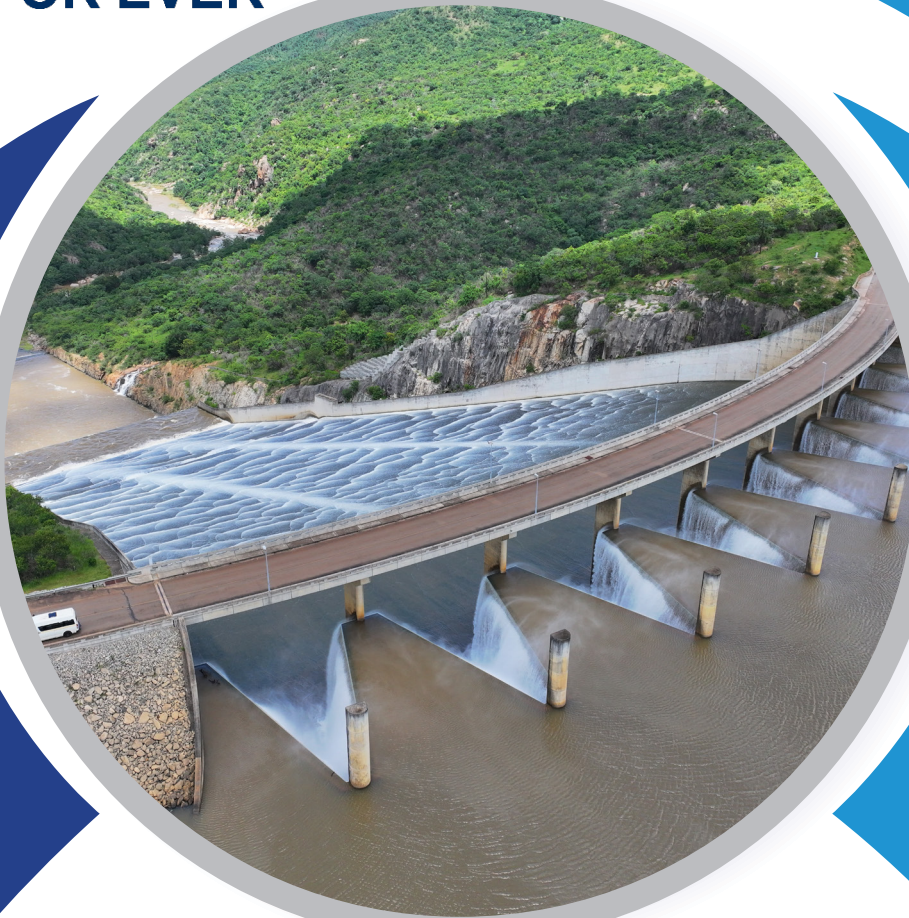




KOBWA

WATER FOR EVER



**KOMATI BASIN WATER AUTHORITY
ANNUAL REPORT**

2024/25



KOBWA

WATER FOR EVER

KOMATI BASIN WATER AUTHORITY ANNUAL REPORT

2024/25



TABLE OF CONTENTS

List of Abbreviations	1
1 ORGANIZATIONAL BACKGROUND	4
1.1 Who We Are	4
1.2 Our Story	4
1.3 Our Vision, Mission And Values	6
2 CORPORATE GOVERNANCE STATEMENT	14
2.1 Corporate Governance Structure	15
2.2 The Joint Water Commission (JWC)	15
2.3 Board Of Directors	17
2.4 Board of Directors Meetings	20
2.5 Executive Management	22
3 ANNUAL PERFORMANCE – IMPLEMENTATION REPORT FOR 2024/25	24
3.1 Summary Report	24
3.2 Overall Performance Per Strategic Focus Area	24
3.2.1 Water Resource Development And Management (35%)	24
3.2.2 Financial Management & Other Sources Of Income (15%)	24
3.2.3 Customer And Stakeholder Focus (10%)	24
3.2.4 People Management (15%)	25
3.2.5 Technology And Business Process (15%)	25
3.2.6 Socio Economic Initiatives (10%)	25
3.3 FOCUS AREA 1: WATER RESOURCE DEVELOPMENT AND MANAGEMENT (35%)	26
3.4 FOCUS AREA 2: FINANCIAL MANAGEMENT & OTHER SOURCES OF INCOME (15%)	29
3.5 FOCUS AREA 3: CUSTOMER AND STAKEHOLDER FOCUS (10%)	30
3.6 FOCUS AREA 4: PEOPLE MANAGEMENT (15%)	30
3.7 FOCUS AREA 5: TECHNOLOGY AND BUSINESS PROCESS (15%)	31
3.8 FOCUS AREA 6: SOCIO ECONOMIC INITIATIVES (10%)	34
4 FOCUS AREA: WATER RESOURCE DEVELOPMENT AND MANAGEMENT	36
4.1 Introduction	36
4.2 Section: System Operation	36
4.2.1 Komati Joint Operations Forum (KJOF) Meetings	46
4.3 Section: Infrastructure Operation And Maintenance	46
4.4 Section: Risk And Uncertainty Management	47
4.4.1 Aquatic Ecosystem Monitoring	47
5 FOCUS AREA: FINANCIAL MANAGEMENT AND OTHER SOURCES OF INCOME	64
5.1 Accounting Software	64
5.1.1 Sage Evolution 200	64

5.2	Government Funding	64
5.2.1	Government of South Africa.....	64
5.2.2	Kingdom of Eswatini.....	65
5.3	Long Term Loans	65
5.3.1	Hambros Bank.....	65
6	FOCUS AREA: CUSTOMER AND STAKEHOLDER FOCUS.....	67
6.1	Stakeholder Engagement.....	67
7	FOCUS AREA: PEOPLE MANAGEMENT	71
7.1	Introduction	71
7.2	Staff Complement	71
7.3	Vacant Positions:.....	71
7.4	Internships and Learnerships	72
7.5	Employee Performance Management System	72
7.6	Training & Development.....	72
7.7	Industrial Relations.....	72
7.7.1	Consultations and Negotiations	73
7.7.2	Long Service Awards.....	73
8	FOCUS AREA: TECHNOLOGY AND BUSINESS PROCESSES	75
8.1	Quality and Occupational Health and Safety Management Systems	75
8.2	OHS Training.....	76
8.2.1	Motorbike training	76
8.2.2	Quality Management System workshop	76
8.2.3	OHS Committee Meetings	77
8.2.4	Strategic Risk Planning – 2025/26 Workshop.....	77
8.3	OHS Policy.....	77
8.4	Vehicle Inspection.....	77
8.5	Annual Staff Medical Assessments	78
8.6	Fire Drills at Driekoppies and Maguga Offices	78
8.7	Legal Audit	79
8.8	RISK MANAGEMENT.....	79
8.9	Internal Audit.....	83
8.10	Internal Audit Mandate	83
8.11	Internal Audit Deliverables	83
8.12	Management Action Follow-up	84
8.13	Reporting to FRAC/Board:.....	85
9	FOCUS AREA: SOCIO ECONOMIC INITIATIVES	87
9.1	Corporate Social Responsibility	87
9.2	FINCORP Revolving Fund	87

List of Abbreviations

CMP	Comprehensive Mitigation Plan
CEO	Chief Executive Officer
CO	Communications Officer
CMP	Comprehensive Mitigation Plan
CSD	Corporate Services Director
CRIDF	Climate Resilient Infrastructure Development Facility
DFID	Department for International Development
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
FCDO	Foreign, Commonwealth and Development Office
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
THRC	Technical and Human Resources Committee
IMC	Information Management Centre
IMT	Infrastructure Maintenance Technologist
INMACOM	Incomati and Maputo Watercourse Commission
ISO	International Organization of Standardisation
ISOTG	Inkomati System Operation Task Group
IUCMA	Inkomati-Usuthu Catchment Management Agency
JSE	Johannesburg Stock Exchange
JPTC	Joint Permanent Technical Committee
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
SADC-GMI	Southern African Development Community -Groundwater Management Institute
UKAID	United Kingdom of Great Britain and Northern Ireland

LIST OF TABLES

Table 1:	Board of Directors attendance record.....	21
Table 2:	Board of Directors Special Meeting attendance record.....	21
Table 3:	FRAC and THRC attendance Records	21
Table 4(a):	Low Assurance (Irrigation) Water Allocations for 2024/25 water year in million cubic per year (Mm3/a) downstream of Maguga and Driekoppies Dams.	37
Table 4(b):	High Assurance Water Allocations for 2024/25 water year in million cubic per year (Mm3/a) downstream of Maguga and Driekoppies dams.	37
Table 5(a):	Water Use downstream of Driekoppies Dam and Mananga in South Africa as of 31 March 2025.	40
Table 5(b):	Water use downstream of Maguga Dam in Eswatini as of 31 March 2025.	41
Table 5(c):	Maguga Dam Storage Reconciliation	43
Table 5(d):	Driekoppies Dam Storage Reconciliation	43
Table 6:	High Assurance demand downstream of Maguga and Driekoppies Dams	44
Table 7:	Monitoring points at Maguga reservoir	48
Table 8:	Monitoring points at Driekoppies reservoir	49
Table 9:	River Health monitoring points with coordinates and motivation for their selection	52
Table 10:	KOBWA biomonitoring sites (Source: Nepid Consultants).....	55
Table 11:	RSA Quarterly Funding Schedule for FY 2024/25	64
Table 12:	KoE Quarterly Loan Funding Schedule for FY 2024/25 – CAPEX Loans.....	65
Table 13:	KoE Quarterly Loan Funding Schedule for FY 2024/25 – Operational Budget	65
Table 14:	Detailed Loan repayments schedule 31 March 2025.	65
Table 15:	Shows KOBWA Employee demographics	71
Table 16:	Shows KOBWA Employee types and departures	71
Table 17:	Shows KOBWA Internship and Learnership Contracts	72
Table 18:	Shows KOBWA Employee training & development per department	72
Table 19:	Shows KOBWA Employer-Employee relationship	73
Table 20:	Shows KOBWA Long Service Awards	73
Table 21:	Status of implementation of the OHS non- conformity issues.....	75
Table 22:	FINCORP Revolving fund allocation status report.....	88

LIST OF FIGURES

Figure 1:	KOBWA Governing Organogram	15
Figure 2:	The graph from the yield analysis shows that the system can be able to supply demands up to June 2026 (26 months).	37
Figure 3:	Maguga and Driekoppies Dams Actual Gross Stored Volume (Mm3).....	38
Figure 4:	Showing Maguga and Driekoppies Dam level for the water year (%).	38
Fig 5(a)	Graph showing the 2024/25 inflows into Maguga Dam compared with different percentiles of observed inflow since the dam was constructed.....	39
Fig 5(c):	Graph of cumulative water use in comparison with expected water use downstream of Driekoppies Dam and Mananga in South Africa as of 31 Mar 2025.	41
Fig 5(d)	Graph of cumulative water use in comparison with expected water use downstream of Maguga Dam in Eswatini as of 31 Mar 2025.	42
Figure 6(a):	Analysis of Lebombo shortfalls (1st April 2024 – 31st March 2025).....	45
Figure 6(b):	Analysis of Komatipoort shortfalls (1st April 2023 – 31st March 2025)	45
Figure 7:	KOBWA Water Quality Monitoring Points.	48
Figure 8:	Google and Satellite images of Maguga Dam and Driekoppies Dam, showing the location of the water quality sampling points	49
Figure 9 (a):	pH graphical presentation of both reservoirs-assessing fitness for use for various water user sectors	50
Figure 9 (b):	EC graphical presentation of both reservoirs- assessing fitness for use for various water user sectors	50
Figure 9 (d):	EC graphical presentation for river health- assessing fitness for use for various water user sectors.	53
Figure 9 (e):	DO graphical presentation for river health-fitness for use for maintenance of the aquatic ecosystem	54
Figure 10:	Location of the KOBWA groundwater monitoring network.	60
Figure 10 (a):	Fluoride graphical presentation for groundwater-fitness for use for domestic use	61

1 ORGANIZATIONAL BACKGROUND

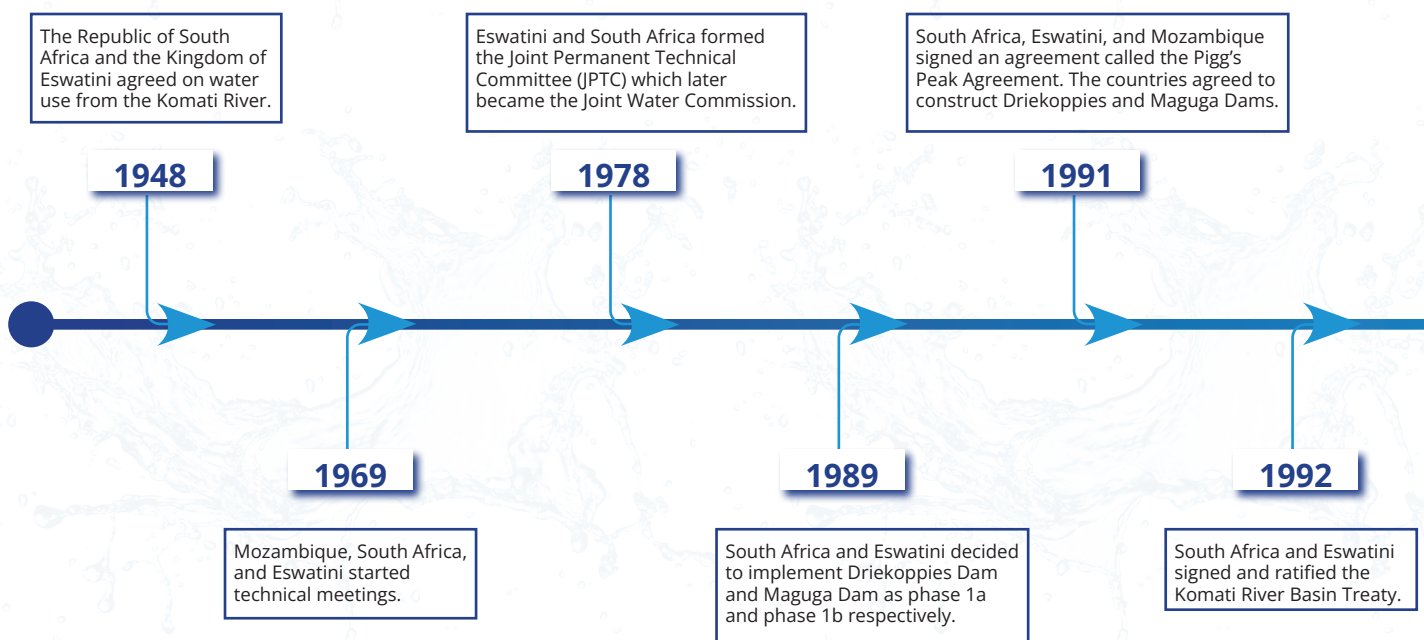
1.1 Who We Are

The Komati Basin Water Authority (KOBWA) is a bi-national entity that was formed in 1993 through a Treaty on the Development and Utilisation of the Water Resources of the Komati River Basin. The Treaty was signed in 1992 by the Kingdom of Eswatini (KoE) and the Republic of South Africa (RSA). KOBWA operations also consider the cross-border flow obligations to the Republic of Mozambique as per the provisions of the Interim Incomati-Maputo Agreement (IIMA) and the ISOTG Rules.

The two Member States tasked KOBWA with designing, constructing, operating, and maintaining two dams and their associated infrastructure. As a result, in 1993 the construction of the Driekoppies Dam in Schoemansdal, South Africa commenced. The construction of the dam was completed in 1998 which saw the start of Maguga Dam construction which was completed in 2003. Hence, the main purpose of the KOBWA is to provide water for irrigation to farmers downstream of the two dams.

Currently, KOBWA is in the operation and maintenance phase where the focus is on managing the water resources of the Sub-Komati River Basin, ensuring that farmers get adequate water for irrigation.

1.2 Our Story





1.3 Our Vision, Mission And Values

Vision



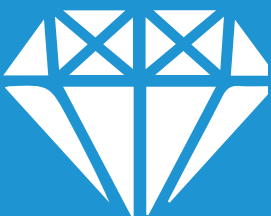
To be recognised as a leading entity; in sustainable integrated trans-boundary water resource development and management

Mission



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

Values



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

MESSAGE FROM THE CHAIRPERSON



I am pleased to present the Annual Report and Financial Statements of the Komati Basin Water Authority (KOBWA) for the financial year ending March 2025, on behalf of the Board. This report includes financial statements that have been assured by external auditors.

May I begin by welcoming the new members of the Joint Water Commission (JWC): Ms. Lindiwe Mbingo (Eswatini), Ms. Dudu Sifunda, and Mr. Silo Kheva (both from South Africa). We congratulate them on being recognized by the two Member States for this important task. In the same spirit, we extend our appreciation to our outgoing Commissioners, Mrs. Dorcas Dlamini from the Kingdom of Eswatini and Mr. Gedion Siziba from the Republic of South Africa. KOBWA has been privileged to work with Mrs. Dlamini and Mr. Siziba over the years of their service in the Commission. We greatly valued their commitment and contributions towards the growth of the institution, and we wish them well as they pursue future roles within government. At the beginning of the water year, KOBWA successfully allocated water to both Member States and continued to ensure that the Republic of Mozambique received the statutory continued supply of 2.6 m³/s in accordance with the provisions of the Pigg's Peak Agreement. In the year 2024/25, the system was able to provide full treaty allocations to the Member States, and by the end of the water year, the Maguga Dam was overspilling.

The Strategic Plan launched in 2022 clearly outlines the direction the Authority is expected to follow. To track our progress and assess whether we are still on course, the Board undertook a review of the five-year strategy in February 2025 to gauge the extent of achievement of the set targets and objectives. This session enabled the organization to recalibrate and prepare for the development of a new five-year strategy, to be influenced by the revised KOBWA Treaty soon to be signed by the two Member States.

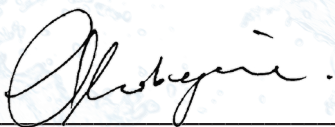
It was a great honour for KOBWA to host Their Majesties, His Majesty King Mswati III and the Queen Mother, who visited both Maguga Dam and the Eswatini side of the Driekoppies Dam on the 1st and 3rd of March 2025 respectively. During the Maguga Dam visit, His Majesty commissioned the 10-Megawatt hydropower expansion project to be undertaken by the Eswatini Electricity Company in collaboration with KOBWA. On the 3rd of March, Their Majesties also visited Lake Matsamo and emphasised the importance of KOBWA working

with other institutions to assist local communities in initiating business ventures that will empower them through the use of land around the dam.

KOBWA also had the honour of being visited by His Majesty King Misizulu of the Zulu Nation in South Africa on the 30th of May 2024. His Majesty was inducted on the operations of both Maguga and Driekoppies Dams.

In both its business and social interactions, KOBWA has consistently aimed to be a responsible corporate citizen in the Member States. To achieve this, significant strides were made by actively participating in meaningful investment initiatives focused on social upliftment and addressing community challenges. I am proud to report that in the year under review, through our Corporate Social Responsibility programme, KOBWA contributed a total of E/R647,000 towards the construction of ablution facilities for the Nginamadvolu Primary School in the Kingdom of Eswatini and the Little Royal Pre-School at Jeeps Reef in the Republic of South Africa.

On behalf of the Board, Management and Staff, we extend our sincere appreciation to the outgoing Operations Director, Mr. Sakhiwe Nkomo. We thank him for his valuable contribution to our organization. We are grateful for his hard work, commitment, and team spirit, and we wish him a successful career and the very best in his future endeavours. As I conclude, I take this opportunity to thank all our esteemed stakeholders for their continued support. On behalf of the Board members, I wish to express my gratitude for the cooperation received from the Department of Water and Sanitation in South Africa, as well as the Ministry of Natural Resources and Energy in Eswatini, for their continued support of KOBWA's cause. I also thank my colleagues on the Board for their unanimous support of the Authority's initiatives. Finally, I would like to acknowledge the commitment and dedication of the Management team and all the employees for their efforts in this exciting journey to create value, which is essential to the broader goals of the Member States.



Chairperson

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



Towards the end of the reporting period, favourable weather conditions emerged as generous rainfall swept across much of Southern Africa. The Member States were fortunate to receive these rains, which brought both dams close to full capacity, alleviating concerns about potential water shortages during the dry season. Although climate change continues to make conditions unpredictable, the rainfall has provided significant relief for all stakeholders involved in water management.

With that said, it is an honour to report on KOBWA's performance for the past fiscal year, 2024/25.

KOBWA continues to drive the implementation of its five-year strategy, which is built on six key focus areas:

1. Water Resource Development & Management
2. Financial Management & Other Sources of Income
3. Customer & Stakeholder Focus
4. People Management
5. Technology & Business Processes
6. Socio-Economic Initiatives

Strategy Implementation

The year 2024/25 marked the third year of the current five-year strategy (2022/23 – 2026/27). During the year, the Board facilitated a mid-term review of the strategy and provided guidance on processes to close out the remaining two years, with an emphasis on initiating the development of a new strategy for the next five years. The year also saw the two Member States conclude processes for the review of the KOBWA Treaty, a critical document that will guide the development of the new strategy.

Financial overview

In the Financial Year 2024/25, KOBWA received a budget allocation of R/E78,144,768 from the Member States. After accounting for sundry income contributions, R/E1,512,555 from the Republic of South Africa and R/E705,392 from the Kingdom of Eswatini, the net amount payable to KOBWA was R/E75,926,821. This total comprises an operational budget of R/E57,894,768 and loan repayments amounting to R/E20,250,000.

In this year, KOBWA received an unqualified audit opinion where one key audit outcome has been the derecognition of the KOBWA dam assets and investment property to fully comply with the GRAP reporting standards. This adjustment resulted to a R/E4,363,931,25 reduction in KOBWA's Non-Current Assets.

Furthermore, we are also pleased to report on the successful launch and implementation of the advanced procurement module within the SAGE 200 system. This marks a major milestone in KOBWA's digital transformation, as the organization transitioned from paper-based to fully online procurement processes. The implementation has proceeded smoothly, and staff have adapted effectively to the new system.

Operations

Although the third quarter experienced a decrease in water levels in both dams due to inadequate rainfall during the summer season, the dams maintained sufficient storage levels throughout the water year. A total of 303.7 million cubic meters of low assurance water was released to South Africa, while 256.5 million cubic meters was released to Eswatini, in line with the Member States' annual allocation for 2024/25.

To ensure effective, efficient, and sustainable management of water resources, KOBWA coordinated and chaired four (4) Komati Joint Operations Forum meetings, attended by various Komati Basin stakeholders, and participated in quarterly Crocodile River Forum meetings coordinated by the Inkomati-Usuthu Catchment Management Agency (IUCMA).

Through the Memorandum of Understanding signed with the Incomati and Maputo Watercourse Commission (INMACOM), KOBWA continued engagements on a fish farming project at the Driekoppies Dam in South Africa. This collaboration included the Department of Agriculture, Fisheries and Environment of South Africa and the Fisheries Department of the Ministry of Agriculture in the Kingdom of Eswatini.

Through our Environmental Unit, we ensured that primary and secondary water users received high-quality water, regularly tested in our laboratory for fitness for use. This year also saw the successful replacement of four (4) butterfly valves gearboxes at the Driekoppies Dam, improving dam safety.

Business Development Projects

Guided by the Resource Management Plan (RMP), the Member States assigned KOBWA the responsibility of identifying, marking, and zoning land around the dams for potential

development in recreational, commercial, or tourism sectors. This initiative aims to benefit the communities within the catchment area and is ongoing in both Member States.

To support this initiative, KOBWA conducted a training session for the Driekoppies Dam Management Committee (DMC) and held four quarterly DMC meetings. In addition, KOBWA facilitated stakeholder engagement sessions in five communities surrounding the Maguga Dam. These efforts aimed to raise awareness about the zoning and designation of business areas around the dam, with the broader objective of fostering economic development within the catchment area. The communities of Kwakheni, Nkomazi, Luhlangotsini, Mahlabane, and Ndlembeni were engaged to foster understanding and gain support for business development initiatives around Maguga Dam.

Human Capital

We recognise that our employees are a vital strategic asset. Their dedication and commitment have helped us navigate challenging times. Training and development remain central to empowering them to tackle demanding tasks. We will continue to invest in recruiting the right individuals, enhancing their skills, and ensuring retention within the organization.

During the year, KOBWA welcomed:

- Mr. Elvis Sikhakhane, Laboratory Technologist
- Mr. Kwanele Gwebu, Financial Systems Officer
- Ms. Gugu Dlamini, Assistant Safety, Health, Environment and Quality Officer

Additionally, KOBWA engaged two female engineers through the Junior Achievement Science Technology Engineering and Mathematics (STEM) Internship Programme: Ms. Siniketiwe Khumalo and Ms. Nombekezelo Maphanga, both attached to the Operations Department.

Quality, Safety, Health and Environment

The Authority continues to make steady progress toward certification in the Quality (ISO 9001:2015) and the Occupational Health and Safety standard (ISO 45001:2018). KOBWA has been actively implementing corrective actions to meet the requirements of these systems. Several training sessions were conducted to enhance compliance, competency, and awareness throughout the organization. Areas with low performance were reviewed, opportunities for improvement were identified and linked to specific action plans.

Internal Audit

The Internal Audit function carried out its work independently, providing objective assurance. It assessed the effectiveness of internal controls, risk management practices, and governance processes. The audit identified areas for improvement and recommended corrective actions to mitigate risks and enhance operational efficiency.

Acknowledgements

To our Executive Management and employees, thank you for your dedication, hard work, and sacrifices that have sustained the Authority during challenging times. I also wish to thank the Board for its guidance and support throughout the year. To all our stakeholders, your relationship with us is essential for creating value, and I sincerely appreciate your continued support during this period.



Chief Executive Officer



2 CORPORATE GOVERNANCE STATEMENT

The Komati Basin Water Authority is a binational organization established under the Treaty of 1992. Its main responsibility is to develop and manage the water resources of the Komati River Basin. This includes the design, construction, operation, and maintenance of projects, as well as the establishment of the Komati Basin Water Authority (KOBWA). KOBWA is overseen by the Government of Eswatini, through the Ministry of Natural Resources and Energy, and the Government of South Africa, through the Ministry of Water and Sanitation. The Authority is dedicated to adhering to best practices in corporate governance as outlined by King IV and other international codes of conduct. The Board recognises that political, economic, social, technological, and legal environments are constantly changing, which can impact corporate governance practices. Consequently, the Board commits to adapting to these changes as needed.

The Roles and Responsibilities of the Board

The Board is committed to upholding the highest standards of corporate governance throughout the entity. Effective corporate governance requires a clear understanding of the respective roles of the Board and management, as well as their relationships with internal and external stakeholders. It also requires a proactive and focused mindset from the Chief Executive Officer, Directors, and Management, all of whom must be dedicated to achieving business success by maintaining the highest standards of responsibility and ethics.

The Board of Directors sets the overall strategic direction of the Authority, review annual operating plans, oversee the preparation and presentation of financial statements, ensuring accuracy and compliance with accounting standards, managing strategic risks and promoting ethical conduct.

The Executive Management of the Authority, under the direction of the CEO, is responsible for the organization's operations by developing and implementing strategic plans, manage budgets and allocate resources effectively, stakeholder engagement and management, and ensure compliance and risk management. Moreover, they must provide timely reports to inform the Board about these matters.

2.1 Corporate Governance Structure

KOBWA's corporate governance structure is indicated below:



Figure 1: *KOBWA Governing Organogram*

2.2 The Joint Water Commission (JWC)

The Joint Water Commission was established in 1992, following the signing of the Treaty on the establishment and functioning of the JWC between Eswatini and South Africa. The Commission act as technical adviser to the Member States on all matters relating to the implementation of measures to alleviate short-term problems resulting from water shortages, the construction, operation and maintenance of waterworks, the joint development of water resources, the criteria to be followed in water allocation scheme, the operation and maintenance of existing waterworks and the prevention and control of water pollution. The Commission comprises three members from each country, and they meet quarterly.

SOUTH AFRICA DELEGATION



Ms. Duduzile Mthembu

Commissioner and Leader of the South African Delegation.

Chief Director: Transboundary,
Department of Water & Sanitation,
National Office.



Ms. Dudu Sifunda

Commissioner.

Provincial Head: Department of Water
and Sanitation, Mpumalanga Province.



Mr. Silo Kheva

Commissioner.

Director: Planning and Information.
Department of Water and Sanitation,
Mpumalanga Province.

ESWATINI DELEGATION



Ms. Lindiwe Mbingo

Leader of Eswatini Delegation.

Principal Secretary. Ministry of Natural
Resources and Energy.



Mr. Sydney Simelane

Commissioner.

Principal Secretary:
Ministry of Agriculture.



Mr. Makhosini Khoza

Commissioner.

Director of Water Affairs: Ministry of
Natural Resources and Energy,
Department of Water Affairs.

2.3 Board Of Directors



Mr. Archinton T. Thobejane
Chairperson

Chief Director: Hydrological Engineering
Department of Water and Sanitation, South Africa.

Mr. Thobejane is a Chief Director in the Directorate: Infrastructure Capacity Analysis under the Department of Water and Sanitation, Pretoria, South Africa. Having started as an Assistant Hydrologist in Flood Studies, Mr. Thobejane has vast experience in flood frequency calculations, documenting extraordinary flood events, development work and improving flood frequency methodologies. He has also served as a Water Resource Planner where he gained experience in developing national strategies and procedures for the reconciliation of water availability (and resources quality) and requirements to meet national social and economic development objectives, including strategic requirements, resources quality objectives and international obligations.

Furthermore, he has extensive experience in the provision of hydrological engineering and scientific services for drought/flood management, hydrological analyses, and the design of hydraulic structures. Mr. Thobejane currently serves as the Komati Water Basin Authority (KOBWA) Board Chairperson having joined the Board in 2016. He holds a BSc. from the University of Venda, B.Sc. (Hon.) (Water Resource Management.) from the University of Pretoria, and a Graduate Diploma in Engineering (Civil Engineering) from Wits University and Certificate in Postgraduate Programme in Executive Leadership from North-West University and National School of Government.



