THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

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PERFORMANCE AUDIT REPORT ON THE REGULATION OF WATER UTILITIES IN TANZANIA

CONTROLLER AND AUDITOR GENERAL

MARCH 2026

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NATIONAL AUDIT OFFICE

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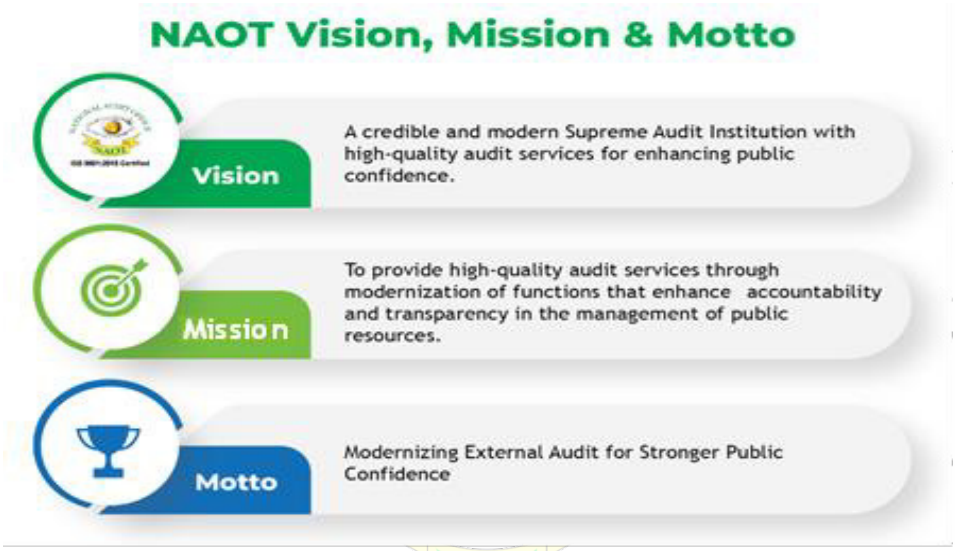
About the National Audit Office

Mandate

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



Core Values

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

Professional competence: We deliver high quality audit services based on appropriate professional knowledge, skills, and best practices.

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

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

Results-Oriented: We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.

Team Work Spirit: We value and work together with internal and external stakeholders.

PREFACE

Section 28 of the Public Audit Act, CAP. 418 gives the mandate to the Controller and Auditor General (CAG) to carry out Performance Audit (Value-for-Money Audit) to establish the economy, efficiency and effectiveness of any expenditure or use of resources in the Ministries, Departments and Agencies (MDAs), Local Government Authorities (LGAs) and Public Authorities and Other Bodies which involve enquiring, examining, investigating and reporting, as deemed necessary under the circumstances.

I have the honour to submit to Her Excellency, the President of the United Republic of Tanzania, Hon. Dr. Samia Suluhu Hassan, and through her to the National Assembly of the United Republic of Tanzania, the Performance Audit Report on the Regulation of Water Utilities in Tanzania.

The report contains findings, conclusions, and recommendations directed to the Energy and Water Utilities Regulatory Authority (EWURA). The entity had the opportunity to review the report and provide comments. I acknowledge that their inputs were constructive and valuable.

My Office will conduct a follow-up at an appropriate time to assess the actions taken in implementing the recommendations outlined in this report.

I want to thank my staff for their commitment to preparing this report. I also acknowledge the audited entity for their cooperation with my Office, which facilitated the timely completion of the audit.

Charles E. Kichere
Controller and Auditor General
The United Republic of Tanzania
March 2026

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LIST OF ABBREVIATIONS AND ACRONYMS

BOD	:	Biochemical Oxygen Demand
CAPEX	:	Capital Expenses
CBWSOs	:	Community-based Water Supply Organisations
CCC	:	Customer Consultative Council
COD	:	Chemical Oxygen Demand
DAWASA	:	Dar es Salaam Water and Sewerage Authority
EWURA	:	Energy and Water Utilities Regulatory Authority
FYs	:	Financial Years
GCC	:	Government Consultative Council
HQ	:	Headquarters
INTOSAIs	:	International Organisation of Supreme Audit Institutions
ISSAIs	:	International Standards of Supreme Audit Institutions
KPIs	:	Key Performance Indicators
LOIS	:	Licence and Order Information System
NEMC	:	National Environment Management Council
NGOs	:	Non-governmental organisations
NPs	:	National Projects
NRW	:	Non-Revenue Water
OECD	:	Organisation for Economic Co-operation and Development
RUWASA	:	Rural Water Supply and Sanitation Agency
SDGs	:	Sustainable Development Goals
TBS	:	Tanzania Bureau of Standards
THMs	:	Trihalomethanes
TZS	:	Tanzania Shillings
WSSAs	:	Water Supply and Sanitation Authorities

DEFINITION OF KEY TERMS

Affordability	:	Relative ability of an individual customer (household) to pay for water, electricity, petrol, diesel, or kerosene to meet the basic needs while maintaining the ability to pay for other essential household expenditures.
Biological Oxygen Demand	:	Microorganisms require oxygen to decompose organic matter.
Chemical Oxygen Demand	:	Total quantity of oxygen required to chemically oxidise organic compounds in water into carbon dioxide (CO_2) and water (H_2O).
Cost-reflective Tariff	:	Means tariffs which reflect the costs of providing regulated services to different customer classes based on the agreed level of services, so that each customer class pays for the cost it imposes on the water authority.
Licence and Order Information System (LOIS)	:	An online electronic system maintained by the authority for submitting and processing licences, tariff applications and consumer complaints.
Non-Revenue Water	:	The amount of water a water utility produces (or purchases from other water utilities) minus the amount sold to consumers, expressed as a percentage of the water produced and/or purchased.
Revenue requirement	:	The total amount of money a utility must collect from customers to pay all costs, including operating and maintenance expenses, depreciation, and a reasonable return on investment to properly operate and maintain its system and meet its financial obligations, shall be determined from time to time.
Tariff	:	Tariff means any charge, fee or rate charged for the provision of water supply and sanitation services.
Working ratio	:	Ratio of operating expenses to operating revenue from water charges collection. Operating expenses do not include depreciation, interest, or debt service.
Operating Ratio	:	Ratio of operating expenses to operating revenue from water charges collection. The operating expense includes depreciation, interest, and debt service.
Water Utilities		Public or private entities are responsible for the sustainable management, treatment, and distribution of potable water, as well as wastewater collection. They ensure safe, reliable water supply for households, industries, and public infrastructure, often managing the entire process from source to consumer taps. For this audit, it means the Water Supply and Sanitation Authorities.

EXECUTIVE SUMMARY

Background Information

Regulating water utilities is crucial to improving access to safe, clean water in Tanzania. EWURA, established under the EWURA Act, CAP. 414 is mandated to regulate water utilities by providing both technical and economic oversight to ensure that water services are safe, reliable, and affordable. EWURA regulates water utilities through licensing, setting service standards, monitoring water and wastewater quality, and approving tariffs for water and wastewater services.

The main audit objective was to assess whether EWURA's regulation of water utilities, particularly licensing of water utilities, tariff setting, and monitoring of water quality and wastewater, has effectively supported the delivery of quality, affordable, and sustainable water and sanitation services in Tanzania.

The Audit covered the period from 2020/21 to 2024/25. The reviewed document covered nationwide regulatory arrangements and performance information. The verification was conducted in four EWURA zones (Southern Highlands, Lake, North, and Eastern) and four Water Supply and Sanitation Authorities (Chunya WSSA, Mwanza WSSA, Moshi WSSA, and DAWASA). Audit evidence was obtained through document review, interviews and verification of performance information.

Main Audit Findings

The main Audit findings have been summarised and categorised in the following main areas:

(a) Inadequate Oversight of Water Utilities for Service Delivery

The Audit found inadequate oversight of water utilities for water delivery services. The Water Utilities Benchmarking Guidelines require water utilities to attain service coverage of at least 84% of the population served. However, the water utilities that attained 84% of the required water service coverage in their service area ranged from 8% to 24% from 2020/21 to 2023/24. Also, no water utility met the 40% benchmark for sanitation service coverage in its service area from 2020/21 to 2023/24.

The proportion of water utilities that complied with national standards for key water quality parameters from the Financial Year 2020/21 to 2023/24 was less than 100%. The percentage of water utilities attained 100% on E.coli ranged from 12% to 73% of total water utilities, the percentage of water utilities attained required benchmark of 98% for turbidity ranged from 6% to 64% of total water utilities; the percentage of water utilities attained required benchmark of 100% residual chlorine ranged from 0% to 6% of total water utilities; and the percentage of water utilities attained required benchmark of 95% for pH ranged from 21% to 79% of total water utilities. Also, the Water Utilities that attained 95% compliance with BOD and COD standards ranged from 36% to 56% of total water utilities from the Financial Year 2020/21 to 2023/24.

The non-revenue water benchmark of 25% was not achieved by all water utilities in the financial years from 2020/21 to 2023/24; the range was 16% to 25%.

Furthermore, between the financial years 2020/21 and 2023/24, the percentage of water utilities attaining the required operating ratios of 0.8 to 1 and the working ratios of 0.67 to 1 ranged from 10% to 24% and from 22% to 61% of total water utilities, respectively. This affects water utilities' ability to generate revenues and recover their costs.

The decline of service coverage, persistent non-compliance with water quality standards, high non-revenue water, and weak financial ratios were largely due to low implementation of approved investment plans and tariff freezes. As a result, water utilities continued to deliver substandard services, undermining financial sustainability and progress toward Sustainable Development Goal 6, which aims to enforce standards for safe, affordable drinking water and sanitation.

(b) Inadequate Licensing of Water Utilities

The audit noted that while all 83 utilities were licensed from 2020/21 to 2023/24, the percentage of water utilities providing wastewater services or having wastewater treatment facilities increased by only 7%, from 23% in 2020/21 to 30% in 2023/24. This was mainly due to limited investment in wastewater treatment and inadequate enforcement of licence conditions requiring such facilities.

Furthermore, the audit noted that licensed water utilities did not adequately comply with the technical, managerial, and financial

requirements. The four covered zones, namely Eastern, Northern, Southern Highland, and Lake zones, the technical compliance ranged from 41% to 69% of water utilities, and the managerial and financial compliance levels ranged from 66% to 98% of water utilities, indicating that licensing was granted despite gaps in operational readiness.

Moreover, Licence renewals were delayed across all four visited zones, averaging from four to seven months, with the Southern Highlands experiencing a delay of seven months. Nine utilities operated beyond the 24-month limit for provisional licences. Also, the audit noted that in the four visited zones, the percentage of licence conditions that reached the due date and the implementation ranged from 23% to 43%. This was due to inadequate enforcement by EWURA to ensure licence conditions are implemented, which delayed improvements in water and sanitation service delivery.

(c) Inadequate Tariff Setting, Tariff Order Monitoring and Enforcement

The audit noted that EWURA did not adequately set, monitor or enforce water tariff orders. In total, across the 15 tariff orders approved under the four visited zones for the financial years from 2020/21 to 2024/25, 10 water utilities contained depreciation errors, 1 water utility had omissions in return on investment, and 15 water utilities missed prior-period adjustments. These weaknesses undermine cost recovery and increase the risk of unaffordable tariffs.

Furthermore, the audit noted that between financial years 2020/21 and 2024/25, 61% to 78% of utilities operated under expired tariffs due to the ministerial suspension of the review process, even though EWURA had a mandate to initiate the review. Also, the audit noted that stakeholder engagement was inconsistently enforced, with 8 out of 21 utilities submitting tariff applications without conducting the mandatory consultations with the required stakeholders.

Moreover, Tariff Monitoring and enforcement were limited. This was due to inadequate submission of tariff implementation reports on compliance with the Tariff order Conditions, whereby in the financial years 2020/21 and 2021/22, only five water utilities submitted reports, and none submitted reports from financial year 2022/23 to 2024/25. EWURA did not issue any clearance certificates to water utilities that submitted reports, nor issue any warning letters to water utilities that did not submit them. In addition,

inspection coverage remained low, with 32% of water utilities having active tariff orders required to be monitored for the period of 2020/21 to 2024/25 being uninspected, particularly Class III and provisional utilities. As a result, variations between approved and applied tariffs for two water utilities were noted at two of the four visited water utilities, indicating inadequate tariff monitoring.

Despite persistent non-compliance, EWURA did not apply enforcement measures prescribed under Rule 64 of the Energy and Water Utilities Regulatory Authority (Water Tariff Application and Rate Setting) Rules, 2020, which require EWURA to reject new tariff applications, deduct revenue requirement from new proposed tariff and impose special performance monitoring where there is no justification by water utilities for not implementing tariff orders. The absence of actions such as revenue deductions, application rejections, or special monitoring allowed non-compliance to persist and weakened accountability.

(d) Inspections were Conducted with Inadequate Coverage Parameters to ensure Compliance with Water Quality Standards

The audit found that EWURA's monitoring of water quality was inadequate. Although Inspection coverage ranged from 117% to 155% of the planned inspections, testing was limited to a range of four to eight parameters across the four visited water utilities against their approved Water Quality Monitoring Programme. While four basic parameters, namely pH, turbidity, E.coli, and residual chlorine, were tested in all four visited water utilities, many heavy metals were not assessed, weakening assurance over compliance with water quality standards.

Inadequate parameter testing, reduced regulatory assurance on the quality of supplied water and exposed consumers' health and safety to risk.

Audit Conclusion

The audit concludes that, although EWURA has established a regulatory framework for overseeing water utilities, the overall effectiveness of regulation in ensuring sustainable and efficient water service delivery remains limited. Most utilities still do not supply water to the community to the required standards, water utilities do not provide sanitation services despite their licence requiring them to provide the service, non-attainment of performance indicators, high non-revenue water, some water utilities

have been operating with expired tariff and weak compliance with regulatory and performance standards, indicating that regulatory interventions have not achieved the intended improvements. To achieve reliable and affordable water services, EWURA needs to strengthen its oversight and enforce compliance.

Audit Recommendations

The EWURA Management is urged to:

(a) Establish an enforcement mechanism that ensures that utilities comply with the stipulated licence conditions, particularly those related to service quality, infrastructure upgrades, and environmental standards;

(b) Set and enforce the tariff correction mechanism from the previous multi-year period, ensuring timely review and approval of water and sanitation tariffs with clear accountability for delays and operationalised affordability consideration to guarantee cost-reflective and accessible water and sanitation services; and

(c) Strengthen and enhance the existing water quality monitoring mechanisms to ensure that all required water quality parameters, including heavy metals, are consistently tested by EWURA during water quality monitoring, in accordance with the utilities' approved water quality monitoring programme.

CHAPTER ONE

INTRODUCTION

1.1 Background Information

The water and sanitation sector is fundamental to public health, environmental protection, and economic development. Despite playing a key role in people's lives and country development, water and sanitation services are still not adequately provided. As of 2023, only 72% of the population had access to at least basic drinking water services, while access to safely managed water services stood at 45% in urban areas and 24% in rural areas[1]. Regulating water utilities is essential to ensuring access to safe, affordable, and sustainable water services. Because water supply is often a natural monopoly, regulation protects consumers, promotes efficiency, and ensures compliance with technical and quality standards (OECD, 2015).

In Tanzania, water supply and sanitation services are governed by the Water Supply and Sanitation Act, CAP. 272, and regulated by the Energy and Water Utilities Regulatory Authority (EWURA), established under the EWURA Act, CAP. 414. EWURA licences utilities, approves tariffs, monitors performance, and enforces service standards. The Water Supply and Sanitation Act, CAP. 272 complements this by assigning service delivery to Water Supply and Sanitation Authorities (WSSAs). As of 2024, there were 82 licensed WSSAs classified as Regional, District, or National Project (NP) authorities.

EWURA applies Regulatory instruments, such as licensing rules, tariff-setting rules, and water and wastewater monitoring guidelines, to ensure financial sustainability and service reliability. Despite EWURA's implementation of the regulatory obligation, operational performance among water utilities varied significantly. Water utilities struggled with financial sustainability, service reliability, and infrastructure maintenance, limiting progress toward universal access to safe drinking water.

[1] National Bureau of Statistics (NBS) & UNICEF/WHO Joint Monitoring Programme (JMP) for Water Supply, Sanitation and Hygiene (2023). Progress on household drinking water, sanitation and hygiene 2000–2022: Special focus on gender.

1.2 Motivation for the Audit

This performance audit was motivated by the quest to understand how the critical role of regulation in ensuring the efficient, reliable, and sustainable provision of water and sanitation services in Tanzania is fulfilled. It was also informed by challenges noted in several reports, highlighting the need for stronger regulatory oversight to enhance the performance and service delivery of water utilities. The key motivating factors are outlined below.

The Rise of Non-Revenue Water and Financial Losses in Water Supply and Sanitation Authorities: According to the Water Utilities Performance Review Reports issued by EWURA from 2019/20 to 2023/24, the national average level of Non-Revenue Water (NRW) remained above 35% (ranging from 35.5 to 37.8%). These levels consistently exceeded the government's acceptable threshold of 20%. The review of the water utility performance report for the financial year 2023/24 alone shows that water authorities with NRW above this limit incurred total losses estimated at TZS 114.12 billion.

Persistent Non-Compliance with the Required Water and Wastewater Quality Standards: The EWURA's Performance Review Reports for the 2022/23 and 2023/24 financial years indicated that the water supplied and wastewater discharged by utilities frequently failed to meet the quality standards set by the Tanzania Bureau of Standards. Results of performance reviews from 2020/21 to 2023/24 indicated inconsistent compliance. For drinking water, E. coli compliance ranged from 12% to 73%, below the 100% benchmark. Turbidity ranged from 6% to 64%, below the target range of 95% to 98%, while residual chlorine remained low at 0% to 6%, indicating inadequate disinfection control. pH ranged from 0 to 79%, which is below the 95% benchmark.

For wastewater, BOD_5 and COD compliance remained below the acceptable range of 95-98%. In 2020/21, BOD_5 stood at 46 per cent and COD at 41%, with no change in 2021/22. In 2022/23, compliance rates rose to 58% and 50%, respectively, before both declined to 33% in 2023/24. These trends indicate ongoing challenges in water and wastewater treatment, as well as inadequate enforcement of effluent standards, which pose risks to environmental integrity and public health.

Priority Area in National Five-Year Development Plan III (2021/22-2025/26): The regulation of water utilities supports Priority Area 1.2.2 of Tanzania's National Five-Year Development Plan III (2021/22–2025/26), which aims to improve access to quality, sustainable water and sanitation services. This priority emphasises reducing non-revenue water, increasing operational efficiency, and expanding service coverage. Regulatory bodies, such as EWURA, help achieve these goals by setting and enforcing performance standards for Water Supply and Sanitation Authorities (WSSAs). Consumer protection is enhanced through fair pricing and improved service reliability. Regulation also ensures that investments are aligned with national priorities for equitable and inclusive development.

Contributes to Sustainable Development Goals (SDGs): The regulation of water utilities plays a crucial role in achieving several SDGs by ensuring access to, and the quality and sustainability of, water service delivery. It directly supports SDG 6, particularly targets 6.1 and 6.2, by enforcing standards for safe, affordable drinking water and sanitation. Additionally, it targets 6.3 and 6.4 by reducing pollution and improving water-use efficiency. By limiting exposure to unsafe water, regulation contributes to SDG 3, especially target 3.9, which aims to reduce waterborne diseases. It also promotes equitable access to services, aligning with SDG 10 targets 10.2 and 10.3, by addressing disparities between urban and rural populations.

In urban planning, it advances the SDG 11 targets 11.1 and 11.5 by supporting inclusive, resilient water infrastructure. Furthermore, it reinforces SDG 12 target 12.2 on sustainable resource use, as well as SDG 13 targets 13.1 and 13.2 on climate adaptation, and SDG 16 targets 16.6 and 16.7 by strengthening transparency, accountability, and institutional effectiveness in the water sector.

1.3 Audit Design

1.3.1 Audit Objective

The main audit objective was to assess whether EWURA's regulation of water utilities through the licensing of water utilities, tariff setting, and monitoring of water and wastewater quality has contributed to enhanced regulation of water utilities in Tanzania, to improve access, quality, and sustainability of water and sanitation services.

1.3.2 Specific Objectives

The specific objectives of the audit were to assess whether;

(a) EWURA's licensing process has enabled water utilities to deliver quality and affordable water services;

(b) EWURA has adequately set, monitored and enforced tariff orders for water utilities to enhance accessibility and affordability of water and sanitation services; and

(c) EWURA has effectively monitored water quality and wastewater services to confirm compliance with the required standards.

To address the specific audit objectives mentioned above, the audit developed four Audit and sub-audit questions as presented in **Appendix 2.**

1.3.3 Audit Scope

The main audited entity was the Energy and Water Utilities Regulatory Authority (EWURA), as it is responsible for both technical and economic regulation of water utilities in Tanzania and safeguarding stakeholders' interests, upholding the financial sustainability of service providers, and promoting access to water services for all, including low-income and disadvantaged groups. Its core functions include issuing licences, enforcing service quality and reliability standards, approving rates and charges, reviewing business plans, customer service charters, and fostering effective competition and economic efficiency across the water sector.

The audit also covered the Water Supply and Sanitation Authorities (WSSAs), which are responsible for providing water supply and sanitation services. The aim was to assess the effectiveness of EWURA's regulatory mechanisms in ensuring access to affordable, quality water and wastewater services. Specifically, the audit examined two distinct aspects of the licensing framework: the licensing process, which includes licence application, evaluation, issuance, renewal, cancellation, adherence to timelines, the conduct of pre-licensing inspections, and compliance with licence conditions, which entails assessing conformity with the defined technical, managerial, and financial standards required of water utilities.

In addition to licensing, the audit assessed the setting, monitoring, and enforcement of water tariff orders, focusing on the cost-reflectiveness of approved tariffs, the timely application and review of tariffs, stakeholder engagement during tariff reviews, and the monitoring of the implementation of tariff orders and their associated conditions.

Furthermore, the audit assessed the adequacy and effectiveness of water quality and wastewater effluent monitoring, including the collection and verification of water quality data, timely submission of water quality reports by water utilities, issuance of recommendations and follow-up on implementation status on issued recommendations, follow-up on their implementation, and sanctions imposed for non-compliance with water and wastewater quality standards.

Although the audit covered the entire country, verification activities were conducted in four EWURA zones: the Southern Highlands, Lake, North, and Eastern.

The audit spanned five financial years, from 2020/21 to 2024/25. This period was selected to assess regulatory performance trends and aligns with the implementation period of the National Five-Year Development Plan III (2021/22–2025/26). It also marks the enforcement of EWURA's key regulatory tools, developed in 2020, including the Inspection Manual, Tariff Rules, and Licensing and Quality of Service Rules.

1.3.4 Assessment Criteria

The assessment criteria were extracted from various sources such as the EWURA's Inspection Manual for Water Utilities (2020), The Environmental Management (Water Quality Standards) Regulations 2007 [GN. 238. Published on 7/12/2007, Water Supply and Sanitation Act, CAP. 272, EWURA (Water Tariff Application and Rate Setting) Rules, 2020, Water Supply and Sanitation Services (Licensing and Quality of Services) Rules, 2020; Client Service Charter, 2020; Utilities Business Plans; and Utilities Licensing Conditions. The following are the assessment criteria for each specific audit objective.

(a) Licensing of Water Utilities

EWURA is required to exercise licensing and regulatory functions in respect of water supply and sanitation services as per Section 29(1) (a) of the Water

Supply and Sanitation Act, CAP. 272. According to Rule 9 of the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020, EWURA is required to evaluate applications based on financial, technical, and managerial capabilities. Water utilities are required to hold Class I to Class III licences, depending on their level of compliance with financial, technical, and managerial requirements. Water authorities that do not meet financial, technical, and managerial capabilities in these areas are issued a provisional licence, in accordance with the First Schedule of the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020.

Also, upon expiry of a Class I to Class III licence after 10 years of operation, and of a provisional licence after 24 months, the licensee is required to apply for licence renewal to EWURA at least 6 months before the licence's expiry. EWURA is required to evaluate the completeness and correctness of information contained in the application basing on legal status; managerial and technical capability; financial viability; adherence to health, safety and environmental Requirements; and economic efficiency and benefit to the public in general as per Rule 5(1) & (3), 7(3), 8(1) and 9(2) of the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020. Also, Regulation 10(3) of the Water Supply Regulations, 2019 [GN 828. Published on 8/11/2019] and Rule 5(3) of the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020, both of which limit the validity of provisional licences to a maximum of 24 months.

Moreover, the time for processing and issuance of the water supply and sanitation licence is to be within 30 days from the date of acceptance of a completed application, as per Para 5.3(c) (xii) of the EWURA Client Service Charter, 2020. Rule 13 of the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020, requires licensees to deliver reliable and quality services within their designated service areas. In addition, Part II of the First Schedule requires submission of a layout map of water and wastewater systems as part of the licence application requirements.

(b) Setting Tariffs, Monitoring and Enforcement of Tariff Orders

EWURA is required to approve tariffs to be charged by water utilities for the provision of water supply and sanitation services as per Section 29(1) (d) of the Water Supply and Sanitation Act, CAP 272. EWURA is required to conduct

inspections to monitor compliance with the approved tariff and its conditions as per Rule 4(3) of the Energy and Water Utilities Regulatory Authority (Water Tariff Application and Rate Setting) Rules, 2020. EWURA is required to conduct a public inquiry to solicit comments and representations from stakeholders before exercising the power to regulate any rate or charge, as per Rule 14(3) of the Energy and Water Utilities Regulatory Authority (Water Tariff Application and Rate Setting) Rules, 2020.

Moreover, EWURA is required to serve written notice to the water Authorities, EWURA CCC, EWURA GCC, and the Ministry of Water and Consumers/Industry/Organisation in which EWURA considers having an interest in the provisions of water services, to inform them of the intention to hold a meeting to discuss the tariff submitted by the Water Authorities. This is in accordance with Rule 15(2) of the Energy and Water Utilities Regulatory Authority (Water Tariff Application and Rate Setting) Rules, 2020.

The Rule stipulate that EWURA's response and service delivery time for preliminary review and feedback on tariff application should be five (5) days; further, where an application is rejected and returned to the applicant, EWURA is required to establish a data response deadline not exceeding twenty one (21) days from the date of its determination for submission of any supplementary information, and issuance of tariff decision for the water sector should be within 75 days from the date of acceptance of complete submission as per Para 5.3 (b) of the EWURA Client Service Charter, 2020.

EWURA, on its own motion, is supposed to initiate an inquiry to review the tariff when it makes a finding that the water authority is recording a huge surplus or where key tariff assumptions materially change, which makes tariff review a disincentive to customers as per Rule 10 (1) of the Energy and Water Utilities Regulatory Authority (Water Tariff Application and Rate Setting) Rules, 2020.

EWURA is required to conduct inspections to monitor compliance with approved tariffs and tariff conditions as per Rule 61 of the EWURA (Tariff Application and Rate Setting) Rules, 2020. The water tariff is supposed to be set at a sufficient level to cover all operational and related expenses, as per Section 31(1) of the EWURA (Water Tariff Application and Rate Setting) Rules, 2020.

(c) Monitoring of Water Quality and Wastewater Services

EWURA is required to monitor the performance of the water authority on levels of investment; availability, quantity, and standard of services; and the efficiency of production and distribution of services as per Section 7(1)(c) EWURA Act, CAP 414. Furthermore, Rule 16 (2)(b) and (c) of the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020 requires water utilities to submit monthly operational reports, including water quality reports, to EWURA through the MajIS information system or any other system established by the Authority. These reports must be submitted not later than the 14th day of the following month, while annual reports, also including water quality reports, must be submitted within three months after the end of the financial year.

Also, EWURA is required to monitor water quality and the performance standards for the provision of water supply and sanitation services, and to initiate and conduct investigations into the quality of water and the standards of service provided to consumers. Section 29(1)(e) of the Water Supply and Sanitation Act, CAP 272 requires EWURA to monitor water quality and standards of performance for the provision of water supply and sanitation services; and Section (f) initiates and conducts investigations relating to the quality of water and the standards of service provided to consumers. Moreover, Para 7 of the Water and Wastewater Quality Monitoring Guidelines for Water Supply and Sanitation Authorities, second edition of 2020, requires EWURA to conduct water quality monitoring as an external auditor.

Moreover, under Section 39(1) of the EWURA Act, CAP 414, EWURA can issue compliance orders when it is satisfied that a Water Utility has committed, or is likely to commit, an offence against the Act or a sector. Strategic Objective C of the EWURA Strategic Plan (2021/22–2025/26) focuses on improving the quality, availability, and affordability of regulated goods and services. The key performance indicator for this objective is to ensure achievement of an average compliance rate of 100% with water and wastewater quality standards throughout all five years of the Strategic Plan's implementation.

1.4 Sampling Methods

The Audit Team employed various methods for sampling, data collection, and analysis, as outlined below.

1.4.1 Sampling Techniques

A purposive sampling strategy was applied in the selection of the visited zones. The selection process was guided by two key criteria: (i) the classification of Water Supply and Sanitation Authorities (WSSAs), and (ii) the population served within each zone. WSSAs were classified into four categories: Class I, Class II, Class III, and Provisional, based on technical and operational performance as defined in EWURA's regulatory framework.

The Utility Class criterion was used to assess EWURA's licensing effectiveness and service delivery capacity, while the Population Served criterion captured the regulatory impact in terms of service quality, affordability, and coverage. Population data from 2023/24 performance reports were used to rank zones, and, subsequently, sample Utilities within the selected zones. The combined scores guided the selection to ensure diversity in utility performance and regulatory reach, enabling the audit to capture variations in oversight effectiveness.

The sampling approach used a scoring system based on two criteria: utility class diversity and population size. For Class, one mark point was awarded for the presence of each utility class (I, II, III, Provisional), with a maximum of 4 points. For Population Rank, zones were scored 1 to 3 points based on population thresholds using percentile-based classification, with rankings in segments (0%-30%, 30%-60%, and 60%-100%) based on current population data, and higher scores were given to larger populations. The maximum combined score was seven, as depicted in **Table 1.1.** This method ensured that the selected zones covered most Classes of Water Utilities and a significant portion of the population served by Water Utilities.

Table 1.1: Marking Criteria in Sampling

Criteria	Condition	Score Mark	Total Maximum Mark
Class	Each Class is available (I, II, III, Provision)	1	4
Population Rank	Population below 1,586,855 (falling on 0%-30% group)	1	3
	Population falling on 1,586,855 to 2,154,295 (falling on 30%-60% group)	2	
	Population falling on 2,154,295 to 5,806,240 (falling on 60%-100% group)	3	
Combined Criteria Marks			**7**

Source: Auditors' Proposed Marking Using Percentile Calculation, 2025

Utilities were selected to represent both well-established and emerging service providers and to span different service coverage scales, ensuring a comprehensive evaluation of EWURA's regulatory role.

