ANNUAL REPORT 2014/15

Everything we do is driven by our public purpose

commitment to making the .tz space and Internet in general a more

Secure and Trusted place

CONTENTS

Page No.   *Description*

EXECUTIVE SUMMARY

tzNIC continues to strive for delivery of reliable and secure registry services that will build customer's trust to .tz brand. It is very encouraging to note that since tzNIC commenced the registry services provisioning to the Internet community in 2009, it has been realizing a number of milestones on annual basis. These include operationalization in 2009, IPv6 deployment and .tz ccTLD redelegation in 2010, F-root Server copy hosting in 2011, DNSSEC deployment in 2012, Localization of AfNOG trainings (tzNOG) in 2013, L-root Server copy hosting in 2014 and Chartering of ISOC Tanzania chapter in 2015. The recent milestone of facilitating the chartering of ISOC chapter in Tanzania is meant to build the inclusivity of all user groups in Internet governance issues as well as .tz ccTLD administration and management. All the above achievements and many more to come prove the tzNIC's leading and catalytic role in provisioning of reliable, affordable and secure electronic communications in Tanzania and the world at large.

The successful deployment of DNSSEC in 2012 resulted in tzNIC being voted by ICANN, ISOC and AfTLD as the 2nd best registry in Africa during the 1st Africa DNS Forum held back to back with ICANN 47 meeting in Durban, South Africa in July 2013. The deployment of DNSSEC added security feature to .tz domains and makes .tz more credible and trusted brand. The challenge ahead for full deployment of DNSSEC to end users level is the capacity building of Registrars and ISPs/hosting companies so that they can deploy the same and thereby build a chain of trust. To ensure that .tz domains are made secure through DNSSEC, tzNIC commenced the DNS and DNSSEC capacity building to its accredited Registrars during the reporting period.

Our not-for-profit distribution status in no way negates the need for tzNIC to be commercially successful. Growing the number of registrations and increasing renewal rates are crucial for enabling us to continue to maintain the high standard of service for members, registrars and registrants, as well as enabling further investment in our infrastructure, marketing and development of the .tz portfolio. It is important to ensure our organization is ready for the future as domain market competition increases and our customers are faced with a greater choice of domain name extensions. Only by doing this can we secure our future, continue to invest in and deliver world-leading services and make progress on our public purpose commitments.

During the reporting period about 85% financing of the overall operational expenses came from our members (TCRA - 84%; TISPA – 1%) in the form of a grant and waiver of peering fee. The remaining 15% came from tzNIC revenues. The total income during the year was about TZS 1.01 Billion [TZS 931 Million during the previous year], representing an increase of 8.5%. In terms of revenues collected from

registry operations only (new domain registrations and renewals), a total of TZS 185 Million was realized [TZS 156 Million during the previous year], representing an increase of 18%.

As for operating expenses tzNIC incurred TZS 826 Million during FY 2014/15 [TZS 812 Million during the previous financial year], representing an increase of about 2%.

In terms of domain registration performance, the cumulative registration reached 10,107 at the end of FY 2014/2015 [2013/14: 8368], which represented a net growth of about 21%. This was as a result of annual domain deletion of 2330 domains [2219 during FY 2013/14]; annual registration of 4044 domains [3354 during FY 2013/14]; annual renewal of 5329 domains [4190 during FY 2013/14] and annual cumulative domain growth of 1739 domains [1135 during FY 2013/14].

tzNIC concluded the year in style by realizing 4 milestones: The 1st one was the registration of the 10,000th .tz domain name in April 2015. This achievement was met after about 5 challenging years of managing and administering the .tz registry. At the time tzNIC took over registration responsibilities from previous registrars, the overall working domains were about 2,500. Secondly, tzNIC won the 1st Prize in ICT category at the 38th International Trade Fair 2014 and were awarded a certificate and ngao in recognition of the achievement. The 3rd achievement was through its Manager who was voted as the winner of the 2014 Network and Internet Infrastructure (NII) Young professional Award at the Africa Internet Summit (AIS 2014) that was held in Djibouti. This was as a result of successful localization of Afnog trainings in Tanzania (tzNOG1 training in Arusha) in August 2013 and efforts in establishing the ISOC chapter in Tanzania. The 4th and last milestone realized by tzNIC at the end of the reporting period was the development of the 2nd strategic plan covering 3 years (FY 2015/16 – FY 2017/18).

Despite the fact that tzNIC is well positioned technically and operationally in terms of registry management and registry service provisioning, it is still challenged in terms of sustainability following the low up-take of .tz domains. The overall registration performance below the projected target signifies the need for marketing strategies that will result in sustainable registrations. Going forward and with the new strategic plan, the company expects a positive change in domain registrations especially after the business plan development that will give a true picture of the market and best and cost effective marketing strategies.

1.0 LETTER OF TRANSMITTAL

Ref: tzNIC/01.0/077/Vol. III/AN/mc   4th May 2016

Director General,

Tanzania Communications Regulatory Authority (TCRA),

P.O. BOX 474,

DAR ES SALAAM.

Chairman,

Tanzania Internet Service Providers Association (TISPA),

P.O. BOX 80449,

DAR ES SALAAM.

RE: ANNUAL REPORT FOR THE FY 2014/15

In fulfillment of section 1 of Article 11 of the Memorandum and Articles of Association of Tanzania Network Information Centre (tzNIC), I have the honor to submit the Annual report for the year ended 30th June 2015.

The Annual report presents the operations review comprising of achievements and challenges during the year, way forward towards the FY 2015/16 and audited financial statements.

I hereby present

Sincerely

Prof. Emanuel Mjema

PAC Chairman

2.0 CHAIRMAN'S STATEMENT

It is with a sense of optimism that I write this statement after what has been another busy year following the challenging and changing global and local domain market. However, with the support and engagement of our Members (TCRA and TISPA), Accredited Registrars and other stakeholders, our performance during the 2014/15 financial year was promising.

In terms of revenues generated from registry services, we managed to collect a total of TZS 185 Million as compared to TZS 156 Million that was collected during the previous financial year. This represented an increase of 18%. As for operating expenses tzNIC spent TZS 826 Million during FY 2014/15 as compared to TZS 812 Million that was spent during the previous financial year. This was an increase of about 2%. It is good to note that while we managed to control our expenditure with an increase of 2% only on the other side we improved our income by 18%.

In terms of domain registration performance, the cumulative domain registration grew from 8368 at the beginning of the year to 10,107 domains at the end of the year. This represented a net growth of about 21%. This growth was as a result of annual domain deletion of 2330 domains, annual registration of 4044 domains and annual renewal of 5329 domains.

We have been working with the Government and other National and International organizations to help shape an open, trusted Internet and promote the multi-stakeholder model of Internet Governance. Over the past years, we had strong involvement with ICANN, AfTLD, ISOC, NSRC, SEACOM, TCRA, TISPA and The Ministry of Communications, Science and Technology. We were invited by the Government (through the Ministry) in the discussion of the Cyber Crime Bill as well as development of joint flagship projects for the new ICT Policy.

We continued to invest in our people in order to have the appropriate resourcing and expertise in place to meet our business objectives and function in an increasingly competitive environment. The aim being to realize our vision. Based on 2013 ICANN's and ISOC's evaluation, tzNIC is a leading registry in terms of technical operations and management in Africa. However, it is not among the top 3 registries in Africa with highest number of domain registrations. The above therefore calls for joint efforts among tzNIC stakeholders to make tzNIC the leading registry in Africa in all aspects.

As we look to the future, we will continue to take significant steps to adapt, evolve and strengthen our position in an environment where the pace of change continues to accelerate. tzNIC will change, but we will do so in a way that is guided by our public purpose ethos, and that carries forward, and builds on, the very best aspects of our organization. We will continue to provide the excellent customer service while also

seeking to apply our skills elsewhere to successfully diversify our business. We will continue to demonstrate responsible self-regulation; advocate the benefits of an open, trusted Internet that is a great place to do business; tackle the misconceptions around issues on the Internet through legislation or technical fixes and consult with a wide range of stakeholders. We will seek to be the best business partner we can for Members, Registrars, Registrants and the community at large.

I would like to extend my thanks to all tzNIC members, registrars, and the wider internet community for their time, contributions and support in helping us to continue to evolve and build a successful and thriving TZ namespace. I am   very pleased to thank and congratulate Prof. John Nkoma, the retired Director General of TCRA, who worked tirelessly from the time of tzNIC inception, registration, operationalization and full   local management and administration of .tz ccTLD.   Finally, I wish to thank every member of staff, and my PAC colleagues, for their hard work and enthusiasm in ensuring that the TZ domain name space remains a great place to be and that our business continues to contribute towards an exciting online future.

Prof. Emanuel Mjema

PAC Chairman

3.0 About tzNIC

3.1 Company brief description

Tanzania Network Information Centre (tzNIC) is a not for profit company incorporated in 2006 to manage and administer the *.tz* country code Top Level Domain (ccTLD). It is a PPP and member based company with two founding members namely TCRA and TISPA. The members represent the Public and Private interests in the overall management and administration the .tz ccTLD - one of the critical communication resource for Tanzania.

tzNIC is a catalyst and leading player in provision of reliable, affordable and secure electronic communications in Tanzania and the world by:

- ✓ Promoting the utilization of *tz* domain names;
- ✓ Enhancing its technical capacity in managing the *tz* registry;
- ✓ Protecting registrants' interests;
- ✓ Harmonizing the *.tz* ccTLD management policies at National, Regional and International levels;
- ✓ Facilitating the provision of local content online while benefiting from the Tanzania's unique cyber identity.

More about tzNIC at www.tznic.or.tz

Mission:

To promote the utilization of .tz domain names and to protect registrants' interests by ensuring reliable and secure registry infrastructure and database as well as affordable domain names.

Vision:

To be among the most trusted and reliable registries in the world.

Strategic goal

To facilitate the provision of secure, reliable and affordable electronic communication using .tz domain.

tzNIC Mandate

The principal functions and responsibilities of tzNIC as stipulated in the Memorandum and Articles of Association and as explained above are to manage and administer the dot tz registry. In specific terms it means:

a) To act as the trustee for the .tz country-code-top-level-domain assigned to Tanzania according to the two-letter codes in the ISO 3166-1 list for the representation of names of countries or territories;

b) To be the administrator of the .tz ccTLD and its associated Second Level Domains;

c) To maintain and promote the operational stability and utility of the .tz ccTLD, ensuring that the authoritative name servers are operated and maintained in a stable and secure manner and are adequate to resolve names within the .tz ccTLD for users throughout the Internet;

d) To ensure a cost effective administration of the .tz ccTLD and its sub-domains;

e) To develop and establish a policy framework for the development and administration of the .tz ccTLD including:-

   i.   Rules governing the operations of second level domains;

   ii.   The creation of second level domains;

   iii.   Rules governing the accreditation of Registrars and registry administrators;

   iv.   Rules governing the registration of names within second level domains and access to second level domain registries;

   v.   Ensuring that Registrars have equal access to second level registry services;

   vi.   To manage operation of critical technical functions including the primary and secondary .tz name servers, zone files for second level domains and a searchable data base containing information on registrations within the .tz ccTLD

Core values

The Centre's working style is based on the following core values:

- **Customer focus:** We treat customers' needs as a our top priority and act timely and appropriately.
- **Teamwork:** The Centre creates cross-functional teams and values its staff to drive for better results.
- **Respect:** We are an organization that values its employees and respect its customers.
- **Accountability:** We undertake our duties fairly, carefully and transparently based on the available policies, rules and regulations. We are accountable to all our stakeholders.
- **Integrity:** We do treat ourselves and customers with trust, honesty and confidentiality. We believe in integrity.
- **Empowerment:** We provide opportunity and latitude to staff in managing their areas of responsibility. We encourage creativity and innovation leading to enhanced capacity of individual staff and the centre as a whole.
- **Technical agility:** We continuously update our registry systems and professional skills to cope with technological advancements.

3.2 Annual registration performance statistics

This section presents the tabular and graphical registry performance during the year as well as comparisons with past years of operations.