Mr. Lloyd N. Mzizi
Deputy Chairperson

Legal Advisor: Ministry of Economic Planning and Development, Eswatini.

Mr. Mzizi possesses an LLB qualification obtained in the year 2005. In the year 2006 he was admitted as an Attorney in Law and had been in private practise from 2006 to 2018 when he joined the Offices of the Attorney

General within the Ministry of Justice and Constitutional Affairs in the Kingdom of Eswatini. He served as a Legal Advisor in the Ministry of Natural Resources and Energy from 2018 to October 2023 when he was assigned the same role of Legal Advisor of the Ministry of Economic Planning and Development in the Kingdom of Eswatini. Mr Mzizi is the current Deputy Chairperson of the KOBWA Board an entity he joined in 2016. He also serves in both the Technical and Human Resources and well as the Finance, Risk and Audit Committees.



Ms. Nelisiwe Mabuza

**Non-Executive Member
African Alliance Chief Executive Officer, Eswatini.**

Ms. Mabuza is a Partner of the African Alliance (AA) Group of Companies and serves as the Chief Executive Officer (CEO) of African Alliance Eswatini. Her time at African Alliance started in 2001. As the CEO, she has gained diverse and extensive corporate finance experience ranging from sourcing finance through bond and equity issuances, listings, hedging currency portfolios, investment, and advisory services. Ms. Mabuza also serves as a Director of many of the African Alliance Group Companies and is a member of the Institute of Directors South Africa (IODSA). She holds a Master of Philosophy in Business Management Corporate Strategy from the University of Pretoria's Gordon Institute of Business Science (GIBS), an MSC in Mathematical Modelling with an emphasis in Finance, a Certificate in Financial Management from the University of South Africa, Leadership Certification by GIBS, as well as the Executive Program for Growing Companies with Stanford Business School. She joined the KOBWA Board in 2013 and is the Chairperson of the Finance, Risk and Audit Committee. She also serves in the Board's Technical and Human Resources Committee.



Mrs. Emelda M. Magagula

**Non-Executive Member
Chief Water Engineer: Department of Water Affairs.
Eswatini.**

Mrs. Magagula is a Chief Water Engineer in the Department of Water Affairs within the Ministry of Natural Resources and Energy in the Kingdom of Eswatini. She assumed the role of Chief Water Engineer in 2008 and has vast experience in

the development of water resources management tools including the development of the Integrated Water Resources Strategies, Master Plans and National Water Policies. Over the years Mrs. Magagula has been extensively engaged in the identification of potential national dam sites, supervision of water resources development feasibility studies and ensuring that dam safety measures are undertaken for existing dams by dam Managers. She joined the Board of the Komati Water Basin Authority (KOBWA) in 2016 and has been on the Board since then. She is a member of the Board's Technical and Human Resources Committee.

She also serves as a member of the Technical Task Team for the Joint Water Commission between Eswatini and Mozambique as well as a Technical Advisor in the Technical Steering Committee between the three Riparian States of South Africa, Eswatini and Mozambique. Previously, she was a Technical Advisor in the Joint Water Commission between Eswatini and South Africa. Mrs. Magagula holds a BSc in Biology, Geography, Environmental Science and Planning obtained from the University of Eswatini, an MSc in Integrated Water Resources Management from the University of Zimbabwe and an MSc in Leadership and Change Management from Leeds Metropolitan University in the UK.



Mr. Blessing M. Singwane
Non-Executive Member

Partner - Singwane and Partners, South Africa.

Mr. Singwane is an experienced legal professional with over 20 years in fields such as commercial law, litigation, conveyancing, notarial practice, and public sector board leadership. He has a proven track record of providing strategic direction, managing complex legal matters, and contributing to governance at executive levels. Mr. Singwane holds a Law Degree (LLB) from the University of Limpopo, previously known as the University of the North. He began his career in private practice in 2003 and established his firm, Singwane & Partners Attorneys, Notaries & Conveyancers, in 2007, where he continues to practice today. In 2019, he joined the Board of the Komati Basin Water Authority and is an active member of the Finance, Risk and Audit Committee. He also serves and is the Chairperson of the Board Technical and Human Resources Committee. Additionally, Mr. Singwane has served on several other boards in various roles, including Chairperson, Deputy Chairperson, Member, and Committee Member.



Mr. Trevor Sithole
Company Secretary

First Corporate Secretaries (Pty) Limited, South Africa.

Mr. Sithole is a qualified Chartered Company Secretary. He possesses an MBA from Bond University in Australia. Is experienced in providing Company Secretary support to both Private and Public sector institutions. Mr Sithole has been with the KOBWA as a company Secretary from January 2022.



2.4 Board of Directors Meetings

To carry out its duties effectively, the Board operates two Committees which are the Finance, Risk and Audit Committee (FRAC) and the Technical and Human Resources Committee (THRC); the committees assist the Board in performing its duties. As a result, each committee reports to the Board on the results of each committee meeting. The FRAC guide KOBWA on the financial and technical reporting process, internal control systems, audit processes and monitor the Authority's compliance with applicable legislation. On the other hand, the THRC ensures that the Authority complies with policies and procedures relating to human resources, organizational structure, terms and conditions of services, remuneration, appointment of senior staff and technical elements of the organization. In addition, the Authority has an obligation to report to the Member States through the JWC, hence, KOBWA must submit quarterly progress reports, an annual report together with annual audited financial statements.

The Board held three ordinary and one special meetings during the year, while the committees held four meetings each. The tables below show the number of scheduled meetings attended by each member of the Board for the year ended 31 March 2025.

BOARD MEETINGS			
Name	DATE		
	28.05.2024	06.12.2024	28.02.2025
*T. Sithole	✓	✓	✓
B. Singwane	✗	✓	✗
N. Mabuza	✓	✓	✓
T. Shongwe	✓	✓	✓
A.Thobejane	✓	✓	✓
L. Mzizi	✓	✓	✓
E. Magagula	✓	✓	✓

Table 1: Board of Directors attendance record

*Company Secretary – T. Sithole

Name	Special Board Meeting
Date	27.09.2024
N. Mabuza	✓
T.A. Thobejane	✓
L. Mzizi	✗
E. Magagula	✓
M. Singwane	✓
T. Shongwe	✓
*T. Sithole	✓

Table 2: Board of Directors Special Meeting attendance record

Name	FRAC				THRC			
Date	07.05.24	12.09.24	25.11.24	07.02.25	06.05.24	11.09.24	19.11.24	06.02.25
N. Mabuza	✓	✓	✓	✓	✓	✓	✓	✓
T.A. Thobejane	✗	✓	✓	✓	✓	✓	✓	✓
L. Mzizi	✓	✓	✓	✓	✓	✓	✓	✓
E. Magagula	N/A	N/A	✓	✓	✓	✓	✓	✓
B. Singwane	✓	✓	✓	✓	✓	✗	✓	✓
T. Shongwe	✓	✓	✓	✓	✓	✓	✓	✓
*T. Sithole	✓	✓	✓	✓	✓	✓	✓	✓

Table 3: FRAC and THRC attendance Records

2.5 Executive Management



Mr. Trevor Shongwe
Chief Executive Officer



Mr. Monde January
Corporate Services Director



Mr. Sakhiwe Nkomo
Operations Director



Mr. Juan de Wet
Finance Director





3 ANNUAL PERFORMANCE – IMPLEMENTATION REPORT FOR 2024/25

3.1 Summary Report

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	% (KPA's)
1.	ACHIEVED		39	59.1
2.	PARTIALLY ACHIEVED		27	40.9
3.	NOT ACHIEVED		0	0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		66	100

3.2 Overall Performance Per Strategic Focus Area

3.2.1 Water Resource Development And Management (35%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		13	48.1
2.	PARTIALLY ACHIEVED		14	51.9
3.	NOT ACHIEVED		0	0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		27	100

3.2.2 Financial Management & Other Sources Of Income (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		7	78
2.	PARTIALLY ACHIEVED		2	22
3.	NOT ACHIEVED		0	0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		9	100

3.2.3 Customer And Stakeholder Focus (10%)

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

3.2.4 People Management (15%)

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

3.2.5 Technology And Business Process (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		14	70
2.	PARTIALLY ACHIEVED		6	30
3.	NOT ACHIEVED		0	0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		20	100

3.2.6 Socio Economic Initiatives (10%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		1	33
2.	PARTIALLY ACHIEVED		2	67
3.	NOT ACHIEVED		0	0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		3	100

3.3 FOCUS AREA 1: 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 (2023/24)	Target (2024/25)	Actual performance as of 31 March 2025	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
System Operation	303.7 million cubic meters low assurance water allocation in SA per year. 256.5 million cubic meters low assurance water allocation in Eswatini per year	303.7 million cubic meters low assurance water allocated to SA in 2023/24. 256.5 million cubic meters low assurance water allocated to Eswatini in 2023/24.	Maximum of 303.7 million cubic meters water allocated to SA in 2024/25 Maximum 256.5 million of cubic meters water allocated to Eswatini in 2024/25.	Achieved	Minutes of the KJOF meeting held on the 24th of April 2024. CEO Memo of May 2024 Minutes of the JWC meeting held on the 20 th of June 2024.	N/A	N/A	N/A	
	18.2 million cubic meters high assurance water allocation in SA per year. 18.5 million cubic meters high assurance water allocation in Eswatini per year.	18.2 million cubic meters high assurance water allocation to SA in 2023/24. 18.5 million cubic meters high assurance water allocated to Eswatini in 2023/24.	Maximum of 18.2 million cubic meters water allocated to SA in 2024/25 Maximum of 17.5 million of cubic meters water allocated to Eswatini in 2024/25	Achieved	Minutes of the KJOF meeting held on the 24th of April 2024. CEO Memo of May 2024 Minutes of the JWC meeting of the 20th of June 2024.	N/A	N/A	N/A	
	Water Reconciliation in both countries	100% of used water reconciled monthly	100% of used water reconciled monthly	Achieved	Monthly water reconciliation reports	N/A	N/A	N/A	
		100% of compliance to transboundary flows at Lebombo and Komatipoort reconciled monthly	100% of compliance to transboundary flows at Lebombo and Komatipoort	Achieved	Monthly water reconciliation reports	N/A	N/A	N/A	
	Co-operation with IUCMA towards compliance with Transboundary flows at Ressano Garcia	Reports on the collaboration mechanisms for Komati and Crocodile Rivers	4 meetings held with IUCMA by March 2025 Established technical team to ensure collaboration. Approved system operating rules.	Achieved	Minutes of Quarterly Crocodile River Forum meetings. Minutes of IUCMA and KOBWA special meetings held in the 2nd & 3rd quarter.	N/A	N/A	N/A	
	Survey of River Gauging Stations	No survey and calibration done in 2023/24	Complete survey and calibration of 12 river gauging stations by March 2025	Partially Achieved	Approved ToRs. Tender Advert. Minutes of Bid Evaluation Committee.	The tender was none responsive	Project implementation moved to 2025/26 FY.	June'25	
	Monitoring of the EEC Hydropower Extension Project at the Maguga Dam outlet works	20MW Hydropower plants at dam river release valve.	Revised MoU with EEC to guide the implementation and management of the project.	Partially Achieved	Quarterly JWC minutes	No appointment made for project execution; hence, the MoU review was delayed. Existing MoU is still valid for the current project state.	Await project implementation in the coming year.	Mar'26	
Water Resources Risk Management	Build capacity on climate change management in the basin	KOBWA Climate Change Strategy and Action Plan	One (1) project proposal for climate change funding addressing water related climate change impacts, eg irrigation collaboration with INMACOM on GEF funded climate change project	Achieved	Approved and funded INMACOM GEF funded project	N/A	N/A	N/A	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2024/25)	Actual performance as of 31 March 2025	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Establishment of a KOBWA groundwater monitoring network	Installation of one groundwater monitoring borehole in the basin	Existing KOBWA groundwater & other institution's monitoring sites.	Establish one (1) groundwater monitoring site by March'25	Partially Achieved	Drilling Company appointed	Delayed agreement on the use of the site for the drilling of the borehole.	Engage surveyor to site borehole and deploy drilling team for the drilling and to be followed by the installation of the monitoring equipment	June'25	
Establishment of a KOBWA meteorological measuring stations network	Installation of at least one meteorological measuring station in the basin	Existing KOBWA & other institutions' network. One station installed in 2023/4	Installation of one (1) meteorological measuring station in SA by March'25	Achieved	Fully functional station at Mnyokane Primary School.	N/A	N/A	N/A	
Progressive Implementation of Resource Management Plan – Key water resource protection measures around the dams	Mitigation of Encroachment of community households within the dam fenced areas.	Signed survey maps for the 1:100-year flood line.	Zero (0) additional structures encroaching on the 1:100-year flood line by March'25. Monthly dam patrols to monitor encroachments.	Achieved	Quarterly dam patrol reports	N/A	N/A	N/A	
	Implementation of the RMP five-year Business Plan	Approved RMP and five-year Business plan	80% implementation of 1st year of updated five-year Business plan by March'25	Achieved	DMC meetings are taking place and membership is 80% constituted. 80% of the targets on the 1st year of the RMP Business plan achieved.	N/A	N/A	N/A	
	Increased use of KOBWA Recreational Areas in both dams	None	Recruitment of Business Development Director by Nov'2024	Partially Achieved	Board pack and minutes of meeting of 27th September 2024	Recruitment of a Business Development Director put on hold due to lack of suitable candidates	To run a call out for proposals of business development support around the KOBWA dams.	Mar'26	
	Facilitate the development of guidelines for the use of the Maguga dam Business area	None	Draft guidelines produced by March'25	Partially Achieved	Draft guidelines available for further input and advancement by DWA.	Guidelines to be advanced through DWA structures	To establish a Task Team to finalise the guidelines	Mar'26	
	Mitigation of Unlawful sand mining along the Driekoppies Dam bank embankment	Existing local community engagement fora established through the Department of Minerals & Energy Existence of a dam management committee.	Four (4) stakeholder sensitisation meetings including DMR, IUCMA, DWS and NLM held by March'25	Achieved	Minutes of EPP meetings held in the two countries. Minutes of meeting held with IUCMA, DMR, KOBWA & NLM.	N/A	N/A	N/A	
Infrastructure Management	Implementation of recommendations of the Statutory dam inspection for Maguga Dam	100% implementation of the annual Statutory dam inspection recommendations	100% implementation of the 2024/25 annual statutory dam inspection for Maguga Dam implemented by March'25 Approved annual plan & budget for 2025/26 produced by March'25	Partially Achieved	Quarterly Board reports Approved budget for 2025/26 incorporating issues covering contained in the 2025/26 annual plan	Budget constraints prevented attention to all the activities in the plan. Lack of specialists to perform some of the activities as recommended.	Target specialised procurement. Mobilise sufficient budget to address all the activities.	Mar'26	
	Implementation of recommendations of the Statutory Inspection for Driekoppies Dam	100% implementation of annual statutory dam inspection recommendations.	100% of the 2024/25 annual statutory dam inspection of Driekoppies Dam implemented by March'25 Approved annual plan & budget for 2025/26 produced by March 2025.	Partially Achieved	Quarterly Board reports Approved budget for 2025/26 incorporating issues covering contained in the 2025/26 annual plan	Budget constraints prevented attention to all the activities in the plan. Lack of specialists to perform some of the activities as recommended.	Target specialised procurement. Mobilise sufficient budget to address all the activities.	Mar'26	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2024/25)	Actual performance as of 31 March 2025	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
	Key dam infrastructure maintenance plan for the two dams developed.	Dams Operation and maintenance manuals	Approved Driekoppies Dam key infrastructure maintenance plan produced by March'25	Achieved	Approved plan available	N/A	N/A	N/A	
	Establish contracts and service level agreements for specialised dam infrastructure and components	KOBWA supplier database	Four (4) Service Level Agreements signed by March'25 (Specialised areas: Divers, valves, electromechanical and cranes).	Partially Achieved	Approved ToRs Tender Advert Minutes of Bid Evaluation Committee Minutes of the Bid Adjudication Committee.	The tender was none responsive	Project implementation moved to 2025/26 FY.	Mar'26	
	Bathymetric survey at Driekoppies Dam	Last dam bathymetric survey done in 2011.	100% completion of the dam bathymetric survey conducted by March'25	N/A	Letter of support written to DWS	None availability of funds to support the activity.	Project allocated funding for implementation by KOBWA in 2025/26	Mar'26	N/A
	Replacement of the remaining four (4) butterfly valves gear boxes at Driekoppies Dam.	None done in 2023/24	Four (4) butterfly valves gearboxes replaced by March'25	Achieved	Four gearboxes installed on the butterfly valves.	N/A	N/A	N/A	
	Replacement of one (1) switchgear at the Maguga Dam outlet works	One blown up switchgear at dam outlet works	Replace one (1) dam outlet works power incomer panel switchgear by Dec'24	Achieved	Switchgear procured and installation done.	N/A	N/A	N/A	
	Rehabilitation of Roofs for the eight (8) Driekoppies dam staff houses.	Design & Supervision consultant appointed	Roof of eight (8) DD staff houses rehabilitated by March'25	Partially Achieved	Letter of contractor appointment. Minutes of Board and JWC meetings.	Delayed agreement on final project scope of work.	Approve implementation program. Improve project supervision.	Dec' 2025	
	Appointment of a supervising consultant and construction of three (3) Driekoppies Dam new Staff houses & Offices	5 Fully occupied offices. 8 Fully occupied staff houses	Approved project designs produced by Dec'24 Appointed contractor by March'25.	Partially Achieved	Inception Report approved. Initial project design concept still to be tabled with the Board.	Delayed approval of inception phase.	Improve project supervision.	June'2025	
	Assessment of Driekoppies Dam wall behaviour and review of the dam operation and maintenance manual	Dam operation and maintenance manual The 2019 Driekoppies Dam Statutory Dam inspection report.	Dam wall movement assessment report produced by March'25 Approved Operation & Maintenance manual by March' 25.	Partially Achieved	Approved ToRs. Tender Advert Minutes of Bid Evaluation Committee Minutes of the Bid Adjudication Committee.	The tender was none responsive	Project implementation moved to 2025/26 FY.	Mar'26	
	Inspection and repair of rail for the emergency gate at Driekoppies Dam	Recommendation from Statutory Dam Safety report	Emergency gate rail inspected and repaired by March'25	Partially Achieved	Approved ToRs Tender Advert Minutes of Bid Evaluation Committee Minutes of the Bid Adjudication Committee.	The tender was none responsive	Project implementation moved to 2025/26 FY.	Mar'26	
	Rehabilitation of Schoemansdal Community Hall and Kitchen	Old and dilapidated hall.	20% rehabilitation of Community Hall and Kitchen by March'25	Partially Achieved	Approved ToRs. Tender Advert Minutes of Bid Evaluation Committee Minutes of the Bid Adjudication Committee.	Insufficient funding to implement the project.	Mobilise additional funds to implement the project.	Mar'26	
Environmental Monitoring	KOBWA Laboratory certification for ISO17025 standard.	Gap audit report by external consultant. Initial training of new Environmental Officer.	Successful application for Laboratory certification for ISO17025 standard by March'25	Partially Achieved	Gap report produced.	There was delay because of critical Lab Technologist vacancy which has been filled and is being assessed to for proficiency to enable application for accreditation.	Table application for accreditation after proficiency testing of the lab technologist	June'2025	

3.4 FOCUS AREA 2: FINANCIAL MANAGEMENT & OTHER SOURCES OF INCOME (15%)

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

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2024/25)	Actual performance as of 31 March 2025	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Financial Management	Expenditure Control	96.3% budget expenditure achieved by March'24	100% budget expenditure by March'25	Achieved	Board and JWC quarterly reports. 2023/24 end of year committed cost report. Minutes of Committed cost meetings	N/A	N/A	N/A	
	Asset Management	Audited 2023/24 organizational FAR.	Accurate and updated organizational FAR.	Achieved	2023/24 Unqualified External Audit Report.	N/A	N/A	N/A	
	Insurance of Assets	Indwe (RSA) – December' 26 Glen MIB (KoE) – September' 24	New Insurance Broker for KoE by Oct'24	Partially Achieved	Approved ToRs Tender Advert Minutes of Bid Evaluation Committee. Minutes of the Bid Adjudication Committee. FRAC minutes of meeting of 7th February 2025.	Tender had to be run a couple of times to enable responsiveness.	Limited bidding and improved adjudication for future tenders.	June'25	
	Annual External Audits	2022/23 Unqualified External Audit performed	One (1) unqualified external audit conducted by Oct'24	Achieved	2023/24 Unqualified External Audit Report.	N/A	N/A	N/A	
	Approved 2025/26 Budget	2024/25 Budget approved in March' 2024	2025/26 Budget approved by March'25	Achieved	Minutes of Board and JWC meetings for February and March 2025.	N/A	N/A	N/A	
	Application of Generally Recognized Accounting Practices (GRAP) to accounting processes, reporting and policies.	Annual Financial Statements (AFS) for 23/24 compliant with GRAP	Annual Financial Statements (AFS) for 24/25 compliant with GRAP	Achieved	2023/24 Unqualified External Audit Report.	N/A	N/A	N/A	
Accounting software	Accounting software	SAGE Evolution accounting package primary modules implementation at 70%	100% implementation of Sage 200 Accounting Software at KOBWA 2 training workshops conducted on Accounting Package	Achieved	Operational Sage License All staff registered and using the platform	N/A	N/A	N/A	
Review of Finance Policies and Procedure Manuals	Develop and Review Finance Policy and Procedures	Approved SCM Policy	Approved Revised SCM Policy by March'25 At least 4 consultative workshops conducted on reviewed policy	Partially Achieved	Appointed firm to review draft SCM policy document. Minutes of consultative meetings with EXCO, staff and specialist units.	Consultations are time consuming. Lack of budget to timely engage specialist support.	Adhere to project timelines	June'25	
Procurement	Procurement Plan	Procurement plan for 2023/24	Approved 2024/25 procurement plan produced by April'25	Achieved	Approved budget with procurement plan for 2025/26	N/A	N/A	N/A	

3.5 FOCUS AREA 3: 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 (2023/24)	Target (2024/25)	Actual performance as at 31 March 2025	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Review of KOBWA Strategy	Revised KOBWA Strategy	2022/23 – 2026/27 Approved KOBWA Strategy	Approved Revised Strategy	Achieved	Revised Strategy was submitted to the Board in meeting of May 2025.	N/A	N/A	N/A	
Organizational Structure Review	Revised Organizational Structure and pay scales	Approved Revised Organizational Structure	Approved revised organizational structure and pay scales by March'25	N/A	Minutes of the Board meeting of 28th February 2025.	Project was postponed pending the approval of new strategy	Development of new KOBWA Strategy.	Mar' 27	N/A
Establish Partnership with other organizations	Strengthen partnerships with existing stakeholders	Four (4) Signed MoUs with other organizations	At least three (3) MoUs signed by March'25	Achieved	Signed INMACOM MoU	N/A	N/A	N/A	
KOBWA Promotions	Publications / Conference Presentations	Two (2) Conference Presentations done	At least two (2) presentations in Conferences	Achieved	Attendance registers for attendance at SANCOLD and SADC GMI Conference.	N/A	N/A	N/A	
	Education and Marketing	KOBWA documentary in ISO folder	One (1) new audio visual developed by Sept'24	Achieved	Audio Video on the website	N/A	N/A	N/A	

3.6 FOCUS AREA 4: PEOPLE MANAGEMENT (15%)

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

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2024/25)	Actual performance as of 31 March 2025	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Human Resources Management	Revised HR Policy Manual	Approved HR Policy Manual	Approved Revised HR Policy Manual by March'25	Partially Achieved	Draft revised HR Policy Manual	Delayed completion of manual professional review	Table document for the attention of the Board	Mar'26	
	Retention Strategy	KOBWA Retention strategy	Approved revised retention strategy by Sept'25	Partially Achieved	Approved Retention Strategy of 2012 Draft HR Policy manual	Delayed finalisation of the HR Policy manual	HR Policy manual submitted for approval in May 2025 Board meeting.	Sept'25	
Skills Development	Skills development and training	2023/24 Skills Development Plan & End of Term Performance Assessments Certificates of Recognition for relevant employees	100% staff on skills development plan trained by March'25 30% technical staff certified by SAQA	Partially Achieved	Back to office training reports	Delayed enrolments for training and late availability of training budget. Further investigation from institutions	Prioritise training within training plan. Avail training budget at beginning of the year.	April'25 Mar'25	

3.7 FOCUS AREA 5: TECHNOLOGY AND BUSINESS PROCESS (15%)

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

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2024/25)	Actual performance as of 31 March 2025	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Business Planning	Implementation of 24/25 APP	Approved Annual Performance Plan for 2023/24	Approved Annual Performance Plan by April'25	Partially Achieved	Draft 2025/26 Annual Performance Plan	Awaiting Board meeting of May 2025	Improve timing for submission of draft plan for approval by Board	May'25	
Alignment of individual business plans with strategy	Organizational Performance Score	Average of 3.0 scored in 2023/24	Average overall Organizational score of 3.0 attained by March'25	Achieved	Annual staff appraisal results	N/A	N/A	N/A	
Reporting	Annual Report for 23/24	Annual report approved in Dec '22	Approved annual report published by Oct'24	Achieved	Annual report available in website	N/A	N/A	N/A	
Corporate Governance	Compliance with Corporate Governance Policy	Audit finding indicated presence of an outdated Corporate Governance Policy. Outdated Anti-Corruption Policy. Outdated Whistle Blowing Policy Lack of a KOBWA Services Charter	Approved Revised Corporate Governance policy by March'25 Approved Revised Anti-corruption Policy by March'25 Approved KOBWA Services Charter by March'25 Approved KOBWA Code of Conduct document by Mar'25 Approved revised Whistle Blowing Policy by Mar'25	Partially Achieved	Controlled Draft Service Charter and Code of Conduct documents.	Priority was given to the Service Charter and Code of Conduct documents; the other documents are still to be developed.	Produce drafts of other documents by 1st quarter of 2025/26	June' 25	
Quality Control and Capacity Building	Certification on the ISO 9001:2015	Pre-certification Audit on SO 9001:2015	ISO 9001:2015 certificate issued to KOBWA by March'25	Partially Achieved	Process Flows	The process mapping was not finalized. The process is ongoing.	Finalised process flows and conduct stage 2 in quarter 4.	June'25	
Health & Safety Health and safety certification	Health and Safety certification in line with the ISO 45001:2018 standard.	Stage 1 and 2 Audits and Closing of Findings on the ISO 45001:2018.	ISO 45001:2018 certificate issued by March'25 One (1) SHERQ workshop held by March'25 One (1) Fire fighters training conducted by March'25	Partially Achieved	Training on Health and Safety Responsibilities Certificate and appointment letter by CEO. SHERQ Workshop conducted on Quality Management and Incident Management. Legal Audit on OHS Legislation done to improve alignment on the incoming Stage 1 postponed whilst concurrently clearing findings.	Findings had significant financial implications thus needed funding to be sourced. Bike lessons were sourced from Operations code.	Ensure Bike operators are licensed, and all related licenses are obtained then conduct stage 1 audit. Prepare Action Plan for the recent Legal Audit, clear the findings and proceed to stage 1 audit.	Mar' 2026 for stage 1.	
Risk Management	Strategic Risk Register and quarterly monitoring reports.	Approved Strategic Risk Register (2024/25)	Approved updated Strategic Register for 2025/26 by March' 25	Achieved	Approved Strategic Risk Register for 2025/26	N/A	N/A	N/A	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2024/25)	Actual performance as of 31 March 2025	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
	Departmental Risk Register and quarterly monitoring reports.	Approved Departmental Risk Register (2024/25)	Approved updated Departmental Risk Register (2025/26) by 1st quarter of 2025/26	Achieved	Approved Departmental Risk Register for 2025/26	N/A	N/A	N/A	😊
	Combined Assurance Model and plan and quarterly reports	None	Approved Combined Assurance Model and plan and quarterly reports by April'25	Achieved	Approved Combined Assurance Model	N/A	N/A	N/A	😊
Managing the Internal Audit Function/ Strategic Deliverables	The revised Internal Audit Charter presented to the Finance, Risk & Audit Committee (FRAC) and approved by the Board.	Approved 2023/24 Internal Audit Charter.	Approved 2024/25 Internal Audit Charter.	Achieved	Minutes of FRAC (Feb-24) & Board approving 2024/25 IA Charter.	N/A	N/A	N/A	😊
	Revised IAF Policies & procedures submitted to Finance, Risk and Audit Committee (FRAC) for Board approval.	Draft IAF Policies & Procedure submitted for EXCO input and CoSec review (IA Manual/ methodology; IA Policy and Control Management Policy).	Revised IAF Policies & procedures submitted to Finance, Risk and Audit Committee for Board approval. (IAF Manual/ Methodology, IA Policy, IA QAIP, & Control management policy).	Achieved	FRAC & Board Minutes approving the IAF Manual, IA & Control Management Policies, and QAIP. (Q1 & Q2 2024/25 Minutes).	N/A	N/A	N/A	😊
	Three Year Rolling Internal Audit Plan submitted to the Finance, Risk and Audit Committee (FRAC).	Approved Three year Rolling Internal Audit Plan for 2024/25 – 2026/27.	Approved 2024/25 – 2026/27 3-Year Rolling IA Plan	Achieved	FRAC & Board Minutes approving the 2024/25 – 2026/27 IA Three Year Rolling Plan (Q4 2023/24 & Q1 2024/25 FRAC & Board Minutes respectively).	N/A	N/A	N/A	😊
	The Annual Internal Audit Plan presented to and approved by the Finance, Risk and Audit Committee (FRAC).	Approved 2023/24 Annual Internal Audit Plan.	Approved 2024/25 Annual Internal Audit Plan.	Achieved	FRAC & Board Minutes approving the 2024/25 – 2026/27 IA Three Year Rolling & Annual Plans. (Q4 2023/24 & Q1 2024/25 FRAC & Board Minutes respectively). Signed TeamMate audit software subscription agreement (Wolters Kluwer)	N/A	N/A	N/A	😊