(a) Selected Zones for the Audit

Based on the combined rankings using the criteria in **Table 1.1**, the Audit selected four zones. The Northern, Lake, and Eastern zones scored the highest marks of 7, 6, and 5, respectively. In addition, one zone, namely the Southern Highlands Zone, was selected from the three zones that scored 4, as it had the highest number of water utilities (20) and a notably high number of provisionally licenced water utilities (9). The details of the analysis, scores, and selected zones are indicated in **Appendix 5.**

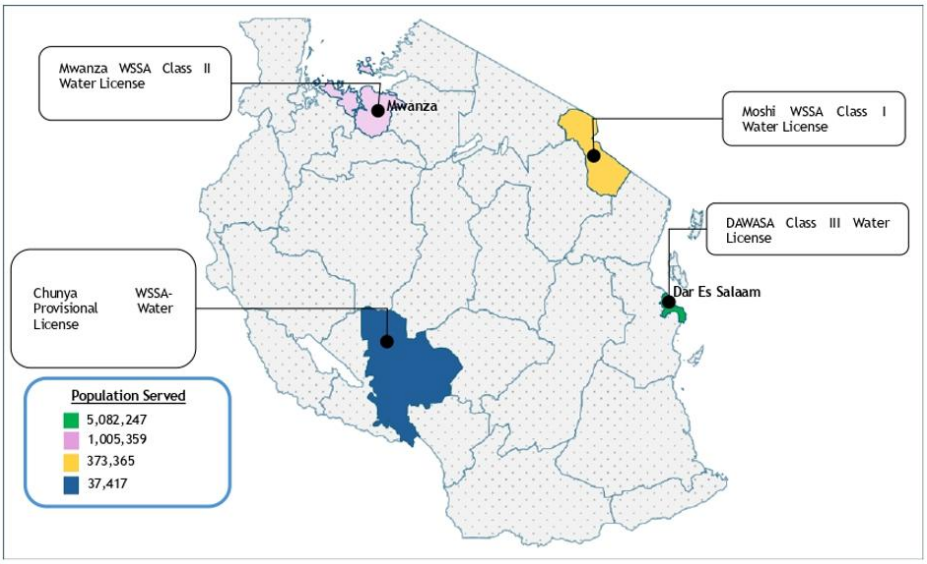
(b) Selected Water Authorities for the Audit

The selection of representative Water Authorities across the previously selected four main zones was guided by a clear strategy built on two fundamental criteria: ensuring all water utility classes are represented across the final selection set and Maximising population coverage within each relevant class (I, II, III, and Provisional). According to First Schedule part I of the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020 Class I licences are for water utilities with full financial, technical, and managerial capacity which recovers all operating costs; Class II are those with technical and managerial capacity which recover all operating costs except part of investment costs; Class III are water utilities which are supported by the Government and recovering only part of operating costs; and a provisionally licenced which are water authorities

that are not yet qualified for Classes I-III but possess basic facilities and human resources to provide services.

Also, by ensuring fairness and avoiding duplication, once an authority was selected from a particular zone, that zone was excluded from subsequent selection rounds. Therefore, the selected WSSAs include: Moshi, Mwanza, DAWASA, and Chunya WSSAs, as shown in **Figure 1.1**, along with their details in **Appendix 6.**

Figure 1.1: Summary Sampled WSSA



Source: Water Licence Data from LOIS and Annual Utility Performance Reports (2023/24), 2025

1.4.2 Methods for Data Collection

Both qualitative and quantitative data were collected to provide strong, convincing evidence of EWURA's performance in regulating water utilities in the country. These were accomplished using three methods of data collection: document review, interviews, and physical observations, as described below.

(a) Documents Review

The Audit reviewed EWURA documents to obtain comprehensive, relevant, and reliable information on the regulation of water utilities in Tanzania. The review primarily focused on documents related to the regulation of

water utilities during the audit period, as well as other relevant documents within this time frame. The reviewed documents included: the planning report, the Utilities Performance Report, the EWURA Utilities Monitoring Reports, the Tariff Information Report, the EWURA Annual Action Plan Implementation Reports, and the Licensing Information Reports. **Appendix 3** lists the documents that were reviewed, along with the reasons for their review.

(b) Interviews

Interviews were conducted to address the audit questions and provide sufficient conclusions related to the audit objective. These interviews helped to gather additional information and clarify issues related to the regulation of water utilities. The Audit Team conducted interviews with EWURA officials. Furthermore, interviews were conducted with WSSAs to validate the information obtained from the reviewed documents. Details of the officials and other individuals interviewed in this Performance Audit are provided in **Appendix 4.**

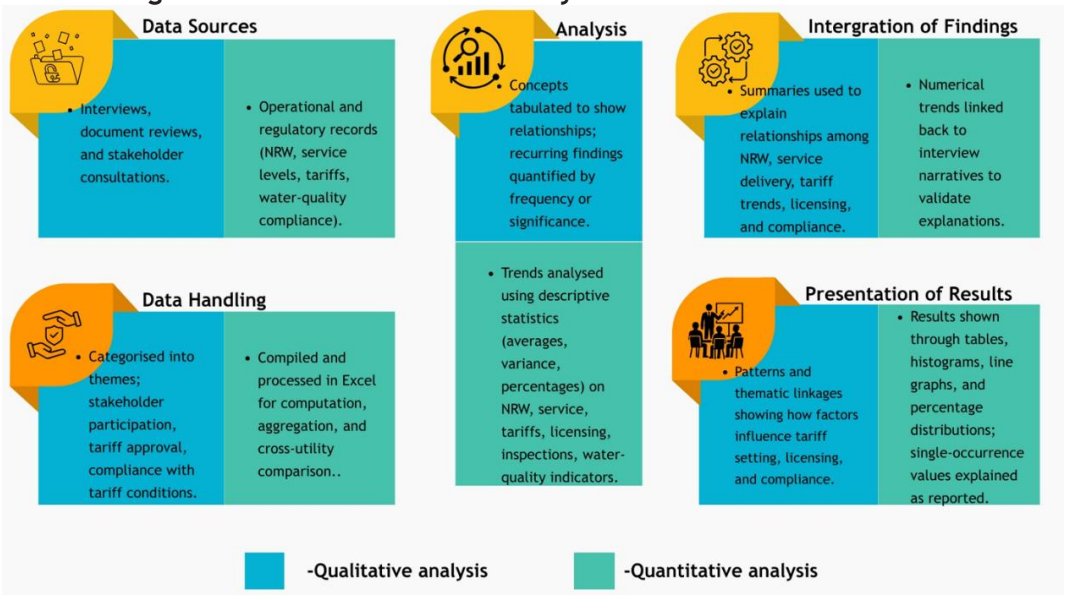
(c) Physical Verification

Physical verification by the audit team was conducted at the sampled Water Supply and Sanitation Authorities (WSSAs). The purpose of the verification was to assess whether WSSAs have complied with EWURA directives on the installation and maintenance of defective water supply and water treatment infrastructure that hinder the provision of services to the required standards. The verification focused specifically on the physical aspects outlined in EWURA's directives to determine whether EWURA has adequately enforced its implementation plans.

1.4.3 Methods for Data Analysis and Presentation

The audit team employed two primary data analysis methods: quantitative and qualitative, as outlined in **Figure 1.2.**

Figure 1.2: Methods of Data Analysis and Presentation



Source: Auditors' Analysis on Qualitative and Quantitative Data Analysis Methods, 2025

1.5 Validation of the Data and Findings

The Audited Entity was given the opportunity to go through the draft Performance Audit Report and comment on the figures and information presented. The Entity confirmed the accuracy of the figures and information presented in the audit report. The responses of EWURA to the issued recommendations are presented in Appendix 1.

Furthermore, the information on the Regulation of Water Utilities in the country was cross-checked and discussed with experts to ensure validation of the information obtained and presented.

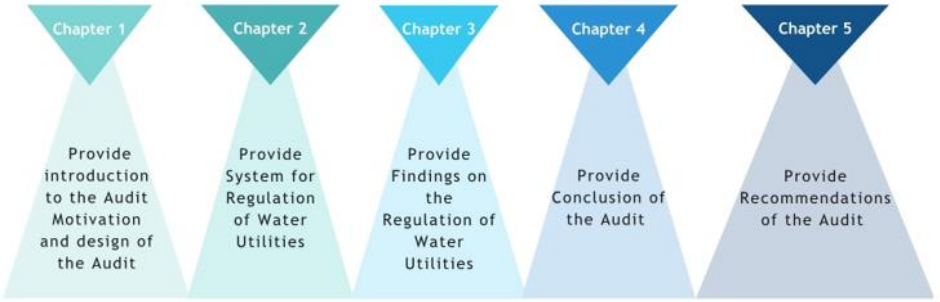
1.6 Standards Used for the Audit

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) issued by the International Organisation of Supreme Audit Institutions (INTOSAI). These standards require that the audit be planned and performed to obtain sufficient and appropriate evidence, providing a reasonable basis for the findings and conclusions in relation to the audit objectives.

1.7 Structure of the Report

The chapters of this report are presented in **Figure 1.3.**

Figure 1.3: Structure of the Report



CHAPTER TWO

SYSTEM FOR THE REGULATION OF WATER UTILITIES

2.1 Introduction

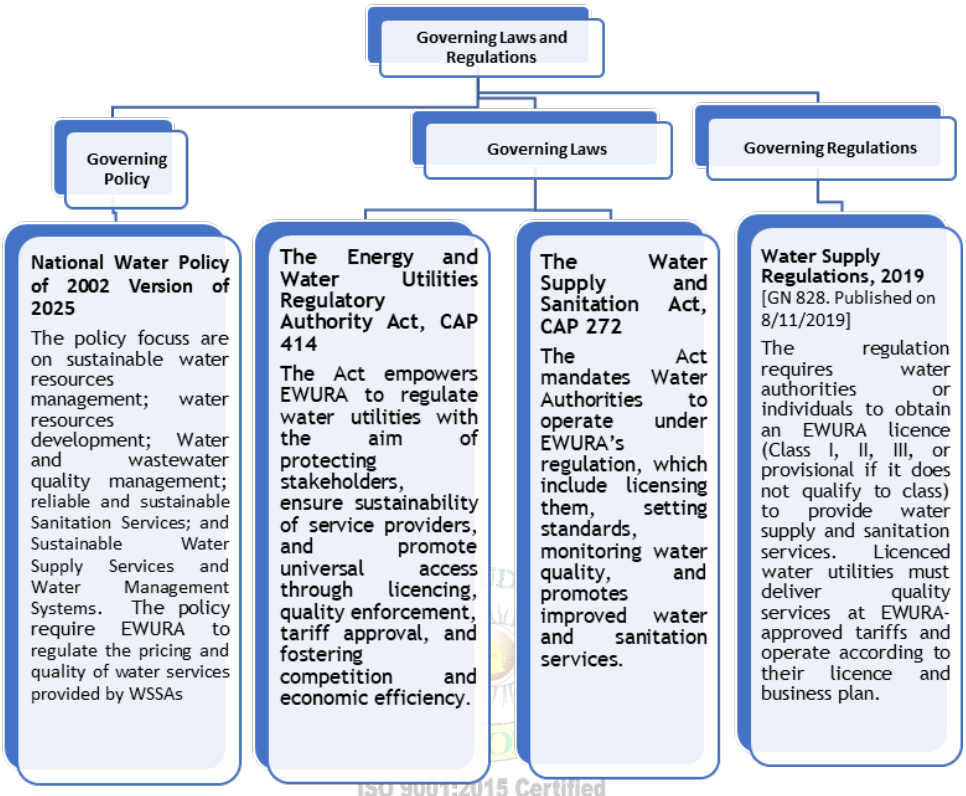
This chapter describes the regulatory framework for water utilities in Tanzania. It provides policies, legislation, rules and guidelines for governing the regulation of Water Utilities in Tanzania. Additionally, it outlines the roles and responsibilities of key actors, the regulatory processes, funding arrangements, and human resources involved in the regulation of water utilities.

2.2 Governing Policies, Legislations, Strategies and Plans, Guidelines and Rules

2.2.1 Governing Policies and Legislations

The regulation of water utilities is governed by the National Water Policy of 2002, the Energy and Water Utilities Regulatory Authority Act, CAP 414, and the Water Supply and Sanitation Act, CAP. 272, and the Water Supply Regulations of 2019 [GN 828 Published on 8/11/2019]. These laws, regulations, and policy standards are summarised in Figure 2.1. In addition, water utilities in the Country are governed within the frameworks provided by the Sustainable Development Goals, Tanzania Vision 2025, the National Five-Year Development Plan (FYDP III), and the Strategic Plans (2021/22–2025/26). These are also described below.

Figure 2.1: Summary of Requirements provided on the Policy, Acts and Regulations Governing the Water Utilities in Tanzania

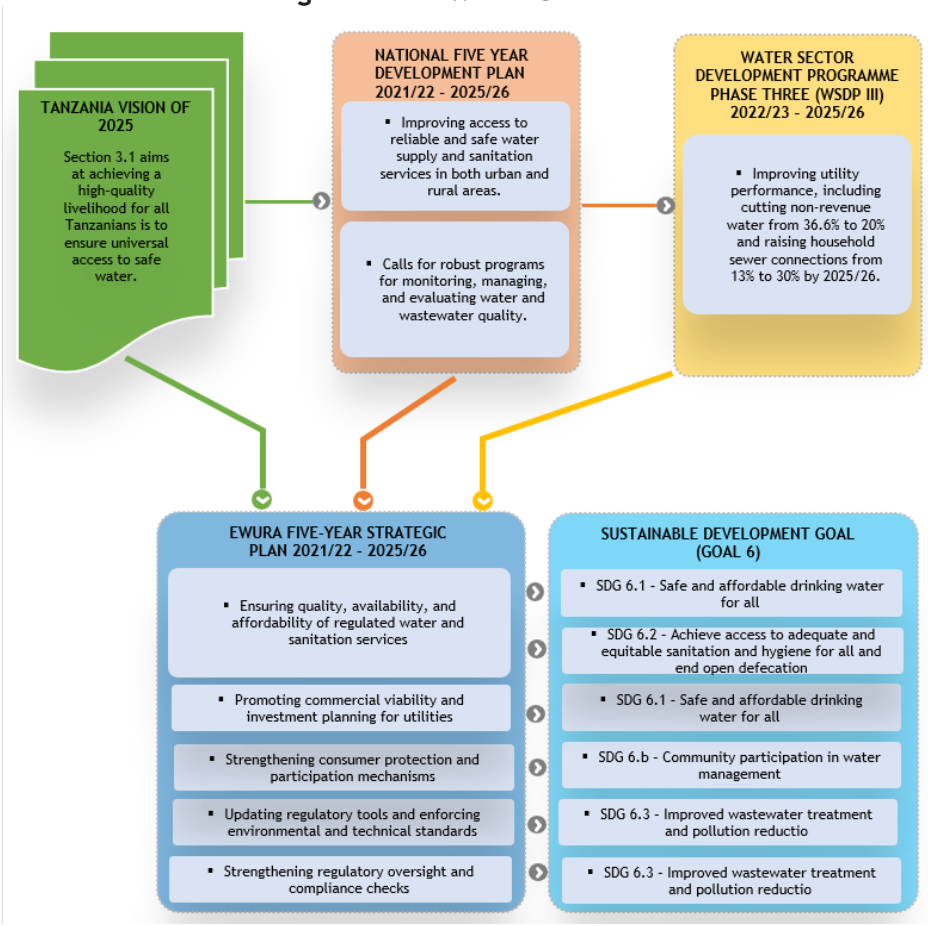


Source: Auditors' Analysis on the Legal Framework Governing Regulation of Water Utilities, 2025

2.2.2 Sustainable Development Goal, Tanzania Vision 2025, Development Plans and Strategic Plans

This section describes the Tanzanian Vision 2025, the Sustainable Development Goals, the Third National Five-Year Development Plan 2021/22-2025/26, and strategic plans that govern the regulation of water utilities in the provision of water supply and sanitation services in the country. **Figure 2.2** summarises the Sustainable Development Goal, Tanzania Vision 2025, Development Plans and Strategic Plans in relation to the regulation of water utilities.

Figure 2.2: Summary of Sustainable Development Goal, Tanzania Vision, Development Plans and Strategic Plans in Relation to the Regulation of Water Utilities

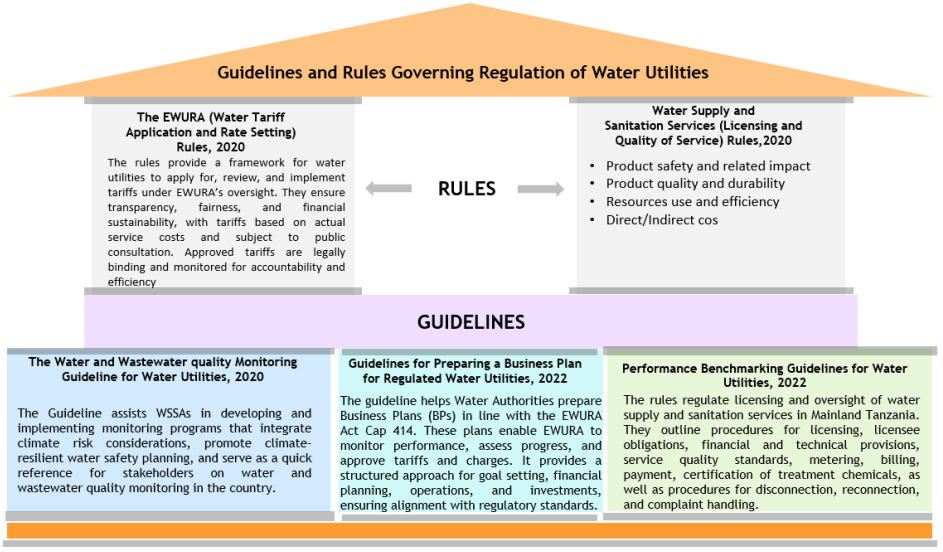


Source: Auditors' Analysis on Tanzania Vision 2025, Sustainable Development Goals (Goal 6), Development Plans and EWURA Strategic Plan 2021/22-2025/26, 2025

2.2.3 Guidelines and Rules

The regulation of water utilities is guided by rules and guidelines to ensure the delivery of clean and safe water supply and sanitation services to communities. **Figure 2.3** provides the list of key rules and guidelines, along with the issues covered by each.

Figure 2.3: Guidelines and Rules Governing Regulation of Water Utilities



Source: Auditors' Analysis on the National Rules and Guidelines Governing Water Utilities, 2025

2.3 Roles and Responsibilities of Key Actors

The following are the roles and responsibilities of the key actors and other stakeholders in regulating water Utilities in Tanzania.

2.3.1 Role and Responsibilities of Key Actors

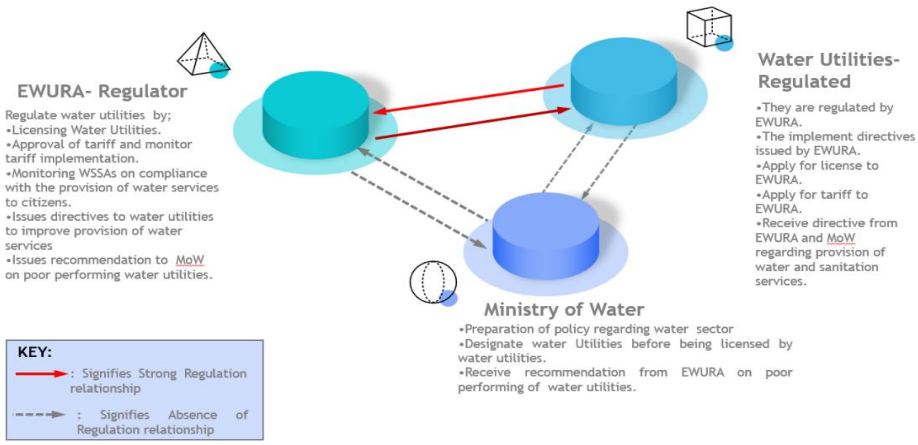
The actors in the regulation of water utilities in the country include the Ministry of Water, EWURA, and the Water Supply and Sanitation Authorities (WSSAs). Their roles and responsibilities are summarised in **Figure 2.4.**

Figure 2.4: Roles and Responsibilities of Key Actors

Source: Water Supply and Sanitation Act, 2019

The summarised functional relationship between the key actors and stakeholders involved in regulating water utilities in Tanzania is presented in **Figure 2.5**.

Figure 2.5: Relationship among Key Actors and Stakeholders Involved in the Regulation of Water Utilities in Tanzania



Source: Auditors' Analysis on Water Supply and Sanitation Act, CAP. 272 and EWURA Act CAP 414, 2025

2.3.2 Role of Other Stakeholders

The summarised roles and responsibilities of other stakeholders indirectly involved are outlined in **Figure 2.6**.

Figure 2.6: Roles and Responsibilities of Other Stakeholders

Training Institutions (Ardhi University, UDSM and Water Institution of Tanzania)	Non-governmental organsations (NGOs)- Water Aid Tanzania	National Environment Management Council (NEMC)
• Human Resource Development. • Technical Advisory and Policy Input; and • Capacity Building and Continuing Professional Development.	Champions universal access to clean water, sanitation, and hygiene (WASH).	• Approving and monitoring Environmental Impact Assessments. • Regulating effluent discharge and pollution control; and • Enforcing environmental laws.

Source: Auditors' Analysis on University Curriculum and Environmental Management Act, 2025

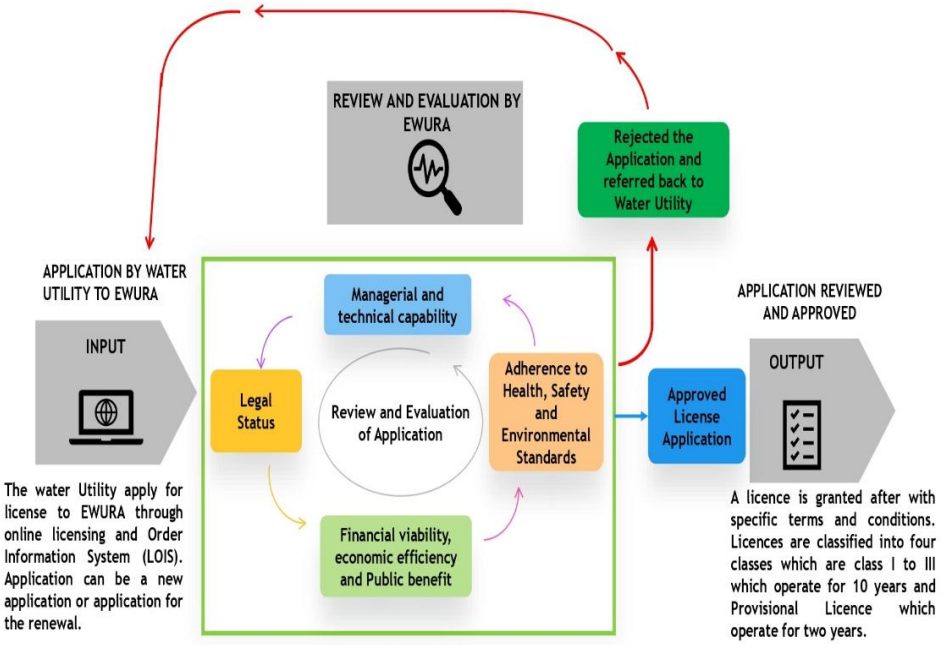
2.4 Process Description for Regulation of Water Utilities

The processes for regulating water utilities fall into five stages:

2.4.1 Licensing of Water Authorities

The licensing process involves the issuance and acquisition of licences for the provision of water services, with key players including EWURA and Water Utilities, respectively, as summarised in **Figure 2.7.**

Figure 2.7: Summarised Process for Acquisition of Licence for Provision of Water Services

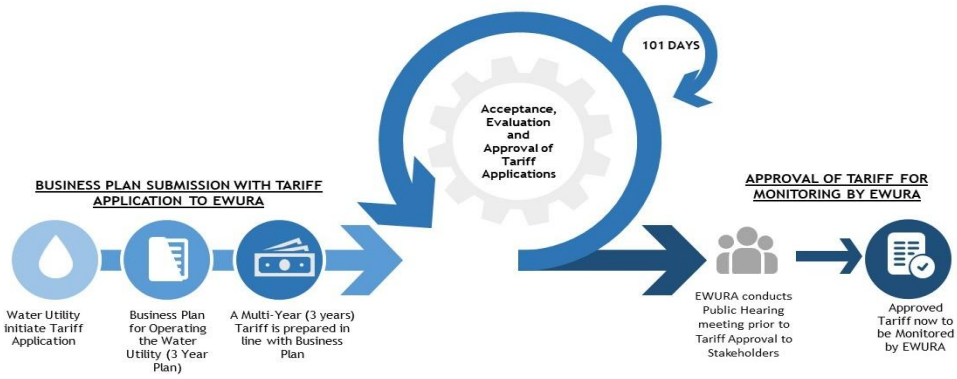


Source: Auditors' Analysis on EWURA (Water Tariff Application and Rate Setting) Rules 2020, and EWURA Act CAP 414, 2025

2.4.2 Tariff Application, Setting and Approval

This is the second stage, which involves tariff application, setting and Approval. The process is summarised in **Figure 2.8.**

Figure 2.8: Process of Tariff Application, Setting and Approval

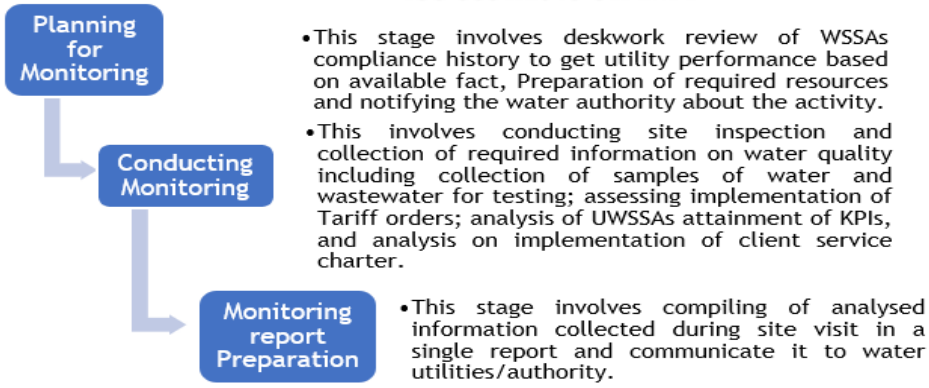


Source: Auditors' Analysis on EWURA (Water Tariff Application and Rate Setting) Rules 2020, and EWURA Act CAP 414, 2025

2.4.3 Monitoring and Evaluation of Water Utilities by EWURA

This is the third stage of regulation of water utilities/authorities, which involves EWURA monitoring and Evaluation of water utilities to assess whether they are operating in accordance with the regulatory instruments. This involves three stages: the Planning stage, the Execution stage, and the Reporting stage, as summarised in **Figure 2.9.**

Figure 2.9: Summarised Process for Monitoring of Water Utilities



Source: Auditors' Analysis on EWURA Inspection Manual, 2020

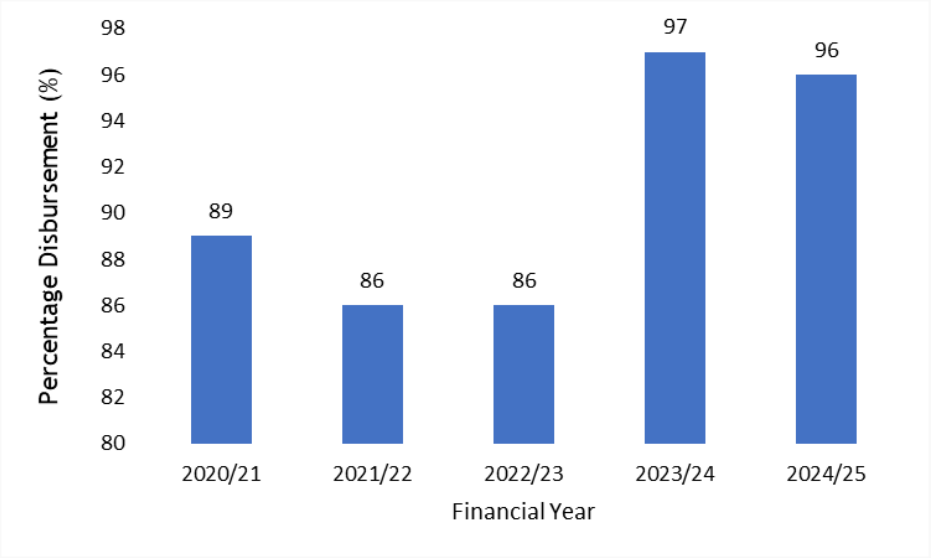
2.5 Resources for Regulation of Water Utilities at EWURA

This section covers the resources EWURA requires to regulate water utilities. It covers both human resources and financial resources, as explained below.

2.5.1 Financial Resources Allocation for Regulation of Water Utilities at EWURA

The Directorate of Water and Sanitation usually prepares an annual budget. **Figure 2.10** shows the trend in budget disbursements at EWURA.

Figure 2.10: Budget Disbursement for Water Utilities Regulation Activities at EWURA



Source: Auditors' Analysis of Annual Action Plans and Implementation Reports (2020/21-2024/25), 2025

Figure 2.10 shows that across all five financial years, budget disbursements were above 85%, with a maximum of 97%.

2.5.2 Human Resource Allocation for Managing Regulation of Water Utilities at EWURA

To ensure effective regulation of water utilities in the country, the Directorate of Water and Sanitation at EWURA requires enough human resources. **Table 2.1** demonstrates the status of human resources availability at EWURA.

Table 2.1: Required and Available Staff for Regulation of Water Utilities at EWURA

Name of Required Professional	Required Number	Available Number	Number of Understaffed	Number of Overstaffed
Financial Analysis and Modelling (HQ)	6	5	1	0
Economic Analysis (HQ)	11	10	1	0
Technical Services (HQ)	4	4	0	0
Commercial Section (HQ)	4	2	2	0
Legal Services (Licensing and Enforcement)	5	5	0	0
Central Zone	8	9	0	1
Eastern Zone	16	19	0	3
Northern Zone	8	11	0	3
Lake zone	9	10	0	1
Western zone	8	8	0	0
Southern Highland zone	8	9	0	1

Source: Auditors' Analysis of Required and Available Staff from EWURA, 2025

Table 2.1 compares the number of staff required with those available across different departments and zones. Overall, 92 staff were available, compared to 87 required, resulting in a small surplus of 5. Some sections had the exact number of staff needed, such as Economic Analysis (HQ) (after accounting for one excess staff), Technical Services (HQ), Legal Services (Licensing and Enforcement), and Western Zone. However, a few sections experienced staff shortages. The Commercial Section (HQ) had a shortage of 2 staff members, suggesting it may struggle to fulfil its responsibilities. On the other hand, several zones had more staff than required. For example, the Eastern and Northern Zones each had 3 extra staff, while the Central, Lake, and Southern Highland Zones each had 1 extra staff.

CHAPTER THREE

AUDIT FINDINGS

3.1 Introduction

This chapter presents the audit findings regarding the effectiveness of the Energy and Water Utilities Regulatory Authority in regulating water utilities. The findings focus on key regulatory functions such as Licensing, Tariff setting, and Monitoring of water quality and wastewater, indicating areas that require improvement to enhance the provision of water services by Water Utilities. In relation to EWURA's regulation of water utilities, the Audit identified several shortfalls, as discussed below.