Quarter	Registrations	Deletions	Renewals	Cumulative growth	Internal Income (TZS)
Q1	1,111	619	2,045	8,860	62,803,135.60
Q2	889	566	956	9,183	35,443,050.90
Q3	1,004	463	1,009	9,724	38,509,152.50
Q4	1,040	682	1,319	10,107	47,933,559.00
Total	4,044	2,330	5,329		184,688,898.00
Target (Projection)	5,400	1,020	7,348		216,067,764.20
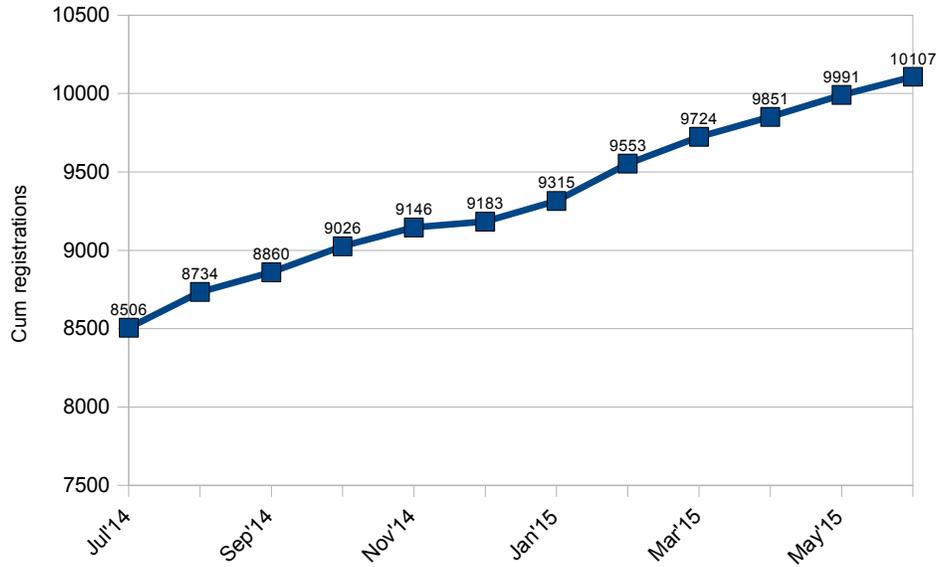
Cumulative domain registration growth during the year
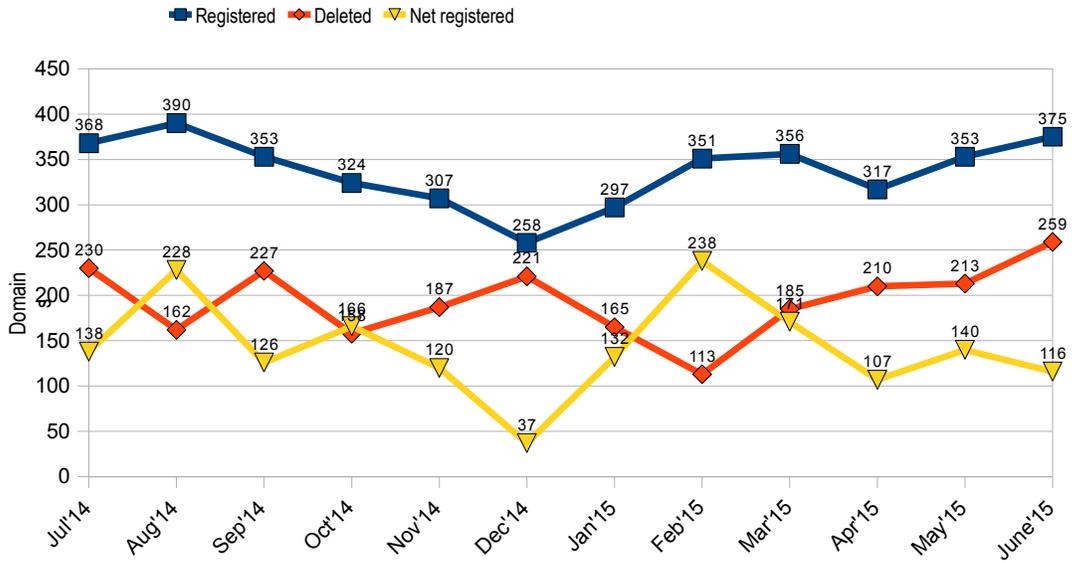
Monthly domain registrations during the year
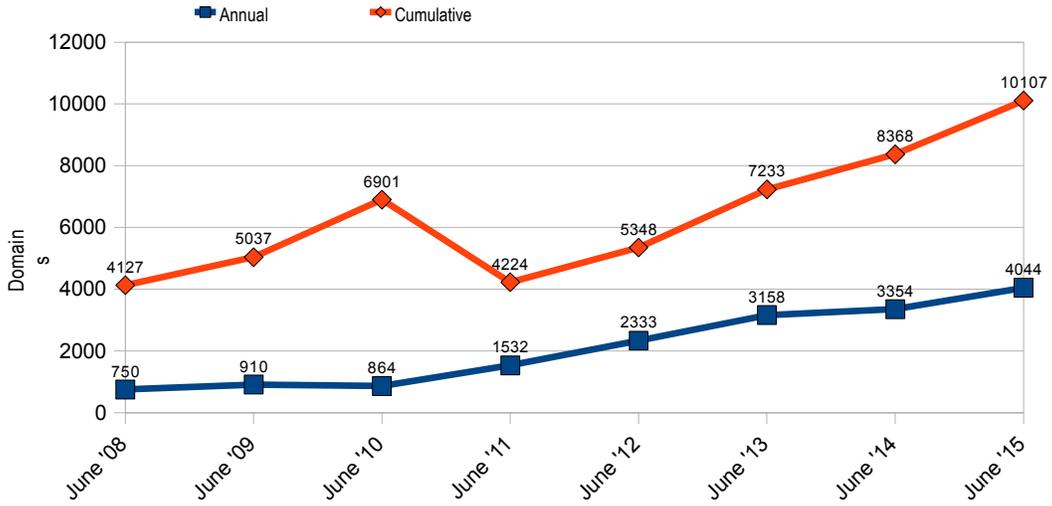
Annual and Cumulative registrations for the past 7 years
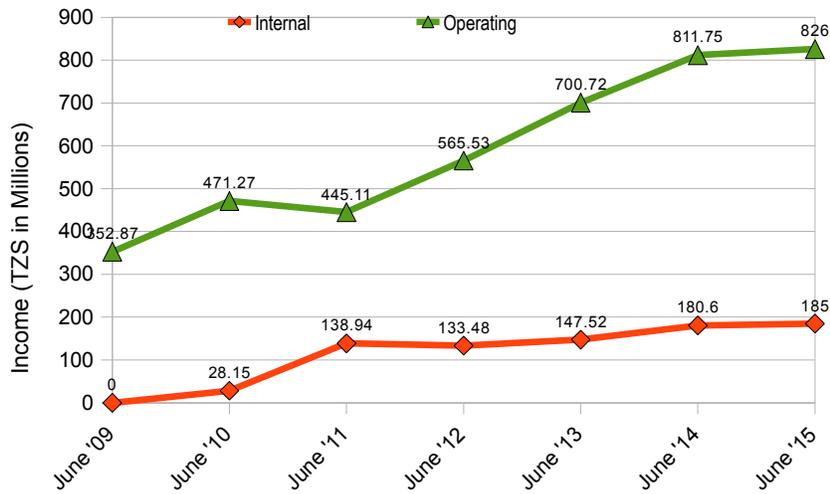
Internal generations and operating expenses for the past 7 years
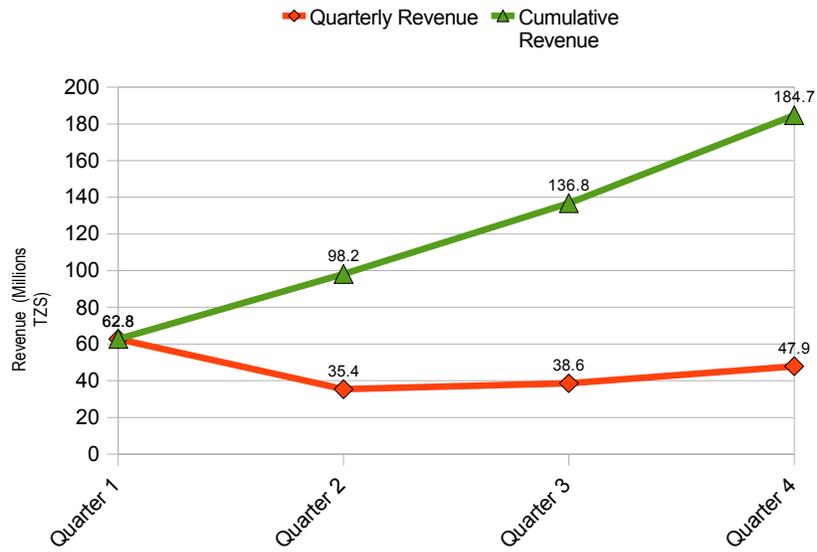
Revenue generated from registry services during the year
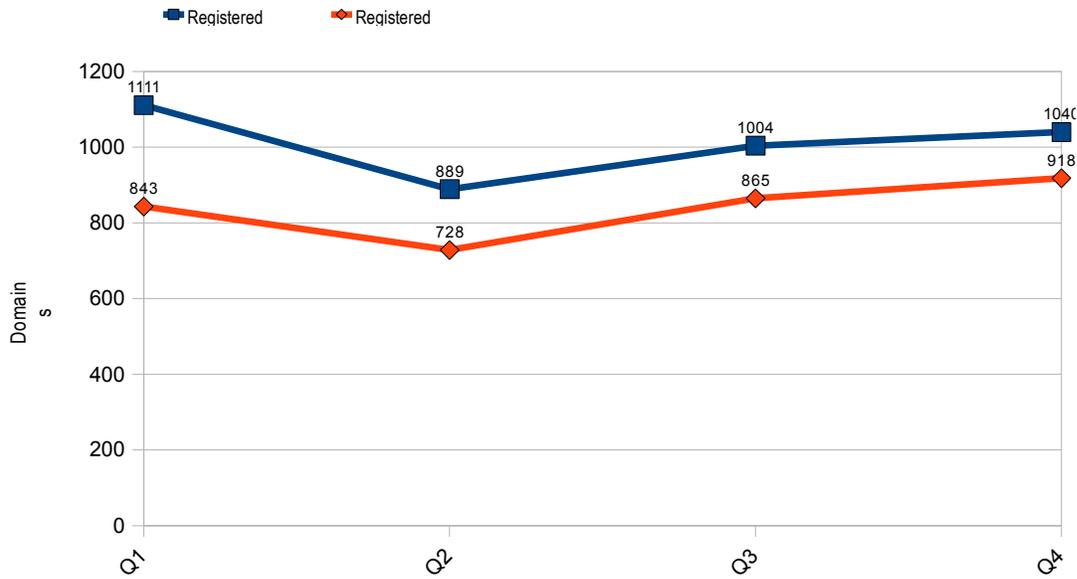
Domain registrations (FY 2014/15 vs FY 2013/14)
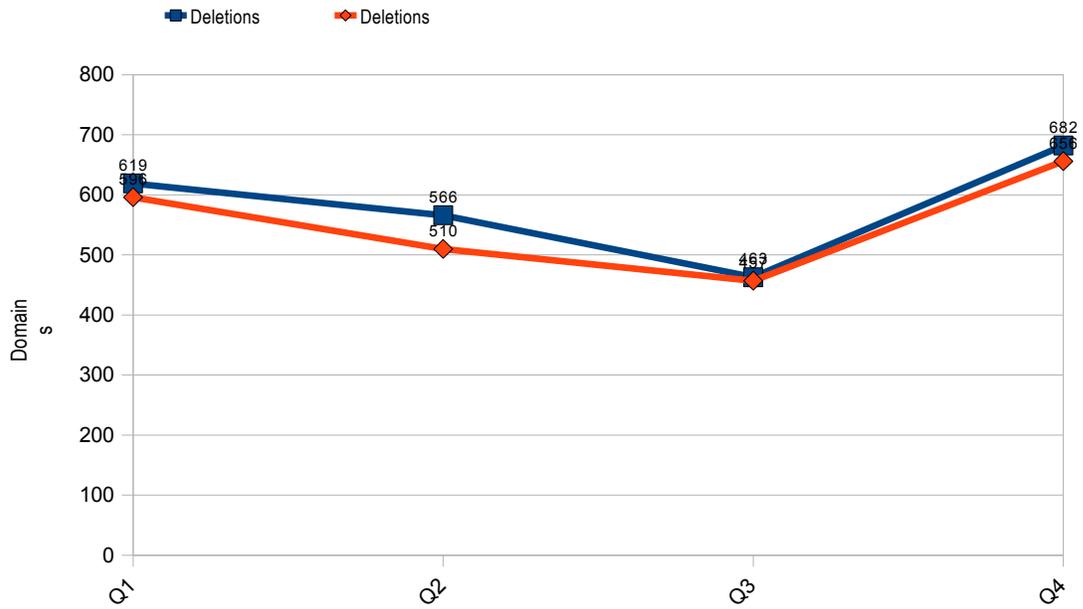
Domain deletions (FY 2014/15 vs FY 2013/14)
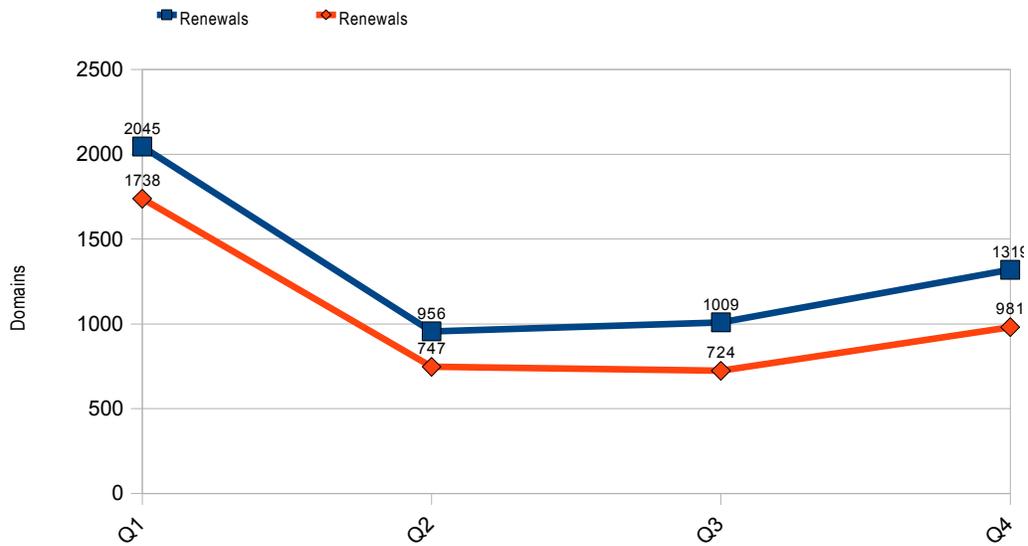
Domain renewals (FY 2014/15 vs FY 2013/14)
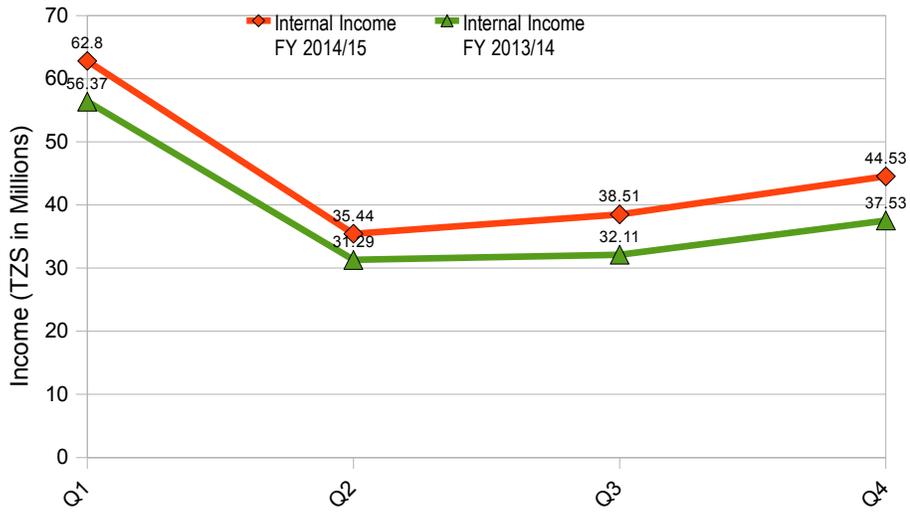
Quarterly internal income generation (FY 2014/15 vs FY 2013/14)
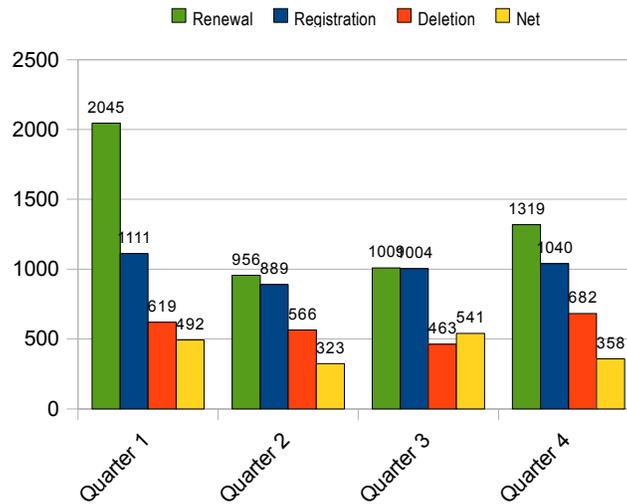
Overall registration performance during the year