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2024/25)	Actual performance as of 31 March 2025	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Annual internal audit implementation plan and Progress monitoring <i>(Domain V; Principle 15)</i>	Quarterly Internal Audit Status reports. Internal Audit Reports per approved annual IA plan Quarterly consolidated management action plan progress follow-up internal audit reports.	2023/24 Quarterly Internal Audit Status reports. 2023/24 Internal Audit Reports per approved 2023/24 IA annual plan 2023/24 Quarterly management action plan follow-up internal audit reports	2024/25 Quarterly Internal Audit Status reports in FRAC Pack Planned, executed, and reported audit engagements, per approved 2024/25 annual IA plan. 2024/25 Quarterly consolidated management action plan progress follow-up internal audit reports in FRAC Pack.	Achieved	Q1 to Q4 IA Status reports and attachments submitted in the Q1-Q4 FRAC Packs (May, Aug, Nov 2024 and Feb 2025). 2024/25 Internal Audit reports.	N/A	N/A	N/A	
	Quarterly consolidated management action plan progress follow-up internal audit reports.	2023/24 Quarterly management action plan follow-up internal audit reports	2024/25 Quarterly consolidated management action plan progress follow-up internal audit reports in FRAC Pack.	Achieved	Q1 to Q4 Consolidated management action plan progress follow-up reports in FRAC Packs (May, Aug, Nov 2024 & Feb 2025)	N/A	N/A	N/A	
Quality Assurance & Improvement and IAF Staff Development & Management <i>(Domain III; Principle 8, Standard 8.3 & 8.4)</i>	Co-ordinate and report on external quality assessment preparation action plan (QAR Action Plan). Annual IIA membership renewal. Annual CPD Plan. Signed annual performance agreements, and bi-annual performance appraisal(s)	2023/24 quarterly QAR Action Plan progress reports. Active IIA Membership for IA & AIA in 2023/24. 2023/24 CPD Plan in annual IA Plan, and quarterly progress reports in FRAC Pack(s). Signed AIA employment contract and performance agreement.	2024/25 quarterly QAR Action progress reports. Active IIA membership in 2024/25. 2024/25 CPD Plan in annual IA Plan. Signed 2024/25 AIA performance agreement. 2024/25 Mid-term and year-end AIA performance appraisals.	Achieved	QAR & QAIP progress reports Q1 to Q4 FRAC Packs. 2024/25 IIA membership renewal payment Order and/or proof of payment (POP) CPD Plan in the approved 2024/25 IA annual plan. AIA performance agreement, and performance appraisals submitted to HR. Professional development/ training attendance registers and/or certificates. Completed and returned client satisfaction surveys.	N/A	N/A	N/A	
Annual internal audit implementation plan and Progress monitoring <i>(Domain V; Principle 15)</i>	Quarterly Internal Audit Status reports. Internal Audit Reports per approved annual IA plan Quarterly consolidated management action plan progress follow-up internal audit reports.	2023/24 Quarterly Internal Audit Status reports. 2023/24 Internal Audit Reports per approved 2023/24 IA annual plan 2023/24 Quarterly management action plan follow-up internal audit reports	2024/25 Quarterly Internal Audit Status reports in FRAC Pack Planned, executed, and reported audit engagements, per approved 2024/25 annual IA plan. 2024/25 Quarterly consolidated management action plan progress follow-up internal audit reports in FRAC Pack.	Achieved	Q1 to Q4 IA Status reports and attachments submitted in the Q1-Q4 FRAC Packs (May, Aug, Nov 2024 and Feb 2025). 2024/25 Internal Audit reports.	N/A	N/A	N/A	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2024/25)	Actual performance as of 31 March 2025	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Information Management Systems	Electronic Document Management System (EDMS)	Non-functional Electronic document management	New Electronic Document Management System (EDMS) in place by March'25	Partially Achieved	Implementation program. Service Level Agreement (SLA) for service provider for project implementation	Delayed configuration of Microsoft 365 license.	Complete project by end of 1st quarter of 2025/26	June'25	☹️
ICT Strategy formalization	Implementation of ICT Strategy, Framework & Policy Manual	ICT Audit Recommendations	2 ICT Steering Committee meeting held 1 staff sensitization session	Achieved	Minutes of ICT Steering Committee meetings Minutes of staff sensitisation session.	N/A	N/A	N/A	😊
Disaster Recovery Plan (DRP)	Develop & implement Disaster Recovery Plan (DRP)	ICT Audit Recommendation Old DRP	Disaster Recovery Plan in place by March'25	Partially Achieved	Approved Disaster Recovery plan of 2019	Project awaits completion of deployment of all ICT software and systems	Complete installation of pending ICT software and systems	Sept'25	☹️

3.8 FOCUS AREA 6: SOCIO ECONOMIC INITIATIVES (10%)

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

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2024/25)	Actual performance as of 31 March 2025	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
CSR Projects	Implementation of Corporate Social Responsibility projects	Follow up evaluation of new and previously implemented projects	At least 2 CSR approved projects implemented 4 CSR committee meetings conducted 6 site visits to previously implemented projects conducted	Achieved	Minutes of CSR Committee meetings Report of visits to visited previously completed projects	N/A	N/A	N/A	😊
			Hold at least one committee meeting to check on bursary performance	Partially Achieved	N/A	Approved support to RSA student declined due to better offers received by identified student. KOE support ongoing and student at 4th year of study	Circulate adverts in strategic platforms for attention by interested students.	June '25	☹️
Socio economic baseline for the basin	Undertake study on the KOBWA water related socio-economic contribution in the project area	Study Funding approved	1 Water related socio-economic study	Partially Achieved	Draft MoU with the University of Mpumalanga	Prolonged consultation internally & externally took longer than expected.	Conclude partnership with University of Mpumalanga and commence study.	Mar'26	☹️



4 FOCUS AREA: WATER RESOURCE DEVELOPMENT AND MANAGEMENT

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

4.1 Introduction

The Komati River Basin spans an area of approximately 11,209 square kilometres, which includes 1,493 square kilometres of the Lomati River. About 2,560 square kilometres of the basin is located in the northern part of Eswatini, with the remainder situated in South Africa. The total length of the Komati River basin, from its source to its confluence with the Crocodile River, is 450 kilometres.

KOBWA provides water to users in the Komati River downstream of the Maguga Dam and Driekoppies Dam. The primary users are in irrigated agriculture, mainly consisting of sugar cane plantations. Water for agricultural use is supplied at a defined Low Assurance. A smaller portion is allocated for domestic water supply, which is provided at a defined High Assurance.

The Operations Department is responsible for maintaining and operating the bulk water supply infrastructure and the key focus areas include System Operation, Infrastructure Operation and Maintenance, Dam Safety, Risk and Uncertainty Management, and Aquatic Ecosystem Monitoring.

4.2 Section: System Operation

a) Water Allocations for the 2024/25 Water Year

The water year for KOBWA starts on April 1st and runs until March 31st of the following year. At the beginning of each month, KOBWA uses river flow data collected from gauging stations, along with water usage data provided by water users, to compute the reconciliation of water use and dam storage. This process concludes with discussions involving the water users to ensure that there is agreement on water usage.

On March 31, 2024, the CEO approved the unrationed interim water allocations for the Komati River to facilitate water releases for the new water year starting on April 1, 2024. Following this, a water use reconciliation and yield analysis were conducted at the end of March 2024 to determine the final water allocations which was approved by the JWC. The following graph (Fig 2) illustrates the results of the yield analysis conducted using the Rationing Model®. It shows that the system can meet the complete water requirements for

a duration of 26 months, starting from the end of March 2024. This supports the approval for the non-rationing of water allocation.

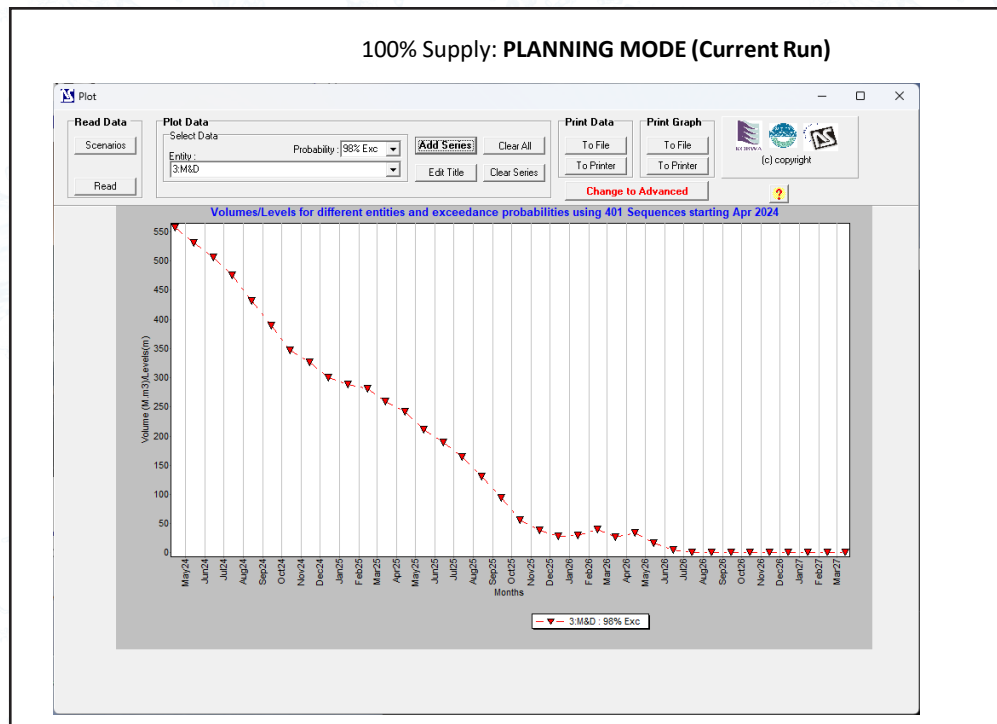


Figure 2: The graph from the yield analysis shows that the system can be able to supply demands up to June 2026 (26 months).

The dams maintained sufficient storage levels throughout the water year, which made water rationing unnecessary. The water allocations for the 2024/25 water year are outlined in Table 4(a), while Table 4(b) details the non-rationed High Assurance (HA) allocation.

Party	Low Assurance Water Allocations (Mm3)	Transmission Losses (Mm3)	Total (Mm3)
South Africa	278.3	25.4	303.7
Eswatini	239.9	16.6	256.5

Table 4(a): Low Assurance (Irrigation) Water Allocations for 2024/25 water year in million cubic per year (Mm3/a) downstream of Maguga and Driekoppies Dams.

Party	High Assurance Allocations (Mm3/annum)
South Africa	18.2
Eswatini	17.5

Table 4(b): High Assurance Water Allocations for 2024/25 water year in million cubic per year (Mm3/a) downstream of Maguga and Driekoppies dams.

b) Historical Dam Levels and Inflows

The 2024/25 water year commenced on the 1st of April 2024. Figures 3 and Figure 4 below show the historical dam levels since the commencement of data collection in 2002, as well as the levels in percentage for the 2024/25 water year.

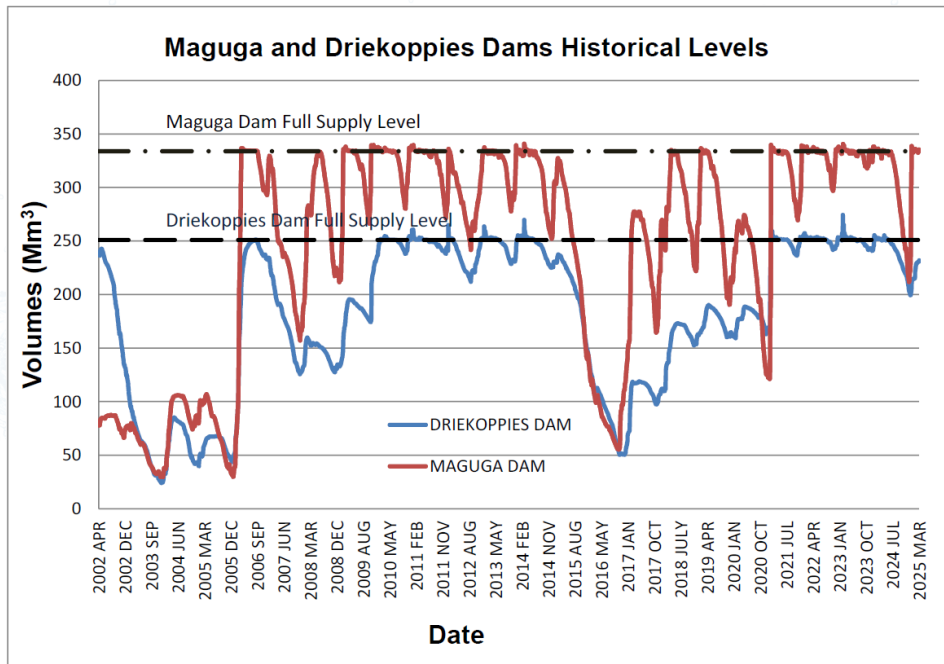


Figure 3: *Maguga and Driekoppies Dams Actual Gross Stored Volume (Mm3)*

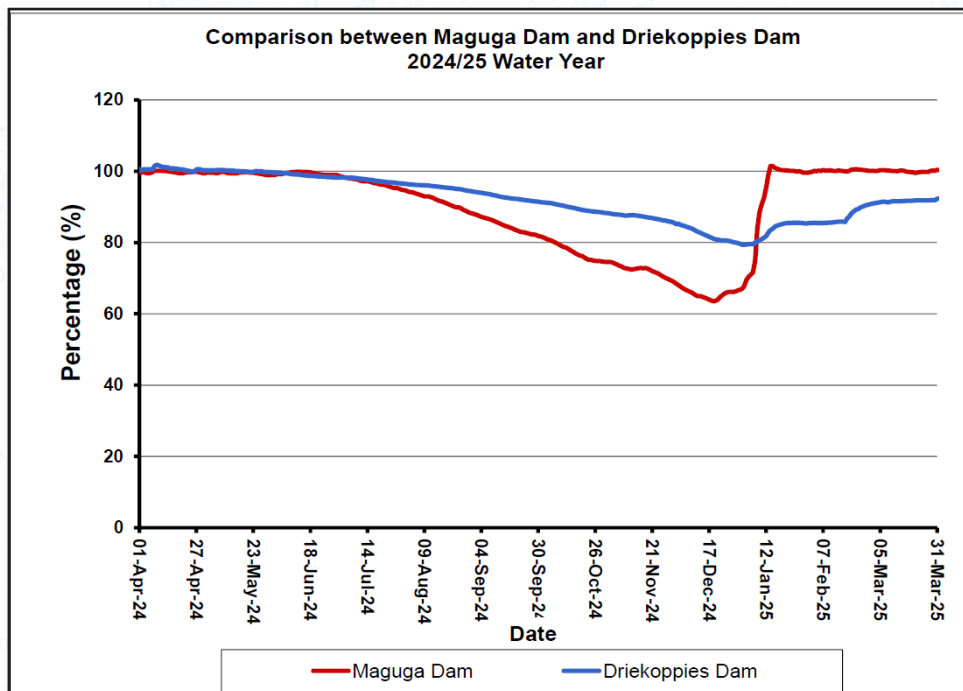


Figure 4: *Showing Maguga and Driekoppies Dam level for the water year (%).*

Figures 5(a) and 5(b) below indicate a comparison of the reported water year with previous water years in terms of percentile levels. The observed (historical) monthly inflows to the dams are plotted to rank them against previous monthly inflows since the dams were constructed.

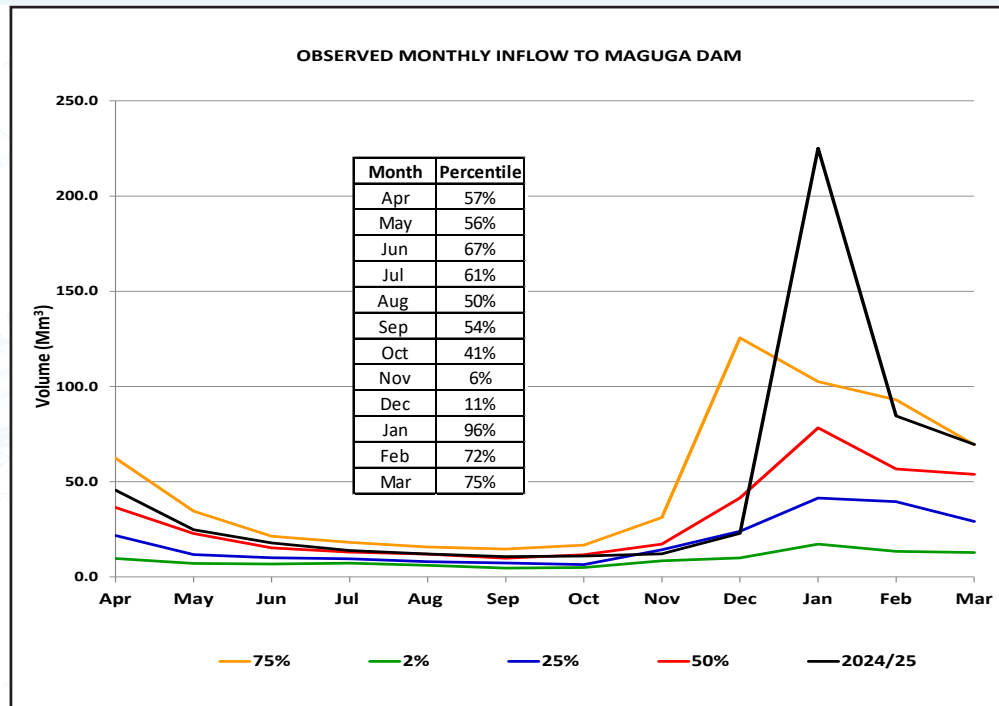


Fig 5(a) Graph showing the 2024/25 inflows into Maguga Dam compared with different percentiles of observed inflow since the dam was constructed.

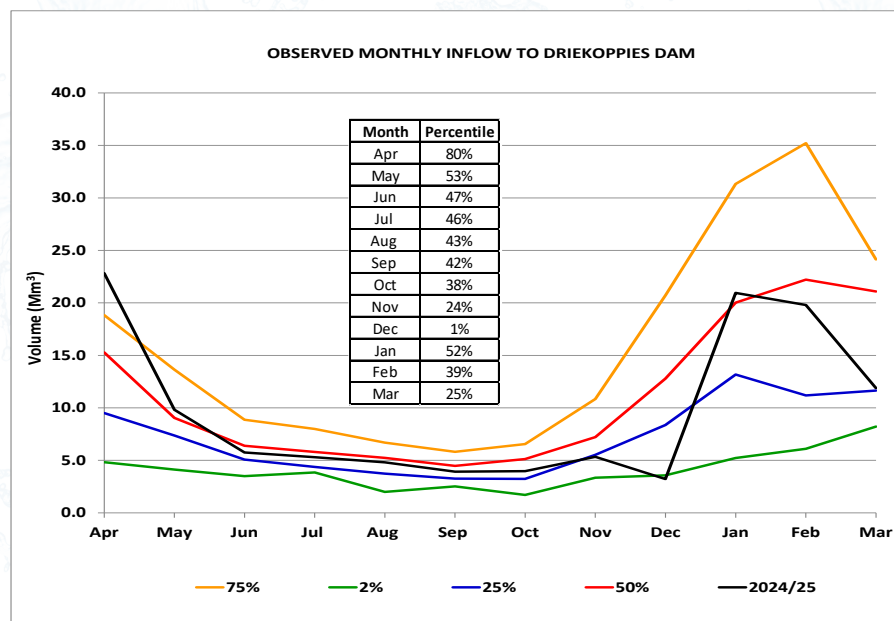


Fig 5(b) Graph showing the 2024/25 inflows into Driekoppies Dam compared with different percentiles of observed inflow since the dam was constructed.

c) Water Use by the Parties

The Low Assurance Water Use by the Parties for the 2024/25 water year is detailed in Table 5(a) for South Africa and in Table 5(b) for Eswatini, along with accompanying Figures 5(c) and 5(d), respectively. By the end of March 2025, South Africa had utilised 286.5 million cubic meters (Mm³), which is 94.3% of their allocation, while Eswatini utilised 219.6 million

cubic meters (Mm³), or 85.6% of their allocation. South Africa lost 17.3 million cubic meters of banked irrigation water, and Eswatini's lost water amounts to 36.9 million cubic meters.

WATER USE DOWNSTREAM OF DRIEKOPPIES DAM AND MANANGA IN SOUTH AFRICA		
March 2025		
	AMOUNT (million m³)	BALANCE (million m³)
Water use from Driekoppies Dam	129.6	
Add flow across Mananga Border	508.1	
		637.7
Subtract releases for Mozambique	460.7	
		177.0
Subtract riverine losses	33.6	
		143.4
Subtract domestic and industrial use	18.2	
		125.2
Add gross accruals from:		
Driekoppies to Lebombo	104.0	
Mananga to Tonga	57.3	
		286.5
Add water used from storage in the weirs (assumed)	0.0	
Irrigation water use in 2024/25*		286.5
*Remaining Irrigation Water downstream of Mananga and Driekoppies Dam on March 31:		
- South Africa	=	17.3 Mm ³
Actual booked irrigation water use in 2024/25	=	286.5 Mm³
Which is:		
Less than (P2M4 Table 2)	=	303.7 Mm ³
Less than (Average Irrigation Distribution Curve)	=	303.7 Mm ³
**Actual booked irrigation use = 94.3% of 303.7 Mm³/a Non-Rationed Low Assurance water.		
*Banked Water Lost by South Africa at the end of the water year		
due to Maguga Dam spillage		<u>17.3</u> Mm³

KOBWA\ Water recon monthly summaries -March 2025 pg-1

Table5(a): Water Use downstream of Driekoppies Dam and Mananga in South Africa as of 31 March 2025.

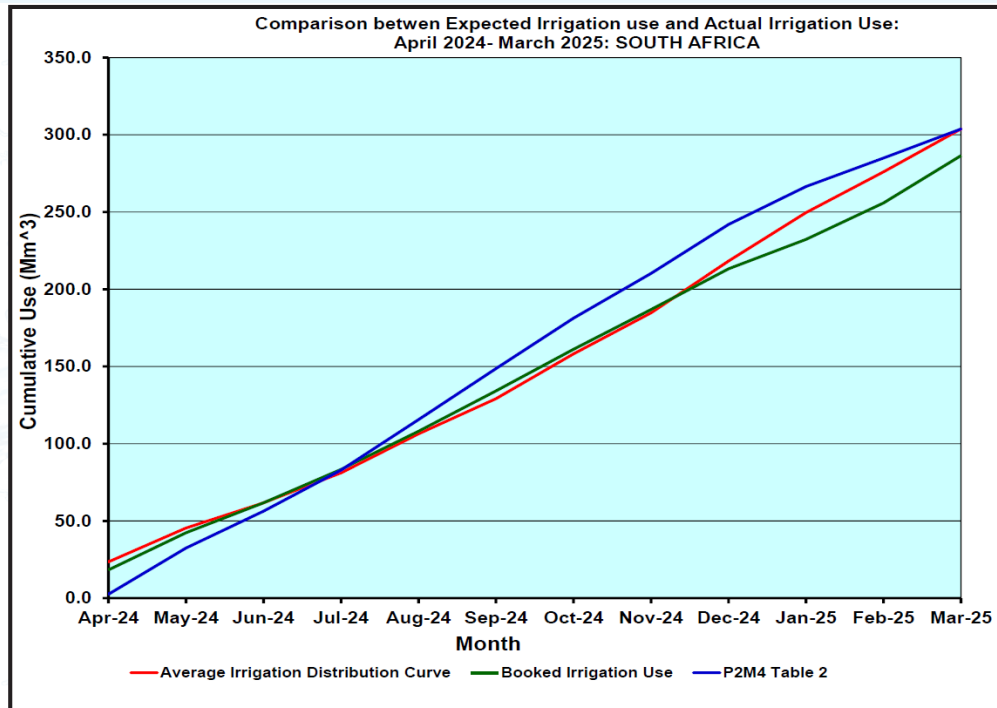


Fig 5(c): Graph of cumulative water use in comparison with expected water use downstream of Driekoppies Dam and Mananga in South Africa as of 31 Mar 2025.

WATER USE DOWNSTREAM OF MAGUGA DAM IN ESWATINI March 2025		
	AMOUNT (million m³)	BALANCE (million m³)
Releases from Maguga Dam	545.1	545.1
Subtract increase in stored volume in Hydropower Regulating weir from April 01 to March 31	0.0	
		545.1
Subtract net evaporation losses from Hydropower Regulating Weir	0.1	
		545.1
Subtract riverine losses	13.7	
		531.3
Subtract domestic and industrial use	17.5	
		513.8
Add gross accruals from Maguga to Mananga	213.9	
		727.8
Subtract flow at Mananga Border	508.1	
Irrigation water use in 2024/25*		219.6
*Remaining Irrigation Water Downstream of Maguga Dam on March 31:		
- Eswatini :	=	36.9 Mm ³
Actual booked irrigation water use in 2024/25	=	219.6** Mm³
Which is:		
Less than (P2M4 Table 2)	=	256.6 Mm³
Less than (Average Irrigation Distribution Curve)	=	256.6 Mm³
**Actual booked irrigation use = 85.6% of 256.6 Mm³/a Non-Rationed Low Assurance water.		
*Banked Water Lost by Eswatini at the end of the water year due to Maguga Dam spillage		36.9 Mm³

KOBWA\Water recon monthly summaries -March 2025 pg-2

Table 5(b): Water use downstream of Maguga Dam in Eswatini as of 31 March 2025.

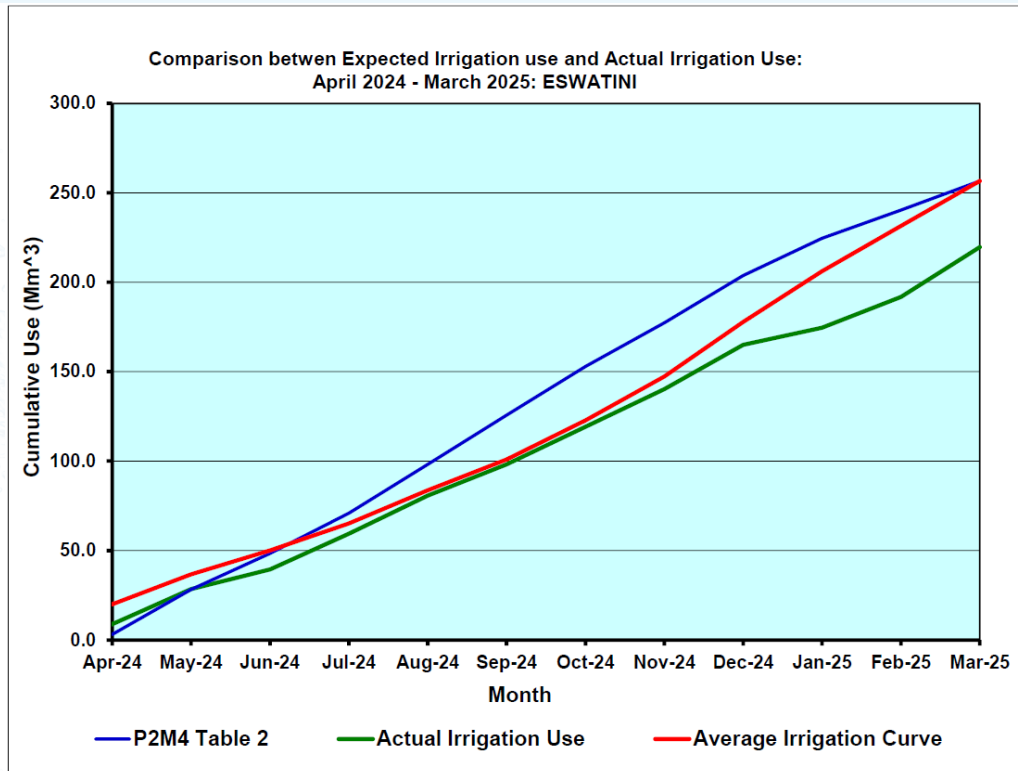


Fig 5(d) *Graph of cumulative water use in comparison with expected water use downstream of Maguga Dam in Eswatini as of 31 Mar 2025.*

Tables 5(c) and 5(d) show the storage reconciliation of Maguga and Driekoppies dams, respectively. The total system storage as at the end of November 2024 was 565.8Mm³, being 333.9Mm³ from Maguga Dam and 231.9Mm³ from Driekoppies Dam. These are the Reference Storages and represent the available amount of water that can be allocated in the dams.