3.2 Inadequate Oversight of Water Utilities for Service Delivery

The audit found that EWURA has not adequately ensured that Water Utilities provide sufficient water supply and sanitation services across the Country. This shortcoming resulted in inadequate water quality and access, insufficient metering, a high level of non-revenue water, and environmental damage due to improperly disposed wastewater. The audit analysed the Utilities Performance Reports for four financial years, from 2020/21 to 2023/24 and noted that the performance gaps emanate mainly from the lack of systematic regulation of Licensing (Section 3.3), tariff setting (Section 3.4), and quality monitoring (Section 3.5). The Water Utilities Performance Report for the financial year 2024/25 was not analysed because it was not yet prepared at the time of the audit. The results of the analysis are presented below.

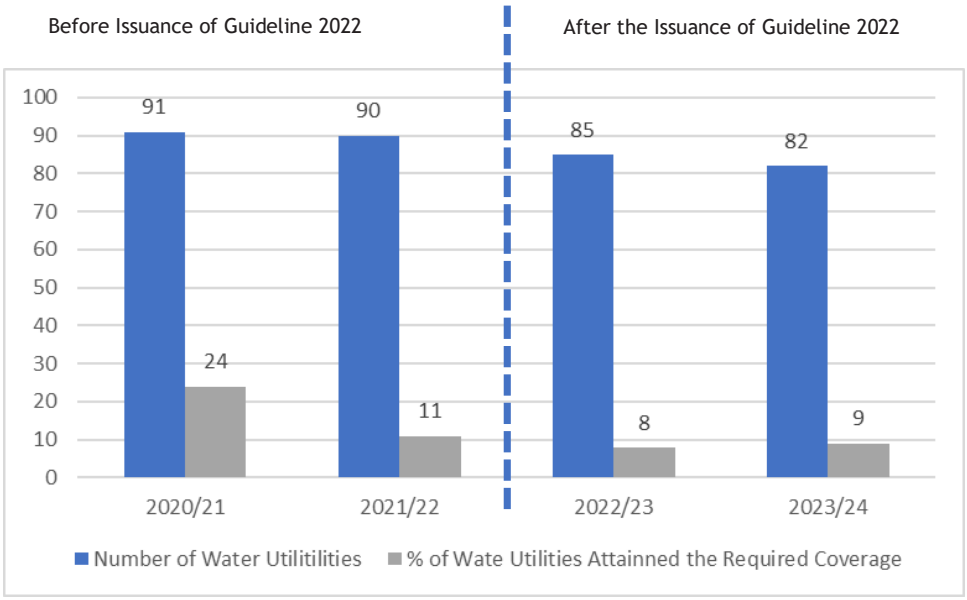
3.2.1 EWURA's Regulation did not enhance Adequate Access to Water and Sanitation Services for the Communities

The review of water utilities' performance reports for the financial years 2020/21 to 2023/24 revealed inadequate access to water and Sanitation services in the water utilities' service areas. The analysis of the extent of water services coverage from the financial year 2020/21 to 2023/24 is provided and discussed below.

(a) Slow Progress in Expanding Water Accessibility in Water Utilities Service Areas

The Utilities performance report reviews for four financial years noted that the Audit noted inadequate access to water in the country. Generally, the Report shows that water utilities have not achieved the 84% water coverage required by EWURA under the Performance Benchmarking Guidelines for Water Supply and Sanitation Authority of 2022. Figure 3.1 indicates the number of Water utilities and the percentage of water utilities that attained more than or equal to 84% coverage in their service areas.

Figure 3.1: The Number of Water Utilities and the Percentages of Water Utilities that Attained 84% of Water Coverage in their Service Areas



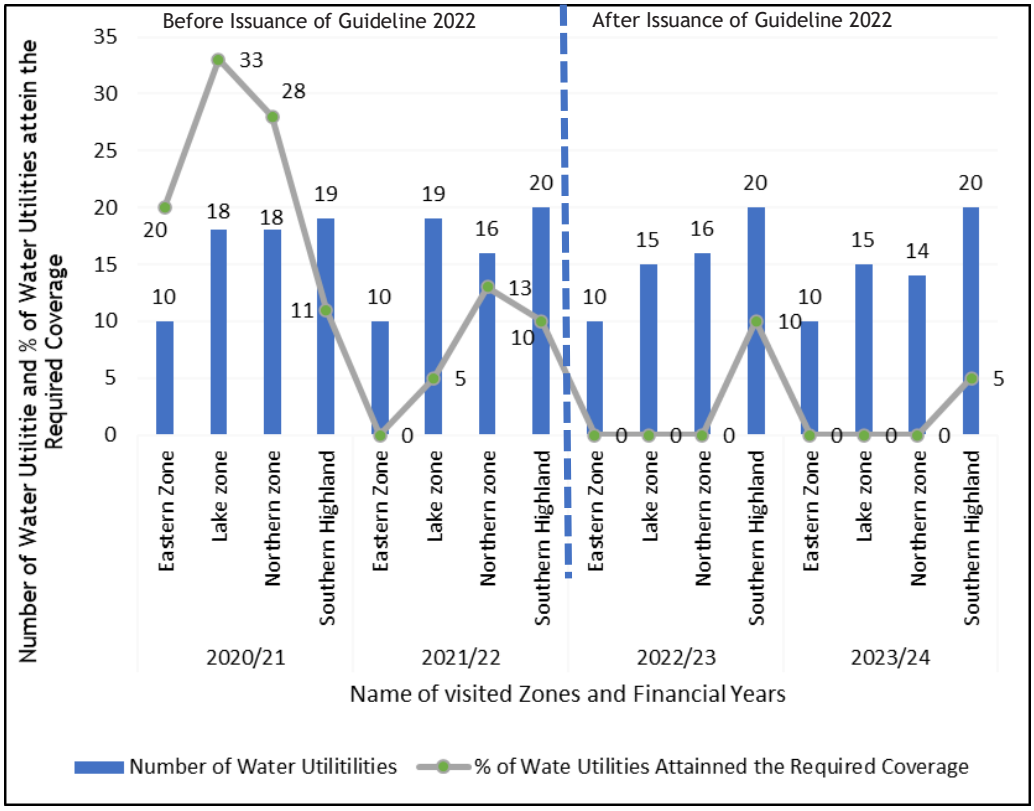
Source: Auditors' Analysis of Utility Performance Reports from 2020/21 to 2024/25, 2025

Figure 3.1 indicates that, across four financial years, the maximum percentage of water utilities achieving the required access to water in their service areas ranged from 8 per cent to 24 per cent. The highest performance was noted in the financial year 2020/21, and the lowest in 2022/23. The figure further shows a falling trend from the financial year 2020/21 to 2021/22, from 24% to 11%, which occurred before the issuance of the 2022 guideline, and an increasing trend from the financial year 2022/23 to 2023/24, from 8% to 9%. Despite an increasing trend in coverage,

persistent gaps in water service coverage remain evident across the financial years indicated above.

The audit conducted further analysis of the visited zones to determine how they met the required coverage. The results are presented in **Figure 3.2.**

Figure 3.2: Water Utilities and Percentages of Water Utilities that Attained 84% of Coverage in their Service Areas in the Visited Zones

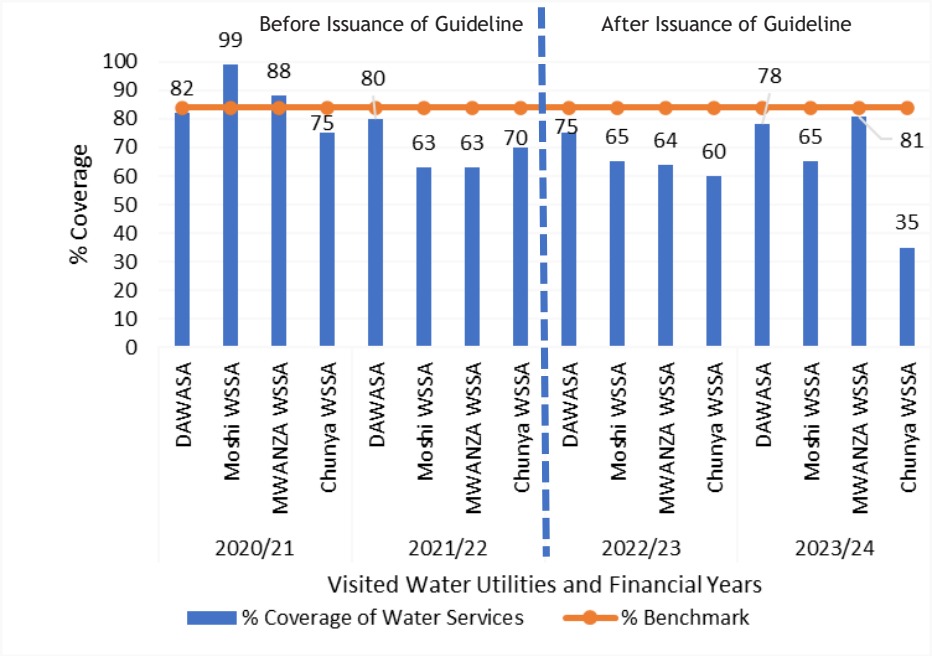


Source: Utility Performance Reports from 2020/21 to 2024/25

Figure 3.2 indicates that the overall percentage of water utilities that attained the required access to water within 4 years was below 35% across all four zones and the four financial years. Specifically, the Audit revealed that the percentages of water utilities that attained the required coverage ranged from 0% to 33%. The maximum performance was recorded in the Lake Zone, with 33% of water utilities attaining the required coverage in the financial year 2020/21. The minimum was noted in the Eastern Zone for the financial year 2021/22. In addition, it was noted that none of the water utilities in the Eastern, Lake and Northern zones for the financial years

2022/23 and 2023/24 attained the required coverage. Figure **3.3** provides a summary of water services coverage rates for all visited water utilities.

Figure 3.3: The Coverage Percentages and Attainment of the Water Services Benchmarks in the Visited Water Utilities



Source: Utility Performance Report from 2020/21 to 2024/25, 2025

Figure 3.3 indicates that only two water authorities, namely Moshi WSSA and Mwanza WSSA, achieved the required water coverage percentage for the populations they served in the financial year 2020/21. None of the visited water utilities achieved the required percentage of water services provision in their jurisdictions in the financial years from 2021/22 to 2023/24.

According to interviews with officials from the visited WSSAs, this was due to insufficient funds to expand networks. Also, this was caused by clustering/extending to areas with low service access. The review of the clustered water utilities noted that 43 water utilities clustered beyond/extended their service areas in the financial year 2019/20. Inadequate attainment of the required coverage as set out in the performance benchmark has resulted in limited access to clean and safe water services for communities and increased exposure to health risks. In addition, coverage gaps in water service provision have contributed to

delays in achieving SDG 6, particularly targets 6.1, 6.2, and 6.3, which focus on access to clean water and sanitation services.

(b) Slow Progress in Expanding Coverage of Wastewater Treatment Systems

Reviewing the water utilities' performance reports for the financial years 2020/21 to 2023/24, the audit noted that not all water utilities had sewer networks and wastewater treatment facilities within their areas of jurisdiction. Sewer networks and wastewater treatment facilities play a crucial role in ensuring that wastewater discharged into the environment meets required standards. The absence of Wastewater facilities is contrary to the First Schedule of the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020, which requires the application for a licence to include a sketch layout map of the water and wastewater system. **Table 3.1** provides the status of wastewater system availability at water utilities.

Table 3.1: Availability of Wastewater Treatment Facilities in Water Utilities

Financial Year	Number of WSSA	Number of Water Utilities with Wastewater Treatment Facilities	Water Utilities with Wastewater Treatment Facilities (%)
2020/21	84	19	23
2021/22	83	20	24
2022/23	78	21	27
2023/24	76	23	30

Source: Auditors' Analysis of Wastewater Quality Compliance on the Water Utilities Performance Reports from 2020/21 to 2023/24, 2025

Table 3.1 shows that, from the financial year 2020/21 to 2023/24, a total of 76 water utilities were available, but only 23 (30%) had wastewater systems, including sewer networks and faecal treatment systems. Specifically, the table indicates that from 2020/21 to 2023/24, the number of water utilities with wastewater systems increased from 19 to 23 WSSAs.

Moreover, the analysis of sanitation services in the visited zone revealed inadequate provision of such services. The status of sanitation service provision is presented in **Table 3.2.**

Table 3.2: Availability of Wastewater Systems/Networks in the Visited Zone

Financial Year	Name of Zone	Number of WSSA	Number of Water Utilities that Provide Wastewater Services	Water Utilities with Sanitation Services (%)
2020/21	Northern	17	2	12
	Southern highland	19	3	16
	Eastern	10	2	20
	Lake	18	5	28
2021/22	Northern	17	2	12
	Southern highland	19	3	16
	Eastern	10	2	20
	Lake	18	6	33
2022/23	Northern	17	2	12
	Southern highland	19	3	16
	Eastern	10	2	20
	Lake	18	6	33
2023/24	Northern	18	3	17
	Southern highland	19	4	21
	Eastern	10	2	20
	Lake	17	6	35

***Source*:** Auditors' Analysis of Wastewater Quality Compliance on the Water Utilities Performance Reports from 2020/21 to 2023/24, 2025

Table 3.2 shows that, in every financial year from 2020/21 to 2023/24, there were a total of 64 water utilities in the four visited zones, but only 15 (23%) had wastewater treatment facilities. Also, the table indicates that the number of water utilities with wastewater treatment facilities increased from 12 in the financial year 2020/21 to 15 in 2023/24. The Audit noted that slow progress in installing wastewater treatment facilities was due to low investment in wastewater projects.

Moreover, analysis of four visited water utilities showed that three out of four had sewer networks. However, among these three water utilities, none achieved the 40% population coverage required by the Performance Benchmarking Guidelines for Water Supply and Sanitation Authority of 2022. Due to inadequate sewer network coverage, communities lack adequate disposal areas for household wastewater, leading to waste being dumped in unauthorised areas and exacerbating environmental pollution.

3.2.2 EWURA's Regulation did not Improve the Provision of Quality Water and Wastewater Effluent Services Across all Water Utilities

A review of the Water Utilities Annual Performance Reports from 2020/21 to 2023/24 showed that not all water utilities achieved the required standards for water quality and Wastewater effluent management. The detailed analysis is presented below.

(a) Water Supplied by Water Utilities did not Comply with the Required Water Quality Standards

A review of the Water Utilities' performance reports from the financial years 2020/21 to 2023/24 revealed that not all water utilities in the country supplied water to the community at the required standards. The audit analysis of EWURA's reports on common parameters, including E. Coli, Turbidity, Residual Chlorine, and pH, indicated that the Water Utilities did not meet the required standards**.** This was contrary to section 7(1)(c) (ii) of the Energy and Water Utilities Regulatory Authority Act, CAP 414, which requires EWURA to monitor the performance of the regulated sectors in relation to the standard of services. Since EWURA regulates water utilities, it must ensure that they supply water in accordance with the required water quality standards.

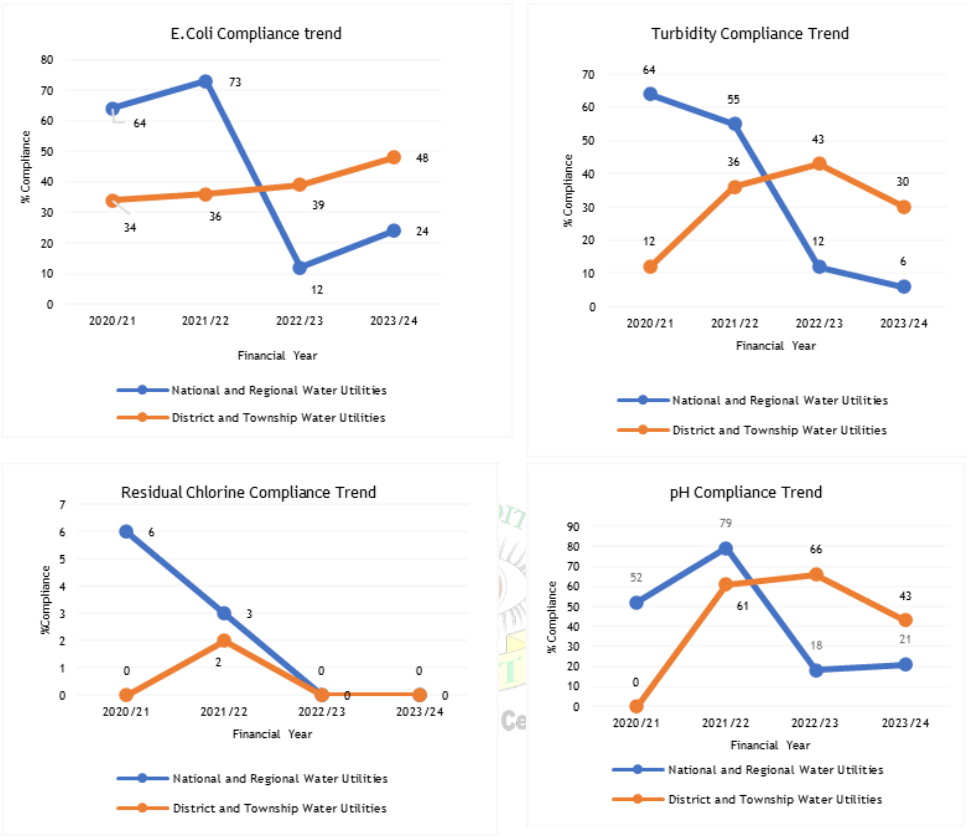
Figure 3.4 provides water quality records from 2020/21 to 2023/24. The figure shows that the compliance levels for National and Regional, as well as District and Township Water Utilities, were below the national standards set by the Tanzania Bureau of Standards (TBS), which require 100% compliance for E. coli, 95% for turbidity, and 95% for residual chlorine and pH.

For E. coli, National and Regional Utilities recorded 64, 73, 12, and 24 per cent, while District and Township Utilities recorded 34, 36, 39, and 48 per cent, all below the required 100 per cent. For turbidity, National and Regional Utilities recorded 64, 55, 12, and 6 per cent, and District and Township Utilities recorded 12, 36, 43, and 30 per cent, all of which were below the 95 per cent standard.

For residual chlorine, compliance remained between 0 and 6 per cent across all utilities in all four years, below the 95 per cent standard. For pH, National and Regional Utilities recorded 52, 79, 18, and 21 per cent, while District and Township Utilities recorded 0, 61, 66, and 43 per cent for the

financial years 2020/21, 2021/22, 2022/23 and 2023/24, respectively, all below the 95 per cent benchmark.

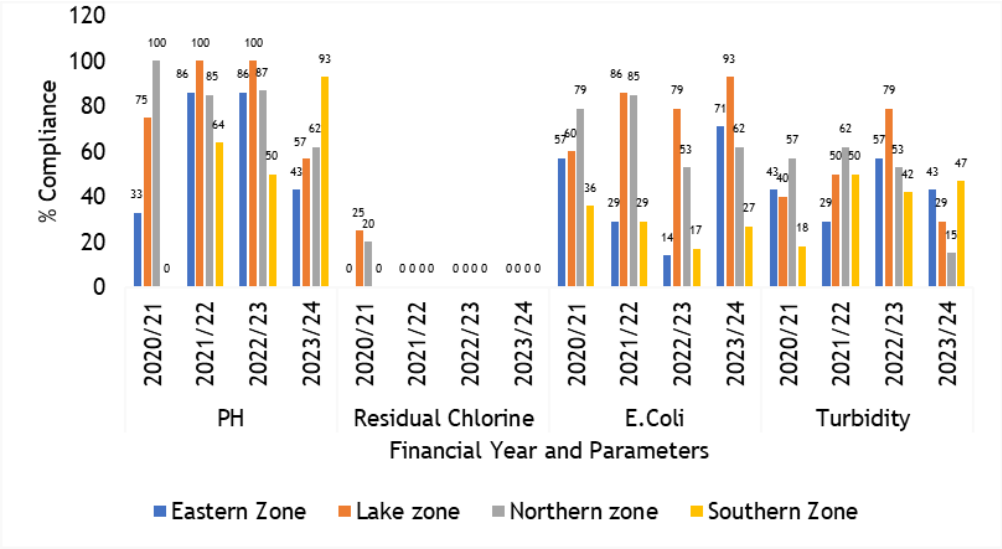
Figure 3.4: The Extent of Compliance with Water Quality Standards



Source: Auditors' Analysis of Water Quality Compliance in the Water Utilities Annual Performance Reports from 2020/21 to 2023/24

Figure 3.4 illustrates that, across all four financial years from 2020/21 to 2023/24, compliance with water quality standards was not fully achieved by all water utilities. The highest level of compliance was observed in pH, reaching 79% in the financial year 2021/22, while the lowest was 21% in 2022/23 for Regional and National WSSAs. Also, high performance was noted for E. Coli in the financial year 2021/22, with a percentage compliance of 73% and a minimum compliance of 12% in the financial year 2022/23 for the National and Regional WSSAs. The Compliance for the other water quality parameters remained below 65% throughout the period. Further analysis of the attainment of standards in the visited zones is presented in **Figure 3.5.**

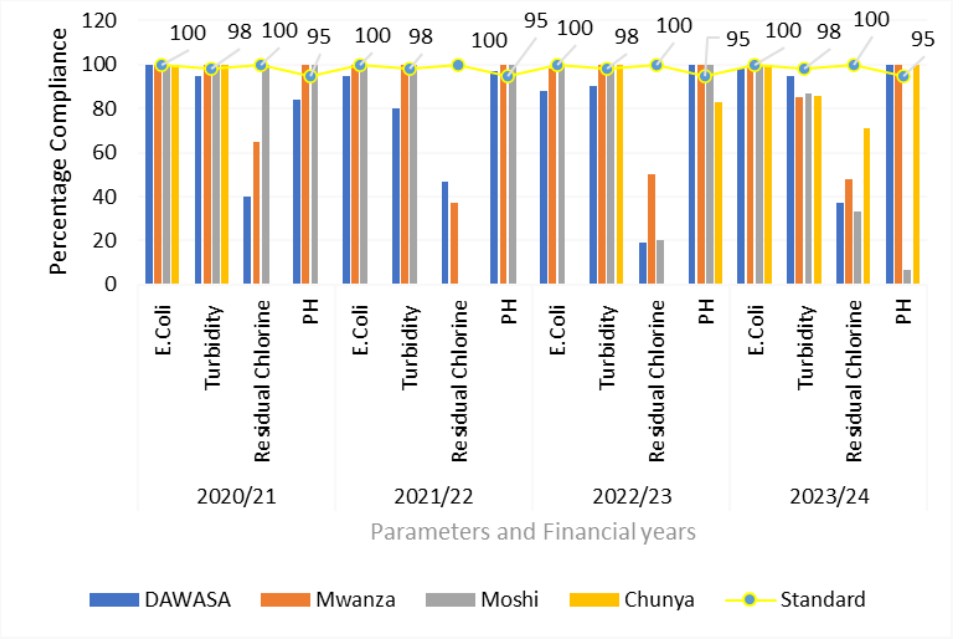
Figure 3.5: Percentages of Compliance with Water Quality Standards in the Visited Zones



Source: Auditors' Analysis of Water Quality Compliance in the Water Utilities Performance Reports from 2020/21 to 2023/24, 2025

Figure 3.5 illustrates that, from 2020/21 to 2023/24, compliance with water quality standards varied across the four zones. For pH, compliance reached 100% in the Northern Zone (2020/21) and Lake Zone (2021/22-2022/23) but fell to 43% in the Eastern Zone (2023/24). Residual chlorine levels remained at 0% in all zones except the Southern Zone, which had a level of 25% in 2020/21. For E. Coli, compliance ranged from 17% in the Southern Zone (2022/23) to 93% in the Northern Zone (2023/24). Turbidity compliance was highest in the Lake Zone (79% in 2020/21 and 2022/23) and lowest in the Eastern Zone (15% in 2023/24). Further analysis of water quality was conducted in the visited water utilities. Results of the analysis are presented in **Figure 3.6.**

Figure 3.6: Percentages of Compliance with Water Quality Standard in the Visited Water Utilities



Source: Auditors' Analysis of Water Quality Compliance in the Water Utilities Performance Reports from 2020/21 to 2023/24, 2025

Figure 3.6 shows that, across the four financial years from 2020/21 to 2023/24, the visited water utilities demonstrated varying levels of compliance with water quality standards for pH, E. coli, and turbidity. In 2020/21, all four water utilities complied with the E. coli standards. In 2023/24, Moshi, Chunya, and Mwanza met the E. coli requirements, while in 2021/22 and 2022/23, only Moshi and Mwanza complied.

With respect to pH, Moshi and Mwanza complied from 2020/21 to 2022/23. In 2023/24, DAWASA, Chunya, and Mwanza complied with the standard. For turbidity, Mwanza, Chunya, and Moshi recorded compliance in 2020/21 and 2022/23; Moshi and Mwanza complied in 2021/22; and DAWASA complied in 2023/24. Compliance with residual chlorine standards was limited. Only Mwanza complied in 2020/21, and in the remaining years, none of the visited utilities met the required standard.

Interviews with officials indicated that the low level of compliance resulted from inadequate implementation of EWURA directives, such as the enlargement of wastewater stabilisation ponds to improve their efficiency, as presented in section 3.5.4 of this report. Consequently, deficiencies in

water quality remained unresolved, and utilities continued to supply water that did not consistently meet the required standards.

(b) Inadequate Meeting of Effluent Discharge Standards among the Regulated Water Utilities

The review of Water Utility Performance Reports from the financial year 2020/21 to 2023/24 showed that compliance with effluent discharge standards remained below the standard across the period, contrary to Tanzanian Standard TZS 860:2006, which sets maximum limits of 30mg/l for Biochemical Oxygen Demand (BOD) and 60mg/l for Chemical Oxygen Demand (COD). The audit noted that EWURA conducted quality monitoring of utilities with sewer networks, but those with Faecal Sludge Treatment facilities were not covered because there was no effluent. The results of the analysis, presented in **Table 3.3,** show that between 36% and 56% of utilities with sanitation services met the BOD and COD standards annually.

Table 3.3: Compliance with Wastewater Effluent Standard

Financial Year	Number of water Utilities	Number of Water Utilities with Sewer Network EWURA assessed	Water Utilities Complying with BOD and COD Standards	Utilities which Met BOD & COD Standards (%)
2020/21	91	9	5	56
2021/22	90	11	4	36
2022/23	85	11	6	55
2023/24	82	11	4	36
2024/25	-	-	-	-

Source: Auditors' Analysis of Wastewater Quality Compliance on the Water Utilities Performance Reports from 2020/21 to 2023/24, 2025

Table 3.3 shows that, over the four financial years from 2020/21 to 2023/24, the highest level of wastewater quality compliance was 56%. In 2020/21, 56% of water utilities with sanitation services met the BOD and COD standards. Performance declined to 36% in 2021/22, then improved to 55% in 2022/23, before dropping again to 36% in 2023/24. Although the number of water utilities offering sanitation services increased from nine in 2020/21 to 11 in subsequent years, this expansion did not translate into sustained improvements in compliance.

Findings from further analysis of compliance performance in the visited zones are summarised in **Table 3.4.**

Table 3.4: Compliance with Wastewater Effluent Standard in the Visited Zone

Financial Year	Name Visited Zone	Number of Water Utilities with Sanitation Services	Number of Water Utilities which Met the BOD & COD Standards	Water Utilities with Sanitation Services (%)
2020/21	Northern	2	2	100
	Southern highland	1	1	100
	Eastern	1	0	0
	Lake	3	2	67
2021/22	Northern	2	0	0
	Southern highland	1	1	100
	Eastern	1	0	0
	Lake	3	0	0
2022/23	Northern	2	0	0
	Southern highland	1	1	100
	Eastern	1	0	0
	Lake	3	0	0
2023/24	Northern	2	0	0
	Southern highland	1	0	0
	Eastern	1	1	100
	Lake	3	1	33

***Source*:** Auditors' Analysis of Wastewater Quality Compliance on the Water Utilities Performance Reports from 2020/21 to 2023/24, 2025

Table 3.4 shows that in 2020/21, the Northern and Southern Highlands Zones recorded full compliance, while the Lake Zone recorded 67% compliance and the Eastern Zone recorded none. In 2021/22 and 2022/23, compliance was recorded only in the Southern Highlands Zone.

The Northern, Eastern, and Lake Zones did not record any compliance during these years. In 2023/24, compliance was recorded at 100% in the Eastern and Lake Zones, and at 33% in the Northern and Southern Highlands Zones. Generally, water utilities with sanitation services in the visited zones did not consistently meet BOD and COD standards across the review period.

Among the four visited water utilities, only three provided sanitation services. Their respective compliance with wastewater quality standards is presented in **Table 3.5.**

Table 3.5: Compliance with Wastewater Effluent Standards in the Visited Water Utilities

Financial Year[2]	Parameter	Performance Benchmark (%)	Compliance DAWASA (%)	Compliance in Moshi WSSA (%)	Compliance in Mwanza WSSA (%)
2020/21	BOD	95	49	100	100
	COD	95	33	100	100
2021/22	BOD	95	50	100	0
	COD	95	50	100	0
2022/23	BOD	95	50	100	0
	COD	95	50	100	0
2023/24	BOD	95	100	0	0
	COD	95	50	0	0

Source: Auditors' Analysis of Wastewater Quality Compliance on the Water Utilities Performance Reports from 2020/21 to 2023/24, 2025

Table 3.5 indicates that compliance with wastewater effluent quality standards was 100% for both COD and BOD parameters in the financial year 2020/21 for Moshi WSSA and Mwanza WSSA. Similarly, Moshi WSSA achieved 100% compliance for both COD and BOD in the 2023/24 Fiscal Year, while DAWASA attained 100% compliance for BOD in the same year.

Furthermore, DAWASA's compliance from 2020/21 to 2022/23 was below the required standards; Mwanza WSSA recorded zero compliance from 2021/22 to 2023/24. It was further noted that no tests were conducted for Moshi WSSA in 2022/23 and 2023/24. EWURA's response indicated that compliance with effluent standards depends heavily on the adequacy of wastewater treatment facilities, a challenge for Water Utilities. Failure to meet the required COD and BOD standards for Wastewater effluent has led to environmental pollution, which in turn affects the living conditions of flora and fauna. The factors behind the failure to achieve the required quality of water and wastewater effluent are discussed in subsequent Sections 3.3-3.5.

A site visit to the Waste Stabilisation Ponds at Kurasini under DAWASA revealed that the ponds were full and not dislodged, leading to prolonged wastewater retention. As a result, the ponds were operating at low efficiency, and test results for COD and BOD did not attain the required

[2] The performance report for 2024/25 remained under preparation at the time of the audit and will be completed in March 2026.

standards. Wastewater continued to be discharged into the environment despite non-compliance with the prescribed effluent standards. The ponds are located within a residential area, with effluent flowing through nearby settlements, and the absence of a perimeter fence posed safety and environmental risks, as illustrated in **Photos 3.1** and **3.2.**

Photo 3.1: Waste Stabilisation Pond at Kurasini in Dar es Salaam requiring desludging

Source: Photo Taken by Auditors on 24 September 2025.

Photo 3.2: Waste Stabilisation Pond at Mabogini in Moshi, which has reached maximum capacity

Source: Photo Taken by Auditors on 22 September 2025.

