSE requirements and petroleum industry best practices. Out of the inspected facilities, 341 facilities equivalent to 50.44%, complied with requirements. This indicates that compliance has decreased compared to the previous financial year. The Authority took punitive measures against operators of facilities that did not meet the requirements; and will continue to intensify regular and surprise inspections as well as continuing to conduct awareness programmes.

4.2.2 Inspections to monitor petroleum products quality

During the financial year under review, the Authority collected 911 petroleum product samples from various facilities, including petrol stations, storage depots, and road tankers. Out of 911 collected samples, 98 samples, equivalent to 10.76%, did not conform to standard specifications; and punitive measures were taken against defaulters. In the previous financial year, the Authority collected and tested 434 samples, and 57 samples equivalent to 13.13% did not conform to standard specifications. Generally, the level of compliance has significantly improved compared to the previous year.

4.2.3 Fuel marking programme

The Authority continued to implement the fuel-marking programme. The objective of the programme was to curb dumping of untaxed petroleum products (transit, tax-exempted or smuggled petroleum products) into the local market and fuel adulteration malpractices. In addition, the programme helps the Government to collect tax revenue from petroleum products and create a level playing field amongst operators.

During the period under review, 3.54 billion litres of diesel, petrol and kerosene were marked compared to 3.22 litres marked in the previous financial year. This is equivalent to an increase of 9.84%. **Table 20** presents quantities of petroleum products marked during the period under review.

Table 20: Marked volume of petroleum products

MONTH	PETROL	DIESEL	KEROSENE	TOTAL
Jul-20	129,186,158	172,262,654	3,079,100	304,527,912
Aug-20	142,994,753	174,274,288	2,879,810	320,148,851
Sep-20	128,673,461	173,381,773	2,433,900	304,489,134
Oct-20	131,445,958	175,052,609	2,829,900	309,328,467
Nov-20	123,116,463	169,723,950	2,799,600	295,640,013
Dec-20	140,031,789	186,544,356	2,444,000	329,020,145
Jan-21	120,597,783	162,918,256	2,082,680	285,598,719
Feb-21	109,461,900	152,674,667	1,934,840	264,071,407
Mar-21	125,465,982	173,310,773	2,583,250	301,360,005
Apr-21	58,610,100	78,768,799	1,359,500	138,738,399
May-21	150,972,433	211,253,711	3,127,984	365,354,128
Jun-21	134,591,265	188,750,472	2,612,375	325,954,112
Total FY 2020/21	1,495,148,045	2,018,916,308	30,166,939	3,544,231,292

Source: EWURA

4.2.4 Marker detection monitoring inspection

EWURA inspected and collected samples from petroleum facilities to check whether the products in the market had the right level of petroleum marker concentration. During the period under review, the Authority collected and tested samples of petroleum products from 498 facilities, and 18 facilities equivalents to 3.61% were found with non-conforming products. In the previous financial year, the level of non-conformity was 4.50% that is slightly higher than the current status. In the previous financial year, the Authority collected and tested samples from 777 facilities and 35 found non-conforming products. The Authority took appropriate punitive measures under the Petroleum (Marking and Quality Control) Rules, 2010, including fines to the operators whose facilities were found with non-conforming products. In addition, the Authority referred the matters to Tanzania Revenue Authority (TRA) so that the respective operators pay the evaded taxes.

4.2.5 Monitoring compliance to the Price Setting Rules

The Authority continued to monitor compliance to the Petroleum Products Price Setting Rules. During the period under review, the Authority inspected 2,311 petroleum facilities, out of which **one** (1) petrol station was found selling/offering for sale petroleum products above cap prices. Therefore, the compliance level was 99.96%. In the previous financial year, the Authority inspected 960, out of which one (1) petrol Wholesalers were found selling above the cap price, equivalent to 99.90% compliance level. Legal action was taken against the non-compliant operator.



Summary of the compliance performance monitoring

During the financial year 2020/21, the target was to conduct compliance monitoring to at least 1,500 petroleum facilities by June 2021 to ensure compliance to applicable laws, standards and petroleum best industry practices. By the end of the year, the performance was as narrated below:

- (a) Monitor compliance to applicable laws, licence terms and conditions, standards, codes, KPIs and petroleum industry best practices to **600** petroleum facilities. Compliance monitoring was conducted on **676** petroleum facilities out of a planned inspections of **600** facilities. The set target was exceeded by **12.67** because the Authority put more efforts to monitor the facilities with non-compliances as well as the facilities that were issued with conditional licences.
- (b) Monitor compliance to the cap prices to 520 petrol stations. The Authority conducted pre-licensing inspections to **914** petroleum facilities out of a planned **520** inspections. The set target exceeded due to the fact that the Authority conducted cap price monitoring in parallel with GIS mapping activity that covered all licensed petrol stations in the country.
- (c) Conduct pre-licensing inspection to applicants of licence to 200 petroleum facilities. The Authority conducted pre-licensing inspections to **914** petroleum facilities out of a planned **200** inspections. The set target was exceeded due to an increase in public awareness on the legal requirement to obtain license to operate a petroleum facility, promotion of investments especially in rural petrol stations and enforcement on requirement of licences for LPG distributors.
- (d) Total of **498** petroleum facilities were tested for marker concentration compared to **600** facilities planned. **480** petroleum facilities passed the marker detection test leading to a total compliance level of **96.39%**. The target was not met following the change of the provider of fuel marking services which led to unavailability of marker testing machines.

4.3 Licensing activities

During the period under review, the Authority conducted pre-licensing inspections to 914 applicants and 438 applicants equivalent to 47.92% met requirements at the time of inspections. The applicants that did not meet licensing requirements were directed to rectify the shortfalls. The Authority continued with evaluation and issued 608 operating licences to the applicants that met licensing requirements. **Table 21** shows the type of operating Licences that the Authority issued. In the same period, the Authority granted 259 construction approvals to proponents intending to construct petroleum installations.

Table 21: Petroleum Products Licenses issued by the Authority

License Type	Number of Licenses issued		
	New	Renewal	Total
Petroleum Wholesale	6	4	10
Petroleum Retail	232	268	500
Lubricants Wholesale	14	7	21
Consumer Installation	22	14	36
LPG Wholesale	0	1	1
LPG Distribution	18	18	36
Petroleum Storage Business	2	0	2
Lubricants Blending	1	0	1
Bitumen Wholesale	1	0	1
Total	296	312	608

Source: EWURA

4.4 Regulatory tools

During the period under review, EWURA has reviewed and developed six (6) regulatory tools in the petroleum sector, namely:

- (a) Pipeline Transportation licence template for the East African Crude Oil Pipeline (EACOP) project (draft);
- (b) Guidelines for the Joint Monitoring and Auditing of the East African Crude Oil Pipeline (EACOP) project between EWURA and Petroleum Authority of Uganda (PAU) (draft);
- (c) Petroleum (Pipeline System) (Construction Approval) Notice for the East African Crude Oil Pipeline (EACOP) project (draft);
- (d) Petroleum (Lubricant Operations) Rules, 2021 (draft);
- (e) The Petroleum (Wholesale Storage Retail and Consumer Installation Operation) Rules 2021 (draft); and
- (f) Petroleum (LPG Operations) Rules 2021 (draft).



5. NATURAL GAS SUB-SECTOR

Tanzania is endowed with hydrocarbon discoveries along its east-coast shore of the Indian Ocean. The first discovery was made in 1974 at Songo Songo Island (232 km South of Dar es Salaam). A number of discoveries followed this at Mnazi Bay in 1982 (about 564 km south of Dar es Salaam), Mkuranga in 2008 (about 60 km south of Dar es Salaam), Nyuni and Kiliwani (approximately 2.5 km South-East of Songo Songo Island) and during the year 2011 in deep-sea between Mafia and Mnazi Bay. As of December 2016, total Gas Initially In Place (GIIP) amounted to 57.54 TCF, of which 47.13 TCF is off-shore, and 10.41 TCF is onshore, respectively.

EWURA regulates midstream and downstream natural gas activities that include processing, transmission, storage, and distribution of natural gas in Mainland Tanzania. According to Regulation 4 of the Petroleum (Natural Gas Midstream and Downstream) General Regulations 2020, the Authority concerning midstream and downstream natural gas operations have the following functions;-

- (a) to protect the interest of consumers on price, availability, quality and reliability of supply;
- (b) to protect the public from dangers arising from processing, transportation, storage, conveyance, shipping, supply or use of natural gas;
- (c) to promote efficient use of natural gas by consumers;
- (d) to perform economic, technical and safety regulatory functions
- (e) to promote fair competition in the supply of natural gas; and
- (f) to advise the Government on all matters related to importation, exportation, processing, storage, transportation, conveyance, shipping, supply or use of natural gas.

To date, the natural gas infrastructures installed in the country include processing plants with a total processing capacity of 470MMscfd, transmission pipelines with a capacity of 904MMscfd with 792km length, and a distribution network with a capacity of 320MMscfd with 102.54km length. By June 2020, natural gas contributed about 62.4% to power generation.

5.1 Compliance monitoring

During the review period, the Authority made **14** monitoring inspections out of **13** planned inspections. The monitoring involved the integrity of gas processing plants, high-pressure pipelines, and low-pressure distribution network facilities, including households, virtual pipelines, and compressed natural gas (CNG) for vehicles. Further, the Authority continued to promote the registration of local suppliers and services providers. As of June 2021, local supplier and services providers registered were **737**.

The overall processed natural gas in 2020/21 from both gas fields Songo Songo Island in Lindi and Mnazi Bay in Mtwara was 60,611.88 MMscf, compared with 59,253.81 MMscf in 2019/20 and 60,911.87 MMscf in 2018/19 as indicated in **Figure 4**. The increase in gas production in 2020/21 was due to the increase of natural gas downstream customers, while the decrease in gas production was due to good hydrology in the year 2019/20, of which TANESCO generated more power through hydropower plants.

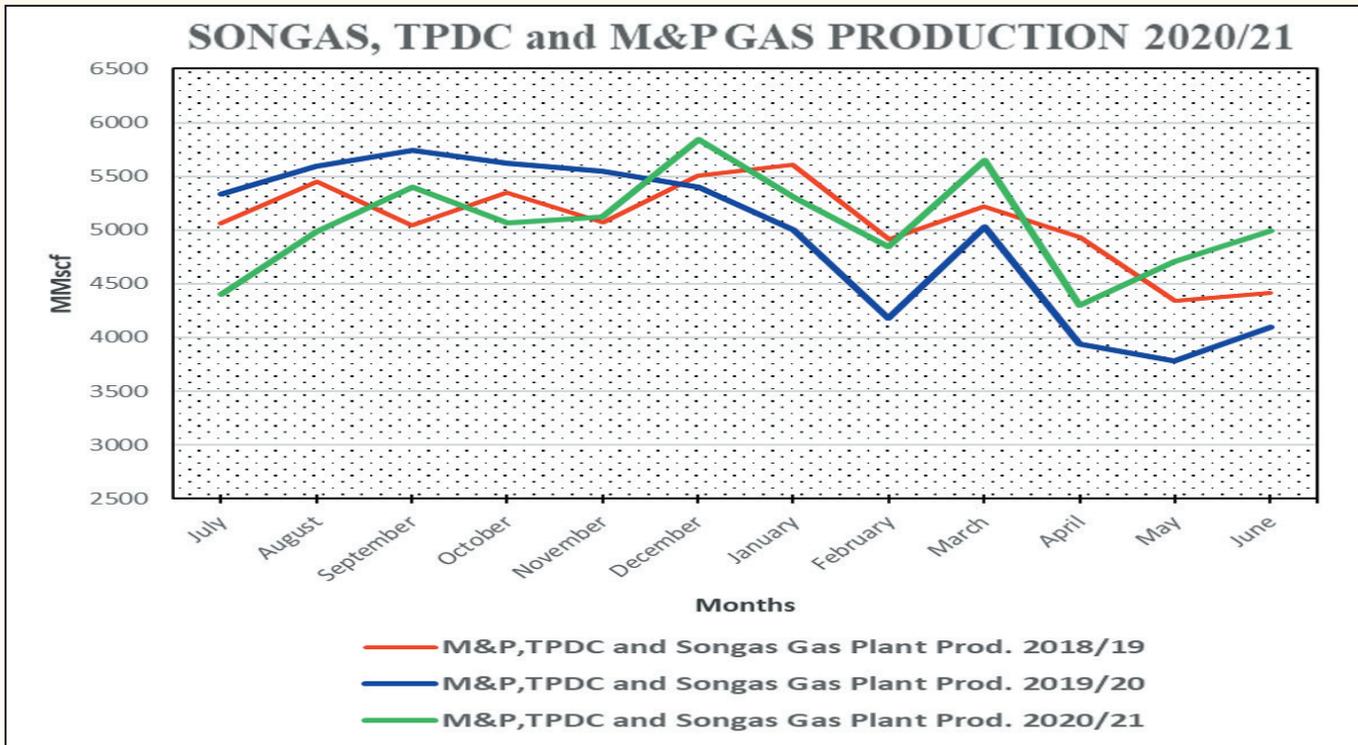


Figure 4: Songas, TPDC and M&P Gas Production 2020/21

Source: PAET, TPDC and M&P

The total natural gas processing plants capacity in the country is 470 MMscfd, whereby the reported average daily gas production was 166.11, equivalent to 35.34% utilization capacity for the FY 2020/21 compared to average daily gas production of 161.79 equivalent to 34.79% utilization capacity in FY 2019/20 as indicated in **Figure 5**.

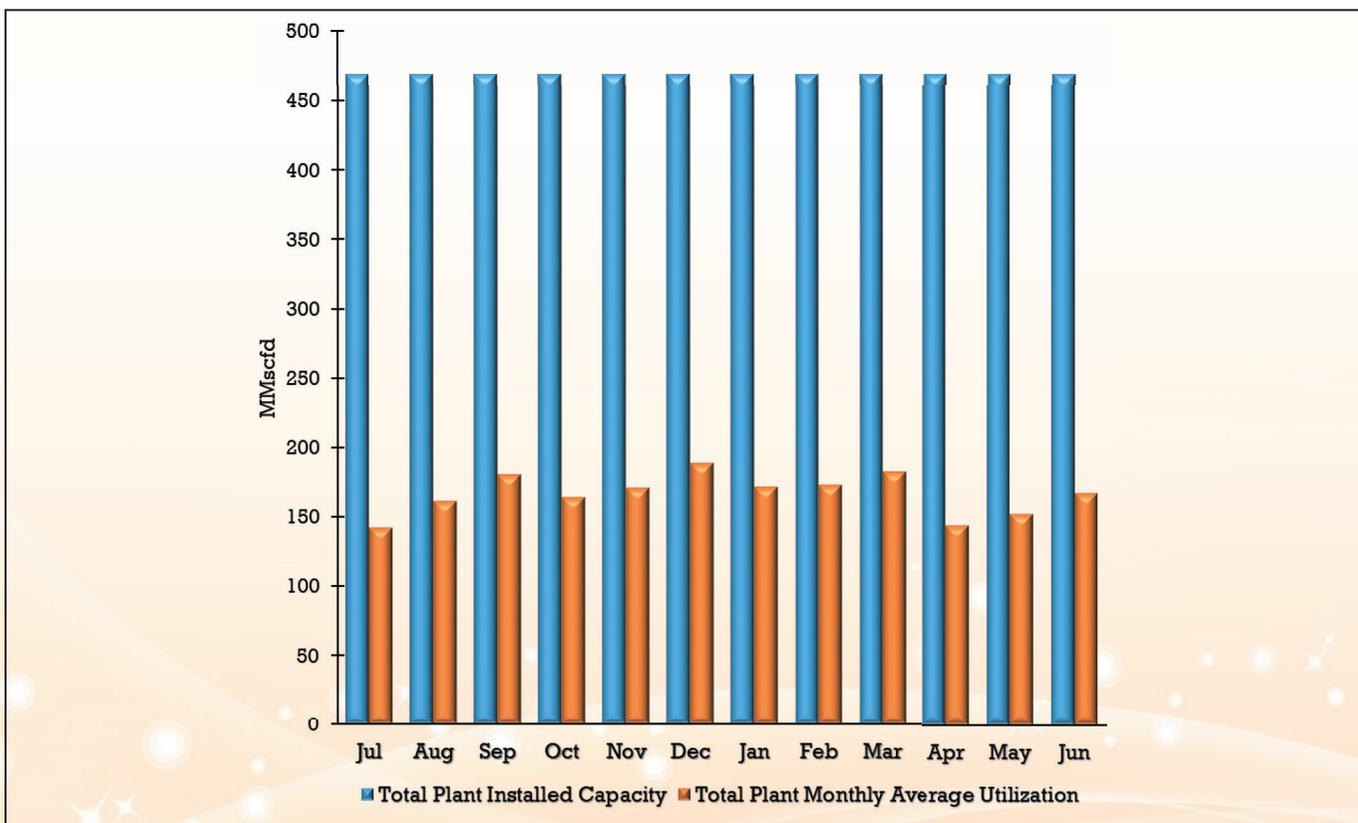


Figure 5: Total Plant Installed vs. Utilization Capacity for FY 2020/21

Source: PAET, TPDC, and M&P



5.1.1 Processing plants

EWURA monitors the integrity of the natural gas infrastructure to ensure that the services to customers are maintained throughout the year. Initial signs of corrosion and rust on natural gas processing plant skids/equipment or instrumentation was arrested to ensure the facility is in good condition.

5.1.2 Natural Gas processing and availability

As of 30th June 2021, the natural gas processing infrastructures comprised of four processing plants with total installed capacity of 470MMscfd located at Songo Songo Island in Lindi region, Mnazi Bay and Madimba in Mtwara regions. The Government of the United Republic of Tanzania, through TPDC, owns two natural gas processing plants with a combined installed capacity of 350MMscfd. Gas Supply Company (GASCO), a subsidiary company of TPDC, operates the two natural gas processing plants. One natural gas processing plant with 210MMscfd-installed capacity is located at Madimba with and the second processing plant with 140MMscfd-installed capacity is located at Songo Songo Island.

The third natural gas processing plant with installed capacity of 110MMscfd is located at Songo Songo Island owned by Songas but operated by PAET on contractual basis. The fourth processing plant with installed capacity of processing 10MMscfd is located at Mnazi Bay owned and operated by Maurel et Prom (M&P). The total installed capacity of natural gas processing plants in the country is as shown as **Figure 6**.

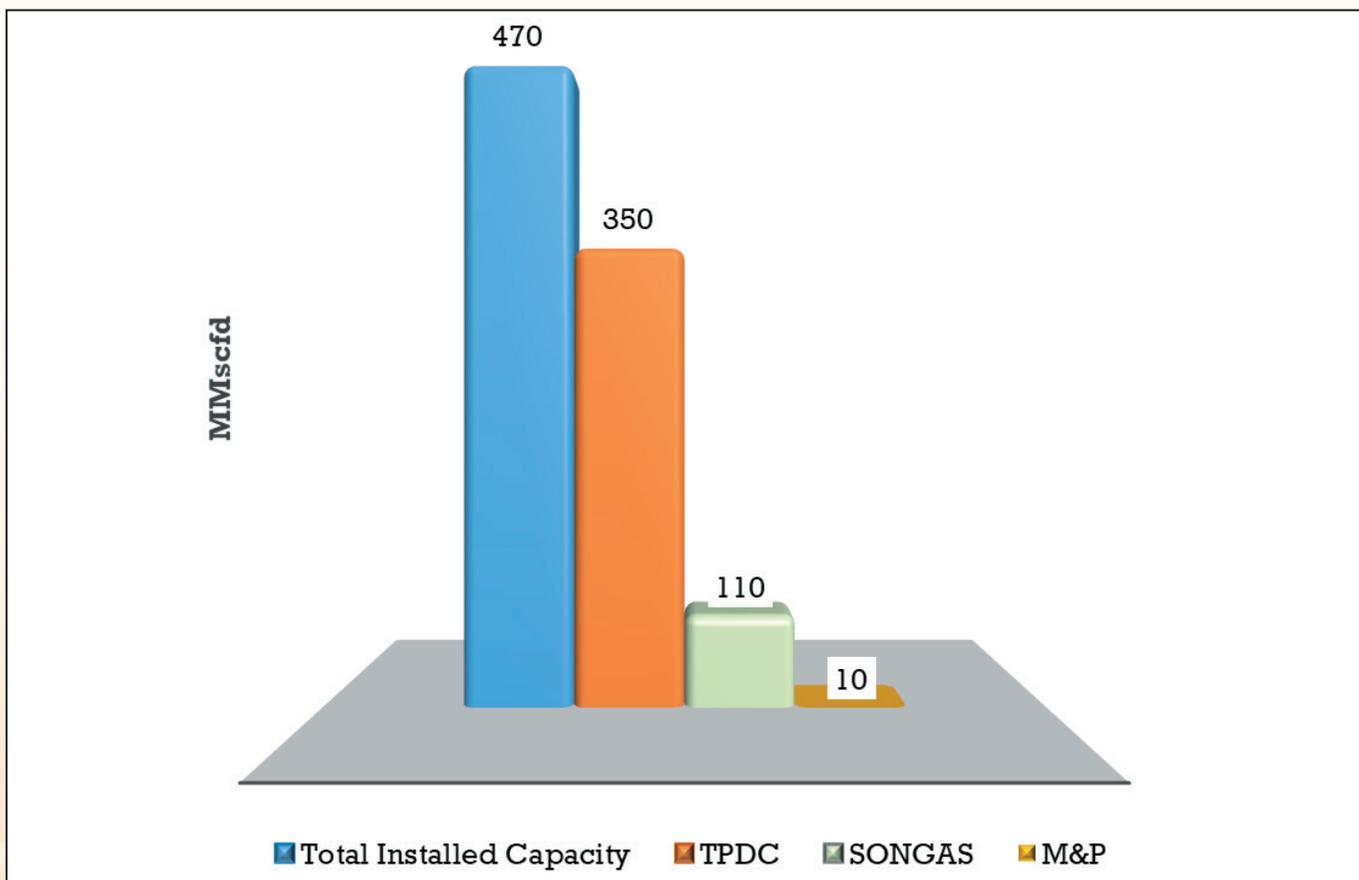


Figure 6: Total Installed capacity of Natural Gas Processing Plants

Source: TPDC, SONGAS and M&P

During the period under review, the overall gas production from both gas fields, Songo Songo Island (SSI) in Lindi and Mnazi Bay are as shown in **Figure 7**.