4.0   FINANCIALS OVERVIEW

4.1 Financing of operations

Our company remained unsustainable and in investment stage during the reporting period. Our financial strategy was maintained at ensuring both funding appropriate levels of investment in our business to achieve our strategic objectives and maintaining an adequate level of reserves to safeguard the stable and secure operation of our business.   During the year about 84% of the overall expenses was financed by TCRA in the form of a grant and about 1% came from TISPA in the form of peering fee waiver. The remaining 15% came from tzNIC revenues (internal generations).

4.2 Income

FY 2014/15 was a year of growth combined with both capital and operational investment in the business to provide the platform for the future. During the year the company realized a total income of TZS 1.01 Billion as compared to TZS 931 Million realized during the preceding financial year. The income included a grant of TZS 695 Million from TCRA in the form of direct cash and non-cash support for office rent and staff medical insurance, Internal generation from registry services of TZS 185 Million, TZS 61 Million as interest from fixed deposit and TZS 64 Million which was amortization of deferred capital grant. TISPA also provided a non-cash support of TZS 5 Million in the form of peering fee exemption.

4.3 Expenditure

During the year tzNIC incurred TZS 826 Million on operating expenses as compared to TZS 812 Million that was incurred during the preceding financial year. This represented an increase of about 16% in operating expenses. The increase was mainly due to 29.6% decrease in internet and communication expenses, 23.6% decrease in management expenses, 4.86% increase in Personnel expenses, 55% increase in PAC and AGM meeting expenses and 62,78% increase in other expenses.

4.4 Internal and external audit functions

The Centre has limited capacity in terms of staff base to handle its internal auditing functions. As a result of its capacity and due to great support of tzNIC operations, it was resolved at the FY 2012/13 AGM for the Systems Management Unit of TCRA to do the internal auditing of tzNIC accounts for the FY 2014/15. It was further resolved at the same AGM that the communication be made with the CAG to audit tzNIC accounts for the FY 2013/14. Following this resolution, Reliable Consultants were appointed by CAG as Independent Auditors of tzNIC accounts for the 3 years (FY 2013/14 to FY 2015/16).

5.0 ACTIVITIES DURING THE YEAR

The FY 2014/15 was the 4th year of executing the first company strategic plan. The annual execution of the strategic plan was through a derived set of activities meant to be executed during the year. The derived set of activities formed the so called Annual operating plan.

tzNIC started the year in style after winning the 1st Prize in ICT category at the 38th International Trade Fair 2014 and its Manager being voted as the winner of the 2014 Network and Internet Infrastructure (NII) Young professional Award at the Africa Internet Summit (AIS 2014) that was held in Djibouti. This was as a result of successful localization of Afnog trainings in Tanzania (tzNOG1 training in Arusha) and efforts in establishing ISOC Chapter in Tanzania.

During the year tzNIC executed its operating plan and realized a number of successes including the hosting of L-root Server copy, tzNOG2 hosting in Mwanza, Chartering of the ISOC Chapter in Tanzania, Review of the 1st strategic plan and development of the 2nd strategic plan. Towards the end of the year tzNIC realized another milestone by registering the 10,000th .tz domain.

5.1 Annual operating plan

The annual operating plan for the FY 2014/15 was derived from the 5 year strategic plan and had 10 main activities that were identified to be of higher priority in terms of building the company business strength, exploit potential opportunities, overcome challenges and optimally harness the full potential of available business opportunities and resources.

Below are the strategic plan summary and the derived operating plan for the year.

Strategic objectives	To strengthen the registry system capacity	To enhance staff competences in registry management and administration	To promote the use of . domain	To foster awareness of the Internet community and protect users' interests
Targets	• 100% registry uptime • Lower registry abuse • Secure registry operations • Improved registry resilience to attacks	• Enhanced competency • Up to date with latest technology • Improved quality of service	• Increased registrations • High availability of registration services • High reliability of registration services	• Increased stakeholders inclusiveness • Improved accountability and transparency • Improved consumer awareness

Main activities	• DNSSEC deployment • DNS CERT establishment • Registry contingency planning • Root servers scaling (local hosting) • Collaboration with partners including National CERT team	• Build and strengthen capacity of staff and local Internet community • Develop and maintain local, regional and International links • Partner with other industry players in capacity building activities	• Promoting .tz domain space • Registrars accreditation • Developing and improving registration and payment systems • Improving existing services and introducing new ones • Registrar contingency planning • IPv4 monitoring and IPv6 leadership	• Formation of user groups • Implement stakeholders policy reviews • Participate in Internet governance dialogues • Organize stakeholders meetings, workshops and public lectures on Internet related issues

OBJECTIVE 1: TO STRENGTHEN THE REGISTRY SYSTEM CAPACITY

Main activity	Sub-activities	Performance target	Goal
1.1. Enhancing registry security and maintenance	Business Continuity and Risk Management plan	Policy and procedure developed	Improved registry security, availability and stability
	Office security	Secured registry	
	Fixed asset insurance	Critical fixed assets insured	
1.2. Enhancing registry, availability, stability and resilience	Establish additional recovery site	One extra recovery site established	Improved registry availability, resilience and business continuity
	Remote access to registry	On time support for continued system/service availability	
	Registry connectivity (Primary & Back up)	Registry system and service availability	
	F-root administration fee	Root server maintenance	
	Connectivity to TIX (Registry & F-root)	Root sever services availability at TIX	
	TIX peering fee	Registry services availability at TIX	

OBJECTIVE 2: ENHANCING STAFF COMPETENCES IN REGISTRY MANAGEMENT AND ADMINISTRATION

Main activity	Sub-activities	Performance target	Goal(s)
2.1 Administration and staff welfare, skills and competences	Development of staff training program	Training program developed by Mid March 2014	Improved skills and competency
	Attendance to professional trainings	100% attendance as planned	
	Attendance to seminars/workshops/conferences	Meetings/workshops program developed by Mid March 2014	
	Staff remunerations (including medical and other incidentals)	Staff retention	
	Corporate meetings (PAC & Committees)	Operations oversight by PAC	
	Auditing (Financial and operational)	Financial and operations guidance	
	General operational activities /expenses	Smooth daily operations	
2.2 Participate in researches on TLD trends	Participation in DNS study in Africa in collaboration with AfTLD, ICANN and ISOC	Clear understanding of DNS industry in Africa	

OBJECTIVE 3: PROMOTING THE USE OF .TZ DOMAIN

Main activity	Sub-activities	Performance target	Goal(s)
3.1 Publicity and awareness campaigns as per approved marketing plan	As per marketing plan	Increase monthly domain registration to 450	Increased Company sustainability
3.2. Improving Registrar's performance	Establish Registrars competition through awards/incentive schemes	Improved Registrars performance	Increased .tz domains up-take
	Conduct joint marketing initiatives with performing Registrars		
	Be close to Registrars through visits and meetings		
	Establish Registrar contingency plan	Registrar contingency plan developed	Continuity of Registrants services
3.3. Marketing DNSSEC	Facilitate DNSSEC deployment by Registrars, ISPs and hosting companies through trainings	At least 2 DNSSEC trainings conducted per year	DNSSEC adoption
	Conduct awareness campaigns to Registrants on importance of signing .tz domains	Articles through newspapers, websites and blogs	

OBJECTIVE 4: FOSTERING AWARENESS OF THE INTERNET COMMUNITY AND PROTECTING USERS' INTERESTS

Main activity	Sub-activities	Performance target	Goal(s)
4.1 Enhance Dispute Resolution Services	Local dispute arbitration process establishment	Localization of dispute handling	Localization of dispute handling
4.2. Enhancing awareness of the LIC on registry related National laws, regulations and registry policies and rules	Conduct awareness campaigns on .tz usage regulations	Improved awareness on regulations related to .tz usage	Increased .tz domains up-take
	Monitor Internet resources (Ipv4 and Ipv6) assignments to Service Providers and re-assignments to End users	Quarterly collection and submission of resources (database) to TCRA	Enhanced secure Internet operations
	Facilitate ISOC Chapter operationalization	Operationalization of TZ ISOC chapter	LIC participation in Internet Governance
	Enforce EPOCA regulations	More .tz adoption/registrations	Localization of dispute handling
4.3. Disseminate the Internet technologies and DNS related knowledge to the local Internet community (LIC)	Provide Internships to graduates	Provision of internships to 4 graduates per year	LIC capacity building and awareness on Internet resources and Governance
	Provide practical training (PT) placements to University/College students	Provision of PT placements to 5 students per year	

For ease of execution, the annual operating plan was further divided into quarter activities that were executed and reported to PAC for consideration and guidance at the end of every quarter. Below are the quarter activities with execution updates.

