



ANNUAL REPORT

2022/2023



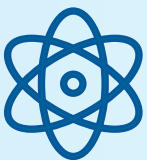
VISION

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



MISSION

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



CORE VALUES

KOBWA'S CORE VALUES ARE:

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

CONTENTS

1. THE KOMATI BASIN WATER AUTHORITY	10
1.1 Background Information	10
1.2 KOBWA's Milestones in the Past 30 Years	10
1.3 KOBWA Strategy and Business Model	11
1.4 Strategic Objectives	12
2. COMMITMENT TO CORPORATE GOVERNANCE	12
2.1 Governance Framework	12
2.2 Corporate Governance Reporting Structure	13
2.2.1 The Joint Water Commission (JWC)	14
2.2.2 The Board of Directors	17
2.3 Board of Directors' Meetings	20
2.4 KOBWA Management	21
2.5 Board Chairperson Statement	24
2.6 Statement of the Chief Executive Officer	26
3. ANNUAL PERFORMANCE PLAN IMPLEMENTATION REPORT - 2022/23	29
3.1 Overall Organisational Summary Report	29
3.2 Overall Performance Per Strategic Focus Area	31
3.3 Focus Area: Water Resource Development And Management (35%)	31
3.4 Focus Area: Financial Management (15%)	34
3.5 Focus Area: Self-Sustainability / Revenue Generation (10%)	36
3.6 Focus Area: Customer And Stakeholder Focus (10%)	37
3.7 Focus Area: Human Capital (15%)	38
3.8 Focus Area: Technology and Business Process (15%)	39
3.9 Focus Area: Economic Initiative (10%)	39

4. FOCUS AREA: WATER RESOURCE DEVELOPMENT AND MANAGEMENT	43
4.1 System Operation	43
4.2 Infrastructure Operation and Maintenance	54
4.3 Risk and Uncertainty Management	56
5. FOCUS AREA: TECHNOLOGY AND BUSINESS PROCESSES	63
5.1 Health and Safety	63
5.2 Occupational Medical Surveillance Assessment Report – 2023	64
5.3 Risk Management	64
5.4 Internal Audit	65
5.5 KOBWA Website Upgraded	66
6. FOCUS AREA: PEOPLE	67
6.1 Staff Complement	67
6.2 Vacant Positions	67
6.3 Internships and Learnerships	67
6.4 Long Service Awards	68
7. FOCUS AREA: CUSTOMER AND STAKEHOLDER FOCUS	69
7.1 Stakeholder Engagement	69
8. FOCUS AREA: SOCIO ECONOMIC INITIATIVES	71
8.1 Corporate Social Responsibility	71
8.2 Lake Matsamo Tourism Park Development	71
8.3 Driekoppies Dam Resource Mobilization Plan	71
8.4 Revolving Fund Update	71
9. FOCUS AREA: FINANCIAL MANAGEMENT AND OTHER SOURCES	
OF INCOME	72
9.1 Accounting Software	72
9.2 Government Funding	72
9.3 Long Term Loans	73
ANNUAL FINANCIAL STATEMENTS	74

LIST OF ABBREVIATIONS

CMP	Comprehensive Mitigation Plan	ISOTG	Inkomati System Operation Task Group
CEO	Chief Executive Officer	JSE	Johannesburg Stock Exchange
CO	Communications Officer	JWC	Joint Water Commission
CMP	Comprehensive Mitigation Plan	KJOF	Komati Joint Operations Forum
CSD	Corporate Services Director	KOBWA	Komati Basin Water Authority
DPP	Drought Preparedness Plan	LA	Low Assurance
DRMC	Driekoppies Relocation Management Committee	LMPC	Lake Matsamo Project Committee
DSS	Decision Support System	NOSA	National Occupational Safety Association
DWA	Department of Water Affairs	OD	Operations Director
EXCO	Executive Committee	OHS	Occupational Health and Safety
EEC	Eswatini Electricity Company	PRIMA	Progressive Realisation of the Inco-Maputo Agreement
FD	Finance Director	QAR	Quality Assurance Review
FDS	Future Development Studies	SHEQ	Safety, Health, Environment and Quality
FRAC	Finance, Risk and Audit Committee	RBCT	Relationship Building Continuity Team
HA	High Assurance	RQO	Risk and Quality Officer
HEC-RAS	Hydraulic Engineering Centre River Analysis System Model	SA	South Africa
HIRA	Hazard Identification and Risk Assessment	SyE	Systems Engineer
HR	Human Resources	WEMAC	Water and Environment Awareness Campaign
HRRC	Human Resources Remuneration Committee		
IMC	Information Management Centre		
ISO	International Organisation of Standardisation		