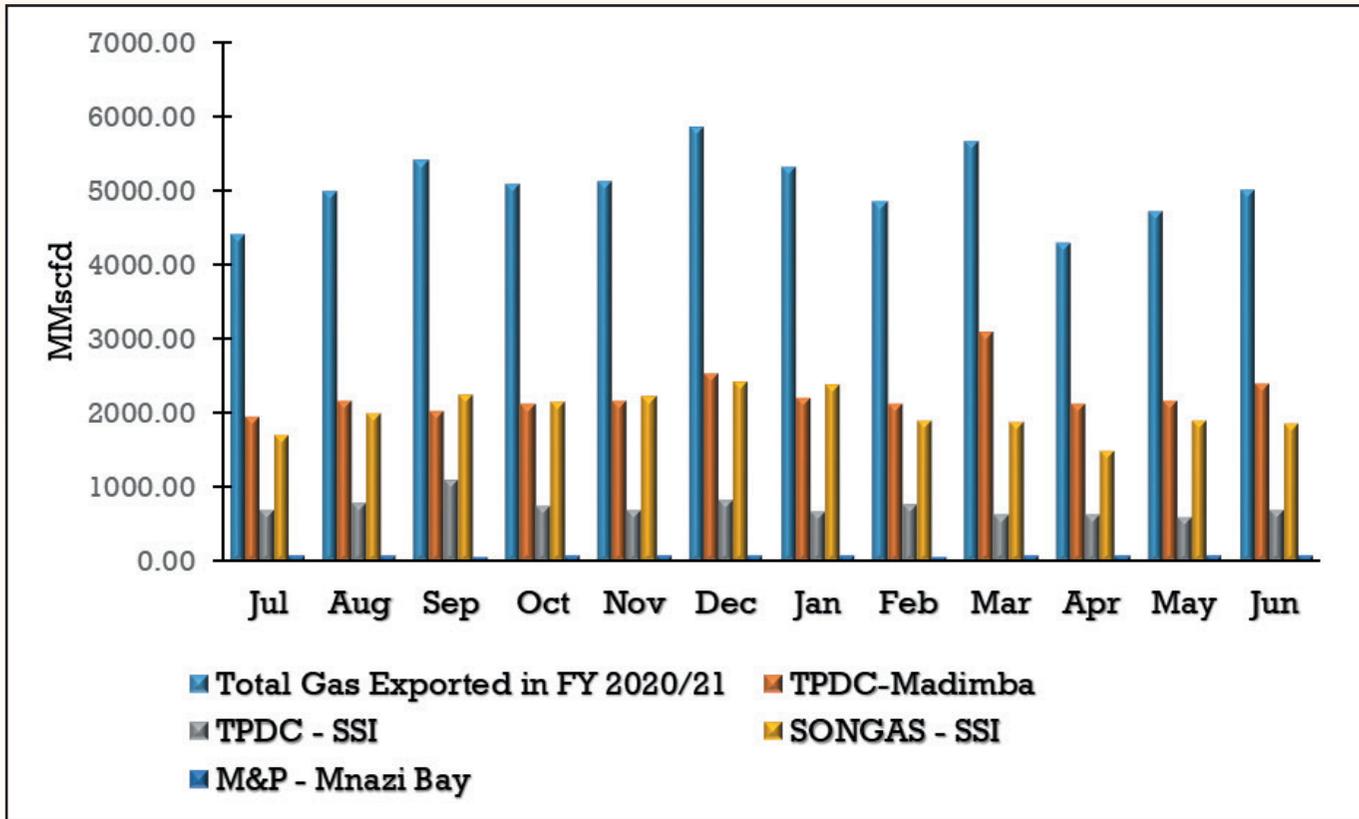


Figure 7: Total natural gas exported from each processing plant

Source: TPDC, SONGAS, and M&P

5.1.3 The integrity of processing plant infrastructure

EWURA monitored the integrity of the natural gas processing infrastructures to ensure that the services to customers were maintained. Generally, the integrity of the natural gas processing infrastructures was in good condition.

5.1.4 Natural Gas quality performance

The Authority continued to monitor the quality and standards of regulated products and services during the reporting period according to section 250 of the Petroleum Act, Cap. 392. The monitoring involved natural gas quality and adherence by service providers to commercial terms and conditions and infrastructure operational standards. The natural gas quality properties from both operating fields monitored by the Authority as shown in Table 22, include:

- Water and hydrocarbon dew point;
- Sulphur, Hydrogen Sulphide, Carbon Dioxide, liquids contents ;
- Gross or Net Heating Value of natural gas;
- Temperature and pressure at entry point into the system; and
- Wobble Index.

The Authority monitored the quality of the commodity (natural gas) and adherence by the service providers and their customers to the specified standards. The principal components of natural gas are methane and ethane with varying amounts of heavier hydrocarbons, as shown in **Table**



22. This table shows the Chromatography reading from the processing plants on 30th June 2021, which was taken as a sample for reference. Most parameters monitored by the Authority at TPDC, SONGAS and M&P were confirmed to be within the required range.

Table 22 Quality of Natural Gas composition (in % Mole)

Natural Gas Component	Reference Quality of Natural Gas	Quality of Natural Gas			
		Songa	TPDC-SSI	TPDC - Madimba	M&P
Methane (CH ₄)	87.0 - 99.0	97.2481	97.324	98.263	98.1167
Ethane (C ₂ H ₆)	1.5 - 9.0	0.9756	1.01200	1.0265	1.0294
Propane (C ₃ H ₈)	0.1 - 1.5	0.2818	0.30200	0.28994	0.2754
iso-Butane (C ₄ H ₁₀)	0.01 - 0.3	0.0612	0.05800	0.04404	-
n-Butane (C ₄ H ₁₀)	0.01 - 0.3	0.0780	0.07800	0.05584	0.09870
iso-Pentane (C ₅ H ₁₂)	trace - 0.04	0.0271	0.0000	0.00856	-
normal-Pentane (C ₅ H ₁₂)	trace - 0.04	0.0230	0.0000	0.0000	0.01880
neo-Pentane (C ₅ H ₁₂)	trace - 0.04	0.0018	0.0000	0.0000	-
Hexanes (C ₆ H ₁₄)	trace - 0.06	0.0248	0.03700	0.01477	0.03506
Heptane (C ₇ H ₁₆)	-	0.0571	0.061	-	-
Carbon Dioxide (CO ₂)	0.05 - 1.0	0.5058	0.39900	0.28014	0.24264
Nitrogen (N ₂)	0.2 - 5.5	0.6940	0.73600	0.00000	0.18336
Hydrogen Sulphide (H ₂ S)	trace to 0.02	0.0000	0.0000	0.00000	0.0000
Total	100	100	100	100	100
Specific Gravity	0.57 to 0.62	-	0.5738	0.56758	0.56
Gross Heating Value (MJ/m ³)	36.0 to 40.2	38.10	38.07	38.2658	38.1487

Source: TBS Standards, Songas, TPDC and M&P

NB: The quality and content of methane, hydrogen sulphide and carbon dioxide over the period remained in acceptable ranges. The Authority will remain vigilant to ensure the quality of produced and processed natural gas to be supplied to end consumers remain within the acceptable ranges.

5.1.5 The integrity of the Natural Gas transmission pipelines and wayleaves management

During the period under review, the eight (8) Main Line Valve Stations (MLVs) for Songas and 16 Block Valve Stations (BVS) for TPDC along the transmission pipelines were monitored to ensure that the utilities maintain the integrity of the pipelines. The monitoring revealed that all Songas, TPDC, and M&P transmission pipelines, MLVs and BVS were maintained as required. The wayleaves were cleared, and there was no encroachment by third parties. The basic HSE training and skills was provided to security guards concerning fire and safety at MLVs, and BVS.

5.1.6 Distribution network

As of 30th June 2021, the natural gas distribution network comprised 40MMscfd with 19.4km located in Mtwara, 8.17 MMscfd with 5.6km located in Coastal, and 32.5 MMscfd with 78km located in Dar es Salaam. Currently, the distribution network has reached a total installed capacity of more than 320 MMscfd and 103km of low-pressure pipelines supplying natural gas to power plants, industrial customers (heating and power generation for own use), institutions, households, commercial customers and CNG-Vehicles. The Gas network customers are located in Mtwara, Lindi, Coast, and Dar es Salaam regions.

5.1.7 Trend of Cost of Services

During the period under review, the average monthly natural gas price for thermal power plants supplied as protected gas was 4.20U\$/MMBtu, while the prices for thermal power plants supplied as additional gas was at an average of 3.73U\$/MMBtu. Other gas prices include the price for Mnazi Bay gas sold to TANESCO Mtwara, which was 5.36U\$/MMBtu, and the average price for TPDC gas sold to TANESCO at 5.35U\$/MMBtu. The Authority benchmarked the natural gas prices for thermal power generation and industrial use in the Tanzanian market to the Global market, as shown in **Figures 8** and **9**. The average Global prices for power generation and industrial uses were 4.09U\$/MMBtu and 4.18U\$/MMBtu, respectively.

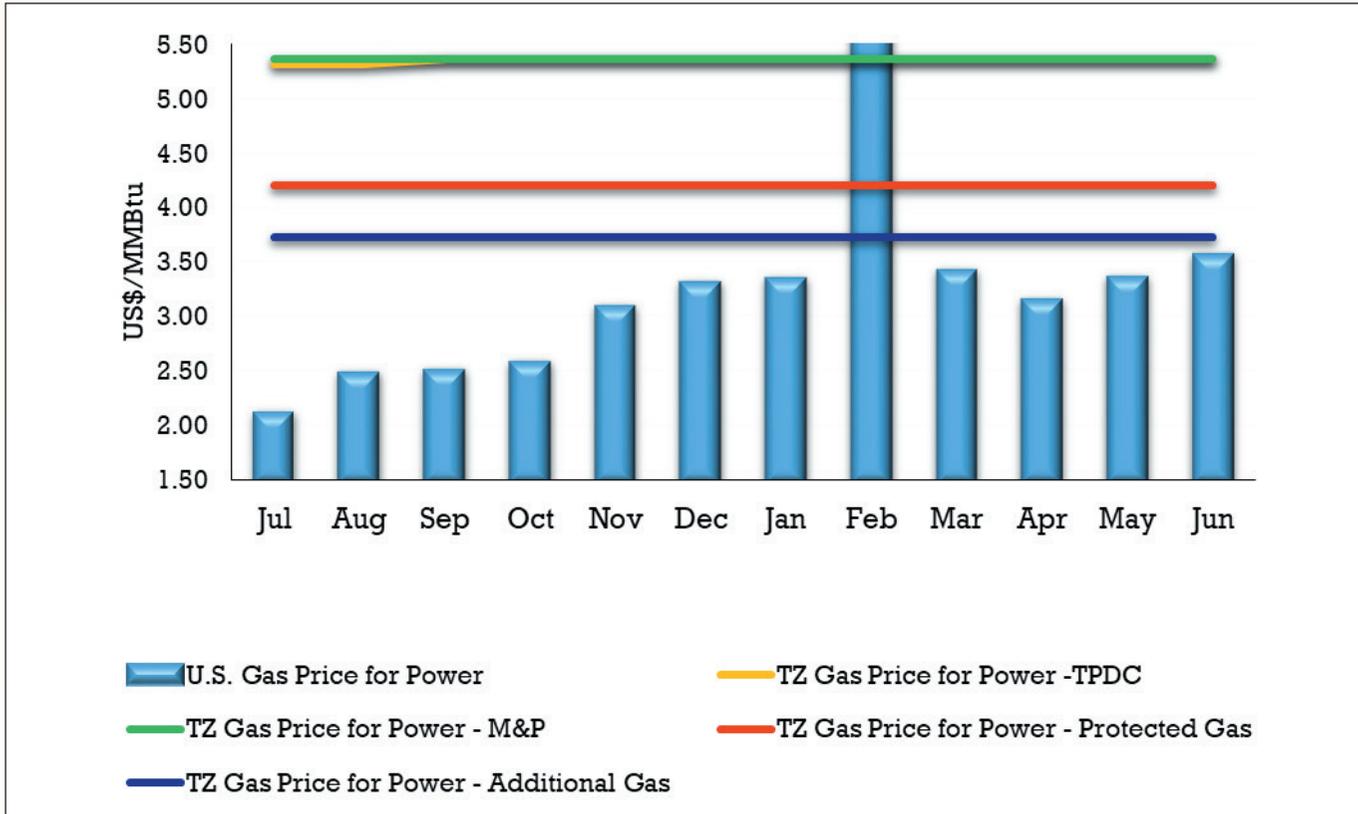


Figure 8: Natural Gas Price Trends for Thermal Power Generation in 2020/21

Source: TPDC, PAET, and M&P

The average natural gas price for industrial customers during the period under review was 8.31\$/MMBtu. The average price during the review period for cement industries was 5.65\$/MMBtu, ceramic industry was 6.22\$/MMBtu, and institutions such as Tanzania Prison Services was 5.76\$/MMBtu which was benchmarked with Global price as per **Figure 9**.

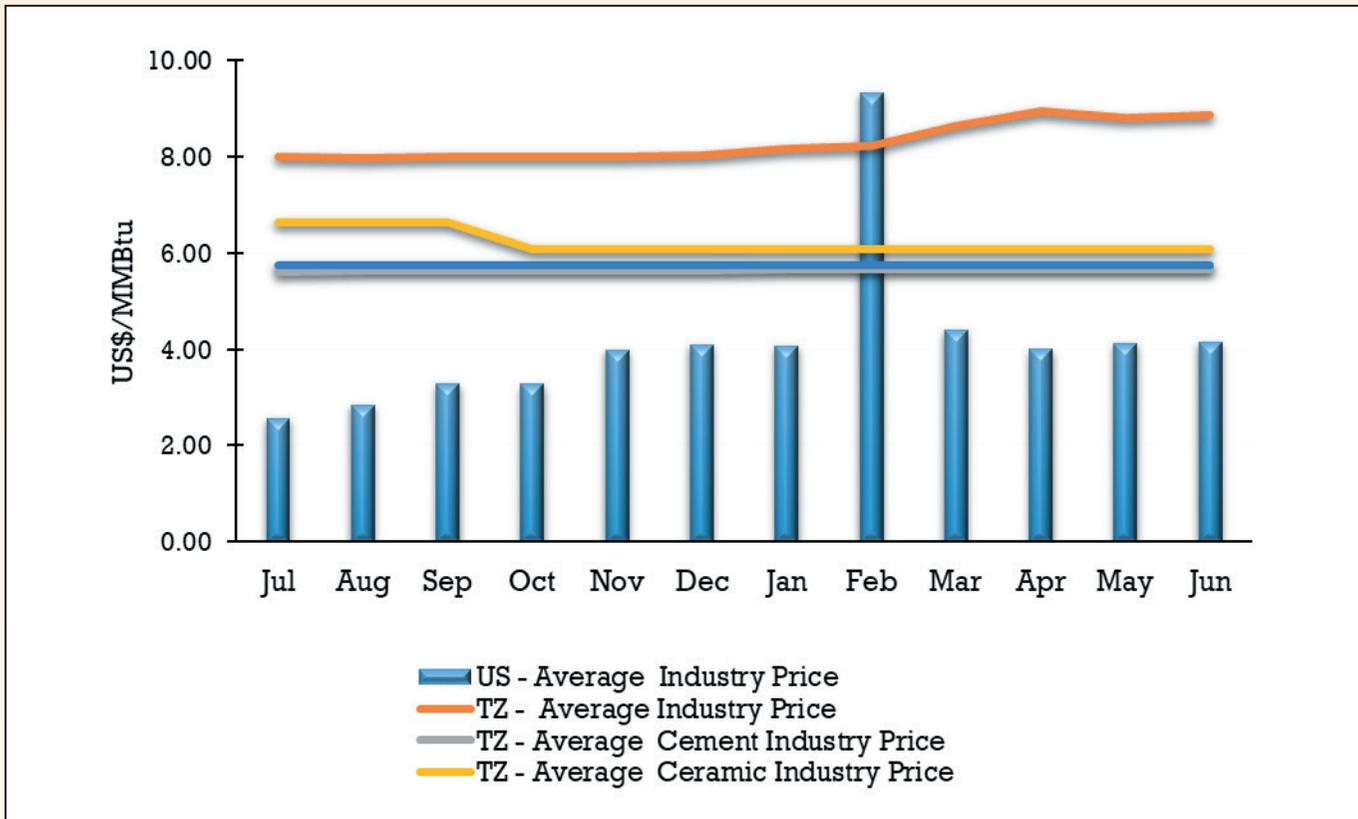


Figure 9: Natural Gas Price Trends of Industrial Customers for FY 2020/21

Source: TPDC and PAET

5.1.8 Level of investment in Natural Gas sub-sector

The Authority granted construction approvals to extend the downstream natural gas networks in Dar es Salaam, Lindi and Coastal Regions during the period under review. The granted construction approvals are as follows;

- Constructing of containerized mobile natural gas filling Station, storage facility, compression facility, dispensing facility, and mobile CNG trailer at Temeke, Dar es Salaam by Anric Gas Technology Tanzania Company Limited;
- Construction of natural gas distribution facilities for supplying gas to LN Future Industries and Balochistan Group of Industries at Kisemvule, Mkuranga in Coastal region by TPDC;
- Construction of natural gas distribution facilities for supplying natural gas to household customers at Nzasa Street, Sinza in Kinondoni municipality by TPDC
- Construction of natural gas distribution facilities for supplying natural gas to household customers at Police barracks, along Kilwa road in Temeke municipality by TPDC and; and
- Construction of natural gas distribution facilities for supplying natural gas to household customers at Mnazi Mmoja in Lindi by TPDC.



Figure 10: CNG filling station in TAZARA, Dar es Salaam, owned and operated by Anric Gas Technology Tanzania Company Limited.

Source: EWURA

5.1.9 Health, Safety and Environment (HSE)

During the review period, the Authority continued to carry out health, safety, and environmental monitoring of processing, transmission, and distribution activities in the natural gas sub-sector quarterly as per the work plan. The HSE involved the following activities:

- a) Monitor Corrosion, leak survey, damage prevention, compaction and restoration of degraded land falls complied with HSE requirements;
- b) Control of over-pressurisation by ensuring the pressure reducing facilities as well as CNG mother and daughter stations comply with the HSE requirement;
- c) Coordinate the development of guidelines for Protecting Underground Infrastructures/ Utilities in Shared Way Leaves caused by un-controlled third-party activities and encroachment by petty traders within natural gas hazardous areas, especially in Dar Es Salaam regions; and
- d) Ensure HSE compliance in mid and downstream-regulated activities from processing plants to distribution networks achieve no "Lost Time Injuries (LTI)" status, and all "Near Miss Accident" or "Major Accident" are timely reported.

5.1.10 Local content implementation

Local Content in Mid and Downstream Petroleum Industry of Tanzania is the development of local skills, oil and gas technology transfer, and use of local workforce and local manufacturing. Regulation 38 of the Petroleum (Local Content) Regulations, 2017 requires EWURA to establish and maintain a register of the Tanzanian Local Suppliers and Service Providers (LSSP) through



which petroleum operators for preference in the provision of goods and services in the petroleum activities obtain local suppliers.

The Authority continued to registrar local business entities in the Local Suppliers and Service Providers (LSSP) by updating the database on a monthly basis. EWURA registered **737** local suppliers and service providers by the end of June 2021. The list of local suppliers is available on the EWURA website.

To improve the registration process of local suppliers and service providers, EWURA is developing the Common Qualification System (CQS) to enable applicants to register online. The development of the system is in progress and is expected to be functional by December 2021.

5.1.11 Construction approval andlicensing

The Authority developed regulatory tools to enable licensing of natural gas operations for new service providers. The service providers that existed before the enactment of the Petroleum Act 2015 were deemed to have licence according to section 260(4) of the Petroleum Act 2015. The Authority issued five (5) construction approvals in Lindi, Coastal, and Dar es Salaam regions. Further, five (5) licences for processing, transmission and CNG operations have been issued by the Authority.

5.1.12 Regulatory tools

Legislative matters include enactment or amendment of principal laws by the Parliament, review of Energy Policy and Regulations by the Minister responsible for natural gas sub-sector, and making rules by the Authority. During the period under review, several regulatory tools were developed and some are already gazetted while others have already been approved or are at different stages of approvals by the Government. Pursuant to Section 258(a), Authority has developed the following Rules:

- i) The Energy and Water Utilities Regulatory Authority (Electricity and Natural Gas) (Tariff Application And Rate Setting) Rules, 2021, GN-396; and
- ii) The Energy And Water Utilities Regulatory Authority (Consumer Complaints Settlement Procedure) Rules, 2020, GN-428.

6. WATER SECTOR REGULATION

The Authority is responsible for regulating the water sector following Section 28 of the Water Supply and Sanitation Act, 2019. During the period under review, EWURA was regulating 25 Regional Water Supply and Sanitation Authorities (RWSSAs), 62 District and Township Water Supply and Sanitation Authorities (DTWSSAs), and 7 National Projects Water Supply and Sanitation Authorities (NPWSSAs). WSSAs are responsible for providing Water and Sanitation Services in their designated areas according to the terms and conditions of licences issued by EWURA.

6.1 Compliance monitoring

6.1.1 Data reporting

Regulated water and sanitation utilities must submit their monthly and annual performance data electronically through a web-based software for reporting, namely Water Utilities Information System (Majls). During the period under review, the regulated WSSAs continued reporting through Majls. EWURA used data submitted by the utilities to monitor and evaluate the performance of the water utilities.

6.1.2 Site Inspections and data verification

During the year under review, **78** compliance-monitoring inspections were conducted against **80** planned inspections to WSSAs. The inspected WSSAs are DAWASA, Mbeya, Ushiroambo, Biharamulo, Ngara, Singida, Mafinga, Karagwe, Dodoma, Iringa, Loliondo, Karatu, Mbulu, Katesh, Orkesument, Kibaya, Tunduru, Namtumbo, Ludewa, Njombe, Makambako, Makete, Vwawa-Mlowo, Dakawa, Gairo, Ifakara, Kilwa Masoko, Liwale, Mahenge, Morogoro, Ruangwa, Turiani, Utete, Mwanhuzi, Chato, Muleba, Maswa, Maganzo, Kishapu, Shinyanga and Mugango – Kiabakari.

General compliance monitoring inspections were also conducted to Itigi - Manyoni, Kiomboi, Kondoa, Kibaigwa, Mafinga, Sumbawanga, Namanyere, Rujewa, Chunya, Kyela-Kasumulu, Itumba-isongole, Tunduma, Lindi, Makonde-Plateau, Masasi-Nachingwea, Mtwara, Mugumu, Mwanza, Sengerema, Bukoba, Bariadi, Arusha, Songe, Handeni, Korogwe, HTM, Mombo, Lushoto, Singida, Tabora, Nzega, Igunga and Mpwawa. During the year under review, Dodoma WSSA was inspected quarterly except during the first quarter, while DAWASA and Ngara WSSA were inspected twice in the first and fourth quarters.

The Authority also conducted **21** ad-hoc inspections to 21 WSSAs, namely Arusha, Nzega, Igunga, Tabora, Gairo, KASHWASA, Tanga, DAWASA, Gairo, Kilindoni, Lushoto, Mahenge, Mombo, Songe, Ludewa, Namanyere, Laela, Chala, Kondoa, Kiomboi, and Kishapu. The Authority also conducted special inspections to four (4) WSSAs as targeted. The special inspections were conducted to Tanga, Maswa, Bariadi, and Tunduma WSSAs. Further, the Authority conducted pre-licensing inspections in DAWASA, Same-Mwanga, and Kyela-Kasumulu WSSAs.



Major findings observed include; non-compliance with Tariff for Kiosks, Lack of Water Quality Monitoring Programme, non-compliance to water quality standards TZS 789:2018 – EAS 12:2018, dilapidated water supply and sanitation infrastructure, and among DTWSSAs, weak, managerial, financial, and technical capabilities. The Authority directed WSSAs to rectify the identified anomalies every quarter.

6.2 Review of WSSAs' business plans

WSSAs are required to prepare their business plans according to EWURA Guidelines for Preparing a Business Plan for Regulated Water Utilities, 2016, and submit them to the Authority for review. A business plan serves as a planning document for a water utility, including strategies, performance targets and related activities, and financial projections for achieving its mission. In addition, the business plans are among the key documents used by the Authority to set WSSAs' tariffs, are the bases for the Authority to measure and monitor the performance of the WSSAs.

