

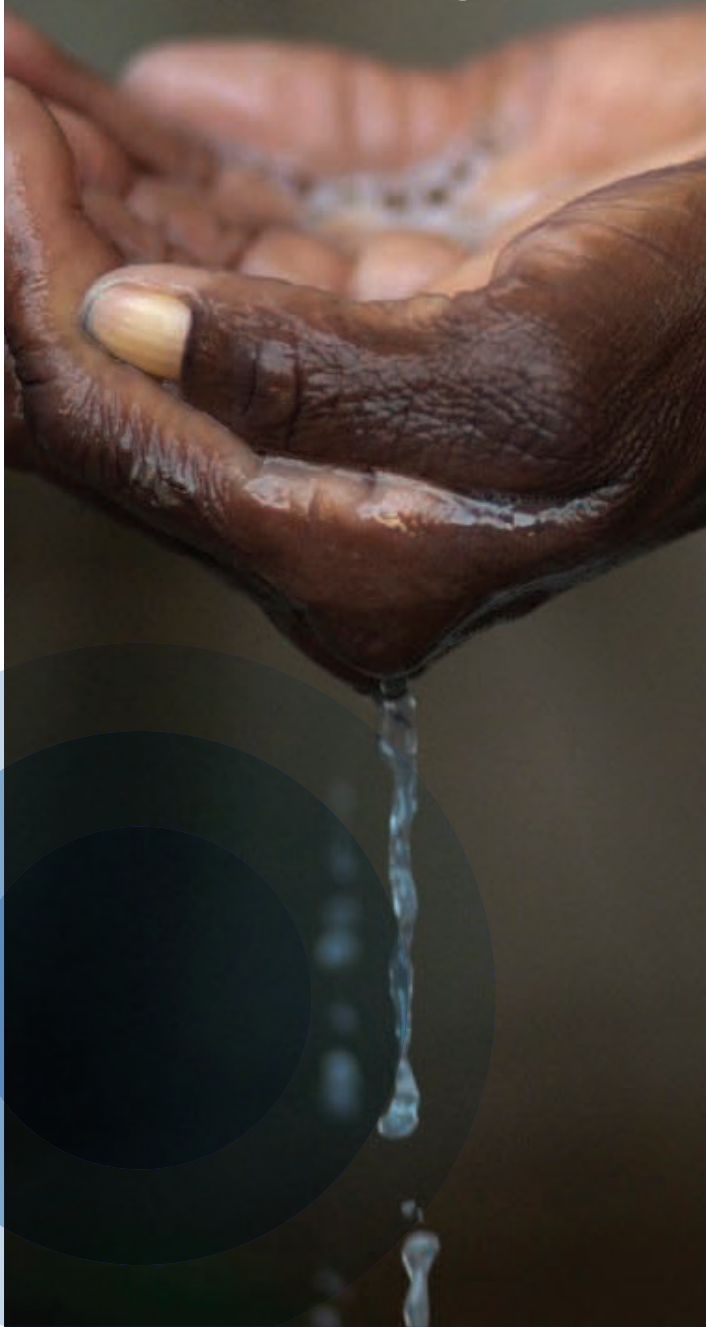
2021 2022

ANNUAL
REPORT



KOBWA
WATER FOR EVER

***EVERY DROP
OF
WATER
MATTERS***



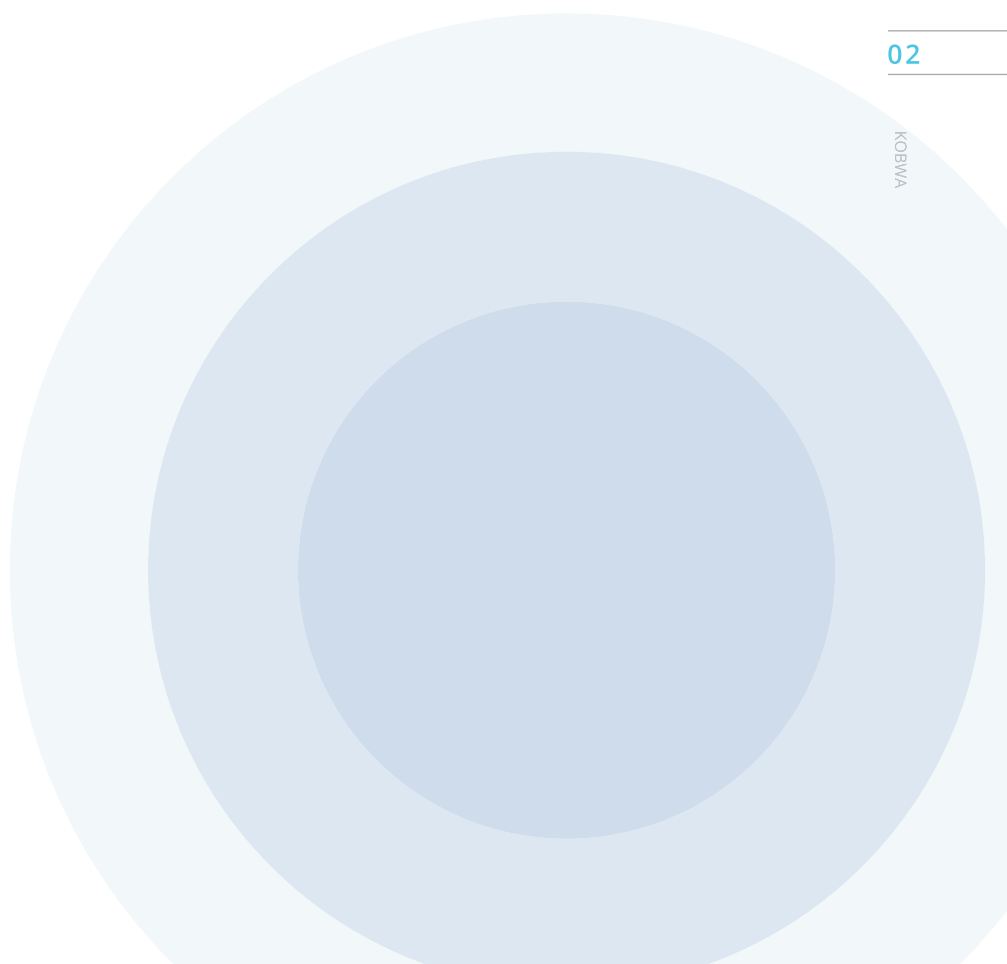
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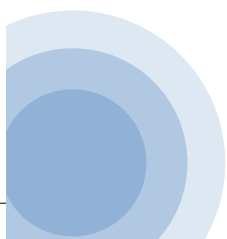
CMP	Comprehensive Mitigation Plan
CEO	Chief Executive Officer
CO	Communications Officer
CMP	Comprehensive Mitigation Plan
CSD	Corporate Services Director
DPP	Drought Preparedness Plan
DRMC	Driekoppies Relocation Management Committee
DSS	Decision Support System
DWA	Department of Water Affairs
EXCO	Executive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

OD	Operations Director
OHS	Occupational Health and Safety
PRIMA	Progressive Realisation of the Inco-Maputo Agreement
QAR	Quality Assurance Review
SHEQ	Safety, Health, Environment and Quality
RBCT	Relationship Building Continuity Team
RQO	Risk and Quality Officer
SA	South Africa
SyE	Systems Engineer
WEMAC	Water and Environment Awareness Campaign



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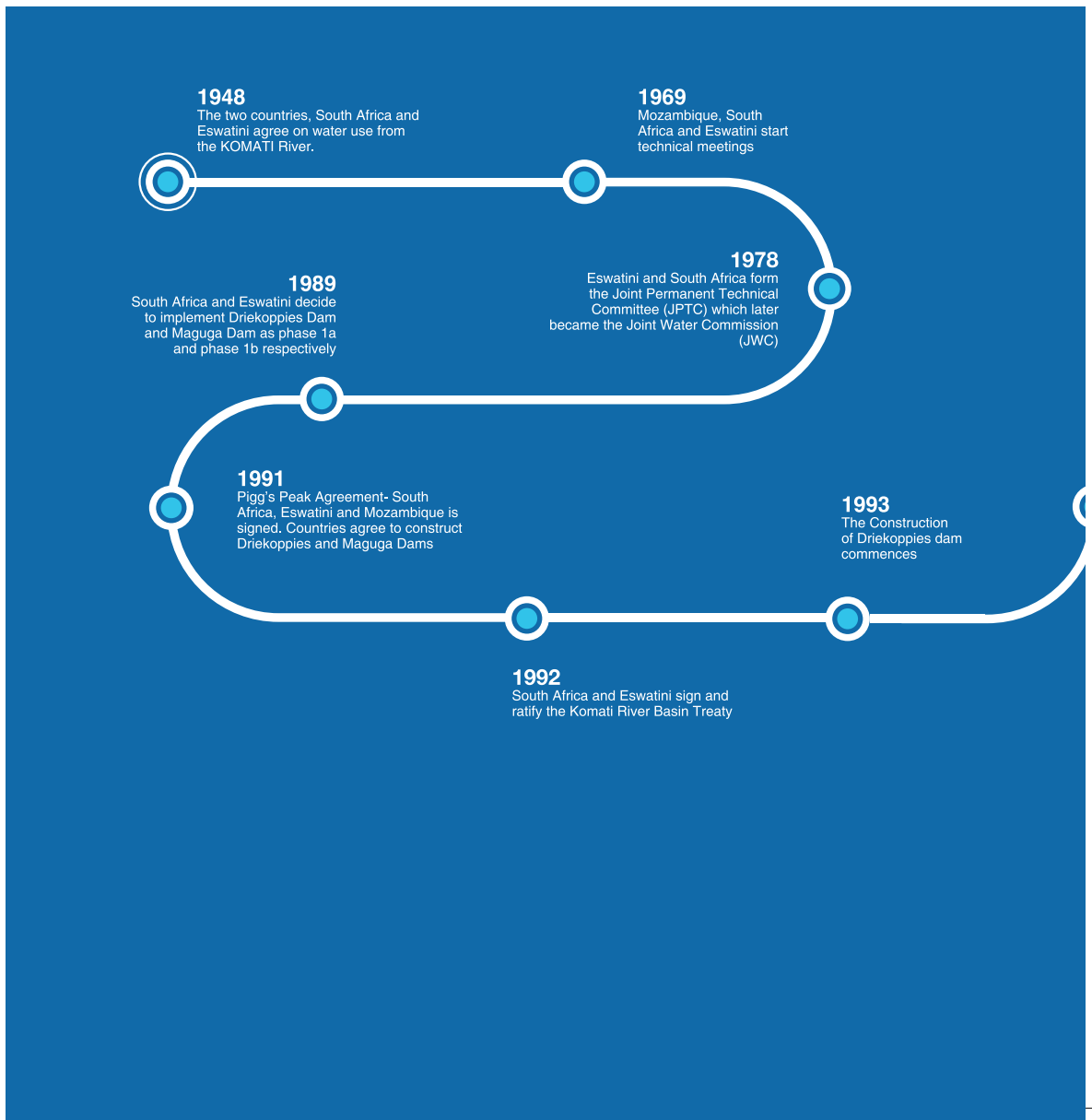
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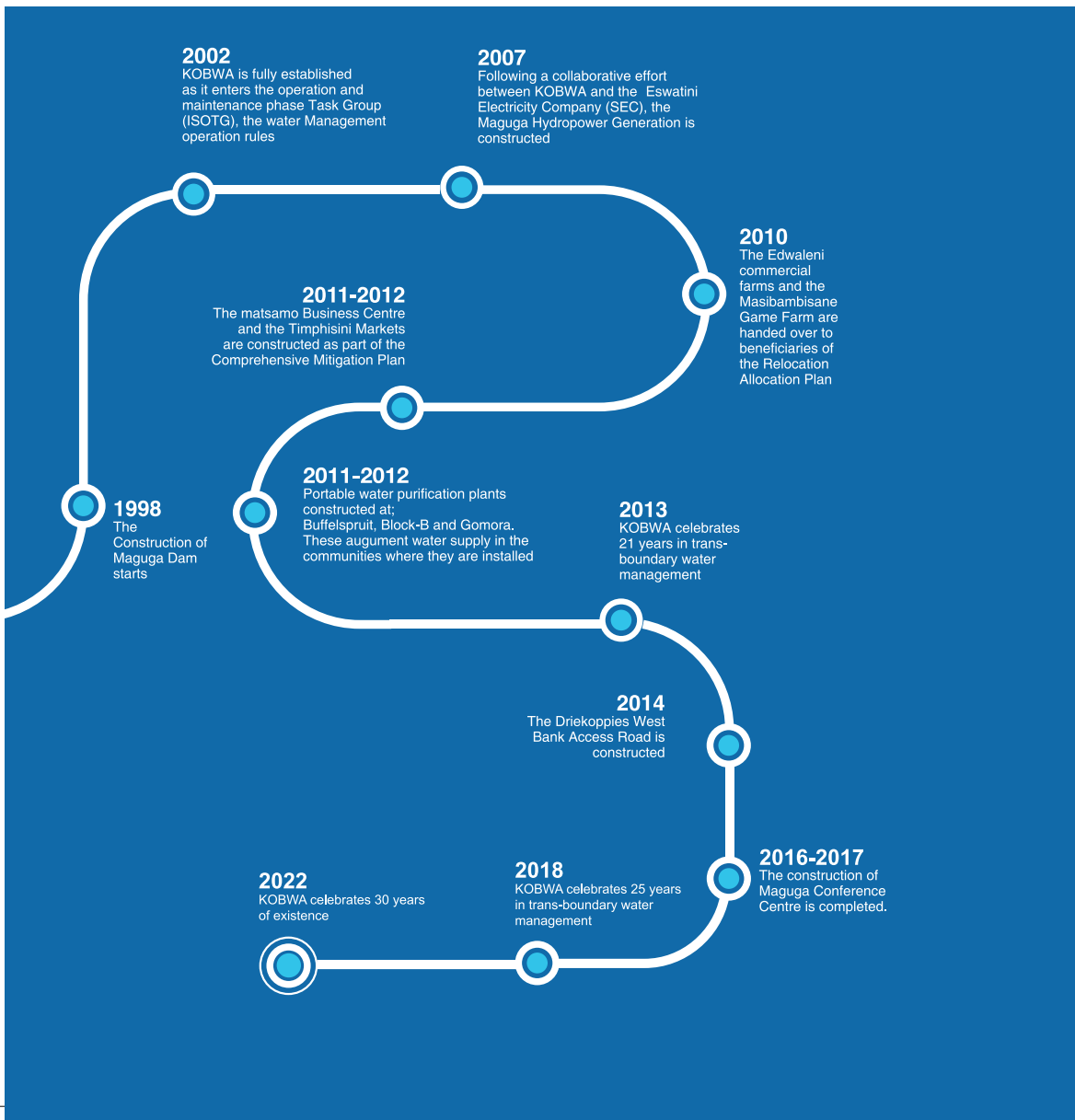
1.1. BACKGROUND INFORMATION

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

KOBWA is currently at the operation and maintenance phase where the focus is on managing the water resources of the Sub-Komati River Basin. Below are highlights of KOBWA's milestones in the past twenty-29 years.

KOBWA's MILESTONES IN THE PAST 29 YEARS





1.2. KOBWA's Strategy and Business Model

Vision:

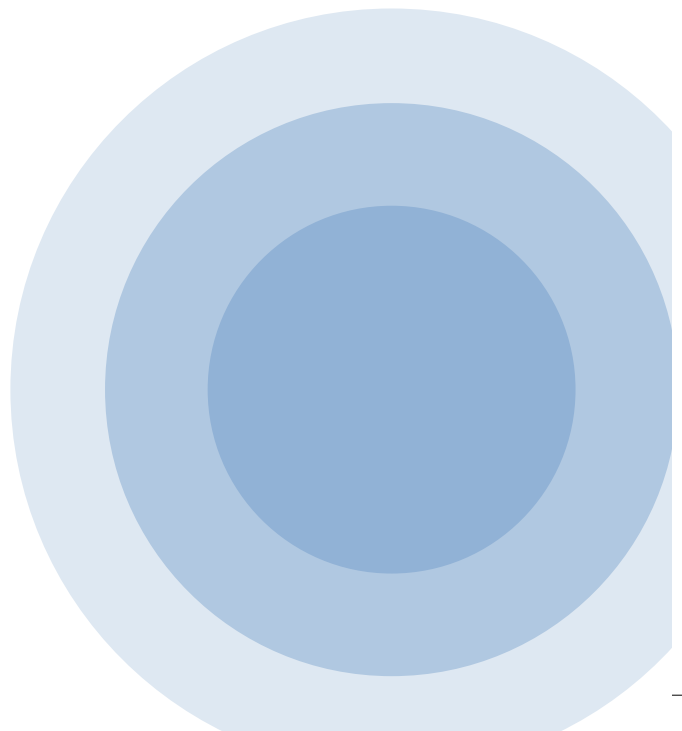
"To be recognised as a leading entity in sustainable integrated, trans-boundary water resource development and management."

Values:

- KOBWA's core values are;
- Teamwork and diversity
- Community and customer focused
- Quality and safety
- Performance delivery
- Communication and transparency

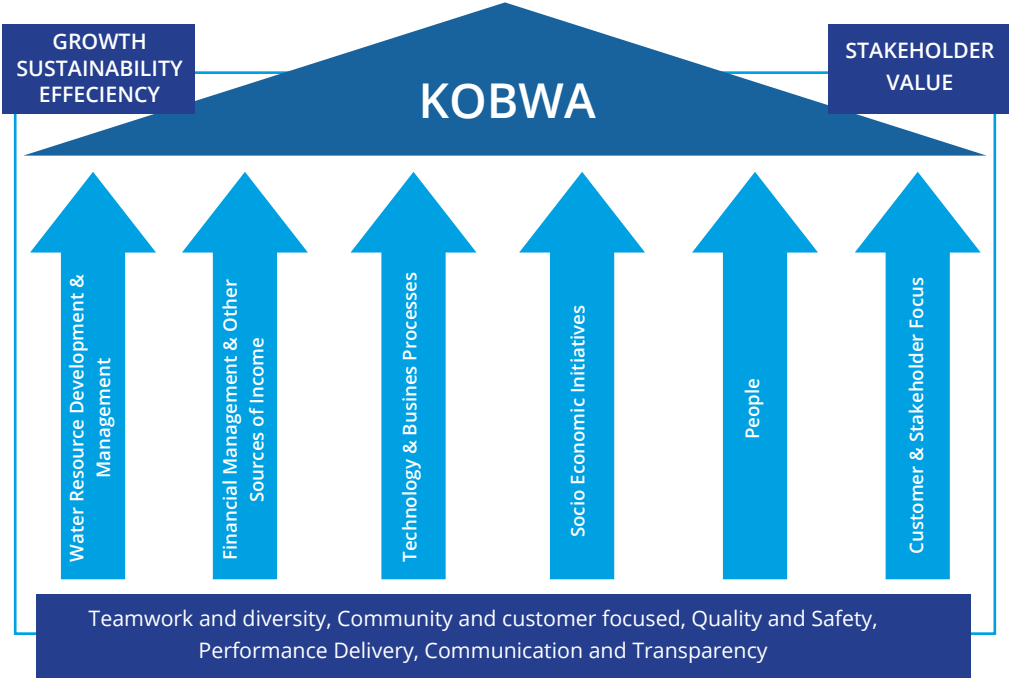
Mission:

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



Strategic Objectives

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



1.3 COMMITMENT TO CORPORATE GOVERNANCE

GOVERNANCE FRAMEWORK

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

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

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

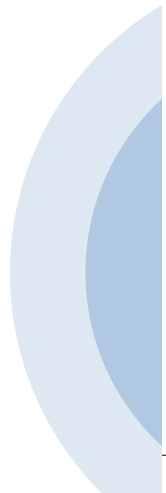
The Board shall continue to review and update the Authority's governance policies and procedures to adhere to the JSE Listings Requirements, King IV and best practice. KOBWA carefully considers all new non-statutory corporate governance concepts and implement those that are in the best interests of the organisation and stakeholders.

Governance requirements should enable, not detract, the directors to carry out their statutory and fiduciary duties as well as their duties of care and skill.

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

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



Corporate Governance Structure

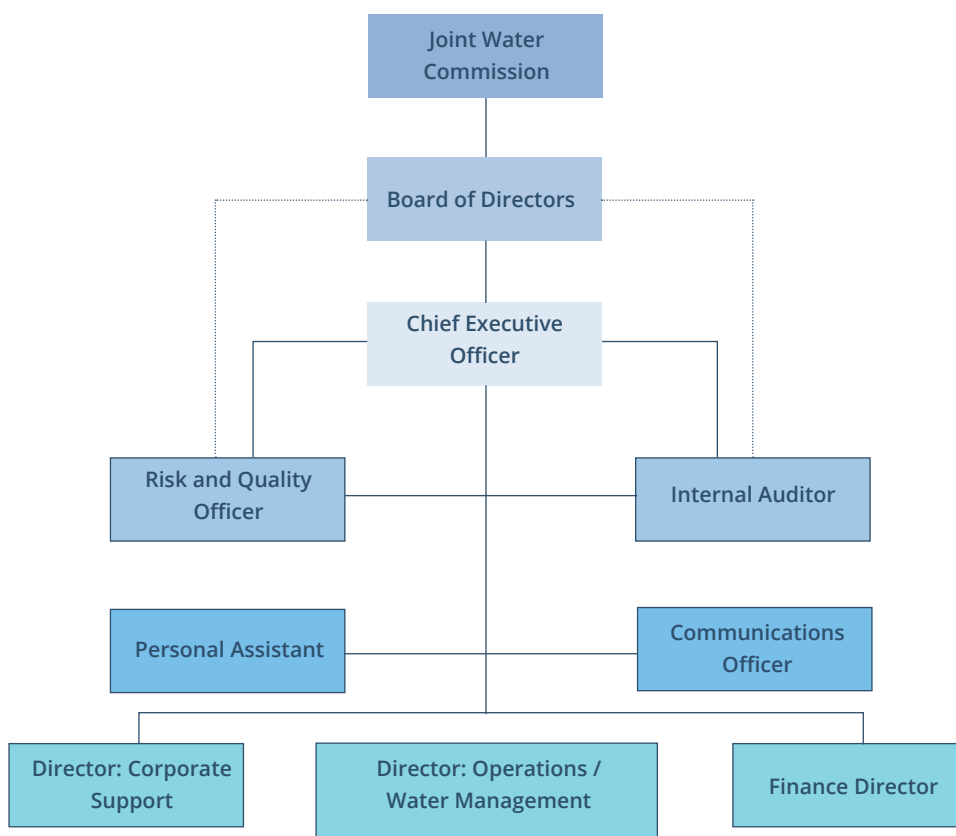


Figure 2: KOBWA Corporate Governance Organogram

The Joint Water Commission: South Africa and Eswatini

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

Members of the Joint Water Commission

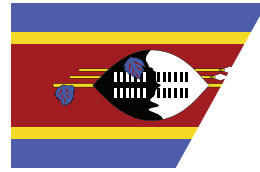
In 2021/2022, the following were members of the Joint Water Commission;

i) Eswatini

Ms. Dorcas Dlamini	Commissioner and Leader of the Eswatini Delegation Principal Secretary in the Ministry of Natural Resources & Energy.
Mr. Bongani Masuku	Commissioner Principal Secretary in the Ministry of Agriculture.
Mr. Makhosini Khoza	Commissioner Acting Director: Department of Water Affairs

(ii) South Africa

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



Ms. Duduzile Twayi



Ms. Dorcas Dlamini



Mr. Fikile Guma



Mr. Bongani Masuku



Mr. Gideon Siziba



Mr. Makhosini Khoza

The Board of Directors

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

The KOBWA Board of Directors for the year 2021/22 was as follows;

i) Eswatini

Ms. Emelda Magagula	Non - Executive Member Chief Water Engineer Department of Water Affairs
Mr. Lloyd Mzizi	Deputy Chairperson Legal Advisor (MNRE)
Ms. Nelisiwe Mabuza	Non-Executive Member Chief Executive Officer (African Alliance)

ii) South Africa

Mr. Blessing Singwane	Non -Executive Member Partner (Singwane and Partners)
Mr. Archinton Thobejane	Board Chairperson Director: Hydrological Engineering (DWS)
Mr Trevor Sithole	First Corporate Secretaries (Pty) Limited (appointed on the 1st January 2022)



Ms. Emelda Magagula	Mr. Lloyd Mzizi	Ms. Nelisiwe Mabuza	Mr. Blessing Singwane
Non - Executive Member	Deputy Chairperson	Non-Executive Member	Non - Executive Director



Mr. Archinton Thobejane	Mr Trevor Sithole	Mr. Collin Zwane
Board Chairperson	Company Secretary	Chief Executive Officer

Board of Director's Meetings

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

Finance, Risk and Audit Committee (FRAC) Meetings

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

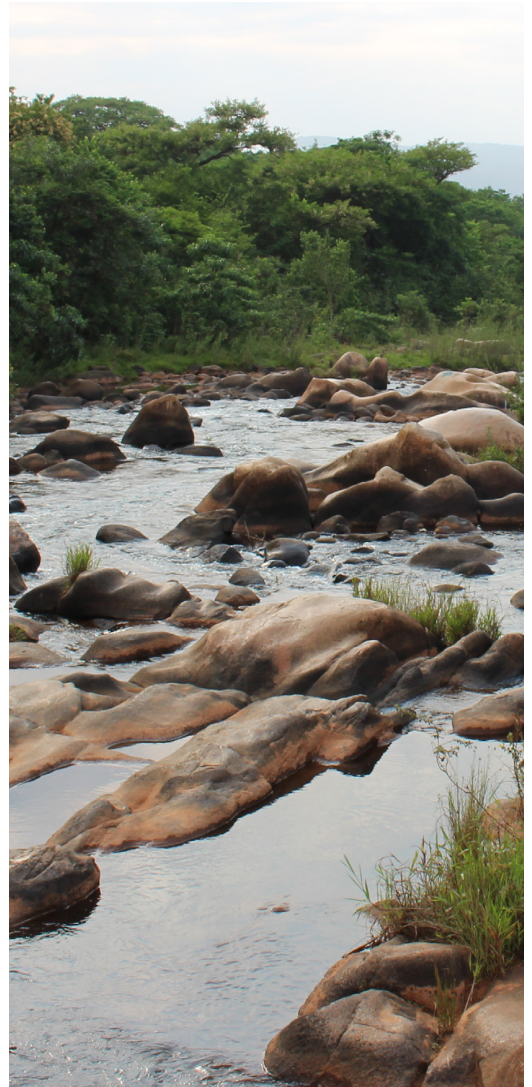
- i) Their objective is to guide KOBWA on; the financial and technical reporting process, internal control systems, the audit process, and the organisation's procedures for monitoring compliance with applicable legislation.
- ii) The Committee also advises on Corporate Risk Management including health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

Technical, Human Resources and Remuneration Committee (THRC) Meetings

The THRC is made up of four (4) Board members. Their activities include; dealing with policies relating to the management of human resources, organisational structure, terms and conditions of service, remuneration, appointment of senior staff (besides those appointed by the Board) and pensions.

Technical Human Resources and Remuneration Committee Special Meetings

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



BOARD MEETINGS				
NAME	DATE			
	20.05.21	03.09.21	17.11.21	22.02.22
B. Singwane	✓	✓	✓	✓
N. Mabuza	✓	✓	✓	✓
C. Zwane	✓	✓	✓	✓
A.Thobejane	✓	✓	✓	✓
L. Mzizi	✓	✓	✓	✓
E. Magagula	✓	✓	✗	✓
*M. Simelane	✓	✓	✓	✗
**T. Sithole	✗	✗	✗	✓

NAME	FRAC				THRC			
DATE	07.05.21	17.08.21	02.11.21	10.02.22	06.05.21	13.08.21	03.11.21	11.02.22
N. Mabuza	✓	✓	✓	✓	✓	✓	✓	✓
T.A. Thobejane	✓	✓	✓	✓	✓	✓	✓	✓
L. Mzizi	✓	✓	✓	✓	✓	✓	✓	✓
E. Magagula	✓	✓	✓	✓	✓	✓	✓	✓
M Singwane	✓	✓	✓	✓	✗	✗	✓	✓
C.X. Zwane	✓	✓	✓	✓	✓	✓	✓	✓
* M. Simelane	✓	✓	✓	✓	✓	✓	✓	✓
**T. Sithole								✓

NAME	THRC SPECIAL MEETING	THRC SPECIAL MEETING	FRAC SPECIAL MEETING	FRAC SPECIAL MEETING
DATE	26.10.21	27.10.21	01.11.21	08.11.21
N. Mabuza	✓	✓	✓	✓
M. Singwane	✗	✗	✗	✓
L. Mzizi	✓	✓	✗	✗
E. Magagula	✓	✓	✗	✓
C.X. Zwane	✓	✓	✗	✓
TA. Thobejane	✓	✓	✗	✓
*M. Simelane	✓	✓	✓	✓

** Appointed on the 1st January 2022
 * Contract ended on the 31st December 2021

KOBWA Management

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



Mr. Collin Zwane	Mr. Sakhiwe Nkomo	Ms. Temangcamane Maseko	Mr. Charles Matambo
<i>Chief Executive Officer</i>	<i>Operations Director</i>	<i>Corporate Services Director</i>	<i>Finance Director (until 20 June 2021)</i>





Ms. Zanele Duba	Ms. Kenzie Mavimbela	Mr. Mayibongwe Dlamini	Ms Barbra Gama
<i>Internal Auditor</i>	<i>Risk & Quality Officer</i>	<i>Communications Officer</i>	<i>Executive Personal Assistant</i>



STATEMENT OF THE BOARD CHAIRPERSON



The Authority has ensured that its responsibility relating to the releases of international obligations in respect of quality and quantity is met in respect of the Interim IncoMaputo Agreement (IIMA) towards the Republic of Mozambique.

