



KOBWA

WATER FOR EVER



**ANNUAL
REPORT**
2020/2021





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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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THE KOMATI BASIN WATER AUTHORITY

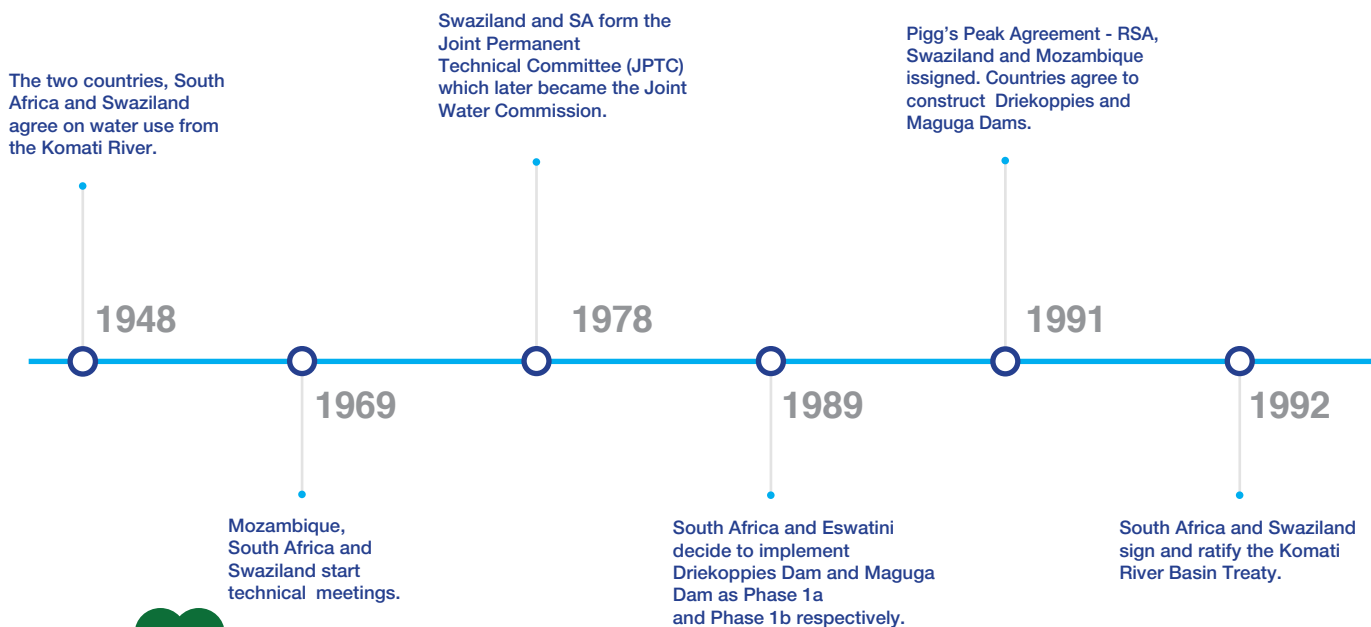
1.1. Background Information

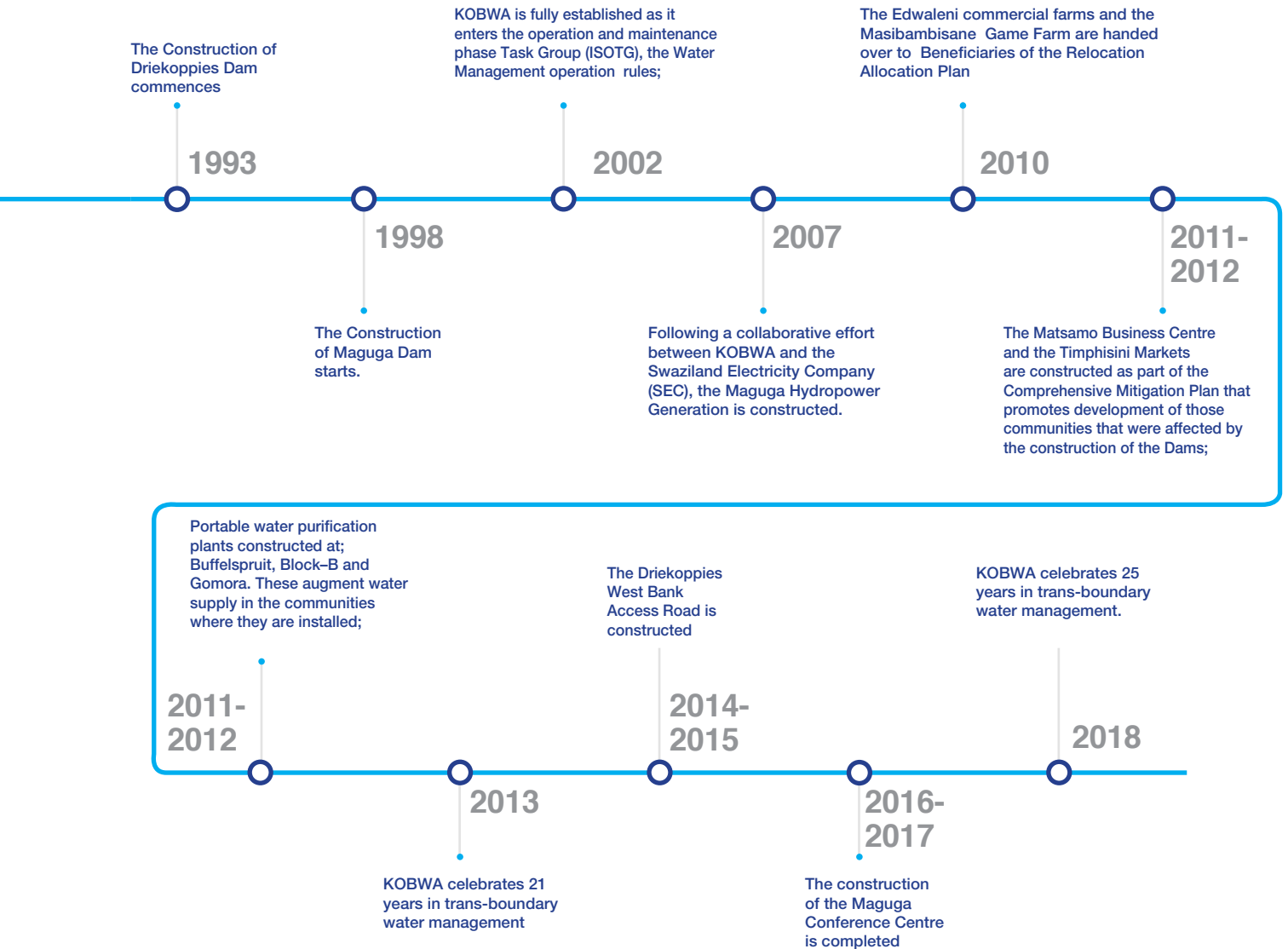
The Komati Basin Water Authority (KOBWA) is a bi-national company formed in 1993 through the Treaty on the Development and Utilisation of the Water Resources of the Komati River Basin. The agreement was signed in 1992 by the Kingdom of Eswatini and the Republic of South Africa. The member States tasked 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





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

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 implements 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 the role of clarity and the effective exercise of authority and responsibilities.

CORPORATE GOVERNANCE STRUCTURE

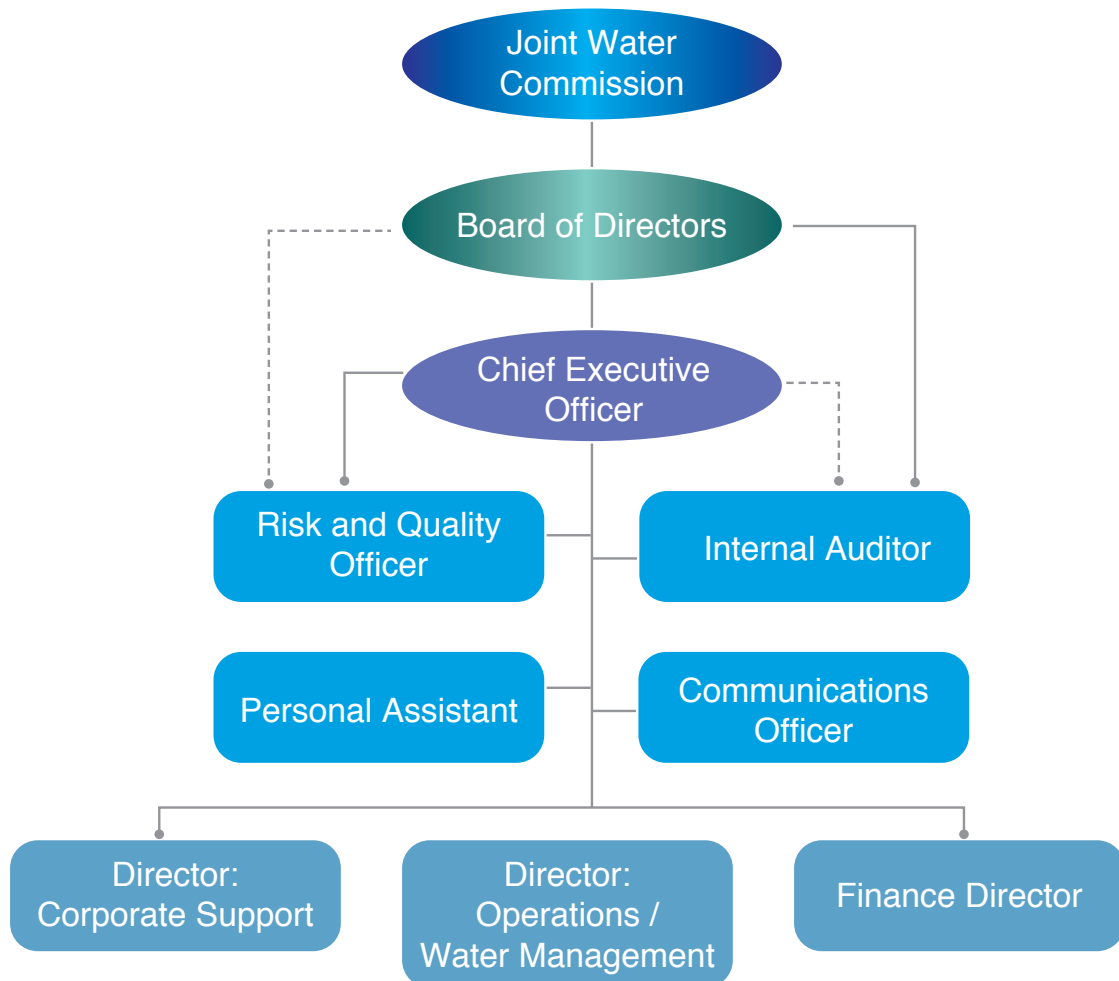


Figure 2: KOBWA Corporate Governance Organogram

THE JOINT WATER COMMISSION

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.

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 |



MRS. WINNIE STEWART

 **LEADER**
ESWATINI DELEGATION



MR. BONGANI MASUKU

 **COMMISSIONER**
ESWATINI



MR. TREVOR SHONGWE

 **COMMISSIONER**
ESWATINI

ii) **South Africa**

Ms Duduzile Twayi

Mr Fikile Guma

Mr Gideon Siziba

- Commissioner and Leader of the South African Delegation
- Chief Director: Transboundary (Department of Water & Sanitation, PTA Office)
- Commissioner
- Regional Head: Department of Water and Sanitation Mpumalanga Province
- Commissioner
- Control Industrial Technician: Department of Water and Sanitation (Mpumalanga Province)



MS. DUDUZILE TWAYI

➤ **LEADER**
SOUTH AFRICAN DELEGATION



MR. BONGANI MASUKU

➤ **COMMISSIONER**
SOUTH AFRICA



MR. GIDEON SIZIBA

➤ **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 Water and Sanitation in South Africa and the Honourable Minister of Natural Resources and Energy in Eswatini. As indicated in KOBWA's Corporate Governance, the KOBWA Board reports directory to the Joint Water Commission on all 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 2020/2021 were as follows;

i) Eswatini

- | | |
|---------------------------|--|
| Ms Emelda Magagula | - Board Chairperson |
| | - Chief Water Engineer (Department of Water Affairs, Eswatini) |
| 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 |

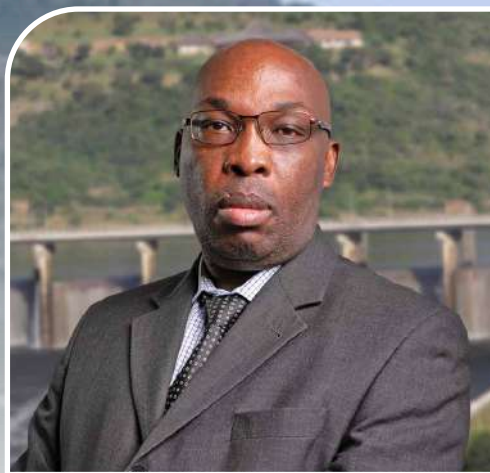


THE BOARD OF DIRECTORS



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



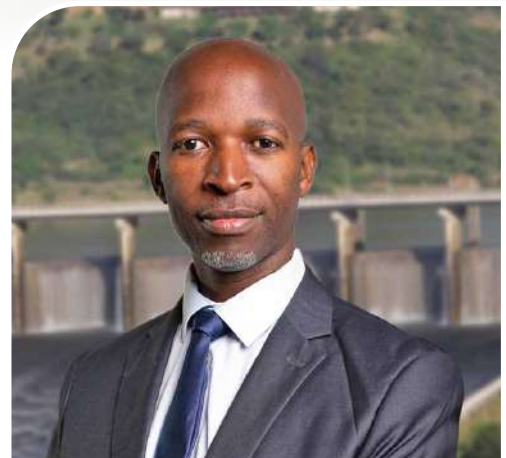
MR. LLOYD MZIZI

NON EXECUTIVE MEMBER



MR. COLLIN ZWANE

CHIEF EXECUTIVE OFFICER



MR. MUZI SIMELANE

COMPANY SECRETARY

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.

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			
	07.07.20	06.09.2019	09.11.20	23.02.21
*M. Simelane	✓	✓	✓	✓
B. Singwane	✓	X	X	✓
N. Mabuza	X	✓	X	✓
C. Zwane	✓	✓	✓	✓
T. Gyedu-Ababio	✓	✓	✓	✓
A.Thobejane	✓	✓	✓	✓
L. Mzizi	✓	✓	✓	✓
E. Magagula	✓	✓	✓	✓

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			
	24.06.20	06.08.20	22.10.20	12.02.21
N. Mabuza	✓	✓	X	✓
Dr. T. Gyedu-Ababio	✓	✓	✓	X
T.A. Thobejane	✓	X	✓	✓
L. Mzizi	X	X	X	✓
E. Magagula	✓	✓	✓	✓
M Singwane	✓	X	X	✓
C.X. Zwane	✓	✓	✓	✓
*M. Simelane	✓	✓	✓	✓

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			
	26.06.20	07.08.20	23.10.20	03.02.2021
N. Mabuza	✓	✓	✓	✓
Dr. T. Gyedu-Ababio	X	X	X	X
T.A. Thobejane	✓	✓	✓	✓
L. Mzizi	✓	✓	✓	✓
E. Magagula	✓	✓	✓	✓
M Singwane	X	X	X	X
C.X. Zwane	✓	✓	✓	✓
*M. Simelane	✓	✓	✓	✓

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	
	17.02.21	12.03.21
*M. Simelane	X	✓
B. Singwane	X	X
N. Mabuza	✓	✓
C. Zwane	✓	✓
T. Gyedu-Ababio	✓	✓
A.Thobejane	X	X
L. Mzizi	✓	✓
E. Magagula	X	✓

* Company Secretary

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



MS. KENZIE MAVIMBELA
RISK & QUALITY OFFICER



MR. MAYIBONGWE DLAMINI
COMMUNICATIONS OFFICER



MS. BARBRA GAMA
EXECUTIVE PERSONAL
ASSISTANT

KOBWA STAFF



THE BOARD CHAIRPERSON'S STATEMENT



Ms. Emelda Magagula

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 2020/2021 despite the dynamic domestic and global climatic challenges.

As the KOBWA Board Chairperson, once again I am honoured to present the organisation's annual report for the period 01st April 2020 to the 31st of March 2021. 2021 proved to be a year that tested our true resilience and determination in striving for excellence, amidst the unprecedented COVID-19 global pandemic that created very challenging conditions. Our business plans were put to the test, along with the mettle of our people in facing adversity. I am proud to say that we have weathered the storm and emerged stronger, continuing to pursue operational excellence and following through our long-term growth strategies as we strive towards delivering on our mandate.

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

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 2020/2021 despite the dynamic domestic and global climatic challenges.

Corporate Governance

I am pleased to once again announce that KOBWA continued to maintain her record of attaining 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.

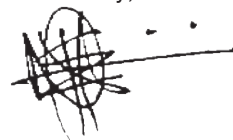
Conclusion

The Board takes very seriously the responsibility that comes with providing guidance to the leadership and management of an entity providing an essential service that touches the lives of thousands of people within KOBWA's area of operation.

I look forward to the year ahead with confidence, knowing that the diligence of KOBWA team and our commitment to good governance will help us to fulfil our potential as a socially responsible entity providing a high quality, essential public service.

As we build the next phase of our journey to deliver for our stakeholders and the environment, we pledge to be a force for good in the communities we serve and, in doing so, create value for the Member States and all our stakeholders.

Sincerely,



Emelda Magagula
Chairperson

STATEMENT OF THE CHIEF EXECUTIVE OFFICER



Mr. Collin Zwane

Dear Valued Stakeholder,

The global health crisis resulting from the COVID-19 pandemic continued to have a profound impact on our daily lives, and tragic consequences for millions of people across the world. We were forced to deal with and forge a way through an unpredicted new normal. I am glad though that, even though in the face of an alarming danger we sought collective solutions which became testament that together, unified, we could achieve more. Kindly receive the KOBWA 2020/2021 Annual Report.

Water Management and Infrastructure

The JWC approved Rationed Low Assurance supply which entailed the irrigation users receiving the full allocation from the start of the water year (1st April 2020) followed by a curtailment of 30% effective from 1st October 2020.

The 2020/21 water year commenced with Driekoppies Dam at 70.8% of its full supply capacity (FSC), while Maguga Dam was at 78.3%.

KOBWA continued her compliance her compliance with the Operations and Maintenance manuals and best practices. KOBWA also actively addressed recommendations from dam inspections.

Financial Management

Even though the prevailing COVID-19 environment was not conducive on many organisational aspects, KOBWA was able to achieve or record positive outcomes on most of the planned projects and objectives for the 2020/21 financial year. KOBWA's 2020/2021 operational budget was maintained similarly to the previous year which meant control measures were key to mitigate the non-increase of the budget.


I am pleased to report that thanks to very strict health and safety protocols we were able to protect our employees from the COVID-19 pandemic and continued to serve our stakeholders with minimal interruptions to our operations.


Human Relations and Internal Relations

• Staff Wellness

Even though COVID-19 restrictions on travel were lifted mid-year, KOBWA maintained the work-from-home concept to limit the numbers in the office as a health and safety measure. At the relaxation of the COVID-19 control protocols, staff continued to partake in physical exercise in the form of walks during the wellness Wednesdays.

Industrial Relations

KOBWA and the two staff labour unions (NEHAWU in South Africa and NAPSAWU in Eswatini) were able to reach a consensus in time for the Cost-of-Living Adjustment which resulted in the signing of a Collective Agreement with the parties having reached a settlement.

• COVID-19

The year 2020/2021 has been an eventful year for us as we continued to deal with the volatility of our operating environment in the face of the continuing COVID-19 pandemic. We are very proud and thankful that we demonstrated resilience, initiative, flexibility and teamwork in dealing with this demanding environment and at the same time cared for the safety and well-being of colleagues and stakeholders.

I am pleased to report that thanks to very strict health and safety protocols we were able to protect our employees from the COVID-19 pandemic and continued to serve our stakeholders with minimal interruptions to our operations.

Risk Management

Following the approval of the Strategic Risk Register by the Board, the KOBWA Executive continued holding 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.

Stakeholder Management

A great deal of stakeholder engagement relies on face-to-face contact which, due to the COVID-19 outbreak was limited. However, KOBWA continued to place value on stakeholders through engagements within the stipulated guidelines and enforced safety measures internally.

KOBWA signed two Memoranda of Understanding (MoUs); the first with WaterAid which facilitated the collaboration of KOBWA and WaterAid to jointly develop and fund sustainable WASH projects and conduct intensive resource mobilization in Eswatini and South Africa. The second MoU was signed between KOBWA and ESEPARC where both parties aimed collaborate on social and economic research.

In closing:

We are now ready for the next step in our strategic journey, accelerating the growth of our organisation. I would like to thank our employees for everything they achieved in 2021, and also to thank our Principals for the continuous trust they have bestowed on us during these trying times.

I continue to pledge our commitment of continuous delivery as instructed by the member states and to meet stakeholder needs as we endeavour to position KOBWA as an efficient trans-boundary water management entity.