OBJECTIVE 1: TO STRENGTHEN THE REGISTRY SYSTEM CAPACITY		
Main activity	**Sub-activities**	**Execution update**
1.1. Enhancing registry security and maintenance	Developing Business Continuity and Risk Management plan	Draft proposal finalized and submitted to PAC for consideration
	Developing a company disposal policy	In progress - Zero draft ready for Secretariat's review
	Inventory reviewing and insurance of Registry system	Review done and insurance being finalized
	Executing Consultancy on Key Rollover (DNSSEC)	Successful DNSSEC Key Rollover
1.2. Enhancing registry availability, stability and resilience	Maintaining registry system availability through remote monitoring	Average monthly registry up time of 99.91%
	Maintaining registry system connectivity to the Internet	
OBJECTIVE 2: ENHANCING STAFF COMPETENCES IN REGISTRY MANAGEMENT AND ADMINISTRATION		
Main activity	**Sub-activities**	**Execution update**
2.1 Administration and staff welfare, skills and competences	Reviewing staff training/meetings program as per re-casted budget	Revision done
	Attending professional trainings - AA, FO and SE	Well attended.
	Attending seminars /workshops /conferences – AA, FO, TO and Manager	
	Convening 2 PAC meetings and 2 Audit meetings	Convened 2 extra ordinary PAC meetings and 2 Audit committee meetings
	Compilation of FY 2013/14 financial statements	Finalized and ready for Auditing
	Internal auditing	Not yet commenced. Plans underway.
	Convening a workshop between PAC, Staff and Consultant on new strategic plan	Not yet convened. Re-scheduled to Q2.
	Developing Annual procurement plan	Work in progress – Proposal for Internal process ready for PAC consideration
2.2 Participate in researches on TLD	Participating in DNS study in Africa in collaboration with AfTLD, ICANN and ISOC	Research not yet commenced
OBJECTIVE 3: PROMOTING THE USE OF .TZ DOMAIN		
Main activity	**Sub-activities**	**Execution update**
3.1 & 3.2 Publicity and awareness campaigns as per approved marketing plan and Improving Registrar's performance	Continued publicity and awareness through EA Radio and TBC1	Finalized the campaigns with slight growth in registrations
	Meeting with Registrars (28 August 2014)	Rescheduled to Q2 following some clarifications from EGA on .go.tz domains management
	Facilitating 3R model adoption	
	Issuing of compliance notices	Not yet continued in Q1. Reviewing for the cost effective execution
	Marketing through social media	
	Official visits to .tz Registrars	Not yet commenced. To commence in Q2
	Establishing Registrar contingency plan	Work in progress – to be finalized in Q2
3.3. Marketing DNSSEC	Facilitating DNSSEC deployment by Registrars	Rescheduled to Q2 and Q4
OBJECTIVE 4: FOSTERING AWARENESS OF THE INTERNET COMMUNITY AND PROTECTING USERS' INTERESTS		
Main activity	**Sub-activities**	**Execution update**
4.1 Enhance Dispute Resolution Services	Identifying possible local arbitrators	Work in progress by LO
4.2. Enhancing awareness of the LIC on registry related National laws, regulations and registry policies and rules	Following up on online availability of owners of IP addresses assigned by Afrinic	Work in progress by Manager
	Enforcing EPOCA regulations	Plans underway for face to face meeting and issuance of notices
4.3. Disseminate the Internet technologies and DNS related knowledge to the local Internet community (LIC)	Provision of PT placements to University /College students	Placements offered to 3 students
	Provision of Internships to Graduates	
	Participating in convening tzNOG2 training in Mwanza in collaboration with TISPA, TERNET and TCRA	Successfully hosted tzNOG2 in Mwanza (18 participants attended Routing & Switching track and 17 attended Systems & Network Security track

Quarter 1 activities execution updates

OBJECTIVE 1: TO STRENGTHEN THE REGISTRY SYSTEM CAPACITY		
Main activity	**Sub-activities done**	**Execution update**
1.1. Enhancing registry security and maintenance	Business Continuity and Risk Management plan	Work in progress in finalizing the final proposal as per PAC's inputs and comments
	DNSSEC Keys management	Rolled over the ZSK and KSK for .tz and its secondaries
	Enhancement of Registry and overall Internet security	Setting up a Honey Port at tzNIC in collaboration with National CERT
1.2. Enhancing registry, availability, stability and resilience	Maintaing the registry connectivity to Internet and TIX	Settled all dues related to registry connectivity
	Maintaining the copy of F-root Server	Revised the contract and settled the annual maintenance fee
	Enhancing redundancy of Root Server services	Requested for a free L-Root Server copy hosting from ICANN. Accepted by ICANN and expected to be finalized in Q3.
	Maintaining the Registry Services availability	Relocated the Back up Server to National CERT Server room

OBJECTIVE 2: ENHANCING STAFF COMPETENCES IN REGISTRY MANAGEMENT AND ADMINISTRATION		
Main activity	**Sub-activities**	**Execution update**
2.1Administration and staff welfare, skills and competences	Attendance to professional trainings	Trainings attended as per training program
	Attendance to seminars/workshops/conferences	Workshops/seminars/conferences attended as per meetings program (Refer section 5 for more details)
	Auditing (Financial and operational)	Both internal and external audits were carried out towards the end of Q2. To be finalized in Q3; Convene Audit Committee meeting with External Auditor and Tax Consultant.
	Corporate meetings	Convened 2 PAC meetings (46[h] and 47[h]) and the adjourned 6[h] AGM;
	5 year strategic plan performance review	Reviewed the plan up to June 2014 and re-submitted to PAC

OBJECTIVE 3: PROMOTING THE USE OF .TZ DOMAIN		
Main activity	**Sub-activities**	**Execution update**
3.1 Publicity and awareness campaigns as per approved marketing plan	As per marketing plan	Commenced the finding of joint marketing campaigns with Registrars through Registrar visits
3.2. Improving Registrar's performance	Conduct joint marketing initiatives with performing Registrars	2 projects/activities identified during Q2. More proposals expected from Registrars during Q3
	Enhancing close working relationship (Engagement) with Registrars	Visited 4 Registrars in Q2. They are Aptus, Sihebs, Kilihost and 1&1.
	Registrars credit transfer management	Finalizing the development of a tool to transfer registrar's credit from one domain category to another.
	Accreditation of more Registrars and review of accreditation process	Conditionally accredited 4 more Registrars – Bibo Technologies, Delve, Masoko and Cats-Net; Review of Registrar agreement and Business terms and conditions in progress.

OBJECTIVE 4: FOSTERING AWARENESS OF THE INTERNET COMMUNITY AND PROTECTING USERS' INTERESTS		
Main activity	**Sub-activities**	**Execution update**
4.2. Enhancing awareness of the LIC on registry related National laws, regulations and registry policies and rules	Monitor Internet resources (Ipv4 and Ipv6) assignments to Service Providers and re-assignments to End users	No further inputs received from IP assignees with regard to allocations and re-allocations
	Facilitate ISOC Chapter operationalization	Commencing registration of a Chapter with ISOC and mobilizing a meeting of founding members
4.3. Disseminate the Internet technologies and DNS related knowledge to the local Internet community (LIC)	Provide Internships to graduates	Had no intern during Q2
	Provide practical training (PT) placements to University/College	Had no PT student during Q2
	Host AfriNIC training	Co-hosted the AfriNIC's INRM & IPv6 training at Serena hotel in Dar with TCRA and TISPA.

Quarter 2 activities execution updates

OBJECTIVE 1: TO STRENGTHEN THE REGISTRY SYSTEM CAPACITY		
Main activity	**Sub-activities**	**Execution update**
1.1. Enhancing registry security and maintenance	Finalizing the development of Business Continuity and Risk Management plan	This is completed. Reports (BCM Policy, BCM Framework and BCP) are ready for PAC consideration and approval
	Finalizing the development of a company disposal policy	This is work in progress – Draft copy is ready. To be finalized in Q4.
1.2. Enhancing registry availability, stability and resilience	Maintaining registry system availability through remote monitoring	1. Registry monitoring was effectively done during the quarter; 2. Registry was maintained with overall availability of 99.71% over the reporting period. The figure is low due to outage that resulted from fire scare on 9^h Feb 2015; 3. Successfully installed the 2nd root Server (L-root) to further improve the Internet response time to TZ Internet users and establishing the Root service redundancy.
	Maintaining registry system connectivity to the Internet	

OBJECTIVE 2: ENHANCING STAFF COMPETENCES IN REGISTRY MANAGEMENT AND ADMINISTRATION		
Main activity	**Sub-activities**	**Execution update**
2.1Administration and staff welfare, skills and competences	Staff capacity building (As per approved programs)	Trainings/workshops were attended by staff as per plan.
	Meetings (AGM, PAC and Committees)	2 PAC and Committee meetings were during the quarter. The AGM was postponed to April 2015 due to audit report approval processing with CAG office
	Strategic plan workshops (2) – one with PAC and the other with Stakeholders	2 workshops successfully held at Bahari Beach Hotel and Mawasiliano towers on 27^h Jan 2015 and 12^h March 2015 respectively.
	Finalization of Audits (Internal & External)	Finalized. Pending is the external audit report.

OBJECTIVE 3: PROMOTING THE USE OF .TZ DOMAIN		
Main activity	**Sub-activities**	**Execution update**
3.1 & 3.2 Publicity and awareness campaigns as per approved marketing plan and Improving Registrar's performance	Establishing collaborations for publicity and marketing(BRELA)	1. Brela collaboration – Not yet finalized; 2.Visited 6 registrars and conducted a survey to all registrars. 3.Registrars meeting postponed to Q4 following their engagement in the Survey and strategic plan workshop. 4.Registrars categorization ready and will be communicated to Registrars meeting together with survey results ready for 3R model adoption. 5.Commenced a joint online marketing campaign with Extreme Web Technologies. 2 Marketing campaigns with Kilihost pending following their readiness and delay of tzNIC-Brela collaboration..
	Visiting some Registrars	
	Establishing Registrar categories (stars) based on performance and services	
	Registrars meeting (March 2015)	
	3R model adoption	
	Executing selected marketing proposals by Registrars	

OBJECTIVE 4: FOSTERING AWARENESS OF THE INTERNET COMMUNITY AND PROTECTING USERS' INTERESTS		
Main activity	**Sub-activities**	**Execution update**
4.1 Enhance Dispute Resolution Services	Facilitation of dispute resolution by local provider(s)	Work in progress – Draft MoU sent to the Association of Tanzania Arbitrators
4.2. Enhancing awareness of the LIC on registry related National laws, regulations and registry policies and rules	Following up on online availability of owners of IP addresses assigned by Afrinic	1. Received further advisories from other AfriNIC TZ members following our reminder. Updated list to be sent to TCRA as part of Q3 operation report; 2.Participated in the preparatory meeting with TCRA and TISPA for stakeholders IPv6 workshop.
	Facilitating establishment of ISOC-TZ Chapter	1. Developed the action plan for facilitation of ISOC Chapter establishment; 2. Facilitated and held the first face to face meeting of founding members whereby the Chapter regulations were endorsed and chapter leaders elected; 3. Chapter registration at ISOC Global has been lodged.
	Enforcing EPOCA regulations	Shared the best way to push the message to the local Internet community during Registrars' visits
4.3. Disseminate the Internet technologies and DNS related knowledge to the local Internet community (LIC)	Provision of PT placements to University /College students	Provided Internship to 2 Graduates and Practical training to 2 University students
	Provision of Internships to Graduates	

Quarter 3 activities execution updates

OBJECTIVE 1: TO STRENGTHEN THE REGISTRY SYSTEM CAPACITY		
Main activity	**Sub-activities**	**Execution update**
1.1. Enhancing registry security and maintenance	Finalizing the development of a company disposal policy	Draft policy in place pending approval by PAC
1.2. Enhancing registry availability, stability and resilience	Maintaining registry system availability through remote monitoring	Managed to have registry system availability over the quarter of 99.96% as a result redundancy connectivity, standby generator and remote management by Technical team.
	Maintaining registry system connectivity to the	

OBJECTIVE 2: ENHANCING STAFF COMPETENCES IN REGISTRY MANAGEMENT AND ADMINISTRATION		
Main activity	**Sub-activities**	**Execution update**
2.1Administration and staff welfare, skills and competences	Staff capacity building (As per approved programs)	Executed as per program
	Meetings (AGM, PAC and Committees)	Held 1 PAC meeting. AGM pending the approved of Audit report by CAG.
2.2 Participation in researches/studies on TLD trends	Africa ccTLDs study (collaboration between AfTLD, ISOC and ICANN)	The study commenced in March 2015 but it has stopped as the Consultant is not willing to proceed

