REPORT OF THE CONTROLLER AND AUDITOR GENERAL

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE

ISO 9001:2015 Certified

NATIONAL WATER FUND

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

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March 2026

AR/CG/TR192/NWF/2024/25

About the National Audit Office

Mandate

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

NAOT Vision, Mission & Motto

Vision

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

mission

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

Motto

Modernizing External Audit for Stronger Public Confidence

Core Values

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.

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Abbreviations

AR	Audit Report
ATCL	Air Tanzania Corporation Limited
BWO	Basin Water Officer
CAG	Controller and Auditor General
CEO	Chief Executive Officer
CG	Central Government
CPA	Certified Public Accountant
DFA	Director of Finance and Account
FY	Financial Year
HIV	Human Immunodeficiency Virus
HPMU	Head of Procurement Management Unit
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standard of Supreme Audit Institutions
NBAA	National Board of Accountants and Auditors
NWF	National Water Fund
PPA	Property Procurement Act
RUWASA	Rural Water Supply and Sanitation Agency
TZS	Tanzania Shillings
WSDP	Water Sector Development Programme
WSSA	Water Supply and Sanitation Authority
URT	United Republic of Tanzania

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman of the Board of Directors,
National Water Fund,
Salmin -Tambukareli street,
P.O. Box 2204,
DODOMA, TANZANIA.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of National Water Fund, which comprise the statement of financial position as at 30 June 2025, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Water Fund as at 30 June 2025, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting, as issued by the International Public Sector Accounting Standards Board (IPSASB) and in the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of the National Water Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

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

Other Information
Management is responsible for the other information. The other information comprises the Report by those charged with governance, the statement of management responsibility, the Declaration by the Head of Finance, and the Sustainability Report Statement, but does not include the financial statements and my audit report thereon, which I obtained prior to the date of this auditor's report.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and those charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS as issued by the International Public Sector Accounting Standards Board (IPSASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement Laws

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

I conducted a compliance audit of the procurement of works, goods, and services at the National Water Fund (NWF) for the year ended 30 June 2025, in accordance with the Public Procurement Act 2023, the Public Procurement Regulations, 2024, and related directives. I examined each phase of the procurement life cycle, including tender advertising, bid evaluation, contract award, and contract management, to confirm that the entity issued competitive solicitations, applied approved evaluation criteria, secured authorisations before award, and maintained complete transaction records.

Conclusion
Based on the audit procedures performed, I conclude that, except for the matter described below, National Water Fund generally complies, in all material respects, with the requirements of the Public Procurement laws in Tanzania.

Slow Progress of Construction of Office Building for National Water Fund at Njedengwa Investment Area

My review noted that, on 29 October 2024, the National Water Fund entered a contract with Group Six International Limited, under Contract No. TR192/2023/2024/W/05 worth TZS 5,696,853,813.22 (VAT inclusive), for the construction of an office building in the Njedengwa area for the period of 540 calendar days from the commencement date. The construction works are being supervised by the Water Institute under a contract referenced ME-011/2022-2023/C/19, signed on 20 February 2023, with a scheduled completion date of 20 August 2025. However, my review of the progress report and the site visit conducted on 22 July 2025 revealed that the physical progress of works stood at 20 per cent against the planned 34 per cent, indicating a slippage of 14 per cent, equivalent to 3 months. I revealed that the delay resulted from a change in project scope from a three-floor to a five-floor design, which slowed progress, increased project costs, and delayed the realisation of intended benefits.

Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I conducted a compliance audit of budget formulation and execution at the National Water Fund for the year ended 30 June 2025, in accordance with the Budget Act, Cap. 348, and the Budget Guidelines issued by the Ministry of Finance. I reviewed budget submissions, approval memoranda, commitment registers, ledger entries and variance analyses to confirm that the entity prepared estimates in the prescribed format, obtained timely authorisations before incurring obligations, recorded transactions accurately and reported variances as required.

Conclusion

Based on the audit procedures performed, I conclude that, except for the matters described below, **National Water Fund** generally complies, in all material respects, with the requirements of the Budget Act and related Budget Guidelines.

(i) Funds Transferred to WSSA Without Budget Allocation TZS 7,355,036,042.70

Section 41 of the Budget Act CAP. 439 requires all reallocations of funds to obtain prior approval to uphold transparency and accountability in public financial management.

To the contrary, my review of payment vouchers, MTEF, and itemized report from the MUSE system revealed that the Fund transferred TZS 7,355,036,042.70 to 23 Water Supply and Sanitation Authorities (WSSAs) **without** budget allocations.

(ii) Use of Unbudgeted Activity Codes for Project Financing TZS 816,078,768.16

Section 41 of the Budget Act CAP. 439 requires all reallocations of funds to obtain prior approval to uphold transparency and accountability in public financial management.

My review of payment vouchers revealed that the National Water Fund (NWF) disbursed TZS 816,078,768.16 to three Water Supply and Sanitation Authorities (WSSAs) and the Lake Victoria Basin Water Board to finance multiple projects. However, these expenditures were recorded under activity codes that were neither included in the Medium-Term Expenditure Framework (MTEF) nor reflected in the approved budget for the financial year 2024/25. Further scrutiny of rolled-over funds revealed that the activity codes were also not included in the MTEF for the 2023/24 financial year.

(iii) Misallocation of Project Funds TZS 17,701,972,692.98

Section 41 of the Budget Act CAP. 439 requires all reallocations of funds to obtain prior approval to uphold transparency and accountability in public financial management.

My review of the Medium-Term Expenditure Framework (MTEF) and payment vouchers revealed that the National Water Fund (NWF) misallocated project funds of TZS 17,701,972,692.98 budgeted for implementing agencies. Of this amount, TZS 11,285,366,730.64 were disbursed to finance projects not included in the Fund's budget, while TZS 6,416,605,962.34, allocated for specific projects, was incorrectly charged to finance other projects with budget overruns (wrong MTEF activity codes).

(iv) Implementation of targets not aligned with the National Water Fund's Strategic Plan 2023/24 - 2025/26

Section 31 of the Plan and Budget Guideline for 2024/25 instructed all Accounting Officers to consider and incorporate the objectives and targets of the institutional strategic plans when preparing the plan and budget for 2024/25.

My review of the alignment between the National Water Fund's (NWF) annual plan and budget for the year 2024/25 and its approved Strategic Plan 2023/24 - 2025/26 and noted that six (6) budget targets implemented for the year 2024/25 under development budget were not derived from or aligned with the Strategic Plan for the corresponding period. This misalignment deviates from the Fund's long-term strategic objectives and undermines the principles of strategic planning and results-based budgeting.

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

2.0 FINANCIAL STATEMENTS

2.0 FINANCIAL STATEMENTS

REPORT BY THOSE WHO ARE CHARGED WITH THE GOVERNANCE

1.0 INTRODUCTION

The members charged with governance submit their report together with the financial statements for the year ended 30 June 2025, which disclose the state of affairs of the National Water Fund, hereinafter referred to as the "Fund".

ESTABLISHMENT

NWF is established under the Water Supply and Sanitation Act No. 05, 2019, as a public entity under the Ministry of Water, responsible for mobilising financial resources necessary to support investment in projects for water supply provision and the management of catchment areas. The establishment of the Fund was a strategic decision by the Government to address the challenge of ensuring stable, reliable funding for the implementation of water projects. It is also an initiative to implement policy directives for improving financial resource mobilisation stipulated under the National Water Policy 2002 (NAWAPO).

In discharging its responsibilities, the Fund's day-to-day functions are carried out by the Secretariat, headed by the Chief Executive Officer, and the oversight mandate is vested in the Fund's Board.

VISION

To be a reliable and sustainable source of financing in the water sector.

MISSION

To effectively mobilise and disburse funds to Implementing Agencies for improved provision ofwater services and conservation of water catchment areas

CORE VALUES

The core values of the NWF are fundamental norms that define the character of the employees and the fund as a whole. The agreed core values of the Fund are:

Integrity: NWF staff demonstrate honest, strong moral and ethical principles at work; treat stakeholders with trust that brings efficiency so as to meet the Fund's objectives.

Accountability: The Fund will demonstrate an obligation to accept assigned responsibilities and liabilities. It will also value the staff's ability, honour commitments to stakeholders, and ensure staff take ownership of all activities and promptly correct mistakes when they occur.

Transparency: The Fund should perform its activities with openness.

Teamwork: NWF Staff will work collaboratively, using their individual expertise and skills to achieve the Fund's objectives.

Results-Oriented: The Fund focuses on achieving its objectives.

Creativity: NWF strives to be innovative, inventive and up to date, leading to improved performance.

THE NATIONAL WATER FUND MOTTO
''Fund for sustainable water projects''

1.2 MANDATE, FUNCTIONS AND POWER OF NWF

Mandate and Functions

In accordance with section 56 of the Water Supply and Sanitation Act (supra), the functions of theNational Water Fund are:

a) Mobilise financial resources necessary for the fulfilment of its objectives under this Act;

b) Disburse funds to implementing agencies for execution of water projects;

c) Issue loans on favourable terms to implementing agencies for investments in water serviceprovisions;

d) Monitor the use of the funds disbursed to implementing agencies;

e) To facilitate capacity building of implementing agencies to improve and enhance theirability in the execution and management of water projects;

f) Recommend to the Minister guidelines for the issuance of loans to water authorities; and

g) Develop operational guidelines on the issuance of loans and grants to implementing agencies.

1.2.1 MEMBERS CHARGED WITH GOVERNANCE

The board is responsible for appointing management, developing a corporate strategy, policies, and procedures, and monitoring operational performance, including identifying, assessing, and developing mitigation strategies for risks to the Fund. It is also responsible for managing good relationships with all the stakeholders.

1.3 COMPOSITION OF MEMBERS CHARGED WITH GOVERNANCE

The President of the United Republic of Tanzania appoints the chairperson of the Board and the Minister responsible for Water, and appoints other members of the Board. The tenure of office for members of the Board is three years and can be reappointed. The board of directors comprises executive and non-executive directors with diverse skills and experience. The Directors who were in office from July 2024 to June 2025 are;

Name	Position	Date of Appointment	Qualification/Discipline	Position and Institution Representing	Gender	Nationality
Eng. Abdallah Mkufunzi	Chairperson	05/05/2023	Registered Professional Mechanical Engineer (No. 1376), Postgraduate Diploma in Shared Water Resources at Cairo University, Egypt	Retired Principal Engineer	M	Tanzanian
Ms. Sarah Mtelele	Vice Chairperson	11/10/2022	Master of Science in Human Resources Management (Mzumbe)	Kilombero Valley TIAK Co	F	Tanzanian
Hajra Mmambe	Member	05/05/2023	MBA in Corporate Management (Mzumbe)	Azania Bank Tanga Branch	F	Tanzanian
CPA. Ahadi Msangi	Member	11/10/2022	CPA (T), MBA (Finance), University of Manchester UK	CA - Ministry of Water up to December 2024	M	Tanzanian
CPA Kessy Mpakata	Member	23/04/2025	CPA (T), Master of Science in Accounting and Finance	CA - Ministry of Water	M	Tanzanian
Mr. Patrick Pima	Member	11/10/2022	Master of International Economics(Bradford, UK)	Ministry of Finance	M	Tanzanian
Mr. Aloyce Mwita	Member	11/10/2022	Master of Science in Engineering Management, University of Dar Salaam	TAMISEMI	M	Tanzania
Adv. Haji Nandule	Secretary	11/10/2022	Master of Laws in corporate and commercial law, UDSM, PGD in legal practice (law school) 2010	National Water Fund	M	Tanzanian

Source: Ministry of Water appointment letter

According to the Board Charter, the Board and its Committees of NWF are responsible for carrying out functions and managing the business and affairs of the Fund, and shall meet four times a year or as needed.