Collin Zwane
Chief Executive Officer



Annual Performance Plan Implementation Report for 2020/21

(As @ 31st March 2021)

1. SUMMARY REPORT

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		43	69
2.	PARTIALLY ACHIEVED		16	26
3.	NOT ACHIEVED		3	5
	PENDED (Due to COVID-19 IMPACT		7	
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		69	100

2. OVERALL PERFORMANCE PER STRATEGIC FOCUS AREA

a. WATER RESOURCE DEVELOPMENT AND MANAGEMENT (35%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		13	68
2.	PARTIALLY ACHIEVED		5	27
3.	NOT ACHIEVED		1	5
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		19	100

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

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		9	64
2.	PARTIALLY ACHIEVED		3	22
3.	NOT ACHIEVED		2	14
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		14	100

c. CUSTOMER AND STAKEHOLDER FOCUS (10%)

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

d. PEOPLE (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		4	67
2.	PARTIALLY ACHIEVED		2	33
3.	NOT ACHIEVED			
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		6	100

e. TECHNOLOGY AND BUSINESS PROCESS (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		13	76
2.	PARTIALLY ACHIEVED		4	24
3.	NOT ACHIEVED		0	0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		17	100

f. SOCIO ECONOMIC INITIATIVES (10%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		3	75
2.	PARTIALLY ACHIEVED		1	25
3.	NOT ACHIEVED		0	0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		4	100

3. STRATEGIC ACTIVITIES NOT ACHIEVED

#	ACTIVITY	TARGET FOR Q4 (20/21)	REASONS FOR DEVIATIONS	CORRECTIVE ACTION	NEW DATE
1	Improved Access to Driekoppies Dam – Construction of short road from clinic to Driekoppies Dam Office	Handover to Nkomazi Municipality	Not achieved. The contractor has been unable to proceed with construction. The contract has now been terminated.	KOBWA is proposing to procure a contractor using the open tender method.	21/22
2	Revenue Generation Identified Commercial activities around the Dams	Recruitment of a Business Development Officer	The activities were aligned with the approval of the position after the approval process of the Revenue Generation Strategy.	The Revenue Implementation plan to be done covering the required resources and timeframes for implementation.	Sep '21
3	Provision of relevant Training and consulting services in Dam construction, Water and Environmental Management at KOBWA	Review & finalise Implementing Plan.	Implementation plan awaiting approval of the Revenue Generation Plan.	Formulate the implementation plan for the strategy	Jul '21

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 (2020/2021)	Target (Q3 - 2020/21)	Target (Q4 - 2020/21)	Actual performance as at 31 st Mar. 2021	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
System Operation	Submit Water Allocations by May 2019.	May 2020	Monitor system performance. <i>Achieved</i>	Monitor system performance. Approve interim allocations for 21/22 by 31/03/2021	Achieved.	-Monthly Reports -KJOF Meeting minutes	n/a	n/a	n/a	
PENDED	Implementation of Interim IncoMaputo Agreement (IIMA) Provision on transboundary flows Ressano Garcia	Development of a Joint Monitoring Plan by KOBWA & IUCMA by Dec '20	Quarterly Report, including statistics for compliance. <i>Not Achieved</i>	Quarterly Report, including statistics for compliance.	Achieved.	Technical Report	n/a			
					Partially Achieved. A meeting was held with IUCMA to discuss process for formulating a monitoring plan.	Minutes of meeting	Stakeholder meetings not yet possible under Covid19 regulations	Further discussions with stakeholders to be held by June 2021	Sep'21	
	Updating of Operating Rules for the Komati System	Implement 2 recommendations from the final product	Progressive implementation of recommendations (inhouse) <i>Achieved</i>	Progressive implementation of recommendations (inhouse)	Achieved. Impact of updated of hydrology on modelling is being assessed.	Hydrological data files.	n/a	n/a	n/a	
	Prepare monthly reconciliation statements and water availability analysis	20th day of the following month	Monthly reconciliation statements presented to KJOF and Board. <i>Achieved</i>	Monthly reconciliation statements presented to KJOF and Board.	Achieved. A meeting was held in RSA where issues of illegal mining, including for sand, were discussed. A task team for illegal sand mining was set up.	KJOF minutes and Board Technical Report	n/a	n/a	n/a	
Water Resources Risk Management	Intensify Climate Change communication and awareness in the Basin	Workshop stakeholders on land use and sanitation best practices.	Preparation of workshop logistics <i>Achieved</i>	Hold workshops in both Member States. Analysis of workshop outcomes and implementation of relevant recommendations.	Achieved. A meeting was held in RSA where issues of illegal mining, including for sand, were discussed. A task team for illegal sand mining was set up.	Minutes of meeting.	n/a	n/a	n/a	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2020/2021)	Target (Q3 - 2020/21)	Target (Q4 - 2020/21)	Actual performance as at 31 st Mar. 2021	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
	Emergency Preparedness Plans	Hold 2 stakeholder workshops by Mar '21	Hold 1 pre-season workshop within each Party. Not Achieved	Monitoring of EPP implementation and recommendations from workshops.	Achieved. A virtual workshop was held in March where both countries were in attendance.	Workshop report.	n/a	n/a	n/a	
	Phased installation of one groundwater monitoring boreholes.	Identify and secure possible sites for borehole location by Sep '20	Negotiate possible sites with land owners. Secure budget for 2021/22 Partially Achieved	Monitoring of existing boreholes' performance.	Achieved. Site ownership determined. KOBWA and IUCMA are discussing with Traditional Authority on drilling a borehole there.	Borehole database.	n/a	n/a	n/a	
		Phased installation of one meteorological measuring station – 1 borehole in RSA	Drill borehole and install instrumentation. Partially Achieved	Monitor borehole performance	Partially achieved. Borehole drilled. Instrumentation still to be installed.	Borehole site.	Procurement delays leading to late start of work.	Instrumentation to be installed in next maintenance visit by KOBWA service provider.	Aug'21	
Establishment of the Komati River Basin meteorological measuring stations network.	Phased installation of one meteorological measuring station per Country per year.	Installation of one meteorological measuring station in KoE by Sep '20.	Negotiate possible sites with land-owners Achieved	Install rainfall station. Data collection and monitoring performance of station.	Achieved. Station was installed and data is transmitted to the officer.	Rainfall station in Maphalaleni. Rainfall database.	n/a	n/a	n/a	
Infrastructure Management	Statutory dam inspection – Driekoppies Dam	Driekoppies Dam statutory inspection by Oct '20 and report by Dec '20	Statutory inspection and draft report for DWS Approval Partially Achieved	Implementation plan for 2021/22	Partially achieved. 'The dam inspection has been conducted and the APP will provide a report.	Appointment letter. Dam inspection meeting register	Delayed start due to mechanical challenges at the dam.	Remedial measures are well underway. Inspection has occurred.	May'21	
	Internal annual dam inspection – Maguga Dam	Internal Dam inspection for Maguga Dam by Feb '21	Conduct annual inspections and develop reports & remedial plan Achieved.	Implementation plan for 2021/22	Achieved.	Maintenance plan.	n/a	n/a	n/a	
	Contracts for key infrastructure components	Contracts and service level agreements in place by Dec '20.	Valves, lifting equipment, survey, electrical contracts in place. Partially Achieved	Monitor and evaluate implementation	Achieved. Tender was evaluated and some contracts will be brought for Board consideration and approval.	Evaluation and Adjudication Reports	n/a	Tender now awaits presentation to Board.	Jun'21	
	Improved Access to Driekoppies Dam – Construction of short road from clinic to Driekoppies Dam Office	Implementation of Driekoppies Road extension by Dec '20	Construction of road and preliminary handover processes. Not achieved	Handover to Nkomazi Municipality	Not achieved. The contractor has been unable to proceed with construction. The contract has now been terminated.	Meeting minutes. Site handover document.	The contractor failed to start due to disagreements in the community.	KOBWA is proposing to procure a contractor using the open tender method.	Dec'21	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2020/2021)	Target (Q3 - 2020/21)	Target (Q4 - 2020/21)	Actual performance as at 31 st Mar. 2021	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
	Replacement of the damaged butterfly valves at Driekoppies Dam	To replace the butterfly valves at Driekoppies Dam by Mar '20	Preliminary work on site <i>Achieved</i>	Complete replacement of butterfly valves	Partially achieved. The new valve is still being fabricated and will be ready in June 2021.	Workplan	Work interruptions at the foundry due to social unrest in the Kimberly area.	n/a	Jun'21	
	Rehabilitation of the Mananga Gauging Station / Weir	Complete rehabilitation of the Mananga Gauging Station by Mar '21	Procurement process for contractor and approval of EIA. Commence construction works <i>Partially achieved.</i>	Complete construction on remedial works on site	Partially achieved. KOBWA and CRIDF have prepared all procurement documents. The tender launch has been delayed by the final approval from funder.	Approved EIA. Signed Implementation Agreement.	Final approval to launch tender is awaited from CRIDF's UK funder.	KOBWA ready to advertise as soon as approval is given.	Nov 2021.	
<i>NB! Subject to approval of funding by JWC</i>	Improved Access to Driekoppies Dam – Construction of main access road to Driekoppies Dam Office	Approval for funding & development of detailed scope for the project by Dec '20	Subject to availability of funds and approval. Develop project documents n/a	Engage Nkomazi Municipality and develop procurement document for consulting engineers.	n/a	n/a	n/a	n/a	n/a	
Environmental Monitoring	"Compliance with ISO17025"	KOBWA Laboratory to comply with ISO17025 standard by Mar '21	Implementing Corrective Action from Non-Conformances of Gap Audit. Budget for corrective actions as necessary. <i>Achieved</i>	Reviewed procedure manuals for approval. Complete application process for certification	Achieved. Report from gap analysis has been received and some recommendations on training are being implemented.	Audit Report from service provider.	Audit revealed that there is more that needs to be done before applying for accreditation.	KOBWA to progressively implement recommendations from audit report.	Mar'22	
	Perform wet and dry micro biological monitoring	Dry season monitoring by Nov '20 Wet season monitoring by Mar '21	Dry season monitoring report Progressive implementation of recommendation from wet season report <i>Achieved</i>	Wet season monitoring and reporting. Progressive implementation of recommendation from wet & dry season report.	Achieved. A report has been submitted by the service provider.	Draft report	n/a	n/a	n/a	
	Reservoir and River Health Monitoring	Quarterly water quality reports	Quarterly water quality report <i>Achieved</i>	Quarterly water quality report	Achieved	Quarterly Reports	n/a	n/a	n/a	

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

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

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2020/2021)	Target (Q3 - 2020/21)	Target (Q4 - 2020/21)	Actual performance as at 31 st Mar. 2021	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Financial Management	Expenditure Control	Achieve at least 95% Budget expenditure	At least 70% Oper. Budget <i>Partially achieved</i>	95 -100% Oper. Budget	Achieved.	Committed Cost Schedule	n/a	n/a	n/a	
	External audit Report for Financial Year 19/20	Unqualified Audit. Draft report to Board by 31 August '20	Prepare implementation plan for any audit findings. <i>Achieved</i>	Plan for 2021/22 audit	Achieved.	Audit reports	n/a	n/a	n/a	
	Application of Generally Recognised Accounting Practices (GRAP) to accounting processes, reporting and policies.	Annual Financial Statements (AFS) for 19/20 compliant with GRAP	Prepare quarterly management accounts. <i>Not Achieved</i>	Prepare quarterly management accounts. Prepare annual financial statements. Prepare quarterly management accounts.	Partially Achieved.	Annual Financial Statements Trial Balance Ageing Analysis	Late start to the year including audit & system implementation, most part of the year was about catching up.	Continue processing parallel to the audit	June '21	
Budget Preparation	Approved 2021/22 Budget by November 2020	Approved 2021/22 budget by 30 Nov '20	n/a <i>Achieved</i>	Procurement plan/ Cost Control Schedule. Budget Loaded into the system for 2021/22	Achieved	Approved Budget loaded onto the system	n/a	n/a	n/a	
Loan Repayments	Loan Repayments as per schedule	100% Compliance	n/a <i>Achieved</i>	Hambros (31/10)	Achieved	Payment Vouchers	n/a	n/a	n/a	
Accounting software	Accounting software	SAGE Evolution accounting package implemented by Sep '20	Go live for core modules Start implementation of non core modules <i>Not Achieved.</i>	Training and testing of secondary modules	Partially achieved	Training of core team	Still working on primary modules some of which took longer to implement.	Finalising the implementation of primary modules. To train Finance for the secondary modules before implementation.	July '21	
Review of Finance Policies and Procedure Manuals	Supply Chain Management (SCM) Policy and Processes	Centralise procurement processes by Mar '21	Finalise all Centralise procurement for Maintenance of KOBWA Houses (in consultation with Operations Department) Automate procurement <i>Not Achieved.</i>	Centralise procurement processes for common goods and services Progressive implementation of SCM Procedures (40%).	Partially Achieved	Draft procurement procedures. Draft ToRs for the maintenance of houses. Set up for advanced procurement.	Slow pace due to not having PAMA to expedite some of the processes. Knock on impact of delayed start to the financial year.	Finalise approval of the procurement procedures. Send out tender for houses maintenance. Finalise implementation of advanced procurement module.	Jun'21	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2020/2021)	Target (Q3 - 2020/21)	Target (Q4 - 2020/21)	Actual performance as at 31 st Mar. 2021	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
		New Finance Management Policy & Procedures Manual by Mar '21	Document Finance procedures and work instructions (30%) <i>Achieved</i>	Complete process (100%) Monitor implementation	Achieved	Approved policies	n/a	n/a	n/a	
Cost Containment measures	Cost containment measures implemented across the organisation	Achieve a real saving of 1% of the budget.	Asses spending progress and re-forecast to end of year identifying areas for savings <i>Achieved</i>	Review forecast after approval of 2020/21 Budget of JWC	Achieved.	Committed Cost Schedule & Budget	n/a	n/a	n/a	
Revenue Generation	Identified Commercial activities around the Dams	Identify at least 2 commercial opportunities and convert at least one into a bankable project.	Start recruitment of a resource to come up with project plan & financial model Two Draft projects with project plan for review. <i>Not Achieved</i>	Recruitment of a Business Development Officer One bankable project approved and ready for implementation with full project plan	Not Achieved	None	The activities were aligned with the approval of the position after the approval process of the Revenue Generation Strategy	The Revenue implementation plan to be done covering the required resources and timeframes for implementation.	Sep '21	
	KOBWA recognised as Implementing Agent for Implementation of RMP at Driekoppies Dam.	To be Implementing Agent for Driekoppies Dam Resource by Mar '20.	Formalise Implementing Agency Agreement with DWS <i>Achieved</i>	Review & finalise Implementing Plan.	Achieved.	KOBWA reviewed and submitted the RMP and BP which has been workshopped to stakeholders	n/a	Final Approval		
	Increased use of KOBWA Recreational Areas in both dams	Increased use of KOBWA Recreational Areas in both dams	Engage Nkomazi Municipality towards upgrading of Driekoppies Dam main road. <i>Achieved</i>	Review & finalise Implementing Plan.	Achieved.	RMP implementation Plan submitted to DWS for approval. Some progress in onboarding users of the dam facilities especially DD (BOAT Facilities)	Closure of the facilities & uncertainty due to Covid-19	Advertise in the local papers and give more room for operators to apply for various services.	Sep '21	
	Provision of relevant Training and consulting services in Dam construction, Water and Environmental Management at KOBWA	Feasibility study on the viability of a Water and Environmental Management Training opportunities based at KOBWA	Engage potential partners including institutions of higher learning or partner organisations. <i>Achieved</i>	Review & finalise Implementing Plan.	Not Achieved	None	Implementation plan awaiting approval of the Revenue Generation Plan.	Formulate the implementation plan for the strategy	July '21	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2020/2021)	Target (Q3 - 2020/21)	Target (Q4 - 2020/21)	Actual performance as at 31 st Mar. 2021	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
	Forge partnership on KOBWA projects with donor or partner organisations.	Two contracts on specific projects, one implemented with donor or partner organisations in the water sector.	Co-develop ToRs for at least one project common to the two organisations. Sign a second MoU with another donor or partner organisation. Achieved	Review & finalise Implementing Plan.	Achieved	3 MoUs with Water Aid, CRIDIF, and ESEPARC. More work is happening with Rand Water.	n/a	n/a	n/a	
PENDED	Mini hydropower generation at Driekoppies Dam	Develop concept documents and updated desktop evaluation of electricity generation by Mar '21	Continue engagement of key stakeholders. Start preparing concept notes for the project. N/A	Develop a bankable project as per guidelines for development of electricity generation projects.	.				n/a	

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 (2020/2021)	Target (Q3 - 2020/21)	Target (Q4 - 2020/21)	Actual performance as at 31 st Mar. 2021	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Treaty Review Process <i>NB! Subject to relaxation of COVID-19 Lockdown</i>	Treaty Review Process & draft revised Treaty	75% progress on Review Process.	Achieve 60 % progress report focusing on water allocations <i>Partially Achieved</i>	75% progress report	Partially achieved.	Draft Treaty finalised for public participation processes	COVID19 restrictions	Public participation meetings rescheduled to 21/22	21/22	
KOBWA Promotions ACTIVITIES PENDED TO Q4	Corporate Functions	One function by Mar '20	Marketing of event <i>Pending</i>	Host event on water related theme	Pended	Focus on core functions until relaxation of COVID19 restrictions.	Focus on core functions until relaxation of COVID19 restrictions	Pended to late 21/22.	21/22	n/a
<i>NB! Subject to relaxation of COVID-19 Lockdown</i>	Publications / Conference Presentations	1 Publication / 2 Conference Presentations	1 paper / presentation <i>Pending</i>	1 paper / presentation 1 publication	Pended	KOBWA Teams working from home focussing on core functions.	KOBWA Teams working from home focussing on core functions.	Pended to late 21/22.	21/22	n/a
<i>NB! Subject to relaxation of COVID-19 Lockdown</i>	Water & Environmental Management Awareness Campaign (WEMAC) - Schools	Hold 1 WEMAC event in each Member State by Mar '21	Hold 1 event in KoE <i>Pending</i>	Hold 1 event in RSA (Subject to advice re exams)	Pended	Activity could not be achieved as schools were closed / partially closed. When opened they prioritise the curriculum.	Postpone to late 21/22.	Planning to start on the second quarter, involving school circuits.	21/22	n/a
Customer Service ACTIVITY PENDED DUE TO COVID-19	Survey report Satisfactory percentage level	3 Customer Service Surveys by Mar '21	1 Customer survey report and action plan <i>Pending</i>	1 Customer survey report and action plan	Achieved	Staff survey undertaken during the quarter	n/a	n/a	Quarterly	
ACTIVITY PENDED DUE TO COVID-19	Strengthen partnerships with existing stakeholders	Signed Memorandum of Understanding with KRBA /URBA (Eswatini) by Mar '21	Approved MoUs with both institutions <i>Pending</i>	Progressive implementation of MoUs (Quick Wins)	Pended	First meeting scheduled for mid April 2021	Parties could not meet due to COVID19 restrictions.	Meeting scheduled for mid-April 2021 where a smaller Task Team will be appointed to draft the MoU	21/22	n/a

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 (2020/2021)	Target (Q3 - 2020/21)	Target (Q4 - 2020/21)	Actual performance as at 31 st Mar. 2021	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Human Resources Management	Performance Evaluations	2 Performance Evaluations based on the strategic plan.	½ Yearly Perf. Evaluations by 31 Nov '20 <i>Achieved</i>	Initiate End – of – Year Performance Evaluations	Achieved.	Memo to staff announcing performance assessment week	n/a	n/a	n/a	
	Revised HR Policy Manual	Revised HR Policy Manual by Mar '21	Approved Training Policy <i>Partially Achieved</i>	Implement approved Training policy	Partially Achieved	Draft Training policy workshopped to staff and Organised Labour engaged. Waiting for approval	Draft policy had to be first presented in last quarter HRRC sitting due to its budgetary implications	Policy submitted for HRRC approval in May 2021, implementation thereafter	n/a	
	Application of Generally Recognised Accounting Practices (GRAP) to accounting processes, reporting and policies.	Annual Financial Statements (AFS) for 19/20 compliant with GRAP	Prepare quarterly management accounts. <i>Not Achieved</i>	Prepare quarterly management accounts. Prepare annual financial statements. Prepare quarterly management accounts.	Partially Achieved.	Annual Financial Statements Trial Balance Ageing Analysis	Late start to the year including audit & system implementation, most part of the year was about catching up.	Continue processing parallel to the audit	June '21	
Skills Development	Annual Skills Development & Process Annual Training Report/Work Skills Plan for Energy SETA	2020/21 Skills Development Plan by Jul '20. All staff trained by Mar '20	Implementation of Skills Development Plan <i>Partially Achieved</i>	Annual Skills Development & Process Annual Training Report/Work Skills Plan for Energy SETA	Achieved	Approved training requests in line with COVID – 19 measures	n/a	n/a	Annual n/a	
Corporate Values	Behavior changes or practices	Have workshopped all KOBWA values by end of financial year.	Workshop remaining values <i>Not achieved</i>	Monitor roll out effectiveness	Achieved	Presntations	Workshops completed during last quarter	Structured Monitoring of values to be spread throughout financial year 2021/22	21/22	
Industrial Relations <i>NB! Subject to relaxation of COVID-19 Lockdown</i>	Industrial Action (Strikes)	0 strikes resulting from failed negotiation 3 COLA Negotiation meeting	1 consultative meeting <i>Achieved.</i>	1 consultative meeting Training for Shop stewards	Achieved	Minutes of consultative meeting	n/a	n/a	n/a	
	Signed Collective Agreement (Memorandum of Agreement)	Signed MoU by Mar '20	Finalise MoU Submit MoU for Board approval <i>Partially achieved.</i>	Signed MoU	Partially Achieved	Finalised document waiting for approval in 1st quarter 2021	Delayed resumption of review process due to none – availability of Labour	Draft submitted to HRRC for approval in May 2021	May '21	

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 (2020/2021)	Target (Q3 - 2020/21)	Target (Q4 - 2020/21)	Actual performance as at 31 st Mar. 2021	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Business Planning	Review Strategic Plan 20/21 to 24/25	Approved revised strategy by Dec '20	Presentation to JWC <i>Achieved</i>	Align with Business Plan for 2021/22	Achieved.	Draft BP for 21/22 to be submitted for Board approval on 20/05/21	n/a	n/a	Ongoing	
	Approved 2020/21 Annual Performance Plan (APP)	Jul '20	Monitor implementation. <i>Achieved</i>	Monitor implementation.	Achieved	Quarterly Progress Reports	n/a	n/a	Ongoing	
Alignment of individual business plans with strategy	Organizational Performance Score (Average) <i>PENDING! Departmental scores still underway</i>	Achieve a 3.2 organisational average score	As per quarterly Performance Targets <i>Achieved</i>	As per quarterly Performance Targets	Achieved	Quarterly performance averaging 60%. Final report to be finalised in July '21 after external audit report.	n/a	n/a	Ongoing	
Reporting	Annual Report	Sep '20	Disseminate Report to stakeholders <i>Not achieved</i>	Disseminate Report to stakeholders	Partially achieved	Draft ARR	Delays in approval of organisational progress report for 19/10	To be finalised in May '21	May '21	
	Board & Board Committee meetings documents / Reports	Meeting documents distributed 7 Days Prior to meetings	3 reports <i>Achieved</i>	3 reports	Partially achieved	Distribution dates – averaging 5 working days	Late submissions of tender reports	A schedule of tenders to be aligned with Board submission dates	Quarterly	
	Meeting documents / Reports - JWC, JWC Finance Committee, JWC Technical Committee & JWC Treaty Review Task Team	10 Days prior	4 reports <i>Achieved</i>	4 reports	Achieved.	Submission dates	n/a	n/a	Quarterly	
Corporate Governance	Compliance with Corporate Governance Policy	Progressive implementation of Corporate Governance Policy	Progressive alignment of KOBWA Processes with Policy <i>Achieved</i>	Progressive alignment of KOBWA Processes with Policy	Achieved	PMS workshop held. PMS forms standardised & aligned with approved policy	n/a	n/a	Ongoing	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2020/2021)	Target (Q3 - 2020/21)	Target (Q4 - 2020/21)	Actual performance as at 31 st Mar. 2021	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Risk Management	Strategic Risk Register and quarterly monitoring reports.	Approved & updated Departmental and Strategic Risk Registers (2020/21) by 4th quarter	Quarterly Risk Register with Report.	Quarterly Risk Register Compliance Monitoring Report.	Achieved.	Quarterly reports	n/a	n/a	Quarterly	
			Prepare Risk Registers for 2021/22 <i>Achieved</i>	Approved Risk Registers for 2021/22		Approved strategic register for 21/22	n/a	n/a	21/22	
Internal Audit	2018/19 Internal Audit Charter, 2018/19 Annual Plan & 3 year 2018/19 Rolling Plan	Approved 2020/21 Internal Audit Charter, 2020/21 Annual Plan & three year 2020/12-2022/23 Rolling Plan by the end of the first quarter of the 2020/2021 financial year.	Undertake audits as per Annual Plan <i>Partially achieved</i>	Undertake audits as per Annual Plan. Prepare draft 2021/22 annual plan & related documents	Partially achieved Planned audits undertaken with the exception Risk Management and Water Management audits that have been deferred to the 2021/22 financial year. Fleet management audit is still draft audit reporting stage. Asset/Inventory Management Audit is still in progress.	FRAC/Board meeting minutes approving the 2020/21 IA Charter and Audit Plans which were presented Virtually during the Lockdown period. Procurement Audit report presented to FRAC in first quarter meeting; Asset/ Inventory verification Working Papers	Fleet Management audit report finalisation delayed by unavailability of relevant auditee due to family bereave-ment; Asset/ Inventory management audit delayed by decision to conduct a 100% verification of both offices Risk Management deferred Water Management audit hours were affected by the 100% focus on the MD and DD asset/ invention verification, hence deferred to 2021/22.	Fleet Management Audit final report to be by the 20 th of May 2021 Asset Verification audit to be finalised and report issued by the end of June 2021 Governance and Risk management processes audit postponed to 2021/22 Water Management prioritised for 2021/22;	Final Fleet Audit report by 20th of May 2021 Asset/ Inventory Verification report by 30 th June 2021 Governance & Risk Management audit by 30 th March 2022 Water Management audit by 31st August 2021	
Legal Compliance Management	Compliance Manual	Quarterly legal register updates in compliance with regular statutory promulgations	Quarterly Risk Register with Report. Prepare Risk Registers for 2021/22 <i>Achieved</i>	Update legal register in compliance with relevant statutory requirements	Achieved	Procedure, attendance Register, Presentations.	n/a	n/a	n/a	
Information Management Systems	New Electronic Document Management System (EDMS)	Implement new document management system by Oct 2020	Complete System roll out <i>Partially achieved</i>	Monitoring & Evaluation	Achieved	Ongoing monitoring with System Go- Live parallel run	n/a	n/a	n/a	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2020/2021)	Target (Q3 - 2020/21)	Target (Q4 - 2020/21)	Actual performance as at 31 st Mar. 2021	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Website and intranet	Offsite intranet accessibility	Intranet portal	System rollout with service provider supervision	Monitoring & evaluation and subsequently develop SLA	Achieved.	Signed SLA	n/a	n/a	n/a	
	Improved KOBWA website	Improved website by Mar '21	Not Achieved	Review and update	Partially Achieved	Developed lay-out Developed lay-out	KOBWA had to change designer due to incapacity to deliver. Upgrade of layout done, yet to update content and develop real – time data module	Meeting with new designer scheduled for 11 May 2021	July 2021	
Health, Safety, Quality Control and Capacity Building.	Quality Control Audits (Reports on adherence to industry specific standards)	Quality manual Organisational)	Gap Audit on ISO 45001 Achieved	Identify certification body and request for pre-certification audit.	Achieved BSI identified and the pre-certification audit done both on ISO 45001 and ISO 9001	Pre-certification audit report on two standards.	n/a	n/a	n/a	
			Finalise SHE policy Manual review Achieved	Revised SHE Policy Manual workshopped to staff.	Achieved SHE Policy Manual revised, presented to staff, reviewed by BSI and forms part of Board pack.	Revised SHE Policy Manual	n/a	n/a	n/a	

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 (2020/2021)	Target (Q3 - 2020/21)	Target (Q4 - 2020/21)	Actual performance as at 31 st Mar. 2021	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
CSR Projects PENDING COVID-19 IMPACT	Implementation of Corporate Social Responsibility projects	Spend 100% of approved allocated budget on CSR projects by Mar '20 Assessment of 4 previously completed projects and evaluation of newly implemented projects By Mar '21	Progressive expenditure (70% of budget) <i>Achieved</i> Visit 1 previously implemented project for determination of status / condition should pandemic situation permit <i>Not Achieved</i>	Progressive expenditure – (100 % of budget) Evaluate newly completed projects Visit 1 previously completed projects to determine status/ condition	Achieved. Achieved	Committed cost report 2021 indicating Eswatini budget depleted, RSA set aside for Schoemansdal clinic project Report and pictures of St. Paul's Primary School in Nkomazi funded in 2018/19 for construction of ablution block	n/a n/a	n/a n/a	n/a n/a	
Lake Matsamo Mitigation Plan PENDING COVID-19 RELIANT ON DWA AND OTHERS	Lake Matsamo Business Proposal	40 % implementation of the KOBWA contribution.	Revive Task Team if pandemic situation permits Formulate new targets with Task Team <i>Not Achieved</i>	Implantation of KOBWA targets e.g. electricity	Pended	Progress reports including reports by DWA (KoE) at JWC.	Pending activity on the site to avoid vandalism	Implementation to be conducted immediately there is activity on site, which is beyond KOBWA control but dependant on other stakeholders	21/22	n/a
FINCOP Revolving Fund	Revised MoU Improved relations with beneficiaries of Revolving Fund	Finalize KOBWA position by end Dec '20 Increased uptake of the fund and better performing businesses by end of financial year	Signed MoU/ MoA <i>Partially Achieved</i> Finalise initiated engagement with Fincorp <i>Partially Achieved</i>	Implementation of MoU/ MoA Identify participants and introduce feedback forum to recipients (maguga and Matsamo Hold feedback and capacity building forum if pandemic situation permits	Partially achieved	Draft MoA prepared by the two parties -	Engagements on MoA and nature of the fund had to be intensified when new challenges were uncovered, hence could not be completed	Current ongoing engagements to determine new direction and targets	21/22	
Socio economic baseline for the basin	Funding for study of socio-economic baseline for the region	Secure funding and partners for development of Report / study on water related socio-economic baseline in the project area by Mar '21	Engage Cooperating Partners including Institutions of Higher Learning.	Finalise MoU and plan for implementation in 2021/22	Achieved	Signed MoU with ESEPARC	n/a	n/a	n/a	

1

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.

