



KOBWA
WATER FOR EVER



**ANNUAL
REPORT**

2019/2020



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LIST OF ABBREVIATIONS

CMP	Comprehensive Mitigation Plan
CEO	Chief Executive Officer
CO	Communications Officer
CMP	Comprehensive Mitigation Plan
CSD	Corporate Services Director
DPP	Drought Preparedness Plan
DRMC	Driekoppies Relocation Management Committee
DSS	Decision Support System
DWA	Department of Water Affairs
EXCO	Executive Committee
EEC	Eswatini Electricity Company
FD	Finance Director
FDS	Future Development Studies
FRAC	Finance, Risk and Audit Committee
HA	High Assurance
HEC-RAS	Hydraulic Engineering Centre River Analysis System Model
HIRA	Hazard Identification and Risk Assessment
HR	Human Resources
HRRC	Human Resources Remuneration Committee
IMC	Information Management Centre
ISO	International Organisation of Standardisation
ISOTG	Inkomati System Operation Task Group
JSE	Johannesburg Stock Exchange
JWC	Joint Water Commission
KJOF	Komati Joint Operations Forum

KOBWA	Komati Basin Water Authority
LA	Low Assurance
LMPC	Lake Matsamo Project Committee
NOSA	National Occupational Safety Association
OD	Operations Director
OHS	Occupational Health and Safety
PRIMA	Progressive Realisation of the Inco-Maputo Agreement
QAR	Quality Assurance Review
SHEQ	Safety, Health, Environment and Quality
RBCT	Relationship Building Continuity Team
RQO	Risk and Quality Officer
SA	South Africa
SyE	Systems Engineer
WEMAC	Water and Environment Awareness Campaign

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1. THE KOMATI BASIN WATER AUTHORITY

1.1. Background Information

The Komati Basin Water Authority (KOBWA) is a bi-national company formed in 1993 through the Treaty on the Development and Utilisation of the Water Resources of the Komati River Basin. The agreement was signed in 1992 by the Kingdom of Eswatini and the Republic of South Africa. The member States tasked KOBWA with designing, constructing, operating and maintaining two dams and associated infrastructure. This resulted in the construction of Driekoppies Dam in Schoemansdal South Africa (1993 to 1998) and Maguga Dam in Eswatini (1998 to 2003).

KOBWA is currently at the operation and maintenance phase where the focus is on managing the water resources of the Sub-Komati River Basin. Below are highlights of KOBWA's milestones in the past twenty-seven years.

OUR CORPORATE MILESTONES

➤ 1948

The two countries, South Africa and Swaziland agree on water use from the Komati River.

➤ 1969

Mozambique, South Africa and Swaziland start technical meetings.

➤ 1978

Swaziland and SA form the Joint Permanent Technical Committee (JPTC) which later became the Joint Water Commission.

➤ 1989

South Africa and Eswatini decide to implement Driekoppies Dam and Maguga Dam as Phase 1a and Phase 1b respectively.

➤ 1991

Pigg's Peak Agreement - RSA, Swaziland and Mozambique assigned. Countries agree to construct Driekoppies and Maguga Dams.

➤ 1992

South Africa and Swaziland sign and ratify the Komati River Basin Treaty.

➤ 1993

The Construction of Driekoppies Dam commences

➤ 1998

The Construction of Maguga Dam starts.

➤ 2002

KOBWA is fully established as it enters the operation and maintenance phase Task Group (ISOTG), the Water Management operation rules;

➤ 2007

Following a collaborative effort between KOBWA and the Swaziland Electricity Company (SEC), the Maguga Hydropower Generation is constructed.

1.2. KOBWA'S STRATEGY AND BUSINESS MODEL

Vision: "To be recognised as a leading entity in sustainable integrated, trans-boundary water resource development and management."

Mission: KOBWA will achieve the vision through ensuring efficient water harvesting and bulk water distribution, management of the environment, monitoring water quality, regulation, compliance, socio-economic development, engagement with key stakeholders, optimising our resources and empowering our employees.

Values:

KOBWA's core values are;

- Teamwork and diversity
- Community and customer focused
- Quality and safety
- Performance delivery
- Communication and transparency

➤ 2010

The Edwaleni commercial farms and the Masi-bambisane Game Farm are handed over to Beneficiaries of the Relocation Allocation Plan

➤ 2011-2012

Portable water purification plants constructed at; Buffelspruit, Block-B and Gomora. These augment water supply in the communities where they are installed;

➤ 2014 - 2015

The Driekoppies West Bank Access Road is constructed

➤ 2018

KOBWA celebrates 25 years in trans-boundary water management.

➤ 2011-2012

The Matsamo Business Centre and the Timphisini Markets are constructed as part of the Comprehensive Mitigation Plan that promotes development of those communities that were affected by the construction of the Dams;

➤ 2013

KOBWA celebrates 21 years in trans-boundary water management

➤ 2016-2017

The construction of the Maguga Conference Centre is completed

➤ 2020

Strategic Objectives

The figure below depicts the six (6) KOBWA's strategic Key Focus Areas

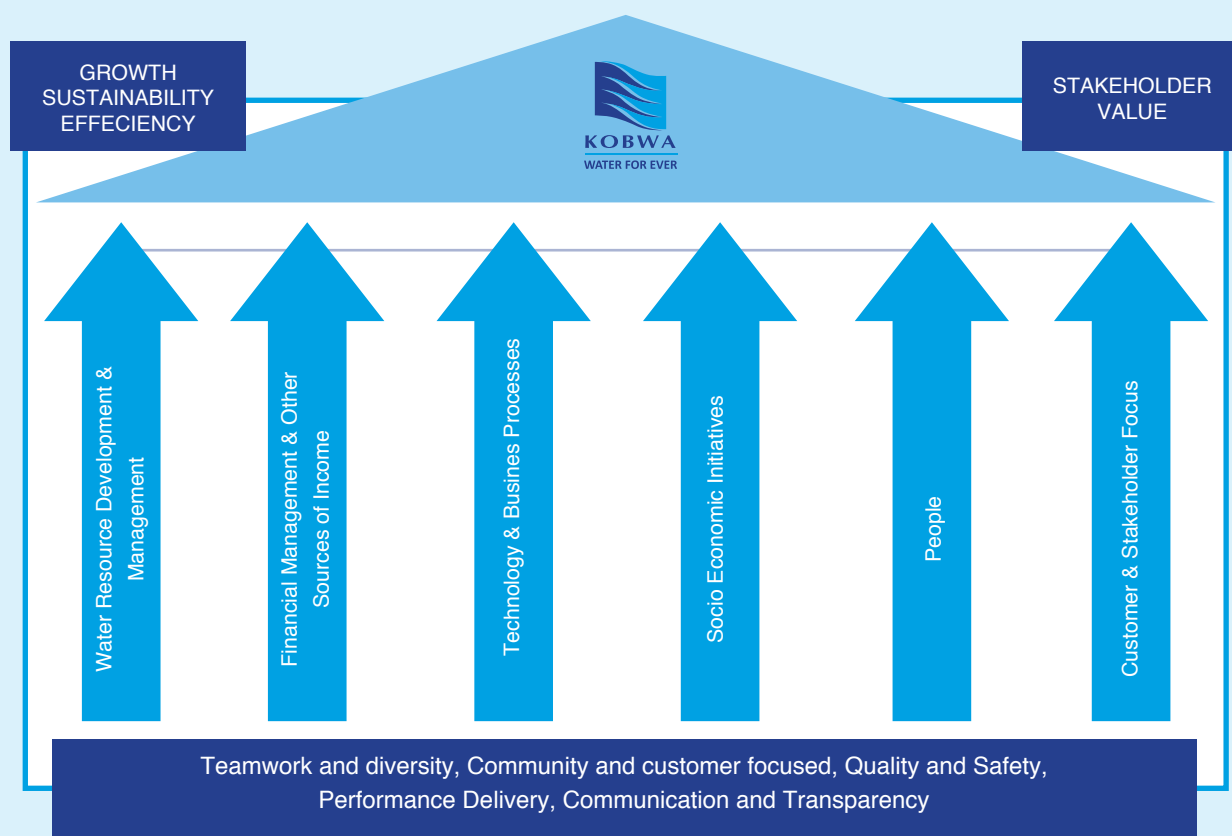


Figure 1: KOBWA's Strategic Key Focus Areas

1.3 COMMITMENT TO CORPORATE GOVERNANCE

GOVERNANCE FRAMEWORK

The King IV Report on Corporate Governance for South Africa, 2016 (King IV) replaced King III Report on Governance for South Africa, 2009 (King III) with effect from 1 April 2017. King IV advocates for an outcome-based approach and defines corporate governance as “the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes: ethical culture, good performance, effective control and legitimacy.”

The principles of King IV require an “apply and explain” approach. In order to align KOBWA with King IV, the Executive Committee (EXCO) and the Board of Directors were trained on Corporate Governance to better understand the changes to King IV and their roles and requirements in respect thereof.

KOBWA embraces King IV and remains committed to good governance and broader stakeholder interests. The Board accepts the responsibility for considering and applying relevant King IV principles and are satisfied that they have made good progress in moving towards compliance, in all material aspects, with these principles.

The Board shall continue to review and update the Authority's governance policies and procedures to adhere to the JSE Listings Requirements, King IV and best practice. KOBWA carefully considers all new non- statutory corporate governance concepts and implement those that are in the best interests of the organisation and stakeholders. Governance requirements should enable, not detract, the directors to carry out their statutory and fiduciary duties as well as their duties of care and skill.

The governance framework allows the Board to keep effective control and stay accountable while delegating authority to board committees and the CEO along with clearly defined mandates and authority. The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

2. CORPORATE GOVERNANCE STRUCTURE



Figure 2: KOBWA Corporate Governance Organogram

2.1. THE JOINT WATER COMMISSION (JWC)

The Joint Water Commission was established in 1992, following the signing of the Treaty on the Establishment and functioning of the JWC between Eswatini and South Africa. The Commission is responsible for water governance in the Komati Basin between South Africa and Eswatini. They provide technical advice to the Parties on issues that relate to the development and utilisation of the shared water sources. The Commission comprises three members from South Africa and three from Eswatini.

2.1.1. Members of the Joint Water Commission

In 2019/2020, the following were members of the Joint Water Commission;

i) Eswatini

- | | | |
|-----------------------|---|---|
| Mrs. Winnie T Stewart | - | Commissioner and Leader of the Eswatini Delegation |
| | - | Principal Secretary in the Ministry of Natural Resources & Energy |
| Mr Bongani Masuku | - | Commissioner |
| | - | Principal Secretary in the Ministry of Agriculture |
| Mr Trevor Shongwe | - | Commissioner |
| | - | Director: Department of Water Affairs |

ii) South Africa

- | | | |
|-------------------|---|---|
| Ms Duduzile Twayi | - | Commissioner and Leader of the South African Delegation |
| | - | Chief Director: Transboundary (Department of Water & Sanitation, PTA Office) |
| Mr Fikile Guma | - | Commissioner |
| | - | Regional Head: Department of Water and Sanitation Mpumalanga Province |
| Mr Gideon Siziba | - | Commissioner |
| | - | Control Industrial Technician: Department of Water and Sanitation (Mpumalanga Province) |



JOINT WATER COMMISSION



MRS. WINNIE STEWART

➤ **LEADER**
ESWATINI DELEGATION



MR. BONGANI MASUKU

➤ **COMMISSIONER**
ESWATINI



MR. TREVOR SHONGWE

➤ **COMMISSIONER**
ESWATINI



MS. DUDUZILE TWAYI

➤ **LEADER**
SOUTH AFRICAN DELEGATION



MR. BONGANI MASUKU

➤ **COMMISSIONER**
SOUTH AFRICA



MR. TREVOR SHONGWE

➤ **COMMISSIONER**
SOUTH AFRICA

2.1. THE BOARD OF DIRECTORS

The Komati Basin Water Authority adheres to the acceptable practice of good governance. There are six (6) Board of Directors appointed to the KOBWA Board by the two Governments. Each country has a representation of three members appointed by the Honourable Minister of Human Settlements, Water and Sanitation in South Africa and the Honourable Minister of Natural Resources and Energy in Eswatini. As indicated in the KOBWA's Corporate Governance, the KOBWA Board reports directly to the Joint Water Commission on key proceedings of Board Meetings, strategic issues and corporate governance. Board Members are required to declare their interest on an annual basis and at every meeting in relation to the matters before them for their decision.

KOBWA Board of Directors for the year 2019/2020 were as follows;

i) Eswatini

- | | |
|---------------------------|--|
| Ms Emelda Magagula | - Interim Board Chairperson |
| | - Acting Chief Engineer: Department of Water Affairs |
| Mr Lloyd Mzizi | - Non-Executive Member |
| | - Legal Advisor (MNRE) |
| Ms Nelisiwe Mabuza | - Non-Executive Member |
| | - Chief Executive Officer (African Alliance) |

ii) South Africa

- | | |
|--------------------------------|--|
| Mr Blessing Singwane | - Deputy Chairperson |
| | - Partner (Singwane and Partners) |
| Dr Thomas Gyedu-Ababio | - Non Executive Member |
| | - Chief Executive Officer: IUCMA |
| Mr Archington Thobejane | - Non Executive Member |
| | - Director: Hydrological Engineering (DWS) |
| Mr Muzi Simelane | - Company Secretary |
| Mr Collin Zwane | - Chief Executive Officer |



THE BOARD OF DIRECTORS



MS. EMELDA MAGAGULA



BOARD CHAIRPERSON



MR. ARCHINGTON THOBEJANE



NON EXECUTIVE MEMBER



MR. BLESSING SINGWANE



DEPUTY CHAIRPERSON



DR. THOMAS GYEDU-ABABIO



NON EXECUTIVE MEMBER



MS. NELISIWE MABUZA



NON EXECUTIVE MEMBER



MR. LLOYD MZIZI



NON EXECUTIVE MEMBER



MR. COLLIN ZWANE



CHIEF EXECUTIVE OFFICER



MR. MUZI SIMELANE



COMPANY SECRETARY

2.3. BOARD OF DIRECTORS' MEETINGS

The Board meets at least quarterly. It follows a structured approach of delegation, reporting and accountability. This includes reliance on two Board Committees to carry out delegated duties, namely the Finance, Risk and Audit Committee (FRAC), and Human Resources & Remunerations Committee (HRRC). During the year under review, the Board convened four ordinary meetings.

2.3.1. Board of Directors' Meetings

- i) The Board drives corporate policy and provides strategic direction in achieving the KOBWA's strategic focus areas.
- ii) They are expected to exhibit impeccable ethical conduct and good governance in line with the Treaty and with corporate governance rules.

Table 1: Board of Directors' attendance record

BOARD MEETINGS				
NAME	DATE			
	22.05.2019	06.09.2019	14.11.2019	13.02.2020
*M. Simelane	✓	✓	✓	✓
B. Singwane	X	✓	✓	✓
N. Mabuza	X	✓	X	X
C. Zwane	✓	✓	✓	✓
T. Gyedu-Ababio	✓	✓	✓	✓
A.Thobejane	✓	✓	✓	X
L. Mzizi	✓	✓	X	✓
E. Magagula	X	✓	✓	✓

2.3.2. Finance, Risk and Audit Committee (FRAC) Meetings

The Finance, Risk and Audit Committee comprises four members of the Board.

- i) Their objective is to guide KOBWA on the financial and technical reporting process, internal control systems, the audit process, and the organisation's procedures for monitoring compliance with applicable legislation.
- ii) The Committee also advises on Corporate Risk Management including health and safety, environmental and quality management.

Table 2: Board FRAC meetings

FRAC MEETINGS				
NAME	DATE			
	09.05.2019	31.07.2019	31.10.2019	04.02.2020
*M. Simelane	✓	✓	✓	✓
B. Singwane	✓	✓	✓	✓
N. Mabuza	X	✓	✓	✓
C. Zwane	X	✓	✓	X
T. Gyedu-Ababio	X	✓	✓	✓
A.Thobejane	✓	X	X	✓
L. Mzizi	✓	✓	✓	✓
E. Magagula	✓	✓	✓	✓

2.3.3. Human Resources and Remuneration Committee (HRRC) Meetings

The HRRC is made up of four members. Their activities include; dealing with policies relating to the management of human resources, organisational structure, terms and conditions of service, remuneration, appointment of senior staff (besides those appointed by the Board) and pensions.

Table 3: Board HRRC Meetings

BOARD MEETINGS				
NAME	DATE			
	09.05.2019	031.07.2019	30.10.2019	04.02.2020
*M. Simelane	✓	✓	✓	✓
B. Singwane	X	X	X	X
N. Mabuza	✓	✓	✓	✓
C. Zwane	✓	✓	X	✓
T. Gyedu-Ababio	✓	✓	✓	✓
A.Thobejane	X	X	X	X
L. Mzizi	✓	✓	✓	✓
E. Magagula	✓	✓	✓	✓

2.3.4. Human Resources and Remuneration Committee Special Meeting

Special Board Meetings are inclusive of a training session, strategic session, and interviews for vacant Executive Management positions.

Table 4: Board HRRC Special Meeting

BOARD MEETINGS	
NAME	DATE
	28.08.2019
*M. Simelane	✓
B. Singwane	X
N. Mabuza	✓
C. Zwane	✓
T. Gyedu-Ababio	✓
A.Thobejane	X
L. Mzizi	✓
E. Magagula	✓

* Company Secretary

2.3.5. KOBWA Management

The operational management of KOBWA is the responsibility of the Chief Executive Officer with the assistance of the Executive Management Team. The role of the Management Team, with the help of section heads, is to implement the strategic direction and objectives as set out by the Board within the confines of the corporate vision, mission and values.

KOBWA MANAGEMENT



MR. COLLIN ZWANE

➤ **CHIEF EXECUTIVE
OFFICER**



MR. SAKHIWE NKOMO

➤ **OPERATIONS DIRECTOR**



MS. TEMANGCAMANE MASEKO

➤ **CORPORATE SERVICES
DIRECTOR**



MR. CHARLES MATAMBO

➤ **FINANCE DIRECTOR**



MS. ZANELE DUBA

➤ **INTERNAL AUDITOR**
(FROM 9 JUL. 2020)



MS. KENZIE MAVIMBELA

➤ **RISK & QUALITY OFFICER**



MS. COLISILE NHLABATSI

➤ **COMMUNICATIONS OFFICER**
(FROM 1 AUG.. 2019 - 17 JAN. 2020)



MS. BARBARA GAMA

➤ **EXECUTIVE PERSONAL
ASSISTANT**

KOBWA STAFF



THE BOARD INTERIM CHAIRPERSON'S STATEMENT



Ms. Emelda Magagula
Interim Chairperson

KOBWA has continually delivered on her mandate as a water management organisation and has consistently prevailed in delivering water to her beneficiaries as an essential service within her catchment area of operation.

Once again, I am pleased to present the organisation's annual report for the 2019/20 year. This is oddly at a period where we are faced with a new shift in normal operations with the seemingly prevailing coronavirus pandemic.

In the last quarter of the fiscal year, we experienced the outbreak of the Corona virus (COVID-19), which saw the organisation chartering through overcoming challenges by adopting new models of operating and embracing the learning opportunities that came with these trying times.

Strategy and Performance

As the Board, we are focused on monitoring KOBWA's status, financial performance, overseeing strategy execution and evaluating changes in the operational environment and their impact on the KOBWA strategy.

It gives confidence that KOBWA's performance this year and the key factors driving that performance have been nothing short of outstanding. All of which has been highlighted in the Annual Report. On the business front the company performed well and achieved several milestones in the year 2019-20 despite the dynamic domestic and global climatic challenges.

Corporate Governance

One would not take lightly to acknowledge that KOBWA has consistently attained an unqualified external audit report. This has been maintained even after successfully adopting the Generally Recognised Accounting Practices (GRAP) framework of reporting.

KOBWA's Success

KOBWA has continually delivered on her mandate as a water management organisation and has consistently prevailed in delivering water to her beneficiaries as an essential service within her catchment area of operation. KOBWA has also continually received positive outcomes of the Dam safety inspections, which is a statement of quality infrastructure management and the exceptional implementation of strategies which are testament to compliance with good reporting frameworks.

In closing

Projecting to the 2020/21 year and beyond, being fully cognisant of the changes and business upsets posed by the coronavirus, the Board commits to firming up KOBWA's capacity to adopt to the new normal and to upsurge KOBWA's strategic role so that she continues to successfully deliver on her mandate, maintaining proficiency in bulk water management and be the preferred agent for water management and infrastructure.

Lastly, on behalf of the Board of Directors of KOBWA, I want to thank all employees of KOBWA and the management team for their hard work. I would also like to thank the Joint Water Commission and stakeholders for their continued trust confidence and support.

Sincerely,



Emelda Magagula
Interim Chairperson

STATEMENT OF THE CHIEF EXECUTIVE OFFICER



Mr. Collin Zwane
Chief Executive Officer


KOBWA values and supports community development initiatives along the Komati catchment area both in South Africa and the Kingdom of Eswatini. Over the reporting period, KOBWA held on to her commitment by identifying and funding projects through the Corporate Social Responsibility Policy and annual programme.


Our Stakeholders,

As the Komati Basin Water Authority, we manage water as a system, as it interconnects people, nature and the economy in countless and complex ways, thus, we strive to be mindful of the trade-offs, possible disruptions to supply and other uncertainties.

It is for that cause that I am pleased to present the 2019/2020 annual report with a content feeling about our mandate as stipulated in our bi-national Treaty.

Water Management and Infrastructure

➤ System Operation

At the start of the 2019/20 water year, the Joint Water Commission approved full water allocations for the Maguga and Driekoppies dams. An adjustment was made to the allocations to cater for the Mozambique cross-border flow according to the Interim Inco-Maputo Agreement (IIMA), as well as for water demand by Project relocatees in Eswatini and South Africa.

The 2019/20 water year commenced with Driekoppies Dam at 70.2% of its full supply capacity, while Maguga Dam was at 99.5%. At the end of March 2020, Driekoppies Dam was at 70.8% while Maguga Dam was at 78.3%.

CRIDF Project

KOBWA earned the support of Climate Resilient Infrastructure Development Facility (CRIDF) for the rehabilitation of the Mananga Gauging Station in the form of conducting a feasibility study for the rehabilitation of the station. The study was completed in December 2019. The report was subsequently accepted by the Parties.

CRIDF has committed to funding the construction phase in the year of 2020/2021

Financial Management

Once again, KOBWA managed to achieve good progress of her mandate for the financial year, 2019/20. For the financial year 2019/20, the operational budget was approved at the same level as financial year 2018/19 in response to the economic outlook within the Member States. KOBWA implemented cost saving and cost containment measures which mitigated the impact of the non-increase of the budget. KOBWA continued to comply with the JSE regulations inclusive of the GRAP reporting framework and the engagement of an accredited JSE audit firm and accredited audit partner, PWC.

Human Relations and Internal Relations

➤ Employee placements

KOBWA made the following external employee placements for the year, Assistant Accountant, Internal Auditor, Communications Officer and Infrastructure Management Technologist. An internal placement was made for the Integrated Water Resource Management Technologist. We also bid farewell to the long serving Ms. Mervis Mndawe who had met her retiring age.

➤ Employee wellness and Relationship Building

The organisation recognises that the health of her employees is essential in realising organisational wellness. Being cognisant of that, KOBWA continued to maintain the culture of wellness, promoting a workplace that encourages and promotes the wellbeing of employees.

 I take this moment to dedicate my appreciation to the support accorded to us by the Honourable Minister of Water and Sanitation in South Africa, Hon. Minister Gugile Nkwinti and the Honourable Minister of Natural Resources and Energy Eswatini, Hon. Minister Peter Bhembe, the JWC and the Board of Directors for their contribution towards KOBWA's ease of doing business.
 

For the reporting year, KOBWA maintained the specific time off to engage on physical exercise every Wednesday and a Wellness Day was held in March through the support of our strategic partner, the Eswatini Business Coalition on AIDS (SWABCHA).

Staff members participated in sporting events like walks, marathons and tournaments as part of team building, some of which were the Selati Marathon, Imbube Marathon, and Jabulisa Foundation Marathon. A team building session was held in December where KOBWA values were emphasized.

Stakeholder Management

The establishment and management of productive relationships with internal and external stakeholders is a vital part of KOBWA's existence. KOBWA upheld good relations with her catchment-based stakeholders and partnered with other stakeholders through conference attendances, water management commemorations and exhibition events. The prevailing COVID-19 pandemic towards the end of the reporting year seemed to pose a threat to some pre-scheduled stakeholder engagement activities such as the commemoration of the World Water Day which was ultimately cancelled in South Africa but was held in Eswatini under certain restrictions.

Corporate Social Responsibility

KOBWA values and supports community development initiatives along the Komati catchment area both in South Africa and the Kingdom of Eswatini. Over the reporting period, KOBWA held on to her commitment by identifying

and funding projects through the Corporate Social Responsibility Policy annual programme. Some of the identified projects included repair works of ablution blocks in identified Home Based Care Centres, provision of water supply at Matsamo border and Vlakbult Old aged Centre and donations amongst others.

Risk Management

Subsequent to the approval of the Strategic Risk Register by the Board, Executive held quarterly meetings and evaluated the Strategy in relation to the Risk Register to evaluate the progress made in terms of managing risks that can hinder KOBWA from attaining her strategic objectives.

COVID-19

In 2019, we could not have foreseen the tragedy of the global pandemic of 2020 which gained prominence towards the end of our financial year, and in particular its impact on the developing world. This led to KOBWA developing strategies focusing on building resilience to shocks. We will continue with this resolve after the combined forces of the global health system have been brought to bear for the development of interventions that will at least mitigate the damage brought by Covid-19. There will be lessons learned and KOBWA will apply collegial thinking to ensure that no effort is lost to 'build back better.'

Conclusion

In closing, I take this moment to dedicate my appreciation to the support accorded to us by the Honourable Minister of Water and Sanitation in South Africa, Hon. Minister

Gugile Nkwinti and the Honourable Minister of Natural Resources and Energy Eswatini, Hon. Minister Peter Bhembe, the JWC and the Board of Directors for their contribution towards KOBWA's ease of doing business.

I appreciate their continued support as KOBWA pursues its goals and addresses important utility, water resource, and economic development issues within our catchment area as instructed by the Member States. I would like

to also thank our exceptionally talented team for their dedication and efforts that made 2019/20 a great year yet for the company.



Collin Zwane
Chief Executive Officer



Annual Performance Plan Implementation Report for 2019/20

(As @ 31st March 2020)



1. OVERALL ORGANISATIONAL SUMMARY REPORT

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		40	68
2.	PARTIALLY ACHIEVED		16	27
3.	NOT ACHIEVED		3	5
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		59	100

2. OVERALL PERFORMANCE PER STRATEGIC FOCUS AREA

a. WATER RESOURCE DEVELOPMENT AND MANAGEMENT (35%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		10	71
2.	PARTIALLY ACHIEVED		4	29
3.	NOT ACHIEVED		0	0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		14	100

b. FINANCIAL MANAGEMENT & OTHER SOURCES OF INCOME (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		11	79
2.	PARTIALLY ACHIEVED		2	14
3.	NOT ACHIEVED		1	7
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		14	100

c. CUSTOMER AND STAKEHOLDER FOCUS (10%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		3	50
2.	PARTIALLY ACHIEVED		2	33
3.	NOT ACHIEVED		1	17
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		6	100

d. PEOPLE (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		4	57
2.	PARTIALLY ACHIEVED		2	29
3.	NOT ACHIEVED		1	14
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		7	100

e. TECHNOLOGY AND BUSINESS PROCESS (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		12	86
2.	PARTIALLY ACHIEVED		2	14
3.	NOT ACHIEVED		0	0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		14	100

f. SOCIO ECONOMIC INITIATIVES (10%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		0	0
2.	PARTIALLY ACHIEVED		4	100
3.	NOT ACHIEVED		0	0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		4	100

3. STRATEGIC ACTIVITIES NOT ACHIEVED

#	ACTIVITY	Baseline (at 1 st April 2018)	REASONS FOR DEVIATIONS	CORRECTIVE ACTION	NEW DATE
1	Mini hydropower generation at Driekoppies Dam	Develop a bankable project as per guidelines for development of electricity generation projects.	More time required by team to understand energy generation & engage key stakeholders.	To review the desktop analysis on energy generation potential. To also develop relevant inhouse policy.	Mar '21
2	Customer Service Charter & Satisfactory percentage level	Responsive Customer Service Charter & action plan by Mar '20	Consultative processes internally and Vacancy in the respective section which was filled in Feb '20	Process to be completed in 20/21 after consideration of input from stakeholder surveys.	Mar '21
3	Revised HR Policy Manual	Revised HR Policy Manual by Mar '20	Process deferred due to prioritisation of other key projects including EDMS	Resume process in the new financial year.	Mar '21

1

FOCUS AREA: WATER RESOURCE DEVELOPMENT AND MANAGEMENT (35%)

OBJECTIVE: To optimise the development and management of water and infrastructure in an effective and efficient manner to achieve KOBWA's current and future mandate

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (at 1 st April 2018/19)	Target (2019 /2020)	Actual performance as at 31 st March 2020	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Code
System Operation	Approved Water Allocations by May 2019	May 2018	May 2019	Achieved.	Approved Water allocations.	n/a	n/a	n/a	
	Implementation of Interim IncoMaputo Agreement (IIMA) Provision on transboundary flows Ressano Garcia	Implementation of JWC Resolution at Lebombo Gauging station by Sep '19	Implementation of JWC Resolution at Lebombo Gauging station by Sep '19	Achieved.	Quarterly Technical Reports Monitoring and analysis of compliance to cross-border flows done monthly.	n/a	n/a	n/a	
	Updating of Operating Rules for the Komati System	Final Project Report approved by JWC	Implementation of recommendations (Quick Wins). Budget for 2020/21 recommended activities	Achieved.	Quarterly Technical Reports KJOF Presentations. Zone-based operating rule is in place. The update of the WRYM is scheduled for 20/21	Inability to get assistance for updating the relevant code in the DWS-owned WRYM.	KOBWA to approach the relevant experts responsible for the model.	Dec '20	
	Prepare monthly reconciliation statements and water availability analysis	2018/19 final reconciliations report	Monthly reconciliation statements completed by 20 th of the month	Achieved.	Monthly reports and final annual report as at 31 st Mar '20	n/a	n/a	n/a	
Water Resources Risk Management	Intensify Climate Change communication and awareness in the Basin	Approved Climate Change Strategy. 2 stakeholder workshops	Workshop stakeholders on water conservation and demand management by 31 st Mar '20	Partially Achieved.	EPP Workshops included topics on climate change.	Gatherings were scaled down and ultimately cancelled as the Covid19 pandemic gathered pace in Feb/ Mar '20	The workshops will be planned and held when lockdown levels have reduced adequately.	Dec '20	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (at 1 st April 2018/19)	Target (2019 /2020)	Actual performance as at 31 st March 2020	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Code
Water Resources Risk Management (continued)	Emergency Preparedness workshops	Pre-season stakeholders workshops held in Nov/ Dec '19	Hold 3 stakeholder workshops by 31 Mar '20	Achieved.	Workshop notes including Action Plan. Email and letter correspondence with stakeholders.	The impact of unlawful sand mining in RSA side will be deliberated further in 20/21	Action on the sand mining matter will resume after adequate relaxation of lockdown in 20/21	Dec '20	
	Drought Monitoring Plan (DMP)	Negotiations with potential partners - CRIDF	Develop Drought Monitoring Plan (Indices) by 31 Mar '20	Partially achieved.	DSS results. Quarterly Technical Reports. Monitoring is on-going.	Not enough dry experiences to make conclusions on the efficacy of the DSS results.	Areas of improvement for the DSS still to be analysed on an on-going basis.	Dec '20	
Establishment of the Komati River Basin meteorological measuring stations network.	Identification and location of the meteorological zones along the basin.	Metadata and map of other institutions' weather station networks and existing KOBWA stations.	Access to Komati Basin meteorological data from meteorological agencies in the Member States by 31 Mar 2020.	Achieved.	HydroNET has been deployed and the first of two training sessions has been conducted. Evaluation is on-going. Training programme,	n/a	n/a	n/a	
	Phased installation of one groundwater monitoring borehole per Country per year.	Existing KOBWA & other institutions network	Phased installation of one meteorological measuring station – 1 borehole in RSA	Partially achieved.	Procurement documents. Geophysical survey report. Borehole instrumentation procured. Geophysical survey done and site for drilling has been finalised with Jeppes Reef Traditional Authority (TA).	Lengthy process of obtaining a site from TA. Driller was ready but Lockdown prevented further work from being done.	Drilling will be done as soon as Lockdown level is adequately relaxed.	Dec '20	
Infrastructure Management	Internal annual dam inspection	Monthly dam maintenance reports	Feb '20	Achieved	Reports and Implementation plan.	n/a	n/a	n/a	
	Contracts for key infrastructure components	Existing Contracts	New contracts by Mar '20	Partially achieved.	Terms of Reference. Renewal of existing contracts.	Delay in finalisation due to manpower shortages in the technical section.	Recruitment concluded in Feb '20. Progressive contracting in 20/21	Dec '20	
Environmental Monitoring	Compliance with ISO17025	Internal audit report	GAP Analysis by Mar '20	Achieved	Quarterly Technical Report. Monitoring is ongoing. Gap Analysis for ISO17025 done in Mar 20.	n/a	n/a	n/a	
	Perform wet and dry micro biological monitoring	2018/2019 Reports	Sep '19 Mar '20	Achieved	Field visits. Data collected. Final reports	n/a	n/a	n/a	
	Reservoir and River Health Monitoring	2018/2019 annual Report	Quarterly reports	Achieved.	Quarterly water quality reports	n/a	n/a	n/a	

2

FOCUS AREA: FINANCIAL MANAGEMENT & OTHER SOURCES OF INCOME (15%)

OBJECTIVE: To proactively source, secure and diversify our revenue streams.