Review of EWURA Board papers for the financial years 2020/21 to 2023/24 also highlighted deficiencies in wastewater treatment infrastructure that hindered compliance monitoring and enforcement. These included the absence of influent and effluent flow measurement devices in some treatment facilities, which limited the accurate quantification of wastewater volumes entering and leaving the systems. Consequently, it was difficult to assess compliance with discharge standards, capacity utilisation, and the efficiency of wastewater treatment processes.

In addition, inadequate maintenance and overloading beyond design capacity were reported as key factors contributing to non-attainment of effluent standards. For example, EWURA Board Paper No. EON2024-2023-229(D) dated 3 August 2023 reported that the Uzindakwa Faecal Sludge Treatment Plant in Geita was receiving up to 80 m^3 per day against a design capacity of 50 m^3 per day. The overloading was attributed to population growth exceeding the design population of 170,000. Similar challenges were reported at the Nansio Digester in Mwanza.

This situation increases the risk of discharging wastewater that does not meet the required quality standards of 30 mg/l for BOD and 60 mg/l for

COD, thereby contributing to environmental pollution and posing risks to public health through contamination of water bodies and surrounding ecosystems.

3.2.3 EWURA's Regulation did not Adequately Improve the Financial Sustainability of Water and Sanitation Services

The review of Water utilities' performance reports for the financial years 2020/21 to 2023/24, the audit noted that the water utilities were not attaining the required performance in the provision of water and sanitation services. The audit noted that the key aspects of sustainability, which are Cost recovery, Non-Revenue Water, and Metering ratio, were not attained to ensure the continuous provision of services as explained below.

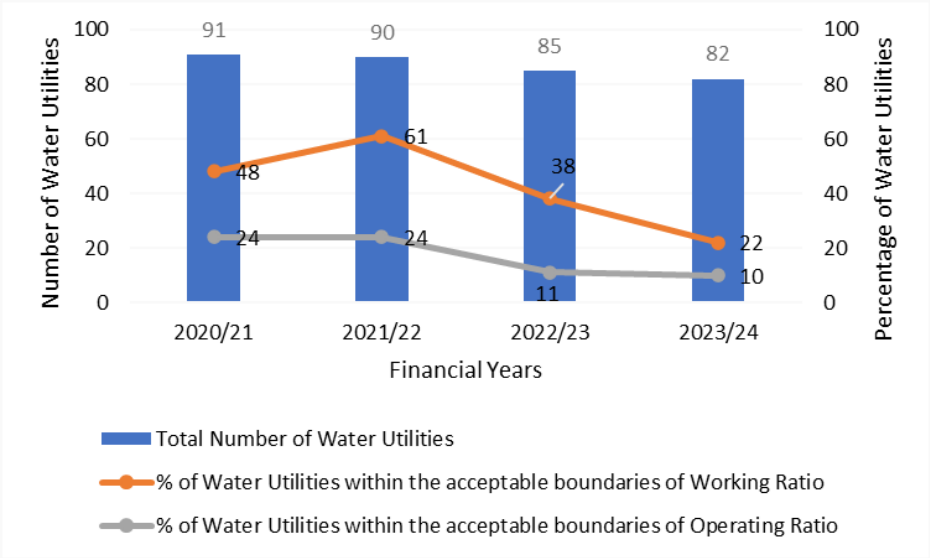
(a) Water Utilities were not Achieving Full Cost Recovery from Water Sales

The ability of WSSAs to recover operational costs from their revenues was analysed using working[3] and operating[4] ratios. After reviewing utility performance reports for the financial years 2020/21 to 2023/24, the Audit noted that the set cost recovery standards, measured by the average working ratio and Operating Ratio, were not met. This was contrary to Para 3.2 of the EWURA Performance Benchmarking Guidelines for Water Supply and Sanitation Authorities (2022), which requires the operating ratio to be within 1 and 0.67, and 1 and 0.8, respectively. The results of the analysis of the percentages of water utilities operating within the working and operating ratios from the financial years 2020/21 to 2023/24 are presented in **Figure 3.7.**

[3] The ratio of operating costs to operating revenues originating from water sales. It includes all the expenses excluding depreciation and interest costs (but no debt service payments).

[4] The ratio of operating costs to operating revenues originating from water sales. It includesall the expenses together with depreciation and interest costs (but no debt service payments).

Figure 3.7: Working Ratio and Operation Ratio of Water Utilities from the Financial Years 2020/21 to 2023/24



Source: Auditors' Analysis of Utility Performance Report from 2020/21 to 2023/24, 2025

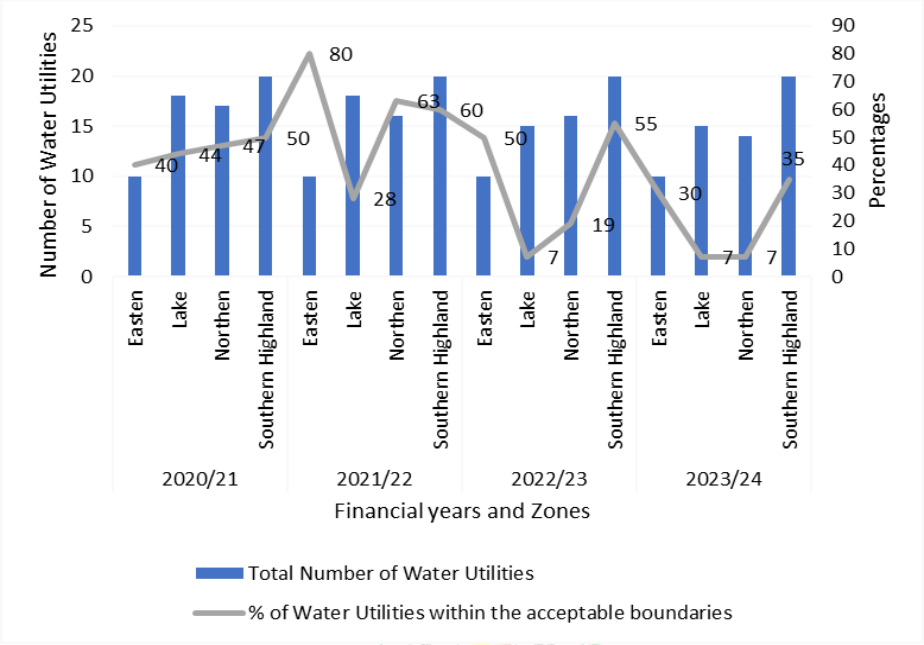
Figure 3.7 shows that, across all four years, both the working ratio and operating ratio were below 65%. The year 2021/22 recorded a high working ratio of 61%, and the years 2020/21 and 2021/22 recorded a high operating ratio of 24%. This indicates that 61% of water utilities recovered operating costs from water sales revenue in 2021/22, and in the rest of the year, revenue recovery was below 50%.

Further analysis was conducted on water utilities in the visited zones and their operating and working ratios. The results of the analysis are presented as follows.

(i) Inadequate Attainment of the Working Ratios in the Visited Zones

The review of Water Utilities' performance report for the financial years from 2020/21 to 2023/24 indicated that water utilities were not achieving 100% cost recovery in terms of the working ratios. The results of the analysis are presented in **Figure 3.8.**

Figure 3.8: Working Ratios of Water Utilities from the Financial Years 2020/21 to 2023/24 in the Visited Zones



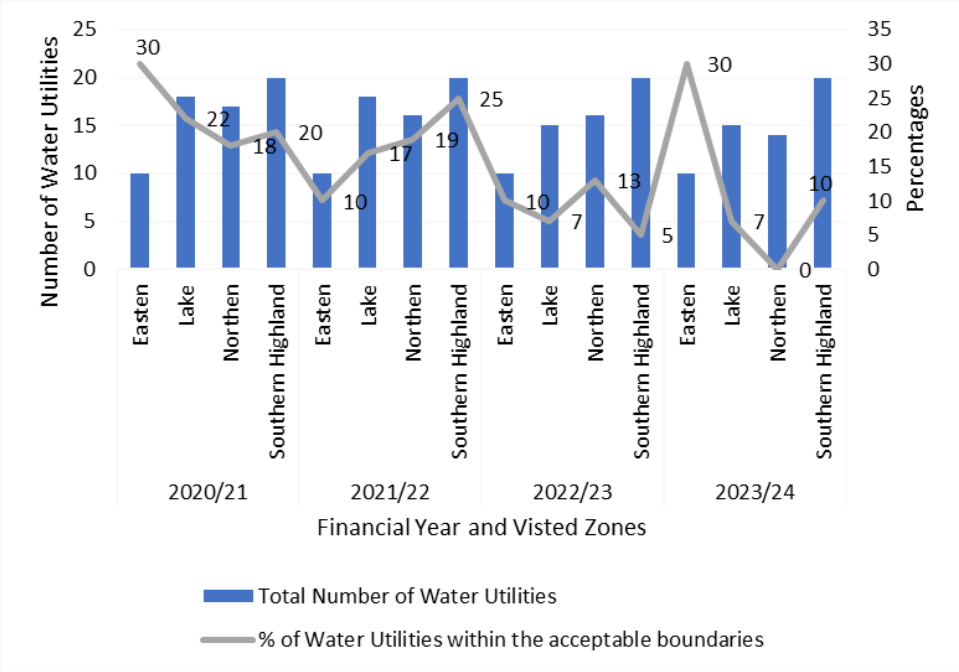
Source: Auditors' Analysis of Utility Performance Report from 2020/21 to 2023/24, 2025

Figure 3.8 shows that, across all four years, the working ratio was below 81%. The Eastern zone recorded a high working ratio of 80% for the financial year 2021/22, and the lowest was 7% in the Lake Zone for the financial years 2023/24 and 2022/23, and in the Northern Zone for the financial year 2023/24.

(ii) Inadequate Attainment of the Operating Ratio in the Visited Zones

Review of the Water Utilities performance report for the financial years from 2020/21 to 2023/24, noted that water utilities did not achieve a 100% cost recovery in terms of the operating ratio. The results of the analysis are presented in **Figure 3.9.**

Figure 3.9: Operating Ratio of Water Utilities from the Financial Years 2020/21 to 2023/24 in the Visited Zones



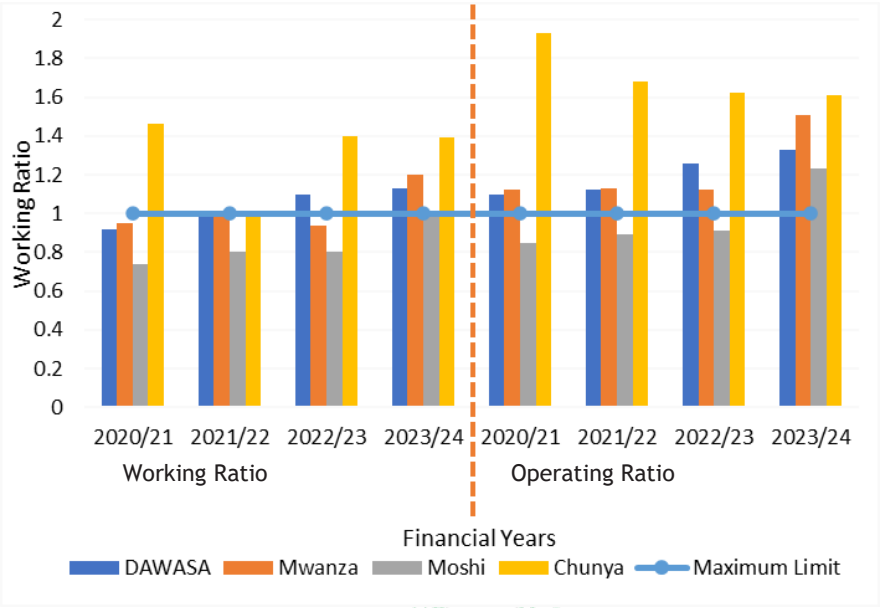
Source: Auditors' Analysis on Utility Performance Reports from 2020/21 to 2023/24, 2025

Figure 3.9 shows that, across all four years, the operating ratios were below 31%. The Eastern zones recorded a high percentage of water utilities with an operating ratio of 30% in the financial years 2020/21 and 2023/24, while the Northern zone had no operational records in 2023/24.

(iii) Inadequate Attainment of Working Ratios and Operation Ratios in the Visited Water Utilities

The review of the Water Utilities' performance reports for the visited water utilities for the financial years from 2020/21 to 2023/24 revealed that the water utilities were not achieving 100% cost recovery, as indicated by the working and operating ratios. The results of the analysis are presented in **Figure 3.10**.

Figure 3.10: Working Ratios and Operation Ratios of Visited Water Utilities from the Financial Years 2020/21 to 2023/24



Source: Auditors' Analysis of Utility Performance Report from 2020/21 to 2023/24, 2025

Figure 3.10 shows that, across all four years, only one of the four visited water utilities, namely Moshi WSSA, attained the standard working ratio. DAWASA and Mwanza WSSA attained the standard working ratio in only three financial years, 2020/21 to 2022/23. Furthermore, the figure indicates that only one water utility, namely Moshi WSSA, achieved an operating ratio for all three financial years from 2020/21 to 2022/23. The remaining water utilities, namely DAWASA, Chunya, and Mwanza, did not meet the minimum operating ratio requirements. Non-attainment of operating ratios indicates that revenues from water sales cannot cover operating costs, thereby affecting the sustainability of water supply and sanitation infrastructure and maintenance.

The review of Water Utilities Performance Reports for the financial years 2020/21 to 2023/24 indicated that the reasons for non-attainment of cost recovery ratios were high depreciation charges and dilapidated infrastructures. These factors increased service provision costs due to high non-revenue water: water was produced but not billed or costed, thereby limiting revenue generation. Also, discussion with EWURA indicated that another factor was the tariff halt, which occurred in the financial years 2019/2020 and 2023/2024, negatively impacting WSSAs' ability to generate revenues and recover their costs because water utilities were using old tariff

rates, which did not cover the actual operation cost at that time. On 02 September 2025, the Ministry of Water wrote a letter with Ref. No. BC. 9/186/01-F/79 to all Managing Directors of WSSA to submit a Business Plan to EWURA for new tariff reviews. This directive was expected to ensure that all water utilities which were affected by the tariff halt would be allowed to apply for new tariffs after approval of their business plans.

(b) Inadequate Attainment of Metering Ratios and Non-Revenue Water Standards

The Audit, through the review of Utility performance reports for the financial years 2020/21 to 2023/24, noted inadequate attainment of the set standards for metering ratio and non-revenue water. This is contrary to Para 3.2, Table 1 of the EWURA Performance Benchmarking Guidelines for Water Supply and Sanitation Authorities (2022), which requires the metering ratio and non-revenue water to be 100% and not more than 25%, respectively. The results of the analysis are presented in **Table 3.6.**

Table 3.6: The Attainment of Required Metering and Non-Revenue Water in the Financial Year from 2020/21 to 2023/24

Financial Year	Number of Water Utilities	Water Utilities Attained the Standards on Metering Ratio (%)	Water Utilities Attained the Standards on Non-Revenue Water (%)
2020/21	91	59	16
2021/22	90	67	18
2022/23	85	74	24
2023/24	82	74	25

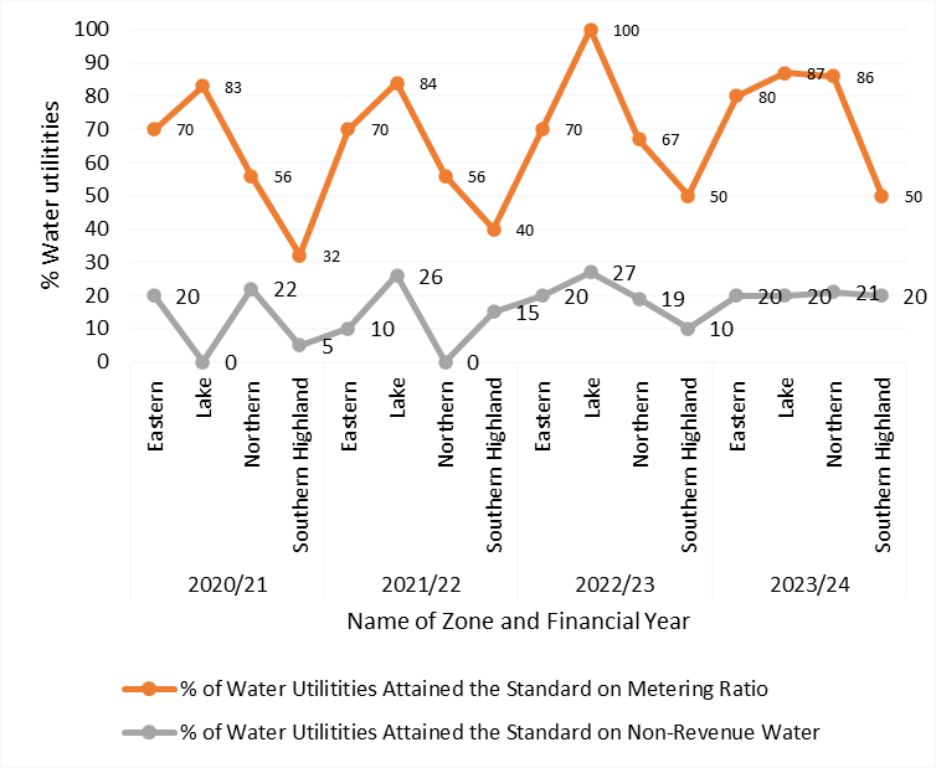
Source: Auditors' Analysis of Utility Performance Report from 2020/21 to 2023/24, 2025

Table 3.6 shows that the attainment of metering standards across all four years under review was below 75% of the required 100%. The highest performance was observed in the financial years 2022/23 and 2023/24, at 74%. In the financial years 2020/21 and 2021/22, the attainment was 59% and 67%, respectively.

The table further shows that the percentage of water utilities that met the required non-revenue water standards did not exceed 25%. The maximum percentage of water utilities that attained the required standard was 25%, and the minimum was 16%. The trends show an increase in the attainment of non-revenue standards, from 16% in the financial year 2020/21 to 25% in the financial year 2023/24.

Furthermore, the audit analysed non-revenue water and metering ratio statistics from the visited zones; it noted the following, as presented in **Figure 3.11.**

Figure 3.11: The Attainment of Required Metering and Non-Revenue Water in the Financial Year from 2020/21 to 2023/24 in the Visited Zones

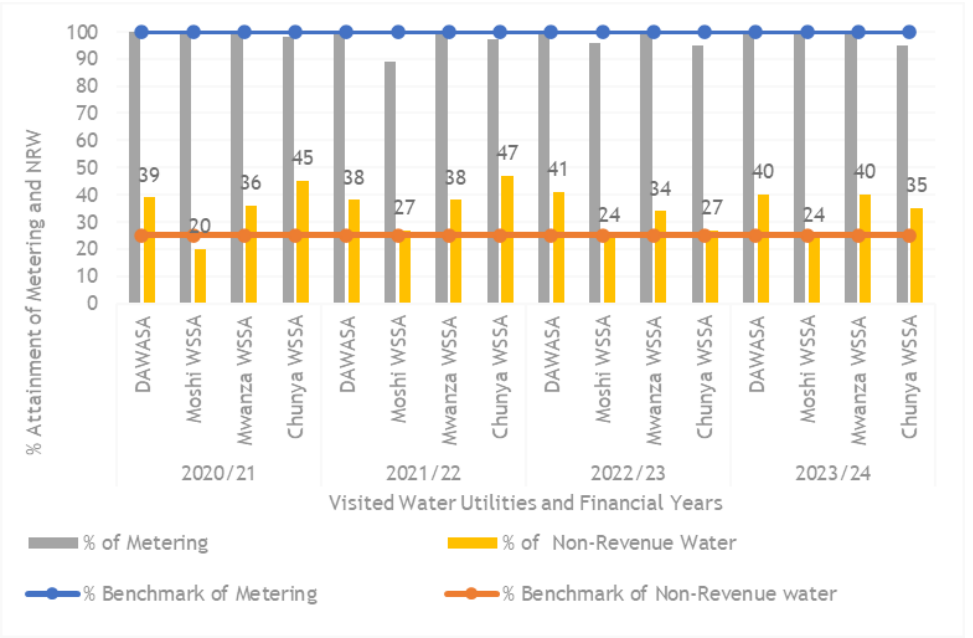


Source: Auditors' Analysis of Utility Performance Reports from 2020/21 to 2024/25

Figure 3.11 shows that the metering ratio was 100% in the lake zone for the financial year 2022/23. In the remaining years, 2020/21, 2021/22, and 2023/24, across the four zones visited, fewer than 64 water utilities were recorded. The figure also indicates that the percentage of water utilities that attained the required non-revenue water level was below 30% across all four financial years and all four visited zones. The highest compliance rate was observed in the lake zone in the financial year 2022/23, with 27% of water utilities meeting the non-revenue water requirement standard.

The audit conducted further analysis of the water utilities visited regarding their attainment of metering ratios and non-revenue water standards. The results of the analysis are presented in **Figure 3.12**.

Figure 3.12: The Attainment of Required Metering and Non-Revenue Water in the Financial Year from 2020/21 to 2023/24 in the Visited Water Utilities



Source: Auditors' Analysis of Utility Performance Report from 2020/21 to 2024/25, 2025

Figure 3.12 shows high compliance with metering standards among the four visited water utilities, with compliance exceeding 85%. The figure shows that in the 2020/21 Financial Year, all four water utilities achieved the required metering ratio. However, in the financial years 2021/22 and 2022/23, two utilities, Chunya WSSA and Moshi WSSA, did not meet the required metering ratio. Additionally, in 2022/23, only Chunya WSSA did not meet the required metering ratio.

The figure also indicates that, across all four financial years, only Moshi WSSA met the required non-revenue water target. The remaining three water utilities did not attain the required standard for non-revenue water.

The response from EWURA management indicated that, as a regulatory measure to ensure that WSSAs attain the service-level benchmark of NRW below 20%, they were required to prepare and implement NRW reduction strategies in line with EWURA's Guidelines for Preparation of NRW Reduction Strategies for WSSAs, 2021. Implementation of the strategies requires investment in water infrastructure, among other things, major infrastructure

rehabilitation, demarcation of service areas within district metered areas, and replacement of aged water meters. Tariff reviews for Water Supply and Sanitation Authorities (WSSAs) were intended to generate additional revenues to support the reduction of Non-Revenue Water (NRW).

However, the audit, covering the financial years 2020/21 to 2024/25, noted that, after the introduction of NRW reduction strategies, the WSSAs did not meet the prescribed NRW standards. In Chunya, the NRW level remained high at 47% in the financial year 2021/22, indicating limited progress in reducing NRW.

The non-attainment of the metering ratio results in low water bill estimates for customers compared to produced water and inadequate NRW estimation, which, in turn, leads to low revenue collection. For example, a review of the water utilities' performance report for the financial year 2023/24 revealed that NRW contributed to revenue loss amounting to TZS 114.12 billion and, hence, low water access within the community, as 315 million cubic metres/year of the produced water was lost before reaching final consumers in the financial year 2023/24. Also, revenues expected to be collected for service expansion were not collected, leading to low service expansion and, hence, low access to water, as only 9% of water utilities attained the required coverage, as indicated in **Figure 3.1**.

3.3 Water Utilities were Licensed despite having Weaknesses

The audit reviewed the status of licensing among water utilities to assess compliance with the requirements of the Water Supply and Sanitation Act, CAP. 272, and the EWURA Act, CAP. 414. The review revealed that some water utilities were operating with expired licences or with pending renewals, and that other utilities were failing to adequately implement licence order conditions, contrary to regulatory provisions.

3.3.1 All Operating Water Utilities were Licensed by EWURA

The audit reviewed licensing records for the financial years 2020/21 to 2024/25, and the analysis is shown in **Table 3.7**.

Table 3.7: Comparison of the Available and Licensed Water Utilities 2020/21–2024/25

Financial Year	Number of water Utilities	Number of Water Utilities with Licences	Water Utilities with Licences (%)
2020/21	91	91	100
2021/22	90	90	100
2022/23	85	85	100
2023/24	82	82	100
2024/25	83	83	100

Source: Auditors' Analysis of Water Utilities Licence Registers from 2020/21 to 2023/24, 2025

Table 3.7 indicates that all water utilities operating within the review period were fully licensed by EWURA, reflecting 100 per cent compliance across all years. Although the total number of water utilities decreased from 91 in 2020/21 to 82 in 2023/24 before slightly increasing to 83 in 2024/25 due to institutional restructuring and consolidation of smaller water utilities, EWURA consistently ensured that every operational water utility remained licenced. Further analysis of licensing status in the sampled zones indicated that, all water utilities across the Eastern, Northern, Southern Highlands, and Lake Zones were fully licenced during the review period, indicating 100% compliance with EWURA's licensing requirements.

Further, analysis was undertaken for the visited utilities to assess if they have active licences. The audit noted that, for all five years from 2020/21 to 2024/25, four visited water utilities, namely DAWASA, Chunya WSSA, Moshi WSSA, and Mwanza WSSA, were operating with active licences.

3.3.2 Licensed Water Utilities did not adequately Comply with Service Standards

A review of Water Utility Performance Reports for the financial years 2020/21 to 2023/24 showed inadequate compliance with service standards. These gaps are explained below.

(a) Not all Licenced Water Utilities have Wastewater Treatment Facilities

The review of Water Utility Performance Reports for the financial years 2020/21 to 2023/24 revealed that several licensed water utilities missed Wastewater Treatment facilities, contrary to Part II of the First Schedule of

the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020 that requires the submission of a layout map for water and wastewater systems as part of the licence application conditions.

The audit noted that, although all water utilities licensed during the review period, with the exception of seven National Water Authorities, which only produce water but do not supply it to the community, are not required to have wastewater treatment facilities. The audit noted that the proportion of water utilities that provided wastewater treatment services remained low. In 2020/21, only 19 out of 84 water utilities (23%) provided sanitation services. This number increased gradually to 23 out of 78 water utilities (28 per cent) by 2023/24, as shown in **Table 3.8.**

Table 3.8: Number of Water Utilities with Wastewater Treatment Facilities

Financial Year	Total Number of Water Utilities Required to Have Wastewater Treatment Facilities [5]	Number of Water Utilities with Wastewater Treatment Facilities	Water Utilities with Wastewater Treatment Facilities (%)
2020/21	84	19	23
2021/22	83	20	24
2022/23	78	21	27
2023/24	76	23	30

***Source*:** Water Utilities Performance Reports on Provision of Sanitation Services from 2020/21 to 2023/24, 2025

Table 3.8 shows that the utilities with wastewater treatment facilities ranged between 23% to 30% of all utilities from 2020/21 to 2023/24. This indicates that up to 2023/24, only 23 out of 76 water utilities were providing sanitation services. Due to inadequate sanitation services, in violation of their licence requirements, wastewater was disposed of in unauthorised areas, leading to environmental pollution.

Table 3.9 shows that wastewater treatment facilities remained limited across the visited zones during the review period. In the Northern Zone, only 2 of 14 water utilities (14 per cent) provided wastewater treatment facilities from 2020/21 to 2022/23, rising to 3 (21 per cent) in 2023/24. The Eastern Zone recorded 2 of 10 water utilities (20 per cent) consistently

[5] This exclude National WSSAs

providing wastewater treatment facilities across all 4 years, with no improvement observed.

In the Southern Highlands Zone, 3 out of 19 water utilities (16 per cent) provided sanitation services from 2020/21 to 2022/23, rising marginally to 4 (21 per cent) in 2023/24. Lake Zone reported the highest coverage, ranging from 5 to 6 out of 15 (33 to 40 per cent) over the period, although its performance remained below 50% compared to the water utilities in that zone.

Table 3.9: Number of Licensed Water Utilities with Wastewater Treatment Facilities across the Visited Zones

EWURA Zonal Office	Financial Year	Total Number of Water Utilities	Number of Water Utilities which Provide Wastewater Treatment Facilities	Water Utilities that Provide Sanitation Services (%)
Northern Zone	2020/21	14	2	14
	2021/22	14	2	14
	2022/23	14	2	14
	2023/24	14	3	21
Eastern Zone	2020/21	10	2	20
	2021/22	10	2	20
	2022/23	10	2	20
	2023/24	10	2	20
Southern Highlands Zone	2020/21	19	3	16
	2021/22	19	3	16
	2022/23	19	3	16
	2023/24	19	4	21
Lake Zone	2020/21	15	5	33
	2021/22	15	6	40
	2022/23	15	6	40
	2023/24	15	6	40

***Source*:** Water Utilities Performance Reports on Provision of Sanitation Services from 2020/21 to 2023/24

Table 3.9 indicates a gradual improvement in wastewater treatment facilities across all zones from 2020/21 to 2023/24. Water utilities providing wastewater treatment facilities increased steadily, with notable progress in the Northern and Southern zones. The Lake Zone recorded the highest share of wastewater treatment facilities at 40%, followed by the Eastern Zone at 20%, and both the Southern and Northern Zones at 21% in 2023/24.

Table 3.10 shows that three of the four water utilities visited, Moshi, DAWASA, and Mwanza, had wastewater treatment facilities throughout the review period from 2020/21 to 2023/24. Chunya, however, did not have wastewater treatment facilities in any of the years reviewed. This shows

that while the larger, more established water utilities continued to operate their treatment infrastructure, coverage of wastewater treatment facilities remained low among smaller water utilities.

The absence of treatment facilities in Chunya indicates gaps in the development of sanitation services at the utility level, despite licensing requirements that mandate the provision of wastewater services. This reinforces the earlier observation that an increase or expansion in wastewater treatment infrastructure had not been in tandem with the increases in water supply interventions, thereby affecting water utilities' overall readiness to meet effluent management obligations.

Table 3.10: Number of Licensed Water Utilities with Wastewater Treatment Facilities within the Visited Water Utilities

Visited Utility	2020/21	2021/22	2022/23	2023/24
Moshi	Yes	Yes	Yes	Yes
DAWASA	Yes	Yes	Yes	Yes
Chunya	No	No	No	No
Mwanza	Yes	Yes	Yes	Yes

Source: Auditors' Analysis of Water Utilities Sanitation Performance Reports,2020/21-2023/24, 2025

Table 3.10 shows that Moshi, DAWASA, and Mwanza operated wastewater treatment facilities throughout the financial years 2020/21 to 2023/24, with both Mwanza and DAWASA running wastewater stabilisation ponds and faecal sludge digesters. Chunya did not have wastewater treatment facilities during the review period, although land had been secured and a title deed process was underway.

Discussion with EWURA indicated that Licenced Water Utilities did not have wastewater treatment facilities because sewer networks and wastewater treatment facilities require substantial investments. Minor investments, such as rehabilitation of sewer networks and waste stabilisation ponds, are expected to be financed through approved tariffs, while major capital investments require coordination and financing support from the Ministry of Water.

Although EWURA has taken some initiatives such as issuing the Guidelines for City-Wide Inclusive Sanitation Planning (2025), the On-site Sanitation and Faecal Sludge Management Guidelines for WSSAs (2020), and a diagnostic paper on the improvement of sanitation services in WSSAs'

service areas and the Ministry of Water has taken initiatives interventions under the Water Sector Development Programme (WSDP III, 2022/23-2025/26), however, these efforts have not yet fully addressed the existing gaps in sanitation services provision. This is because, as of the financial year 2023/24, only 23 out of 82 water utilities (28%) had wastewater treatment facilities.