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.

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

KOBWA defines a water year as the period from 1st April – 31st March for operations.

SYSTEM OPERATION

a) Water Allocations for 2020/21 Water Year

At the end of March 2020, KOBWA Management approved a 20% rationing for the interim allocations for the 2020/21 water year. The interim allocations are an annual measure to allow for the continued supply of water whilst the annual allocation is being calculated and submitted to the JWC for consideration. The determination of the 2020/21 annual water allocations for the Parties was done during the month of April 2020 and thereafter submitted to the JWC. The JWC approved Rationed Low Assurance supply which entailed the irrigation users receiving the full allocation from the start of the water year (1st April 2020) followed by a curtailment of 30% effective from 1st October 2020. The High Assurance supply remained uncurtailed. Therefore, the approved rationed water allocations for 2020/21 water year were as shown in Table 1(a) as well as Table 1(b) for the non-rationed High Assurance (HA) allocation.

Party	30% Rationed Low Assurance Water Allocations (Mm ³)	Transmission Losses (Mm ³)	Total (Mm ³)
South Africa	225.1	25.4	250.5
Eswatini	196.7	16.6	213.3

Table 5(a): Rationed Interim Low Assurance (Irrigation) Water Allocations for 2020/21 water year in cubic hectometres per year (hm³/a) downstream of Maguga and Driekoppies Dams.

In March 2021, the Joint Water Commission approved the suspension of the 30% rationing on water allocations below Maguga and Driekoppies dams which had been implemented on October 2020. The suspension was with effect from the 1st February 2021. This was as a result of intense rainfall coming at the end of January 2021 and during February 2021 due to cyclonic activity. After the suspension of the rationing, the Low Assurance water allocations for 2020/21 water year then stood as shown in Table 5(b).

Party	20% Rationed Low Assurance Water Allocations (Mm ³)	Transmission Losses (Mm ³)	Total (Mm ³)
South Africa	248.8	25.4	274.2
Eswatini	215.0	16.6	231.6

Table 5(b): Rationed Interim Low Assurance (Irrigation) Water Allocations for 2020/21 water year in cubic hectometres per year (hm³/a) downstream of Maguga and Driekoppies Dams after suspension of rationing.

The Water Allocations are reduced as compared to the original Treaty allocations. This is because they have been adjusted to take into account the Mozambique requirement as well as water demand by Project relocatees, both in Eswatini and South Africa.

b) Historical Dam Levels and Inflows

The 2020/21 water year commenced with Driekoppies Dam at 70.8% of its full supply capacity (FSC), while Maguga Dam was at 78.3%. This corresponds to volumes of 261.3 million m³ and 177.7 million m³ for Maguga Dam and Driekoppies Dam, respectively.

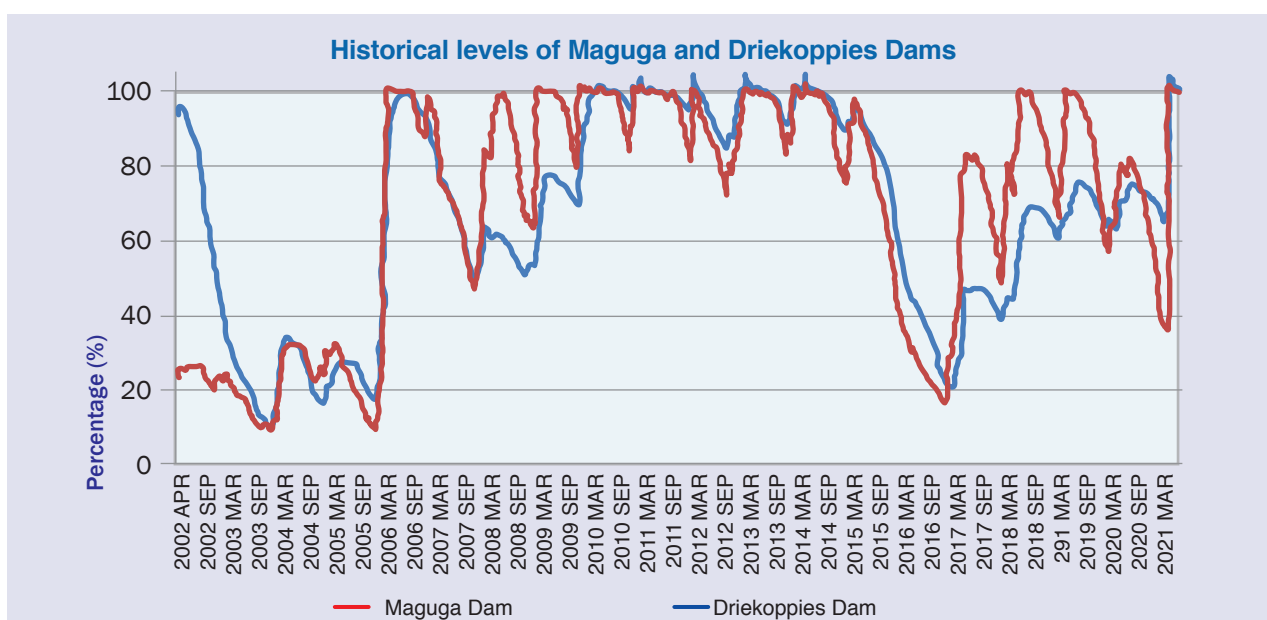


Figure 3: Maguga and Driekoppies Dams Actual Gross Stored Volume (%)

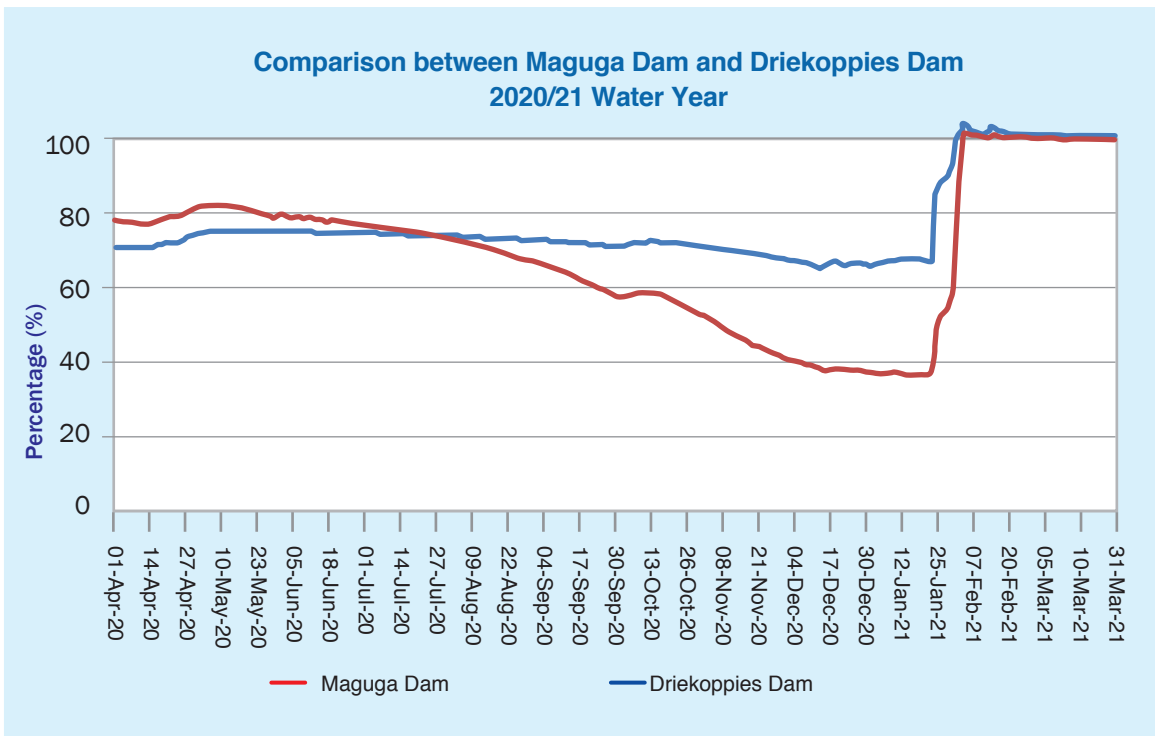


Figure 4: Showing Maguga and Driekoppies Dam Level, as at end of March 2020

c) Water Use by the Parties

The Komati Basin Water Use and Storage Reconciliation Statements for end of March 2021 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 2020/21 water year is shown in Table 6(a) and Figure 3 for South Africa, and in Table 6(b) and Figure 4 for Eswatini. As at the end of March 2021, South Africa had utilised **274.2Mm³ (82.7%)** of their rationed allocation and Eswatini, **206.5Mm³ (89.2%)** of their rationed allocation.

Table 6(a): Water Use downstream of Driekoppies Dam and Mananga in South Africa as at 31st March 2021.

Water Use Downstream of Driekoppies and Mananga in South Africa - March 2021		
	AMOUNT (million m ³)	BALANCE (million m ³)
Water use from Driekoppies Dam	177.2	
Add flow across Mananga Border	582.1	
		759.3
Subtract releases for Mozambique	968.4	
		-209.1
Subtract riverine losses	33.6	
		-242.7
Subtract domestic and industrial use	18.2	
		174.5
Add gross accruals from:	282.2	
Driekoppies to Lebombo	205.5	
Mananga to Tonga		266.9
	0.0	
Add water used from storage in the weirs (assumed)		266.9
Irrigation water use in 2020/21*		
* Remaining irrigation water downstream of Mananga and Driekoppies Dam on March 31:		
- South Africa:	=	47.3 Mm ³
Actual booked irrigation water in use in 2020/21	=	226.9** Mm ³
**Actual use which is:		
Less than (AVERAGE IRRIGATION DISTRIBUTION CURVE)	=	274.2 Mm ³
Actual booked irrigation use = 82.7% of 274.2 Mm³/a non-rationed Low Assurance water.		
– All banked water was lost to spillage.		

Table 6(b): Water use downstream of Maguga Dam in Eswatini as at 31st March 2021.

WATER USE DOWNSTREAM OF MAGUGA DAM IN ESWATINI - March 2021		
	AMOUNT (million m ³)	BALANCE (million m ³)
Releases from Maguga Dam	573.7	573.7
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	0.0	573.3
Subtract riverine losses	13.7	573.3
Subtract domestic and industrial use	17.5	559.6
Add gross accruals from Maguga to Mananga	246.5	542.1
Subtract flow at Mananga Border	582.1	788.6
Irrigation water use in 2020/21*		206.5
* Remaining irrigation water downstream of Maguga Dam on March 31:		
- Eswatini:	=	25.1 Mm ³
Actual booked irrigation water in use in 2020/21	=	206.5** Mm ³
** Actual use which is:		
Less than (AVERAGE IRRIGATION DISTRIBUTION CURVE)	=	231.6 Mm ³
Less than (P2M4 CURVE)	=	221.9 Mm ³
Actual booked irrigation use = 89.2% of 231.6 Mm ³ /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 2020 was 582.3 million m³, being 333.3Mm³ from Maguga Dam and 249.0Mm³ from Driekoppies Dam. These are the Reference Storages and represent the actual amount of water that can be allocated in the dams.

Table 6 (c): Maguga Dam Storage Reconciliation

MAGUGA DAM STORAGE RECONCILIATION ON 1 APRIL 2021		
	AMOUNT (million m ³)	BALANCE (million m ³)
Combined stored volume in Maguga Dam and Hydropower Regulating weir at start of water year	261.7	
Add Inflow to Maguga Dam for water year	647.4	
Subtract:		909.2
Net evaporation loses from Maguga Dam	1.1	
Releases from Maguga Dam	573.7	
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	574.4	334.8
Subtract volume above non-overspill crest	0.0	
Subtract remaining Eswatini share of Water in Reserve		334.8
Brought forward from 2019/20	0.3	
Cumulative for 2020/21	0.4	
	0.7	334.1
Subtract commitments from storage from 201/20 water year to:		
South Africa	0.0	
Eswatini	1.5	
	1.5	332.6
Add back water use above average use and/or banking for 2020/21:		
South Africa along Middle and Lower Komati*	-13.4	
Eswatini	-25.1	
	-38.5	294.1
Add back portion of banked water lost through spillage during 2020/21 water year to:		
South Africa	13.4	
Eswatini	26.6	
	40.0	334.1
Reference Storage Available in Maguga Dam and Hydropower Regulating weir from 01 April 2021		334.1
Subtract water stored in Regulating Weir on 01 April 2021	0.8	333.3
Reference storage available in Maguga Dam on 01 April 2019		333.3
*Balance of -33.9 Mm ³ is held in Driekippies Dam – Transmission Losses owed by Eswatini and South Africa were cancelled.		

Table 6 (d): Driekoppies Dam Storage Reconciliation

DRIEKOPPIES DAM STORAGE RECONCILIATION ON – 1 APRIL 2021		
	AMOUNT (million m³)	BALANCE (million m³)
Total stored volume at start of water year	177.7	
Add inflow for water year	254.1	
Subtract:		431.8
Net evaporation losses		
Releases from dam	2.0	
Total stored volume at end of month	177.2	
Subtract volume above non-overspill crest	1.5	252.6
Subtract share of water supplied for Mozambique from Komati River that was used by South Africa but replaced from Crocodile River:		251.0
Brought forward from 2019/20	0.3	
Net Cumulative for 2020/21	0.3	
Subtract South African share of Water in Reserve	0.6	250.4
Brought forward from 2019/20	0.6	
Net Cumulative for 2020/21	0.8	
Subtract commitments from storage from 2019/20 water year to South Africa	1.4	249.0
	0.0	
Add back water use above average use and/or banking for 2020/21 along Lomati and Lower Komati*	-33.9	249.0
		215.1
Add back portion of banked water lost through spillage during 2020/21 water year to: South Africa	33.9	249.0
Reference Storage Available in Driekoppies Dam on 01 April 2021		249.0
** Balance of South African over use not held in Maguga Dam –Transmission Losses owed by Eswatini and South Africa were cancelled.		

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 below.

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

HIGH ASSURANCE WATER DEMAND DOWNSTREAM OF DRIEKOPPIES AND MANANGA IN SOUTH AFRICA - MARCH 2021				
	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 2021				
	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

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

During the period from 01 April – 31st March 2021, the contribution by the Komati River (measured at Lebombo weir) to the Mozambique required flow was, for about 75.3% of the time, above the 3-day- average minimum requirement of 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.

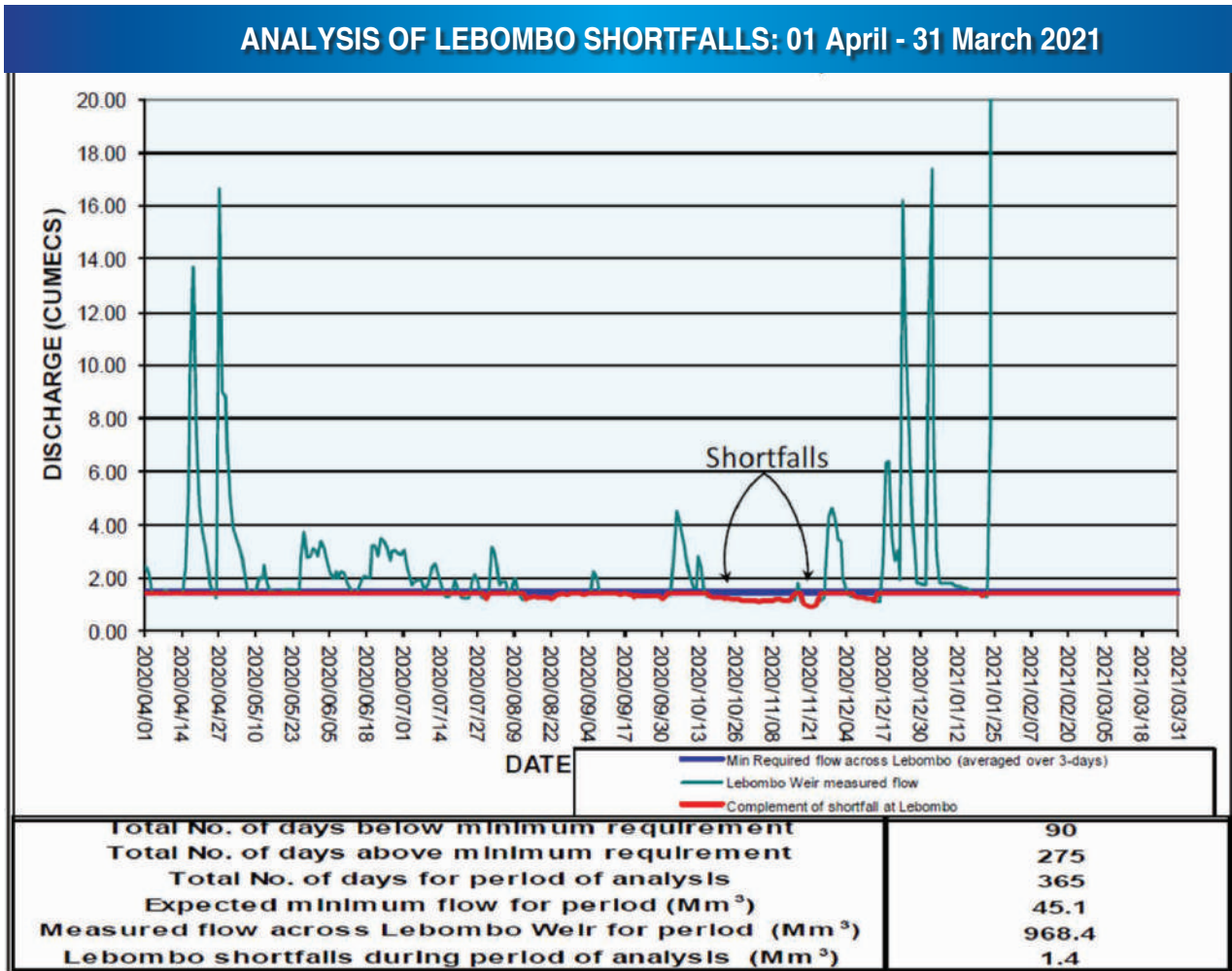


Figure 5: Analysis of Lebombo shortfalls (01 April 2020 – 31st March 2021)

e) Trans-boundary Flow Analysis

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 – 31st March 2021) was for about 72.1% of the time above the minimum requirement of 2.6m³/s averaged over three days. This is shown in Figure 6.

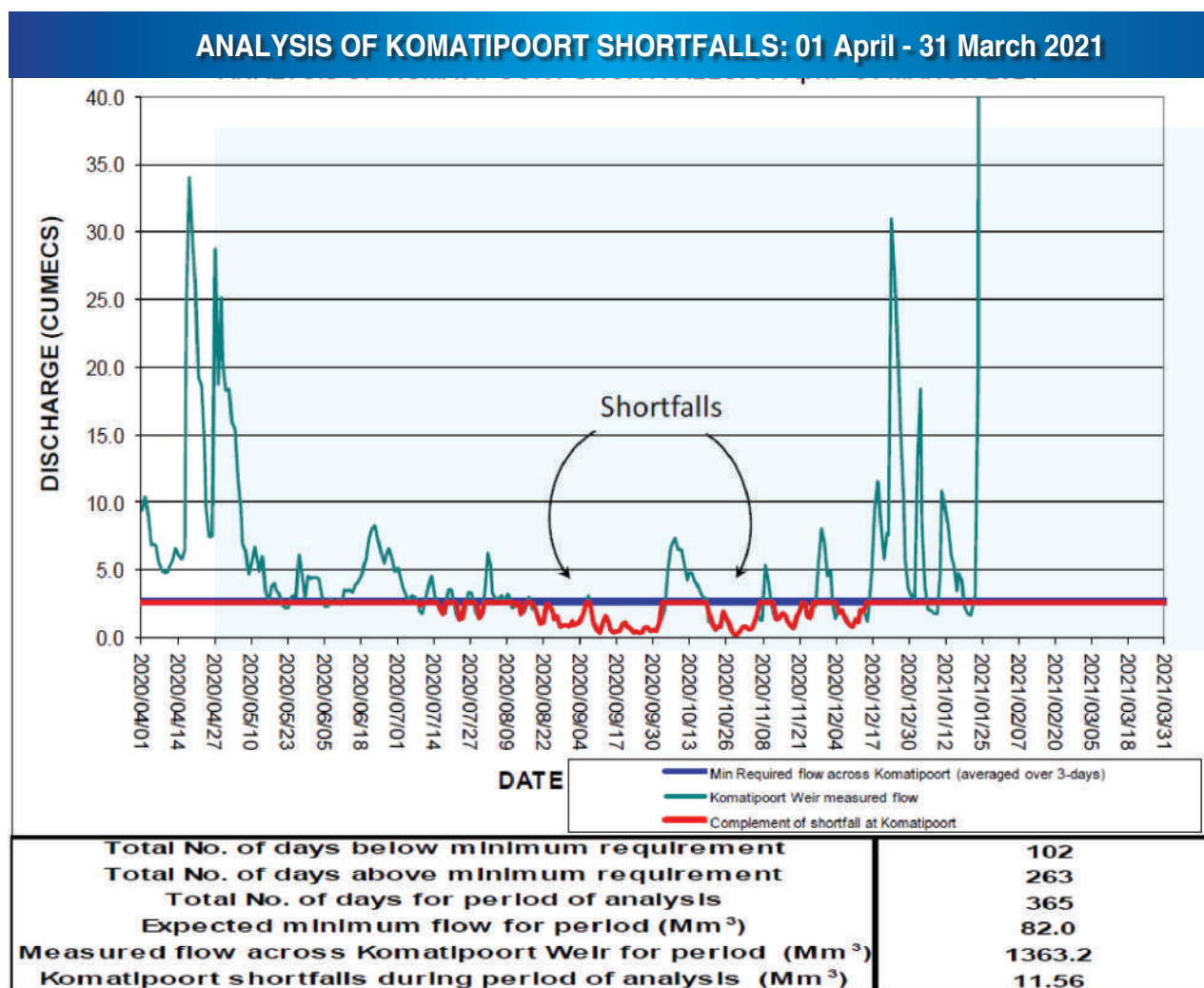


Figure 6: Analysis of Komatipoort shortfalls (01 April 2020 – 31st March 2021)

The KJOF is an instrumental part of operating the Komati system. It is composed of members from water users, catchment managers as well as government as per their Terms of Reference. The KJOF meets roughly once in two months to discuss issues pertaining to water use reconciliation, cross-border flows and other operational matters as they come up during the year. They were able to meet seven times during the 2020/21 water year.