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (at 1 st April 2018/19)	Target (2019 /2020)	Actual performance as at 31 st March 2020	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Code
Financial Management	Expenditure Control	95% budget expenditure	Achieve at least 95%. Budget expenditure	Achieved	Committed cost schedule	n/a	n/a	n/a	
	External Audit report (Audited Financial Statements)	Unqualified audit	Unqualified Audit. Draft report to Board by 31 July '19	Achieved	Audit report	n/a	n/a	n/a	
	Implementation of Generally Recognised Accounting Practise (GRAP) Standards	Annual Financial Statements (AFS) for 18/19 compliant with GRAP	Annual Financial Statements (AFS) for 19/20 compliant with GRAP	Achieved	Quarterly Management Accounts for 1 st and 2 nd Quarter. Trial Balance for 3 rd Quarter	n/a	n/a	n/a	
Budget Preparation	Approved Budget	Feb '19	Approved budget by 30 Nov '19	Achieved.	Approved budget	n/a	n/a	n/a	
Loan Repayments	Timely (due dates) of all Payments	100% Compliance	100% compliance with scheduled loan repayment dates	Achieved.	Payment Vouchers	n/a	n/a	n/a	
Accounting software	Implement a suitable integrated accounting package to enhance efficiency within Finance Department.	Approved budget.	Suitable accounting package implemented (installed) by Mar '20	Achieved.	System installed on the server and computers Training done for end users	Only outstanding activity is training and full implementation.	Schedule training as soon as lockdown is over.	Dec '20	
Review of Finance Policies and Procedure Manuals	Supply Chain Management (SCM) Policy and Processes	Draft revised policy submitted to Board for approval.	Centralise procurement processes by Mar '20	Partially achieved	1. Draft Work Instruction (WI) for some aspects of the SCM 2. SAGE Evolution System workflows	1. Priority was given to Finance policies. 2. SAGE Evolution implementation delays.	1. More Work Instructions to be done 2. Process to be implemented with SAGE Evolution system	Dec' 20	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (at 1 st April 2018/19)	Target (2019 /2020)	Actual performance as at 31 st March 2020	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Code
Review of Finance Policies and Procedure Manuals (continued)	Finance Policies and Procedures Manual	Conversion into IFRS	New Finance Management Policy & Procedures Manual by Mar '20	Achieved	Approved policy	n/a	n/a	n/a	
Cost Containment measures	Cost containment measures implemented across the organisation	Cost Savings of 878k (2 % of the budget for FY 2018/19). 0% budget increase.	Achieve a real saving of 2.5% of the budget.	Achieved.	Approved budget	n/a	n/a	n/a	
Revenue Generation	Identified additional sources of revenue for KOBWA	KOBWA Strategy detailing potential opportunities and additional scope	Identify at least 2 growth opportunities and convert at least one into a bankable project.	Achieved.	Concept notes documents	Project plans to be finalised in 20/21	Additional resources to be sourced internally to enable implementation	Mar '21	
	KOBWA recognised as Implementing Agent for Implementation of RMP at Driekoppies Dam.	Engage DWS for formal approval of RMP at Ministerial level.	To be Implementing Agent for Driekoppies Dam Resource by Mar '19.	Achieved	KOBWA identified as the Implementing Agent in the RMP Document	Process to approve the RMP halted pending gazetting of floodline at Driekoppies	Engage DWS Programme Manager in 2020/21	Mar '21	
	Increased use of KOBWA Recreational Areas in both dams	Increased use of KOBWA Recreational Areas in both dams	Marketing of opportunities for hosting of large events at the dams during the festive period.	Achieved	More events held at the Driekoppies Dam. KOBWA Advertises focusing on entertainment areas in both dams	n/a	n/a	n/a	
	Provision of relevant Training in Water and Environmental Management at KOBWA	Assessment on the viability of a Water and Environmental Management Training opportunities based at KOBWA	Host at least one short training course	Partially achieved.	Draft document outlining the revenue generation strategy	Revenue generation strategy document still work in progress.	Finalise the revenue generation strategy document Engage relevant partner institutions	Mar '21	
	Mini hydropower generation at Driekoppies Dam	Desk top Evaluation of electricity generation potential of Driekoppies Dam for local area & KOBWA Complex	Develop a bankable project as per guidelines for development of electricity generation projects.	Not achieved	Insufficient time for analysis of scope and potential of energy generation.	More time required by team to understand energy generation & engage key stakeholders.	To review the desktop analysis on energy generation potential. To also develop relevant inhouse policy.	Mar '21	

3

FOCUS AREA: CUSTOMER AND STAKEHOLDER FOCUS (10%)



OBJECTIVE: To anticipate and proactively meet current and future customer and stakeholder requirements. To attract new clients and expand our mandate (strengthen and position KOBWA as a preferred service provider).

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (at 1 st April 2018/19)	Target (2019 /2020)	Actual performance as at 31 st March 2020	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Code
Treaty Review Process	Treaty Review Process & draft revised Treaty	Draft implementation plan and budget developed by Treaty Review Task Team	75% progress on Review Process.	Partially achieved	First draft developed by the Treaty Review Task Team	Delayed approval of budget and implementation plan.	Task Team to engage on the process using virtual meetings methods	Mar '21	
KOBWA Promotions	Publications / Conference Presentations	3 Conference Presentations at SANCOLD & World Water Day	1 Publication / 2 Conference Presentations	Achieved	Presentations at REMCO in Maputo and Risk Management Conference in Ezulwini	n/a	n/a	n/a	
	Water & Environmental Management Awareness Campaign (WEMAC) - Schools	1 event held in 18/19. Participated in IUCMA schools competition & KoE; Water Week events	Unqualified Audit. Draft report to Board by 31 July '19	Partially Achieved	Events planned for Water Week 2020 postponed indefinitely. Events materials procured.	Impacted by COVID 19 Pandemic	Events to be held when conditions are conducive.	Mar '21	
Customer Service	Customer Service Charter	2018/19 Survey Report	Responsive Customer Service Charter & action plan by Mar '20	Not Achieved	Stakeholder survey undertaken for input by a select group of KOBWA stakeholders	Consultative processes internally and Vacancy in the respective section which was filled in Feb '20	Process to be undertaken in 2020/21	Mar '21	
	Continuous engagement and sharing of IWRM information with the Departments of Water and RBOs (e.g. KRBA, IUCMA, etc) in both Parties & Mozambique	Presentation at stakeholder forums and KJOF	Convene at least 2 workshops with various key stakeholders by Dec '19	Achieved.	EPP & IIMA workshops held in both Member States.	n/a	n/a	n/a	
	Strengthen partnerships with existing stakeholders	Informal events - based partnerships	Signed Memorandum of Understanding with 2	Achieved.	MoUs signed with IUCMA and NDMA	n/a	n/a	n/a	

4

FOCUS AREA: PEOPLE (15%)



OBJECTIVE: To attract, develop and retain competent staff who promote the vision and culture of KOBWA

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (at 1 st April 2018/19)	Target (2019 /2020)	Actual performance as at 31 st March 2020	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Code
Human Resources Management	Performance Evaluations	PMS based on the new Strategic Plan	2 Performance Evaluations based on the strategic plan.	Achieved.	Performance assessments for end of 18/19 and mid term 19/20	n/a	n/a	n/a	
	Revised HR Policy Manual	Revised cellphone Policy Manual	Revised HR Policy Manual by Mar '20	Not Achieved	n/a	Process deferred due to prioritisation of other key projects including EDMS	Resume process in the new financial year.	Dec '20	
Skills Development	Annual Skills Development & Process Annual Training Report/ Work Skills Plan for Energy SETA	2018/19 Skills Development Plan & Mid-Terms Performance Assessments	2019 Skills Development Plan	Achieved.	As per medium term performance evaluations.	n/a	n/a	n/a	
Corporate Values	Behavior changes or practices	Values workshop rollout	Have workshopped all KOBWA values by end	Achieved.	Teambuilding exercises held. Presentations on teamwork undertaken during staff workshops.	n/a	n/a	n/a	
Industrial Relations	Industrial Action (Strikes)	Nil	0 strikes resulting from failed negotiation 3 COLA Negotiation meeting	Achieved.	Meetings reports.	COVID – 19 lock down cause a barrier to meetings/a	To resume immediately after lifting of lockdown	Dec '20	
	Signed Collective Agreement	Ad hoc MoU between Labour and Management.	Signed MoU by December '19	Partially achieved	Draft document	Resumption of discussions was meant to be scheduled during the the postponed March '20 meetings	To be scheduled in the first meeting after lifting of CIVID – 19 Lockdown	Mar '21	
Succession Plan		Draft succession plan	Revised Succession Plan by 30 June '19 Retention Strat by Dec '19	Partially Achieved	Succession Plan	Lack of budget to engage consultancy for retention strategy	Approach to be reviewed and budget sought in 20/21.	Mar '21	

5

FOCUS AREA: TECHNOLOGY AND BUSINESS PROCESS (15%)



OBJECTIVE: To have technology systems and business processes that enable business efficiencies

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (at 1 st April 2018/19)	Target (2019 /2020)	Actual performance as at 31 st March 2020	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Code
Business Planning	Approved 2019/20 Annual Performance Plan (APP)	Draft strategy reviewed by Board	Implement 2019/20 strategic actions	Achieved.	Quarterly reports.	n/a	n/a	n/a	
Alignment of individual business plans with strategy	Organisational Performance Score (Average)	Ave 3.0	Achieve a 3.2 organisational average score	Achieved.	Individual performance reports.	n/a	n/a	n/a	
Reporting	Annual Report	Annual report for 18/19 approved in Oct '18	30 Sep '19	Partially achieved	Final report	Delays with external audit due to change from IFRS to GRAP	Report completed	Mar '20	
	Board & Board Committee Reports	5 Days Prior	7 Days Prior	Partially achieved	Submission dates to Board	Late submissions for preparation of Board pack.	Submission dates for Management have been revised giving CEO time to finalise documents.	Quarterly	
	JWC & JWC FC Reports	5 Days Prior	7 Days Prior	Achieved.	Submission dates to JWC.	n/a	n/a	n/a	
Corporate Governance	Develop corporate governance policy compliance plan.	Draft and implement Corporate Governance Implementation Plan (65%)	65% Implementation	Achieved	Quarterly reports focusing on responses to JSE & King IV Compliance.	n/a	n/a	n/a	
Risk Management	Compliance Risk Management Plan	Strategic Risk Register and quarterly monitoring reports.	Implementation of Risk Management Plan (100%)	Achieved.	Quarterly progress reports	n/a	n/a	n/a	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (at 1 st April 2018/19)	Target (2019 /2020)	Actual performance as at 31 st March 2020	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Code
Internal Audit	Audit Internal Audit function	2018/19 Internal Audit Charter, 2018/19 Annual Plan & 3 year 2018/19 Rolling Plan	Undertake audits as per Annual Plan. Prepare draft 2019/20 annual plan & related	Achieved	Revised 2019/20 IA Plans.	n/a	The Payroll audit to be deferred to an after lockdown period. This has now been included in the 2020/21 IA Plans.	Mar '21	
		Internal Audit Reports & follow up reports	Above 80% of planned audit	Achieved.	IA Follow-up report. Above 95% of adverse audit findings have been resolved. The remaining percentage is partially resolved.	IT: The partially resolved findings are due to circumstances beyond management control, such as budgetary constraints.	The PWC IT related audit finding will only be considered as fully resolved after an audit is carried out by IA to provide assurance for IT Strategy alignment with Strategy.	Mar '21	
Legal Compliance Management	Compliance Manual	Compliance Legal Manual by 31 Mar '20	Complete legal requirements into legal register of Operations department.	Achieved.	Legal register. Non complying docs / activities corrected as and when required	Insufficient resources to assist with the task. A legal intern to be sourced in 19/20	n/a	n/a	
Information Management Systems	New Electronic Document Management System (EDMS)	Implement new document management system by Sept '19	Monitoring & Evaluation	Achieved.	Monthly reports	n/a	n/a	n/a	
IT AUDIT	Implementation of the Audit Findings	Develop and approval of IT Strategy	Implementation of ICT Strategy	Achieved.	Available document	n/a	n/a	n/a	
Business Continuity Management	Implementation of Disaster Recovery Plan (DRP)	Progressive implementation of recommendations	Monitoring & Evaluation	Achieved.	Reported incidents resolved and closed.	n/a	n/a	n/a	
Health, Safety, Quality Control and Capacity Building.	Quality Control Audits (Reports on adherence to industry specific standards)	External Audit leading to certification on at least one of the standards	Identify certification body and request for initial assessment.	Achieved.	Certification body identified and GAP assessment done.	n/a	Quality Certification to be concluded in 20/21	Feb '21	

6

FOCUS AREA: SOCIO ECONOMIC INITIATIVES (10%)

OBJECTIVE: To facilitate socio economic development within the basin through socio economic initiatives

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (at 1 st April 2018/19)	Target (2019 /2020)	Actual performance as at 31 st March 2020	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Code
CSR Projects	Implementation of Corporate Social Responsibility projects	2019/20 projects & outstanding requests	Spend 100% of approved allocated budget on CSR projects by Mar '20	Achieved.	Expenditure report and quarterly reports	n/a	n/a	n/a	
Lake Matsamo Mitigation Plan NB! Outside of KOBWA Control	Lake Matsamo Business Proposal	Approved & adopted Business Proposal.	40 % Implementation of the Business proposal.	Partially achieved	n/a	Implementation delayed as stakeholders are still fundraising. Process now managed by government	To schedule Task Team meetings to draft new targets	Mar '21	
FINCORP Revolving Fund	Revised MoU	Existing Approved & signed Mou	Revised MoU	Partially achieved	n/a	More research required to identify a suitable Credit management tool	Finalise KOBWA position and sign MoU in 20/21	Mar '21	
Socio economic baseline for the basin	Funding for study of socio-economic baseline for the region	Various related reports on the basin	Secure funding and partners for development of Report / study on water related socio-economic baseline in the project area by Mar '20	Partially achieved	Meetings held with UNESWA and draft scope developed for finalisation in 20/21	Engagements still ongoing with UNESWA, ESERPAC, Water Aid and Thirst Projects	Review submitted documents and agree on ToRs/ MoU	Mar '21	

7

FOCUS AREA: WATER RESOURCE DEVELOPMENT AND MANAGEMENT



To optimise the development and Management of water and infrastructure in an effective and efficient manner to achieve KOBWA's current and future mandate.

7.1. BACKGROUND

The Komati river basin covers an area of about 11,209 square kilometres, including 1,493 square kilometres of the Lomati river. About 2,560 square kilometres of the river basin falls in the northern part of Eswatini, the remainder being in South Africa. The total length of the Komati river basin from its source to the confluence with the Crocodile river is 450 km.

KOBWA's area of operation starts from the two dams, Driekoppies Dam and Maguga Dam, moving down to the confluence of the Komati and Crocodile rivers at Komatipoort. The length of the river in the area of operation from Driekoppies and Maguga dams is about 117 km and 192 km, respectively to Komatipoort. The associated catchment area, is approximately 4,000 square kilometres.

7.2. INTRODUCTION

The Water Management Department is responsible for maintenance and operation of the bulk infrastructure, system operation, emergency preparedness, water quality and other functions related to water management. The key focus areas are:

- System Operation
- Infrastructure Operation and Maintenance
- Dam Safety
- Risk and Uncertainty Management
- Aquatic Ecosystem Monitoring

7.3. SYSTEM OPERATION

a) Water Allocations for 2019/20 Water Year

The determination of the 2019/20 annual water allocations for the Parties was done during the month of April 2019. The JWC approved Full Water Allocations below Maguga and Driekoppies dams for 2019/20 water year. However due to poor inflows and dwindling dam levels the JWC approved a 35% rationing of water supplies in their meeting of December 2019. The rationed Low Assurance allocations are shown in Table 6 and the allocations for non-rationed High Assurance (HA) allocation are in Table 6.

The Water Allocations represent rationed Treaty allocations. The allocations have been adjusted to take into account Mozambique requirement and water demand by Project relocatees, both in Eswatini and South Africa.

Party	20% Rationed Low Assurance Water Allocations (Mm ³)	Transmission Losses (Mm ³)	Total (Mm ³)
South Africa	215.8	25.4	241.2
Eswatini	189.1	16.6	205.7

Table 5(a): Rationed Low Assurance (Irrigation) Water Allocations for 2019/20 water year in cubic hectometres per year (hm³/a) downstream of Maguga and Driekoppies Dams.

Party	High Assurance Allocations (Mm ³ /annum)
South Africa	17.5
Eswatini	18.2
Total	35.7

Table 5(b): High Assurance Water Allocations for 2020/201 water year in cubic hectometres per year (hm³/a) downstream of Maguga and Driekoppies dams.

They have been adjusted to conform with the implementation of the Interim IncoMaputo Agreement (IIMA) cross-border flow of 2.6 m³/s at Ressano Garcia. However, after taking into account that the contribution to the flow at Ressano Garcia would increase from 1.1 m³/s to 1.43 m³/s as from the 1st October 2019, from the Komati river as measured at Lebombo, there was a reduction to the Low Assurance allocations as shown in **Table 6 (a)**.

b) Historical Dam Levels and Inflows

The 2019/20 water year commenced with Driekoppies Dam at 70.2% of its full supply capacity, while Maguga Dam was at 99.5%. At the end of March 2020, Driekoppies Dam was at 70.8% while Maguga Dam was at 78.3%.

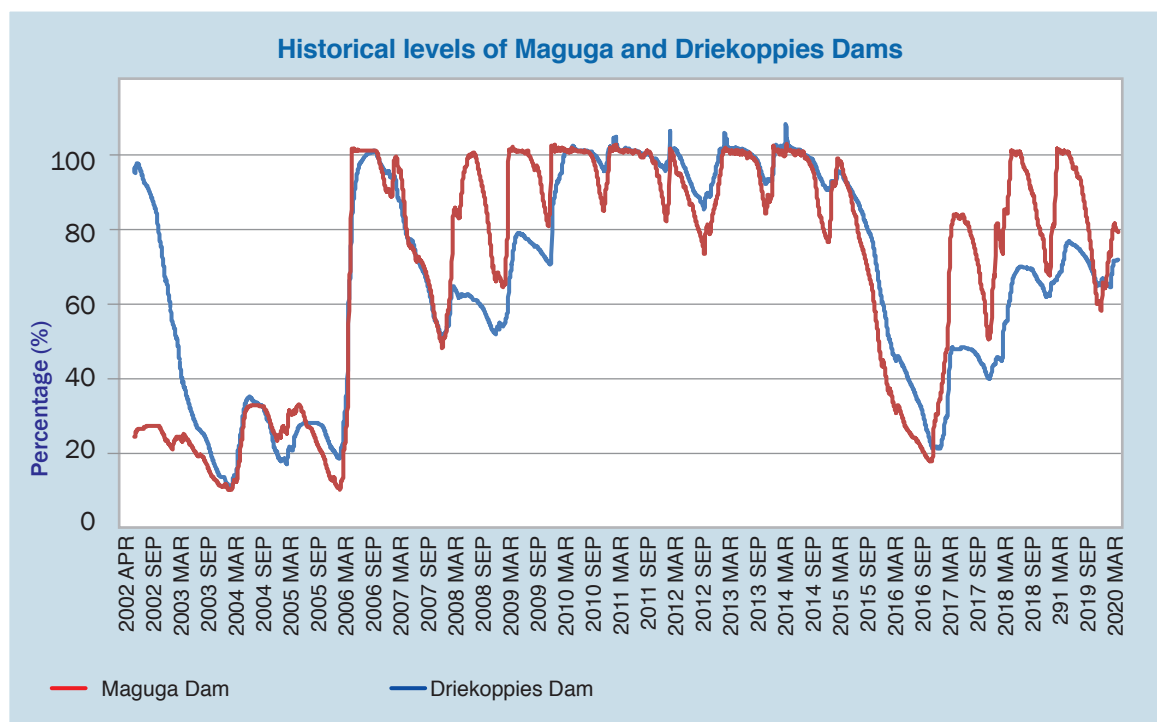


Figure 3: Maguga and Driekoppies Dams Actual Gross Stored Volume (%)

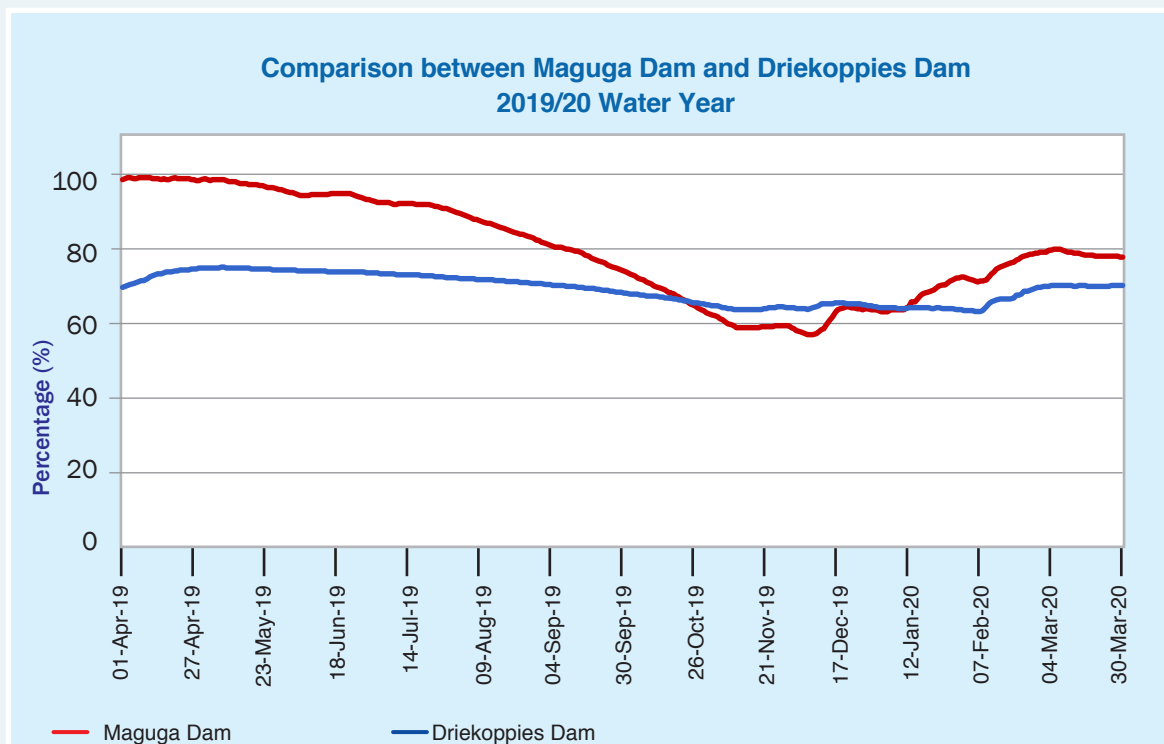


Figure 4: *Showing Maguga and Driekoppies Dam Level, as at end of March 2020*

7.1. BACKGROUND

c) Water Use by the Parties

The Komati Basin Water Use and Storage Reconciliation Statements for end of March 2020 were computed based on the rationed water allocations to the Parties and on the monthly average irrigation distribution curves of the ISOTG rules (ISOTG curves).

Low Assurance Water Use by the Parties for 2019/20 water year is shown in Table 6(a) and Figure 4(a) for South Africa, and in Table 2(b) and Figure 4(b) for Eswatini. As at the end of March 2020, South Africa had utilised 266.3Mm³ or 100.8% of their rationed allocation and Eswatini, 221.6Mm³ or 99.9% of their rationed allocation.

The current water year Komati Basin Water Use and Storage Reconciliation Statements are computed by applying Table 2 of Period 2 Module 4 (P2M4) of the ISOTG Rules since it was determined that Maguga Dam was spilling as at the end of April 2019..

Table 6(a): *Water Use downstream of Driekoppies Dam and Mananga in South Africa in 2019/20 water year*

Water Use Downstream of Driekoppies and Mananga in South Africa March 2020		
	AMOUNT (million m ³)	BALANCE (million m ³)
Water use from Driekoppies Dam	86.2	
Add flow across Mananga Border	266.6	
		354.8
Subtract releases for Mozambique	128.6	
		192.6
Subtract riverine losses	33.6	
		192.6
Subtract domestic and industrial use	18.2	
		174.5
Add gross accruals from:	70.1	
Driekoppies to Lebombo	21.8	
Mananga to Tonga		
		266.3
Add water used from storage in the weirs (assumed)	0.0	
Irrigation water use in 2019/20*		266.3
* Remaining irrigation water downstream of Mananga and Driekoppies Dam on March 31:		
- South Africa:	=	-2.1 Mm ³
Actual booked irrigation water in use in 2019/20	=	266.3** Mm ³
**Actual use which is:		
Greater than (AVERAGE IRRIGATION DISTRIBUTION CURVE)	=	264.2 Mm ³
Greater than (P2M4 CURVE)	=	264.2 Mm ³
Actual booked irrigation use = 100.8% of 264.2Mm³/a non-rationed Low Assurance water.		

Table 6(b): Irrigation Water Use by Eswatini

WATER USE DOWNSTREAM OF MAGUGA DAM IN ESWATINI March 2020		
	AMOUNT (million m ³)	BALANCE (million m ³)
Releases from Maguga Dam	413.2	413.2
Subtract increase in stored volume in Hydropower Regulating Weir from April 01 to March 31	-0.4	
Subtract net evaporation losses from Hydropower Regulating Weir	0.1	413.7
Subtract riverine losses	13.7	413.6
Subtract domestic and industrial use	17.4	399.8
Add gross accruals from Maguga to Mananga	107.9	382.4
Subtract flow at Mananga Border	286.6	490.3
Irrigation water use in 2019/20*		221.6
* Remaining irrigation water downstream of Maguga Dam on March 31:		
- Eswatini:	=	0.2 Mm³
Actual booked irrigation water in use in 2019/20	=	221.6** Mm³
**Actual use which is:		
Less than (AVERAGE IRRIGATION DISTRIBUTION CURVE)	=	221.9Mm ³
Less than (P2M4 CURVE)	=	221.9Mm ³
Actual booked irrigation use = 99.9% of 221.9 Mm³/a rationed Low Assurance water.		

Tables 6(c) and 6(d) show the storage reconciliation of Maguga and Driekoppies dams, respectively. The total system storage as at the end of March 2019 was **439.3 million m³**, being 261.6Mm³ from Maguga Dam and 177.7Mm³ from Driekoppies Dam.

Table 6(c): Maguga Dam Storage Reconciliation

MAGUGA DAM STORAGE RECONCILIATION ON 1 APRIL 2019		
	AMOUNT (million m ³)	BALANCE (million m ³)
Combined stored volume in Maguga Dam and Hydropower Regulating weir at start of water year	333.1	
Add Inflow to Maguga Dam for water year	348.3	
Subtract:		681.4
Net evaporation loses from Maguga Dam	6.0	
Releases from dam Maguga Dam	413.2	
Decrease in stored volume in Hydropower Regulating Weir from April 01 to March 31	0.4	
Total stored volume in Hydropower Regulating Weir and Maguga Dam at end of month	419.7	261.7
Subtract remaining Eswatini share of Water in Reserve		
Cumulative for 2019/20	0.3	
Subtract Eswatini share of water available for use from the Water in Reserve	0.3	261.4
Add back water use above average use and/or banking for 2018/19:	1.3	260.2
South Africa along Middle and Lower Komati*		
Eswatini	0.6	
	-0.2	
Add back Transmission Losses resulting from incorrect water orders during 2019/20 water year by:		
South Africa	0.4	260.5
Eswatini		
	0.5	
Add back Transmission Losses requested from excessive water orders during 2018/19 water year by:		
South Africa	0.6	
Eswatini	1.2	261.7
Add back additional water utilised by Eswatini during 2019/20 water year	0.2	261.9
Add back additional water utilised by Eswatini Hydropower Generation during 2019/20 water year	0.4	262.3
Reference Storage Available in Maguga Dam and Hydropower Regulating weir from 01 April 2020		262.3
Subtract water stored in Regulating Weir on 01 April 2019	0.4	261.9
Reference storage available in Maguga Dam on 01 April 2019		261.9
*Balance of 1.5 Mm ³ is held in Driekoppies Dam		

Table 6(d): Driekoppies Dam Storage Reconciliation

DRIEKOPPIES DAM STORAGE RECONCILIATION ON 1 APRIL 2020		
	AMOUNT (million m ³)	BALANCE (million m ³)
Total stored volume at start of water year	176.3	
Add inflow for water year	98.9	
Subtract:		275.2
Net evaporation losses		
Releases from dam	11.3	
Total stored volume at end of month	86.2	
Subtract share of water supplied for Mozambique from Komati River that was used by South Africa but replaced from Crocodile River:		177.7
Net Cumulative for 2018/19*	0.3	
Subtract remaining South African share of Water in Reserve	0.3	177.4
Cumulative for 2019/20	0.6	
	0.6	176.8
Subtract South African share of water available for use from the Water in Reserve	2.7	174.1
Add back water use above average use and/or Banking for 2019/20 along Lomati and Lower Komati*	1.5	
		175.6
Add back Transmission Losses resulting from incorrect water orders by South Africa during 2019/20 water year:	1.3	
Reference Storage Available in Driekoppies Dam on 01 April 2020		176.9
** Balance of South African over use not held in Maguga Dam		

The reconciliation of the High Assurance water whose use is currently based on a uniform demand rate throughout the year is shown in **Table 7**.

Table 7: High Assurance demand downstream of Maguga and Driekoppies Dams

HIGH ASSURANCE WATER DEMAND DOWNSTREAM OF DRIEKOPPIES AND MANANGA IN SOUTH AFRICA - MARCH 2020				
	Lomati	Middle Komati	Lower Komati	Total
Non-rationed High Assurance Annual Allocation	8.6	9.3	0.3	18.2
Cumulative demand in 2018/19	8.6	9.3	0.3	18.2
Remaining High Assurance water downstream of Mananga and Driekoppies Dam on March 31	0.0	0.0	0.0	0.0

NB: Quantities in million m³

HIGH ASSURANCE WATER DEMAND DOWNSTREAM OF MAGUGA DAM IN ESWATINI MARCH 2020				
	Maguga to IYSIS	IYSIS	IYSIS to Mananga	Total
Non-rationed High Assurance Annual Allocation	1.9	11.8	3.8	17.5
Cumulative demand in 2018/19	1.9	11.8	3.8	17.5
Remaining High Assurance water downstream of Maguga Dam on March 31	0.0	0.0	0.0	0.0

NB: Quantities in million m³

d) Analysis of the Komati River contribution to Mozambique requirement (measured at Lebombo)

During the period from 01 April 2019 – 31 March 2020, the contribution by the Komati River (measured at Lebombo weir) to the Mozambique required flow was for about 75% of the time above the 3-day- average minimum requirement, which is now 1.43m³/s.