Mr. Archinton Thobejane
Board Chairperson

On behalf of the Komati Basin Water Authority (KOBWA) Board, I am pleased to present highlights of the KOBWA annual report for the 2021/22 financial year.

During the year under review, the KOBWA has continued to play its important role in transboundary water management at the basin level, with a core mandate to protect, use, develop, conserve, manage and control water resources within the Komati River Basin, as contemplated in KOBWA Treaty as well as our objective. The Board is pleased yet again to report another milestone of the 30th consecutive year of an unqualified audit.

The Board is pleased that the Authority has achieved significant progress in the provision of water supply to the satisfaction of the water users within its area of operation and believes that the Chief Executive Officer and the management will continue to manage and deliver water provision to the satisfaction of Member States and continue to perform cooperation and regional integration role on the transboundary water management as envisaged by the South African Development Community (SADC) Revised Protocol on Shared Watercourses.

In the year under review, and in line with the

provisions of the KOBWA Treaty, and the JSE Debt Listing Requirements, the Board sought to strengthen the management echelons within the organisation. To this end, the Board concluded the appointment of the Chief Executive Officer and the Financial Director.

The Authority has ensured that its responsibility relating to the releases of international obligations in respect of quality and quantity is met in respect of the Interim IncoMaputo Agreement (IIMA) towards the Republic of Mozambique.

The Authority continued to strengthen relations and cooperation with other River and Lake Basin Organisations and relevant stakeholders within the SADC Region and Africa. The creation of formal relations has been the focal area, and in the next financial year, the Authority will intensify efforts to actively and meaningfully participate in the Team Europe Initiative on Transboundary Water Resources Management under the leadership of the African Union Commission, the African Ministers' Council on Water, and the African Network of Basin Organisations. With particular emphasis on improving the management of transboundary groundwater resources/aquifer systems. The Board remains sharply alert on

sound financial management and good corporate governance. We are pleased to report that for the period under review, the Authority has received an unqualified audit opinion from the external auditors. This audit outcome displays the maturity and effectiveness of internal controls and systems which have been put in place by Management. This achievement affirms our continued passion for ensuring that good corporate governance is practised and entrenched within the organisation.

It can also be reported that the activities of the KOBWA Governing Board and its committees, the Finance, Risk and Audit Committee, and Technical and Human Resource Committee, performed their functions in line with the approved terms of reference.

Whilst the year under review has witnessed positive developments reported, the Authority also faced challenges which are listed hereunder:

- Encroachment of community households within the Driekoppies Dam boundary line;
- Funding constraints from the Member States;
- Limitations of the Revenue Generation Strategy which limits full revenue generation due to delays in the Treaty Review process;
- Pollution of the resource by communities;
- Illegal sand mining along the Driekoppies Dam right bank embankment.

Management will focus on these areas in the new financial year to confront these systemic challenges to ensure the protection of the resource.

On behalf of the Board, Management, and staff, I would like to use this opportunity to thank the two Member States namely the Republic of South Africa and the Kingdom of Eswatini for the confidence shown in the Authority under our leadership. To my colleagues on the Board, the Chief Executive Officer, the entire administration, and the Joint Water Commission, thank you very much for your support.



STATEMENT OF THE CHIEF EXECUTIVE OFFICER



The organization maintained its drive in ensuring that staff was safe from COVID -19 and continued to implement safety policies and measures that ensured staff safety and efficient service delivery.

MR Colin Zwane
Chief Executive Officer

Dear Stakeholders,

It gives me great delight to present the Komati Basin Water Authority's Annual Report for the 2021/2022 financial year. The report comes at a time where the world was faced with uncertainty and without guarantee of the future due to the persistent wave of the COVID -19 pandemic. I am, however, grateful that KOBWA has survived what seemingly have been the worst devastating effects of the pandemic thus far.

I take this opportunity to extend my heartfelt condolences to those who have lost loved ones and colleagues during this turbulent period.

Water Management and Infrastructure

• Water Supply

The 2021/22 water year commenced on the 1st April 2021 at which period the Driekoppies Dam was at 100.6% capacity and the Maguga Dam at 100% capacity. KOBWA was able to successfully deliver the allocation of water resources as approved by the two Member States, Eswatini and South Africa through continual stakeholder engagement represented in the Komati Joint Operations Forum (KJOF) and other key stakeholder platforms.

• Infrastructure and Operations Management

The rehabilitation of the Mananga Gauging

Station (KOB007 or GS30) funded by the Climate Resilience Infrastructure Development Facility (CRIDF) to a tune of E/R 29,000,000 to improve the structural integrity of the weir, and improve the accuracy of measuring both low and high flows is in progress after the appointment of the contractor, Raubex Esor, a Joint Venture of companies from South Africa and Eswatini.

• Installation of a 2000mm Butterfly Valve

After the failure of the W1 butterfly valve at Driekoppies Dam in June 2020, KOBWA in collaboration with the Department of Water and Sanitation in South Africa, embarked on a project for the replacement of the 2000mm butterfly valve. Installation of the valve was completed smoothly during the second quarter of the 2021/22 financial year.

Financial management

I am pleased to indicate that the organisation was able to continue its excellent work of meeting its strategic and financial goals wherein in the financial year 2021/22 KOBWA once again received an unqualified external audit report after adopting the GRAP framework which enabled the institution to continue reporting fully on all her infrastructure and assets in the organisational balance sheet.

Human Resources

• *Finance Director's passing on*

Never for once in our imaginations had we envisaged that the month of June 2021 would be of so much distress in our organization. The loss of the Finance Director, Mr. Charles Mathambo, became a sore thorn that not only crippled us emotionally but operationally as well. The demise of Mr. Mathambo was unexpected and disheartening to all employees and stakeholders including the Member States. His contribution to the organization was invaluable. I would like to thank Ms. Futhi Kunene who came in to close the gap left by our departed colleague and steered the finance team to remarkable levels and worked with dedication in assuming her extended work load also serving in the Executive Committee.

• *Industrial Relations*

In the financial year, KOBWA and the two staff labour unions, NEHAWU in South Africa and NAPSAWU in Eswatini reached an agreement on the Cost-of-Living Adjustment (COLA) for the financial year 2021/22 and this improved the working conditions and staff moral within the organisation.

• *Employee Wellness*

The organization maintained its drive in ensuring that staff was safe from COVID -19 and continued to implement safety policies and measures that ensured staff safety and efficient service delivery.

Due to the COVID – 19 implications, KOBWA employees could not participate in most of its usual physical activities, however, the annual wellness day was facilitated by Eswatini Business Health. A wellness clinic was made available for health screenings and other health topics were presented including Mental Health, Cancer, and Healthy diet awareness.

Corporate Social Responsibility

Through our Corporate Social Responsibility Policy, KOBWA continued to implement

programmes to benefit the communities within the areas in which we operate. In South Africa, KOBWA funded the construction of the Schoemansdal Clinic Ablution block in partnership with WaterAid - Eswatini. This facility benefits 1,800 patients per month and was constructed at a cost of E900,000. In Eswatini, KOBWA funded the Construction of a restaurant, office block and swimming pool at the Lake Matsamo Tourism Park to benefit the communities of the Matsamo area who were impacted by the construction of the Driekoppies dam.

Stakeholder Management

COVID - 19 had a significant impact on stakeholder relations, however, as mitigation measures were implemented, stakeholder engagement improved as we were able to partner with stakeholders in the Water and Environment Management Campaigns (WEMAC) and also attended key water management conferences such as the 6th River and the Environment Management Committee (REMCO) themed “Integrating Disaster Risk Reduction and Climate change Adaptation for sustainable transboundary water resources management” and the South African Council on Large Dams (SANCOLD) Conference in Pretoria where the organisation delivered presentations.

Conclusion

I would like to extend my gratitude for the support received from the two governments, the Joint Water Commission and the Board to ensure that the organisation continues to discharge its mandate. May I also recognise and applaud the unremitting support received from all our external partners who came in to support our initiatives and projects. This support has not gone unnoticed and is greatly appreciated.

As I conclude may I pledge our commitment to continue to deliver on our mandate as instructed by the Member States to meet stakeholders’ interests and to position KOBWA as the highly effective trans-boundary water management entity.

BUSINESS PLAN PERFORMANCE REPORT

Business Plan Performance Report as at
31st March 2022 (2021/22 – Fourth Quarter)

1. SUMMARY REPORT

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	(KPA's) %
1.	ACHIEVED		55	72.4
2.	PARTIALLY ACHIEVED		16	21.0
3.	NOT ACHIEVED		5	6.6
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		76	

2. OVERALL PERFORMANCE PER STRATEGIC FOCUS AREA

A. Water Resource Development and Management (35%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	(KPA's) %
1.	ACHIEVED		15	62.5
2.	PARTIALLY ACHIEVED		8	33.3
3.	NOT ACHIEVED		1	4.2
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES			

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

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	(KPA's) %
1.	ACHIEVED		9	75
2.	PARTIALLY ACHIEVED		0	0
3.	NOT ACHIEVED		3	25
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES			

C. CUSTOMER AND STAKEHOLDER FOCUS (10%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	(KPA's) %
1.	ACHIEVED		3	60
2.	PARTIALLY ACHIEVED		2	40
3.	NOT ACHIEVED		0	0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES			

D. PEOPLE (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	(KPA's) %
1.	ACHIEVED		4	66.7
2.	PARTIALLY ACHIEVED		2	33.3
3.	NOT ACHIEVED		0	
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES			

E. TECHNOLOGY AND BUSINESS PROCESS (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	(KPA's) %
1.	ACHIEVED		21	87.5
2.	PARTIALLY ACHIEVED		3	12.5
3.	NOT ACHIEVED		0	0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES			

F. SOCIO ECONOMIC INITIATIVES (10%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	(KPA's) %
1.	ACHIEVED		3	60
2.	PARTIALLY ACHIEVED		1	20
3.	NOT ACHIEVED		1	20
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		5	

1. FOCUS AREA: WATER RESOURCE DEVELOPMENT AND MANAGEMENT (35%

OBJECTIVE

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

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
System Operation	Submit Final Water Allocations.	May21	Monitor system performance.	Monitor system performance. Approve interim allocations for 22/23 by Mar'22	Achieved	Submission to Board.	n/a	n/a	n/a	😊
	Prepare monthly reconciliation statements and water availability analysis as necessary.	20th day of the following month	Monthly reconciliation statements prepared. Presentation to KJOE and Board.	Monthly reconciliation statements prepared. Presentation to KJOE and Board.	Achieved	Monthly reconciliation statements. Quarterly Report	n/a	n/a	n/a	😊
	Monthly analysis of compliance to trans-boundary flows at Lebombo and Komatipoort.	20th day of the following month	Quarterly Report, including statistics for compliance.	Quarterly Report, including statistics for compliance.	Achieved	Statistics for compliance.	n/a	n/a	n/a	😊
	Co-operation with IUCMA towards compliance with Trans-boundary flows at Ressano Garcia	Report on collaboration mechanisms for Komati and Crocodile Rivers	Draft multi-stakeholder report on the conjunctive management of the system	Final report on proposals for joint management of the system	Achieved	Meeting Minutes and Reports KOBWA and IUCMA are currently cooperating through information sharing on cross-border flow compliance	n/a	n/a	n/a	😊

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
	Verification of abstraction by water users to ISOTG irrigation curve.	Initial meetings with IUCMA on verification of abstractions	Finalise and implement monitoring plan.	Implementation of monitoring plan.	Partially achieved. IUCMA committed to investigating areas of concern in the basin as identified by themselves and KOBWA. Draft ToR for verification are being developed by KOBWA	Meeting Minutes	n/a	KOBWA will finalise ToR with stakeholders.	Dec' 22	
	Survey of River Gauging Stations	Proposals received and evaluated for qualifying consultants.	Appointment of service provider and commencement of services.	Project Report on Survey of River Gauging Stations.	Pending approval of funds	n/a	n/a	n/a	n/a	
Water Resources Risk Management	Intensify Climate Change research and development.	Workshops on sand mining and dissemination of climate change report to KJO	Develop areas of common interest with identified organisation(s). Initiate plan for future cooperation.	Finalise plan for cooperation and begin implementation.	Achieved	KOBWA is already a part of forums in both countries and contributes to Climate Change issues.	n/a	n/a	n/a	

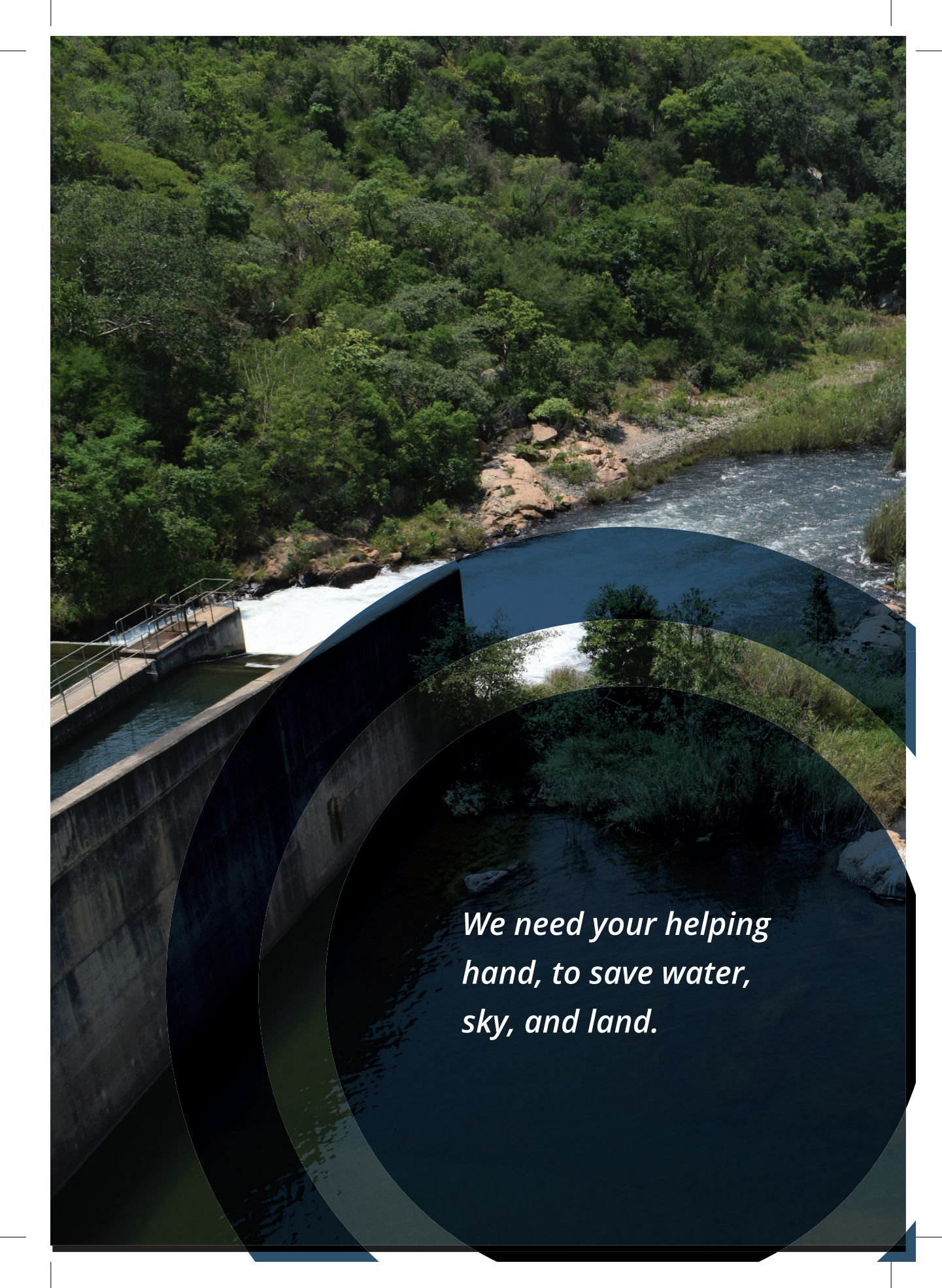
Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
	Build capacity on climate change management in the basin focusing on the key water management institutions.	Mar'22	Include climate change discussions in existing forums e.g., KJOF, Lower Komati, Upper Komati, stakeholder workshops.	Continue engaging existing forums and produce a report on the capacity of various stakeholders.	Achieved	KOBWA attends workshops on Climate Change in both countries.	n/a	n/a	n/a	
	Strengthen emergency preparedness of stakeholders.	Dec'21	Discuss Emergency Preparedness Plans in stakeholder workshop including both Parties.	Monitoring of EPP implementation and producing workshop report.	Achieved	Workshops report	n/a	n/a	n/a	
Establishment of the Komati River Basin groundwater level measuring stations network.	Installation of one groundwater monitoring boreholes in RSA.	Dec'21	Develop areas of common interest with identified organisation(s). Initiate plan for future cooperation.	Finalise plan for cooperation and begin implementation.	Achieved	KOBWA is already a part of forums in both countries and contributes to Climate Change issues.	n/a	n/a	n/a	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Establishment of the Komati River Basin meteorological measuring stations network.	Installation of at least one meteorological measuring station in the basin	Mar '22	Install rainfall station.	Continue engaging existing forums and produce a report on the capacity of various stakeholders.	Partially achieved	A site has been secured in principle at Tonga area at the treatment plant.	Site has been formally sourced.	KOBWA service provider will visit the site for installation.	Jul'22	☹️
Progressive Implementation of Resource Management Plan - Key water resource protection measures at DD	Mitigation of Encroachment of community households within the dam fenced areas.	Gazetting of floodlines and stakeholder awareness campaigns by Mar '22	Stakeholder awareness campaign in affected areas around the dam	Implementation plan for 2022/23	Partially achieved	Report from meeting on the RMP.	The process is still ongoing.	KOBWA awaits progress from DWS.	Sep' 22	☹️
	Mitigation of Unlawful sand mining along the Driekoppies Dam bank embankment	Eliminate sand mining practices on the Eastern Side of Driekoppies Dam by Mar '22	Implement preliminary Compliance & Enforcement procedures as per Water Act	Implement preliminary Compliance & Enforcement procedures as per Water Act	Partially achieved	Implementation of RMP by KOBWA, DWS and other stakeholders is in progress.	The problem persists even though compliance agencies have tried to deal with it.	It is expected that the RMP implementation will assist in managing the problem around the dam.	Sep' 22	☹️

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Infrastructure Management	Conduct statutory dam inspection – Maguga Dam	Undertake statutory inspection by Nov '21	Statutory inspection and reporting.	Implementation plan for 2022/23	Achieved	The Dam Inspection has been conducted, with two days of site inspections.	n/a	n/a	n/a	
	Statutory Inspection for Driekoppies Dam	Undertake statutory inspection by Apr' 21 and implement recommendations as per APP schedule by Mar '21	Progressive implementation of implementation plan as per APP recommendations.	Progressive implementation of implementation plan as per APP recommendations.	Achieved	Implementation Plan as presented to Board.	n/a	n/a	n/a	
Monthly inspections as per O&M Manual	Internal annual dam inspection – Driekoppies Dam	Mar '22	Approval of budget and commencement of procurement.	Implementation of recommendations as per plan and budget.	Achieved	Implementation Plan document	n/a	n/a	n/a	
	Establish contracts and service level agreements for key infrastructure components.	Sep'21	Valves, lifting equipment, survey, electrical contracts in place.	Monitor and evaluate implementation	Partially achieved	KOBWA met with the contractors and established all the rates of concern.	n/a.	KOBWA is finalising contracts based on approved budgets for the year.	Jun'22	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
	Improved Access to Driekoppies Dam – Construction of short road from near clinic to Driekoppies Dam Office.	Dec'21	Construction of road and preliminary handover processes.	Handover to Nkomazi Municipality	Partially achieved	Appointment of contractor and signed contract.	The process of introducing the project to the community was slow and delicate.	The contractor is setting up his site and the project is expected to finish by Jul'22	Aug'22	
	Replacement of the damaged butterfly valves at Driekoppies Dam.	Jun'21	n/a	n/a	Achieved	Valve installed and commissioned.	n/a	n/a	n/a	
<i>NB! Subject to approval of project commencement by CRIDF funders.</i>	Rehabilitation of the Mananga Gauging Station / Weir	Nov'21	Completion of works and installation of instrumentation	Commissioning of station.	Pending finalized list of projects	Evaluation Report. Appointment letter from CRIDF. Contractor has deployed on site	High flows are currently inhibiting the continuation of the project.	n/a	Oct'22	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
<i>NB! Subject to approval of funding by JWC</i>	Construction of main access road to Driekoppies Dam Office – Appointment of Engineering Consultant	Mar'22	Engage Nkomazi Municipality and develop procurement document for consulting engineers. Commence procurement.	Appointment of the service provider for the Formulation of an Infrastructure Asset Management Plan for the two dams.	Appointment of Engineering Consultant	Pending finalized list of projects	n/a	n/a	n/a	😊
Environmental Monitoring	KOBWA Laboratory accreditation against ISO17025 standard.	Application for accreditation by Mar'22	Implementation of Action Plan. Identification of budget for items requiring funding.	Reviewed procedure manuals for approval. Commence application process for certification.	Partially achieved	Consultants Reports. Handover documents	Action plan was still in progress when responsible officer resigned.	Task to allocated since responsible officer has resigned	Sep'22	😐
	Perform wet and dry micro biological monitoring	Dry season monitoring by Sep '21 Wet season monitoring by Mar '21	Dry season monitoring report Progressive implementation of recommendation from wet season report	Wet season monitoring and reporting. Progressive implementation of recommendation from wet & dry season report		Consultant's Biomonitoring Report.				😊
	Reservoir and River Health Monitoring	Quarterly water quality reports	Quarterly water quality report	Quarterly water quality report	Achieved.	Quarterly Report	n/a	n/a	Mar'22	😊



*We need your helping
hand, to save water,
sky, and land.*

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

OBJECTIVE

o proactively source, secure and diversify our revenue streams.

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Financial Management	Expenditure Control	Achieve at least 95% Budget expenditure	At least 70% Oper. Budget	95 -100% Oper. Budget	Achieved	Committed Cost Report	n/a	n/a		😊
Environmental Monitoring	External audit Report for Financial Year 19/20	Unqualified Audit. Draft report to Board by 31 August '21	Prepare implementation plan for any audit findings.	Plan for 2022/23 audit	Achieved Initial Meeting held in Nelspruit	Meeting Notes sent by PwC	n/a	n/a		😊
	Application of Generally Recognised Accounting Practices (GRAP) to accounting processes, reporting and policies.	Annual Financial Statements (AFS) for 20/21 compliant with GRAP	Prepare quarterly management accounts.	Prepare quarterly management accounts. Prepare annual financial statements.	Achieved Preparation of annual financial statements started – Year end Processing	General Ledger	n/a	n/a		😊
Budget Preparation	Approved 2021/22 Budget by November 2020	Approved 2021/22 budget by 30 Nov '20	Board & JWC approval (Nov meetings) System Up-date with the Re-Forecast.	Procurement plan/ Cost Control Schedule. Budget Loaded into the system for 2021/22	Achieved Budget approved by JWC	Updated Committed Cost Drive on the Intranet.	n/a	n/a		😊

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Loan Repayments	Loan Repayments	100% Compliance	Hambros (31/10)	Reporting on Compliance & redemption funds.	Achieved Company secretary engaged to draft outstanding policies as per JSE requirements	CS communication with CEO	n/aC	S to draft policies and submit to board for approval	31/05/2022	
Accounting software	Accounting software	SAGE Evolution accounting package secondary modules, add ons, comprehensive training and system review for further improvements by Mar 022	Detailed training of all finance staff. Electronic signature system to advanced procurement	Review all finance/reporting systems with a view to bringing a harmony cohesion and seamless reporting interaction.	Achieved Reporting systems are used for reporting purposes.	SAGE Evolution Reports including VAT and Cashbooks	n/an	/a		

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Review of Finance Policies and Procedure Manuals	Supply Chain Management (SCM) Policy and Processes	Centralise procurement processes by Mar '22	Centralise procurement processes for common goods and services	Review the level of centralization and the system for any changes, improvements and further centralization B-BBEE certification.	Not Achieved	n/a	PAMA position is still being finalised	PAMA recruitment awaiting board approval.	Jul '22	
		New Finance Management Policy & Procedures Manual by Sep '21	Finance Work instructions	Finance Work instructions	Not done	n/a	Finance team understaffed.	Recruitment of 2 Finance officials initiated.	Sep '22	
Cost Containment measures	Cost containment measures implemented across the organisation	Achieve a real saving of 1% of the budget.	Assess spending progress and re-forecast to end of year identifying areas for savings.	Review forecast after approval of 2021/22 Budget of JWC	Achieved	Budget submission for FY2022/23 included reviewed forecast for FY 2021/22	n/a	n/a		
Revenue Generation	Identified Commercial activities around the Dams	Identify at least 2 commercial opportunities and convert at least one into a bankable project.	Start recruitment of a resource to come up with project plan & financial model Two Draft projects with project plan for review.	Recruitment of a Business Development Officer One bankable project approved and ready for implementation with full project plan	Not achieved	n/a	Budget constraints & Vacancy of Finance Director	Motivation accompanying RG plan to be submitted to the Board for approval.	Mar'23	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
	KOBWA recognised as Implementing Agent for Implementation of RMP at Driekoppies Dam.	Increased use of KOBWA Recreational Areas in both dams	Formalise Implementing Agency Agreement with DWS. Review & finalise Implementing Plan.	Mobilising resources for the RMP Start Implementing the RMP	Achieved KOBWA appointed as Implementing Agent for the RMP. RMP include Dam Management Committee structure to be appointed in 22/23	Signed RMP	More time required to determine required resources.	Planning scheduled with DWS for April 2022.	Aug' 22	
NB! Subject to COVID-19 impact / Regulations.	Increased use of KOBWA Recreational Areas in both dams	Increased use of KOBWA Recreational Areas in both dams	Engage Nkomazi Municipality towards upgrading of Driekoppies Dam main road.	Marketing of opportunities for hosting of large events	Achieved	KOBWA dams advertised in the annual business directories and during exhibitions.	n/a	Continuous marketing in relevant media and events.	Mar '23	
NB! Activity subject to Treaty Review and approval of organisational strategy & revenue generation strategy	Provision of relevant Training and consulting services in Dam construction, Water and Environmental Management at KOBWA	Feasibility study on the viability of a Water and Environmental Management Training opportunities based at KOBWA	Engage potential partners including institutions of higher learning or partner organisations.	Co-Develop at least one short training course or workshop to be held at KOBWA	Partially achieved	A course in dam safety management was organized with an Approved Professional Person – held at Driekoppies Dam (organized as a dry run)	Delays in Treaty Review and approval of KOBWA strategy and revenue generation strategy	Retain on the BP 2022/23	Mar '23	n/a

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
	Forge partnership on KOBWA projects with donor or partner organisations.	Two contracts on specific projects, one implemented with donor or partner organisations in the water sector.	Co-develop ToRs for at least one project common to the two organisations. Sign a second MoU with another donor or partner organisation.	Start implementation or preparation the of of the first project. Co-develop ToRs for the second common to the two organisations	Not achieved	n/a	Delays in Treaty Review and approval of KOBWA strategy and revenue generation strategy	Retain on the BP 2022/23	Mar'23	n/a