RISK AND UNCERTAINTY MANAGEMENT

a) Introduction

This section deals with issues of water quality monitoring, emergency preparedness planning, groundwater assessment, weather station augmentation and GIS.

b) Aquatic Ecosystem Monitoring

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 has put in place the following monitoring programmes to monitor water quality in the Komati River:

- Reservoir Monitoring
- River Health Monitoring
- Biological Monitoring
- Real Time Monitoring
- Ground Water Monitoring.

These different programs are implemented through on-site monitoring and sampled water testing done at the KOBWA laboratory from predetermined, strategically located points along the basin as shown in **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.

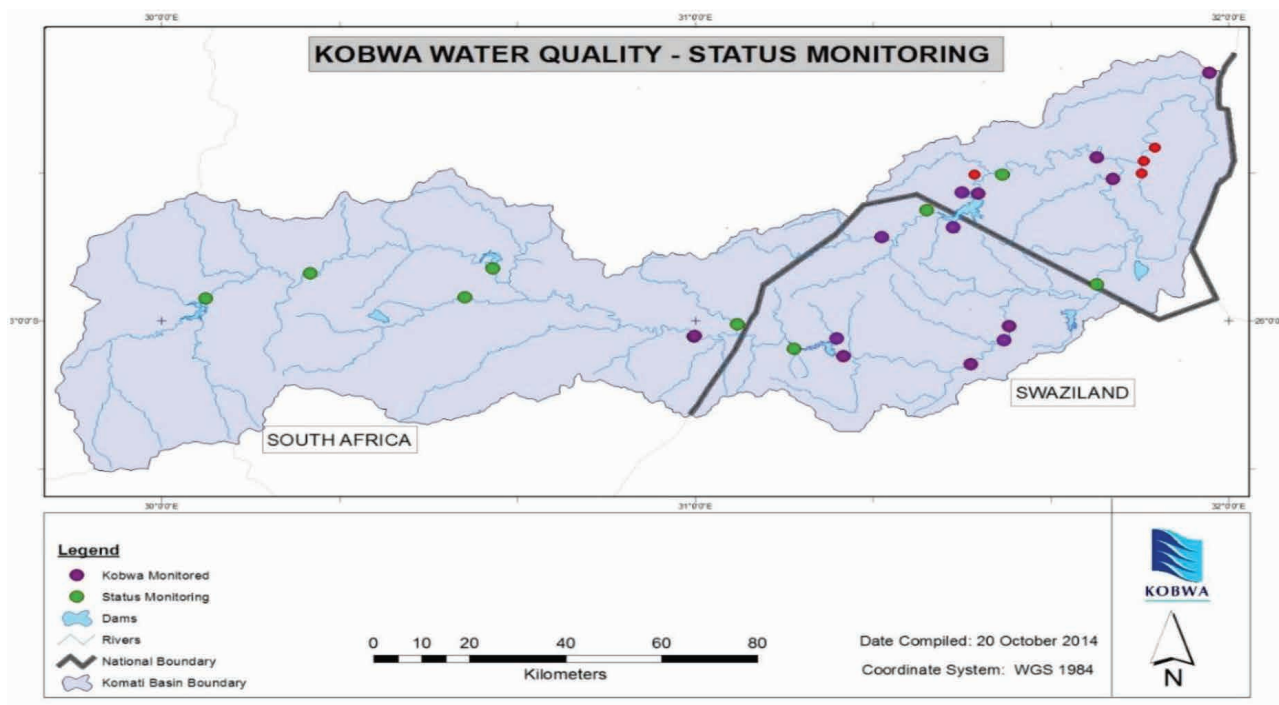


Figure 7: KOBWA water quality monitoring points

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

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 9a**. 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 9a: Driekoppies Dam Monitoring Points and Maguga Dam Monitoring Points

The spatial plots in Figures 9b and 9c show a pie chart analysis of electrical conductivity (EC). The EC was compliant throughout all the monitored points in the reporting period. This is an indication that operations within the dam did not negatively impact water quality.

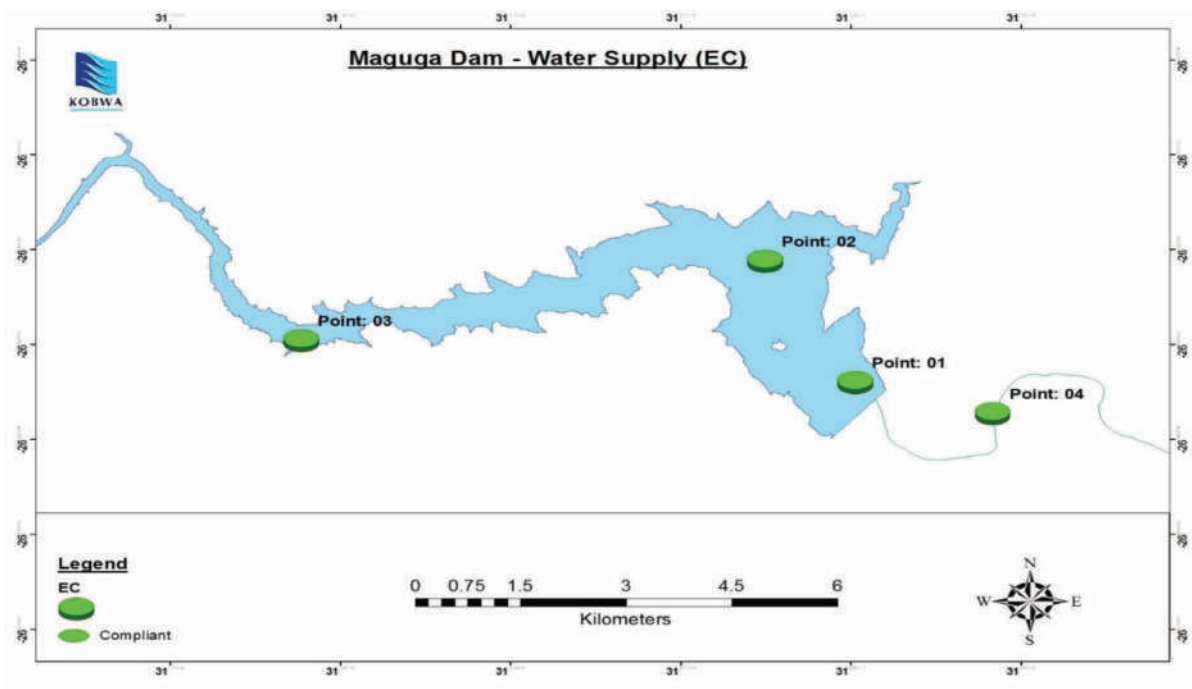


Figure 9b: EC data plotted as pie diagram for Maguga Dam (2020/21)

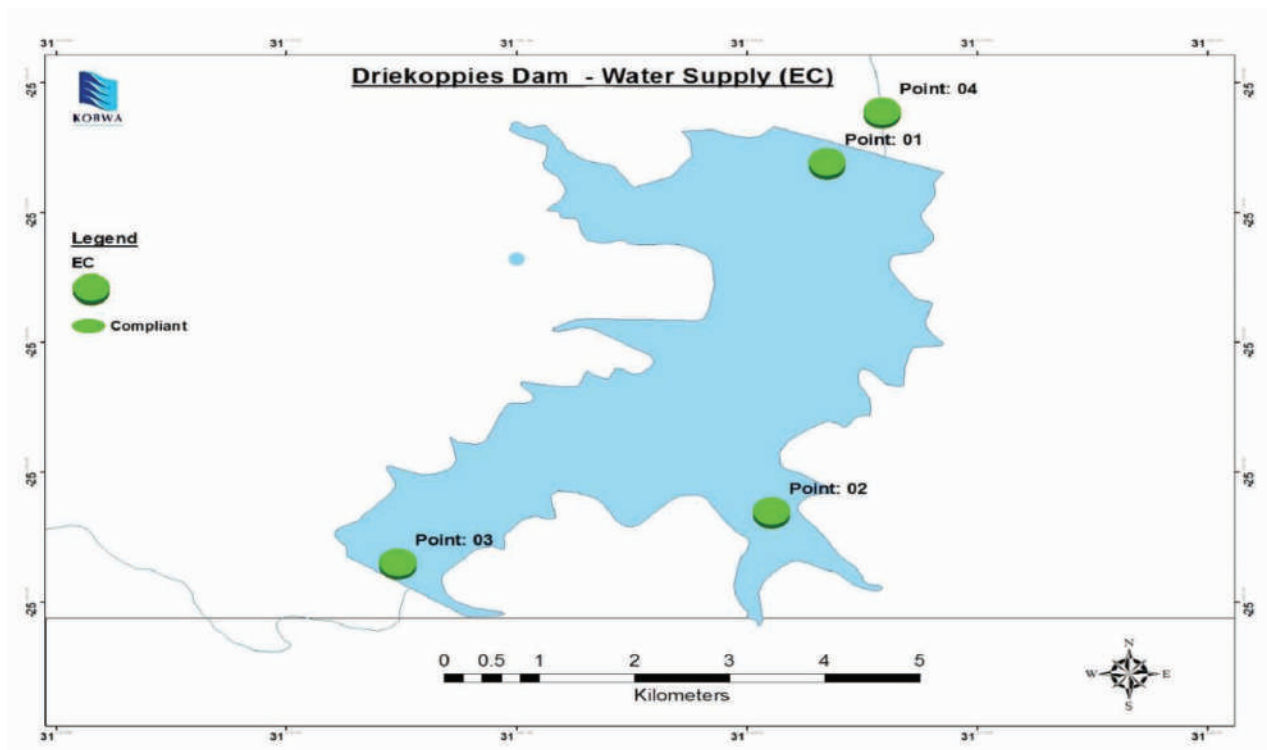


Figure 9c: EC data plotted as pie diagram for Driekoppies Dam (2020/21)

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.

The bar graphs in the next page show the river water quality status for Electrical Conductivity (EC), E. coli, and Nitrates in terms of suitability for ecological water requirements, i.e. river health.

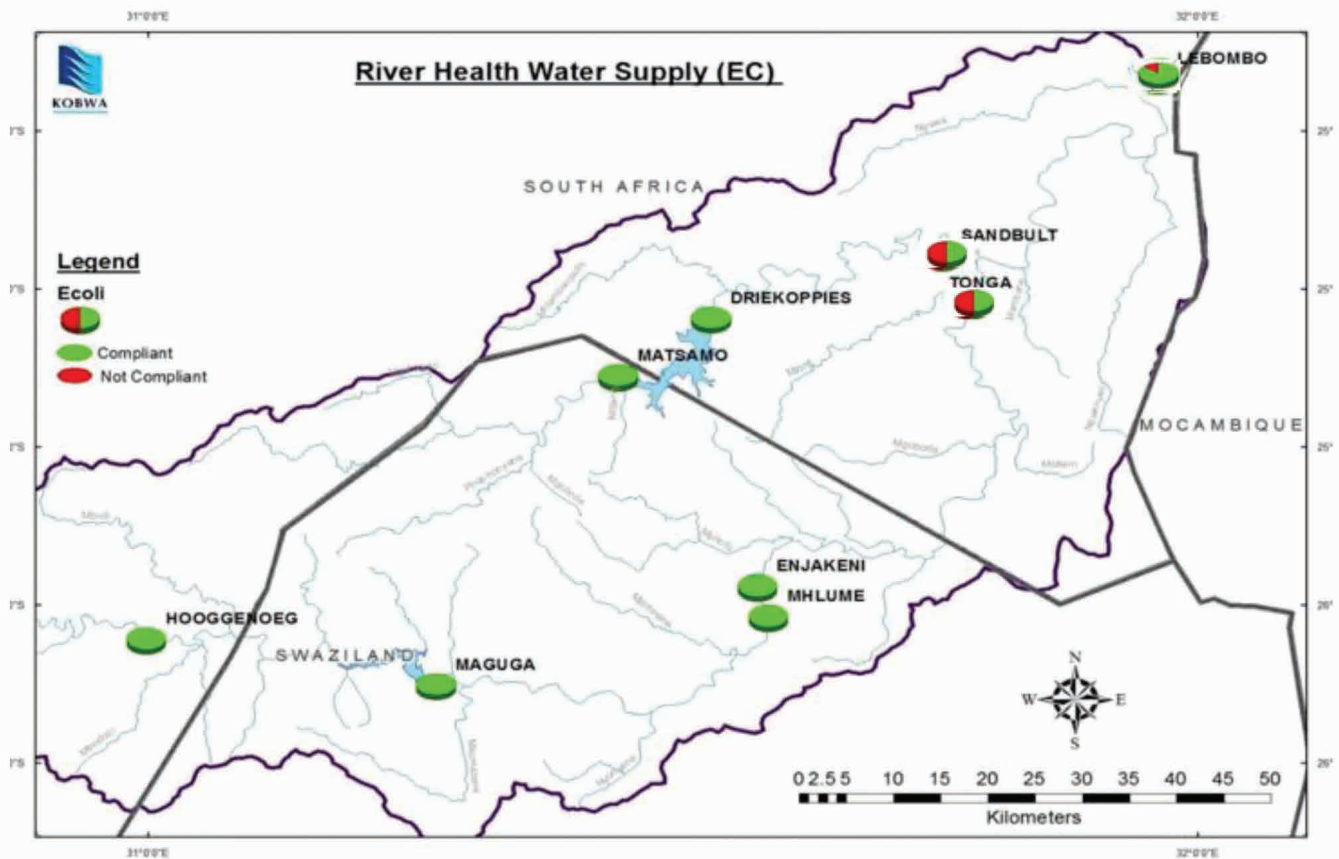


Figure 10a Electrical Conductivity compliance for the Komati Catchment

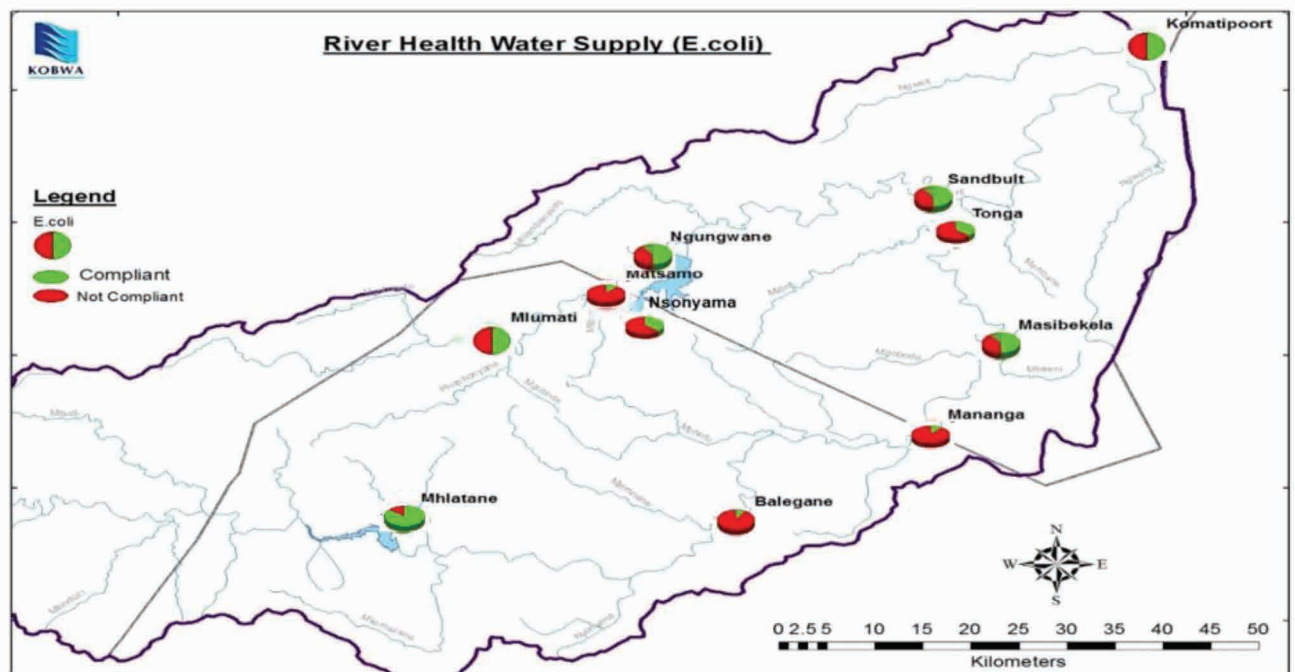


Figure 10b E. coli compliance for the Komati Catchment

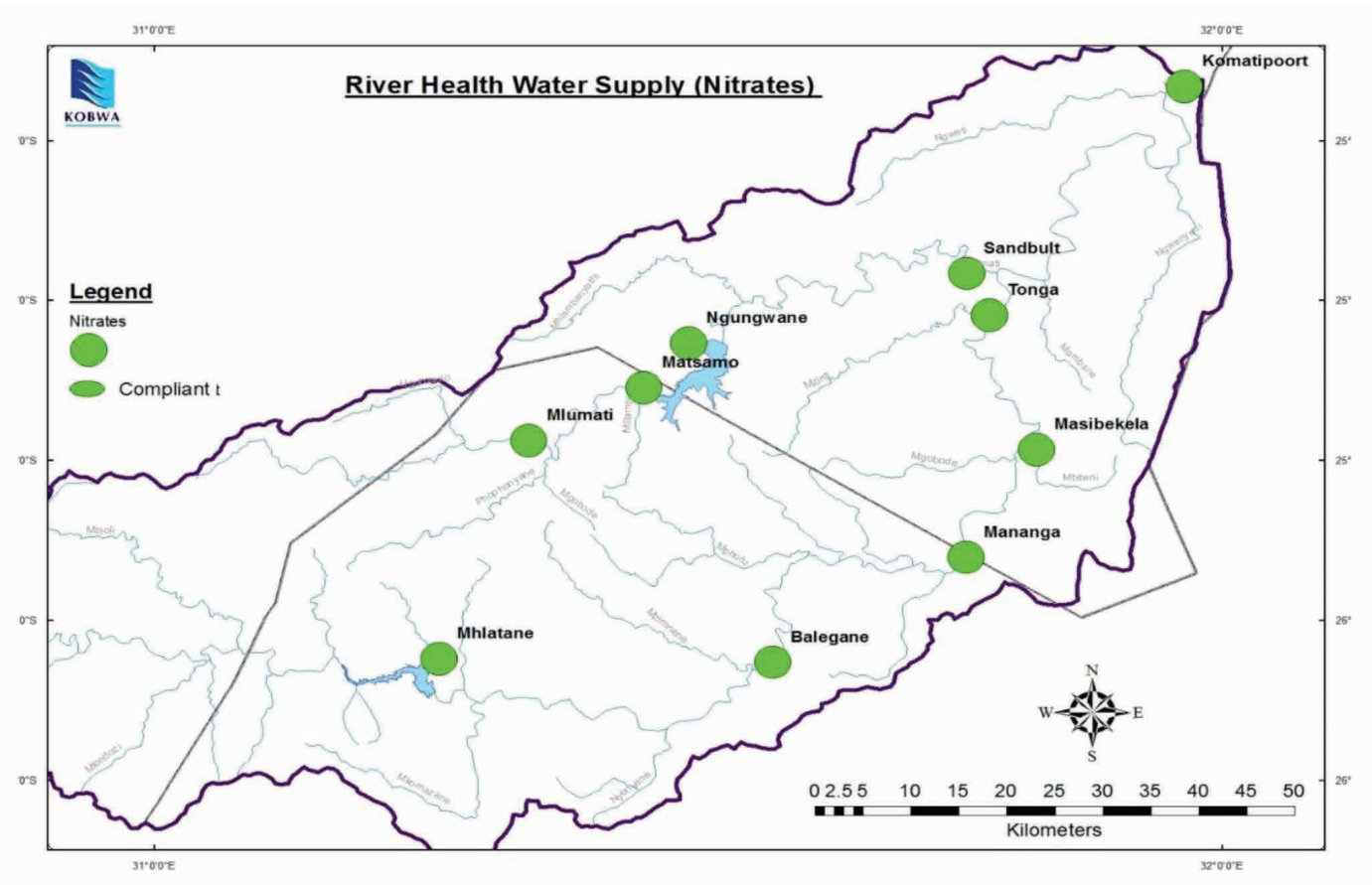


Figure 10c: Nitrates compliance for the Komati Catchment

A majority of the points during the 2020/21 water year indicate 100% compliance to electrical conductivity with the exception of the lower part of the catchment where Tonga, Sandbult and Lebombo are not 100% compliant for the monitored period (see Figure 10a).

The Escherichia coli (E. coli) measured in the Komati Catchment indicates that all of the monitored sites were showing non-compliance to some extent. This was because of almost all the sites were totally non-compliant in the last quarter of the water year. It is suspected that this was caused by increased runoff bringing in waste from the catchment into the river. Nitrates indicate 100% compliance in the monitored period throughout all the monitored points. Figure 10c indicates the map for Nitrates.

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 and surface water interact to a large extent hence the monitoring of both surface and groundwater resources is important.

There are eleven boreholes located in Eswatini and six boreholes located in South Africa. Figures 11a and 11b indicate the behavior of nitrates and fluoride, respectively for the 2020/21 water year. All the boreholes have good quality water apart from Mpofu and Nyakatfo which have higher levels of fluoride as well as Pack House and Nyakatfo again for nitrates.

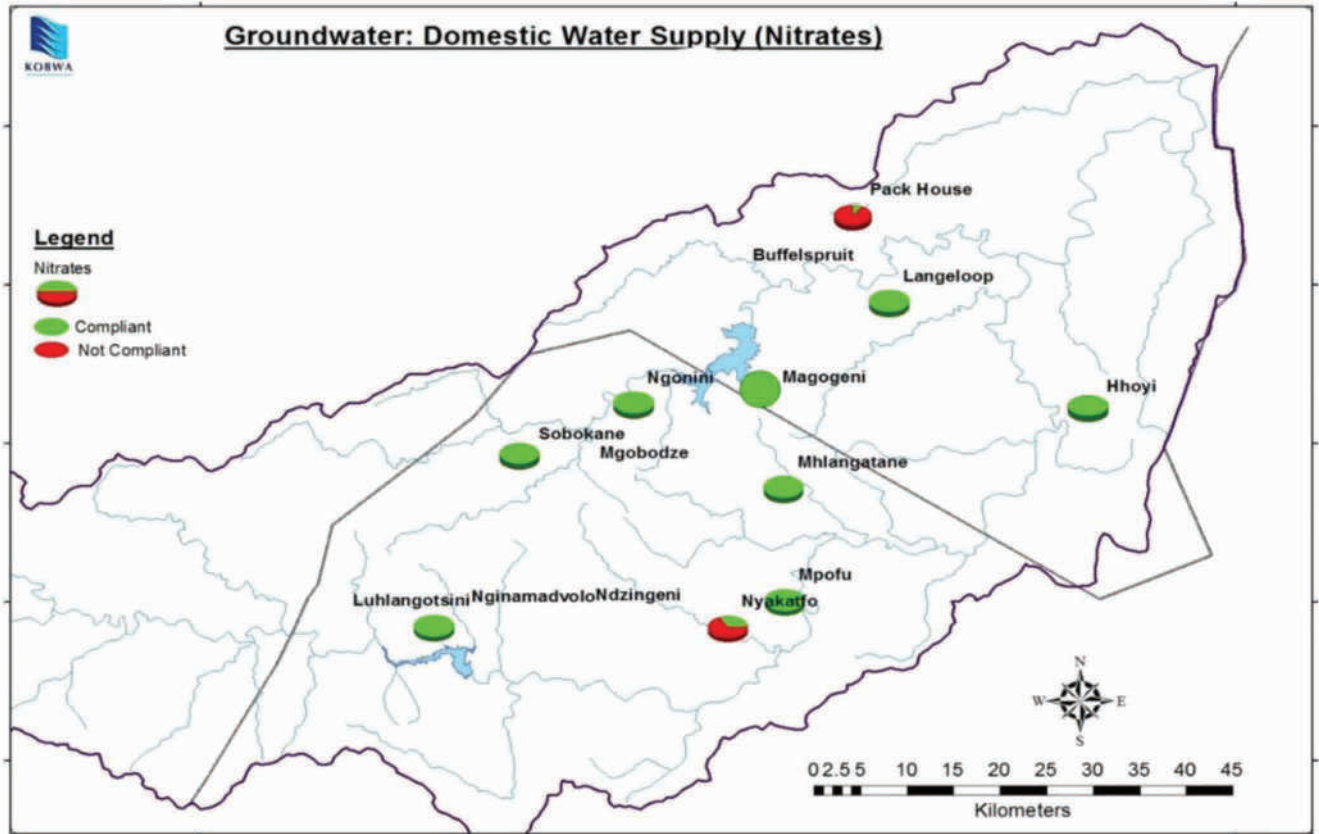


Figure 11a: Nitrates Compliance in Groundwater Monitoring Points in the Komati Catchment.