LIST OF TABLES

Table 1: Board of Directors' attendance record.....	20
Table 2: FRAC and THRC attendance records.....	21
Table 3: Special Board Meetings.....	21
Table 4: Rationed Interim Low Assurance (Irrigation) Water Allocations for 2022/23 water.....	43
Table 5: High Assurance Water Allocations for 2021/22 water year in million cubic metres per year.....	43
Table 6: Quantity of water in the dams at commencement of water year as well as at the ER year.....	44
Table 7: Water Use downstream of Driekoppies Dam and Mananga in South Africa 31/03/2023.....	46
Table 8: Water use downstream of Maguga Dam in Eswatini as at 31 March 2023.....	47
Table 9: Maguga Dam Storage Reconciliation.....	49
Table 10: Driekoppies Dam Storage Reconciliation.....	50
Table 11: High Assurance demand downstream of Maguga and Driekoppies Dams.....	51
Table 12: Summary project for the maintenance section.....	55
Table 13: Showing the biomonitoring sites in the catchment.....	60
Table 14: Summary of diatom compliance.....	61
Table 15: Summary of fish compliance.....	62
Table 16: OHS Trainings.....	63
Table 17: Showing the inherent, residual and rated risk statistics.....	64
Table 18: Showing KOBWA Employee demographics.....	67
Table 19: Show types of employment and departed employees.....	67
Table 20: Internship contracts.....	67
Table 21: Long service employees.....	68
Table 22: CSR Projects.....	71
Table 23: RSA Quarterly Funding Schedule for FY 2022/23.....	72
Table 24a: KoE Quarterly Loan Funding Schedule for FY 2022/23 – CAPEX Loans.....	73
Table 24b: KoE Quarterly Loan Funding Schedule for FY 2022/23 – Operational Budget	73
Table 25: Detailed Loan repayments schedule 31 December 2022.....	73

LIST OF FIGURES

Figure 1: Depicts the six (6) KOBWA's strategic key focus area.....	12
Figure 2: KOBWA Corporate Governing Organogram.....	13
Figure 3: Maguga and Driekoppies Dams Actual Gross Stored Volume (%).....	44
Figure 4: Maguga and Driekoppies Dams Actual Gross Stored Volume (Mm ³).....	45
Figure 5: Showing Maguga and Driekoppies Dam level for the current water year.....	45
Figure 6: Graph of cumulative water use in comparison with expected water use downstream of Driekoppies Dam 31 March 2023.....	46
Figure 7: Graph of cumulative water use in comparison with expected water use downstream of Maguga Dam 31 March 2023.....	47
Figure 8: Graph showing the 2022/23 inflows into Maguga Dam compared with differ percentiles.....	48
Figure 9: Graph showing the 2022/23 inflows into Driekoppies Dam compared with different percentiles.....	50
Figure 10: Analysis of Lebombo shortfalls (1 st April 2021 – 31 st March 2023).....	52
Figure 11: Analysis of Komatipoort shortfalls (1 st April 2021 – 31 st March 2023).....	53
Figure 12: pH data for Compliance in Driekoppies and Maguga Dams.....	56
Figure 13: Electrical Conductivity data for Compliance in Driekoppies and Maguga Dams.....	57
Figure 14: EC graphical presentation for river health - assessing fitness for water user sectors.....	58
Figure 15: DO graphical presentation for river health - fitness of the aquatic ecosystem.....	58
Figure 16: Fluoride Compliance in Groundwater Monitoring Points in the Komati Catchment.....	59
Figure 17: Inherent Risk.....	64
Figure 18: Residual risk profile in chart form.....	64
Figure 19: Strategic risk profile at the end of the financial year.....	65