OBJECTIVE 3: PROMOTING THE USE OF .TZ DOMAIN		
Main activity	**Sub-activities**	**Execution update**
3.1 & 3.2 Publicity and awareness campaigns as per approved marketing plan and Improving Registrar's performance	Establishing collaborations for publicity and marketing(BRELA)	Not yet finalized with BRELA. Still following up. The aim is to easily reach the SMEs and companies.
	Registrar contingency plan	Draft contingency plan in place pending PAC approval.
	Establishing Registrar categories (stars) based on performance and services, Registrars meeting & 3R model adoption	Held a Registrars meeting in June 2015 and agreed with Registrars on stars rating and DNSSEC deployment
	Executing selected marketing proposals by Registrars	Executed one joint marketing campaign with Extreme Web Technologies
3.3 Marketing DNSSEC	Advanced DNS and DNSSEC training to Registrars	Rescheduled the training to early July 2015

OBJECTIVE 4: FOSTERING AWARENESS OF THE INTERNET COMMUNITY AND PROTECTING USERS' INTERESTS		
Main activity	**Sub-activities**	**Execution update**
4.1 Enhance Dispute Resolution Services	Facilitation of dispute resolution by local provider(s)	Reached and signed an MoU with Tanzania Institute of Arbitrators for local provision of arbitration service.
4.2. Enhancing awareness of the LIC on registry related National laws, regulations and registry policies and rules	Stakeholders workshop on IPv6 deployment	Jointly organized the stakeholders meeting of TZ Afrinic members with TCRA on 30ʰ April 2015.
	Facilitating operationalization of ISOC-TZ Chapter	Finalized the chartering of Internet Society Chapter in June 2015. Aim of the chapter is 100% inclusivity of all user groups on Internet governance issues. Pending is local registration as NGO.
	Enforcing EPOCA regulations (Notices)	Circulated notices to some identified organizations as part of reaching out the prospective registrants (marketing).
4.3. Disseminate the Internet technologies and DNS related knowledge to the local Internet community (LIC)	Provision of PT placements to University /College students and Internships to graduates	Attracted only 1 Intern.

Quarter 4 activities execution updates

5.2 Our year - timeline

First Quarter (July – September 2014)

Participated in the 38th Trade Fair (Sabasaba) and won the 1st Prize in ICT category

Conducted publicity and awareness campaigns on .tz through East Africa radio, Clouds FM and TBC1 (TV).

Issued .tz compliance notifications through mailing lists, Twitter and Facebook.

Pressed an order for an advert in UNESCO magazine, edition 12 of 2015.

Successfully performed the DNSSEC key rollover.

Participated in the 3rd Africa DNS Forum held in Abuja, Nigeria (July 2014).

Participated and facilitated the hosting of the 2nd tzNOG training in Mwanza (August 2014).

Provided practical training placement to 3 students.

Hosted 4 Zambia ICT Authority (ZICTA) staff for a 5 days benchmarking on. ccTLD management and DNSSEC deployment

Convened the 6th Annual General Meeting (AGM).

Second Quarter (October – December 2014)

Facilitated and co-hosted the Afrinic's INRM and IPv6 training with TCRA and TISPA in Dar es Salaam (November 2014).

Set-up a honey port at tzNIC as part of facilitation of TZ-CERT initiatives.

Requested for L-Root Server copy hosting from ICANN.

Conducted a mid review of the 1st strategic plan.

Commenced the customization of FRED (.tz registry package) for fund transfer by registrars between .tz SLDs without tzNIC staff intervention.

Made registrar visits for joint marketing initiatives and sharing of experiences.

Accredited 4 new registrars (Bibo Technologies, Delve, Masoko and Cats-Net).

Commenced the chartering of ISOC Tanzania Chapter.

Attended various meetings including ICANN 51 (Los Angeles), Afrinic 21 (Mauritius), AfICTA Summit and ICANN workshop (Cairo).

Conducted the internal and external audits for FY 2013/14.

5.3 Our year

During the year tzNIC focused on adapting to changing conditions including the global expansion of the Internet domain space through new gTLDs and securing the .tz domain space through deployment of DNSSEC. We made several changes which demonstrate that we are committed to public purpose through commercial success, being a strong business partner and delivering more for our members and stakeholders. In this regard we continued to provide registrations under 5 new SLD categories that were established to counter the new competitive forces in the market as a result of introduction of new gTLDs. We engaged EGA to facilitate more registrations and use of .tz domain by all government entities/institutions. We also continued to push for more registrations by registrars through fee differentiation. At the end of the year our efforts resulted in about 92% registrations by registrars and 8% by tzNIC. This was a good indication and preparedness for full 3R model adoption.

Everything we do is driven by our public purpose commitment to making the .tz domain space and the internet in general a more trusted place. A key element of our commitment to public purpose is in ensuring that the businesses and consumers who make use of the .tz domain name space can continue to rely on it every day. In order to meet this expectation, tzNIC has full plans in place to enable our key functions and services to continue in spite of disruption by a range of factors from severe weather to a coordinated and deliberate attack. Our work in this area, after successful deployment of DNSSEC was to ensure that our registrars and hosting companies have capacity to deploy this technology. We did this through DNSSEC roadshow and trainings to Registrars and ISPs. These efforts are expected to ensure the availability, security and resiliency of our registry service.

Other key aspect that tzNIC focused during the year included positioning the company in the business environment resulting from rapid technological changes and customer demands. This aspect was dealt with through review and performance evaluation of the current strategic plan, new strategic plan development and company support and facilitation of capacity building of the local internet engineers (tzNOG trainings). The capacity building of the local internet community is believed to contribute in the improvement of .tz brand as a result of better management of .tz systems and servers by trained engineers.

5.3.1 Strengthening .tz

As the trusted guardian of the .tz domain name space, tzNIC continues to work closely with our members, registrars and the wider domain name industry to ensure the space remains trusted and secure. In an increasingly changing environment, we remain focussed on maintaining and growing .tz as a secure, reliable and positive space. tzNIC also remains on the frontline in the battle against cyber crime and we continue to work on the hidden task of ensuring the .tz domain is as protected as possible from distributed

denial of service attacks, phishing and other criminal activity. As a testament to the above, tzNIC participated fully in the workshop on Cyber Crime Bill and also proposed the following 5 flagship projects that tzNIC can partner with other stakeholders in executing the new ICT policy.

SN	PROJECT	OBJECTIVE	INDICATORS
1	Adoption of Ipv6 * A national-wide project to sensitize adoption of the new Internet Protocol version 6 which replaces the depleting IPv4 addresses.	To organize policy and technical trainings amongst government and private sector that will facilitate a smooth transition from IPv4 to IPv6.	Number of TZ entities adopted and using Ipv6 addresses.
		To sensitize Internet community through workshops in order to emphasize the importance of this migration also to boost the knowledge of IPv6 features amongst key Internet players.	Level of Ipv6 knowledge amongst Internet players.
		To formulate bylaws/regulations that will ensure vendors and businessmen import equipments that support IPv6	Having bylaws/regulations in place.
2	Adoption of DNSSEC *It has been established that it is possible to intercept and redirect communication between two systems in the Internet. To change this, we need DNSSEC. http://goo.gl/fl5Tyr	To organize policy and technical trainings amongst government and private sector that will facilitate deployment of DNSSEC	Number of signed .tz domains
		To sensitize Internet community through workshops in order to emphasize the importance of DNSSEC in Internet Security.	Level of DNSSEC knowledge amongst Internet players.
		To implement DNSSEC to all government domains so as to ensure secure communication.	Number of government domains signed.
3	Deployment of ENUM * A project to map traditional telephone numbers (PSTN) with the Internet.	To promote single universal personal identifier by allowing access to different services using single personal identification.	ENUM deployment and number of ENUM registrations
4	Improving IXPs and Promotion of Local Hosting of Internet Services	To facilitate IXPs so that they can provide value added services in order to improve Internet experience to Internet users and also encourage local hosting for security and serving foreign currency. This way we will also increase Internet stability in Tanzania.	Increase in Traffic volume at IXPs
		Developing Local content by digitalizing traditional textbooks, novels, journals, newspapers, music etc.	
5	R & D in Internet	To harness ICT sector development through research. This way we can develop standards and statistics that will guide us to measure the impact of ICT in economic development.	Developed standards and statistics.

tzNIC proposed flagship projects for execution of new ICT Policy

5.3.2 Shaping the Internet

tzNIC continues to play a significant role at the heart of Tanzania and global internet communities, promoting progressive and inclusive internet policy and representing the domain name industry's interests in international forums. We are committed to working towards a safer, more resilient and secure internet, while taking account of an ever-changing economic and political landscape. We remain extensively engaged with a range of key international bodies, including the Internet Corporation for Assigned Names and Numbers (ICANN), the Internet Society (ISOC), the African Top Level Domain Organization

(AfTLD), East Africa Communications Organizations (EACO), Africa Network Information Centre (AfriNIC), Africa Network Operators Group (AfNOG) and Network Startup Resource Centre (NSRC).

As part of this work, we have promoted enhanced information sharing between ccTLDs and supported the the AfTLD, of which tzNIC Manager is a Board Member and Treasurer. We have also been heavily involved with ICANN, ISOC and NSRC through AfTLD on capacity building initiatives. During the year we facilitated tzNOG2 trainings in Mwanza in collaboration with NSRC, TCRA, SEACOM, ISOC, EWURA, TISPA and HABARI. In the same spirit of sharing the knowledge and best practices, tzNIC technical team conducted an advanced DNS and introduction to DNSSEC to TRA staff and University's technical staff (through TERNET).

As the guardian of the .tz domain name space, tzNIC is in the frontline in capacity building initiatives and engagement with the community. To improve the sharing of information and insight about trends and developments within our industry and the wider internet community and to help to create a new generation of skilled professionals, tzNIC provides practical trainings and internships to University/college students and graduates at its offices in Dar es Salaam. During the year tzNIC provided this support to 8 students/graduates.

5.3.3 Collaboration with stakeholders

a) tzNIC Members

The relationship with members is crucial to our collective success. We are therefore absolutely committed to ensuring that members are fully informed and engaged with tzNIC by providing a range of updated information including quarter reports and joint events. tzNIC has continued to engage with members throughout the year, for example, by attending formal events such as 10 years Anniversary of TCRA, tzNOG training in Mwanza, EACO meeting in Arusha and Nairobi, AfriNIC's INRM and IPv6 training in Dar es Salaam and less formally at occasions such as ICANN meetings and other industry workshops, meetings and conferences.

b) Registrars

We are committed to improving the distribution channel of our services. Our Registrars are the only sales channel for our services and therefore we need to engage with them more, effectively and efficiently. During the year we commenced the initiative of engaging the registrars so that we can have collaborations in individual registrar's marketing activities. We plan to do more with this strategy as it may lead to effective and cost effective way of attaining our goal, that is "more .tz registrations".

An important part of our relationship with our sales channel is maintaining high standards of customer service whether online, on call support or accounts management. This is demonstrated in our on time support of registrars in regard to toping up their accounts, renewal of the registry access and general support.

c) Other stakeholders - Local, Regional and International

As part of the role that tzNIC plays in supporting the wider digital economy, it is essential that we continue to maintain relationships with a broad range of stakeholders from politicians and law enforcement to civil society and businesses. tzNIC continues to work closely with our members, registrars and the wider domain name industry to advocate a consensus-led approach to policy development using a multi-stakeholder model to ensure openness and stability of the internet. During the year tzNIC worked with SEACOM, AfTLD, ISOC, AfriNIC, NSRC and ICANN on different issues ranging from collaborations, capacity building and information sharing and technical assistance. Our aim is to extend this collaboration to individuals who are also beneficiaries of our services. We do aim to reach them through an ISOC TZ Chapter which we are coordinating its formation.

5.3.4 Diversification

tzNIC is operating in a rapidly changing and increasingly competitive business environment. It is essential therefore to adapt to the evolving market conditions and seek out new opportunities to ensure the company remains relevant and successful.

The most significant example of this development so far is on the new gTLD programme. Having identified and implemented the competition options during the previous year by establishing new SLDs such as .hotel.tz, etc, a number of opportunities were also at our disposal. This was on provision of registry technical operation services to potential operators or competitors. One of the identified potential opportunity was the technical operation of the .post by the Tanzania Posts Corporation (TPC). In addition to the above opportunity, TPC was thought to be an ideal candidate for accreditation as .tz registrar following its presence in most cities of Tanzania. tzNIC continues to make a follow up on this opportunity. We continued to push on this option but it could not happen during the reporting period. Our intent is to continue pushing for this opportunity and others to come in future.