*Wanted:
Water in its natural
form*



3. FOCUS AREA: CUSTOMER AND STAKEHOLDER FOCUS (10%)

OBJECTIVE

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

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Treaty Review Process <i>NB! Subject to relaxation of COVID-19 Lockdown</i>	Treaty Review Process & draft revised Treaty	Finalise all stakeholder consultation processes by Mar '22. Submission of final documents to Principals for signature by Mar '22	Achieve 70 % progress of the implementation plan	Final report and submission to Principals	Partially achieved	Task Team minutes	Process stalled by delays with gazetting of public notice for stakeholder consultation in RSA	RSA Task Team members working on a submission for the Ministerial signature	Mar '23	☹️
KOBWA Promotions	Corporate Functions	One function by Mar '22	Marketing of event	Host event on water related theme						😊
	Publications / Conference Presentations	1 Publication / 1 Conference Presentations	1 paper / presentation	1 paper / presentation 1 publication	Achieved	Paper presented at SANCOLD in Nov '21.	n/a	n/a		😊

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
<i>NB! Subject to relaxation of COVID-19 Lockdown</i>	Water & Environmental Management Awareness Campaign (WEMAC) - Schools	Hold 1 WEMAC event in each Member State by Mar '22	Hold 1 event in KoE	Hold 1 event in RSA	Achieved	Events co-organised with IUCMA in RSA and DWA in KoE	n/a	n/a		😊
Customer Service	Survey report Satisfactory percentage level	3 Customer Service Surveys by Sept '21	1 Customer survey report and action plan	1 Customer survey report and action plan	Partially achieved	Structure developed Communication Officer (CO) for undertaking surveys	CO indisposed for most of the quarter.	Surveys deferred to 22/23	Mar' 23	😬
	Strengthen partnerships with existing stakeholders	Signed Memorandum of Understanding with KRBA /URBA (Eswatini) by Mar '22	Approved MoUs with both institutions	Progressive implementation of MoUs (Quick Wins)	Partially achieved	Draft MoU developed by the joint team	Unavailability of members to finalise the document on time	Schedule a final meeting in 22/23	Jul '22	😬

4. FOCUS AREA: PEOPLE (15%)

OBJECTIVE

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

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Human Resources Management	Performance Evaluations	2 Performance Evaluations based on the strategic plan.	½ Yearly Perf. Evaluations by 31 Nov '21	Initiate End - of - Year Performance Evaluations	Achieved	Minutes EXCO	n/a	n/a	n/a	☹️
	Revised HR Policy Manual Retention Strategy	Revised HR Policy Manual by Mar '22 Approved Retention strategy by Mar '22	Implement Approved Training & Development policy Workshop Retention strategy	Monitor & Evaluate implementation of policy Approved Retention strategy	Achieved Partly Achieved	Approved Training requests Draft document	n/a Developed Draft Housing policy as per request from Labour	n/a Complete information sourcing and review available draft	n/a 2nd Quarter	😊

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Skills Development	Annual Skills Development & Process Annual Training Report/Work Skills Plan for Energy SETA	2020/21 Skills Development Plan by Nov '21. 70% staff trained by Mar '22	Implementation of 2021/22 Skills Development Plan	Process Annual Skills Development Plan / Annual Training Report/Work Skills Plan for Energy SETA	Achieved	Available skills development plan being implemented	n/a	n/a	n/a	
	Institute recognition of prior learning process in line with SAQA requirements	30 % technical staff certified	Engage institutions for assessments	Finalise engagements of institutions	Partly achieved	Enquiries sent to institutions	Awaiting responses	Follow up on enquiries and compile information for decision making	2nd Quarter	
Industrial Relations	Industrial Action (Strikes)	List of demands submitted by Labour	1 consultative meeting	1 consultative meeting	Achieved	Minutes. Union submitted draft Housing Policy for consideration by EXCO	n/a	Maintain quarterly schedule	Quarterly	

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

OBJECTIVE

To have technology systems and business processes that enable business efficiencies

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Business Planning	Review Strategic Plan 21/22 to 25/26	Approved revised strategy by June '21	Include 21/22 targets in the budget for 21/22	Align with Business Plans for 2021/22	Achieved	Strategy approved by Board. Now awaiting JWC ratification	n/a	JWC to ratify strategy in 22/23	Jun '22	😊
	Approved 2021/22 Annual Performance Plan (APP)	May '21	Monitor implementation.	Monitor implementation.	Achieved	Signed APP	n/a	n/a	n/a	😊
Alignment of individual business plans with strategy	Organizational Performance Score (Average)	Achieve a 3.0 organizational average score	As per quarterly Performance Targets	As per quarterly Performance Targets	Achieved	Draft report of scores across departments	n/a	n/a		😊
Reporting	Board & Board Committee meetings documents / Reports	Meeting documents distributed within 5 working Days Prior to meetings	3 Reports	Disseminate Report to stakeholders		Achieved	Documents distribution dates	n/a	n/a	😊
	Meeting documents / Reports - JWC, JWC Finance Committee, JWC Technical Committee & JWC Treaty Review Task Team	10 Days Prior	4 reports	4 reports		Achieved	Distribution dates	n/a	n/a	😊

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Corporate Governance	Compliance with Corporate Governance Policy	Review of Corporate Governance Policies in line with restructured Board Committees relevant updates and KOBWA King IV Compliance Register.	Revised Corporate Governance Policy.	Progressive alignment of KOBWA Processes with Policy	Achieved	Revised Board Charter and Committees TORs	n/a	n/a		
Risk Management	Strategic Risk Register and quarterly monitoring reports.	Approved updated Strategic (4th quarter 2020/21) and Departmental Risk Register (2021/22) 1st quarter	Quarterly Risk Register with Report. Prepare Risk Registers for 2021/22	Quarterly Risk Register Compliance Monitoring Report. Approved Strategic Risk Register for 2022/23	Achieved Updated Quarterly Risk Register and monitoring report in Board pack submission. Strategic Risk Register for 2022/23 was approved with quarter 3 submissions in quarter 4.	Updated Quarterly Risk Register and monitoring report. Approved Strategic Risk Register for 2022/23	n/a	n/a	n/a	
	Risk Management Framework	Approved Risk Management Framework	Risk Management Framework	Review of Risk Management	Achieved Risk Management Framework in place and updated.	Risk Management Framework	n/a	n/a	n/a	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Internal Audit	2021/22 Internal Audit Charter; 2021/22 Three (3) Year Strategic Rolling Plan & 2021/22 Annual Plan	2021/22 Internal Audit Charter, 2021/22 Annual Plan & Three (3) year 2021/22-2023/24 Rolling Plan approved by April '21	Undertake audits as per Annual Plan	Undertake audits as per Annual Plan.	Partially achieved 2022/23 IA Charter presented in the Feb 2022 FRAC meeting. Approved signed copy in the ISO Folder. Water Management (Operations Department) Infrastructure maintenance completed and final report issued. To be presented to FRAC in May 2022 meeting. IT Risk Assessment completed and final report to be presented by SNG Grant Thornton in May 2022 FRAC meeting. IT Audit Planning completed. Risk & Governance audit at draft reporting stage.	IT Audit Planning Memorandums in audit File.	audit purposes.	audit – to be finalised and presented in the July 2022 FRAC meeting.		☹️

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
	Internal Audit Reports & follow up reports	Address 80% of adverse audit findings	Address 80 – 100 % of adverse audit findings (as per the IA's approved audit reports)	Address 80 - 100% of adverse audit findings (as per the IA's approved audit reports)	All previous audit findings have been followed -up. A slow progress in addressing the asset management audit findings by management has been observed. A positive but not yet not completely there progress with regards to Fleet Management has been progress. PMS progress seems to be hindered by budgetary constraints and Board related approvals. Of the total of 6 audit findings as at the end of March 2021, management has addressed 4 (67%) and the remaining 2 (33%) (PMS) is still partially resolved.	Follow-up audit reports in FRAC/Board meeting packs. Follow-up audit report – addendum to the FRAC/ Board Pack report.	n/a	n/a	n/a	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Legal Compliance Management	Compliance Manual	Legal register updates in compliance with regular statutory promulgations towards QMS and OHS Compliance.	Legal register update Finance & Admin.	Update legal register Corporate Services	Legal register is complete and sent to HOD's for final comments and feedback regarding the legislation included and internal supporting evidence, supporting each legislation. Legal audit done through Legricon.	Legal Register Legal Compliance Audit report.	n/a	n/a	n/a	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Information Management Systems	New Electronic Document Management System (EDMS)	Implement new document management system by Dec '21	User refresher training	Monitoring & Evaluation	Achieved	Correspondences with service provider	n/a	n/a	n/a	
	Minimal disruptions to network connectivity	Stable network connectivity	Monitoring & Evaluation	Monitoring & evaluation	Achieved	ICT Reports	n/a	n/a	n/a	😊
	Improvement of DD internet connectivity	Stable & reliable internet connection	Monitoring & evaluation	Implement back up solution	Achieved	Back solution in place. Quotations for new ISP sourced	Invoices Quotations	n/a	n/a	
Business continuity	Implementation of Disaster Recovery Plan	Approved DRP including test results	Monitoring & Evaluation	Monitoring & evaluation	Achieved	ICT report	n/a	n/a	n/a	😊

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Website and intranet	Offsite intranet accessibility Improved KOBWA website	Intranet portal & Improved website by Mar '22	Fully functional website	Improve website as and when necessary	Partly achieved	New web design and URL available	Delays on the part of service provider	Finalise design as per EXCO comments CO to submit new content	June 22	😐
			Upload regular data updates Fully	Upload regular data updates	Achieved	Electronic correspondences	n/a	n/a	n/a	😊

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
IT Network Support	Minimal disruptions to network connectivity	Stable inter office connectivity	Monitoring & evaluation	Monitoring & Evaluation	Achieved	Cross border access to files and inter office connection	n/a	n/a	n/a	😊
	Improvement of DD internet connectivity	Stable & reliable internet connection	Budget for permanent solution	Source new ISP for 22/23	Partly achieved	Requests for quotations and received quotations	Waiting for confirmation of budget	Analyse quotations and present proposal for for decision making	June 22	😐
	Up to date software & hardware	Optimum PC and printer performance	Maintenance of printers, PC repairs & supply of IT consumables	Maintenance of printers, PC repairs & supply of IT consumables	Achieved	Service reports and quarterly orders for supplies	n/a	n/a	n/a	😊

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Health, Safety, Quality Control and Capacity Building.	Health and Safety procedures in line with the ISO 45001:2018 standard.	Stage 1 and Stage 2 Audits on ISO 45001:2018	Facilitate Baseline Medical Surveillance and issue based risk assessments	Finalise actions on Gap Audit and apply for certification process.	Precertification corrective actions completed and stage 1 audit towards certification done. Auditors approved moving to stage 2 audit towards certification in 4 months time. OHS Legal Compliance Audit carried out.	Corrective Action Plan (from pre-certification audit) BSI report on stage 1 audit. OHS Legal Compliance Audit report.	n/a	n/a	n/a	
	Quality procedures in line with the ISO9001:2015 Standard	Stage 1 and Stage 2 Audits on ISO 9001:2015	Review QMS for documentation of operations done at KOBWA	Finalise actions on Gap Audit and apply for certification process.	Precertification corrective actions completed and stage 1 audit towards certification done. Auditors approved moving to stage 2 audit towards certification in 4 months time.	Corrective Action Plan (from pre-certification audit) BSI report on stage 1 audit.	n/a	n/a	n/a	

*Save Water to Save
this Planet.*



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

OBJECTIVE

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

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
CSR Projects	Implementation of Corporate Social Responsibility projects	Spend 100% of approved allocated budget on CSR projects by Mar '22	Progressive expenditure (70% of budget)	Progressive expenditure – (100 % of budget)	Achieved	Committed cost. KOE budget 100% expenditure. RSA 23.8% remaining budget	RSA budget spent on milestone payments for Schoemansdal clinic. Project commenced in January and paid for 2 completion certificates to date. Remaining to cater for remaining milestones.	Pay for remaining milestone upon submission of invoice and completion certificate.	Jun '22	😊
		Assessment of 2 previously completed projects and evaluation of newly implemented projects By Mar'22	Visit 1 previously implemented project to determine status / condition	Evaluate newly completed projects	Achieved	Completion certificates signed by engineer	Schoemansdal clinic project still under construction. 2 Milestones evaluated upon completion and submission of invoice.	To evaluate remaining milestone upon completion	Jun '22	😊

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Lake Matsamo Mitigation Plan	Lake Matsamo Business Proposal	40 % Implementation of the KOBWA contribution.	Installation of Electricity supply	Implementation of KOBWA targets e.g. electricity	Partly achieved	Available quotations	Construction still underway. Contractor has not yet sanctioned installation	Installation to be done upon instruction by contractor after completion of Restaurant	Dependant on progress on the ground	
FINCOP Revolving Fund	Turn - around strategy for FINCOP Fund	Finalize KOBWA turn - around strategy by end Dec '2021	Approved Strategy	Implementation of turn - around strategy	Partially achieved	n/a	Formulation of Stakeholder Forum delayed due to late replacement of departed Credit Officer	To formalise stakeholder forum and agree on roles and responsibilities prior to submission for approval	Sep '22	
Socio economic baseline for the basin	Funding for study of socio-economic baseline for the region	Secure funding and partners for development of Report / study on water related socio-economic baseline in the project area by Mar '22	Commencement of study	Progress report	Not achieved	n/a	Budgetary challenges	To scout for savings if declared	Mar '23	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2021/2022)	Target (Q3 - 2021/22)	Target (Q4 - 2021/22)	Actual performance as at 31st Mar. 2022	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
<i>NBI Activity subject to Treaty Review and approval of organisational strategy & revenue generation strategy</i>	Establishment of KOBWA Foundation to drive CSI programs	Prefeasibility document detailing legal requirements, funding and structure of the Foundation by Mar '22	Develop Draft TORs for the KOBWA foundation	Prefeasibility document detailing legal requirements, funding and structure of the foundation	Not Achieved	n/a	Subject to Treaty Review and approval	Awaiting Treaty Review and approval	n/a	n/a



*Our ecosystems
depend on water,
Don't waste it!*

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.

INTRODUCTION

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

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

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

BACKGROUND

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

KOBWA's area of operation starts from the two dams, Driekoppies Dam and Maguga Dam, moving down to the confluence of the Komati

and Crocodile rivers at Komatipoort. The length of the river in the area of operation from Driekoppies and Maguga dams is about 117 km and 192 km, respectively to Komatipoort. The associated catchment area is approximately 4,000 square kilometres.

SECTION: SYSTEM OPERATION

a) Water Allocations for 2021/22 Water Year

The interim water allocations were calculated during March 2021 for Management's approval. The determination of interim allocations is an annual exercise to allow for the continued supply of water whilst the final allocation is being calculated and submitted to the JWC for consideration. Following KOBWA Management's approval of full interim water allocations to start the 2021/22 water year, the JWC then approved full water allocations below Maguga and Driekoppies dams in their meeting of 11th June 2021 for the 2021/22 water year. There were no curtailments throughout the water year as the dams remained relatively full.

The water allocations for 2021/22 water year therefore stood as shown in Table 2(a), as well as Table 2(b) for the non-rationed High Assurance (HA) allocation.

The total length of the Komati River basin from its source to the confluence with the Crocodile River is 450 km.

Party	Rationed Low Assurance Water Allocations (Mm3)	Transmission Losses (Mm3)	Total (Mm3)
South Africa	278.3	25.4	303.7
Eswatini	240.0	16.6	256.6

Table 2(a): Rationed Interim Low Assurance (Irrigation) Water Allocations for 2021/22 water year in cubic hectometres per year (hm³/a) downstream of Maguga and Driekoppies Dams.

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

Table 2(b): High Assurance Water Allocations for 2021/22 water year in cubic hectometres per year (hm³/a) downstream of Maguga and Driekoppies dams.

b) Historical Dam Levels and Inflows

The 2021/22 water year commenced on the 1st April 2021. Table 1 below shows the quantity of water at the beginning of the water year as well as at the end of the quarterly reporting periods.

Dam	Date	Volume (Mm3)	Percentage
Driekoppies Dam	1 Apr 2021	252.6	100.6
	30 Jun 2021	251.4	100.30
	30 Sep 2021	238.8	95.1
	31 Dec 2021	254.5	101.4
	31 Mar 2022	252.4	100.5
Maguga Dam	1 Apr 2021	334.0	100.0
	30 Jun 2021	332.9	99.7
	30 Sep 2021	287.5	86.1
	31 Dec 2021	335.3	100.4
	31 Mar 2022	334.5	100.2

Table 2(a): Table 1: Quantity of water in the dams at commencement of water year as well as quarterly.

Figures 1 and Figure 2 below are showing the historical dam levels as well as the levels for the 2021/22 water year in percentages.

Figure 1a: Maguga and Driekoppies Dams Actual Gross Stored Volume (%)

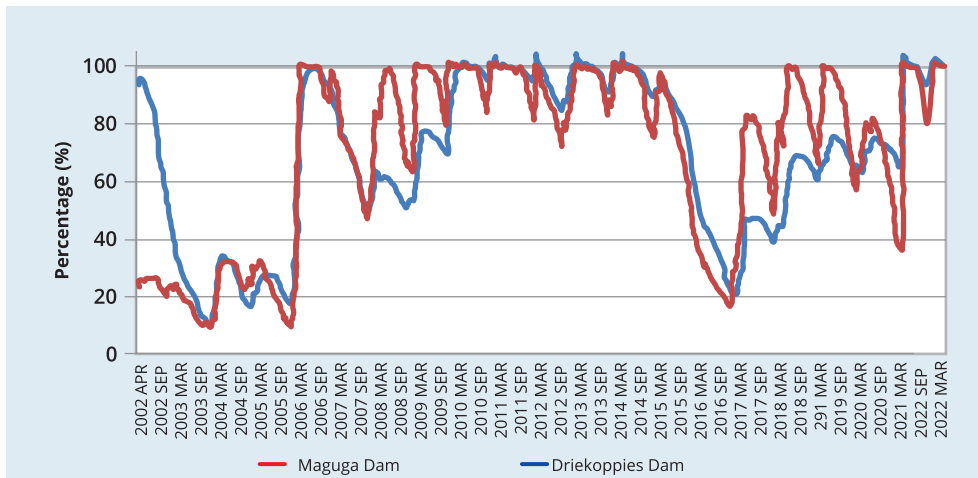


Figure 1b: Maguga and Driekoppies Dams Actual Gross Stored Volume (Mm³)

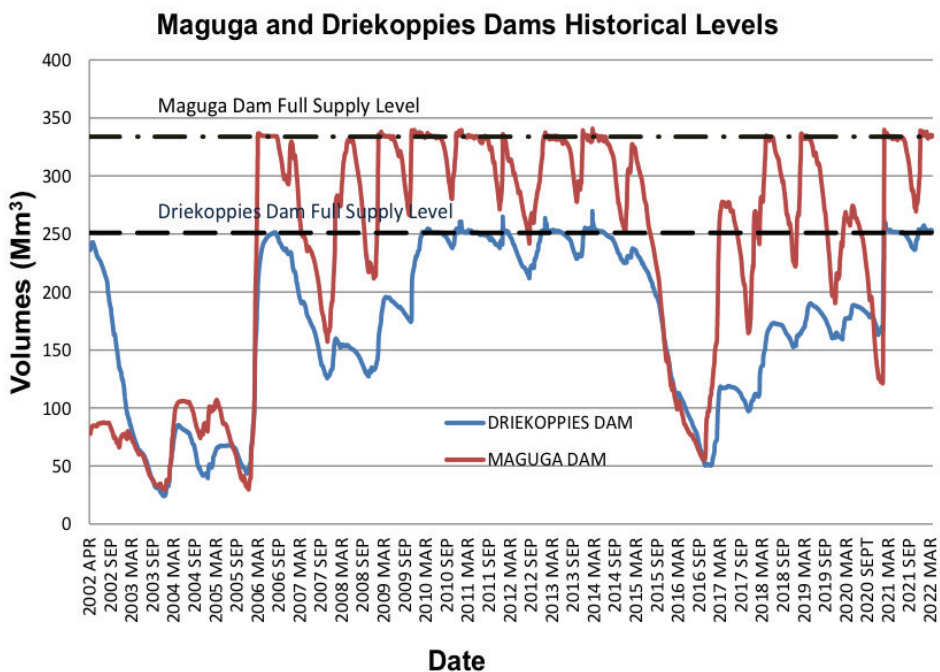
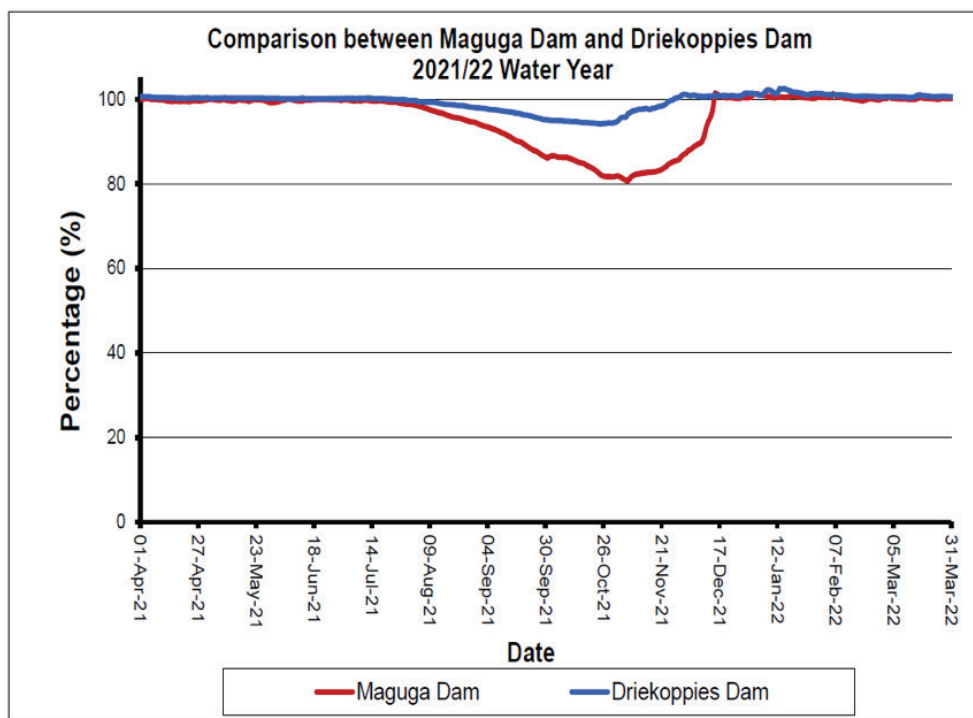


Figure 2: Showing Maguga and Driekoppies Dam level for the current water year

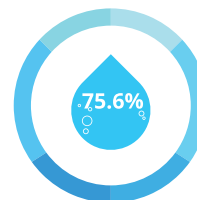


c) Water Use by the Parties

Low Assurance Water Use by the Parties for the 2021/22 water year is shown in Table 3(a) for South Africa, and in Table 3(b) for Eswatini. Fig 3(a) and Fig 3(b) indicate a comparison of the cumulative water use in comparison with the expected water use as depicted by the monthly average irrigation distribution curves of the ISOTG rules (ISOTG curves). As at the end of March 2022, South Africa had utilised 229.8Mm3 (75.6%) of their allocation and Eswatini, 191.3Mm3 (74.6%) of their allocation.

South Africa

229.8Mm3



Eswatini

191.3Mm3

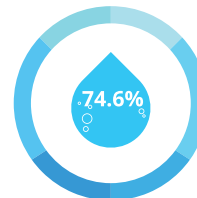


Table 3(a): Water Use downstream of Driekoppies Dam and Mananga in South Africa as at 31 March 2022.

Water Use Downstream of Driekoppies and Mananga in South Africa - March 2022		
	AMOUNT (million m3)	BALANCE (million m3)
Water use from Driekoppies Dam	194.9	
Add flow across Mananga Border	666.4	
		861.3
Subtract releases for Mozambique	837.9	
		23.4
Subtract riverine losses	33.6	
		-10.2
Subtract domestic and industrial use	18.2	
		-28.4
Add gross accruals from:		174.5
Driekoppies to Lebombo	132.5	
Mananga to Tonga	125.7	
		229.8
Add water used from storage in the weirs (assumed)	0.0	
Irrigation water use in 2020/21*		229.8
* Remaining irrigation water downstream of Mananga and Driekoppies Dam on March 31:		
- South Africa:		74.0 Mm³
Actual booked irrigation water in use in 2021/22		229.8** 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 = 75.6% of 303 Mm ³ /a non-rationed Low Assurance water.		

Fig 3(a): Graph of cumulative water use in comparison with expected water use downstream of Driekoppies Dam and Mananga in South Africa as at 31 March 2022.

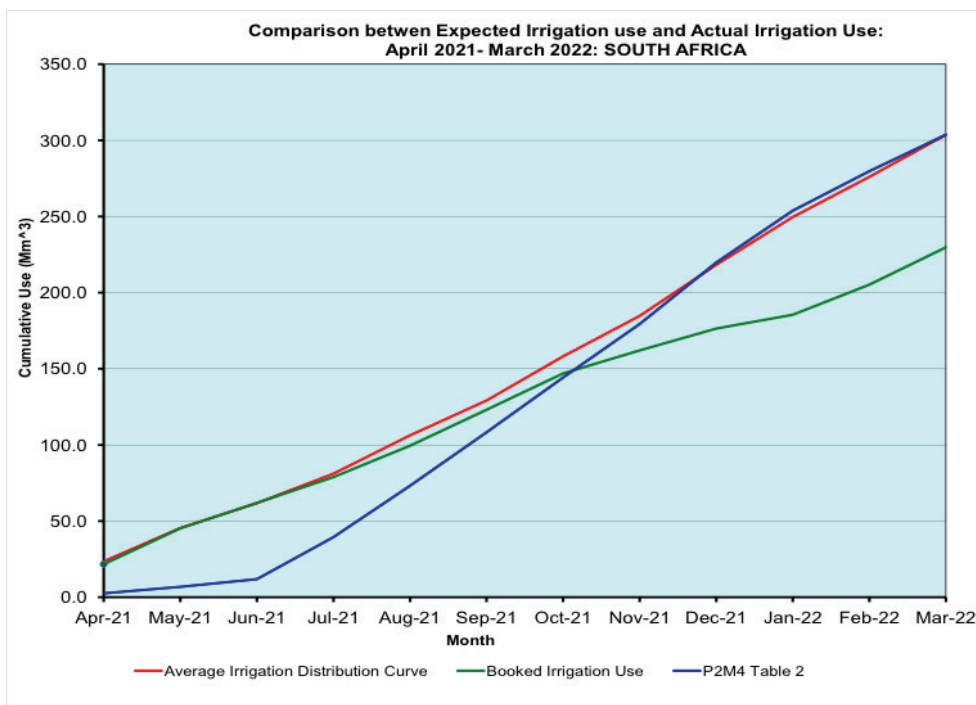
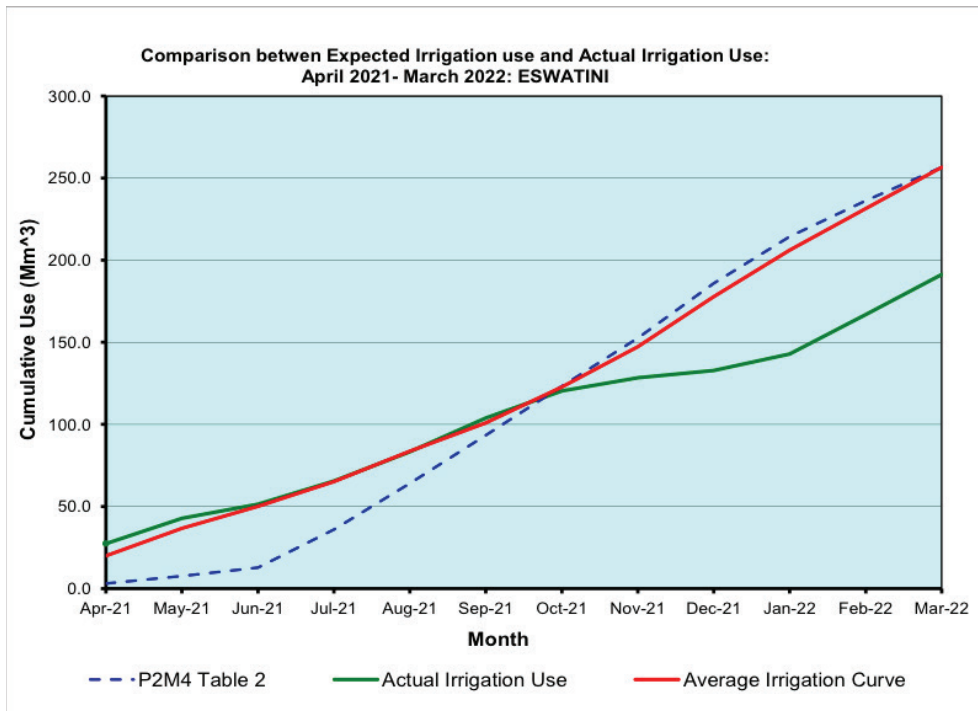


Table 3(b)*Water use downstream of Maguga Dam in Eswatini as at 31 March 2022.*

Water Use Downstream of Driekoppies and Mananga in South Africa - March 2022		
	AMOUNT (million m3)	BALANCE (million m3)
Release from Maguga Dam	670.3	670.3
Subtract increase in stored volume in Hydropower Regulating weir from April 01 to March 31	0.0	
		670.3
Subtract net evaporation losses from Hydropower Regulation Weir	0.0	
Subtract riverine losses	13.7	
		656.6
Subtract domestic and industrial use	17.5	
		639.1
Add gross accruals from Maguga to Mananga	218.7	
		857.7
Subtract flow at Mananga Border	666.4	
Irrigation water use in 2021/22*		191.3
* Remaining irrigation water downstream of Mananga and Driekoppies Dam on March 31:		
- Eswatini :	65.3 Mm ³	
Actual booked irrigation water in use in 2021/22	191.3** Mm³	
Which is:		
Less than (P2M4 Table 2)	256.6 Mm³	
Less than (AVERAGE IRRIGATION DISTRIBUTION CURVE)	256.6 Mm³	
Actual booked irrigation use = 74.6% of 256 Mm³/a non-rationed Low Assurance water.		