(b) Gaps in Technical, Managerial, and Financial Capacity among Licensed Water Utilities

The analysis of licensing compliance across the four EWURA zones revealed that although utilities largely complied with the managerial and financial licensing criteria presented in **Appendix 9**, technical compliance remained low, as depicted in **Table 3.11.** This is contrary to Rule 9 of the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020 that requires EWURA to evaluate applications based on Evaluation Criteria for Classification of Licences for Water Supply and Sanitation Service Providers provided in the First Schedule which require evaluation to ensure that applicants' meet financial, technical, and managerial capability to determine whether to reject, refer or grant a licence.

Table 3.11: Water Utilities Compliance with Standards During Licensing

Zone	No. of Water Utilities Licenced	Meeting Technical Compliance (%)	Meeting Managerial Compliance (%)	Meeting Financial Compliance (%)
Eastern	10	49	80	98
Northern	13	52	73	83
Southern Highlands	17	41	55	84
Lake	12	69	68	66

Source: Auditors' Analysis of EWURA Pre-licensing Inspection Reports and Board Minutes for Water and Sanitation Performance, 2020/21-2024/25, 2025

Table 3.11 shows that Water Utilities in the Eastern Zone recorded managerial and financial compliance rates of 80% and 98%, respectively, while technical compliance was 49%, indicating that licences were issued in some cases without full operational readiness. In the Northern Zone, water utilities reported technical compliance of 52%, managerial compliance of

73%, and financial compliance of 83%, indicating uneven performance across the requirements.

Furthermore, water utilities in the Southern Highlands Zone recorded the lowest technical and managerial compliance at 41% and 55%, respectively, while financial compliance was 84%. Water utilities in the Lake Zone recorded the highest technical compliance at 69%, while financial compliance was 66%.

This indicates that, generally, the water utilities met managerial and financial requirements more consistently than they did to technical requirements. This indicates that licensing was granted in cases where technical, managerial, and financial preparedness were fully achieved, increasing the risk of service delivery and regulatory performance issues after licensing.

3.3.3 Inadequacies of Renewal of Licences based on the Given Timeframe

Through a review of the Licence Status Register provided by EWURA and the Licence and Order Information System (LOIS) for the Northern, Lake, Southern, and Eastern Zones, the audit noted delays in the renewal of water utilities' licences. Provisionally licensed water utilities were operating beyond the required time, as explained below.

(a) Water Utilities did not Renew the Licences on Time

The assessment of the licence renewal process across all four water utility zones noted delays in application processing. In the Northern and Lake Zones, delays ranged from 38 to 236 days, with an average delay of approximately five months. The Southern Highlands recorded the longest delays, ranging from 44 to 428 days, for an average delay of 7 months.

The Eastern Zone also exhibited divergence from requirements, with delays ranging from 4 to 269 days and an average of approximately four months. This situation is contrary to Rule 7(3) of the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020, which requires licensees to submit renewal applications at least six months before the expiry of their licence, as presented in **Table 3.12**. Details for specific water utilities are presented in **Appendix 7**.

Table 3.12: Compliance of Water Utilities with Timelines of Licence Renewal

Zone	No. of Water Utilities Applied for Licence Renewal	Water Utilities with Late Applications	Range of Delays (Days)	Average Delay Period (Months)
Northern	16	16	38 - 221	5
Lake	15	15	82 - 236	5
Southern Highlands	17	17	44 - 428	7
Eastern	9	9	4 - 269	4

***Source*:** Auditors' Analysis of the Licence Status Register in the Licence Order Information System (LOIS), 2025

Table 3.12 shows that licence renewal delays were widespread. In the Northern and Lake Zones, 16 water utilities in each zone delayed their renewal applications, with average delays of 4 and 5 months, respectively. In the Eastern Zone, 10 water utilities were delayed by an average of 5 months, while the Southern Highlands Zone recorded the longest delays, with 16 water utilities averaging 7 months.

Only Chunya submitted a renewal application during the audit period, but it did so five months after the required date. A review of the Licence Order Information System revealed that, despite widespread delays, no reminders were issued in the Northern Zone; only five in the Lake Zones; and two and three in the Eastern and Southern Highlands Zones, respectively.

Interviews with officials from visited water utilities and EWURA revealed that inadequate internal processes and inadequate record-keeping caused delays within water utilities, delays in preparing documentation, and insufficient communication from EWURA regarding renewal timelines. As a result, water utilities operated without valid licences, increasing the risk of non-compliance and service improvements. This was caused by an ineffective automated system for tracking and notifying Water Utilities on Licence Expiry.

The review of data in the Licence Order Information System (LOIS) and the pre-licensing inspection reports. The audit noted that in four visited zones, namely Lake, southern highland, Northern, and Eastern zones, there were

delays in initiating the application process for renewal of the licence, as presented in **Table 3.12**. A review of the Licence Order Information System further revealed that no reminders were issued in the Northern Zone, and only five in the Lake Zones, while only two in the Eastern Zone and three in the Southern Highlands Zone.

Although the regulator has the Licence Order Information System (LOIS), the system did not fully track licence expiry, provide expiry notifications to all water utilities, or generate timely alerts to them. The absence of a reliable monitoring and reminder system increases the likelihood that water utilities will operate with expired licences, reduces regulatory compliance, and oversight of service delivery. These delays also hinder the timely assessment of water utilities' technical, managerial, and financial capacity prior to licence renewal.

(b) Overstay of Water Utilities under Provisional Licences

A review of the Licence Status Register in the Licence and Order Information system (LOIS) revealed that, as of the financial year 2024/25, 9 out of 83 water utilities continued to operate under provisional Licences for periods exceeding 24 months without transitioning to a non-provisional licence class.

This is contrary to the practice established under Regulation 10(4) of the Water Supply Regulations, 2019 [GN 828. Published on 8/11/2019], that states that a provisional licence shall be issued to a water authority that is not yet qualified for Classes I, II and III but possesses basic facilities and human resources to provide services for a period of not more than 24 months. The audit also noted that, upon expiry of this mandatory 24-month period, these utilities renewed their Licence under the same provisional category rather than progressing to a non-provisional class as stipulated in the regulatory framework.

This practice is fundamentally at odds with the legal definitions established in the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020. According to Rule 3, a licence is explicitly defined as a licence other than a provisional licence. This creates a clear legal distinction: a "provisional licence" is a separate, temporary authorisation, not the final "licence" required for long-term operation. This practice is further inconsistent with the broader licensing structure. According to

Regulation 10(3), a licence issued shall be of Class I, II, or III, defined as follows:

- Class I Licence: Issued to a licensee with the financial, technical, and managerial capability to operate a licensed facility and recover all operational costs.
- Class II Licence: Issued to a licensee with the technical and managerial capability to operate a licensed facility and recover all operational costs, except for part of its investment costs.
- Class III Licence: Issued to a licensee who still receives financial, managerial, and technical support from the Government and only partially recovers its operational costs

Therefore, the provisional licence, as per Regulation 10(4) of the Water Supply Regulations, 2019 [GN 828. Published on 8/11/2019] is an exceptional, temporary authorisation for entities not yet meeting the criteria for the Class I, II, and III, with its validity explicitly capped at 24 months. The names of the water utilities and the duration of periods in which they have operated under provisional licences beyond this statutory limit are presented in **Table 3.13**.

Table 3.13: Overstay of Water Utilities under Provisional Licences

EWURA Zonal Office	Name of Utility	Date of Application for Renewal	Issued Licence After Renewal	Duration Operated from First Issued Licence to Expiry of Current Licence (Months)	Required Time (Months)	Duration Operated Beyond Limit (Months)
Southern Highlands Zone	Kyela-Kasumulu	25/08/2023	Provisional Licence	56	24	32
	Chunya	08/12/2022	Provisional Licence	51	24	27
	Itumba-Isongole	04/11/2022	Provisional Licence	51	24	27
	Namanyere	27/10/2022	Provisional Licence	48	24	24
	Tunduma	14/02/2023	Provisional Licence	48	24	24
	Namtumbo	02/02/2023	Provisional Licence	48	24	24
	Tunduru	07/02/2023	Provisional Licence	48	24	24

EWURA Zonal Office	Name of Utility	Date of Application for Renewal	Issued Licence After Renewal	Duration Operated from First Issued Licence to Expiry of Current Licence (Months)	Required Time (Months)	Duration Operated Beyond Limit (Months)
Lake Zone	Busega	25/08/2023	Provisional Licence	52	24	28
Northern Zone	Songe	26/11/2024	Provisional Licence	47	24	23

Source: Auditors' analysis of the licence Register 2022/23–2023/24, 2025

Table 3.13 shows that nine water utilities have operated under provisional licences beyond the 24-month statutory period, with durations of non-compliant operation ranging from 23 to 32 months. Interviews with EWURA officials indicated that these utilities were provisionally re-licensed after a pre-licensing inspection because they qualified for provisional licensing. However, the audit maintains that this contravenes the clear intent of Regulation 10(4) of the Water Supply Regulations, 2019 [GN 828. Published on 8/11/2019] and the definitions as provided in Rule 3 of the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020. The framework creates a provisional licence as a time-bound exception to the permanent "licence" mandated by Regulation 10(3) of the Water Supply Regulations, 2019 [GN 828 Published on 8/11/2019], not as a permanent alternative.

Further discussions with EWURA revealed that during licence renewal assessments, these water utilities had not implemented the conditions required for upgrading to a non-provisional class. Due to this shortcoming, the audit noted that EWURA escalated the matter by writing to the Ministry of Water, detailing multiple factors preventing the utilities from graduating from provisional status. A review of letters for 12 water utilities identified impediments including: absence of a Board of Directors; lack of key staff (Heads of Units, support staff); lack of land for office buildings; absence of performance contracts with the Ministry; lack of reliable water sources and treatment facilities; lack of functional offices and working tools; absence of a Strategic Plans, approved budget, or business plan; lack of an approved customer service charters; unavailability of key management staff; absence of a GIS database; lack of title deeds for infrastructure sites; inadequate

implementation of previous licence conditions; and absence of water use permits for all sources.

These letters requested the Ministry's support to help the utilities fulfil the conditions necessary to transition from a provisional licence to a high-class licence, namely classes I, II, or III, as ultimately required by Regulation 10 of the Water Supply Regulations, 2019 [GN 828], published on 8/11/2019]. The prolonged stay in this category often reflects persistent gaps in infrastructure, staffing, and operational capacity, leading to an unreliable water supply and failing to meet required service quality standards. For example, a water utility under a provisional licence is not required to submit a water quality monitoring plan as per the first schedule part II (a) of the Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020.

This indicates that EWURA maintained reliable procedures for assessing utilities, identifying compliance gaps, and escalating unresolved issues to the Ministry of Water. However, the prolonged re-issuance of provisional licences beyond the statutory intent of Regulation 10(4) of the Water Supply Regulations, 2019 [GN 828. Published on 8/11/2019] weakens regulatory effectiveness and undermines the reliability of licensing as a tool for ensuring service quality. While constraints outside EWURA's direct control contribute to this outcome, continued reliance on provisional licensing reduces regulatory certainty and limits oversight over critical areas such as water quality monitoring.

3.3.4 Inadequate Implementation of Licence Order Conditions

The audit noted inadequate implementation of licence conditions across the visited water utilities, including not obtaining title deeds, insufficient wastewater treatment facilities, non-compliance with water use permit requirements, and the unattainment of the required threshold for non-revenue water, which hindered water utilities' ability to improve performance and service quality and to qualify for higher licence classes. The assessment of the implementation status of licence conditions in the four visited zones is presented in **Table 3.14**.

Table 3.14: Implementation Status of Licence Condition by Water Utilities in the Visited Zones

Name of Zone	Total Number of Water Utilities with Conditions to Implement	Total Number of Conditions Issued	Number of Conditions Past Due Date	Number of Licence Conditions Implemented	Condition Implemented (%)
Eastern	7	55	44	10	23
Northern	5	49	40	17	43
Southern Highland	14	106	92	38	41
Lake Zone	12	92	74	32	43

Source: Auditors' Analysis of Compliance and Pre-licensing Inspection Reports for the Northern, Southern, Lake, and Eastern Zones, 2025

Table 3.14 showed that the implementation of licence conditions in the four visited zones ranged from 23% to 43% for conditions that had reached or passed their due dates, which was below 50%. The Southern Highland Zone had issued the highest number of conditions (106), of which 92 had passed their due dates; yet, only 38 had been implemented, representing 41% compliance.

The Lake Zone had issued 92 conditions, 74 of which were past due and 32 had been implemented, for a 43% compliance rate. The Northern Zone had issued 49 conditions, of which 40 were past due, and 17 had been implemented, for a compliance rate of 35%. The Eastern Zone recorded the lowest implementation rate, issuing 55 conditions, of which 44 were past due, and only 10 were implemented, resulting in 23% compliance. For more details on the implementation of licence conditions, refer to **Appendix 8**. Weak enforcement by EWURA kept water utilities in the same licence class for a long time.

For the visited water utilities, a review of Chunya implementation status showed that the utility had been issued with a provisional licence on 29 March 2023, which expired on 28 March 2025. The licence required the utility to meet specific conditions to qualify for a higher-class licence. The audit noted that Chunya had fully implemented only two of the seven conditions, representing 29% of compliance. This anomaly resulted from

gaps in follow-up inspections and compliance tracking in LOIS, which increased the risk that water utilities without full operational capacity continued to operate, potentially affecting service quality and consumer protection, as well as the lack of a link between licence terms and enforceable penalties.

Through discussions with EWURA, it was explained that the Agency continued to monitor the implementation of licence conditions by WSSAs through periodic inspections. Additionally, EWURA advised the Ministry of Water to support WSSAs in addressing some of the challenges they face in fulfilling licence requirements.

The inadequate implementation of licence conditions, despite ongoing monitoring and advisory efforts, continues to affect water utilities' operational capacity, delaying service improvements and reinforcing stagnation in lower licence classes. This situation ultimately undermines water services quality, limits consumer protection, and slows progress in strengthening the overall performance of the water supply and sanitation sector.

3.4 Inadequate Tariff Setting, Tariff Order Monitoring and Enforcement

The audit noted several shortfalls in the tariff setting and review process, including a lack of consideration of affordability during tariff setting, deficiencies in cost considerations, water utilities' continued operation under expired tariffs, delays in the review and approval of tariff applications, inadequate stakeholders' involvement by water utilities, and insufficient monitoring and enforcement of tariff orders and their conditions.

These practices are contrary to Section 29(1)(d) of the Water Supply and Sanitation Act, CAP. 272, which requires EWURA to approve tariffs, while Rule 4(3) of EWURA (Tariff Application and Rate Setting) Rules, 2000, obliges it to monitor compliance with approved tariffs.

3.4.1 Inadequate Consideration of Affordability during Tariff Setting and Reviews

Water utilities are required to conduct affordability assessments during the design of tariffs, and EWURA is required to assess affordability during the tariff approval process, in accordance with Rule 57(1)(b) and Rule 60 of

EWURA (Water Tariff Application and Rate Setting) Rules, 2020. These provisions require water utilities to design tariffs that ensure service sustainability, account for customer affordability, and promote efficient water use. However, the audit noted that affordability was inadequately considered during both the design and approval of tariffs, as discussed below.

(a) Inadequate Consideration of Tariff Affordability during Tariff Design

The audit noted that during tariff design, water utilities did not adequately comply with the requirements of Rule 60 of the EWURA (Water Tariff Application and Rate Setting) Rules, 2020, which require EWURA to regularly conduct affordability studies of water supply and sanitation tariffs by customer groups.

An analysis of Tariff Orders revealed that 15 Water Utilities applied for and received approved tariff orders during the period (2020/21-2024/25) in the country. A review of water utilities showed that tariffs were structured primarily based on each customer category's share of total water consumption. EWURA tariff calculation models and tariff orders implied that categories such as Commercial, Industry, Religions, and institutions were assigned higher tariff burdens, seemingly assuming that they had greater capacity to pay. However, this assumption was not supported by any documented assessment of customers' ability to pay and therefore does not adequately constitute affordability integration as required by the Rules.

Examination of the tariff applications confirmed that none of the 15 Water utilities provided evidence of affordability assessments to determine whether proposed charges were within the financial capacity of various customer categories.

As a result, tariff proposals did not demonstrate that water utilities achieved the required balance between affordability and efficient water consumption, thereby failing to align with regulatory expectations.

(b) Inadequate Consideration of Affordability in Tariff Review and Approval

The audit noted that EWURA did not adequately consider affordability during tariff approval, contrary to Rule 60 of the EWURA (Water Tariff Application and Rate Setting) Rules, 2020, which requires EWURA to assess

affordability when approving tariffs to ensure that proposed tariff levels remain affordable to consumers.

A review of 15 Tariff Orders approved during 2020/21–2024/25 showed that water utilities set tariffs mainly based on each customer category's share of total consumption, implicitly assuming that high-consumption groups could afford higher charges. While EWURA made technical adjustments to better reflect consumption patterns during the review, these were not supported by documented affordability assessments in their tariff calculation models, as required under Rule 60 of the EWURA (Water Tariff Application and Rate Setting) Rules, 2020, which require EWURA to conduct affordability studies.

Although EWURA conducted an affordability study in 2019, it covered only six urban districts. It was indicative, intended to guide future affordability monitoring rather than serve as a benchmark for tariff approval decisions. The Authority continued to base tariff approvals mainly on cost-reflective and financial sustainability considerations, without integrating consumer welfare analysis.

As a result, tariffs were approved without a documented affordability analysis, increasing the risk of imposing a financial burden on consumers, particularly low-income households, and potentially affecting equitable access to water services, as established by EWURA's 2019 study. The study indicated that the affordability ratio for Urban Water Utilities was 6.2%, which was higher compared to the study's suggested affordability range of (3%-5%) as established from research done in other countries. This is also likely to affect the achievement of SDG 6.1 (affordability).

This showed that consumers in six covered districts spent a higher-than-acceptable share of their income on water in the year 2019. For the year under audit, affordability was not considered, and the ratio of water expenditure to consumers' income was not known. The reason for this is that EWURA did not implement the framework for conducting annual affordability monitoring recommended by the 2019 affordability study. Interviewed officials from EWURA indicated that EWURA did not implement the framework because it considers affordability by categorising tariffs into groups such as domestic, commercial, industry, religion, and institutions, with each group having its own tariff; hence, no need for the study was found. However, this assumption was not supported by any documented assessment of customers' ability to pay and therefore does not adequately constitute affordability consideration as required by the Rules.

3.4.2 Deficiencies in Tariff Cost Recovery Determination

The audit identified deficiencies in the determination and application of tariffs, the lack of consideration for the previous-period adjustments, an incomplete assessment of revenue requirements, misstatements in depreciation and return on investment, and a lack of affordability analysis.

(a) Non-Consideration of Previous Period Adjustments in Revenue Requirements

A review of tariff applications reports from the financial years 2020/21 to 2024/25 showed that EWURA approved 13 tariff orders across the visited zones. A review of tariff-setting models from 13 water utilities showed that EWURA did not apply prior-period corrections in any of the reviewed tariff determinations contrary to Section 1 of the Second Schedule to the Energy and Water Utilities Regulatory Authority (Water Tariff Application and Rate Setting) Rules, 2020 that requires EWURA to incorporate corrections carried over from the previous multi-year period when determining the revenue requirement for a new tariff cycle. Interviews with EWURA officials confirmed that this provision had not been implemented in any tariff review cycle up to the financial year 2024/25.

The practice is in line with Rule 64 of the same regulations. The framework provides clear enforcement mechanisms to ensure that tariff order conditions are implemented without justified cause, such as allowing EWURA to deduct unimplemented investments from the newly proposed revenue requirement to compensate customers, or to reinstate unimplemented tariff order conditions into the new tariff period without allocating additional funds. However, the absence of prior-period corrections indicates that these enforcement measures were not applied.

Interviews with EWURA officials further revealed that the lack of prior-period corrections was influenced by the suspension of tariff reviews in the financial year 2019/2020 to 2023/24, during which many water utilities did not implement their approved tariffs because the implementation of new tariffs was suspended by the Ministry of Water to avoid burden to consumers. EWURA further explained that applying prior-period corrections after this prolonged period of implementation pause would lead to significant upward adjustments in revenue requirements, resulting in tariff shocks and imposing an excessive burden on consumers. However, EWURA did not conduct any calculations to determine tariff shocks after applying prior period corrections in the approved 13 tariff orders.

As a result, the approved tariffs for the period 2020/21–2024/25 were not fully cost-reflective, as they excluded adjustments from previous cycles. This omission affects the accuracy of revenue requirements and poses the risk of limiting the ability of tariffs to align with actual utility performance and financial recovery needs.

(b) Incomplete Revenue Requirements Assessment During Tariff Setting

Review of the 13 water utilities that submitted revenue-cost models during the tariff review in the four visited zones revealed that, while Operation and Maintenance Costs were considered, Depreciation Charges and Return on Investment were inadequately accounted for in determining revenue requirements. This was contrary to Rule 30 of the EWURA (Water Tariff Application and Rate Setting) Rules, 2020, which requires EWURA to apply the revenue requirement methodology to ensure that water authorities recover operating costs, depreciation, taxes, and a fair return on assets.

(c) Depreciation Misstatements During Tariff Review

The review of tariff models from 13 water utilities across four sampled zones revealed significant inconsistencies in the application of regulatory depreciation principles at 10 utilities, leading to inaccurate revenue requirements and distorted tariffs, as shown in Table 3.15. This is contrary to Section 3 of the Second Schedule to the EWURA (Water Tariff Application and Rate Setting) Rules, 2020, which requires depreciation to be calculated on the rate base using the straight-line method and aligned with the remaining useful life of each asset. However, the assessment found multiple deviations.

These inconsistencies led to inaccurate revenue requirements and tariff distortions, undermining the reliability of cost-reflective pricing and the financial integrity of the water utilities. The details of the analysis are presented in **Table 3.15.**

Table 3.15: Depreciation Misstatements and their Impact on Tariff Setting

Water Utility	Issues Observed by Auditors	Impacts
Lindi	Did not account for depreciation of grant-funded assets amounting to TZS 14.95 billion projected between FYs 2022/23–2023/24,	Undermines renewal of water infrastructure and threatens long-term service sustainability.

Water Utility	Issues Observed by Auditors	Impacts
	which would have contributed to the creation of functional non-current assets supporting water service delivery.	
Songea	Overstated asset lifespans for Buildings and Structures, Water Pipes, Plant and Machinery, Pumps, Furniture and Equipment, Motor Vehicles, and Motorcycles beyond the prescribed limits in EWURA's Business Plan guidelines.	Low tariffs, however, can undermine long-term asset replacement and service accessibility.
Babati	Buildings and Water Pipes were depreciated at 5%, resulting in short lifespans of 20 years compared to the minimum requirement of 30–35 years as per the Guidelines for Preparation of Business Plan for the Water Supply and Sanitation Authority of 2022.	Overstated depreciation inflated annual cost recovery, leading to higher tariffs.
Mbeya	Treated Water and Sewer Infrastructure as one asset group depreciated at 7%, equivalent to a 14-year lifespan, instead of applying category-specific lifecycles of 30–60 years for pipes and tanks, 10–20 years for meters and pumps as required in the Guidelines for Preparation of Business Plan for Water Supply and Sanitation Authority of 2022.	Overstated depreciation inflated annual cost recovery, leading to higher tariffs.
Mbulu	Adequately considered depreciation aspects	No observed Challenges.
Lushoto	Applied investment expenditure (CAPEX) in place of actual depreciation for Financial Years 2022/23–2024/25, without accounting for depreciation of grant-funded and existing assets.	Overcharged tariff (≈ TZS 80/m^3 increase) for the year 2024/25.
Makonde	Lacked a defined and verifiable depreciation calculation base for the projected depreciation amount of TZS 610 million used in	Creates uncertainty in the accuracy of cost projections and may lead

Water Utility	Issues Observed by Auditors	Impacts
	the Revenue Requirement for Financial Years 2023/24–2025/26.	to unreliable tariff determination
Sumbawanga	Incorrect computation of Net Asset Value Base for existing non-current assets, resulting in an overstated net asset value of TZS 17.5 billion for the full asset lifecycle.	Overstatement had no direct impact on the approved tariff but compromised the integrity of asset records and financial reporting for future tariff calculations.
Bariadi	Applied depreciation lifetimes for Plant and Machinery (8 years) and Computer & Accessories (4 years), which were below the lower guideline limits of 10 and 5 years, respectively.	Shorter lifespans inflate annual depreciation, potentially overstating costs and leading to higher revenue requirement projections.
Arusha	Water Pipes: Used a 50-year lifespan instead of the 35–40 years guideline (above upper bound).	Understates annual depreciation and may suppress tariff requirements in the short term while delaying adequate asset replacement.

Source: Auditors' Analysis of Tariff Setting Calculation Models on 10 Water Utilities, 2025

EWURA indicated that inadequate consideration of depreciation was in violation of rule 45(3) of the EWURA (Water Tariff Application and Rate Setting) Rules, 2020, which provides an exemption from the treatment of capital costs (i.e., depreciation and return on investment). However, where it was observed that the capital costs determined result in a tariff shock or there is inadequate information to warrant proper estimation of return on investment and depreciation, benchmarking with other similar water authorities can be used to determine the allowed capital costs in the revenue requirement. The audit reviews also indicated that EWURA did not conduct any analysis to demonstrate that considering depreciation would result in a tariff shock. In addition, no tariff shocks were reported in EWURA's tariff review reports for the concerned Water Utilities.

(d) Omission of Return on Investment (ROI) in Tariff Determination

A review of tariff calculation models from 13 water utilities in the visited zones found that one utility, Lindi Water Authority, did not adequately consider the return on investment in its tariff proposal.

The review noted the omission of ROI calculations for 2023/24 and the absence of ROI computations for 2024/25 and 2025/26, where figures were inserted without supporting analysis. This contravenes Rule 45(1) of the Energy and Water Utilities Regulatory Authority (Water Tariff Application and Rate Setting) Rules, 2020, which requires that the estimated value of the return on investment limit replacement, rehabilitation, and new investment costs. The omission distorts investment recovery and affects the financial sustainability of utility operations.

EWURA indicated that, Rule 45(3) of EWURA (Water Tariff Application and Rate Setting) Rules, 2020 provides an exemption in the treatment of capital costs (i.e., depreciation and return on investment). However, the rule requires that, where it is observed that the capital costs determined result in tariff shock or there is inadequate information to warrant proper estimation of the return on investment and depreciation, benchmarking with other similar water authorities can be used to determine the allowed capital costs in the revenue requirement.

The audit reviews also indicated that there was no analysis by EWURA to show that the consideration of depreciation resulted in a tariff shock. In addition, no tariff shocks were reported in EWURA's tariff review reports for the concerned Water Utilities.

3.4.3 Approved Tariffs Operating Beyond Their Valid Period

The audit found that, for the period 2020/21 to 2024/25, between 36 and 46 of the 59 regulated water utilities continued to operate under tariffs that were not revised within the prescribed cycle since the framework allows multi-year tariff applications, the limited submission of reviews led to the prolonged use of outdated tariffs, contrary to Rule 26(a) of the EWURA (Water Tariff Application and Rate Setting) Rules, 2020, which requires approved multi-year tariffs to cover only three years.

Furthermore, a review of tariff orders and licensing records confirmed a persistent and increasing number of water utilities operating under expired

tariffs, rising from 61% in 2020/21 to 78% in 2024/25. This trend indicates continued non-adherence to the required tariff review cycle, contributing to financial and operational inefficiencies across regulated water utilities, as shown in **Table 3.16.**

Table 3.16: Tariff Status for Water Utilities in the Visited Zones (2020/21-2024/25)

Zones	Number of Water Utilities in the Zone	Water Utilities Operating Under Expired Tariffs				
		2020/21	2021/22	2022/23	2023/24	2024/25
Eastern	10	6	6	7	7	8
Lake	15	5	10	15	14	14
Southern Highlands	20	16	15	10	17	17
Northern	14	9	13	8	7	7
Total	**59**	**36**	**44**	**40**	**45**	**46**
Water Utilities Operating under Expired Tariff (%)		61	74	68	76	78

Source: Auditors' Analysis on Water Utilities Licence Register and their Operating Tariff Orders from Financial years 2020/21to 2024/25, 2025

Table 3.16 showed that up to 2024/25, approximately 78% of water utilities continued to operate under expired tariffs. Despite EWURA's guidance to align tariff reviews with business plans, updates were not undertaken, and Rule 10(1) of the EWURA (Water Tariff Application and Rate Setting) Rules, 2020, which permits the Authority to initiate tariff reviews, was not exercised during the period.

Further analysis revealed that 14 water utilities operating under provisional licences relied on tariffs dating back to 2011, which remained unchanged between 2020/21 and 2024/25. These tariffs originated from a sector-wide adjustment intended to correct non-cost-reflective pricing and support operational sustainability. Evidence from EWURA's monitoring reports and a 2024 assessment indicated that tariff updates were largely delayed due to the ministerial suspension of review processes. Interviews with utility representatives suggested that political considerations, particularly concerns about consumer affordability, influenced the postponements.

This situation reflected inadequate coordination among EWURA, WSSAs, and the Ministry of Water, as well as insufficient tariff status reporting in annual utility performance reports. The consequences were notable: a sample of 24 water utilities with approved business plans but expired tariffs, and 13

utilities that could not cover operating and investment costs, raising concerns about financial and service sustainability.

3.4.4 Delays in the Review and Approval of Tariff Applications

Review of the Water Tariff Register for the period from 2020/21 to 2024/25 revealed that tariff applications were not processed in a timely and systematic manner, indicating weaknesses in the overall management of the tariff review process.

This was contrary to Para 5.3(b) of the EWURA Client Service Charter (2020), which requires EWURA to acknowledge tariff applications within five days and issue a final decision within seventy-five days of receiving a complete submission. In addition, Rule 13(4) of the EWURA (Water Tariff Application and Rate Setting) Rules, 2020 requires applicants to correct deficiencies within 21 days; failure to do so results in the withdrawal of the application. Details on the shortfalls in Tariff management are provided below.

(a) Delays in Acceptance of Tariff Applications

Review of the Water Tariff Review Register for the period from 2020/21 to 2024/25 showed delays in the submission of tariff applications by water utilities and EWURA's formal acceptance of those applications. The average delays, measured across all zones and financial years, are summarised in **Table 3.17.**

Table 3.17: Delays in Acceptance of Tariff Applications

Financial Year	Number of Water Utilities Applied	Standard Days from Application to Acceptance	Average Days Used	Average Number of Excessive Days Spent in Tariffs Acceptance
2020/21	1	26	8	None
2021/22	5		60	34
2022/23	22		37	11
2023/24	7		22	None
2024/25	0		N/A	N/A

Source: Auditors' Analysis of Water Tariff Review Register (2020/21-2024/25), 2025

Table 3.17 shows the timeliness of EWURA's acceptance of tariff applications against the expected twenty-six-day standard. In 2020/21 and 2023/24, applications were accepted within the required time frame, with

no delays recorded. However, delays were observed in 2021/22 and 2022/23, with average time to acceptance of the tariff application of 34 and 11 days, respectively.