In fostering NWF's long-term objectives consistent with the Board's fiduciary duties, each member of the Board individually and the Board collectively shall have the following roles:

i. Regularly attends Board meetings and other important related meetings;

ii. Participates effectively and with commitment in Board assignments;

iii. Volunteers and willingly accepts assignments and undertakes them efficiently;

iv. Stay informed about NWF matters, prepare well for meetings and reviews, and comment on minutes and reports;

v. Cooperates with other Board members and builds a collegial working relationship that contributes to consensus;

vi. Actively participates in annual evaluation and planning activities;

vii. Ensuring that the Fund has an appropriate management structure and a management team to effectively carry out the Fund's objectives, strategies, and plans;

viii. Ensuring that the Fund complies with all relevant laws, regulations, rules and directives;

ix. Ensuring that effective IT systems, internal controls, auditing, compliance policies, procedures, and processes are formulated, recommended to, and approved by the Board and implemented to avoid or mitigate key business risks and

x. Ensuring that assets of the Fund are properly maintained and safeguarded and not placed at risk unduly.

During the year, the Board held four meetings and two extraordinary meetings in which it came out with the following directives: -

- Management should ensure close supervision and monitoring of the use of funds disbursed to intended Projects and ensure they are completed on time.
- Management should ensure financial resources are mobilised to fulfil its objectives to implement water projects in urban and rural areas.
- Management should disburse funds on time to implementing agencies for the purpose of executing the water project.
- To issue loans on favourable terms to implementing agencies for investments in water services provisions,
- Management to establish an effective and efficient strategy to obtain funds from different sources for project implementation
- Management to develop a strategic plan for the implementation of the Parliamentary Committee (PAC) directive and CAG recommendations

During the year, the Board has come out with the following resolutions: -

i. Setting and approving the NWF budget for the year 2025/26.
ii. Approving NWF Training Program for the year 2025/26.
iii. Approving the Annual Procurement Plan for the year 2025/26.
iv. Approving Loan Policy for loan issuance
v. Approving Risk-Based Internal Audit Plan 2025/26.

Register of attendance of Board Members in the Board of Directors meetings for the year 2024/25 is as follows:

S/N	Member's Name	Attendance	No. Meetings attended
1	Eng. Abdallah Mkufunzi	P	4
2	Hajra Mmambe	P	4
3	CPA. Ahadi Msangi	P	1

4	CPA Kessy Mpakata	P	2
5	Ms. Sarah Mtelele	P	4
6	Mr. Patrick Pima	P	4
7	Mr. Aloyce Mwita	P	4
8	Adv. Haji Nandule	P	4

Source: NWF Board Meeting attendance register

P = Present
AP = Apology
AP-R = Absence with apology-Represented
N/A* = The post/position was vacant

1.3.1 Committee of the Board of Directors

The board committees shall meet four times a year or as needed. To ensure the smooth running of the Fund, the Board appointed three Board Committees, namely the Finance and Resource Mobilisation Committee, the Planning and Administrative Committee, and the Audit Committee, as follows.

1.3.2 Finance & Resource Mobilisation Committee is responsible for;

(a) To receive and deliberate on NWF's strategic inputs on finance and administration issues such as budget, plans, recruitment, human resource development and training, promotion, discipline, retention, motivation, performance management, and staff welfare;

(b) To receive and deliberate upon NWF's plans for maintaining an optimum staff complement through ensuring effective manpower planning, recruitment, training and development;

(c) To receive and deliberate upon the development and periodic review of NWF's organisationstructure, job description, compensation structure, scheme of services and salary structure;

(d) To receive and consider NWF's plans for ensuring a conducive working environment and maintenance of oversight on staff competence, motivation, integrity, accountability and productivity;

(e) To receive and consider policies and regulations on finance, human resources and administration systems;

(f) To cause to be developed and implemented internal control systems that are necessary to secure the assets and liabilities and ensure accuracy in recording income and expendituresof NWF;

(g) To cause to be developed and implemented a modern performance management system in line with NWF's Strategic Objectives;

(h) To cause to be developed and maintained policies and operational plans on capacity building, both for institutional and human resource development;

1.3.3 The Audit Committee is responsible for;

(a) providing the Board with independent, objective advice on the adequacy of management's arrangements.

(b) Stipulating the NWF Audit Committee Charter and Audit Committee Guidelines for Public SectorEntities, Second Edition of June 2019, as issued by the Ministry of Finance and Planning under the Internal Auditor General's Department and as amended from time to time.

1.3.4 The Planning and Administrative Committee is responsible for;

(a) Receiving and deliberating on finance, planning, and administrative matters;

(b) Receiving and deliberating on NWF's strategic inputs on finance and administration issues such as budget, plans, recruitment, human resource development and training, promotion, discipline, retention, motivation, performance management, and staff welfare;

(c) Receiving and deliberating upon NWF's plans for maintaining an optimum staff complement through ensuring effective manpower planning, recruitment, training, and development;

(d) Receiving and deliberating upon the development and periodic review of NWF's organisation structure, job description, compensation structure, scheme of services, and salary structure;

1.4 CORPORATE GOVERNANCE

The Board is responsible for governing the Fund by ensuring that it complies with the law, corporate governance standards, and business ethics. The Board takes overall responsibilityfor managing the Fund, including the practical and efficient implementation of activities such as financial resource mobilisation, disbursement of funds to implementing agencies, and monitoring of fund utilisation.

In addition, the Board approves plans and budgets and advises the Minister on the efficient allocation of financial resources.

The powers and duties of the Board are set out in Regulations 8 and 9 of the National Water Fund Regulations, GN. No. 981 of 2019. Thus, the Board of NWF hereby confirms that:

(i) Suitable accounting policies have been adopted and applied consistently.
(ii) The International Public Sector Accounting Standards (IPSAS) have been adhered to in preparing the financial statements.
(iii) The Fund keeps proper books of account and accounting records, which disclose with reasonable accuracy, all the financial transactions, assets and liabilities.
(iv) The Fund maintains an adequate system of internal controls and takes reasonable steps for the prevention and detection of fraud, errors and other irregularities.
(v) The Fund has prepared the financial statements, which the Board believe reasonably disclose the financial position of the entity.
(vi) Fund will remain a going concern for at least twelve months from the date of this report.

The NWF Operational and Accounting Manual stipulates that there shall be an Internal Audit Unit that will undertake a set of internal Audit activities by reviewing and appraising all operations of the Fund. The status and powers of the internal audit functions should conform to internationally acceptedstandards. During the reporting period, internal audit activities were performed by the Fund's internal auditor, unlike in the previous year, when NWF used an Internal Auditor from the Ministry.

1.4.1 MANAGEMENT

The institutional framework of the National Water Fund comprises the Minister at the apex, the Fund's Board, and the Fund's Secretariat. According to this setup, NWF, the oversight role, is vested in the Board, which is comprised of members appointed by the Minister responsible for Water. The qualities, qualifications, number and tenure of office for such Members shall be as stipulated under the Water Supply and Sanitation Act No. 05, 2019 and the National Water Fund Regulations GN No. 981 of 2019.

The day-to-day affairs and dealings of the Fund are executed by its executive organ, known as "the Secretariat of the Fund", which is managed by the Chief Executive Officer, who the Board appoints in consultation with the Minister responsible for Water. Under the Chief Executive Director, there are three Directorates, namely;

a) Directorates of Project Appraisal and Resource Mobilisation

b) Directorates of Finance and Accounts

c) Directorates of Corporate Services

During the reported period, the Board has delegated the day-to-day operations of the Fund to the Secretariat, comprising a management team led by the Fund's CEO, seven (7) Officers from different professional backgrounds, and twenty-three (23) supporting staff.

The following are names of names and positions of the NWF Management Team:

NA	NAME	POSITION	DATE OF APPOINTMENT	QUALIFICATION
1.	Adv. Haji M. Nandule	Chief Executive Officer	01/07/2023	• LLM (Com and Corp)
2	James Kalimanzila	Director of corporate services.	06/02/2025	• Master's in Human Resources Development.
3.	CPA Leonard V. Challe	Ag. Director of Finance and Accounts.	25/02/2025	• MSc. Accounting and Finance • Advanced Diploma in Accountancy • Associate Certified Public Accountant (ACPA T)
4.	CPA. Scholastica Chandika	Chief Internal Auditor	06/02/2025	• CPA (T), • Master of Business Administration
5.	Kessy J. Mkambala	Head of Procurement Management Unit	01/11/2025	• Master of Science in Procurement, Supply Chain, and Management
6.	Dr. Sekela Twisa	Ag. Director of ProjectAppraisal and ResourceMobilisation	01/06/2025	• Doctor of Philosophy in Integrated Management of water and waste
7.	Juma Mchiro	Head of Information Communication Technology	06/06/2024	• Master's degree in ICT for Development (MICT4D)

1.5 FUTURE PROSPECTS OF THE FUND

By using strengths in place including Policies, Laws, Regulations and available human and financial resources, NWF will continue to implement its core responsibilities, NWF will ensure appropriate initiatives that lead and contribute to the achievement of the target of increasing urban water coverage by 95% by 30 June 2025 and rural water supply coverage to 85% by 30 June 2025 being a proportion of urban and rural water population with access to clean and safe water.

1.6 Performance on the Core Functions

The NWF strives to meet the objectives as outlined in the Strategic Plan 2023-26. However, the core performance indicators about the core mandate and functions of the Fund are:

(i) Percentage of mobilised financial resources.

(ii) Growth rate of the revolving fund; and

(iii) Percentage of water projects financed against the approved.

The following is the overview of the NWF performance on core functions by the end of the FY 2024/25:

Financial Resources Mobilisation: The Fund currently relies on the fuel levy of **TZS 50** per litre for diesel and petrol, as provided in the Finance Act of 2015. Other sources of finance include returns from the loan window and yields from bond investments. As of 30 June 2025, the Fund had collected **TZS 141,804,973,692.76** from the Fuel Levy, **TZS 539,474,792** in loan principal collected, **TZS 238,947,120** in interest from the loan, **TZS 135,000,000** in interest yield from the Bond, and **TZS 2,178,089** in penalties from late repayments.

a) **Revolving Fund Scheme:** The Water Supply and Sanitation Act, 2019, empowers the Fund to issue loans on favourable terms to Water Supply and Sanitation Authorities (WSSAs) for undertaking investments in water supply services. The Fund established a loan scheme that charges favourable interest rates and operates on a revolving basis. As of 30 June 2025, the Fund had issued loans worth TZS 800 million to the Geita Water Supply and Sanitation Authority. Cumulatively, the Fund has issued TZS 6.1 billion in loans.

b) **Percentage of water projects financed against approved:** This indicator measures the proportion of funded water projects against approved water projects in a particular fiscal year. It shows the extent of compliance with the approved annual plan. As of 30 June 2025, NWF has financed **361 water projects** out of the total **366 projects** approved in the financial year 2024/25. This is equivalent to **99%** of the approved projects.

1.6.1 Projects Implementation

During the FY 2024/25, NWF disbursed **TZS 78,915,335,446** to RUWASA, **TZS 38,751,612,236.82** to WSSAs, **TZS 15,960,946,556.82** to BWBs and TZS **13,636,273,443.43** to MoW for the implementation of water projects.

A total of **361** water projects were under implementation by RUWASA, WSSAs and BWBs using funds from the NWF. Among the projects, **118** are completed and operational, and 243 are ongoing at different stages. The table below summarises the implementation status of water projects, disaggregated by IAs.