Fig 3(b) Graph of cumulative water use in comparison with expected water use downstream of Maguga Dam in Eswatini as at 31 March 2022.



Tables 3(c) and 3(d) show the storage reconciliation of Maguga and Driekoppies dams, respectively. The total system storage as at the end of Dec 2021 was 583.0Mm³, being 333.5Mm³ from Maguga Dam and 249.5Mm³ from Driekoppies Dam. These are the Reference Storages and represent the actual amount of water in the dams that can be allocated for the next water year. The total inflow into Maguga Dam

Fig 3(c) Graph showing the 2021/22 inflows into Maguga Dam compared with different percentiles.

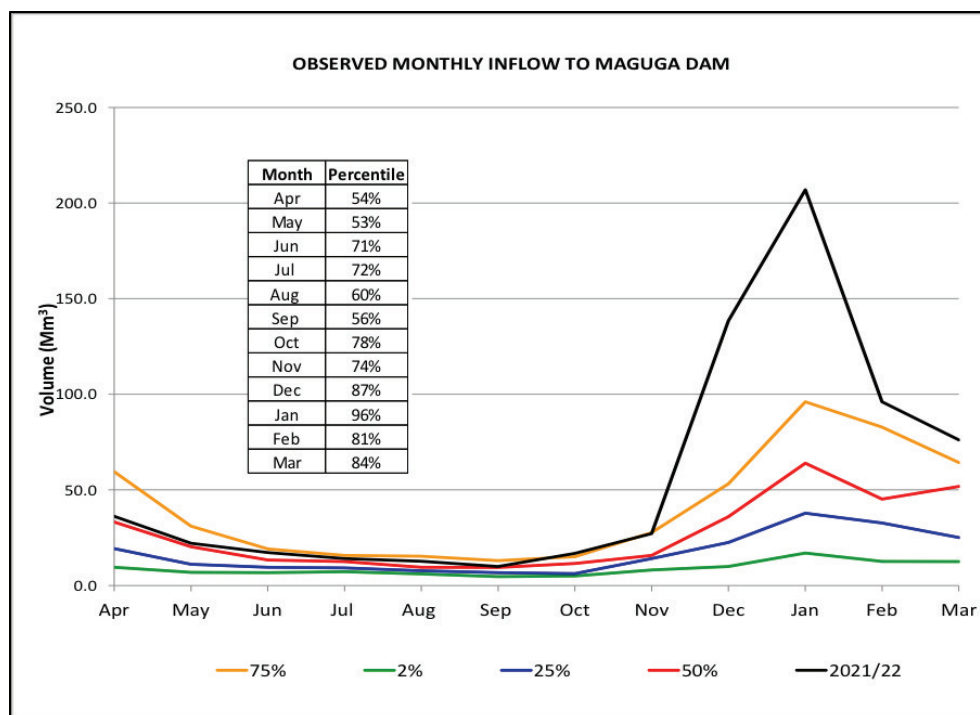


Table 3(c): *Maguga Dam Storage Reconciliation*

MAGUGA DAM STORAGE RECONCILIATION ON 1 APRIL 2022		
	AMOUNT (million m3)	BALANCE (million m3)
Combined stored volume in Maguga Dam and Hydropower Regulating weir at start of water year	334.6	
Add Inflow to Maguga Dam for water year	673.6	
Subtract:		1008.3
Net evaporation losses from Maguga Dam	2.5	
Releases from Maguga Dam	670.3	
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 month	672.8	335.5
Subtract volume above non-overspill crest	0.7	
Subtract Eswatini share of Water in Reserve		334.8
Cumulative 2021/22	0.5	
Subtract commitments from storage from 2020/21 water year to:	0.5	334.3
South Africa	0.0	
Eswatini	0.0	
	0.0	334.3
Add water use above average use and/or from banking for 2021/22		
South Africa along Middle and part of Lower Komati*	-21.0	
Eswatini	-65.3	
	-86.3	248.1
Add back Transmission losses resulting from incorrect water orders during 2021/22 water year by:		
South Africa	0.0	
Eswatini	0.6	
		248.6
Add net Banked water lost through spillage for 2020/21:		
South Africa along middle and part of lower Komati***	21.0	
Eswatini	64.7	
	85.7	334.3
Reference Storage Available in Maguga Dam and Hydropower Regulating weir from 01 April 2021		334.3
Subtract water stored in Hydropower Regulating Weir on 01 April 2021	0.8	333.5
Reference Storage Available in Maguga Dam from 01 April 2022		333.5
*Balance of -33.9 Mm3 is held in Driekippies Dam – Transmission Losses owed by Eswatini and South Africa were cancelled.		

Fig 3(c) Graph showing the 2021/22 inflows into Driekoppies Dam compared with different per centiles.

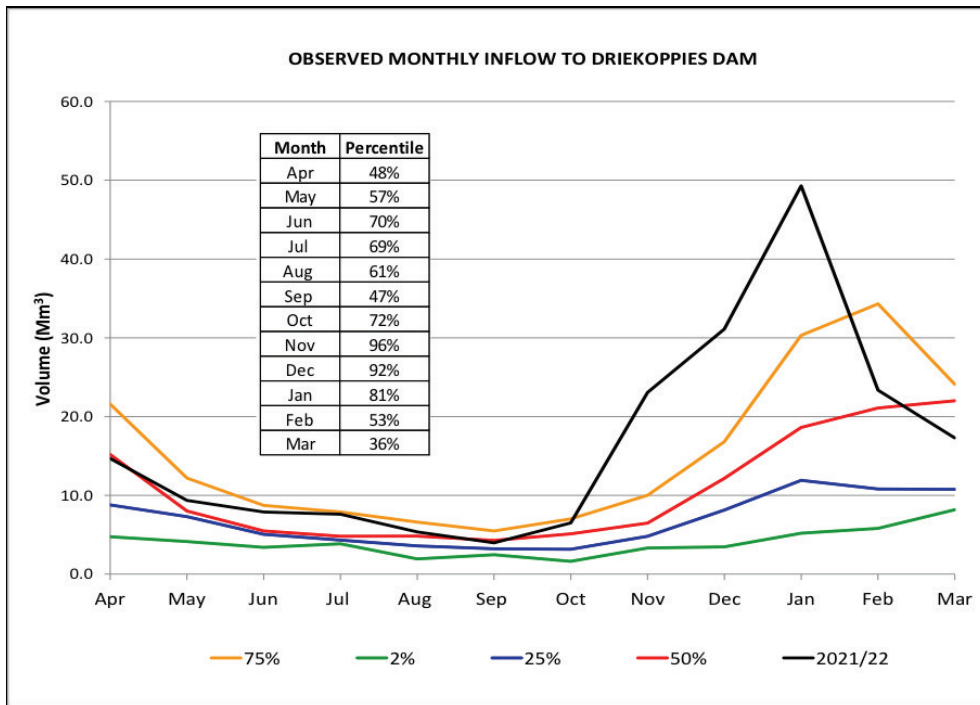


Table 3(d): Driekoppies Dam Storage Reconciliation

DRIEKOPPIES DAM STORAGE RECONCILLIATION ON – 1 APRIL 2022		
	AMOUNT (million m3)	BALANCE (million m3)
Total stored volume at start of water year	252.6	
Add inflow for water year	199.4	
	452.0	452.0
Subtract:		
Net evaporation loses	4.7	
Releases from dam	194.9	
Total stored volume at end of month	199.6	252.4
Subtract volume above non-overspill crest	1.3	
	1.3	250.0
Subtract share of water supplied for Mozambique from Komati River that was used by South Africa but replaced from Crocodile River:		
Net Cumulative for 2021/22	0.6	
	0.6	250.5
Substract South African share of Water in Reserve		
Cumulative for 2021/22	1.0	
	1.0	249.5
Subtract commitments from storage from 2020/21 water year to South Africa	0.0	
	0.0	249.5
Add back water use above average use and/or banking for 2021/22 along Lomati and Lower Komati*	-53.0	
	-53.0	196.5
Add back Transmission Losses resulting from incorrect water orders by South Africa during 2021/22 water year	0.0	
	0.0	196.5
Add Banked Water lost through spillage 2021/22**	53.0	
	53.0	249.5
Reference Storage Available in Driekopies Dam on 01 April 2022		249.5
* Balance of South African over use not held in Maguga Dam		
** Balance of South African lost Banked Water not accounted for in Maguga Dam		

The reconciliation of the High Assurance water whose use is currently based on a uniform demand rate throughout the year is shown in Table 4.

Table 4: High Assurance demand downstream of Maguga and Driekoppies dams

HIGH ASSURANCE WATER DEMAND DOWNSTREAM OF DRIEKOPPIES AND MANANGA IN SOUTH AFRICA - MARCH 2022				
	Lomati	Middle Komati	Lower Komati	Total
Non-rationed High Assurance Annual Allocation	8.6	9.3	0.3	18.2
Cumulative demand in 2018/19	8.6	9.3	0.3	18.2
Remaining High Assurance water downstream of Mananga and Driekoppies Dam on March 31	0.0	0.0	0.0	0.0

NB: Quantities in million M³

HIGH ASSURANCE WATER DEMAND DOWNSTREAM OF MAGUGA DAM IN ESWATINI MARCH 2022				
	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 2021/22	1.9	11.8	3.8	17.5
Remaining High Assurance water downstream of Mananga and Driekoppies Dam on March 31	0.0	0.0	0.0	0.0

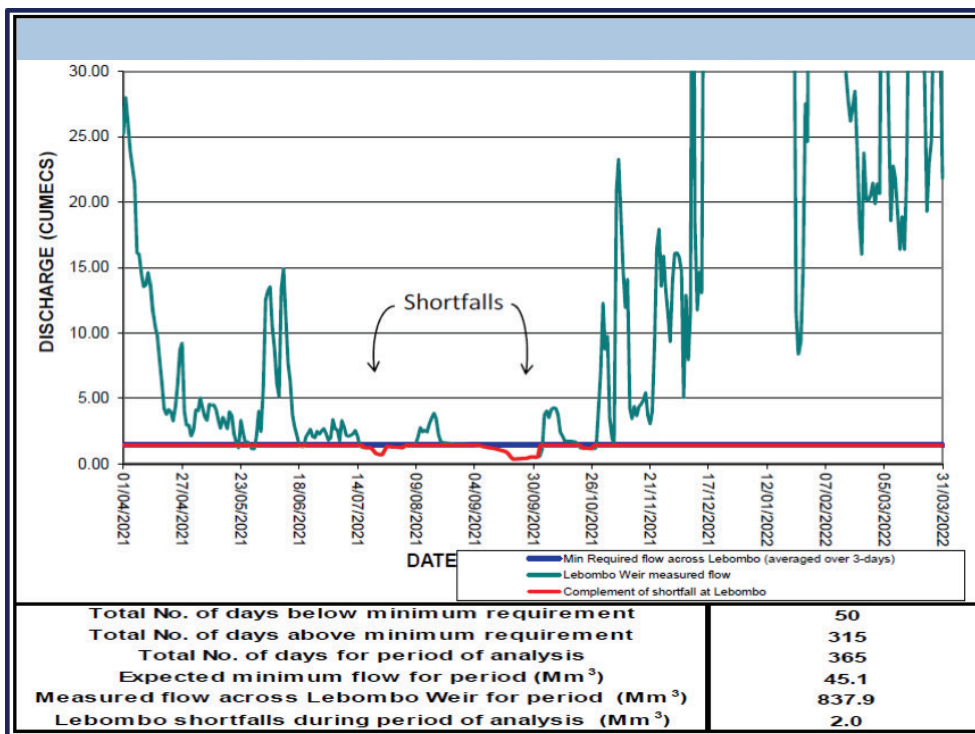
NB: Quantities in million M³

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

During the period from 01st April – 31st March 2022, the contribution by the Komati River (measured at Lebombo weir) to the Mozambique required flow was, for 86.3% of the time, above the 3-day- average minimum requirement of 1.43m³/s.

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

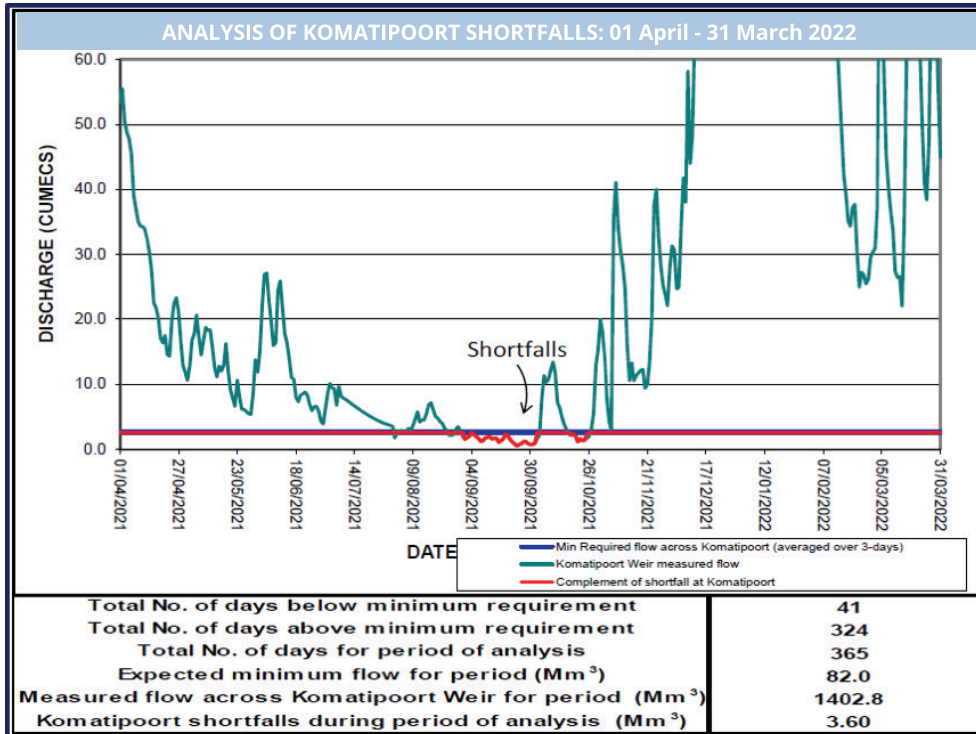
Figure 5: Analysis of Lebombo shortfalls (1st April 2021 – 31st March 2022)

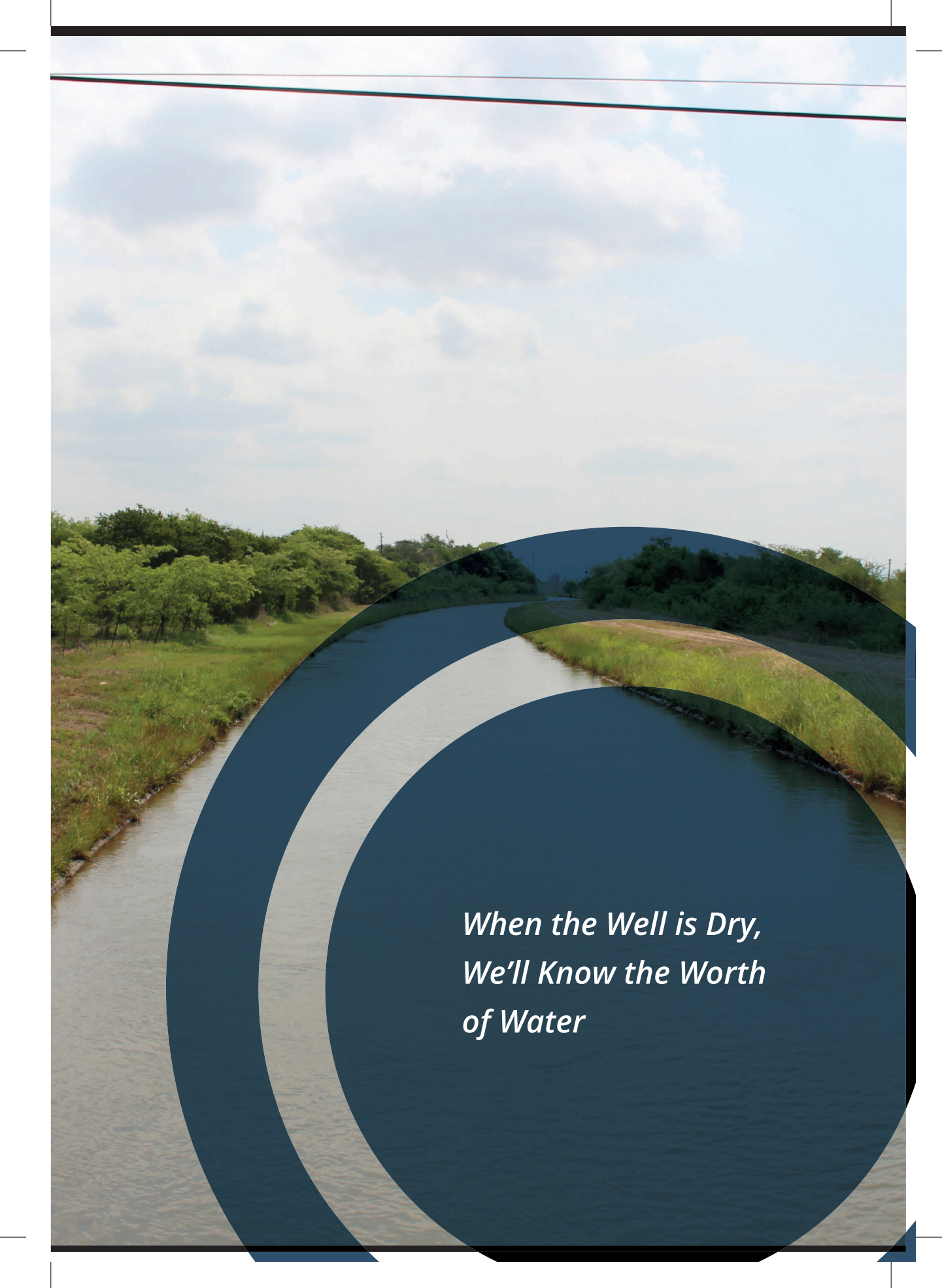


7.1.1.2 Trans-boundary Flow Analysis

According to unverified data provided by The South African Department of Water and Sanitation and Inkomati-Usuthu Catchment Management Agency, the measured daily average flow over the Komatipoort gauge (1st April – 31st March 2022) was for 88.8% of the time above the minimum requirement of 2.6m³/s averaged over three days. This is shown in Figure 6 below.

Figure 6: Analysis of Komatipoort shortfalls (1st April 2021 – 31st March 2022)





*When the Well is Dry,
We'll Know the Worth
of Water*

Komati Joint Operations Forum (KJOF) Meetings

The KJOF is an instrumental part of operating the Komati system. It is composed of the following:

Eswatini and South African water users, the IUCMA, DWS-SA, DWA-KoE, KRBA AND LRBA (in KoE) and DARDLEA as per their Terms of Reference. The KJOF meets roughly once in two months to discuss issues pertaining to water use reconciliation, cross-border flows and other operational matters as they come up during the year. They were able to meet seven times during the 2020/21 water year.

SECTION: INFRASTRUCTURE OPERATION AND MAINTENANCE

This component covers dam safety and the daily operation and regular maintenance of the two dams Maguga Dam and Driekoppies Dam and other infrastructure such as weirs.

Operations include the opening and closing of valves at the inlet and outlet systems of the dams. Maintenance work may include the operation of the cranes that are located at both dams. Electrical sub-stations are also located at the dams for power supply to the dam. Both dams are equipped with sump pumps to drive out any excess water within the dam wall.

CRIDF Funded Project for the Reconstruction of the Mananga Gauging Station

KOBWA is engaged with the Climate Resilience Infrastructure Development Facility (CRIDF), on cooperation for the rehabilitation of the Mananga Gauging Station to improve the structural integrity of the weir, and to improve the accuracy of measuring both low flows and higher flows. CRIDF is funding the implementation of the project through finance received from the FCDO (Foreign, Commonwealth and Development Office), formerly called DFID (Department for International Development) in Britain. CRIDF is also providing engineering and supervision services for the project.

Mananga Gauging Station (KOB007 or GS30) is one of the weirs that existed before the implementation of the project and was built by the Government of the Kingdom of Eswatini. The weir is strategically positioned for the operation of the Komati system as it is near the Eswatini and South African borderline. After an open tendering process, the preferred contractor for doing the work was Raubex Esor Joint Venture of companies from South Africa and Eswatini, at a contract price of **R/E28,477,799.96 (VAT excl.)**.

In November 2021 the contractor mobilised on site but has elected to implement the main component of the project after the rainy season, i.e. from April 2022.

Driekoppies Dam Road Upgrade (Short Road)

The JWC approved the appointment of Docscon Construction after going through an open tender process for this project. The preferred bidder is at a price of **R3,114,459.15 (VAT excl.)**. The contractor was appointed took up the site after the necessary stakeholder engagement with the community for introducing the project. The contractor has commenced surveying work but the bulk of the project will be implemented from April 2022.

Supply, Delivery and Installation of a 2000mm Butterfly Valve

Pursuant to the failure of the W1 butterfly valve at Driekoppies Dam in June 2020, KOBWA working together with the DWS embarked on a project for the replacement of the 2000mm butterfly valve. Installation of the valve was completed smoothly during the second quarter of the 2021/22 financial year. Zenzele Valves was appointed as the contractor for this project after an open tendering process. The actual installation commenced on 24 July 2021 with final commissioning on 3 August 2021.



Pictures B: Valve manufacture process



Pictures C: Valve body sandblasted and then painted.



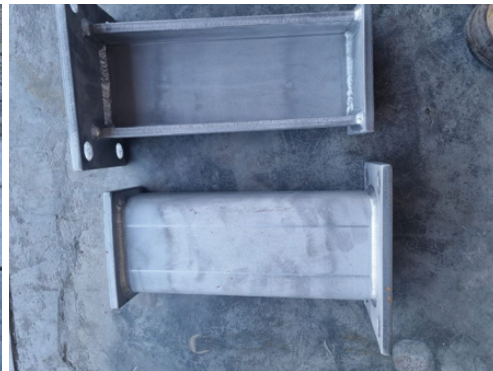
Pictures D: Valve ready to be delivered to Driekoppies Dam (24 June 2021).

Fabrication and Installation of Stoppers for the Emergency Gate

The scope of the work was to fabricate two stoppers and to weld them back into place at the bottom of the dam wall on the upstream side. This was to replace two damaged stoppers. The work was done by a diving team from Marine Africa Diving. This project has been completed in the first quarter.

After fabrication of the stoppers, the diving team deployed to site and began by dredging at the installation area to clear out silt and debris. Subsequently they drilled the holes for mounting the stoppers. The two stoppers were then mounted firmly in place and will provide adequate support for the emergency gate in order to achieve an effective seal on the inlet's bell mouth.

Pictures A: The fabricated stainless-steel stoppers



Driekoppies Dam Fourth Statutory Dam Inspection

The Statutory Dam Safety Inspection for Driekoppies Dam was conducted by Hattingh Anderson Associates. The inspection took place on 4 May 2021 for the whole day. The statutory dam inspection report presentation to management and recommendations were done on 10 May 2021 for KOBWA attention. The final draft of the Dam Safety Evaluation Report was sent to DWS Dam Safety Office on 23 June 2021 by the consultant.

The report has 41 recommendations including electro-mechanical aspects. A priority list has been done to guide the implementation process.

Hattingh Anderson Associates also presented the Dam Safety Evaluation Report to the KOBWA Board after discussing the findings with the KOBWA team. An implementation plan

was drawn up for the recommendations and is being executed.

Maguga Dam 4th Safety Inspection

The 4th Dam Safety Inspection for Maguga Dam was due after the third inspection was done five years ago in 2016. Hattingh Anderson and Associates was appointed as the Approved Professional Person for the inspection. The physical inspection was eventually done in mid-April 2022.

SECTION: RISK AND UNCERTAINTY MANAGEMENT

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

Aquatic Ecosystem Monitoring

The water supplied by the reservoirs has to meet the water quality requirements as outlined

in the Resource Quality Objectives gazetted by the government of South Africa in 2016. KOBWA has put in place the following monitoring programmes to monitor water quality in the Komati River:

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

These different programs are implemented through on-site monitoring and sampled water

testing done at the KOBWA laboratory from predetermined, strategically located points along the basin.

RESEVOIR MONITORING:

There are three locations for the monitoring points in each reservoir as well as a fourth point downstream of the dam to monitor the dam releases.

The quality status for these monitoring points is shown below for Electrical Conductivity and pH.