MAGUGA DAM STORAGE RECONCILIATION ON 1 April 2025		
	AMOUNT (million m ³)	BALANCE (million m ³)
Combined stored volume in Maguga Dam and Hydropower Regulating weir at start of water year	334.0	
Add Inflow to Maguga Dam for water year	550.0	
		884.0
Subtract:		
Net evaporation losses from Maguga Dam	3.2	
Releases from Maguga Dam	545.1	
Decrease in stored volume in Hydropower Regulating weir from April 01 to March 31	0.0	
Total stored volume in Hydropower Regulating Weir and Maguga Dam at end of water year	548.3	335.7
Subtract volume above non-overspill crest	0.9	
		334.8
Subtract Eswatini share of Water in Reserve		
Cumulative for 2024/25	0.0	
	0.0	334.8
Subtract commitments from storage from 2023/24 water year to:		
South Africa	0.0	
Eswatini	0.0	
	0.0	334.8
Add water use above average use and/or from banking for 2024/25:		
South Africa along Middle and part of Lower Komati*	0.0	
Eswatini	0.0	
	0.0	334.8
Add back Transmission Losses resulting from incorrect water orders during 2024/25 water year by**:		
South Africa	0.0	
Eswatini	0.0	
	0.0	334.8
Add back additional water utilised by Eswatini for Hydropower Generation during 2024/25 water year:	0.0	334.8
Reference Storage Available in Maguga Dam and Hydropower Regulating Weir from 01 April 2025		334.8
Subtract water stored in Hydropower Regulating Weir on 01 April 2025	0.8	333.9
Reference storage available in Maguga Dam from 01 April 2025		333.9
Notes:		
*Water use above average use and/or use from banking of 0.0 Mm ³ is reserved in Driekoppies Dam		
** Transmission Losses owed by Eswatini and South Africa		

Table 5(c): *Maguga Dam Storage Reconciliation*

DRIEKOPPIES DAM STORAGE RECONCILIATION ON 1 April 2025		
	AMOUNT (million m ³)	BALANCE (million m ³)
Total stored volume at start of water year	252.4	
Add Inflow for water year	117.6	
		370.0
Subtract:		
Net evaporation losses	8.5	
Releases from dam	129.6	
Total stored volume at end of water year	138.1	231.9
Subtract share of water supplied for Mozambique from Komati River that was used by South Africa but replaced from Crocodile River:		
Net Cumulative for 2024/25	0.0	
	0.0	231.9
Subtract South African share of Water in Reserve		
Cumulative for 2024/25	0.0	
	0.0	231.9
Subtract commitments from storage from 2023/24 water year to South Africa	0.0	
	0.0	231.9
Add back water use above average use and/or from banking for 2024/25 along Lomati and Lower Komati*	0.0	
	0.0	231.9
Add back Transmission Losses resulting from incorrect water orders by South Africa during 2024/25 water year	0.0	
	0.0	231.9
Reference Storage Available in Driekoppies Dam on 01 April 2025		231.9
*Balance of South African water use above average use not held in Maguga Dam		

Table 5(d): *Driekoppies Dam Storage Reconciliation*

The reconciliation of the High Assurance water whose use is currently based on a uniform demand rate throughout the year is shown in Table 6.

HIGH ASSURANCE WATER DEMAND DOWNSTREAM OF DRIEKOPPIES DAM AND MANANGA IN SOUTH AFRICA March 2025				
	Lomati	Middle Komati	Lower Komati	Total
Non- rationed High Assurance Annual Allocation	8.6	9.3	0.3	18.2
Cumulative demand in 2024/25	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 m ³				
HIGH ASSURANCE WATER DEMAND DOWNSTREAM OF MAGUGA DAM IN ESWATINI March 2025				
	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 2024/25	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 m ³				

Table 6: High Assurance demand downstream of Maguga and Driekoppies Dams

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

During the period from the 1st of April to 31st of March 2025, the contribution by the Komati River (measured at Lebombo weir) to the Mozambique required flow was 82.5% of the time, above the 3-day average minimum requirement of 1.43 m³/s.

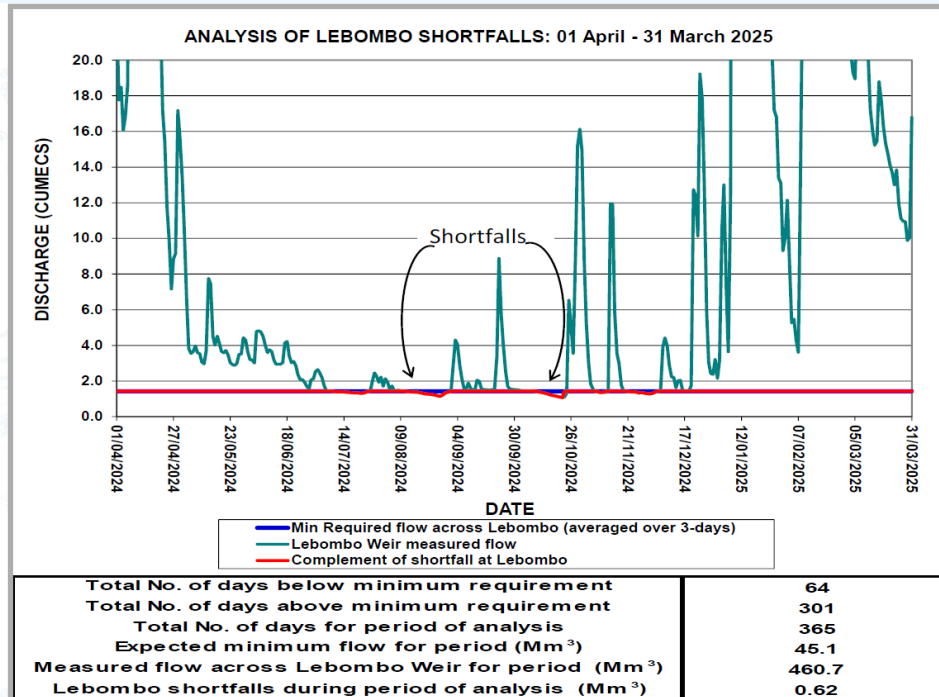


Figure 6(a): Analysis of Lebombo shortfalls (1st April 2024 – 31st March 2025)

Trans-boundary Flow Analysis

According to unaudited data provided by the South African Department of Water and Sanitation and the Inkomati-Usuthu Catchment Management Agency, the measured daily average flow over the Komatipoort gauge (1st April – 31st March 2025) was above the minimum requirement of 2.6m³/s, averaged over three days, for 95.3% of the time.

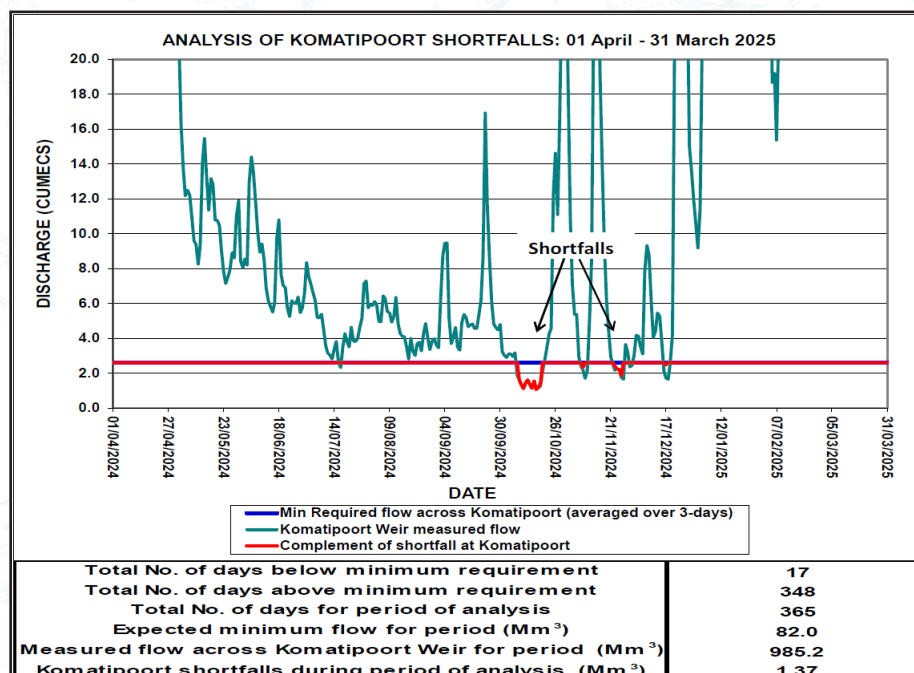


Figure 6(b): Analysis of Komatipoort shortfalls (1st April 2023 – 31st March 2025)

4.2.1 Komati Joint Operations Forum (KJOF) Meetings

The KJOF plays a vital role in the operation of the Komati system. It consists of various stakeholders, including water users from both countries, national departments responsible for water management, catchment management bodies, and other state agencies. The KJOF meets approximately every two months to discuss issues related to water use reconciliation, cross-border flows, and other operational matters that arise throughout the year. During the 2024/25 water year, the forum met six times.

4.3 Section: Infrastructure Operation And Maintenance

The Driekoppies and Maguga Dams are operated and maintained in line with the applicable operations, maintenance manuals, and industry-accepted engineering best practices.

Dam Safety: Day-to-day dam inspections as well as weekly inspections to ensure that the dam remains safe and in good operating condition were conducted. Observed surveillance data for both dams indicated that they were still in good working condition. Both dams' safety recommendation follow-up plans were developed and are updated regularly.

Valves and Pipes Maintenance: The valves and pipes at both dams were inspected and serviced according to the Operations and Maintenance (O&M) Manual. This inspection was conducted to ensure the reliable and safe operation of the dams, as well as the associated hydroelectric power generation, water supply, and intake systems. Regular maintenance and repair of valves and pipes are essential to prevent failures, leaks, and other issues that could lead to water loss, equipment damage, safety hazards, environmental impacts, and unexpected downtime.

Butterfly Valve Gearboxes: Following a pre-delivery inspection of butterfly valve gearboxes conducted by a professional Engineer, butterfly gearboxes were fabricated and successfully installed at Driekoppies Dam in January 2025.

Geodetic Surveys: Align Survey conducted annual geodetic surveys at both dams according to the O&M Manual and no signs of irregularities in the levels of the dam structures were found. These surveys utilise GPS technology to monitor the displacement of the earth-fill embankments and other significant structures, including the spillway bridge, intake tower, access bridge to the intake tower, and the outlet structure.



One of the newly fabricated Butterfly Valve Gearboxes.

Refurbishment of KOBWA staff houses and boat wash bay construction: A condition assessment for KOBWA staff houses was conducted, the outcome of the assessment guided the decision to renovate the staff houses. As a result, Khula Zikode General Trading, was appointed to refurbish the roof of Driekoppies Dam staff houses. An inception meeting was held in preparation for starting the project in the next financial year. Refurbishment of Maguga Dam staff houses is expected to commence in the next financial year. In addition, a boat wash-bay was constructed at the Driekoppies Dam. The purpose of the wash bay is to prevent the introduction of invasive species, to protect the local ecosystem, and help maintain the health of the reservoir.

4.4 Section: Risk And Uncertainty Management

This section deals with aquatic ecosystem monitoring, emergency preparedness planning, groundwater assessment, weather station augmentation and GIS.

4.4.1 Aquatic Ecosystem Monitoring

The Environmental Unit is tasked with the responsibility to monitor and report on the water quality status of rivers and reservoirs in the KOBWA area of operation based on the following key objectives:

- Effective implementation of the KOBWA Water Quality Monitoring Programmes through continuous assessment of the fitness for use in terms of its main uses, namely, irrigation water supply, domestic water supply, industrial and hydropower generation, maintenance of the aquatic ecosystem health and recreational water use,
- Effectively operating and running the KOBWA water laboratory aligned to ISO 17025,
- Sharing of water quality data to stakeholders within the basin in compliance with transboundary protocols and legislative mandates of both Eswatini and South Africa,
- Identification of any potential problems/pollution issues that would require management intervention as it is essential for KOBWA to inform the Parties (Eswatini and South Africa) and/or water users of the quality of the water and any changes that might be observed that require immediate interventions.

Any changes to the quality of the water supplied by KOBWA could adversely affect the various water user sectors depended in the water resources of the Komati Basin. Water resources quality monitoring programs were undertaken to gather the required data and information for KOBWA to meet the objectives stated above. These included Reservoir Monitoring, River Health Monitoring, Biological Monitoring, Real Time Monitoring, and Ground Water Monitoring.

These different programs are implemented through on-site tests and collection of samples for water testing performed at the KOBWA laboratory from strategically located points along the basin as shown in Figure 7 below.

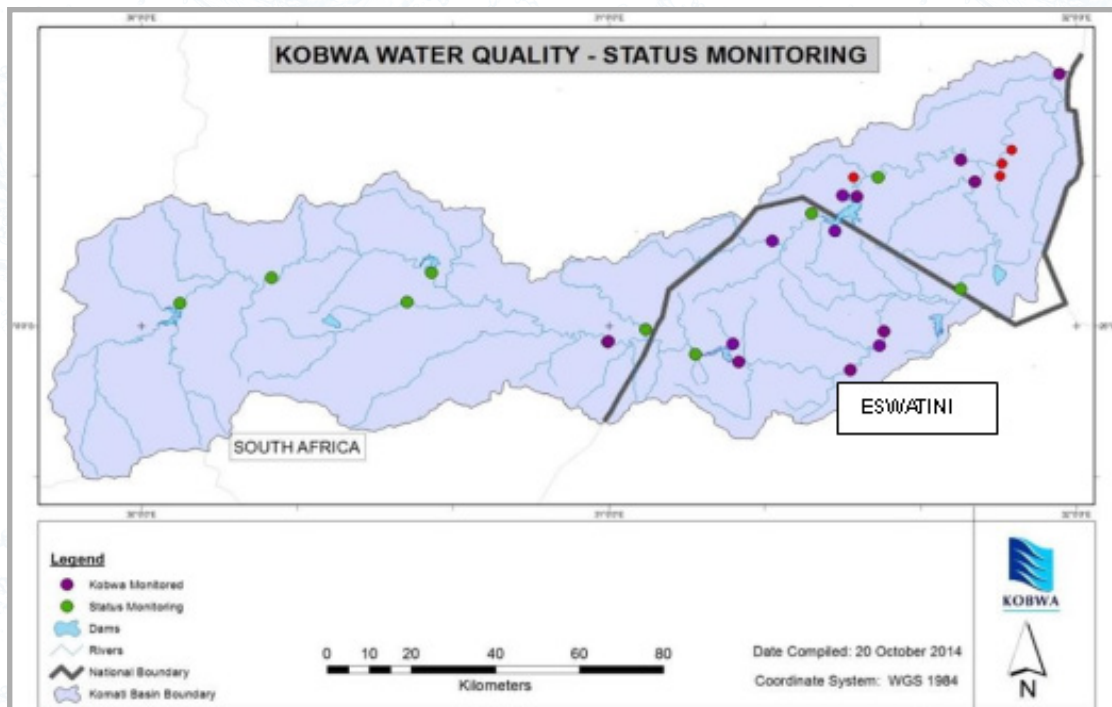


Figure 7: KOBWA Water Quality Monitoring Points.

Reservoir Monitoring

The aim of the monitoring programme is to collect data to monitor the water quality of the two reservoirs, the Maguga Dam and Driekoppies Dam. There are monitoring points in each reservoir illustrated in Table 7 and Table 8.

Point code	Motivation of selected monitoring point
X1R005Q01	Point 1 is situated near the dam wall and indicative of quality in the main basin and the quality of water released from the dam if water is abstracted through the outlet closest to the surface.
X1R005Q02	Point 2 is situated at the upstream reach of the main basin and indicative of the quality in the upper reaches of the main basin.
X1R005Q03	Point 3 is situated in the transitional zone when the dam is drawn down.
X1R005Q04	Point 4 is situated in the riverine/transitional zone when the dam is full. It is indicative of the Inkomati River water quality entering the dam.

Table 7: Monitoring points at Maguga reservoir

Point code	Motivation
X1R004Q01	Point 1 is situated near the dam wall and is indicative of the water quality in the main basin and water released from Driekoppies Dam.
X1R004Q02	Point 2 is in the middle reaches of the dam and is indicative of the water quality in the middle reaches of the dam.
X1R004Q03	Point 3 is situated near the border and indicative of the water quality in the upper reaches of the dam and the quality of water from the Lomati River entering the dam.

Table 8: Monitoring points at Driekoppies reservoir

Figure 8 below, shows the Google and Satellite images of Maguga and Driekoppies reservoirs, indicating the location of the water quality sampling points and tributaries flowing into them.

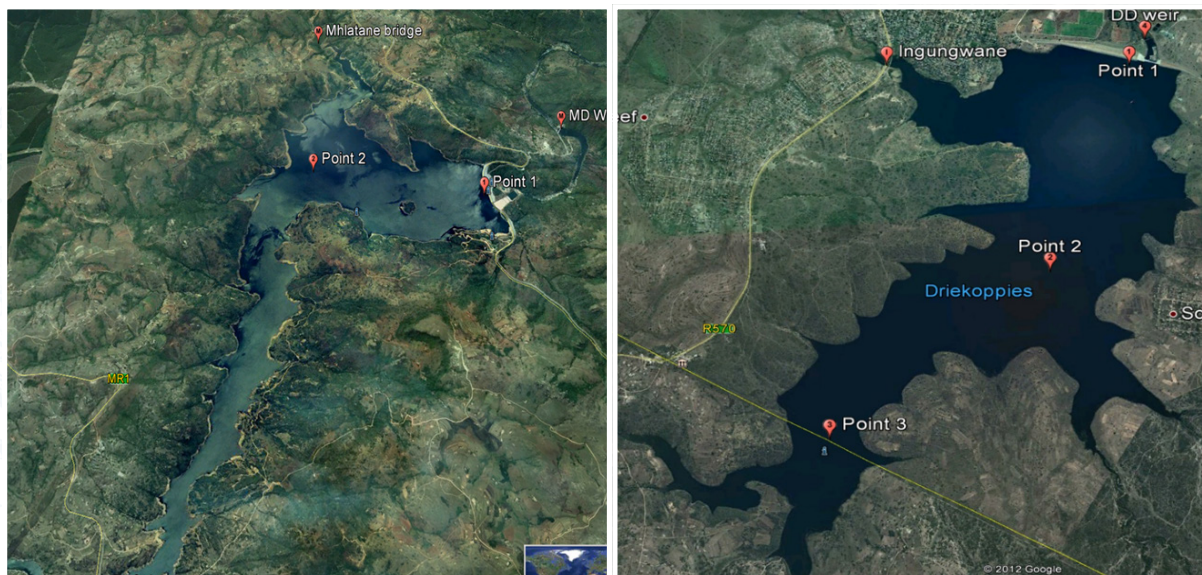


Figure 8: Google and Satellite images of Maguga Dam and Driekoppies Dam, showing the location of the water quality sampling points

The sampling frequency for both reservoirs is twice a month during the wet season and once a month during the dry season due to low water flows. Water samples were collected and analysed at the KOBWA water laboratory. The data was then consolidated into a spreadsheet and presented in graphical format for quarterly and annual reporting on the water quality status of the reservoirs.

Results and Discussions

The key parameters that are reported for this annual report are pH and Electrical Conductivity (EC). The water user categories used to assess the fitness for use of the water, were fitness for irrigation water use, fitness for domestic water use and fitness for the maintenance of the aquatic ecosystem. The fitness for use for both domestic and irrigation water use must

not exceed 9.5 pH values, and the fitness for use for maintenance of the aquatic ecosystem must not be below 4 pH values. The pH at all monitoring points at both reservoirs was at acceptable levels indicated in Figure 9(a) below.

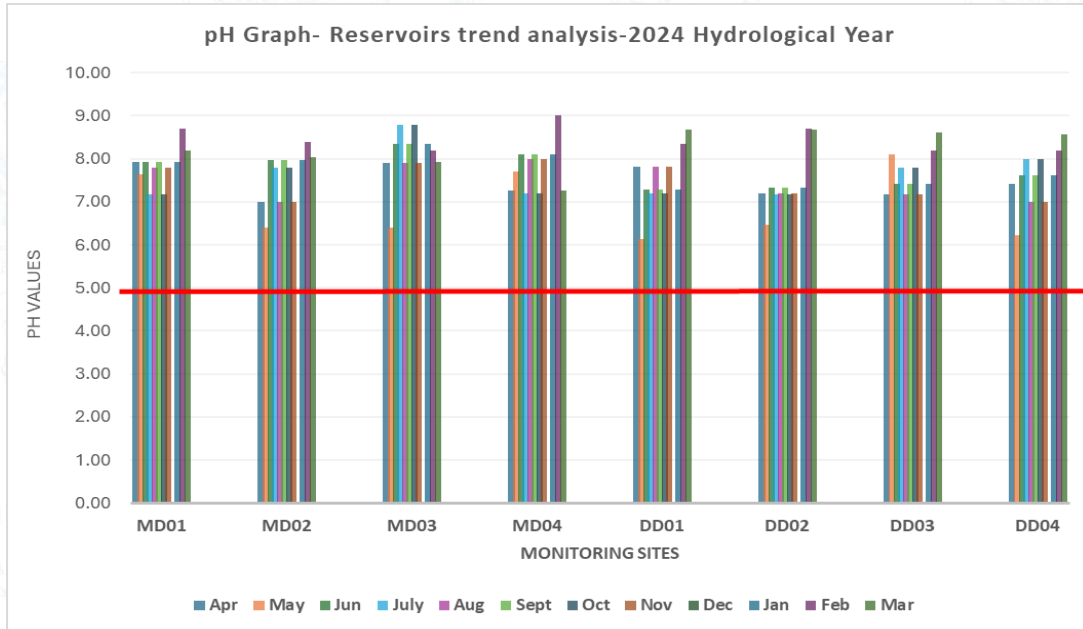


Figure 9 (a): pH graphical presentation of both reservoirs-assessing fitness for use for various water user sectors

The EC levels at all the reservoir monitoring points at both dams, was in acceptable levels (not more than 150 mS/cm). The EC levels indicate ideal water quality for all the various water user sectors as indicated in Figure 9 (b).

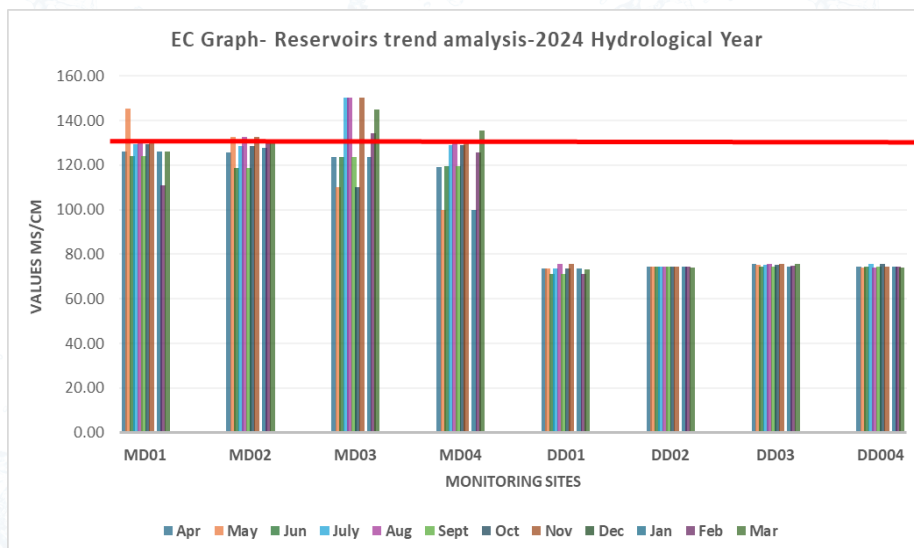
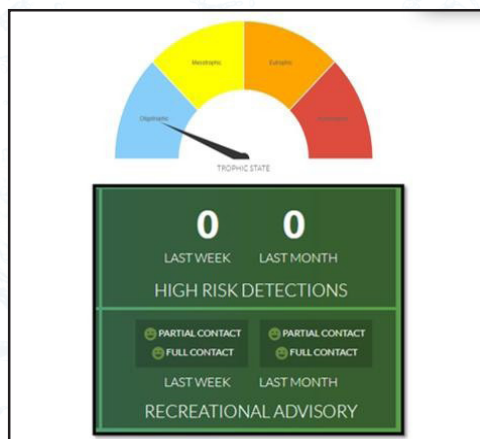


Figure 9 (b): EC graphical presentation of both reservoirs- assessing fitness for use for various water user sectors

Eutrophication status of Driekoppies Dam



Graphical representation of the eutrophication status of Driekoppies Dam (Source: NEMP-DWS, 2024).

The Department of Water and Sanitation also monitors reservoirs for algal blooms through the National Eutrophication Monitoring Programme (NEMP), conducting assessments annually. Currently, the Driekoppies Dam is classified as Oligotrophic, which indicates that it has low nutrient levels and no algal formations (Figure 3e-NEMP-DWS, 2024). Given this classification, it is safe to engage in recreational activities that involve full or partial contact with the water.

River Health Monitoring

The main objective of the program is to conduct in-river measurements, collect water samples, and analyse them for key water quality constituents. This analysis aims to assess the water quality status of the Komati River and the Lomati River and provide regular reports on their suitability for designated water uses, including domestic water use, irrigation, livestock watering, and ecological water needs. The monitoring sites have been strategically designed and registered based on land use activities along the Lomati and Komati Rivers. Importantly, these sites are located downstream of the reservoirs to evaluate the impact of impounded water on the ecological health of the rivers demonstrated in Table 9 and Figure 9 (c) below.

Sampling point	River	Motivation
Mlumati -25.81260 31.35001	Mlumati	Mlumati River at bridge near Lomati, upstream of the confluence with the Phophonyane River. Indicator of the upper reaches of the Mlumati River.
Matsamo -25.75733 31.45782	Mlumati	Mlumati River at Matsamo at low water bridge just upstream of Driekoppies Dam. Indicator of the main inflow into Driekoppies Dam.
Mhlatane -26.03990 31.26609	Mhlatane	Mhlatane stream at road bridge just upstream of inflow into Maguga Dam. Stream drains from Piggs Peak area. Concerns have been expressed about the quality of runoff from Piggs Peak urban area.
Nsomyama -25.79024 31.48310	Mlumati	Nsomyama River at low water bridge upstream of Driekoppies Dam. Indicator of the tributary inflow into Driekoppies Dam.
Bhalekane -26.04368 31.57851	Komati	Komati River at bridge near Bhalekane. Good indicator of the irrigation water quality that is abstracted at the YSIS weir which is situated some 8 km downstream of this sampling point.
Mananga -25.93416 31.75959	Komati	Komati River at the bridge just upstream of the Mananga border post. About 250m upstream of the DWS Sampling point WMS X13_1000010011 - Mananga Border Gate. Indicator of water quality leaving Eswatini as well as the impacts of irrigation return flows upstream of the border.

Tonga -25.68189 31.78189	Komati	Komati River at the low water bridge. Downstream of the confluence of the Komati and Mzinti rivers. Same as DWS sampling point X1H003Q01 - At Tonga on Komati River. Indicator of water quality upstream of the Lomati River confluence. This is also close to the abstraction point of the Tonga Water Supply Scheme.
Komati Poort -25.44327 31.96461	Komati	Komati River at Komatipoort just upstream of the confluence with the Crocodile River. Same as DWS sampling point X1H042Q01 - At Komatipoort Old Road Bridge on Komati. Indicator of the waters leaving the KOBWA area of operations.
Ngungwane -25.71112 31.49977	Lomati	Ngungwane River at R570 bridge where it flows into Driekoppies Dam. Same as DWS sampling point WMS X14_1000009997 - Ngugwana Bridge but DWS sampling was terminated in 2012. Indicator of tributary inflow into Driekoppies Dam.

Table 9: River Health monitoring points with coordinates and motivation for their selection

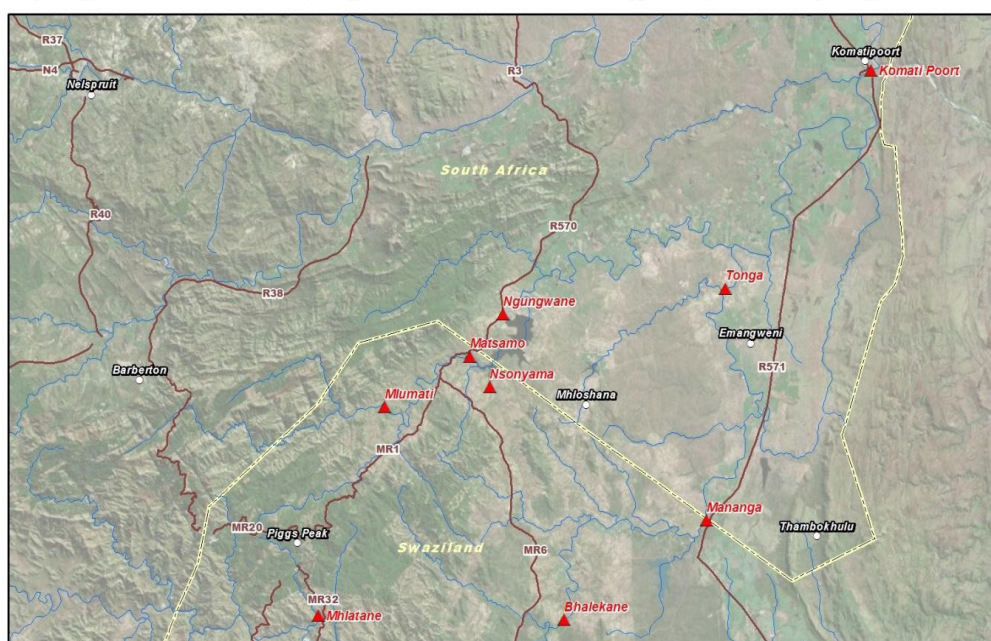


Figure 9(c): Map showing the locations of the River Health sampling points along Komati and Lomati Rivers

Monitoring was also conducted to assess the water quality, as many communities within, around, and below the dams rely on untreated water from the rivers for domestic, recreational, and irrigation purposes. Water samples were collected twice during the wet season and once during the dry season due to lower flow levels. These samples were analysed at the KOBWA water laboratory. The results were compiled into a spreadsheet and presented in graphical format for quarterly and annual reports on the river's health status.

Results and Discussions

The key parameters that are reported in this annual report are Dissolved Oxygen (DO) and Electrical Conductivity (EC). The water user categories used to assess the fitness for use of the water quality, were fitness for irrigation water use, fitness for domestic water use and fitness for the maintenance of the aquatic ecosystem. Additionally, aquatic invasive plant

species were observed during the 2024/25 hydrological year and will be addressed in a separate section of this report.

Electrical Conductivity: The water quality, in terms of suitability for irrigation, domestic, and recreational purposes, was generally within acceptable limits for EC, with values below 400 mS/cm. However, at the Komatipoort and Tonga sites, significant increases were observed, exceeding 400 mS/cm. This indicates a declining trend from Ideal to Good quality as one moves downstream along the lower Komati River as indicated in Figure 9 (d). For domestic use, the EC must not exceed 150 mS/cm, and to maintain the aquatic ecosystem, the EC values should not exceed 50 mS/cm.