Figure 5 below shows the observed daily hydrograph at Lebombo weir compared with the minimum required daily flow, averaged over three days.

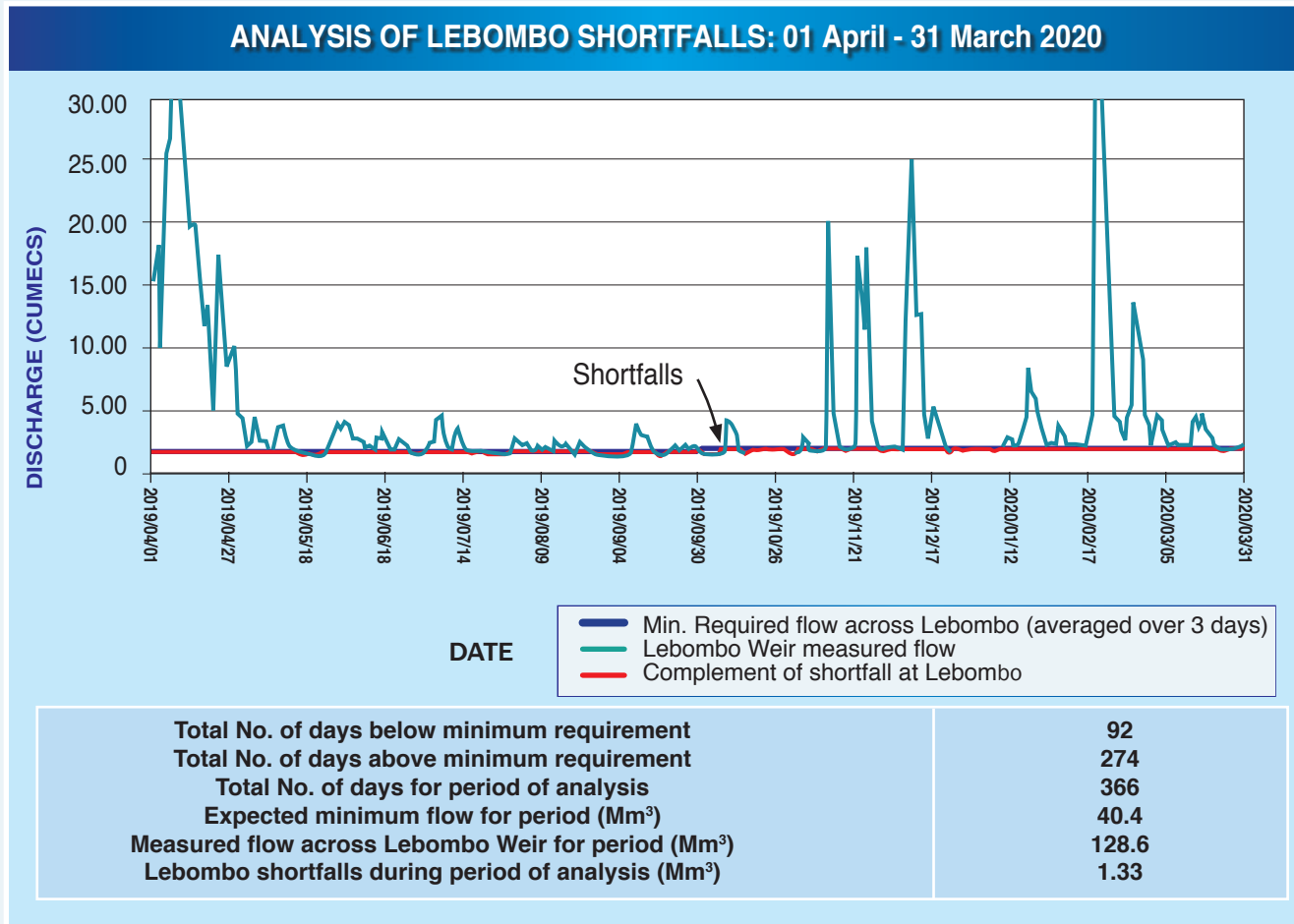


Figure 5: Analysis of Lebombo shortfalls (01 April 2018 - 31 March 2019)

e) Trans-boundary Flow Analysis

According to unverified data provided by The South African Department of Water and Sanitation and Inkomati-Usuthu Catchment Management Agency, the measured daily average flow over the Komatipoort gauge (01 April 2019 – 31 March 2020) was for about 75% of the time above the minimum requirement which is 2.6m³/s averaged over three days. This is shown in **Figure 6** below.

KOBWA includes the transboundary requirements in the daily releases from the dams and water users along the river course are required to let the water flow through. However, from time to time water users may fail to pass the correct flow through to Lebombo gauging station, leading to shortfalls there as well as at Komatipoort.

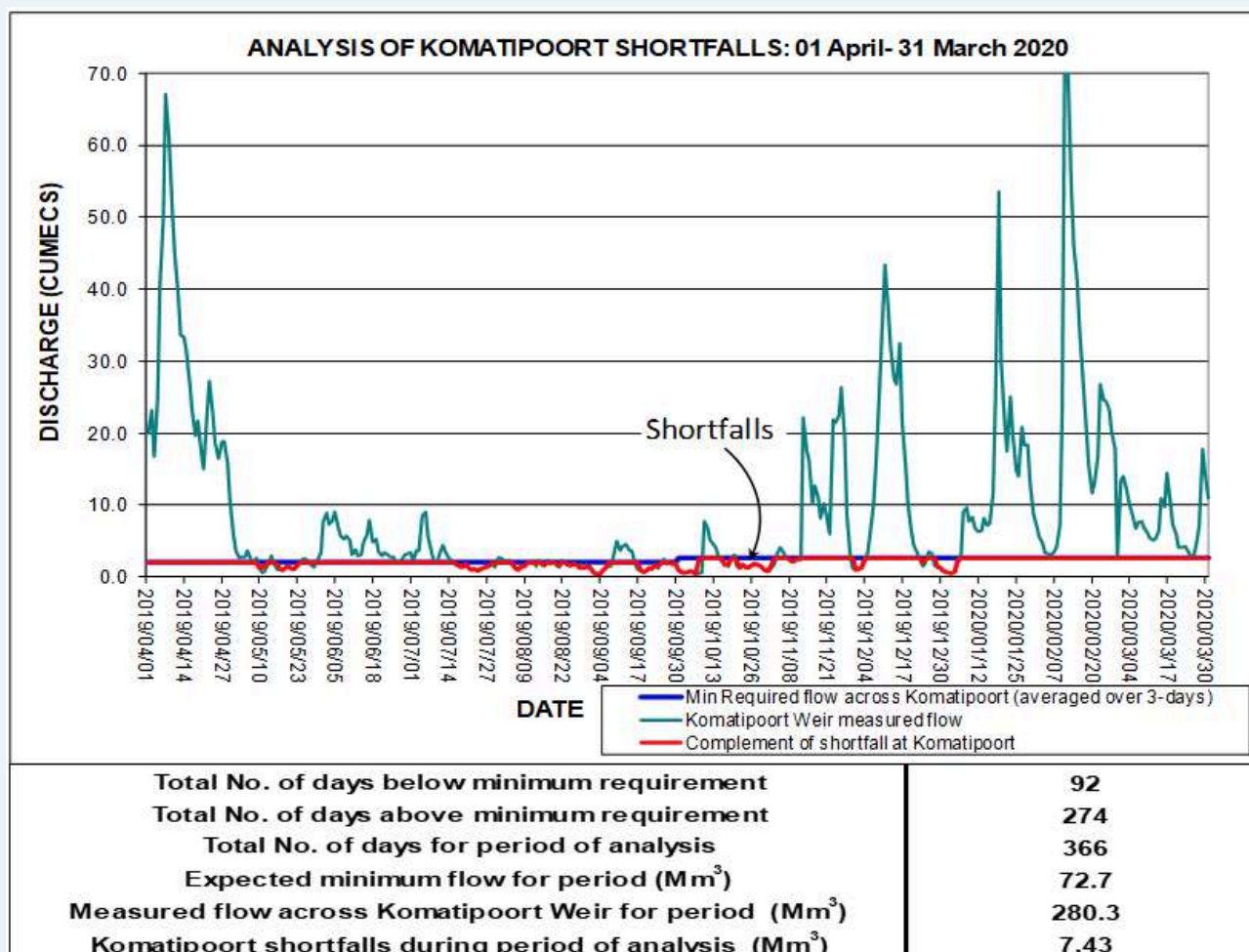


Figure 6: Analysis of Komatipoort shortfalls (01 April 2019 – 31 March 2020)

AQUATIC ECOSYSTEM MONITORING

a) Introduction

The Aquatic Ecosystem Unit is tasked with the responsibility to monitor and report on the water quality status of water resources within KOBWA's area of operation. The water resources of the Komati River Basin are used primarily for irrigation, hydropower generation, recreation, domestic and industrial water supply. The water supplied by the reservoirs has to meet the water quality requirements as outlined in the Resource Quality Objectives gazetted by the government of South Africa in 2016.

KOBWA is required by various legislation to undertake water quality monitoring in the Komati River Basin. KOBWA as guided by the Comprehensive Mitigation Plans, National Water Acts on both Countries, the Treaty on the Development and Utilisation of Water Resources of the Komati River Basin, Regional and international agreements on shared water courses, has put in place the following monitoring programmes to comprehensively monitor water quality in the Komati River:

- Reservoir Monitoring
- River Health Monitoring

- Biological Monitoring
- Real Time Monitoring
- Ground Water Monitoring.

These different programmes are implemented through on-site monitoring and sampled water testing done at the KOBWA laboratory from predetermined, strategically located points along the basin, see **Figure 7**.

Objectives

- To establish compliance to Resource Quality Objectives and other legislations as required by Ecological Water Requirements (EWR).
- To establish water quality trends within the Komati Catchment
- It is essential for KOBWA to inform the Parties of the quality of the water and any changes thereof as this will assist in identify any potential threats that would require management intervention.
- Water quality trends assist in informing mitigation and recommendations on how to care for the water resources.

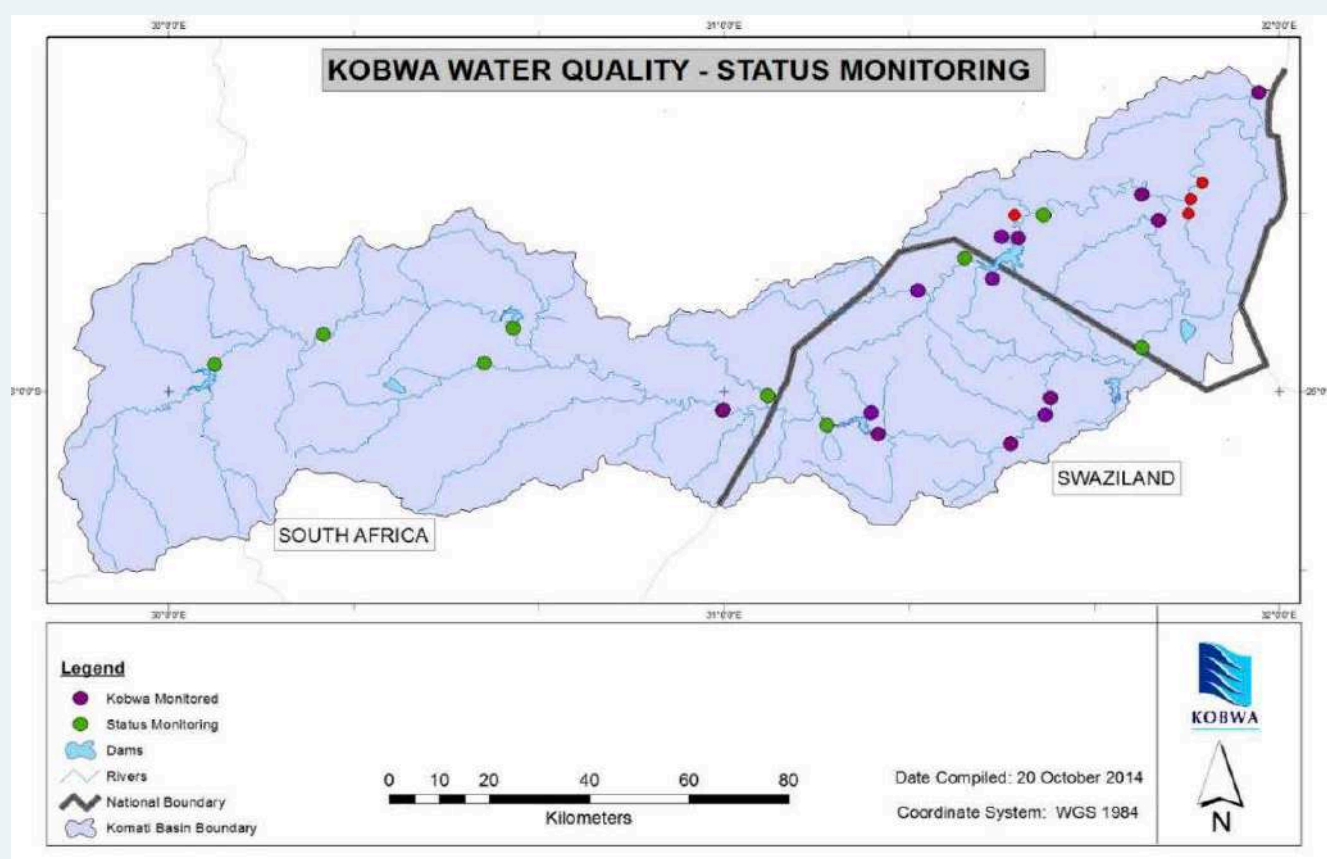


Figure 7: KOBWA Water Quality Monitoring Points

KOBWA captures all the water quality monitoring in the basin by sharing and also obtaining data collected by other initiatives undertaking water quality monitoring in the KOBWA area of operation; the main contributors being the Department of Water and Sanitation in South Africa and Department of Water Affairs in Eswatini.

Resource Quality Objectives (RQOs)

KOBWA uses the South African Resource Quality Objectives (RQOs) as gazetted and published by the Government of South Africa in December 2016 to ensure compliance of water quality within the Komati Catchment. In the absence of the RQOs the Target Water Quality Guidelines (TWQG) are then utilised, see **Figure 8**.

Variables	RQOs					
	Ecological Water Requirement (EWR) Sites					
	EWR-K1	EWR-K2	EWR-G1	EWR-T1	EWR-K3	EWR-L1
E. coli (cfu/100ml)	N/A	130	N/A	130	130	130
Electrical Conductivity (mS/m)	50	55	N/A	N/A	85	40
Phosphate (mg/l)	0.02	0.02	0.02	0.125	0.125	0.075

Variables	RQOs			
	Water Quality Priority Rus			
	RUK-X11A	RUK2-X11B	RUK3-X11C-D	RUK2-X11E
Sulphate (mg/l)	30	80	30	N/A
pH	6.5-8.5	6.5-8.8	6.5-8.5	6.5-8.5
Electrical Conductivity (mS/m)	30	30	30	30

Variables / Parameters	Target Water Quality Guideline Limits (TWQG)
Nitrates / Nitrites (mg/l)	6 (Domestic – Human Consumption)
Electrical Conductivity (mS/m)	40

Figure 8: Resource Quality Objectives within the Komati Catchment

b) Reservoir Monitoring

KOBWA monitors the water quality changes along both Maguga and Driekoppies reservoirs from the riverine (point 3), midway (transitional – point 2), lacustrine (just upstream of the dam wall – point 1) zones and just downstream (point 4) of both dams, see Figure 9. This monitoring programme provides KOBWA with information on the changes in water quality from the inflows into the Dams, changes in water quality throughout the reservoirs, to the quality of water released for downstream usage. It will also provide information on any effects, if any, on the water quality as a result of operations within the Dams. Stratified, in situ measurements and samples are taken for analysis and reporting.

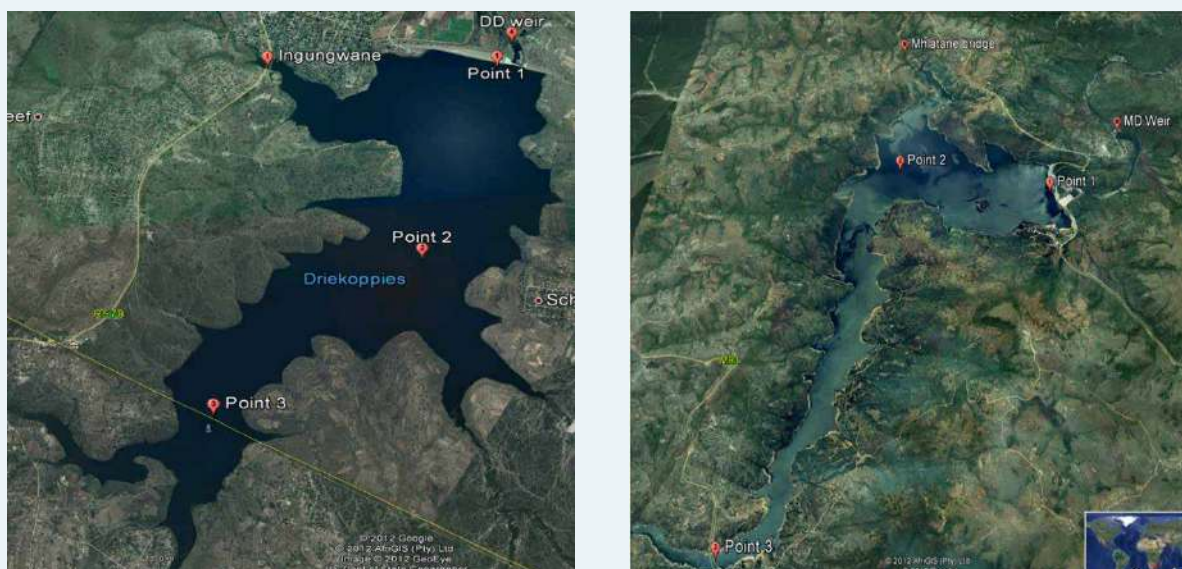


Figure 9: Driekoppies Dam Monitoring Points and Maguga Dam Monitoring Points

The spatial plots in Figures 10a and 10b show a pie chart analysis of the pH along the two dams. pH in both Dams was compliant throughout the monitored period in the 2019/20 financial year. Electrical conductivity was also compliant throughout the all the monitored points in the reporting period, see Figures 10c and 10d. This is an indication that operations within the dam do not negatively impact water quality.

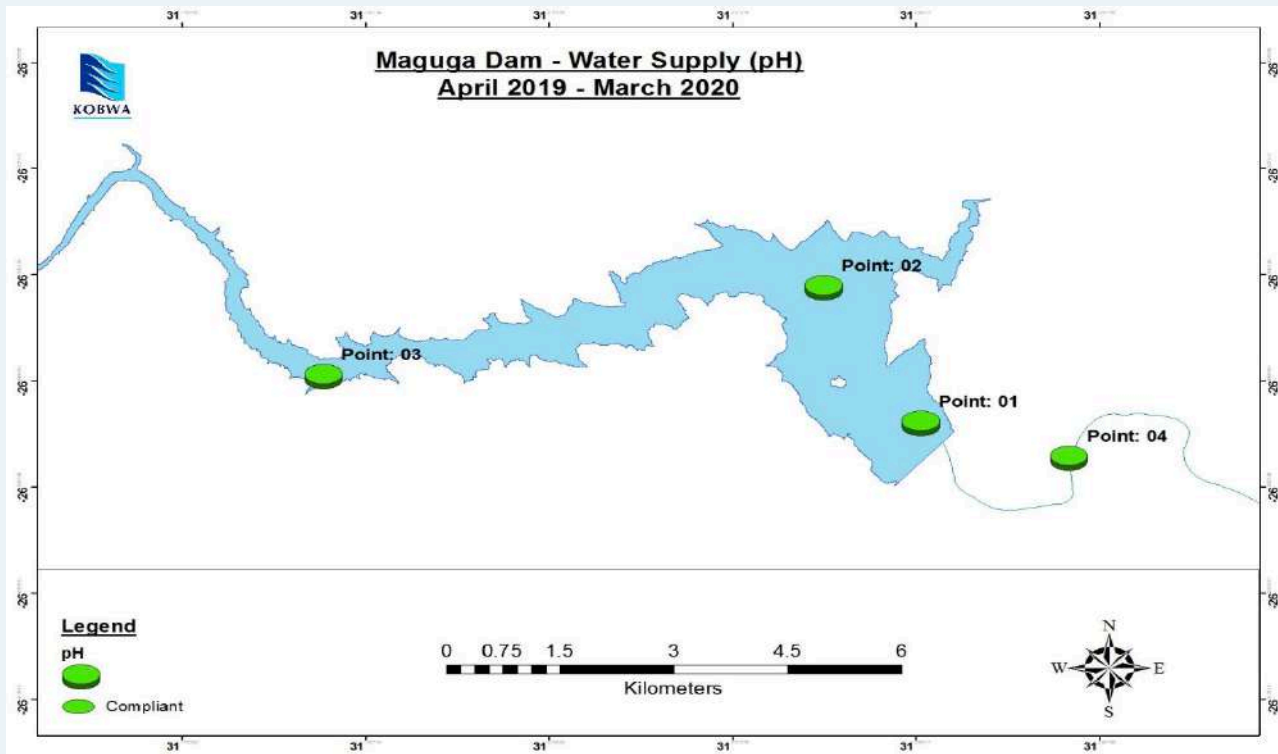


Figure 10a: pH data plotted as pie diagram for Maguga Dam (2019/20)

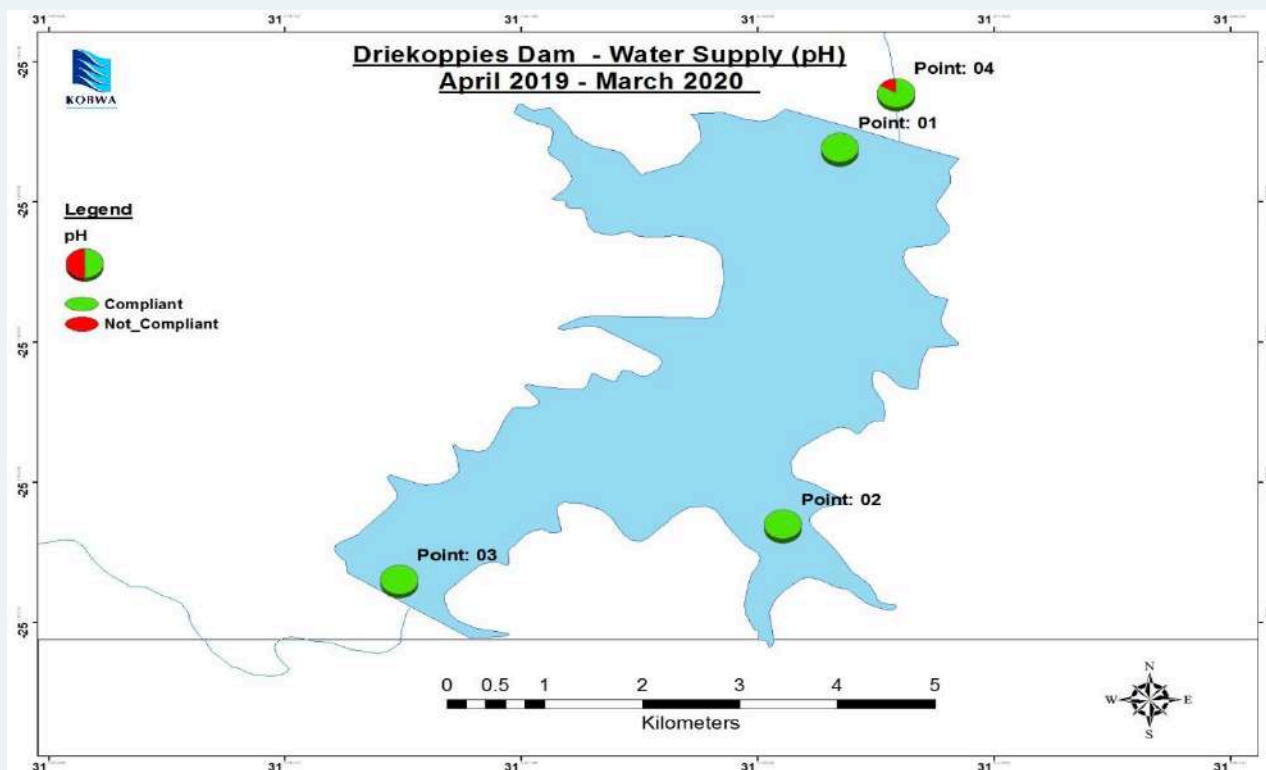


Figure 10b: pH data plotted as pie diagram for Maguga Dam (2019/20)

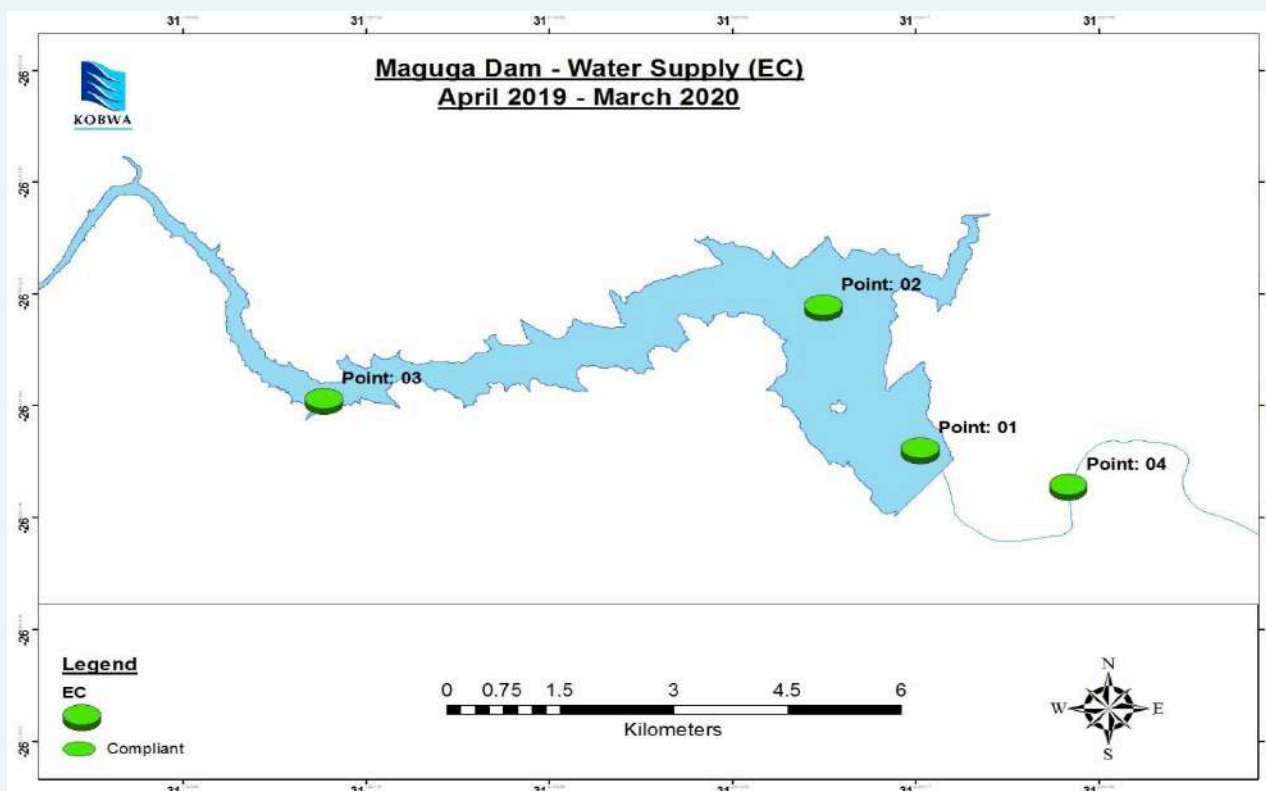


Figure 10c: EC data plotted as pie diagram for Maguga Dam (2019/20)

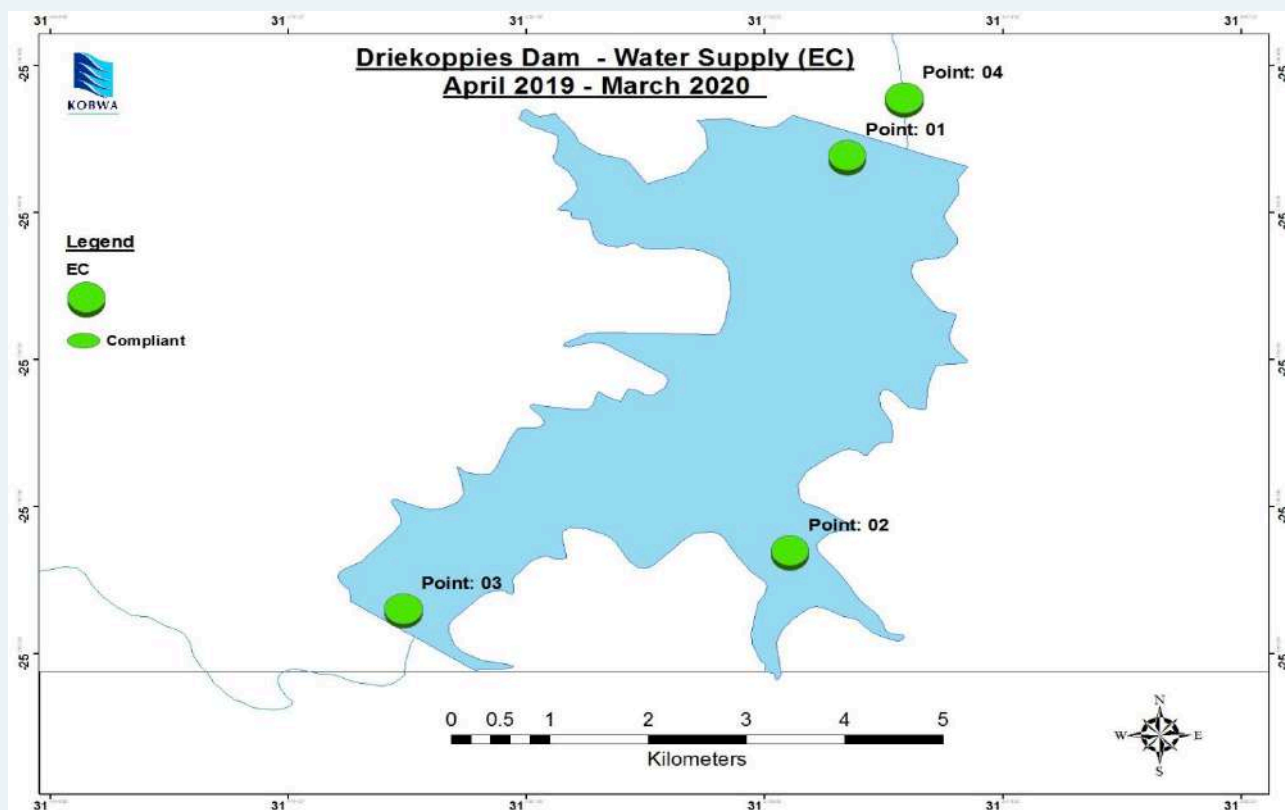


Figure 10d: EC data plotted as pie diagram for Driekoppies Dam (2019/20)

c) River Health Monitoring

The main objective for River Health Monitoring is to undertake in-river measurements and collect water samples and analyse these for key water quality indicators in order to determine the water quality status of the Komati and the Lomati River. KOBWA monitors strategic points, in its area of operation, which trace the Komati – Lomati River course as it travels through South Africa and Eswatini to its confluence with the Crocodile River in Mozambique.

pH and nitrate along the Komati-Lomati River were observed to be compliant in the reporting period for a majority of the monitored sites. Mhlatane and Mananga are both 25% not compliant for pH in the reporting period of 2019/20 financial year (**Figure 11a and 11b**). This could be as a result of the numerous activities observed within the vicinity of the site which could negatively impact the water quality. The Escherichia coli (E. coli) measured along the Komati – Lomati River were observed to be partially compliant throughout the reporting period. This is shown in spatial plots in **Figures 11c**.