5.3.5 Employer of choice

Over the year we have continued to focus on making sure that tzNIC staff are able to deliver the strategic objectives of the business. This year we focused on recruitment of new staff and provision of capacity

building opportunities through various meetings, workshops, forums and training so as ensure that our people continue to be developed for the challenges ahead. At the early beginning of the FY 2014/15 we hired the Systems Engineer to replace the previous one who left the company in March 2014.

5.4 Looking ahead

As tzNIC adapts to changing conditions, in order to continue delivering for the wider internet industry, there are a number of key aspects of our work that are likely to see significant further development and energy over the coming year. We are determined to continue taking a proactive and confident approach to challenges and opportunities in the market, taking account of changes in technology as well as in the political landscape. Our aim is to play a leading role in our core business.

As we aim for 3R model of operation, we will engage more with Registrars so as to execute joint marketing initiatives through various tactics all meant to support the growth of .tz domain names. We will continue to work closely with all stakeholders especially those in specific groups so as to reach them affordably for a face to face publicity on .tz values. We will continue to invest in our core .tz domain portfolio. At the same time, we will be proactively seeking relevant new opportunities where we can use our expertise as a means for further success.

To be able to achieve our goal, we will use the strategic plan review and evaluation reports to develop a new strategic plan that will address the current business challenges and opportunities. Specifically, we will develop new strategies that will assist us in attaining our strategic goal of provision of secure, reliable and affordable electronic communication using a .tz domain.

6.0 CORPORATE GOVERNANCE

6.1 PAC Members

The Policy Advisory Committee (PAC) comprises of eight (8) non-executive Directors appointed by tzNIC members (TCRA and TISPA) in equal proportion. These directors represent a wide range of the relevant stakeholders. The manager of the secretariat serves as a secretary to the PAC and is also a non-voting member. The tenure of the PAC members is two (2) years. The main function of the PAC is to oversee the overall management of business affairs of the centre and also responsible for policy development and reviews for better operations of the registry as per National laws, regulations, best practices and International standards.

During the year under review tzNIC had the following PAC Members:

Mr. Frank Jua Goyayi – Chairman

Mr Frank Goyayi has over 6 years working experience in a multinational company and held various senior management positions at AFSAT to the level of General Manager. He founded FTS Services Ltd in 2006 and Technology Expedition in 2012, served as the Treasurer for Tanzania Internet Service Providers Association (TISPA) for 4 years since 2004 and then became Secretary General thereafter for another 4 years (2009 to 2013).

He was appointed as tzNIC Policy Advisory Committee (PAC) member in 2011. In the same year he was appointed by TCRA to serve in the National steering committee, mandated with responsibility to establish National Computer Emergency Response Team (CERT), as well as to develop set of rules and guidelines for handling computer security incidents and cyber related threats. He has actively been engaging in community services as a member of Lions club since 2001 and served in various club positions to the level of President.

Mr. Frank holds a Honors degree in Electronics and Communication Engineering and an MBA in general management and business administration from the University of Huddersfield, UK.

Mr. Kenneth Wakati– Vice Chairman

Mr. Wakati is an Engineering Graduate from the University of Dar es Salaam. He is Certified IT Business Manager with more than 15 years experience that include overseeing IT operations, directing customer support and ensuring the on-time delivery of business solutions in the private corporate and Government sectors. He joined tzNIC PAC in August 2012.

Mr. Wakati is currently working at Tanzania Revenue Authority (TRA) in the capacity of a Director for ICT. His responsibilities at TRA includes overseeing the formulation, development, implementation and support of all ICT related activities meant to ensure availability of Revenue Business Systems.

Mr. Andrew Mkapa

Mr. Andrew Mkapa has 25 years experience in the Public Service. He joined the then Office of the Registrar of Companies as Assistant Registrar in 1990, under the Ministry of Industry and Trade, which was later transformed to a Government Executive Agency. He was promoted to the level of Deputy Registrar in 2002. Since then he has attended various courses on Investment, Intellectual Property Rights, Anti-Money Laundering and Leadership. He holds a first Degree in Law (LL.B) and a Master of Laws (LL.M) Degree majoring in Corporate and Commercial Relations

Ms. Connie Francis

Ms. Connie Francis is an Information Communication Technology specialist with over 15 years in the field. She works for Tanzania Communications Regulatory Authority (TCRA) since 2006 in the Department of ICT Development in the capacity of a Manager of Tanzania Computer Emergency Response Team (TZ-CERT).

Ms. Connie was the member of TCRA Team that setup tzNIC after its registration in 2006. She was appointed as member of tzNIC Policy Advisory Committee in 2011. Ms. Connie holds an Advanced Diploma in Information Communication Technology and a Masters of Science in Information Technology and Management.

Mr. Manyiri Isack

Eng. Manyiri Isack Mabulla holds an MBA in Finance & Banking from Mzumbe University (2009), BSc. Electrical Engineering from the University of Dar es Salaam (2002) and was registered by the Engineering Registration Board in the Category of Professional Engineer in 2010.

He has more than 12 years experience in the ICT industry where he worked with Satcom Networks Africa in 2002 to 2003 as ICT Engineer, Data Networks Engineer at Tanzania

Mr. Hamza Mikidadi

Mr. Hamza Mikidadi was appointed in 2011 by TISPA to represent the private sector in the tzNIC PAC. He has strong managerial background after having worked with Business Electronics Systems (T) Ltd (PHILIPS) from 1995 to 1997, Datel Tanzania Ltd from 1997 to 2006 and Vizada networks Ltd from 2007 to 2011. Since 2011 Mr Hamza has been working as Technical Director and Business Partner of

Telecommunications Company Limited from 2003 to 2005, Engineering Supervisor from 2005 to 2007 and as Solutions Integrator from 2007 to 2009.

In March, 2009 he was nominated to assume the duties of Assistant Director – ICT Infrastructure Development at the Ministry of Communication, Science and Technology. During his tenure with the Ministry, he was appointed as a member of tzNIC Policy Advisory Committee. He is also a member of the National ICT Broadband Technical Team, the Regional Communications Infrastructure Program Technical Committee.

Technoimage ltd**.** He is also the local partner and Member of the Board of Directors of Astrium Business Service Ltd formerly known as Vizada Networks Ltd.

Mr Hamza is the Member of TISPA Executive Committee in the capacity of Treasurer and he holds a Masters of Science degree and Bachelor of Science degree (Physics and Mathematics) both from the University of Dar es Salaam.

Mr. Stanley Ayittah

Mr. Stanley Ayittah is the General Manager of SimbaNET (T) Ltd. Before joining SimbaNET Tanzania, Stanley was the Regional Manager for SkyVision Global Networks responsible for East and South Africa. He was also the Head of Business for iWayAfrica Tanzania, General Manager of Africa Online (T) Ltd from 2008 to 2011.

Mr. Ayittah has been active on the Tanzania Internet industry for over 12 years and he joined tzNIC PAC in 2011.

Mr. Nyangu Meghji

Mr. Nyangu R. Meghji has more than 12 years experience in Telecommunications. He is now working for Startel (T) Ltd (RAHA) as CTO and he also represent Startel (T) Ltd in TISPA Executive Committee. He was appointed as a member of tzNIC Policy Advisory Committee on 9th July 2013. He holds BSc Electronics from Delhi University and MSc Mobile, Personal and Satellite Communications from University of Westminster.

6.2 PAC meetings

The PAC usually meets once after every quarter but can hold extra-ordinary meetings any time during the year. The PAC met 7 times during the year to consider a range of company matters, discuss on strategies and agree on future plans. Their work included regular monitoring of the operating plan and company strategic plan, reviewing the company accounts and overall governance.

The PAC received quarterly reports from the management on a range of various business matters, including the policy development and review, strategic operations, finances and governance issues. As a result of the reports from both the management and PAC committees, below are some of approved issues by the PAC:

a) Relocation of the office to secure place and with enough space;

b) Coordination of ISOC chapter chartering;

c) Strategic plan review and performance evaluation;

f) Development of new 3 years strategic plan;

g) FY 2014/15 operating plan and budget;

h) Adoption of full 3R operational model.

6.3 PAC Committees and working groups

Clause 20.6 of the Memorandum and Articles of Association of tzNIC (MEMART) provides the PAC with the mandate to delegate their powers to committees consisting of PAC members or other natural persons as the PAC think fit. Any Committee formed must, in the exercise of the power delegated to it, comply with the regulations that may be imposed on it from time to time by the PAC.

Clause 20.8 of the MEMART further gives the PAC with mandate of forming the Advisory Working Groups which will be used as the principle mechanism for developing policy and technical recommendations. The formed advisory working groups can be tasked to investigate, analyze and advise or report any particular issue to the PAC. Members to the advisory working groups should be PAC members, staff and any other invited person with specific professionalism in the matter being investigated or analyzed.

During the year under review the PAC formed 2 Committees namely the Audit Committee and Human Resource committee to oversee to oversee the financial matters (auditing and budgeting) and staff performance matters.

6.4 Management team

During FY 2014/15 the management team comprised of the Manager, Technical Officer, Finance Officer and Legal Officer. Other members of the Secretariat included the Systems Engineer, Assistant Accountant and the Office Management Secretary.

Eng. Abibu Rashid Ntahigiye

Eng. Abibu R. NTAHIGIYE is the first Manager of tzNIC. He joined tzNIC in March 2008 after working with SITA – a worldwide Airline's data telecommunication company for about 12 years. While at SITA he worked in various capacities from Customer service support specialist to Country Manager. Before joining SITA he worked at the University of Dar es Salaam as a Research Assistant in the Rural Telecommunication Network, a project that was been executed jointly by the Faculty of Engineering at UDSM and Faculty of Computer Science of University of Southampton, UK.

Eng. Ntahigiye is currently the Secretary to PAC, Director and Treasurer of the African Top Level Domain Organization (AfTLD), Member of the National Committee for the UNESCO Information for All Programme (IFAP), Co-opted Member of the Board of Engineers Registration Board (ERB) and Councillor of the country code Name Supporting Organization (ccNSO) of Internet Corporation for Assigned Names and Numbers (ICANN). He is registered with Engineers Registration Board (ERB-TZ) as a Professional Telecommunications Engineer and is also a Member to the

Mr. Simon M. Balthazar

Mr. Simon M. Balthazar is the Technical Contact for .tz ccTLD at Tanzania Network Information Center (tzNIC), a registry of .tz domains. He has been with tzNIC since its humble beginning in 2008 where he played a key role in the redelegation and migration of .tz domain. He has extensive knowledge and experience in Domain Name System and its related technologies. Simon championed the first deployment of IPv6 in Tanzania and most recently deployment of DNSSEC at the .tz registry. He actively contributes both locally and regionally as one of the resource persons for tzNOG and AfTLD where he participates in training Engineers from other emerging ccTLDs in Africa.

In 2012, Simon was elected by the Hon. Minister for Science and Technology as a member of the Tanzania ICT Policy Review Committee, a task that ended in 2013. In the same year, he was appointed to serve in the Technical Advisory Committee of the National Computer Emergency Response Team (TZ-CERT).

Institution of Engineers in Tanzania.

Eng. Ntahigiye's key achievements at tzNIC include the operationalization of the .tz registry, re-delegation of .tz ccTLD and deployment of security feature to the .tz registry (DNSSEC deployment)

Eng. Ntahigiye holds a honors degree in Electrical Engineering from the University of Dar es Salaam and Masters degree (IT and Management) from IFM/Avinashillingham University.

Prior to joining tzNIC, Simon worked in the telecommunication industry with Tanzania Telecommunication Company Ltd and Vodacom Tanzania Ltd. Simon holds a Bsc. in Information Systems and Technology from the United States International University (USIU) and is currently undertaking an Executive MBA from the Maastrich School of Management and ESAMI.

Mr. Agapiti L. Benjamin

Mr. Agapiti Benjamin is the Financial Officer of tzNIC. He joined tzNIC in March 2013 after working with AAR Insurance Tanzania   Ltd, the largest medical insurance company in Tanzania for more than 2 years where he acquired a comprehensive knowledge in financial management, financial accounting, reporting and analysis. Prior to joining AAR he worked at Mantrac Tanzania Ltd, the sole distributor of CATERPILLAR products in Tanzania.

Agapiti holds a Bachelor of Commerce with specialization in Accounting from the University of Dar es Salaam. He is a registered professional accountant with the National Board of Accountants and Auditors.

Mr. Sarah B. Mhamilawa

Sarah Mhamilawa joined tzNIC in the Capacity of Legal Officer in   March 2013. Before joining the company Ms. Mhamilawa worked for 3 years with IMMMA Advocates as an Associate. She holds a Masters of Laws Degree from University of Dar es Salaam and is a registered Advocate of the High Court of Tanzania and an active Member of Tanganyika Law Society, East Africa Law Society and Tanzania Women Lawyers Association.