During the year under review, the Authority revised business plans from **38** WSSAs against **20** planned reviews. The reviewed business plans were for the WSSAs of Korogwe, Mahenge, Utete, Tukuyu, Rujewa, Mtwara, Makonde, Chunya, Muleba, Mbinga, Mwanhunzi, Kyela-Kasumulu, Kasulu, Loliondo, Handeni, Songe, Dodoma, Singida, Sengerema, Kishapu, Bunda, Songea, Tunduma, Itumba-Isongole, Tabora, Nzega, Igunga, Mafinga, Iringa, Itigi-Manyoni, Kilwa Masoko, Liwale, Ifakara, Turiani, Mpwapwa, Kahama, Same- Mwanga and Arusha.

The Authority ensured that the Key Performance Indicators (KPIs) targets are included in the WSSAs' Business Plans and follow up is regularly made to ensure their implementation. The implementation of KPIs is monitored monthly through the Water Utilities Information System (Majls) and Annual Performance Reports.

6.3 Review and approval of WSSAs' Customer Service Charters

During the year under review, the Authority reviewed and approved 14 customer service charters for DAWASA, Vwawa-Mlowo, Sumbawanga, Musoma, Mugumu, Makambako, Songea, Same-Mwanga, KASHWASA, Kahama, Tabora, Bunda, Ngara and Biharamulo WSSAs. The review ensured that, among other things, the quality-of-service targets included in the charters meet the minimum requirements as specified in the Water Supply and Sanitation (Quality of Service) Rules, GN 176, Published on 13th May 2016. Also, the Authority inspected the utilities to monitor implementation of Customer Service Charters for thirteen (13) WSSAs of Geita, Shinyanga, KASHWASA, Mugango-Kiabakari, Babati, Lindi, DAWASA, Muleba, HTM, Korogwe, Songea, Vwawa-Mlowo, and Tunduru; The annual target was to review 14 customer service charters and monitor implementation of the same from 13 WSSAs.

6.4 Water utilities performance review report

The Authority also prepared two Water Utilities Performance Review Reports for the Financial year 2019/20 for Regional and National Projects water utilities; and District and Township Water Supply and Sanitation Authorities. The Reports covered the technical, commercial, and financial performance of WSSAs by considering key performance data and indicators. The reports were published, and the best performing utilities were recognized by awarding them with certificates and trophies.

6.5 Water sources and water storage capacities

6.5.1 Water sources

There are three types of water sources namely surface water, groundwater and rainwater. The common types of water sources in use by WSSAs is surface water and groundwater. During the period under review, surface water (rivers, springs, dams and lakes) continued to be the major source of water among the WSSAs. The contribution of surface water and ground water were as follows:- surface water (rivers 51%, lakes 17%, spring 11%, dams 8%) and ground water (boreholes 11%) of the total water abstraction from the available water sources. **Figure 11** indicates the overall water abstraction from various water sources.

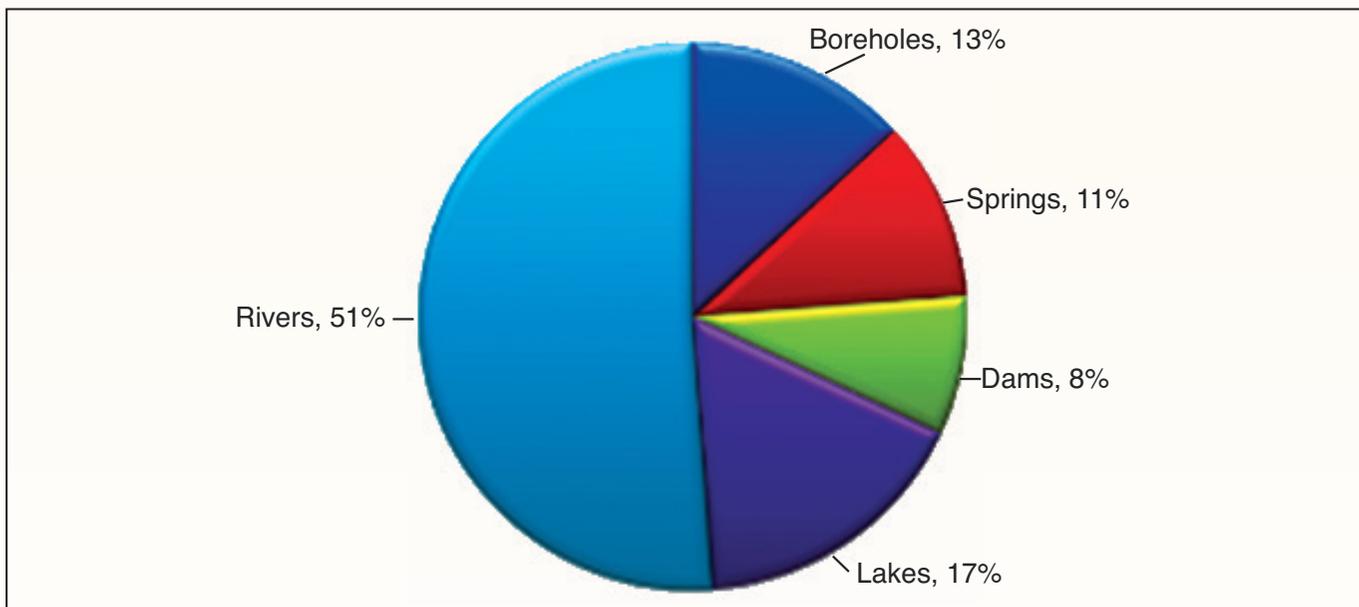


Figure 11: Overall Water Abstraction

In addition, installed water production capacity among Regional WSSAs improved by 3% from 478.86 to 492.14 million cubic meters in FY 2020/21. The improvement was due to investment in additional of water sources such as boreholes, new water intake structures and rehabilitation of existing water sources.

6.5.2 Water storage capacities

During the year under review, average water storage capacity for WSSAs improved to 8.4. Adequate water storage is imperative to ensuring reliability of water supply and maintain service pressure. The recommended minimum water storage capacity for a water utility is at least 7 hours of daily demand within a service area of the utility.

6.6 Health, Safety and Environmental matters

6.6.1 Water quality tests

Water quality monitoring was conducted to sixty-three (63) water utilities against the target of 60 water utilities. The Authority carried out water quality monitoring to establish whether water supplied to the customers complied with TBS Standards.



The WSSAs in which water quality monitoring was conducted by EWURA are Dodoma, Singida, Tabora, Iringa, Igunga, Nzega, Mafinga, Tanga, Arusha, Moshi, Same-Mwanga, Babati, HTM, Korogwe, Songe, Lushoto, Orkesumet, Katesh, Mbulu, Mombo and DAWASA. Other WSSAs are Mwanza, Sengerema, Musoma, Bukoba, Kigoma, Shinyanga, Geita, Bariadi, Kahama, KASHWASA, Maswa, Mugango-Kiabakari, Chato, Muleba, Kibondo, Kasulu, Mwanhuzi, Ushirombo, Bunda, Biharamulo, Tarime, Ngara, Mpwapwa, Songea, Mbinga, Njombe, Makambako, Wanging'ombe, Mbeya, Chunya, Vwawa-Mlowo, Itumba-Isongole, Sumbawanga, Namanyere, Mpanda, Morogoro, Ifakara, Lindi, Kilwa-Masoko, Mtwara, Makonde and MANAWASA (Masasi-Nachingwea and Ruangwa).

6.6.2 Wastewater quality tests

Wastewater quality monitoring was conducted to 12 water utilities as compared to an annual target of 10 water utilities. The Authority carried out wastewater quality monitoring to establish whether effluent from wastewater treatment systems complied with TBS Standards. The WSSAs in which wastewater quality monitoring was conducted by EWURA are Iringa, Arusha, Moshi, Kahama, Mwanza, Geita, Musoma, Songea, Mbeya, Dodoma, DAWASA and Morogoro

6.7 Regulatory tools

During the year under review, the Authority prepared the Water Supply and Sanitation Services (Licensing and Quality Of Services) Rules 2020; and the Guidelines for Onsite Sanitation and Faecal Sludge Management for WSSAs 2020. The Authority also initiated the preparation of the Guidelines for NRW Reduction Strategy and Water Meter Management.

6.8 Licensing

During the year under review, the Authority upgraded licences of two (2) Water Supply and Sanitation Authority, namely Mbeya and Mwanza Water Supply and Sanitation Authority, from class III to class II. The Authority also issued a class III licence to Dar es Salaam Water Supply and Sanitation Authority (DAWASA) as EWURA had never given license to DAWASA. The Authority also issued Provisional licences to Same-Mwanga and Kyela-Kasumulu WSSAs.

6.9 Capacity building

To improve the performance of regulated water utilities, the Authority continued to implement capacity building measures to water utilities of which 38 WSSAs were trained on the preparation of business plans against the target to train 20 WSSAs. The 38 WSSAs that benefited from such training include Kishapu, Kasulu, Kibondo, Karagwe Maganzo, Sengerema DAWASA, Makonde, Morogoro, Ifakara, MANAWASA, Gairo, Kilwa Masoko, Liwale, Mahenge, Utete, Ruangwa, Kyela-Kasumulu, Tunduma, Makambako, Itumba-Isongole, Chunya, Mbinga, Namanyere, Laela, Mbeya, Kibaya, Mombo, Loliondo, Songe, Same-Mwanga, Lushoto, Kondo, Itigi-Manyoni, Kiomboi, Igunga, Nzega, Kibaigwa and Mbulu.

7. ECONOMIC REGULATION

According to Section 6 of EWURA Act Cap 414, EWURA has a duty, among others, to regulate rates and tariffs of regulated services in the energy and water sectors. Section 6 of the Act requires EWURA to protect and provide fair returns to efficient service suppliers' investments, thereby protecting the financial viability of the assets. The Authority sets the service providers on the path to full cost recovery and ensures that consumers get affordable services. This section reviews tariff applications and rate settings for electricity and water supply and sanitation services. The petroleum regulation section presents the Petroleum product prices because the mechanism for determining petroleum cap prices differs from determining tariffs of services in other regulated sectors.

7.1 Tariff application reviews

The Authority reviewed four(4) tariff applications filed by regulated service providers. **Table 23** summarizes the tariff reviews conducted by the Authority during the period.

Table 23: Tariff reviews

Regulated Sectors	Matters brought Forward from previous year	Matters Received during the year	Total Matters Reviewed	Approved	Referred Back	With-drawn	Under Review as at 30 th June 2021
Electricity	0	1	1	1	0	0	0
Water Supply & Sanitation	0	3	3	3	0	0	0
Natural Gas	0	1	0	0	1	0	0
Total	0	5	4	4	1	0	0

7.2 Public hearings

According to section 19(2)(b) of the EWURA Act, Cap 414, the Authority is required to conduct an inquiry before exercising its power to regulate any rate or charge. Since these applications did not require further public consultations, there were no inquiries held with the public on the provisional tariff applications from Makete, Tanga, and Musoma WSSAs. However, the Authority conducted one public search for reviewing the VSPP tariff submitted by Ms. Mwenga Power. **Table 24** summarizes the tariff public hearings conducted by the Authority during the period.

Table 24 Public hearings for tariff reviews

Regulated Sectors	Number of Public Inquiry Meetings	Number of Matters Determined
Electricity	1	1
Natural Gas	0	0
Water Supply and Sanitation	0	0
Total	1	1



7.3 Approved Rates and Charges

The Authority received and determined tariff applications from the electricity subsector and the Water sector only during the review period. The following subsections describe the details of the tariffs approvals.

7.3.1 Water supply and sanitation sector

Table 25 shows that EWURA reviewed and approved four(4) provisional tariff applications from Water Supply and Sanitation Authorities (WSSAs) during the period under review. Out of the four reviewed tariffs, two were from Regional and National WSSAs; and two were from Districts and Township WSSAs. The approved applications concerned the request by WSSAs to continue using existing tariffs to ensure the sustainability and affordability of regulated services.

Table 25: Approved Tariff for WSSAs

S/N	WSSA	Previous Average Tariff 2018/19	Approved Weighted Average Tariff (TZS/M ³)		
			2019/20	2020/21	2021/22
1.	Musoma	1,070	1,800	1,800	1,800
2.	Tanga	1,318	1,983	1,983	2,246
3.	Makete	317	1,041	1,141	1,221
4.	Sengerema	636	953	1080	1159

7.3.2 Electricity sub-sector

Table 26 shows that during 2020/21, the Authority reviewed and approved one rate application from a large electricity service provider, TANESCO, requesting a review of charges applicable to service line connection to ensure the affordability of regulated services.

The Authority also reviewed tariff applications for electricity tariff and new service line charges submitted by Mwenga Power Services Limited (MPL). Once approved, MPL proposed that the electricity tariff and service line fees shall be for 2021/22 - 2023/24. The Authority intends to complete the application's determination in FY2021/22 after concluding consultations on the matter with the Government.

Table 26: Approved rates and tariff for electricity utilities

Service Line	Current and Proposed Connection Charges (TZS)		Approved Connection Charges (TZS)	
	Urban Rate TZS (VAT Exclusive)	Rural Rate TZS (VAT Exclusive)	Urban Rate TZS (VAT Exclusive)	Rural Rate TZS (VAT Exclusive)
Within 30 Meters	272,000	27,000	272,000	27,000
Within 70 Meters (One pole)	436,964	27,000	436,964	27,000
Within 120 Meters (Two-poles)	590,398	27,000	590,398	27,000

7.4 Compliance monitoring inspection of tariff orders

The Authority conducted 25 compliance monitoring inspections of the approved Tariff and implementation of financial and economic order conditions to electricity, petroleum and water utilities to ensure that the approved tariffs and charges benefit customers as expected.

Table 27 presents the compliance monitoring inspections completed by the Authority during the review period.

Table 27: Compliance monitoring inspections

Regulated Sectors	Number of Compliance Monitoring Inspections	Remarks
Electricity	28	The inspections of Regions/areas covered are: Arusha, Mtwara, Coast, Manyara, Mbeya, Iringa, Mwanza, Kagera, Rukwa, Dodoma, Lindi, Shinyanga, Mara, Tanga, Mwenga Hydro Power Limited, Simiyu, Kinondoni North, Kinondoni South, Kilimanjaro, Morogoro, Katavi, Manyara, Temeke, Ilala, Geita, Ruvuma, Singida, and Tabora.
Natural Gas	1	The inspection covered 17 sizeable natural gas customers
Petroleum	3	The Authority conducted the inspections of cap prices in the Southern Highlands, Northern and Lake Zone regions
Water Supply and Sanitation	21	The inspections involved Mbeya, Songea, Njombe, Bunda, Makambako, VwawaMlowo, Mugango-Kiabakari, Musoma, Tanga, Sengerema, Arusha, Babati, Bukoba, Dodoma, Geita, Iringa, Kigoma, Moshi, Ngara, Kahama, and Shinyanga WSSAs.
Total	53	



8. COMMUNICATIONS AND PUBLIC RELATIONS

8.1 Overview

The Energy and Water Utilities Regulatory Act, Cap. 414, (2019 amended) section 6 (e) stipulates that it is a duty of the Authority to enhance public knowledge, awareness and understanding of regulated sectors including the rights and obligations, ways in which complaints and disputes may be initiated and resolved; and the duties and functions of EWURA.

8.2 Public Awareness

As a way of providing feed back to the public on EWURA performance, a public awareness and relations programme is implemented through a comprehensive communication strategy as an integral part of the Authority's functions focusing on public knowledge, awareness and understanding of the regulated sectors.

During the year under review, EWURA implemented successfully activities related to Communications and Public Relations as per Communication Strategy and Action plan. The implementation of the plan was made through various media outlets such as electronic and print media, meetings, public hearings and consultations. Some activities that were implemented during the year have been highlighted here under:

8.2.1 EWURA na UCHUMI

During the financial year 2020/21, EWURA designed and recorded 77 television programmes, surpassing the target of 36 programmes that were planned. Under the same period, EWURA aired 61 radio programmes against 30 programmes that were planned to be aired during the period under review. Reasons for increased number against target is the need to respond to emerging issues such as Water bills, electricity licences and local content data base that needed attention of the public.

EWURA also aired special interviews on TBC1 and Azam about Local Service Suppliers' Data Base registration, fuel prices and other regulatory awareness.

bulletins on various TV stations including TBC1, ITV, Channel 10, Azam UTV, Star TV, Clouds TV, E-TV and various online TVs; and blogs. Further, with the implementation of the revised strategic plan, EWURA opened social media accounts (<https://www.facebook.com/ewuratanzania>, <https://instagram.com/ewura-tz> EWURA TV(m.youtube.com/channel/ewuratv) and <https://mobile.twitter.com/ewuratanzania>) to which various TV and Radio Programmes are shared for public consumption.

8.2.2 Advertisements

During the year, the Authority published 93 batches of various advertisements, as compared to 81 batches in 2019/20. The advertisements were mainly traditional ones of Petroleum Price, Public Notices, Job Vacancies, Pre-inspection monitoring and licensing notices and Tenders.

8.2.3 Publicity Materials

During the year, the Authority distributed EWURA's education and information materials to the Government and the public through various events such as Saba Saba exhibitions, Nanenane exhibition, and public inquiry meetings and in stakeholder's meetings.

The publicity materials distributed included EWURA Annual report, Water sector reports Volume I and II, Electricity Performance Report for the year 2020; the mid and downstream petroleum subsector, natural gas subsector report and EWURA Newsletters. The Authority also, designed and produced nine brochures: *Majukumu ya EWURA*, *Namna ya Kuwasilisha Malalamiko EWURA*, *Uuzaji holela wa mafuta jamii ya petroli*, *Mwongozo wa Kujiandikisha kwenye Kanzi Data*, *Matumizi ya Gesi ya Kupikia*, *Ujenzi wa Vituo vya mafuta vya gharama nafuu vijijini*, *Umuhimu wa kutumia mafundi umeme wenye leseni ya EWURA*, *Procedures for Electric Installation License Application na Fahamu jinsi EWURA inavyopanga bei za maji nchini*.

8.2.4 Corporate Social Responsibility

As part of EWURA efforts to contribute to the social welfare of its stakeholders, EWURA donated and contributed to a number of institutions to support activities of national interest in line with its policy. This strengthened positive image and values to the public. During the year, the Authority supported various institutions with a total of TZS 302 million as compared to TZS 208 million that was contributed in the previous period. During the Year under review, **all CSR donations and contributions had no political motivations.**

8.2.5 Feature articles and social media

The Authority also published 62 feature articles in various media against the target of 36 due to emerging issues that has to be responded on time. During the same period under review EWURA was mentioned many times in news bulletins on various TV stations including TBC1, ITV, Channel 10, Azam UTV, Star TV, Clouds TV, E-TV and various online TVs; and blogs. EWURA also continued to promote the use of its social media accounts for You Tube, Twitter, Facebook as well as WhatsApp groups to reach out stakeholders through that category.

8.2.6 Seminars and Consultations

During the financial year ended 30th June 2021, EWURA conducted about 17 seminars and consultations with various key stakeholders with a view to discuss and impart regulatory knowledge.

During the same period, EWURA held seminars and consultative meetings with key stakeholders such as the Office of the President, Prime Minister's Office, the Office of the Speaker of National Assembly, Parliamentary Committees for Water and Energy and Minerals, Regional Commissioners for Mtwara, Dar es Salaam, Singida, Mara, Geita, Iringa and Morogoro and District Commissioners for Kigamboni, Ubungo, Kinondoni, Temeke, Mvomero, Mafia, Chato, Geita Urban, Bunda, Rorya, Serengeti, Butiama and Musoma. EWURA also conducted seminars to electrical installation personnel, people with albinism, Editor's Forum, Lake Zone journalists and met Oil Marketing Companies and the Tanzania Truck Owners Associations.



8.2.7 Exhibitions

The Authority participated at the 45th Dar es Salaam International Trade Fair (DITF) and The Kisarawe Ushoroba festivals. During the exhibitions, EWURA conducted public awareness, by providing information and educational activities, whereby various publications such as brochures, Newsletter and EWURA reports were distributed to the public. At the end of exhibitions, the Authority served more than 1,000 visitors at EWURA booths; and emerged the third Winner of Energy Exhibitors' category at the DITF. Further it Northern Zone Office participated in Agricultural shows commonly known as Nane Nane at Northern Zone and emerged third winner among six (6) in the category of regulatory institutions that participated.

8.2.8 Publications

Documenting regulatory activities for various stakeholders' consumption is a pre-requisite in any functioning public awareness programme. In the financial year 2020/21, EWURA published EWURA Annual Report, Water Sector Reports Volume I and II, Downstream Petroleum Subsector Performance Report, Electricity Performance Report, mid and Downstream petroleum sub-sector performance report, natural gas subsector report, strategic plan, brochures, and quarterly EWURA Newsletters.

9. KEY ACHIEVEMENTS, CHALLENGES AND WAY FORWARD

9.1 Key achievements

During the year under review the Authority registered a number of achievements as narrated below:-

- (a) Maintained the Authority's received ISO (International Standard Organisation) certificate ISO 9001:2015.
- (b) Publication of various regulatory tools (rules, license templates, codes, guidelines and manuals).
- (c) Improved standard of service delivery through the use of Client Service Charter by service providers (e.g. TANESCO, WSSAs).
- (d) EWURA approved various a Client Service Charters that are used to guide the level of customer satisfaction.
- (e) EWURA continued to cooperate with other Government institutions such as National Environment Management Council (NEMC), Tanzania Bureau of Standards (TBS), Tanzania Revenue Authority (TRA) and Police Force on matters that required EWURA's cooperation or intervention, or vice versa, for the country's interest.
- (f) EWURA has continued to publish various annual regulated sector reports i.e. water, electricity, Natural and petroleum. This trend has improved the quality of regulated products, services and standards of infrastructure.
- (g) Petroleum products prices (petrol, diesel and kerosene) have been stable in line with world market prices and reflective of actual costs.
- (h) The level of petroleum adulteration has decreased from 80% (in 2007) to below 4% (in 2021) hence assuring local consumers of the quality petroleum products.
- (i) Improvement of importation of petroleum products requirements through the Bulk Procurement System (BPS), which was initiated by EWURA.
- (j) Standards of petroleum infrastructure in Tanzania have significantly improved due to compliance monitoring enforcement and the measures taken by EWURA – hence improved Health, Safety and Environment.
- (k) The Authority continued to cooperate with other Government institutions such as Tanzania Bureau of Standards (TBS), National Environment Management Council (NEMC), Tanzania Revenue Authority (TRA), Tanzania Ports Authority (TPA), Weight and Measures Agency (WMA), Government Printers, Attorney General, and Police Force on matters that required EWURA's cooperation or intervention, or vice versa, for the country's interest;
- (l) The Authority revised business plans of WSSAs of Korogwe, Mahenge, Utete, Tukuyu, Rujewa, Mtwara, Makonde, Chunya, Muleba, Mbinga, Mwanhunzi, Kyela-Kasumulu, Kasulu, Loliondo, Handeni, Songe, Dodoma, Singida, Sengerema, Kishapu, Bunda, Songea, Tunduma, Itumba –isongole, Tabora, Nzega, Igunga, Mafinga, Iringa, Itigi-Manyoni, Kilwa Masoko, Liwale, Ifakara, Turiani, Mpwapwa, Kahama, Same- Mwanga and Arusha;



9.2 Key challenges and way forward

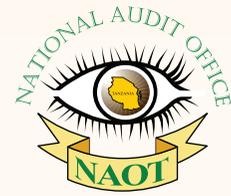
The Authority encountered various challenges while discharging its functions during the year under review. Key challenges encountered included the following: -

- a) Existence of the sale of adulterated and smuggled tax exempted petroleum products including transit products in the local market leading to unfair competition and loss of Government tax revenues. The Authority is determined to continue conducting periodic petroleum quality monitoring exercises and take legal actions against defaulters;
- b) Noncompliance by the regulated service providers in the regulated sectors due to inadequate knowledge and expertise in the regulated sectors. The Authority has continued to conduct periodic awareness to the public for users and service providers;
- c) Lack of coordination among way-leave owners and various operators of underground utilities within shared way-leaves/corridors especially in urban areas such as Dar es Salaam poses a major safety concern to infrastructure and the general public. The Authority has developed Guidelines to protect the underground infrastructures damage and personal injury within shared way-leaves once approved and implemented by all parties;
- d) Enforcement of regulatory decisions such as tariff and standards are sometimes difficult due to inadequate awareness of regulatory functions to some key stakeholders. EWURA will continue to engage key stakeholders such as Government and political leaders to make them aware of regulatory mandate;
- e) Low investment and awareness on sanitation services to WSSAs and the public. The Authority is committed to continue revising and developing regulatory measures to promote investments in sanitation services and provide capacity building to WSSAs on provision of sanitation services; and
- f) Low investment of petrol stations in rural areas. Most of the rural areas have no petrol stations as a result supply of petroleum products is conducted by storing products in plastic containers and drums in residential houses and sold through plastic bottles. This is unsafe as it endangers the lives of people, properties and environment. The Authority has developed the Petroleum (Village and Township Retail Operations) Rules with simplified requirements specific for rural areas. Furthermore, the Authority will continue to promote investments of low cost petrol stations in the rural areas in order to ensure safe and sustainable supply of petroleum products across the country.