Performance improved notably in 2022/23, despite the higher number of water utilities (22); the average acceptance time was 37 days, reducing the number of excessive days used to process the application to 11. In 2023/24, seven water utilities achieved an average acceptance period of 22 days, which falls within the standard timeframe, indicating no delays.

For 2024/25, no applications were recorded; hence, no analysis could be made for that year.

(b) Delays in Approval of Tariff Applications

The audit further analysed the time taken from acceptance to approval of water tariff applications and noted delays. **Table 3.18** presents delays in meeting the 75-day timeline for tariff approval following acceptance.

Table 3.18: Delays in Approval of Tariff Applications

Financial Year	Number of Water Utilities Applied	Standard Days from Acceptance to Approval	Average Approval Days Used	Average Number of Excessive Days Spent in Tariff Approval
2020/21	1	75	21	None
2021/22	4		91	16
2022/23	16		130	55
2023/24	0		N/A	N/A
2024/25	0		N/A	N/A

Source: Auditors' Analysis of Water Tariffs Register (2020/21-2024/25), 2025

Table 3.18 shows that in 2020/21, only one tariff application was approved within the stipulated time. In 2021/22, applications were approved in an average of 91 days, resulting in a 16-day delay beyond the standard 75 days. Deviation was observed in 2022/23, when sixteen applications were processed with an average approval time of 130 days, resulting in a 55-day delay. No tariff applications reached the approval stage from 2023/24 to 2024/25, the period during which this Audit was conducted.

The delays in reviewing and approving tariffs were mainly caused by prolonged internal processing after acceptance, including coordination with

the Ministry of Water. These shortcomings, combined with inconsistent adherence to statutory timelines, resulted in financial gaps for water utilities, ultimately affecting service quality, operational sustainability, and the implementation of planned improvements.

To quantify the effect of delayed tariff approvals, an analysis was undertaken to assess the revenue implications for water utilities within the sampled zones. Bariadi in the Lake Zone and Lindi in the Eastern Zone were purposively selected, as their tariff approval processes were delayed by 79 and 75 days, respectively, indicating compliance with the prescribed 75-day review period. The analysis revealed that these delays resulted in measurable revenue losses during the period under review, as shown in **Table 3.19.**

Table 3.19: Impact of Delays in Approval of Tariff Applications from Bariadi and Lindi

Utility	Delay (Days)	Customer Category	Billed Water (m^3)	Amount of Tariffs that were not Charged (TZS/m^3)	Estimated Revenue Loss (TZS)
Bariadi	79	Domestic	54,727	458	25,064,737
		Institution	12,747	542	6,908,603
		Commercial	15,992	625	9,995,000
		Industrial	-	764	0
		Kiosk	4,461	500	2,230,250
Sub-total Bariadi					**44,198,590**
Lindi	75	Domestic	103,256	446	46,052,176
		Institution	28,996	475	13,773,100
		Commercial	11,985	498	5,968,281
		Industrial	303	498	150,894
		Kiosk	14,802	500	7,401,000
		Bulk Customers	0	520	0
Sub-total Lindi					**73,345,451**

Source: Auditors' Analysis on Tariff Register, Tariff Orders and Billed Water in MajIS, 2025

Table 3.19 shows that a total of TZS 44,198,590 and TZS 73,345,451 were not collected due to the postponement or delay in the approval of tariffs for Bariadi and Lindi, respectively.

Analysis of EWURA (Water Tariff Application and Rate Setting) Rules, 2020 which indicated that tariff setting undergoes stakeholders' engagement in two stages; during preparation of tariff application, which is done by water authority during business plan preparation through consultation meeting to discuss the intention to review tariff and before tariff order announcement through public inquiry which EWURA does involving public notices and hearings.

The analysis was conducted for all 21 water utilities that had their tariff applications reviewed and approved by EWURA during the audit period from (2020/21–2024/25), to provide a comprehensive overview of stakeholder engagement practices across all concluded tariff processes. After the review, the Audit concluded that EWURA adequately involved stakeholders before setting the tariff. However, the findings showed that Water Utilities did not adequately involve their stakeholders in the tariff application processes as described in Section 3.4.5.

3.4.5 Inadequate Stakeholder Involvement in Tariff Setting by Water Utilities

The Audit assessed stakeholder meeting minutes and the respective business plans submitted for all 21 tariff applications received and approved by EWURA between financial years 2020/21-2024/25, as per EWURA's water tariff register, as described in **Table 3.20.**

Table 3.20: Stakeholders' Involvement in Tariff Setting by Water Utilities

Financial Year	Number of Utilities Applied and Approved (b)	Meeting Conducted for the Purpose of Reviewing Tariff (a)	Meeting with Input from Stakeholders (c)	No. Business Plans Incorporated Stakeholder Inputs (d)	Meeting Compliance (a/b) (%)	Incorporated Inputs from Stakeholders (d/c)(%)
2020/21	1	0	0	0	0	-
2021/22	4	2	2	2	50	100
2022/23	16	11	9	9	68.75	100
2023/24	0	0	0	0	-	-
2024/25	0	0	0	0	-	-

Financial Year	Number of Utilities Applied and Approved (b)	Meeting Conducted for the Purpose of Reviewing Tariff (a)	Meeting with Input from Stakeholders (c)	No. Business Plans Incorporated Stakeholder Inputs (d)	Meeting Compliance (a/b) (%)	Incorporated Inputs from Stakeholders (d/c)(%)
Total	**21**	**13**	**11**	**11**	**59.4**	**100**

Source: Auditors' Analysis on Stakeholders' Meeting Minutes against Water Utilities Business Plans (2020/21-2024/25), 2025

Table 3.20 shows that, across the three years in which tariff applications were submitted (2020/21–2022/23), compliance ranged from 0% to 68.75%, with an overall compliance average of 59.4%, indicating that 40.6% of the water utilities did not meet the mandatory requirement to engage stakeholders before applying for tariff approval.

In contrast, the input integration rate was consistently 100% across consultations that produced stakeholder input, indicating that water utilities that engaged stakeholders effectively used the feedback received.

Despite this, EWURA approved eight out of 21 tariff applications, even where water utilities had not conducted the required stakeholder consultations. This was contrary to Rule 4 (3) (b) of the Energy and Water Utilities Regulatory Authority (Water Tariff Application and Rate Setting), 2020 that requires the licencee (Water Authority) to submit to EWURA minutes and an attendance register of participants that the Water utility has consulted as representatives of its customers on the intention to review the existing tariff, who are considered as stakeholders.

Such limited stakeholder engagement affects consumer participation in shaping the targets and interventions presented in utility business plans, contrary to the expectations outlined in EWURA's Business Planning Guidelines of 2016, revised in 2022.

3.4.6 EWURA Adequately Involved Stakeholders from the Public Inquiry to the Tariff Set

The Audit review and analysis of 21 tariff applications received and approved by EWURA between financial years 2020/21-2024/25, as recorded in EWURA's water tariff register. The details of the analysis are presented in **Table 3.21.**

Table 3.21: Stakeholder Engagement Activities in the Tariff Approval Process by EWURA

Financial Years	Number of Water Utilities Applied and Approved	Public Notice Issued	Water Utilities with Objection raised	Water Utilities with Public Comments Received	Comments Taken on Board on the Draft Tariff Order
2020/21	1	1	0	1	1
2021/22	4	4	0	4	4
2022/23	16	16	0	16	16
2023/24	0	0	0	0	0
2024/25	0	0	0	0	0

Source: Auditors' Analysis on Tariff Application Review Reports from 2020/21 to 2024/25, 2025

Table 3.21 shows that all 21 approved tariff applications issued public notices, received stakeholders' inputs, and incorporated comments from public inquiries into the draft tariff orders. This process satisfied the obligations under Rule 24 of the Energy and Water Utilities Regulatory Authority (Water Tariff Application and Rate Setting), 2020, which require EWURA to conduct a public inquiry by publishing a notice of application in the Gazette to solicit comments and representations on the reasonableness of the proposed tariff review.

Also, the stakeholder engagement activities aligned with Rules 16 and 17 of the EWURA (Water Tariff Application and Rate Setting) Rules, 2020 required EWURA to facilitate and consider objections and public inputs received through the notification throughout the inquiry period.

Overall, the audit concluded that EWURA's stakeholders' engagement processes for the reviewed tariff applications were adequate, and that

stakeholder views raised during the public inquiry were duly considered in the tariff-setting decisions.

3.4.7 Lack of Tariff Reviews under EWURA's Own Initiatives

The audit noted that EWURA had not initiated any tariff reviews on its own motion since 2011, when it undertook a review of tariffs for water utilities operating under provisional licences. The absence of proactive tariff reviews indicated gaps in regulatory practice, despite the availability of monthly performance data submitted through the MajIS platform. Although water utilities regularly report operational data, the information was not systematically analysed or applied within a structured review framework.

This is contrary to Rule 10(1) of the EWURA (Water Tariff Application and Rate Setting) Rules, 2020, which empowers EWURA to initiate tariff reviews on its own when a utility records an excessive surplus or when key tariff assumptions materially change. However, the regulatory tools do not define what constitutes a significant change, creating ambiguity in their application.

This situation was due to unclear regulatory guidance on what may trigger a tariff review. As a result, material changes in cost structures and service conditions were not routinely assessed for tariff implications, thereby affecting price responsiveness and undermining the objective of maintaining cost-reflective and equitable tariffs for both water utilities and consumers.

3.4.8 Inadequate Monitoring and Non-enforcement of Tariff Orders and their Conditions

EWURA is responsible for ensuring that water utilities comply with approved tariff orders through both monitoring and enforcement processes. Monitoring involves reviewing water utilities' implementation reports and conducting field inspections to verify progress against tariff order conditions. Enforcement, on the other hand, requires EWURA to take corrective action when water utilities do not meet these conditions, including imposing regulatory measures, adjusting future tariff considerations, or directing water utilities to address unimplemented activities. The audit found shortfalls in both areas: limited follow-up on the implementation of tariff orders and inadequate enforcement against water utilities that do not comply.

The detailed assessment results are presented below:

To assess EWURA's monitoring function, the audit verified the availability of implementation reports and the extent of monitoring actions taken during the financial years 2020/21 to 2024/25. The audit noted inadequate submission of tariff order implementation reports by water utilities and inadequate issuance of compliance orders. Also, the Audit noted that neither the clearance certificates nor the warning letters were issued during this period. This is contrary to Rule 61 of the EWURA (Tariff Application and Rate Setting) Rules, 2020, which requires EWURA to inspect water utilities for compliance with approved tariffs and conditions. Additionally, Rule 65 directs water utilities to submit annual reports detailing how they have implemented the tariff conditions. The Rule also requires EWURA to evaluate these reports and issue a clearance certificate, warning letters, or compliance orders accordingly. **Table 3.22** provides the extent of submission of the implementation report.

Table 3.22: Status of Submission of Annual Report of Implementation of Tariff Conditions by Water Utilities

Financial Year	No. of Water Utilities	Water Utilities Submitted Implementation Report	Water Utilities Submitted the Implementation Reports (%)
2020/21	91	1	1.09
2021/22	90	4	4.44
2022/23	85	0	0
2023/24	82	0	0
2024/25	83	0	0

Source: Auditors' Analysis on EWURA's tariff Order Monitoring Reports (2020/21-2024/25), 2025

Table 3.22 shows that, over the five-year period, only five water utilities submitted the required tariff implementation reports, with one (equivalent to 1.09%) in the financial year 2020/21 and four (equivalent to 4.44%) in the financial year 2021/22. Furthermore, no water utilities submitted implementation reports in the financial years from 2022/23 to 2024/25. Further analysis was conducted to assess the extent of compliance orders issued to water utilities that did not submit the tariff condition implementation reports, as presented in **Table 3.23.**

Table 3.23: Extent of Issuance of Compliance Orders to Water Utilities that did not Submit the Tariff Condition Implementation Reports

Financial Year	Number of Water Utilities that did not Submit the Implementation Report	Number of Water Utilities Issued with a Compliance Order	Water Utilities that were Issued with a Compliance Order (%)
2020/21	90	20	22
2021/22	79	5	6
2022/23	85	0	0
2023/24	82	0	0
2024/25	82	0	8

Source: Auditors' Analysis on EWURA's tariff Order Monitoring Reports from 2020/21 to 2024/25, 2025

Table 3.23 shows that 20 water utilities (equivalent to 22%) in 2020/21 and 5 in 2021/22 (equivalent to 6% of water utilities) received compliance orders, while no compliance orders were issued from 2022/23 to 2024/25.

It was noted that the incomplete implementation of EWURA's regulatory processes was the main factor affecting the enforcement of penalties. The Audit specifically noted that tariff monitoring activities focused primarily on inspections rather than on corrective measures. Additionally, EWURA stated that the issuance of clearance certificates or warning letters was not practical during the period due to incidents of tariff suspension, which affected the smooth implementation of the tariff orders and their monitoring. Consequently, no clearance certificates or warning letters were issued by EWURA throughout the period, as these actions depend on the evaluation of submitted implementation reports, which EWURA did not carry out.

The Audit further assessed the impacts of inadequate monitoring and enforcement of tariff orders and their conditions and found that this has led to inadequate implementation of tariff order conditions by water utilities, as described.

(a) Inadequate Implementation of the Tariff Order Condition

The assessment of the implementation of tariff order conditions from 2020/21 to 2023/24 shows that water utilities consistently did not meet the conditions attached to approved tariffs, as described in **Table 3.24.**

Table 3.24: Status of Implementation of Tariff Order Conditions

Financial Year	Number of WSSA	Number of Water Utilities with Active Tariff Conditions	Total Tariff Order Conditions	Total Implemented	Tariff Conditions Implemented (%)
2020/21	91	65	638	311	49
2021/22	90	36	246	126	51
2022/23	85	12	78	45	58
2023/24	82	16	117	71	61
2024/25	83	15	Na	Na	Na

Source: Auditors' Analysis of Implementation of Tariff Order Conditions on Water Utilities Performance Reports from 2020/21 to 2023/24, 2025

Table 3.24 shows that across the four years reviewed, the implementation rate of tariff conditions remained low, ranging between 49% and 61%, indicating that nearly half of the planned improvements were not carried out. Further, shortfalls were noted across the four visited water utilities, as described in **Table 3.25**.

Table 3.25: The Implementation of the Tariff Order Conditions in the Visited Water Utilities

Financial Year	Name of Water Utilities	Number of Tariff Conditions	Average (%)
2020/21	Chunya	1	20
	DAWASA	0	na
	Mwanza	11	72
	Moshi	60	63
2021/22	Chunya	1	20
	DAWASA	0	NA
	Mwanza	0	NA
	Moshi	38	63
2022/23	Chunya	0	Na
	DAWASA	0	0
	Mwanza	0	0
	Moshi	7	53
2023/24	Chunya	0	0
	DAWASA	0	0
	Mwanza	0	0
	Moshi	5	69
2024/25	Chunya	0	0
	DAWASA	0	0

Financial Year	Name of Water Utilities	Number of Tariff Conditions	Average (%)
	Mwanza	0	0
	Moshi	0	0

Source: Auditors' Analysis of Implementation of Tariff Order Conditions on Water Utilities

Table 3.25 showed that DAWASA, Chunya WSSA, Mwanza WSSA, and Moshi WSSA showed inconsistent performance, with compliance levels ranging from 20% to 72%. For the financial year 2024/25, none of the water utilities had tariff conditions to implement due to expired licences, signalling a breakdown in regulatory enforcement and renewal processes.

In addition to desk reviews, EWURA is required to validate reported tariff implementation through field inspections, as provided in Rule 63 of EWURA (Tariff Application and Rate Setting) Rules, 2020. However, the inspections were also inadequately conducted, as elaborated below.

(b) Inadequate Tariff Order Monitoring Inspections

An analysis of Tariff order monitoring inspection results was conducted for all water utilities within the sampled zones, both with active and inactive tariff orders, using the Tariff Order Monitoring reports provided by EWURA. The results showed that 32% of the water utilities with active tariff orders were not monitored through inspection. This is contrary to Para 2.1.4 of EWURA's 2020 Inspection Manual, which requires tariff order monitoring to be conducted through site visits, with each Utility visited at least once before the expiry of its Multi-year Tariff Order. The first monitoring visit should take place after the first year of implementation, as shown in **Table 3.26**.

Table 3.26: EWURA Tariff Order Monitoring Inspection Coverage for Water Utilities with Active tariff orders Across the Visited Zones from Financial Year 2020/21 to 2024/25

Zones	Total Water Utilities in the Zone	Total Water Utilities with Active Tariffs Planned to be Monitored	Water Utilities that were Monitored	Water Utilities which had Unmonitored Active Tariff Orders (%)
Lake	15	5	4	20
Southern Highlands	20	14	8	43

Zones	Total Water Utilities in the Zone	Total Water Utilities with Active Tariffs Planned to be Monitored	Water Utilities that were Monitored	Water Utilities which had Unmonitored Active Tariff Orders (%)
Northern	14	7	5	29
Eastern	10	5	4	20
Total	**59**	**31**	**21**	**32**

***Source*:** Auditors' Analysis on Tariff Order Monitoring Reports from 2020/21 to 2024/25, 2025

Table 3.26 shows that EWURA's tariff monitoring coverage remained limited during the review period. Of the 31 water utilities with active tariff orders, only 21 (68%) were monitored, leaving 10 water utilities (32%) unmonitored.

Further analysis of the tariff order monitoring inspection coverage for water utilities with inactive tariff orders during the review period was conducted, as shown in **Table 3.27.**

Table 3. 27:EWURA Tariff Order Monitoring Inspection Coverage for Water Utilities with Inactive Tariff Orders Across the Visited Zones (2020/21-2024/25)

Zones	Total Utilities in the Zone	Total Water Utilities to be Monitored with Inactive Tariffs	Water Utilities Covered	Water Utilities with Unmonitored Inactive Tariff Orders (%)
Lake	15	10	4	60
Southern Highlands	20	6	2	67
Northern	14	7	3	57
Eastern	10	5	1	80
Total	**59**	**28**	**10**	64

***Source*:** Auditor's Analysis on Tariff Orders Monitoring Reports from 2020/21 to 2024/25, 2025

Table 3.27 shows that of the 28 water utilities operating with inactive tariffs across the visited zones, only 10 (36%) were covered through tariff order monitoring inspections, leaving 18 (64%) unmonitored.

The results from both **Table 3.27** and **3.28** indicated that monitoring coverage for water utilities with inactive tariff orders was significantly

lower than for those with active tariff orders, reducing assurance of tariff compliance and service delivery, especially for water utilities with inactive water tariffs. Further analysis for the visited zones is presented in **Table 3.28.**

Table 3.28: Tariff Order Monitoring Inspection Coverage of Water Utilities by Class in the Visited Zones

Water Utility Class	Total Water Utilities in the Sampled Zone	Water Utilities Monitored	Monitoring Coverage
Class I	2	2	100
Class II	4	4	100
Class III	39	21	54
Provisional	14	4	29

Source: Auditors' Analysis on Tariff Orders Monitoring Reports from 2020/21 to 2024/25 and Licence Register, 2025

Table 3.28 shows that class I and II water utilities achieved complete monitoring coverage, reflecting focus on higher-tier entities. Coverage dropped for lower tiers, with Class III water utilities monitored at 53.9% (21 out of 39) and provisional water utilities at 28.6% (4 out of 14). The observed inspection gap for Class III and provisional water utilities, with coverage below 54 per cent, increases the likelihood that operational challenges and service-delivery deficiencies would go undetected, thereby elevating the risk that performance issues will persist without regulatory intervention.

Consequences of Non-Compliance with the Approved Tariff Orders in the Visited Water Utilities

To assess the consequences of limited tariff-order monitoring, further analysis was conducted on four visited water utilities (DAWASA, Chunya, Mwanza, and Moshi). The audit noted that two among the four Water Utilities (Chunya and Mwanza) did not align with the approved tariff orders as presented in **Table 3.29.**

Table 3.29: Tariffs in Use against Approved Tariff Orders in Visited Water Utilities

Utility	Description of Customer Category	Rate as per Tariff Order (TZS/m³)	Charged Rate as Water bills (TZS/m³)	Difference from Charged and Approved (TZS/m³)
DAWASA	All	1,663	1,663	0

Utility	Description of Customer Category	Rate as per Tariff Order (TZS/m³)	Charged Rate as Water bills (TZS/m³)	Difference from Charged and Approved (TZS/m³)
Chunya	Domestic (1-20 m³)	1,000	1,000	0
	Domestic (above 20 m³)	1,500	1,023 to 1,407	-477 to -93
	Commercial	1,500	1,500	0
	Entity (1-50 m³)	1,500	N/A	N/A
	Entity (above 50 m³)	2,000	1,975.8 to 1,318	-24.2 to -682
	Industrial	2,500	N/A	N/A
	Kiosk (20 litre)	50	60	10
Moshi	Domestic Bill	1078	1078	0
	Institutional	1,143	1,143	0
	Industrial	1,401	1,401	0
	Commercial	1,289	1,289	0
	Kiosk	1000	1000	0
Mwanza	Domestic (1-10 m³)	1140	1,100 and 1,350	-40 to 210
	Domestic (11-25 m³)	1,410	1,241 and 1,292	-169 to -118
	Domestic (above 25 m³)	1,460	1,366	-94
	Institutional	1,500	1300 and 1,450	-200 and -150
	Industrial	2,730	1,600 and 1700 and 1900	-1130 and -1,030 and -830
	Commercial	2,190	1,305 and 1,450	-885 and -740
	Kiosk	810	1,000	190

Source: Auditors' Analysis, Tariff Orders and August 2025 Billings for Water Utilities, 2025

Key: Negative value means undercharge, and positive value means overcharge

Table 3.29 shows that tariff charges across DAWASA and Moshi water utilities fully aligned with the approved tariff orders, with no variations observed between the approved and billed rates.

In Chunya, partial compliance was observed. Domestic customers consuming up to 20 m^3 and commercial customers were billed in accordance with approved tariffs, whereas domestic customers above 20 m^3 and entity customers above 50 m^3 were undercharged by up to TZS 477 and TZS 682 per cubic metre, respectively. Additionally, kiosk customers were overcharged by TZS 10 per 20-litre container. The absence of billing data for some entities and industrial categories limited full assessment.

In Mwanza, deviations from approved tariffs were identified across most customer categories. Domestic consumers experienced both undercharging and overcharging across consumption bands, with variations of up to TZS 210 per cubic metre. Institutional, industrial, and commercial customers were consistently undercharged, with the highest variation recorded in the industrial category at up to TZS 1,130 per cubic metre. Conversely, kiosk customers were overcharged by TZS 190 per cubic metre.

Further analysis was conducted to quantify the financial impacts arising from tariff deviations identified in the August 2025 Billing for Chunya and Mwanza Water utilities. The analysis revealed that Chunya Water Utility overcharged the customers by TZS 21,250 and undercharged them by TZS 1,282,500 in total. At Mwanza Water Utility, customers were overcharged by TZS 7,588,472 and undercharged by TZS 177,942,061.

Inadequate Enforcement of Sanctions against Water Utilities which do not Comply with Tariff Order Conditions

Assessment of enforcement conducted throughout the audit period for all water utilities with active tariff order conditions (2020/21-2024/25). The audit noted that water utilities were not complying with the tariff order condition, but they were not issued with any clearance certificate as described in **Table 3.30**.

Table 3.30: Sanctions Enforcement Status against Water Utilities with Active Tariff Order Conditions

Financial Year	No. of Water Utilities with Active Tariff Conditions	Clearance Certificates Issued	Number of Water Utilities which did not Comply with Tariff Conditions
2020/21	65	0	65
2021/22	36	0	36
2022/23	12	0	12

Financial Year	No. of Water Utilities with Active Tariff Conditions	Clearance Certificates Issued	Number of Water Utilities which did not Comply with Tariff Conditions
2023/24	16	0	16
2024/25	15	0	15

***Source*:** Auditors' Analysis on Tariff Orders Monitoring Reports from 2020/21 to 2024/25, 2025

Table 3.30 shows that throughout the audit period (2020/21–2024/25), all water utilities with active tariff order conditions remained non-compliant. Despite that, EWURA did not take any enforcement action, despite follow-ups and monitoring. This was contrary to Rule 64 of the EWURA (Water Tariff Application and Rate Setting) Rules, 2020, which requires sanctions to be imposed when a utility fails to implement the conditions of a tariff order without justification. The Rule empowers EWURA to reject new tariff applications, adjust revenue requirements to compensate customers, reinstate unimplemented conditions in the next review period, and impose special performance monitoring for unmet targets.

The table indicates that each year, water utilities did not meet their tariff order conditions, as no clearance certificates were issued; however, no corrective measures, such as the deduction of revenue requirements, reinstatement of unimplemented conditions, rejection of new applications, or the imposition of special monitoring, were applied.

EWURA officials stated that enforcement sanctions stipulated under Rule 64 were not applied because they were deemed impractical for the water sector. They explained that measures such as revenue deductions and rejection of tariff applications could further affect water utilities that already operate with limited capacity. Applying these sanctions, they noted, would lead to disruption of the provision of essential water and sanitation services, potentially affecting communities that rely on them. For this reason, the Authority chose not to enforce the prescribed actions despite the prevailing non-compliance.

3.5 EWURA did not Effectively Monitor Water Quality and Wastewater Effluent to Ensure Adherence to the Required Standards

The audit noted ineffective monitoring of water quality and wastewater effluent management to ensure adherence to the required Standards.

Specifically, the Audit noted insufficient collection and validation of performance data, delayed submission of water quality reports, ineffective inspections to ensure compliance with quality standards, inadequate monitoring of the implementation of directives, and insufficient enforcement of sanctions or corrective measures against the under-performing water utilities.

Despite these shortcomings, the Audit noted effective implementation of the Water and Wastewater Monitoring Plans across all four visited zones. This is indicated by the findings from the review of the annual water and sanitation inspection plans from 2020/21 to 2024/25, which revealed that all planned inspections were conducted. The trends in the implementation of the inspection plans from 2020/21 to 2024/25 are presented in **Table 3.31.**

Table 3.31: Implementation of the Water Quality Compliance Inspection and Monitoring Plans in the Visited Zones

Financial Year	No. of Water Utilities Planned for Inspection	No. of Water Utilities Inspected	Water utility Inspected from the Planned (%)
2020/21	43	51	119
2021/22	38	59	155
2022/23	40	58	145
2023/24	43	62	144
2024/25	42	49	117

Source: Auditors' Analysis on Water and Wastewater Quality Inspection and Monitoring Plans from 2020/21–2024/25, 2025

Table 3.31 shows that, based on the reviews of water and wastewater quality compliance monitoring reports over the five financial years, the implementation of inspection plans for water utilities in the four visited zones ranged from 119% to 155%. The table further indicates that the implementation of inspection plans surpassed the goals by 55%. However, the shortcomings were noted as follows;

3.5.1 Delays in Submission of Water and Wastewater Effluent Quality Reports by Water Utilities

The reviews of water utilities' performance reports for the financial years from 2020/21 to 2023/24 noted that EWURA did not ensure the timely submission of water utilities' annual and monthly reports on water and wastewater effluent quality. This is contrary to Rule 16(2) (b) and (c) of the

Water Supply and Sanitation Services (Licensing and Quality of Service) Rules, 2020 that requires water utilities to submit monthly operational reports through MajIS information system or any other system established by EWURA latest by 14th of each month and annual reports not later than three months after the closure of the financial year for EWURA to exercise its regulatory function such as ensuring adherence to water utility supply standards. The shortfalls in the submission of the monthly and annual reports are further clarified below.

(a) Delays in Submission of the Annual Water Quality Reports

The review of water utility performance reports revealed delays in the submission of annual water quality reports. The number of authorities that did not submit their annual reports on time is presented in **Table 3.32.**

Table 3.32: Delays in Submission of Annual Water Quality Reports (2020/21 to 2023/24)

Financial Year	Number of reports on Water Utility	Required Number of Reports	Number of Utility Delayed Submissions	Water Utilities Delays in Submission of Annual Reports (%)
2020/21	91	91	24	26
2021/22	90	90	35	39
2022/23	85	85	17	20
2023/24	82	82	4	5

Source: Auditors' Analysis on Annual Utility Performance reports for the financial year from 2020/21 to 2023/24, 2025

Table 3.32 shows that the percentage of delays in submitting annual water quality reports ranged from 5% to 39%. The highest non-compliance rate was recorded in the financial year 2021/22, with 39% of water utilities failing to submit their reports on time.

Further analysis was conducted to determine whether all water utilities submitted their annual reports. The findings showed that some authorities did not submit their reports across all audited financial years. The compliance status in submission of annual water quality reports is presented in **Table 3.33.**

Table 3.33: Compliance Status in Submission of the Annual Water Quality Reports by WSSAs

Financial Year	Number Report of Water Utility	Required Number of Reports	Number of Water Utilities: not Submitted a report	Water Utilities did not Submit the Report (%)
2020/21	91	91	11	12
2021/22	90	90	2	2
2022/23	85	85	16	19
2023/24	82	82	0	0

Source: Annual Utility Performance Reports for the Financial Years from 2020/21 to 2023/24

Table 3.33 shows that annual water quality reports were not submitted in three out of the four years under review. Specifically, 29 water utilities did not submit their reports during the financial years 2020/21 to 2022/23. The percentage of non-compliance in this aspect among the water utilities ranged from 2% to 19%. The absence of reports from water utilities to EWURA poses a risk to the assurance of water quality, as it becomes difficult to verify whether the water supplied by utilities meets the required standards. This is because EWURA only visits the water utility once a year by collecting samples and testing them to verify the quality of water supplied on the day the sample was collected. Another assurance that EWURA will be able to monitor the quality of supplied water is through monthly and annual reporting by the water utilities. Therefore, in the absence of the reports, EWURA is unable to assess the quality of water supplied to communities.

Additionally, the audit analysed the extent of delays in report submission and the absence of reporting across the four visited zones. **Table 3.34** presents the findings.