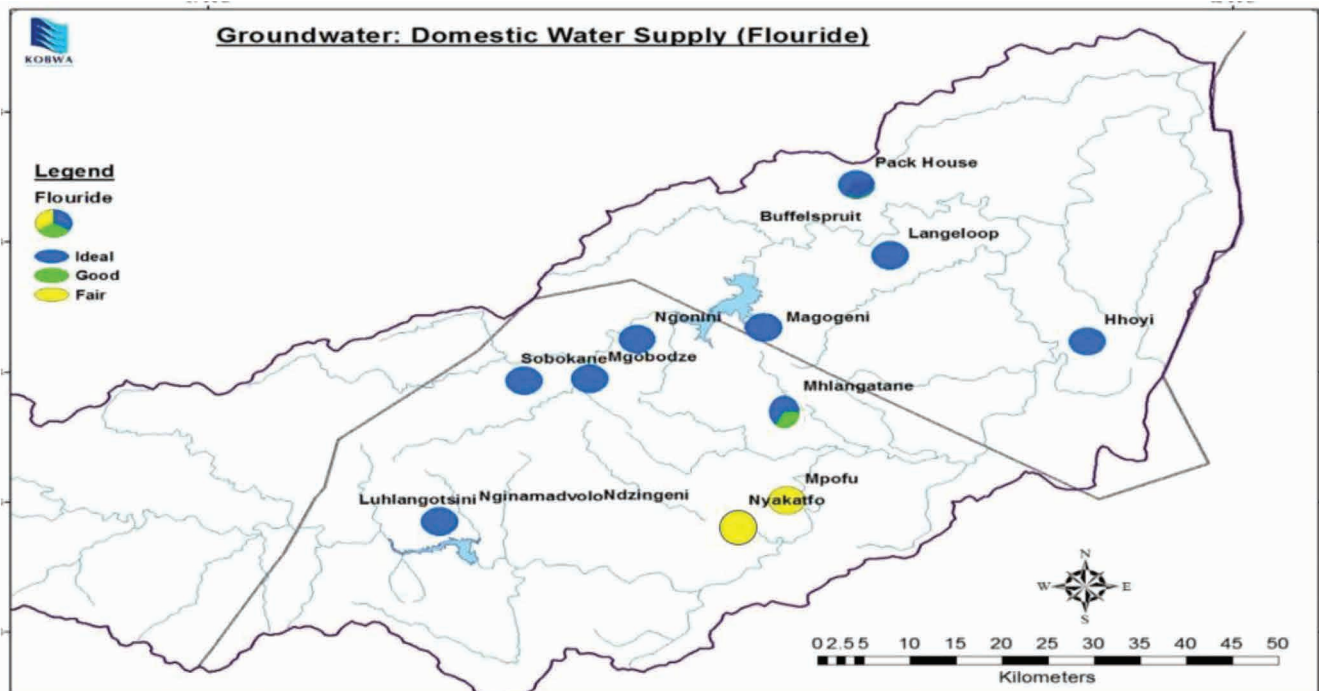


Figure 11b: Fluorides Compliance in Groundwater Monitoring Points in the Komati Catchment.

BIOLOGICAL MONITORING

The biomonitoring survey forms part of the ongoing biological monitoring of the ecological state of the Lomati and Komati Rivers especially the impact of Maguga and Driekoppies Dams. It is based on a review of available biomonitoring data and additional data collected by Nepid Consultants CC in March 2021.

The aims of this survey were:

- **Present Ecological State:** To determine the Present Ecological State (PES) of the Lomati and Komati Rivers near Driekoppies and Maguga Dams (Phase I developments);
- **Identify Key Issues:** Identify and assess the key ecological issues associated with the operation of Driekoppies and Maguga Dams, and;
- **Mitigation:** To recommend mitigation measures, where appropriate

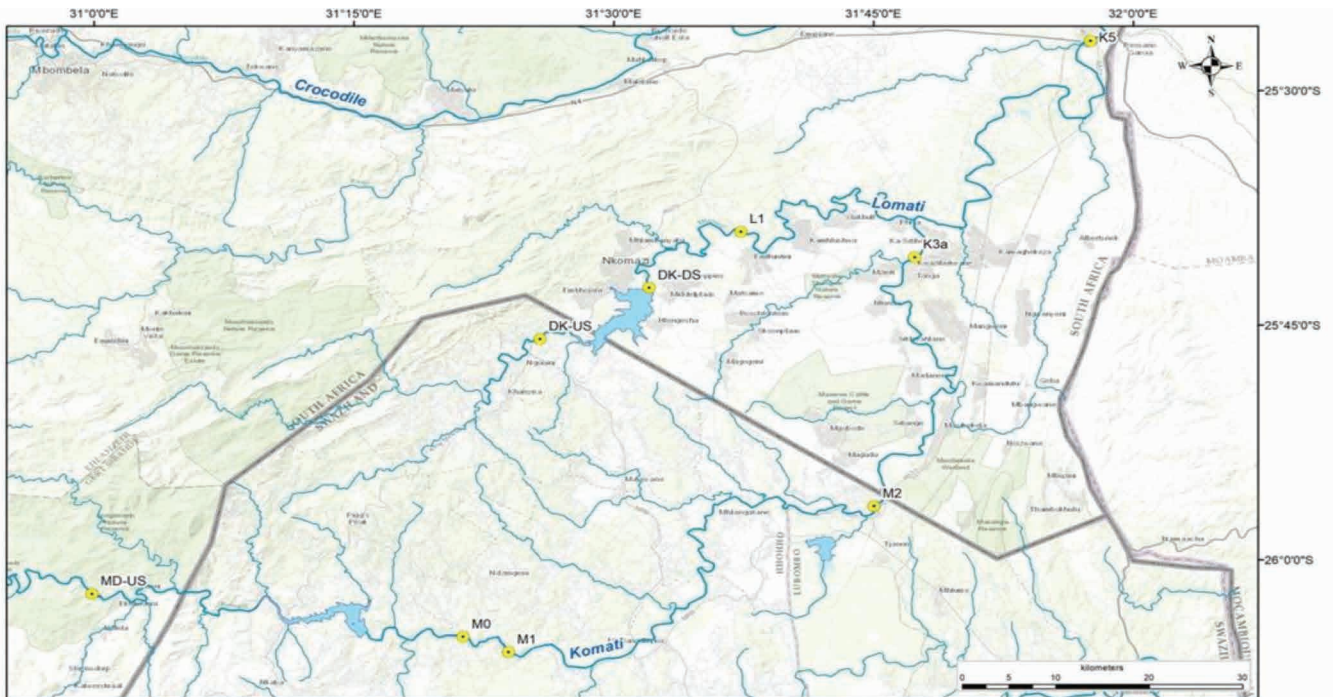


Figure 12a: *Biomonitoring Sites*

The approach to this study was to focus on biological response variables that are sensitive to changes in water quality and quantity at different temporal scales. The study therefore focused on the following:

Benthic diatoms, which typically reflect water quality conditions in the very short- term (days). Diatoms are ecologically important because of their role as primary producers, which form the base of the aquatic food web, and because they usually account for the highest number of species among the primary producers in aquatic systems (Leira and Sabater 2005).

Aquatic invertebrates, which typically reflect ecological conditions over the past month (30 days), and;

Fish, which typically reflect ecological conditions over the past six months. The naturally high diversity of fish species in the study area makes fish suitable for long- term monitoring.

General observations of flow, algae and field water quality data were also collected to assist with the interpretation of biomonitoring results.

Table 8: Classification of Compliance Indicators

CATEGORY	DESCRIPTION	COMPLIANCE %
Excellent	Not Impact	>95
Good	Less Impact	80 – 94
Moderate	Moderate Impact	60 – 79
Marginal	Large Impact	40 – 59
Poor	Serious Impact	20 – 39
Critical	Critical Impact	<20

Benthic diatoms

Diatom data indicated that continuous nutrient loading within the Lomati River has resulted in the gradual deterioration of biological water quality throughout wet and dry season since 2015. Wastewater treatment works may have the biggest impact on this site see **Figure 13a**. In the Komati River the diatom data indicated that the biological water quality of the Komati River upstream of Maguga Dam fluctuates notably between wet and dry season. In the dry season biological water quality is generally good and deteriorates in the wet season with moderate water quality prevailing due to increased nutrient and organic pollution.

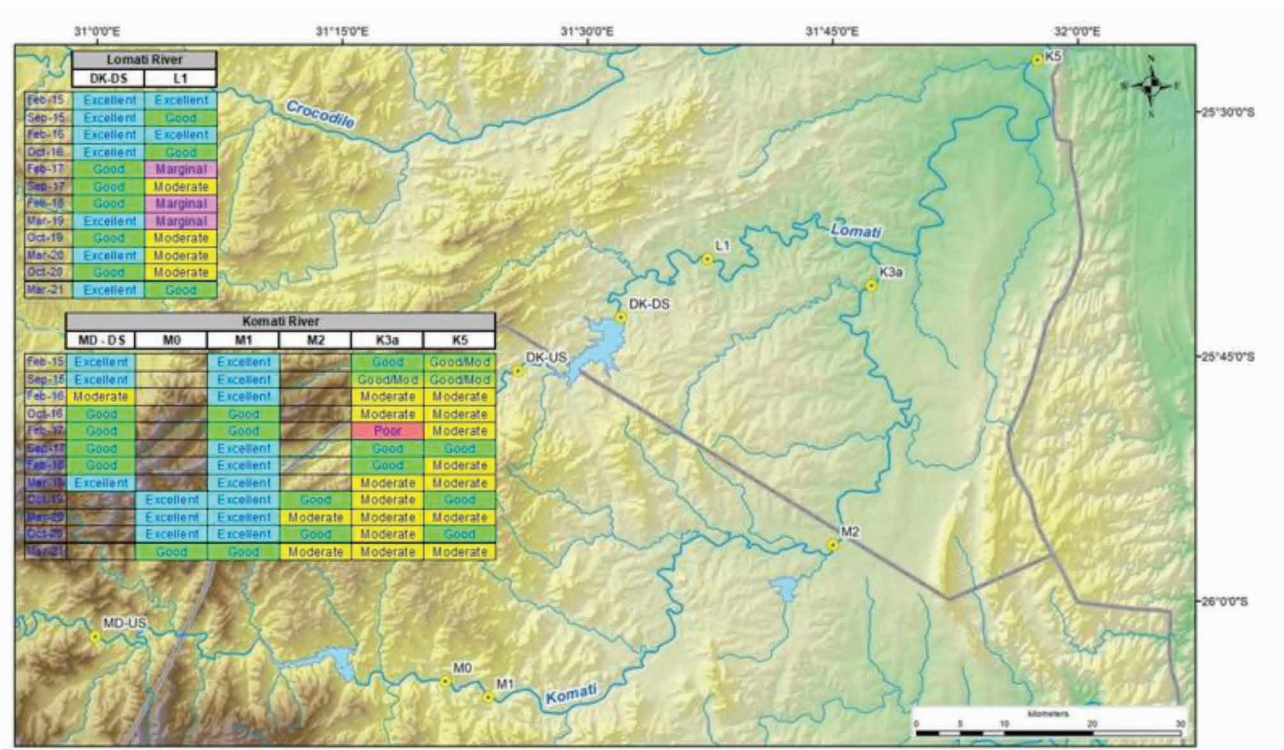


Figure 13a: Summary of Compliance – Diatoms (Mar, 2021)

Aquatic Macroinvertebrates

Compliance of ecological targets for aquatic macroinvertebrates in the Lomati River downstream of Driekoppies Dam was rated as Marginal (Figure 13b). Sampling macroinvertebrates at Site L1 was not possible because of high water levels and high current speeds. The composition of aquatic macroinvertebrates in the Komati River in March 2021 was typical of post-flood conditions and included high abundance of several species typically associated with large rivers, most notably the mayfly *Elassoneria* sp. and the blackfly *Simulium bovis*.

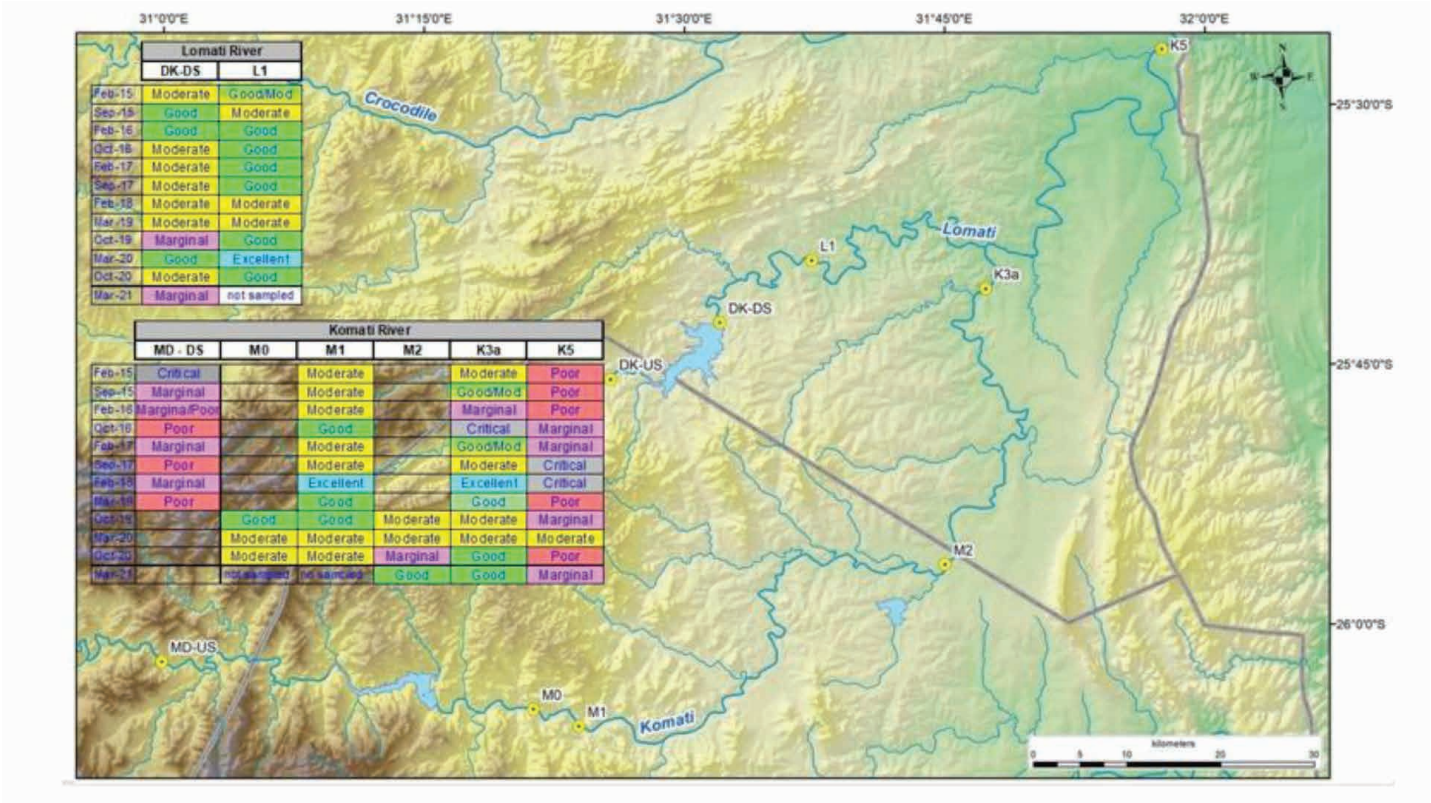


Figure 13b: Summary of Compliance – Macroinvertebrates (March, 2021)

Fish

Compliance for fish in the Lomati River in March 2021 ranged between Marginal and Poor (Figure 13b). Compliance for fish in the Komati River ranged between Moderate and Marginal (Figure 13c). The results suggest that the composition of fish had not yet had enough time to respond to the flood event, and that the composition of fish reflected the pre-flood drought conditions.

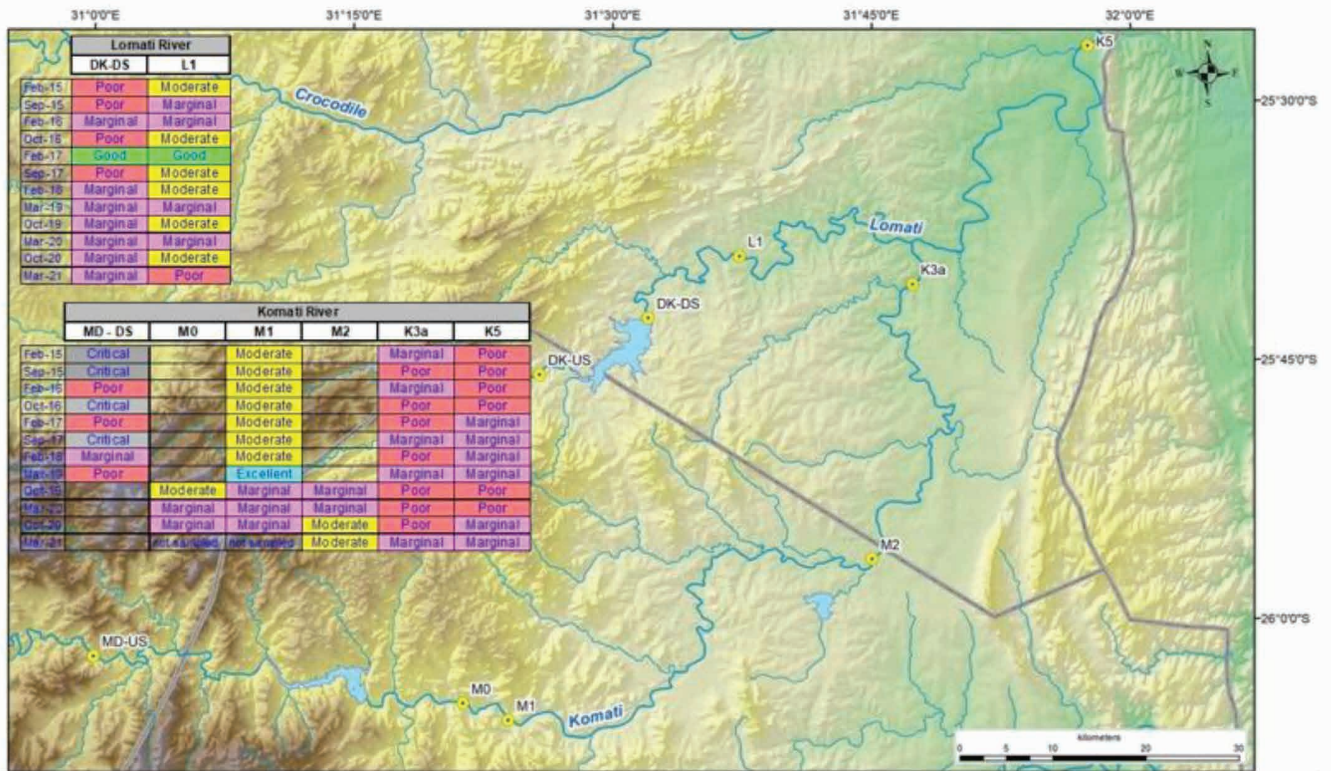


Figure 13c: Summary of Compliance – Fish (March, 2021)

RECOMMENDATIONS

The biomonitoring report recommended as follows:

Riparian Buffer Zones

Severe bank erosion in the Komati River near Mananga (Site M2) during the flood event in January 2021 highlights the importance of protecting riparian zones. The recommendations for riparian zones are the same as those presented in previous biomonitoring reports, and that is: to delineate 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 landowners. Priority areas for rehabilitation of riparian zones should be identified and interventions should be focused in these areas.

Low flows

The recommendations for low flows are as stated previously: *All weirs should be managed to ensure constant overflow (spillage). Attention should be given to ensure minimum monthly low flows, as recommended in the revised EWR, 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.

c) Emergency Preparedness Planning

Due to the limitations introduced because of the COVID-19 pandemic stakeholder intensive activities such as workshops could not be held as before. Therefore the emergency preparedness workshops were carried out virtually. KOBWA also includes other important matters during such workshops such as sand mining issues and climate change.

d) Geographic Information Systems

The GIS unit installed additional pegs around Maguga Dam to delineate the extent to wherein activities are not allowed near the dam in order to help prevent encroachment by community developments.

INFRASTRUCTURE OPERATION AND MAINTENANCE

a) Introduction

Operations include the opening and closing of valves at the inlet and outlet systems of the dams. Maintenance work may include the operation of the cranes that are located at both dams. Electrical sub-stations are also located at the dams for power supply to the dam. Both dams are equipped with sump pumps to drive out any excess water within the dam wall. 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. This data is used for monitoring if there are any safety issues arising during the day to day operation of the dams. The data is also very useful for statutory dam inspections that are carried out after five years.

c) Major activities

Some maintenance activities include the following:

Damaged Butterfly Valve (Driekoppies Dam)

During the installation of the stop log at Driekoppies Dam, the bottom inlet butterfly valve failed during operation, resulting in the quick deployment of the newly repaired stop log to stop the flow into the inlet. After the flow subsided the valve was inspected and found to have been ruptured. From the damage it suffered it is apparent that the butterfly valve must be replaced.





Damaged butterfly valve at Driekoppies Dam inlet

The incident was reported to DWS for assistance on work required. The DWS conducted a site investigation and provided a report with recommendations which were incorporated into the plan of action. Procurement processes ensued, including request for additional budget and the valve was eventually replaced at a cost of R/E1,429,344.00.

The damaged valve was removed from its position and a blank flange was installed to seal off the pipe (*see below picture*).



Fourth Statutory Dam Inspection

The Statutory Dam Safety Inspection for Driekoppies Dam was awarded to Hattingh Anderson Associates but the work could not commence in this financial year and will be carried out in the next year.

Re-construction of the Mananga Gauging Station

KOBWA is engaged with the Climate Resilience Infrastructure Development Facility (CRIDF), on cooperation for the rehabilitation of the Mananga Gauging Station to improve the structural integrity of the weir, and to improve the accuracy of measuring both low flows and higher flows.

Mananga Gauging Station (KOB007 or GS30) is one of the weirs that existed before the implementation of the project, and was built by the Government of the Kingdom of Eswatini. The weir is strategically positioned for the operation of the Komati system as it is near the Eswatini and South African borderline.

As at the end of the financial year, tender documents were ready but the FCDO (Foreign, Commonwealth and Development Office), formerly called DFID (Department for International Development), which is providing the funds for the re-construction of Mananga Gauging Station had not yet approved that the tender can be launched.

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

8.1 Occupational Health and Safety

KOBWA's operations carry high health and safety risks hence certification in the Occupational Health and Safety standard; ISO 450001 is a great opportunity to give confidence to internal and external stakeholders that the operations proceed in a safe manner taking into account the environment and sustainability. KOBWA has an OHS Committee which is appointed and trained appropriately to provide support in the departments.

8.1.1 OHS Meetings and Workshops

On the 20th October, 2020, the OHS Committee members held their meeting virtually. Matters that were discussed include the resignation of the Driekoppies Water bailiff which has left KOBWA with a vacancy on the Driekoppies Fire Fighters team. The RQO has facilitated training and appointment of Lebogang Motaung into the position.