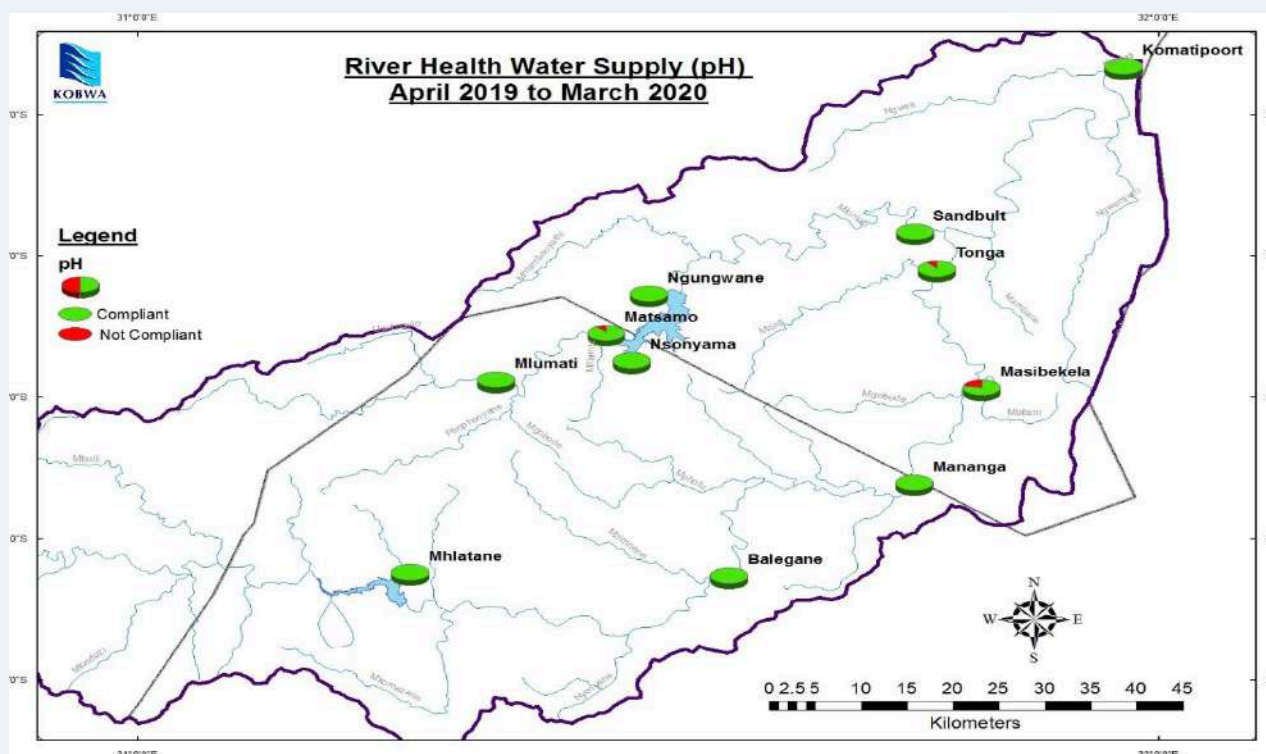


Figure 11a: pH data plotted as pie diagrams at various points along the Komati-Lomati River in 2019/20

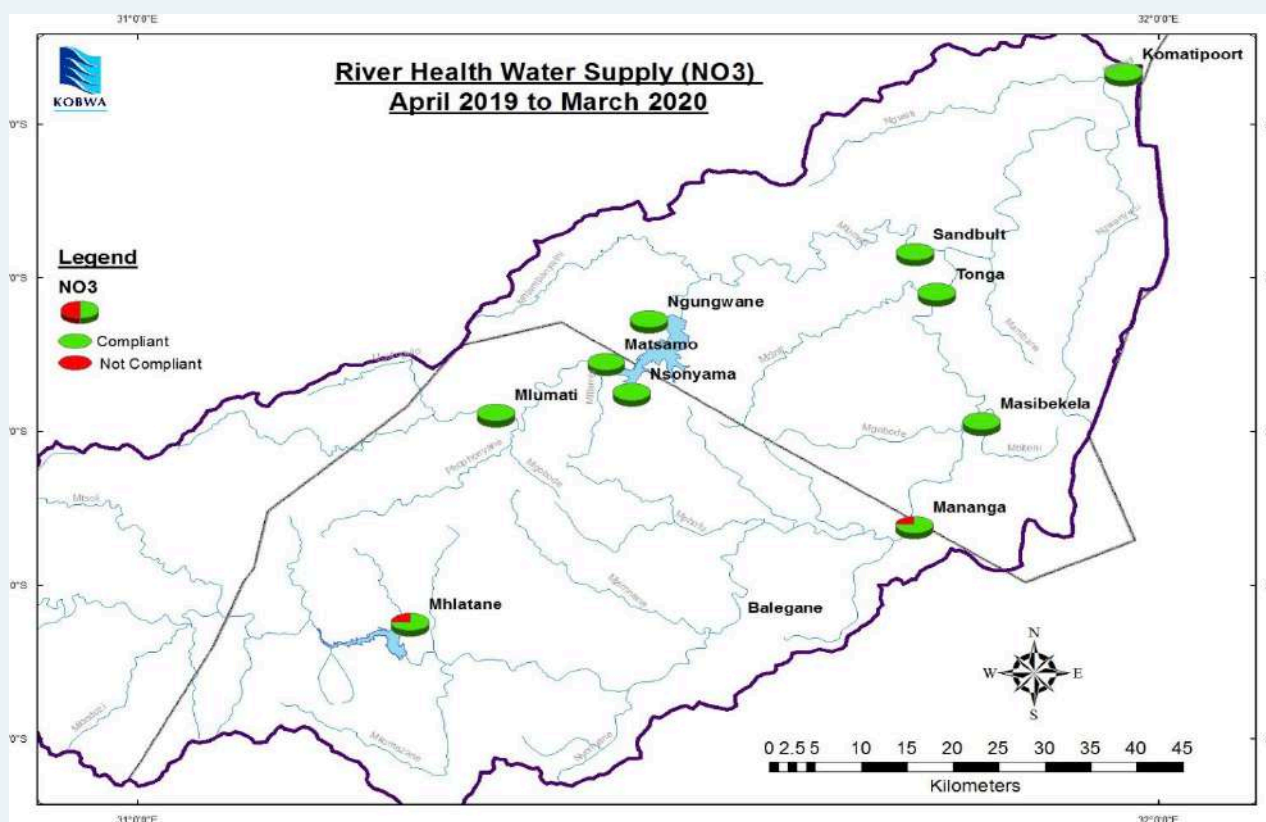


Figure 11b: Nitrate data plotted as pie diagrams at various points along the Komati-Lomati River in 2019/20

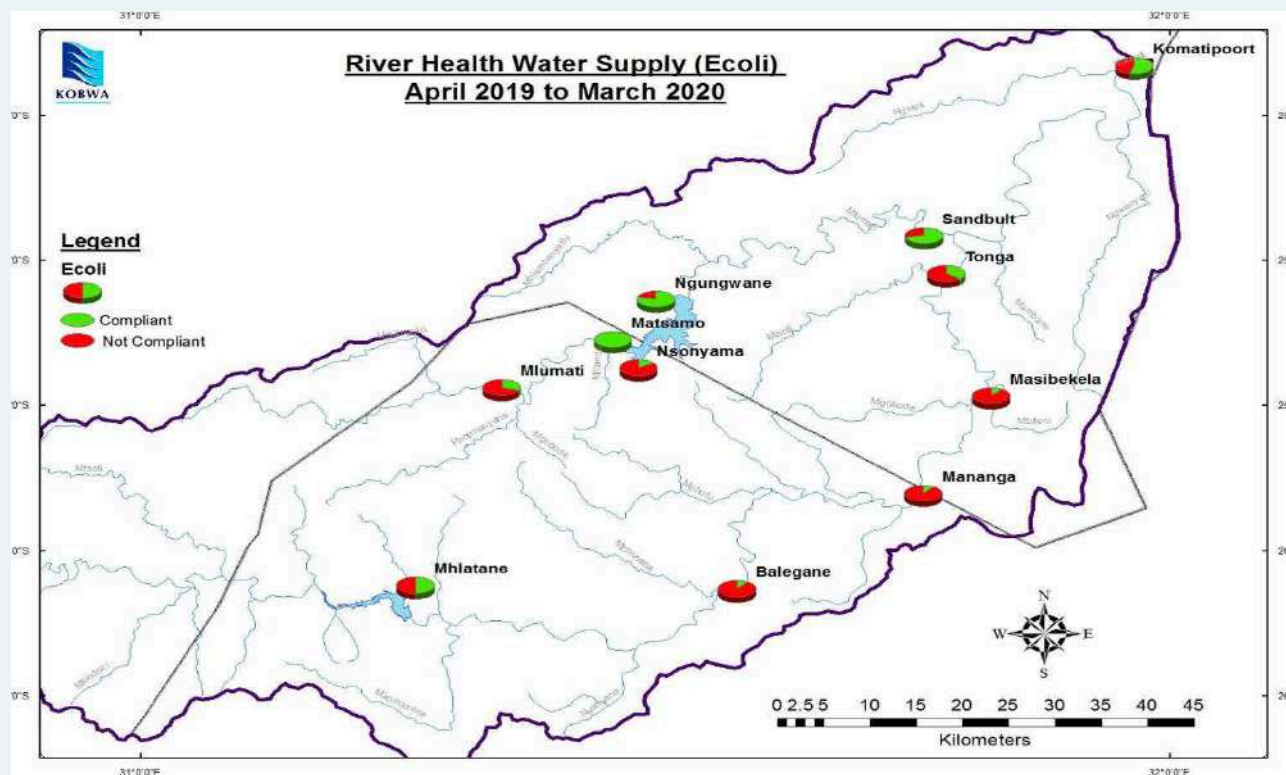


Figure 11c: *E. coli* data plotted as pie diagrams at various points along the Komati - Lomati River in 2019/20

c) Near Real Time Water Quality Monitoring

This monitoring programme monitors, in real time, the water quality indicative parameters along the Komati and Lomati Rivers below the two dams. The indicative parameters measured are the electrical conductivity and water temperature. These two are indicators of the macro-chemical composition of the water and potential impacts on biota.

Temperature and electrical conductivity probes are fitted at all the flow measuring stations, to utilise the real-time flow monitoring system to collect real-time water quality data and to utilise the data to track short-term water quality changes, in order to act as an early warning system of short term changes in water quality and to assess the magnitude and spatial extent of impacts on temperature as a result of the two reservoirs.

The majority of the catchment is observed to be compliant with a few exceptions, Tonga, Lebombo and Sandbult as shown in **Figure 1.6a**. A clear decline of water quality is noted upstream of the confluence at Tonga and Lebombo. This could be associated with nutrient enrichment in these particular sites which is evident with the presence or manifestation of Water Hyacinth. This nutrient enrichment could be due to the accumulated wash off from upstream of the catchment, release from agricultural activities as well as leaking water treatment plants. The elevated conductivity can also be attributed to low flows and periods of zero flow.

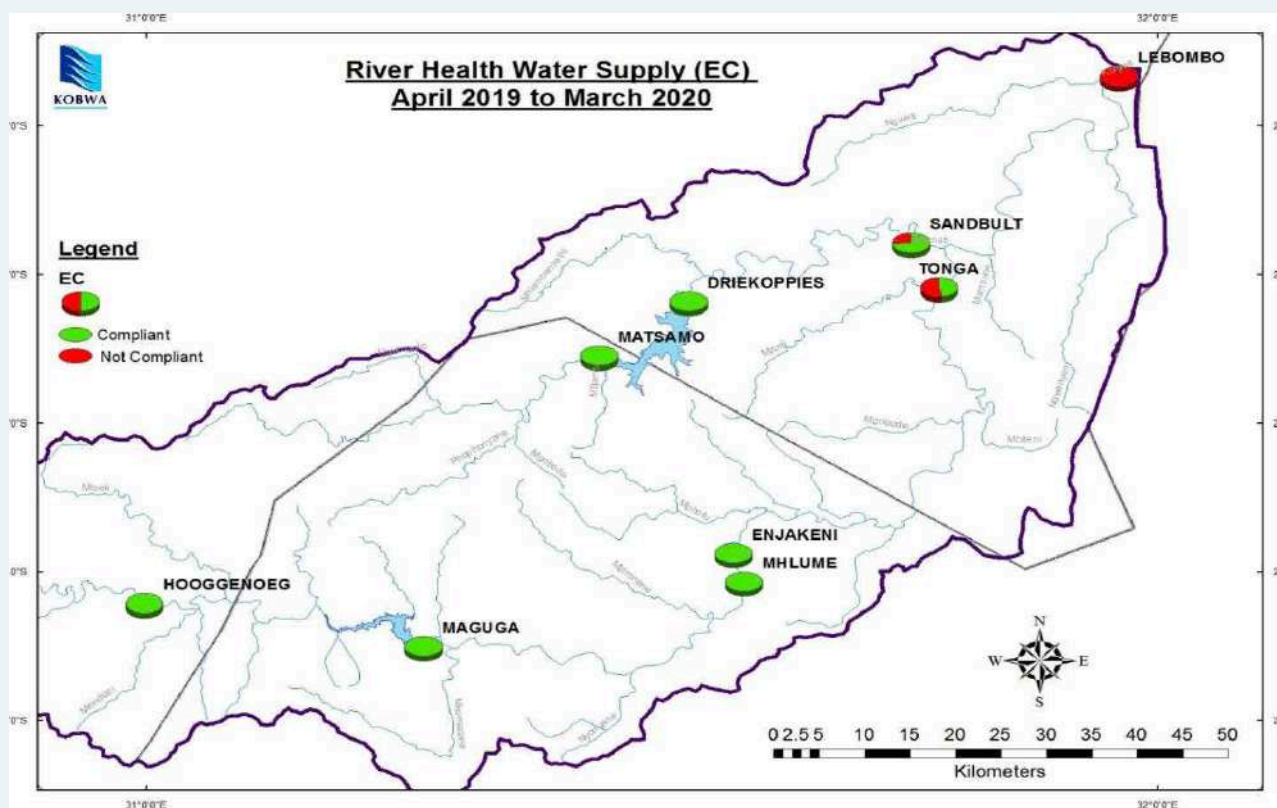


Figure 12a: EC Real time data plotted as pie diagram for the Fitness for irrigation water use (2019/20)

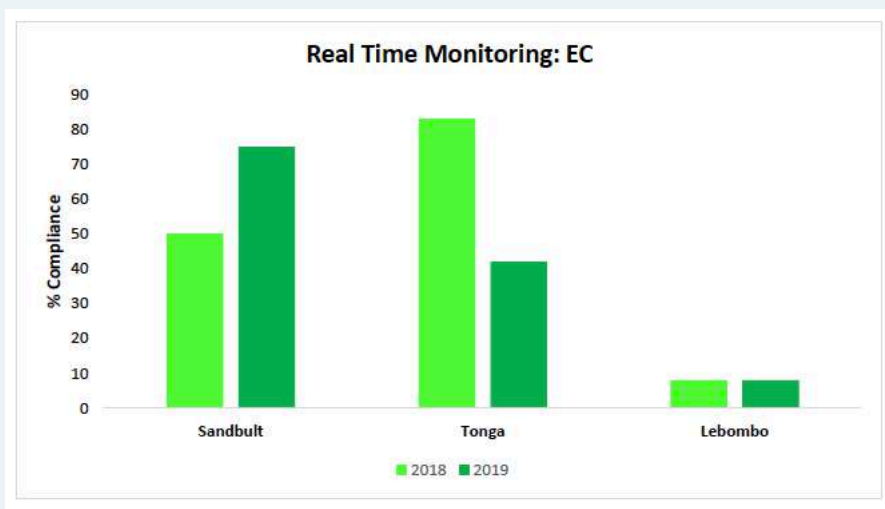


Figure 12b: Comparison of EC compliance plot for selected Real Time Monitoring sites over 2018 and 2019

e) Groundwater Quality Monitoring

This monitoring programme is designed to record water quality data of boreholes at different monitoring points in the KOBWA operational area. Groundwater sources are recharged by surface water, and, inversely recharges surface water resources, and, therefore, a complete quality monitoring system requires the monitoring of both surface and groundwater

resources. A professional YSI meter is used to record in-situ physical parameters and samples are taken to the lab for analysis of the chemical composition of the water. Currently there is a total number of seventeen boreholes that are monitored, some of which are sometimes dry and dysfunctional. There are eleven boreholes located in Eswatini and six boreholes located in South Africa, as shown in **Figure 13a** below.

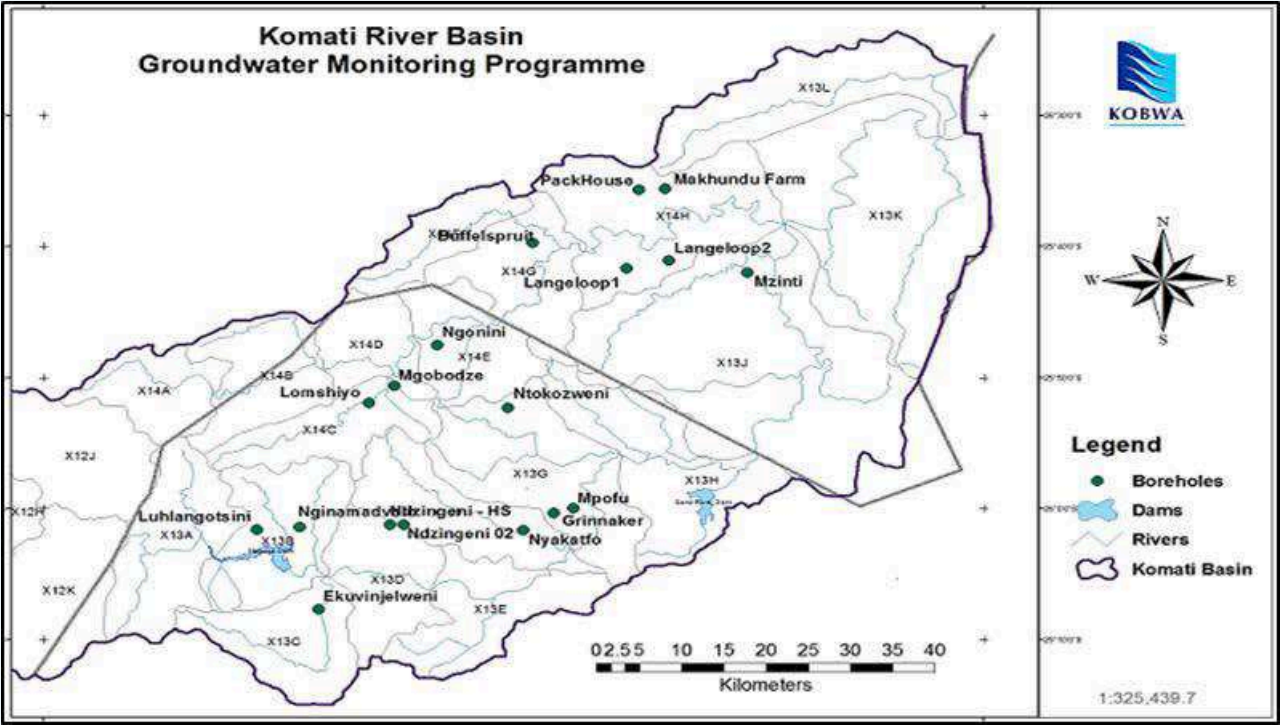


Figure 13a: Location of the KOBWA monitored boreholes

Figures 13b and **13c** below indicate the behavior of Fluoride and Sodium in all the monitored boreholes in the 2019/20 water year. A majority of the monitored boreholes indicate an ideal Fluoride content with a few exceptions which show a clear decline in water quality. These are Nyakatfo, Mpofu and Mhlangatane in Eswatini.

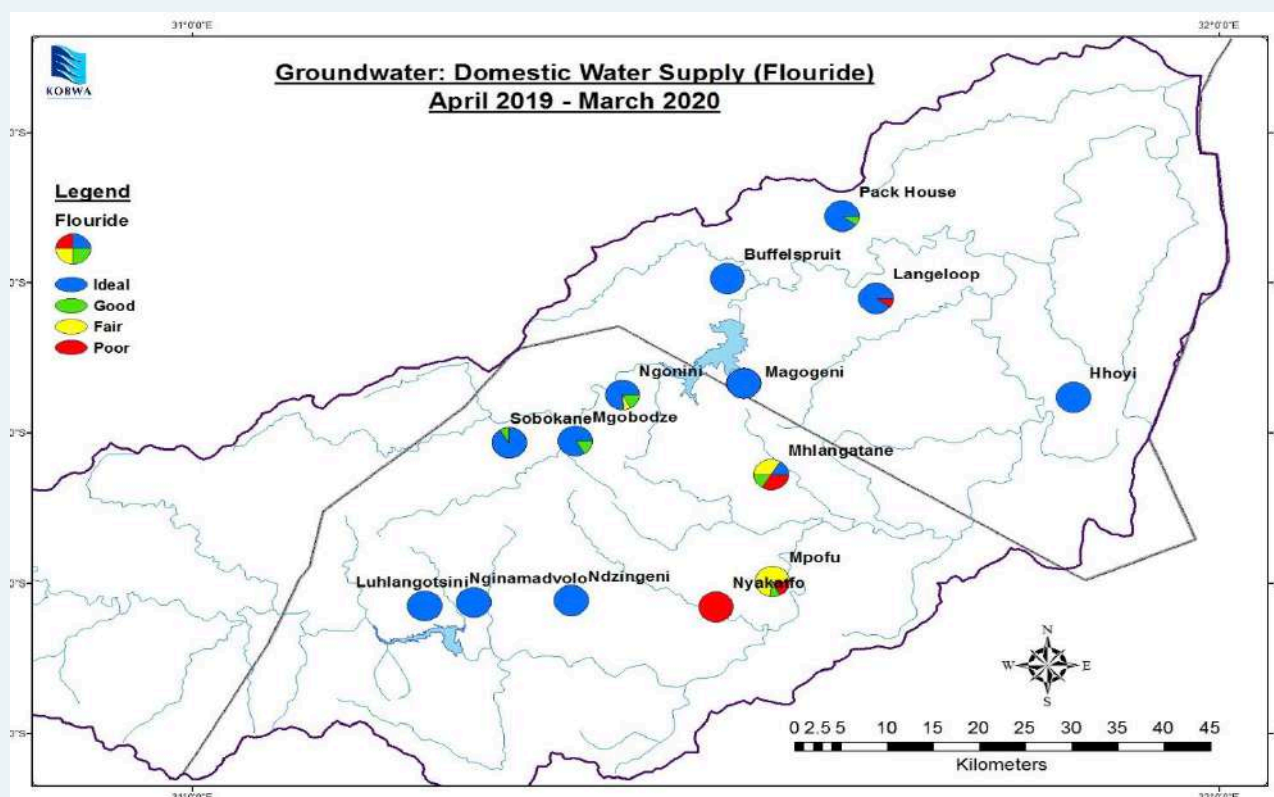


Figure 13b: Fluoride plotted as spatial plot for fitness of irrigation use for groundwater (2019/20)

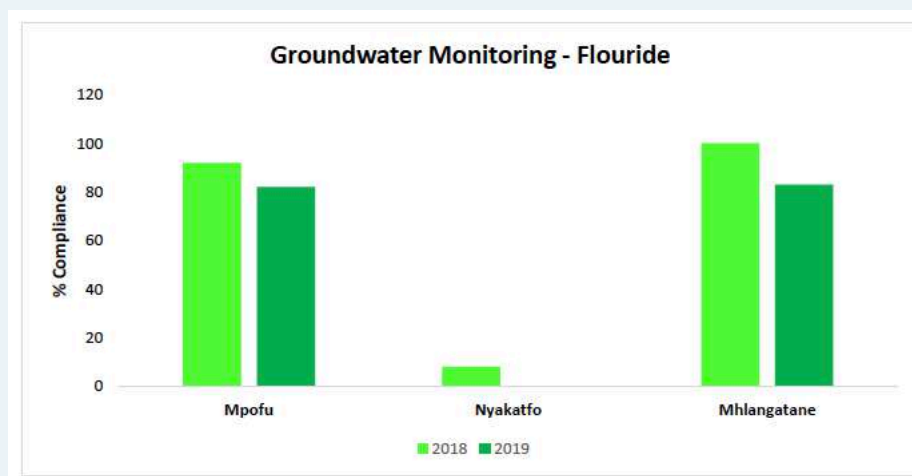


Figure 13c: Comparison of Fluoride compliance plot for selected groundwater sites over the years.

f) Biological Monitoring

This program forms part of the ongoing monitoring of the ecological state for the Lomati and Komati Rivers near Driekoppies and Maguga Dams. The wet and dry season bio-monitoring surveys were also undertaken in the reporting period at different locations previously identified as representative sections of the river, as shown in Figure 1.8a below. The objectives of this annual survey are to:

- Determine the Present Ecological State (PES) of the Lomati and Komati Rivers This includes the consideration of benthic diatoms, aquatic invertebrates and fish which typically reflect water quality conditions in the very short term (days);
- **Identify Key Issues:** Identify and assess the key ecological issues associated with the operation of Driekoppies and Maguga Dams, and;
- **Mitigation:** recommend mitigation measures, where appropriate.

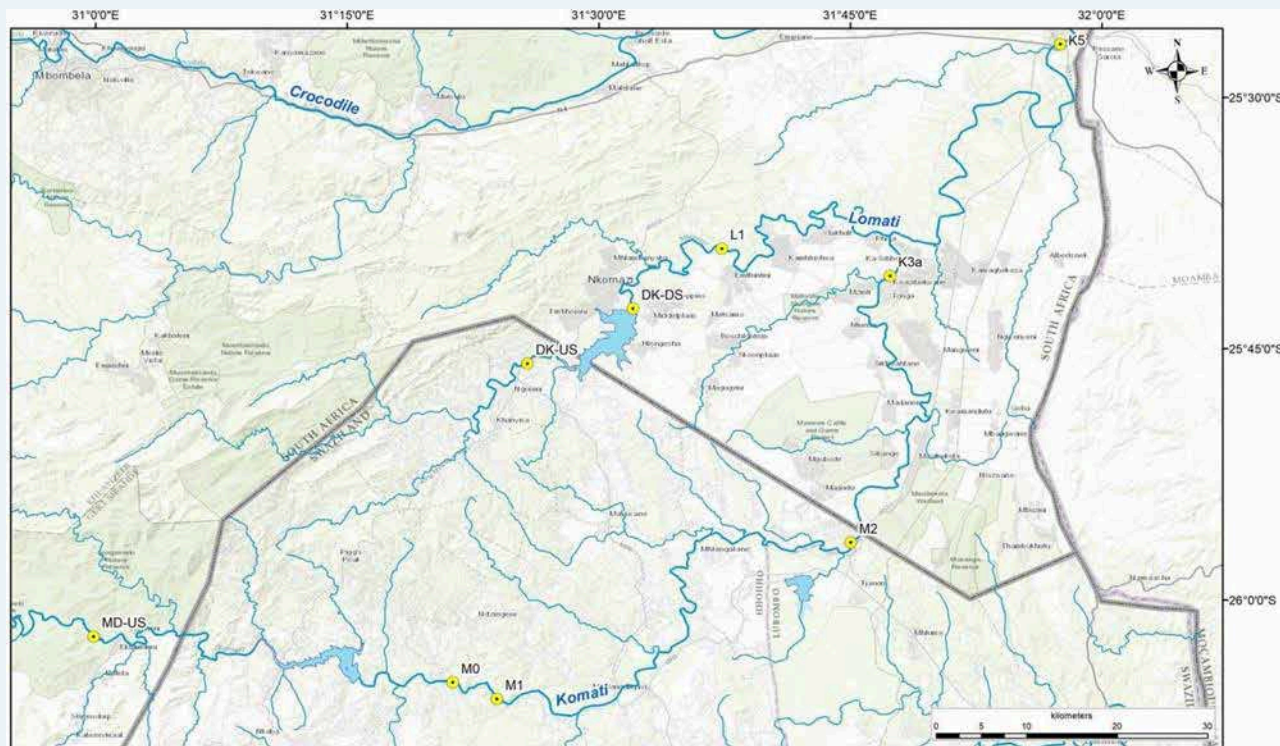


Figure 14a: *Biomonitoring Sites*

Key Changes in Sites

The following changes to the routine biomonitoring sites for the 2019/20 financial year were made as a recommendation from the previous survey. Three new biomonitoring sites were added to the routine sites. Below is a description of these sites and their justification for being added to the routine monitoring sites.

MD-DS

The site downstream of Maguga Dam (MD-DS) was discontinued as a long-term biomonitoring site and therefore not surveyed for this report. The reasons that MD-DS was discontinued were:

- biomonitoring results from this site were consistently poor and did not contribute to the understanding or management of the system. The poor results are attributed to the close proximity to the rebalancing weir and short-term fluctuations in flow caused by changes in sub-daily peak power demands; and
- instream habitats were poor and dominated by large boulders and this made sampling difficult.

M0 - Nyonyane

Site M0 was selected to replace MD-DS. This site is immediately downstream of the Nyonyane diversion weir and out of the immediate influence of the hydropower station at MD-DS (**Figure 14a**). The site is easily accessible and there is a wide diversity of instream habitats that make it an ideal site for biomonitoring. The site is also near the rated section at GS45.

M2 - Mananga

Site M2 is a new biomonitoring site at Mananga, near the border between Eswatini and South Africa. The site was chosen because of the long distance between M1 and K3a; the proximity to flow gauge GS30; and proximity to the border. The site is downstream of the YISIS diversion weir, but upstream of the sugar developments in South Africa, so the site provides information on river conditions before the river flows back into South Africa. The site comprises a small riffle and wide sand bar and is limited in terms of the diversity of instream habitats (**Figure 14b**). However, it is the best site available for biomonitoring in that stretch of river).



Figure 14b: M0 – Nyonyane M2



Mananga

Summary of Compliance

An overall measure of compliance of biomonitoring targets was based on the following formula:

$$\text{Compliance} = (\text{Number of Failed metrics} / \text{Total number of metrics}) \times 100$$

The compliance value indicates the extent of overall ecological impacts, and results were classified into one of six categories (**Table 8**).

A colour system was used to classify compliance to biomonitoring targets for each Key Performance Indicator as follows:
Green: No Impact. Results within recommended biomonitoring target, and not worse than upstream control. No corrective action needed.

Red: Impacted. Results exceed threshold, and significantly worse than upstream control. Corrective action triggered.

The targets are applied only to sites that are potentially impacted by the operation and management of the KOBWA facilities (i.e. downstream of the two dams).

Table 8: Classification of Compliance Indicators

Category	Description	Compliance (%)
Excellent	No impact	>95
Good	Minor impact	80 - 94
Moderate	Moderate impact	60 – 79
Marginal	Large impact	40 - 59
Poor	Serious impact	20 – 39
Critical	Critical impact	>20

The data presented below is based on a review of available biomonitoring data and additional data collected in both the wet and dry season biomonitoring for 2019/20 financial year.