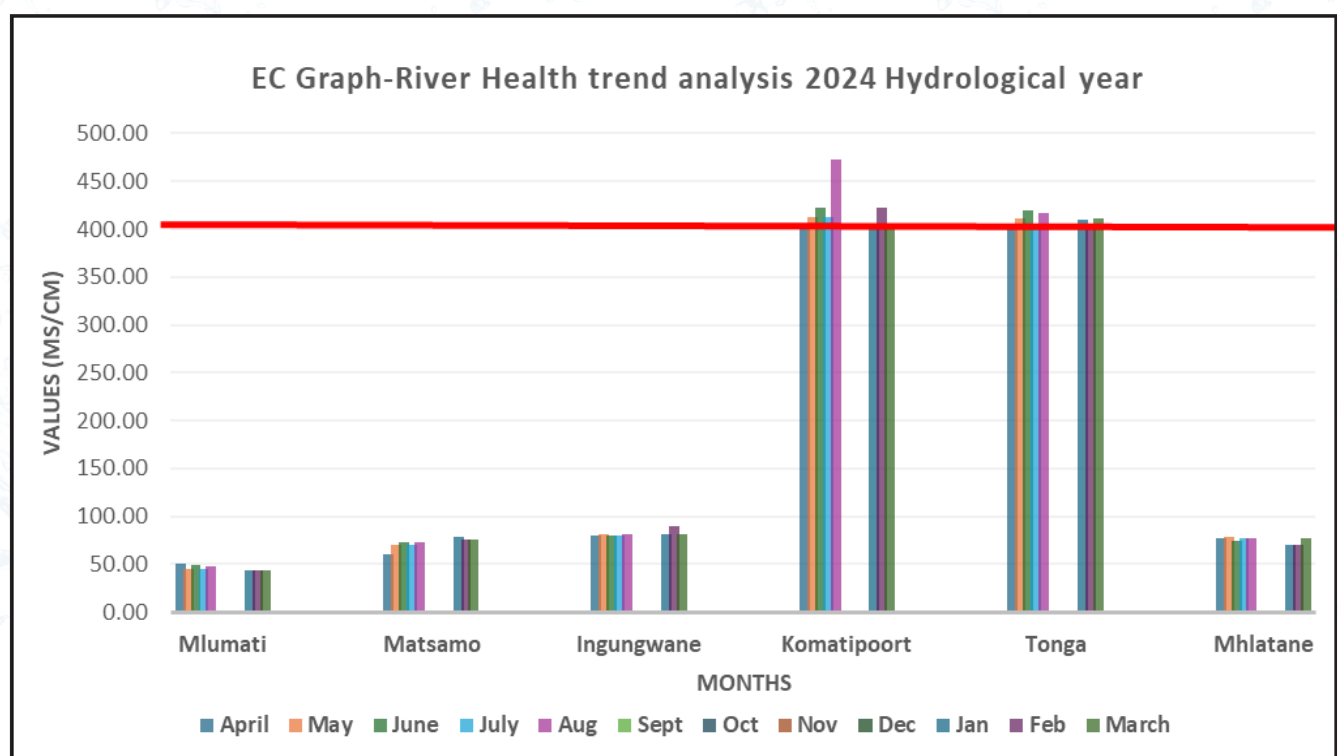


Figure 9 (d): EC graphical presentation for river health- assessing fitness for use for various water user sectors.

Literature indicates that Conductivity increases during low flows, however, there were significantly high flows along the Lower Lomati stretch. Land use activities and non-point pollution (such as agricultural return flows) around the site may have an impact on the decline in water quality status at these sites. Continual monitoring will be conducted and if the trend persists in the next quarter, an investigation will be conducted for a conclusive cause and subsequent intervention by the Department of Water and Sanitation.

Dissolved Oxygen: The water quality in terms of the fitness for use for maintaining the aquatic ecosystem in the Lomati and Komati Rivers, was within acceptable limits with

respect to DO (values within the range of 6.5-8.0 mg/l). The DO values must not be below 5.5 mg/l illustrated in figure 9 (e).

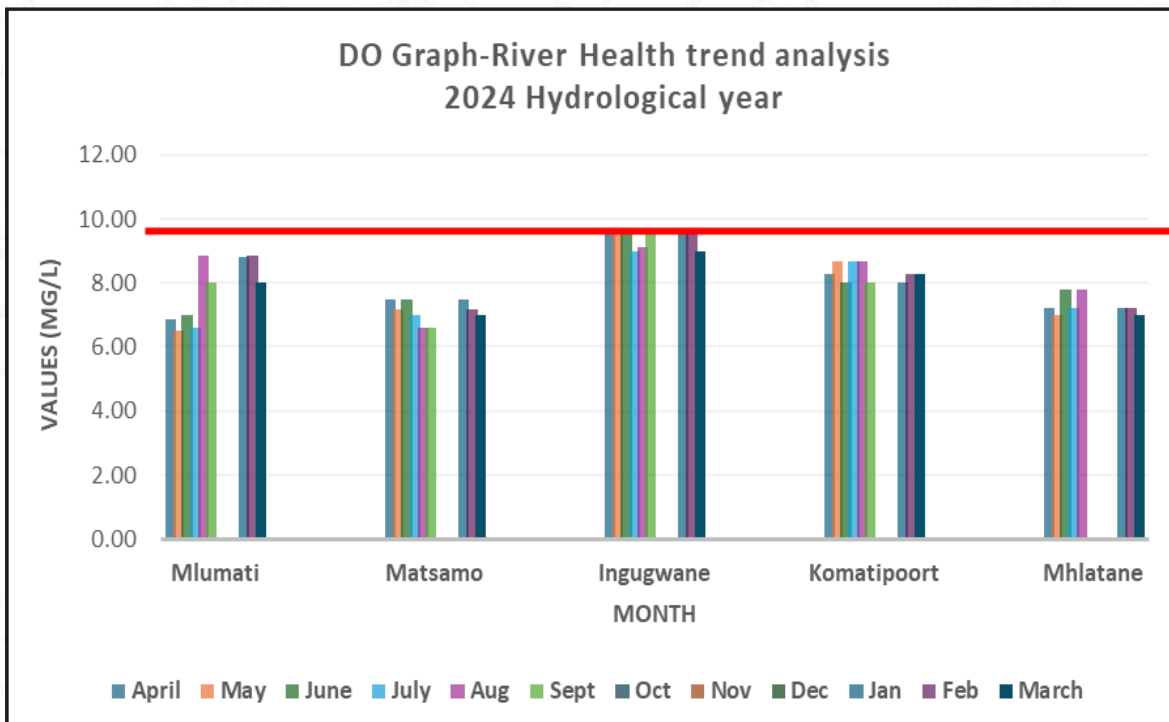


Figure 9 (e): DO graphical presentation for river health-fitness for use for maintenance of the aquatic ecosystem



Aquatic invasive plants monitoring at Real Time stations.

Aquatic Alien Invasive Plants

The monitoring of aquatic alien invasive plants and weeds was continually conducted through field observations to avoid encroachment. in all monitoring stations. The Komati River Basin has minimal infestation by invasive plants, however, during the routine monitoring, some weeds were observed at Driekoppies Dam. The Working For Water Programme under the Department of Environment, Fisheries and Forestry in South Africa has a programme responsible for the removal of alien

invasive plants, both aquatic and terrestrial. KOBWA has since consulted them to revive the memorandum of understanding with the Department to assist with the eradication, which will minimize costs for KOBWA and assist to capacitate the local community.

Biological Monitoring (Biomonitoring)

Biomonitoring is a resource-based water quality management tool, which uses fishes and aquatic macroinvertebrates to measure the integrity of the ecosystem. The Riparian Vegetation Survey uses the Riparian Vegetation Index (RVI) to determine the status of riparian vegetation within river reaches based on the qualitative assessment of a number of criteria in the riparian zone. These criteria are vegetation removal, cultivation, construction, inundation, erosion, sedimentation and alien vegetation. The output is expressed as percentage deviation from natural or unmodified riparian conditions.

The RVI is based on a combination of vegetation cover, structural intactness, and recruitment of indigenous riparian species. Eight sites were selected by KOBWA for long-term biological monitoring and below in Figure 9 (fj), is a map showing the KOBWA Biomonitoring sites.

Site No (Name)	Description	Elevation (m amsl)	Distance from Dam (km)	Ecoregion	Zone	Quaternary	Coordinates (dd.dddd)
Lomati River							
DK-US (Jeppes Reef)	Control site upstream of Driekoppies Dam, near Jeppes Reef	372	-15	Lowveld	Upper Foothills	X14E	S25.76441; E31.42921
DK-DS (Driekoppies)	Impact site immediately downstream of Driekoppies Dam	296	0.3	Lowveld	Lower Foothills	X14G	S25.70983; E31.53415
L1 (Kleindoringkop)	Impact site mid-way between Driekoppies Dam and confluence with the Komati River	250	23	Lowveld	Lower Foothills	X14H	S25.64944; E31.62319
Komati River							
MD-US (Hooggenoeg)	Control site upstream of Maguga Dam, immediately downstream of flow gauge X1H001	786	-40	Northern Escarpment Mountains	Upper Foothills	X12H	S26.03626; E30.99781
M0 (Nyonyane)	Impact site downstream of the Nyonyane Diversion Weir near GS45	432	13	Lowveld	Upper Foothills	X13D	S26.082106 E31.355069
M1 (Silingani)	Impact site downstream of Maguga Dam	380	20	Lowveld	Lower Foothills	X13D	S26.09840; E31.39877
M2 (Mananga)	Impact site 300 m downstream of GS30, near Mananga Border Post	261	88	Lowveld	Lower Foothills	X13H	S25.942691 E31.750584
K3a (Tonga)	Impact site 1.3 km d/s of Tonga Weir (KOB002), but upstream of the confluence with the Lomati River	200	134	Lowveld	Lower Foothills	X13J	S25.67723; E31.78968
K5 (Lebombo)	Lower Komati River near Komatipoort, upstream of the confluence with the Crocodile River, immediately downstream of gauge KOB004	120	192	Lebombo Uplands	Lower Foothills	X13L	S25.44655; E31.95882

Table 10: KOBWA biomonitoring sites (Source: Nepid Consultants)

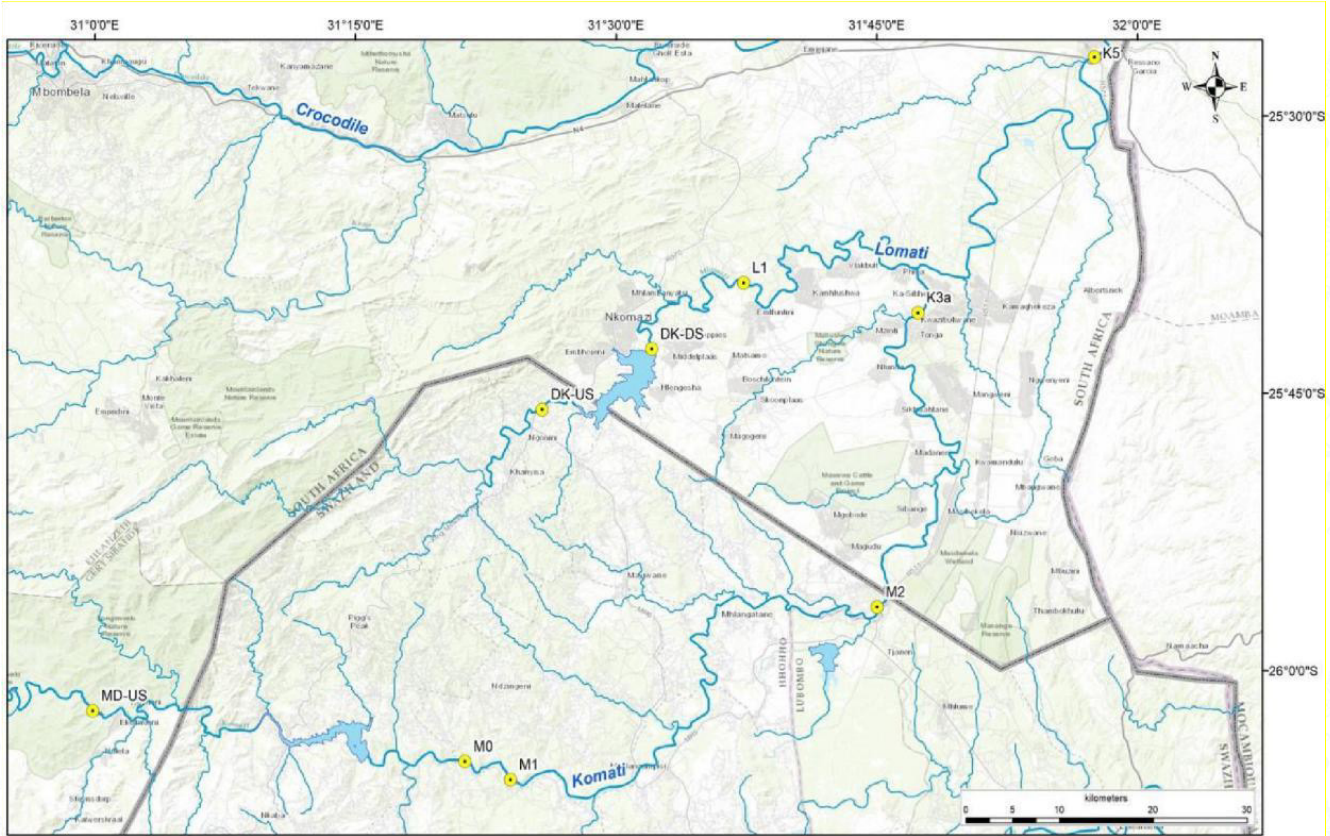


Figure 9 (f): Ecological Water Requirements site in the Lomati and Komati Rivers (Source: Nepid consultants)

Results and Discussion

The dry season aquatic biomonitoring assessment of the Lomati and Komati rivers was undertaken in August 2024, at several long-term monitoring points for KOBWA. Site conditions were favourable for full aquatic biomonitoring during the dry season survey, with accessibility being the only limitation at some of the monitoring points. Below is a summary of the status:

KOBWA
 Aquatic Biomonitoring in the Komati and Lomati Rivers
 Dry Season Survey (August 2024)

	<i>In-situ</i> deviations	Habitat availability	Invertebrate PES	FAIR EC	Diatom EC
MD-US	None	Good	Category D (Largely Modified)	Category E (Seriously Modified)	Category B (Good Quality)
M0	None	Good	Category C ¹ (Moderately Modified)	Category E (Seriously Modified)	Category A/B (High Quality)
M1	None	Adequate	Category B ² (Largely natural with few modifications)	Category F (Critically Modified)	Category B (Good Quality)
M2	Dissolved Oxygen saturation	Inadequate	Category E (Seriously Modified)	Category D (Largely Modified)	Category B (Good Quality)
K3a	None	Good	Category B (Largely natural with few modifications)	Category D (Largely Modified)	Category A/B (High Quality)
K5	None	Good	Category D (Largely Modified)	Category E (Seriously Modified)	Category A (High Quality)
DK-US	None	Good	Category D (Largely Modified)	Category C (Moderately Modified)	Category A (High Quality)
DK-DS	None	Good	Category C (Moderately Modified)	Category D (Largely Modified)	Category A (High Quality)
L1	None	Good	Category C (Moderately Modified)	Category F (Critically Modified)	Category B (Good Quality)

¹ Result to be interpreted with discretion. Refer to Section 4.4.1.5

² Result to be interpreted with discretion. Refer to Section 4.4.1.6

- a) **In-situ water quality analysis:** None of the monitoring points recorded a deviation for any in-situ water quality parameters, except for the Mananga monitoring point (M2) which recorded decreased Dissolved Oxygen saturation.
- b) **Flow:** The flow in the Lomati River upstream of Driekoppies Dam was lower than the flow at the downstream monitoring point. Driekoppies Dam was receiving an average inflow of 1.3 m³/s (Matsamo weir) and an average outflow 4.1 m³/s (Driekoppies weir). Flow in the Komati River at Hoogenoeg (MD-US) during the week of the field survey peaked at an average daily flow of 3.1 m³/s. Water level had reduced at Nyonyane monitoring point (M0) and suitable for biomonitoring. Daily average flow through the Maguga weir was in the range of 5.0 – 15.0 m³/s between July and September 2024. Flow in the Komati River through the Tonga and Hooggenoeg weirs was increasing during the week of the survey due to rainfall in that same week. Peak flow was also recorded ~4 weeks after the survey, which could be attributed to seasonal rains in the region. Water level had decreased at the time of the survey at most of the monitoring points, with most of the sections accessible within the Komati River.

- c) **Microbial analysis:** Visual observations on site revealed the presence of Planorbinae, a subfamily of freshwater snails that serve as intermediary hosts for the trematode parasite of the Schistosoma genus.
- d) **Macroinvertebrate Response Assessment Index (MIRAI):** All monitoring points provided good habitat availability for macroinvertebrates except for Silingani monitoring point (M1-located downstream of Maguga Dam) and at Mananga monitoring point (M2-located at the Mananga border). Monitoring point M1 provided inadequate (poor) habitat availability whereas monitoring point M2 provided adequate habitat availability for macroinvertebrates. Vegetation cover was the least available at both monitoring points. The MIRAI categorised the Ecological Category of the Komati and Lomati rivers as a Category E (Seriously Modified).
- e) **Aquatic Macroinvertebrates:** The Present Ecological Status (PES) of aquatic macroinvertebrates within the Lomati River was categorised as Category D (Largely Modified) for Jeppes Reef monitoring point (DK-US), whereas monitoring points downstream of Driekoppies dam (DK-DS) and at Kleindoringkop (L1) were categorised as Category C (Moderately Modified). The Komati River recorded a PES of Category E (Seriously Modified) at monitoring point M2. Monitoring points Hoogenoeg (MD-US) and at Lebombo (K5) recorded a PES of Category D (Largely Modified), whereas at the Tonga monitoring point (K3a) recorded a PES of B (Largely natural with few modifications). Monitoring point Nyonyane-M0 recorded a PES of Category C, whereas the Silingani monitoring point (M1) recorded a PES of Category B (Largely natural with few modifications).

However, the PES for both monitoring points M0 and M1 were regarded as outliers as they are not representative of conditions on site. Most of the taxa recorded at both monitoring points M0 and M1 were pollution tolerant taxa. All monitoring points presented signs of deterioration when compared to the 2023 dry season survey except for monitoring points MD-US, M0 and M1 which were not sampled during the 2023 dry season survey. All monitoring points complied with the Resource Quality Objectives (RQOs) for aquatic macroinvertebrates, except for monitoring points M0 and M2. Both monitoring points were ecologically deteriorated when compared to the RQO for the systems. The invasive *Cherax quadricarinatus* was observed in the Komati River.

- f) **Fish Response Assessment Index (FRAI):** The FRAI categorised the river reaches (Komati and Lomati rivers) downstream of Maguga Dam and Driekoppies Dam in Category C/D (Moderately/Largely Modified) which is a marginal deterioration from the

reference condition of Category C for both river reaches. The change in seasonal flow, habitat, limited migratory routes and presence of alien invasive fish species could be attributed to the change from reference conditions.

- g) **Ichthyofauna:** The ecological state across the various monitoring points ranged between Moderately (Category C) to Critically (Category F) Modified. Invasive fish species *Gambusia affinis* (mosquitofish) and *Micropterus salmoides* (Largemouth Bass) were observed in both the Lomati and Komati rivers. Monitoring points L1 and M1 were Critically Modified in the current survey, with the upstream monitoring point of Driekoppies Dam being Moderately Modified.
- h) **Diatoms:** The diatom data indicated that the PES of the Lomati and Komati rivers is of Good to High Quality, fluctuating between an A and B Ecological Category.

Recommendations with regards to biomonitoring

Following the survey, the following recommendations were made:

- Aquatic biomonitoring should continue to determine any trends and variations at the various monitoring points.
- Daily average flow at the weirs should continue to be monitored and the data analysed to understand the magnitude and duration of flow, and how these may affect the ecological state of the streams downstream.
- Riverbanks at Mananga monitoring point (M2) continue to erode, with sugar cane farms located at the edge of the riverbanks. It is important that the riparian zones are protected to prevent loss of riparian vegetation, which ultimately plays an important role in reducing erosion. 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.
- Accessibility and hazards on site served as minor limitations to an in-depth analysis of the various monitoring points. Additional access points should be identified for ease of access should the "primary sample point" be inaccessible.

Groundwater Monitoring

The sampling is carried out in drinking water boreholes that KOBWA drilled for the communities as part of the corporate social responsibility programme, within KOBWA's operational area. The collected samples are taken to the Labserve laboratory in Nelspruit for analysis, as the KOBWA water laboratory is still not accredited to produce results for drinking water as per SANS241:2015 Standard. There is a total number of seventeen (17)

boreholes that were identified, however, currently ten (10) boreholes are sampled as some are dry and dysfunctional. There are eleven (11) boreholes located in Eswatini and six (6) boreholes located in South Africa, as seen in Figure 10 below. For the purposes of this annual report, only three boreholes are selected downstream of both dams. The microbiological parameters are also analysed as these are production boreholes.

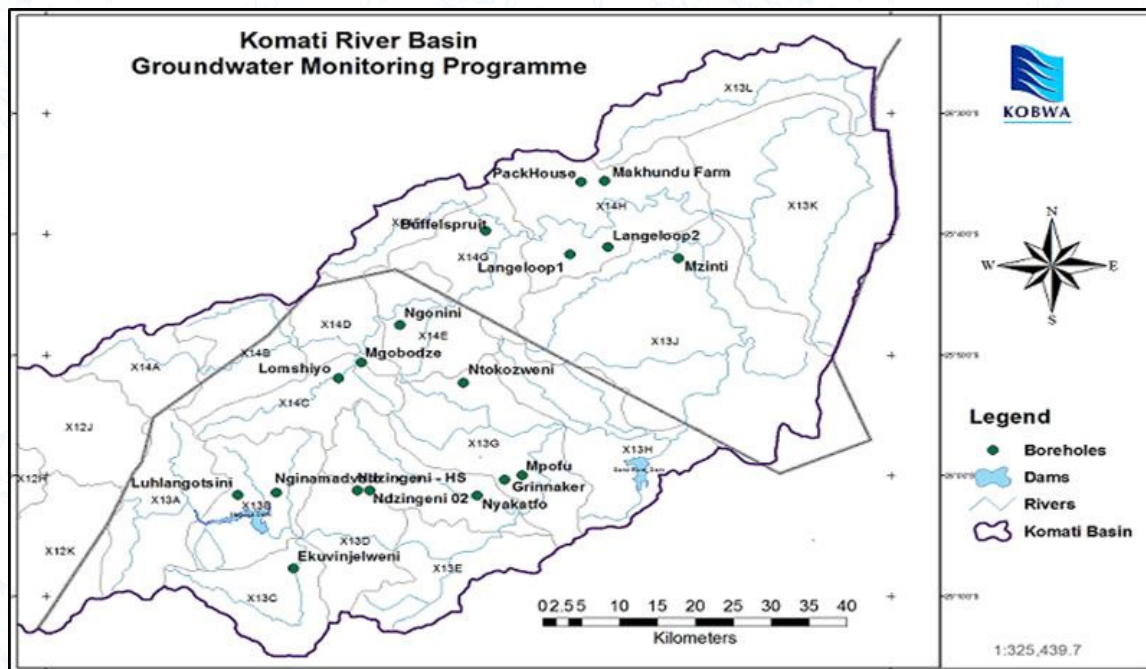


Figure 10: Location of the KOBWA groundwater monitoring network.

Results and Discussions

The samples were sent to Labserve Laboratory for analysis against SANS241:2015 drinking water quality key standards. The key drinking water quality parameter for the purposes of this annual report, is Fluoride. The Fluoride levels were compliant but slightly elevated in Nyakatfo and Langloop boreholes, there was exceedance from the limit of <3.5mg/l for drinking water, however, within acceptable limits in terms of the upper limit for class 4 irrigation water use indicated in figure 10 (a).

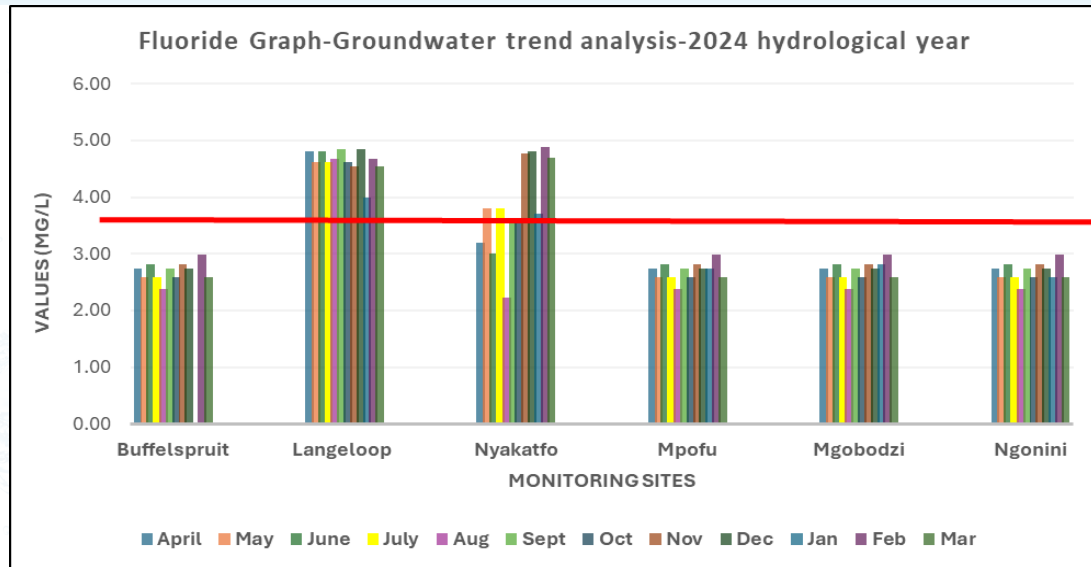


Figure 10 (a): Fluoride graphical presentation for groundwater-fitness for use for domestic use

Fluoride is a naturally occurring mineral found in rocks, it is also added in toothpaste for dental benefits in protecting the tooth enamel and preventing cavities. Significantly high levels in borehole water may not be fatal, but will have aesthetic impacts, such as dental fluorosis and skeletal fluorosis in the long run. In water treatment plants, the levels of fluoride are lowered using reverse osmosis filtration that also helps in reducing the levels of Total Dissolved salts. This method is not cost-effective for the communities in rural areas and there might be a need to boil the water before drinking it.

KOBWA Water Laboratory

The laboratory is used for the testing of samples that are collected in all the KOBWA monitoring points. Currently the Lab is being set up in terms of housekeeping and good laboratory practice to align with the requirements of ISO17025:2017. The Laboratory is affiliated as a member with the National Laboratory Association of South Africa and the Eswatini National Laboratory Association for Proficiency Testing Schemes. In the future, samples from external stakeholders will also be analysed as form of revenue collection and business initiative for the organization.

ISO17025 – Laboratory accreditation roadmap

Currently Good Laboratory Practices in terms of housekeeping and document control are being followed in the laboratory. The South African Development Community Accreditation Services (SADCAS) and the National Laboratory Association of Eswatini (NLAE) have been appointed as professional service providers to assess KOBWA as one of the first phase of the accreditation process.

The process for the accreditation of the Laboratory was delayed by the resignation of the Laboratory Technologist just before the beginning of the 2024/25 financial year. In November 2024, the vacant position was filled, and the process was re-ignited after competency of the new member was established. The roadmap to accreditation is as follows:

Phase 1: Gap Analysis:

- Conduct assessment of the Physico-chemical and document control (NLAE Auditors): week 26/27 February 2024;
- Closing Gaps/Findings (KOBWA): 1 month (April 2024);
- Clearing of findings/nonconformities (NLAE Auditors): 1 month (July 2024);
- Conduct assessment of the infrastructure (building & equipment) and human resource (Technical validation, competency & Accreditation requirements and readiness (INMACOM Auditors): week 24-28 March 2025);
- Assessment report-NLAE Physico-chemical submitted April 2024 and conformities closed.

The laboratory effectively participates in the water microbiology proficiency testing with the National Laboratory Association (NLA) in South Africa. Proficiency testing is undertaken by a laboratory to provide objective evidence that they are competent to perform certain measurements/ and testing. This is part of assuring accuracy and credibility of results that are produced by the laboratory and is also a requirement for ISO 17025. The Laboratory Quality Manual, Laboratory Policy, Standard operating procedures and Analytical methods used in the laboratory have been reviewed and approved.



5 FOCUS AREA: FINANCIAL MANAGEMENT AND OTHER SOURCES OF INCOME

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

5.1 Accounting Software

5.1.1 Sage Evolution 200

The Advanced Procurement module was implemented in Quarter 3. The overall outcome of the SAGE 200 implementation was achieved and KOBWA has streamlined all procurement activities. KOBWA staff were trained on Sage Advanced Procurement. The next phase will be to centralize procurement activities.

5.2 Government Funding

The total organizational budget allocated for the financial year 2024/25 amounted to **R/E78,144,768**. The net amount payable to KOBWA is **R/E75,926,821** after considering sundry income allocations of **R/E1,512,555** from the Republic of South Africa and **R/E705,392** from the Kingdom of Eswatini. This amount includes an operational budget of **R/E57,894,768** and loan repayments of **R/E20,250,000**.

5.2.1 Government of South Africa

The total **R/E42,343,211** payable by the Republic of South Africa relates to Operational expenditure. **R/E30,375,000** for loan repayments was catered for by a sinking fund created for interest and balloon payment of the Hambros Bank Loan. Interest payments for the FY2024/25 were paid from the sinking fund. KOBWA received FY2025/26 funding for Q1 in advance. The amount received in FY2024/25 Q4 was **R/E13,364,000**.