The Authority is committed to continue addressing these challenges for improved performance in the years ahead.



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



**REPORT OF THE CONTROLLER AND AUDITOR
GENERAL ON THE FINANCIAL STATEMENTS AND
COMPLIANCE AUDIT OF ENERGY AND WATER
UTILITIES REGULATORY AUTHORITY FOR THE
FINANCIAL YEAR ENDED 30th JUNE 2021**

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31st December 2021

AR/ PA/EWURA/2020/21



Mandate

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

Vision

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

Mission

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

Motto: “Modernizing External Audit for Stronger Public Confidence”

Core values

In providing quality services, NAO is guided by the following Core Values:

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit

We do this by:

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

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

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ABBREVIATIONS

AFUR	African Forum for Utility Regulators
ARA	African Refiners Association
CAG	Controller and Auditor General
EREA	Energy Regulators Association of East Africa
ESAWAS	Eastern and Southern Africa Water and Sanitation Regulators Association
FCC	Fair Competition Commission
FCT	Fair Competition Tribunal
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
LPG	Liquefied Petroleum Gas
NAO	National Audit Office
NARUC	National Association of Regulatory Utility Commissioners
NHC	National Housing Corporation
PSSSF	Public Service Social Security Fund
RERA	Regional Energy Regulators Association
TBS	Tanzania Bureau of Standards
WSSAs	Water Supply and Sanitation Authorities

1.0 GOVERNANCE REPORT FOR THE YEAR ENDED 30TH JUNE 2021

1.1 INTRODUCTION

The Directors hereby submit their report together with the financial statements for the year ended 30 June 2021 which disclose the state of affairs of the Energy and Water Utilities Regulatory Authority.

1.2 ESTABLISHMENT

The Energy and Water Utilities Regulatory Authority (EWURA) is an autonomous statutory body established under the Energy and Water Utilities Regulatory Authority Act, Cap 414 of the Laws of Tanzania (EWURA Act). EWURA became fully operational in June 2006 after appointment of the Board.

1.3 VISION

To be a World Class Regulator for Sustainable Energy and Water Services.

1.4 MISSION

To regulate energy and water utilities in a transparent, effective, and efficient manner that ensures their quality, availability, and affordability.

1.5 CORE VALUES

The Authority's core values are:

- (a) Impartiality;
- (b) Morality;
- (c) Professionalism;
- (d) Accountability;
- (e) Consistency; and
- (f) Transparency.

✓ **Motto: Fair Regulation for Positive IMPACT**

1.6 PRINCIPAL ACTIVITIES

The Authority is responsible for the technical and economic regulation of the energy (electricity, downstream petroleum, natural gas) and water and sanitation sectors in Tanzania. The functions of the Authority include, among others, licensing, tariff review, monitoring performance and standards regarding to quality, safety, health, and environmental issues of the regulated suppliers.



1.7 DUTIES OF THE AUTHORITY

In carrying out its functions the Authority shall strive to enhance the welfare of Tanzania society by,

- a) promoting effective competition and economic efficiency;
- b) protecting the interests of consumers;
- c) protecting the financial viability of efficient suppliers;
- d) promoting the availability of regulated services to all consumers including, low income, rural and disadvantaged consumers;
- e) enhancing public knowledge, awareness, and understanding of the regulated sectors including–
 - i. the rights and obligations of consumers and regulated suppliers;
 - ii. the ways in which complaints and disputes may be initiated and resolved; and
 - iii. the duties, functions, and activities of the Authority; considering the need to protect and preserve the environment.

1.8 FUNCTIONS OF THE AUTHORITY

The functions of the Authority shall be–

- a) to perform the functions conferred on the Authority by sector legislation;
- b) subject to sector legislation,
 - i. to issue, renew and cancel licences;
 - ii. to establish standards for goods and services;
 - iii. to establish standards for the terms and conditions of supply of goods and services;
 - iv. to regulate rates and charges;
 - v. to make rules;
- c) To monitor the performance of the regulated sectors in relation to–
 - i. levels of investment;
 - ii. availability, quantity, and standard of services;
 - iii. the cost of services;
 - iv. the efficiency of production and distribution of services; and
 - v. other matters relevant to the Authority;
- d) in the case of petroleum and natural gas, to regulate transmission and natural gas distribution;
- e) to facilitate the resolution of complaints and disputes;
- f) to disseminate information about matters relevant to its functions;
- g) to consult with other regulatory authorities;
- h) to perform such other functions as are conferred on the Authority; and
- i) to administer the EWURA Act.

1.9 COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors consists of seven members; six of them are non-executive Directors and one Executive Director who is the Director General. All of them are Tanzanian citizens. However, two positions are vacant (Board Chairman since 24 August 2019 and one member since 1 April 2019)

The Board members, who served the Authority during the year ended 30 June 2021, are as follows: -

S/N	Name	Position	Qualification	Date of Appointment	Date of End of Tenure	Age
1.	Mr. Ahmad S.K. Kilima	Deputy Chairman	MBA (Marketing)	20 October 2018	19 October 2022	68
2.	Mr. Richard M. Kayombo	Member	MBA (Marketing)	20 October 2018	19 October 2022	52
3.	Mr. Fadhili J. Manongi	Member	MA (Economics)	17 May 2018	16 May 2022	67
4.	Ms Victoria M. Elangwa	Member	MBA. (Finance)	17 May 2018	16 May 2022	44
5.	Eng. Godfrey H. Chibulunje	Member and Ag. Director General	MSc. Engineering Management	16 April 2020		48

1.10 CORPORATE GOVERNANCE

The overall responsibilities of the Board of Directors, among other things, include general oversight of the Authority's operations, identifying key risk areas, monitoring investment decisions, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures are operative and in compliance with sound corporate governance principles.

The Board is required to meet at least once a month for ordinary meetings and may call for extra meetings when there is the business to transact. The Board delegates the day to day management of the Authority to the Director General assisted by Senior Management members.

The Authority is committed to the principles of effective corporate governance namely integrity, transparency, and accountability. During the year ended 30 June 2021, 12 Ordinary Meetings and 11 Extra Ordinary Board Meetings were held. Key issues discussed and deliberated during the meetings;

- i. reviewed and set forth policies for guiding the Management in the conduct of its day to day activities;
- ii. reviewed and approved the Authority's sector regulatory tools, performance reports, Financial Statements, Financial regulation and Accounting manual;
- iii. issued, renewed and canceled licences subject to sector legislations;
- iv. entered into performance contract with Director General and Treasury Registrar and monitored its implementation to ensure that the agreed performance targets were effectively and efficiently achieved;
- v. decided on the necessary steps to protect the Authority's financial position and the ability to meet its debts and other obligations fall due during the period;
- vi. approved, monitored and oversee the implementation of EWURA's strategic plan, annual budget, audit plan and annual procurement plan;
- vii. approved, monitored and oversee acquisitions and disposals of EWURA's assets;



1.11 BOARD COMMITTEES

In streamlining the business transactions, the Board has constituted sector specific and cross-cutting issues Board Committees. During the financial year ended 30 June 2021, the Audit and Risk Committee, Legal and Corporate Affairs Committee, Energy Committee, and Water Committee, met regularly pursuant to section 21 of the EWURA Act, Cap.414 of 2019 amended. During the period under review, a total of 34 meetings were conducted by these committees as shown below.

1.11.1 Board Committee Meetings

S/N	Board Committee	Number of Meetings
1.	Audit and Risk	11
2.	Legal and Corporate Affairs	11
3.	Energy Committee	5
5.	Water and Sanitation	7
	Total	34

Constitution of Board Committees is as follows: -

1.11.2 Board's Audit and Risk Committee

S/N	Name	Position	Qualification	Nationality
1.	Mr. Fadhili J. Manongi	Chairman	MA(Economics)	Tanzanian
2.	Mr. Richard M. Kayombo	Member	MBA (Marketing)	Tanzanian
3.	Mr. Godfrey Ngonyani	Co-opted member	MBA (Finance), CPA(T), CISA	Tanzanian

1.11.3 Board's Legal and Corporate Affairs Committee

S/N	Name	Position	Qualification	Nationality
1.	Mr. Richard M. Kayombo	Chairman	MBA (Marketing)	Tanzanian
2.	Mr. Ahmad S.K. Kilima	Member	MBA (Marketing)	Tanzanian
3.	Ms Victoria M. Elangwa	Member	MBA. (Finance)	Tanzanian
4.	Eng. Godfrey H. Chibulunje	Acting Director General and Member	MSc. (Engineering Management)	Tanzanian

1.11.4 Board's Energy Committee

S/N	Name	Position	Qualification	Nationality
1.	Ms Victoria M. Elangwa	Chairperson	MBA. (Finance)	Tanzanian
2.	Mr. Fadhili J. Manongi	Member	MA (Economics)	Tanzanian
3.	Mr. Ahmad S.K. Kilima	Member	MBA (Marketing)	Tanzanian
4.	Eng. Godfrey H. Chibulunje	Acting Director General and Member	MSc. (Engineering Management)	Tanzanian

1.11.5 Board's Water Committee

S/N	Name	Position	Qualification	Nationality
1.	Mr. Fadhili J. Manongi	Chairman	MA(Economics)	Tanzanian
2.	Mr. Ahmad S.K. Kilima	Member	MBA (Marketing)	Tanzanian
3.	Eng. Godfrey H. Chibulunje	Acting Director General and Member	MSc. (Engineering Management)	Tanzanian

1.12 MANAGEMENT

The management of the Authority is under the Director General and is structured in the following eight Directorates and three Units: -

- i. Directorate of Corporate Affairs;
- ii. Directorate of Legal Affairs;
- iii. Directorate of Internal Audit;
- iv. Directorate of Natural Gas;
- v. Directorate of Water and Sanitation;
- vi. Directorate of Petroleum;
- vii. Directorate of Electricity;
- viii. Directorate of Regulatory Economics;
- ix. Communications and Public Relations Unit;
- x. Information and Communication Technology Unit; and
- xi. Procurement Management Unit.

1.13 KEY STRENGTHS AND RESOURCES

The Authority continues to give priority to key resources which are people, tangible and intangible resources such as appropriate technology which contribute in strengthening service delivery, productivity, and financial sustainability. These strengths and resources are explained briefly in the following paragraphs.

(i) Human Resources

Customer satisfaction is mostly anchored on people and hence employees continue to be the most important assets. Their zeal, hardworking and commitments has ensured the Authority that performs well during the year. The Authority has skilled, motivated, and experienced employees who are considered as key resources in pursuing its objectives. The Authority encourages and supports capacity building programmes to impart the required knowledge to employees to give them an edge in performing their activities.

During the financial year ended 30 June 2021, the Authority sponsored some of its staff to attend different trainings regulatory issues, management. During the same period, the Authority formally officiated workers council and was able to hold one workers council meeting. The Authority also encourages employee participation in decision making processes and encourages open and honest communications.

(ii) Co-operation and Support from various Stakeholders

The Authority has internal and external stakeholders and has been encouraging harmonious relationship with them. Their support and involvement in EWURA activities makes a significant impact and contribution to service delivery to the public. The Authority has continued receiving enormous support from key stakeholders. Among others include the Ministry of Energy, Ministry of Water, EWURA Consumer Consultative Council (EWURA CCC), Government Consultative Council, Tanzania Oil Marketing Companies (TAOMAC), Association of Tanzania Water Suppliers (ATAWAS), Tanzania Revenue Authority (TRA), Ministry of Finance and Planning, Treasury Registrar, Police and other Regulatory Authorities in the country.



The Authority has strong ties and working relationships with relevant International organizations such as AFUR, ESAWAS, EREA, RERA, NARUC, and GIZ.

(iii) Legal Framework

In discharging its duties and functions, the Authority is guided by its establishing Act, Sector Legislation, and Subsidiary legislations in the Water and Sanitation, Electricity Natural Gas, and Petroleum. The EWURA Act, Cap. 414 of 2019, as amended from time to time together with sector legislation, govern the conduct of the activities of the Authority. The sector legislation includes the Electricity Act, Cap. 131, Water and Sanitation Act, Cap. 272 and the Petroleum Act, Cap.392. These tools (EWURA Act, Petroleum-11 rules, Electricity-9 rules, Natural Gas-10 rules, Water and Sanitation- 4 rules, and 15 Regulations) were key and useful during the financial year under review.

(iv) Financial Performance and Sustainability

The Authority's sources of revenue are provided under Section 43(1) of the establishing Act Cap 414. The funds and resources of the Authority consist of: -

- i. fees collected by the Authority including, fees payable for the grant and renewal of licenses;
- ii. levies collected from regulated suppliers;
- iii. all other payments or property due to the Authority in respect of any matter incidental to its functions; and
- iv. any grants, donations, bequest, or other contributions made to the Authority.

Financial Performance

During the year the Authority earned total revenue of TZS. 53.79 billion (2019/2020: TZS. 49.84 billion). The Authority incurred total expenditure of TZS. 49.54 billion (2019/2020: TZS. 45.65 billion), whereby TZS 37.75 billion (2019/2020: TZS. 34.35 billion) was on recurrent expenditure inclusive of depreciation and TZS. 8.07 billion (2019/2020: TZS. 7.62 billion) was for contributions made to the Treasury Registrar and TZS 3.70 billion (2019/2020: TZS 3.68 billion) was disbursed to other Government Institutions (EWURACCC- TZS 2.48 billion, FCC-TZS 644.07 million, FCT- TZS 541.01 million and GCC- TZS 37.71 million). During the same period, the Authority incurred TZS 2.95 billion (2019/2020: TZS 4.2 billion) on capital expenditure. The level of revenue and the instituted internal controls have enabled the Authority to discharge its regulatory functions.

Financial Position

The Authority's financial position as at 30 June 2021 shows total assets of TZS 34.19 billion (2019/2020: TZS 26.78 billion) which include TZS 14.45 billion non-current assets (i.e. Building, Land, Machinery, Fixtures Fittings, Equipment Systems, Motor vehicles, Furniture, Computers, and Intangible assets) and TZS 19.73 billion current assets (i.e. Inventory, receivables and cash and bank balances). During the same period, the Authority has recorded liabilities with the total amount of TZS 6.58 billion (2019/2020: TZS 2.73 billion) which include TZS 4.66 billion Loan payable to NHC and TZS 1.92 billion being other liabilities

Cash flows position

During the period, the authority was able to collect cash from its regulatory suppliers in form of regulatory levies, penalties, licence fees, and licence application fees. Generally, the authority was able to meet timely its obligations that matured during the year. The Authority's cash flow position as at 30.06.2021 shows TZS 3.50 billion (2019/20: TZS 3.75 billion) balance.

Liquidity

The liquidity ratio indicates that as at 30 June 2021, EWURA was financially healthy as it could meet its current obligations three times when they became due. The ratio has decreased compared to 30 June 2020 due to increase in liabilities as a result of recording TZS 4.66 billion Loan payable to NHC.

1.14 OPERATIONAL AND FINANCIAL PERFORMANCE

Objectives and Strategies

During the year, EWURA focused on the implementation of its strategic objectives which guided the Authority in achieving its vision and mission, championing good governance, and facilitating the attainment of vibrant and thriving energy and water sectors in Tanzania.

The Authority continued implementing its five years Strategic Plan for 2020/21 – 2024/25 which guides the Authority's operations in five years' period. The following were the Strategic Objectives and strategies that were used for achieving the set strategic objectives: -

STRATEGIC OBJECTIVE A: Interventions against HIV/AIDS enhanced;

Strategies

- i. Implement the national programmes on anti-HIV/AIDS and non- communicable diseases;
- ii. Promote staff awareness on HIV//AIDS and non- communicable diseases;

STRATEGIC OBJECTIVE B: Implementation of the National Anti-Corruption Strategy enhanced;

Strategies

- i. Institutionalize National Anti- corruption strategy
- ii. Strengthen implementation of public service codes of conduct

STRATEGIC OBJECTIVE C: Quality, Availability, and Affordability of Regulated Services improved;

Strategies

- i. Develop and/or review the quality of service standards and codes in regulated sectors.
- ii. Promote commercial viability of the regulated suppliers.
- iii. Facilitate investments for sustainable supply of regulated services.
- iv. Promote local content in Natural Gas sub- sector.
- v. Strengthen enforcement of existing laws, regulations, and rules
- vi. Develop and implement measures to protect consumers' interests.
- vii. License the regulated suppliers.



- viii. Ensure efficient procurement of regulated goods, services, and infrastructure.
- ix. Contribute to process for revision/development of policies, legislation, and standards in the regulated sectors.

STRATEGIC OBJECTIVE D: Public Understanding and awareness of Regulatory Functions in the Regulated Sectors Enhanced;

Strategies

- I. Strengthen the Information, Education, and Communication (IEC) Policy and Strategy.
- II. Promote access to Public Register.
- III. Enhance public awareness on EWURA's roles and functions

STRATEGIC OBJECTIVE E: EWURA Legal and Regulatory Environment Improved;

Strategies

- i. Contribute to processes for revision/ development of policies, legislation, and standards in the regulated sectors
- ii. Contribute to major national reviews with bearing on the regulated sectors

STRATEGIC OBJECTIVE F: EWURA functions effectively and efficiently managed;

Strategies

- i. Deploy modern technology on regulatory and management functions
- ii. Maintain financial self-sufficiency.
- iii. Strengthen the organizational, management, and staffing framework.
- iv. Maintain high standards of operational, financial and procurement management
- v. Implement risk management Policy and Framework
- vi. Improve Internal auditing and risk management function
- vii. Strengthen the Performance Management System
- viii. Review and implement capacity building programs for Key Stakeholders and staff
- ix. Provide conducive working environment
- x. Strengthen litigation handling procedures
- xi. Provide effective and timely regulatory decisions
- xii. Promote staff engagement and involvement in EWURA's functions

1.14.1 Achievements

During the year, the Authority witnessed significant achievements as follows: -

- a) Reviewed various regulatory tools and developed new ones, in total the Authority reviewed and developed 15 (2019/20: 15) regulatory tools;
- b) The Authority continued to conduct monitoring and inspection of its regulated sectors. This has continued to improve the quality of regulated products, services, and standards of infrastructure;
- c) The Authority continued to overseeing the implementation and enforcement of Bulk Procurement System of petroleum products;
- d) The Authority continued to cooperate with other Government institutions such as Tanzania Bureau of Standards (TBS), National Environment Management Council (NEMC), Tanzania Revenue Authority (TRA), Tanzania Ports Authority (TPA), Weight and Measures Agency (WMA), Government Printers, Attorney General, and Police Force on matters that required EWURA's cooperation or intervention, or vice versa, for the country's interest;

- e) The Authority revised business plans from 38 WSSAs (2019/20: 14) of Korogwe, Mahenge, Utete, Tukuyu, Rujewa, Mtwara, Makonde, Chunya, Muleba, Mbinga, Mwanhunzi, Kyela-Kasumulu, Kasulu, Loliondo, Handeni, Songe, Dodoma, Singida, Sengerema, Kishapu, Bunda, Songea, Tunduma, Itumba –isongole, Tabora, Nzega, Igunga, Mafinga, Iringa, Itigi-Manyoni, Kilwa Masoko, Liwale, Ifakara, Turiani, Mpwapwa, Kahama, Same- Mwanga and Arusha;
- f) The Authority continued with licensing activities on the regulated sectors where 620 (2019/20: 640) licences were issued to regulated suppliers and 264 construction approvals issued as follows:-
 - i. In the Petroleum subsector 608 licenses and 259 construction approvals for retail outlet were issued;
 - ii. In the natural gas subsector two licenses and five construction approvals were issued;
 - iii. In the Electricity sector five licenses were issued and 17 projects below 1MW were registered; and
 - iv. In the water sector five licenses were issued.
- g) The Authority attended to complaints against suppliers of regulated goods or services in relation to any matter connected with the supply, possible supply or proposed supply of goods or services. During the year 170 (2019/20: 178) complaints were resolved whereby 23 complaints were in the petroleum sub-sector, 82 in the electricity sub-sector and 65 in the water and sanitation sector were resolved. At the end of the year 85 complaints were at various stages of mediation and hearing
- h) The Authority successfully continued to conduct public awareness campaigns and seminars on the roles and responsibilities of the Authority, rights and obligations of the service providers and consumers and complaints handling mechanism;
- i) The Authority reviewed 17 (2019/20: 34) tariff applications from regulated suppliers of Water and Sanitation sector (2), Natural Gas (1), Petroleum (12) and Electricity subsector (2). Out of those reviewed, 14 were approved and 3 were under review during the year end;
- j) The Authority made total disbursements of TZS 11.77 billion (2019/20: TZS 11.30 billion) whereby TZS 2.48 billion (2019/2020: TZS 2.44 billion) was disbursed to EWURA Consumer Consultative Council (CCC), Fair Competition Tribunal (FCT) TZS 541.01 million (2019/20: TZS 541.01 million), Fair Competition Commission (FCC) TZS 644.07 million (2019/20: TZS 644.07 million), Government Consultative Council (GCC) TZS 37.71 million (2019/20: TZS 51.62 million) and the Treasury Registrar TZS 8.07 billion (2019/20: TZS 7.62 billion) as required by the law;
- k) The Authority conducted recruitment to fill 15 (2019/20: 13) staff vacant positions;
- l) The Authority was able to inaugurate EWURA Workers council in which one workers council meeting was held;
- m) The Authority paid annual subscriptions and attended to various professional forums including Platts/McGraw Hill, African Refineries Association (ARA), Eastern and Southern Africa Water and Sanitation Regulators Association (ESAWAS), Regional Electricity Regulators Association (RERA), Independent Regulatory Board - East African Power Pool (IRB-EAPP), African Forum of Utility Regulators (AFUR), Institute of Internal Auditors (IIA), Tanganyika Law Society (TLS), National Board of Accountants and Auditors (NBAA), Engineers Registration Board (ERB), Public Procurement Regulatory Authority (PPRA), Tanzania Association of Women Certified Accountants (TAWCA) and Tanganyika Library Association; and



- n) The Authority continued to finance construction of its Head Offices in Dodoma, up to 30 June 2021 was 99% (2019/20: 88%) completed. The amount spent up to 30 June 2021 was TZS 7.6 billion (2019/20 TZS 5.41 billion).