Implementation Status of Water Projects as of 30 June 2025

No.	Category of Project	Planned	Completed and Functional	Ongoing			Total Projects Implemented (D+E+F)
				Equal /Above 50%	Below 50%	Total Ongoing Projects (E+F)	
A	B	C	D	E	F	G	H
1	RUWASA	222	56	111	22	133	**189**
2	WSSAs	94	35	61	24	85	**120**
3	BWBs	50	27	11	14	25	**52**
	Total	**366**	**118**	**183**	**60**	**243**	**361**

1.7 OPERATIONAL AND FINANCIAL PERFORMANCE REVIEW

1.7.1 Operational Performance Review

During the financial year 2024/25, the National Water Fund planned to fund several projects in Mainland Tanzania to achieve its objectives. In this financial year, the Fund is estimated to receive TZS 203,617,869,664 from its source, mostly from the fuel levy of TZS 50 per litre of diesel and petrol, charged and deposited into the NWF account pursuant to the Finance Act No. 16 of 2015. The National Water Fund had collected a total of TZS 143,457,803,693, which is equivalent to 70% of the projection.
The revenue and expenditure trend analysis for two financial years is summarised in Tables 1 and 2 hereunder:

Table 1: Comparison of Revenue Collection for 2023/24 and 2024/25

FinancialYear	ApprovedEstimates	Actual Collection	Performance
2023/24	175,912,837,000.00	143,963,772,199.00	82%
2024/25	203,617,869,664.00	143,457,803,693.20	70%

Table 2: Comparison of Expenditure for 2023/24 and 2024/25

Financial Year	ApprovedEstimates	Actual Expenditure	Performance
2023/24	175,912,837,000.00	151,040,071,983.00	86%
2024/25	203,617,869,664.00	154,387,203,631.00	76%

The approved budget for the financial year 2024/25 was **TZS 203,617,869,664.00,** and the National Water Fund spent **TZS 154,387,203,631** (equivalent to 76% of the approved budget, including the carryover balance) to meet its plans and targets.

The key achievements during this reporting period were recorded as follows: -
By June 2025, about 361 water projects, including 189 water supply projects in rural areas, 120 water supply and sanitation projects in urban areas, and 52 water resources conservation projects, had received financing from the fund. This has improved water supply coverage to 91.6% in urban areas and 83% in rural areas.

The focus of the fund: -
In seeking to fund water projects, NWF will explore opportunities to engage more partnersto further its objectives. The Fund intends to foster cooperation with all key stakeholders, both local and international, who will assist the Fund in mobilising the financial resources required to improve water service provision in areas with inadequate water supply coverage and to conserve water resources.

With the financial resources ring-fencing mechanism, NWF expects to attract a significant number of funding stakeholders to join the fund, with the ultimate goal of improving access to clean and safe water and boosting the community's social and economic welfare.

1.7.2 Loan Window Performance

In 2023/24, NWF began issuing loans to its implementing agencies on favourable terms through TIB Bank as a Trust Agent. During the financial year 2024/25, NWF issued loans that reached TZS 6,100,000,000. A total of TZS 539,474,792 was recovered as Principal, and TZS 238,947,119.85 interest was earned. TZS 451,736,494.52 were not retrieved as at 30 June 2025, as shown in the table below.

S/N	Implementing Agent	Amount
1.	Bunda UWSSA	800,000,000.00
2.	Tanga UWSSA	1,500,000,000.00
3.	DAWASA	3,000,000,000.00
4.	GEITA UWSSA	800,000,000.00
Total Principal Loan Issued		**6,100,000,000.00**
Principal amount recovered		539,474,792.00
Total amount Principal receivable		**5,560,525,208.41**
Interest Income earned		305,915,981.71
Interest amount recovered		238,947,119.85
Intereste Receivable		66,968,861.87
Loan Balance		**5,866,441,190.13**
Total Amount not Recovered.		
Principal Amount Receivable		**384,767,632.65**
Interest Receivable		66,968,861.87
Total not recovered		**451,736,494.52**

During the financial year 2023/24, NWF purchased a green bond of TZS 1,000,000,000 from Tanga UWSSA at an annual interest rate of 13.5%, payable twice a year.
NWF received TZS 135,000,000 in interest yield as of 30 June 2025, reflecting an increase in Revenue of 135,000,000.

1.8 FINANCIAL REVIEW

1.8.1 Performance for the year

The performance for the year is detailed in the Statement of Financial Performance for the year ended 30 June 2025. The recorded surplus for the year was driven by an increase in both revenue collected and receivables, which rose from **TZS 106,757,292,181** and **TZS 87,465,900,195** in 2023/24 to **TZS 116,935,698,516** and **TZS 94,454,934,464** in 2024/25, respectively. However, **TZS 89,468,861.87** was not collected from loan interest and bond yields were recorded as receivables as of 30 June 2025.

Despite that, management has kept operational and administrative costs within the range; however, the Fund has established strategies to manage expenses and increase income to sustain the increase in surplus and put the Fund in a better position.

RATIO ANALYSIS:

PARTICULARS	2024/25	2023/24
Liquidity rations		
Current Ratio	721.2 Times	279.7 Times
Acid Test Ratio	721.42 Times	279.6 Times
Working Capital - TZS	198,484,125,838	138,931,525,472
Net Worth - TZS (Total Assets - Total Liabilities)	***201,591,941,428***	***140,911,119,802***

Source: Fund Audited financial statements 2023/24, 2024/25

Liquidity ratios and the working capital position indicate that NWF has maintained sufficient short-term assets to cover its short-term liabilities. The Stable Working Capital Position reflects higher income, accounts receivable, and cash than in the previous year. NWF's consistent increase in Net Worth demonstrates the organisation's good financial health.

1.9 SOLVENCY

The Board of Directors confirms that applicable accounting standards have been complied with and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectations that the National Water Fund will have adequate resources to continue in operational existence for the foreseeable future.

The state of affairs of the National Water Fund as at 30 June 2025 is set out on page 24 of these financial statements.

1.10 COMMERCIAL AND OPERATIONAL RISKS

Risk is an inherent feature of any institution's activities. NWF endeavours to manage risk by having in place appropriate functional structures, systems and procedures. These structures, systems and procedures evolve continuously in response to changes in the environment in which the Fund operates. The following are the main types of risks the Fund is exposed to in the course of executing its operations:

- Operational Risk
- Liquidity Risk
- Credit risk
- Environmental risk
- Political risk
- Procurement risk

1.10.1 Operational Risk

The National Water Fund as a public financial institution managing resources for water sector projects can be significantly affected by Operational risk, since they relate to failures in processes, systems, people or external events such as weak internal control which can lead to mismanagement of funds or loss of public resources, errors in budgeting, accounting or reporting could distort financial performance and credibility, and Skill gaps in project evaluation and risk of capacity constraints in monitoring water projects might result in underperformance.

The Fund established several mitigation strategies, including robust internal audit and independent monitoring, risk-based fund disbursement controls (funds are released only after milestones are verified), and a training program for staff to enhance capacity in project management, finance, and technical water issues.

Managing operational risk is integral to the Fund's day-to-day operations. This risk is closely monitored by management and the Board of Directors.

1.10.2 Liquidity Risk

Liquidity risk is the risk that the Fund faces of not having adequate funds to settle day-to-day obligations and to disburse funds to water projects on time. The Fund is in a healthy liquidity position; it has more current assets than current liabilities, which implies it should be able to cover its short-term obligations without difficulty. The Fund has prudent liquidity risk management, maintaining sufficient cash to cover committed credit facilities, working capital, and capital project requirements. Liquidity risk management by setting up contingency funds to cover emergencies such as project delays or unexpected expenses, and mobilising funds from other sources, such as loans to water authorities and investments in Government securities, such as Tanga UWASS Green Bond.

1.10.3 Credit Risk

Potential credit risk involves the possibility of financial loss if the borrower fails to meet its obligation to the Fund; there is a risk that the water authority may default due to poor revenue collection, inefficiency or financial mismanagement. Also, if the government contribution is delayed or not disbursed as pledged, NWF may experience a funding gap

The National Water Fund manages this risk by establishing strong policies, implementing due diligence and monitoring practices, and ensuring that water authorities honour their obligations. Employed trusted agents who have experience in the banking industry to manage the loan window, and to make follow-up to the government to ensure all funds collected in the fuel levy are disbursed to NWF.

1.10.4 Environmental Risk

Environmental risk stems from natural events, human activities and climate-related change impacting NWF in various ways, such as Water Source Depletion, which includes droughts due to reduced rainfall and prolonged dry seasons, that can lead to diminished water availability, affecting water supply projects by increasing project costs, delaying delivery and threatening the sustainability of water services.

1.10.5 Political Risk

Risks emanating from political factors and decisions that impact the NWF mandate and operations include political pressure and local, Provincial, and National elections.

1.10.6 Procurement Risk

Risks relating to material resources, possible aspects to consider include Availability of material; Costs and means of acquiring/ procuring resources; and the wastage of material resources; the Controls in place are transparency, identification of needs, development of specifications, contract documents, contract negotiation, contract management, evaluation of offers, identification preferred suppliers and selection of procurement methods e.g. NCB, ICB, single source.

1.11 RESOURCES

The composition and management of NWF resources for the year ended 30 June 2025 are as detailed below;

a) Intellectual Resource

NWF uses intellectual resources to improve operational efficiency, while Management uses its knowledge to optimise project appraisal and mobilisation of funds, and to monitor and supervise the implementation of water projects, thereby improving water service delivery around the country.

b) Human Resources

In 2024/25, NWF had 31 staff members, of whom 19 were men, and 12 were women, with various educational levels from ordinary level to PhD.

A key factor in NWF's ability to create long-term value is its Corporate Services Directorate, which focuses on enhancing employees' performance through targeted training. The staff training needs assessment identified skill gaps that were covered by various training. A total of **TZS 41,117,779** was spent on the training program for the year 2024/25

The good relationship between employees and management continued in 2024/25. Management conducted 12 meetings with all employees. There was also one meeting between the Board of Directors and all employees, and two meetings of the workers' council. In these meetings, employees had the opportunity to meet and air their views to the Management and Board of Directors.

The relationship between Employees and Management remained good. Management received no significant unresolved conflicts or complaints from the employees themselves or the workers' representative union.

c) Natural Resource

NWF recognises that natural resources, particularly water sources and catchment ecosystems, are central to its operations and long-term financial sustainability. The Fund's mandate to finance water supply projects depends directly on the availability, accessibility and quality of water resources within Tanzania. Fund financial activities are tied to surface water, groundwater, and rainwater harvesting systems. Any decline in the quantity or quality of these resources affects the Fund's capacity to meet the national water supply target.

The sustainability of water supply relies on well-managed natural ecosystems, including forests, wetlands and watershed areas. NWF, therefore, incorporates conservation and protection initiatives into its financing priorities.

The NWF Board affirms that the sustainable use and protection of natural resources, particularly water and catchment ecosystems, are critical to the National Water Fund's continued financial and operational sustainability.

d) Financial Resource

National Water Fund mobilises, manages, and disburses financial resources to support water supply and sanitation projects across the country. The Fund's financial sustainability is critical to the realisation of its mandate under the Water Supply and Sanitation Act. The Fund's resources are mainly derived from fuel levies as prescribed by legislation, Government allocations through the Ministry of Water, Interest on loans issued to Urban water authorities, and returns on investments from funds temporarily placed in financial instruments.

The Board is committed to ensuring that the Fund maintains adequate and sustainable financial resources to fulfil its mandate. Financial sustainability is supported by prudent management, alignment with National Water priorities, and continuous stakeholder engagement. NWF affirms that the sound mobilisation and management of financial resources is fundamental to ensuring water security and access for all Tanzanians.

1.12 RELATIONSHIP WITH STAKEHOLDERS

The Fund has a wide range of stakeholders because it mobilises, manages, and disburses funds for water supply projects nationwide. Our operations cut across various stakeholders' interests. The needs of stakeholders vary across groups.

a) **Beneficiaries/Customers**

NWF maintains good relations with Communities and households who are the direct users of improved water supply and sanitation services, with Industries and commercial users who rely on a sustainable water supply for operations, and with Vulnerable Groups such as women, children, and the rural population, who are most impacted by water access. Creditors/suppliers.

b) **Water Sector Institutions**

Maintaining good relations with implementers who are receiving financing for infrastructure development, Basin water boards who manage water resources, ensuring sustainable use of water and ensuring compliance with water quality, environmental and safety regulations, and EWURA often oversees operations and regulates water tariffs and performance of Water supply and sanitation authorities.

c) **Government Stakeholders**

The Ministry of Water, as the parent ministry, provides national policies, regulations and guidelines that NWF must follow to ensure sustainable and efficient water and sanitation services and monitor compliance. Parliament of Tanzania approves budgets and provides legislative oversight, and Local Government Authorities (LGAs), which implement NWF-funded projects at district and community levels

d) **Funding Partners**

NWF maintains good relationships with funding partners, including the Development Partner and Donors such as the World Bank, the African Development Bank, UN agencies, and bilateral donors interested in financing water projects through NWF.