Table 3.34: Status Regarding Submission of Annual Water Quality Reports in the Visited Zones

Financial Year	No. of reports for Water Utility	No. of water Utilities that Submitted Reports on Time	No. of Water Utilities with Delayed Submissions of Reports	Water Utilities with delayed Submission of Reports (%)	No. of Water Utilities that did not Submit Reports	Water Utilities that did not Submit Reports (%)
2020/21	68	40	14	20.5	14	20
2021/22	64	40	7	11	17	27
2022/23	66	41	13	20	12	18

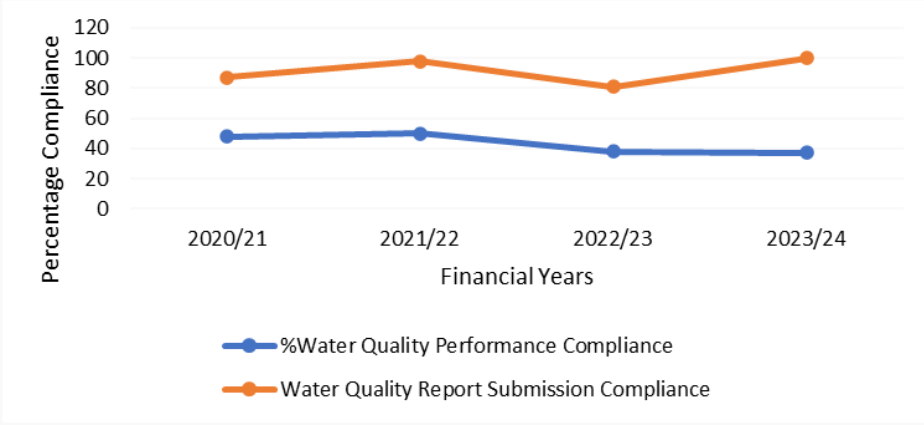
Financial Year	No. of reports for Water Utility	No. of water Utilities that Submitted Reports on Time	No. of Water Utilities with Delayed Submissions of Reports	Water Utilities with delayed Submission of Reports (%)	No. of Water Utilities that did not Submit Reports	Water Utilities that did not Submit Reports (%)
2023/24	63	59	4	6.3	0	0

Source: Auditors' Analysis on Annual Utility Performance Reports for the Financial Years from 2020/21 to 2023/24, 2025

Table 3.34 shows that trends in delays and in the absence of reporting varied across the financial years. The audit noted that the proportion of Water utilities with delayed reporting was 20.5%, 11%, 20%, and 6.3% for the financial years 2020/21, 2021/22, 2022/23 and 2023/24, respectively. Similarly, the percentage of Water Utilities that did not submit reports was 20.5%, 26.6%, 18%, and 0% for the same period, respectively. General observations showed improved trends in reporting compliance, with fewer utilities not submitting reports and those that did submitting reports with delays.

In addition, analysis was conducted to assess the correlation between reporting compliance and adherence to water quality standards across four consecutive financial years, from 2021/22 to 2023/24. The results of the analysis are presented in **Figure 3.13.**

Figure 3.13: The Correlation between Water Quality Reporting and Compliance with Water Quality Standards



Source: Auditors' Analysis on Annual Utility Performance Reports for the Financial Years from 2020/21 to 2023/24, 2025

Figure 3.13 shows an increase in the percentage of water utilities

submitting water quality reports, but a decrease in compliance with the water quality standards. The findings suggest that the provision of annual reports has not been an effective mechanism for monitoring water service quality in the Country.

Delays in reporting and the absence of water quality reports indicate that EWURA did not have an adequate mechanism to enforce the regulatory requirement for water utilities to submit reports. The Audit noted that the only measure taken to ensure compliance among the utilities is to show performance ranking, whereby those that do not submit reports receive lower scores. Consequently, such utilities are included on a list of poor performers. The audit is of the opinion that this compliance mechanism is ineffective, as it applies only to utilities that wish to be the best performers. The utilities which feel indifferent to their performance outcomes may not see the need to improve. Generally, the sanctioning and motivational shortcomings in the regulation of water utilities undermined water utilities' ability to ensure safe drinking water and contributed to communities' tendency to discharge wastewater into the environment.

(b) Inadequate Submission of Monthly Water Quality Reports

The review of water utility performance reports revealed delays in the submission of monthly reports and a lack of monthly reporting on water service quality. The number of water utilities that delayed submitting their monthly reports is presented in **Table 3.35.**

Table 3.35: Status of Delays in Submission of Monthly Water Quality Reports

Financial Year	Number of Reports on Water Quality	Required Number of Reports	Number of Reports Delayed in Submission	Delays in Submission of Monthly Reports (%)
2020/21	91	1092	803	74
2021/22	90	1080	770	71
2022/23	85	1020	268	26
2023/24	82	984	240	24

Source: Auditors' Analysis on Annual Utility Performance Reports for the Financial Years from 2020/21 to 2023/24, 2025

Table 3.35 shows that non-compliance in the submission of monthly water quality reports ranged from 24% to 74%. The highest levels of non-compliance were observed in the financial years 2020/21 and 2021/22,

when 74% and 71% of water utilities, respectively, did not submit their monthly reports. Such statistics indicate that most water utilities did not submit monthly water quality reports. The status of monthly report submissions is detailed in **Table 3.36.**

Table 3.36: Monthly Water Quality Reports Submission Status

Financial Year	Number of Water Utilities	Required Number of monthly Reports annually	Number of Reports that were not Submitted	Reports that were not submitted (%)
2020/21	91	1,092	48	4
2021/22	90	1080	12	1
2022/23	85	1,020	0	0
2023/24	82	984	84	9

Source: Auditors' Analysis on Annual Utility Performance Reports for the Financial Years from 2020/21 to 2023/24, 2025

Table 3.36 shows that monthly water quality reports were not fully submitted in three of the four Financial Years under review, namely 2020/21, 2021/22, and 2023/24. The proportion of required reports that were not submitted ranged from 1% to 9% during these years, while full compliance was achieved in the 2022/23 financial year.

The delayed submission of water quality reports was attributed to EWURA's inadequate enforcement of reporting requirements for Water Utilities, resulting in non-compliance with reporting timelines. Delays in submitting water quality reports hinder regulatory oversight and pose a risk to public health, as it cannot be confirmed whether the water supplied during the period in question met the required water quality standards.

Based on the reviews and interviews with laboratory staff at the visited Water utilities, the audit noted that delays in submitting water quality reports to EWURA were mainly due to manual data entry into the system. The system starts with manual data recording on paper, which is then transferred to Excel and finally entered into the MajIS system for submission. This manual, multi-step workflow increases the risk of delays and errors.

3.5.2 Inadequate Water Quality Inspections

Reviews of water and wastewater quality compliance monitoring reports for five financial years (2020/21–2024/25) showed that EWURA, in collaboration with the Ministry of Water's Laboratories, conducted assessments of water and wastewater quality monitoring for the water supplied to the community. While EWURA conducted water quality inspections with adequate coverage of planned water utilities and generally sufficient testing capacity, the audit identified gaps in the scope of monitoring, particularly in monitoring all parameters required under the water utilities' quality monitoring parameters. These weaknesses affected the overall adequacy of water quality inspections as detailed below.

(a) Adequate Utilities Inspection Coverage by EWURA

The audit noted that inspection coverage of water utilities was adequate, with the number of utilities inspected consistently exceeding the planned number. This was in line with Sections 29(1)(e) and (f) of the EWURA Act, CAP. 414, which requires EWURA to monitor water quality performance and investigate service standards. It is also contrary to paragraph 7 of the Water and Wastewater Quality Monitoring Guidelines (Second edition, 2020), which requires EWURA to conduct external water quality monitoring, as shown in **Table 3.37.**

Table 3.37: Inspection Coverage of Water Quality Compliance by EWURA in the Visited Zones

Financial Year	Total Number of Water Utilities	No. of Water Utilities Planned for Inspection	Water Utilities Inspected	Inspection Coverage (%)
2020/21	68	43	51	119
2021/22	64	38	59	155
2022/23	66	40	58	145
2023/24	63	43	62	144
2024/25	49	42	49	117

Source: Auditors' Analysis on Inspection Plan and Water and wastewater Quality Inspection and Monitoring Reports 2020/21–2024/25, 2025

Table 3.37 shows that, across the five financial years, inspection coverage ranged from 117% to 155%. The water quality test report data were analysed to assess the extent of parameter coverage during Water Quality monitoring at the visited water utilities. The following findings were noted:

(b) Inadequate Monitoring of all Required Parameters for the Water Quality Standard

EWURA relies on water utilities' water quality monitoring programmes to guide its inspection activities, which specify the parameters to be tested for both water and wastewater at each utility. However, a review of water utility analytical reports from 2020/21 to 2023/25 showed that only a narrow set of parameters, including pH, turbidity, E. coli, and residual chlorine, were consistently monitored nationwide. Monitoring of other parameters was varied and conducted only in specific locations, depending on the water utilities' geographical and soil characteristics.

Field visits to Mwanza, Moshi, Chunya and DAWASA were undertaken to verify whether the parameters applied in EWURA's inspections aligned with those stipulated in approved monitoring programmes. The comparison between required parameters and those actually monitored for the period 2020/21 to 2024/25 is presented in **Table 3.38.**

Table 3.38: The Required vs Monitored Water Quality Parameters

Financial Year	Utility	Total No. of Parameters in Utility Programme	Total No. of Parameters Tested by EWURA	Number of Parameters not Tested	Parameters not Tested by EWURA (%)
2020/21	Mwanza WSSA	21	6	15	71
	Moshi WSSA	12	6	6	50
	Chunya WSSA	—	19		—
	DAWASA	22	7	15	68
2021/22	Mwanza WSSA	21	6	15	71
	Moshi WSSA	12	6	6	50
	Chunya WSSA	-	-		-
	DAWASA	22	7	15	68
2022/23	Mwanza WSSA	21	6	15	71
	Moshi WSSA	12	8	4	33
	Chunya WSSA	-	5		-
	DAWASA	22	8	14	64
2023/24	Mwanza WSSA	21	6	15	71

Financial Year	Utility	Total No. of Parameters in Utility Programme	Total No. of Parameters Tested by EWURA	Number of Parameters not Tested	Parameters not Tested by EWURA (%)
	Moshi WSSA	12	8	4	33
	Chunya WSSA	-	5		-
	DAWASA	22	7	15	68
2024/25	Mwanza WSSA	21	4	17	81
	Moshi WSSA	12	4	8	67
	Chunya WSSA	-	-		-
	DAWASA	22	8	14	64

Source: Auditors' Analysis of EWURA Water Quality Laboratory and Performance Reports (2020/21–2023/24), 2025

Table 3.38 shows that the Mwanza Water Utility in the Lake Zone monitored only 6 of 21 parameters. In Moshi, water utilities in the Northern Zone monitored only 6 out of 12 and 8 out of 12 parameters in the 2020/21 and 2023/24 financial years, respectively, and in the 2022/23 and 2024/25 financial years, respectively. DAWASA in the Eastern Zone had only 7 of 22 and 8 of 22 parameters monitored in 2020/21 and 2023/24, and in 2022/23 and 2024/25, respectively. Overall, the percentages of the parameters that were not tested ranged from 33% to 81% across all zones and financial years. The assessment of EWURA performance could not be conducted in Chunya due to the absence of an established monitoring programme.

EWURA focused primarily on four parameters (pH, turbidity, E. coli, and residual chlorine), in line with Para 3.5.1 of the Guidelines, thereby limiting its ability to fully assess water safety. Monitoring was inconsistent across years. Most untested parameters fell under audit monitoring, as presented in **Table 3.39.**

Table 3.39: Water Quality Parameters that were not Tested by EWURA

Utility Name	Common Untested Audit Monitoring Parameters for the Period from 2020/21 to 2024/25
Mwanza WSSA	Aluminium, Arsenic, Ammonium, Colour, Cyanide, Chromium, Cadmium, Fluoride, Iron, Manganese, Zinc and Sulphate
Moshi WSSA	Manganese, Iron and Nitrate

Utility Name	Common Untested Audit Monitoring Parameters for the Period from 2020/21 to 2024/25
DAWASA	Ammonia, Calcium, Alkalinity, Total Hardness, Sulphate, Barium, Mercury, Arsenic, Lead, Chromium, THMs and Particles

***Source*:** Auditors' Analysis of Tested Parameter in the Water Quality Laboratory Reports from 2020/21 to 2023/24 by EWURA and Water Quality Monitoring Programme from the Visited Water Utilities, 2025.

Table 3.39 shows that most of the untested parameters belonged to heavy metal elements and inorganic ions, which pose a significant health risk, including cancer, neurological disorders, kidney and liver damage, infant methemoglobinemia, and fluorosis as described by WHO.[6]

(c) Testing Adequacy of the Required Parameters for Wastewater Quality Standards

Further Analysis of the water quality analytical reports indicates that COD and BOD were also tested as parameters for wastewater quality checks as part of the water utilities monitoring programs, as shown in **Table 3.40**.

Table 3.40: Monitoring Status for the Wastewater Quality Parameters

Utility	Tested Parameters Described in Water Utilities Monitoring Programme (BOD and COD)				
	2020/21	2021/22	2022/23	2023/24	2024/25
Mwanza WSSA	Done	Done	Done	Done	Done
Moshi WSSA	Done	Done	Done	Done	Done
Chunya WSSA	N/A	N/A	N/A	N/A	N/A
DAWASA	Done	Done	Done	Done	Done

***Source*:** Auditors' Analysis on EWURA's Tested Parameter in the Water Quality Laboratory Report for the Financial Year from 2020/21 to 2023/24

Table 3.40 shows that EWURA tested BOD and COD parameters at all verified Water Utilities, ensuring compliance with the required effluent water standards, except for Chunya WSSA, which does not have wastewater treatment facilities.

[6] Diseases caused by caused by consuming water with Arsenical as viewed at Arsenic on 04 October 2025

3.5.3 Inadequate Monitoring of Implementation of Directives to Water Utilities

A Review of Board Papers on Water and Sanitation Performance Reports from financial years 2020/21 to 2023/24 revealed that EWURA issued 168 directives to enhance water quality across all water utilities in the four visited zones. However, not all of these directives were fully implemented, with compliance levels falling below full execution. This is contrary to Section 2.3 of EWURA's 2020 Inspection Manual, which requires special inspection results to be provided in all directives and stipulates enforcement action against entities that fail to comply.

Further assessment of directives implementation reports for the same period, focusing on directives related to water and wastewater effluent quality, confirmed that water utilities did not fully implement them. The overall implementation status remained below 80%, as summarised in **Table 3.41.**

Table 3.41: Implementation of Directives on the Quality of Water and Wastewater Effluent

Zone	Total Directives Issued (2020/21-2023/24)	Partially/Not Implemented	Partial or Not Implemented (%)
Eastern	34	12	35
Southern Highlands	107	73	68
Lake	91	21	23
Northern	43	23	53

Source: Auditors' Analysis on Directive's implementation Reports by EWURA from 2020/21 to 2023/24, 2025

Table 3.41 shows that the directives that were partial or not implemented ranged from 23% to 68%. The Southern Highland Zone had the highest percentage of unimplemented directives, followed by the Northern Zone. The implementation rates for these zones rate was 68% and 53%, respectively. In other zones, the directives that were only partially implemented or not implemented at all accounted for less than 36%.
Delays in implementing water quality directives have led to WSSA continuously supplying low-quality water.

3.5.4 Inadequate Sanctioning of Under-performing Water Utilities

The review of compliance orders in the Main Register from the financial years 2020/21 to 2023/24, which recorded the compliance orders issued, and water quality compliance in the water utility performance reports from the financial years 2020/21 to 2023/24 revealed inadequate issuance of compliance orders to under-performing water utilities. In addition, the Audit noted that the utilities had inadequately implemented the issued compliance orders. This is contrary to Section 39(1) of the EWURA Act, CAP. 414 that requires EWURA to enforce compliance orders when it is satisfied that a Water Utility has committed or is likely to commit an offence against the Act or a sector. Specifically, the audit noted the following:

(a) Inadequate Issuance of Compliance Orders

The audit assessed the effectiveness of sanctions imposed by EWURA on under-performing water utilities through compliance orders. In this regard, auditors analysed the Compliance Order Main Register for the financial years 2020/21 to 2023/24, which recorded the compliance orders issued, and the water quality compliance levels in the water utility performance reports for the financial years 2020/21 to 2023/24. The result of the analysis is presented in **Table 3.42.**

Table 3.42: Number of Water Utilities Complied with Water Quality Standards and Number of Compliance Orders Issued

Financial Year	Parameters	Number of Utilities that did not comply with Water Quality Standards	Total Number of Utilities which did not comply with the Standards across all Parameters in the Financial Year	Total Issued Compliance Orders	% of Compliance orders issued
2020/21	E.Coli	18	56	7	13
	Turbidity	34			
	Residual Chlorine	24			
	PH	9			
2021/22	E.Coli	25	62	0	0
	Turbidity	30			
	Residual Chlorine	56			
	PH	11			
2022/23	E.Coli	33	64	33	52
	Turbidity	30			

Financial Year	Parameters	Number of Utilities that did not comply with Water Quality Standards	Total Number of Utilities which did not comply with the Standards across all Parameters in the Financial Year	Total Issued Compliance Orders	% of Compliance orders issued
	Residual Chlorine	59			
	PH	11			
2023/24	E.Coli	26	68	5	7
	Turbidity	47			
	Residual Chlorine	68			
	PH	21			

Source: Auditors' Analysis from Compliance Order Register from 2020/21 to 2023/24 and Water Utility Performance Report from 2020/21 to 2023/24, 2025

Table 3.42 shows that compliance orders were issued to 7 of 56 water authorities (13%). Moreover, the Table shows that water utilities did not comply with standards in all four water quality parameters in the financial year 2020/21. For the financial year 2021/22, no compliance order was issued, while 62 water utilities did not comply with any of the four water quality parameters. In the financial year 2022/23, 33 out of 64 (equivalent to 52%) compliance orders were issued, while 5 out of 68 compliance orders (equivalent to 7%) were issued in the financial year 2023/24.

The audit conducted further analysis to identify the reasons for the issuance of compliance orders to water utilities. The result of the analysis is presented in **Table 3.43.**

Table 3.43: Number of Compliance Orders and the Reasons behind their Issuance

Financial year	Number of Compliance Orders Issued	Issues Resulted in Issuance of Compliance Order
2020/21	24	The water utility did not comply with the Tariff Order by charging an unapproved Tariff.
2022/23	33	The water utility did not comply with the Tariff Order by charging an unapproved Tariff, failing to submit an approved Business Plan as required by the Authority, and failing to submit the approved Client Service Charter as required by the Authority.

Financial year	Number of Compliance Orders Issued	Issues Resulted in Issuance of Compliance Order
2023/24	5	Charging an unapproved tariff and not meeting quality standards.

***Source*:** Auditors' Analysis from the Compliance Orders Register from 2020/21 to 2023/24, 2025

Table 3.43 shows that most compliance orders were issued because water utilities failed to comply with the Tariff Order. However, as shown in **Table 3.42**, the main problems were actually related to water quality. This means there was a mismatch between the compliance orders issued, which focused on operating without approved Business Plans, Tariff Orders, Client Service Charters and the real issues, which were mainly about water quality. Because the compliance orders did not properly address these issues, water utilities continued to supply water that did not meet the required standards for several years.

(b) Inadequate Implementation of Compliance Orders

Upon reviewing the compliance order register for the financial years 2020/21, 2022/23, and 2023/24, it was noted that compliance orders issued were not adequately implemented. **Table 3.44** presents the status of implementation of compliance orders issued.

Table 3.44: Status of Implementation of Compliance Orders

Financial Year	No. of Compliance orders issued	No. of orders fully implemented	No. of orders overtaken by the event	No. of orders Partial or not implemented	Compliance orders not implemented (%)
2020/21	24	22	0	2	8
2022/23	35	26	4	5	14
2023/24	5	3	1	1	20

***Source*:** Auditors' Analysis from Compliance Order Register (2020/21 to 2024/25), 2025

Table 3.44 shows the implementation of compliance orders in 2020/21, 2022/23 and 2023/24 Financial Years. The analysis shows an increasing trend in the proportion of compliance orders that were partially or not implemented, rising from 8 per cent in 2020/21 to 14 per cent in 2022/23, and then to 20 per cent in 2023/24.

While a high level of compliance was recorded in 2020/21, with 22 out of 24 orders fully implemented, subsequent years have shown a gradual decline in full implementation. This indicates a regulatory gap in monitoring and enforcing full implementation of compliance once an order is issued. The inadequate implementation of the compliance order undermines the continuity of water and sanitation services.

Interviews with officials revealed that non-enforcement of compliance orders stems from the fact that both EWURA and the Water Utilities are government institutions. Therefore, there was no clear legal mandate empowering one to impose sanctions on the other. A review of the Water Supply and Sanitation Act, CAP. 272, further showed that it lacks specific provisions that align with the EWURA Act, CAP 414, to support the enforcement of sanctions or compliance orders, particularly in relation to water quality monitoring for under-performing water utilities.

The lack of capacity for EWURA to fully exercise its mandate to sanction Water Utilities, given their status as government entities and their importance to basic public services, creates a regulatory gap. The misalignment between the Water Supply and Sanitation Act, CAP. 272, and the EWURA Act, CAP 414, hinders the enforcement of compliance measures, especially for under-performing water utilities. This affects oversight, reduces accountability, and risks ongoing impairment of the services, ultimately compromising public health and access to safe water.

CHAPTER FOUR

AUDIT CONCLUSION

4.1 Introduction

This chapter presents the findings discussed in Chapter Three. The Audit conclusions are drawn on the basis of the general and specific objectives that guided the study, as presented in Chapter One of this Performance Audit Report.

4.2 General Conclusion

EWURA had established a regulatory framework for water utilities. However, the audit noted challenges in licensing, tariff-setting, and quality monitoring. Generally, the audit concluded that EWURA had not effectively achieved its goal of ensuring the reliability and sustainability of access to water and sanitation services. During the audit period (from Financial Year 2020/21 to Financial Year 2024/25), the percentage of water utilities that attained the required service coverage of 84% and above declined from 24% in Financial Year 2020/21 to 9% in Financial Year 2023/24. Water quality compliance across the benchmarked parameters of E. coli (12–73%), turbidity (6–64%), and residual chlorine (0–6%) remained below standards.

The licensing process did not ensure full compliance, as water utilities were licensed without wastewater treatment facilities, with limited technical capacity, and with delayed license renewals. Tariff regulation overlooked affordability and allowed water utilities to operate under expired tariffs, with inadequate oversight of their implementation. Moreover, EWURA's oversight of water and wastewater quality remained limited, with insufficient inspections, delayed reporting, and follow-up on the issued directives.

4.3 Specific Audit Conclusions

4.3.1 EWURA Licensing Process did not Adequately Enable Water Utilities to Deliver Quality Water and Waste Water Services Standards

EWURA's licensing process ensures that all operating water utilities are formally registered, with 100% of 83–91 water utilities licensed between 2020/21 and 2024/25. However, the process did not consistently confirm

that water utilities meet all operational and service conditions. Only 22–28 per cent of water utilities provided sewerage services from the financial year 2020/21 to 2023/24, and wastewater treatment coverage remained below 40 per cent across zones. Technical compliance averages for licensed water utilities ranged between 41% and 69%, compared with 66% to 98% for financial criteria and 68% to 80% for managerial criteria, indicating that licences are issued before full operational readiness is achieved.

EWURA did not ensure that Water Utilities renewed their licences within the required timeframe. All reviewed water utilities delayed in applying for licence renewal, with the average delay ranging from 4 to 7 months. Nine (9) utilities continue to operate under provisional licences beyond the 24-month limit after licence renewal. Pre-licensing inspections did not adequately verify compliance for enforcement purposes related to delayed licence renewals or unimplemented licence conditions. Implementation of licence conditions ranged from 23% to 43% across zones, indicating limited regulatory follow-ups. As a result, the licensing process ensured registration but not full compliance with technical, managerial, financial, or service standards.

4.3.2 EWURA did not adequately Set, Monitor, and Enforce Tariff Orders

EWURA's tariff-setting process did not adequately ensure cost-reflective and affordable tariffs. Affordability assessments were inadequately conducted during the design or approval of tariffs. Although a 2019 EWURA study found that urban consumers spent 6.2 per cent of their household income on water, which exceeded the acceptable range of 3% 5%, its findings were not institutionalised or applied in subsequent tariff reviews because EWURA did not conduct a country-wide affordability study, as it determined affordability by looking at consumption patterns rather than deriving information from systemic studies. Errors in depreciation and the omission of return-on-investment distorted tariff levels, while missing prior-period adjustments affected the accuracy of cost recovery. These deficiencies undermined water utilities' financial sustainability and exposed consumers to unaffordable pricing. The absence of affordability assessments, together with errors in depreciation, omission of return on investment, and non-application of prior-period adjustments, led to tariff levels that did not accurately reflect either consumers' ability to pay or the true cost of service provision.

Additionally, tariff applications were not reviewed or approved within the required timelines. There were delays in processing and acceptance of the applications, with the average number of extended days reaching 34 and approval delays averaging 55 days. Delays in processing and approving the new tariff applications resulted in revenue losses of approximately TZS 44 million in Bariadi and TZS 73 million in Lindi. Stakeholder participation was inadequate in water utilities: 8 out of 21 did not conduct consultations, yet their tariffs were approved, breaching the inclusivity requirement. EWURA has not initiated tariff reviews on its own motion since 2011, despite having access to monthly performance data through MajIS.

Furthermore, tariff orders monitoring was inadequate and inconsistently applied. Only five water utilities submitted annual implementation reports between 2020/21 and 2024/25, and EWURA did not issue any clearance certificates or warning letters, relying instead on a small number of compliance orders. Inspection coverage was also inadequate; 32% of water utilities were not inspected between 2020/21 and 2024/25 in the visited zones. Class III and provisional-licensed water utilities, which represent the majority, received the least oversight, leading to noncompliance. Variations between charged and approved tariffs at Chunya WSSA and Mwanza WSSA confirmed inadequate enforcement.

Enforcement was not applied despite persistent non-compliance. EWURA did not take the prescribed actions when water utilities did not implement tariff order conditions, including deducting unimplemented investments from revenue requirements, reinstating conditions, rejecting new applications, and imposing special monitoring. Across all five years reviewed, none of these measures were used.

Generally, the tariff regulation framework ensured approvals, but it did not adequately secure affordability, timeliness, stakeholders' engagement, periodic reviews, and effective enforcement.

4.3.3 Inadequate Monitoring of Water Quality and Wastewater Effluents to Ensure Adherence to the Required Standards

EWURA's monitoring of water quality and wastewater effluent did not adequately meet its objectives. To begin with, timely reporting was not consistently enforced. Water utilities did not submit their annual water quality reports on time, recording delays ranging from 28% in 2020/21 to 5% in 2023/24. It was further noted that the monthly submission delays

decreased from 80% in 2020/21 to 24% in 2023/24. Additionally, the Audit noted water utilities which did not submit any reports. As a result, assurance that supplied water met the required standards could not be established. The absence of water and wastewater effluent management reports reduces the regulator's ability to detect non-compliance in a timely manner.

Monitoring was limited to a maximum of 8 parameters across all visited zones and water utilities. For example, in the financial year 2024/25, only 4 out of 21 parameters were tested at Mwanza WSSA, 8 out of 22 at DAWASA, and 4 out of 12 at Moshi WSSA, rather than the full set as presented in the water quality monitoring programmes of the water Utilities. The four basic parameters: pH, turbidity, E. coli, and residual chlorine, were assessed in all water utilities for benchmarking purposes. Due to incomplete inspections and monitoring, critical parameters, such as heavy metals and inorganic ions, remained untested, leaving significant health risks undetected.

Equally important, directives issued to improve compliance were not fully implemented: 23% to 68% were partially or not implemented. Similarly, enforcement through compliance orders remained inadequate. It was noted that 8% to 20% of compliance orders were not implemented in financial years 2020/21, 2022/23, and 2023/24. In addition, the issuance of compliance orders did not focus on those water utilities that did not supply quality water. Generally, these deficiencies reduced accountability, allowing non-compliance with water and effluent standards to persist and heightening risks to public health and the environment.

CHAPTER FIVE

AUDIT RECOMMENDATIONS

5.1 Introduction

This chapter provides recommendations to EWURA to help it improve its performance in regulating water utilities. The audit identified areas requiring further corrective actions to enhance the regulation of water utilities in the country. The areas of emphasis include: licensing, tariff setting and monitoring of water and wastewater quality at water utilities.

Based on the principles of the 3Es (Economy, Efficiency, and Effectiveness), the National Audit Office is of the view that, to improve the regulation of water utilities in the country, the recommendations outlined in this report need to be fully implemented.

5.2 Audit Recommendations

5.2.1 Recommendations to Improve the Licensing System

The EWURA Management is urged to:

(a) Strengthen an enforcement mechanism that ensures water utilities comply with the stipulated licence conditions, particularly those related to service quality, infrastructure upgrades, and environmental standards;

(b) Enhance engagement with the Ministry of Water to ensure that water utilities implement the issued licence conditions, thereby enabling utilities with provisional licences to graduate to higher classes; and

(c) Enhance engagement with the Ministry of Water to ensure that water utilities implement the issued licence conditions, thereby enabling utilities with provisional licences to graduate to higher classes.

5.2.2 Recommendations to Improve Tariff Settings

The EWURA Management is urged to:

(a) Set and enforce the tariff correction mechanism from the previous multi-year period, ensuring timely review and approval of water and sanitation tariffs, with clear accountability for delays, and operationalising affordability considerations to guarantee cost-reflective and accessible water and sanitation services;

(b) Ensure Water Utilities adequately engage stakeholders during the Water Utility tariff-setting process, ensuring transparency, inclusiveness, affordability, and accessibility of water and sanitation services before tariff review by EWURA; and

(c) Strengthen tariff orders monitoring and enforcement to address non-compliance with tariff order conditions by Water utilities.

5.2.3 Recommendations to Improve the Monitoring of Water and Wastewater Quality

The EWURA Management is urged to:

(a) Strengthen and enhance the existing water quality monitoring activities to ensure that water quality parameters, including heavy metals, are consistently tested during water quality monitoring by EWURA in accordance with water utilities' approved water quality monitoring programmes; and

(b) Enhance follow-up to ensure that the directives on water and wastewater quality standards are implemented.

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APPENDICES

Appendix 1: Responses from the Audited Entities

This section comprises the responses from the Energy and Water Utilities Regulatory Authority (EWURA). The responses are divided into two parts, namely General and Specific comments, as detailed below.

General Comment

The Performance Audit provides an assessment of EWURA's regulation of water utilities covering licensing, tariff setting, and water/wastewater quality monitoring. EWURA appreciates the audit and acknowledges the need to strengthen regulatory effectiveness to ensure sustainable, reliable, and affordable water and sanitation services. Generally, EWURA welcomes the audit's recommendations and views them as an opportunity to enhance regulatory effectiveness.