1.14.2 Financing

The Authority's operations are financed mainly through levies collected from regulated service providers in the energy sector (electricity, petroleum, natural gas) and water and sanitation sector by 94%. Other sources of financing include license fees by 2%, application fees by 1% and other income by 3%.

During the year total revenue amounting to TZS 53.79 billion (2019/20: TZS 49.83 billion) was earned indicating an increase of 7.9% compared to the previous year as shown in **Table 1a**. Also, The Authority incurred total expenditure of TZS. 49.54 billion (2019/20: TZS. 45.65 billion) marking an increase by 8.5% as compared to previous year as shown in **Table 1b**.

Table 1(a): Revenue Performance

Description	30.06.2021	30.06.2020	Increase/ (Decrease)
	TZS'000	TZS'000	%
Income from Regulatory Levy and Licenses	52,433,756	48,900,844	7.2
Penalties	1,348,091	932,527	44.6
Other Income	7,161	4,965	44.2
Total Revenue	53,789,008	49,838,336	7.9

Table 1(b): Expenditure Performance

Description	30.06.2021	30.06.2020	Increase/ (Decrease)
	TZS'000	TZS'000	%
Staff Costs	17,678,830	16,863,311	5
Operating Expenditure	13,889,237	11,452,915	21
Contribution to TR and Other Government Entities	11,766,239	11,295,769	4
Administration Costs	4,399,145	5,202,109	(15)
Finance costs	28,348	26,882	(9)
Depreciation on Property and Equipment	1,602,314	743,172	116
Amortization of Intangible Assets	178,313	63,391	181
Total Expenditure	49,542,426	45,647,549	8.5

1.14.3 Licensing

During the year, the Authority prepared and issued construction approvals, licenses and registration of electricity projects below 1MW to various regulated suppliers operating in the regulated sectors. During the year, 620 (2019/20: 640) licenses were issued, 17 (2019/20: 23) electricity projects were registered and 264 (2019/20: 188) construction approvals issued as shown: -

- a) In the Petroleum subsector 608 licenses and 259 construction approvals for retail outlet were issued;
- b) In the natural gas subsector 2 licenses and 5 construction approvals were issued;
- c) In the Electricity subsector 5 licenses were issued and 17 projects below 1MW were registered;
- d) In the water and sanitation sector 5 licenses were issued.

1.14.4 Development of Regulatory Tools

The Authority finalized the preparation and issuing of the regulatory tools initiated during the previous year and developing new ones. The process of developing regulatory tools is governed by principles of good governance which require the collection of comments from interested stakeholders and holding hearings and workshops. The process of developing regulatory tools and procedures is an ongoing one. During the year 15 (2019/20: 15) Regulatory tools were developed as shown below: -

- (a) The Energy and Water Utilities Regulatory Authority (Petroleum Products Price Setting) Rules, 2020;
- (b) The Energy and Water Utilities Regulatory Authority (Fees and Levies Collection Procedure) Rules, 2020;
- (c) The Water Supply and Sanitation Services (Licensing Fees) Rules, 2020;
- (d) Guidelines for On Site Sanitation and Faecal Sludge Management;
- (e) Revised water, electricity and natural gas license templates;
- (f) EWURA (Electricity and Natural Gas) (Tariff Application and Rate Setting) Rules, 2021;
- (g) The Petroleum (Wholesale, Storage, Retail and Consumer Installations operations) Rules, 2020;
- (h) The Petroleum (Licensing Fees) Rules, 2020;
- (i) The Petroleum (Retail Operations in Townships and Villages) Rules, 2020;
- (j) The Water Supply and Sanitation Services (Licensing and Quality of Services) Rules, 2020;
- (k) The Petroleum (Mobile Petrol Station) Rules, 2020;
- (l) The Petroleum (LPG Operations) Rules, 2020;
- (m) The Electricity (Development of Small Power Projects) Rules, 2020;
- (n) The EWURA (Water Tariff Application and Rate Setting) Rules, 2020; and
- (o) The Petroleum (Condensate Operations) Rules, 2021

1.14.5 Tariff and Pricing Formula Reviews

The Authority carried out review of several tariff applications submitted by regulated suppliers and matters particularly on petroleum pricing that were initiated by the Authority. Summary of the tariff and petroleum pricing formula reviews conducted during the period is shown in **Table 2**;



Table 2: Tariff and Pricing Formula Reviews

Regulated Sectors	Matters brought Forward	Received during the year	Total Matters Reviewed	Approved	Referred Back	With-drawn	Under Review as at 30 th June 2021
Electricity	0	2	2	0	0	0	2
Petroleum	NA	12	12	12	NA	NA	NA
Water Supply & Sanitation	1	1	2	2	0	0	0
Natural Gas	0	1	1	0	0	0	1
Total	1	16	17	14	0	0	3

In all cases, the legal requirement (EWURA Act, Cap 414, Sect. 19(2) (b)) of taking the views of stakeholders into account were observed when determining the new rates and formulas. The Authority conducted public hearings on tariff and pricing matters as summarized in **Table 3**.

On the other hand, the review of WSSA tariffs did not involve public hearing meeting due to the fact that they were provisional tariff reviews and the outbreak of COVID-19. In the electricity tariff case, one public hearing of MWENGA was solicited through a public inquiry meeting and for TANESCO stakeholder's comments were solicited through written submissions.

Table 3: Public Hearings for Tariff and Pricing Formula Reviews

Regulated Sectors	Number of Public Inquiry Meetings	Number of Matters Determined
Electricity	2	1
Natural Gas	0	0
Petroleum	0	12
Water Supply and Sanitation	0	0
Total	2	13

1.14.6 Sector Monitoring and Inspection

During the year, the Authority conducted performance monitoring in the activities of regulated service providers among the regulated sectors. Key objectives for sector monitoring were to promote effective competition and economic efficiency, protect the interest of the consumers and financial viability of efficient service providers, promote the availability of regulated services to all consumers including low income, rural and disadvantaged consumers and protect and preserve the environment.

(a) Petroleum Sub Sector

In the financial year 2020/21, the Authority continued to conduct compliance monitoring and inspection activities to ensure that the mid and downstream petroleum operations in Tanzania are conducted in a manner that is compliant to the applicable laws, licence terms and conditions, standards and the petroleum industry best practices. During the period under review, the Authority conducted compliance monitoring and inspection activities to 2,526 petroleum facilities (2019/20: 2,615). The number of petroleum facilities/entities as of 30 June 2021 is 2,121. The set target is to conduct compliance monitoring and inspection activities to 1, 500 facilities. Therefore, the performance in the period under review is 168% of the set target. The detailed annual performance is as shown below: -

- (i) Conducted pre-licensing inspection to 856 petroleum facilities/entities (2019/20: 663 petroleum facilities). The inspection was conducted to 573 retail outlets, 110 LPG operators, 121 consumer installation facilities, 25 Lubricants operators, 13 Petroleum Storage depots, 12 Petroleum Wholesale entities, one (1) Bitumen operator and one (1) facilities for handling condensate. Out of these, 608 facilities (71.03%) met licensing requirements at the time of inspection and hence were recommended for further licensing processes. Nevertheless, the proponents of non-compliant facilities were ordered to rectify the observed anomalies and ultimately most of them met requirements and were licensed.
- (ii) The Authority continued to conduct evaluation of all received applications for construction approvals and the applicants complying with the requirements were issued with construction approvals. During the period under review, the Authority received 310 requests. A total 259 request for construction approval were approved (2019/20: 186), 15 were in review process and 36 were referred back.
- (iii) Inspections were conducted to 676 petroleum facilities (2018/19:806 petroleum facilities) to monitor compliance to the applicable laws, licence conditions and the petroleum industry best practices. Out of the 676 petroleum facilities, 340 petroleum facilities which is equivalent to 50.3% were found to be compliant with the applicable laws, licence terms and conditions, standards, and the petroleum industry best practices. Operators of the facilities that were found with anomalies were ordered to rectify the observed anomalies.
- (iv) Inspections were conducted to 2,311 petrol stations (2018/19: 960 petrol stations) to monitor compliance to the Price Setting Rules. All petrol stations (100%). were complied with the Rules by selling petroleum products not above the cap prices.
- (v) Conducted periodic and ad hoc sampling of the petroleum products and sent the samples to the Laboratory for testing in order to monitor compliance to quality standards; During the financial year ended 30 June 2021, a total of 911 samples of petroleum products were taken from petroleum facilities to monitor compliance to the quality specifications. The annual target is to take 400 samples. Therefore, the performance in the period under review is 227.7% of the set annual target. The performance was above the target as a result of authority decision to conduct more sampling tests aimed at enforcing compliance. Out of 911 samples taken, 833 samples were taken from petroleum storage depots and petrol stations. The remaining 78 samples were taken by the Authority after being requested by Police Force to take the samples for analysis and provide results to assist police investigations. Out of 833 samples taken from petroleum storage depots and petrol stations, 68 samples equivalent to 8.16% did not conform with TBS specifications. Appropriate legal actions were taken against the facilities found with non-conforming petroleum products. The facilities were closed, and the respective operators paid the requisite fines. On the other hand, out of the 78 samples taken to assist police investigations, 23 samples failed the quality specifications. The Authority informed in writing the Police Force the test results of the samples taken.



- (vi) Conducted periodic and ad hoc Marker Detection Exercises to monitor compliance to marker concentration requirement; The Authority continued to conduct periodic and ad hoc Marker Detection in order to curb adulteration and dumping of transit, tax exempted and smuggled petroleum products into local market. In the period under review, fuel marker tests were conducted to 498 petroleum facilities. The annual target is to conduct fuel marker tests to 600 petroleum facilities. Therefore, the performance in the period under review is 83% of the set annual target due to changes in the fuel marking program. Out of the 498 facilities tested, samples that were taken from 18 facilities equivalent to 3.61% failed marker tests. Legal actions were taken against the facilities that failed marker tests. Also, the Authority reported the facilities that failed marker tests to Tanzania Revenue Authority (TRA) to take appropriate actions against the defaulters. The facilities that failed marker tests were closed until the respective operators paid the requisite EWURA fines and TRA duties and penalties.

Generally, the Authority performance in the period under review is above the annual set targets. EWURA will continue striving to ensure 100% compliance levels are attained.

(b) Electricity Subsector

During the Financial year ended 30 June 2021 the Authority conducted compliance inspections on TANESCO's Distribution infrastructure in 28 regions compared to previous year 2019/20 where 23 regions were covered. The regions inspected in the financial year 2020/21 are Tabora, Kilimanjaro, Arusha, Manyara, Tanga, Simiyu, Dodoma, Singida, Iringa, Songwe, Ruvuma, Mbeya, Rukwa, Kinondoni North, Kinondoni South, Mara, Mwanza, Geita, Temeke, Ilala, Coast, Morogoro, Katavi, Kagera, Kigoma, Mtwara, Shinyanga and Lindi. Also, inspections were conducted in generation power plants at, Yovi, Kidatu, Kihansi, Mtera HPP, Ifumbo HPP-Mbingu, Kilombero Sugar Company Ltd, Kilombero Plantations Ltd, and Rukwa.

Follow up inspections indicated that TANESCO had attended to the previous inspections' findings by an average of 70% which is higher than previous financial year 2019/20 by 4%. However, it was observed that TANESCO's network still had non-compliance issues which included technical defects and deficiencies. Noncompliance issues observed included among other things; missing boundary energy meters at Regional and district levels. The boundary energy meters are required to be installed at boundary point from one region to another or from one district to another so as to enable proper management of energy within a specific territory (region or district) and facilitate more accurate determination of energy losses. Other non-compliance issues noted were rotten poles, missing data for calculating reliability indices, meters which were installed in secondary substations for energy management which are not working, higher employee to customer ratio to some region (1 technical staff saving 1000 customer), aged debts and missing distribution drawings.

During the audit inspection of TANESCO's distribution infrastructure, the Authority's evaluation concentrated on Customer Service Charter related issues of which performance compliance level was on average 65% from a target of 100%, which indicates a drop of 14% from 79% in the FY 2019/20.

The assessment conducted on Customer Service Charter was based on performance targets such as service line connections, breakdowns handling, and response to customer queries, request and complaints as specified in the customer service charter.

In addition to distribution infrastructure inspection, the Authority also conducted five (5) pre-licensing inspections to generation infrastructure at North Mara Gold Mine Limited, 18MW; Bulyanhulu Gold Mine Limited, 39.1MW; wind power project, 2.4MW (owned by Mwenga Hydro Limited); Natural gas, coal or LPFO/HSD power plant, 50MW (Own by Dangote Cement Limited) and solar power plant 5.0MW (Owned by Nextgen Solawazi Limited)..

Pre-registration inspections were conducted to 10 solar mini grid owned by Jumeme at Lubengela (20kW); Sigunga (40kW); Rukoma (30kW); Herembe (40kW); Igalula (40kW); Mgambo (40kW); Kashagulu (70kW); Sibwesa (60kW); Nkonkwa (20kW) and Katumbi (20kW).

Inspections were also conducted to electricity generation facilities to the following plants: Mwenga Hydro Power Plant (4MW); Mtwara Gas Power Plant (30.5MW); Mafia Diesel Power Plant (3.2MW); Loliondo Diesel Power Plant (4MW); Darakuta Hydropower Plant (320kW); TPC Moshi Biomass Power Plant (17MW); New Pangani Falls Hydropower Plant (68MW); Nyumba ya Mungu Hydropower Plant (8MW); Hale Hydropower Plant (21MW); Kidatu Hydro Power Plant (204MW); Kihansi Hydropower Plant (180MW); Iyovi Hydropower Plant and Kilombero Sugar (Biomass) Power Plant located in Morogoro; Bukoba Diesel Power Plant; Ngara Diesel Power Plant; Biharamulo Diesel Power Plant; Kibondo Diesel Power Plant; Kasulu Diesel Power Plant and Kigoma Diesel Power Plant.

Generally, inspected generation power plants were found to be in compliance with the available technical and HSE requirements.

(c) Water Supply and Sanitation

During the financial year ended 30 June 2021, the Authority undertook various activities including inspections for monitoring and verification of data and information reported by WSSAs. The main objective of the inspections was to check compliance of the WSSAs' infrastructures and services to licensing conditions, approved standards, business plans, water quality plans, customer service charter, tariff conditions and other legal and regulatory requirements.

General compliance monitoring inspections were conducted to seventy four (74) WSSAs namely DAWASA, Mbeya, Ushirombo, Biharamulo, Ngara, Singida, Mafinga, Karagwe, Dodoma, Iringa, Loliondo, Karatu, Mbulu, Katesh, Orkesument, Kibaya, Tunduru, Namtumbo, Ludewa, Njombe, Makambako, Makete, Vwawa-Mlowo, Dakawa, Gairo, Ifakara, Kilwa Masoko, Liwale, Mahenge, Morogoro, Ruangwa, Turiani, Utete, Mwanhuzi, Chato, Muleba, Maswa, Maganzo, Kishapu, Shinyanga, Mugango - Kiabakari, Itigi - Manyoni, Kiomboi, Kondoia, Kibaigwa, Mafinga, Sumbawanga, Namanyere, Rujewa, Chunya, Kyela-Kasumulu, Itumba-isongole, Tunduma, Lindi, Makonde-Plateau, Masasi-Nachingwea, Mtwara, Mugumu, Mwanza, Sengerema, Bukoba, Bariadi, Arusha, Songe, Handeni, Korogwe, HTM, Mombo, Lushoto, Singida, Tabora, Nzega, Igunga and Mpwawa.



During the year under review, Dodoma WSSA was inspected quarterly except during the first quarter while DAWASA and Ngara WSSA were inspected twice in the first and fourth quarters.

The Authority conducted ad-hoc inspections to 21 WSSAs namely Arusha, Nzega, Igunga, Tabora, Gairo, KASHWASA, Tanga, DAWASA, Gairo, Kilindoni, Lushoto, Mahenge, Mombo, Songe, Ludewa, Namanyere, Laela, Chala, Kondoa, Kiomboi and Kishapu. Also, special inspections were conducted to four (4) WSSAs namely Tanga, Maswa, Bariadi and Tunduma. Further, pre-licensing inspection was conducted in DAWASA, Same-Mwanga, and Kyela-Kasumulu WSSAs.

Water quality monitoring was conducted to 63 water utilities. The Authority carried out water quality monitoring to establish whether water supplied to the customers complied with TBS Standards. The WSSAs in which water quality monitoring was conducted by EWURA are Dodoma, Singida, Tabora, Iringa, Igunga, Nzega, Mafinga, Tanga, Arusha, Moshi, Same-Mwanga, Babati, HTM, Korogwe, Songe, Lushoto, Orkesumet, Katesh, Mbulu, Mombo and DAWASA. Other WSSAs are Mwanza, Sengerema, Musoma, Bukoba, Kigoma, Shinyanga, Geita, Bariadi, Kahama, KASHWASA, Maswa, Mugango-Kiabakari, Chato, Muleba, Kibondo, Kasulu, Mwanhuzi, Ushiroombo, Bunda, Biharamulo, Tarime, Ngara, Mpwapwa, Songea, Mbinga, Njombe, Makambako, Wanging'ombe, Mbeya, Chunya, Vwawa-Mlowo, Itumba-Isongole, Sumbawanga, Namanyere, Mpanda, Morogoro, Ifakara, Lindi, Kilwa-Masoko, Mtwara, Makonde and MANAWASA (Masasi-Nachingwea and Ruangwa).

Moreover, wastewater quality monitoring was conducted to 12 water utilities. The Authority carried out wastewater quality monitoring to establish whether effluent from wastewater treatment systems complied with TBS Standards. The WSSAs in which wastewater quality monitoring was conducted by EWURA are Iringa, Arusha, Moshi, Kahama, Mwanza, Geita, Musoma, Songea, Mbeya, Dodoma, DAWASA and Morogoro.

The Authority also prepared two Water Utilities Performance Review Reports for the financial year ended 30 June 2020 for Regional and National Projects water utilities; and District and Township Water Supply and Sanitation Authorities. The reports covered, among other things, the technical, commercial, and financial performance of WSSAs by considering key performance data and indicators. The reports were published and the best performing utilities were recognized by awarding them with certificates and trophies.

During the year under review, the Authority revised business plans from thirty eight (38) WSSAs of Korogwe, Mahenge, Utete, Tukuyu, Rujewa, Mtwara, Makonde, Chunya, Muleba, Mbinga, Mwanhunzi, Kyela-Kasumulu, Kasulu, Loliondo, Handeni, Songe, Dodoma, Singida, Sengerema, Kishapu, Bunda, Songea, Tunduma, Itumba –isongole, Tabora, Nzega, Igunga, Mafinga, Iringa, Itigi-Manyoni, Kilwa Masoko, Liwale, Ifakara, Turiani, Mpwapwa, Kahama, Same- Mwanga and Arusha. The Authority ensured that the Key Performance Indicators (KPIs) targets are included in the WSSAs' Business Plans and follow up is regularly made to ensure their implementation. The implementation of KPIs is monitored monthly through the Water Utilities Information System (Majls) and Annual Performance Reports.

To improve the performance of regulated water utilities, the Authority continued to implement capacity building measures to water utilities of which 38 WSSAs were trained on the preparation of business plans. The 38 WSSAs that benefited from such training include Kishapu, Kasulu, Kibondo, Karagwe Maganzo, Sengerema DAWASA, Makonde, Morogoro, Ifakara, MANAWASA, Gairo, Kilwa Masoko, Liwale, Mahenge, Utete, Ruangwa, Kyela-Kasumulu, Tunduma, Makambako, Itumba-Isongole, Chunya, Mbinga, Namanyere, Laela, Mbeya, Kibaya, Mombo, Loliondo, Songe, Same-Mwanga, Lushoto, Kondoa, Itigi-Manyoni, Kiomboi, Igunga, Nzega, Kibaigwa and Mbulu.

During the year under review, the Authority conducted inspection to monitor implementation of Customer Service Charters for 13 WSSAs of Geita, Shinyanga, KASHWASA, Mugango-Kiabakari, Babati, Lindi, DAWASA, Muleba, HTM, Korogwe, Songea, Vwawa-Mlowo and Tunduru. Further, the Authority reviewed and approved 14 customer service charters for DAWASA, Vwawa-Mlowo, Sumbawanga, Musoma, Mugumu, Makambako, Songea, Same-Mwanga, KASHWASA, Kahama, Tabora, Bunda, Ngara and Biharamulo WSSAs. The review was conducted to ensure that, among other things, the quality of service targets included in the charters meet the minimum requirements as specified in the Water Supply and Sanitation (Quality of Service) Rules, GN 176, Published on 13 May 2016

To enable the Authority's Board to be more informed on the operations of water utilities including, among other things, the challenges they are facing, the Authority conducted Board working visits to seven WSSAs namely Gairo, Tabora, Nzega, Igunga, KASHWASA, Singida and Dodoma.

(d) Natural Gas Subsector

The Authority carried out quarterly field compliance monitoring inspections to the natural gas infrastructure operated by Songas Ltd, Pan African Energy, TPDC/GASCO, M & P Exploration Production Ltd. These facilities include natural gas processing plants, high-pressure transmission pipelines and natural gas distribution network to ascertain the infrastructure technical integrity and safety aspects. During the field inspections, the Authority verified information received from the regulated service providers based on daily, weekly, and monthly reports, which form part of the basis of performance monitoring in the natural gas sub sector.

The Authority conducted five pre-construction approval inspections and granted TPDC and PAET construction permits as follows: -

- (i) Construction permit for natural gas supply projects at Nzasa, Sinza Kinondoni for TPDC;
- (ii) Construction permit for natural gas supply projects at Kilwa Road Police Barracks, Temeke, in Dar es Saalam for TPDC;
- (iii) Construction permit for natural gas trunkline at Mnazi Mmoja in Lindi for TPDC;
- (iv) Construction permit for natural gas supply connection to industries at Mkuranga in Pwani for TPDC; and
- (v) Construction permit for natural gas supply connection at Tanga Pharmaceuticals for PAET

EWURA also conducted pre-licensing inspection at Dangote Cement Factory in Mtwara on 19 April 2021 and granted Compressed Natural Gas Own Use License.



During the period under review, EWURA established the Joint Technical Committee for protection of underground infrastructures and conducted technical review meeting with the Joint Technical Committee Members on Draft Guideline on Protection of Underground Infrastructures in Shared Way Leaves in February and May 2021. The draft Guideline will be submitted to the Joint Steering Committee composed of Chief Executives Officers of the owner of the wayleaves and users of the wayleaves for approval.