Figure 8a: EC data for Compliance in Maguga Dam (Jan - Mar 2022)

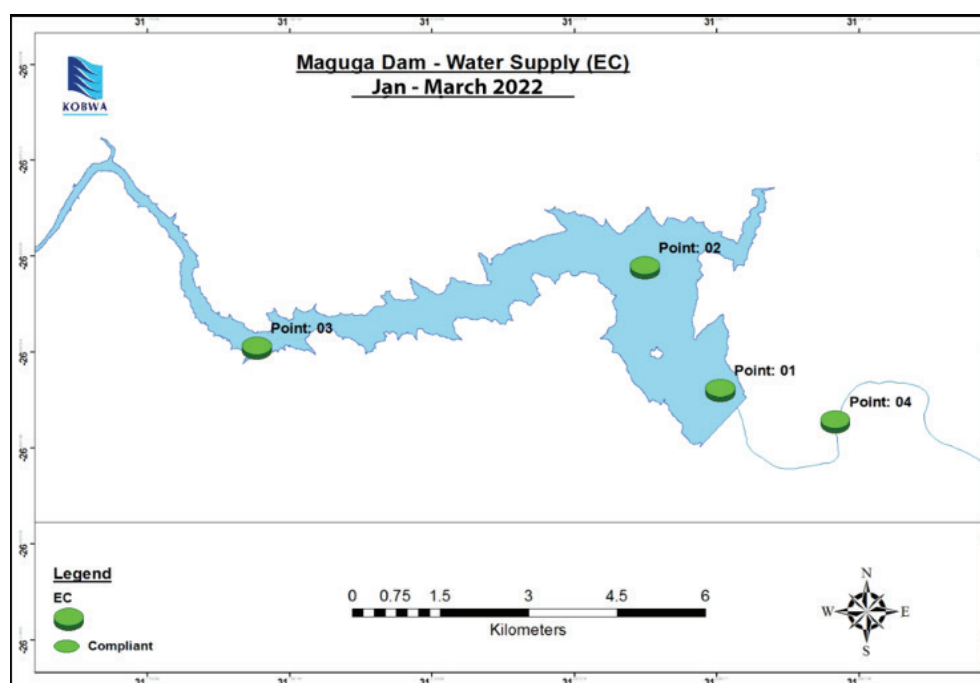
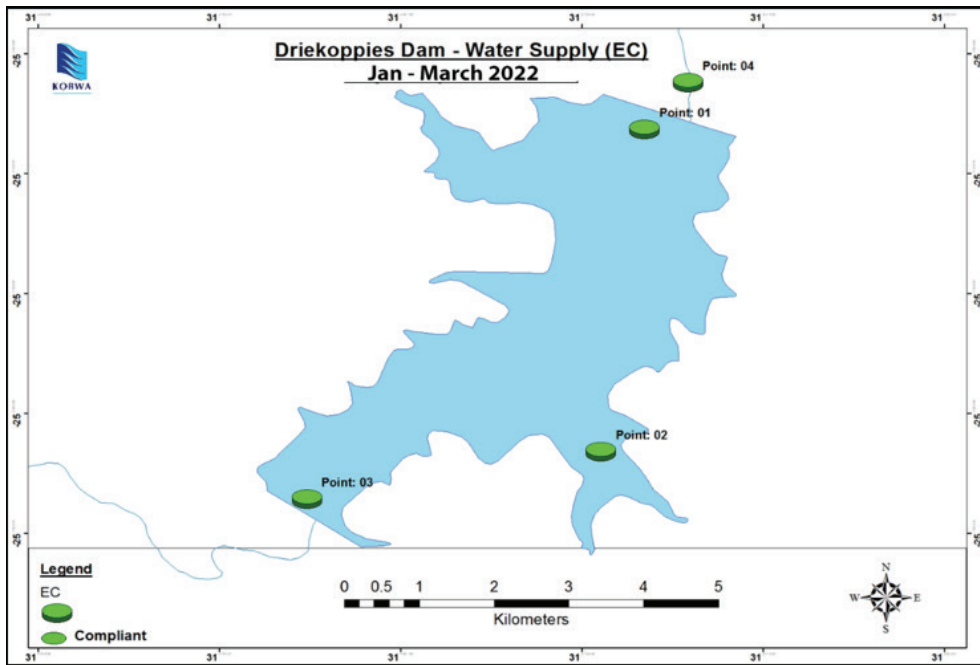
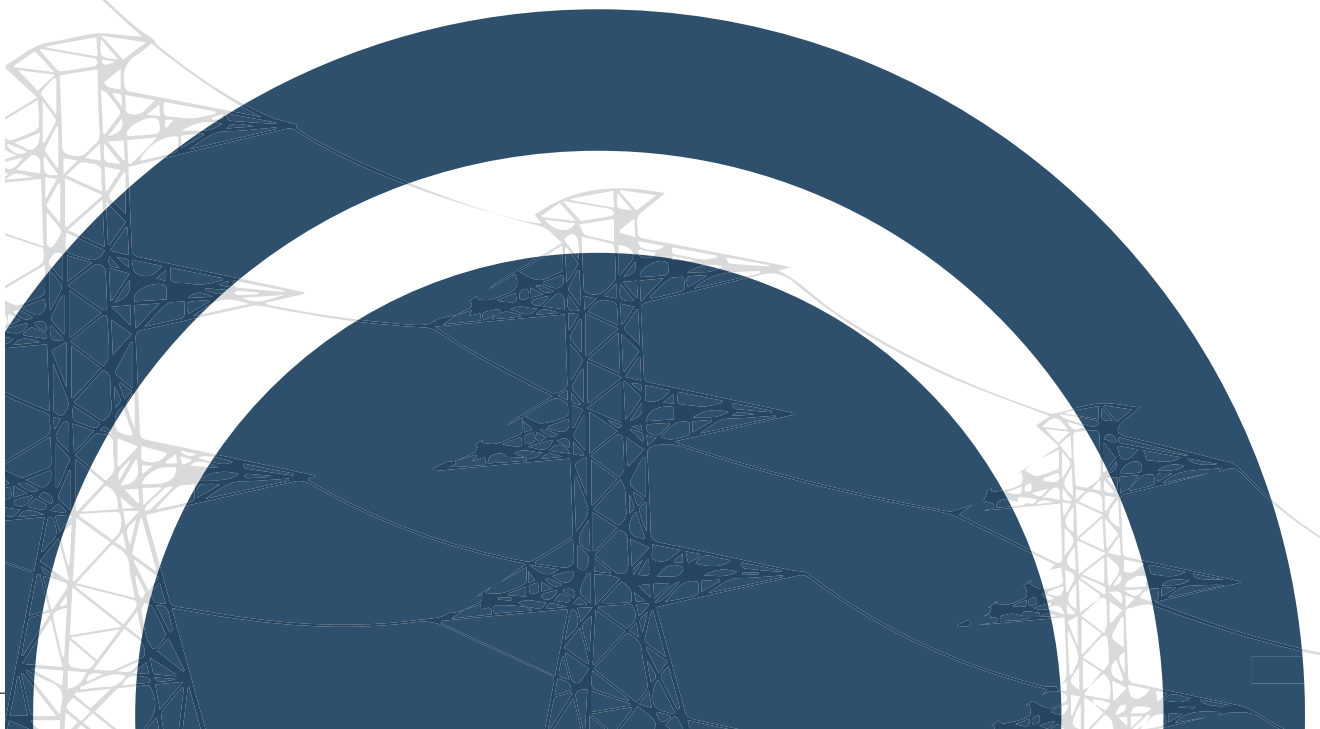


Figure 8b: EC data for Compliance in Driekoppies Dam (Jan - Mar 2022)



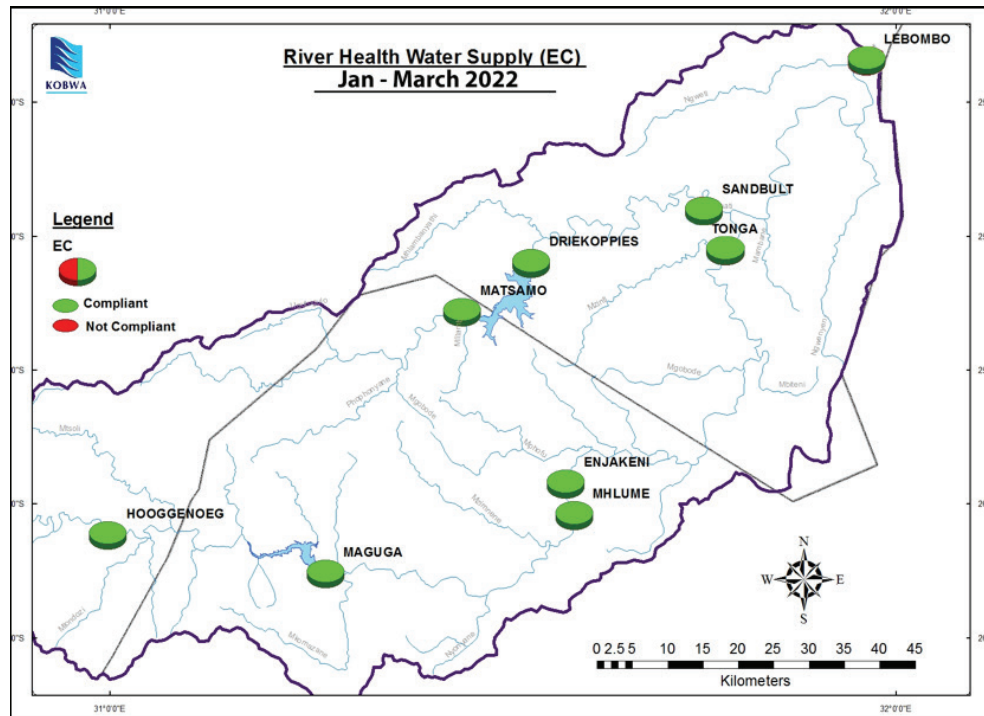
The Electrical Conductivity at both dams was 100% compliant at all monitored points within the dams.



River Health Monitoring

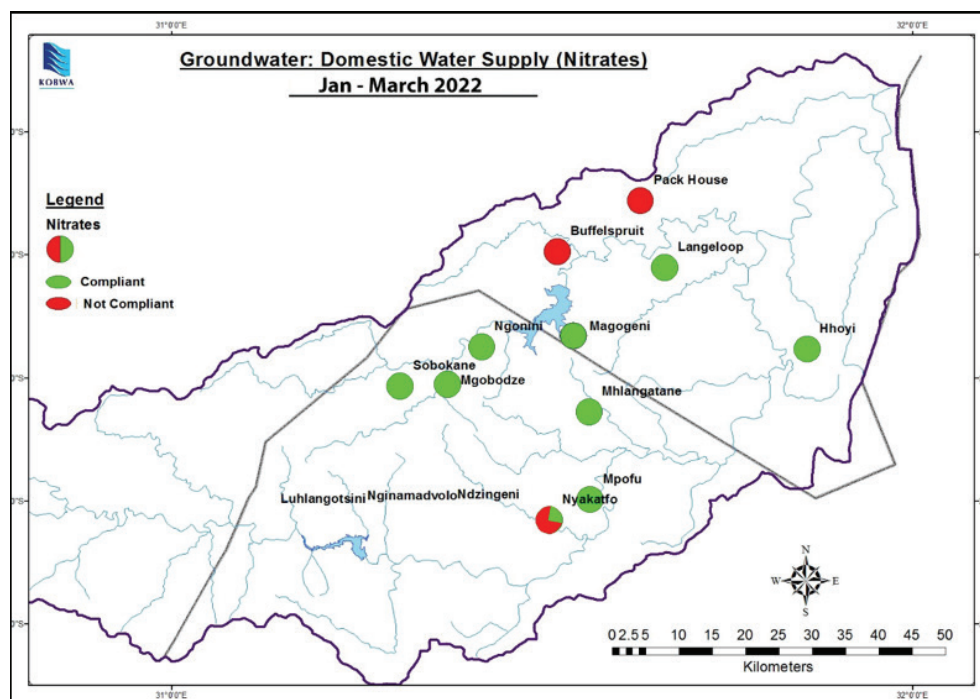
The bar graphs below show the river water quality status for electrical conductivity in terms of suitability for ecological water requirements, i.e. river health.

Figure 9a: Electrical Conductivity compliance for the Komati Catchment



All of the points during the fourth quarter of 2021/22 water year indicate 100% compliance to electrical conductivity.

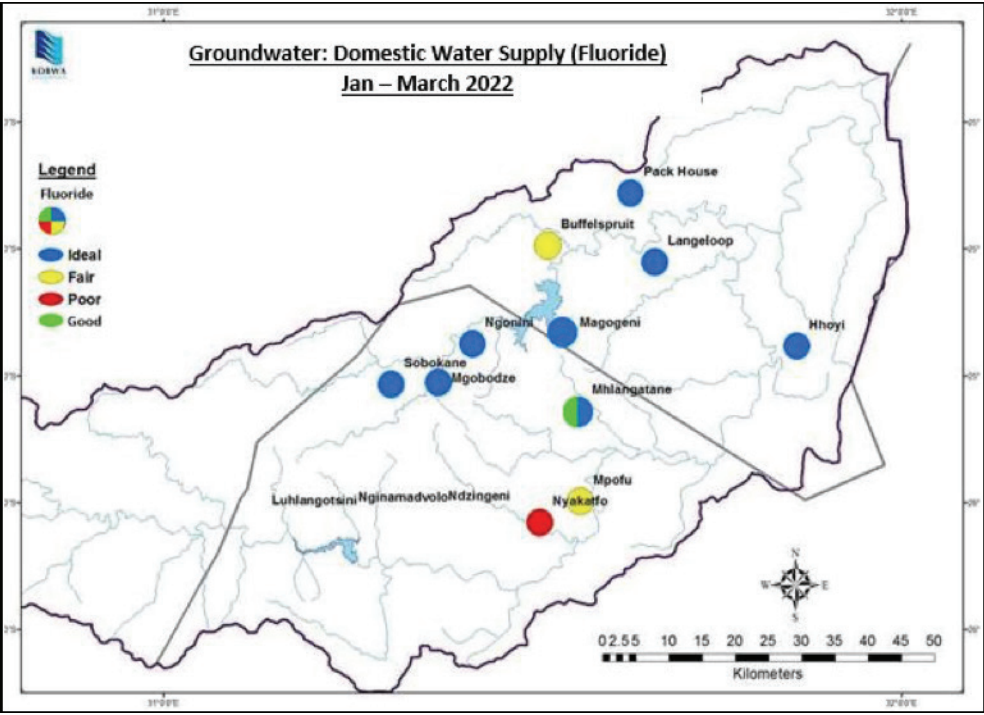
Figure 10a: Nitrates Compliance in Groundwater Monitoring Points in the Komati Catchment.



Groundwater Quality Monitoring

There are eleven boreholes located in Eswatini and six boreholes located in South Africa. Figures 10a and 10b below indicate the behavior of nitrates and fluoride, respectively for the fourth quarter of the 2021/22 water year. For fluoride compliance some boreholes have consistent poor compliance with intermittent improvement from time to time at Magogeni and Mhlangatane. Nitrate is largely compliant except for Buffelspruit and Pack House, as well as a new non-compliance at Nyakatfo.

Figure 10b: Fluorides Compliance in Groundwater Monitoring Points in the Komati Catchment.



Biological Monitoring

The biomonitoring survey forms part of the ongoing biological monitoring of the ecological state of the Lomati and Komati Rivers especially the impact of Magua and Driekoppies Dams. KOBWA is responsible for managing releases from the two dams in a way that is equitable for downstream users and satisfies the Ecological Water Requirements (EWRs).

The principle of allocating water for ecological needs forms an integral part of water resource planning and management and is included in various national and international policies, legislations and agreements. For the Lomati and Komati Rivers these include the National Water Act of South Africa (Act No. 36 of 1998), the tri-national Inco-Maputo Agreement (TPTC Inco-Maputo Interim Agreement 2002a, b), and the SADC Protocol on Shared Watercourses (SADC 2000).

This survey forms part of the ongoing biological monitoring of the ecological state of the Lomati and Komati Rivers near Driekoppies

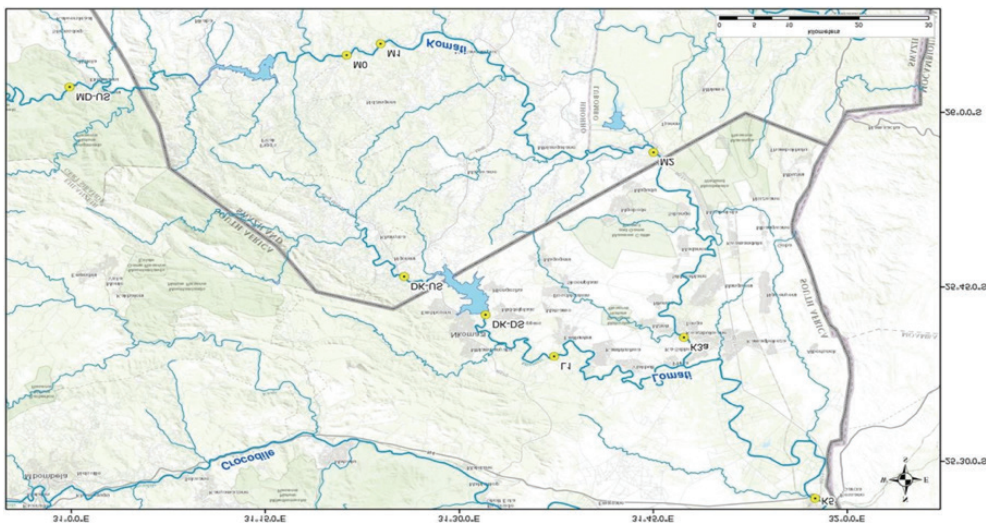
and Maguga Dams. It is based on a review of available biomonitoring data and additional data collected by Nepid Consultants CC in March 2022.

The aims of this survey were:

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

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

Figure 14a: Biomonitoring Sites



The study therefore focused on the following:

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

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

Fish, which typically reflect ecological conditions over the past six months. The naturally high diversity of fish species in the study area makes fish suitable for long- term monitoring. General observations of flow, algae and field water quality data were also collected to assist with the interpretation of biomonitoring results.

Benthic diatoms **Lomati River**

The diatom data indicated that the Present Ecological State of the Lomati River upstream of Driekoppies Dam is of high quality in the wet season, fluctuating between an A and A/B Ecological Category. The gradient of anthropogenic impact has remained relatively stable for the period 2015 – 2022. The biological water quality of the Lomati River immediately downstream of Driekoppies Dam was good to high in the wet season and generally improving downstream of the Driekoppies Dam. The gradient of anthropogenic impact has remained relatively stable for the period 2015 to 2022. Compliance of ecological targets for diatoms at this site was rated as Excellent (100%), remaining stable from October 2021 (Figure 11a). The Present Ecological State of the Lomati River at Site L1 was moderate in the wet season with nutrient and organic load having the biggest impact on biological water quality which is most probably originating from the waste water treatment works.

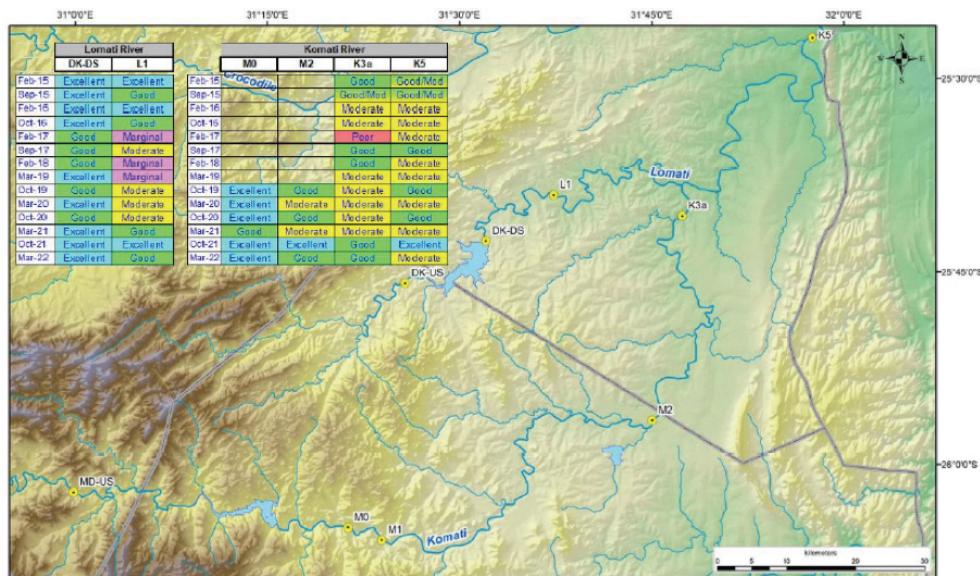
Compliance of ecological targets for diatoms at this site was rated as Good (86%) in March 2022, decreasing from October 2021. The influx of nutrient and organic load resulted in the overall deteriorated water quality at the site.

Komati River

Diatom data indicated that the biological water quality of the Komati River upstream of Maguga Dam is on average of moderate quality in the wet season. Elevated nutrient and organic load seems to be the biggest impact on the site. Biological water quality was high in August 2021 and March 2022 due to elevated flow. The diatom data indicated that the biological water quality of the Komati River downstream of Nyonyane irrigation diversion weir is of high quality in the dry and wet season and no notable impact has been observed. Compliance of ecological targets for diatoms at this site was rated as Excellent (100%) in March 2022 remaining stable from October 2021. Biological water quality is generally moderate in the wet season at Site M2 - DS of the YISIS diversion. Nutrient and organic load seem to have a bigger impact in the wet season which may be due to runoff entering the river system during high rainfall periods. Compliance of ecological targets

for diatoms at this site was rated as Good (80%) in March 2022; deteriorating from October 2021 as a result of the increased nutrient and organic loads. Biological water quality at Tonga is better in the dry season compared to the wet season. Runoff during high rainfall periods that contain higher nutrient and organic loads, impact the site to a greater extent in the wet season. Compliance of ecological targets for diatoms at this site was rated as Good (92%) in March 2022, remaining stable from October 2021. Biological water quality at Lebombo is better in the dry season compared to the wet season. Runoff during high rainfall periods that contain higher nutrient and organic loads, impact the site to a greater extent in the wet season. Compliance of ecological targets for diatoms at this site was rated as Moderate (70%), deteriorating from October 2021 mainly due increased nutrient loading.

Figure 11a: Summary of Compliance – Diatoms (Mar, 2022)



Aquatic Macroinvertebrates

Lomati River

The Present Ecological State of macroinvertebrates upstream of Driekoppies Dam improved significantly compared to the previous survey, in October 2021. The improvement is attributed to elevated flows during the 2021/2022 wet season. Compliance of ecological targets for aquatic macroinvertebrates in the Lomati River at DK-US, downstream of Driekoppies Dam,

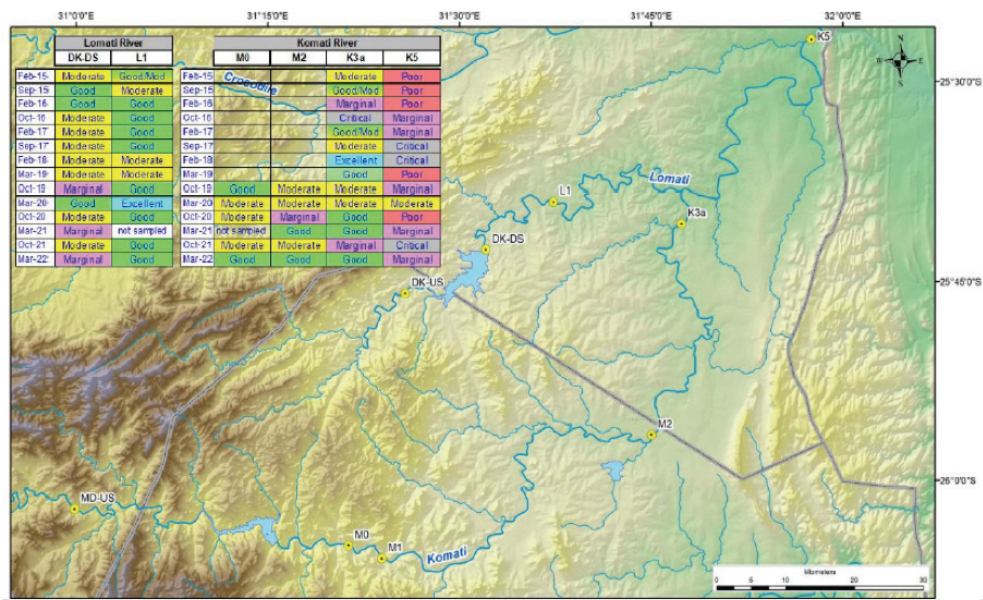
in April 2022 was rated as Marginal (Figure 11b). The dam was overflowing at the time of the survey, and extreme high densities of the caddisfly *Amphipsyche senegalensis* were recorded. The high abundance of this species reflects the abundance of plankton released from the surface of the dam. There was a slight

improvement in ecological conditions at Site L1 compared to the previous survey. The improvement is attributed to elevated flows and absence of the floating water weed *Pontederia crassipes*.

Komati River

The composition of aquatic macroinvertebrates in the Komati River in March 2022 showed improvement at all sites monitored. Compliance of ecological targets for macroinvertebrates was Good at all sites except at K5, where compliance was rated as Marginal. Site K5 was the only site where benthic algae were abundant. The migratory freshwater prawn *Macrobrachium petersii*, was recorded in the lower Komati River at K5 for the first time since monitoring started in 1994. The presence of this species is attributed to the elevated flows since the flood in January 2021.

Figure 11b: Summary of Compliance – Macroinvertebrates (Mar, 2022)



Fish

Lomati River

Compliance for fish in the Lomati River in March 2022 was rated as Marginal (Figure 11c). The results indicated that fish species in the Lomati River downstream of Driekoppies Dam were impacted by the cumulative impacts of increased salinity and eutrophication that took place before the flood in January 2021. Instream habitats for fish improved because of the flushing of water hyacinth in January 2021,

but the fish species composition showed no sign of recovery, except that alien Black bass and salt tolerant River goby were absent.

Komati River

Compliance of ecological targets for fish in the Komati River was rated as Moderate at all sites (Figure 11c). The results indicate an improvement compared to the previous survey. The improvement is attributed to a sustained period of elevated flows.

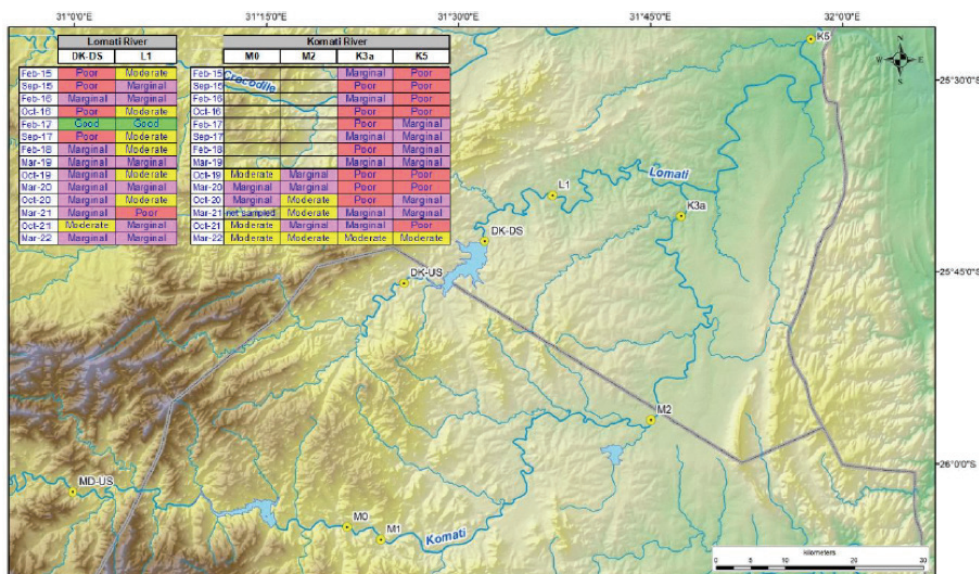
The results indicated that fish species in the Lomati River downstream of Driekoppies Dam were impacted by the cumulative impacts of increased salinity and eutrophication that took place before the flood in January 2021

Komati River

Compliance of ecological targets for fish in the Komati River was rated as Moderate at all sites (Figure 11c). The results

indicate an improvement compared to the previous survey. The improvement is attributed to a sustained period of elevated flows.

Figure 11c: Summary of Compliance – Fish (Mar, 2022)



Aquatic Macroinvertebrates

Lomati River

The Present Ecological State of macroinvertebrates upstream of Driekoppies Dam improved significantly compared to the previous survey, in October 2021. The improvement is attributed to elevated flows during the 2021/2022 wet season.

Compliance of ecological targets for aquatic macroinvertebrates in the Lomati River at DK-DS, downstream of Driekoppies Dam, in April 2022 was rated as Marginal (Figure 11b). The dam was overflowing at the time of the survey, and extreme high densities of the caddisfly *Amphipsyche senegalensis* were recorded. The high abundance of this species reflects the abundance of plankton released from the surface of the dam. There was a slight improvement in ecological conditions

at Site L1 compared to the previous survey. The improvement is attributed to elevated flows and absence of the floating water weed *Pontederia crassipes*.

Komati River

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Recommendations

The wet biomonitoring report had the following two recommendations:

1. Low Flows

The recommendation for low flows is that the operation of Driekoppies and Maguga Dams should be reviewed with the aim of eliminating periods of zero and very low flow downstream of the dams, as far as the confluence with the Crocodile River. All weirs should be managed to ensure constant overflow (spillage). Attention should be given to ensure minimum monthly low flows, as recommended in the revised EWR, are maintained at Sandbult (KOB001), Tonga (KOB002), and Lebombo (KOB004). Daily average discharge at these weirs should continue to be monitored and the data analysed to understand the magnitude and duration of low flow events, and how these may affect the ecological state of the river downstream.

2. Riparian Buffer Zones

The recommendations for riparian zones are to delineate riparian zones along both rivers and main tributaries and appropriate buffer zones of limited development and no cultivation should be established and implemented in consultation with the relevant landowners. Priority areas for rehabilitation of riparian zones should be identified and interventions should be focused in these areas.

In eswatini the Public Streambank Regulations (under Section 32 of the Natural Resources Act No 71 of 1951), require that no person shall, without the permission of the Board, cultivate or plant any crops or injure or destroy any natural vegetation in any area within one hundred feet of either bank or of the verge of any public stream. The protection of riparian zones is fundamental to protection of water resources, but the regulations appear to be largely ineffective, partly because they apply to Title Deed Land only.

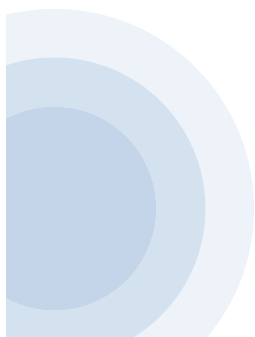
3. Biomonitoring

Ongoing biomonitoring is recommended, using the same methods as presented in this report. However, biannual monitoring at Site M1 is not recommended because of the deterioration in road conditions and difficulty of access to this site. This is a key site because of the historical data that has been collected, so monitoring frequency here should be reduced to once every three years when riparian vegetation is surveyed.