Specific Response

S/N	Recommendation	EWURA Comments	Planned Action(s) and responsible	Implementation Timeline(s)
1.	Strengthen an enforcement mechanism that ensures water utilities comply with the stipulated licence conditions, particularly those related to service quality, infrastructure upgrades, and environmental standards.	Apart from issuing compliance orders under Section 39 of the EWURA Act, EWURA has limited enforcement mechanisms to ensure WSSAs' compliance with licence conditions. WSSAs, being government-owned water utilities and sole service providers, limit EWURA's ability to exercise its enforcement mandates.	(i) Continue to engage the Attorney General to enforce compliance against non-compliant WSSAs (DLS) (ii) Continue to engage the Ministry of Water to provide capital investment to WSSAs to enable them to meet licence requirements (DWS)	June 2027 June 2027

S/N	Recommendation	EWURA Comments	Planned Action(s) and responsible	Implementation Timeline(s)
2.	Enhance enforcement mechanisms to ensure timely licence renewal, including automated reminders and follow-up procedures.	Currently, automated notifications and alerts to WSSAs are provided through LOIS to ensure timely licence renewal. Further, reminder letters on the licence renewal are issued to WSSAs.	(i) Continue to send automated notifications and alerts on licence renewal to WSSAs (ICTM) (ii) Continue to issue reminders to WSSAs on timely licence renewal (ZMs) (iii) Issue compliance orders to WSSAs for the late submission of licence applications (DLS)	June 2027
3	Enhance engagement with the Ministry of Water to ensure that water utilities implement the issued licence conditions, thereby enabling utilities with provisional licences to	EWURA has been advising the Ministry of Water to assist WSSAs in improving performance to meet the criteria for a class licence. The evidence of such engagement is various letters	Management will continue to engage the Ministry of Water to assist WSSAs in implementing licence conditions to enable utilities with provisional licences to graduate to higher classes.	June 2027

S/N	Recommendation	EWURA Comments	Planned Action(s) and responsible	Implementation Timeline(s)
	graduate to higher classes.	to the Ministry on the matter.		
4.	Set and enforce the tariff correction mechanism from the previous multi-year period, ensuring timely review and approval of water and sanitation tariffs, with clear accountability for delays, and operationalising affordability considerations to guarantee cost-reflective and accessible water and sanitation services.	(i) The application of the tariff correction mechanism requires further research to determine its suitability for balancing the interests of both WSSAs and consumers. (ii) Timely review and approval of water and sanitation tariffs is crucial for the sustainability of the service. (iii) EWURA has been assessing affordability issues qualitatively during tariff reviews	(i) Conduct a study on the suitability of the tariff correction mechanism in tariff reviews for WSSAs (DRE) (ii) Continue to engage MoW to expedite tariff reviews (DRE) (iii) Develop a standardised framework to address affordability issues during tariff review (DRE)	June 2028 June 2027 June 2027

S/N	Recommendation	EWURA Comments	Planned Action(s) and responsible	Implementation Timeline(s)
5.	Ensure Water Utilities adequately engage stakeholders during the Water Utility tariff-setting process, ensuring transparency, inclusiveness, affordability, and accessibility of water and sanitation services before tariff review by EWURA.	EWURA has been engaging stakeholders adequately; follow-up to WSSAs will be enhanced to ensure adequate involvement of stakeholders during the tariff review process	Management will continue to ensure that water utilities engage stakeholders during the tariff review process, in line with the EWURA (Water Tariff and Rate Setting) Rules.	June 2027
6.	Strengthen tariff order monitoring and enforcement to address non-compliance with tariff order conditions by Water utilities.	EWURA acknowledges the need to take action to improve compliance with tariff order conditions by water utilities. There is also a need to engage key stakeholders to facilitate the smooth transition of WSSAs to a full-cost recovery tariff.	(i) Digitise the tariff order monitoring process (DRE) (ii) Review tariff-setting rules to strengthen enforcement of tariff orders (DRE) (iii) Continue to engage MoW for the smooth transition of WSSAs toward full cost recovery (DRE)	June 2027 June 2027 June 2027
7.	Strengthen and enhance the	The monitoring mechanism is in	Management will continue to	June 2027

S/N	Recommendation	EWURA Comments	Planned Action(s) and responsible	Implementation Timeline(s)
	existing water quality monitoring activities to ensure that water quality parameters, including heavy metals, are consistently tested during water quality monitoring by EWURA in accordance with water utilities' approved water quality monitoring programmes.	place as provided in EWURA Guidelines for monitoring water and wastewater quality for WSSAs. EWURA monitors water quality parameters, including heavy metals, depending on, among other things, the characteristics of water sources, human and economic activities in the area, and the geological nature of the area.	increase the number of test parameters as needs arise, depending on factors such as environmental and anthropogenic activities at the source and along the distribution network, so as to safeguard human health.	
8.	Enhance follow-up to ensure that the directives on water and wastewater quality standards are implemented.	EWURA acknowledges the need to take action to improve follow-up and implementation of the water and wastewater quality directives by WSSAs. There is also a need to continue engaging key	(i) Digitise the follow-up process on the implementation of water and wastewater quality inspection directives (DWS) (ii) Continue to engage the Ministry of Water on	June 2027 June 2027

S/N	Recommendation	EWURA Comments	Planned Action(s) and responsible	Implementation Timeline(s)
		stakeholders to facilitate investments in water and wastewater treatment facilities and in the capacity building of WSSAs to provide quality services.	investments in water and wastewater treatment facilities and capacity building of WSSAs (DWS)	

Appendix 2: Audit Questions and Sub-questions

This section presents the audit questions and sub-questions used during interviews conducted to collect data and establish the conditions and effects of the findings.

Audit Question 1:	**To what extent has EWURA's regulation of water utilities ensured the provision of affordable, quality water and sanitation services?**
Sub-question 1.1	Are utilities meeting key performance indicators (KPIs) set by EWURA?
Sub-question 1.2	Do water utilities provide water that complies with the required quality standards?
Sub-question 1.3	Are discharged effluents from Utilities compliant with the required standards?
Audit Question 2:	**Is the EWURA licensing process effective in ensuring that water utilities meeting the required conditions are registered?**
Sub questions 2.1	Are water utilities adequately licensed to ensure compliance with service standards?
Sub-question 2. 2	Does EWURA licence water utilities in line with the defined technical, managerial, and financial requirements?
Sub-question 2.3	Does EWURA issue licences within the defined time frame?
Sub-question 2.4	Is the pre-licensing inspection conducted by EWURA effective in verifying that utilities meet the licensing requirements?
Sub-Question 2.5	Does EWURA enforce compliance among utilities that delay licence renewals?
Audit Question 3:	**Does EWURA set, monitor, and enforce water tariff orders in a way that enhances the accessibility and affordability of water and sanitation services?**
Sub-Question 3.1	Are the approved water tariffs cost-reflective and affordable?
Sub-question 3.2	Are water tariff applications reviewed and approved in a timely manner?
Sub-question 3.3	Are stakeholders adequately engaged in the water tariff-setting process?
Sub-question 3.4	Are water tariffs in operation reviewed when there is evidence of performance deviations by Water Utilities?
Sub-question 3.5	Does EWURA adequately monitor the implementation of water tariff orders and their conditions by water utilities?
Audit Question 4:	**Does EWURA effectively monitor water quality and Wastewater effluent to ensure compliance with required standards?**

Sub-question 4.1	Does EWURA collect and validate performance data from water utilities?
Sub-question 4.2	Does EWURA enforce the timely submission of water quality reports and wastewater effluent quality reports by water utilities?
Sub-question 4.3	Does EWURA effectively conduct inspections to confirm compliance with water quality and wastewater effluent standards?
Sub question 4.4	Does EWURA issue directives/recommendations to water utilities and conduct follow-up to address water quality and wastewater effluent issues?
Sub question 4.5	Does EWURA adequately impose sanctions or corrective measures on underperforming water utilities?

Appendix 3: List of Documents Reviewed

This section presents a list of documents reviewed, along with the reasons for their review.

Category of the documents	Documents Reviewed	Reasons for Reviewing
Planning Documents	• Water Utility Business Plans from the financial year 2020/21 to 2024/25. Annual Work Plan from the financial year 2020/21 to 2024/25. • Annual implementation reports from the financial year 2020/21 to 2024/25. • Tariff Application report from the financial year 2020/21 to 2024/25.	• To assess the planned regulatory activities, their priorities, and their coverage. • To assess the extent of coverage of water utilities in their planned activities.
Monitoring and Feedback Reports	• Water and wastewater quality monitoring reports from the financial year 2020/21 to 2024/25. • Pre-licensing inspection report from the financial year 2020/21 to 2024/25. • Tariff Monitoring Reports Plan from the financial year 2020/21 to 2024/25. • Customer satisfaction report from the financial year 2020/21 to 2024/25. • Licensing evaluation reports from the financial year 2020/21 to 2024/25.	• To evaluate utility performance against benchmarks. • To verify ongoing compliance with standards, licence, and Tariff conditions. • To evaluate the effectiveness of inspection and monitoring mechanisms.
Performance Reports	• Utilities Performance Reports from the financial year 2020/21 to 2024/25.	• To evaluate utility performance against benchmarks. • To evaluate EWURA's regulatory effectiveness.
Annual Reports	• EWURA Annual Report from the financial year 2020/21 to 2024/25.	• To assess financial performance, service coverage, and regulatory activities over the year.

Category of the documents	Documents Reviewed	Reasons for Reviewing
	• Levies Collection reports from Water utilities from the financial year 2020/21 to 2024/25.	• To assess the revenue collection from water utilities.
Ministry Advisory Board Minutes (EWURA Advisory Board)	• Minutes of EWURA Advisory Board Meetings from the financial year 2020/21 to 2024/25.	• To assess the oversight and guidance of the board on the strategic regulation of water utilities.

Source: Auditors' Analysis of Reports produced by EWURA, 2025

Appendix 4: List of Interviewed Officials

This section presents a list of officials interviewed during the audit.

Institution to be covered	Official Interviewed	Reasons for the Interview
EWURA Headquarters	• Director of Regulatory Economics, • Director of Water Supply and Sanitation, • Manager, Technical Service, Water Supply and Sanitation, • Manager Commercial Manager Water Supply and Sanitation • Manager, Financial Analysis and Modelling, • Manager, Economic Analysis and Research, Officials from the regulatory economics and the Water Supply and Sanitation	To assess the: • Overall implementation of tariff setting from tariff review and approval to tariff implementation monitoring. • Technical regulation of Water, covering water and wastewater monitoring, and the extent of implementation of tariff order conditions. • Reasons for the low attainment of the non-revenue water target and the low implementation of the tariff order conditions.
	Director of Legal Services	To assess the: • Action taken against Water Utilities that do not implement the issued recommendations. • Reasons for low compliance with water and wastewater Quality standards.
	Director of Corporate Services and officials from the same Directorate	To assess the: • Human resources availability at EWURA for facilitating regulatory activities. • Budgetary allocation and resource availability for regulatory functions. • Levies collected by EWURA from water utilities and the associated reasons for low compliance.

Institution to be covered	Official Interviewed	Reasons for the Interview
EWURA Zonal Office	• Zonal Managers • Commercial Manager • Official from the Technical Unit	To assess the: • Adequacies of regulation of Water Utilities through licensing, Tariff review, Tariff Monitoring, and provision of water quality. • Adequacy of implementation of the Tariff order associated conditions.
	• Water Production Manager from Water Utilities • Technical Manager from Water Utilities	To assess the: • Effectiveness Reduction of Non-Revenue Water. • Reasons associated with inadequate attainment of the set target of NRW and implementation of the Tariff order conditions.

Source: Auditors' Analysis of EWURA and WSSAs Organisation Structure, 2025

Appendix 5: Combined Analysis Ranking on Purposive Sampling Using Class and Population Served Criteria in Zone Selection

This section presents a combined analysis ranking of purposive sampling using class and population-served criteria within zones.

Name of Zone	Name of Regions	Number of WSSAs	Class I	Class II	Class III	Provisional Class	Population served	Scores based on Class Criteria	Scores based on Population	Total Scores	Selection Status
Central	Dodoma, Iringa, Morogoro and Singida	12	0	2	10	0	1,670,251	2	2	4	Not Selected
Eastern	Dar es Salaam, Lindi, Mtwara and Pwani	10	0	0	8	2	5,806,240	2	3	5	Selected
Lake	Geita, Kagera, Mara, Simiyu and Mwanza.	15	0	1	13	1	2,487,339	3	3	6	Selected
Northern	Arusha, Kilimanjaro, Manyara and Tanga	14	2	2	8	2	2,154,295	4	3	7	Selected

Name of Zone	Name of Regions	Number of WSSAs	Class I	Class II	Class III	Provisional Class	Population served	Scores based on Class Criteria	Scores based on Population	Total Scores	Selection Status
Southern Highland Zone	Mbeya, Njombe, Rukwa, Ruvuma and Songwe	20	0	1	10	9	1,503,459	3	1	4	Selected
Western	Katavi, Kigoma, Shinyanga and Tabora	13	0	2	9	2	1,412,308	3	1	4	Not Selected

Source: Auditors' Analysis on Licence Database 2025 and Water Utilities Performance Reports of 2023/24, 2025

From the Table above, ***the Northern Zone,*** ranked highest with a total score of 7, contains utilities across all classes and belongs to one of the highest-ranked population groups. This suggests that the zone has a mature utility environment with significant population coverage, making it a critical area for focused regulatory oversight.

Lake Zone ranked second with a total score of 6, comprising utilities across three classes and belonging to one of the highest-ranked population groups. This suggests that the zone has a relatively mature utility environment with significant population coverage, despite lacking Class I utilities. It provides a good context for assessing regulatory enforcement in widespread and diverse operating conditions.

***The Eastern Zone*,** ranked third, achieved a total score of 5 despite having no Class I or Class II utilities. This is due to its large population, the highest among all zones, which places it in the top population rank, along with the presence of provisional utilities. The zone's large population makes it significant in terms of water quality, availability, and affordability, particularly given that only Class III and provisional utilities serve it.

Southern Highland Zone – The Southern Highland Zone is proposed as the fourth selected zone due to its highest number of WSSAs (20) and a notably high number of provisionally licenced utilities (9). These figures indicate both broad coverage by water service authorities and a substantial number of utilities still under provisional status, highlighting the need for enhanced oversight, capacity building, and regulatory support to improve the situation.

Although its total score (4) is equal to that of the Central and Western Zones, the combination of a high volume of utilities and a large proportion in provisional status makes the Southern Highland Zone a strategic and impactful choice for inclusion. Additionally, its inclusion ensures fair, weighted sampling across 4 out of 6 zones, supporting a more comprehensive and representative Audit judgment.

Appendix 6: List of UWSSAs in the Selected Zones with their Classes and Population they Serve

This section presents a list of UWSSAs from the selected zones, along with their classes and the population they serve.

ZONE	WSSA	CLASS	Population Served
Northern zone	Tanga	I	361,788
Northern zone	Moshi	I	373,365
Northern zone	Babati	II	264,745
Northern zone	Arusha	II	624,383
Lake zone	Mwanza	II	1,005,359
Central Zone	Dodoma	II	654,131
Central Zone	Iringa	II	263,560
Southern Highland Zone	Mbeya	II	571,546
Northern zone	Lushoto	III	19,538
Northern zone	Kibaya	III	21,212
Northern zone	Orkesment	III	21,861
Northern zone	Mbulu	III	23,328
Northern zone	Same-Mwanga	III	26,219
Northern zone	Karatu	III	37,607
Northern zone	Rombo	III	122,713
Northern zone	HTM	III	233,243
Lake zone	Chato	III	49,843
Lake zone	Bukoba	III	264,966
Lake zone	Musoma	III	334,173
Lake zone	Bariadi	III	127,854
Lake zone	Bunda	III	105,565
Lake zone	Maswa	III	69,642
Lake zone	Mwanhunzi	III	32,585
Lake zone	Mugango-Kyabakali	III	9,378
Lake zone	Sengerema	III	96,820
Lake zone	Biharamulo	III	67,112
Lake zone	Ushirombo	III	9,193
Lake zone	Ngara	III	37,389
Lake zone	Geita	III	184,150
Eastern Zone	DAWASA	III	5,082,247

ZONE	WSSA	CLASS	Population Served
Eastern Zone	Kilindoni	III	2,484
Eastern Zone	Lindi	III	61,142
Eastern Zone	Mtwara	III	176,930
Eastern Zone	Kilwa-Masoko	III	3,783
Eastern Zone	Liwale	III	19,175
Eastern Zone	Makonde	III	221,548
Eastern Zone	Ruangwa	III	10,666
Southern Highland Zone	Makete	III	13,097
Southern Highland Zone	Mbinga	III	58,208
Southern Highland Zone	Makambako	III	67,986
Southern Highland Zone	Songea	III	257,785
Southern Highland Zone	Sumbawanga	III	137,121
Southern Highland Zone	Njombe	III	66,095
Southern Highland Zone	Vwawa-Mlowo	III	47,049
Southern Highland Zone	Wanging'ombe	III	52,157
Southern Highland Zone	Kyela- Kasumulu	III	28,846
Southern Highland Zone	Ludewa	III	8,519
Northern zone	Songe	Provisional	11,766
Northern zone	Loliondo	Provisional	12,525
Lake zone	Busega	Provisional	93,310
Eastern Zone	Utete	Provisional	8,544
Eastern Zone	MANAWASA	Provisional	219,722
Southern Highland Zone	Namanyere	Provisional	11,394
Southern Highland Zone	Namtumbo	Provisional	25,175
Southern Highland Zone	Rujewa	Provisional	30,433

ZONE	WSSA	CLASS	Population Served
Southern Highland Zone	Tukuyu	Provisional	32,925
Southern Highland Zone	Tunduru	Provisional	21,761
Southern Highland Zone	Tunduma	Provisional	20,379
Southern Highland Zone	Chunya	Provisional	37,417
Southern Highland Zone	ltumba- lsongole	Provisional	15,566
Southern Highland Zone	Mkwajuni	Provisional	13,206

Source: Water Licence data from LOIS and Annual Utility Performance reports (2023/24)

In the Table above, the Northern zone was the only zone with Class I water utilities (Moshi and Tanga). Between the two, Moshi WWSA was selected due to its larger service population (373,365) than Tanga (361,788). Lake zone: With the Northern Zone already covered, attention shifted to Class II. Mwanza, located in the Lake Zone, had the highest population (1,005,359) among all Class II utilities in the respective zone. Thus, Mwanza WWSA was selected.

Eastern zone: Of the remaining zones (Eastern, Western, Southern Highland, and Central), only the Eastern Zone had a large number of populations served by Class III water utilities. DAWASA stood out with the highest population (5,082,247) among all class III water utilities in all zones. Thus, DAWASA was selected.

Southern Highland Zone: With other zones being selected, the Southern Highland zone was the only one remaining, and Provisional Class was the only class remaining to be selected. Among its provisional class water utilities, Chunya WSSA had the highest population (37,417) in the Southern Highland Zone. Hence, Chunya WWSA was selected. Therefore, the selected WSSAs are Moshi, Mwanza, DAWASA, and Chunya WSSAs, as shown in **Appendix 6.**

Appendix 7: Compliance of Water Utilities with Timelines of Licence Renewal

This section presents the compliance of Water Utilities with the licence renewal timeline.

Water Authority	Licence Expiry Date(A)	Application Date (B)	Required Application Date	Delays In Days	Delays in Months	Months before expiry (C=B-A)	Reminder Letter/Mail Sent/not Sent (NO)
Northern Zone							
Karatu WSSA	29/05/2021	21/05/2021	30/11/2020	172.00	5.73	0.3	No
Loliondo WSSA	07/09/2024	23/05/2024	11/03/2024	73.00	2.43	3.5	No
Monduli WSSA	20/12/2022	15/11/2022	23/06/2022	145.00	4.83	1.2	No
Same-Mwanga WSSA	27/01/2023	21/11/2022	31/07/2022	113.00	3.77	2.2	No
Rombo WSSA	29/11/2023	07/08/2023	02/06/2023	66.00	2.20	3.7	No
Babati WSSA	29/09/2021	09/11/2021	02/04/2021	221.00	7.37	-1.4	No
Mbulu WSSA	31/12/2022	22/11/2022	04/07/2022	141.00	4.70	1.3	No
Kibaya WSSA	31/12/2022	22/11/2022	04/07/2022	141.00	4.70	1.3	No
Lushoto WSSA	31/12/2022	11/08/2022	04/07/2022	38.00	1.27	4.7	No
Orkesumet WSSA	31/12/2022	12/08/2022	04/07/2022	39.00	1.30	4.6	No
Songe WSSA	31/12/2022	22/11/2022	04/07/2022	141.00	4.70	1.3	No
Songe WSSA	28/03/2025	26/11/2024	29/09/2024	58.00	1.93	4.1	No
Korogwe WSSA	31/12/2022	23/11/2022	04/07/2022	142.00	4.73	1.3	No
Tanga WSSA	09/02/2026	14/08/2025	13/08/2025	1.00	0.03	5.8	No
Mombo WSSA	31/12/2022	23/11/2022	04/07/2022	142.00	4.73	1.3	No

Water Authority	Licence Expiry Date(A)	Application Date (B)	Required Application Date	Delays In Days	Delays in Months	Months before expiry (C=B-A)	Reminder Letter/Mail Sent/not Sent (NO)
HTM WSSA	31/12/2022	07/11/2022	04/07/2022	126.00	4.20	1.8	No
Lake zone							
Geita WSSA	29/12/2022	25/10/2022	02/07/2022	115.00	3.83	2.1	No
Ushirombo WSSA	31/12/2022	04/01/2023	04/07/2022	184.00	6.13	-0.1	No
Bukoba WSSA	29/09/2021	24/11/2021	02/04/2021	236.00	7.87	-0.8	Letter
Biharamulo WSSA	31/12/2022	29/10/2022	04/07/2022	117.00	3.90	2.1	No
Muleba WSSA	31/12/2022	07/11/2022	04/07/2022	126.00	4.20	1.8	No
Ngara WSSA	31/12/2022	16/12/2022	04/07/2022	165.00	5.50	0.5	Letter
Musoma WSSA	29/09/2021	08/11/2021	02/04/2021	220.00	7.33	-1.3	Letter
Bunda WSSA	31/12/2022	22/10/2022	04/07/2022	110.00	3.67	2.3	No
Mugango-Kiabakari WSSA	31/12/2022	14/12/2022	04/07/2022	163.00	5.43	0.6	No
Busega WSSA	01/12/2023	25/08/2023	04/06/2023	82.00	2.73	3.2	No
Mwanhuzi WSSA	31/12/2022	02/01/2023	04/07/2022	182.00	6.07	-0.1	Letter
Maswa WSSA	31/12/2022	10/01/2023	04/07/2022	190.00	6.33	-0.3	No
Sengerema WSSA	31/12/2022	08/11/2022	04/07/2022	127.00	4.23	1.8	No
Sengerema WSSA	31/12/2022	08/11/2022	04/07/2022	127.00	4.23	1.8	No
Bariadi WSSA	31/12/2022	13/01/2023	04/07/2022	193.00	6.43	-0.4	Letter
Southern Zone							
Kyela-Kasumulu WSSA	20/12/2022	25/08/2023	23/06/2022	428.00	14.27	-0.1	No

Water Authority	Licence Expiry Date(A)	Application Date (B)	Required Application Date	Delays In Days	Delays in Months	Months before expiry (C=B-A)	Reminder Letter/Mail Sent/not Sent (NO)
Itumba-Isongole WSSA	31/12/2022	04/11/2022	04/07/2022	123.00	4.10	1.9	Letter
Rujewa WSSA	31/12/2022	07/12/2022	04/07/2022	156.00	5.20	0.8	No
Chunya WSSA	31/12/2022	08/12/2022	04/07/2022	157.00	5.23	0.8	Letter
Tukuyu WSSA	31/12/2022	02/01/2023	04/07/2022	182.00	6.07	-0.1	No
Makambako WSSA	31/12/2022	24/10/2022	04/07/2022	112.00	3.73	2.2	No
Ludewa WSSA	31/12/2022	26/12/2022	04/07/2022	175.00	5.83	0.2	No
Makete WSSA	31/12/2022	09/02/2023	04/07/2022	220.00	7.33	-1.3	No
Njombe WSSA	31/12/2023	17/08/2023	04/07/2023	44.00	1.47	4.5	No
Sumbawanga WSSA	29/09/2021	08/12/2021	02/04/2021	250.00	8.33	-2.3	No
Songea WSSA	29/09/2021	11/12/2021	02/04/2021	253.00	8.43	-2.4	No
Mbinga WSSA	01/01/2023	16/12/2022	05/07/2022	164.00	5.47	0.5	No
Namtumbo WSSA	31/12/2022	02/02/2023	04/07/2022	213.00	7.10	-1.1	No
Tunduru WSSA	31/12/2022	07/02/2023	04/07/2022	218.00	7.27	-1.2	No
Tunduma WSSA	19/12/2022	14/02/2023	22/06/2022	237.00	7.90	-1.9	No
Namanyere WSSA	31/12/2022	27/10/2022	04/07/2022	115.00	3.83	2.1	Letter& Mail
Mpanda WSSA	31/12/2022	20/09/2022	04/07/2022	78.00	2.60	3.4	No
	Eastern Zone						
Utete WSSA	07/09/2024	15/03/2024	11/03/2024	4.00	0.13	5.7	No

Water Authority	Licence Expiry Date(A)	Application Date (B)	Required Application Date	Delays In Days	Delays in Months	Months before expiry (C=B-A)	Reminder Letter/Mail Sent/not Sent (NO)
Kilindoni WSSA	25/06/2025	02/05/2025	27/12/2024	126.00	4.20	1.8	Mail and letter
MANAWASA WSSA	26/10/2024	24/05/2024	29/04/2024	25.00	0.83	5.1	Mail
Mtwara WSSA	29/09/2021	20/09/2021	02/04/2021	171.00	5.70	0.3	No
Makonde WSSA	31/12/2022	03/10/2022	04/07/2022	91.00	3.03	2.9	No
Kilwa Masoko WSSA	31/12/2022	30/12/2022	04/07/2022	179.00	5.97	0.03	No
Liwale WSSA	31/12/2022	23/12/2022	04/07/2022	172.00	5.73	0.3	No
Ruangwa WSSA	19/12/2022	19/12/2022	22/06/2022	180.00	6.00	0	No
Lindi WSSA	29/09/2021	27/12/2021	02/04/2021	269.00	8.97	-2	No

Appendix 8: Implementation Status of Licence Condition by Water Utilities in Visited Zones

This section presents the implementation status of the licence condition by water utilities in the visited zone.

Water Utility	Total Number of Licence Conditions Issued	Number of Conditions Complied With	Number of Conditions Not Complied With	Number of Conditions Past Due Date
		Eastern Zone		
DAWASA WSSA	7	6	1	7
Kilwa Masoko WSSA	11	0	11	11
Liwale WSSA	8	0	8	5
Ruangwa WSSA	10	0	10	6
Utete WSSA	7	1	6	6
Makonde WSSA	8	2	6	7
MANAWASA WSSA	4	1	3	2
	55	10	45	44
Northern Zone				
Babati WSSA	5	3	2	5
Same - Mwanga WSSA	11	2	9	7
Orkesumet WSSA	8	2	6	5
Mbulu WSSA	15	7	8	13
Lushoto WSSA	10	3	7	10
	49	17	32	40
Southern Zone				
Kyela -Kasumulu WSSA	9	1	8	7
Makete WSSA	8	3	5	8
Mbinga WSSA	6	3	3	6
Songea WSSA	5	2	3	5
Mkwajuni WSSA	5	0	5	1
Ludewa WSSA	9	5	4	9
Tunduma WSSA	7	4	3	7
Chunya WSSA	7	2	5	7

Water Utility	Total Number of Licence Conditions Issued	Number of Conditions Complied With	Number of Conditions Not Complied With	Number of Conditions Past Due Date
		Eastern Zone		
Itumba -Isongole WSSA	5	0	5	1
Namanyere WSSA	6	0	6	2
Namtumbo WSSA	9	1	8	9
Rujewa WSSA	10	8	2	10
Tukuyu WSSA	8	2	6	8
Tunduru WSSA	12	7	5	12
	106	**38**	**68**	**92**
Lake Zone				
Musoma WSSA	6	3	3	6
Bukoba WSSA	5	2	3	5
Bariadi WSSA	5	2	3	4
Bunda WSSA	4	1	3	4
Mwanhuzi WSSA	9	6	3	8
Maswa WSSA	8	5	3	7
Ngara WSSA	10	3	7	5
Biharamulo WSSA	14	4	10	12
Geita WSSA	5	2	3	5
Mugango-Kiabakari WSSA	6	3	3	5
Sengerema WSSA	5	1	4	4
Busega WSSA	15	0	15	9
TOTAL	**92**	**32**	**60**	**74**

Appendix 9: Evaluation Criteria in Classification of Licences for Water Supply and Sanitation Service Providers

This Appendix presents Financial, Technical and Managerial requirements for Water Utilities Transfer from Provisional Licences to Class I Licences.

A. Technical Capability

Provisional	Class III	Class II	Class I
Presence of: - Basic technical facilities and infrastructure for the provision of services	Submission of the following documents: (i) Water quality monitoring plan (ii) Sketch a layout map of the service area (iii) Sketch a layout map of the water and wastewater system (iv) Evidence of ownership of the infrastructure/contract to operate the infrastructures	Submission of the following documents: (i) Water quality monitoring plan (ii) Detailed layout map of the service area (iii) Detailed layout map of the water and wastewater system (iv) Evidence of ownership of infrastructures/contract to operate the infrastructures	Submission of the following documents: (i) Water quality monitoring plan (ii) Detailed layout map of the service area (iii) Detailed layout map of the water and wastewater system (iv) Evidence of ownership of infrastructures/contract to operate the infrastructures (v) Water use permit for all water sources (vi) Annual technical reports for the past three years (vii) Water/Wastewater treatment flow charts (viii) Presence of water/wastewater treatment facilities

B. Managerial Capability

Provisional	Class III	Class II	Class I
submission of evidence of declaration As a WSSA (evidence of being gazetted) having at least 1 fulltime management staff; plan to improve to Higher class licensee.	Submission of the following documents: (i) evidence of declaration as a WSSA (Evidence of being gazetted); (ii) evidence of having an active board in place; (iii) an approved business plan; (iv) Signed the MoU with the responsible Ministry; and (v) approved customer service charter Presence of the following: (i) At least 3 full-time management staff with a minimum diploma; and (ii) qualifications following: or equivalent office space (Renting or owning)	Submission of the following documents: (i) evidence of declarations a WSSA (evidence of being gazetted); (ii) evidence of having an active board in place; (iii) An approved Business plan (iv) Signed MoU with the responsible Ministry; (v) Audited financial statements of three consecutive years; (vi) Approved customer service charter; (vii) copy of TIN certificate; and (viii) copy of the corporate five-year strategic plan Presence of the (i) all management staff, head of units and support staff with minimum qualifications or equivalent, Office space (Renting or owning) Utility performance: The overall average performance score of the utility over the past three consecutive years shall at least be ranked as (score greater than 70), in accordance with Water Utilities Performance	Submission of the following documents: (i) evidence of declaration as a WSSA (evidence of being gazetted) (ii) evidence of having an active board in place (iii) An approved business plan, signed an MoU with the responsible Ministry (iv) audited financial statements of three consecutive years (v) approved customer service charter (vi) Copy of TIN certificate (vii) Copy of the corporate five-year strategic plan Presence of the following: (i) all management staff, head of units and support staff with minimum degree qualifications or equivalent and registered by the relevant professional boards (ii) possession of the GIS database for water and sanitation infrastructure, and all customers (iii) office space (Renting or owning)

C. Financial Capability

Provisional	Class III	Class II	Class I
Presence of the following I. Annual budget (i) Basic bookkeeping (ii) Council-managed account	Submission of the Following documents: (i) Proof of having an Active Bank account (ii) Approved budget of the current financial year	Submission of the following documents: (i) Proof of having an active bank account (ii) Approved budget of the current financial year (iii) Audited financial statements for the past three years Presence of the following: (i) Specialised billing system/software	Submission of the Following documents: (i) Proof of having an active bank account (ii) Approved budget of the current financial year (iii) Audited Financial statements for the past three years Presence of the following: (i) Specialised billing system/software. Utility Performance: (i) Average Operating ratio of less than 1 for three consecutive years

Note:

The operating ratio is the proportion of operating costs to operating revenues. Operational Costs include all expenses, including depreciation and interest costs (but not debt service payments).

Working ratio is the proportion of operational expenses to operational revenue.

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