The Authority developed and conducted Acceptance test training on the National Petroleum and Gas Information System (NPGIS) regulatory requirements based on processing, transmission, distribution operations and levy collection.

Moreover, the Petroleum (Natural Gas) Emergency Response Guidelines and the Petroleum (Natural Gas) (Control Room Management) Rules, 2021 were developed and reviewed during the period under review. The authority also reviewed Assets Integrity Management Plan, Emergency Response Plan, the disaster management plan and distribution system development plan for PAET.

During the period under review, EWURA reviewed TPDC's and PAET's Clients Service Charters and they were both approved by the Board of Directors in December 2020. The Authority also prepared and disseminated Natural Gas Sub-Sector regulatory performance report for the year ended 30 June 2020. Proposal for new standards was also prepared and submitted to TBS during this period under review.

In Local content supervision, the authority updated the local supplier and services providers' database by registering 737 Local Suppliers and Service Providers (LSSP) by the end of June 2021; In addition to that, EWURA developed and installed the Common Qualification System (CQS) in the EWURA's live server.

1.14.7 Public Awareness

The Energy and Water Utilities Regulatory Act, Cap. 414, 2019 amended section 6 (e) stipulates that it is a duty of the Authority to enhance public knowledge, awareness and understanding of regulated sectors including the rights and obligations, ways in which complaints and disputes may be initiated and resolved; and the duties and functions of EWURA.

As a way of providing feed back to the public on EWURA performance, a public awareness and relations programme is implemented through a comprehensive communication strategy as an integral part of the Authority's functions to enhance public knowledge, awareness and understanding of the regulated sectors.

During the year under review, EWURA implemented successfully activities related to Communications and Public Relations functions as per Communication Strategy and Action plan for the year 2020/21. The implementation of the plan was made through various media outlets such as electronic and print media, meetings, public hearings and consultations. During the period under review, the Authority implemented the following publicity activities:-

1.14.8 Public Awareness Programmes

1.14.8.1 EWURA na Uchumi TV and Radio Programmes

During the Financial year ended 30 June 2021, EWURA designed and recorded 77 television programmes, surpassing the target of 36 programmes that were planned. Under the same period, EWURA aired 61 radio programmes against 30 programmes that were planned to be aired during the period under review. Reasons for increased number against target is the need to respond to emerging issues such as Water bills, electricity licences and local content data base that needed attention of the public.

EWURA also aired special interviews on TBC1 and Azam about Local Service Suppliers' Data Base registration, fuel prices and other regulatory awareness.

1.14.8.2 Advertisements

During the year, the Authority published 93 batches (2019/20: 81) of various advertisements. The advertisements were mainly traditional ones of Petroleum Price, Public Notices, Job Vacancies, Pre-inspection monitoring and licensing notices and Tenders.

1.14.8.3 Feature articles and social media

The Authority also published 62 feature articles in various media against the target of 36 due to emerging issues that has to be responded on time. During the same period under review EWURA was mentioned many times in news bulletins on various TV stations including TBC1, ITV, Channel 10, Azam UTV, Star TV, Clouds TV, E-TV and various online TVs; and blogs. EWURA also continued to promote the use of its social media accounts for *You Tube*, *Twitter*, *Facebook* as well as *WhatsApp* groups to reach out stakeholders through that category.

1.14.8.4 Seminars and consultations

During the financial year ended 30 June 2021, EWURA conducted about 17 seminars and consultations with various key stakeholders with a view to discuss and impart regulatory knowledge.

During the same period, EWURA held seminars and consultative meetings with key stakeholders such as the Office of the President, Prime Minister's Office, the Office of the Speaker of National Assembly, Parliamentary Committees for Water and Energy and Minerals, Regional Commissioners for Mtwara, Dar es Salaam, Singida, Mara, Geita, Iringa and Morogoro and District Commissioners for Kigamboni, Ubungo, Kinondoni, Temeke, Mvomero, Mafia, Chato, Geita Urban, Bunda, Rorya, Serengeti, Butiama and Musoma. EWURA also conducted seminars to electrical installation personnel, people with albinism, Editor's Forum, Lake Zone journalists and met Oil Marketing Companies and the Tanzania Truck Owners Association.

1.14.8.5 Exhibitions

The Authority participated at the 45 Dar es Salaam International Trade Fair (DITF) and The Kisarawe Ushoroba festivals. During the exhibitions, EWURA conducted public awareness, by providing information and educational activities, whereby various publications such as brochures, Newsletter and EWURA reports were distributed to the public. At the end of exhibitions, the Authority served more than 1,000 visitors at EWURA



booths; and emerged the third Winner of Energy Exhibitors' category at the DITF. Further it Northern Zone Office participated in Agricultural shows commonly known as Nane Nane at Northern Zone and emerged third winner among six in the category of Regulatory institutions that participated.

1.14.8.6 Publicity Materials

During the year, the Authority distributed EWURA's education and information materials to the Government and the general public through various events such as Saba Saba exhibitions, Nanenane exhibition, public inquiry meetings and in stakeholder's meetings.

The publicity reports distributed included EWURA Annual report, Water sector reports Volume I and II, Electricity Performance Report for the year 2020; and EWURA Newsletters. The Authority designed and produced nine brochures: *Majukumu ya EWURA*, *Namna ya Kuwasilisha Malalamiko EWURA*, *Uuzaji holela wa mafuta jamii ya petroli*, *Mwongozo wa Kujiandikisha kwenye Kanzi Data*, *Matumizi ya Gesi ya Kupikia*, *Ujenzi wa Vituo vya mafuta vya gharama nafuu vijijini*, *Umuhimu wa kutumia mafundi umeme wenye leseni ya EWURA*, *Procedures for Electric Installation License Application na Fahamu jinsi EWURA inavyopanga bei za maji nchini*.

1.14.9 Complaints and Disputes

The Authority attended to complaints against suppliers of regulated goods or services in relation to any matter connected with the supply, possible supply or proposed supply of goods or services. A summary of complaints received and settled in each sector is shown in **Table 4**.

Table 4: Complaints and Disputes Attended

Regulated Sector	Pending Complaints Brought forward	Complaints Received During the Year	Complaints Resolved	Complaints in Progress
Petroleum	3	27	22	8
Electricity	21	102	82	41
Water Supply and Sanitation	19	83	65	37
Natural Gas	0	0	0	0
Total	43	212	169	86

At the end of the year a total of 169 complaints (2019/20: 178) complaints were resolved while 86 complaints (2019/20: 43) were at various stages of mediation and hearing.

1.14.10 Regional Cooperation Meetings

The main objective of regional cooperation is to provide regulatory inputs to Government delegation during regional and international meetings. Furthermore, exchange regulatory experiences within the International and Regional settings, and allow EWURA to have access to information necessary for regulation and performance benchmarking. During the period the Authority participated in the activities of five Regional Associations namely; RERA, AFUR, EREA, ARA and ESAWAS.

1.15 RECRUITMENT

During the year, the Authority recruited 15 new staff thus bringing the total number of staff to 182 (2019/20:171). The number of staff planned (approved establishment) was 188. Staff gender structure was as indicated in **Table 5**:

Table 5: Staff Complement

Item	Male	Female	Total
Staff Complement	126	56	182
Percentage	69	31	100

The Authority has a staff complement of highly qualified and motivated professionals who bring with them their diverse experience in their area of professionalism.

1.16 RISK MANAGEMENT AND CONTROL

In financial year ended 30 June 2021, the Authority continued to implement risk management activities based on the Annual Risk Management Action Plan and prevailed economic, financial, social and regulatory environment in the country. The overall objectives in managing risks were to ensure that appropriate internal controls are in place and are effective in safeguarding the Authority's assets, enhancing compliance with the laws, and protecting the organizational image to the public.

During the year, the Authority conducted strategic and operational risk assessment and implemented mitigations measures that were designed to address risks to which the Authority was exposed. Further, periodic risk management meetings and reviews were conducted and key risks and results of the reviews were reported to the Board of Directors for decision and guidance.

The key risks that were identified during the reporting period include zero-day attack on information communication technology systems, unauthorized access to the Authority's computers following theft that may lead to leakage of sensitive information, and personal threats to the Authority's staff while executing regulatory duties. Other potential risks were inadequate expertise in estate management that may lead to inadequacy in up-keeping the office building at head office and inadequate controls over stores management. The risk identified during the period were mitigated by developing and implementing controls designed to minimize the likelihood of occurrence of the potential risks.

Risk mitigation measures implemented during the reporting period include conducting periodic vulnerability assessment and penetration test in information and communication technology systems, setting bit-locker passwords in the Authority's laptop computers and instituting a procedure for staff to report any work-related incident including those with direct threat to individual staff. Other mitigations were establishment of a committee to oversee management of the Head Office building and development of Stores Operational Manual.



During the reporting period, the Authority conducted two risks management coordinators meetings and two risk management review meetings to review the performance of the risk management function in the Authority.

The Board of Directors continued to assume final responsibility for overseeing risk management and internal control system of the Authority by ensuring that adequate internal financial and operational control systems are developed, implemented, improved, and maintained and governance principles are upheld throughout the Authority.

1.17 EMPLOYEE WELFARE

1.17.1 Staff Relations

Good relationship between employees and Management of the Authority was observed and maintained during the year under review.

1.17.2 Capacity Building

The Authority's policy is to equip its staff with relevant regulatory, managerial, and operational competencies to enhance their service delivery to the public. During the year, 150 staff (2019/20:148) attended short course training on the following; Regulatory matters in the areas of Oil & Gas, Natural Gas vehicle conversion, inspection & certification, Regulatory Quality of Service - planning, compliance Monitoring & enforcement as well as Gender Equality in Energy Regulatory Authorities & Energy Sector; Audit & Risk matters; Management & Leadership Skills; Secretarial and Office Management practices; Performance Management in Government Authorities & Agencies; Fixed Asset & Inventory Management; Induction to new Staff, ICT related matters and Cross Cutting issues pertaining to staff welfare.

1.17.3 Medical Services

The Authority provides medical insurance cover through National Health Insurance Fund (NHIF) to all staff. During the year the Authority contributed TZS 643.47 million (2019/20: TZS 673.49 million) to NHIF for medical insurance to Staff.

1.17.4 Health and Safety

The Authority takes all reasonable and practicable steps to safeguard health, safety, and welfare of its employees. A safe and comfortable working environment is maintained for all employees by providing adequate and proper protective gears (during field work), training and supervision as necessary. The Authority observes the Safety and Health Administration (OSHA) guidelines and ensured full compliance. During the year, there were no health safety and environmental incidences reported.

1.17.5 HIV/AIDS Intervention

During the year, the Authority conducted awareness seminar to all staff on HIV/AIDS and Non-communicable diseases. The Authority commissioned the activity to conduct the Seminar to Tanzania Public Service College and the seminars were conducted in groups at Head Office and All Zones. During the seminar, staff were also given an opportunity for voluntary testing for HIV, Blood Pressure and Blood Sugar.

1.17.6 EMPLOYEE BENEFIT PLAN

The Authority pays contributions to Public Service Social Security Fund (PSSSF) which is publicly administered Pension Fund as required by law. During the year, the Authority paid TZ 1.54 billion (2019/20: TZS 1.19 billion).

1.18 GENDER PARITY

During the year, the Authority had 182 (2019/20: 171) employees, out of whom 126 (69%) were male and 56 (31%) were female. The Authority is an equal opportunity employer. During the same period 17 (9%) (2019/20: 17) staff were under contract terms while 165 (91%) (2019/20: 154) were under permanent and pensionable terms.

1.19 POLITICAL AND CHARITABLE DONATIONS

1.19.1 Political Donation

The Authority does not make donations towards political activities. During the financial year ended 30 June 2021, the Authority did not make any donation towards political activities.

1.19.2 Charitable Donations

During the financial year ended 30 June 2021, the Authority did not make any donation.

1.20 CORPORATE SOCIAL RESPONSIBILITIES

It is the policy of the Authority to contribute towards activities that improve people's lives in communities. During the period under review, EWURA supported 27 institutions with contributions worth total of TZS 303.00 million (2019/20: TZS 300.12 million) towards health and education sectors. This creates a positive image and values to the public.

1.21 PREJUDICIAL ISSUES

During the period, there were no issues which were outside the control of the Authority that hindered achievement of Authority's objectives.

1.22 RELATED PARTY

EWURA regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority. Related parties comprise of members of the Board of Directors, the Director General, Divisional Directors and Head of Units.

1.23 ENVIRONMENTAL CONTROL PROGRAMME

The Authority, in collaboration with the National Environmental Management Council (NEMC) and other stakeholders, continued to participate in compliance monitoring on matters related to protection of environment such as incident investigations. Also, the Authority has participated in technical meetings for reviewing environmental impact assessment and audit studies on petroleum and natural gas projects. In considering any application for a license or construction approval, the authority considers the need to protect and preserve the environment as required by the Environmental Management Act, 2004.



1.24 PERSONS WITH DISABILITIES

The Authority believes in and provides equal opportunities to persons with disabilities.

1.25 KEY CHALLENGES AND THE WAY FORWARD

The Authority encountered various challenges while discharging its functions during the year under review. Key challenges encountered included the following: -

- a) Existence of the sale of adulterated and smuggled tax exempted petroleum products including transit products in the local market leading to unfair competition and loss of Government tax revenues. The Authority is determined to continue conducting periodic petroleum quality monitoring exercises and take legal actions against defaulters;
- b) Noncompliance by the regulated service providers in the regulated sectors due to inadequate knowledge and expertise in the regulated sectors. The Authority has continued to conduct periodic awareness to the public for users and service providers;
- c) Lack of coordination among way-leave owners and various operators of underground utilities within shared way-leaves/corridors especially in urban areas such as Dar es Salaam poses a major safety concern to infrastructure and the general public. The Authority has developed Guidelines to protect the underground infrastructures damage and personal injury within shared way-leaves once approved and implemented by all parties;
- d) Enforcement of regulatory decisions such as tariff and standards are sometimes difficult due to inadequate awareness of regulatory functions to some key stakeholders. EWURA will continue to engage key stakeholders such as Government & political leaders to make them aware of our regulatory mandate;
- e) Low investment and awareness on sanitation services to WSSAs and the public. The Authority is committed to continue revising and developing regulatory measures to promote investments in sanitation services and provide capacity building to WSSAs on provision of sanitation services;
- f) Low investment of petrol stations in rural areas. Most of the rural areas have no petrol stations as a result supply of petroleum products is conducted by storing products in plastic containers and drums in residential houses and sold through plastic bottles. This is unsafe it endangers the lives of people, properties and environment. The Authority has developed the Petroleum (Village and Township Retail Operations) Rules with simplified requirements specific for rural areas. Furthermore, the Authority will continue to promote investments of low cost petrol stations in the rural areas in order to ensure safe and sustainable supply of petroleum products across the country;

The Authority is committed to continue addressing these challenges for improved performance in the years ahead.

1.26 EVENTS AFTER THE REPORTING PERIOD

There were no material events, adjusting or non-adjusting, which had occurred between the reporting date and the date when the Financial Statements are authorized for issue.

1.27 SOLVENCY

Since its establishment, the Authority has managed to finance its operations through sources specified under the EWURA Act, Cap. 414 of 2020. The Directors consider the Authority to be solvent on the strength of its financial position as at 30 June 2021 as set in these financial statements and the Notes thereon.

1.28 AUDIT MANDATE

The Controller and Auditor General is the Statutory Auditor of the Energy and Water Utilities Regulatory Authority by virtue of Article 143 of the Constitution of the United Republic of Tanzania and as amplified in Section 10 of the Public Audit Act, Cap 418 (R.E 2021). In that regard, the CAG shall carry out audit of the Authority's financial statements for the year ended 30 June 2021.



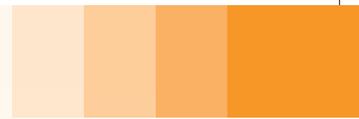
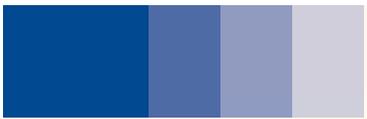
.....
AHMAD S.K. KILIMA
DEPUTY CHAIRMAN



.....

Eng. GODFREY H. CHIBULUNJE
Ag. DIRECTOR GENERAL

Date: 31ST December 2021
.....



2.0 STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE

These financial statements have been prepared by the Management of the Energy and Water Utilities Regulatory Authority in accordance with the provisions of section 46 of the EWURA Act, Cap. 414 of 2019 amended and section 25(4) of the Public Finance Act, Cap 348 (R.E 2020).

The Directors of EWURA are responsible for establishing and maintaining a system of effective internal control designed to give reasonable assurance that the transactions recorded in the financial statements are within the statutory requirement and that they contain the receipts and use of resources by the Authority.

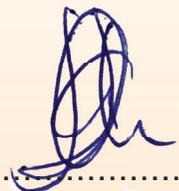
The Directors of EWURA are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority, and which enable them to ensure that the financial statements comply with the EWURA Act. They are also responsible for safeguarding the assets of EWURA and hence for taking reasonable steps for the prevention and detection of fraud, error, and other irregularities.

The Directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgment and estimates have been made in the preparation of the financial statements for the year ended 30 June 2021. The Directors also confirm that International Public Sector Accounting Standards have been followed and that the financial statements have been prepared on the going concern basis to the best of the Directors knowledge, the internal control system has operated adequately throughout the reporting period and the accounting and underlying records provide a reasonable basis for the preparation of the financial statements for the year ended 30 June 2021.

Directors accept responsibility for the integrity of the Financial Statements, the information they contain and their compliance with International Public Sector Accounting Standards. Nothing has come to the attention of the Directors to indicate that EWURA will not remain a going concern for at least the next twelve months from the date of the Statement.

Approved by the Board of Directors and signed on its behalf by:


.....
AHMAD S.K. KILIMA
DEPUTY CHAIRMAN


.....
Eng. GODFREY H. CHIBULUNJE
Ag. DIRECTOR GENERAL

Date: 31ST December 2021
.....



3.0 DECLARATION OF HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Accountants and Auditors (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 the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing Financial Statements of an entity showing the true and fair view of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I, Stanley Paul Mahembe, being the Director of Corporate Affairs of the Energy and Water Utilities Regulatory Authority hereby acknowledge my responsibility of ensuring that Financial Statements for the year ended 30 June 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that, the Financial Statements give a true and fair view position of Energy and Water Utilities Regulatory Authority as on that date and they have been prepared based on properly maintained financial records.

Signed by.....

Position: Director of Corporate Affairs

NBAA Membership No.: FCPA1515

Date: 31ST December 2021



4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board of Directors,
Energy and Water Utilities Regulatory Authority (EWURA),
P.O. Box 2857,
Dodoma.

4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of Energy and Water Utilities Regulatory Authority (EWURA), which comprise the statement of financial position as at 30 June 2021, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Energy and Water Utilities Regulatory Authority (EWURA) as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting.

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 Energy and Water Utilities Regulatory Authority (EWURA) in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter

I draw attention to Note 28.2 of the financial statements indicates that EWURA has pending legal cases of which preliminary hearings are in progress. The ultimate outcome of the cases cannot presently be determined, and no provision for any liability that may arise has been made in the financial statements. The initial estimates indicate the Authority may be obliged to pay a sum of TZS 759,725,249.95 if the cases will be ruled in favour of the plaintiffs. My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the Director's Report and the 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 material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the entity's financial reporting process.

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

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



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

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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore 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 [R.E 2021] requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 (as amended in 2016) requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

4.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

Compliance with the Public Procurement Act, 2011 (as amended in 2016)

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

I performed a compliance audit on procurement of works, goods and services in Energy and Water Utilities Regulatory Authority (EWURA) for the financial year 2020/21 as per the Public Procurement Act, 2011 and its Regulation of 2013 (as amended in 2016).

Conclusion

Based on the audit work performed, I state that, except for the matters described below, procurement of works, goods and services of Energy and Water Utilities Regulatory Authority (EWURA) is generally in compliance with the requirements of the Public Procurement Act, 2011 and its underlying Regulations of 2013 (as amended in 2016).

I. Late submission of Procurement Implementations Reports to PPRA

Reg. 87(2)(c) of the Public Procurement Regulations, 2013 requires procuring entities to submit to PPRA monthly and quarterly procurement implementation reports within seven days after the end of the respective month or quarter.

Contrary to the cited regulation, I noted that there were delays in submission of quarterly procurement implementation reports to the PPRA for periods ranging from 22 to 36 days while the monthly procurement implementation reports were delayed for undeterminable periods since the dates of submission were not indicated.

II. Delays in Implementation of Contracts amounting to TZS 184.11 million

Reg.74 (1) of Public Procurement Regulations, 2013 requires contract period to be realistic to enhance a reasonable tenderer to complete delivery of the goods, complete the works, or complete providing the services. While Reg. 242(2) of the same regulations stipulate that where receipt of goods is delayed or is likely to be delayed beyond the time for delivery prescribed in the contract, the procuring entity shall seek reports and explanations from the suppliers or their agents and may institute liquidated damages as may be provided for in the contract.

I noted that the Authority neither obtained justifiable reasons from suppliers nor charged liquidated damages on four contracts amounting to TZS 184,112,400 out of 16 which its implementation were delayed for an average of 45 days.