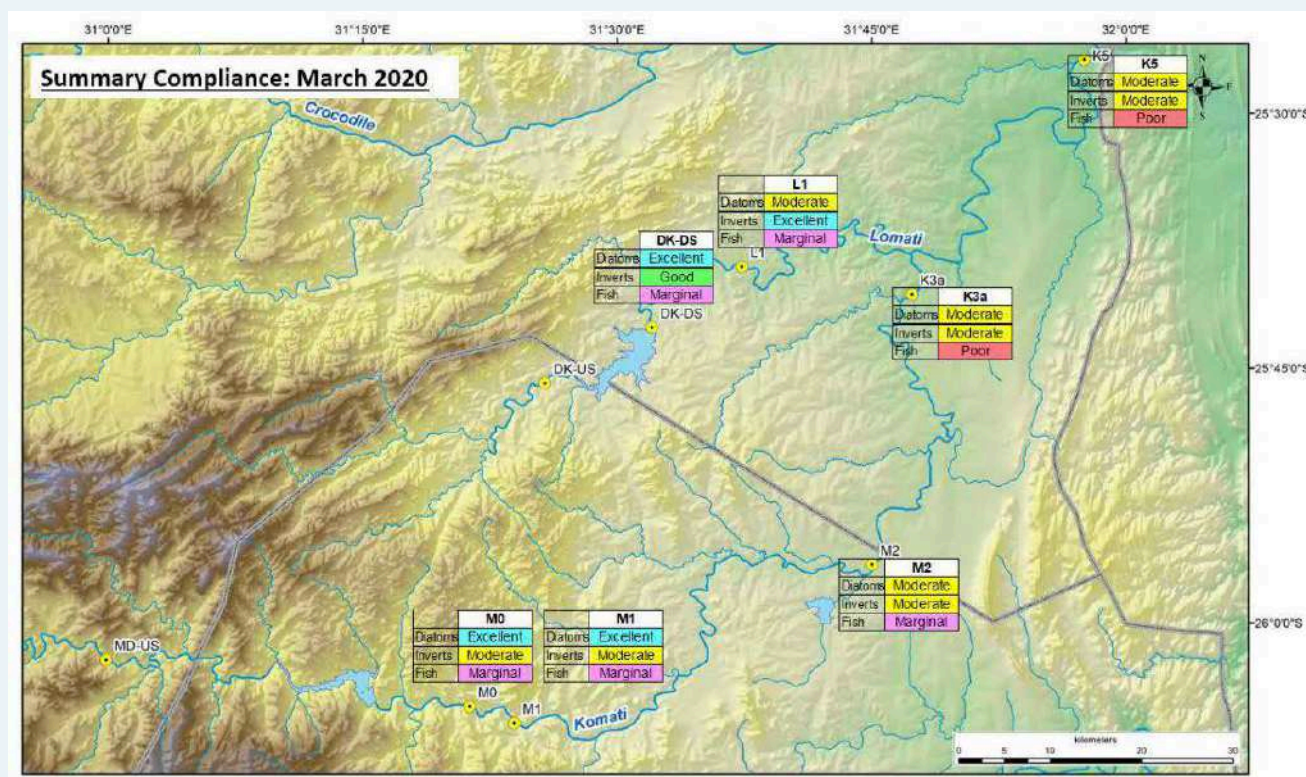


Figure 14c: Summary of Compliance – Wet Season Biomonitoring March 2020

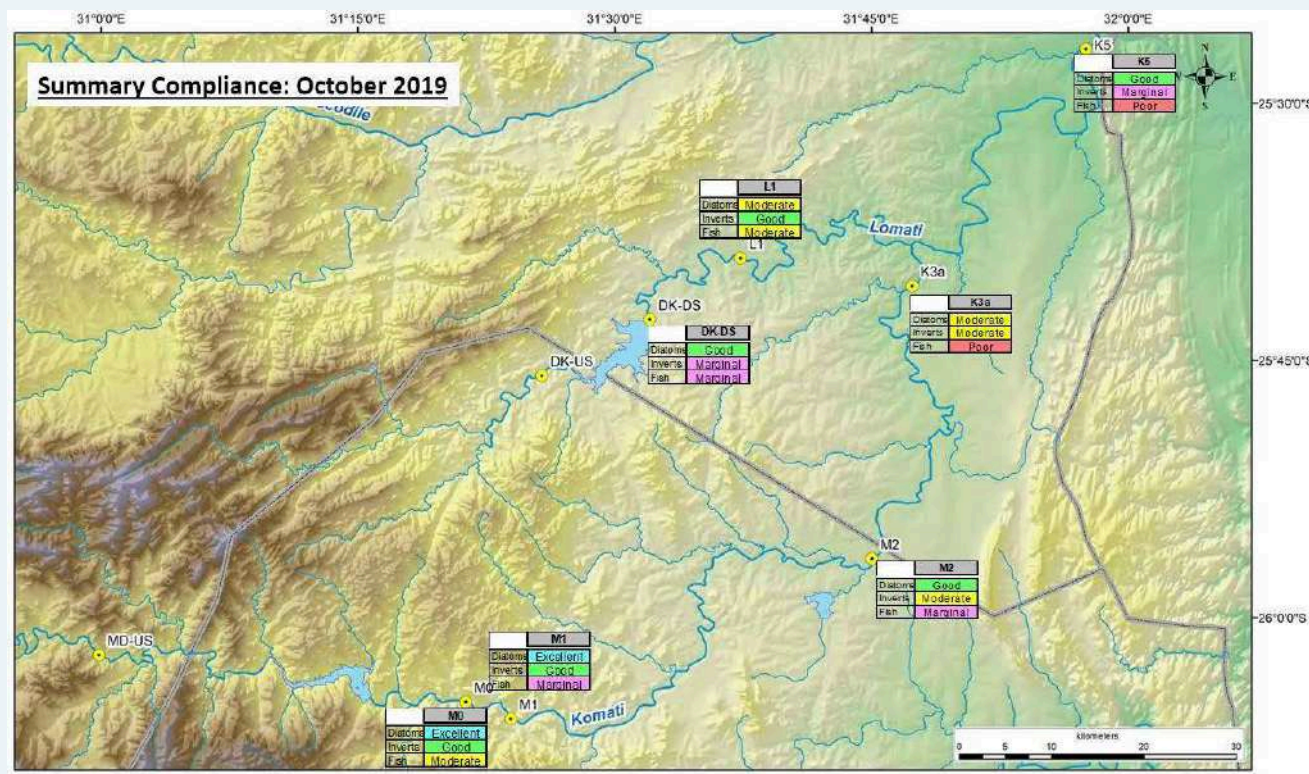


Figure 14d: Summary of Compliance – Dry Season Biomonitoring October 2019

Lomati River

Driekoppies Dam in March 2020 had no measurable detrimental impacts on biological water quality as reflected by the composition and abundance of diatoms (**Figure 14c**). The impoundment had small but measurable impacts on the composition of macroinvertebrates, and severe impacts on the composition and abundance fish (**Figure 14c**).

There were measurable impacts on the composition and abundance of macroinvertebrates and fish in March 2020 (**Figure 14c**). The cause(s) of ecological deterioration are not known for certain, but the most probable causes are periods of zero flow, particularly in the lower reaches of both rivers. The results are similar to the previous survey, conducted in October 2019.

Komati River

Maguga Dam in March 2020 had no measurable detrimental impacts on biological water quality as reflected by the composition and abundance of diatoms (**Figure 14c**). The impoundment had moderate negative impacts on the composition of macroinvertebrates, and severe negative impacts on the composition and abundance fish (**Figure 14c**). The results are similar to the previous survey, conducted in October 2019

The results show an improvement between the Dry Season biomonitoring in October and the Wet Season Biomonitoring in March. There are noticeable changes within the indicators especially the macroinvertebrates and the fish. The diatoms have somewhat remained stable throughout both seasons with no significant changes. A summary of all the key findings and recommendations is outlined in **Table 2**.

Recommendations

Low flows

A significant improvement (reduction) in the frequency and duration of zero flows during the period of review for this report (September 2019 to March 2020) is noted. However, the improvement fell short of the aim of eliminating periods of zero and very low flow downstream of the dams, as far downstream as the confluence with the Crocodile River. The recommendations for low flows therefore are that: All weirs should be managed to ensure constant overflow (spillage).

Attention should be given to ensure minimum monthly low flows are maintained at Sandbult (KOB001), Tonga (KOB002), and Lebombo (KOB004). Daily average discharge at these weirs should continue to be monitored and the data analysed to understand the magnitude and duration of low flow events, and how these may affect the ecological state of the river downstream. Maintaining perennial flow at all locations will help to alleviate elevated salinity in the lower reaches of both rivers.

High flows

The operation of both dams, but Driekoppies Dam in particular, should be reviewed with the aim of providing periodic high flow events of short duration during summer months. The release of periodic high flow events during summer has numerous beneficial impacts that will improve overall river health, including reducing the proliferation of Water hyacinth.

Riparian Buffer Zones

The delineation of riparian zones along both rivers and main tributaries and appropriate buffer zones of limited development and no cultivation should be established and implemented in consultation with the relevant land owners.

Priority areas for rehabilitation of riparian zones should be identified and interventions should be focused in these areas.

Survey	Key Findings	Interpretation	Recommendations
Wet Season Biomonitoring	Low Flows	Significant improvement in frequency and duration of zero flows, however it did not eliminate the periods of very low flows downstream at the confluence of Crocodile River	- The need for development of riparian buffer zones to delineate riparian zones along both rivers, Lomati and Komati. The priority areas for rehabilitation should be those areas where there is observed elevated nutrient content along the river. This would greatly improve the nutrient enrichment as well as the elevated conductivity levels. - The operation of Driekoppies and Maguga Dam should be reviewed with the aim of eliminating periods of zero flow and very low flow downstream of the dams, as far downstream as the confluence with the Crocodile River. All weirs should be managed to ensure constant overflow (spillage) - The operation of both dams, but Driekoppies Dam in particular, should be reviewed with the aim of providing periodic high flow events of short duration during summer months, as recommended by the revised EWR. - Ongoing biomonitoring is recommended.
	Periods High Flows	The need for periodic high flows to improve overall river health.	
	Eutrophication	The alien Mosquito fish <i>Gambusia affinis</i> was recorded in the Komati River at MD-D, downstream of Maguga Dam. The record of this species indicates further decline in the ecological integrity of the Komati River.	
	Alien Fish species	Two alien fish species recorded the <i>Serranochromis robustus</i> & <i>Micropterus salmoides</i>	
Dry Season Bio-monitoring	Low Flows	Zero and very low flows downstream of the Lomati River at Sandbult, Tonga and Lebombo.	
	Short Term Variations	Hourly and weekly variations in flow at the weirs are detrimental to downstream river ecology.	
	Water Hyacinth	Proliferation of water hyacinth particularly in the Lomati.	
	Alien Fish Species	Alien fish species recorded the <i>Micropterus salmoides</i> & <i>Serranochromis robustus</i> .	

Table 9: Summary of Biomonitoring Key Findings and Recommendations

INFRASTRUCTURE OPERATION AND MAINTENANCE

a) Introduction

The main infrastructure that is managed by KOBWA is the two dams, namely Maguga Dam and Driekoppies Dam.

Dam Operation and Maintenance Manuals were developed for both dams to ensure the smooth operation and maintenance of all relevant components of the system. The manuals are still in use and the two dams are still operated and maintained as such.

The management of the infrastructure includes collection of daily, weekly and monthly data. Weather station data and dam level data are compiled in reservoir sheets for both dams. Data from instrumentation located at various points at the dam wall are also archived in hard and soft copies. These include readings at seepage weirs, piezometers, inclinometers and relief wells. These data are useful for monitoring the levels of seepage from the dam as well as the dam wall movements.

b) Dam wall monitoring

Data was collected from instrumentation embedded at various points of the dam wall. Graphs of some of the data collected from the piezometers at Maguga Dam and Driekoppies Dam are shown in the Figures below. Thus far there are no alarming indications from the readings.

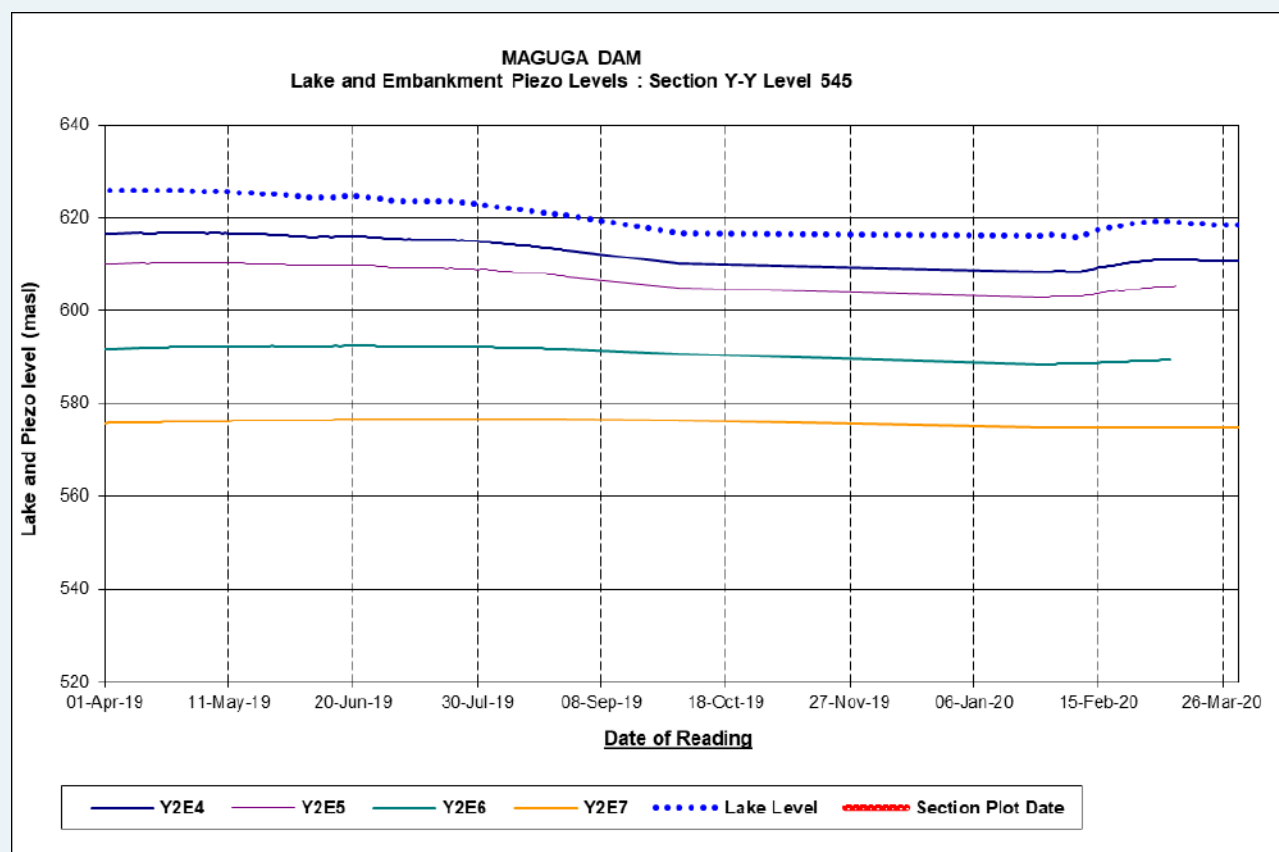


Figure 15: Lake and Embankment piezometers levels at the Maguga Dam wall

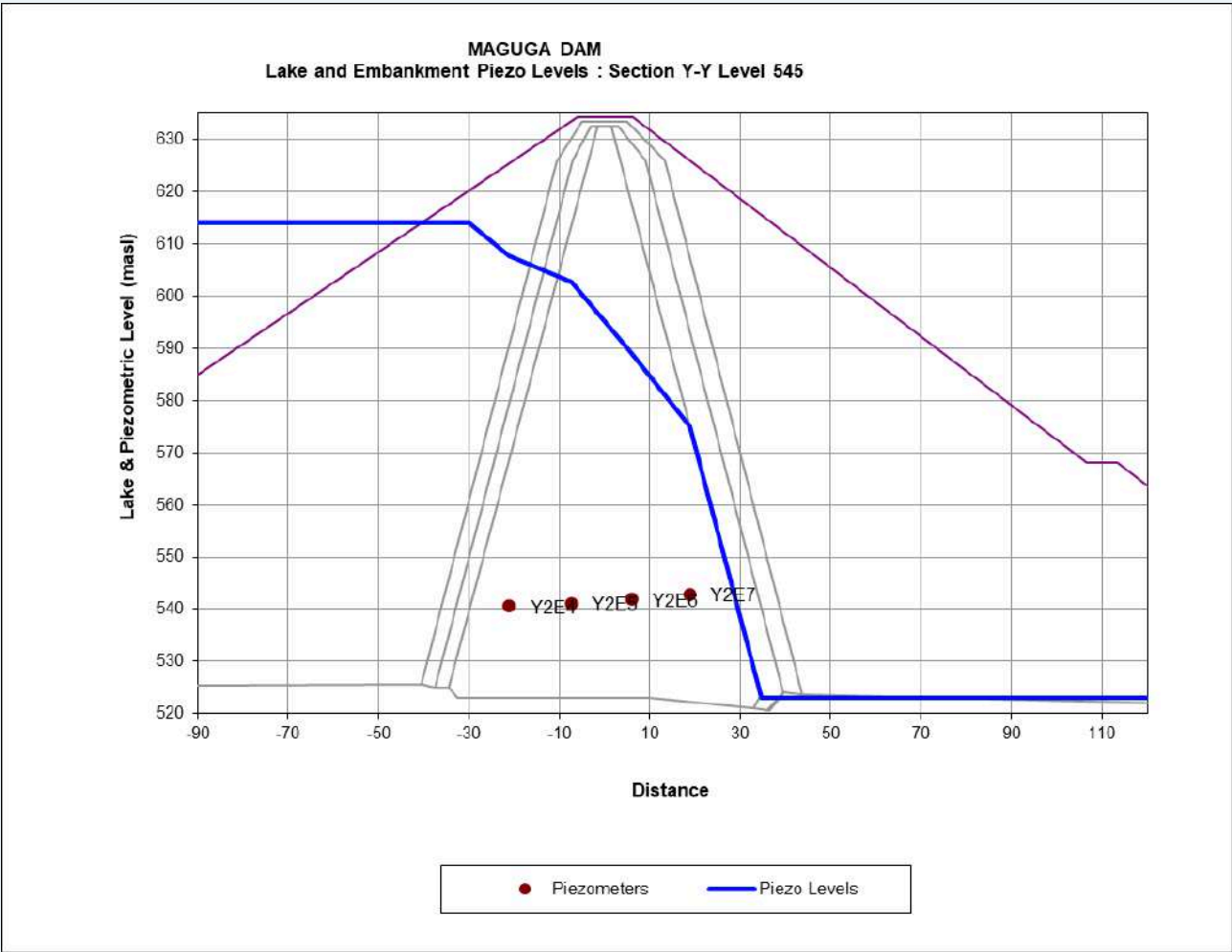


Figure 16: Lake and Embankment piezometers levels and positioning at one of the dam sections at Maguga Dam wall.

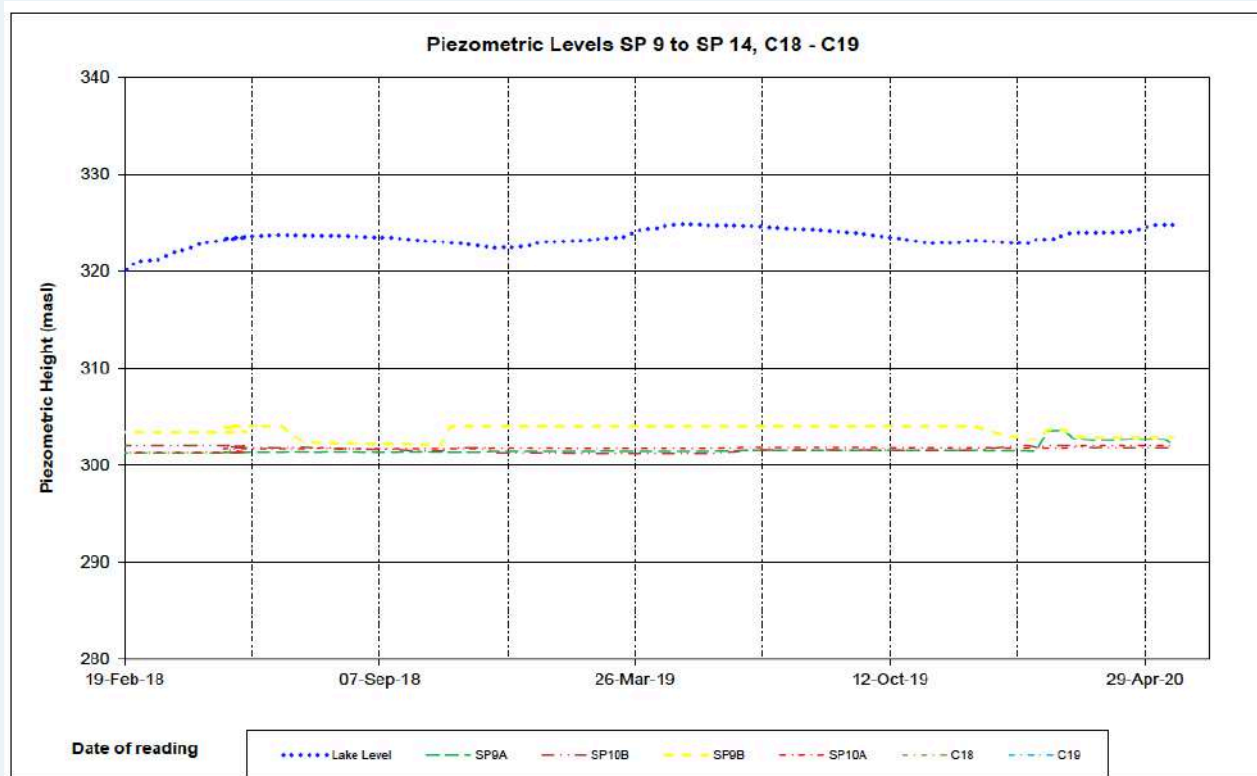


Figure 17: Piezometric levels at Driekoppies Dam

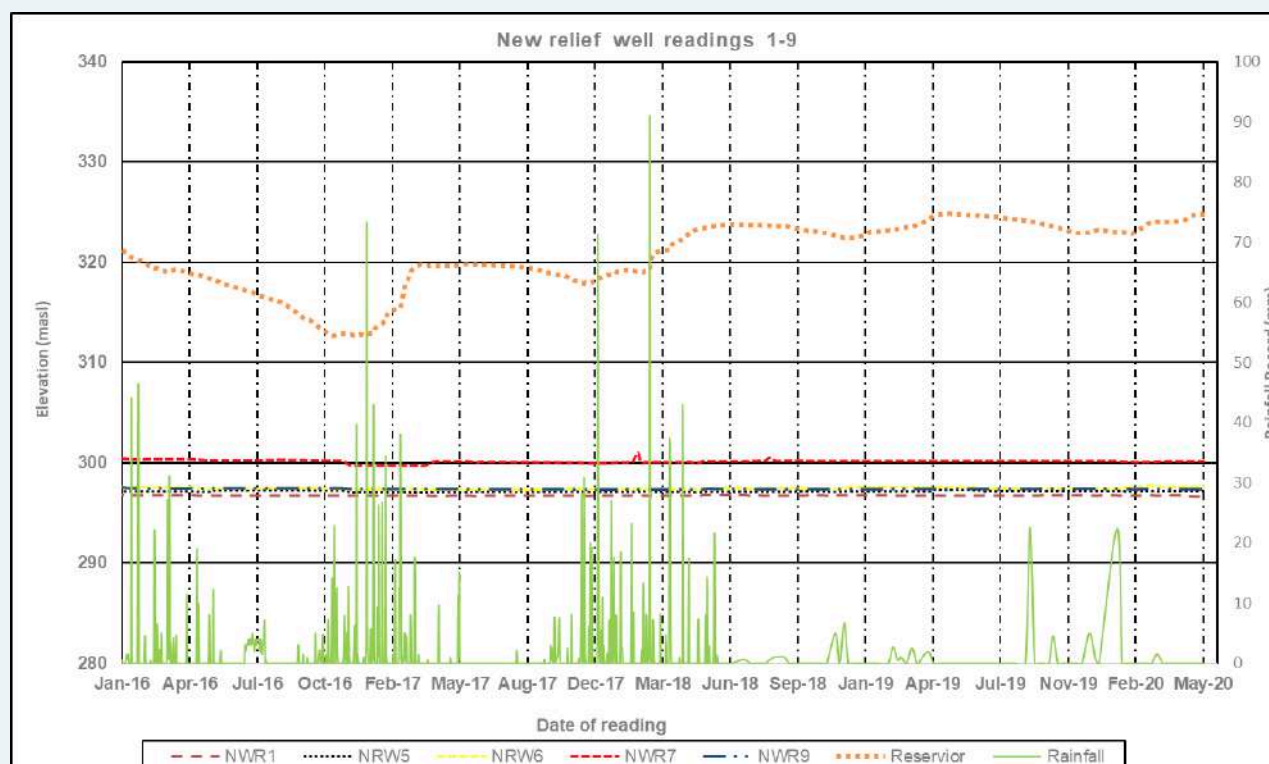


Figure 18: Relief Well levels for Driekoppies Dam

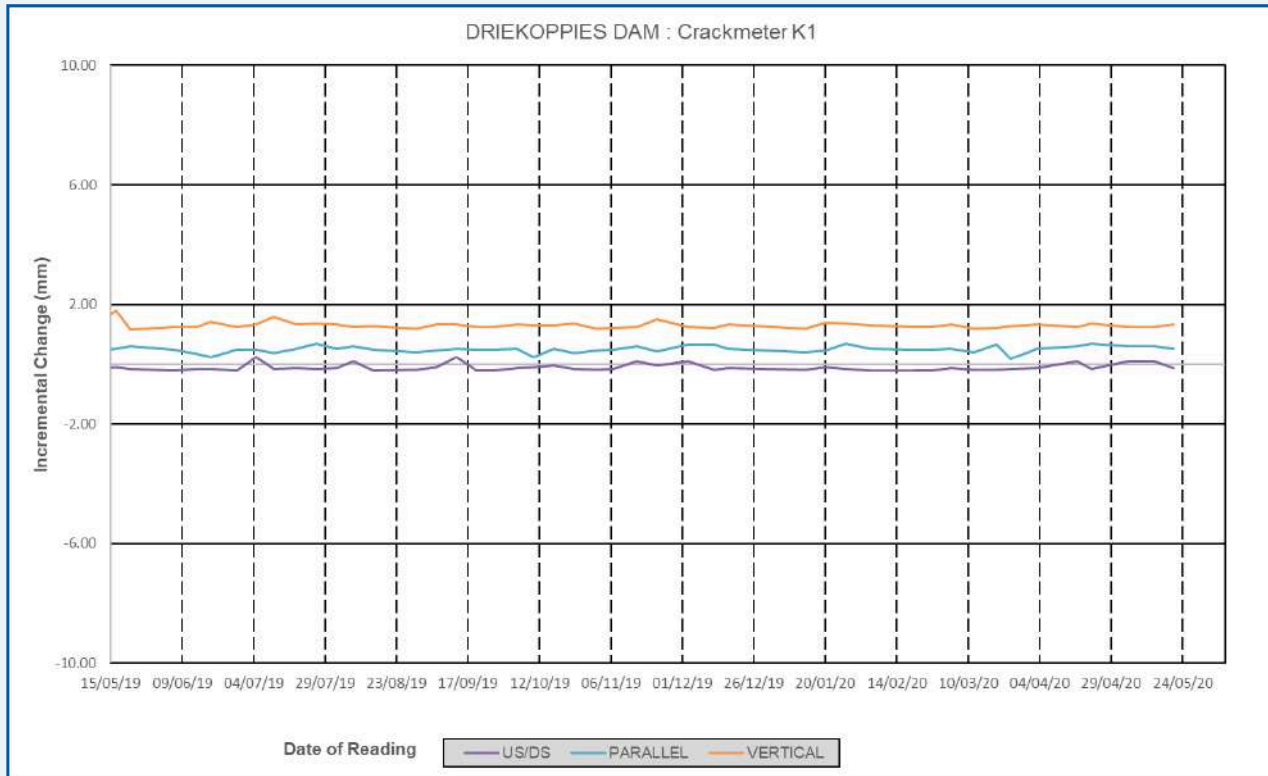


Figure 19: Graph showing reading from the crack meters at Driekoppies Dam.

c) Selected maintenance activities

Some maintenance activities include the following:

Emergency gate (Stop Log):

The stop log was involved in an incident whereby it failed to hook on the resting pins meant to keep it in place and hence nurtled all the way down to the base of the dam wall at Driekoppies Dam. This resulted in damages to the stop log. In the 2019/20 financial year the stop log was successfully transported to Johannesburg and repaired. It has subsequently been transported back to Driekoppies Dam and installed. The stop log is shown in the opposite picture.



Picture: PStop log upon delivery at Driekoppies Dam

Repair of mini-substation and electricity system at dam wall:

There was a lightning strike at Driekoppies Dam which resulted in serious damage to a section of the sub-station which powers the dam. The stand-by generator was used to power the dam whilst repairs were conducted on the sub-station.

RISK AND UNCERTAINTY MANAGEMENT

a) Introduction

This section deals with issues of emergency preparedness planning, groundwater assessment, weather station augmentation and GIS. The management of the aquatic ecosystem monitoring has recently been added to the portfolio of this section as such it will be reported under this section in future.

b) Emergency Preparedness Planning

Some activities were limited due to the vacancy of the IWRM Specialist position, which was eventually filled in October 2019. However, the section was able to organize two workshops for emergency preparedness planning involving external stakeholders. These were both held in December 2019.

c) Geographic Information Systems

The GIS unit installed additional floodline pegs around Maguga Dam. These pegs delineate the 1:100-year floodline to help prevent encroachment by community developments. On the RSA side the flood line markers for the 1:50 year flood which were installed over five years ago in both Eswatini and Republic of South Africa needed a serious maintenance including painting to restore the yellow color. The South African side has almost all been repainted and only the Eswatini side has not yet been attended to.

d) Weather Station Augmentation

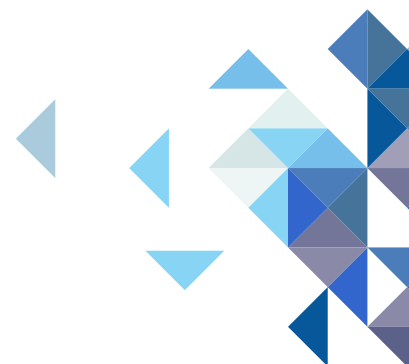
There are eight rainfall stations in all, including Maguga Dam and Driekoppies Dam weather stations. Five of the stations are operational except for Bulembu, Maphalaleni and Mpofu.

HydroNET: The HydroNET system which provides weather data and as well as other modules for water management was identified as a system that would enhance KOBWA's operations. The weather data module was then procured during the 2019/20 financial year.

The HydroNET annual licence has been procured and the first training session was held on the 20th February 2020. This will give KOBWA continuous access to weather data compiled by the South African Weather Services. It will also assist with weather forecasts that KOBWA needs to manage dam releases. HydroNET will be evaluated as it is being used in order to monitor the actual benefits from the system and possibilities for the future.

e) The Climate Resilient Infrastructure Development Facility (CRIDF) Initiative

CRIDF is currently assisting KOBWA on the rehabilitation of the Mananga Gauging Station. This support has been in the form of conducting a feasibility study for the rehabilitation of the station. The study was completed in December 2019 and CRIDF have provided a report for review by KOBWA. The report was reviewed and sent to the Parties for their comment. It was subsequently accepted by the Parties. There is a window of opportunity which may enable CRIDF to fund the actual rehabilitation works to the tune of about R/E20 million.



8

FOCUS AREA: TECHNOLOGY AND BUSINESS PROCESSES



OBJECTIVE: To have technology systems and business processes that enable business efficiencies.

8.1. Health and Safety

8.1.1. Hazard identification and Risk Assessment (HIRA)

The health and safety of employees is one of the most important responsibilities of the employer. KOBWA subscribes to the Occupational Health and Safety legislations of Eswatini and South Africa hence the recognition of a safe work place and practices. In the first quarter of the financial year, the organisation engages in the process of identifying hazards that staff are exposed to in their respective jobs. This exercise precedes the compilation of the Hazard Identification and Risk Assessment (HIRA) report which informs applicable mitigation measures e.g. the compilation of the personal protective equipment (PPE).