Conclusion

Ongoing biomonitoring is recommended. Overall, the first quarter of 2022/23 water year indicates good water quality for the catchment. There is an observed improvement in some indicators when compared to the period before the flood in 2021. The majority of the catchment indicates compliance to various indicators in the fourth quarter of the 2021/22 water year.

The protection of riparian zones is fundamental to protection of water resources, but the regulations appear to be largely ineffective, partly because they apply to Title Deed Land only.



FOCUS AREA: TECHNOLOGY AND BUSINESS PROCESSES

OBJECTIVE

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

Occupational Health and Safety

ISO 45001:2018- Occupational Health and Safety Management Systems

KOBWA's Occupational Health and Safety Management System is being improved as guided by the precertification audit by BSI which was carried out in March, 2021. One of the key observations by BSI was occupational risk assessments are incomplete in relation to;

- a) Baseline risk assessments – these refer to pre-employment medical assessments.
- b) Activity based risk assessments – these are those related to specific job assessments
- c) Issue based assessments
- d) Continuous assessments

KOBWA carried out occupational health medical examination whose objectives are as follows;

- Promotion and maintenance of the highest degree of well-being of employees.
- The placing and maintenance of the worker in an occupational environment adapted to their capabilities, e.g., checking vision for those working with computers, drivers, etc.
- Prevention of ill-health caused by working conditions
- Health promotion by identifying risk factors for common chronic diseases such as hypertension, diabetes, kidney diseases and obesity.
- Also presents a baseline for the subsequent evaluation of any changes

- in health status that may occur later on. Provides the employer with an overall idea of the prevalence of various conditions amongst the employees so that the correct interventions can be organized.

Employers have a legal duty to implement a health surveillance programme to ensure that procedures are in place to detect early signs of work-related ill health, such as noise-induced hearing loss, occupational chest diseases from inhalation of fumes, Work-related musculoskeletal disorders that may affect bones, muscles, and tendons etc. The medical assessment included clinical screening for hypertension, Body Mass Index (BMI), abnormalities in the urine, blood glucose, vision, and pulse rate and an interview to collect medical data.

Employer Benefits

The employer benefits from a healthy workforce as; there are reduced illness-related days, increased staff retention, engagement, and productivity to name a few.

Employee Benefits

The employee also benefits as there are; reduced health risks, look out for previous unidentified issues early on, access to physical and mental health information, lifestyle advice (diet, smoking, drinking, weight loss, etc.) to enhance long-term benefits.

KOBWA also carried out an occupational risk exposure profiling (OREP) exercise; a guideline which when followed should prevent or detect early signs of occupational health and safety exposure. Assessing certain thresholds within occupational health programme will define and identify the probability that injury or illness will occur under specified conditions of exposure.

Risk assessments are important as they are required by law and they assist in managing risk, they also drive other assessments such as medical surveillances, enable the company to establish appropriate –minimum –inherent standards of fitness as well as managing incapacity and performance by –providing an objective benchmark of the –minimum requirements of the jobs.

Fire drill

On the 11th of November, 2021, a fire drill was done at Maguga Dam. The Eswatini Fire and Emergency Services team responded promptly dispatching an ambulance and two fire trucks. KOBWA FIRE Fighters Bheki Dlamini and Gerald Dube excellently coordinated the evacuation of staff to the assembly area.



Pictures 1 and 2: Showing Staff at the assembly point and the Fire Services at work

In picture 1, Bheki Dlamini is seen addressing staff members on fire safety. He then introduced the Fire Services' Mr Jason who also gave more insight on the proper response when the fire alarm rings.

Driekoppies Statutory Dam Safety Inspection

On the 4th of May, 2021, the RQO participated in the Dam Safety Inspection. On the 10th of May was the Dam Safety Inspection Report presentation by the APP. Amongst other issues; the RQO captured the following during the inspection;

1. Hydrology has been updated with the latest information using water level records at the dam wall and statistical analyses has been updated with a new method by DWS.
2. The surveillance is the same as was in 2015 conclusions. There needs to be improvements in the proper evaluation and interpretation of graphs. It was advised that this will be instrumental in picking problems early enough and mitigating them, instead of relying on the APP who comes once every 5 years.
3. Inspections were emphasised with the benefits of picking up boils which are a risk as they are indicative of internal erosion.
4. On the gallery; no changes in behaviour were observed, the water supply as recommended was installed, only the foundation needs cleaning. It was also recommended that caps be removed for ease of monitoring changes in the foundation. Another recommendation was that the apron on the far-left side should be monitored through sonar every 5 years even though it is under water. This will help in checking if there is no undercutting or backwards erosions which is undesired.
5. On the gear box failure; it was reported that the recommendations by DWS were good and the emergency gate needs to be fixed as soon as possible.

Preceding the physical part of the Statutory Dam Safety Inspection; Louis Hattingh who is pre-approved on the register of Approved Professional Persons according to the South African Dam Safety Regulations administered Dam Safety Surveillance Training with the Infrastructure Maintenance team and the RQO which was held at Driekoppies. The training was mainly on dam surveillance including the art of measurements, proper interpretation and the importance of inspections. The training program covered the following;

- Dam safety and dam surveillance principles;
- Potential failure modes;
- Monitoring basics including the art of measurements and proper instrument maintenance including practical experience at Driekoppies Dam;
- Inspection basics including detail inspection of Driekoppies Dam;
- Data file and data management; and
- Assessment of dam behaviour including proper interpretation of surveillance information.

The training and the dam inspection came at the right time, which was during the course of KOBWA's departmental risk assessments. This was helpful in that some risks were picked during the training and informed the year's departmental risk register (Operations).

Quality Management

Following the pre-certification audit on 9001:2015 and ISO 45001:2018, the RQO unit prepared an action plan which is the road map for the certification journey. The plan covers all the points from the audit finding report and the duration that will be taken to address those audit findings.

"Quality and safety" are one of KOBWA values

thus on the 8th of April 2021, a presentation on the KOBWA quality and safety values was presented to staff in a workshop. The presentation covered the following;

- Importance of quality in an organization
- Importance of a Quality Management System: Provides continuous high value service is one of basic ways that an organization can do to differentiate itself.
- Benefits of a QMS: A Quality Management System (QMS) is a formal process used to review operations and products so as to identify areas for improvement.

During the same workshop the importance of the Health & Safety Management System were discussed particularly especially aiding in identifying the risks to stabilize the company and identifying future problems; which helps the organization to safeguard from accidents and moreover, keep both the workers and assets of the company safe from any of the accidents.

On the 18th of May, 2021 the RQO attended a meeting with the Komati River Basin Authority, Lomati River Basin Authority (LRBA). The RQO then requested for an opportunity to present the intention for KOBWA to be certified against the quality standard; ISO 9001:2015 and the health & safety standard ISO 45001:2018. This stakeholder engagement was to respond to one of the recommendations of the report that KOBWA should document stakeholders needs & expectations.

On the 24th of June, 2021 the RQO presented the Quality Management System & Occupational Health and Safety Management System requirements to the Komati Joint Operations Forum. This presentation also was to create awareness to KOBWA stakeholders on KOBWA's intention on certification as well as to document their needs and expectations.

Legal Compliance

To deliver the legal compliance duties better, the RQO engaged an Intern with a Law Degree by the name of Eddy Nkosi.

KOBWA's Compliance manuals were updated as per legislative directives under the Promotion of Access to Information Act 2 of 2000 (PAIA) and the Protection of Personal Information Act 4 of 2013 (POPIA). The manuals have been published on the KOBWA website as mandated by legislation. As part of the requirements for compliance with POPIA, an Information Officer was appointed and registered with the Information Regulator by the CEO on the 30th of June 2021, along with two deputies. Their roles include safeguarding the processing and storage of all personal information at KOBWA.

Appointment guidelines for Deputy Information Officers were drafted as required by POPIA. These guidelines are important in identifying the appropriate candidate to assume the responsibility of safeguarding the personal information of KOBWA's stakeholders. The Information Officers and his deputies have been registered.

Policies and forms for full compliance with POPIA were developed and approved. These policies and forms are meant to guide KOBWA and all its stakeholders on the protection of personal information, including the measures in place to protect such information; to remedy any breaches; and to address any concerns and queries by our stakeholders.

The training and the dam inspection came at the right time, which was during the course of KOBWA's departmental risk assessments. This was helpful in that some risks were picked during the training and informed the year's departmental risk register (Operations).

Internal Audit

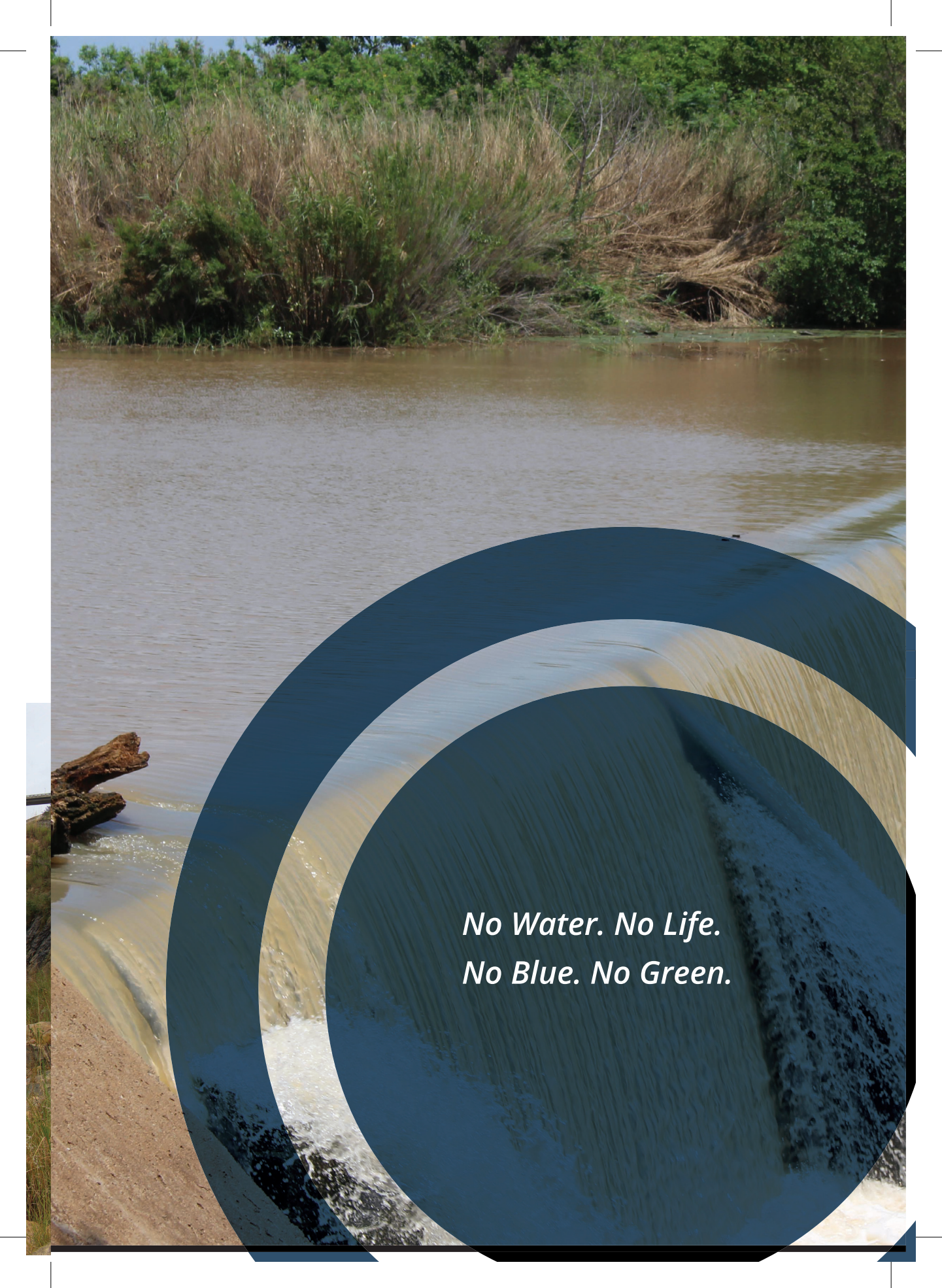
Scope of internal audit

The scope of internal audit is to determine whether KOBWA network of risk management, control, and governance processes, as designed and represented by management, is adequate, effective and functioning.

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

- Ongoing Internal Quality Assessment reviews of the KOBWA Internal Audit per engagement, as well as preparations for the mandatory External Quality Assurance Review (QAR) which must be done every after five (5) years;
- A revised Internal Audit Charter which was presented to the Finance, Risk & Audit Committee and approved by the Board;
- A Three Year Rolling and Annual Internal Audit Plan(s) which were presented to the Finance, Risk & Audit Committee (FRAC) and approved by the Board;
- The Fleet Management audit report presented to the FRAC and eventually the Board;
- The Asset Management audit report presented to the FRAC and eventually the Board;
- The Water Management (Infrastructure Maintenance) audit report presented to the FRAC and eventually the Board;
- An Adhoc Performance Management System Action Plan impact assessment report presented to FRAC and eventually the Board; and
- Quarterly Follow-up audits, which were presented to the FRAC, and eventually the Board.



A photograph of a river with a dam, overlaid with a large blue circular graphic. The river water is brown and murky. The background shows a dense line of green trees and tall grasses. In the foreground, there is a sandy bank with some driftwood. The blue circular graphic is semi-transparent and covers the lower half of the image. The text is centered within this graphic.

*No Water. No Life.
No Blue. No Green.*

FOCUS AREA: PEOPLE

OBJECTIVE

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

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

DEMOGRAPHICS

Office and Country distribution of employee establishment

	All Staff	Executive	Mid Management/ Technical	Supervisory	General Support	%
Number	38	3	7	14	14	100
By Country Of Origin						
RSA	13	1	3	4	5	34%
SD	25	2	4	10	9	66%
By Sex						
Males	21	2	2	10	7	55%
Females	17	1	5	4	7	45%
By Station By Station						
Driekoppies	15	1	3	6	5	39%
Maguga	23	2	4	8	9	61%

Terminations:

Death	0
Retirement	0
Resignation	1
Dismissal	0
Death	1

Human Resource Strength

The strength of human capital for the year 2020/21 is tabled below;

Type of Employment	No
Permanent	32
Contracts Internships	6
Internships	6
Total	49

Recruitment

Department	Position of Incumbent
Operations Department	General Worker

Training and Development

Due to the COVID -19 pandemic, KOBWA had to implement a combination of physical and virtual training. Training courses attended are listed below.

Training Course	Institution
Managing Poor Performance	S.A Labour Guide
Basic VIP Sage Payroll	SAGE VIP
Surface Flow Modelling	University Of Pretoria
Microbiology Method Validation	National Laboratory Association
Dam Surveillance	SANCOLD
Hydraulic Structures (Design, Construction, Operation & Maintenance)	University of Stellenbosch
Hydronet Training	Hydraulic
International Water Law & Infrastructure	UNESCO
ISO/IEC 17025:2017 Awareness Requirements & Internal Auditing	SADCAS
International Water Law & Transboundary Ground Water	UNESCO
Principles of Payroll	SAGE VIP
Fleet Management	Mananga Centre
Skippers Course	Skipper Academy
Automotive Course	Ekurhuleni Training Centre
Customer Service	ATTI College
Advanced Excel	Talent TS Tream
Traversing 2	TSMA
International Diplomacy	Chapman Skills (Pty) Ltd
GRAP AFS	Enterprise University of Pretoria
Office assistants Course	Mananga Centre
Executive Secretaries Course	Mananga Centre
Logistics and Transport Management	Mananga Centre
Flood Hydrology & Urban Runoff Modelling	Enterprise University of Pretoria
Wellness Champions	Eswatini Business Health
Drainage Installation	Ekurhuleni Artisans Centre
Maintenance Planning	AM Tech Consulting Engineers
Positive Attitude at the Workplace	SPD Corporate Attorneys

EMPLOYEE RELATIONS

Wellness

Workplace wellness is more than a catchphrase. For KOBWA, wellness and good health for employees is not only important for employees but also for the health of the business. Due to the COVID – 19 regulations, the employees could not participate in most of the activities that are usually held. However, the annual wellness day was held and facilitated by Eswatini business Health. A wellness clinic was made available for health screenings and other health topics were presented including Mental Health, Cancer, and Healthy diet awareness.



Relationship Building

KOBWA employees held end – of – year events in both offices in December prior to the office closure for the festive season. This was a time to relax and socialize after the long hard year in the office.

Long Service Awards

One employee was awarded for long service. Samkeliso Mdluli was awarded for his 20 years of hard work.

Industrial Relations

KOBWA recognizes two labour unions, NEHAWU and NAPSAWU. An intensive negotiation process resulted in the parties signing a collective agreement upon settling for a Cost-of-Living adjustment of 3%.

Corporate Social Responsibility

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

South Africa

Project	Scope of work	Country
Schoemansdal Clinic Ablution (in partnership with Wateraid)	Construction of an ablution block	RSA
Lake Matsamo Tourism Park	Construction of a restaurant, office block and swimming pool	Eswatini



Schoemansdal clinic project



Lake Matsamo Tourism Park

FOCUS AREA: CUSTOMER AND STAKEHOLDER FOCUS

OBJECTIVE

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

Makhwanati Community Awareness Meeting

On the 17th of April 2021, the Komati Basin Water Authority organised two Community Awareness meetings, one at Makhwanati Community and the other at Nkwenkwe Community, both within the KOBWA catchment area in the Hhohho region, Eswatini.



KOBWA Operations Director, Mr. Sakhiwe Nkomo (standing left) making a presentation at the awareness meeting

The aim of the awareness was educating the community on Water Quality issues in an aim to protect the dam.

KOBWA educated residents about the pegs (yellow and white) that were installed around the dam, the yellow marking the 1:100-year floods and that it was prohibited to build within those pegs as it is not safe for people, livestock and property. Attendants were also educated on that no farming activities were allowed within that zone as per government gazette giving the land to KOBWA for flood demarcation.

KOBWA added that there is also a business zone area demarcated by white pegs which was set aside for people who wish to have

businesses around the dam. People interested in developing businesses within this area should contact or submit business proposals to:

- The Government, KOBWA and Community leadership
- Business proposal should be authorized by all parties involved

Mavula chiefdom appreciates KOBWA for borehole

On the 25th of May 2021 the Mavula chiefdom in Eswatini invited KOBWA to a thanksgiving ceremony where they were appreciating KOBWA's intervention towards their water project where KOBWA installed a borehole

which feeds an estimated 400 households. The project coordinator, Ms. Delisile Dlamini, appreciated KOBWA's gesture, highlighting that the Mavula area was a dryland and water was a serious scarcity before KOBWA's donation in collaboration with the National Disaster Management Agency (NDMA). She further extended her appreciation to KOBWA Development Officer (DO), Mr. Nicolas Mkhathjwa for his role in ensuring the project was a success.

The DO elaborated on the process leading to the installation of the borehole and further thanked the KOBWA CEO, Mr. Collin Zwane, for ensuring the project was carried out until the last phase. His words were echoed by the KOBWA Corporate Services Director (CSD) who also extended her gratitude to the CEO and the project committee for the fruitful collaboration which ensured the project was a success.

KOBWA CEO emphasized that maintenance was key for every project and extended KOBWA's donation towards maintenance costs. The donation was worth E10000.00 which would be staggered in two parts of E5000 under certain Terms and Conditions to ensure that the funds were utilized correctly and efficiently for the intended purposes.

Indvuna Yendlunkulu in the Mavula Chiefdom, Bhhekinkosi Tsabedze, thanked KOBWA for the borehole donation and the E10000.00 donation and promised the funds would be used correctly towards the maintenance of the borehole. He also appreciated the project team for identifying KOBWA as a partner and developing a good working relationship with the organisation.

The Mavula chiefdom extended their appreciation through a donation of 2 goats to KOBWA.



KOBWA CEO, Mr. Collin Zwane making his remarks.



Mavula chiefdom Indvuna Yendlunkulu, Bhhekinkosi Tsabedze appreciating KOBWA



Ms Khethiwe Ngcobo explaining a point to Njejeza High School students.



Ms Khethiwe Ngcobo making her presentation at Njejeza High School.



IUCMA Acting CEO, Advocate MB Shabangu motivating students at Ligebhuta High School.

As a means of empowering students towards improving their educational choices and career paths, the Komati basin Water Authority (KOBWA) in collaboration with the Inkomati-Usuthu Catchment Management Agency (IUCMA) hosted a Career Expo between two days (15 and 17 September 2021) in two schools in Schoemansdal in the Mpumalanga region in South Africa.

Representing KOBWA was the IWRM Specialist, Ms Khethiwe Ngcobo and Communications Officer, Mr. Mayibongwe Dlamini.

The identified schools were Njeyeza High School and Ligebhuta High School. Within the two days, students had an opportunity to be educated about the water management sector and other departments linked to the sector. They were also advised on the subjects they would have to select in the case they were interested in pursuing careers within the water management sector. Students also had opportunities to have one-on-one sessions with the professionals from the two organisations.

Ms Khethiwe Ngcobo also mentioned that KOBWA periodically provides scholarships to students with an interest in pursuing specific courses related to water management. Also, in attendance to motivate the students was IUCMA Acting Chief Executive Officer, Advocate MB Shabangu, who on both

occasions highlighted the importance of making better educational choices at a younger age. He further elaborated that even though he was not from a water management background academically as he was a lawyer by profession, that should serve as an example that career choices interlink and the focus for the students should be to seize the opportunity enquire more information on other available streams from the present professionals for them to make choices that would yield better for them.

Advocate Shabangu also appreciated the work and dedication of the organising teams for making the Expo a success, the teachers from the two schools and the students.

Panel discussion - Surface Water Pollution

KOBWA partnered with WaterAid and Earth Wise in the project launch and national dialogue on surface water pollution. The launch event was themed “Addressing surface water pollution in Rural and Peri-urban areas.” The project aims at reducing the environmental impact caused by the poor disposal of disposable nappies, sanitary pads, and masks amongst other waste by rural communities in order to create positive effect on prevention of surface water pollution, that is greatly degrading the natural resource we need for future generations.

KOBWA made a presentation titled “The Challenge of Solid Waste Impacts on Large Reservoirs”. The presentation was made by Operations Director, Mr. Sakhiwe Nkomo, and focused on; Sources of Solid Waste Pollution, its health impacts, aesthetic impacts, management Impacts and the long-term results. Also, in attendance was the Honourable Minister for Natural Resources and Energy, Mr. Peter Bhembe who delivered the keynote address. KOBWA CEO, Mr. Collin Zwane was also in attendance. The event was held at the Royal Villas on the 8th of October 2021 at the Royal Villas at Ezulwini, Eswatini.



Mr. Sakiwe Nkomo making his presentation



Senior delegates who were in attendance posing for a group photo

Lobamba Clean-up Campaign

Subsequent to the panel discussion and project launch of the national dialogue on surface pollution, a clean-up campaign was conducted at Lobamba Lomdzala Inkhundla which was held on the 12th of November 2021. KOBWA sponsored the event with 100 branded T-shirts and 100 cricket hats. Other participating stakeholders were the event organisers, Water Aid and Earthwise from Nedbank, Eco Buzz, Royal Eswatini Police Service, Ezulwini Municipality, Eswatini Water Services Corporation, and the local community.



Community members picking litter during the clean-up campaign

Driekoppies Dam hosts MEC for Public Works and Transport

KOBWA hosted the MEC for Public Works and Transport - Mpumalanga, Ms. Mohita Latchminarain at the Driekoppies Dam on the 27th of October 2021. This was during an event held in commemoration of the October Transport Month 2021, themed “Brika Bhova: Riding the Wave to A Better Transport System”. The event was categorised into two sessions, the first being a donation of shovakalula bicycles earlier in the day at Mhlathi Primary School and the second event was the Inland Water Ways Monitoring session held at the Driekoppies Dam.

In her remarks, the MEC gave a briefing on the transport month theme and background and highlighted that as a department they decided to give more focus on marine and aviation which are aspects that have been usually overlooked in past campaigns which was the core reason the visit to the Driekoppies dam was a priority. She also highlighted the importance of enforcing maritime policies which deal with the loss of lives which has happened in big dams.

KOBWA was represented by Operation Director, Mr. Sakhiwe Nkomo who welcomed the guests and presented a background information about KOBWA and Corporate Services Director, Ms. Temangamane Maseko.



The MEC delivering her speech.

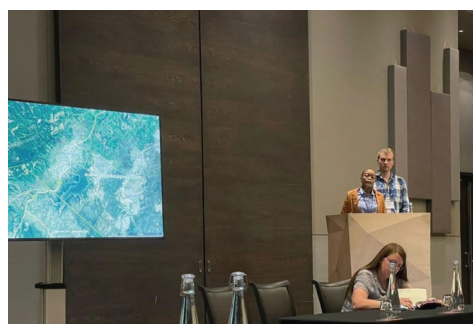


The MEC going through safety checks before embarking on a boat ride

SANCOLD 2021 Conference.

After the cancellation of the 2020 Conference due to the COVID-19 pandemic, SANCOLD hosted the 2021 Conference held from 3-4 November 2021 at The Maslow Hotel in Menlyn, Pretoria. The conference had an attendance of 167 delegates. KOBWA was represented by the Infrastructure Management Technician, Ms. Mapule Senyane.

The IMT made a joint presentation with Brendan Dearlove from the Department of Water and Sanitation. The presentation was titled “Failure of a butterfly valve at the Driekoppies Dam” and covered sub-topics listed as; outlet works, design and operation philosophy, timeline of failures, failure investigations and concluding remarks



KOBWA's Mapule Senyane and Brendan Dearlove from DWS making their presentation

ENVIRONMENTAL AWARENESS AND GOOD GREEN DEEDS CLEAN – UP CAMPAIGN

KOBWA partnered with the Department of Forestry Fisheries under the Local Government Support Programme (LGSP), Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA) and the Nkomazi local municipality in an environmental awareness campaign themed “Good Green Deeds Clean-up Campaign.” The campaign’s objective is to provide support to Municipalities to ensure that their environmental management mandate is well executed and the strategic goals are achieved.

At Nkomazi area, the campaign was conducted over a period of three days from the 23rd to the 25th of November 2021. The events were

categorised into three, namely; Environmental Awareness and Tree Planting, Community Outreach and Clean-Up Campaigns. The selected locations for the events were, Tonga mall, Komatipoort/Orlando, Ngugwane Stream, Aniva to Mzinti Dust Road and Matsamo Plaza. KOBWA was represented by Ms. Khethiwe Ngcobo, Mayibongwe Dlamini, Ms. Colisile Nhlabatsi, Mr. Mpendulo Mashabane, Ms. Andile Mananzi and Ms. Cebile Mahlalela. The the Green Good Deeds (GGD) campaign, championed by the DFFE, was launched by President Cyril Ramaphosa with the aim of creating awareness to the citizens of South Africa to curb littering by effectively managing waste at household level, encouraging communities to conduct clean-up campaigns in order to ensure that they live in a clean environment.



Tree planting at Tonga



Cleaning at Komatipoort, Orlando



Stakeholders collecting litter at Ngugwane area

FOCUS AREA: FINANCIAL MANAGEMENT AND OTHER SOURCES OF INCOME

OBJECTIVE

To proactively source, secure and diversify our revenue streams.

Financial Report

Finance performed in line with their approved annual performance plan for 2021/22.

Government Funding:

The Parties approved a 0% overall increase in the Operational and Maintenance Budget for the 2021/22 Financial Year, totaling R/E 275,937,865

The total budget of R/E 275,937,865 for the FY 2021/22 comprised of the following;

- R/E 45,505,415 for operational activities
- R/E 50,625,000 for capital loan repayments
- R/E 179,807,450 special funds (Hambros loan redemption)

The Parties' subvention payments were then reduced by sundry income totaling (R/E 4,717,497) (see table 1 below for detailed funding schedule)

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

KoE owed an amount of R/E 1,260,272 at the reporting date, which was settled against savings balance in June 2022.

Budget & Subvention Payments

Table 1: Approved Subvention Schedule for the Financial year 2021/22 with FY 2020/21 comparison:

	Full Year Forecast 2020/21	Required Budget 2021/22
Republic of South Africa		
Total:	233,093,000	240,774,000
Sundry Income	(2,322,047)	(3,775,888)
Administrative & Operational	32,823,266	34,367,438
Loan Repayments	58,850,820	30,375,000
Special Funds	143,740,961	179,807,450
Kingdom of Eswatini		
Total:	30,198,047	30,446,369
Sundry Income	(903,018)	(941,609)
Administrative & Operational	10,851,065	11,137,977
Loan Repayments	20,250,000	20,250,000
GRAND TOTAL:	263,291,047	271,220,369

Loans And Borrowings

Long Term Loans:

Hambros Bank

R/E 375 000 000 loan denominated in registered stock (bond) KW01 notes with a coupon rate of 13.5% payable semi-annually, which translates to R/E 25 312 500 pe repayment. The capital repayment is payable at maturity on 31 October 2027. Last payment for the reporting period was made on the 31st of October 2021 and **12 interest** payments still remain to maturity.