.....
Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
31ST December 2021





5.0 FINANCIAL STATEMENTS

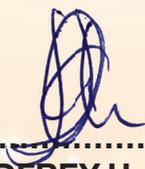
5.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	NOTES	30.06.2021	30.06.2020
		TZS'000	TZS'000
ASSETS			
Current Assets			
Cash and Cash Equivalent	7	3,496,818	3,750,180
Trade and Other Receivables	8	14,761,046	13,246,068
Inventories	9	101,364	183,562
Prepayments	10	1,375,222	1,471,268
Total Current Assets		19,734,450	18,651,078
Non-Current Assets			
Property, Plant and Equipment	11	14,182,976	7,876,998
Intangible Assets	12	268,958	254,918
Total Non-Current Assets		14,451,934	8,131,916
TOTAL ASSETS		34,186,384	26,782,994
EQUITY AND LIABILITIES			
Current Liabilities			
Trade and Other Payables	13	1,394,693	2,281,615
Gratuity payable	14	202,034	271,986
Total Current Liabilities		1,596,727	2,553,601
Non-Current Liabilities			
Gratuity payable	14	321,980	177,748
NHC Loan Payable	14.1	4,656,341	-
Total Non-current Liabilities		4,978,321	177,748
Total Liabilities		6,575,048	2,731,349
Net Assets		27,611,336	24,051,645
Net Assets			
Accumulated Surplus		27,611,336	24,051,645
Total Net Assets		27,611,336	24,051,645

The financial statements were approved for issue by the Board of Directors on 31ST December 2021 and signed on its behalf by:



AHMAD S.K. KILIMA
DEPUTY CHAIRMAN



ENG. GODFREY H. CHIBULUNJE
Ag. DIRECTOR GENERAL

31ST December 2021

DATE

5.2 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2021

	NOTES	30.06.2021	30.06.2020
REVENUE		TZS'000	TZS'000
Revenue from Non Exchange Transactions	15.1		
Regulatory levy, License Fees and Penalties	15.1	53,781,847	49,833,371
Revenue from Exchange Transactions:	15.2.		
Finance Income	15.2.1	-	3,565
Other Income	15.2.2	7,161	1,400
Total Revenue		53,789,008	49,838,336
EXPENSES			
Staff Costs	16	17,678,829	16,863,311
Operating Expenditure	17	13,889,237	11,452,915
Contribution to TR and Other Government Entities	18	11,766,239	11,295,769
Administration Costs	19	4,399,145	5,202,109
Finance costs	20.1	28,348	26,882
Depreciation on Property and Equipment	11	1,602,314	743,172
Amortization of Intangible Assets	12	178,314	63,391
Total Expenses		49,542,426	45,647,549
Surplus for the Year		4,246,582	4,190,787

The financial statements were approved for issue by the Board of Directors on 31ST December 2021 and signed on its behalf by:



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AHMAD S.K. KILIMA
DEPUTY CHAIRMAN



.....
ENG. GODFREY H. CHIBULUNJE
Ag. DIRECTOR GENERAL

31ST December 2021

.....
DATE



5.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2021

	Accumulated Surplus	Total
	TZS'000	TZS'000
2020/2021		
Opening Balance at 1 July, 2020	24,051,645	24,051,645
Payment for Excess capital (note 23A)	(550,000)	(550,000)
Prior year adjustment on expenditure (Note 23B)	(136,892)	(136,892)
Net Operating surplus for the Year	4,246,582	4,246,582
Balance at 30 June, 2021	27,611,336	27,611,336
2019/2020		
Opening Balance at 1 July, 2019	20,711,185	20,711,185
Adjustment- Excess Capital (Note 23A)	(500,000)	(500,000)
Prior Year Adjustment (Note 8B)	(314,017)	(314,017)
Prior Year Adjustment (Note 8)	(36,310)	(36,310)
Net Operating Surplus for the Year	4,190,787	4,190,787
Balance at 30 June, 2020	24,051,645	24,051,645

The financial statements were approved for issue by the Board of Directors on 31ST December 2021 and signed on its behalf by:

.....
AHMAD S.K. KILIMA
DEPUTY CHAIRMAN

.....
ENG. GODFREY H. CHIBULUNJE
Ag. DIRECTOR GENERAL

31ST December 2021
.....
DATE

5.4 CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2021

		30.06.2021	30.06.2020
	Notes	TZS '000	TZS '000
Operating activities			
Receipts:			
Regulator Levy	15.1.2	49,239,260	47,849,021
License Fees	15.1	1,028,566	814,957
Application Fees	15.1	666,714	414,057
Penalties	15.1	798,952	932,527
Other Income	15.2.2	7,161	1,400
Total Receipts		51,740,653	50,011,962
Payments:			
Staff Costs	16.2	(17,675,551)	(16,837,279)
Operating Expenses	17.1	(13,320,414)	(9,446,964)
Contribution to Government Entities	18.1	(11,263,513)	(10,429,384)
Administration Costs	19.1	(4,232,879)	(4,263,776)
Other Charges	20.2	(2,513,543)	(3,785,829)
Total Payments		(49,005,900)	(44,763,232)
Net cash generated from operating activities		2,734,753	5,248,730
Investing activities			
Purchase of Property, Plant, and equipment	11	(2,951,617)	(4,254,712)
Purchase of Intangible Assets	12	(36,498)	(145,265)
Net cash used in investing activities		(2,988,115)	(4,399,977)
Financing activities			
Net cash used in financing activities		(2,988,115)	(4,399,977)
Increase/(Decrease) in cash and cash equivalents		(253,362)	848,753
Cash and cash equivalents at the beginning of the year		3,750,180	2,901,427
At the end of the year	7	3,496,818	3,750,180

The financial statements were approved for issue by the Board of Directors on 31ST December 2021 and signed on its behalf by:



.....
AHMAD S.K. KILIMA
 DEPUTY CHAIRMAN



.....
ENG. GODFREY H. CHIBULUNJE
 Ag. DIRECTOR GENERAL

31ST December 2021

DATE



5.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

	Original Budget	Mid-Year Review (Adjustments)	Final Budget	Actual on Comparable Basis	Performance Difference	Performance	Notes
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	%	
Revenue							
Non-exchange Transactions:							
Regulatory Levy	51,015,135	-	51,015,135	49,239,260	(1,775,875)	97	
Licence Fees	770,190	-	770,190	1,028,566	258,376	134	6.4.1
Application Fees	291,794	-	291,794	666,714	374,920	228	6.4.1
Penalties	600,000	-	600,000	798,952	198,952	133	6.4.2
Exchange Transactions:							
Sales of Tender Documents	2,000	-	2,000	-	(2,000)	0	6.4.3
Total Revenue	52,679,119	-	52,679,119	51,733,492	(945,627)	98	
Expenses							
Staff Costs	19,549,869	-	19,549,869	17,675,551	1,874,317	90	
Operating Expenditure	12,911,054	293,972	13,205,026	13,320,414	(115,388)	101	
Contribution to other Government Entities	11,680,585	-	11,680,585	10,713,513	967,072	92	
Administration Costs	4,987,555	(293,972)	4,693,583	4,232,879	460,704	90	
Financial and Other Charges	30,000	-	30,000	3,064,761	(3,034,761)		
Total Expenses	49,159,063	-	49,159,063	49,007,118	151,945	99.7	
Surplus for the year	3,520,056	-	3,520,056	2,726,374	793,682	77	
Attributable to:							
Surplus attributable to owners	3,520,056	-	3,520,056	2,726,374	793,682		

The financial statements were approved for issue by the Board of Directors on 31ST December 2021 and signed on its behalf by:

AHMAD S.K. KILIMA
DEPUTY CHAIRMAN

ENG. GODFREY H. CHIBULUNJE
Ag. DIRECTOR GENERAL

31ST December 2021
DATE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

NOTE 1.0: GENERAL INFORMATION

The Energy and Water Utilities Regulatory Authority (EWURA) was established under the Energy and Water Utilities Regulatory Authority Act Cap 414 of the Laws of Tanzania (EWURA Act, Cap. 414), and became fully operational in the year 2006 after appointment of the Board of Directors.

The address of its registered office is: -
EWURA House,
Medeli West,
P O Box 2857,
Dodoma, Tanzania.

NOTE 2.0: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared on the basis of historic cost and accrual basis, unless otherwise specified (for example, the Statement of Cash Flows).

NOTE 2.1: Functional, presentation, currency translation and rounding off

NOTE 2.1.1: Functional and presentation currency

The financial statements are presented in Tanzanian Shillings, which is the Authority functional and presentation currency and all values are rounded to the nearest thousand (TZS'000) except where otherwise indicated.

NOTE 2.1.2: Foreign Currencies Translation

Transactions in foreign currencies during the year are converted into Tanzania Shillings (functional currency), at rates ruling at the transaction dates. Monetary assets and liabilities at the Statement of Financial Position date which are expressed in foreign currencies are translated into Tanzania Shillings (TZS) at rates ruling at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The resulting differences from conversion and translation are dealt with in the Statement of financial performance in the period in which they arise.

NOTE 2.2: The Statement of cash flows is prepared using direct method

NOTE 3.0: STATEMENT OF COMPLIANCE WITH IPSAS AND LAWS

The financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting as issued by the International Public Sector Accounting Standards Board (IPSASB) and other applicable laws of United Republic of Tanzania.



NOTE 4.0: STANDARDS ISSUED, NOT YET EFFECTIVE AND WITH NO IMPACT

The Authority has continued to adopt the newly published International Public Sector Accounting Standards (IPSASs) since 1 July 2016.

IPSAS 42, *Social Benefits*, provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits, income support and unemployment benefits. The standard requires an entity to recognize an expense and a liability for the next social benefit payment. The standard has no impact in the financial statements of the Authority.

NOTE 5.0: SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 5.1: Revenue Recognition

Revenue comprises of inflows of economic benefits received and receivable by the reporting entity, which represents an increase in net assets/equity, other than increases relating to contributions from owners.

The amount of revenue is not considered to be reliably measured until all contingencies relating to the levy have been resolved. The Authority bases its estimates on historical results, taking into consideration the type of regulated supplier, type of transaction and specifics of each arrangement.

NOTE 5.1.1: Revenue from Non-Exchange Transactions

The Authority recognizes revenues from levy, licenses, and fines/penalties when the event occurs, the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

NOTE 5.1.2: Revenue from Levies

Revenue is recognized upon verification of sales and importation records from regulated suppliers and issuance of demand note.

NOTE 5.1.3: Donor and Government Funds

Funds from the Donors and Government are reported as Deferred Revenue and recognized as revenue when there is reasonable assurance that the Authority will comply with the conditions attached to them.

NOTE 5.1.4” Revenue from Exchange Transactions

Revenue from exchange transactions is recognized to the extent that it is probable that the economic benefits will flow to the Authority and the amount for which can be reliably measured.

NOTE 5.1.4.1: Interest income

Is accounted for in the period in which it is earned. For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included as other income in the Statement of Financial Performance.

NOTE 5.1.4.2: Other sources of revenue

These are recognized and accounted for as income to the Authority in the period in which it is earned.

NOTE 5.2: Property and Equipment

All property, plant and equipment are initially measured and recorded at cost less accumulated depreciation and any impairment losses. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent expenditures are capitalized only when they increase the current economic benefits or service potential and meet the recognition criteria. Expenditure incurred to replace a component of item of property and equipment is accounted for separately and capitalized while the major replaced component is derecognized. All other expenditure items, which do not meet recognition criteria, are recognized in the Statement of Financial Performance as expenses as they are incurred.

As guided by the Public Assets management Guideline, Depreciation on assets is calculated on the straight-line basis to write down the cost of each asset, to its residual value over their estimated useful lives. The authority is charging depreciation when the asset is available for use irrespective of the date of acquisition. The depreciation ceases when the asset is derecognized.

The following annual rates are applied: -

S/N	Asset Category	Depreciation Rate (%)
1	Buildings	2- (50yrs)
2	Technical Equipment	20- (5yrs)
3	Motor Vehicles	20- (5yrs)
4	Furniture and Fittings	20- (5yrs)
5	Office Equipment (servers, photocopy machines, shredders, UPS)	20- (5yrs)
6	Computer Hardware (Desktops and Laptops)	25- (4yrs)
7	Plant and Machinery	6.7-(15yrs)
8	Equipment and Systems	10-(10yrs)
9	Furniture and Fixture	10-(10yrs)



The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are considered in determining surplus or deficit.

NOTE 5.3: Intangible Assets

Intangible assets consist of computer software licenses which are capitalized based on the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives which are estimated to be 3 years. Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets are amortized over the useful economic life and assessed at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset. Generally, costs associated with developing computer software programmes are recognized as an expense when incurred. Intangible assets acquired are measured on initial recognition at cost. Internally generated intangible assets are not capitalized, and expenditure is charged against profits in the year in which the expenditure is incurred.

NOTE 5.4: Financial Instruments

NOTE 5.4.1: Classification

The Authority classifies financial assets and financial liabilities into the following categories:-

- (i) Held-to-maturity investment.
- (ii) Loans and receivables.
- (iii) Financial liabilities measured at amortized cost.

Classification depends on the purpose for which the financial instruments were obtained/ incurred and takes place at initial recognition.

NOTE 5.4.2: Initial Recognition and Measurement

- Financial instruments are recognized initially when the Authority becomes a party to the contractual provisions of the instruments.
- The Authority classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement.
- Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.
- For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.
- Transaction costs on financial instruments at fair value through surplus or deficit are recognized in the Statement of Financial Performance.

NOTE 5.4.3: Subsequent Measurement.

- Loans and receivables are subsequently measured at amortized cost, using the effective interest method, less accumulated impairment losses.
- Held-to-maturity investments are subsequently measured at amortized cost, using the effective interest method, less accumulated impairment losses.
- Gains and losses arising from changes in fair value are recognized in Statement of Financial Performance and accumulated in equity until the asset is disposed of or determined to be impaired.
- Financial liabilities at amortized cost are subsequently measured at amortized cost, using the effective interest method.

NOTE 5.4.4: De-recognition

Financial assets are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership.

NOTE 5.5: Impairment of Financial Assets

- At each reporting date the Authority assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.
- For amounts due to the Authority, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered to be indicators of impairment. Impairment losses are recognized in Statement of Financial Performance.
- Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognized.
- Reversals of impairment losses are recognized in Statement of Financial Performance except for equity investments classified as available-for-sale.
- Where financial assets are impaired through use of an allowance account, the amount of the loss is recognized in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

NOTE 5.6: Loans to Staff

These financial assets are classified as loans and receivables. They include Salary advances, Revolving loan and Imprests.



NOTE 5.7: Trade and Other Receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognized in surplus or deficit when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in statement of financial performance within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit. Trade and other receivables are classified as loans and receivables.

NOTE 5.8: Trade and Other Payables

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

NOTE 5.9: Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. These are initially and subsequently recorded at their fair value.

NOTE 5.10: Inventories

There were no Inventories held for sale. Inventories for consumption (Stocks and Consumables), i.e. stationeries, are measured at cost upon initial recognition. After initial recognition inventories are measured at the lower of cost and current replacement cost. Cost is determined by the First-In-First-Out (FIFO) method. Current replacement cost is the cost the entity would incur to acquire the asset on the reporting date.

NOTE 5.11: Provision

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

Where the Authority expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

NOTE 5.12: Employee Entitlements

Employee entitlements to gratuity and long-term service awards are recognized when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the Statement of Financial Position date. The estimated monetary liability for employees accrued annual leave entitlement at the Statement of Financial Position date is recognized as an expense accrual.

NOTE 5.13: Retirement Benefit Obligation

NOTE 5.13.1: Approved Pension Scheme

The Authority contributes to statutory defined benefits for its employees under the Permanent and Pensionable term of employment at the rate of 15% of basic salary to the Public Service Social Security Fund (PSSSF).

NOTE 5.13.2: Gratuity

The Authority sets aside 25% of employee's last basic salary as gratuity payable at the end of the contract for all staff under Contract terms of Employment. The contract period is normally five (5) years renewable upon successful performance. A provision is made on monthly basis for the estimated gratuity liability because of service rendered by the employees up to the Statement of Financial Position date.

NOTE 5.14: Accounting for Leases

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

NOTE 5.15: Comparatives

Comparative figures have been adjusted to conform to changes in presentation in the current year where necessary. Also, previous year's balances have been regrouped for comparison purposes



NOTE 6.0: INFORMATION ON BUDGET PERFORMANCE

IPSAS 24 requires a public sector entity that is required or elect to make publicly available its approved budget to present budgetary information covering classification and basis adopted in the approved budget, budget period covered, explanation of changes between approved original and final budget because of reallocations within budget and material difference (variances) between the final budget amounts and actual amounts during the year for both revenue and expenditure.

NOTE 6.1: Budgetary basis

The budget for financial year 2020/21 was prepared on cash basis (see note 21) based on the requirements of the law, EWURA's Rolling Strategic Plan (2020/21-2024/25), operational policies and relevant Government Circulars. It was also prepared in line with the Medium-Term Expenditure Framework (MTEF) as one of the requirements of the Government Budget Guidelines for Preparation of 2020/21 budget.

NOTE 6.2: Budget period covered

The budget for the financial year 2020/2021 covered a twelve (12) months period starting 1 July 2020 to 30 June 2021.

NOTE 6.3: Changes between approved original and final budget

During the end of first six months' period of financial year 2020/2021, the Authority revised its budget to consider the projections for the remaining period of six months that ended 30 June 2021. Generally, re-allocation proposal covered expenditure only, and indicated no increase in total expenditure budget. The proposed reallocation was considered among expenditure line items.

NOTE 6.4: Explanation for Material Variances

During implementation of the approved budget for financial year 2020/21, the Authority noted some material variances (below or above 10%) against its revenue and expenditure budget. Explanation on such variances is given below;

NOTE 6.4.1: Application and Licence Fees

During the year, the Authority collected TZS 1.70 billion on application and licence fees compared to TZS 1.06 billion budgeted equivalent to 160%. This performance was due to a bigger number of license fees from electricity and petroleum sub-sectors than it was anticipated. The awareness campaigns carried out during the year together with field inspections and monitoring activities conducted during the period under review for driving compliance contributed to such performance.

NOTE 6.4.2: Penalties

During the year, the Authority collected TZS 798.95 billion from penalties as compared to TZS 600 million budgeted equivalent to 133%. The performance was due to intensified field inspections and monitoring activities carried out during the year to drive compliance in the regulated sectors to the laid down laws, rules and regulations. Also, penalties charged due to late or non-payment of regulatory levy from the regulated suppliers.

NOTE 6.4.3: Other income

During the financial year ended 30 June 2021, the Authority projected to earn TZS 2 million as sale of tender documents. At the year end there were no amount earned from sale of tender documents. The reason for this performance was due to the use of Tanzania National e-Procurement system (TaNEPS) whereby all procurement transaction are done electronically and thus attract no application cost.

NOTE 7.0: CASH AND CASH EQUIVALENTS

This statement is for the purpose of the cash flow statement, in this respect, the year-end cash and cash equivalents comprise of the following: -

	30.06.2021	30.06.2020
	TZS '000	TZS '000
Cash and Bank Balances (Note 7.1)	3,496,818	3,750,180
TOTAL Cash and Bank Balance	3,496,818	3,750,180

The Authority is not exposed to credit risk on cash and bank balances because these are held with sound financial institutions.

At the end of the year the Authority had a total of TZS 2.89 billion (2019/20: TZS 3.14 billion) and USD 0.263 million (2019/20: USD 0.263 million) held in different bank accounts as indicated hereunder.

The carrying amounts of the Authority's cash and cash equivalents were denominated in the respective currencies as shown in **Note 7.1**: -



NOTE 7.1: CASH AND CASH EQUIVALENTS (CONT'D)

Description	30.6.2021 TZS (000)	30.6.2020 TZS (000)	2020/2021
			Bank Balances within Government Owned Banks
CRDB –Revenue Collection	100	26,313	100
CRDB –Main Expenditure	471,709	2,231,122	460,976
CRDB –Lake Zone	4,090	59,680	4,090
NMB –Northern Zone	7,646	61,201	7,646
NMB –Southern Highland	40,834	37,265	40,834
NMB –Central Zone	26,153	66,814	26,153
CRDB- Eastern Zone	86,667	40,383	86,667
BOT-Revenue and Collection-USD	607,552	608,769	608,769
BOT-Revenue and Collection	2,174,794	511,817	2,174,794
CRDB- Revenue Collection-USD	231	232	232
NMB - Revenue Collection	-	28,939	-
NBC- Revenue Collection	-	75,893	-
TIB- Revenue Collection	77,042	1,751	-
TPB - Revenue Collection	-	-	77,042
	3,496,818	3,750,180	3,487,302

NOTE 7.2: CASH FLOW RECONCILIATION – CASH FLOWS GENERATED FROM OPERATIONS

Reconciliation of Surplus for the year to cash generated from operations:

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Surplus / (Deficit) for the year	4,246,582	4,190,786
Adjustments for:		
Non-cash items including Provision, Depreciation and Amortization**	2,403,727	806,564
Cash Generated from operations before Working Capital changes	6,650,309	4,997,350
Changes in Working Capital:		
(Increase)/Decrease in stocks and consumables	82,198	51,706
(Increase/ Decrease in Trade and Other Receivables	(1,118,272)	741,632
Increase/ (Decrease) in Trade and Other Payables	(2,879,482)	(736,405)
Prepayments		
Net changes in Working Capital	(3,915,556)	56,933
Net cashflows from Operating Activities	2,734,753	5,054,283

**Breakdown for Non-cash items including Provision, Depreciation and Amortization

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Depreciation on Property and Equipment	1,602,314	743,172
Amortization of Intangible Assets	178,314	63,391
Bad Debt Expenses	623,099	-
	2,403,727	806,563

NOTE 8.0: TRADE AND OTHER RECEIVABLES

	30.06.2021	30.06.2020
	TZS.'000	TZS.'000
Trade Receivables	14,667,992	12,926,621
Provision for Impairment (Note 8A)	(2,963,519)	(2,340,420)
Bank Fund transfer	49,520	237,228
Staff Loans and Advances (Note 8B)	3,007,053	2,422,639
TOTAL	14,761,046	13,246,068

NOTE 8A: Movement in Provision for Impairment

	30.06.2021	30.06.2020
	TZS.'000	TZS.'000
Balance at the beginning of the Year	2,340,420	1,415,936
Charge for the Year	1,632,537	1,450,134
Recoveries (Released provision during the Year)	(1,009,438)	(525,650)
TOTAL	2,963,519	2,340,420

NOTE 8B: Staff Loan and Advances

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Staff Revolving Loans	2,290,927	1,742,625
Salary Advances	559,034	565,736
Imprest	157,092	114,277
TOTAL	3,007,053	2,422,639

NOTE 9.0: INVENTORIES

	30.06.2021	30.06.2020
Inventories during the year	208,259	217,349
Provision for Slow moving Inventory	(106,895)	(33,787)
Inventories at the lower of cost and net realizable value	101,364	183,562
Inventories recognized as an expense during the year	225,189	412,098

As at 30 June 2021, the amounts of Inventories recognized as an expense during the year were TZS 225.19 million (2019/20: TZS 412.10 million). Also, obsolete stock valued TZS 106.90 million has been provided during the year. The identified stock consists of tonners whose printers are no longer in use.

During the current or prior financial year there were no inventory items pledged as security.



NOTE 10.0: PREPAYMENTS

	30.06.2021	30.06.2020
	TZS.'000	TZS.'000
Prepaid Office Rent	86,784	170,670
Purchase of Motor Vehicles-GPSA	-	302,704
Prepayments – (Key deposit, Subscription, Air travel and Software development)	1,288,438	997,894
Total Prepayments	1,375,222	1,471,268

Prepayment Movement

During the period, the amount of released prepayment was TZS 1,025.78 million (TZS 302.7 million was capitalized and TZS 835.14 million was expenses). The prepayment additions during the same period were TZS 1.04 billion as analysed below;

Description	Opening Balance TZS (000)	Amortized TZS (000)	Closing Balance TZS (000)	Additions TZS (000)
	A	B	C	E=(B+C-A)
Purchase of Motor Vehicles (GPSA)	302,704	302,704		-
Suppliers and Consumables				-
Prepaid Office Rent	170,670	83,826	86,784	-
Prepayments-Others	997,894	751,312	1,288,438	1,041,856
	1,471,268	1,025,785	1,375,222	1,041,856

NOTE 11.0: PROPERTY AND EQUIPMENT

	WIP EWURA House	Building	Land	Leasehold Improvement	Plant and Machinery	Equipments and Systems	Technical and Equipment	Motor Vehicles	Fixture and Fittings	Furniture and Fittings	Office Equipment	Computers	Total
Cost:	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000
At 1 July 2020	5,412,987	-	-	574,497	-	-	6,190	4,022,201	-	904,191	1,489,789	1,821,452	14,231,307
Release of WIP	(5,412,987)	-	-	-	-	-	-	-	-	-	-	-	(5,412,987)
Additions	-	7,486,599	261,383	-	704,921	2,101,793	-	321,798	1,517,594	37,383	658,339	231,467	13,321,278
At 30 June, 2021	-	7,486,599	261,383	574,497	704,921	2,101,793	6,190	4,343,999	1,517,594	941,574	2,148,128	2,052,919	22,139,598
Depreciation:													
At 1 July 2020	-	-	-	574,497	-	-	6,190	2,867,276	-	466,871	841,136	1,598,338	6,354,308
Charges for the Year	-	149,732	-	-	47,230	210,976	-	414,164	151,819	167,193	329,332	131,869	1,602,314
At 30 June 2021	-	149,732	-	574,497	47,230	210,976	6,190	3,281,440	151,819	634,064	1,170,468	1,730,207	7,956,622
NBV 30 June 2021	-	7,336,867	261,383	-	657,691	1,890,817	-	1,062,559	1,365,775	307,510	977,662	322,712	14,182,976

- Fully depreciated assets at an original cost of TZS 4.07 Billion (i.e. Motor Vehicles TZS 1.96 billion, Computers Hardware TZS 1.49 billion, Furniture TZS 93.95 million and Office equipment TZS 528.7 million) are still in use. The net book value of each assets is carried at TZS 1.
- During the current financial year there were no assets pledged as security.
- TZS 2,951,617 reported in cashflow comprise Cash paid for Building TZS 2,183,911; Furniture TZS 37,383; Computer TZS 231,467, Motorvehicles TZS 321,798 and Office Equipment TZS 177,058.
- TZS 5,412,987 relates to instalment payments made during FY 2017/18 to 2019/20 for financing construction of EWURA Head office building. The amount was transferred to assets after completion of the Building.