6.5 Accredited registrars

tzNIC had not assumed fully 3R model during the year and therefore it continued providing registry services alongside accredited Registrars. Following the price difference charged by tzNIC and accredited registrars (TZS 45,000 by tzNIC and TZS 25,000 by accredited Registrars), the percentage registrations by tzNIC went down to 8% as we concluded the year [9% during FY 2013/14). Since the cut-off point of zero percent registration can't be reached, tzNIC will continue to make some efforts for full adoption of 3R model during the next financial year.

As for number of accredited registrars, 6 more registrars were accredited during the year making a total of 46 working registrars at the end of the year. The current Registrars list is available at https://tznic.or-.tz/index.php/en/registrars/accredited-registrars. The list includes one of the ICANN's accredited Registrars.

7. AUDIT REPORT

STATEMENT OF PAC MEMBERS' RESPONSIBILITIES

The Members of the PAC are required by the Companies Act. 2002 to prepare financial statements that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the results from operations of the Company for that year.

The Members confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgement and estimates have been made in the preparation of the financial statements for the 12 months period ended 30th June, 2015. The Members also confirm that applicable accounting standards, the Tanzania Financial Accounting Standards have been followed and that the financial statements have been prepared on the going concern basis.

The Members are responsible for keeping proper accounting records that disclose with reasonable degree of accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, errors and other irregularities. The Members are also responsible for the maintenance of an adequate system of internal control.

PRINCIPAL ACTIVITIES

The Company's main activity is to manage and administer the .tz ccTLD registry.

OPERATIONS RESULTS

The financial results of the Centre are set out in the attached Income Statement. During the year ended 30th June, 2015, the Centre generated a total income of TZS. 184,688,898 from its registry services. This sum is maintained in the collection account as a result of receipt of grant from its member namely M/s TCRA. Further, the Centre received a grant of TZS. 695,007,472 from TCRA. Overall, as per Note 9 of the income statement, the Centre earned total income of TZS. 1,009,590,766 during the year 2014/2015 compared with amount of TZS. 930,880,001 for the previous year. The increase in income by TZS. 78,710,765 during 2014/2015 when compared to the previous year's increase was mainly attributable to the increase in the Revenue Grant received from TCRA and interest income.

CORPORATE GOVERNANCE

The Policy Advisory Committee (PAC) consists of eight (8) Members. The PAC takes overall responsibility for the tzNIC, management including identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The PAC is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and that there is compliance with sound corporate governance principles.

The PAC delegates the day to day management of the business to the Manager of tzNIC secretariat who is assisted by senior members of the secretariat. In this regard, senior management is normally invited to attend PAC meetings and facilitates the effective control of all the Centre's operational activities, acting as a medium of communications and coordination between all the various business links and business associates. Overall, tzNIC is committed to the application of the principles of sound and effective corporate governance.

SOLVENCY EVALUATION

The Company's state of affairs as at 30th June, 2015 is presented on page 8. The Committee considers the Company to be solvent within the meaning ascribed by the Companies Act. 2002.

BUSINESS DEVELOPMENT

Significant progress was made in the development of the business. During next financial year the Company will concentrate on providing registry services and ensuring the availability and stability of the registry system.

MATERIAL EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

No matter or event which is material to the financial affairs of the Company has occurred between the statement of financial position date and the date of tabling the financial statements before the PAC which necessitates any adjustments to the financial statements and/or disclosure in the notes on the accounts..

EMPLOYEES' WELFARE

The Centre offers benefits to staff that have been approved by the Policy Advisory Committee, such as medical services, funeral assistance, training and staff development facilities.

Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled in the course of their employment with the Centre, every effort is made to ensure that their employment with the Centre continues and appropriate training is arranged. It is the policy of the Centre that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

STATUTORY AUDITORS

Reliable Consultants were the appointed statutory auditors of the Company for the financial year ended 30th June, 2015.

BY ORDER OF THE PAC

CHAIRMAN	**March 2016** **DATE**

REPORT OF THE AUDITORS

We have audited the accompanying financial statements of Policy Advisory Committee of Tanzania Network Information Centre (tzNIC), which comprise the Statement of Financial Position as at 30th June, 2015, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes on the accounts set out on pages 11 to 18 of this report

PAC Members' Responsibility for the Financial Statements

The Policy Advisory Committee of Tanzania Network Information Centre (tzNIC), is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from

material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances

Responsibilities of the Auditors

Our responsibility as Auditors, is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing (ISA), International Standards of Supreme Audit Institutions (ISSAIs) and such other audit procedures we considered necessary in the circumstances. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Policy Advisory Committee of Tanzania Network Information Centre's, preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Policy Advisory Committee of Tanzania Network Information Centre, internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In addition, section 10(2) of the PAA of 2008 require me to satisfy myself that the accounts have been prepared in accordance with appropriate accounting standards and that; reasonable precautions have been taken to safeguard the collection of revenue, receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed and expenditures of public monies have been properly authorized.

Furthermore, section 44(2) of the Public Procurement Act No. 21 of 2004 as amended and Regulation 31 of the Public Procurement (Goods, Works, Non-Consultant Services and Disposal of Public Assets by Tender) Regulations, 2005 and 2011 require me to state whether or not the Auditee has complied with the provisions of the Law and its Regulations.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tanzania Network Information Centre as at 30th June, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the matter involving non inclusion of provision for taxation in the accounts on the basis of the fact that tzNIC is a not for profit non Governmental organization. Accordingly, tzNIC management is currently through their tax Consultant negotiating with TRA and Minister for Finance in an endeavor to be granted by the Minister for Finance a formal approval for exemption from paying all taxes.

Report on Compliance with the Procurement Legislation

In view of our responsibility on the procurement legislation, and taking into consideration the procurement transactions and processes we reviewed as part of this audit, we state that Tanzania Network Information Centre has generally complied with the Public Procurement Act, 2011 and its related Regulations of 2014.

RELIABLE CONSULTANTS

CPAs in Public Practice and Tax Consultants

P.O. Box 72502

ELISA P. ISSANGYA – ACPA PP 444
SENIOR PARTNER

DATE: March , 2016

TANZANIA NETWORK INFORMATION CENTRE (tzNIC)

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2015

	NOTE	30.06.2015 TZS.	30.06.2014 TZS.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	68,518,941	131,425,539
CURRENT ASSETS			
Trade and Other Receivables	4	55,229,255	44,008,501
Fixed Deposit		600,000,000	300,000,000
Cash and Cash Equivalents	5	252,199,155	332,954,222
Total Current Assets		907,428,410	676,962,723
TOTAL ASSETS		975,947,351	808,388,262
EQUITY & LIABILITIES			
Equity			
Deferred Capital Grant	6	68,518,941	131,425,539
Accumulated Surplus	7	768,884,656	585,108,311
		837,403,597	716,533,850
Current Liabilities			
Accounts Payable and Accruals	8	109,652,239	68,540,312
Deferred Income		28,891,515	23,314,100
		138,543,754	91,854,412
TOTAL EQUITY AND LIABILITIES		975,947,351	808,388,262

NOTES 1 TO 17 FORM PART OF THE FINANCIAL STATEMENTS

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CHAIRMAN
tzNIC PAC

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MANAGER
tzNIC

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MEMBER
tzNIC PAC

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DATE
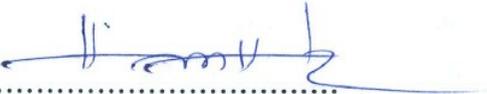
TANZANIA NETWORK INFORMATION CENTRE (tzNIC)

**STATEMENT OF COMPREHENSIVE INCOME FOR THE
YEAR ENDED 30TH JUNE, 2015**

	NOTE	2014/2015 TZS.	2013/2014 TZS.
REVENUE			
Income	**9**	**1,009,590,766**	930,880,001
OPERATING EXPENSES			
Internet & Communication Expenses	**10**	**47,774,605**	67,858,296
Management Expenses	**11**	**12,383,728**	16,209,605
Personnel Expenses	**12**	**387,713,431**	369,742,549
PAC & AGM Meetings Expenses	**13**	**32,521,400**	20,937,300
Seminar Conference and Traveling Expenses		**103,180,299**	106,611,542
Marketing Expenses & Publicity		**60,187,549**	56,220,257
Office Rent Charges		**36,167,472**	30,687,552
Depreciation Charge		**64,066,598**	69,012,618
Bank Charges & Commissions		**3,751,704**	3,742,843
Other Expenses	**14**	**64,867,635**	39,849,937
Consultancy Expenses		**6,000,000**	24,075,800
Audit Fees and Expenses		**7,200,000**	6,800,000
Total Operating Expenses		**825,814,421**	811,748,299
Surplus for the Period		**183,776,345**	119,131,702

NOTES 1 TO 17 FORM PART OF THE FINANCIAL STATEMENTS

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CHAIRMAN
tzNIC PAC

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tzNIC

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MEMBER
tzNIC PAC

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DATE

TANZANIA NETWORK INFORMATION CENTRE (tzNIC)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2015

	2014/2015	2013/2014
Cash Flow from Operating Activities	**TZS.**	TZS.
Net Surplus/(Deficit) for the Period	**183,776,345**	119,131,702
Adjustment for Items Not Involving Movement of Funds:		
Depreciation	**64,066,598**	69,012,618
Amortization of Capital Grant	**(64,066,598)**	(69,012,618)
Surplus/(Deficit) Before Working Capital Changes		
	183,776,345	119,131,702
Decrease/(Increase) in Trade and Other Receivables		
	(11,220,754)	(28,460,621)
Increase/Decrease in Deferred Income	**5,577,415**	6,108,100
(Increase)/Decrease in Fixed Deposits	**(300,000,000)**	(300,000,000)
(Decrease)/Increase in Accounts Payables & Accruals		
	41,111,927	45,787,517
Net Cash Flows from Working Capital Items	**(264,531,412)**	(276,565,004)
Net Cash Flow from Operating Activities and Working Capital Items (A)	**(80,755,067)**	(157,433,302)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	**(1,160,000)**	(104,176,132)
Net Cash Flow from Investing Activities (B)	**(1,160,000)**	(104,176,132)
CASH FLOW FROM FINANCING ACTIVITIES		
Deferred Capital Grant	**1,160,000**	14,996,563
Net Cash Flow from Financing Activities (C)	**1,160,000**	14,996,563
Overall Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	**(80,755,067)**	(246,612,871)
Cash and Cash Equivalents at the Beginning	**332,954,222**	579,567,093
Cash and Cash Equivalents at the end of the Year		
	252,199,155	332,954,222

NOTES 1 TO 17 FORM PART OF THE FINANCIAL STATEMENTS

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TANZANIA NETWORK INFORMATION CENTRE (tzNIC)

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR
ENDED 30TH JUNE, 2015**

	Accumulated Surplus TZS.	Capital Grant TZS.	Total TZS.
At Start of the Year 01.07.2013	562,238,634	89,179,570	651,418,204
Prior Year's Adjustment	(96,262,025)	96,262,025	-
Restated Figures 01.07.2013	**465,976,609**	**185,441,595**	**651,418,204**
Surplus for the Year 2013/2014	119,131,702	-	119,131,702
Funds Received from TCRA During the Year 2013/2014	-	14,996,562	14,996,562
Amortization of Deferred Capital Grants	-	(69,012,618)	(69,012,618)
At End of the Year 2013/2014	**585,108,311**	**131,425,539**	**716,533,850**
Opening Balance 01.07.2014	585,108,311	131,425,539	716,533,850
Surplus for the Year	183,776,345	-	183,776,345
Funds Received from TCRA During the Year	-	1,160,000	1,160,000
Amortization of Deferred Capital Grant	-	(64,066,598)	(64,066,598)
TOTAL	**768,884,656**	**68,518,941**	**837,403,597**

NOTES 1 TO 17 FORM PART OF THE FINANCIAL STATEMENTS

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CHAIRMAN
tzNIC PAC

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tzNIC PAC

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DATE

March 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE, 2015

NOTE 1:   GENERAL INFORMATION

The Tanzania Network Information Centre was officially registered on 16th November, 2006 (Certificate of Incorporation No. 58303) by the Business Registration and Licensing Agency (BRELA) under the Companies Ordinance (Chapter 212 of the laws of Tanzania) as a company limited by guarantee and not having share capital operated through a memorandum and articles of association signed by its founding members (TCRA and TISPA).

NOTE 2:   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted are set out below:-

(a)   Basis of Preparation

The financial statements of tzNIC have been prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates.

(b)   Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable from potential donors, especially TCRA.   Other sources of revenue arise from membership and registration fees.

tzNIC recognizes revenue when a grant confirmation is received and the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Centre. Other revenues are recognizes on accrual basis.