KOBWA continues to comply with the JSE regulations pertaining to the listed debt instrument including:

- GRAP reporting framework which is one of the acceptable internationally recognised reporting frameworks as stipulated by the JSE.

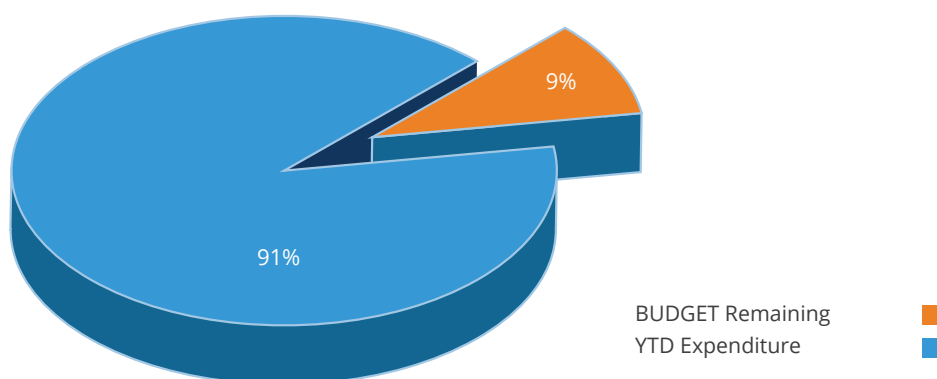
- Appointment of the JSE accredited audit firm PWC and JSE accredited Audit partner.
- Annual disclosures among them:
 - * King IV applicator register;
 - * Proactive monitoring of compliance;
 - * Confirmation of review of compliance with listing requirements;
 - * Certificate of compliance with debt listing requirements;
 - * Debt Issuer's Questionnaire which accompanies the AFS;
 - * Reporting within 7 months after reporting period;

All other loans were settled in previous financial years and KOBWA has only one loan remaining with Hambros Bank. See Table 2 below for a detailed repayment schedule.

Table 2: Detailed Loan repayments schedule.

Financial Institutions	Face Amount	Effective interest rate	Start Date	End Date	# Payment to be made	Balance 31.03.2022	Balance with interest to maturity
Gensec/ Futuregrowth	165,000,000	13.08%	24.01.2001	31.10.2016	0	0	0
Rand Merchant Bank	380,000,000	11.24%	04.07.2001	06.08.2019	0	0	0
Nedbank/Old Mutual	233,000,000	9.43%	29.10.2001	30.09.2019	0	0	0
Hambros Bank	375,000,000	14.87%	30.04.1998	31.10.2027	12	375,000,000	607,500,000
DBSA	488,401,000	10.00%	30.09.2000	30.09.2020	0	0	0
Total	1,641,401,000					375,000,000	607,500,000

FY2021/22 BUDGET SPEND ANALYSIS



Graph 1: Budget spend analysis for FY2021/22 showing actual final YTD spend versus Unspent Budget for the year. The analysis is before any year-end adjustments

- KOBWA returned to normal operations in Q4 and re-aligned the budget, changing certain priorities and covering expenditure that was possible to the end of the year.
- Savings include approved savings and projects earmarked for implementation in FY22/23

Actual Spend versus Budget

- Total budget was approved at R/E 45,505,415
- Actual spend for the financial year to date R/E 42,706,105 (93.8%)
- Total Budget remaining R/E 2,799,310 (6.20%)
- Further savings will be spent in FY 22/23 and subject to Parties' approval

Key strategic finance activities executed in the FY 2021/22

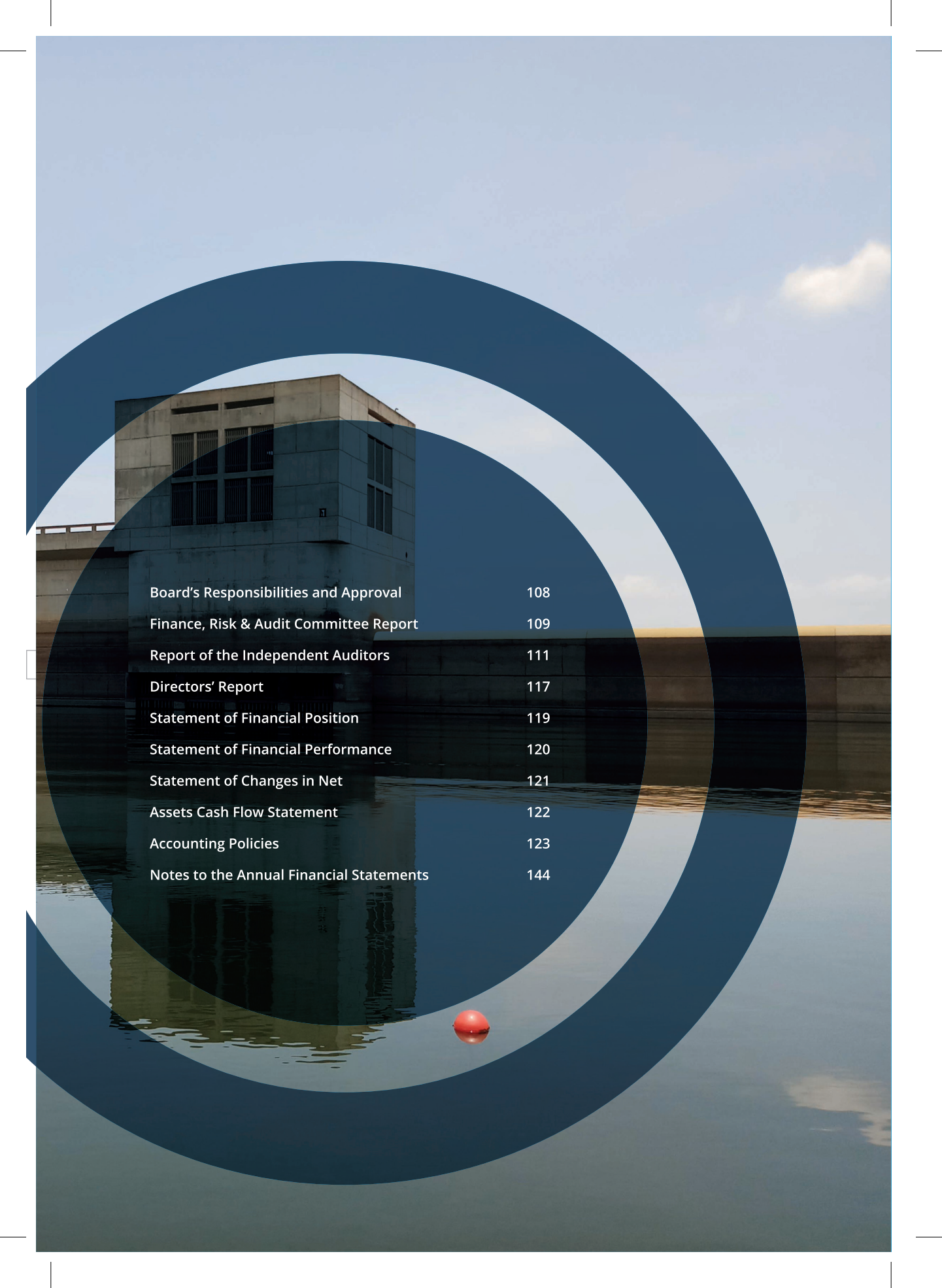
- SAGE Evolution Accounting System Implementation**
 - Fixed Asset Module – subject to implementation after physical asset verification exercise launched in June 22
 - Advanced Procurement Module – training of the users completed
 - Planning for final modules to be implemented in FY2022/23 – Bank Manager, Payroll Integration
- Revenue Generation and Cost Containment**
 - Culture of saving and cost cutting to continue to be instilled.
 - Cost containment document done and presented.
 - Draft revenue strategy covering ICPs presented to JWC.
 - Revenue implementation strategy being worked on, RMP at an advanced stage, and a number of MoUs in place for implementation.
- Finance Policies and procedures.**
 - SCM policy work instructions.
 - Finance Annual Performance Plan updated to accommodate policy review processes

4. External Audit and Annual financial statements

- GRAP training conducted in Q4 for Finance staff to capacitate the team.
- PWC South Africa reappointed for external auditing of the AFS for the FY2022/23

Outlook into FY 2022/23

- **Year-end reporting & Audit**
 - * Engage PWC on hybrid basis for FY 2022/23 audit;
 - * KOBWA targets a clean audit in compliance with GRAP and JSE regulations;
 - * Implement quarterly reporting targets per annual performance plan
- **Policies**
 - * Policy renewal cycle taken into performance plan
- **Revenue Generation, Cost saving and containment.**
 - * Becomes a point of focus for Finance going into the future and this will be a pillar on the roposed strategy;
 - * PAMA position previously frozen has been filled in July 2022;
 - * Finance Director vacancy filled in May 2022;
- **SAGE Evolution System**
 - * Remaining modules to be implemented and the system to be fully functional by end of FY 2022/23
 - * Appoint a service provider for support by end of FY2022/23



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BOARD'S RESPONSIBILITIES AND APPROVAL

for the year ended 31 March 2022

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 their responsibility 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 in conformity with the Standards of GRAP and the JSE listing requirements. The external auditors are engaged to express an independent opinion on the AFS.

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

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by KOBWA and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout KOBWA and all employees are required to maintain the highest ethical standards in ensuring KOBWA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in KOBWA is on identifying, assessing, managing and monitoring all known forms of risk across KOBWA. While operating risk cannot be fully eliminated, KOBWA 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 year to 31 March 2023 and, in the light of this review and the current financial position, they are satisfied that the KOBWA has or has access to adequate resources to continue in operational existence for the foreseeable future. The 2022/23 budget was approved and the first tranche has 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 Board is also satisfied after a continued assessment that the Covid-19 pandemic does not affect the going concern aspect of the business nor the level of its operations. The effects have been operational but the Board is of the view that while the organisation continues to learn, it has so far learnt enough to adapt to operating conditions under Covid-19 and is able to conduct operations according to the new norm without unreasonable exposure to employees. The external auditors are responsible for independently auditing and reporting on KOBWA's AFS. The AFS have been examined by KOBWA's external auditors and their report is presented on page 6.

The AFS set out on pages 14 to 55, which have been prepared on the going concern basis, were approved by the Board and were signed on its behalf by:
Additional text



Mr. A. Thobejane
Board Chairperson

Finance, Risk & Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2022.

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
Ms E Magagula	Member
Mr M Singwane	Member
Mr C Zwane	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 which all members attended.

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 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 Applicator Register which was adopted by the Board outlining how KOBWA adopted the specific principles is available on request.

The Board considered the audit firm PricewaterhouseCoopers Inc and the audit partner (Mr Schalk Barnard) in terms of registration as required by the JSE. The Board was satisfied with the submission that it met the requirements of the JSE and that they are suitable to audit KOBWA AFS.

Evaluation of Annual Financial Statements

The FRAC reviewed the AFS and recommended to the Board for approval.

Internal audit

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

External Auditor

The FRAC nominated PricewaterhouseCoopers Inc as the independent auditor and Schalk Barnard as the designated partner, who is a registered independent auditor, for the 2021/22 audit. The committee satisfied itself through inquiry that the external auditors are independent as per the standards stipulated by the auditing profession.

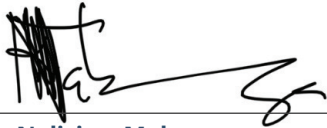
The FRAC in consultation with executive management agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the audit work required and scope.

Covid-19 Impact Assessment

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

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

KOBWA continues to enjoy the support of the Parties who regard KOBWA as an important organisation in trans-boundary water resources management. Despite the progress slow down due to Covid-19 the Treaty review is progressing and the Parties continue to honour their obligations in terms of the budgets under the current Treaty. The 2022/23 budget was approved and the first tranche has 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.



Ms Nelisiwe Mabuza

Chairperson of the Finance, Risk and Audit Committee.

Date: 28/10/2022



Independent auditor's report

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

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Komati Basin Water Authority ("KOBWA", "the Authority") as at 31 March 2022, its financial performance and its cash flows for the year then ended in accordance with General Recognised Accounting Practice as issued by the Accounting Standards Board in terms of section 89 of the Public Finances Management Act in South Africa.

What we have audited

Komati Basin Water Authority's financial statements set out on pages 14 to 55 comprise:

- the statement of financial position as at 31 March 2022;
- the statement of financial performance for the year then ended;
- the statement of changes in net assets for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Authority in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with 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).

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P O Box 1875, Mbombela, 1200
T: +27 (13) 754 3300, F: +27 (13) 754 3400, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.



Our audit approach

Overview

Overall materiality

- Overall materiality: R 1 498 736, which represents 1% of total expenses

Key audit matters

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

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

Materiality

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

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

Overall materiality	R 1 498 736
How we determined it	1% of total expenses
Rationale for the materiality benchmark applied	We have selected total expenses as our materiality benchmark because, in our view, it most appropriately reflects the operations of the Authority. It is a benchmark against which the performance of the Authority would be measured by users of the financial statements, given the fact that it is a non-profit-oriented entity. We chose 1% which is consistent with the quantitative materiality thresholds that we would typically apply when using this benchmark to compute materiality.

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.

Key Audit Matter	How the Key Audit Matter was addressed in our Audit
Excess funding received from the Government of the Republic of South Africa KOBWA was established as a bi- national authority in terms of the Komati Treaty in 1992. KOBWA's mandate under the Komati Treaty is the management and preservation of water resources in the Komati Basin. It does not provide KOBWA with the ability to obtain an economic return directly from the users of the water. Instead, the Komati Treaty legally binds the Government of the Republic of South Africa and the Government of the Kingdom of Eswatini ("the Parties") to fund its operations, which includes capital, maintenance and debt funding. In accordance with the Treaty, KOBWA submits its annual operational cash flow budget to the Joint Water Commission (as representative of the Parties, "JWC") for approval. This budget includes the operational, maintenance as well as capital expenditure which includes debt repayment requirements, for the ensuing year. Once approved, the Parties pay KOBWA the funds in tranches during the financial year. The Government of the Republic of South Africa ("RSA") has paid KOBWA an amount of R179,807,450 in the current financial year, in excess of its cash flow requirements. This brings the total excess additional funding including interest earned on these funds up to 31 March 2022 to R356,361,551. The Department of Water and Sanitation acknowledged in writing that they are aware of the excess funds and have given KOBWA specific instructions as to the purpose and allocation of these funds. Specifically, the funds are ring-fenced to settle the Hambros loan in	We considered the terms and conditions of the Komati Treaty in so far it relates to the Parties' legal obligations to fund the operations of KOBWA and noted that the Komati Treaty require KOBWA to submit an annual short term cash flow budget to the Joint Water Commission for the reimbursement of capital as well as operational and maintenance costs for the ensuing year. Capital costs, as defined in the Treaty includes, amongst others financing costs. Annual financing costs include the servicing of loans and includes both interest and capital repayments, as and when due according to the terms of the respective loan agreements. A total amount of R 356,361,551 (including interest) received by KOBWA up to and as at 31 March 2022 from the Government of the Republic of South African, has been allocated to the Hambros Sinking Fund. This has been received in excess of its annual cash flow budget requirements. We inspected the approved budget of the Department of Water and Sanitation of the Republic of South Africa, and noted that KOBWA was allocated R 240,774,000 for the 2021/22 financial year, which includes the additional funding of R 179,807,450. We inspected KOBWA's approved budget for 2021/2022 financial year and noted a total budget amounting to R 96,130,415 was submitted and approved by the Joint Water Commission. The Joint Water Commission approved an additional amount of R184,834,450, subsequently adjusted to



2027 and to service the bi-annual interest payments under the terms of the Hambros loan. To this extent, the letter earmarked R225,000,000 to be allocated to the capital redemption of the Hambros loan in 2027 and the remaining excess of R131,361,551 to service the bi-annual interest payments up to redemption of the loan.

Consistent with the prior year, the excess funds have been recorded as a reduction in the Guaranteed Grant Receivable and separately as an asset on the balance sheet as Hambros Loan Sinking Fund to the amount of R356,361,551. This asset represents restricted cash in the Standard Bank Call Account as at 31 March 2022.

KOBWA's additional funding received from the Parties over and above its annual cash flow requirements was considered to be a matter of most significance to our audit of the financial statements due to the materiality of the amounts, as well as the pervasive nature of the excess funding in relation to the treatment of subsequent measurement of the Hambros liability (note 16), the sinking fund (note 6) and the unspent conditional grant (note 15).

R179,807,450 that was allocated to the Hambros sinking fund for the repayment of the Hambros Loan in 2027.

We inspected the written confirmation from the Department of Water and Sanitation dated 20 June 2022 and signed by Mr F Moatshe, DWS CFO, confirming the cumulative excess funding to date and the allocation of these funds to the capital and interest portions of the Hambros loan. We note that KOBWA have accounted for the excess funds in accordance with the instruction of this letter.

We confirmed the bank balance of the Standard Bank Call Account directly with the bank and agreed this amount to the general ledger and financial statements of KOBWA.

We inspected the disclosure in the financial statements with regards to the Hambros sinking fund and we are satisfied that the disclosure describes the nature of the funds and the approved use thereof, in accordance with the confirmation letter from the Department of Water and Sanitation.

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 2022" which we obtained prior to the date of this auditor's report, and the document titled "KOBWA Annual Report 2021/2022", which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

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

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



Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the and/or the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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



to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015 we report that PricewaterhouseCoopers Inc. has been the auditor of Komati Basin Water Authority for 6 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: Schalk Barnard
Registered Auditor
Mbombela, South Africa
31 October 2022

Directors' Report

The directors have pleasure in submitting their report for the Komati Basin Water Authority for the year ended 31 March 2022.

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 Kingdom of Eswatini and the Republic of South Africa for the utilisation of the water resources within the Komati Basin, comprising of the Komati River and the Lomati River. KOBWA's mandate is to implement Phase 1 of the Treaty which comprises the design, construction, operation and maintenance of the Driekoppies Dam on the Lomati River in RSA (phase 1a), and the Maguga Dam on the Komati River in KoE (phase 1b). The design and construction phase of the Dams were completed and currently, KOBWA's mandate is the operation and maintenance of the Dams.

2. Review of activities

Main business and operations

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

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

3. Going concern

The AFS have been prepared on the going concern assumption which is underpinned by a commitment from the Parties to continue funding KOBWA with a budget having already been approved for the financial year 2022/23.

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.

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

The Board has continued to assess the situation for any changes that might require a review of the situation and at the time of reporting are satisfied that no such changes have happened. The 2022/23 budget was approved and the first tranche has been received, therefore this gives the Board comfort and assurance that KOBWA has enough resources to cover expected expenditure for the next 12 months. There has been no communication from the Parties that either funding will be withdrawn or that the Treaty will be revoked.

4. Events after the reporting date

The Directors are not aware of any matter or circumstance arising since the end of the financial year and up to date of the publishing of these financial statements except for an additional R/E 163,547,937 has been received from RSA which is funding in excess of the requested and approved operational budget for the 2022/23 budget cycle.

5. Directors

The Directors of KOBWA during the year 2021/22 and to the date of this report are as follows:

Name	Nationality	Designation
Mr. A. Thobejane	South Africa	Chairperson
Ms. N. Mabuza	Eswatini	Chairperson FRAC - Non-Executive
Ms. E. Magagula	Eswatini	Chairperson FRAC - Non-Executive
Mr. L. Mzizi	Eswatini	Vice Chairperson - Non-Executive
Mr. B. Singwane	South Africa	Non-Executive

Executive Management

Mr. C.X. Zwane	South Africa	CEO, term ended 30 June 2022
Mr. T.M. Shongwe	Eswatini	CEO, appointed 1 October 2022
Mr. J. de Wet	South Africa	Finance Director, appointed 1 May 2022
Ms. M. Maseko	Eswatini	Corporate Services Director, Acting CEO 1 July 2022 to 30 September 2022
Mr. S.M. Nkomo	Eswatini	Operations Director

6. Secretary

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

Statement of Financial Position as at 31 March 2022

Figures in Rand/Lilangeni	Note(s)	2022	2021 Restated *
Assets			
Current Assets			
		50,625,000	50,625,000
		1,686,559	1,563,181
		-	1,620,512
		1,021,810	807,675
		202,875	310,563
		89,147,489	87,051,871
		142,683,733	141,978,802
		12,357,756	12,860,182
		4,379,388,438	4,430,770,783
		2,252,865	1,631,650
		172,117,580	-
		298,253,864	306,297,305
		4,864,370,503	4,751,559,920
		5,007,054,236	4,893,538,722
		29,059,537	7,338,286
		1,862,657	2,644,364
		8,969,034	12,157,355
		1,139,805	18,890,972
		653,444	610,771
		307,758	377,375
		41,992,235	42,019,123
		367,295,737	366,130,077
		409,287,972	408,149,200
		4,597,766,264	4,485,389,522
		5,532,330	5,532,330
		4,592,233,934	4,479,857,192
		4,597,766,264	4,485,389,522

Statement of Financial Performance

Figures in Rand/Lilangeni	Note(s)	2022	2021 Restated *
Conditional Grant Income	20	45,625,922	43,168,642
Finance Income	7	77,144,683	214,699,139
Total income from non-exchange transactions		122,770,605	257,867,781
Expenditure			
Employee related costs	21	(21,241,247)	(20,526,801)
Depreciation and amortisation	22	(54,564,640)	(54,706,030)
Finance costs	23	(51,794,714)	(51,802,563)
Provision for VAT impairment		(807,675)	-
Loss on disposal of assets and liabilities	24	(508)	-
Operating and administration expenditure		(21,464,859)	(18,455,641)
Total expenditure		(149,873,643)	(145,491,035)
(Deficit) surplus for the year		(27,103,038)	112,376,746

Statement of Changes in Net Assets

Figures in Rand/Lilangeni	Maintenance Reserves	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2020	5,532,330	4,479,857,188	4,485,389,518
Changes in net assets Surplus for the year	-	112,376,746	112,76,746
Total changes	-	112,376,746	112,376,746
Balance at 01 April 2021	5,532,330	4,592,233,934	4,597,766,264
Changes in net assets			
Deficit for the year	-	(27,103,038)	(27,103,038)
Total changes	-	(27,103,038)	(27,103,038)
Balance at 31 March 2022	5,532,330	4,565,130,896	4,570,663,226
Note(s)	14		

Cash Flow Statement

Figures in Rand/Lilangeni	Note(s)	2022	2021 Restated *
Cash flows from operating activities			
Receipts			
Grants		95,078,511	89,665,266
Payments			
Employee costs		(21,241,247)	(20,526,801)
Suppliers		(13,862,133)	(12,963,460)
Finance costs		(50,625,349)	(50,636,903)
		(85,728,729)	(84,127,164)
Net cash flows from operating activities	26	9,349,782	5,538,102
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(3,401,118)	(2,723,066)
Purchase of other intangible assets	5	(187,081)	(719,418)
Hambros Loan Sinking Fund		(187,636,668)	(168,719,882)
Net cash flows from investing activities		(191,224,868)	(172,162,366)
Cash flows from financing activities			
Funding received in advance		179,807,450	172,117,580
Net increase/(decrease) in cash and cash equivalents		(2,067,636)	5,493,316
Cash and cash equivalents at the beginning of the year		92,545,187	87,051,871
Cash and cash equivalents at the end of the year	13	90,472,549	92,545,187

Accounting Policies

1. Presentation of Annual Financial Statements

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 JSE listing 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.

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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.

1.2 Going concern assumption

The AFS have been prepared on the going concern assumption which is underpinned by a commitment from the Parties to continue funding KOBWA with a budget having already been approved for the financial year 2022/23.

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.

Following the outbreak of Covid-19 pandemic, KOBWA made a detailed assessment of the effects specifically in light of whether it would affect the continued existence and/or the level of operations of the organisation. The assessment was done at the Operational, Executive and Board levels looking at the risks and operational changes and effects. The Board was satisfied that the pandemic would not affect the going concern aspect of the business nor the level of its operations. The Board in the current year re-assessed the position in respect of the same and are satisfied that the situation has not changed negatively to affect the continued existence or operations of KOBWA.

The Parties continue to honour their bi-lateral obligation and have continued to make commitments for the continued funding of KOBWA. The 2022/23 budget was approved and the first tranche has 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.

Accounting Policies *(continued)*

1.3 Materiality

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

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

1.4 Significant judgements and sources of estimation uncertainty

In preparing the AFS and in conformity with GRAP, management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures.

These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates. The underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation and uncertainty

Impairment testing

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

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

Accounting Policies *(continued)*

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Allowance for doubtful debts

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

Useful lives of property, plant and equipment

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

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

Control

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

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

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

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

Accounting Policies *(continued)*

Impact of Covid-19

In response to Covid-19 KOBWA made a risk assessment in terms of the potential impact to operations and its existence. The assessment covered the business processes, infrastructure required to adapt to the new norm, funding matters, payment of the loans, key projects, budgets, procurement and reporting. A detailed document was established and based on its assessment which was submitted to FRAC and noted by the Board. It was noted that the changes identified would not affect key business activities or viability of the entity. In terms of GRAP, KOBWA is satisfied that no changes are anticipated which will require disclosure in the financial year 2021/22. The Parties have not curtailed the budgets for KOBWA for current or next financial year. The 2022/23 budget was approved and the first tranche has been received. This gives the Board comfort and assurance that KOBWA has sufficient financial resources to cover expected expenditure for the next 12 months

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

1.5 Investment property

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

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

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

Cost model

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

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

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

Accounting Policies *(continued)*

Depreciation is on the straight line basis over the expected useful lives to their estimated residual value over the useful life of the property, which is as follows:

Item	Percentage
Investment Property - Buildings	2%

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

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

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

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

Accounting Policies *(continued)*

1.6 Property, plant and equipment *(continued)*

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

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

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

The depreciation charge for each period is recognised in the Statement of Financial Performance unless it is included in the carrying amount of another asset.

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

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

1.7 Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical substance. KOBWA has classified computer software as intangible assets.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are

Accounting Policies *(continued)*

1.7 Intangible assets *(continued)*

transferable or separable from KOBWA or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

Intangible assets are initially measured at cost.

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Amortisation is provided on a straight-line basis over the expected useful lives of the intangible assets.

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

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

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

Item	Depreciation method	Percentage
Computer software	Straight-line	20%

The amortisation charge for each period is recognised in the Statement of Financial Performance. Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

Accounting Policies *(continued)*

1.8 Guaranteed Grant Income Receivable *(continued)*

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

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

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

1.9 Financial instruments

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

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

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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

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

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

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

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

A financial asset is:

Accounting Policies *(continued)*

1.9 Financial instruments *(continued)*

A financial asset is:

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

1.9 Financial instruments *(continued)*

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

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

Classification

Financial Assets

The entity 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
Receivable from exchange transaction
Receivable from non-exchange transaction
Hambros Loan Sinking Fund

Category

Financial asset measured at amortised
financial asset measured at amortised
Financial asset measured at amortised
Financial asset measured at amortised
Financial asset measured at amortised

Accounting Policies *(continued)*

1.9 Financial instruments *(continued)*

Financial Liabilities

The entity 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:

Name	Category
Hambros Bank Loan (Bond Notes)	Financial liability measured at amortised cost
Designated project funds	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

Initial recognition

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

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.

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;

Accounting Policies *(continued)*

1.9 Financial instruments *(continued)*

- * the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- * the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer. The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the

transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in the Statement of Financial Performance in the period of the transfer.

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in the Statement of Financial Performance.

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

Financial liabilities

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

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Financial Performance.

Accounting Policies *(continued)*

1.9 Financial instruments *(continued)*

Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in the Statement of Financial Performance

1.10 Statutory receivables

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

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

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

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

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

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

Accounting Policies *(continued)*

1.10 Statutory receivables *(continued)*

been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in the Statement of Financial Performance.

Derecognition

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

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

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

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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.

1.12 Impairment of cash-generating assets

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

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

Accounting Policies *(continued)*

1.12 Impairment of cash-generating assets *(continued)*

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

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

Management designate assets as cash-generating assets or non-cash-generating assets as follows:

Cash generating:

Investment property

Non-cash generating Property plant and equipment

Intangible assets

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return.

Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

A cash-generating unit is the smallest identifiable group of assets managed with the objective of

Accounting Policies *(continued)*

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

generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

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

Useful life is either:

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

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

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

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

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

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

Useful life is either:

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

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

Accounting Policies *(continued)*

Identification

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

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

Value in use

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

Recognition and measurement

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

An impairment loss is recognised immediately in the Statement of Financial Performance.