1.13 RELATIONSHIP BETWEEN MANAGEMENT AND EMPLOYEES

There were continued good relations between employees and Management for the year ended 30 June 2025. Management received no unresolved complaints. The Fund Secretariat adopted the National Health Policy, under which all staff, together with their spouse and up to four children, were provided free medical expenses through the National Health Insurance (NHIF) Scheme.

To enhance staff capacity-building, the Fund continued to provide training to the Board and its employees as needed. During the reporting period, the Fund sponsored two (2) Staff to undertake part-time studies for a Master's Degree. One staff member is pursuing a part-time master's degree in project planning, Monitoring and Evaluation at the Institute of Rural Development Planning, Dodoma, and another staff member is pursuing a part-time Master of Science in Finance and Investment at the Institute of Accountancy, Arusha. In addition, the Fund sponsored one (1) staff member to study a bachelor's degree in information technology at the College of Business Education, Dodoma.

NWF continued to improve employees' emoluments and benefits, including Salaries, housing, telephone, electricity, transport, and other allowances, in accordance with the Scheme of Service and Salary Structure, Staff Regulations, and Financial Regulations, thereby enabling employees to receive these benefits.

1.13.1 GENDER POLICY

The Fund has maintained an equal opportunity employment policy regarding gender issues. Every effort is made to ensure that the Fund maintains gender balance, subject to technical and experience considerations. The general gender imbalance observed at NWF must be viewed within a broader national and societal context. The imbalance is a reflection of the patriarchal system that has been in existence and is perpetuated by the social, economic, political, cultural and legal frameworks that are in place. As at 30 June 2024, the Fund had a total of 31 employees, of whom 12 were female and 19 were male.

1.13.2 HIV/AIDS AWARENESS PROGRAMME

NWF has an HIV/AIDS awareness programme in operation. The Fund encourages employees to undergo regular voluntary HIV testing, and, for those in need of medical assistance, provides it free of charge. In addition, the infected employees will receive a token amount of money to cover their nutritional expenses.

1.13.3 WORKERS COMPENSATION SCHEME

NWF complies with the requirements of the Tanzania Workers' Compensation Scheme as provided by the Workers' Compensation Act, 2008. The Fund contributes 0.5% of its annual wage bills each month to the Workers' Compensation Fund to compensate injured employees or those incapacitated in the course of employment.

1.13.4 STATEMENT OF COMPLIANCE

Those charged with governance confirm that the report complies with the provisions of Tanzania Financial Reporting Standards (TFRS 1) and all other laws, rules and regulations in the Country, which have guaranteed the smooth operation of the Fund during the year.

1.13.5 INTERNAL AUDIT

The Public Finance Act of 2001, Sections 28-35, requires Management to establish an Internal Audit Unit. The National Water Fund has established an effective internal audit unit.

1.13.6 TENDER BOARD

The National Water Fund has established a Tender Board and Procurement Management Unit to handle all purchases of goods and consultancy services as required by the Public Procurement Act No. 9 of 2011 (amended in 2016).

1.13.7 AUDIT COMMITTEE

National Water Fund has in place an effective Audit Committee as required by Regulation 28 of the Public Finance Regulations of 2001.

1.13.8 DIRECTORS INTEREST AND REMUNERATION

No Director of the National Water Fund has any personal interest in the Fund's affairs that warrants disclosure in this report. During this year, the Fund Paid TZS 43,000,000.00 as Directors' Fees to Board members.

1.13.9 RELATED PARTY TRANSACTIONS

NWF is a wholly owned entity of the Government through its Parent Ministry, the Ministry of Water. The Government and the Parent Ministry, through the Board of Directors of NWF, significantly influence the Fund's roles and are its major financiers of water projects. In some cases, the Fund enters into transactions with other government-owned Urban Water Authorities (UWSAs), Rural Water Supply Authorities, Government departments, entities, State-owned enterprises, and Agencies.

1.13.10 PENDING LITIGATIONS

Management of the NWF certifies that, as of 30 June 2025, there were no pending legal claims against NWF. Likewise, it poses no risk to the Fund's continued operations.

1.13.11 POLITICAL AND CHARITABLE DONATIONS

The NWF has contributed a total of **TZS 5,000,000** in donations to the Ikupa Trust Fund to support people with disabilities nationwide in fulfilling their potential and living the lives they choose, as part of Fund Cooperate's Social Responsibilities (CSR). No contributions were made for political activities during the year.

1.13.12 ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Fund fully participates in carrying out Environmental and Social Impact Assessment studies in accordance with the guidelines and procedures stipulated in the Environmental Impact Assessment and Audit Regulations G.N. No. 349 of 2005. Catchments of water sources have been prioritised for protection against contamination and unauthorised abstraction. The fund is considering the Environmental Impact Assessment (EIA) for all projects before financing to ensure compliance.

1.13.13 EVENT AFTER THE REPORTING DATE

There were no subsequent events that have occurred which were either to be disclosed or to be adjusted in the financial statements that could materially affect the financial statements.

1.13.14 AUDIT MANDATE

Controller and Auditor General (CAG) is a statutory auditor for the National Water Fund (NWF) pursuant to the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977(revised 2005) and Section 10 of the Public Audit Act, Cap 418 (R.E 2021).

BY ORDER OF THE BOARD

....	....
Eng. Abdalah Mkufunzi	Adv. Haji Nandule
Chairperson of the Board	Chief Executive Officer
26/2/2026	28/02/2026
Date	Date

2.0 STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

The members charged with governance accept responsibility for the preparation of the annual Financial Statements, which give a true and fair view of the entity's state of affairs and its operating results in accordance with the applicable standards, rules, regulations and legal provisions. The members also confirm compliance with the provisions of the requirements of Tanzania Financial Reporting Standard 1 (TFRS 1) and International Public Sector Accounting Standards (IPSAS) Accruals Basis, in conformity with the provisions of the Public Finance Act No. 6 of 2001, section 25 (2) & (4) (as revised in 2004). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether on account of fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances which provide reasonable assurance that the transactions recorded are within statutory authority, and properly record the use of all public financial resources accordingly.

To the best of our knowledge, the system of internal control has operated adequately throughout the reporting period, and the records and underlying accounts provide a reasonable basis for preparation of the Financial Statements for the year ended 30 June 2025.

Procurement of goods, works, and consultancy and non-consultancy services to the extent that they are reflected in these financial statements has been done in accordance with the Public Procurement Act No 9 of 2011 (amended in 2016) and its underlying Regulations of 2013 (amended in 2016).

We accept responsibility for the integrity of these financial statements, the information they contain and their compliance with the Public Finance Act No. 6 of 2001 (as revised in 2004) and International Public Sector Accounting Standards (IPSAS) Accrual basis; and Guidelines issued or may be issued from time to time by the Fund's Board.

In our opinion, nothing has come to the attention of the Management that the financial statements do not present fairly, in all material respects, the operations of the entity and will remain a going concern for the next twelve months from the date of these statements.

BY ORDER OF THE BOARD OF THOSE CHARGED WITH THE GOVERNANCE

....
Eng. Abdallah Mkufunzi
Chairperson of the Board

26/2/2026
....
Date

....
Adv. Haji Nandule
Chief Executive Officer

3.0 DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA), according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied by a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Management to discharge the responsibility of preparing financial statements of an entity showing a true and fair view of the entity's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors, as under the Directors' Responsibility statement on an earlier page.

I, **CPA Leonard V. Challe**, being a Certified Public Accountant and Director of Finance and Accounts of National Water Fund, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2025 have been prepared in compliance with International Public Sector Accounting Standards (IPSAS), Accruals Basis and statutory requirements.

I thus confirm that the financial statements give a true and fair view of the position of the National Water Fund as on that date and that they have been prepared based on properly maintained financial records.

Signed by: ....

Position: Director of Finance and Accounts

NBAA Membership No.: ACPA 3099

Date: 26·2·2026

4.0 FINANCIAL STATEMENT

4.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Note	2025 TZS	2024 Restated TZS
ASSETS			
Current Asset			
Cash and Cash Equivalents	62	7,243,533,082	18,172,933,020
Receivables	67	185,319,023,090	115,975,355,653
Loan and Bond Receivables	68	5,488,883,198	5,271,910,838
Prepayments	69	707,062,590	2,400,000
Inventories	70	1,131,400	7,610,725
Total Current Asset		**198,759,633,360**	**139,430,210,238**
Non-Current Asset			
Property, Plant and Equipment	77	1,080,613,901	737,903,952
Work In Progress	82	1,027,201,688	241,690,377
Government Securities	85	1,000,000,000	1,000,000,000
Total Non-Current Assets		**3,107,815,589**	**1,979,594,329**
TOTAL ASSETS		**201,867,448,949**	**141,409,804,567**
LIABILITIES			
Current Liabilities			
Payables and Accruals	89	218,308,000	384,603,277
Deposits	94	57,199,522	114,081,489
Total Current Liabilities		**275,507,522**	**498,684,766**
TOTAL LIABILITIES		**275,507,522**	**498,684,766**
TOTAL NET ASSET		**201,591,941,428**	**140,911,119,802**
NET ASSETS/EQUITY			
Capital Contributed by:			
Taxpayers/Share Capital		341,403,119	341,403,119
Accumulated Surpluses/Deficits		201,250,538,309	140,569,716,683
TOTAL NET ASSETS/EQUITY		**201,591,941,428**	**140,911,119,802**

....
Eng. Abdalah Mkufunzi
Chairperson of the Board

26/2/2026
....
Date

....
Adv. Haji Nandule
Chief Executive Officer

26/2/2026
....
Date

4.2 STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2025

Classification of Expenses by Nature	Note	2025 TZS	2024 Restated TZS
REVENUE			
Revenue			
Revenue Grants	16	95,633,080,446	87,829,197,824
Subvention from other Government entities	32	116,935,698,516	106,757,292,181
Total Revenue		**212,568,778,962**	**194,586,490,004**
TOTAL REVENUE		**212,568,778,962**	**194,586,490,004**
EXPENSES AND TRANSFERS			
Expenses			
Wages, Salaries and Employee Benefits	34	1,585,827,924	838,303,482
Use of Goods and Service	35	2,514,496,456	2,533,266,877
Maintenance Expenses	36	79,274,379	36,062,668
Other Expenses	52	365,885,149	325,752,436
Expected Credit Loss	54	98,423,081	58,648,650
Depreciation of Property, Plant and Equipment	77	113,091,201	79,796,818
Total Expenses		**4,756,998,190**	**3,871,830,931**
Transfer			
Subsidies	58	147,002,229,146	141,082,037,265
Other Transfers	60	128,730,000	0
Total Transfer		**147,130,959,146**	**141,082,037,266**
TOTAL EXPENSES AND TRANSFERS		**151,887,957,336**	**144,953,868,197**
Surplus / Deficit for the period		**60,680,821,626**	**49,632,621,807**

....
Eng. Abdalah Mkufunzi
Chairperson of the Board

26/2/2026
....
Date

....
Adv. Haji Nandule
Chief Executive Officer

26/2/2026
....
Date

THE UNITED REPUBLIC OF TANZANIA
NATIONAL WATER FUND
REPORT BY THOSE CHARGED WITH GOVERNANCE AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

Description	Tax Payer's Fund TZS	Accum. Surplus/(Deficit) TZS	Total TZS
Opening Balance as at 01 Jul 2024	**341,403,119**	**140,569,716,683**	**140,911,119,802**
Surplus/ Deficit for the Year	-	60,680,821,626	60,680,821,626
Closing Balance as at 30 Jun 2025	**341,403,119**	**201,250,538,309**	**201,591,941,428**
Opening Balance as at 01 Jul 2023	**341,403,119**	**90,937,094,876**	**91,278,497,995**
Surplus/ (Deficit) for the Year	-	49,632,621,807	49,632,621,807
Closing Balance as at 30 Jun 2024	**341,403,119**	**140,569,716,683**	**140,911,119,802**

....