Operational Budget

QUARTER	PERIOD	ANNUAL BUDGET R/E	DUE DATE	AMOUNT RECEIVED R/E	DATE RECEIVED	BALANCE R/E
1	April to June	10,310,614	01.04.2024	10,310,614	2024.07.08	0
2	July to Sept	2,823,325	01.07.2024	12,823,325	2024.06.28	0
3	Oct to Dec	10,122,231	01.10.2024	10,122,231	2024.10.10	0
4	Jan to Mar	,087,041	01.01.2025	9,087,041	2024.12.23	0
N/A	March	3,634,000		13,634,000	2025.02.28	0
Totals		2,343,211		55,977,211		0

Table 11: RSA Quarterly Funding Schedule for FY 2024/25

5.2.2 Kingdom of Eswatini

Of the total **R/E33,583,610** payable by the Eswatini Government, **R/E20,250,000** relates to the loan repayments and **R/E13,333,610** towards operational expenditure.

Capital Loans Budget

QUARTER	PERIOD	ANNUAL BUDGET R/E	DUE DATE	AMOUNT RECEIVED R	DATE RECEIVED	BALANCE R/E
1	April to June	10,125,000	01.04.2024	10,125,000	2024.07.02	0
2	July to Sept					
3	Oct to Dec	10,125,000	01.10.2024	10,125,000	2025.01.09	0
4	Jan to Mar					
	Totals	20,250,000		20,250,000		0

Table 12: KoE Quarterly Loan Funding Schedule for FY 2024/25 – CAPEX Loans

Operational Budget

QUARTER	PERIOD	ANNUAL BUDGET R/E	DUE DATE	AMOUNT RECEIVED R	DATE RECEIVED	BALANCE R/E
1	April to June	3,209,295	01.04.2024	3,209,295	2024.07.03	0
2	July to Sept	4,149,255	01.07.2024	3,520,705	2024.09.23	628,550
3	Oct to Dec	3,232,728	01.10.2024	3,365,000	2025.03.04	-132,272
4	Jan to Mar	2,742,332	01.01.2025	3,365,000	2025.03.26	-622,668
	Totals	13,333,610		13,460,000		-126,390

Table 13: KoE Quarterly Loan Funding Schedule for FY 2024/25 – Operational Budget

5.3 Long Term Loans

5.3.1 Hambros Bank

R/E375,000 000 loan denominated in registered stock (bond) KW01 notes with a coupon rate of **13.5%** payable semi-annually, which translates to **R/E25,312 500** interest. The balloon capital repayment is payable at maturity on 31 October 2027. The first payment was made on the 30th of April 2024, and 6 repayments remain to maturity. The last payment was made on the 31st of October 2024. Regarding the HAMBROS Loan, KOBWA continues to comply with the JSE requirements.

Financial Institutions	Face Amount	Effective interest rate	Start Date	End Date	# Rem Interest Instalments	Amortised Balance 31.03.2024	Balance at 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	10	371,447,102	375,000,000
DBSA	488,401,000	10.00%	30.09.2000	31.03.2020	0	0	0
Total	1,641,401,000					371,447,102	375,000,000

Table 14: Detailed Loan repayments schedule 31 March 2025.



6 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

6.1 Stakeholder Engagement



KOBWA CEO Mr. Trevor Shongwe briefing His Majesty King Mswati III on the management of Maguga Dam.

On March 1, 2025, His Majesty King Mswati III visited the Maguga Dam to officially launch the Maguga Hydropower Expansion Project. During his visit, the King observed the dam's spillway as Mr. Trevor Shongwe, the Chief Executive Officer of the Komati Basin Water Authority (KOBWA), explained how the dam is managed to ensure that downstream farmers receive adequate water for irrigation. Following the tour of the Maguga Dam, on March 3, 2025, their Majesties visited Lake Matsamo, which is located on the Driekoppies Dam. During this visit, the King toured the Driekoppies Dam with guidance from the CEO Mr. Trevor Shongwe and the Water Bailiff Mr. Angel Gwebu.

In his address to the audience, King Mswati III encouraged KOBWA to develop programs that would benefit the Matsamo community. He further urged the community to consider ways to utilize Lake Matsamo for income generation, as the area has sufficient water for businesses such as crocodiles and fish farming.



King Misizulu of the Zulu nation and KOBWA staff posing for the camera.

On the 30th of May 2024, the KOBWA was visited by King Misizulu of the Zulu nation in South Africa. The King and his delegation were welcomed by KOBWA CEO, Mr. Trevor Shongwe, Operations Director, Mr. Sakhiwe Nkomo, Acting Corporate Services Director, Mr. Nicholas Mkhathshwa and staff. While viewing Maguga Dam, the CEO gave a summary of KOBWA and explained how the two dams (Maguga and Driekoppies) are operated and managed. The King appreciated the warm welcome from the CEO, management and staff.



KOBWA Community Development Officer, Mr. Nicholas Mkhathshwa leading proceedings of the stakeholder engagement meeting at Endlembeni community.

In October 2024, KOBWA facilitated stakeholder engagement meetings in five communities around the Maguga dam. These meetings discussed the marking and zoning of a business area near the dam. The communities involved were Endlembeni, Luhlangotsini, Kwakheni, Mahlabane, and Nkomazi. This development aims to create a business zone and enhance the local community's economic status through business development. The initiative began with the installation of pegs around pieces of land earmarked for business use. The

meetings aimed to sensitize the community to the initiative and explain how it may generate income and uplift the local economy. During the meetings, Ekuvinjelweni traditional leaders led the process with support from KOBWA management.



Ngowane Primary School students listening attentively to KOBWA and NDMA Representatives during the flood risk sensitization.

KOBWA in collaboration with the National Disaster Management Agency (NDMA) in Eswatini conducted sensitizations on flood risks and preventative measures at five Primary Schools. As the rainy season was at hand, the two organizations jointly visited the schools to empower the students on how they could protect themselves in case rivers and dams got flooded to prevent drowning. In addition, the students and teachers were sensitized on taking note of emergency numbers so that they can easily dial for help when the

need arises. Approximately 1,000 people (students and school administration) were reached with messaging.





From left: KOBWA Chief Executive Officer, Mr. Trevor Shongwe and INMACOM Interim Executive Secretary, Mr. Spencer Green-Thompson shaking hands after signing the MoUs.

On February 13, 2025, the KOBWA and the Incomati & Maputo Watercourse Commission (INMACOM) signed a Memorandum of Understanding (MoU) during a press briefing held at the INMACOM offices in Mbabane, Eswatini. The objective of the MOU between INMACOM and KOBWA is to promote cooperation, resource development, joint project development and capacity building in systems designed to enhance water resource management. The MOU also aims to promote knowledge exchange, collaboration in joint studies, exploring resource mobilization measures, and developing projects of mutual interest.



DMC Members smiling for the camera after the training.

On the 7th of March 2025, the KOBWA held a training session for the Driekoppies Dam Management Committee (DMC). The purpose of the training was to provide the committee with a thorough understanding of their roles and responsibilities as they carry out their duties over the next five years, as well as to ensure the effective implementation of the Resource Management Plan. (RMP).



7 FOCUS AREA: PEOPLE MANAGEMENT

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

7.1 Introduction

The Corporate Services Department provides strategic leadership in managing human resources, industrial relations and fleet management. As a support function, the department drives the development and implementation of effective strategies that ensure the successful delivery of programmes aligned with KOBWA's corporate objectives.

7.2 Staff Complement

		All Staff	Executive	Mid Management/ Technical	Supervisory	General Support	%
Number		45	4	9	15	17	100%
By Country Of Origin							
SA		17	2	5	3	7	38%
SD		28	2	4	12	10	62%
By Gender							
Males		29	4	4	9	12	62%
Females		16	0	5	6	5	38%
By Station							
Driekoppies		16	1	3	5	7	35%
Maguga		29	3	6	10	10	65%

Table 15: Shows KOBWA Employee demographics

No	Type of Employment	Total No.	Departures Financial Year-End 31 March 2025
1.	Permanent	38	0
2.	Contract	7	0
3.	Internship	3	0

Table 16: Shows KOBWA Employee types and departures

7.3 Vacant Positions:

The following positions remain vacant as at 31 March 2025:

- Human Resources Assistant
- Systems Modeller
- Business Development Director
- Operations Director

7.4 Internships and Learnerships

At the end of the financial year 2024/2025 KOBWA had the following Internship Contracts:

Department	Duration	End Date
Operations-Environment	3 Months	31 March 2025
Operations – Engineering X2	6 Months	31 July 2025

Table 17: Shows KOBWA Internship and Learnership Contracts

7.5 Employee Performance Management System

KOBWA continued to recognize high-performing officials by awarding performance bonuses to those who exceed expectations, according to the individual performance system aligned with the organizational strategy. Performance reviews are conducted biannually, after which recognition is given to all officials who meet or surpass expectations. For underperformers, support is provided through various interventions, including monitoring, coaching, motivation, and upskilling via training programs.

7.6 Training & Development

KOBWA provided opportunities to twenty (20) staff to undergo training as per the approved Work Skills Plan. The following officials from each department were given the chance to attend skills development programs:

Department	Total No Trained
Administration	2
Corporate Services	6
Finance	3
Operations	9
Total	20

Table 18: Shows KOBWA Employee training & development per department

7.7 Industrial Relations

The National Education, Health, and Allied Workers' Union (NEHAWU) and the National Public Service and Allied Workers' Union (NAPSAWU) are currently recognized by KOBWA. Their membership is as follows:

Labour Parties	Membership	Percentage (%)
NAPSAWU		22.2
NEHAWU		24.4
NON-UNIONISED		53.3

Table 19: Shows KOBWA Employer-Employee relationship

7.7.1 Consultations and Negotiations

The Organised Labour and the Employer (referred to as the Parties) are finalizing inputs for the KOBWA Policies and Procedures Manuals as part of a consultation process before submission for final approval by the Board.

7.7.2 Long Service Awards

The long-standing tradition of recognising employees for their long service continues to be observed. Certificates and awards were presented to the following employees during the end of year function:

Category/Years of Service	No. of Employees	Name of Employee
5 Years	1	Zanele Duba
10 Years	1	Sakhiwe Nkomo
15 Years	1	Nompumelelo Mnisi
20 Year	1	Musa Dlamini
25 years	1	Bheki Dlamini

Table 20: Shows KOBWA Long Service Awards



8 FOCUS AREA: TECHNOLOGY AND BUSINESS PROCESSES

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

8.1 Quality and Occupational Health and Safety Management Systems

To comply with the requirements of the Occupational Health and Safety system standard ISO 45001:2028, KOBWA through the Safety, Health, Quality, and Risk Office has been actively implementing corrective actions. This effort is a response to the audit conducted in 2023, which identified three major non-conformities raised by BSI. The progress is indicated in table 21 below:

Finding	Progress
No competency training for crane and lifting equipment operators, confined space entry and electrical lock-out , evidenced by no statutory and competency training performed for high-risk tasks.	The training courses have all been carried out, thus, the findings have fully been addressed.
No emergency drills conducted in 2023 to date.	This finding was addressed with a fire drill that was carried out on the 8 th of February 2024. More drills to be conducted to strengthen other areas identified in the OHS Committee Meetings during progress reports.
Fire extinguisher inspections 5 months overdue at Driekoppies operation.	Driekoppies Dam fire extinguishers were serviced.
The inputs and outputs related to and or expected from identified processes have not been documented or determined with regards to the business process documented.	Documenting the process flows through one-on-one interviews with different personnel within the organization is ongoing. This is a requirement raised in the previous audit and will assist in moving towards certification. About 65% of the process flows have been documented.
Needs and expectations of workers and other interested parties and which of these are compliance obligations have not been clearly determined in the Stakeholder Management Mapping Document.	The RQO obtained their needs and expectations from heads of departments to facilitate the process and play an active role in mapping the needs and expectations.
Hazard identification and assessment of risks and opportunities is incomplete. E.g. Confined Space Entry, Unsafe Conditions. Furthermore, the application of the hierarchy of controls is not clearly documented in the risk assessments.	Hazard identification and risk assessment (HIRA) including the assessment of opportunities have been completed covering confined space entry, unsafe conditions following training.
Planning actions to achieve OHS objectives have not been established.	KOBWA now has a plan to maintain and retain documented information on the OH&S objectives and plans to achieve them.
No complete OHS-MS Internal Audit has been conducted to date.	A legal audit was carried out in the financial year. The audit covered a greater part of the OHS Management system. This has preceded the stage 1 which has been planned for the new financial year.
Not all relevant safe work procedures have been established, employees trained, and competency assessments performed (Planned Task Observations).	Safe work procedures have since been documented.

Table 21: Status of implementation of the OHS non- conformity issues

8.2 OHS Training

During the 2024/25 financial year, several important Occupational Health and Safety (OHS) training sessions were conducted to enhance compliance, competency, and awareness across KOBWA.

A Fire Fighting Training was successfully completed for the Driekoppies Dam Assistant Water Bailiff, who was subsequently appointed as the site Fire Fighter. Additionally, the Corporate Services Director received training on OHS responsibilities, which supports safe leadership within the department. Furthermore, SHE Representative training was held for the OHS Committee to ensure that all members understand their roles in promoting workplace safety and environmental stewardship. This initiative aligns with KOBWA's ongoing efforts to maintain compliance and foster a strong safety culture. Lastly, a training plan was developed for individuals in key OHS roles, including first aiders, fire fighters, and incident investigators, to address expiring certifications and onboard new appointees. Scheduling for these trainings was initiated with the relevant staff.

8.2.1 Motorbike training

Based on the audit findings regarding the need for trained individuals to comply with certification requirements, a motorbike training was conducted for five members of the Operations team (Assistant Water Bailiff-DD, Assistant Water Bailiff-MD, Technical and Auxillary Officer, Tractor Driver, and General Worker/groundsman) through an approved service provider. Learner licenses for the staff will be obtained in the next financial year.

8.2.2 Quality Management System workshop

On the 8th of August, the Risk and Quality Officer (RQO) conducted staff training on ISO 9001:2015 facilitated by DQS (Pty) Ltd in South Africa. The training aimed to build staff understanding and capacity for implementing a Quality Management System (QMS), contributing to KOBWA's certification.

Key Topics Covered:

- 7 Quality Management Principles: Customer focus, leadership, engagement of people, process approach, improvement, evidence-based decisions, and relationship management.
- Continual Improvement: Emphasis on anticipating complaints to identify improvement areas.
- Deviations & Root Causes: Importance of communicating risks and quality issues.
- Reputational Risk: Highlighted as the biggest risk, stressing the need for high customer satisfaction.

- An update on the progress of the certification journey, including resolved findings and outstanding areas was shared.

8.2.3 OHS Committee Meetings

Eight (8) OHS committee meetings were held in the FY 2024/25. Where meetings were not held the committee members carried out health and safety inspections in the organised groups as well as conducted dam wall and fire extinguishers inspections guided by Member States requirements. Directors were encouraged to attend the OHS meetings to ensure support for the closing out of findings and observations made by the committee as some need budgetary provision as well as Director interventions.

8.2.4 Strategic Risk Planning – 2025/26 Workshop

KOBWA's annual Strategic Risk Workshop was held from 21–22 November 2024 in White River, South Africa. During the workshop, EXCO reviewed progress on strategic objectives, evaluated associated risks, and planned for the upcoming financial year. Key expectations included simplifying the Combined Assurance approach, removing resolved risks, aligning the five-year Strategy with the three-year budget, and improving focus on critical and competency-related risks. Emphasis was also placed on making objectives SMART and revisiting the outdated Delegation of Authority.

The workshop involved rating risks, reviewing current controls, and identifying improvement actions. In February 2025, the 2025/26 Strategic Risk Register was presented to the Board for approval, and it was engaged on to ensure alignment with the Treaty review which is pending approval by the Parties.

8.3 OHS Policy

The OHS Policy was finalized through extensive consultation with the Staff Unions Task Team and relevant departments, addressing legislative requirements and audit observations. After review by internal committees and incorporation of feedback, the policy was approved by the Board and signed by all relevant officials.

8.4 Vehicle Inspection

A comprehensive safety and maintenance inspections of all KOBWA vehicles was conducted. The purpose of these inspections was to ensure that each vehicle remained roadworthy and complied with safety standards. The assessment included critical components such as engines, brakes, tires, suspension systems, electrical systems, and both the interior and exterior conditions of the vehicles. After the inspections were completed, a detailed Vehicle

Inspection Report was compiled and shared with Corporate Services Department, along with an Action Plan Template addressing identified issues.

8.5 Annual Staff Medical Assessments

To support early detection of health issues, ensure legal compliance, and promote workplace safety and wellbeing, an annual medical assessment for staff was conducted. Tests based on job requirements included general medical, spirometry (lung function), vision, and audiometry.



L&R: A staff member under going the occupational assessment.



8.6 Fire Drills at Driekoppies and Maguga Offices

In the last quarter of 2024/25, fire drills at the Driekoppies and Maguga offices were conducted. The Driekoppies fire drill was facilitated by Working on Fire (WoF), while the Maguga drill was observed by Eswatini Fire and Emergency Services (EFES), including the Pigg's Peak division. Most staff and visitors responded promptly by proceeding to the designated emergency assembly points. Headcounts were conducted to ensure full evacuation and the importance of conducting and adhering to fire drills regulations was strongly emphasised, not only to meet compliance requirements but also to reinforce emergency preparedness and life-saving habits, both in the workplace and at home.



From L&R: Driekoppies Dam and Maguga Dam staff at the assembly points during the emergency drill respectively.

8.7 Legal Audit



Assistant Water Bailiff, Mr. Vusi Magagula explaining how the Driekoppies Dam valves are operated.

Legricon a company providing professional solutions for legal compliance management was engaged to conduct a legal audit at the Driekoppies Dam office. The audit involved the review of relevant documentation and covered key areas such as policy and legislative access, statutory appointments, communication and meetings, licenses and permits, and incident and emergency management. A physical inspection of the Driekoppies Dam was also carried out, this audit supports KOBWA's commitment to regulatory compliance and continuous improvement in legal and operational governance.

8.8 RISK MANAGEMENT

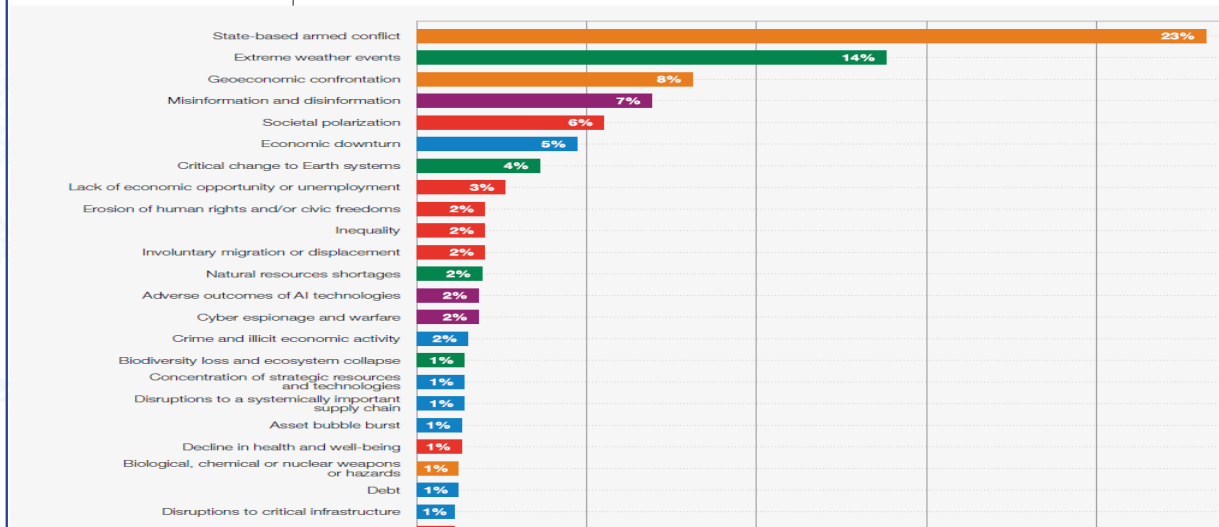
Deepening geopolitical and geoeconomic tensions

The current year's findings for the world in 2025 with the two-year risk outlook provided by the GRPS two years ago shows how far perceptions have darkened when it comes to conflict. **State-based armed conflict**, now ranked as the #1 current risk by 23% of respondents (Figure B), was overlooked as a leading two-year risk two years ago. In a world that has seen an increasing number of armed conflicts over the last decade, 2 national security considerations are starting to dominate government agendas. This is the expression of the World Economic Forum (WEF)'s CEO in the 20th edition of the Global Risks Report 2025.

FIGURE B

Current Global Risk Landscape

"Please select one risk that you believe is most likely to present a material crisis on a global scale in 2025."



The rise in the two-year ranking of Geoeconomic confrontation, from #14 last year to #9 today reflects unease about the path ahead for global economic relations. The role of technology in geopolitical tensions also concerns respondents, with Cyber espionage and warfare ranked #5 in the two-year outlook.

From South Africa's perspective, the US-China trade war presents both challenges and opportunities.

- **Limited Direct Impact:** The trade war has a limited impact on South Africa's trade with China, given the key product categories. However, an escalation could negatively affect international commodity prices, particularly base metals and carbon-based steel.

- **Potential Opportunities:** South Africa could capitalize on the trade war by increasing exports to China, especially in the agricultural sector. For instance, the US-China trade tensions have led to China imposing tariffs on US agricultural products like soybeans, pork, and beef, creating potential opportunities for South African exporters.

The risks discussed above are those that affect KOBWA as a player in the water industry and a contributor to the economy and environmental health, water quality and availability, she has to ensure optimization of the water resources and related infrastructure, unlock existing capabilities, as well as take deliberate long-term views and actions. KOBWA continues her commitment to effective risk management through the Board's engagements on the quarterly reports by Management.

The KOBWA Executive has proceeded in managing strategic risks through the Strategic Risk Register. This register illustrates the progress made by KOBWA Executive Management in the financial year 2024/25. There are six strategic objectives under which there are risks

with multiple sub risks which in total sum up to 31 as two have been archived in the 2024/25 Strategic Risk Register. The strategic risks are presented graphically in Figure 11 and 12, which shows inherent risks (before application of controls) and the residual risks (after application of controls) in Q3 and Q4.

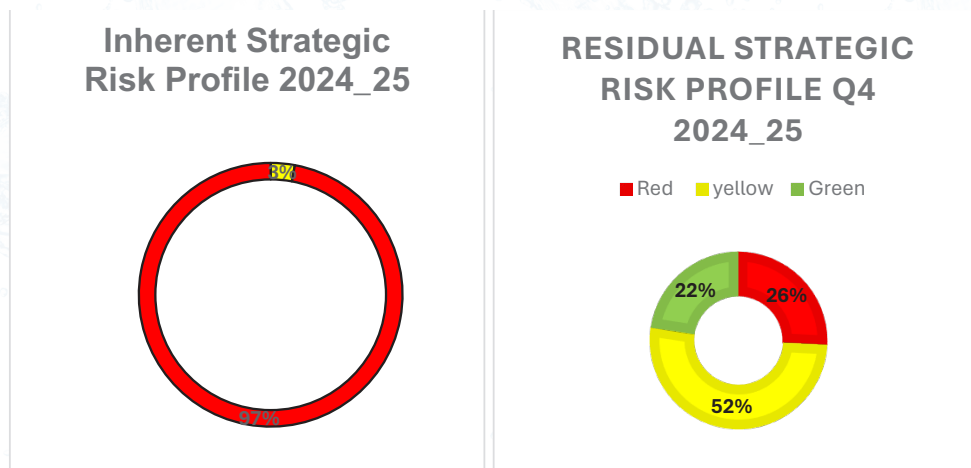


Figure 11 -12: Showing Risks before and after controls at the end of 2024/25

Following the archiving of two risks, there are 30 red rated risks and only one yellow rated risk, which account for 97% and 3% before the application of controls. Following the application of controls the red rated risks dropped from 30 to 8, the others added to yellow rated risks amounting to 16 and the others added to green rated risks amounting to 7. This accounts for **26%, 52% and 22%** respectively as can be seen in Figure 2 above.

Discussion of the Risks

The risk of **“Failure to meet water requirements and expectations of the Parties”** has 9 sub-risk/backgrounds. Linked to this risk is the sub-risk, **“Failure to Adapt to Hydrological Changes Especially due to Climate Change”** which has a residual risk rating of 11.

Management has reported GEF project is ongoing.

The sub-risk **“Poor quality of water supplied to Parties due to utilizable water in the system uncondusive for either irrigation, domestic and aquatic ecosystem, resulting in system losses, waterborne diseases, or ecosystem losses due to anthropogenic activities”** also has a high residual rating of 12.

The report is that the wet season biomonitoring was conducted, and report is pending. The sub-risk **“Encroachment of community households within the dam fenced areas”** still sits as a high risk in the register.

Management reports that the gazetting process is still in progress. The DMC was able to have a workshop and that dam patrols were conducted on both dams. The gazetting process is noted to be out of KOBWA's control but remains a big impediment. The DMC Workshop is noted positively as the role of the DMC was clarified and buy in was obtained with regards to socio-economic initiatives in the area. Strategic partners such as IUCMA, the Nkomazi Local Municipality were part of the session hence ease of allocation of the initiatives to the relevant partner.

The sub-risk **“Stagnation and poor positioning in terms of competitiveness in the industry”** is a red rated risk with the rating of 12.

The control measure reported by management is that The Treaty to be signed in 1st quarter of 2025/26. KOBWA has been appointed by RSA to manage the Lavumisa Potable Water Supply. KOBWA participates in the STEM Junior Achievement Internship program in the KOE.

The BDD recruitment process is noted to have made no progress since the September submission of the shortlist. The reported progress thus the control effectiveness is fair leaving a red residual risk rating.

The risk **“Failure to attract competent staff due to remote geographic location and pay scales.”** Due to the root risk **“Lower salaries in comparison to market trends. Remote location not appealing to potential employees”** has a residual risk rating of 12.

Management reported that the Reviewed HR Policy Manual has been submitted to EXCO for submission to the Board.

The Retention and Succession Strategy is a critical risk to KOBWA as it has not been done in a significant number of years with the imminent Treaty approval and added Lavumisa scope, KOBWA stands a risk of inadequate staff complement to deliver on strategy.

The risk **“Potential misalignment between organizational structure, KOBWA's culture and strategy leading to nonperformance, especially with the revised mandate (Treaty).”** It was managed through Tender advertised but no budget allocation was made.

The risk **“Failure to attract and retain competent staff to fill key positions”** due to Lower salaries in comparison to market trends. Remote location is not appealing to potential employees also still maintains a red residual risk rating. EXCO managed the risk by having the Reviewed HR Policy Manual submitted to EXCO for submission to the Board, leaving the red residual risk rating.

The Risk **“Competition for the same limited government resources because of the existence of other entities with similar mandates and capacity”** has a red residual risk rating.

The revised Treaty planned to be signed in the first quarter of 2025/26. The BDD advert could not attract the right candidates and a new strategy to fill the position is being worked out. The RSA has allocated R2M to initiate the RMP implementation at Driekoppies Dam.

Archived Risks

The risk **“Inadequate Financial Resources to implement Strategy actions”** has been archived as the 2025/26 Budget has been approved and fully funded by the Member States.

The risk of obtaining a **“Qualified audit”** has also been archived as an unqualified audit result was obtained in Q3.

8.9 Internal Audit

KOBWA has an internal audit function whose purpose is to evaluate and improve the effectiveness of risk management, control and governance processes through; ensuring that internal control systems are operating effectively; ensuring compliance with policies, procedures, laws and regulations and that the policies in place adequately safeguard the Corporation’s assets. The internal audit function coordinates with the Authority’s external auditors to ensure proper coverage of financial, operational and compliance controls.

8.10 Internal Audit Mandate

The Internal Audit Function’s (IAF) mandate stems from the KOBWA Treaty, the requirements of the Global Internal Audit Standards, the 2024 International Professional Practices Framework (IPPF) and other relevant best practices such as the Public Finance Management Act, 1999 (Act. 1 of 1999 as amended by Act 29 of 1999) (PFMA – RSA) and the King IV report on Corporate Governance.

8.11 Internal Audit Deliverables

The approved strategic three-year rolling and annual internal audit plans are based on risks identified by management, assurance providers and approved by board. The coverage plan is updated annually, based on the risk assessment and results of previous internal audit and other assurance providers work performed. This ensures that the audit coverage is aligned to the Authority’s strategy and identifies areas of high risk.

The following deliverables were carried out during 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 (FRAC) and approved by the Board;
- Internal Audit Policies and Procedures were reviewed to align with the new Global Internal Audit Standards (GIAS), presented to FRAC and approved by the Board;
- TeamMate internal audit software was rolled out for usage in June 2024;
- The 2024/25 KOBWA Houses & Facilities Management audit report presented to the FRAC and eventually the Board;
- The 2024/25 Interim Financial Statements Review audit report presented to the FRAC and eventually the Board;
- The 2024/25 Governance & Risk Management audit report presented to the FRAC and eventually the Board;
- The 2024/25 Special Purpose (Dam Inspection) Action Plan Progress audit completed and final report to be presented to the FRAC and eventually the Board;
- Quarterly management action plan(s) follow-up audits for the previous financial year's Asset Management, Infrastructure Maintenance, Human Resources Management, Payroll, Water Quality Monitoring, Governance & Risk Management, SCM & Contract Management, Risk & Uncertainties Management, were presented to the FRAC, and eventually the Board.
- The KOBWA IAF has contributed in the effective implementation and provision of assurance in relation to the Authority's Combined Assurance Framework and Model.
- The KOBWA IAF has contributed in creating awareness on fraud, corruption, risk, and controls through the quarterly newsletters of the Authority.

8.12 Management Action Follow-up

The quarterly management action plans follow-up audits are carried out on audit findings that were previously reported by both the internal audit function and external auditors (PWC). The overall year-end results of the follow-up audits conducted indicate that:

- There has been a positive movement on all audit findings that were reflected as unresolved (red) at the beginning of the 2024/25 financial year. This is an indication of positive management effort and control environment.

- On the other hand, there has not been much movement to findings that were partially resolved, at the beginning of the financial year, to fully resolved due to the ongoing policy reviews, draft policies not yet approved by Board, and systematic upgrades the organization is currently phasing in. The policy reviews and systems upgrades are also an indication of positive management effort and control environment.
- Management should put more effort into ensuring all partially resolved findings move to fully resolved status in the 2025/26 financial year.