8.1.2. First Aider Refresher Training

KOBWA has a team of appointed first aiders who were last trained in October 2016 Level 2 course by Institute of Emergency First Aiders. The certificates by legislation are valid for a period of three years hence the First Aiders were due for a refresher in 2019. KOBWA trained her First Aiders successfully and they are as follows;

First Aider	Office	Position
1. Khethiwe Ngcobo	Driekoppies	Systems Technician
2. July Motsa	Maguga	Driver/ Handyman
3. Sibongo Magagula	Driekoppies	Gardner
4. Nompumelelo Mnisi	Maguga	Receptionist
5. Musa Dlamini	Maguga	Handyman

Table 10: KOBWA Trained First Aiders

8.2. Quality Management

Following a number of measures to put in place a sound quality management system which includes training; KOBWA conducted a gap analysis on two systems;

- The ISO 9001:2015 – The Quality Management System
- The ISO 17 025:2015 – The Laboratory Quality Management System.

The KOBWA lab has just been relocated a bigger space to allow for better compartmentalisation of the testing activities. Certification of the laboratory as per the ISO 17025 will assist the lab in demonstrating the ability to consistently produce accurate test and valid test results, hence obtaining customer confidence.

8.3. Supervision – Health and Safety Intern

KOBWA has been supporting The University of Eswatini by taking in their students for an 8-week program for internships for the past few years. The office of the RQO was given Sinethemba Dlamini who is studying Occupational Health and Safety and Lungelo Mthethwa who is doing Water Management. Sinethemba was attached under RQO for 8 weeks whilst Lungelo was attached for a two-week period. During the course of the internship, the students were exposed to the theoretical and practical parts of Occupational Health and Safety.

The theoretical parts include; Hazard Identification and Risk Assessments, the OHS Acts etc. Practical parts include OHS inspections, OHS Meetings and audits. The attached Vehicle Inspection report was done with Sinethemba hence she was exposed to the practical part of vehicle safety management. The interns were also oriented on Premises Inspection and given the task of inspection independently guided by the OHS Inspection form. Sinethemba Dlamini who is pursuing Occupational Safety and Health has been exposed to Premises and Vehicle Inspections, OHS Committee Meetings, report writing, incident management, hazard identification and risk assessment, etc.

8.4. Internal Audit

The scope of internal audit is to determine whether KOBWA's network of risk management, control, and governance processes, as designed and represented by management, is adequate, effective and functioning as intended to ensure that:

- Risks are appropriately identified and managed;
- Significant financial, managerial, and operating information is accurate, reliable and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently and adequately protected;
- Programmes, plans and objectives are achieved;
- Quality and continuous improvement are fostered in the organisation's control process;
- Significant legislative or regulatory issues impacting the organisation are recognised and addressed appropriately; and
- Assets are adequately and appropriately safeguarded.

The following deliverables were carried out during the course of the financial year:

- A high-level review of the KOBWA Internal Audit, to assess its readiness for the mandatory External Quality Assurance Review (QAR) which must be done every after five (5) years;
- A revised Internal Audit Charter which was presented to the Finance, Risk & Audit Committee and approved by the Board;
- A Three Year Rolling and Annual Internal Audit Plan(s) which were presented to the Finance, Risk & Audit Committee and approved by the Board;
- Internal Audit Policies and Procedures, namely the Internal Audit Policy, the Management Control Policy; the Quality Assurance & Improvement Programme, and the Internal Audit Procedure Manual (Methodology), which were presented to the Finance, Risk & Audit Committee and approved by the Board;
- The Procurement & Petty Cash audit which was presented to the Finance, Risk & Audit Committee and approved; and
- Quarterly Follow-up audits, which were presented to the Finance, Risk & Audit Committee for Board approval.

8.5. Electronic Document Management System

Following the awarding of the tender to Techno brain (Pty) Ltd, contract negotiations commenced and implementation of the project was commissioned. By the end of March 2020, 75% of the full project scope had been implemented. The table below shows milestones that had been achieved;

No.	Item	Status
1.	System Design	Completed
2.	Service provider access to the server	Successfully granted
3.	Configuration, deployment & testing of EDMS on KOBWA Servers	Completed
4.	Identified SAGE Reporting configuration & rescheduling issues	Satisfactorily resolved
5.	Identified issues on HYDSTRA integration	Satisfactorily resolved
6.	Pre-User Access Training	Delayed by COVID-19 lockdowns
7.	User Access Training (all users) and sign off	Pending
8.	Go Live and sign offs	Pending
9.	Project Closure	Pending

Table 11: *Milestones achieved with Technobrain*



9

FOCUS AREA: PEOPLE



OBJECTIVE: To attract, develop and retain competent staff who promote the vision and culture of KOBWA

The key function of the department is providing strategic leadership in managing the Human resources at KOBWA and the organizational culture and to develop and drive forward appropriate strategies to facilitate the implementation of quality and efficient corporate services and communications, policies and programs to the attainment of KOBWA's corporate goals and objectives.

Terminations

Death	O
Retirement	1
Resignation	2
Dismissal	0
Intercompany Transfer	0

Table 12: Staff terminations

10. Demographics

2.1 Demographics of the KOBWA Human Resource on 31 March 2019.

	All Staff	Executive	Mid Management/ Technical	Supervisory	General Support	%
Number	39	4	8	14	14	100
By Country Of Origin						
RSA	14	2	3	4	5	36%
KoE	25	2	5	9	9	64%
By Sex						
Males	22	3	2	9	8	56%
Females	17	1	6	4	6	44%
By Station						
Driekoppies	14	1	3	5	5	36%
Maguga	25	3	5	8	9	64%

Table 13: KOBWA Staff demographics

2.2 Human Resource Strength

The strength of human capital for the year 2019/ 20 is tabled below.

Type of Employment	No.
Permanent	33
Contracts Internships	6
Temporal	1
Internships	9
Total	49

Table 14: *Strength of Human Capital*

2.3 Internal Placements

The following placements were made in the year – 2019/2020

Department	Position of Incumbent
Operations Department	Integrated Water Resource Management Specialist

Table 15: *Internal Placements*

2.4 External Recruitment

Department	No.
Finance	Assistant Accountant
Administration	Internal Auditor
Administration	Communications Officer
Operations	Infrastructure Management Technologist
Operations	WR Systems Technician

Table 16: *External Recruitments*

11. Training and Development

Performance maximisation is one of the priority areas at KOBWA. In order to achieve this, KOWA provides capacity building opportunities for employees, informed by ongoing performance monitoring and assessments. This is viewed as one of the vehicles to enable the organization to meet the needs and expectations of its stakeholders.

12. Employee Relations

12.1. Wellness

KOBWA subscribes to the notion that “The ground work of all happiness is health” and that without healthy employees it is difficult to realize organizational wellness. In light of this, KOBWA has created and maintained a culture of wellness, fostering a workplace that encourages and promotes the wellbeing of employees. Continued support with the ultimate goal of keeping employees healthier at work and, while helping them to develop healthy habits in both their personal and professional lives. Giving employees time off to engage on physical exercise every Wednesday, participation in local sports events & marathons were part of the wellness activities implemented. The wellness programmes were not going to be complete without the yearly Wellness Day characterised by health screenings, and critical health dialogues that touch upon all aspects of wellness.

12.2. Relationship Building

KOBWA staff participated in sporting events like walks, marathons and tournaments as part of team building. These were namely, Selati Marathon, Imbube Marathon, and Jabulisa Foundation Marathon. A team building session was held in December where KOBWA values were emphasised.

13. Industrial Relations

An intensive negotiation process resulted in the parties signing a collective agreement upon settling for a Cost of Living adjustment of 4.7%.

10

FOCUS AREA: CUSTOMER AND STAKEHOLDER FOCUS



OBJECTIVE: To anticipate and proactively meet current and future customer and stakeholder requirements.

To attract new clients and expand our mandate (strengthen and position KOBWA as a preferred service provider)

9.1. Stakeholder Management

9.1.1. IIMA Implementation

9.1.1.1 Eswatini

In August 2019, the Ministry of Natural Resources and Energy (Eswatini) with assistance from KOBWA gathered water users on the Komati River Basin to a stakeholder meeting held at Maguga Lodge in Eswatini to discuss the implementation of the Interim Inco Maputo Agreement (IIMA) cross border flow into Maputo, Mozambique. The IIMA flow is 2.6m³/s instead of the 2.0m³/s starting from the 1st October 2019. It was reported that this was a mandate from the Joint Water Commission which had been outstanding since 2002, as detailed on the IIMA. Stakeholders were urged to co-operate and to comply with the mandate in order to avoid a situation where outstanding allocated water is demanded back by Mozambique. The Ministry stressed that the IIMA Agreement made provisions of natural changes on the hydrology and in that way, there was room for negotiations that could be initiated after the implementation. He also reminded participants of the identified future projects along the basin, like the construction of the Silingane Dam.



From left: KOBWA CEO – Collin Zwane, DWA Director – Trevor Shongwe and Principal Secretary at MNRE – Mrs. Winnie Stuart. Right; participants following the proceedings.

9.1.1.2 South Africa

The second meeting was held in September 2019 at KOBWA Hall in Malelane, South Africa. KOBWA made a presentation which showed the total water allocation per country state whereas users had expected allocations directly affecting them as well as the calculated impacts and risks associated with the change.



Left: KOBWA CEO welcoming participants and Right; Participating members at KOBWA Hall in Malelane



RSA JWC Commissioner, Mr. Gideon Siziba making a presentation.

9.1.2. Career Expo in South Africa

KOBWA prides herself in making sure that the youth is fully aware of KOBWA's operations and opportunities. This was done through hosting two career expos; one at kaHhoyi and the other at Kabokweni in collaboration with IUCMA. The first career expo was held at the tribal office ka-Hhoyi on the 16th of August 2019 and the other at Elijah Mango College on the 20th of the same month. In attendance were the Communications Officer Acting Ms. Colisile Nhlabatsi, Communications intern Ms. Siphesihle Dlamini and Risk and Quality Officer Ms. Kenzie Mavimbela. Other stakeholders who were invited by the IUCMA were the Department of Water and Sanitation, Tshikovha Graduates Academy, and SANBI National Botanical Gardens just to name a few.



Figure 1 Ms. Colisile Nhlabatsi presenting at the Career Expo.

Ms. Colisile Nhlabatsi made presentations on KOBWA background projects on both events. Ms. Kenzie Mavimbela's presentation focused more on the technical aspect of the organisation. She communicated to the students the facets of dam risk and safety highlighting on careers that pupils should focus on in reference to infrastructure management.

9.1.3. Mpumalanga Agricultural Show

KOBWA took part in the Mpumalanga Agricultural Show from the 29th of August 2019 to the 1st of September 2019 in Mbombela Stadium, Nelspruit. The show was aimed at industry professionals working in agriculture, forestry, wildlife, tourism, mining and energy. Being the third annual show in Mpumalanga, KOBWA was in attendance for the first time with the public showing a keen interest on who KOBWA was and her area of operation. Information for exhibition included KOBWA brochures, annual reports and the face-to-face interviews to interested participants. Giveaways such as pens, KOBWA took part in the Mpumalanga Agricultural Show from the 29th of August 2019 to the 1st of September 2019 in Mbombela Stadium, Nelspruit. The show was aimed at industry professionals working in agriculture, forestry, wildlife, tourism, mining and energy. Being the third annual show in Mpumalanga, KOBWA was in attendance for the first time with the public showing a keen interest on who KOBWA was and her area of operation. Information for exhibition included KOBWA brochures, annual reports and the face-to-face interviews to interested participants. Giveaways such as pens, rulers and caps were issued to visitors who visited the KOBWA stall and participated in the Q&A sessions.



Mpendulo Mashabane and Colisile Nhlabatsi (KOBWA), with exhibitors from IUCMA at the KOBWA Stand



Sam Mdluli attending to guests visiting the KOBWA stand

9.1.4. Nelson Mandela Day

KOBWA joined hands with other organisations in commemorating the Nelson Mandela Day on the 18th of July 2019 at Lusito Lwetfu Home Base Care Centre at Buffelspruit in the Nkomazi area. The purpose of the event was to honour the legacy of Nelson Mandela, South Africa's former President, and his values, through volunteering and doing community service work to benefit the disadvantaged.

KOBWA's contribution was painting the kitchen & offices of the Centre which caters for a total of 168 members, and planting vegetables that included 200 seedlings of each being; beetroot, spinach, green pepper and tomatoes. KOBWA further provided 65 packs of sanitary towels to teenage girls, 45 packs of tooth brushes, toothpaste and roll-ons to teenage boys and 20 packs of disposable adult diapers for the sick. KOBWA also bought garden tools such as 10x10 litre watering cans that were left at the Centre to water the garden.

The Centre Manager – Ms. Condzi Sibiya thanked KOBWA for choosing their centre for the celebration. The Chief Executive Officer, Mr. Collin Zwane, mentioned that company was determined to work with the community as it was established for the people. "Our Corporate Social Responsibility programme is to help and benefit the needy in areas of our operation," he said.

He further mentioned the importance of knowing the history of the country and encouraged children to learn about the life of the late icon, former President Nelson Mandela so that they can understand the importance of celebrating Mandela Day.



Members of Lusito Lwetfu planting vegetables



The CEO and CSD handing over donations to the Centre Manager

9.1.5. World Water Day

As a bi-national entity, KOBWA commemorates the World Water Day annually in South Africa and Eswatini. Due to the outbreak of the coronavirus in 2019, events were compromised, leading to the cancelation of the commemoration in South Africa.

However, for Eswatini, the event was organised with a limited attendance of representatives from Water Management organisations in attendance where the Minister of Natural Resources and Energy Eswatini, Hon. Peter Bhembe, convened a press briefing on the 19th of March and read the World Water Day speech for media publication. The commemoration for the year 2020 was themed “*Water and Climate change*”.



Left: Minister of Natural Resources and Energy, Hon. Peter Bhembe reading the World Water Day Commemoration speech. Right: Organisations representatives present at the commemoration.

9.2. Conferences and presentations

9.2.1. SHERQ Summit 2019

KOBWA was one of the sponsors at the third Safety, Health, Environment, Risk and Quality Summit (SHERQ) which was held at the Royal Swazi Convention Centre on the 1st and 2nd of August 2019. KOBWA also exhibited at the event which was themed ‘Corporate Sustainability’ and presented different strategies on how to achieve Vision 2022 on safety, health, environment, risk and quality in the workplace. Topics included ‘sustaining energy industry in Eswatini’, ‘food fraud’, ‘ISO standards and business sustainability’, ‘change management’, ‘bio safety and the economy’ and many others. A special brochure was prepared aligned to the theme “Corporate Sustainability” and the focus was on dam safety, assurance, risks and early detection.



Panel discussion presenters; Mr. Bruce Mills, Ms. Kenzie Mavimbela, Prof. Jasper Rees and Ms. Matlotlo Howe

The Honourable Minister of Commerce, Industry and Trade, Manqoba Khumalo was in attendance. In his speech he mentioned that the business community was rapidly changing which required it to develop sustainable strategies to improve business economic performances.

KOBWA was represented by the Risk & Quality Officer, Ms. Kenzie Mavimbela, who shared her experiences on how to manage and balance corporate sustainability in the work place. She emphasized on the importance of systems integration and also engaging employees in strategic discussions and introducing programs and/or systems in the workplace that will improve staff wellness.

9.3. Internal stakeholder management

9.3.1. KOBWA Staff bids farewell to Mervis Mndawe

On the 27th of February 2020, KOBWA staff bid farewell to Mervis Mndawe who had reached retirement age after having been with the company for about 27 years. The event was held at Matsamo cultural village.

KOBWA CEO, Mr. Collin Zwane, congratulated the retiring Ms. Mndawe on her retirement in his speech and also highlighted, “I’m sure we all recognise, respect, and appreciate the valuable contributions she has made to our establishment. The skills, knowledge, and other positive qualities that make Mervis has instilled in us through example in executing her duties and the time she’s been with us have helped shape each of our experiences at KOBWA in some special way.”



KOBWA staff posing with the retiring Mervis

Other colleagues who had remarks to share on Ms. Mndawe were Zanele Zulu and Eric Khoza who recalled humorous memories of their times together from the earlier days of the company.

Make Mervis started working for KOBWA as a casual cleaner in 1993, working for a couple of days per week before she was permanently employed in January 1994, based at the Head Office in Nelspruit until April 2002 when she moved to Driekoppies under the Water Management Department as the Head Office was in a transitional period to Eswatini, back then Swaziland.



KOBWA CEO Mr. Collin Zwane handing over a gift to Mervis Mndawe while Finance Director, Mr. Charles Matambo looks on.

9.3.2. KOBWA Staff Team Building

“Team work makes the vision work”. This was the theme for KOBWA’s team building session held at Greenway Woods Resort and Conference Estate in White River from the 6th to the 4th of December 2019.

The facilitators for the event was Shear Rock Adventures. There were 4 groups in total and the team enjoyed both indoor and outdoor activities which challenged teams to work together. The teams were encouraged to know the vision, mission and values of KOBWA.

KOBWA CEO made a heart-warming speech, acknowledging that KOBWA’s success was due to the commitment teamwork. He further cautioned that each and every KOBWA employee had the responsibility to ensure dedication to work in order for the next generation to benefit from it. The staff expressed their sentiments of delight, highlighting that the session was one of the best in years.



Staff after taking part in the Eiffel Tower challenge



Mpendulo Mashabane planning his moves on the tower challenge

9.4. Memoranda of Understanding

9.4.1. KOBWA signs Memorandum of Understanding with NDMA

On the 29th of April 2019, KOBWA signed a MoU with National Disaster Management Agency (NDMA) aimed at establishing a framework of cooperation between NDMA and KOBWA on disaster risk management within the Komati and Lomati river basins in Eswatini.

The two parties agreed to collaborate in the execution of data and information sharing in order to enhance early warnings for disaster. To achieve this feat, the two parties agreed to the sharing of data on dam levels, dam outflows, seismic data and upstream flows. The parties would also work together in awareness activities such as campaigns, workshops, school competitions and simulations especially on topics about droughts, floods and water related diseases.

Further contents of the MoU state that the parties would also join together to develop and implement Climate Change adaptation strategies. The parties also agreed to joint resource mobilisation for disaster related projects.

9.4.2. Memorandum of Understanding between IUCMA and KOBWA

KOBWA entered into a MoU with IUCMA which was signed on the 7th of May 2019 by KOBWA CEO, Mr. Collin Zwane and IUCMA CEO, Dr. Thomas Gyedu-Abablo. The MoU was signed in Mozambique during the REMCO involving South Africa, Mozambique and Eswatini.

The parties agreed to cooperate in the sharing of information, participating in joint events and forums, projects, the implementation of cross border flows and risk management of floods, droughts, pollution and unlawful sand mining.



KOBWA CEO, Mr. Collin Zwane and NDMA CEO, Mr. Russell Dlamini, signing the MoU.



Left: Mr. Sakhiwe Nkomo from KOBWA (L) and Dr. Tendai Sawunyama (R) signing as witnesses.



Right: Chief Executive Officer Mr. Collin Zwane and Dr. Thomas Gyedu-Abadio after the signing of the MoU.

9.4.3. MRBA and KRBA MoU

In December 2019, KOBWA initiated a MoU with the Komati River Basin Authority (KRBA) and Mlumati River Basin Authority (MRBA) in the kingdom of Eswatini envisioned to establish a partnership with the two agencies and merge into one river basin agency. The progress of the project was, however, stalled by the prevailing Covid-19 pandemic. It is envisaged that the process could be resumed in 2020/21.

11

FOCUS AREA: SOCIO ECONOMIC INITIATIVES

OBJECTIVE: To facilitate socio economic development within the basin through socio economic initiatives.

10.1. Corporate Social Responsibility

As a Corporate citizen, KOBWA values and supports community development initiatives along the Komati catchment area both in South Africa and the Kingdom of Eswatini. The funded projects are shown in the table below:

Project	Status of Work
Schoemansdal	Donation for a function
Driekoppies	Repairs to the Driekoppies Office access road
Langloop Home Based Care	Water supply and construction of ablution
Sifisokuhle Home Based Care	Painting of office block and water supply
Vlakbult Old aged Centre	Water supply
Sandlasemusa Home Based Care	Repairs to roofing and ablution block
Thembaletu Home Based Care	Repairs to ablution block

Table 17: KOBWA funded projects in South Africa

Project	Status of Work
National celebrations	King's Birthday donations
Matsamo Boarder Post	Water supply
Ekuvinjelweni, Nsangwini, Mashobeni and Nginamadvolu Royal kraal	Reed Dance T. Shirts for Imbali regiment

Table 18: KOBWA funded projects Eswatini

10.2. Board Touring CSR Projects

The KOBWA Board, on the 5th of September 2019, toured sponsored projects through the Corporate Social Responsibility program in the Nkomazi area in Mpumalanga, South Africa. Each year, KOBWA sets aside a budget of ±R/E500 000 to assist communities surrounding her area of operation with the budget is split by a 60:40 ratio between South Africa and Eswatini, respectively.

The Board visited three projects; Sifisokuhle Home Based Care at Jeppe's Reef, Sandlasemusa Home Based Care in Schoemansdal and Thembaletu New Hope at Jeppe's Reef. A majority of the home-based care centre workers are volunteers who look after orphans and the terminally ill.

Board Members present were Board Chairperson, Ms. Emelda Magagula, Non Executive Members Mr. Archington Thobejane, Mr. Lloyd Mzizi, Dr. Thomas Gyedu-Ababio and KOBWA CEO Mr. Collin Zwane.

Images of the tour are attached on the next page.



12

FOCUS AREA: FINANCIAL MANAGEMENT AND OTHER SOURCES OF INCOME

OBJECTIVE: To proactively source, secure and diversify our revenue streams

11.1. Financial Report 2019/2020

Most of the planned activities were met or good progress was achieved for the Financial Year 2019/20.

11.1.1. Government Funding:

For the FY 2019/20, the operational budget was approved at the same level as FY 2018/19 in response to the economic outlook within the Member States and KOBWA plans for cost saving and cost containment. This did not have a detrimental effect on the strategic plans as well as asset replacements.

The total budget of R/E 235,626,933 for the YF 2019/20 was approved, of which R/E 191,995,772 was for loan repayments as well as special projects while the remaining R/E 43,631,161 was for operational expenditure. The payable amount net of prior years' interest was R/E 232,441,868, by South Africa R/E 186,305,950 and the Kingdom of Eswatini R/E 46,135,919.

BUDGET & SUBVENTION PAYMENTS

Table 19: Approved Subvention Schedule for the Financial year 2019/20 with FY 2018/19 comparison:

	BGT 2018/2019	BGT 2019/2020
Republic of South Africa		
Total	173,178,390	186,305,950
Administrative & Operational	30,457,594	30,457,594
Loan Repayments	142,720,796	155,848,356
Kingdom of Eswatini		
Total	62,073,336	46,135,919
Administrative & Operational	9,948,502	9,948,502
Loan Repayments	52,124,834	36,187,417
GRAND TOTAL:	235,251,726	232,441,868

11.2. LOANS AND BORROWINGS

11.2.1. Long Term Loans:

11.2.1.1. Hambros Bank

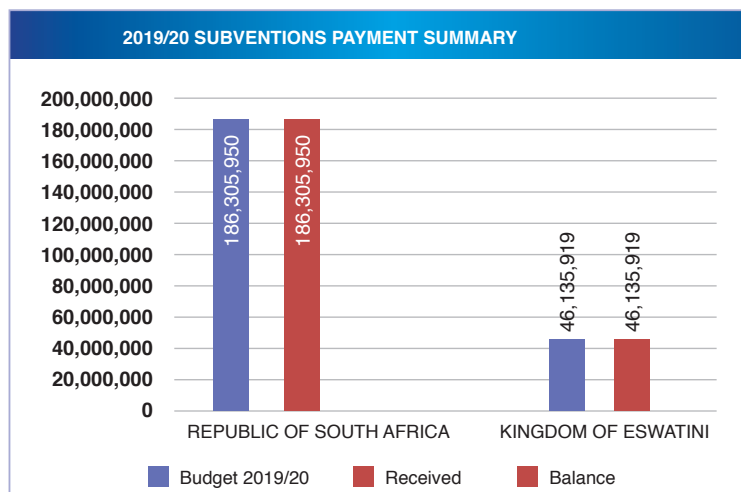
R/E 375 000 000 loan denominated in registered stock (bond) KW01 notes with a coupon rate of 13.5% payable semi-annually, which translates to R/E 25 312 500 interest. The balloon capital repayment is payable at maturity on 31 October 2027. Last payment was made on the 31st of October 2019 and 16 repayments still remain to maturity.

11.2.1.2. Compliance with the JSE requirements;

KOBWA continues to comply with the JSE regulations among them the following;

- GRAP reporting framework which is one of the acceptable internationally recognised reporting frameworks as stipulated by the JSE.
- Appointment of the JSE accredited audit firm PWC and JSE accredited Audit partner.
- Annual disclosures among them;
 - o King IV applicator register,
 - o Proactive monitoring,
 - o Confirmation of review of compliance with listing requirements,
 - o Certificate of compliance with debt listing requirements,
 - o Debt Issuer's Questionnaire which accompanies the AFS.
 - o Reporting within 6 months of closing year end

Figure 20: 2019-2020 YTD Subventions by country



11.3. PRICE SENSITIVE INFORMATION

Due to the effect of Covid-19 and the downgrading of South Africa investment grade by rating agencies, the rand was affected and so was a lot of businesses. The JSE requested entities with equity or debt to disclose the effect of such on the business if it there would be losses or changes which would be classified as price sensitive, or which would affect the entity's capacity to service the debt through SENS announcement. KOBWA's assessment was that the Covid-19 pandemic nor downgrading of investment grade of South Africa would not impact on the price or capacity to pay the debt.

11.3.1. Nedcor Bank Loan

The loan bears interest at 9.43% pa and has a nominal value of R/E 233 000 000.00. Loan held at amortised cost and bi annual payments are due on 30th September and 31st March each totalling R/E 16 867 258.00. The final payment was made on the 30th of September 2019 as the loan came to maturity.

11.3.2. Rand Merchant Bank Loan

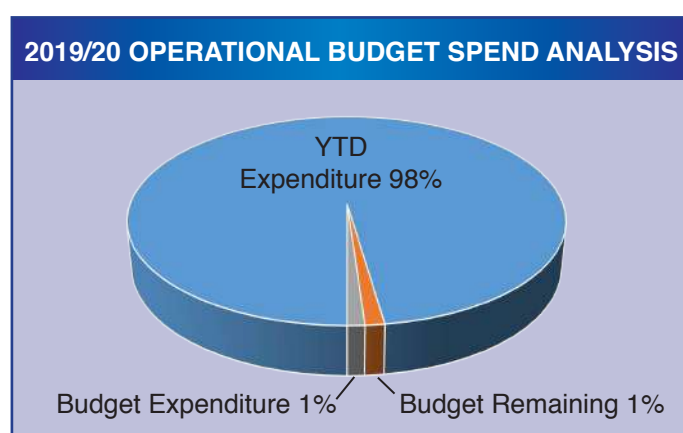
Nominal value of the loan is R/E 380 000 000 held at amortised cost with Interest rate being 11.24% p.a payable in equal instalments of R/E 26 767 237.00 on the 6th August and 6th February. The loan was fully paid on the 6th of August 2019 at its maturity date.

11.3.3. Development Bank of Southern Africa

This loan valued at R/E 488 401 000 was for the construction of Driekoppies Dam therefore related to SA DWS. It was held at amortised cost payable through two equal instalments of R/E 28 475 819.12 per annum due on the 30th September and 31st March and the loan bears interest at 10% p.a. The last instalment was due and paid on the 31st March 2020. The loan was fully paid on the 31st of March 2020 on its maturity date with the last instalment of R/E 26,163,322.

Financial Institutions	Face Amount	Effective interest rate	Start Date	End Date	# Remaining Installments	Balance 31.03.2019	Balance with interest to maturity
Gensec/Futuregrowth	165,000,000	13.08%	24.01.2001	31.10.2016	0	0	0
Rand Merchant Bank	380,000,000	11.24%	04.07.2001	06.08.2019	0	0	0
Nedbank/Old Mutual	233,000,000	9.43%	29.10.2001	30.09.2019	0	0	0
Hambros Bank	375,000,000	14.87%	30.04.1998	31.10.2027	16	375,000,000	780,000,000
DBSA	488,401,000	10.00%	30.09.2000	30.09.2020	0	0	0
Total	1,641,401,000					375,000,000	780,000,000

Table 20: Detailed loan repayment schedule

**Actual Spend versus Budget**

- ✓ Total operational budget was approved at R/E 43,631,161
- ✓ Actual spend for the financial year R/E 42,612,812 (97.68%)
- ✓ Savings R/E 534,761 (1.23%).
- ✓ Underspend R/E 477,502 (1.09%)
- ✓ KOBWA Business plans projects expenditure of at least 95% of operational by end of year.

Figure 21: Operational Budget Spending analysis for FY2019/20 showing actual spend, savings and underspend for the year.

11.4. Key Strategic Finance Activities FY19/20

Below is a summary of the key strategic finance activities in the FY 2019/20.

➤ **Accounting Framework; GRAP Conversion**

- Conversion from IFRS to GRAP successfully completed.

➤ **JSE Pro-Active Monitoring**

- KOBWA FY 2018/19 was selected by JSE in terms of pro-active monitoring, which is done annually for all listed entities.
- The JSE was satisfied with the KOBWA response and the file was close after first submission.

➤ **SAGE Evolution Accounting System Implementation**

- Contract signed, system installed, implementation in progress. Implementation is planned to be completed in the following FY 2020/21.

➤ **Revenue Generation and Cost Containment**

- Culture of saving and cost cutting has been instilled, areas of saving identified and continue to be reviewed.
- New approach to revenue generation, framework in place to develop into strategy for inclusion into the revised strategy.
- Revenue generation key area of focus by finance going forward.

- **Finance Policies and procedures.**
 - SCM policy approved, work instructions to be implemented in FY 2020/21.
 - Most Financial policies drafted, some approved and remaining to be approved in the FY 2020/21.
- **Re-appointment of external auditors**
 - Approved by the BOARD.

Pack included for BOARD approval.

11.5. Affected Activities by Covid-19 Outbreak

- **Year-end reporting & Audit**
 - o Timelines were moved as the business processes changed in the greater part of Q4 and more strictly around the time of year end.
 - o The AFS were rescheduled together with the audit timelines as agreed with the auditors.
 - o Asset count/verification was postponed to later date.
 - o The Audit itself had to be planned on an offsite basis.
- **Budget & Procurement**
 - o Sourcing challenges as supply chain almost got to a halt globally,
 - o Most Deliveries for already procured goods was stopped, such deliveries were deferred to Q1 of FY 2020/21.
 - o Procurement related to Services was halted as services could not be rendered due to lockdown and travel restrictions.
 - o FY2020/21 budget likely to be impacted too as the lockdown went into Q1 with uncertainty as to when it would end for both countries.
- **Policies**
 - o Not able to be work-shopped therefore no submission for BOARD approval.
 - o All the outstanding drafts to be work-shopped virtually and submitted to BOARD in FY 2020/21.
- **Finance Committees**
 - o Tender committees not able to meet, meetings delayed and new tenders affected.
 - o Disposal committee and process not possible
- **SAGE Evolution Implementation Project**
 - o Project timelines were moved forward specifically training and parallel run which were planned with physical interphase.
 - o Remaining milestones had to be re-planned for virtual implementation.

11.6. Outlook into FY 2020/21

- **Year-end reporting & Audit**
 - o To be completed virtually and by the 31st of August 2020.
 - o KOBWA targets a clean audit in compliance with GRAP and JSE regulations.
- **Policies**
 - o All the outstanding Finance Policies to be finalized and submitted for BOARD approval in FY 2020/21.
 - o Some work instructions to be covered in FY 2020/21 and the rest to be covered in FY 2021/22
- **Revenue Generation, Cost saving and containment.**
 - o Becomes a point of focus for Finance going into the future and this will be a pillar on the proposed strategy.
- **SAGE Evolution System**
 - o Planned for completion in FY 2020/21.