(c)   Grants

Grants related to assets, including non-monetary grants (capital grants) are presented in the statement of financial position at fair value over the periods necessary to match them with the related costs where as grants related to income (revenue grants) are recognized as other income during the period in which they arise.

(d)   Property, Plant and Equipment

Furniture and fittings, computers and office equipment as well as the server and its installation are shown at their net book value; and are thus stated at historical cost less accumulated depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits that are associated with the item will flow to the Centre and the cost of the item can be measured

reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

(e)   Depreciation

Depreciation is calculated using straight line method to allow their costs other their expected useful lives. The depreciation rates used are:-

	Annual Rate
Furniture and Fittings	20%
Computers and Office Equipment	33%
IT and Electrical Installations	15%

(f)   Foreign Currencies

Assets and liabilities which are denominated in foreign currencies are translated into Tanzanian Shillings at the rates of exchange ruling on the statement of financial position date. Transactions during the period, which are expressed in foreign currencies, are translated at the rates of exchange ruling on the dates of the transactions. Other exchange gains and losses are dealt with in the statement of comprehensive income.

(g)   Financial Instruments

Financial assets and liabilities are recognized on the Centre's statement of financial position when the Centre has become a party to the contractual provisions of the instrument.

Trade Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Centre will not be able to collect all amounts due according to the original terms of the receivables.

Trade Payables

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

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent

there is no evidence that it is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Centre has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(h)   Impairment

At each statement of financial position date, the Centre reviews the carrying amounts of its financial assets, tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. It any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognized in the statement of comprehensive income whether the carrying amount of the asset exceeds its recoverable amount.

(i)   Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term liquid investments which are readily convertible to know amounts of cash and which were within three months to maturity when acquired and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term liquid investments which are readily convertible to know amounts of cash and which were within three months to maturity when acquired and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j)   Employees Benefits

(i) Pension Obligations

The Centre has defined contribution plan. A defined contribution plan is a pension plan under which the Centre pays fixed contributions into a separate entity. The Centre has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

tzNIC makes statutory contributions to the Parastatal Pensions Fund (PPF). The Centre's obligation is 15% of the employees' gross emoluments in respect of PPF members.

(ii) Other Entitlements

The estimated monetary liability for employees' accrued entitlements at the statement of financial position date is recognized in accrued expenses.

(k)   Taxation

Pursuant to tzNIC's taxation policy, tzNIC management is on the basis of the fact that tzNIC is a not for profit non-governmental organization, negotiating with TRA and

Ministry of Finance in an endeavor to be granted a formal approval for exemption from paying all taxes.

NOTE 3: **PROPERTY, PLANT AND EQUIPMENT**

Particulars	Furniture & Fittings	Computer & Equipments	Server & Installation	Total
COST	TZS.	TZS.	TZS.	TZS.
As at 1st July, 2014	15,796,000	434,322,132	65,565,100	515,683,232
Additions During the Year	-	1,160,000	-	1,160,000
As at 30th June, 2015	**15,796,000**	**435,482,132**	**65,565,100**	**516,843,232**
DEPRECIATION				
Accumulated as at 1st July, 2014	**10,164,500**	**322,163,129**	**51,930,064**	**384,257,693**
Charge for the Year	1,726,400	56,747,357	5,592,841	64,066,598
Accumulated Depreciation as at 30th June, 2015	**11,890,900**	**378,910,486**	**57,522,905**	**448,324,291**
NET BOOK VALUE AS AT 30TH JUNE, 2015	**3,905,100**	**56,571,646**	**8,042,195**	**68,518,941**
NET BOOK VALUE AS AT 30TH JUNE, 2014	**5,831,500**	**112,159,003**	**13,635,036**	**131,425,539**

NOTE 4: **TRADE AND OTHER RECEIVABLES**

	30.06.2015 TZS.	30.06.2014 TZS.
Trade Receivable	**2,223,000**	1,652,000
Other Receivables (4A)	**53,006,255**	42,356,501
TOTAL	**55,229,255**	44,008,501

NOTE 4A **OTHER RECEIVABLES**

	30.06.2015	30.06.2014
Imprest Receivable	**1,197,740**	7,872,000
Interest Receivable	**45,000,000**	24,660,000
Prepaid Expenses	**2,208,515**	5,324,501
Salary Advance	**4,600,000**	4,500,000
TOTAL	**53,006,255**	42,356,501

NOTE 5:   **CASH AND CASH EQUIVALENTS**

	30.06.2015 TZS.	30.06.2014 TZS.
M-Pesa Account Balance	**1,105,999**	18,513,471
TZS. Bank Account – CRDB Bank	**1,836,795**	60,001,426
US Dollar CRDB Bank Account	**7,630,057**	3,615,509
Cash in Transit - CRDB Bank	**-**	230,000
Collection Account	**142,808,647**	75,767,182
CRDB tzNOG Project Account	**28,791,015**	14,757,150
3 Months Fixed Deposit Account	**-**	160,000,000
Petty Cash Balance	**26,642**	69,482
TOTAL	**252,199,155**	332,954,220

NOTE 6:   **DEFERRED CAPITAL GRANT**

The closing balance of the Capital Grant was arrived as follows:-

Opening Balance	**131,425,539**	89,179,570
Reallocation from Accumulated Surplus Account	**-**	96,262,025
Funds Received During the Year	**1,160,000**	14,996,563
Amortization During the Year	**(64,066,598)**	(69,012,618)
Balance as at 30.06.2015	**68,518,941**	131,425,540

NOTE 7:   **ACCUMULATED SURPLUS**

Balance as at 1st July, 2014	**585,108,311**	562,238,634
Prior Year Adjustment (Depreciation Overcharged)	**-**	(96,262,025)
	585,108,311	465,976,609
Surplus for the Year 2014/2015	**183,776,345**	119,131,702
Balance as at 30th June, 2015	**768,884,656**	585,108,311

NOTE 8:   **ACCOUNTS PAYABLE AND ACCRUALS**

Accrued Expenses	**60,212,735**	45,689,314
Accounts Payable	**-**	1,293,848
LAPF – Electricity		-
Winglink Travel Ltd.		-
AfriNIC Training Funds	**13,448,490**	-
Accrual Rental Charges (Link to TIX)		-

	2014/2015	2013/2014
Accrued Audit Fees & Expenses	**7,200,000**	6,800,000
tzNOG Project Funds	**28,791,014**	14,757,150
TOTAL	**109,652,239**	68,540,312

NOTE 9: INCOME

	2014/2015 TZS.	2013/2014 TZS.
Foreign Exchange Gain		629,233
Amortization of Deferred Capital Grant	**64,066,598**	69,012,618
TCRA Revenue Grant	**695,007,472**	675,514,252
Collection Account (Domain Registration & Renewal Fees)	**184,688,898**	155,937,160
Other Income	**-**	176,738
Interest Income	**60,877,798**	24,660,000
TISPA Grant (Tix Peering Fee)	**4,950,000**	4,950,000
TOTAL	**1,009,590,766**	930,880,001

NOTE 10: INTERNET AND COMMUNICATION EXPENSES

	2014/2015	2013/2014
Internet Service	**41,784,523**	62,068,296
Telephone	**5,780,000**	5,790,000
Postage	**210,082**	-
TOTAL	**47,774,605**	67,858,296

NOTE 11: MANAGEMENT EXPENSES

	2014/2015	2013/2014
Transport on Official Duties	**3,741,000**	4,062,800
Newspaper and Periodical	**466,000**	531,200
Capacity Building – Local Internet Community	**4,000,000**	7,246,000
Insurance Charges	**1,820,368**	2,013,245
Office Security – Monthly Charge	**2,356,360**	2,356,360
TOTAL	**12,383,728**	16,209,605

NOTE 12: PERSONNEL COSTS

	2014/2015	2013/2014
Basic Salary	**295,206,276**	281,608,504
PPF Employer's Contribution	**44,280,934**	42,241,276
Skills and Development Levy	**14,760,311**	14,080,425
Staff Welfare	**2,976,150**	2,399,280
Annual Leave	**19,217,510**	17,965,064

	2014/2015	2013/2014
Staff Medical Scheme	**10,000,000**	10,000,000
Funeral and Incidentals	**-**	500,000
Internship Allowance	**615,000**	948,000
Professional Bodies, Membership Fee (staff)	**657,250**	-
TOTAL	**387,713,431**	369,742,549

NOTE 13: **PAC AND AGM MEETINGS EXPENSES**

	2014/2015 **TZS.**	2013/2014 TZS.
PAC Meetings Expenses	**16,840,800**	14,438,800
Annual General Meeting Expenses	**7,680,600**	6,498,500
PAC Members End of Tenure Compensation	**8,000,000**	-
TOTAL	**32,521,400**	20,937,300

NOTE 14: **OTHER EXPENSES**

Miscellaneous Expenses	**9,708,850**	1,097,351
Office Maintenance - Cleaning	**1,180,000**	1,130,000
Office Stationeries and Other Consumables	**11,730,798**	8,355,926
Electricity and Diesel Expenses	**4,679,811**	4,999,301
Membership AFTLD	**-**	3,329,000
F-Root Fee	**8,108,876**	6,031,667
Peering Fee	**4,950,000**	4,950,000
Recruitment	**-**	3,961,052
Repair and Maintenance	**2,012,454**	5,995,640
Strategic Plan Development Expenses	**12,103,550**	-
Registrars Meetings & Training	**5,227,082**	-
Foreign Exchange Losses	**3,823,249**	-
Contribution	**838,000**	-
Membership AfriNIC	**504,965**	-
TOTAL	**64,867,635**	39,849,937

NOTE 15: **RISK MANAGEMENT POLICIES**

tzNIC is yet to formulate a corporate wide risk management framework, including adoption of a risk management policy and introduction of a risk register. However, the financial risk management policies outlined below were under implementation:-

Foreign Exchange Risk

The Centre's operations are based in Dar es Salaam; and a significant portion of the Centre's purchases are denominated in both local and foreign currencies, principally, the Tanzanian Shilling and US Dollar. Management considers the exchange risk to be minimal

and has therefore not entered into any financial contracts to hedge against the exchange risk.

Exchange risk is mitigated through maintenance of foreign exchange bank account.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. tzNIC management ensures that excess cash is invested in interest earning investment avenues.

NOTE 16:   RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Remuneration of PAC members and other members of key management during the year were as follows:-

	2014/2015 **TZS.**	2013/2014 TZS.
Salaries and Short Term Benefits to Management	**249,903,673.34**	**239,828,642**
Sitting Allowances to PAC Members for PAC Meetings	**16,840,800.00**	**20,937,300**
PAC Members End of Tenure Compensation	**8,000,000.00**	-
TOTAL	**274,744,473.34**	**260,765,942**

NOTE 17:   COMPARATIVE FIGURES

Previous year's figures in the Financial Statements have been reclassified or re-arranged wherever considered necessary to make them comparable to the current year's figures in order to facilitate better presentation and comparability.

GLOSSARY

List of acronyms

AfNOG	-	African Network Operators Group
AfriNIC	-	African Network Information Centre
AfTLD	-	African Top Level Domain
AfICTA	-	Africa Information & Communication Technologies Alliance
AGM	-	Annual General Meeting
AIS	-	Africa Internet Summit
BRELA	-	Business Registration and Licensing Agency
CAG	-	Controller and Auditor General
CERT	-	Computer Emergency Response Team
ccTLD	-	country code Top Level Domain
DNS	-	Domain Name System
DNSSEC	-	Domain Name System Security
EACO	-	East African Communications Organization
EGA	-	E-Government Agency
ENUM	-	e.164 Numbering Mapping
FRED	-	Free Registry for Enum and Domains
FY	-	Financial Year
gTLD	-	generic Top Level Domain
IAS	-	International Accounting Standards
ICANN	-	Internet Corporation for Assigned Names and Numbers
ICT	-	Information Communications Technology

INRM	-	Internet Number Resource Management
IPv4	-	Internet Protocol (version 4)
IPv6	-	Internet Protocol (Version 6)
ISO	-	International Standards Organization
ISOC	-	Internet Society
ISP	-	Internet Service Provider
IXP	-	Internet Exchange Point
NSRC	-	Network Startup Resource Centre
PAC	-	Policy Advisory Committee
PSTN	-	Public Switched Telephone Network
SECIR	-	Secure E-mail Communication Incidence Response
TCRA	-	Tanzania Communications Regulatory Authority
TERNET	-	Tanzania Educational Research Network
TISPA	-	Tanzania Internet Service Provider Association
TLD	-	Top Level Domain
TPC	-	Tanzania Posts Corporation
TRA	-	Tanzania Revenue Authority
TZS	-	Tanzanian Shilling
tzNIC	-	Tanzania Network Information Centre
tzNOG	-	Tanzania Network Operators Group
ZICTA	-	Zambia Information and Communication Technologies Authority