Eng. Abdalah Mkufunzi
Chairperson of the Board

26/2/2026
Date

....

Adv. Haji Nandule
Chief Executive Officer

26/2/2026
Date

4.4 CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	2025 TZS	2024 TZS Restated
CASH FLOW FROM OPERATING ACTIVITIES		
RECEIPTS		
Subvention from other Government entities	142,720,573,693	142,593,564,108
Revenue Grants	737,230,000	328,699,000
Revenue from Exchange Transactions	-	-
Other Revenue	-	927,427,602
Increase in Deposit	-	114,081,489
Total Receipts	**143,457,803,693**	**143,963,772,199**
PAYMENTS		
Wages, Salaries and Employee Benefits	1,584,885,924	829,268,482
Use of Goods and Services	2,384,874,464	2,205,117,792
Other Expenses	365,885,149	325,752,439
Maintenance Expenses`	79,274,379	36,062,668
Subsidies	147,002,229,146	141,082,037,265
Other Transfers	128,730,000	-
Decrease in Deposit	113,677,689	-
Total Payments	**151,659,556,750**	**144,478,238,646**
NET CASH FLOW FROM OPERATING ACTIVITIES	**(8,201,753,059)**	**(514,466,446)**
CASH FLOW FROM INVESTING ACTIVITIES		
Investing Activities		
Payment for Work in Progress	(785,511,311)	(241,690,377)
Increase in Government Securities	-	(1,000,000,000)
Advance Payment for Acquisition of Property, Plant and Equipment	(688,734,419)	(2,400,000)
Acquisition of Property, Plant and Equipment	(453,401,150)	(17,742,960)
Total Investing Activities	**(1,927,646,880)**	**(1,261,833,337)**
NET CASH FLOW FROM INVESTING ACTIVITIES	**1,927,646,880)**	**(1,261,833,337)**
CASH FLOW FROM FINANCING ACTIVITIES		
Financing Activities		
loan issued to third parties	(800,000,000)	(5,300,000,000)
Total Financing Activities	**(800,000,000)**	**(5,300,000,000)**
NET CASH FLOW FROM FINANCING ACTIVITIES	**(800,000,000)**	**(5,300,000,000)**
Net Increase	(10,929,399,938)	(7,076,299,784)
Cash Surrendered to Holding Account	-	-
Cash and cash equivalents at the beginning of the period	18,172,933,020	25,249,232,804
Cash and cash equivalents at the end of the period	**7,243,533,082**	**18,172,933,020**

....
Eng. Abdalah Mkufunzi
Chairperson of the Board
Date: 26/2/2026

....
Adv. Haji Nandule
Chief Executive Officer
Date: 26/2/2026

4.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2025

	Original Budget	Budgeted Amount Reallocations/ Adjustments	Final Budget (B)	Actual Amount on Comparison Basis (A)	Different Final Budget & Actual (B-A)
RECEIPTS	TZS	TZS	TZS	TZS	TZS
Subvention from Other Government Entities	**202,855,721,664**	0	**202,855,721,664**	141,804,973,693	61,050,747,971
Revenue Grants	762,148,000	0	762,148,000	737,230,000	24,918,000
Revenue from Exchange Transactions	0	0	0	915,600,000	-915,600,000
Other Revenue	0	0	0	0	0
Total Receipts	**203,617,869,664**	**0**	**203,617,869,664**	**143,457,803,693**	**60,160,065,971**
PAYMENTS					
Wages, Salaries and Employee Benefits	1,492,418,000	254,999,636	1,747,417,636	1,584,885,924	162,531,712
Use of Goods and Services	3,520,845,387	115,360,564	3,636,205,951	2,384,874,464	1,241,331,487
Subsidies	174,448,686,338	3,518,256,740	177,966,943,078	147,002,229,146	30,964,713,932
Other Transfers	128,730,000	0	128,730,000	128,730,000	0
Other Expenses	4,139,150,283	(3,549,379,740)	589,770,543	365,885,149	223,885,394
Maintenance Expenses	50,300,000	71,762,800	122,062,800	79,274,379	42,788,421
Payment for Work in Progress	0	0	0	785,511,311	(785,511,311)
Decrease in deposit	0	0	0	113,677,689	(113,677,689)
Increase in Government Securities	0	0	0	0	0
Acquisition of Property, Plant and Equipment	4,357,410,000	(411,000,000)	3,946,410,000	1,142,135,569	2,804,274,431
Loan Receivable issued	15,480,329,656	0	0	800,000,000	14,680,329,658
Total Payment	**203,617,869,664**	**0**	**203,617,869,664**	**154,387,803,693**	**49,230,065,971**
Net Receipts/Payments	**0**	**0**	**0**	**(10,929,399,938)**	**10,929,399,693**

....
Eng. Abdalah Mkufunzi
Chairperson of the Board
26/2/2026
Date

....
Adv. Haji Nandule
Chief Executive Officer
26/2/2026
Date

5.0 EXPLANATORY NOTES;

For the reporting period, NWF received TZS **143,457,803,693** for Development and operations, compared to a budget of **TZS 203,617,869,664**, resulting in an under-release of **TZS 60,160,065,971**. This under-release was mainly caused by the non-disbursement of monies collected as fuel levy for the water fund. The Advance payments made to contractors beyond the budget line item were caused by the wrong budgeting of the said item to the Office buildings and structure item; the rectification of these items already done in the financial year 2025/2026 budget.

6.0 NOTES TO THE FINANCIAL STATEMENT

6.1.1 GENERAL INFORMATION

NWF is established under the Water Supply and Sanitation Act No. 05, 2019, as a public entity under the Ministry of Water, responsible for the mobilisation of financial resources necessary to support investment in projects for water supply provisions and management of catchment areas. The NWF is situated at Tambukareli Street in Dodoma City. P.O Box 2204, Dodoma. Tel: +255262962289: Fax No.+255262962289 Email: info@nwf.go.tz. Website: www.nwf.go.tz.

NATIONAL WATER FUND
Salmin -Tambukareli street,
S.L. P 2204,
DODOMA.

BANKERS I
Bank of Tanzania, JAKAYAKIKWETE ROAD,
P.O BOX 2303,
DODOMA.

LAWYER
Attorney General,
P.O BOX 630, Sheria Street, Government City, **DODOMA.**

BANKERS II

National Microfinance Bank (NMB),Safina,
Opposite Mkapa House,
DODOMA.

CHIEF EXECUTIVE OFFICER,
Water Fund,
P.O Box 2204,
Salmin -Tambukareli street,
DODOMA.

AUDITORS
Controller and Auditor General,
National Audit Office,
Ukaguzi House,
Mahakama Road
P.O Box 950,
41104 Tambukareli,
DODOMA.

7.0 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

7.1.1 Basis of preparation

These financial statements of NWF have been prepared in accordance with and comply with International Public Sector Accounting - Accrual (IPSAS-Accrual). These financial statements have been prepared under the cost model. The cash flow statement is prepared using the direct method. The financial statements are presented in Tanzanian Shillings.

The preparation of financial statements in conformity with IPSAS-Accrual requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Fund's accounting policies and regulations. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are separately disclosed in a note. The accounting policiesadopted, which are consistent with those of previous years, are shown below

7.1.2 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable from the fuel levy. - by Tanzania Revenue Authority. The Fund recognises revenue on the imposed TZS 50 per litre of Petrol and Diesel supplied each month, collected by TRA, and the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity when specific criteria have been met.

7.1.3 Grants

Grants from the Government are recognised as Income once there is reasonable certainty that the Fund will comply with the conditions attached to the grants, and that the grant will be received. Grants relating to assets are generally recognised over the assets' useful lives.

The Fund shall recognise an asset in respect of transfers such as grants when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

7.1.4 Inventory

NWF maintains inventory by using the inventory model in the Integrated Financial Management Information system (IFMIS) for proper recording, including issuing for normal day-to-day consumption. The measuring of Inventories is based on IPSAS 12, where the cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The carrying amounts of inventories are measured at fair value less costs to sell; the amounts of inventories issued are recognised as expenses during the period.

7.1.5 Foreign currency translation Functional and Presentation Currency

The functional currency of NWF, which is also its presentation currency, is the Tanzanian Shilling, and all values are rounded to the nearest Shilling unless otherwise indicated. Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which the Entity operates ("the functional currency"). The financial statements arepresented in Tanzanian Shillings (TZS), which is the Fund's functional and presentation currency.

7.1.6 Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing on the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financialperformance.

7.1.7 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at Banks and cash in hand and short-term deposits with an original maturity of three months or less, and are measured at amortised cost. For the purpose of the cash flow statement, cash and cash equivalentsconsist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

7.1.8 Revenue from non-exchange transactions

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. IPSAS 23, which requires inflow of resources from a non-exchange transaction to be recognised both as revenue and as an asset, except to the extent that a liability is also recognised in respect of the same inflow. Generally, IPSAS 23 requires all grants or any other receipts from non-exchange transactions to be recognised in full as revenue and should appear in the statement of financial performance unless a liability is also recognised in respect of the same inflow.

7.1.9 Other transfers

Other transfers include fees, fines, penalties, licenses, gifts, donations (including goods-in-kind), and transfers from other government entities. These are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the Fund, and the fair value of the asset can be measured reliably. Services-in-kind are not recognised as revenuebut are disclosed in the financial statements. However, during the year, the Fund received no services in kind from various Institutions.

7.1.10 Comparatives
There is comparative information to ensure consistency with the current period and prior periods, given that it is the sixth year of operation. The previous year's balances have been regrouped whenever appropriate for comparison purposes, as further clarified in the commentary to the notes.

7.1.11 Payables
Payables are obligations to pay for goods or services that have been acquired in the ordinary courseof business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

7.1.12 Advances and other receivables
Receivables are disclosed in the Financial Statements at original historical cost. Bad debts are written off with the Board's approval when identified and are reflected in the Statement ofLosses.

7.1.13 Taxpayers Fund
These are public funds, which include all resources collected and spent by the government on infrastructure such as schools, hospitals, water systems, roads, railways, and other strategic projects, with the main purpose of satisfying individual or collective needs of its citizens or creating future benefits for them.

The term "taxpayers' funds" is used by the government to refer to the initial residual value or capital. Accordingly, taxpayers' funds are expected to remain static after the lapse of the transitional period in the financial year 2016-2018, during which the Government was establishing its initial capital after migrating from a cash-basis of accounting. The movement of equity will be through a surplus or a deficit account and may be positive or negative

7.1.14 Property, plant and equipment
Property, plant and equipment is stated at cost, excluding the costs of day- to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of anyreplacement parts in accordance with the related recognition criteria. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rates of depreciation which have been consistently applied are as follows:

ASSET CATEGORY	AVERAGE USEFUL LIFE (YEARS)	EQUIVALENT PERCENTAGE (%) OF DEPRECIATION
Administration Assets		
Furniture and fixture	10	10%
Computer (Desktop and laptops)	8	12.5%
Office equipment	10	10%
Motor Vehicles {Light duty (below 5 tons)}	10	10%
Building	50	2%

An item of property, plant, and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the de-recognitionof the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance in the year the asset is derecognised.

The residual values, useful lives and methods of depreciating property, plant and equipment are reviewed and adjusted if appropriate, at each financial year's end. When each major inspection is performed, its cost is recognised in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied.

7.1.15 Judgments

In the process of applying the Entity's accounting policies, management has made the following judgment, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

7.1.16 Capital Management

The Fund's capital is its equity (or Taxpayers' funds), which comprises accumulated surplus/deficitand other reserves.

Equity is represented by net assets: The objective of managing these items is to achieve sustainableequity, which is a principle promoted in the Act and applied by the Fund.

Sustainability of equity requires today's taxpayers to meet the costs of utilising the Fund's assets and not expect them to meet the full cost of long-term assets that will benefit Taxpayers in future generations.

7.1.17 Impairment of financial assets

IPSAS 41 - Financial Instruments was effective on or after 1 January 2022 but was postponed to 1 January 2023. This Standard replaces IPSAS 29 and sets out requirements for the recognition and measurement of financial instruments, including impairment, de-recognition, and general hedge accounting.