ANNUAL FINANCIAL STATEMENTS 2019-20

General Information

Country of incorporation and domicile	South Africa and Eswatini	
Legal form of entity	Bilateral organisation formed in 1992 through a treaty between the Government of the Republic of South Africa and the Kingdom of Eswatini.	
Members	Ms E Magagula Mr B Singwane Mr A Thobejane Mr L Mzizi Chairperson: Dr T Gyedu-Ababio Ms N Mabuza Mr C Zwane	Chairperson Vice Chairperson Human Resources and Remuneration Committee Chairperson: Finance, Risk and Audit Committee CEO
Bankers	Standard Bank	
Auditors	PriceWaterhouseCoopers Inc Chartered Accountants (S.A.) Registered Auditors	
Secretary	Mr M Simelane	
Preparer	The annual financial statements were internally compiled by: Preparer: Finance Director (Charles Matambo) Supervisor: Chief Executive Officer (Collin Zwane)	

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DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
KOBWA	Komati Basin Water Authority
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
KOE	Kingdom of Eswatini

IPSAS	International Public Sector Accounting Standards
JWC	Joint Water Commission
RSA	Republic of South Africa
The Parties	Refers to the Government of South Africa and the Kingdom of Eswatini

Board's Responsibilities and Approval

The Directors are required to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of KOBWA as at the end of the financial year and the results of its operations and cash flows for the period then ended in conformity with the Standards of Generally Recognised Accounting Practice (GRAP) and the Johannesburg Stock Exchange listing requirements. The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statements have been prepared in accordance with GRAP including any interpretations, guidelines and directives issued by the Accounting Standards Board in terms of section 89 of the Public Finance Management Act In South Africa, based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by KOBWA and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout KOBWA and all employees are required to maintain the highest ethical standards in ensuring that KOBWA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management at KOBWA is on identifying, assessing, managing and monitoring all known forms of risk across KOBWA. While operating risks cannot be fully eliminated, KOBWA endeavours to minimise them by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Directors have reviewed KOBWA's cash flow forecast for the year to 31 March 2021 and, in the light of this review and the current financial position, they are satisfied that KOBWA has or has access to adequate resources to continue in operational existence for the foreseeable future. The approved budget for KOBWA for financial year 2020/21 is R/E 266,516,567. R/E 111,999,604 has been received in respect of the budget and the bank balance at the time of reporting was R/E 158,568, 771.

Therefore this gives the Board comfort and assurance that KOBWA has enough resources to cover expected expenditure for the next 12 months. The Board is also satisfied that the Covid-19 pandemic does not affect the going concern aspect of the business nor the level of its operations. The effects will mainly on operational and business processes which KOBWA has the capacity and resources to handle and make necessary changes to the business processes as well as adapt to the new norms of conducting business.

The external auditors are responsible for independent auditing and reporting on KOBWA's annual financial statements. The annual financial statements have been audited by KOBWA's external auditors and their report is presented on page 94 - 96.

The annual financial statements set out on page 99 -138 which have been prepared on the going concern basis, were approved by the Board on 18 August 2020 and were signed on its behalf by:



Ms Emelda Magagula
Interim Board Chairperson

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2020.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 4 meetings were held:

Name of member	Designation
Dr T Gyedu Ababio	Chairperson
Ms E Magagula	Member
Mr M Singwane	Member
Mr C Zwane	Ex-Officio Member

Audit Committee Responsibility

The Audit Committee is satisfied that the members thereof have the required knowledge and experience as set out in the Treaty. The committee held 4 meetings in the financial year which members attended.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein..

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management across the organisation is effective, efficient and transparent. The requirements of the Treaty and Delegation of Authority continue to be complied with and the Board adopted the King IV Report on Corporate Governance requirements. The Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective.

In terms of the JSE Regulations, KOBWA has reviewed the adoption of the KING IV principles as required by the regulations. An Applicator Register was developed and adopted by the Board outlining how KOBWA specifically adopted the principles. The Register is available on request and shall be published on the KOBWA website.

The Board considered the audit firm Pricewaterhouse-Coopers Inc, (PwC) and the audit partner (Schalk Barnard) in terms of registration and compliance with the JSE regulation as required in terms of the Hambros Bank Loan registered and trading on the JSE. The Board was satisfied with the submission that it met the requirements of the JSE.

Evaluation of annual financial statements

The Audit Committee has reviewed the Annual Financial Statements and recommended to the Board for approval.

Internal audit

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

External Auditor

The Audit Committee has nominated Pricewaterhouse-Coopers Inc, as the independent auditor and Schalk Barnard as the designated partner, who is a registered independent auditor, for the 2019/20 audit. The committee satisfied itself through inquiry that the external auditors are independent as per the standards stipulated by the auditing profession.

The Audit Committee in consultation with the executive management agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the audit work required and scope.

Covid-19 Impact Assessment

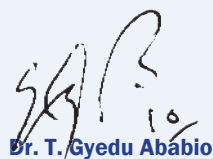
Following the outbreak of Covid-19 pandemic, KOBWA made a detailed assessment of the effects specifically in light of whether it would affect the continued existence and the level of operations of the organisation. The assessment was done at the operational, Executive and Board levels looking at the risks and operational changes and effects. The Board is satisfied that the pandemic does not affect the going concern aspect of the business nor the level of its operations. The effects will mainly be on operational and business processes which KOBWA has the capacity and resources to handle the operational changes, make

necessary changes to the business processes and adapt to the new norms of conducting business.

KOBWA continues to enjoy the continued support of the Parties who regard KOBWA as an important organisation in the water resources management. The Treaty is under review and the Parties continue to honour their obligations in terms of the budgets. The approved budget for KOBWA for financial year 2020/21 is R/E 266,516,567. R/E 111,999,604 has been received in respect of the budget and the bank balance at the time of reporting was R/E 158,568, 771, therefore this gives the BOARD comfort and assurance that KOBWA has enough resources to cover expected expenditure for the next 12 months.

The Parties in their revision of budgets in light of Covid-19 have not curtailed the KOBWA budget for the financial year 2020/21.

On the above basis the FRAC recommended for BOARD approval of the assessment report and the requisite plans tabled by Executive management;


Dr. T. Gyedu Ababio

Chairperson of Finance, Risk & Audit Committee

18/8/2020
Date of Signature



Independent Auditor's Report

To the Parties to the Treaty on the Development and Utilisation of the Water Resources of the Komati River Basin between the Government of the Republic of South Africa and the Government of the Kingdom of Eswatini" ("Komati Treaty")

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Komati Basin Water Authority ("KOBWA", "the Authority") as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice as issued by the Accounting Standards Board in terms of section 89 of the Public Finance Management Act in South Africa.

What we have audited

Komati Basin Water Authority's financial statements set out on pages 97 to 136 comprise:

- the statement of financial position as at 31 March 2020;
- the statement of financial performance for the year then ended;
- the statement of changes in net assets for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards), respectively.

Our audit approach

Overview

- Overall materiality

Overall materiality: R1,554,425 which represents 1% of total expenses.

Key audit matters

- Assessing the resources accessible from the Parties to the Komati Treaty.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<i>Overall materiality</i>	R1 554 425.
<i>How we determined it</i>	1% of total expenses.
<i>Rationale for the materiality benchmark applied</i>	We have selected total expenses as our materiality benchmark because, in our view, it most appropriately reflects the operations of the Authority. It is a benchmark against which the performance of the Authority would be measured by users of the financial statements, given the fact that it is a non-profit-oriented entity. We chose 1% which is consistent with the quantitative materiality thresholds that we would typically apply when using this benchmark to compute materiality.

Key audit matters

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

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<i>Assessing the resources accessible from the Parties to the Komati Treaty</i> KOBWA was established as a bi-national authority in terms of the “Komati Treaty in 1992. KOBWA’s mandate under the Komati Treaty is the management and preservation of water resources in the Komati Basin. It does not provide KOBWA with the ability to obtain an economic return directly from the users of the water. Instead, the Komati Treaty legally binds the Government of the Republic of South Africa and the Government of the Kingdom of Eswatini (“the Parties”) to fund its operations, including providing guaranteed	We considered the terms and conditions of the Komati Treaty in so far it relates to the Parties’ legal obligations to fund the operations of KOBWA and noted that the Komati Treaty is an open ended agreement which binds the Parties to continued funding of KOBWA, unless the Parties give KOBWA a minimum of 12 months’ notice that it will no longer continue to do so. We inquired from the directors and the Joint Water Commission (“the JWC”) of any such notification and they confirmed that nothing has been received from the Parties in this regard.



Independent Auditor's Report *(continued)*

Key audit matters *(continued)*

grant income for funding requirements such as debt from external parties.

As such, KOBWA is currently solely dependent on the Parties for its existence. Please refer to notes 1.2 and 1.4 to the financial statements in this regard.

The COVID-19 pandemic has had a significant impact on the Parties' respective economies.

KOBWA's access to resources from the Parties was considered to be a matter of most significance to our audit of the financial statements due to the degree of KOBWA's dependence on the support of the respective Parties.

We inspected the approved budget for 2020/21 financial year of R266,516,567 of which R233,093,000 is funded by the Republic of South Africa, and R31,101,520 is funded by the Kingdom of Eswatini.

We inspected the approved budget for the Department of Water and Sanitation of the Republic of South Africa, and noted that KOBWA have been allocated R233,093,000 for the 2020/21 financial year.

We inspected the Report of the Select Committee on Appropriations on Division of Revenue Amendment Bill B9-2020 dated 21 July 2020 and noted that the budget allocated to the Department of Water and Sanitation of the Republic of South Africa was not amended.

We inspected the "Overview Department of Water and Sanitation 2020/21 special adjustments to Budget Vote 41 and revisions to the Strategic Plan" and Annual Performance Plans tabled on 8 July 2020 to the Republic of South Africa National Assembly Water and Sanitation Committee and noted that no reallocations were affected on KOBWA's allocated budget.

For the Kingdom of Eswatini portion of the 2020/21 budget of E31,101,520, we obtained the JWC approval and inquired of management and the directors whether they have received any communication from the Kingdom of Eswatini Government with regards to amendments to the approved 2020/21 budget. No such communication has been received up to the date of this report.

Subsequent to year-end, we inspected bank statements reflecting that KOBWA received R99,523,000 from the Republic of South Africa, E12,476,600 from the Kingdom of Eswatini.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Komati Basin Water Authority Annual Financial Statements for the Year ended March 31, 2020”, which we obtained prior to the date of this auditor’s report, and the other sections of the document titled “Komati Basin Water Authority 2019/2020 Annual Report”, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Standards of Generally Recognised Accounting Practice as issued by the Accounting Standards Board issued by the Accounting Standards Board in terms of section 89 of the Public Finance Management Act in South Africa and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to

liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to



Independent Auditor's Report *(continued)*

draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and

where applicable, actions taken to eliminate threats or safeguards applied.

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Schalk Barnard

Registered Auditor

Nelspruit

18 August 2020

Directors' Report

The directors have pleasure in submitting their report for the Komati Basin Water Authority for the year ended 31 March 2020.

1. Constitution and Corporate profile

The Komati Basin Water Authority (KOBWA) was established as a bi-national Authority in terms of the Treaty of 1992 signed by the two Member States the Kingdom of Eswatini and the Republic of South Africa for the utilisation of the water resources within the Komati basin comprising of the Komati river and the Lomati river. KOBWA's mandate is to implement Phase 1 of the Treaty which comprises the design, construction, operation and maintenance of the Driekoppies Dam on the Lomati River in RSA (phase 1a), and the Maguga Dam on the Komati River in KoE (phase 1b). The design and construction phase of the Dams were completed and currently KOBWA's mandate is the operation and maintenance of the Dams.

2. Review of activities

Main business and operations

KOBWA receives no direct income for the Management of water resources for the two countries, it is however the responsibility of the Republic of South Africa and the Kingdom of Eswatini in terms of the Treaty to provide funding for KOBWA's operations mainly through the grant system.

The Annual Financial Statements have been prepared in terms of Standards of Generally Recognised Accounting Practice (GRAP).

Full details of financial position, performance and cash flows are set out in these financial statements.

3. Going concern

The Annual Financial Statements have been prepared on the going concern assumption which is underpinned by a commitment from the Parties to continue funding KOBWA with a budget having already been approved for the financial year 2020/21.

In light of the above and to the best knowledge of the Directors, there is no known reason which may negatively impact on the continued existence of KOBWA. Therefore the Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Following the outbreak of Covid-19 pandemic, KOBWA made a detailed assessment of the effects specifically in light of whether it would affect the continued existence and/or the level of operations of the organisation. The assessment was done at the operational, Executive and Board levels looking at the risks and operational changes and effects. The Board is satisfied that the pandemic does not affect the going concern aspect of the business nor the level of its operations. The Parties in their revision of budgets in light of Covid 19 have not curtailed the KOBWA budget for the financial year 2020/21. The approved budget for KOBWA for financial year 2020/21 is R/E 266,516,567. R/E 111,999,604 has been received in respect of the budget and the bank balance at the time of reporting was R/E 158,568,771. Therefore this

Directors' Report *(continued)*

gives the Board comfort and assurance that KOBWA has enough resources to cover expected expenditure for the next 12 months. There has been no communication from the Parties that either funding will be withdrawn or that the Treaty will be revoked.

On this basis the Board noted the assessment report and the plans tabled by Executive management as recommended by FRAC.

Directors	Nationality	Designation
Ms E Magagula	Eswatini	Chairperson - Non Exec
Mr B Singwane	South Africa	Vice Chairperson - Non Exec
Mr A Thobejane	South Africa	Non - Exec
Mr L Mzizi	Eswatini	Non - Exec (Chair HRRC)
Dr T Gyedu-Ababio	South Africa	Non - Exec (Chair FRAC)
Ms N Mabuza	Eswatini	Non - Exec
Mr C Zwane	South Africa	Ex-Officio (CEO)

6. Secretary

The secretary of the authority is Mr M Simelane.

The annual financial statements set out on page 99 - 138, which have been prepared on the going concern basis, were approved by the board on 18 August 2020 and were signed on its behalf by:



Mr C Zwane
Chief Executive Officer

Statement of Financial Position as at 31 March 2020

Figures in Rand/Emalangeni	Note(s)	2020	*Restated 2019
Assets			
Current Assets			
Guaranteed grant income receivables	6	50,625,000	96,363,295
Receivables from exchange transactions	9	1,563,181	1,514,691
Receivables from non-exchange transactions	10	1,620,512	34,712,476
VAT receivable	11	807,675	1,494,838
Prepayments	8	310,563	250,319
Cash and cash equivalents	12	87,051,871	35,626,623
		141,978,802	169,962,242
Non-Current Assets			
Investment property	3	12,860,182	13,362,608
Property, plant and equipment	4	4,430,770,784	4,482,145,022
Intangible assets	5	1,631,650	7
Guaranteed grant income receivables	6	306,297,305	384,849,468
		4,751,559,921	4,880,357,105
Total Assets		4,893,538,723	5,050,319,347
Liabilities			
Current Liabilities			
Financial liabilities at amortised cost	15	-	91,944,070
Designated Project Funds	31&7	7,338,285	9,756,739
Payables from exchange transactions	18	2,644,369	1,315,961
Payables from non-exchange transactions	19	12,157,356	6,393,931
Unspent Conditional Grant	14	18,890,972	4,480,962
Provisions	16	610,771	550,857
Accruals	17	377,375	517,337
		42,019,128	114,959,857
Non-Current Liabilities			
Financial liabilities at amortised cost	31&15	366,130,077	390,369,557
Total Liabilities		408,149,205	505,329,414
Net Assets		4,485,389,518	4,544,989,933
Reserves			
Maintenance Reserves	13	5,532,330	5,532,330
Accumulated surplus	31	4,479,857,188	4,539,457,603
Total Net Assets		4,485,389,518	4,544,989,933

Statement of Financial Performance

Figures in Rand/Emalangen	Note(s)	2020	*Restated 2019
Revenue			
Revenue from non-exchange transactions			
Conditional Grant Income	20	44,749,202	47,513,144
Finance Income	6	51,092,862	55,107,449
Total revenue from non-exchange transactions		95,842,064	102,620,593
Expenditure			
Employee related costs	21	(19,056,950)	(18,671,895)
Depreciation and amortisation	22	(54,387,422)	(54,453,372)
Finance costs	31&23	(59,965,105)	(72,370,611)
Bad debts written off		(196)	-
Operating and administration Expenses	24	(22,032,806)	(19,358,373)
Total expenditure		(155,442,479)	(164,854,251)
Deficit for the year		(59,600,415)	(62,233,658)

Statement of Changes in Net Assets

Figures in Rand/Emalangen	Maintenance Reserves	Accumulated surplus	Total Net assets
Opening balance as previously reported	5,532,330	4,589,741,735	4,595,274,065
Adjustments			
Prior year adjustments	-	11,949,526	11,949,526
Balance at 01 April 2018 - as Restated*	5,532,330	4,601,691,261	4,607,223,591
Changes in net assets			
Surplus for the year	-	(62,233,658)	(62,233,658)
Total changes	-	(62,233,658)	(62,233,658)
Balance at 01 April 2019 - as Restated*	5,532,330	4,539,457,603	4,544,989,933
Changes in net assets			
Surplus for the year	-	(59,600,415)	(59,600,415)
Total changes	-	(59,600,415)	(59,600,415)
Balance at 31 March 2020	5,532,330	4,479,857,188	4,485,389,518

Cash Flow Statement

Figures in Rand/Emalangen	Note(s)	2020	2019
Cash flows from operating activities			
Receipts			
Grants		265,493,833	274,731,160
Payments			
Employee costs		(19,056,950)	(18,671,895)
Suppliers		(14,720,382)	(21,861,420)
Finance costs		(58,803,534)	(71,212,325)
		(92,580,866)	(111,745,640)
Net cash flows from operating activities	10&26	172,912,967	162,985,520
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(2,502,642)	(1,811,522)
Purchase of other intangible assets	5	(1,639,759)	-
Net cash flows from investing activities		(4,142,402)	(1,811,522)
Cash flows from financing activities			
Repayment of other financial liabilities		(117,345,317)	(144,864,593)
Net cash flows from financing activities		(117,345,317)	(144,864,593)
Net increase in cash and cash equivalents		51,425,248	16,309,405
Cash and cash equivalents at the beginning of the year		35,626,623	19,317,218
Cash and cash equivalents at the end of the year	12	87,051,871	35,626,623

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) **issued by the Accounting Standards Board in terms of section 89 of the Public Finance Management Act in South Africa** and the Johannesburg Stock Exchange Listings.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historic cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rands (R) and Eswatini Emalangeni (E).

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The numbers in these Annual Financial Statements have been rounded off to the nearest 1 Rand/Emalangeni.

1.1 Presentation currency

These annual financial statements are presented in South African Rands and Eswatini Emalangeni, which are the functional currencies of KOBWA. The exchange rate between the two currencies is 1:1.

1.2 Going concern assumption

The financial statements have been prepared on the going concern assumption which is underpinned by a commitment from the Parties to continue funding KOBWA with a budget having already been approved for the financial year 2020/21. In light of the above and to the best knowledge of the directors, there is no known reason which may negatively impact on the continued existence of KOBWA, therefore the Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Following the outbreak of Covid-19 pandemic, KOBWA made a detailed assessment of the effects specifically in light of whether it would affect the continued existence and/or the level of operations of the organisation. The assessment was done at the operational, Executive and Board levels looking at the risks and operational changes and effects. The Board is satisfied that the pandemic does not affect the going concern aspect of the business nor the level of its operations.

The Parties in their revision of budgets in light of Covid 19 have not curtailed the KOBWA budget for the financial year 2020/21. The approved budget for KOBWA for financial year 2020/21 is R/E 266,516,567. R/E 111,999,604 has been received in respect of the budget and the bank balance at the time of reporting was R/E 158,568,771. Therefore this gives the BOARD comfort and assurance that KOBWA has enough resources to cover expected expenditure for the next 12 months. On those basis the Board approved the assessment report and the plans tabled by Executive management as recommended by FRAC.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government entities like KOBWA, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Accounting Policies *(continued)*

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements and in conformity with GRAP, management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates. The underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical Judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have significant effect on the amounts recognised in the financial statements are outlined as follows:

Key sources of estimation and uncertainty

Useful lives of property plant and equipment

Management assesses the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives are determined based on KOBWA's asset management and disposal policies for the different asset classes. Individual assets within these classes which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of the normal replacement parameters.

When the estimated useful life of an asset differs from the previous estimates, the change is applied prospectively in the determination of depreciation charge and reported as a change in accounting estimate.

Control

GRAP Conceptual Framework 5.10 explains control as follows; '..... Control of the resource entails the ability of the entity to use the resource (or direct other parties on its use) so as to derive the benefit of the service potential or economic benefits embodied in the resource in the achievement of its service delivery or other objectives.

To fully assess the issue of control KOBWA also considered its service potential in relation to its assets. In terms of GRAP Paragraph 5.7 of the Conceptual Framework service potential is defined as "... *the capacity to provide services that contribute to achieving the entity's objectives. Service potential enables an entity to achieve its objectives without necessarily generating net cash inflows.*"

Based on the Treaty, KOBWA's objective is the management of water resources in the Komati Catchment. Therefore the assets are deployed by KOBWA to achieve the said objective. The Treaty gives KOBWA powers to do everything necessary to achieve such objective including acquiring of assets. The powers also include KOBWA having the sole responsibility of managing such assets including granting or restricting access or use thereof.

KOBWA in its assessment came to the conclusion that the Treaty gives it control over the ownership and use of its assets to meet its objective therefore control as defined by GRAP is met.

Impact of Covid-19

In response to Covid-19 KOBWA made a risk assessment in terms of the potential impact to operations and its existence. The assessment covered the business processes, infrastructure required to adapt to the new norm, funding matters, payment of the loans, key projects, budgets, procurement and reporting. A detailed document was established and based on its assessment which was submitted to FRAC and noted by the Board, it was noted that the changes identified would not affect key business activities or viability of the entity. Also from an accounting perspective KOBWA is satisfied that no changes are anticipated which will require disclosure in the financial year 2019/20.

The Parties have not curtailed the budgets for KOBWA for current or next financial year and the financial year 2020/21 to the date of reporting have been honoured. The approved budget for KOBWA for financial year 2020/21 is R/E 266,516,567. R/E 111,999,604 has been received in respect of the budget and the bank balance at the time of reporting was R/E 158,568,771. Therefore this gives the Board comfort and assurance that KOBWA has enough resources to cover expected expenditure for the next 12 months. Overall, the Covid-19 impact was seen not to have a reportable items in the AFS. However assessments continue to be made to ensure that any changes are reported and handled swiftly. The Board approved the working documents and initiatives.

Accounting Policies *(continued)*

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The fair value for non-cash generating assets is not determined at each reporting date but KOBWA assesses at each reporting date whether there is an indication that the value of the asset may be impaired since the last reporting date. Impairment, therefore, reflects a decline in the utility of an asset to KOBWA. In so doing KOBWA looks at the indications of impairment as stipulated by the standard and in terms of general understanding of asset usage and maintenance plan.

An asset is impaired when the carrying amount of the asset exceeds its recoverable service amount. KOBWA assesses at each reporting date whether there is any indication that an asset may be impaired. Such indications may include a standard deterioration of dam wall and weirs or below expected water outflow due to pump infrastructure failure or deterioration. If any such indication exists, KOBWA makes a formal estimate of the recoverable service amount of the asset. If no indication of a potential impairment loss is present, GRAP does not require KOBWA to make a formal estimate of recoverable service amount.

Thus GRAP defines the value in use of a non-cash-generating asset as the present value of the asset's remaining service potential. The recoverable service amount is the higher of an asset's fair value less costs to sell and its value in use. KOBWA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions are inherently raised based on assumptions and estimates based on the best information available. Additional disclosure of these estimates of provisions are included in note 11&16 - Provisions.

Allowance for doubtful debts

KOBWA's receivables from the non exchange transactions is guaranteed by the agreement between the two Governments, therefore funds will always be paid. In terms of other income, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.5 Determining the GRAP reporting Framework

KOBWA assessed new standards in terms of Directive 5 and adopted all applicable new GRAPs or changes thereto which became effective in the current financial year. Such standards are outlined in note number 2.

1.6 Investment property

Investment property is property held to earn rentals or for capital appreciation or both.

Investment property is recognised as an asset when, and only when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Accounting Policies *(continued)*

1.7 Property, plant and equipment (continued)

Buildings	Straight line	2%
Furniture and fixtures	Straight line	10%
Motor vehicles	Straight line	20%
Office equipment	Straight line	20%
Computer Equipment	Straight line	33.33%
Mobile Units	Straight line	5%
Infrastructure	Straight line	2-5%
Dams and Weirs	Straight line	1%
Dam Equipment and Pipelines	Straight line	2%
Sundry Equipment	Straight line	20%
Implements	Straight line	20%

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The residual value, useful life and depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised and this is the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the expenses section of the statement of surplus and deficit.

1.8 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Accounting Policies *(continued)*

1.8 Intangible assets (continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Percentage
Computer software	Straight line	20%

1.9 Grant Guaranteed Income Receivable

Grant Guaranteed Income Receivable represents the guaranteed future grants (cash) receivable from the Parties. The Parties have guaranteed KOBWA's debt, and in accordance with the Treaty are legally obligated to fund KOBWA for the servicing and repayment of its debt. The funds form part of KOBWA budget through which the payments are made and therefore are operational funds in respect of cashflows.

The grants from the Parties are paid to KOBWA to enable it to pay its lenders in accordance with the terms and conditions of its loan agreements. Therefore the grants are fixed, determinable and guaranteed.

The receivable is discounted to its present value. As the receivable reaches maturity over time, the interest effect of unwinding the discount is recorded to the statement of financial performance. When KOBWA receives the grant, it is recorded against the receivable and therefore reduces the balance.

1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing Parties in an arm's length transaction.

Accounting Policies *(continued)*

1.10 Financial instruments (continued)

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position and in the notes thereto:

Class

Grant Guaranteed Income Receivable
Cash and cash equivalent
Receivable from exchange transactions
Receivables from non-exchange transactions

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost

Financial Liabilities

KOBWA upon assesment of GRAP 104 (Financial Instruments), categorises all its long term loans at amortised costs and the following are the names and category in terms of treatment of the loans as reflected in the notes to financial statements:

Name

HAMBROS Bond Notes
NEDCOR Loan
RMB Loan
DBSA Loan

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost

Accounting Policies *(continued)*

1.10 Financial instruments (continued)

Class

Category

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

Accounting Policies *(continued)*

1.10 Financial instruments (continued)

Derecognition (continued)

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in the statement of Financial performance.

1.11 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Accounting Policies *(continued)*

1.11 Impairment of non-cash-generating assets (continued)

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies *(continued)*

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.13 Provisions and contingencies

Provisions are recognised when:

- KOBWA has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the KOBWA settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are not recognised for future operating surplus (deficit). If KOBWA has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by KOBWA, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when KOBWA can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, KOBWA either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity. These can either be conditions or restrictions.

Where KOBWA receives other revenue from other sources like rental income, or interest, such revenue does not transfer to KOBWA. In terms of the Treaty such funds are for the Parties who allocate and authorise their use. Until such funds have been approved for use by KOBWA, they are treated as liabilities payable to the Parties in their ratio of contribution.

Accounting Policies *(continued)*

1.14 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

Unspent Conditional Grant

KOBWA recognises a liability in respect of that portion of the Grant Revenue which would not have been spent in the financial year. Such grant will be payable to the Parties in proportion to their contribution. Should KOBWA wish to have access to such funds, KOBWA has to seek approval for its use and only then can the funds be allocated. Such approved funds are recognised as Designated Funds.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by KOBWA.

When, as a result of a non-exchange transaction, KOBWA recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Transfers

KOBWA recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. KOBWA only needs to have the right to receive such asset for the asset to be recognised but does not necessarily need to have received the actual asset. Transferred assets are measured at their fair value as at the date of acquisition.

1.15 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to KOBWA, and the costs can be measured reliably. KOBWA applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of KOBWA. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to KOBWA on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

Accounting Policies *(continued)*

1.15 Borrowing costs (continued)

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

Capitalisation is suspended during extended periods should it happen that active development is suspended.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

KOBWA is managed as one segment and as such there is no separate segment disclosure.

1.17 Budget information

In terms of GRAP 24, entities required either through legislation or some instrument are mandated to report on budget information. Entities may elect to report on the same even when they are not mandated. KOBWA is not currently mandated to report on the budget therefore there will be no budget disclosure in the financial statements.

1.18 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

KOBWA will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

1.19 Related Parties

Related Parties for KOBWA are the Government of South Africa and the Kingdom of Eswatini, the Board of Directors and key management employees.

1.20 Water in dams

KOBWA does not attribute any value to the water stored in its dams. The water is accumulated naturally from upstream, and furthermore KOBWA does not charge for the water released to the Parties.

Notes to the Financial Statements

Figures in Rand/Emalangen

2020

*Restated
2019

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current financial year KOBWA adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

Standard/ Interpretation:

- GRAP 20: Related parties

Effective date: Years beginning on or after

01 April 2019

Impact:

The impact of the standard is not material.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/ Interpretation:

- GRAP 104 (amended): Financial Instruments
- Guideline: Guideline on the Application of Materiality to Financial Statements
- IGRAP 20: Accounting for Adjustments to Revenue
- GRAP 1 (amended): Presentation of Financial Statements
- IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue

Effective date: Years beginning on or after

TBD

TBD

01 April 2020

01 April 2020

01 April 2020

Expected impact:

Impact still to be determined.
Unlikely there will be a material impact
Unlikely there will be a material impact
Unlikely there will be a material impact
Unlikely there will be a material impact

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen

2020

*Restated
2019

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current financial year KOBWA adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact:
GRAP 20: Related parties	01 April 2019	The impact of the standard is not material.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (amended): Financial Instruments	TBD	Impact still to be determined.
Guideline: Guideline on the Application of Materiality to Financial Statements	TBD	Unlikely there will be a material impact
IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unlikely there will be a material impact
IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangeni

3. Investment property

	2020		2019	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Investment property	14,869,885	(2,009,703)	14,869,885	(1,507,277)
		12,860,182		13,362,608

Reconciliation of investment property - 2020

	Opening balance	Depreciation	Total
Investment property	13,362,608	(502,426)	12,860,182

Reconciliation of investment property - 2019

	Opening balance	Depreciation	Total
Investment property	13,865,034	(502,426)	13,362,608

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2020	*Restated
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3. Investment property (continued)

The carrying amount of the investment property at each reporting date is cost less depreciation.

Register with details of the land and buildings which constitute the investment properties is available for inspection by authorised personnel or entities and other stakeholders or their duly authorised representatives at the Maguga office of KOBWA. The investment property relates to houses located at the Glen Village in Piggs Peak town of Eswatini and are houses rented to third Parties at market rates therefore do not qualify to be classified as owner occupied.

There are no restrictions or encumbrances on the investment property.

There are no commitments in the foreseeable future to buy or build any investment properties.

The total repairs and maintenance to investment property cannot be reliably disclosed separately from PPE as they are budgeted from the same code. Therefore for such costs please refer to the PPE note 4 below.