THE KOMATI BASIN WATER AUTHORITY

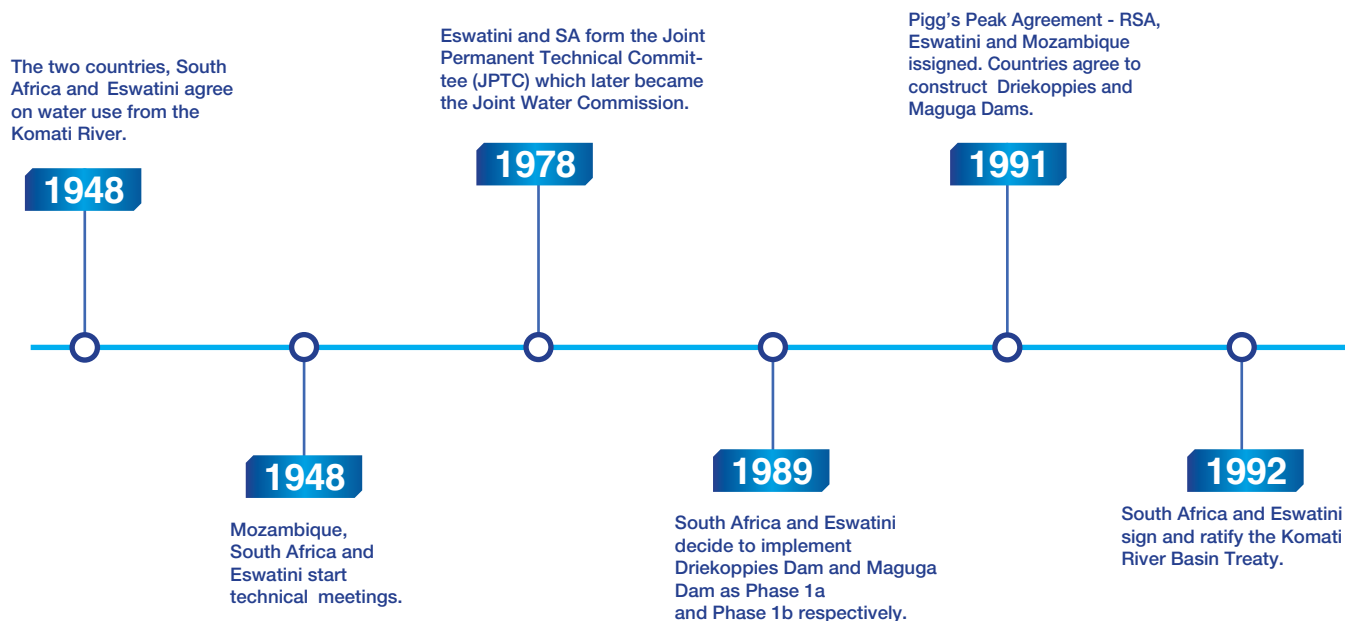
1.1 BACKGROUND INFORMATION

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

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



OUR CORPORATE MILESTONES





1.2. KOBWA'S STRATEGY AND BUSINESS MODEL

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

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

Values:

KOBWA's core values are;

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

Strategic Objectives

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



Figure 1: Depicts the six (6) KOBWA's strategic key focus area

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 emphasises on the governance body responsibilities in relation to strategy, policy, oversight and accountability. 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.

CORPORATE GOVERNANCE STRUCTURE



Figure 2: KOBWA Corporate Governance Organogram

THE JOINT WATER COMMISSION

The Joint Water Commission was established in 1992, following the signing of the Treaty on the Establishment and functioning of the JWC between Eswatini and South Africa. The Commission is responsible for water governance in the Komati Basin between South Africa and Eswatini. It provides 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 2022/2023, the following were members of the Joint Water Commission:

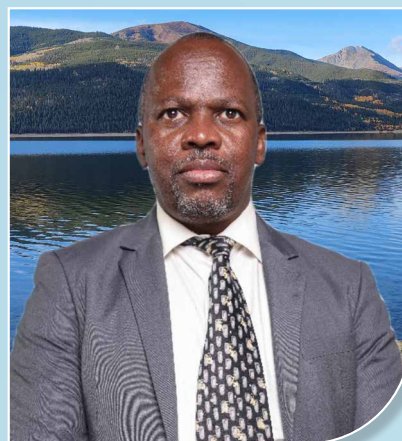
- i) **Eswatini**
- Mrs. Dorcas Dlamini** - **Commissioner and Leader of the Eswatini Delegation**
Principal Secretary in the Ministry of Natural Resources & Energy
 - Mr. Sidney Simelane** - **Commissioner**
Principal Secretary in the Ministry of Agriculture
 - Mr. Makhosini Khoza** - **Commissioner**
Director: Department of Water Affairs