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

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

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

1.14 Employee benefits

Short-term employee benefits

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

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

The expected cost of 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.

Accounting Policies *(continued)*

1.15 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

1.15 Provisions and contingencies *(continued)*

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

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

1.16 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, net of trade discounts and volume rebates.

Accounting Policies *(continued)*

1.16 Revenue from exchange transactions *(continued)*

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

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.

1.17 Revenue from non-exchange transactions

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

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

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

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

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

Accounting Policies *(continued)*

1.17 Revenue from non-exchange transactions *(continued)*

Recognition

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

Unspent Conditional Grant

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

Measurement

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

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

Transfers

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

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

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

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

- * Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- * Weighted average of the borrowing costs applicable to KOBWA on funds generally borrowed for the purpose of

Accounting Policies *(continued)*

1.18 Borrowing costs *(continued)*

obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

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

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

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

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

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

1.19 Segment information

A segment is an activity of an entity:

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

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

1.20 Budget information

In terms of GRAP 24, entities required either through legislation or some instrument are mandated to report on budget information. Entities may elect to report on the same even when they are not mandated. KOBWA is not currently mandated to report on the budget therefore elects not to make budget disclosure in the financial statements..

1.21 Related parties

Parties are considered to be related if one party has the ability to control (or jointly control) the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

In identifying related party relationships, attention should be given to the substance of a relationship and not merely its legal form.

Control is the power to govern the financial and operating policies of another entity so as to benefit from its activities. Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged.

Accounting Policies *(continued)*

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.

1.22 Events after reporting date

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

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

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

1.23 Water in Dams

KOBWA's mandate, under the Treaty is to manage the utilisation of water resources with the Komati Basin. This is achieved by the management of the Driekoppes and Maguga dams in the catchment area.

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.

1.24 Hambros loan sinking fund

The Department of Water and Sanitation have earmarked certain funds that are held by KOBWA for the redemption of the Hambros Bank Loan in 2027 - refer to note 6.

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

Although these funds are deposited in a money market account, it may only be utilised for the repayment of the Hambros Bank Loan in 2027. An amount of R/E 225 million is earmarked for the capital redemption of the loan on 2027, with the balance of the funds earmarked to settle the bi-annual interest payments.

KOBWA has reclassified the total fund amount as non-current due to the redemption date being in 2027 and accounting for it as a financial asset - refer accounting policy 1.9. and will assess annually to re-classify the amounts due in the current and next financial period to be classified as current for the purpose of settling the bi-annual interest payments.

Notes to the Annual Financial Statements

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 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
● GRAP 25 Employee Benefits - Amended	Not yet set	Unlikely there will be a material impact
● GRAP 104 Financial Instruments - Amended	01 April 2025	Unlikely there will be a material impact
● Guideline on The Application of Materiality to Financial Statements 2020	01 April 2023	Unlikely there will be a material impact
● iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	Not yet set	Unlikely there will be a material impact
● iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
● GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

Not yet set

01 April 2025 01 April 2023 Not yet set 01 April 2023 01 April 2023

Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact

Notes to the Annual Financial Statements

3. Investment property

	2021			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	14,869,885	(3,014,555)	11,855,330	14,869,885	(2,512,129)	12,357,756

Investment property	Opening balance 12,357,756	Depreciation (502,426)	Total 11,855,330
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Reconciliation of investment property - 2021

Investment property	Opening balance 12,860,182	Depreciation (502,426)	Total 12,357,756
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The carrying amount of the investment property at each reporting date is cost less depreciation.

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

There are no restrictions or encumbrances on the investment property.

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

The rental income fluctuates annually depending on the occupancy. Annual rental income for all available to rent properties is 2022: R/E 869,070. (2021: R/E 1,107,158)

Notes to the Annual Financial Statements

4. Property, plant and equipment

	2021			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	14,869,885	(12,733,862)	51,236,977	63,970,839	(10,570,073)	53,400,766
Furniture and fixtures	2,189,441	(1,393,348)	805,093	1,934,329	(1,222,376)	711,953
Motor vehicles	3,074,568	(2,563,669)	510,899	3,891,544	(2,956,966)	934,578
Office equipment	(153,550)	193,100	39,550	437,356	(387,755)	49,601
IT equipment	3,119,102	(2,547,809)	571,293	2,777,342	(2,128,637)	648,705
Mobile Units	792,964	(792,936)	28	792,964	(792,936)	28
Infrastructure	69,981,167	(24,538,610)	45,442,557	69,655,665	(20,864,816)	48,790,849
Dams and Weirs	4,474,825,171	(268,493,270)	4,206,331,901	4,474,825,171	(223,741,425)	4,251,083,746
Dam Equipment and Pipelines	30,781,574	(7,787,626)	22,993,948	28,950,715	(6,468,292)	22,482,423
Sundry Equipment	8,087,582	(6,892,963)	1,194,619	7,575,174	(6,403,885)	1,171,289
Implements	1,025,556	(953,752)	71,804	1,190,924	(1,076,424)	114,500
Total	4,657,703,414	(328,504,745)	4,329,198,669	4,656,002,023	(276,613,585)	4,379,388,438

Notes to the Annual Financial Statements

4. Property, plant and equipment

Reconciliation of property, plant and equipment - 2021

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

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

Included in Statement of Financial Performance

Operating and administration costs	4,264,926	4,172,822
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There are no restrictions or encumbrances on these assets.

The asset register is available for inspection 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.

Notes to the Annual Financial Statements

5. Intangible assets

	2021			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	2,721,510	(753,398)	1,968,112	2,534,429	(281,564)	2,252,865
Reconciliation of intangible assets - Net cash flow from operating activities						
			Opening balance	Additions	Amortisation	Total
Computer software			2,252,865	187,081	(471,834)	1,968,112
Reconciliation of intangible assets - 2021						
			Opening balance	Additions	Amortisation	Total
Computer software			1,631,650	719,418	(98,203)	2,252,865

Other information

There are no restrictions or encumbrances on the assets.

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

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
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6. Hambros Bank Loan Sinking Fund

Hambros Loan Sinking Fund

Standard Bank Money Market - RSA funds to redeem capital	225,000,000	168,719,882
Standard Bank Money Market - RSA funds to service bi- annual interest payments	131,361,551	-

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. Although these funds are deposited in a money market account, it may only be utilised for the repayment of the Hambros Bank Loan in 2027. The total funds earmarked for bi-annual interest payments are classified as non-current for this reporting period. KOWBA has recieved additional funding after the reporting period amounting to R/E 163,547,937 from the Department of Water and Sanitation which will be utilised to settle bi-annual interest commitments in the next reporting period.

Movements in carrying amount

Opening balance	131,361,551	-
Increase in sinking fund - excess funding received	179,807,450	172,117,580
Increase in sinking fund - Interest earned on excess funding	7,831,219	-
Prior period restatement (Refer to note 33)	-	3,397,698)
	356,358,551	168,719,882

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
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7. Grant Guaranteed Income Receivable

Designated at amortised cost 94,656,129 107,484,436

Grant Guaranteed 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.

Grant Guaranteed Income Receivable - Interest 100,934,963 241,394,428

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.

195,591,092 348,878,864

Non-current assets

At amortised cost 195,591,092 348,878,864

Current assets

At amortised cost 50,625,000 50,625,000

Financial assets at amortised cost

Reconciliation - 2022

	Opening balance	Cash Funding from the Parties	Unwinding of finance income	Closing balance
Hambros Bank Loan	348,878,864	(230,432,455)	77,144,683	195,591,092

Reconciliation - 2021

	Opening balance	Cash Funding from the Parties	Unwinding of finance income	Closing balance
Hambros Bank Loan	356,922,305	(222,742,580)	214,699,139	348,878,864

8. Designated Project Funds

Opening Balance	29,059,537	7,338,285
Additions - Unspent grant	2,087,647	23,135,222
Conditions met, transferred to Revenue	(2,857,563)	(1,413,970)
	28,289,621	29,059,537

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
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8. Designated Project Funds (continued)

Breakdown of Funds

Driekoppies Dam Projects - RSA	20,119,711	20,119,711
DWS Projects	3,794,517	3,794,517
LMPC	360,246	503,016
Recapitalisation Project	130,172	130,172
JWC Projects	3,884,975	4,512,121
	28,289,621	29,059,537

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 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.

9. Prepayments

Prepayments	233,522	202,875
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10. Receivables from exchange transactions

Debtors	156,420	214,770
Employee Advances	461,570	331,188
Deposits	1,232,997	1,140,601
	1,850,987	1,686,559

Employee Advances

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

Deposits

R/E 1,000,000	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.
R/E 232,997	Other

Trade and other receivables impaired

The receivables were reviewed at the reporting date and none are impaired.

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
11. Receivables from non-exchange transactions		
Kingdom of Eswatini	1,260,272	-
Reconciliation of receivables		
Opening balance	-	1,620,512
Operational Budget (net of sundry income)	91,412,919	94,256,160
Additional Funding (2021 restated, refer to Note 33)	179,807,450	168,712,882
Payments Received - Operational Budget	(90,152,647)	(89,665,266)
Payments Received - Additional Funding (2021 restated, refer to Note 33)	(179,807,450)	(168,712,882)
Prior Year Unspent	-	(6,211,406)
	1,260,272	-
Total receivables from non-exchange transactions	1,260,272	-

The balance represents grant receivable not yet paid by the Parties at the reporting date. The Parties have a bi-lateral agreement through the Treaty which is open ended. In the current year, Parties have paid up and cleared the outstanding funds from previous year. Previously the Parties have always paid up the outstanding amounts. Generally there is no credit risk as the Parties have always honoured the provisions of the Treaty.

12. VAT receivable

Opening balance	461,570	331,188
Claims made to SARS	1,232,997	1,140,601
Provision for impairment	1,850,987	1,686,559
	1,588,515	1,021,810

Included in this balance is an amount equal to R/E 2,407,655 (2021: R/E 1,599,980) that was considered doubtful and a provision was raised. Recoverability of this VAT receivable is doubtful although not definitely irrecoverable.

In the current financial year, there has been no refunds paid and the outstanding amounts are still being processed by SARS.

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	17,500	17,500
Bank balances	3,864,256	3,199,842
Short-term deposits (2021 restated, refer to Note 33)	86,590,793	89,327,845
	90,472,549	92,545,187

All funds are under the management of KOBWA and includes funds ringfenced for designated project funds, unspent grants, amounts payable to the Parties. 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.

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
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14. 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 fund was initiated with the approved amount of R/E 2,650,000 during October 2006. A second transfer of R/E 2,350,000 was approved by the Board at their meeting held on 2 July 2007. Between 1 April 2007 and April 2010 interest earned on the fund was not reflected in the summary income statement but credited directly to the statement of financial position to escalate the Rehabilitation Fund.

The Board 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.

15. Unspent Conditional Grant

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

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Unspent grants	2,191,709	1,139,805
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Movement during the year

Balance at the beginning of the year	1,139,805	18,890,972
Additions - Approved Operational Budget including sundry income	96,130,415	94,256,160
Additions - Additional Funds received in advance (2021 restated, refer to Note 33)	179,807,450	168,719,882
Additions - Designated Project Funds	2,857,563	1,413,970
Utilised - Recognised as Grant Income	(45,625,922)	(41,754,673)
Utilised - Hambros Bank Loan Sinking Fund (2021 restated, refer to Note 33)	(179,807,450)	(168,719,882)
Utilised - Guaranteed Income	(50,625,000)	(50,625,000)
Utilised - Allocated to Designated Project Funds	(1,685,152)	(21,041,624)
	2,191,709	1,139,805

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
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16. Financial liabilities at amortised cost

At amortised cost

Hambros Bank Limited Loan	368,465,102	367,295,737
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The Loan consists of registered bonds with a face value of R/E 1 million each. The bond's coupon rate is 13.5% with an effective interest rate of 14.87% per annum. The notes were issued at a discount at 90.91946%. The coupon is payable bi- annually in arrears. The balance of the unpaid interest is accumulated with the capital and is payable on the maturity date on 31 October 2027 to the amount of R/E 375 million. The loan is explicitly guaranteed 100% by the South African Government. The Kingdom of Eswatini guarantees 40% of the loan to the Government of South Africa.

Non-current liabilities

At amortised cost	368,465,102	367,295,737
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Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
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17. Provisions

Reconciliation of provisions - Net cash flow from operating activities

	Opening Balance	Additions	Utilised during the year	Total
13th Cheque	290,034	277,866	(290,034)	277,866
Leave Pay	363,410	336,344	(363,410)	336,344
	653,444	614,210	(653,444)	614,210

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
13th Cheque	262,879	290,034	(262,879)	290,034
Leave Pay	347,892	363,410	(347,892)	363,410
	610,771	653,444	(610,771)	653,444

13th cheques are part of employees' structured packages and paid out annually in December.

Leave pay is provided for per KOBWA human resource policies and becomes due over the passage of time, increasing the liability. Leave is redeemed by the employee upon taking it or selling leave back to KOBWA, reducing the liability.

18. Payables from exchange transactions

Payables	1,578,544	1,786,948
Employee related payables	212,413	75,709
	1,790,957	1,862,657

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

Bank Interest	16,886,425	6,171,847
Rental income collected on behalf of Parties Gate	-	1,785,444
Entrance fees Payable to Governments Other	524,030	667,450
Government Payables	684,783	344,293
	18,095,238	8,969,034

Reconciliation of Government Payables

Opening Balance	8,969,034	12,157,356
Additions - Gate Entrance Fees	3,040	-
Additions - Rental Income	869,070	1,117,097
Additions - Insurance proceeds	504,106	153,000
Additions - Other	35,883	912
Additions - Interest earned	10,714,578	5,116,814
Approved and allocated by the Parties	(3,000,473)	(9,576,145)
	18,095,238	8,969,034

This represents income received by KOBWA other than grants that are in the process of being declared to the JWC. In accordance with the Treaty, all non-grant income must be declared to the JWC which will approve and allocate these funds. Until such time that this process is complete, KOBWA is not entitled to the funds. Instead, these funds are payable to the respective Parties. The general ratio of contribution between the Government of 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.

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
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20. Conditional grant income

45,625,922 43,168,642

Revenue

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 Grant Guaranteed receivable income in the Statement of Financial Position.

Conditional Grant Income	-	-
Conditional Operational grant received - RSA	32,185,722	31,282,427
Conditional Operational grant received - KoE	10,582,637	10,472,246
Other Income	2,857,563	1,413,969
	45,625,922	43,168,642

21. Employee related costs

Basic	20,992,621	20,443,851
Bonus	180,173	-
Staff Workman's Compensation Skills	4,762	39,983
Development Levy	63,691	42,967
	21,241,247	20,526,801

Chief Executive Officer

Basic Salary	1,421,833	1,243,030
Long Service Award	-	10,000
Contributions to UIF, Medical and Pension Funds	196,140	311,352
	1,617,973	1,564,382

Finance Director (C Matambo - Deceased)

Basic Salary	351,004	843,931
Acting Allowance	-	19,343
Contributions to UIF, Medical and Pension Funds	18,014	154,380
	369,018	1,017,654

Operations Director

Basic Salary	351,004	843,931
Contributions to UIF, Medical and Pension Funds	-	19,343
	984,817	998,311

Corporate Services Director

Basic Salary	843,015	830,986
Contributions to UIF, Medical and Pension Funds	76,758	167,325
	919,773	998,311

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
22. Depreciation and amortisation		
Property, plant and equipment	53,590,380	54,105,408
Investment property	502,426	502,426
Intangible assets	471,834	98,196
	54,564,640	54,706,030
23. Finance costs		
Hambros Bank Loan	51,794,365	51,790,660
Other	349	11,903
	51,794,714	51,802,563
24. Operating and administration expenditure		
ISO Certification	96,612	101,105
Advertising	875,128	1,117,841
Assessment rates & municipal charges	644,461	354,601
Auditors remuneration	382,000	390,500
Bank charges	95,815	114,418
Computer expenses	831,456	754,469
Consulting and professional fees	76,530	63,100
Corporate Social Responsibility	662,332	391,393
Entertainment	15,760	48,784
Loan Management Costs	161,168	95,062
Office Maintenance Cost	1,153,454	1,059,178
Insurance Costs	1,229,738	1,032,330
Consulting Costs	52,042	88,944
Vehicle Costs - Other	1,449,878	1,001,879
Traveling	373,077	287,528
Honorarium	21,500	49,000
Staff Recruitment Costs	375,174	38,425
Postage and courier	45,981	6,505
Printing and stationery	142,606	186,636
Protective clothing	201,968	325,684
Secretarial fees	367,932	246,900
Guarding of property	2,314,945	2,251,873
Staff welfare	582,547	257,204
Subscriptions and membership fees	261,554	101,794
Telephone and Internet Costs	1,559,047	1,187,569
Training	701,728	386,977
Dam Ops and Maintenance	6,111	65,652
Communication Dam Management	215,322	342,753
Electricity	766,054	974,229
Treaty review costs	-	15,281
LMPC Allowance	142,770	158,570
Dam Maintenance General	439,497	724,056
Dam Structure Maintenance	2,057,053	1,708,045
Dam enclosure - fencing	32,233	11,131
Tractors and trailers maintenance	231,996	54,469
Generators and other equipment	635,154	262,963
Information centre management	301,544	317,825
Boats and trailers	34,547	47,060
Motorbikes maintenance	5,224	3,300
KOBWA houses maintenance	671,070	645,171
Water quality and dam risk management	1,201,423	1,182,287
Project Other Costs	50,428	3,150
	21,464,859	18,455,641

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
25. Taxation		
No provision for income taxation is made as KOBWA is exempt from income tax in both RSA and KoE.		
26. Net cash flows from operating activities		
		Restated (Refer note 33)
(Deficit) / Surplus	(27,103,038)	112,376,746
Adjustments for:		
Depreciation and amortisation	54,564,640	54,706,030
Gain on sale of assets and liabilities	508	-
Finance Income	(77,144,683)	(214,699,139)
Finance costs - amortised interest cost	1,169,714	1,177,563
Provision for VAT impairment	807,675	-
Movements in provisions	(39,234)	42,673
Changes in working capital:		
Receivables from exchange transactions	(164,428)	(123,378)
Receivables from non-exchange transactions	(1,260,272)	1,620,512
Prepayments	(71,696)	107,688
Payables from exchange transactions	(1,374,380)	(781,712)
VAT Receivable - SARS	9,115,537	(214,135)
Payables from non-exchange transactions	9,349,782	(3,188,322)
Unspent Conditional Grant	(77,144,683)	(17,751,167)
Guaranteed grant income	1,051,904	50,625,000
Accruals	50,265,000	(69,617)
Designated Funds	(37,222)	21,709,360
	(759,599)	5,538,102
	9,349,782	5,538,102

27. Contingent Liabilities

1. KOBWA is opposing a matter where the claimant is making a claim of R/E 150,000.00 against KOBWA. There is a high possibility of the matter being dismissed since a similar matter was previously dismissed by the court.
2. A service provider has a claim of unfair termination of contract amounting to R/E 4,717,000.00. KOBWA is defending the claim since all pre-termination notices were given to the contractor and they failed to produce statutory documentation required for them to carry out business with KOBWA as per the contract agreement. KOBWA has declined out of court settlement advances by the contractor's lawyers and should the matter proceed to trial, it is estimated that settlement or costs will not exceed R/E 100,000.
3. There is a pending matter with the Industrial Court of KoE related to alleged unfair dismissal of a former KOBWA employee amounting to R/E 60,191.00. There is a high possibility of the matter being dismissed.

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
28. Related parties		
Relationships		
Directors of KOBWA	Refer to note 29.	
Government of South Africa		
Government of the Kingdom of Eswatini		
Key management and employees	Refer to note 21.	
Related party balances		
Grants receivable at year end		
Grants receivable at year end - KoE	1,260,272	-
Refer to note 11.		
Designated Project Funds		
Designated Project Funds	28,289,621	29,059,537
Refer to note 8.		
Loans to employees		
Loans to employees	461,570	331,188
Refer to note 10.		
Unspent grants		
Unspent grants	2,191,709	1,139,805
Refer to note 15.		
Payables from non exchange transactions		
Interest Payable		
Rental Payable	16,886,425	6,171,847
Gate entrance fees payable	- 524,030	1,785,444
Other Government Payables	684,783	667,450
	144,966,092	344,293
Refer to note 19.		
Guaranteed grant income receivable		
Guaranteed grant	50,625,000	298,253,864
income receivable - non current	225,000,000	50,625,000
Guaranteed grant income receivable - current	131,361,551	-
Refer to note 7.		
Hambros Bank Loan Sinking Fund		
Standard Bank Money Market - Capital Standard Bank	225,000,000	168,719,882
Money Market - Interest	131,361,551	-
Refert to note 6.		
Related party transactions		
Revenue		
Conditional operational grant Income for the year (Note 20)	45,625,922	41,754,673
Grant receivable for loan repayment (Note 7)	50,625,000	50,625,000
Gate Entrance Fees	3,040	-
Rental Income	869,070	1,117,097
Insurance Proceeds	504,106	153,000
Other	35,883	912
Interest	10,714,578	5,116,814

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
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28. Related parties (continued)

Directors' emoluments

Total compensation to non-executive directors	415,691	358,446
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Refer to note 29.

Compensation to key management

Total compensation to key management	3,891,581	4,578,658
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Refer to note 21.

29. Directors' emoluments

Non-executive

2022

	Directors' fees	Total
Mr. A. Thobejane Ms.	80,143	80,143
N. Mabuza	78,324	78,324
Ms. E. Magagula	78,936	78,936
Mr. L. Mzizi	97,734	97,734
Mr. B. Singwane	80,554	80,554
	415,691	415,691

2022

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

Company Secretary

2022

	Secreterial Consulting	Total
Mr. T. Sithole Mr. M. Simelane	95,007	95,007
	273,017	273,017
	368,024	368,024

2021

	Secreterial Consulting	Total
Mr. T. Sithole Mr. M. Simelane	95,007	95,007
	273,017	273,017

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
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30. Risk management

Financial risk management

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

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

Liquidity risk

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

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

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

Credit risk

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

Currency Risk

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

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
Financial assets exposed to credit risk at year end were as follows:		
Financial instrument		
Grant Guaranteed Income Receivables	195,591,092	348,878,864
Standard Bank Call account - RSA	442,952,344	258,047,727
Standard Bank Current Accounts - RSA	1,923,649	1,681,067
Standard Bank Current Accounts - KoE	1,940,606	1,518,774
Petty Cash	17,500	17,500
Receivables from exchange transactions	1,850,987	1,686,560
Receivables from non-exchange transactions	1,260,272	-

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.

31. Events after the reporting date

No material transactions occurred from year end to the date the AFS were authorised for issue that may necessitate disclosure in the current financial statements, except for an additional R/E 163,547,937 has been received from RSA which is funding in excess of the requested and approved operational budget.

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
32. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
● Property, plant and equipment	1,081,360	1,728,307
Total capital commitments		
Already contracted for but not provided for	1,081,360	1,728,307
Authorised operational expenditure		
Already contracted for but not provided for		
● Total	1,957,575	1,569,621
Total operational commitments		
Already contracted for but not provided for	1,957,575	1,569,621

33. Prior-year adjustments

33.1 Adjustments to the statement of cash flows

Presented below are those line items contained in the cash flow statement that have been affected by prior-year adjustments resulting from a balance sheet reclassification, other immaterial reclassifications items and an error in casting of note 26 in the prior year financial statements. The detailed cash flows disclosed as part of "Net cash flows from operating activities" in note 26, was neither accurate nor complete and therefore did not add up to the total presented either in note 26 or on the face of the cash flow statement. This resulted in the restatement of the prior year numbers as set out below.

In addition, the statement of cash flows was also restated for the impact of the adjustment described in note 33.2. This adjustment impacted the net increase in cash and cash equivalents as previously stated on the face of the cash flow by increasing it from R2,095,618 to R5,493,316, and reducing the cash outflows of the Hambros Sinking Fund with the same amount.

33.2 Adjustment to the statement of financial position

The restatement is to correct an error in the allocation of funds between the Hambros Loan Sinking Fund (Note 6) and the Cash and Cash Equivalents (Note 13) line items in the statement of financial position. Interest earned of R3,397,698 on the additional funds received from the SA Government should have been treated as unrestricted cash as per the agreement with the SA Government but was incorrectly classified to the Hambros Sinking Fund balance (i.e. restricted cash) in Note 6 in the previous financial year. This change also impacts prior year disclosure in Notes 11 and 15 where additional funds received from the Parties were previously incorrectly disclosed as R172,117,580, instead of R 168,712,882.

Statement of financial position

2021	Note	As previously reported	Re- classification	Restated
Hambros Loan Sinking Fund	6			
Cash and cash equivalents	13	172,117,580	(3,397,698)	168,719,882
		89,147,489	3,397,698	92,545,187
		261,265,06	-	261,265,069

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2022	2021
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33. Prior-year adjustments (continued)

Cash flow statement

2021

	Note	As previously reported	Re- classification	Restated
Net cash flow from operating activities	26			
Grants		89,665,266	-	89,665,266
Employee costs		(20,469,106)	(57,695)	(20,526,801)
Suppliers		(13,100,079)	136,619	(12,963,460)
Finance Costs		(50,636,903)	-	(50,636,903)
		5,459,178	78,924	5,538,102

Cash flow from investing activities Purchase of property, plant and equipment	4	(2,786,976)	63,910	(2,723,066)
Purchase of other intangible assets	5	(719,411)	(7)	(719,418)
Hambros Loan Sinking Fund		(172,117,580)	3,397,698	(168,719,882)
		(175,623,967)	3,461,601	(172,162,366)

Cash flow from financing activities Funding received in advance		172,260,407	(142,827)	172,117,580
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Net cash flow from operating activities

	Note	As previously reported	Re- classification	Restated
Net cash flow from operating activities:	26			
Surplus adjusted for:		112,376,746	-	112,376,746
Depreciation and amortisation		54,706,030	-	54,706,030
Finance Income		(52,432,503)	(162,266,636)	(214,699,139)
Finance Cost - amortised interest cost		1,165,660	11,903	1,177,563
Movements in Provisions		42,673	-	42,673
Receivables from exchange transactions		(127,002)	3,624	(123,378)
Receivables from non-exchange transactions		1,620,512	-	1,620,512
Prepayments		107,688	-	107,688
Payables from exchange transactions		(672,032)	(109,680)	(781,712)
VAT receivable - SARS		(214,135)	-	(214,135)
Payables from non-exchange transactions		(176,417)	(3,011,905)	(3,188,322)
Unspent conditional grant		(17,751,167)	-	(17,751,167)
Guaranteed grant income		50,625,000	-	50,625,000
Accruals		(69,618)	1	(69,617)
Designated project funds		(1,769,520)	1 23,478,880	21,709,360
		5,459,178		5,538,102

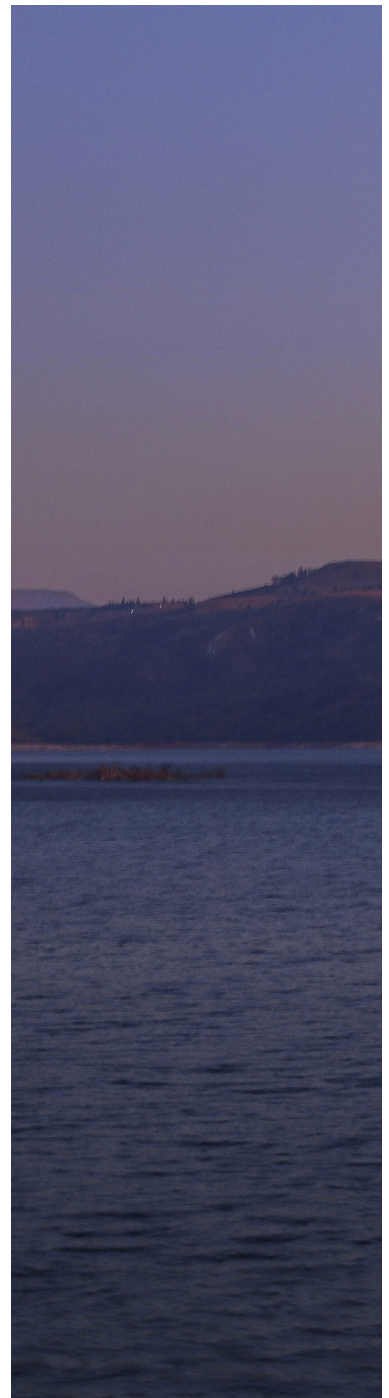
GENERAL INFORMATION
for the year ended March 2022

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