NOTE 11.0: PROPERTY AND EQUIPMENT (CONTINUED)

	WIP EWURA House	Leasehold Improvement	Technical Equipment	Motor Vehicles	Furniture and Fittings	Office Equipment	Computers	Total
Cost:	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000	TZS. '000
At 1 July, 2019	2,000,000	574,497	6,190	3,398,666	815,213	1,033,899	2,148,129	9,976,594
Additions	3,412,987	-	-	623,535	55,086	19,448	143,657	4,254,712
Adjustment on assets reclassification					33,892	436,442	(470,334)	-
At 30 June, 2020	5,412,987	574,497	6,190	4,022,201	904,191	1,489,789	1,821,452	14,231,306
Depreciation:								
At 1 July, 2019	-	574,497	6,190	2,552,869	341,757	510,518	1,625,305	5,611,136
Charges for the Year	-	-	-	314,407	102,470	102,902	223,393	743,172
Adjustment on assets reclassification					22,644	227,716	(250,360)	-
At 30 June, 2020	-	574,497	6,190	2,867,276	466,871	841,137	1,598,338	6,354,308
Net Book Value 30 June 2020	5,412,987	-	-	1,154,925	437,321	648,652	223,114	7,876,998

- Fully depreciated assets at an original cost of TZS 3.5 Billion (i.e. Motor Vehicles TZS 1.96 billion, Computers Hardware TZS 1.3 billion, Furniture TZS 42.2 million and Office equipment TZS 214.0 million) are still in use. The net book value of each assets is carried at TZS 1.
- During the current financial year there were no assets pledged as security.

NOTE 12.0: INTANGIBLE ASSETS – SOFTWARE COSTS

	30.06.2021	30.06.2020
Cost	TZS.'000	TZS.'000
At Start of Year	1,053,235	907,970
Additions	192,354	145,265
At the end of the Year	1,245,589	1,053,235
Amortization		
At Start of Year	798,317	734,926
Charge for the Year	178,314	63,391
At the end of the Year	976,631	798,317
NBV as at 30th June, 2021	268,958	254,918

** Out of TZS 192,354 intangible assets addition during the period, TZS 36,498 was paid in Cash.

NOTE 13.0: TRADE AND OTHER PAYABLES

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Trade Payables	107,714	287,119
Audit Fees	112,500	112,500
Withholding Tax	3,673	15,390
PAYE	6,150	124,243
ESAWAS Fund**	5,405	28,802
Accruals	1,159,251	1,713,561
TOTAL	1,394,693	2,281,615

**During the year under review, the Authority utilized USD 21,475.40 out of USD 23,810 accessed through ESAWAS. The funds were utilized to facilitate implementation of activities for Development of Onsite Sanitation and Faecal Sludge Management Guidelines; and Development of Onsite Sanitation Business Model for WSSA. ESAWAS funds were received through Bill and Melinda Gates Foundation to support the increase access to safely managed sanitation services for an estimated 50 million people particularly the urban poor in East and Southern African countries by improving non-sewered sanitation service delivery through regulation.

In the opinion of the directors, the carrying amount of Trade and other Payables is approximate to their fair value.



Payable Aging as at 30.06.2021

Description	30.6 2021 TZS (000)	30 .6. 2020 TZS (000)	2020/2021				
			Up To 1 Month TZS (000)	1-3 Months TZS (000)	3-12 Months TZS (000)	1-3 Years TZS (000)	Payables to Govt Entities TZS (000)
Trade Payables	107,714	287,119		107,714			
Audit Fees	112,500	112,500	112,500	-			112,500
Withholding Tax	3,673	15,390	3,673				3,673
PAYE	6,150	124,243	6,150				6,150
ESAWAS Fund	5,405	28,802				5,405	
Accruals	1,159,251	1,713,561	1,156,251				
Total	1,394,693	2,281,615	1,281,574	107,714		5,405	125,323

NOTE 14.0: GRATUITY PAYABLE

The Authority released TZS 151.62 Million (2019/20: TZS 98.13 million) provisions for gratuity during the year relating to staff whose contracts came to an end. The current gratuity provision made amounting to TZS 225.9 million relates to 17 staff who were in contract terms during the period. The analysis is given below: -

	30.06.2021	30.06.2020
	TZS'000	TZS'000
At start of the year	449,734	275,882
Charge for the Year	225,900	271,986
Released During the Year	(151,622)	(98,134)
At End of Year	524,012	449,734
Categorized As:		
Current Liabilities (Note 9)	202,034	271,986
Non-Current Liabilities	321,980	177,748
Gratuity payable as at 30 June 2021	524,014	449,734

NOTE 14.1: NHC LOAN PAYABLE

The amount of TZS 4,656,341,000 loan payable was recorded after capitalization of costs for construction of EWURA Head Office building. It consists two outstanding instalment payments payable to NHC as part of contract cost for construction of the building. As at 30 June 2021, the Authority has completed payment of TZS 7.59 billion (TZS 6.37 billion for three instalments and TZS 1.22 billion partition cost). The remaining two instalments shall be completed in 2022/23 financial year.

NOTE 15.0: REVENUE

NOTE 15.1: Revenue from Non-Exchange Transactions

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Regulatory Levy		
Electricity	16,316,898	15,808,118
Petroleum	25,938,858	23,405,717
Natural Gas	5,556,513	5,125,933
Water and Sewerage	2,926,207	3,332,062
Total Regulatory Levy Revenue	50,738,476	47,671,830
License Fees		
Electricity	126,575	72,294
-Natural Gas	30,000	2,300
Water and Sanitation	2,500	344
Electricity Contractors and Wiremen	791	4,669
Petroleum	868,700	735,350
Total License Fees Revenue	1,028,566	814,957
Application Fees		
Electricity	18,150	18,214
Natural Gas	33,000	7,015
Petroleum	615,484	388,808
Water and Sanitation	80	20
Total Application fees revenue	666,714	414,057
Penalties	1,348,091	932,527
Total Revenue from Non Exchange Transactions	53,781,847	49,833,371

Out of TZS 1,348.091 million, the actual penalties collected during the year were TZS 798.952 million.

NOTE 15.1.2 Regulatory Levy Collected

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Electricity	15,945,451	15,954,954
Petroleum	25,196,279	24,225,896
Natural Gas	5,621,201	5,634,145
Water and Sewerage	2,476,329	2,034,026
	49,239,260	47,849,021



NOTE 15.2 Revenue from Exchange Transactions

NOTE 15.2.1: FINANCE INCOME

Foreign Exchange Gain	-	3,565
Total Finance Income/(Cost)	-	3,565

NOTE 15.2.2: OTHER INCOME

Sale of Tender Documents	-	1,400
Other Income	7,161	-
Total Revenue from Exchange Transactions	7,161	4,965

Total Revenue from exchange and non-transactions	53,789,008	49,838,336
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NOTE 16.0: STAFF COSTS

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Salaries	11,320,850	10,629,605
Gratuity Expenses	224,478	557,057
Pension Employer's Contribution	1,542,875	1,188,073
Skills and Development Levy	589,591	626,421
Medical Expenses	643,467	673,492
Other Staff Costs (Schedule 16.1)	3,357,568	3,188,663
TOTAL	17,678,829	16,863,311

NOTE 16.1: Other Staff Costs

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Workers Compensation Fund	68,200	64,909
Transport Allowances	836,395	776,316
Acting Allowance	90,274	68,635
Housing Allowance	1,406,733	1,358,111
Utility Allowance	933,633	897,192
Security Allowance	22,333	23,500
TOTAL	3,357,568	3,188,663

NOTE 16.2: PAID STAFF EXPENSES

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Total Staff Costs	17,678,829	16,863,311
Less: Accrued Staff Costs	(3,278)	(26,032)
Total Staff expenses paid	17,675,551	16,837,279

NOTE 17.0: OPERATING EXPENSES

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Capacity Building	1,271,243	959,556
Regulatory Tools Development Expenses	1,726,283	1,088,098
Field and Inspection Expenses	3,832,093	2,723,033
Public Inquiries	309,637	221,044
Complaints, Mediation and Dispute Resolution	558,180	434,435
Government Delegation Participation costs	10,714	14,466
Public Awareness Programmes	1,489,521	1,276,085
Advertisement Expenses	549,427	382,880
Consultancy Expenses	136,746	449,882
Membership Contribution, Books and Periodicals	389,195	371,233
Library General Expenses	54,115	67,178
Regional Cooperation Meetings	51,892	360,054
Local Travel and Conference Expenses	853,853	559,926
Stakeholders Consultative Meetings	112,050	113,850
Bad Debt Provision	623,099	924,484
Motor Vehicle Fuel Expenses	82,061	72,226
Motor Vehicle Repairs and Maintenance	502,237	377,693
Car Hiring Expenses	54,055	23,098
Maintenance of Computer Hardware	194,180	115,099
Maintenance of Computer Software	592,102	181,923
Maintenance of Other Office Equipment	38,562	11,571
Wiremen Licensing Activities	112,185	97,446
Directors Fees	52,417	59,500
Board Expenses	293,390	568,155
TOTAL OPERATING EXPENSES	13,889,237	11,452,915

NOTE 17.1: OPERATING EXPENSES PAID

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Total Operating Expenses	13,889,237	11,452,915
Less: Accrued and Non cash Operating Expenses	(568,823)	(2,005,951)
Total Operating Expenses Paid	13,320,414	9,446,964



NOTE 18.0: CONTRIBUTION TO TREASURY AND GOVERNMENT ENTITIES

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Government Consultative Council Expenses	37,714	51,619
Consumer Consultative Council Expenses	2,476,173	2,439,350
Fair Competition Tribunal	541,006	541,006
Fair Competition Commission	644,069	644,069
Treasury Contribution	8,067,277	7,619,725
TOTAL CONTRIBUTIONS	11,766,239	11,295,769

NOTE 18.1: PAID CONTRIBUTION TO TREASURY AND GOVERNMENT ENTITIES

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Total Contribution	11,766,239	11,295,769
TR Excess Capital	550,000	
Less: Accrued Contribution	(1,052,726)	(866,385)
Total contribution to TR and Government Entities Paid	11,263,513	10,429,384

NOTE 19.0: ADMINISTRATION COSTS

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Office Rent	1,502,526	2,675,450
Telephone, Fax and Internet	450,652	533,601
Stamps and Postages	86,759	67,585
Printing and Stationery	424,661	317,358
Maintenance of Leasehold Property	52,228	6,290
Maintenance of Office Building	45,227	-
Office General Expenses	229,443	268,096
Entertainment Expenses	34,680	7,881
Donations and Contributions	302,613	300,117
Annual Leave Package	177,143	252,919
Outfit Allowance	18,509	9,267
Funeral Expenses	59,153	17,800
Recruitment Costs	120,859	68,577
Compensation Allowance	162,942	213,255
Relocation Costs	173,270	156,032
Welfare Expenses	70,136	22,110
Furniture Allowance	14,000	-
Audit Fees	112,500	112,500
Data Storage Charges	119,823	47,501
Insurance Charges	27,476	22,974
Tender Board Expenses	214,545	102,796
TOTAL	4,399,145	5,202,109

NOTE 19.1: ADMINISTRATION COSTS PAID

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Total Administration Costs	4,399,145	4,462,149
Less: Accrued Administration Costs	(166,266)	(198,373)
Total Administration Costs Paid	4,232,879	4,263,776

NOTE 20.0: FINANCE COSTS AND OTHER CHARGES

NOTE 20.1: FINANCE COSTS

	30.06.2021	30.06.2020
	TZS'000	TZS'000
Bank Charges	27,130	26,882
Foreign Exchange Loss	1,218	-
TOTAL	28,348	26,882

NOTE 20.2: OTHER CHARGES

Other charges indicated in cash flow statements relates to payments effected during the financial year for items that were accrued during the financial year 2019/20 as shown below;

	30.06.2021	30.06.2020
	TZS '000	TZS '000
Staff costs	26,033	130,132
Operating Expenditure	1,400,195	2,042,633.00
Administrative Expenditure	198,373	275,512
Bank Charges	22,557	26,882
Contribution to other Government entities	866,385	1,310,670
Total Other Charges	2,513,543	3,785,829

NOTE 21.0: BUDGET PERFORMANCE RECONCILIATION

	30.06.2021
	TZS '000
Surplus for the year as per Statement of Financial Performance	4,246,582
Surplus for the year as per Statement of Budget and Actual Amount	2,726,374
Difference	1,520,208



The accompanying financial statements have been presented on an accrual basis of accounting, while the budget has been prepared using cash basis of accounting. Reconciliation of the difference is shown below;

Reconciliation of Difference	30.06.2021
	TZS '000
Depreciation and Amortization	1,780,628
Bad debt Provision	623,099
Accrued Expenses	1,285,703
Increase in Other expenses	(2,169,222)
Sub Total	1,520,208

NOTE 22.0: RELATED PARTY TRANSACTIONS

EWURA related party include reports to the Ministry of Water, and works closely with the Ministry on all issues related to Water and Sanitation. The Authority also works hand in hand with the Ministry of Energy, on issues related to energy. Other related parties are members of the Board of Directors, Head of Divisions and Units who have significant influence over the Authority affairs.

Related Party Transactions

The following transactions were carried out with related parties: -

NOTE 22A: Key Management Compensation

	30.06.2021	30.06.2020
	TZS '000	TZS '000
Salaries and Other Emoluments	2,189,890	2,161,765
Total Key Management Compensation	2,189,890	2,161,765
Employees Post-Employment Benefits:		
- Pension - Employer's Contribution	59,212	49,801
- Gratuity paid during the year	142,539	59,913
Total Employee Post-employment Benefits	201,751	109,714

NOTE 22B: Directors

The annual Directors Fees were paid to five members of the Board of Directors at the approved rates as follows: TZS 12,000,000 for Chairman and TZS 10,000,000 to other members of the Board. The total amount of Directors' fees paid during the year under review is TZS. 52,000,000 (2019/2020: TZS 59,500,000).

NOTE 22C: Management Composition

The Management of EWURA is made up of the following members: -

- i. Director General
- ii. Director of Natural Gas
- iii. Director of Water and Sanitation
- iv. Director of Legal Affairs
- v. Director of Internal Audit
- vi. Director of Petroleum
- vii. Director of Electricity
- viii. Director of Corporate Affairs
- ix. Manager, Information and Communication Technology
- x. Manager, Communications and Public Relations
- xi. Manager, Procurement Management Unit

NOTE 22D: Employees Post-Employment Benefits

The Authority contributes to the defined benefit plans for its employees to Public Service Social Security Fund (PSSSF). The Authority's contribution during the year ended 30 June 2021 amounted to TZS. 1.54 billion (2019/20: TZS. 1.19 billion). The Authority also contributed a total of TZS 68.20 million (2019/20: TZS. 64.91 million) to the Workers Compensation Fund. Contributions to these funds are recognized as an expense in the period the employees render services to the Authority.

The Authority also charges gratuity expense of employee's last basic monthly salary on statement of financial performance and maintains gratuity payable account for future payment to staff. For the year ended 30 June 2021 TZS 142.5 million (2019/2020: TZS 98.1 million) were released to staff whose contract came to an end.

NOTE 22E: Staff Loans and Advances (Note 8B)

	30.06.2021	30.06.2020
	TZS '000	TZS '000
Staff Revolving Loans	2,290,927	1,742,625
Salary Advances	559,034	565,736
Imprest	173,411	114,277
TOTAL	3,023,371	2,422,639

The Authority set up the Staff Revolving Loans Fund to extending loans to staff for the purchase of motor vehicles and other amenities. These loans are interest free, repayable within a period of three years and are taxed in accordance with the requirements of the Income Tax Act of 2004. For the year ended 30 June 2021 loans amounting to TZS. 2.29 billion (2019/20: TZS. 1.74 billion) were outstanding.



NOTE 23.0:

NOTE 23 A: EXCESS CAPITAL

During the year, the Authority paid TZS 550 million (Note 18.1) to the consolidated fund as an excess capital. The amount was derived by the Office of Treasury Registrar after assessing the Authority's revenue earned and expenses incurred together with commitments remained outstanding during the financial year 2019/20. Payment of this amount i.e. TZS 550 million was made against the accumulated surplus.

NOTE 23 B: ADJUSTMENTS ON ACCUMULATED SURPLUS

During the year, a total of TZS 136.89 million was adjusted to accumulated surplus. The adjustment relates to TZS 72.57 salaries paid to the Clerk of works during Construction of EWURA Head Office Building in Dodoma; TZS 207.38 million relates to payments made through accrued expenses that relate to FY 2019/20 and TZS 1.58 million over deducted statutory contribution from three staff during the year ended 30 June 2020.

	30.06.2021
	TZS'000
Salaries paid to the Clerk of works	72,571
Transactions paid that relates to FY 2019/20	(207,883)
Over deducted statutory contribution for FY 2019/20	(1,580)
	(136,892)

NOTE 23 C: CAPITAL EXPENDITURE COMMITMENTS

Capital commitments

Capital expenditure contracted for or tenders are in progress at the statement of financial position date is as follows: -

	30.06.2021	30.06.2020
	TZS '000	TZS '000
Property and Equipment	4,656,541	6,551,734
Software Development	9,086	525,035
Subtotal	4,665,627	7,076,769

Other Commitments

Commitment relates to the contracts entered into but goods or services had not been delivered. In some other cases contracts have not been entered into but respective tenders were in progress in accordance with the requirement of the Public Procurement Act, 2011 (As amended in 2016). The above amount represent value of work committed but not yet paid.

Consultancy Services	9,960	257,806
Local Purchase Orders	100,108	150,536
Total Commitments	110,068	408,342

NOTE 24.0: FINANCIAL RISK MANAGEMENT

The Authority's activities potentially expose it to a variety of financial risks. These risks include interest rate risks, credit risks, liquidity risks and foreign exchange risks. The authority has instituted a number of measures to minimize potential adverse effects on its financial performance as follows:

NOTE 24.1: Credit Risk

The Authority's regulatory levy which is the main source of its income is not tied to a single regulated supplier. This mitigates credit risk associated with its operations. Also, effective follow up efforts minimizes default.

NOTE 24.2: Liquidity Risk

The Authority ensures sufficient liquidity is maintained to meet short-term maturing obligations and it also ensures that all excess cash is invested in less risky investments.

NOTE 24.3: Foreign Exchange Risk

The Authority minimizes foreign exchange risk by maintaining foreign currency account. The Authority does not engage in foreign currency swaps or speculations. The risks are also managed by ensuring that the services value is negotiated and fixed in the local currency whenever possible.

NOTE 25.0: OPERATING LEASE COMMITMENTS

The Authority had operating leases for offices in which it carries out its operations. These leases were with PSSSF (for EWURA Eastern zone office, EWURA Zonal office in Mwanza and Northern Zonal Office in Arusha) and National Health Insurance for Southern Highlands zonal office in Mbeya. The commitments have decreased significantly in the financial year 2020/21 after shifting EWURA Head Offices from leased facility to EWURA House. Expected future payments for the existing lease agreements are as follows: -

		30.06.2021			30.06.2020
		TZS '000			TZS '000
Within One Year	✓	664,979	✓	✓	1,138,968
Later Than One Year	✓	-	✓	✓	-
TOTAL	✓	664,979	✓	✓	1,138,968

NOTE 26.0: CONTROLLING ENTITY

EWURA by virtue of its formation is controlled by the Government of the United Republic of Tanzania.



NOTE 27.0: FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of EWURA which is also the presentation currency is the Tanzanian Shilling (TZS). The values in this report have been rounded up to the nearest thousand.

NOTE 28.0: CONTINGENT ASSETS AND LIABILITIES

NOTE 28.1: CONTINGENT ASSETS

During the year under review the Energy and Water Utilities Regulatory Authority had a total of 30 (2019/20: 27) cases in various courts and tribunals at different stages of hearing in which the Authority is the applicant in 11 (2019/20: 9) cases involving TZS 233.45 million (2019/20: TZS 83.77 million) as shown below;

CASE	30.06.2021	30.06.2020
	TZS '000	TZS '000
EWURA Vs Sonda Machibya T/A Sojem Oil Investment	15	15
EWURA vs TANESCO	-	5,498
EWURA vs Paulo Mtete	1,294	1,294
EWURA vs Mohamed Twalib Petrol Station	49,634	49,634
EWURA vs WOCCO Petrol Station	-	2,174
EWURA vs Mohamed Ngauje Wenya	1,396	1,396
EWURA vs TANESCO	-	2,050
EWURA vs TANESCO	-	1,870
EWURA VS Fly Emirates	165,891	-
EWURA vs Yusuph Mzee Lashikoni	6,224	-
EWURA vs Onassis Elishilia Lema	9,000	19,842
Total	233,454	83,773

NOTE 28.2: CONTINGENT LIABILITIES

There are pending Court cases to which EWURA is a party at various registries of the High Court, the Fair Competition Tribunal, the Commission for Mediation and Arbitration and Resident Magistrate Courts. In the opinion of the directors, the outcome of these cases may not give rise to any significant loss and therefore, no provisions have been made in these financial statements. However, there was a case pending at the Commission for Mediation and Arbitration (Case No. CMA/DSM/ILA/609/15/16/02) between Ms Naiungishu Soikhan Mollel against EWURA in which Ms Mollel was awarded compensation for breach of contract to the tune of TZS 759,725,249.95. As at the reporting date, the Authority had 12 (2019/20: 17) pending law suits out of which no case had contingent claims against the Authority as of the year end, except for Ms Mollel's case below: -

	30.06.2021	30.06.2020
	TZS '000	TZS '000
Naiungishu Soikan Mollel Vs. EWURA	759,725	992,504
TOTAL	759,725	992,504

NOTE 29.0: COMPARATIVE FIGURES

Comparative figures have been regrouped or adjusted necessary to conform to changes in presentation in the current year.

NOTE 30.0: EVENTS AFTER REPORTING DATE

There were no material events, adjusting or non-adjusting, which had occurred between the reporting date and dated on 30 August 2021 when the Financial Statements are authorized for issue by the Board of Directors.