With the advent of Covid-19 in March, 2020. Preparedness Plans were made to ensure the workplace is kept safe for employees and stakeholders. The Covid preparedness plan was updated with OHS recommendations following inputs provided by the OHS Committee members.

On the 17th of June, 2020 the OHS Committee meeting held their meeting wherein the KOBWA's pandemic policy was discussed as well as KOBWA's emergency preparedness plan. The Committee also discussed the audit into the action plan that KOBWA developed following the development of the policy and the emergency preparedness plans and further made contributions which have now been implemented.

The revised OHS policy was presented to staff on the 12th of March 2021. Health and Safety legislation from both Eswatini and South Africa require all employers to implement workplace health and safety programs.

The OHS committee held another meeting virtually on the 29th of March 2021. In this meeting the RQO presented the objectives for the new financial year which included getting the policy which is in the process of being revised approved by the Board as well as obtaining the OHS certification. The RQO also presented the OHS policy which had been circulated to the members earlier for their contributions. The RQO also presented that she is reviewing the appointments and training file, thus will be circulating appointment letters, and coordinating training as necessary.

8.1.2 OHS Appointments and Training

The appointment letters pertaining the Health and Safety representatives and committee members, incident investigators, fire fighters and emergency coordinators as well as first aiders were reviewed for adequacy. The RQO facilitated a refresher training for firefighting and emergency coordinators which was attended by Bheki Dlamini, Gerald Dube and Sibongo Magagula. They attended the training on the 31st of March to 1st of April 2021 in Johannesburg, Institute of First Aiders. The Infrastructure Maintenance Technologist has responsibilities and has formally been appointed by the CEO with these OHS responsibilities. To assist her to be proficient in so doing, the RQO prepared training on "The OHS Act

and the Responsibilities of Management (Legal Liability)' by Labour Guide, South Africa. The course was online on the 4th of September 2020.

8.2 Quality Management

Quality certifications set an organisation apart and gives stakeholder confidence of the quality of work done by the organisation. The RQO also took up legal compliance as it is necessary for both the QMS and OHS Management Systems.

During the audit, the facilitator assessed KOBWA OHS Policy and KOBWA's documents against the requirements and guidelines of the ISO 45001 standard. The comparison was made against each clause of the standard entailed and checked whether the KOBWA OHS policy covers all the content of the ISO 45001 standard clauses. Gaps were identified during the discussion and the facilitator highlighted a few changes that were to be made to the policy so that it is in line with the standard.

The RQO developed the action plan for the QMS Gap Audit that was carried out at the close of the 2019/20 financial year. This plan was discussed in detail during the Management Review Meeting held on the 17th of July 2020. In the Management Review, the report for the Lab Gap Audit was discussed as well as the related action plan. Following this was to be an in-house Lab Audit to be conducted by the Risk & Quality Officer. The lab audit was to be augmented as the physical part of it was impeded by the lock-down, hence the need to strengthen preparedness for the next audit to be conducted by external service providers.

The RQO facilitated trainings as outlined in the table below which were outcomes of the Management Review;

Table 9 Summary of Biomonitoring key findings and recommendations

Course and Institution	No. of days	Attendees
Environmental Management System (EMS) ISO 14001:2015 Requirements, by bsi .	1	Nokwanda Mhlanga Khethiwe Ngcobo Sakhiwe Nkomo Kenzie Mavimbela Colisile Dlamini Collin Zwane
Environmental Management System (EMS) Implementation based on ISO 14001:2015 Requirements, by bsi .	2	Nokwanda Mhlanga (Environmental Officer)
Quality Management System (QMS) bases on ISO 9001:2015 Requirements, by bsi .	1	Temangcamane Maseko Lebogang Motaung Mapule Senyane Mayibongwe Dlamini Menzie Dlamini Charles Matambo Barbra Gama Nicholas Mkhathswa Sakhiwe Nkomo Zanele Zulu Khethiwe Ngcobo Menzie Mnisi
ISO 9001:2015 Facilitation	3	Colisile Dlamini (Admin Officer)

The attendees are representatives of the units within the departments to drive the documentation of work instructions and procedures within their units. The Admin Officer was trained separately on a facilitation course as she plays a support role in the Quality Management System.

The Environmental Officer and the RQO then developed a road map for the Quality Management System, Environmental Management System, Laboratory Management System as well as Health & Safety Management System that will serve as a guide in the journey to get the systems certified. This is to manage the pressure without losing the tempo toward the certification goals.

8.3 In-house Lab Audit

As per the outcomes of the Management Review meeting held on the 17th of July, 2020; there was a Lab Audit that was carried out on the 26th – 27th of August, 2020. The Laboratory was audited as per the ISO 17 025:2015 standard. The second day of the audit was initiated by a Lab walk-through by the audit team and EXCO. The reason for EXCO to see the Lab was so that they can appreciate the investments that have been invested in the lab as well as give Management a feel of the anticipated expenditures that still need to be made towards the lab to take it not only to certification status but also to align it as a revenue generating project



The Operations Director registering at the Lab Entrance



The Lab technician running a Total Solids test whilst the Environmental Officer explains the Physico-chem processes.



The Lab Technician showing EXCO the TSS test.

8.4 Laboratory Internal Audit

Following the in-house Audit on the ISO 17025, the Risk and Quality Officer and the Environmental Officer facilitated an Internal Audit by ISO Lab Consulting which took place on the 1st till the 3rd of December, 2020. This will assist the KOBWA Lab to improve in the areas identified by the audit. Of note it was established that lab accreditation is now through the Southern African Development Community Accreditation (SADCAS); a multi-disciplinary body. ISO Lab consulting will offer KOBWA with guidance on the process.

8.5 Legal Register

The Legal Register was broken down into departmental legal registers to make it user friendly as it was a thick document. Updating the register is driven from the Risk & Quality Office and the departments assist with the requirements stated in the legislations. The same approach /methodology used in rating risks in the risk register is followed.

Within the Administration document, there is notable progress, as the Occupational Safety and Health Act no: 9 of 2001 legal requirements have been addressed. On the Finance register, progress has been made on the KoE's Value Added Tax act of 2011.

Within the Corporate Support the National Archives and Record Service of South Africa Act No. 43 of 1999 has successfully been covered. The JSE listing requirements, King IV codes, RSA VAT Act, RSA Income Tax Act, RSA's Money Laundering Act and Eswatini's Public Finance Management Act 29 of 1999 were being incorporated into the Finance legal register by time of report.

8.6 Risk Management

8.6.1 Risk Management; Mentorship and Training

KOBWA has multi-tier risk management which has been in place for the past few years. This has thus matured a level of combined assurance. The Risk and Quality Officer facilitated a training course that was attended by the Board Chairperson, the Finance, Risk and Audit Committee Chairperson, Executive Management, the Company Secretary, the Internal Auditor and the RQO. This has now set KOBWA well on a good start to cement the combined assurance model. The training took place on the 27th of October, 2020 virtually. Amongst other things learnt; it was emphasised that the culture of compliance be inculcated and as an organisation have faith in our systems. Assessments should be done on controls as much as practicable within all the KOBWA functions.

On a quarterly basis, Executive Management assesses risks that might impede the achievement of strategic and departmental objectives. The risks are rated to obtain inherent risks values. The residual risk rating is influenced by the strength of the current controls and the rating of the current controls is as shown as below;

Table 10: KOBWA Trained First-Aiders

	Qualification Criteria	Rating
Excellent	Control addresses risk, is officially documented and in operation.	0.20
Good	Control addresses risk, but documentation and / or operation of control could be improved	0.40
Fair	Control addresses risk, at least partly, but documentation and / or operation could be improved.	0.75
Poor	At best, control addresses risk, but is not documented or in operation; at worst control does not address risk and is neither documented nor in operation	0.90

The residual risk rating is being used for the quarterly progress monitoring and the levels are as follows;

High	From 12-25
Medium	From 6-10
Low	From 1-5

KOBWA has a detailed strategic risk register which guides management in dealing with the risks as they proceed with their work. The top 10 risks are profiled herein below.

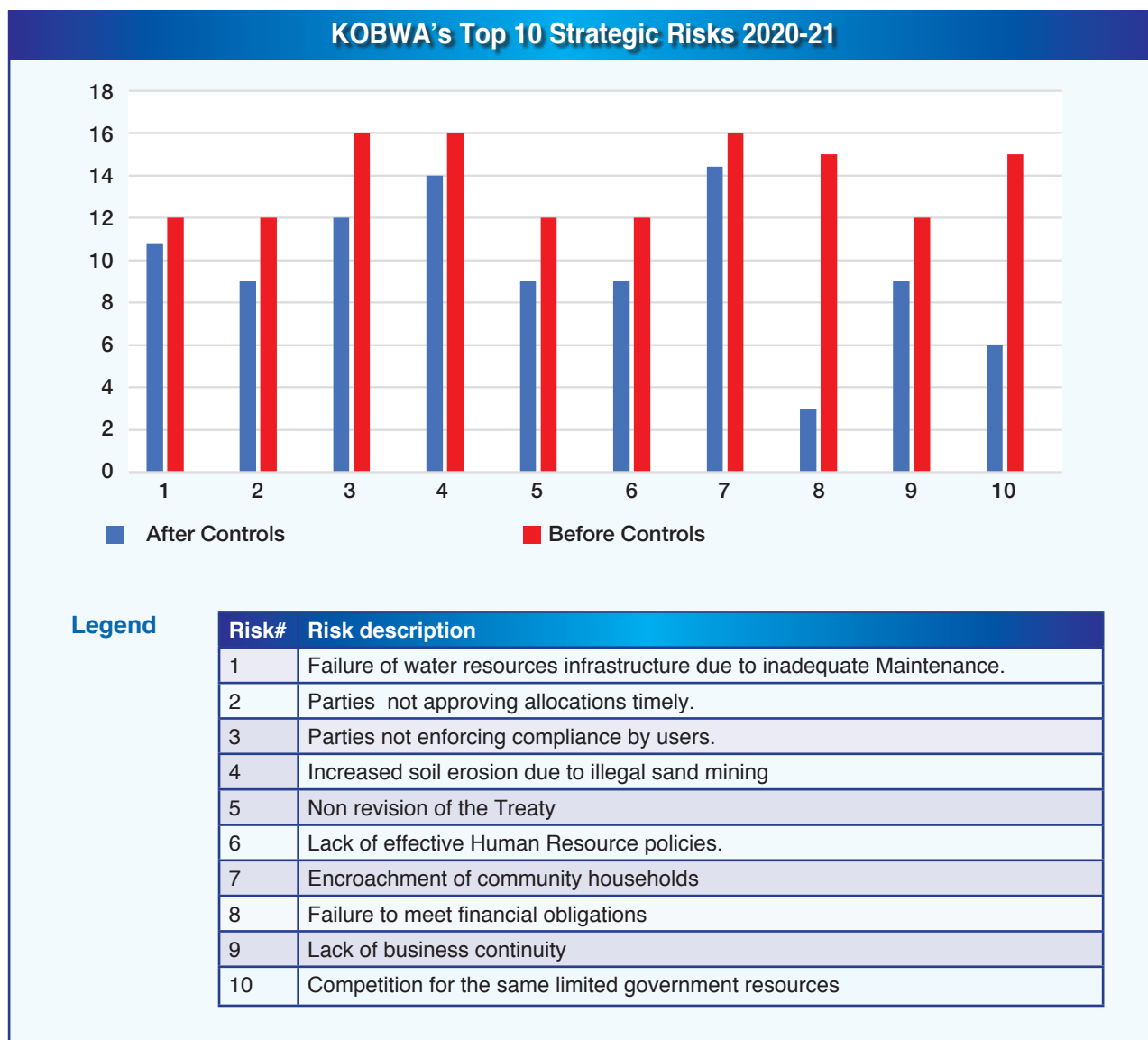


Figure 14: KOBWA's Top 10 Risks

8.6.2 Risk Management Policy

The KOBWA Risk Management Policy has been reviewed as it was due for revision. The review was informed by the Risk Management Standard, ISO 3100 as well as the information gathered from the mentorship programme the Risk and Quality underwent in 2020. The KOBWA executive was given an opportunity to contribute towards the policy as they have also been trained in risk management, appointed as risk champions, thus have attained good risk maturity. The RQO presented the Risk Management Policy to KOBWA staff members virtually at the KOBWA Auditorium on the 12th of March, 2021. The Risk Management Policy outlines KOBWA's commitment to protecting the premises and its employees against adverse outcomes, which may impact negatively on service delivery and the policy is also to confirm the KOBWA's commitment to legal and regulatory compliance.

8.7 Internal Audit

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

- Ongoing Internal Quality Assessment reviews of the KOBWA Internal Audit per engagement, as well as preparations 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;
- Approved 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) are in place, due for review in the 2022/23 financial year;
- The Performance Management System (PMS) 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.



3

FOCUS AREA: PEOPLE'S MANAGEMENT

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

The Purpose of the Department is to provide Strategic leadership in managing the Human Resources function, infrastructure technology services as well as community development services at KOBWA. As a support function, it is the department's objective to develop and implement appropriate strategies for delivery of appropriate & effective corporate support services & programs for the attainment of KOBWA's corporate goals & objectives.

9.1 EMPLOYEE ESTABLISHMENT

9.1.1 Staff Complement

Table 11: KOBWA Staff Complement

	All Staff	Executive	Mid Management/ Technical	Supervisory	General Support	%
Number	39	4	8	14	14	100
By Country Of Origin						
RSA	13	2	3	4	4	33%
KoE	26	2	5	10	9	67%
By Sex						
Males	22	3	2	10	7	56%
Females	17	1	6	4	6	44%
By Station						
Driekoppies	14	1	3	6	4	37%
Maguga	25	3	5	8	9	63%

Strength as at 31st March 2021;

• Number of permanent employees	=	33
• Number of contract employees	=	6
• Internships	=	3
• Learnership	=	1

9.1.3 KOBWA Demographics

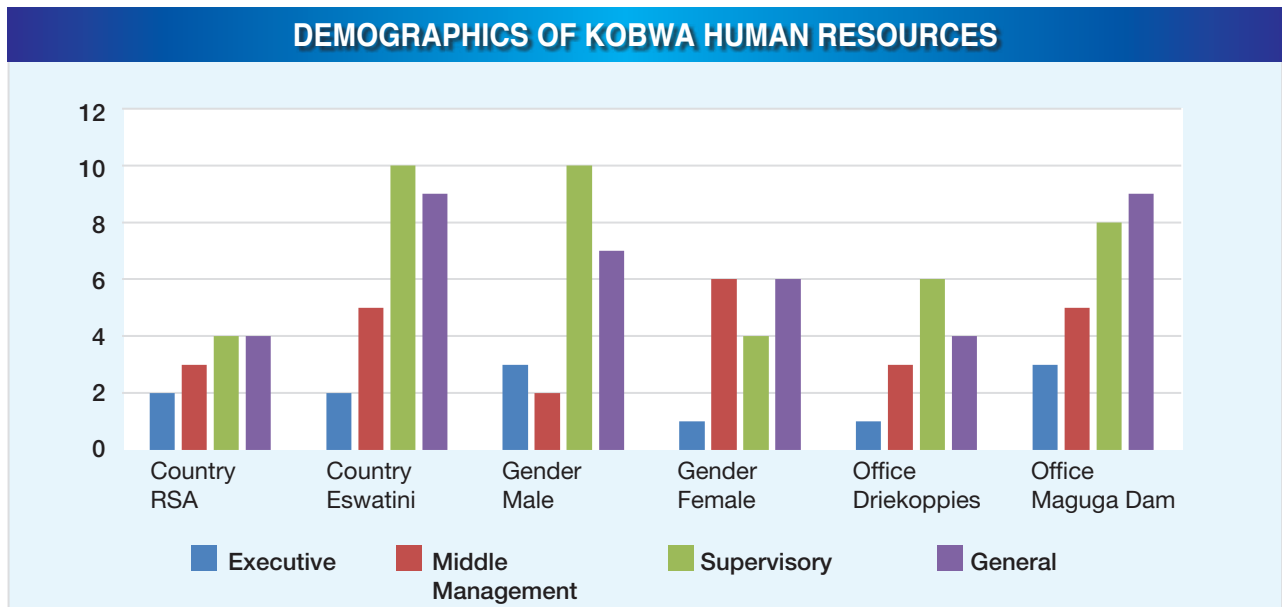


Figure 16: KOBWA's Human Resources Demographics

9.1.4 DEPARTURES

Analysis of terminations (All employees excluding casual staff and temporary staff)

Table 12: Staff Terminations

Termination	March 2021	Financial Year To Date
Resignations	0	1
Retirement	0	0
Deceased	0	0
Total	0	1

9.1.5 VACANT POSITIONS

The following positions remain vacant as per Board resolution to freeze the positions.

- Procurement and Assets Management Accountant
- Human Resources Assistant

Table 13: Interns per Department

Department	Duration	End Date
Admin - RQO	12 months	March 2022
Admin – IA (Learnership)	24 months	September 2022
Finance	12 months	August 2021
Corporate Services – CDO	6 months	August 2021

9.2 POLICIES AND PROCEDURES

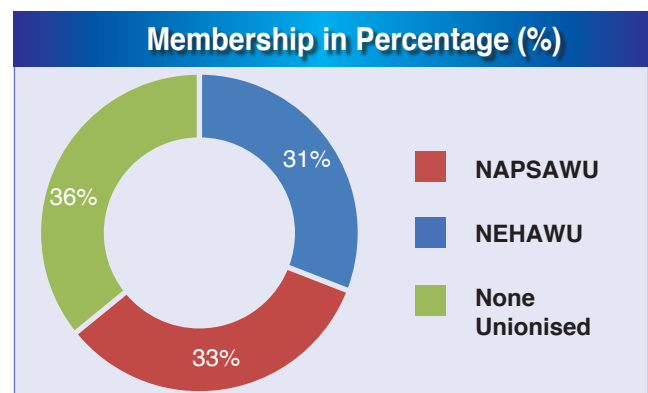
Two policies were reviewed and approved in the financial year. These were the Training and Development Policy, and the Performance Management Policy.

9.3 LABOUR RELATIONS

Membership

NAPSAWU and NEHAWU are the currently recognised unions. Membership currently stands as follows;

NAPSAWU	13/ 39	=	33%
NEHAWU	12/39	=	31%
None Unionised	14/39	=	36%



9.3.1 Negotiations

Negotiations for Cost-of-Living Adjustment resulted in the signing of a Collective Agreement with the parties having reached a settlement of 3%.

9.4 STAFF WELFARE

9.4.1 Employee wellness

As per the norm, staff continue to partake in physical exercise in the form of walks during the wellness Wednesdays. Even though restrictions on travel were lifted, KOBWA reverted to the work – from – home concept to limit the numbers in the office. Most members of staff work – from – home according to the nature of the job and only come to the office on schedules. This has reduced the number of employees taking the walks during wellness Wednesdays.

9.4.2 Wellness Champions and OHS Committee members continue to play a vital role in the dissemination of information in the fight against COVID-19. Inputs from their meetings have been considered and implemented as much as possible.

9.4.3 Relationship building

The usual team building exercise could not be held due to COVID-19 restrictions. However, departments conducted their own team – building exercises

9.4.4 COVID-19 Pandemic Response

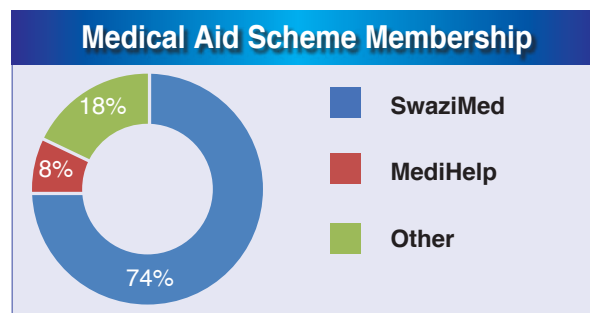
Apart from engaging on the work – from – home culture, KOBWA has not let guards down in terms of implementing measures to reduce the risk of infection. The supply of masks, sanitisers faithfully been going on. A total of 5 COVID-19 cases were reported during the financial year 2020/2021. Most of these cases were discovered upon return from the festive holidays when Management provided for all employees to test before coming back to the office. This intervention went a long way into controlling the risk of infection. The cases were handed over to the respective Departments of Health and affected employees went into isolation. This makes a total of 5 reported cases at KOBWA since the outbreak of the pandemic in March 2020. KOBWA also donated PPE to Maguga Clinic in the form of sanitisers, hand soap, and cleaning detergents.

9.4.5 Medical Aid

SwaziMed and Medihelp are the main medical aid schemes utilised by KOBWA employees. Some employees are covered under other medical aid schemes due to various reasons. Membership to the schemes is as follows;

9.4.6 Long Service Awards

The tradition of recognising employees for their long services continues to be observed. Awards in terms of certificates and monetary wise were awarded to the following employees;



KOBWA Medical Scheme Membership

Table 14: Recipients of Long-Service Awards

Category / Years of service	Number of Employees	Name
5 years	1	Andile Mananzi
10 years	1	Nompumelelo Mnisi
15 years	1	Dumsile Zwane

4

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).

Events

10.1 Minister of Natural Resources and Energy, Hon. Peter Bhembe tours Water Schemes within the KOBWA Catchment Area - (12 – 14 August 2020)



Dignitaries listening in during the Mavula Water Scheme tour

The Minister of Natural Resources and Energy, Hon. Peter Bhembe, in the company of the Hhohho Regional Administrator Princess Tsandzile and the COVID-19 Task Team toured a number of community-based water projects, inclusive of KOBWA funded projects within her catchment area, which were refurbished / developed as part of the COVID-19 pandemic response measures undertaken by the government of Eswatini. The tour was one of many where the Eswatini government assessed water projects to ensure communities had access to potable water during the covid-19 outbreak. The identified schemes within the KOBWA catchment area were Mashobeni Water Scheme, Mavula Water Scheme and KaZinyane Hand Pump Water Scheme.

The tour was attended by a number of government leaders including Members of Parliaments and respective community leaders and Superintendent Khulani Mamba the chairperson of Security and Compliance. KOBWA CEO, Mr Collin Zwane also participated in the tour as the organisation also funded the refurbishment of the three sites through the collaboration with the National Disaster Management Agency (NDMA) and the Department of Water Affairs. Ms Temangcamane Maseko led the Project Management Team, representing KOBWA.

10.2 World Water Day 2021

KOBWA participates in the annual commemoration of the World Water Day held in March both Eswatini and in South Africa. The theme for the year 2021 was “Valuing Water”. The impact of the Covid-19 pandemic was noticeable in the 2021 year, with almost similar significances to the previous year where there was no physical commemoration of the event as measures to contain the spread of the virus.

10.2.1 Eswatini

The Kingdom of Eswatini did not have an event to commemorate the occasion due to Covid-19 implications. KOBWA, published articles in the local media (Times of Eswatini and Eswatini Observer) which aligned to the year’s theme, highlighting KOBWA’s initiatives to valuing water. Similar articles were also published on South African media houses in Mpumalanga and The Lowvelder.

10.2.2 South Africa



KOBWA Communications Officer, Mayibongwe Dlamini (on the far left) , posing with Kurula High School students and teachers before presenting an award.

The 2021 event was a wrap up of the 2020 competitions which were put on hold after the upsurge of the COVID-19 pandemic.

The event was held at the Nelspruit Botanical Gardens. Stakeholders present were Inkomati-Usuthu Catchment Management Agency (IUCMA), Department of Water Affairs (DWA), Silulumanzi, Sappi, the City of Mbombela, the Department of Education Mpumalanga, Zamangwane Water technology and participating schools.

The competition was structured in a form of a water purification project where schools had to design a working model for purifying water. The aim of the competition was to encourage young scholars to value the importance of water purification and reservation.

The winners of the 2021 competition were Rev. SA Nkosi Secondary with an average score of 95.9%. Runners up were Takheni Secondary with an average score of 89.9% and the third position was occupied by Kurula High School with an average of 85.9%.

KOBWA sponsored the event with 90 calculators which were distributed amongst the prizes for the participating schools.

10.3 Memoranda of Understanding

10.3.1 KOBWA signs MoU with ESEPARC to collaborate on social and economic development in Eswatini



KOBWA Acting CEO, Temangcamane Maseko, with ESEPARC Executive Director, Thabo Sacolo after the signing of the MoU.

On the 29th of March 2021, the Komati Basin Water Authority (KOBWA) and the Eswatini Economic Policy Analysis and Research Centre (ESEPARC) signed a Memorandum of Understanding (MoU) officially forging a partnership to positively contribute towards Eswatini's Economic and Development Agenda. The MoU represents a statement of intent by KOBWA and ESEPARC to work together on imparting positively Eswatini's economic development.