Mrs. Dorcas Dlamini
LEADER OF THE
ESWATINI DELEGATION



Mr. Sydney Simelane
COMMISSIONER



Mr. Makhosini Khoza
COMMISSIONER

ii) South Africa

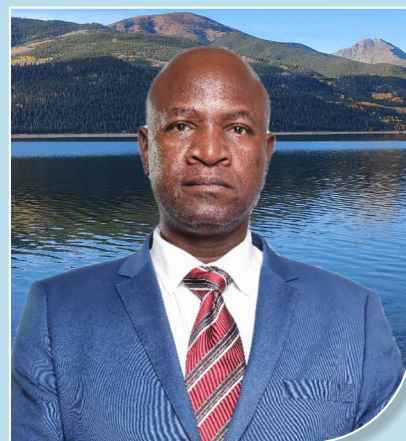
- Ms. Duduzile Mthembu** - **Commissioner and Leader of the South African Delegation**
Chief Director: Transboundary (Department of Water & Sanitation, PTA Office)
- Mr. Fikile Guma** - **Commissioner**
Regional Head: Department of Water and Sanitation
 Mpumalanga Province
- Mr. Gideon Siziba** - **Commissioner**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



Ms. Duduzile Mthembu
 LEADER OF THE SOUTH AFRICAN
 DELEGATION



Mr. Fikile Guma
 COMMISSIONER



Mr. Gideon Siziba
 COMMISSIONER



2.2.2 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 2022/2023 was as follows:

i) Eswatini

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

Mr. Archinton Thobejane	- Chairperson, Non-Executive Member Director: Hydrological Engineering (DWS)
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Mr. Lucky Mohalaba	- Non-Executive Member Chief Executive Officer – Inkomati-Usuthu Catchment Management Agency (IUCMA)
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Mr. Blessing Singwane	- Non-Executive Member Partner (Singwane and Partners)
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Mr. Trevor Sithole	- Company Secretary
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THE BOARD OF DIRECTORS



Mr. Archinton Thobejane
BOARD CHAIRPERSON



Mr. Lloyd Mzizi
DEPUTY CHAIRPERSON



Mr. Lucky Mohalaba
NON EXECUTIVE MEMBER



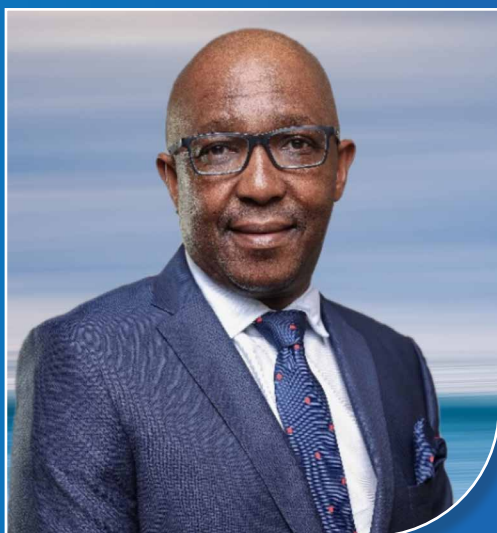
Ms. Emelda Magagula
NON EXECUTIVE MEMBER



Mr. Blessing Singwane
NON EXECUTIVE MEMBER



Ms. Nelisiwe Mabuza
NON EXECUTIVE MEMBER



Mr. Trevor Sithole
COMPANY SECRETARY

BOARD OF DIRECTORS' MEETINGS

The Board meets at least quarterly. It follows a structured approach of delegation, reporting and accountability. This includes reliance on two Board Committees to carry out delegated duties, namely the Finance, Risk and Audit Committee (FRAC), and Technical Human Resources & Remunerations Committee (THRC).

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

During the year under review, the Board convened four ordinary meetings as indicated below:

Table 1: Board of Directors' attendance record

BOARD MEETINGS				
NAME	DATE			
	31.05.22	22.10.22	23.11.22	22.02.2023
*T. Sithole	✓	✓	✓	✓
B. Singwane	✓	✓	✓	✓
N. Mabuza	✓	✓	✓	✓
C. Zwane	✓	X	X	X
T. Shongwe	X	✓	✓	✓
A. Thobejane	✓	✓	✓	✓
L. Mzizi	✓	✓	✓	✓
E. Magagula	✓	✓	✓	✓
L. Mohalaba	X	X	X	✓

Finance, Risk and Audit Committee (FRAC) Meetings

The Finance, Risk and Audit Committee comprises four members of the Board. 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. The Committee also advises on Corporate Risk Management including health and safety, environmental and quality management.