The resolving of most of the remaining issues is mainly dependent, amongst other things on:

- The actual finalisation of the signing and the implementation of the recently reviewed Treaty by both member States.
- The prioritisation and funding the actioning or implementation of corrective action in relation to statutory dam inspection recommendations.
- The approval of most of the draft frameworks, strategies, codes, and policies (ICT, HRM, Governance, and Finance), will move most of the currently partially resolved audit findings to fully resolved status.
- The strengthening of the second line of defense which includes IT governance, ethics & compliance, and monitoring & evaluation.
- The revisitation of the current organizational structure, by way of a structural review, necessitated by changes in relevant best practices, frameworks and legislations.

8.13 Reporting to FRAC/Board:

On a quarterly basis, the Internal Audit Function reports to the Finance, Risk and Audit Committee on all audit reviews conducted in relation to the approved annual audit plan as well as progress on the approved quality assurance and improvement plan. Liaison with the external auditors is carried out by way of sharing internal audit reports with the external auditors for their proper audit planning and risk assessment. A pre-planning meeting for the 2024/25 financial year external audit has also been co-ordinated by the internal audit function on behalf of the KOBWA executive management committee.



9 FOCUS AREA: SOCIO ECONOMIC INITIATIVES

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

9.1 Corporate Social Responsibility



Little Royal Pre-School completed ablution facilities.

In response to requests from the community in the KOBWA catchment area and aligned with Sustainable Development Goal (SDG) 6, which focuses on water and sanitation, KOBWA has constructed a block of ablution facilities valued at R/E647,000. These facilities were built at Nginamadvolo Primary School in Eswatini and Little Royal Pre-School in Jeppes Reef, Mpumalanga Province, South Africa.



Nginamadvolo Primary School completed ablution facilities.

On 16 January 2025, a site handover meeting for the construction of toilets at Nginamadvolo Primary School was conducted. During this meeting, the contractor, school leadership, and community representatives were informed about the critical importance of maintaining strict health and safety standards throughout the project, aligned with KOBWA's HSE regulations.

9.2 FINCORP Revolving Fund

The FINCORP program was initiated in 2006, and it runs a portfolio of E/R1,000 000. Through this program KOBWA has 143 active clients who were allocated E/R5,000 per person to start up their small businesses. The breakdown of the disbursement and repayment is indicated in the below table:

Loans	Amount
Balance on Portfolio	E/R 448,370.55
Total Arrears	E/R 369, 462.40
Loans Written off	E/R 150,211.36
Repayment at Risk	E/R 31,955.69
Total	E/R 1,000,000.00

Table 22: *FINCORP Revolving fund allocation status report*

The repayment rate is gradually improving; however, clients who were funded in the early stages of the scheme continue to negatively impact on the quality of the portfolio. The involvement of Chieftdom representatives has been helpful in ensuring that all loans are recovered and that the funds are used for business-related expenses. As a result, some loans that were previously written off have been partially recovered following home visits. Additionally, the implementation of weekly payments for vendors involved in group lending has proven to be an effective strategy, as demonstrated by the success of the Matsamo market groups.





KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025



KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

General Information

Country of incorporation and domicile

Republic of South Africa and Kingdom of 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.

Directors

Mr. A. Thobejane
Mr. L. Mzizi
Ms. N. Mabuza
Ms. E. Magagula
Mr. B. Singwane
Mr L.C. Mohalaba (Resigned 17 September 2024)
Mr. T.M. Shongwe (Chief Executive Officer, Ex-Officio)

Bankers

Standard Bank:
Republic of South Africa and Kingdom of Eswatini

Auditors

Nexia SAB&T

Secretary

First Corporate Secretaries (Pty) Ltd

Preparer

The annual financial statements were prepared by:
A3ccube Proprietary Limited
Supervisor: Finance Director (Juan de Wet)

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Index

The reports and statements set out below presented to the Board of directors:

	Page
Part A: Other Information:	
Board's Responsibilities and Approval	3
Finance, Risk and Audit Committee Report	4 - 5
Report of the Independent Auditors	6 - 10
Director's Report	11 - 12
Part B: Financial Information:	
Statement of Financial Position	13
Statement of Financial Performance	14
Statement of Changes in Net Assets	15
Cash Flow Statement	16
Significant Accounting Policies	17 - 25
Notes to the Annual Financial Statements	26 - 47

Abbreviations used:

AFS	Annual Financial Statements
FRAC	Finance Risk and Audit Committee
GRAP	Standards of Generally Recognised Accounting Practice
JSE	Johannesburg Stock Exchange
IAS	International Accounting Standards
JWC	Joint Water Commission
KOBWA	Komati Basin Water Authority
KoE	Kingdom of Eswatini
RSA	Republic of South Africa
The Parties	The Governments of South Africa and the Kingdom of Eswatini
THRC	Technical and Human Resources Committee
Treaty	Refers to the Treaty on the development and utilisation of water resources of the Komati River Basin between the Government of the Republic of South Africa and the Government of the Kingdom of Eswatini of 1992.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Board's Responsibilities and Approval

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the AFS and related financial information included in this report. It is the responsibility of the directors to ensure that the AFS 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. The external auditors are engaged to express an independent opinion on the AFS and was given unrestricted access to all financial records and related data.

The AFS have been prepared in accordance with GRAP including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The AFS are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by KOBWA and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it 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 AFS. 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 12 months from date of signing and, in the light of this review and the current financial position, they are satisfied that KOBWA has or has access to adequate resources to continue in operational existence for the foreseeable future. The 2025/26 budget was approved and the first two tranches have been received. This gives the Board comfort and assurance that KOBWA has sufficient financial resources to cover expected expenditure for the next 12 months.

The AFS are prepared on the basis that KOBWA is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The Board is responsible for the completeness and accuracy of all financial information published in annual reports, electronic media, KOBWA's website and submissions to the JSE.

The external auditor is responsible for independently reviewing and reporting on KOBWA's AFS. The AFS have been examined by KOBWA's external auditor and his report is presented on pages 6 to 10.

The AFS set out from pages 13 to 47, which have been prepared on the going concern basis, were approved by the Board and were signed on its behalf by:



Mr A Thobejane
Board Chairperson
Date: 28/10/2025

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Finance, Risk and Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2025.

FRAC members and attendance

The FRAC consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference.

Name of member	Designation
Ms. N. Mabuza	Chairperson
Mr. L.C. Mohalaba	Member (Resigned 17 September 2024)
Mr. M Singwane	Member
Mr. T.M Shongwe	Ex-officio Member

FRAC responsibility

The FRAC 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 as well as one special meeting.

The FRAC has ensured that KOBWA has, in accordance with paragraph 7.3(e)(ii) of the JSE Debt and Specialist Securities Listings Requirements, established appropriate financial reporting procedures and that those are operating.

The FRAC also reports that it has adopted appropriate formal terms of reference as its FRAC 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 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 function provides the FRAC 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 Application Register which was adopted by the Board outlining how KOBWA adopted the specific principles is available on request.

The Board considered the information provided by the newly appointed audit firm, Nexia SAB&T, and the audit partner (Mr. Ziyad Sonpra) in accordance with paragraph 7.3(e)(iii) of the JSE Debt and Specialist Securities Listings Requirements and is satisfied with their suitability for appointment as KOBWA auditors. The previous auditors, PricewaterhouseCoopers Inc's contract came to an end.

The FRAC has satisfied that the Finance Director, Mr. Juan de Wet, has appropriate experience and expertise to fulfil his duties.

Evaluation of annual financial statements

The FRAC has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the auditors;
- reviewed the accounting policies and practices; and
- reviewed KOBWA's compliance with legal and regulatory provisions.

The FRAC concur with and accept the Nexia SAB&T's report on the annual financial statements, and recommend to the Board for approval.

Internal audit

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

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Finance, Risk and Audit Committee Report

External auditors

The FRAC nominated Nexia SAB&T as the independent auditor and Ziyad Sonpra as the designated partner, who is a registered independent auditor, for the 2024/25 audit. The committee satisfied itself through inquiry that the external auditor is independent as per the standards stipulated by the auditing profession.

The FRAC in consultation with 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.



Ms. N. Mabuza
Chairperson of the FRAC
Date: 28/10/2025

To the Directors of Komati Basin Water Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Komati Basin Water Authority (the Authority) set out on pages 13 to 47, which comprise the statement of financial position as at 31 March 2025, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Komati Basin Water Authority as at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with the General Recognised Accounting Practice ("Standards of GRAP"), issued by the International Accounting Standards Board in accordance with Section 89 and 91(1) of the Public Finance Management Act (Act 1 of 1999) of South Africa.

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

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final 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, and 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.

Audit. Tax. Advisory.

Chairperson: Ms A Zange
Chief Executive Officer: Mr MF Sulaman
SAB&T Chartered Accountants Incorporated t/a Nexia SAB&T
Company Registration Number: 1997/018869/21 | IRBA Registration Number: 921297
Offices in: Bloemfontein, Cape Town, Centurion, Durban, Johannesburg, Kimberley, Nelspruit, Polokwane, Port Elizabeth, Rustenburg
B-BBEE rating: Level 1 Contributor in terms of Generic Scorecard - B-BBEE Codes of Good Practice
SAB&T Chartered Accountants Incorporated is a member of Nexia, a leading, global network of independent accounting and consulting firms.
Please see the "Member firm disclaimer, <https://nexia.com/member-firm-disclaimer/>" for further details.
SAB&T Chartered Accountants Incorporated is an authorised financial services provider.
* A full list of directors is available for inspection at the company's registered office or on request.

Our determination of materiality is a matter of professional judgement and is affected by our perception and understanding of the financial information needs of intended users, which is the quantitative and qualitative factors that determine the level at which relevant decisions taken by users would be affected by a misstatement. These factors 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.

Based on our professional judgement, we determined final materiality for the financial statements as follows:

	Financial statements
Final materiality	R1 213 908 (2024: R1 565 818)
Basis for determining materiality	1% of the total expenditure There was no change in the benchmark applied from the prior year
Rationale for the materiality benchmark applied	We chose the authority's total expenditure as the appropriate benchmark because, in our judgement, it is the key benchmark against which the performance of the Authority would most commonly be measured by the funders, who are the primary users of the financial statements. We considered that the Authority is not profit oriented and total funds utilised on the mandated functions will be the primary focus for funders. The parameter of 1% was selected after business environment, ownership, and capital structure considerations.

During our audit, we reassessed initial materiality and revised our final materiality after identifying audit adjustments to depreciation expense that significantly reduced total expenditure.

Emphasis of matter

We draw attention to the matter below. Our opinion is not modified in respect of this matter.

Restatement of corresponding figures

As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2025.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key Audit Matter	How our audit addressed the key audit matter
Derecognition of Dams and Weirs During the year ended 31 March 2025, the Authority derecognised dams and weirs, from its financial statements. This derecognition was based on management's assessment that the assets do not meet the asset definition in the <i>Conceptual Framework for General Purpose Financial Reporting (Conceptual Framework)</i> and consequently, the recognition criteria under GRAP 17 – <i>Property, Plant and Equipment</i>. This was due to Authority's lack of control over these assets. The determination involved significant judgment regarding the ownership, future economic benefits, and the Authority's continuing control over the economic benefits or service potential embodied in these assets. We considered this a key audit matter due to: • The material value of the assets derecognised as disclosed in note 33 to the financial statements; • The judgements required in the application of the control criteria to the circumstances of the Authority; • The complexity of applying GRAP standards in the context of cross-border infrastructure; and • The potential impact on the Authority's financial position and stakeholder reporting.	Our audit has addressed this key audit matter as follows: • Obtained an understanding of the Authority's mandate by reviewing the Treaty to get an indepth understanding of its rights and obligations and that of the Joint Water Commission (JWC), which represents the parties to the Treaty. • We reviewed management's assessment and supporting documentation, including asset registers, legal agreements, and correspondence with the JWC. • We applied the provisions of the GRAP reporting framework, particularly the Conceptual Framework, GRAP 17 <i>Property, Plant and Equipment</i>, GRAP 32 <i>Service Concession Arrangements</i>, GRAP 109 <i>Accounting by Principals and Agents</i> to the circumstances of the Authority to confirm if the derecognition was appropriate. • We performed a technical review on the annual financial statements, with special emphasis on the control of the dams and weirs. • We obtained an opinion from our GRAP technical experts regarding the criteria of control over the assets and any consequential impact arising from the GRAP reporting framework. • We assessed the adequacy and accuracy of disclosures in the financial statements. The adjustments made included in the prior period restatements disclosed under Note 33 to the financial statements. • We verified that the derecognised assets were removed from the accounting records. Based on the procedures as listed above, we found the application of the control criteria and resulting adjustments to be appropriate.

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 31 March 2025", which includes the Board's Responsibilities and Approval, the Finance, Risk and Audit Committee's Report and the Director's Report. The other information is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do 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 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP, 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 KOBWA or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 company'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 company'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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may be 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.

Report on Other Legal and Regulatory Requirements

Audit Tenure

In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Komati Basin Water Authority for 1 year.

Disclosure of Fee-related Matters

In terms of the EAR Rule, we disclose the following fee-related matters:

	Amount	Network/Joint audit / external component auditors
Audit services fees paid or payable	R623 129.80	None
Assurance services	None	None
Non-audit services	None	None

We communicated with those charged with governance the above fee related matters. Where the total fees represented or are likely to represent more than 15% of total fees received by us, this together with the relevant safeguards applied was communicated with those charged with governance in support of our independence.

Nexia SAB&T

Nexia SAB&T

Per. Ziyad Sonpra

Director

Registered Auditor

28 October 2025

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Director's Report

The directors have pleasure in submit their report for Komati Basin Water Authority for the year ended 31 March 2025.

1. Constitution and corporate profile

KOBWA was established as a bi-national Authority in terms of the Treaty of 1992 signed by the two Member States the KoE and the RSA 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 RSA and the KoE in terms of the Treaty to provide funding for KOBWA's operations mainly through the grant system in line with the provisions of the Treaty.

The AFS have been prepared in accordance with the Standards of GRAP issued by the Accounting Standards Board in terms of section 89 of the Public Finance Management Act in South Africa and the Debt and Specialist Securities Listings Requirements.

These AFS are presented in South African Rand and Eswatini Lilangeni, which is the functional currency of the entity. The exchange rate between these two currencies is 1:1.

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 2025/26 financial year.

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. The AFS 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.

4. Events after the reporting period

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

5. Accounting policies

The AFS were prepared in accordance with GRAP, including any interpretations of such Statements issued by the Accounting Practices Board. No changes in policies were made.

6. Directors' information

The directors of entity during the 2024/25 year and to the date of this report are as follows:

Name	Nationality	Designation
Mr. A. Thobejane	South Africa	Chairperson-Independent, Non-Executive
Mr. L. Mzizi	Eswatini	Vice Chairperson-Independent, Non-Executive
Ms. N. Mabuza	Eswatini	Chairperson FRAC-Independent, Non-Executive
Ms. E. Magagula	Eswatini	Member THRC-Independent, Non-Executive
Mr. B. Singwane	South Africa	Chairperson THRC-Independent, Non-Executive
Mr. L.C. Mohalaba	South Africa	Independent, Non-Executive, resigned 17 September 2024

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Director's Report

6. Directors' information (continued)

EXECUTIVE MANAGEMENT

Mr. T.M. Shongwe
Mr. J. de Wet
Mr. S.M. Nkomo
Mr. Monde January

Nationality

Eswatini
South Africa
Eswatini
South Africa

Designation

CEO, appointed 1 October 2022
Finance Director, appointed 1 May 2022
Operations Director, term ended 31 July 2025
Corporate Services Director, appointed 16 October 2023

7. Secretary

The Company secretary of entity is Mr. T. Sithole of First Corporate Secretaries, appointed on 1 January 2022.

8. Corporate governance

Pursuant to paragraphs 7.6, 7.10, 7.13 and 7.16 of the JSE Debt and Specialist Securities Listings Requirements, the directors confirm the following:

8.1 Board evaluation:

KOBWA has a Corporate Governance Policy approved in January 2019 which under section 14 stipulates the frequency and procedure to be followed during the evaluation of Board and individual Board Members. By the end of the reporting period the Board was in the process of undertaking an evaluation of the Board and that of individual Directors.

8.2 Conflict of interest:

KOBWA has a conflict of interest policy approved in June 2022 which guides on how the institution manages issues of conflict of interest at all levels of the organisation.

KOBWA does not have any conflict of interest recorded for the period under review.

8.3 Domestic Prominent Influential Persons

KOBWA is not a State-Owned Entity neither a Municipality hence the none existence of Domestic Prominent Influential Persons within the structures of the organisation. However, the organisation does have a policy to deal with the disclosure and treatment of Prominent Influential Persons (i) at board level and (ii) for prescribed officers of the organisation should the need arise.

KOBWA does not have any Domestic Prominent Influential Persons recorded for the period under review.

8.4 Procurement & Loans:

No procurement partners represent 10% or more of KOBWA's annual procurement spend.

No loans or procurement with any related parties, domestic prominent influential persons, or prescribed officers were issued or transacted.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2025

Figures in Rand/Lilangeni

	Notes	2025 R/E	2024 R/E Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	1 388 588	1 655 181
VAT receivable	4	419 615	3 645 128
Prepayments	5	1 105 468	890 929
Hambros Bank Loan Sinking Fund	9	30 375 000	30 375 000
Guaranteed Grant Income Receivables	10	20 250 000	20 250 000
Cash and cash equivalents	6	352 953 227	312 237 937
		406 491 898	369 054 175
Non-Current Assets			
Property, plant and equipment	7	110 893 920	116 641 152
Intangible assets	8	897 408	1 184 790
Hambros Bank Loan Sinking Fund	9	348 409 396	342 836 302
Guaranteed Grant Income Receivables	10	178 453 342	176 806 638
		638 654 066	637 468 882
Total Assets		1 045 145 964	1 006 523 057
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	9 810 467	4 977 801
Payables from non-exchange transactions	12	30 712 362	43 868 167
Unspent conditional grants	13	124 048 569	265 264 339
Designated Project Funds	14	30 654 084	18 765 472
Accrued interest payable	16	21 093 750	21 093 750
Employee related payable	17	866 092	794 335
		217 185 324	354 763 864
Non-Current Liabilities			
Financial Liabilities at Amortised cost	15	371 995 543	370 814 993
Unspent conditional grants	13	60 750 000	91 125 000
Designated project funds	14	213 912 320	-
		646 657 863	461 939 993
Total Liabilities		863 843 187	816 703 857
Net Assets		181 302 777	189 819 200
Reserves			
Maintenance Reserve	18	5 532 330	5 532 330
Accumulated surplus		175 770 447	184 286 870
Total Net Assets		181 302 777	189 819 200

Refer to note 33.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Performance

Figures in Rand/Lilangeni

	Notes	2025 R/E	2024 R/E Restated
Revenue			
Revenue from exchange transactions			
Service revenue from governments	19	90 977 634	86 512 588
Finance income	20	21 896 704	19 015 006
Gain on disposal of assets	7	205 604	3 959
Total revenue from exchange transactions		113 079 942	105 531 553
Expenditure			
Employee related costs	21	(26 407 313)	(23 860 127)
Depreciation and amortisation	22	(10 402 115)	(9 107 440)
Finance costs	23	(51 807 899)	(51 801 909)
Bad debts written off (CRIDIF - Manage Weir)	24	(61 983)	-
General expenses	24	(32 917 055)	(26 544 678)
Total expenditure		(121 596 365)	(111 314 154)
Deficit for the year		(8 516 423)	(5 782 601)

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Statement of Changes in Net Assets

Figures in Rand/Lilangeni	Maintenance reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	5 532 330	4 381 825 890	4 387 358 220
Adjustments			
Correction of errors 33		(4 191 756 419)	(4 191 756 419)
Balance at 01 April 2023 as restated*	5 532 330	190 069 471	195 601 801
Changes in net assets			
Surplus for the year	-	(5 782 601)	(5 782 601)
Total changes	-	(5 782 601)	(5 782 601)
Opening balance as previously reported	5 532 330	4 330 771 627	4 336 303 957
Adjustments			
Correction of errors 33		(4 146 484 757)	(4 146 484 757)
Balance at 01 April 2024 as restated*	5 532 330	184 286 870	189 819 200
Changes in net assets			
Deficit for the year	-	(8 516 423)	(8 516 423)
Total changes	-	(8 516 423)	(8 516 423)
Balance at 31 March 2025	5 532 330	175 770 447	181 302 777
Note	18		

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Cash Flow Statement

Figures in Rand/Lilangeni	Notes	2025	2024
Cash flows from operating activities			
Receipts			
Service revenue from government		152 281 991	137 219 523
Payments			
Employee costs	21	(26 335 556)	(23 860 127)
Suppliers		(24 868 804)	(27 307 962)
Finance costs		(50 627 349)	(50 625 099)
		(101 831 709)	(101 793 188)
Net cash flows from operating activities	25	50 450 282	35 426 335
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(4 059 659)	(4 786 403)
Proceeds from sale of property, plant and equipment	7	205 606	38 223
Purchase of other intangible assets	8	(307 845)	(208 005)
Decrease/ (Increase) in Hambros bank loan sinking fund	9	(5 573 094)	3 663 698
Net cash flows from investing activities		(9 734 992)	(1 292 487)
Net increase/(decrease) in cash and cash equivalents		40 715 290	34 133 848
Cash and cash equivalents at the beginning of the year		(312 237 937)	(278 104 089)
Total Restricted Cash and Cash Equivalents at End of Period	6	348 749 407	289 565 194
Total Unrestricted Cash and Cash Equivalents at End of Period	6	4 203 820	22 672 743

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

Figures in Rand/Lilangeni	Notes	2025 R/E	2024 R/E
---------------------------	-------	-------------	-------------

1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The AFS have been prepared in accordance with the GRAP, issued by the Accounting Standards Board in accordance with **Section 89 and 91(1)** of the Public Finance Management Act (Act 1 of 1999) of South Africa and the JSE Debt and Specialist Securities Listings Requirements.

These AFS 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. The numbers in the AFS have been rounded off to the nearest 1 Rand/Lilangeni.

1.2 Presentation currency

These AFS are presented in South African Rand and Eswatini Lilangeni, which is the functional currency of entity. The exchange rate between these two currencies is 1:1.

1.3 Going concern assumption

These AFS have been prepared based on the expectation that KOBWA will continue to operate as a going concern for at least the next 12 months. The going concern assumption is underpinned by a commitment from the Parties to continue funding KOBWA with a budget having already been approved for the financial year 2025/26.

In light of the above and to the best knowledge of the Board, there is no known reason which may negatively impact on the continued existence of KOBWA. 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 continue to honour their bi-lateral obligation and have continued to make commitments for the continued funding of KOBWA. The 2025/26 budget was approved and the first two tranches have been received therefore this gives the Board comfort and assurance that KOBWA has sufficient financial resources to cover expected expenditure for the next 12 months.

1.4 Materiality

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, 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.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred that is material.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the AFS, management is required to make estimates and assumptions that affect the amounts represented in the AFS and related disclosures. 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 which may be material to the AFS. Significant judgements include:

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Judgements and estimation uncertainty

Impairment testing

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.

KOBWA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Useful lives of assets

Management assesses the appropriateness of the useful lives of non-current assets 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 paragraph 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.

1.6 Property, plant and equipment

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 the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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, replace part of, or service 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.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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%
IT equipment	Straight-line	33.33%
Mobile Units	Straight-line	20%
Infrastructure	Straight-line	5%
Dam Equipment and Pipelines	Straight-line	1%
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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Small tools and assets are expensed to R1.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by KOBWA. The 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.

KOBWA assesses at each reporting date whether there is any indication that the their expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, KOBWA revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate. Management considers the following during the assessment:

- There have been a change in the manner in which the asset is being used;
- There have been a change in the utilisation rate of the asset;
- There have been change of intention for the use of the assets i.e. to sell or use; and
- Technological, environmental and commercial changes that occurs during the period.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another 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. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity does not recognise in the carrying amount of an item of property, plant and equipment the costs of the day-to-day servicing of the item. Rather, these costs are recognised in statement of financial performance as incurred. KOBWA separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 7).

1.7 Intangible assets

KOBWA 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.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.7 Intangible assets (continued)

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Residual values are assumed to be Nil.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date and changes are accounted for prospectively as changes in estimate.

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	20%

1.8 Guaranteed Grant Income Receivable

Guaranteed Grant 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.

1.9 Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument at cost including transaction costs using trade date accounting.

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 the Statement of Financial Performance.

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 the Statement of Financial Performance.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.9 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.

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 the Statement of Financial Performance.

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.

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.

Classification

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

Class

Guaranteed grant income receivable
Cash and cash equivalents
Receivables from exchange transactions
Receivables from non-exchange transactions
Hambros Loan Sinking Fund

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 asset measured at amortised cost

KOBWA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Hambros Bank Loan (Bond Notes)
Designated project funds
Payables from exchange transactions
Payables from non-exchange transactions
Unspent conditional grants

Category

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

1.10 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.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.10 Statutory receivables (continued)

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 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.

Until all conditions are fulfilled, these are kept in the statement of financial position as deferred grants or liabilities.

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.

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.12 Employee benefits

Identification

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.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.13 Commitments

Items are classified as commitments when KOBWA has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

1.14 Revenue from exchange transactions

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 entity 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.

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Service revenue from the governments

When the outcome of a transaction involving the rendering of services can be estimated reliably, maintenance revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of maintenance revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, maintenance revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.15 Expenditure

Expenses were recognised when they are incurred, and it is probable that future economic benefits will flow to the entity, following the accrual basis of accounting.

1.16 KOBWA as an agent

In this context, KOBWA was established in terms of an official treaty between the Government of the Kingdom of Eswatini and the Government of the Republic of South Africa, for the development and management of dams in the Komati Basin Area.

As part of its responsibilities, KOBWA has also undertaken the collection of rental income from residential units that were originally used to house staff during dam construction. These properties are now leased to the general public. However, it is important to note that KOBWA collects these rental payments on behalf of the Parties, who retain ownership and control over the properties.

According to paragraph 25 of GRAP 109, an entity is classified as an agent when all three of the following conditions are met:

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.16 KOBWA as an agent (continued)

- a) The entity does not have the power to determine the significant terms and conditions of the transaction;
- b) The entity does not have the ability to use all, or substantially all, of the resources resulting from the transaction for its own benefit; and
- c) The entity is not exposed to variability in the outcome of the transaction.

In Kobwa's case

- The Parties determines the key terms and conditions of the rental agreements – not KOBWA.
- KOBWA does not retain or use the rental income for its own operational purposes – these funds belong to the Parties.
- KOBWA bears no financial risk or variability in rental collection. If tenants fail to pay rent, it is the Parties that bear the impact, not KOBWA.

Therefore, KOBWA meets all the criteria of an agent as set out in GRAP 109 and should be accounted for as such in the financial statements.

1.17 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 operates in the following geographical areas based on the locations of its respective offices:

- Head Office at Maguga Dam, Eswatini
- Driekoppies Dam, South Africa.

Separate financial information is not available for each geographical location, and KOBWA does not use the geographical locations for decision making, and therefore KOBWA has not reported information per segment.

1.18 Budget information

In terms of GRAP24, an entity may be required, or may elect, to make publicly available its approved budget, its final budget or both its approved and final budget. As KOBWA is not mandated, or elected to make its budget publicly available no statement of comparison of budget and actual amounts has been presented.

1.19 Related parties

KOBWA discloses the following in the notes to the financial statements:

- Related party relationships where control exists, irrespective of whether there have been transactions between the related parties. This disclosure includes the name of its controlling party and if different, the ultimate controlling party.
- The nature of any related party relationships as well as required information about transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.
- the remuneration of management per person and in aggregate.

1.20 Events after reporting date

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

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.21 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.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.22 Hambros loan sinking fund

The Department of Water and Sanitation have earmarked certain prepaid funds that are held by KOBWA for the redemption of the Hambros Bank Loan in 2027 - refer to Note 9 and Note 15.

These funds cannot be used for any other purpose without express approval from RSA Treasury.

The funds were transferred into a capital and interest fund respectively on 28 September 2023, they may only be utilised for the repayment of the Hambros Bank Loan in 2027.

KOBWA has reclassified the total capital fund amount as non-current due to the redemption date in 2027. Annual interest to be serviced is shown as a current asset.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025 R/E	2024 R/E
---------------------------	-------------	-------------

2. New standards and interpretations

2.1 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 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 (as revised) Mergers	Not yet determined	Unlikely there will be a material impact
• GRAP 106 (as revised) Transfer of Functions Between Entities Not Under Common Control	Not yet determined	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	Not yet determined	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	Not yet determined	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Not yet determined	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	Not yet determined	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Receivables from exchange transactions

Debtors (1)	71 037	105 758
Staff debtors	149 429	368 661
Deposits	1 168 122	1 180 762
	1 388 588	1 655 181

Staff debtors

The advances to employees relate to housing and study loans, repayable over an agreed period with the employee and recovered through payroll.

Fincorp deposit

Revolving fund deposited and managed by FinCorp for the benefit of qualifying people within the Komati Basin. FinCorp is an authorised financial services provider in the KoE. The fund has confirmed the balance available.

(1) No debtors were past due and not impaired.

Deposits breakdown

Fincorp deposit	1 000 000	1 000 000
Electricity deposit	168 122	180 762
	1 168 122	1 180 762

Financial assets receivables included in receivables from exchange transactions above	1 388 588	1 655 181
---	-----------	-----------

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
4. VAT receivable		
VAT Control	419 615	3 645 128
Input VAT balance at the beginning of the financial year	7 593 289	5 977 850
Additional Input AT claimed	1 758 480	1 615 439
Input VAT balance at the end of the financial year	9 351 769	7 593 289
Payment received by SARS / Adjustments made	(8 935 966)	-
Input VAT balance at the beginning of the financial year	415 803	7 593 289
RSA VAT INPUT control account balance	36 125	-
RSA VAT OUTPUT balance	-	(130)
Vat / Tax Provision	(29 077)	(3 996 170)
ERS Withholding Tax	(1 618)	(6 922)
ERS VAT Control balance	(1 618)	55 061
	3 812	(3 948 161)
Total	419 615	3 645 128

5. Prepayments

Prepayments	1 105 468	890 929
-------------	-----------	---------

Prepayments are for various goods and service related to the following year's budget, in line with procurement policies. The major increase can be attributed to insurance costs.