The rental income fluctuates annually depending on the houses available for rent and those occupied. However the estimated rental income annually is R/E 0.4 million for all the houses available for rent.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen

4. Property, plant and equipment

	2020		2019	
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation
Buildings	63,970,840	(8,444,351)	55,526,489	63,970,840
Furniture and fixtures	1,851,732	(1,089,261)	762,471	1,619,013
Motor vehicles	3,295,094	(2,468,744)	826,350	3,295,094
Office equipment	426,357	(369,919)	56,438	404,463
Computer Equipment	2,206,738	(1,735,838)	470,900	1,750,209
Mobile Units	792,964	(792,936)	28	792,964
Infrastructure	69,489,865	(16,532,522)	52,957,343	68,519,140
Dams and Weirs	4,474,825,171	(179,069,345)	4,295,755,826	4,474,825,171
Dam Equipment and Pipelines	27,969,830	(5,174,633)	22,795,197	27,969,830
Sundry Equipment	7,259,442	(5,804,955)	1,454,487	6,603,315
Implements	1,190,924	(1,025,669)	165,255	1,026,278
Total	4,653,278,957	(222,508,173)	4,430,770,784	4,650,776,317
			(168,631,295)	4,482,145,022

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Buildings	57,652,212	-	(2,125,723)	55,526,489
Furniture and fixtures	670,846	232,720	(141,095)	762,471
Motor vehicles	1,256,518	-	(430,168)	826,350
Office equipment	50,721	21,894	(16,177)	56,438
Computer Equipment	288,833	456,529	(274,462)	470,900
Mobile Units	28	-	-	28
Infrastructure	56,182,916	970,726	(4,196,299)	52,957,343
Dams and Weirs	4,340,519,951	-	(44,764,125)	4,295,755,826
Dam Equipment and Pipelines	24,088,855	-	(1,293,658)	22,795,197
Sundry Equipment	1,380,340	656,128	(581,981)	1,454,487
Implements	53,802	164,645	(53,192)	165,255
	4,482,145,022	2,502,642	(53,876,880)	4,430,770,784

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	59,777,934	-	-	(2,125,722)	57,652,212
Furniture and fixtures	887,797	32,138	-	(249,089)	670,846
Motor vehicles	1,032,244	715,294	-	(491,020)	1,256,518
Office equipment	44,423	21,080	(1,696)	(13,086)	50,721
Computer Equipment	298,665	180,202	-	(190,034)	288,833
Mobile Units	28	-	-	-	28
Infrastructure	59,817,094	578,734	-	(4,212,912)	56,182,916
Dams and Weirs	4,385,321,481	1	-	(44,801,531)	4,340,519,951
Dam Equipment and Pipelines	25,382,513	-	-	(1,293,658)	24,088,855
Sundry Equipment	1,646,302	284,073	-	(550,035)	1,380,340
Implements	77,662	-	-	(23,860)	53,802
	4,534,286,143	1,811,522	(1,696)	(53,950,947)	4,482,145,022

Expenditure incurred to repair and maintain property, plant and equipment as well as Investment property

Included in Statement of Financial Performance

Operating and administration costs	4,623,541	4,098,689
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There is no restrictions or encumbrances on the assets.

The asset register in terms of the detailed assets is available for review at the KOBWA Maguga office during normal working days between 7:30am and 4pm.

There are no commitments in respect of major assets or projects resulting in infrastructure. The only budget is in terms of movable assets and small infrastructure around the offices.

In the current or prior year additions, there is no capitalised interest that was included.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangeneni

5. Intangible assets

	2020		2019	
	Cost / Valuation	Accumulated amortisation and impairment	Cost / Valuation	Accumulated amortisation and impairment
Computer software, other	1,815,011	(183,361)	1,631,650	(175,245)

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	7	1,639,759	(8,116)	1,631,650

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	7	1,639,759	(8,116)	1,631,650

Other information

KOBWA commenced implementation projects for key software that was committed in the prior year to the value of R/E 3 million. However due to the Covid-19 pandemic, implementation has been delayed and has been scheduled to be completed in financial year 2020/21. No new commitments have been made in the current year.

There is no restrictions or encumbrances on the assets

The asset register in terms of the detailed software assets is available for review at the KOBWA Maguga office during normal working days between 7:30am and 4pm

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2020	2019
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6. Grant Guaranteed income receivables

Designated at amortised cost

Grant Guaranteed Income Receivable - Capital 132,581,097 231,527,346

Rights to receive grants for the payment of Loans are 100% guaranteed by the Government of South Africa and back to back 40% by the Kingdom of Eswatini. The funds for the loans repayment are received by KOBWA as part of the conditional grant towards payment of the loans and the amounts are known. Guaranteed grant income is the present value of the funds receivable from the Parties for the repayment of the loans.

Grant Guaranteed Income Receivable - Interest 224,341,208 249,685,417

Rights to receive grants for the payment of Loans are 100% guaranteed by the Government of South Africa and 40% by the Kingdom of Eswatini. The funds for the interest relating to the loans are received by KOBWA as part of the conditional grant towards payment of the loans interest and the amounts are known. Guaranteed grant income is the present value of the funds receivable from the Parties for the payment of the interest incurred from the loans.

356,922,305 481,212,763

Non-current assets

At amortised cost 306,297,305 384,849,468

Current assets

At amortised cost 50,625,000 96,363,295

Grant Guaranteed Income receivable is in respect of the right to receive the future grants for the repayment Long term loans which KOBWA borrowed for the construction of the dams. The loans are guaranteed 100% by the Government of South Africa and a 40% back to back guarantee by the Kingdom of Eswatini.

On an annual basis, the Parties fund KOBWA an amount equal to the repayment of capital and interest on the loans. These amounts are fixed, determinable and guaranteed. The cashflows have been discounted to the net present value and disclosed as either capital or interest, being amounts received to service capital loan repayments and interest on loans.

2020	HAMBROS Bank Payable receipts	Nedbank Payable receipts	RMB Payable receipts	DBSA Payable receipts	Total
Opening balance	355,274,123	16,827,260	27,281,793	81,829,587	481,212,763
Cash Funding from parties	(50,625,000)	(16,867,258)	(26,777,598)	(81,113,464)	(175,383,320)
Unwinding finance income	52,273,182	39,998	(504,195)	(716,123)	51,092,862
Total	356,922,305	-	-	-	356,922,305

2019	HAMBROS Bank payable receipts	Nedbank Payable receipts	RMB Payable receipts	DBSA Payable receipts	Total
Opening Balance	353,774,615	50,221,836	80,802,349	138,780,255	623,579,055
Cash funding from parties	(50,625,000)	(33,734,516)	(54,819,307)	(58,294,917)	(197,473,740)
Unwinding finance income	52,124,508	339,940	1,298,751	1,344,249	55,107,448
Total	355,274,123	16,827,260	27,281,793	81,829,587	481,212,763

7. Designated Project Funds

Current liabilities 7,338,285 9,756,739

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangeni	2020	2019
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7. Designated Project Funds (continued)

Designated funds are funds earmarked, requested and approved for specific projects with conditions attached to it. Funds are either provided by the Parties or approved from the Party payables in KOBWA custody for the implementation of specific projects or acquisition of key KOBWA assets. Such funds may be allocated at the request of KOBWA. The funds are either paid in advance into the KOBWA account or they are already in the custody of KOBWA at the time of approval of such projects or acquisitions. As the projects are delivered, and all conditions are met, the funds are transferred to revenue.

Reconciliation: Designated Project Funds	2020	2019
Opening Balance	9,756,739	2,849,728
Additions	-	6,100,000
Adjustments	-	807,011
Designated Funds/Other income	(2,418,454)	-
Closing Balance	7,338,285	9,756,739

8. Prepayments

Prepayments represent amounts paid to Eswatini Electricity Company, prepaid insurance amounts covering a portion of the following financial year as well as some portion of pastel licence renewal.

Description	2020	2019
Prepayments	310,563	250,319

9. Receivables from exchange transactions

Debtors	163,695	206,072
Employee costs in advance	230,364	196,537
Deposits	1,169,122	1,112,082
	1,563,181	1,514,691

The advances to employees are non-interest bearing and are for short periods repayable over an agreed period with the employee. The repayment of the advances are recovered through payroll. The advances are provided to employees to assist in furthering their studies.

Deposits

Deposits are in respect of a revolving fund deposited and managed by FinCorp R/E 1 million, as well as for ESKOM R/E 112,083. The revolving fund is for the benefit of people within the basin established as part of the dam construction and the affected communities borrow for projects based on a set criteria. The managing fund is an authorised financial services organisation in terms of Eswatini and charge interest on the borrowings which cover the running costs of the fund. The fund is still 1 million from the reports submitted by the fund managers.

The receivables were reviewed at the reporting date for impairment and it was viewed that none were impaired.

10. Receivables from non-exchange transactions

Government of South Africa	-	33,634,051
Kingdom of Eswatini	1,620,512	1,078,425
	1,620,512	34,712,476

The Balance represents grant receivable not yet paid by the Parties at the reporting date. The Parties have a bi-lateral agreement through the Treaty which is open ended. Previously the Parties have always paid up the outstanding amounts. The amounts therefore do not have a credit risk as the Parties have always honoured the provisions of the Treaty.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2020	2019
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10. Receivables from non-exchange transactions (continued)

Parties receivables reconciliation	2020	2019
Opening Balance	34,712,476	63,444,145
Current year budget	235,626,934	249,224,556
Payment received	(265,493,833)	(274,731,160)
From prior years' unspent grant	(3,225,065)	(3,225,065)
	1,620,512	34,712,476

11. VAT receivable

VAT	2,407,655	3,344,228
Provision for impairment	(1,599,980)	(1,849,390)
	807,675	1,494,838

Included in this balance is an amount equal to R/E 1 599 980 (2019: R/E 1 849 390) that was considered doubtful and a provision was raised. Recoverability of this VAT receivable is doubtful although not definitely irrecoverable and has been impaired. Prudence requires an allowance be created to recognise the potential loss arising from the possibility of incurring bad debts.

The allowance was adjusted to reflect the amount of old VAT submissions which were submitted but not yet received and their recovery not certain. The adjustment was a write off of the portion where documents could not be furnished to SARS or the recovery period has lapsed hence no chance of recovery. The allowance for doubtful debts reduces the receivable balance to the amount that KOBWA prudently estimates to recover in the future.

Impairment Provision Reconciliation	2020	2019
Opening Balance	1,849,390	1,849,390
Utilised	(249,410)	-
	1,599,980	1,849,390

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	17,500	17,500
Bank balances	3,128,686	19,581,528
Short-term deposits	83,905,685	16,027,595
	87,051,871	35,626,623

All funds are under the management of KOBWA, however KOBWA may not use the funds beyond what is available. Therefore designated funds, unspent grants, amounts payable to the Parties and reserves may not be used unless if such funds have been allocated to a project to be implemented by KOBWA. KOBWA may place such funds in short term investments for the purposes of bearing interest.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2020	2019
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13. Maintenance Reserve

The maintenance reserve is for Maguga Dam only and was approved by the Board of Directors and the Joint Water Commission as an initiative to create, over a period of time a Rehabilitation Fund with a maximum capital contribution of R/E 5 000 000. This is viewed as one of the components of the business continuity plan aimed to rehabilitate the dams when required. The fund was initiated with the approved amount of R/E 2 650 000 during October 2006. A second transfer of R/E 2 350 000 was approved by the Board at their meeting held on 2 July 2007. Between 1 April 2007 and April 2010 interest earned on the fund was not reflected in the summary income statement but credited directly to the statement of financial position to escalate the Rehabilitation Fund.

The Board of Directors passed a resolution on 19 April 2010 that the value of the fund had reached a level where the interest would be treated as any other interest earned by KOBWA. Such interest forms part of the payables from non exchange transactions. The rehabilitation process commenced in the 2014 financial period. No additional amount has been spent on rehabilitation since then. This reserve relates to refurbishment and replacement of capital dam assets and components.

Description	2020	2019
Maintenance Reserve	5,532,330	5,532,330

14. Unspent Conditional Grant

Unspent grants represent conditional grants that remain unspent at the reporting period. These are payable back to the Parties in proportion to their contribution and is recognised as a liability in the financial statements. In the following financial year, such grants are only utilised upon approval by the JWC as the condition can only be met in the respective financial year in which the budget relates. Such approval would be either for other projects designated by the JWC in which case revenue would be recognised to the extent of the amounts approved, for reducing the amount payable by the Parties in future financial years or the Parties may request the funds to be paid back.

Movement during the year

Balance at the beginning of the year	4,480,962	2,631,237
Additions - Approved Budget	232,401,562	246,615,210
Utilised - Revenue recognised	(42,608,232)	(47,291,745)
Utilised - Guaranteed income	(175,383,320)	(197,473,740)
	18,890,972	4,480,962

15. Other financial liabilities

At amortised cost

HAMBROS Bank Limited Loan (*2019 Restated)	366,130,077	364,968,110
Rand Merchant Bank Holdings Limited Loan	-	25,571,625
Nedbank Limited Loan	-	15,978,511
Development Bank of South Africa Loan	-	75,795,381
	366,130,077	482,313,627

Total other financial liabilities	366,130,077	482,313,627
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Hambros Bank Limited

The Loan consists of registered bonds with a face value of R/E 1 million each. The bond's coupon rate is 13.5% with an effective interest rate of 14.87% per annum. The notes were issued at a discount at 90.91946%. The coupon is payable bi-annually in arrears. The balance of the unpaid interest is accumulated with the capital and is payable on the maturity date on 31 October 2027 to the amount of R/E 375 million. The loan is explicitly guaranteed 100% by the South African government. The Kingdom of Eswatini guarantees 40% of the loan to the government of South Africa.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen

2020

2019

15. Other financial liabilities (continued)

Nedbank Limited

The loan is an additional facility secured to complete the construction of the Maguga Dam. The loan bears interest at 9.425% per annum. The interest and capital is repayable in monthly installments commencing on 30 September 2003. The liability is guaranteed 100% by the South African Government and has a back guarantee of 40% from the Kingdom of Eswatini. The total loan value of R/E 233 million is structured by promissory notes as agreed to by both Parties. The loan was fully paid in the current financial year.

Rand Merchant Bank Holdings Limited

The loan is an additional facility secured to complete the construction of the Maguga Dam. The loan bears interest at 11.24% per annum. The interest and capital is repayable in monthly installments commencing on 6 August 2002. The liability is guaranteed 100% by the South African Government and has a back guarantee of 40% from the Kingdom of Eswatini. The total loan value of R/E 380 million is structured by promissory notes as agreed to by both Parties. The loan was fully paid in the current financial year.

Development Bank of South Africa

The loan is an additional facility secured to complete the construction of the Driekoppies Dam. The loan bears interest at 10% per annum. The interest and capital is repayable in six-monthly installments payable on the first day of the half year. The liability is guaranteed 100% by the South African Government. The total loan value of R/E 488 401 000 is structured by promissory notes as agreed to by both Parties. The loan was due to be fully payable on the maturity date on the 30th of September 2020. The JWC however took a decision to pay the loan in the current year as the funds were available, and the loan was fully paid on the 31st of March 2020.

Non-current liabilities

At amortised cost	366,130,077	390,369,557
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Current liabilities

At amortised cost	-	91,944,070
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16. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Total
13TH Cheque	244,474	262,879	(244,474)	262,879
Leave Pay	306,383	347,892	(306,383)	347,892
	550,857	610,771	(550,857)	610,771

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Total
13TH Cheque	302,978	244,474	(302,978)	244,474
Leave Pay	270,002	306,383	(270,002)	306,383
Severance pay	50,416	-	(50,416)	-
	623,396	550,857	(623,396)	550,857

17. Accruals

Description	2020	2019
Accruals	377,375	517,337

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2020	2019
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18. Payables from exchange transactions

Payables	2,643,664	983,925
Employee related payables	705	94,632
Interest on Loans	-	237,404
	2,644,369	1,315,961

19. Payables from non - exchange transactions (Government Payables)

This represents income received by KOBWA other than grants that are in the process of being declared to the JWC. In accordance with the Treaty, all non-grant income must be declared to the JWC which will approve and allocate these funds. Until such time that this process is complete, KOBWA is not entitled to the funds. Instead, these funds are payable to the respective Member States. The general ratio of contribution between the Government of South Africa and the Kingdom of Eswatini is 60:40, for Maguga dam and 100% RSA for Driekoppies Dam. This gives the ratio of about RSA 72:28 Eswatini depending on the budget for the year. However the allocation also considers actual contributions made, funds specific to one government as well as draw downs made by each Party.

Reconciliation of Government Payables	2020	2019
Opening Balance	6,393,931	11,774,891
Additions during the year	5,763,425	3,944,105
Approved and Allocated to projects	-	(9,325,065)
	12,157,356	6,393,931
Bank Interest	5,983,305	1,265,808
Rental Payable to Governments	5,316,220	4,386,080
Gate Entrance fees Payable to Governments	667,450	585,068
Other Government Payables	190,381	156,975
	12,157,356	6,393,931

20. Government grants and subsidies

Revenue

KOBWA receives grant funding from the Parties on an annual basis to fund its operations and to enable it to repay its debt. The condition of this funding is for KOBWA to utilise it in the year in which it is receivable. The portion of grant that is not utilised is recorded as Unspent grant in the Statement of Financial Position.

Only the portion of the grant that relates to operations is recorded as revenue.

The grant portion that relates to servicing of KOBWA loans is recorded against Guaranteed receivable income in the Statement of Financial Position.

Conditional Grant Income

Conditional Operation grants received - RSA	32,099,787	36,440,225
Conditional Operational grant received - SD	10,508,445	10,851,520
Other Income	2,140,970	221,399
	44,749,202	47,513,144

Other income R/E 2,140,970 relates to revenue which is not ordinarily from the budget but comes from the designated funds or if there are other income which meet the criteria.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2020	2019
21. Employee related costs		
Basic	18,896,338	18,581,875
Bonus	100,445	-
Staff Workman's Compensation	3,489	42,761
Skills Development Levy	56,678	47,259
	19,056,950	18,671,895
Key Management Employees		
Chief executive officer		
Basic Salary	1,316,441	1,260,834
Contributions to UIF, Medical and Pension Funds	237,941	226,236
	1,554,382	1,487,070
Finance Director		
Basic Salary	879,743	817,856
Acting Allowance	-	105,552
Contributions to UIF, Medical and Pension Funds	106,730	98,872
	986,473	1,022,280
Director operations - resigned 04/01/2019		
Annual Remuneration	-	633,888
Terminal benefits	-	70,270
Contributions to UIF, Medical and Pension Funds	-	125,319
	-	829,477
Director Operations - Appointed 1/03/2019		
Basic Salary	836,969	61,097
Long service award	5,000	-
Contributions to UIF, Medical and Pension Funds	149,504	12,308
	991,473	73,405
Director Corporate Services - Appointed 01 January 2019		
Annual Remuneration	868,637	153,104
Contributions to UIF, Medical and Pension Funds	117,836	61,386
	986,473	214,490
22. Depreciation and amortisation		
Description	2020	2019
Depreciation Property Plant & Equipment	53,876,880	53,950,947
Depreciation Investment Property	502,426	502,426
Amortisation Software	8,116	-
	54,387,422	54,453,373

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2020	2019
23. Finance costs		
Non-current borrowings	59,962,713	72,338,887
Other interest paid	2,392	31,724
	59,965,105	72,370,611
Reconciliation of Finance Cost from non-current borrowings	2020	2019
HAMBROS Loan	51,786,660	51,783,286
Development Bank of South Africa	6,329,098	9,880,582
Rand Merchant Bank	958,208	6,424,818
Nedbank	888,747	4,250,201
	59,962,713	72,338,887

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2020	2019
24. Operating and administration expenses		
ISO Certification	128,526	95,543
Advertising, Marketing and Publicity	877,289	623,853
Assessment rates & municipal charges	1,023,312	840,995
Auditors remuneration	471,594	319,015
Bank charges	173,373	208,252
Computer expenses	422,953	474,962
Consulting and professional fees	31,299	258,185
Corporate Social Responsibility	715,506	344,025
Entertainment	6,646	48,203
Loans Management Costs	134,939	130,374
Office Maintenance Costs	1,045,258	1,013,784
Insurance Costs	1,179,128	802,980
Consulting Costs	266,303	58,440
Vehicle Costs - Repairs and Maintenance	297,018	230,189
Vehicle Costs - Other	1,188,628	878,209
Travel Costs	391,677	362,927
Honorarium	91,500	77,599
Staff Recruitment Costs	355,830	511,157
Postage and courier	20,344	30,533
Printing and stationery	229,832	299,456
Protective clothing	319,634	141,174
Secretarial fees	261,184	242,856
Security (Guarding of property)	2,248,253	2,233,421
Staff welfare	308,359	319,875
Subscriptions and membership fees	101,701	145,270
Telephone and fax	1,198,589	1,552,463
Training	1,246,703	1,192,623
Dams Ops & Maintenance	109,044	109,583
Communication - Dam Management	142,673	63,590
Electricity	909,065	841,212
Treaty review costs	135,734	164,121
LMPC Allowance	161,545	231,591
Dam Maintenance General	550,669	430,816
Dam Structure Maintenance	2,030,319	1,730,695
Dam enclosure - fencing	20,415	14,624
Tractors and trailers maintenance	45,349	43,144
Generators and other equipment	374,624	351,733
Information centre management	275,547	289,239
Boats and trailers	64,871	34,786
Motorbikes maintenance	8,135	13,694
KOBWA houses maintenance	537,749	526,784
Water quality and dam risk management	1,929,439	1,076,398
Projects Other costs	2,250	-
	22,032,806	19,358,373

25. Taxation

No provision for income taxation is made as Komati Basin Water Authority is exempt from income tax in both South Africa and Eswatini.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2020	2019
26. Cash generated from operations		
Deficit	(59,600,415)	(62,233,658)
Adjustments for:		
Depreciation and amortisation	54,387,422	54,453,372
Finance Income	(51,092,862)	(55,107,449)
Finance costs - amortised interest cost	1,161,767	1,158,285
Bad debts written off	196	-
Movements in provisions	59,914	(50,416)
Changes in working capital:		
Receivables from exchange transactions	(48,680)	(296,162)
Receivables from non-exchange transactions	33,091,964	28,731,669
Prepayments	(60,244)	(1,832)
Payables from exchange transactions	1,328,403	(1,434,408)
VAT	687,163	(540,954)
Payables from non-exchange transactions	3,344,971	720,738
Unspent Conditional Grant	14,410,010	1,849,725
Guaranteed grant income	175,383,320	197,473,739
Accruals	(139,962)	(1,737,129)
	172,912,967	162,985,520

27. Contingent Liabilities

In 1996 KOBWA entered into an agreement with Maguga Power Joint Venture ("MPJV"), which contained a clause that Komati Basin Water Authority ("KOBWA") would refund the MPJV any withholding invoices received by KOBWA from the MPJV in terms of a contract entered into between the two Parties. KOBWA, through the use of a memorandum of understanding delegated the responsibility for paying the refunds to Eswatini Electricity Company ("EEC") in 2004. Since then, MPJV has been demanding a refund from EEC of all withholding taxes on the contract. Having delegated the responsibility to make any further payments, KOBWA is disputing the claim as the directors are of the view that KOBWA has not breached its agreements with MPJV. There are ongoing negotiations between KOBWA and EEC to respond to the demand made by MPJV. The total amount claimed by MPJV is R/E 4 589 623. KOBWA has not recognised any liabilities relating to the matter as the negotiations are ongoing and at this point it is improbable that it will result in a payment, therefore due to the unlikelihood of KOBWA being required to settle, a liability is not recorded. There has been no developments on the matter in the current financial year.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2020	2019
28. Related parties		
Relationships		
Directors of KOBWA	Refer to note 29	
Government of South Africa		
Kingdom of Eswatini		
Key management and employees	Refer to employee related costs note 21	
Related party transactions		
Revenue		
Conditional operational grant Income for the year	44,749,202	47,513,144
Grant receivable for loan repayment	175,383,320	197,473,740
Refer to note 14 & 20 for a reconciliation of total actual grants received for the year.		
Compensation to key Management		
Compensation to key Management	4,518,801	3,626,722
Refer to note 21 for detailed breakdown.		
Related party balances		
Grants receivable at year end		
Grants receivable at year end	1,620,512	34,712,476
Refer to note 10 for detailed breakdown.		
Designated project funds		
Designated project Funds	7,338,285	9,756,739
Refer to note 7 for breakdown.		
Loans to employees		
Loans to employees	230,364	196,537
Unspent grants		
Unspent grants	18,890,972	4,480,962
Refer to note 14 for detailed breakdown and reconciliation.		
Payables from non exchange transactions		
Interest Payable	5,983,305	1,265,808
Rental Payable	5,316,220	4,386,080
Gate entrance fees payable	667,450	585,068
Other Parties payable	190,381	156,975
Refer to note 19 for breakdown		
Guaranteed grant income receivable		
Guaranteed grant income receivable - non current	306,297,305	384,849,468
Guaranteed grant income receivable - current	50,625,000	96,363,295
Refer to note 6 for breakdown		
Compensation to directors		
Directors fees	512,734	689,064

For detailed disclosure refer to note 29

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2020	2019
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29. Directors' emoluments

Non-executive

2020

	Directors' fees	Subsistence and travel	Total
Ms E Magagula	97,086	22,990	120,076
Mr B Singwane	42,278	16,397	58,675
Mr A Thobejane	99,632	9,634	109,266
Mr L Mzizi	62,373	25,321	87,694
Dr T Gyedu-Ababio	60,355	18,197	78,552
Ms N Mabuza	42,306	16,165	58,471
	404,030	108,704	512,734

2019

	Directors' fees	Subsistence and Travel	Total
Ms E Magagula	112,193	32,426	144,619
Mr B Singwane	72,077	33,621	105,698
Mr A Thobejane	68,977	34,720	103,697
Mr L Mzizi	119,453	47,531	166,984
Dr T Gyedu-Ababio	72,459	13,791	86,250
Ms N Mabuza	56,293	25,523	81,816
	501,452	187,612	689,064

Company Secretary

2020

	Secretarial	Total
Mr M Simelane	211,366	211,366

2019

	Secretarial	Total
Mr M Simelane	242,856	242,856

30. Change in estimate

Property, plant and equipment

The useful life of Furniture and Fittings were estimated to be 5 years. In the current period management developed the Asset Management and Disposal policy and in the process revised their estimate to 10 years. The effect of this revision has reduced the annual depreciation charges for the current and future periods by R/E 140,969

This is a non cash adjustment therefore the impact on the cash flow statement is none as the full amount would have been adjusted as a non cash item.

31. Prior period adjustments

The correction of the error(s) results in adjustments to the opening balances of the prior year period as follows:

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2020	2019
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31. Prior period adjustments (continued)

Statement of Financial Position	Amount as previously disclosed as at 31 March 2019	Prior Year error adjustment	Restated at 31 March 2019
Other financial liabilities	400,401,447	(10,031,890)	390,369,557
Designated Funds	8,949,730	807,009	9,756,739
Payables from exchange transactions	2,882,321	(1,566,360)	1,315,961
Accumulated Surplus	4,528,666,362	10,791,241	4,539,457,603
	-	-	-
Statement of Financial Performance	Amount as previously disclosed in 2019	Prior Year error adjustment	Restated Amount 2019
Finance Cost	(71,212,326)	(1,158,285)	(72,370,611)
Deficit for the year	(61,075,373)	(1,158,285)	(62,233,658)
	-	-	-

Prior to prior year adjustments

1: HAMBROS Loan

Decrease in Financial Liabilities	(11,190,175)
Increase in Accumulated Surplus	11,190,175

The HAMBROS Loan which is held at amortised cost was previously reported at the maturity value of R/E 375,000,000. The error related to the discount on the notes issued at inception not being taken into account. The notes were issued at a discount of 9.08%. The correction brings the discount into effect by adjusting the carrying value of the liability.

Increase in Finance Cost	(1,158,285)
Increase in other financial liabilities	1,158,285

The comparative year movement for the HAMBROS loan restatement increasing the finance costs and also increasing the financial liabilities as per the amortisation schedule for the HAMBROS loan.

2: Designated Funds

Increase in Designated Fund	807,009
Decrease in Accumulated Surplus	(807,009)

A fund under the control of the Parties but managed by KOBWA was previously and incorrectly included in the accumulated surplus. This adjustment recognises the liability on the balance sheet.

3: Payables from Exchange Transactions

Decrease in payables	(1,566,360)
Increase in Accumulated Surplus	1,566,360

Under IFRS, Income relating to grant assets was recognised as deferred income (liability) and under GRAP Income relating to grant assets is recognised as revenue on meeting the condition. During the transition from IFRS to GRAP the balance of the deferred income should have been classified as Accumulated surplus, however, the journal was incorrectly posted to Account payable instead of the Accumulated Surplus.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2020	2019
32. Commitments		
Already contracted for but not provided for	2020	2019
Property, Plant, and Equipment	1,358,302	-
Intangible Assets	60,800	-
Total capital commitments	1,419,102	-
Authorised Operational expenditure	1,487,242	-
Total Commitments	2,906,344	-

33. Risk management

Financial risk management

The entity's activities expose it to a few financial risks which include credit risk, currency risk, and liquidity risk.

The entity's overall risk management program focuses on the unpredictability of money markets and seeks to minimise potential adverse effects on the entity's cashflow position. The Board of directors through the budgeting and other policies approve policies and procedures for overall risk management, as well as written policies covering specific areas.

Liquidity risk

Prudent liquidity risk management for KOBWA implies maintaining sufficient cash and easily convertible deposits, the availability of timely funding through grant from the Parties following submission and approval of budget as well as reminder letters in respect of such budget. As enshrined by the Treaty, it also includes the availability of surplus funds or access to short term credit facilities to mitigate for late payment of subventions.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared two months before the beginning of each quarter and request or reminder letters sent to the Governments to allow them to follow internal processes to pay the grant by the beginning of each quarter.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangeni	2020	2019
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33. Risk management (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk consists mainly of cash deposits, cash equivalents, Grant Guaranteed Income receivable and Parties receivable. KOBWA only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. KOBWA predominantly transacts in South African Rands and Eswatini Emalangeni which are pegged at the exchange rate of 1:1 and also are the currencies in which the subventions are received. The percentage of procurement in other currencies is very limited and payment is in the short term therefore the level of currency risk is very negligible.

Receivables comprise deposits, employee advances as well as guaranteed grants receivables from the Parties. The utilisation of funds is regularly monitored based on the Parties meeting their subventions. Most of this is limited to delay in funding than actual non-payment and this is monitored through cash flow management. The timing of the payments of subventions is managed through the risk register and financial reports to both Board and JWC.

Financial instrument	2020	2019
Grant Guaranteed Income Receivables	356,922,305	481,212,763
Standard Bank Call account - RSA	83,128,686	16,027,595
Standard Bank Current Accounts - RSA	2,144,365	18,707,995
Standard Bank Current Accounts - KoE	984,320	873,533
Petty Cash	17,500	17,500
Receivables from exchange transactions	1,563,181	1,514,691
Receivables from non-exchange transactions	1,620,512	34,712,476

KOBWA is exposed to guarantees for the Loan repayments and the bi-lateral agreement ensures the budget commitments are honoured. In terms of investments, the entity chooses short term risk free investments which provide liquidity whenever the funds are needed. Designated and other funds under the control of the Parties are at the disposal of KOBWA which cushions it in case of delays of subvention payments.

34. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangeni

2020

2019

34. Going concern (continued)

The Parties honor their commitment to the operations of the entity and have ensured contribution of their subventions. The directors have satisfied themselves that the entity is in sound financial position and its foreseeable cash requirements for operational costs and loan repayments are guaranteed by the Parties as disclosed in the notes to the financial statements. The directors are not aware of any new material changes that may adversely impact the entity. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the entity. Accordingly, the financial statements have been prepared on a going concern basis.

The emergence of Covid-19 has impacted it like any other entities but mostly in terms of business operations, and some processes. These however do not affect the viability of KOBWA as this is enshrined in the KOBWA Treaty which is a bilateral agreement creating obligations between the parties. As such, KOBWA Board assessed and is satisfied that Covid-19 does not pose a risk to KOBWA being a going concern. The business processes and operational matters have been reviewed and KOBWA has the capacity and resources to handle the challenges and adapt to the new operating norms.

The directors have reviewed the KOBWA's cash flow forecast for the year to 31 March 2021 and, in the light of this review and the current financial position, they are satisfied that the authority has or has access to adequate resources to continue in operational existence for the foreseeable future. The approved budget for KOBWA for financial year 2020/21 is R/E 266,516,567. R/E 111,999,604 has been received in respect of the budget and the bank balance at the time of reporting was R/E 158,568,771. Therefore this gives the Board comfort and assurance that KOBWA has enough resources to cover expected expenditure for the next 12 months. The Board is also satisfied that the Covid-19 pandemic does not affect the going concern aspect of the business nor the level of its operations. The effects will mainly be on operational and business processes which KOBWA has the capacity and resources to handle the operational changes, make necessary changes to the business processes and adapt to the new norms of conducting business.

There has been no change to the approved budget by the Parties since approval in Feb 2020. The RSA Government raised a supplementary budget in June 2020 the outcome of which re-confirmed the KOBWA 2020/21 approved budget. Eswatini did not inform KOBWA of any changes to the approved budget.

35. Events after the reporting date

No material transactions occurred from year end to the date the Annual Financial Statements were authorised for issue that may necessitate disclosure in the current financial statements. Covid-19 outbreak happened before the reporting date and its further effects are assessed not to have reportable effects for KOBWA in the financial year 2019/20.



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