The impairment of financial assets is calculated using the expected credit losses model. The Entity recognises loss allowances {Expected Credit Losses (ECL)} on all financial assets except those that are measured at FVTSD and credit-impaired financial assets. The National Water Fund uses a general approach to determine the impairment of Loan Receivables. A loss allowance is calculated at each reporting date. However, the ECL model is updated annually to account for any event that might cause a significant increase in credit risk on financial assets. The term 'expected credit loss' does not imply that losses are anticipated, but rather that there is recognition of the potential risk of loss. Determining whether an expected credit loss should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in the financial asset's credit risk since initial recognition.

Loss allowances for ECL are presented in the statement of financial position as follows: Financial assets measured at amortised cost, as a deduction from the gross carrying amount of the assets; Inputs into the measurement of ECLs

The key inputs into the measurement of ECLs are the discounted product of the probability of default (PD), loss-given default (LGD), and exposure at default (EAD).

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Entity expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by counterparty type, claim type and seniority, and the availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at default (EAD).

LGD is calculated on a 12-month or lifetime basis: 12-month LGD is the percentage of loss expected if the default occurs in the next 12 months, and Lifetime LGD is the percentage of loss expected if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, then discounts it back to the reporting date and sums the results. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. The Lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile examines how defaults develop within a portfolio from initial recognition through the life of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band.

- **Changes in accounting policy and disclosures**

The accounting policies adopted by the Fund are consistent with those in the previous financial year. The Fund recognises the effect of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

- **Adoption of New Accounting Standard.**

a) **IPSAS 45, Property, Plant, and Equipment,** the effective date of IPSAS 45 is 1 January 2025, with earlier application permitted for entities that apply IPSAS 43, Leases, IPSAS 44, Non-Current Assets Held for Sale and Discontinued Operations, and IPSAS 46, Measurement at or before the date of initial application of this Standard. IPSAS 45 updates the principles in IPSAS 17, Property, Plant, and Equipment, by adding new guidance on heritage assets, infrastructure assets, and the measurement of property, plant, and equipment. The standard applies to PPE used to develop or maintain biological assets related to agricultural activities other than bearer plants, Mineral rights and mineral reserves, such as oil, natural gas, and similar non-regenerative resources, and to the recognition and measurement of exploration and evaluation assets.

b) **IPSAS 46, Measurement,** the effective date of IPSAS 46 is 1 January 2025, with earlier application permitted. IPSAS 46 aims to improve measurement guidance across IPSAS by: Providing further detailed guidance on the implementation of commonly used measurement bases, and the circumstances under which they should be used; Clarifying transaction costs guidance to enhance consistency across IPSAS; and amending, where appropriate, guidance across IPSAS related to measurement at recognition, subsequent measurement, and measurement-related disclosure.

- **New standards that are not yet effective and have not been adopted are as follows;**

  a) **IPSAS 43 Leases**, the effective date of which is 1 January 2025, with earlier application permitted for entities that apply IPSAS 41, Financial Instruments, at or before the date of initial application of this Standard. IPSAS 43 sets out a comprehensive model for identifying lease arrangements and for treating them in the financial statements of both lessees and lessors. A notable aspect of IPSAS 43 is that the lessee and lessor accounting models are asymmetrical.

  b) **IPSAS 44 Non-Current Assets Held for Sale and Discontinued Operations,** the effective date of IPSAS 44 is 1 January 2025, with earlier application permitted. IPSAS 44 is aligned with IFRS 5, Non-current Assets Held for Sale and Discontinued

Operations, which will specify the Accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be:

- Measured at a lower of carrying amount and fair value less costs to sell and depreciation on such asset to cease; and
- Presented separately in the statement of financial position and results of discontinued operations to be presented separately in the Statement of Financial Performance.

c) **IPSAS 47, Revenue,** the effective date of IPSAS 47 is 1 January 2026, with earlier application permitted. IPSAS 47 sets out the accounting requirements for revenue transactions in the public sector. This IPSAS replaces IPSAS 9, Revenue from Exchange Transactions, IPSAS 11, Construction Contracts, and IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers). IPSAS 47 is a single-source revenue accounting guidance for the public sector that presents two accounting models based on the existence of a binding arrangement. This new standard provides focused guidance to help entities apply the principles to account for public sector revenue transactions. To meet this objective, an entity must consider the terms of the transaction and all relevant facts and circumstances to determine the type of revenue transaction and set the accounting requirements to account for it.

d) **IPSAS 48, Transfer Expenses,** the effective date of IPSAS 48 is 1 January 2026, with earlier application permitted for entities that apply IPSAS 47, Revenue, at or before the date of initial application of this Standard. The objective of this standard is to establish the principles that the transfer provider (an entity) shall apply to report useful information to users of the financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions.

e) **IPSAS 49, Retirement Benefit Plans,** the effective date of IPSAS 49 is 1 January 2026, with earlier application permitted. IPSAS 49 provides a principle-based approach to accounting for retirement benefit plans to provide a complete view of their financial activities, assets, and obligations. This increased transparency is intended to strengthen public financial management and improve decision-making. The objective of this standard is to prescribe the accounting and reporting requirements for public-sector retirement benefit plans that provide retirement benefits to public-sector employees and other eligible participants.

Therefore, the entity is evaluating the impact of these standards on its financial statements and will adopt them in the preparation and presentation of its future financial statements where applicable.

- **IFRS SI and S2 Sustainability statement -**

First Adoption of IFRS S1 & S2 - Sustainability and Climate-Related Financial Disclosures.
A disclosure under the new requirements mandated by the National Board of Accountants and Auditors (NBAA) for public sector entities. As per the NBAA's roadmap, reporting will be required in the following fiscal year. While the NWF, through the Ministry of Water, has previously undertaken various efforts related to environmental, social, and governance (ESG) matters, no formal activities in accordance with the new standards have been conducted for this current reporting year.

The NWF's focus for this initial period is to acknowledge the new reporting requirements and prepare for their implementation. NWF is committed to a significant effort in the upcoming year to be in a strong position for full compliance.

General Sustainability Disclosures (IFRS S1)
In line with transitional relief, this report does not include disclosures for all sustainability-related risks and opportunities. The NWF is using this period to prepare for and plan the design and implementation of the foundational governance, strategy, and risk management systems that will be essential for comprehensive reporting. NWF is committed to building these capabilities throughout the next year to prepare for IFRS S1 disclosure in the following reporting cycle.

Climate-related Disclosures (IFRS S2)
Given that this is a new area of focus for the staff capacity building, which is still being developed, no specific activities have been undertaken in this reporting year. The NWF efforts in the upcoming year will be directed toward identifying climate-related risks and opportunities, which include both the potential physical risks (e.g., operational impacts from severe weather on Water infrastructure) and transition risks (e.g., changes in regulations or market shifts toward sustainable construction materials) that could affect our public works mandate.

The NWF is committed to putting more effort into the following year to be at a good stage in implementing these standards. The NWF planned efforts will include:

- Governance: NWF management will assign initial oversight of climate-related matters.
- Strategy: We will begin assessing how climate-related factors may influence NWF's mandate and operational model.
- Risk Management: We will start the process of identifying, assessing, and prioritising key climate-related risks.

- Metrics and Targets: We will begin to build the necessary systems to track relevant metrics.

Impact on financial reporting

The adoption of IFRS S1 and S2 standards for sustainability and climate-related financial disclosures will significantly impact the Ministry of Works' financial statements in the upcoming financial year, as they introduce new reporting obligations requiring enhanced transparency on sustainability and climate-related risks and opportunities.

Efforts to establish governance, strategy, risk management, and metrics systems will likely lead to increased operational and compliance costs, which may be reflected in the financial statements as expenses related to system development, staff training, and data collection processes

Formal activities were undertaken in the current reporting year. NWF established an effort to mobilise funds to enhance immediate climate-resilient Water Supply Services for Dodoma City through the Global Climate Change and submitted sixteen (16) project proposals to AFDB through the Africa Climate Change Fund Gender Transformative Methane Reduction.

Additionally, recognising that climate-related risks are central to its ability to create long-term value in compliance with IFRS SI, the Fund identifies and quantifies climate-related risks. In oversight of sustainability by the board and management, ensuring integration of environmental and social considerations into strategic planning.

18.0 FINANCIAL YEAR 2023/24 RESTATED BALANCES

18.1 Reason for restatement

18.1.1 Revenue

Revenue for the year 2023/24 was overstated by TZS 35,815,927,127 due to double recognition of revenue, which was recognised as Revenue against Receivable from fuel levy in the year 2022/23. The overstatement occurred in 2023/24 when this amount was received as cash and recorded as deferred income, then subsequently recognised as revenue for that year. This amount is the cumulative of deferred income of TZS 25,249,232,804 as of 01 July 2023, which has been derecognised by correcting errors by journal entries in **18.1.4** below.

Therefore, revenue for the year 2023/24 has been recognised upfront as TZS 194,586,490,004 collected by TRA, of which only TZS 106,757,292,182.10 was actual cash received, leaving a balance of TZS 87,465,900,194.19 booked as receivable at year-end.

18.1.2 Working in Progress (WIP).

In 2023/24, NWF began construction of a new office building. TZS 241,690,377 was paid to the Water Institute as a consultancy fee. The consultancy fee is associated with the cost to Work In Progress; it was expensed to other charges. Hence, overstate expenses for the year 2023/24 and understate Work in Progress for the construction of a new office building for the year 2023/24.

18.1.3 Depreciation Charges.

During the year 2023/24 the Residual value and useful life of all Assets have been reviewed as per IPSAS 17 para 67 where the useful life of all Asset (Except Land) was updated which change the amount of depreciation charge for the year 2023/24 from TZS 95,563,532 to TZS 79,796,818 which make the difference of TZS 15,766,714 overstated expenses for the year 2023/24.

18.1.4 Derecognition of Deferred Income

Since the full revenue is recognised upfront in the Statement of Financial Performance, the unremitted portion of receivables is recognised as receivables in the Statement of Financial Position, and only actual cash received is reported in the Statement of Cash Flows, then no deferred income should be recognised. The deferred income of TZS 25,249,232,804 as of 01 July 2023 was derecognised through the following entries, thereby increasing the accumulated surplus from TZS 65,687,862,072 to TZS 90,937,094,876.