Under the MoU, KOBWA and ESEPARC agree to collaborate on social and economic research. Among other institutional engagements, to create collective intelligence on the past and future developments of the Komati Basin. The strategic and timely partnership between

the organisations will stimulate interactions with the various sectors of the economy (especially the water and agriculture sector) to exchange and cross-fertilise ideas on how to leverage KOBWA for effective and impactful management and expansion of trans-boundary water infrastructure. The partnership is expected to create a stock of knowledge that will drive innovation on the management of the water infrastructure, enhance the development of the sectors dependent on this water infrastructure and establish evidence-based programming and expansion of KOBWA's footprint on the Eswatini economy.

The MoU also includes some programs to be implemented under their corporate social responsibilities. Overall, the partnership will inform programmes of the authority and sustainability going forward.

10.3.2 WaterAid MoU

On the 9th of December 2020, KOBWA and WaterAid signed a five-year Memorandum of Understanding aimed at promoting sustainable integrated water resource development and management with the capacity to support the transfer of technical knowledge, advice, skills and resources to strengthen the Water, Sanitation and Hygiene (WASH) sector. The MoU also facilitated the collaboration of KOBWA and WaterAid to jointly develop and fund sustainable WASH projects and conduct intensive resource mobilization in Eswatini and South Africa.

WaterAid Country Director, Mr. Ncamiso Mhlanga, in appreciation of the collaboration



KOBWA signs WASH Sector Strengthening in RSA and KoE MoU with Water Aid

committed that through the partnership, WaterAid was not aiming to benefit but to ensure that contents of the MoU were achieved.

KOBWA CEO, Mr. Collin Zwane resounded Mr. Mhlanga's words that KOBWA as well would ensure commitment to the MoU and mentioned that as a transboundary institute, project that needed to be implemented had already been identified thus an action plan was of urgent need to ensure efficient delivery.

The MoU was signed at the KOBWA offices in Maguga.



KOBWA CEO Mr. Collin Zwane and WaterAid Country Director Mr. Ncamiso Mhlanga after the signing of the MoU.

10.4 Donations

10.4.1 KOBWA donates sanitizers to Ministry of Natural Resources and Energy, Eswatini

As means to aid in the fight against the coronavirus pandemic, KOBWA donated aid items to the government of Eswatini which were received by the Principal Secretary in the Ministry of Natural Resources and Energy on behalf of the Water Sanitation and Hygiene Sector (WASH). The donated material included 40 sprayers, 10 containers in 25 litres of sodium hydrochloride for disinfection which make a total of 100 litres per 25 litre diluted.

The water authority also donated hand sanitizers and equipment to be used to sanitize densely populated areas such as bus and taxi ranks. Handing over the donation was KOBWA CEO, Mr. Collin Zwane in the company of Operations Director, Sakhiwo Nkomo.



KOBWA CEO handing over the donated items to the Principal Secretary in the Ministry of Natural Resources and Energy



KOBWA CEO handing over the gazebos to REPS Assistant Commissioner Bonsile Mdziniso.

10.4.2 Police Donation

Speaking at the hand over, KOBWA CEO, Mr. Collin Zwane, appreciated the dedication of the work of the REPS even in harsh weather conditions and said, "as KOBWA we have observed the amount of work you have put in in these difficult times and we believe this will be a meaningful gesture." Receiving the donation was the REPS Assistant Commissioner Bonsile Mdziniso who appreciated KOBWA's gesture and acknowledged that the donation came at a time when they were in need of such and also pledged to ensure good usage of the donated items.

KOBWA donated two gazebos to the Royal Eswatini police Service (REPS), Pigg's Peak for use in awareness their awareness campaigns during the festive season and beyond. This was in appreciation of the work the REPS demonstrated during the period if the covid-19 outbreak, going above and beyond the call of duty in ensuring public safety.

10.5 Media Engagement

10.5.1 Driekoppies Dam Media Tour

As means to showcase the work and infrastructure of the Department of Water and Sanitation in relation to the provision of water and sanitation to communities, the Mpumalanga media was invited to tour the Driekoppies Dam, managed by KOBWA.

The tour was aimed to serve as a tool inform stakeholders and the public on the water management issues in the dam and other important information regarding the benefit of the dam and the institution to the community and also communicate challenges so that the community would be aware of the organisation and stakeholder expectations.

The tour was conducted on the 2nd of December 2020.



KOBWA CEO, Mr. Collin Zwane making a presentation during the media tour



Media personnel enjoying a boat cruise during the tour

10.5.2 Driekoppies Dam Video Production

The Department of Water and Sanitation in South Africa initiated a television episode on shared water courses as part of her efforts to profile the work of the Department. The particular project was focused on the Komati Basin Water Authority, with the main focus on the Driekoppies Dam and the impact of the resettlement project at the inception of the Dam. The programme was aired on the 14th and 17th of April 2021 in the SABC 2 programme, Breaking New Ground.



KOBWA CEO, Collin Zwane on set with Breaking New Ground host, Nimrod Nkosi, during the video shooting.

5

FOCUS AREA: FINANCIAL MANAGEMENT AND OTHER SOURCES OF INCOME

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

Despite the prevailing covid-19 environment, Finance was able to achieve most of the planned projects and objectives for the 2020/21 Financial Year

11.1 Government Funding:

The parties once again approved 0% increase on the operational budget for the 2020/21 Financial Year, resulting in a total approved budget of R/E 266,516,567.

The total budget of R/E 266,516,567 for the FY 2020/21 comprised of the following;

- R/E 43,631,160 for operational activities
- R/E 79,100,820 for loan repayments
- R/E 143,784,587 special funds (Hambros loan redemption)

The parties' subvention payments were then reduced by sundry income totaling (R/E 3,225,065) (see table below for detailed funding schedule)

All outstanding funding was settled by the parties and there were no outstanding payments for the FY2020/21.

11.2 Budget & Subvention Payments

Approved Subvention Schedule for the Financial year 2020/21 with FY 2019/20 comparison:

	Full Year Forecast 2019/20	Required Budget 2020/21
Republic of South Africa		
Total	186 305 949	233 093 000
Sundry Income	(2 322 047)	(2 322 047)
Administrative & Operational	32 779 640	32 779 640
Loan Repayments	115 023 718	58 850 820
Special Funds	40 824 638	143 784 587
Kingdom of Eswatini		
Total	46 135 919	30 198 502
Sundry Income	(903 018)	(903 018)
Administrative & Operational	10 851 520	10 851 520
Loan Repayments	36 187 417	20 250 000
Grand Total	232 441 868	263 291 502

11.3 Loans and Borrowings

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 2020 and 14 repayments still remain to maturity.

11.4 Compliance with the JSE requirements;

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

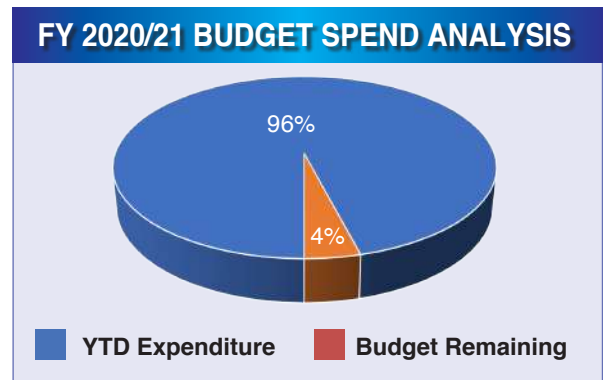
- GRAP reporting framework which is one of the acceptable internationally recognised reporting frameworks as stipulated by the JSE.
- Appointment of the JSE accredited audit firm PWC and JSE accredited Audit partner.
- Annual disclosures among them;
 - o King IV applicator register,
 - o Proactive monitoring,
 - 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

All other loans were settled in previous financial years and KOBWA has only one loan remaining with Hambros Bank. See **Table 15** below for a detailed repayment schedule.

Table 15: Detailed Loan Repayment Schedule

Financial Institutions	Face Amount	Effective interest rate	Start Date	End Date	# Remaining Installments	Balance 31.03.2020	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	14	375,000,000	729,375,000
DBSA	488,401,000	10.00%	30.09.2000	30.09.2020	0	0	0
Total	1,641,401,000					375,000,000	729,375,000

- ✓ Total budget was approved at R/E 43,631,161
- ✓ Actual spend for the financial year to date R/E41,849,286.27 (95.92%)
- ✓ Total Budget remaining R/E1,781,874.92 (4.08%)
- ✓ Amount/Portion of approved savings still to be allocated to Projects R/E 1,250,000. This amount will come from the R/E1,781,874.92 remaining budget.
- ✓ Amount to be requested for Roll Over for use on CSR projects not yet approved from the Savings R/E 325,500.00.
- ✓ Savings to be reported after Projects allocation of R/E1,250,000 and Roll Over request R/E 325,500 will be R/E 206,374.92



Budget spend analysis for FY2020/21 showing actual final YTD spend versus Unspent Budget for the year. The analysis is before any year end adjustments.

- o KOBWA went to normal in Q4 and re-aligned the budget, changing certain priorities and covering expenditure that was possible to the end of the year.
- o The amount of savings includes a portion of the approved savings earmarked for projects plus a request for roll over for CSR funds.

11.5 Key Strategic Finance Activities FY2020/21

Below is a summary of the key strategic finance activities executed in the FY 2020/21.

11.5.1 SAGE Evolution Accounting System Implementation

- Implementation of accounting modules including training of finance personnel - Done
- Parallel run – Done
- Asset Module – immovable assets loaded and finalized now in the process of detailed asset physical verification for moveable assets before uploading them.
- Implementation of Advanced procurement including the training of the users of procurement - Done
 - o Delayed but now some departments have started processing on the system.
- Remaining secondary Modules FY2021/22

11.5.2 Revenue Generation and Cost Containment

- Culture of saving and cost cutting to continue to be instilled.
- Cost containment document done and presented.
- Draft revenue strategy covering ICPs presented to JWC.
- Revenue implementation strategy being worked on, RMP at an advanced stage, and a number of MoUs in place for implementation.

11.5.3 Finance Policies and procedures.

- SCM policy work instructions.
- Final policy being submitted in the current BOARD sitting.
- Accounts Receivable policy to be submitted in the FY2021/22 in preparation for Revenue generation.

11.5.4 External Audit and Annual financial statements

- GRAP training conducted in Q4 for Finance staff to capacitate the team.
- PWC South Africa will be auditing the FY2020/21 Financial Statements.

11.5.5 Outlook into FY 2021/22

- Year-end reporting & Audit
 - o To be completed virtually and by the 31st of August 2021.
 - o KOBWA targets a clean audit in compliance with GRAP and JSE regulations.
- Policies
 - o Finance will make an effort to finalise outstanding policies and submit to Board for approval in the FY 2021/22
 - o Once policies are in place, work instructions will be drafted in the 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.
 - o A proposal to reinstate the frozen position of PAMA will be sent to Board to strengthen the Finance team in terms of procurement and revenue generation strategies.
- SAGE Evolution System
 - o Planned for completion in FY 2021/22.
 - o Remaining modules to be implemented and the system to be fully functional.



ANNUAL FINANCIAL STATEMENTS

2020-21

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	Chairperson
	Mr B Singwane	Vice Chairperson
	Mr A Thobejane	
	Mr L Mzizi Chairperson:	Human Resources and Remuneration Committee
	Dr T Gyedu-Ababio	Chairperson: Finance, Risk and Audit Committee
	Ms N Mabuza	
	Mr C Zwane	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 judgments 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 2022 and, in the light of this review and the current financial position, they are satisfied that KOBWA had or has access to adequate resources to continue in operational existence for the foreseeable future. The 2021/22 budget was approved and the first tranche has been received. 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 after a continued assessment that the Covid-19 pandemic does not affect the going concern aspect of the business nor the level of its operations. The effects have been operational but the Board is of the view that while the organisation continues to learn, it has so far learnt enough to adapt to operating conditions under Covid-19 and is able to conduct operations according to the new norm without unreasonable exposure to employees.

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 pages 91 to 96.

The Annual Financial Statements set out on pages 97 to 136 which have been prepared on the going concern basis, were approved the Board on 03 September 2021 and were signed on its behalf by:



Ms Emelda Magagula
Board Chairperson

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2021.

Audit committee members and attendance

The Audit Committee (Finance Risk and 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
Ms Nelisiwe Mabuza	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 KOBWA over financial and risk management across the organisation is effective, efficient and transparent. The requirements of the Treaty and the Delegation of Authority continue to be complied with and the Board also continues to subscribe to 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.

As per the JSE regulations, KOBWA adopted the KING IV principles and continues to review them in light of operational environment changes. An Applicator Register which was adopted by the Board outlining how KOBWA adopted the specific principles is available on request and on the KOBWA website as published.

The Board considered the audit firm PricewaterhouseCoopers Inc, (PwC) and the audit partner (Mr Schalk Barnard) in terms of registration as required by the JSE 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 and that they are suitable to audit KOBWA Annual Financial Statements.

Evaluation of annual financial statements

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

Internal audit

The Finance Risk and Audit Committee is satisfied that the internal audit function is operating effectively and that it continues to address the risks pertinent to the entity and its audits.

External Auditor

The Finance, Risk and Audit Committee nominated PricewaterhouseCoopers Inc, as the independent auditor and Schalk Barnard as the designated partner, who is a registered independent auditor for the 2020/21 audit. The committee satisfied itself through inquiry that the external auditors are independent as per the standards stipulated by the auditing profession.

Audit Committee Report *(continued)*

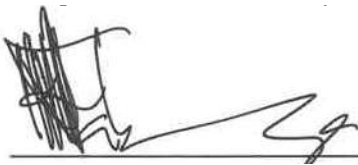
The Audit Committee in consultation with the executive management agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the audit work required and scope.

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 was satisfied that the pandemic would not have an adverse effect on the going concern aspect of the business nor the level of its operations. The effects were seen to be on operational and business processes which KOBWA has the capacity and resources to handle.

The BOARD assessed the status in terms of the containment of the pandemic by both Parties and the risk was seen to have substantially reduced and business operations could continue as normal under the new norm. The BOARD is further satisfied that going forward KOBWA has the capacity to handle any negative impact of Covid-19 and mechanisms to adapt or make relevant changes should the pandemic escalate.

KOBWA continues to enjoy the support of the Parties who regard KOBWA as an important organisation in trans-boundary water resources management. Despite the progress slow down due to Covid-19 the Treaty review is progressing and the Parties continue to honour their obligations in terms of the budgets under the current Treaty. The 2021/22 budget was approved and the first tranche has been received, therefore this gives the BOARD comfort and assurance that KOBWA has enough resources to cover expected expenditure for the next 12 months.



Ms Nelisiwe Mabuza

Chairperson of the Finance, Risk and Audit Committee

Date: 3/09/21

Director's Report

The directors have pleasure in submitting their report for the Komati Basin Water Authority for the year ended 31 March 2021..

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, financial 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 2021/22.

In light of the above and to the best knowledge of the Directors, there is no known reason which may negatively impact 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 the Covid-19 pandemic, KOBWA made a detailed assessment of the effects specifically in light of whether Covid-19 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 Covid-19 pandemic does not affect the going concern aspect of the business nor the level of its operations.

The BOARD has continued to assess the situation for any changes that might require a review of the situation and at the time of reporting are satisfied that no such changes have happened. The 2021/22 budget was approved and the first tranche has been received, therefore this 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.

Director's Report *(continued)*

4. Events after the reporting date

The Directors are not aware of any matter or circumstance arising since the end of the financial year and up to the date of the publishing of these financial statements. The 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 2020/21.

5. Directors

The Directors of KOBWA during the year 2020/21 and to the date of this report are as follows:

Name	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 - Executive (Chair FRAC) (Resigned 20 January 2021)
Ms N Mabuza	Eswatini	Non - Executive (FRAC Chair from 20 January 2021)
Mr C Zwane	South Africa	Ex-Officio (CEO)
Mr C Matambo	South Africa	(Deceased)

6. Secretary

The Company Secretary of KOBWA is Mr M Simelane.

The Annual Financial Statements set out on pages 97 to 136 which have been prepared on the going concern basis, were approved by the Board on 03 September 2021 and were signed on its behalf by:

Ms E Magagula
Board Chairperson

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 2021, 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 Finances Management Act in South Africa.

What we have audited

Komati Basin Water Authority's financial statements set out on pages 14 to 52 comprise:

- the statement of financial position as at 31 March 2021;
- 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 Authority in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with

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Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.

Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

Independent Auditor’s Report *(continued)*

other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview

Overall materiality

- Overall materiality: R1,454,910 which represents 1% of total expenses.

Key audit matters

- Excess funding received from the Government of the Republic of South Africa

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.

Overall materiality	R1,454,910
How we determined it	1% of total expenses.
Rationale for the materiality benchmark applied	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.

Independent Auditor's Report *(continued)*

How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Authority, the accounting processes and controls, and the industry in which the Authority operates.

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.

Key audit matter

How our audit addressed the key audit matter

Excess funding received from the Government of the Republic of South Africa

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, which includes capital, maintenance and debt funding.

In accordance with the Treaty, KOBWA submits its annual operational cash flow budget to the Joint Water Commission (as representative of the Parties) for approval. This budget includes the operational, maintenance as well as capital expenditure which includes debt repayment requirements, for the ensuing year.

Once approved, the Parties pay KOBWA the funds in tranches during the financial year.

The Government of the Republic of South Africa ("RSA") has paid KOBWA an amount of R16,612,145 in the 2020 financial year and R172,260,407 in the current financial year, in excess of its cash flow requirements. In addition to this, interest of R3,364,739 was earned on the invested excess funds.

The total of R188,872,552 and the interest earned of R3,364,739 (in total R192,237,291) have been approved by the JWC to be set aside and utilised for specific projects. Specifically, R20,119,711 has been set aside for specific projects at Driekoppies Dam and the balance of R172,117,580 set aside in a sinking fund for the payment of the RSA portion of the HAMBROS loan

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 require KOBWA to submit an annual short term cash flow budget to the Joint Water Commission for the reimbursement of capital as well as operational and maintenance costs for the ensuing year. Capital costs, as defined in the Treaty includes, amongst others financing costs. Annual financing costs include the servicing of loans and includes both interest and capital repayments, as and when due according to the terms of the respective loan agreements.

A total amount of R188,872,552 was received by KOBWA up to and as at 31 March 2021 from the Government of the Republic of South Africa, in excess of its annual cash flow budget requirements. R3,364,739 interest was earned on these excess funds.

We inspected the approved budget of the Department of Water and Sanitation of the Republic of South Africa, and noted that KOBWA was allocated R233,093,000 for the 2021 financial year. This was R172,260,407 in excess of its 2021 cash flow requirement.

We vouched the receipt of the total funds of R233,093,000 to bank statements and independently confirmed the year end bank balances with the KOBWA's respective banking institutions and noted no exceptions.

We inspected resolution number 615 of the Joint Water Commission approving that R20,119,711 be

Independent Auditor's Report *(continued)*

balloon payment in 2027. The latter was approved by the South African National Treasury department.

The R172,117,580 has been recorded as a reduction to the Guaranteed Grant Income receivable and an increase to non-current asset (note 6) on the balance sheet.

KOBWA's additional funding received from the Parties over and above its annual cash flow requirements was considered to be a matter of most significance to our audit of the financial statements due to the degree of significance and materiality of the amount.

utilised for the specific projects at Driekoppies Dam and that the balance of the excess funds, R172,117,580 be put in a sinking fund towards the payment of the RSA portion of the HAMBROS loan balloon payment in 2027. We inspected the correspondence received from the National Treasury approving the establishment of a sinking fund for the excess funds specifically for the redemption of the Hambros Loan in 2027. We noted no matters for further consideration in this regard.

We agreed the amount of R172,114,580 to the general ledger and also to note 6 in the financial statements with no exceptions noted.

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, 2021", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Komati Basin Water Authority 2020/2021 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 the 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, 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.

Independent Auditor's Report *(continued)*

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

Independent Auditor's Report *(continued)*

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Komati Basin Water Authority for 5 years.



PricewaterhouseCoopers Inc.

Director: Schalk Barnard

Registered Auditor

Nelspruit

3 September 2021

Statement of Financial Position as at 31 March 2020

Figures in Rand/Emalangen	Note(s)	2021	*Restated 2020
Assets			
Current Assets			
Guaranteed grant income receivables	7	50,625,000	50,625,000
Receivables from exchange transactions	10	1,686,559	1,563,181
Receivables from non-exchange transactions	11	-	1,620,512
VAT receivable	12	1,021,810	807,675
Prepayments	9	202,875	310,563
Cash and cash equivalents	13	89,147,489	87,051,871
		142,683,733	141,978,802
Non-Current Assets			
Investment property	3	12,357,756	12,860,182
Property, plant and equipment	4	4,379,388,438	4,430,770,783
Intangible assets	5	2,252,865	1,631,650
Fixed Deposit - Hambros Loan Sinking Fund	6	172,117,580	-
Guaranteed grant income receivables	7	298,253,864	306,297,305
		4,864,370,503	4,751,559,920
Total Assets		5,007,054,236	4,893,538,722
Liabilities			
Current Liabilities			
Designated Project Funds	8	29,059,537	7,338,286
Payables from exchange transactions	18	1,862,657	2,644,364
Payables from non-exchange transactions	19	8,969,034	12,157,355
Unspent Conditional Grant	15	1,139,805	18,890,972
Provisions	17	653,444	610,771
Accruals		307,758	377,375
		41,992,235	42,019,123
Non-Current Liabilities			
Financial liabilities at amortised cost	16	367,295,737	366,130,077
Total Liabilities		409,287,972	408,149,200
Net Assets		4,597,766,264	4,485,389,522
Reserves			
Maintenance Reserves	14	5,532,330	5,532,330
Accumulated surplus		4,592,233,934	4,479,857,192
Total Net Assets		4,597,766,264	4,485,389,522

Statement of Financial Performance

Figures in Rand/Emalangeni	Note(s)	2021	*Restated 2020
Revenue			
Revenue from non-exchange transactions			
Conditional Grant Income	20	43,168,642	44,749,202
Finance Income	7	214,699,139	51,092,862
Total revenue from non-exchange transactions		257,867,781	95,842,064
Expenditure			
Employee related costs	21	(20,526,801)	(19,056,950)
Depreciation and amortisation	22	(54,706,030)	(54,387,422)
Finance costs	23	(51,802,563)	(59,965,106)
Bad debts written off		-	(196)
Operating and administration Expenses	24	(18,455,641)	(22,032,801)
Total expenditure		(145,491,035)	(155,442,475)
Surplus (deficit) for the year		112,376,746	(59,600,411)

Statement of Changes in Net Assets

Figures in Rand/Emalangen	Maintenance Reserves	Accumulated surplus	Total Net assets
Balance at 01 April 2019	5,532,330	4,539,457,603	4,544,989,933
Changes in net assets	-	(59,600,411)	(59,600,411)
Deficit for the year	-	(59,600,411)	(59,600,411)
Total changes	-	(59,600,411)	(59,600,411)
Balance at 01 April 2020	5,532,330	4,479,857,188	4,485,389,518
Changes in net assets	-	112,376,746	112,376,746
Surplus for the year	-	112,376,746	112,376,746
Total changes	-	112,376,746	112,376,746
Balance at 31 March 2021	5,532,330	4,592,233,934	4,597,766,264
Note(s)			

Cash Flow Statement

Figures in Rand/Emalangen	Note(s)	2021	2020
Cash flows from operating activities			
Receipts			
Grants		89,665,266	265,493,833
Payments			
Employee costs		(20,469,106)	(19,056,950)
Suppliers		(13,100,079)	(14,720,382)
Finance costs		(50,636,903)	(58,803,534)
		(84,206,088)	(92,580,866)
Net cash flows from operating activities	11&26	5,459,178	172,912,967
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(2,786,976)	(2,502,642)
Purchase of other intangible assets	5	(719,411)	(1,639,759)
Fixed deposit		(172,117,580)	-
Net cash flows from investing activities		(175,623,967)	(4,142,402)
Cash flows from financing activities			
Repayment of other financial liabilities		-	(117,345,317)
Government funding received in advance	8	172,260,407	-
Net cash flows from financing activities		172,260,407	(117,345,317)
Net increase in cash and cash equivalents		2,095,618	51,425,248
Cash and cash equivalents at the beginning of the year		87,051,871	35,626,622
Cash and cash equivalents at the end of the year	13	89,147,489	87,051,870

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 historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rands (R) and Eswatini Emalangeni (E).