KOBWA incurred certain expenses during the financial year which were recognised as prepayments, as the related goods or services were paid for in advance of the period in which they would be received or rendered. These prepayments fall into three categories:

- 1. Prepayments for Goods:** Payments were made in advance for goods that had not yet been received as at year -end. it is confirmed that these goods were received in April, 2025 subsequent to the reporting date.
- 2. Software Installation Services:** Payments were made in advance to enable the installation of software within the entity. The installation services were completed and confirmed in April 2025, after the financial year-end.
- 3. Prepaid Insurance:** Insurance premiums were paid in advance, covering the period from April 2025 to December 2025.

These transactions were appropriately classified as prepayments in line with the accrual basis of accounting, as the economic benefits associated with the payments relate to periods following the reporting date.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni 2025 2024

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	17 500	17 500
Bank balances	8 867 071	9 213 443
Short-term deposits	344 068 656	303 006 994
	352 953 227	312 237 937

All funds are under the management of KOBWA and includes funds ringfenced for Designated Project Funds (Note 14), Unspent Conditional Grants (Note 13), Government Payables (Note 12). 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 approved investments for the purposes of bearing interest.

Total restricted cash and cash equivalents	348 749 407	289 565 194
Total unrestricted cash and cash equivalents	4 203 820	22 672 743
	352 953 227	312 237 937

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

7. Property, plant and equipment

	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	65 680 063	(20 338 372)	45 341 691	65 428 793	(18 171 533)	47 257 260
Implements	865 572	(653 213)	212 359	696 596	(598 999)	97 597
Furniture and fixtures	2 117 377	(1 611 295)	506 082	2 002 454	(1 415 296)	587 158
Motor vehicles	6 279 381	(3 372 939)	2 906 442	4 547 990	(2 704 073)	1 843 917
Office equipment	342 410	(248 356)	94 054	342 410	(209 207)	133 203
IT equipment	3 517 686	(2 614 070)	903 616	3 030 491	(2 023 777)	1 006 714
Infrastructure	73 687 974	(33 877 827)	39 810 147	73 776 411	(30 509 913)	43 266 498
Sundry equipment	8 733 741	(6 984 973)	1 748 768	8 354 648	(5 980 478)	2 374 170
Dam equipment and pipelines	31 200 058	(11 849 066)	19 350 992	30 525 810	(10 490 712)	20 035 098
Mobile Units	549 884	(530 115)	19 769	549 884	(510 347)	39 537
Total	192 974 146	(82 080 226)	110 893 920	189 255 487	(72 614 335)	116 641 152

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	47 257 260	251 270	-	(2 166 839)	45 341 691
Implements	97 597	168 976	-	(54 214)	212 359
Furniture and fixtures	587 158	114 927	-	(196 003)	506 082
Motor vehicles	1 843 917	2 072 391	(2)	(1 009 864)	2 906 442
Office equipment	133 203	-	-	(39 149)	94 054
IT equipment	1 006 714	487 192	-	(590 290)	903 616
Infrastructure	43 266 498	-	-	(3 456 351)	39 810 147
Sundry equipment	2 374 170	379 093	-	(1 004 495)	1 748 768
Dam equipment and pipelines	20 035 098	585 810	-	(1 269 916)	19 350 992
Mobile Units	39 537	-	-	(19 768)	19 769
	116 641 152	4 059 659	(2)	(9 806 889)	110 893 920

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	49 421 049	-	-	(2 163 789)	47 257 260
Implements	130 529	-	(3)	(32 929)	97 597
Furniture and fixtures	638 242	4 517	(22 757)	(32 844)	587 158
Motor vehicles	1 013 838	1 218 369	-	(388 290)	1 843 917
Office equipment	44 979	117 246	(1 619)	(27 403)	133 203
IT equipment	717 416	552 128	(9 271)	(253 559)	1 006 714
Infrastructure	44 476 735	2 431 794	-	(3 642 031)	43 266 498
Sundry equipment	2 783 201	275 957	(608)	(684 380)	2 374 170
Dam equipment and pipelines	21 201 900	186 392	-	(1 353 194)	20 035 098
Mobile Units	59 311	-	(5)	(19 769)	39 537
	120 487 200	4 786 403	(34 263)	(8 598 188)	116 641 152

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Operating and administration costs

8 050 849 4 898 977

There are no restrictions or encumbrances on these assets. The asset register is available for inspection by authorised personnel or entities and other stakeholders or their duly authorised representatives at the KOBWA Maguga office during normal operating hours. There are no financial commitments in respect of major assets or projects resulting in infrastructure assets. The Parties own the land on which Dams and Buildings were constructed.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

8. Intangible assets

	2025		2024	
	Cost	Accumulated amortisation and accumulated impairment	Cost	Accumulated amortisation and accumulated impairment
Computer software	3 237 360	(2 339 952)	2 929 515	(1 744 725)
			897 408	1 184 790

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	1 184 790	307 845	(595 227)	897 408

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	1 486 036	208 005	(509 251)	1 184 790

There are no restrictions or encumbrances on Intangible Assets.

The asset register is available for inspection at the KOBWA Maguga office during normal hours of operation.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni 2025 2024

9. Hambros Bank Loan Sinking Fund

Hambros Loan Sinking Fund

Standard Bank - RSA Funds to redeem capital	269 058 978	243 753 518
Standard Bank - RSA Funds to service bi-annual interest payments long term portion	79 350 418	99 082 784
Standard Bank - RSA Funds to service bi-annual interest payments short term portion	30 375 000	30 375 000
	378 784 396	373 211 302

These funds were received from the Department of Water and Sanitation in excess of KOBWA's operational budget and have been earmarked for the redemption of the Hambros Bank Loan in 2027. These funds cannot be used for any other purpose without approval from RSA Treasury and are considered conditional. These funds were transferred into a capital and interest sinking fund respectively on 28 September 2023 and may only be utilised for the repayment of the Hambros Bank Loan in 2027. The interest fund redeem R/E 15 187 500 bi-annually to settle the RSA of the Hambros loan interest.

Movement in carrying amount

Opening balance	373 211 302	376 875 000
Redemption - Money Market	-	(15 187 500)
Redemption - from Interest Fund (Note 18)	(30 375 000)	(15 187 500)
Interest earned on Capital Fund	25 305 460	18 753 518
Interest earned on Interest Fund	10 642 634	7 957 784
	378 784 396	373 211 302

Hambros Loan Sinking Fund split

Non-current portion	348 409 396	342 836 302
Current portion	30 375 000	30 375 000
	378 784 396	373 211 302

The current portion will be receivable within the next 12 months.

10. Guaranteed Grant Income Receivable

Guaranteed Grant Income Receivable at amortised cost

Guaranteed Grant Income Receivable - Capital	122 030 046	111 356 786
Guaranteed Grant Income Receivable - Interest	76 673 296	85 699 852
	198 703 342	197 056 638

Guaranteed Grant Income Receivable - Capital

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 loan.

Guaranteed Grant Income Receivable - Interest

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 loan.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
10. Guaranteed Grant Income Receivable (continued)		
Guaranteed Grant Income Receivable split - at amortised cost		
Current asset	20 250 000	20 250 000
Non-Current asset	178 453 342	176 806 638
	198 703 342	197 056 638
Guaranteed Grant Income Receivable reconciliation		
Opening balance	197 056 638	198 291 632
Cash funding from parties	(20 250 000)	(20 250 000)
Unwinding of finance income (Refer to note 19)	21 896 704	19 015 006
	198 703 342	197 056 638
11. Payables from exchange transactions		
Contractors and Suppliers	3 526 116	4 820 406
Accruals	6 284 351	157 395
	9 810 467	4 977 801
12. Payables from non-exchange transactions		
Bank interest	27 176 587	41 654 832
Rental income collected on behalf of Parties	3 025 639	1 703 199
Other Government Payables	510 136	510 136
	30 712 362	43 868 167
Reconciliation of Government Payables		
Opening balance	43 868 167	24 398 160
Gate entrance fees	-	20 410
Rental income	1 285 864	934 882
Other	36 577	174 388
Interest earned	28 946 779	36 619 785
Approved and allocated by the Parties	(43 425 025)	(18 279 458)
	30 712 362	43 868 167
RSA	23 686 488	38 836 738
KoE	7 025 874	5 031 429
	30 712 362	43 868 167

The amounts represent 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 RSA and the KoE is 60:40, for Maguga dam and 100% RSA for Driekoppies Dam. This results in a ratio of roughly RSA 72:28 KoE, depending on the budget for the year.

The allocation also considers actual contributions made, draw downs made and the funds are accounted for to the specific Party taking these factors into account.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

2025

2024

13. Unspent conditional grants and receipts

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 or Parties 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, reducing the amount payable by the Parties in future financial years or the Parties may request the funds to be paid back.

Movement during the year

Balance at the beginning of the year	356 389 339	342 233 883
Additions during the year	127 038 916	117 909 988
Additions - Approved Operational Budget including sundry income	78 144 768	75 203 718
Additions - Additional funds received from RSA	13 634 000	243 960
Additions - Interest earned on additional funds received in advance from RSA	35 133 758	41 717 142
Additions - Additional funds received from KoE	126 390	745 168
Utilised	(298 629 686)	(103 754 532)
Utilised - recognised as Grant Income	(57 894 768)	(52 928 414)
utilised - Grant Income interest (RSA)	(30 375 000)	(30 375 000)
Utilised - Guaranteed Income (KoE)	(20 250 000)	(20 250 000)
Utilised - Allocated to Designated Project Funds	(188 000 000)	-
Utilised - Allocated to JWC Events	(2 109 918)	(201 118)
Balance at the end of year	184 798 569	356 389 339
Non-current liabilities	60 750 000	91 125 000
Current liabilities	124 048 569	265 264 339
	184 798 569	356 389 339

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 or Parties 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, reducing the amount payable by the Parties in future financial years or the Parties may request the funds to be paid back.

14. Designated project funds

Designated project funds are 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 already in KOBWA's custody and utilised only for the implementation of specific projects or acquisition of key KOBWA assets. These funds may be allocated at the request of KOBWA. Once the projects are delivered and meet all requirements and conditions, revenue is recognised and funds are utilised from designated funds.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni 2025 2024

14. Designated project funds (continued)

Designated project funds movement

Opening balance	18 765 472	21 934 000
Additions	227 943 806	-
Conditions met - Transferred to Revenue	(2 142 874)	(3 168 528)
	244 566 404	18 765 472

Breakdown of funds

Driekoppies Dam Projects - RSA	1 714 050	18 486 144
DWA Projects	14 153	14 153
LMPC Funds	-	48 636
JWS Projects	204 894 397	216 539
Interest on JWC Projects	37 943 804	-
	244 566 404	18 765 472

Opening balance	18 765 472	-
Additions:		
JWC Projects	188 000 000	-
Interest on projects	38 463 631	-
DWS Projects	(276 955)	-
JWC Projects	(328 649)	-
LMPC	(48 636)	-
Roll Over21/22	(8 459)	-
	244 566 404	-

15. Financial liabilities at amortised cost

At amortised cost

Hambros Bank Limited Loan	371 995 543	370 814 993
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 biannually 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.		

Non-current liabilities

At amortised cost	371 995 543	370 814 993
-------------------	-------------	-------------

16. Accrued interest payable

Accrued interest payable relates to the coupon payment on the financial liability at amortised cost payable at year end.

Accrued interest payable	21 093 750	21 093 750
--------------------------	------------	------------

17. Employee related payable

13th Cheque	451 363	433 397
Short term employee benefits	21 842	8 353
Leave Pay Provision	392 887	352 585
	866 092	794 335

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

2025

2024

18. Maintenance Reserve

The maintenance reserve is for Maguga Dam only and was approved by the Board and the JWC 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 if and when required. The partial funding 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 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.

Maintenance Reserve	5 532 330	5 532 330
---------------------	-----------	-----------

19. Revenue

Service revenue from the governments	90 977 634	86 512 588
--------------------------------------	------------	------------

Maintenance Revenue:

Maintenance Revenue - revenue RSA	44 604 672	39 553 417
Maintenance Revenue - revenue KoE	14 275 499	13 374 997
Maintenance Revenue - revenue Other	1 722 463	3 209 174
Revenue for interest servicing	30 375 000	30 375 000
	90 977 634	86 512 588

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

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

20. Finance Income

Refer to Note 10 for the unwinding of finance income.

Government grants and subsidies are disclosed in Note 19.

Unwinding of finance income - Financial instruments	21 896 704	19 015 006
	21 896 704	19 015 006

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
21. Employee related costs		
Basic salary	24 073 539	23 430 557
Contributions to UIF, Medical and Pension Funds	1 977 341	-
Performance Bonus	281 640	357 403
SDL	74 793	72 167
	26 407 313	23 860 127
Chief Executive Officer		
Annual Remuneration	1 961 432	1 860 385
Contributions to UIF, Medical and Pension Funds	127 020	121 395
	2 088 452	1 981 780
Finance Director		
Annual Remuneration	1 275 911	1 256 425
Contributions to UIF, Medical and Pension Funds	70 213	65 790
	1 346 124	1 322 215
Operations Director		
Annual Remuneration	1 392 449	1 251 860
Contributions to UIF, Medical and Pension Funds	150 180	140 296
	1 542 629	1 392 156
Corporate Services Director		
Annual Remuneration	-	124 564
Contributions to UIF, Medical and Pension Funds	-	6 639
	-	131 203
Corporate Services Director (Appointed 16 October 2023)		
Annual Remuneration	1 116 996	505 940
Contributions to UIF, Medical and Pension Funds	64 485	28 452
	1 181 481	534 392
Company Secretary		
Annual Remuneration	378 739	249 346
22. Depreciation and amortisation		
Property, plant and equipment	9 806 889	8 598 188
Intangible assets	595 226	509 252
	10 402 115	9 107 440

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

2025

2024

23. Finance costs

Hambros Bank loan	50 625 000	50 625 000
Unwinding of Finance	1 180 550	1 176 810
Other interest paid	2 349	99
	51 807 899	51 801 909

24. General expenses

Advertising	1 968 863	1 127 980
Auditors remuneration	1 147 038	461 862
Bank charges	107 704	89 216
Boats And Trailers	67 100	24 841
Communication Dam Management	322 678	378 032
Computer expenses	1 332 581	834 362
Consulting and professional fees	457 441	181 851
Consumables	109 918	-
Corporate Social Responsibility	783 138	478 512
Dam Enclosure - Fencing	12 421	31 755
Dam Maintenance General	765 537	623 164
Dam Operations And Maintenance	2 786	2 761
Dam Structure Maintenance	3 064 215	1 951 736
Directors fees, training and meeting related costs	1 541 281	1 895 422
Electricity	1 331 636	1 176 614
Entertainment	10 762	6 371
Generators And Other Equipment	410 250	841 518
Honorarium	109 150	103 700
Information Centre Management	395 018	308 679
Insurance	1 672 964	885 093
Iso Certification	264 782	188 751
Kobwa Houses Maintenance	801 525	985 470
LMPC Allowances	192 606	148 300
Loan Management Costs	150 760	110 774
Motor vehicle expenses	2 608 719	2 046 940
Motorbikes Maintenance	2 246	5 292
Office Maintenance Cost	1 394 131	1 232 451
Postage and courier	21 249	23 341
Printing and stationery	121 152	114 434
Project Other Costs	264 369	6 960
Protective clothing	249 830	185 506
Secretarial fees	378 739	257 168
Security	3 127 054	2 550 578
Staff Recruitment Costs	236 355	545 919
Staff welfare	703 853	695 063
Subscriptions and membership fees	382 969	376 689
Telephone and fax	1 949 917	1 511 969
Tractors And Trailers Maintenance	1 740	98 103
Training	1 453 516	1 510 093
Travel - local	705 569	537 649
Treaty Review Costs	-	169 302
Water Quality And Dam Risk Management	2 293 493	1 840 457
	32 917 055	26 544 678

During the current year bad debt of R61 983 was written off due to debtors not being recoverable.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni		2025	2024
25. Cash generated from operations			
Deficit		(8 516 423)	(5 782 601)
Adjustments for:			
Depreciation and amortisation	22	10 402 115	9 107 440
Gain on sale of assets and liabilities	7	(205 604)	(3 959)
Finance income	20	(21 896 704)	(19 015 006)
Bad debts written off	22	61 983	-
Designated funds released to income - non cash		(2 142 874)	(3 168 528)
Increase in financial liabilities at amortised cost	16	1 180 550	1 176 810
Changes in working capital:			
Receivables from exchange transactions	3	204 610	176 381
Prepayments	5	(214 539)	(383 624)
Payables from exchange transactions	11	4 832 667	256 412
Decrease in VAT receivable	4	3 225 513	(899 437)
Increase in payable from non-exchange transactions	12	(13 155 805)	19 470 006
Unspent conditional grants and receipts	13	16 409 230	14 155 456
Increase / (decrease) in Designated Project Funds	14	39 943 806	-
Increase in guaranteed grant income	10	20 250 000	20 250 000
Movement in employee benefits		71 757	86 985
		50 450 282	35 426 335

26. Taxation

No provision for income taxation has been made as entity is exempt for income tax in both RSA and KoE.

27. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Hambros Bank Loan Sinking Fund - non current (Note 9)	348 409 396	348 409 396
Guaranteed Grand Income Receivable - non-current (Note 10)	178 453 342	178 453 342
Hambros Bank Loan Sinking Fund - current (Note 9)	30 375 000	30 375 000
Receivables from exchange transactions (Note 3)	1 388 588	1 388 588
Guaranteed Grant Income Receivables - current (Note 10)	20 250 000	20 250 000
Cash and cash equivalents (Note 6)	352 953 227	352 953 227
	931 829 553	931 829 553

Financial liabilities

	At amortised cost	Total
Financial liability at amortised cost (Note 15)	371 995 543	371 995 543
Payables from exchange transactions (Note 11)	9 810 466	9 810 466
	381 806 009	381 806 009

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

2025

2024

27. Financial instruments disclosure (continued)

2024

Financial assets

	At amortised cost	Total
Hambros Bank Loan Sinking Fund - non current (Note 9)	342 836 302	342 836 302
Guaranteed Grand Income Receivable - non-current (Note 10)	176 806 638	176 806 638
Hambros Bank Loan Sinking Fund - current (Note 9)	30 375 000	30 375 000
Receivables from exchange transactions (Note 3)	1 655 181	1 655 181
Guaranteed Grant Income Receivables - current (Note 10)	20 250 000	20 250 000
Cash and cash equivalents (Note 6)	312 237 937	312 237 937
	884 161 058	884 161 058

Financial liabilities

	At amortised cost	Total
Financial liability at amortised cost (Note 15)	370 814 993	370 814 993
Payables from exchange transactions (Note 12)	4 977 801	4 977 801
	375 792 794	375 792 794

No financial assets have been pledged as a collateral.

28. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	-	2 376 611
---------------------------------	---	-----------

Future capital expenditure that was already approved are disclosed as commitments.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

2025

2024

29. Related parties

Relationships
Joint Controlling Entities

Government of the Republic of South Africa
Government of the Kingdom of Eswatini

Related party balances

Designated Project Funds

Designated Project Funds - RSA
Designated Project Funds - KoE

Note 14

(244 088 714)	(18 419 578)
(477 690)	(345 894)

Unspent conditional grants

Unspent conditional grants - RSA
Unspent conditional grants - KoE

Note 13

(183 241 674)	(354 166 701)
(1 556 895)	(2 222 637)

Payables from non-exchange transactions

Payables from non exchange transactions - RSA
Payables from non exchange transactions - KoE

Note 12

(23 686 488)	(38 836 738)
(7 025 874)	(5 031 429)

Guaranteed grant income receivables

Guaranteed grant income receivables - current - KoE
Guaranteed grant income receivables - non-current - KoE

Note 10

20 250 000	20 250 000
178 453 342	176 806 638

Hambros Loan Sinking Fund

Standard Bank - Money market - Capital - RSA
Standard Bank - Money market - Interest - RSA

Note 9

269 058 978	243 753 518
109 725 418	129 457 784

Related party transactions

Revenue

Conditional Operational Grants Received - RSA
Conditional Operational Grants Received - KoE

Note 19

45 469 923	39 553 417
------------	------------

Note 19

15 307 269	13 374 997
------------	------------

Conditional grant income recognised in the statement of financial performance is disclosed in Note 19.

Refer to disclosure of non-executive directors' remuneration under Note 30 and disclosure of executive management's and other employees remuneration is in Note 21.

Other transactions for which grant conditions have not been met as at year end have been recognised under liabilities in the statement of financial position. Refer to Note 12.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

2025

2024

30. Directors' Remuneration

Executive

Disclosure of executive directors' remuneration is disclosed under Note 21.

Non-executive

2025

	Annual Remuneration	Contributions	Total
Mr. A. Thobejane	114 455	1 608	116 063
Mr. L. Mzizi	96 438	15 441	111 879
Ms. N. Mabuza	89 066	409	89 475
Ms. E. Magagula	77 874	9 500	87 374
Mr. B. Singwane	82 254	3 783	86 037
Mr. L.C. Mohalaba**	-	-	-
	460 087	30 741	490 828

** Mr. L.C Moholaba resigned with effect from 17 September 2025.

2024

	Annual Remuneration	Contributions	Total
Mr. A. Thobejane	139 940	8 042	147 982
Mr. L. Mzizi	57 494	15 595	73 089
Ms. N. Mabuza	38 830	11 620	50 450
Ms. E. Magagula	54 256	18 065	72 321
Mr. B. Singwane	40 787	2 306	43 093
Mr. L.C. Mohalaba	48 544	13	48 557
	379 851	55 641	435 492

31. Risk management

Financial risk management

Financial Risk Management Objectives

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 through the budgeting and other policies approve policies and procedures for overall risk management, as well as written policies covering specific areas.

Significant risks

It is the policy of KOBWA to disclose information that enables the user of its AFS to evaluate the nature and extent of risks arising from Financial Instruments to which KOBWA is exposed to on the reporting date.

KOBWA's activities has exposure to the following financial risks from its operations in Financial Instruments which include:

- Currency risk;
- Interest rate risk;
- Liquidity risk; and
- Credit risk.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2025	2024
---------------------------	------	------

31. Risk management (continued)

Liquidity risk

Liquidity Risk is the risk that KOBWA will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. A significant portion of the liabilities are funded with a sinking fund.

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. KOBWA manages liquidity risk through an ongoing review of future commitments and 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 grants 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 governments of RSA and KoE.

No credit limits were exceeded during the reporting period, and management does not expect any surplus (deficit) from non-performance by these counterparties. KOBWA does not calculate credit risk exposure.

Financial instrument	2025	2024
Hambros Bank Loan (Note 15)	371 995 543	370 814 993
Payables from exchange transactions (Note 11)	9 810 466	4 977 801

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

2025

2024

31. Risk management (continued)

Market risk

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

KOBWA is exposed to interest rate risk through variable and potentially volatile market interest rates. The Parties guarantee KOBWA's operational and funding needs, thereby mitigating KOBWA's exposure to market interest rate volatility to being very negligible.

Financial liabilities - 2025

	Carrying amount	Less than 1 year	1 to 2 years	2 to 5 years
Financial liabilities at amortised cost (Note 15)	371 995 543	50 625 000	101 250 000	220 120 543
Payables from exchange transactions (Note 11)	9 810 466	9 810 466	-	-
Payables from non-exchange transactions (Note 12)	26 918 321	26 918 321	-	-
Unspent conditional grants (Note 13)	184 798 569	124 048 569	60 750 000	-
Designated Project funds (Note 14)	244 566 404	30 654 084	213 912 320	-

Financial liabilities - 2024

Financial liabilities at amortised cost (Note 15)	370 814 993	50 625 000	101 250 000	218 939 993
Payables from exchange transactions (Note 11)	4 977 801	4 977 801	-	-
Payables from non-exchange transactions (Note 12)	43 868 167	43 868 167	-	-
Unspent conditional grants (Note 13)	356 389 339	365 264 339	91 125 000	-
Designated Project funds (Note 14)	18 765 472	18 765 472	-	-

Foreign exchange risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. KOBWA predominantly transacts in South African Rands and Eswatini Emalangeni which are pegged at the exchange rate of 1:1 and also are the currencies in which the grants are received. The percentage of procurement in foreign 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.

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.

The entity reviews its foreign currency exposure, including commitments on an ongoing basis. The entity expects its foreign exchange contracts to hedge foreign exchange exposure.

32. 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 date of the publishing of these financial statements.

33. Prior period errors

Accrued interest payable

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

2025

2024

33. Prior period errors (continued)

During the current financial year, KOBWA identified that the accrued interest payable relating to the coupon payment for the financial liabilities at amortized costs was not disclosed in the statement of financial position.

The accrued interest payable has been corrected by disclosing the accrued interest payable in the financial statements. The prior period financial statements have been restated to reflect this correction, in accordance with the requirements for the correction of prior period errors.

Employee benefit liabilities

During the current financial year, KOBWA identified a classification error in the presentation of certain liabilities in the statement of financial position. In prior periods, employee benefit liabilities, such as short-term employee-related obligations, were incorrectly included under Payables from exchange transactions and provisions.

In accordance with the applicable financial reporting framework, employee benefit liabilities should be disclosed separately from trade and other payables, as they arise from employee service and not from exchange transactions with third parties.

This misclassification has been corrected by reclassifying employee benefit liabilities into a separate line item in the statement of financial position. The prior period financial statements have been restated to reflect this correction, in accordance with the requirements for the correction of prior period errors.

Additionally a misclassification in the employee related occurred as well.

	As previously disclosed	Adjustment	Restated amount
Accrued interest payable	-	(21 093 750)	(21 093 750)
Payables from exchange transactions	(4 828 760)	(149 042)	(4 977 802)
Provisions	(785 982)	785 982	-
Employee related payable	-	(794 335)	(794 335)
Accruals	(157 395)	157 395	-
	(5 772 137)	(21 093 750)	(26 865 887)

Property, plant and equipment

During the current financial year, KOBWA reassessed the recognition and disclosure of certain infrastructure assets, specifically dams and weirs previously included in Property, Plant, and Equipment (PPE).

Following this reassessment, it was determined that these assets are, in fact, controlled by the Government of the Republic of South Africa and the Government of the Kingdom of eSwatini. KOBWA does not have ownership, control, or the ability to derive economic benefits from these assets, nor does it bear the associated risks and rewards of ownership.

As a result, the inclusion of these assets in PPE in prior periods was not in compliance with the applicable financial reporting framework. The error has been corrected by derecognising these assets from PPE, and the prior period financial statements have been restated accordingly.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

2025

2024

33. Prior period errors (continued)

Investment property

During the current financial year, KOBWA reassessed the classification and recognition of a property previously disclosed as an investment property in its financial statements. In line with the applicable financial reporting framework, an entity controls an economic resource only if it has the present ability to direct the use of that resource and to obtain the economic benefits that may flow from it. It was concluded that KOBWA does not have control over the property in question. Specifically, KOBWA does not derive economic benefits from the rental use of the houses and acts solely as an agent, collecting rental income on behalf of the Parties. The rental income is remitted to the respective Government and recognised as a payable by KOBWA.

As KOBWA neither controls the use of the property nor retains the economic benefits associated with it, the property does not meet the definition of an investment asset under the applicable standards. Accordingly, the prior recognition of this property as investment property was incorrect.

This error has been corrected by derecognising the property from investment property in the financial statements. The prior period figures have been restated retrospectively to reflect this correction.

Property, plant and equipment (re-assessment in useful life)

During 2025, it was discovered that the Komati Basin Water Authority had not performed a reassessment of the useful lives of fully depreciated assets still in use at the end of the reporting period as required by GRAP17.

At the end of the 2025 financial year, the Authority conducted this reassessment and determined that the remaining useful life of these assets was 12 months as at 31 March 2025.

This omission represents a prior period error, as it does not comply with the requirements of GRAP 17. The error has since been corrected, and all comparative figures have been appropriately restated.

2023	As previously disclosed	Adjustment	Restated amount
Dams and Weirs_Cost	4 474 825 171	(4 474 825 171)	-
Dams and Weirs_Accumulated depreciation	(313 262 915)	313 262 915	-
Accumulated Surplus - opening balance	(4 433 769 336)	4 218 187 231	(215 582 105)
Depreciation and amortisation expense	53 242 001	(45 272 071)	7 969 930
Investment property_Cost	14 869 885	(14 869 885)	-
Accumulated depreciation	(3 516 981)	3 516 981	-
	(207 612 175)	-	(207 612 175)

2024	As previously disclosed	Adjustment	Restated amount
Dams and Weirs Cost	4 474 825 171	(4 474 825 171)	-
Dams and Weirs Accumulated depreciation	(358 014 760)	358 014 760	-
Accumulated Surplus - opening balance	(4 381 825 890)	4 191 756 419	(190 069 471)
Property, plant and equipment Accumulated depreciation	(70 344 453)	2 269 882	(68 074 571)
Depreciation and amortisation expense	54 379 102	(45 780 914)	8 598 188
Investment property_Cost	14 869 885	(14 869 885)	-
Accumulated depreciation	(4 019 406)	4 019 406	-
	(270 130 351)	20 584 497	(249 545 854)



KOMATI BASIN WATER AUTHORITY

HEAD OFFICE

📍 Pigg's Peak Hhohho
✉ P.O. Box 678, Pigg's Peak, Eswatini
☎ (+268) 2437 1463/4
☎ (+27) 13 591 2644

WATER MANAGEMENT OFFICE

📍 Schoemansdal, Mpumalanga,
1331 South Africa
✉ P.O. Box 518, Malalane, 1320
☎ (+27) 13 591 2633

🌐 www.kobwa.co.za