Journal Entries

Dr. Deferred Income	TZS 25,249,232,804
Cr. Accumulated Surplus	TZS 25,249,232,804

NOTES TO THE FINANCIAL STATEMENT

DETAILS	2025 TZS	2024 TZS
Note: 16 - Revenue Grants		
Government Grant Personal Emolument	737,230,000	328,699,000
Receivables from Treasury	94,454,934,464	87,465,900,195
Revenue Grants - Non-Monetary	440,915,982	34,598,629
	95,633,080,446	**87,829,197,824**

[1]

DETAILS	2025 TZS	2024 TZS
Note: 32 - Subvention from other Government entities		
Subvention Capital	108,558,402,355	103,676,731,551
Subvention Other Charges	3,994,350,979	3,080,560,630
Other Revenue	4,382,945,182	0
	116,935,698,516	**106,757,292,181**

DETAILS	2025 TZS	2024 TZS
Note: 34 - Wages, Salaries and Employee Benefits		
Civil Servants	737,230,000	328,699,000
Electricity Allowance	9,970,000	4,800,000
Extra-Duty	235,240,000	187,520,000
Food and Refreshment	131,368,999	23,338,784
Furniture Expenses	58,000,000	0
Honoraria	87,650,000	175,908,616
Housing Allowance Discretionary Expenses	12,750,000	0
Housing allowance Expenses	135,270,000	24,153,582
Leave Travel	23,842,200	9,645,000
Medical and Dental Refunds	3,000,000	3,068,500
Outfit Allowance	1,800,000	1,500,000
Sitting Allowance	78,714,236	70,430,000
Telephone	707,489	0
Telephone Allowance	33,900,000	9,240,000
Transport Expenses	28,400,000	0
Uniform Allowance	7,985,000	0
	1,585,827,924	**838,303,482**

[1] Revenue Grant- non-monetary Under Note 16 includes Revenue from interest on loan issued to WSSA TZS 305,915,981.72 and Interest on Bond (Bond Yield) issued to Tanga WSSA TZS 135,000,000[1]

Note: 35 - Use of Goods and Services

Advertising and publication	0	27,000,000
Advertising and Publication - Communication & Information	11,888,000	11,500,000
Air Travel Tickets Training - Domestic	30,167,779	21,900,500
Air Travel Tickets Training - Foreign	10,950,000	4,407,800
Air Travel Tickets Travel Out Of Country	0	1,725,700
Catering Services	600,000	18,990,000
Communication Network Services	0	8,336,613
Computer Supplies and Accessories	5,918,621	6,148,000
Conference Facilities	35,610,000	51,000,751
Consumable Medical Supplies	2,627,800	0
Diesel	246,592,732	192,310,441
Electricity - Utilities Supplies and Services	21,356,914	6,902,836
Entertainment - Hospitality Supplies And Services	38,426,123	37,000,000
Exhibition, Festivals and Celebrations	0	10,000,000
Food and Refreshments	186,647,200	150,395,025
Fumigation Expenses	0	1,500,000
Gifts and Prizes	5,600,000	0
Ground travel (bus, railway taxi, etc) Travel - In - Country	11,165,725	37,677,000
Internet and Email connections	26,689,605	24,758,209
News Services Fees	0	2,341,100
Newspapers and Magazines	600,000	0
Office Consumables (papers, pencils, pens and stationaries)	69,739,687	0
Outsourcing Costs (includes cleaning and security services)	53,509,200	16,068,120
Per Diem - Domestic	1,629,948,763	1,588,244,837
Per Diem - Foreign	42,384,313	25,427,600
Posts and Telegraphs	900,000	0
Printing and Photocopy paper	190,000	2,880,000
Printing and Photocopying Costs	4,760,000	11,404,285
Printing Material	1,651,000	0
Remuneration of Instructors	5,700,000	16,032,662
Rent - Office Accommodation	0	162,000,000
Subscription Fees	29,519,537	17,203,435

Telephone Charges (Land Lines)	82,836	1,166,461
Training Materials	0	4,900,000
Tuition Fees Training - Domestic	35,500,000	48,960,100
Tuition Fees Training - Foreign	11,000,000	13,550,000
Uniforms -Clothing, Bedding, Footwear and Services	500,000	6,638,000
Upkeep Allowances	0	3,909,798
Visa Application Fees	766,000	0
Water Charges	3,504,621	987,605
	2,514,496,456	**2,533,266,877**

Note: 36 - Maintenance Expenses

Computers, printers, scanners, and other computer-related equipment	7,710,000	0
Direct labour (contracted or casual hire) - Buildings	400,000	0
Electrical and Other Cabling Materials - Buildings	1,000,000	0
Motor Vehicles and Watercraft	29,163,353	24,000,000
Outsource maintenance contract services - Buildings	0	3,543,323
Photocopiers	162,800	0
Plumbing Supplies and Fixtures	2,849,000	0
Spare Parts - Vehicles and Transportation Equipment	15,142,499	2,841,377
Tyres and Batteries	22,846,727	5,677,968
	79,274,379	**36,062,668**

Note: 52 - Other Expenses

Audit fees Expenses	200,070,000	140,628,500
Burial Expenses	7,500,000	1,000,000
consultancy fees	15,000,000	137,493,936
Director's Fee	32,250,000	43,000,000
Facilitation Fees	3,000,000	0
Registration Fees Expenses	1,400,000	3,630,000
Transportation Cost by Water	106,665,149	0
	365,885,149	**325,752,436**

Note: 54 - Expected Credit Loss

Expected Credit Loss	98,423,081	58,648,650
	98,423,081	**58,648,650**

Note: 58 - Subsidies

ARUSHA WSSA (AUWSA)	1,650,000,000	2,200,000,000
BABATI WSSA(BAWASA)	3,831,653,765	1,431,948,150
BARIADI WSSA(BARUWASA)	327,117,602	0
Biharamulo WSSA	0	60,000,000
BUKOBA WSSA(BUWASA)	350,174,597	1,736,396,208
Bunda WSSA	1,107,056,274	722,318,955
Busega WSSA	129,342,801	897,546,697
Chunya WSSA	100,000,000	40,000,000
Dar es Salaam Water Supply Authority (DAWASA)	3,599,271,689	668,303,707
DODOMA WSSA(DUWASA)	3,320,741,710	3,443,694,728
Gairo WSSA	833,783,277	100,000,000
GEITA WSSA (GEUWASA)	488,595,518	789,945,984
Igunga WSSA	0	1,159,791,179
IRINGA WSSA(IRUWASA)	1,327,709,417	470,000,027
Kahama WSSA	0	200,000,000
Karatu WSSA	0	190,561,065
Kibaya WSSA	100,000,000	130,000,000
Kibondo WSSA	589,249,500	975,832,100
Kondoa WSSA	120,507,780	57,165,840
LINDI WSSA(LUWASA)	590,718,185	1,054,774,340
Liwale WSSA	500,000,000	400,000,000
Mafinga WSSA	0	200,000,000
Makambako WSSA	330,283,598	256,047,000
Manyoni WSSA	46,523,087	186,476,000
MBEYA WSSA(MBEYA UWSA)	1,696,419,861	3,263,706,978
Mbinga WSSA	0	51,935,296
Mbulu WSSA	135,569,000	200,000,000
MOROGORO WSSA(MORUWASA)	659,031,579	96,922,538
MOSHI WSSA(MUWSA)	0	100,000,000
MPANDA WSSA(MUWASA)	3,223,250,734	203,070,000
MTWARA WSSA(MTUWASA)	547,986,029	394,224,420
Mugango Kiabakali WSSA	0	100,000,000
MUSOMA WSSA(MUWASA)	457,330,552	378,559,449

MWANZA WSSA(MWAUWASA)	1,352,249,036	1,700,000,000
Namanyere WSSA	50,000,000	400,000,000
Ngara WSSA	0	295,248,999
Nzega WSSA	653,836,999	150,000,000
Maswa WSSA	50,000,000	0
Kiomboi WSSA	127,691,720	0
Ruangwa WSSA	100,000,000	0
Mwanga WSSA	90,000,000	0
Mwanuhuzu WSSA	334,251,108	0
Turiani WSSA	149,988,045	0
Utete WSSA	249,974,492	0
Kasulu WSSA	599,763,201	0
Kakonko WSSA	100,000,000	0
Orkesument WSSA	34,000,000	680,555,020
Rombo WSSA	0	279,444,820
Sengerema WSSA	1,278,172,810	788,588,125
SHINYANGA WSSA(SHUWASA)	0	222,000,000
SINGIDA WSSA(SUWASA)	424,442,118	0
Songe WSSA	123,980,314	130,000,000
SONGEA WSSA(SOUWASA)	500,000,000	602,627,774
SUMBAWANGA WSSA(SUWASA)	119,931,285	100,324,000
TABORA WSSA(TUWASA)	789,404,425	120,850,140
TANGA WSSA (TANGA UWASA)	718,315,952	4,751,714,554
Tunduma WSSA	0	990,885,010
Ushirombo WSSA	0	146,575,484
Vwawa-Mlowo Water Supply and Sanitation Authority	403,134,516	94,514,700
Wang'ingombe WSSA	149,224,970	500,000,000
Water Institute - WI	0	10,000,000
Ministry of Water	13,636,273,443	34,061,585,319
Handeni Trunk Main (HTM) Water Authority	2,702,876,678	6,277,015,598
Internal Drainage Basin Water Board (IDBWB)	2,799,921,780	1,995,441,563
Kahama Water Supply Authority (Kuwasa(KH))	388,542,140	0
Kigoma Water Supply Authority (Kuwasa(KG))	0	500,000,000

Lake Nyasa Basin Water Board	2,035,797,549	630,000,000
Lake Rukwa Basin Water Board	820,621,769	629,565,000
Lake Victoria Basin Water Board	3,616,690,626	2,172,509,567
Makonde National Project	219,786,825	253,200,165
Masasi Nachingwea Water Supply Authority (Manawasa)	0	150,000,000
Maswa WSSA	1,123,753,048	0
Ruvuma and Southern Coast Basin Water Board	1,368,013,312	754,431,307
Pangani Basin Water Board	672,553,641	245,000,000
Rufiji Basin Water Board	3,139,557,649	411,260,000
Rural Water Supply and Sanitation Agency	78,509,372,909	57,828,901,366
Wami Ruvu Basin Water Board	838,790,231	376,896,914
Lake Tanganyika Basin Water Board	669,000,000	673,681,183
	147,002,229,146	**141,082,037,265**

Note: 60 - Other Transfers

Contribution to CF (15%)	128,730,000	0
	128,730,000	**0**

Note: 62 - Cash and Cash Equivalents

BoT Ownsource Collection Account	915,600,000	0
Deposit Cash Account	57,099,522	78,800
Development Expenditure Cash Account	5,207,778,304.02	18,055,457,681
Loan Cash Account	1,062,842,256	0
Recurrent Expenditure Cash Account	113,000	2,812,600
Unapplied Cash Account	100,000	114,583,939
	7,243,533,082	**18,172,933,020**

Note: 67 - Receivables

Imprest Receivable - Staff	11,962,400	253,954,250
Receivables from Treasury	185,307,060,690	115,721,401,403
	185,319,023,090	**115,975,355,653**

Note: 68 - Loan & bond Receivables

Loan principal receivable	5,560,525,208	5,300,000,000
Bond yield	22,500,000	22,500,000
Loan Interest receivable	66,968,862	12,098,630
Provision for Expected Credit Loss - Short Term	(157,071,731)	(58,648,650)
Receivables from Exchange Transactions Addition	(4,039,141)	(4,039,141)
	5,488,883,198	**5,271,910,839**

[2]

Note: 69 - Prepayments

Prepayment Consumables	18,328,170	0
Prepayments Assets - Monetary	688,734,420	2,400,000
	707,062,590	**2,400,000**

Note: 70 - Inventories

Fuel	0	7,610,725
Stationaries	1,131,400	0
	1,131,400	**7,610,725**

Note: 85 - Government Securities

Treasury bonds Addition	1,000,000,000	1,000,000,000
	1,000,000,000	**1,000,000,000**

Note: 94 - Deposits

Deposit General	303,800	(502,450)
Retention Amount	56,795,722	0
Unapplied Deposit Account Addition	100,000	114,583,939
	57,199,522	**114,081,489**

[2] Loan principal receivable Under Note 68- represents amount to be recovered from loans and is classified as financial asset should be reflected only in the statement of position. Interest income earned on outstanding balance is recognised as revenue in the period in which it accrued.