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 2021/22. 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 was satisfied that the pandemic would not affect the going concern aspect of the business nor the level of its operations. The BOARD in the current year re-assessed the position in respect of the same and are satisfied that the situation has not changed negatively to affect the continued existence or operations of the entity.

The Parties continue to honour their bi-lateral obligation and have continued to make commitments for the continued funding of KOBWA. The 2021/22 budget was approved and the first tranche has been received therefore this gives the BOARD comfort and assurance that KOBWA has enough resources to cover expected expenditure for the next 12 months.

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 assets 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. In terms of GRAP, KOBWA is satisfied that no changes are anticipated which will require disclosure in the financial year 2020/21.

The Parties have not curtailed the budgets for KOBWA for current or next financial year and the financial year 2021/22. The 2021/22 budget was approved and the first tranche has been received, therefore this gives the BOARD comfort and assurance that KOBWA has enough resources to cover expected expenditure for the next 12 months

In KOBWA's assessment, the Covid-19 impact was seen not to have a reportable items in the AFS. Continued assessments have shown that no changes have taken place which would require business or operational changes nor affect the continuity of KOBWA as a going concern.

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 or through its operations manual or assets verification process whether there is an indication that the value of the assets 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 12&17 - 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)*

1.6 Investment property (continued)

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each year. If expectations differ from previous estimates, the change is accounted prospectively as a change in accounting estimate. The depreciation charge is recognised in the surplus and deficit unless it is included in the carrying amount of another asset.

Impairment tests are performed on investment property when there is an indicator that they may be impaired. When the carrying amount of an item of investment property is assessed to be higher than the recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the investment property, which is as follows:

Item	Percentage
Investment Property - Buildings	2%

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Investment property is transferred to PPE when its use has been changed to that of owner occupied.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

The entity separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements under administration expenses.

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held by KOBWA for use in the supply of services, or for administrative purposes, and are expected to be used for more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to KOBWA; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Depreciation is on the straight line basis over the expected useful lives to their estimated residual value.

Accounting Policies *(continued)*

1.7 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Percentage
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.

Accounting Policies *(continued)*

1.8 Intangible assets (continued)

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.

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 Guaranteed Grant 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.

Accounting Policies *(continued)*

1.10 Financial instruments (continued)

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.

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 counterpart 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 assessment 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:

Accounting Policies *(continued)*

1.10 Financial instruments (continued)

Class	Category
Grant Guaranteed Income Receivable	Financial asset measured at amortised cost
Cash and cash equivalent	Financial asset measured at amortised cost
Receivable from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

Financial Liabilities

KOBWA upon assessment 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	Category
HAMBROS Bond Notes	Financial liability measured at amortised cost
NEDCOR Loan	Financial liability measured at amortised cost
RMB Loan	Financial liability measured at amortised cost
DBSA Loan	Financial liability measured at amortised cost

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.

Accounting Policies *(continued)*

1.10 Financial instruments (continued)

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.

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.

Accounting Policies *(continued)*

1.11 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

Accounting Policies *(continued)*

1.11 Statutory receivables (continued)

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable 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 receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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 amount of an asset or a cash-generating unit is the higher its 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.

Accounting Policies *(continued)*

1.13 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:

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.

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.

Accounting Policies *(continued)*

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

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.

1.14 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.

1.15 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 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.

Accounting Policies *(continued)*

1.16 Revenue from exchange transactions (continued)

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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.

1.17 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.

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 and only recognised as revenue when they are actually spent on the specified project.

Measurement

Revenue from a non-exchange transaction is measured as 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.

Accounting Policies *(continued)*

1.18 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.

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.

1.19 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.

1.20 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 elects not to make budget disclosure in the financial statements.

1.21 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.

Accounting Policies *(continued)*

1.22 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.

1.23 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

2021

*Restated
2020

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

• GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	The impact is not material.
• GRAP 34: Separate Financial Statements	01 April 2020	The impact is not material.
• GRAP 35: Consolidated Financial Statements	01 April 2020	The standard is not applicable
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	The standard is not applicable
• GRAP 37: Joint Arrangements	01 April 2020	The standard is not applicable
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	The impact is not material.
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	The impact is not material.
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	The impact 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 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 Employee Benefits - Amended	01 April 2023	Unlikely there will be a material impact
• GRAP 104 Financial Instruments - Amended	01 April 2025	Unlikely there will be a material impact
• Guideline on The Application of Materiality to Financial Statements 2020	01 April 2023	Unlikely there will be a material impact

Notes to the Financial Statements *(continued)*

3. Investment property

	2021		2020	
	Cost / Valuation	Accumulated depreciation and impairment	Cost / Valuation	Accumulated depreciation and impairment
Investment property	14,869,885	(2,512,129)	14,869,885	(2,009,703)
Reconciliation of investment property - 2021				
Investment property			Opening balance 12,860,182	Depreciation (502,426)
				Total 12,357,756
Reconciliation of investment property - 2020				
Investment property			Opening balance 13,362,608	Depreciation (502,426)
				Total 12,860,182

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 Pigg's 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 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)*

4. Property, plant and equipment

	2021		2020	
	Cost / Valuation	Accumulated depreciation and impairment	Cost / Valuation	Accumulated depreciation and impairment
Buildings	63,970,839	(10,570,073)	63,970,839	(8,444,350)
Furniture and fixtures	1,934,329	(1,222,376)	1,851,732	(1,089,261)
Motor vehicles	3,891,544	(2,956,966)	3,295,094	(2,468,744)
Office equipment	437,356	(387,755)	426,357	(369,919)
Computer Equipment	2,777,342	(2,128,637)	2,206,738	(1,735,838)
Mobile Units	792,964	(792,936)	792,964	(792,936)
Infrastructure	69,655,665	(20,864,816)	69,489,866	(16,532,524)
Dams and Weirs	4,474,825,171	(223,741,425)	4,474,825,171	(179,069,345)
Dam Equipment and Pipelines	28,950,715	(6,468,292)	27,969,830	(5,174,633)
Sundry Equipment	7,575,174	(6,403,885)	7,259,442	(5,804,955)
Implements	1,190,924	(1,076,424)	1,190,924	(1,025,669)
Total	4,656,002,023	(276,613,585)	4,653,278,957	(222,508,174)
		4,379,388,438		4,430,770,783

Notes to the Financial Statements *(continued)*

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Buildings	55,526,489	-	(2,125,723)	53,400,766
Furniture and fixtures	762,471	82,597	(133,115)	711,953
Motor vehicles	826,350	596,450	(488,222)	934,578
Office equipment	56,438	10,999	(17,836)	49,601
Computer Equipment	470,900	570,604	(392,799)	648,705
Mobile Units	28	-	-	28
Infrastructure	52,957,342	165,799	(4,332,292)	48,790,849
Dams and Weirs	4,295,755,826	-	(44,672,080)	4,251,083,746
Dam Equipment and Pipelines	22,795,197	980,885	(1,293,659)	22,482,423
Sundry Equipment	1,454,487	315,732	(598,930)	1,171,289
Implements	165,255	-	(50,755)	114,500
	4,430,770,783	2,723,066	(54,105,411)	4,379,388,438

Notes to the Financial Statements *(continued)*

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Buildings	57,652,211	-	(2,125,722)	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	(4,196,300)	52,957,342
Dams and Weirs	4,340,519,952	-	(44,764,126)	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	(53,876,881)	4,430,770,783

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	4,172,822
	4,623,541

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.

Notes to the Financial Statements *(continued)*

5. Intangible assets

	2021		2020	
	Cost / Valuation	Accumulated Carrying value amortisation and accumulated impairment	Cost / Valuation	Accumulated Carrying value amortisation and accumulated impairment
Computer software	2,534,429	(281,564)	1,815,011	(183,361)
Reconciliation of intangible assets - 2021				
Computer software		Opening balance 1,631,650	Additions 719,418	Amortisation (98,203)
				Total 2,252,865
Reconciliation of intangible assets - 2020				
Computer software		Opening balance 7	Additions 1,639,759	Amortisation (8,116)
				Total 1,631,650

Other information

KOBWA commenced implementation projects for key software that was allocated and committed in the FY2018/19 to the value of R/E 3 million. However due to the Covid-19 pandemic, implementation was delayed but most of the work has been done in the FY 2020/21. No new commitments have been made in the past FY2019/20 or current FY2020/21.

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	2021	2020
6. Fixed Deposit - Hambros Loan Sinking Fund		
Hambros Sinking Fund		
Standard Bank Money Market	172,117,580	-

These funds have been earmarked for the redemption of the Hambros Loan in 2027, and cannot be used for any other purpose without approval from RSA Treasury. It has been deposited in a fixed deposit account and will be utilised for the repayment of the Hambros loan in 2027. As such it is classified as non-current asset.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen		2021	2020		
7. Grant Guaranteed Income Receivable					
Designated at amortised cost					
Grant Guaranteed Income Receivable - Capital		107,484,436	132,581,097		
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 loan repayment are received by KOBWA as part of the conditional grant towards payment of the loans and the amounts are known. Grant guaranteed income is the present value of the funds receivable from the Parties for the repayment of the loans.					
Grant Guaranteed Income Receivable - Interest		241,394,428	224,341,208		
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. Grant guaranteed income is the present value of the funds receivable from the Parties for the payment of the interest incurred from the loans.					
		348,878,864	356,922,305		
Non-current assets					
At amortised cost		298,253,864	306,297,305		
Current assets					
At amortised cost		50,625,000	50,625,000		
2021	HAMBROS Bank Payable receipts	Nedbank Payable receipts	RMB Payable receipts	DBSA Payable receipts	Total
Opening balance	356,922,305	-	-	-	356,922,305
Cash Funding from parties	(222,742,580)	-	-	-	(222,742,580)
Unwinding finance income	214,699,139	-	-	-	214,699,139
Total	348,878,864	-	-	-	348,878,864
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
8. Designated Project Funds					
Current liabilities				29,059,537	7,338,286

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's 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, revenue is recognised and funds are moved from designated funds as they meet the definition.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2021	2020
8. Designated Project Funds (continued)		
Reconciliation: Designated Project Funds		
Opening Balance	7,338,285	9,756,739
Additions	23,135,222	-
Condition met transferred to Revenue	(1,413,970)	(2,418,454)
Closing Balance	29,059,537	7,338,285
Designated Fund Breakdown		
Driekoppies Projects	20,119,711	-
DWS Projects	3,794,517	3,794,517
LMPC	503,016	661,585
Recapitalisation Project	130,172	130,172
JWC Projects	4,512,121	2,752,011
	29,059,537	7,338,285

9. 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		
Prepayments	202,875	310,563

10. Receivables from exchange transactions

Debtors	214,770	163,695
Employee costs in advance	331,188	230,364
Deposits	1,140,601	1,169,122
	1,686,559	1,563,181

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 and R/E 28,519 relates to Eswatini Electricity. 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 R/E 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.

11. Receivables from non-exchange transactions

Kingdom of Eswatini	-	1,620,512
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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. In the current year, Parties have paid up and cleared the outstanding funds from previous year. Previously the Parties have always paid up the outstanding amounts. Generally there is no a credit risk as the Parties have always honoured the provisions of the Treaty.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2021	2020
11. Receivables from non-exchange transactions (continued)		
Parties receivables reconciliation		
Opening Balance	1,620,512	34,712,476
Operational Budget	94,256,160	235,626,934
Additional Funding	172,260,407	-
Payment Received Operationsl Budget	(89,665,266)	(265,493,833)
Payment Received Additional Funding	(172,260,407)	-
From prior years' unspent grant	(6,211,406)	(3,225,065)
	-	1,620,512
12. VAT receivable		
VAT	2,621,790	2,407,655
Provision for impairment	(1,599,980)	(1,599,980)
	1,021,810	807,675
Included in this balance is an amount equal to R/E 1 599 980 (2020: R/E 1 599 980) 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 in the prior financial year 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. In the current financial year, there has been no movement and the outstanding amount are still being processed by SARS.		
Impairment Provision Reconciliation		
Opening Balance	1,599,980	1,849,390
Utilised	-	(249,410)
	1,599,980	1,599,980
13. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	17,500	17,500
Bank balances	3,199,842	3,128,686
Short-term deposits	85,930,147	83,905,685
	89,147,489	87,051,871

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 or any approved investments for the purposes of bearing interest.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2021	2020
14. 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		
Maintenance Reserve	5,532,330	5,532,330
15. 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.		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Unspent grants	1,139,805	18,890,972
Movement during the year		
Balance at the beginning of the year	18,890,972	4,480,962
Additions - Approved Operational Budget	94,256,160	232,401,562
Additional Funds	172,260,407	-
Utilised - Revenue recognised	(41,754,673)	(42,608,232)
Utilised - Hambros Redemption Fund & Other	(172,260,407)	-
Utilised - Guaranteed income	(50,625,000)	(175,383,320)
Utilised - Designated Fund	(19,627,654)	-
	1,139,805	18,890,972
16. Other financial liabilities		
At amortised cost		
HAMBROS Bank Limited Loan	367,295,737	366,130,077

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	2021	2020		
16. Other financial liabilities (continued)				
Non-current liabilities				
At amortised cost	367,295,737	366,130,077		
17. Provisions				
Reconciliation of provisions - 2021				
	Opening Balance	Additions	Utilised during the year	Total
13TH Cheque	262,879	290,034	(262,879)	290,034
Leave Pay	347,892	363,410	(347,892)	363,410
	610,771	653,444	(610,771)	653,444
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
18. Payables from exchange transactions				
Payables		1,786,948		2,643,660
Employee related payables		75,709		704
		1,862,657		2,644,364
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 Parties. 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, draw downs made and therefore the funds are accounted for to the specific Party.				
Reconciliation of Government Payables				
Opening Balance		12,157,356		6,393,931
Additions during the year		3,023,084		5,763,425
Approved and Allocated by Parties		(6,211,406)		-
		8,969,034		12,157,356
Bank Interest		6,171,847		5,983,305
Rental Payable to Governments		1,785,444		5,316,220
Gate Entrance fees Payable to Governments		667,450		667,450
Other Government Payables		344,293		190,380
		8,969,034		12,157,355

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2021	2020
20. Government grants and subsidies		
	43,168,642	44,749,202

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 Grant Guaranteed receivable income in the Statement of Financial Position.

Conditional Grant Income		
Conditional Operation grants received - RSA	31,282,427	32,099,787
Conditional Operational grant received - SD	10,472,246	10,508,445
Other Income	1,413,970	2,140,970
	43,168,643	44,749,202

Other income R/E 1,413,970 (FY2020: 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	2021	2020
21. Employee related costs		
Basic	20,360,200	18,896,338
Bonus	-	100,445
Staff Workman's Compensation	118,666	3,489
Skills Development Levy	47,934	56,678
	20,526,800	19,056,950
Key Management Employees		
Chief executive officer		
Basic Salary	1,243,030	1,316,441
Long Service Award	10,000	-
Contributions to UIF, Medical and Pension Funds	311,352	237,941
	1,564,382	1,554,382
Finance Director (Deceased)		
Basic Salary	843,931	879,743
Acting Allowance	19,343	-
Contributions to UIF, Medical and Pension Funds	154,380	106,730
	1,017,654	986,473
Director Operations		
Basic Salary	842,388	836,969
Long service award	-	5,000
Contributions to UIF, Medical and Pension Funds	155,923	149,504
	998,311	991,473
Director Corporate Services		
Annual Remuneration	830,986	868,637
Contributions to UIF, Medical and Pension Funds	167,325	117,836
	998,311	986,473
22. Depreciation and amortisation		
Description		
Depreciation Property Plant & Equipment	54,105,408	53,876,880
Depreciation Investment Property	502,426	502,426
Amortisation Software	98,196	8,116
	54,706,030	54,387,422
23. Finance costs		
Non-current borrowings	51,790,660	59,962,714
Other interest paid	11,903	2,392
	51,802,563	59,965,106

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2021	2020
23. Finance costs (continued)		
Reconciliation of Finance Cost from non-current borrowings		
HAMBROS Loan	51,790,660	51,786,660
Development Bank of South Africa	-	6,329,098
Rand Merchant Bank	-	958,208
Nedbank	-	888,747
	51,790,660	59,962,713
24. Operating and administration expenses		
ISO Certification	101,105	128,526
Advertising, Marketing and Publicity	1,117,841	877,291
Assessment rates & municipal charges	354,601	1,023,313
Auditors remuneration	390,500	471,595
Bank charges	114,418	173,373
Computer expenses	754,469	422,954
Consulting and professional fees	63,100	31,299
Corporate Social Responsibility	391,393	715,506
Entertainment	48,784	6,646
Loans Management Costs	95,062	134,939
Office Maintenance Costs	1,059,178	1,045,258
Insurance Costs	1,032,330	1,179,128
Consulting Costs	88,944	266,303
Vehicle Costs - Repairs and Maintenance	-	297,018
Vehicle Costs - Other	1,001,879	1,188,628
Travel Costs	287,528	391,677
Honorarium	49,000	91,500
Staff Recruitment Costs	38,425	355,830
Postage and courier	6,505	20,344
Printing and stationery	186,636	229,822
Protective clothing	325,684	319,634
Secretarial fees	246,900	261,184
Security (Guarding of property)	2,251,873	2,248,253
Staff welfare	257,204	308,359
Subscriptions and membership fees	101,794	101,701
Telephone and fax	1,187,569	1,198,589
Training	386,977	1,246,702
Dams Ops & Maintenance	65,652	109,044
Communication - Dam Management	342,753	142,672
Electricity	974,229	909,065
Treaty review costs	15,281	135,734
LMPC Allowance	158,570	161,545
Dam Maintenance General	724,056	550,668
Dam Structure Maintenance	1,708,045	2,030,319
Dam enclosure - fencing	11,131	20,414
Tractors and trailers maintenance	54,469	45,350
Generators and other equipment	262,963	374,624
Information centre management	317,825	275,548
Boats and trailers	47,060	64,872
Motorbikes maintenance	3,300	8,135
KOBWA houses maintenance	645,171	537,749
Water quality and dam risk management	1,182,287	1,929,440
Projects Other costs	3,150	2,250
	18,455,641	22,032,801

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2021	2020
25. Taxation		
Major components of the tax expense		
No provision for income taxation is made as Komati Basin Water Authority is exempt from income tax in both South Africa and Eswatini.		
26. Cash generated from operations		
Surplus (deficit)	112,376,746	(59,600,411)
Adjustments for:		
Depreciation and amortisation	54,706,030	54,387,422
Finance Income	(52,432,503)	(51,092,862)
Finance costs - amortised interest cost	-	1,161,767
Bad debts written off	-	196
Movements in provisions	42,673	59,914
Amortisation Interest	1,165,660	-
Changes in working capital:		
Receivables from exchange transactions	(127,002)	(48,680)
Receivables from non-exchange transactions	1,620,512	33,091,964
Prepayments	107,688	(60,244)
Payables from exchange transactions	(672,032)	1,328,407
VAT	(214,135)	687,163
Payables from non-exchange transactions	(176,417)	3,344,971
Unspent Conditional Grant	(17,751,167)	14,410,010
Guaranteed grant income	50,625,000	175,383,320
Accruals	(69,618)	(139,970)
Designated Funds	(1,769,520)	-
	5,459,178	172,912,967

27. Contingent Liabilities

1. 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.
2. KOBWA is opposing a matter where the claimant is making a claim of R/E 150 000 against KOBWA. There is a high possibility of the matter being dismissed since a similar matter was previously dismissed by the court.
3. A Service provider has a claim of unfair termination of contract to the tune of R/E 4,717,000. KOBWA is defending the claim since all pre-termination notices were given to the contractor and they failed to produce statutory documentation required for them to carry out business with KOBWA as per the contract agreement. KOBWA has declined out of court settlement advances by the contractor's lawyers and should the matter proceed to trial, it is estimated that settlement or costs will not exceed R/E 100,000.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangeni	2021	2020
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	41,754,673	44,749,202
Grant receivable for loan repayment	50,625,000	175,383,320
Refer to note 20 for a reconciliation of total actual grants received for the year.		
Compensation to key Management		
Compensation to key Management	4,578,658	4,518,801
Refer to note 21 for detailed breakdown.		
Related party balances		
Grants receivable at year end		
Grants receivable at year end	-	1,620,512
Refer to note 10 for detailed breakdown.		
Designated project funds		
Designated project Funds	29,059,537	7,338,285
Refer to note 7 for breakdown.		
Loans to employees		
Loans to employees	331,189	230,364
Unspent grants		
Unspent grants	1,139,804	18,890,972
Refer to note 14 for detailed breakdown and reconciliation.		
Payables from non exchange transactions		
Interest Payable	6,171,847	5,983,305
Rental Payable	1,785,444	5,316,220
Gate entrance fees payable	667,450	667,450
Other Parties payable	344,293	190,381
Refer to note 19 for breakdown		
Guaranteed grant income receivable		
Guaranteed grant income receivable - non current	298,253,864	306,297,305
Guaranteed grant income receivable - current	50,625,000	50,625,000
Refer to note 6 for breakdown		
Fixed Deposit - Hambros Sinking Fund		
Standard Bank Money Market	172,117,580	-
Compensation to directors		

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2021	2020
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28. Related parties (continued)

Directors fees	358,446	512,734
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For detailed disclosure refer to note 29

29. Directors' emoluments

Non-executive

2021

	Directors' fees	Subsistence and travel	Total
Ms E Magagula	95,851	1,512	97,363
Mr B Singwane	20,726	-	20,726
Mr A Thobejane	86,451	-	86,451
Mr L Mzizi	60,461	1,164	61,625
Dr T Gyedu-Ababio	35,703	-	35,703
Ms N Mabuza	56,578	-	56,578
	355,770	2,676	358,446

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

Company Secretary

2021

	Secretarial	Total
Mr M Simelane	246,900	246,900

2020

	Secretarial	Total
Mr M Simelane	211,366	211,366

30. Commitments

Already contracted for but not provided for

Property, Plant, and Equipment	1,728,307	1,358,302
Intangible Assets	-	60,800
Total capital commitments	1,728,307	1,419,102
Authorised Operational expenditure	1,569,621	1,487,242
Total Commitments	3,297,928	2,906,344

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangen	2021	2020
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31. Risk management

Financial risk management

KOBWA's activities expose it to a few financial risks which include credit risk, currency risk, interest rate risk and liquidity risk.

KOBWA's overall risk management program focuses on the unpredictability of money markets and seeks to minimise potential adverse effects on KOBWA'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 grants 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 grants.

KOBWA's risk to liquidity is a result of the funds available to cover future commitments. The KOBWA 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.

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, Guaranteed Grant 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. KOBWA is exposed to the country's credit risk of both the South African government and the Eswatini government.

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 Emalangen which are pegged at the exchange rate of 1:1 and also are the currencies in which the grants 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 grant guaranteed receivables from the Parties. The utilisation of funds is regularly monitored based on the Parties meeting their obligations. 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 grants is managed through the risk register and financial reports to both Board and JWC.

Financial instrument

Grant Guaranteed Income Receivables	358,729,804	356,922,305
Standard Bank Call account - RSA	258,047,727	83,128,686
Standard Bank Current Accounts - RSA	1,681,067	2,144,365
Standard Bank Current Accounts - KoE	1,518,774	984,320
Petty Cash	17,500	17,500
Receivables from exchange transactions	1,686,560	1,563,181
Receivables from non-exchange transactions	-	1,620,512

KOBWA is exposed to guarantees for the Loan repayments and the bi-lateral agreement ensures the budget commitments are honoured. In terms of investments, KOBWA 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 KOBWA in case of delays of grant payments.

Notes to the Financial Statements *(continued)*

Figures in Rand/Emalangeni	2021	2020
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32. 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.

The Parties honor their commitment to the operations of KOBWA and have ensured contribution of their grants. The directors have satisfied themselves that KOBWA 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 KOBWA. 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 KOBWA. 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 has continued to assess the situation and is still 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.

KOBWA continues to enjoy the support of the Parties who regard KOBWA as an important organisation in the trans-boundary water resources management. Despite the progress slow down due to Covid-19 the Treaty review is progressing and the Parties continue to honour their obligations in terms of the budgets under the current Treaty. The 2021/22 budget was approved and the first tranche has been received, therefore this gives the BOARD comfort and assurance that KOBWA has enough resources to cover expected expenditure for the next 12 months.

33. 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, except for the additional funding of R/E 172,260,407 received from the government of South Africa for the payment of the HAMBROS loan in 2027.



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