NOTES TO THE FINANCIAL STATEMENT - ASSET MOVEMENT
FOR THE YEAR ENDED 30 JUNE 2025

Note: 77 - Property, Plant and Equipment

FINANCIAL YEAR 2024/25

Asset Class	Cost							Accumulated Depreciation and Impairment							Carrying Value at 30 Jun, 2025
	At 01 Jul, 2024	Additions (Monetary)	Additions (Non-Monetary)	Transfers	Adjustments	Disposal	At 30 Jun, 2025	Acc. Depreciation & Impairment at 01 Jul, 2024	Charge during the year - Depreciation	Charge during the year - Impairment	Acc. Depreciation 30 June 2025	Acc. Impairment 30 June 2025	Disposal	Total Acc. Depreciation & Impairment at 30 Jun, 2025	
Land	128,678,243.00	-	-	-	-	-	128,678,243.00	-	-	-	-	-	-	-	128,678,243.00
Buildings	12,744,000.00	-	-	-	-	-	12,744,000.00	1,720,069.53	256,370.48	-	1,976,440.01	-	-	1,976,440.01	10,767,559.99
Motor vehicles	840,988,042.64	386,731,149.42	-	-	-	-	1,227,719,192.06	425,398,819.95	87,792,564.60	-	513,191,384.55	-	-	513,191,384.55	714,527,807.51
Furniture And Fixtures	103,980,274.17	8,614,000.00	-	-	-	-	112,594,274.17	63,313,446.48	5,408,015.17	-	68,721,461.64	-	-	68,721,461.64	43,872,812.53
Office Equipment	172,034,651.61	-	-	-	-	-	172,034,651.61	90,804,140.21	9,224,234.11	-	100,028,374.33	-	-	100,028,374.33	72,006,277.28
Computer Equipment	138,913,186.44	58,056,000.00	2,400,000	-	-	-	199,369,186.44	78,197,971.63	10,410,016.57	-	88,607,988.21	-	-	88,607,988.21	110,761,198.23
TOTAL	1,397,338,397.86	453,401,149.42	2,400,000	-	-	-	1,853,139,547.28	659,434,447.80	113,091,200.93	-	772,525,648.73	-	-	772,525,648.73	1,080,613,898.55

FINANCIAL YEAR 2023/24

Asset Class	Cost							Accumulated Depreciation and Impairment							Carrying Value at 30 Jun, 2025
	At 01 Jul, 2024	Additions (Monetary)	Additions (non-monetary)	Transfers	Adjustments	Disposal	At 30 Jun, 2025	Acc. Depreciation & Impairment at 01 Jul, 2024	Charge during the year - Depreciation	Charge during the year - Impairment	Acc. Depreciation 30 June 2025	Acc. Impairment 30 June 2025	Disposal	Total Acc. Depreciation & Impairment at 30 Jun, 2025	
Land	128,678,243.00	-	-	-	-	-	128,678,243.00	-	-	-	-	-	-	-	128,678,243.00
Buildings	12,744,000.00	-	-	-	-	-	12,744,000.00	1,457,595.00	262,474.23	-	1,720,069.53	-	-	1,720,069.53	11,023,930.47
Motor vehicles	719,019,043.64	-	121,968,999	-	-	-	840,988,042.64	371,617,932.97	53,780,886.98	-	425,398,819.95	-	-	425,398,819.95	419,081,449.13
Furniture And Fixtures	100,086,274.17	3,894,000	-	-	-	-	103,980,274.17	57,566,129.45	5,747,317.03	-	63,313,446.48	-	-	63,313,446.48	40,666,827.69
Office Equipment	172,034,651.61	-	-	-	-	-	172,034,651.61	81,173,194.56	9,630,945.64	-	90,804,140.21	-	-	90,804,140.21	81,230,511.40
Computer Equipment	125,064,226.44	13,848,960	-	-	-	-	138,913,186.44	67,822,777.99	10,375,193.64	-	78,197,971.63	-	-	78,197,971.63	57,222,988.37
TOTAL	1,257,626,438.86	17,742,960	121,968,999	-	-	-	1,397,338,397.86	579,637,629.97	79,796,817.52	-	659,434,447.8	-	-	659,434,447.8	737,903,950.06

NOTES TO THE FINANCIAL STATEMENT - ASSET MOVEMENT
FOR THE YEAR ENDED 30 JUNE 2025

Note: 82 - Work in Progress

	Cost/Revaluation							Accumulated Depreciation and Impairment							
Descriptions	At 01-July-2024	Addition Monetary	Addition Non-Monetary	Transfers	Adjustment	Disposal	30-Jun-2025	01-Jul-2024	Charge during the year - Depreciation	Charge during the year - Impairment	Adjustment	Transfer	Disposal	30-June-2025	Carrying Value
															TZS
Buildings other than dwellings - WIP	241,690,377	785,511,311	0	0	0	0	1,027,201,688	0	0	0	0	0	0	0	1,027,201,688
TOTAL	241,690,377	785,511,311	0	0	0	0	1,027,201,688	0	0	0	0	0	0	0	1,027,201,688

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Note: 89 - Payables and Accruals

Descriptions	Opening	Paid	Addition	Balance
Open balance	384,603,277	384,603,277	0	0
Supplies of goods and services	0	0	217,366,000	217,366,000
Staff claim	0	0	942,000	942,000
TOTAL	**384,603,277**	**384,603,277**	**218,308,000**	**218,308,000**

Payables and. Accruals for year 2023/24

Descriptions	Opening	Paid	Addition	Balance
Staff Claims	767,900	0	9,035,000	9,802,900
Supplies of goods and services	140,320,723	0	234,458,754	374,779,477
Withholding tax	0	0	20,900	20,900
TOTAL	**141,088,623**	**0**	**243,514,654**	**384,603,277**

RELATED PARTY TRANSACTION

Related parties of the basis are the members of the Board of Directors and the key Management personnel of the fund. Details of allowances and other remuneration received by the related party are indicated below:

Related party transactions		Amount 2024/25	Amount 2023/24
Board of director allowance		43,000,000	43,000,000
Management allowances		79,800,000	38,153,582
	Total	122,800,000	78,153,582

Disclosure Notes:

I. For the reported period, NWF has retained the retention Amount of TZS 56,795,722 from the contractor Group Six International Limited for the construction of the office building for its Interim payment certificate Number 2. The retained amount has been deposited in the NWF Deposit account. However, due to MUSE limitations, the amount has not been captured under Note 94: Deposits.

II. For the reported period, NWF has reported Subvention Capital of TZS 152,351,281,732 under Note 32: Subvention from other Government Entities, including TZS 915,600,000 from exchange transactions comprising TZS 238,947,120 as collected income from interest on loans, TZS 539,474,792 as the collected principal amount from loans, TZS 2,178,089 as the collected amount from penalties for late repayments and TZS 135,000,000 as the amount of coupon collected from the bond. However, due to MUSE limitations, it was not possible to separate and report interest income as new earned revenue from the principal loaned amount.

THE UNITED REPUBLIC OF TANZANIA
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INTER ENTITY TRANSACTIONS

NATIONAL WATER FUND (NWF) TRANSACTIONS WITH OTHER GOVERNMENT ENTITIES FOR THE YEAR ENDED 30 JUNE 2025

S/No	Goods/Services provided (Revenue)	Goods/Services received (Expenses)	Counterparty Entity	Amount
1		Land and Buildings	Ministry of Land	308,160.00
2		Tuition Fee	National Institute of Transport	420,000.00
3		Audit fees Expenses	National Audit Office	140,628,500.00
4		Land and Buildings	Dodoma Municipal Council	3,890,800.00
5		Communication Network Services	E Government Agency	28,519,537.01
6		Diesel	Government Procurement Service Agency	487,946,949.42
7		Office Consumables	Government Printer	1,400,000.00
8		Internet and Email connections	Tanzania Telecommunication Company Ltd (TTCL)	41,681,573.58
9		Motor Vehicles and Watercraft	TEMESA	26,458,683.16
10		Outsourcing Costs (includes cleaning and security services)	Fire Risque	6,500,000.00
11		Purchased Electricity - TANESCO	Tanzania Electric Supply Co. Ltd. (TANESCO)	27,514,138.00
12		Outsourcing cost	Procurement and Supplies Professional and Technicians Board	2,400,000
13		Outsourcing Cost	Operational Safety and Health Authority	2,900,000
14		Consultancy fee	Public Procurement Regulatory Authority	4,200,000.00
15		Civil Servant	Public Service Social Security Fund	8,285,127.00
16		Consultancy Fee	Tanzania Meteorological Agency	56,000.00
17		Posts and Telegrams	Tanzania Posts Corporation	300,000.00
18		Tuition Fee	Tanzania Public Service College	10,600,000.00
19		Consultancy Fee	Tanzania Records and Archives Management Professionals	800,000.00
20		Contribution Fee	The Treasury Registrar	120,730,000.00
21		National Water Fund Loan	TIB Development Bank	800,000,000.00
22		Consultancy Fee	Personal Data Protection Commission	1,000,000.00
23		Tuition Fee	Uongozi Institute	2,000,000.00
24		Withholding Tax	Tanzania Revenue Authority	18,731,855.45
25		Tuition Fees Training	Engineers Registration Board	2,165,000.00
26		Land and Buildings	Geological Survey of Tanzania	12,615,000.00
27		Tuition Fees	Collage of Training Business Education	1,660,600.55
28		Air Travel	Air Tanzania Tickets Corporation Limited	10,000,000.00
29		Tuition Fees Training - Domestic Association	African of Accountants General	3,900,000.00
30		Tuition Fees	NBAA	3,600,000.00

31	Tuition Fees Training - Domestic	Arusha International Conference Centre	2,000,000.00
			1,773,211,924.17

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STTATEMENTS AS AT 30 JUNE 2025

Reconciliation of actual amounts on a comparable basis and actual amounts in thefinancial statements

Description	Operating	Financing	Investing	Total
Actual amount on a comparable basis as presented in the Statement of Comparison of the budget and actual Amounts.	**(8,201,753,059)**	(800,000,000)	(1,927,646,880)	(10,929,399,938)
Basis Differences	0	0	0	0
Timing Differences	N/A	N/A	N/A	N/A
Entity Differences	N/A	N/A	N/A	**N/A**
Actual amount in the Statement of Cash Flows.	(8,201,753,059)	(800,000,000)	(1,927,646,880)	(10,929,399,938)

CALCULATION OF ECL

Key assumptions used:
Probability of defaults:
PDs were derived from Moody's latest default rates. In deriving PDs, a speculative grade rating has been used, which is considered a moderate-risk instrument.
The sovereign rating of the Government of Tanzania is B; therefore, we have assigned a speculative-grade rating to introduce an element of conservatism.

Additionally, a 10% general overlay was applied to the PDs derived from Moody's to address any unidentified default risk. We have assessed the reasonableness of the PDs against those used by banks in the market (e.g., based on the latest financial statements for CRDB), and they appear reasonable.
"The PDs were converted into monthly PDs as follows:
(i) for ECL loans - based on the contractual cash flows of the loan balances (refer to Workings)
(ii) For Bond, a constant hazard rate assumption was used, i.e. assuming the rate of default is constant from period to period. "

LGDs were set at 100%, considering that the loans are unsecured.
The discount rate was based on the interest rates applied.

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	Original amount	Start date	Loan balance (reporting date)	Loan term (Months)	PMT	DPD	Interest	Staging	LGD
Loan 1 (Bunda)	800,000,000	28-Mar-24	673,179,079	24	- 29,835,708	60	6%	2	100%
Loan 2 (Tanga Uwasa)	1,500,000,000	21-Jun-24	1,217,000,707	48	- 28,581,297	30	6%	1	100%
Loan 3 (Dawasa)	3,000,000,000	21-Jun-24	2,629,220,214	48	- 61,747,313	15	6%	1	100%
Loan 4 (Geita)	800,000,000	25-Apr-25	800,000,000	57	- 16,164,782	15	6%	1	100%

Final ECL [PD * LGD * EAD]

Loan 1 (Bunda)	21,057,098.74	
Loan 2 (Tanga Uwasa)	13,543,708.81	
Loan 3 (Dawasa)	29,259,960.80	
Loan 4 (Geita)	5,569,680.23	
TOTAL	**69,430,448.58**	**ECL AMOUNT**

STAGING

DPD<30days	Stage 1	12mpD
DPD>30<90	Stage 2	LTPD
DPD>90	Stage 3	LTPD

Bond
Final ECL [PD * LGD * EAD]
28,992,632.47

28,992,632.47 **ECL**

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RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT) FOR THE PERIOD ENDED 30 JUNE 2025

	2025	2024
	TZS	TZS
Surplus/ Deficit for the Period	**60,680,821,626**	**49,632,621,807**
Add/ (Less) Non-Cash Item		
Current Grants From other General	(52,697,548,609)	(49,707,866,403)
Depreciation of Property, Plant and	113,091,201	79,796,818
Expected Credit Loss Impairment	98,423,081	58,648,650
Add/ (Less) Change in Working Capital		
Deferred Income		
Inventories	6,479,325	(7,610,725)
Other Receipt	(56,881,967)	114,081,489
Payables and Accruals	(166,295,277)	243,514,654
Prepayments	(18,328,171)	5,594,306
Receivables	241,991,850	95,685,850
Net Cash Flow from Operating Activities	(8,201,753,059)	(514,466,446)