Technical Human Resources Committee (THRC) Meetings

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

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

Table 2: FRAC and THRC attendance records

	FRAC				THRC			
DATE	18.05.22	09.08.22	14.11.22	10.02.23	17.05.22	08.08.22	11.11.22	09.02.23
N. Mabuza	✓	✓	✓	✓	✓	X	✓	✓
T.A. Thobejane	✓	✓	✓	✓	X	X	✓	X
L. Mzizi	✓	✓	X	✓	✓	✓	X	X
E. Magagula	✓	✓	✓	X	✓	✓	✓	✓
M Singwane	✓	✓	X	✓	✓	X	X	✓
C.X. Zwane	✓	X	X	X	✓	X	X	X
T. Shongwe	X	X	✓	✓	X	X	✓	✓
T. Maseko	X	✓	X	X	X	✓	X	X
L. Mohalaba	X	X	X	✓	X	X	X	X
*T. Sithole	✓	✓	✓	✓	✓	✓	✓	✓

Table 3: Special Board Meetings

NAME	Special Board Meeting	Special Board Meeting
DATE	07.04.2022	09.06.2022
N. Mabuza	X	✓
T.A. Thobejane	✓	✓
L. Mzizi	✓	✓
E. Magagula	✓	✓
M Singwane	X	✓
C.X. Zwane	X	✓
*T. Sithole	✓	✓

The following are changes made on the Board structure:

***Company Secretary**

T. Sithole	
C.X. Zwane	- Contract ended 31.06.2022
T. Shongwe	- Contract began 03.10.2022
T. Maseko	- Acting CEO - 01.07.2022-31.09.2022
L. Mohalaba	- Appointed 01 Feb 2023

2.4 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.

2.4 KOBWA MANAGEMENT



MR. TREVOR SHONGWE
CHIEF EXECUTIVE OFFICER



MR. SAKHIWE NKOMO
OPERATIONS DIRECTOR



MS. TEMANGCAMANE MASEKO
CORPORATE SERVICES DIRECTOR



MR. JUAN DE WET
FINANCE DIRECTOR



MS. ZANELE DUBA
INTERNAL AUDITOR



MS. KENZIE MAVIMBELA
RISK & QUALITY OFFICER



MR. MAYIBONGWE DLAMINI
COMMUNICATIONS OFFICER



MS. BARBRA GAMA
EXECUTIVE PERSONAL ASSISTANT



THE BOARD CHAIRPERSON'S STATEMENT

Mr. Archinton Thobejane
Chairperson



“ I would like to use this opportunity to thank the two Member States for their continued support and guidance provided through the Joint Water Commission. This support has ensured the discharge of the KOBWA mandate as pronounced by the Treaty. ”

On behalf of the Komati Basin Water Authority (KOBWA), I am pleased to present highlights of the activities undertaken by KOBWA in the 2022/23 financial year. During this year, KOBWA continued to play an important role in transboundary water resource management.

As a Centre of Excellence in Transboundary Water Resources Development and Management, KOBWA continued to ensure an uninterrupted supply of water resources to the Kingdom of Eswatini and the Republic of South Africa. This also entailed compliance with the 2.6 m³/s to the Republic of Mozambique measured at the Ressano Garcia weir.

The year saw the two dams once again spilling because of the good rains received over the rainy season and this necessitated the triggering of the KOBWA Emergency Preparedness Protocols to protect property and human life.

The year 2022/23 saw the approval of the KOBWA Strategic Plan for the period 2022/23 – 2026/27. This plan presents two scenarios which are a KOBWA up to the period when the last loan is paid out in 2027 and a KOBWA at five (5) years after the payment of the last loan up to 2032.

This year, KOBWA also facilitated the processes for the review of the Treaty on the Development and Management of the Water Resources of the Komati Basin. This initiative seeks to expand the mandate of the institution which would entail powers to undertake phase two of the Komati Water Resources Development Project as per the provisions of the Treaty of 1992. This review also entails aspirations that KOBWA be allowed to engage in revenue generation projects. The Member States-led Treaty review process is envisaged to be completed in the 2023/24 financial year.

In the month of March 2023, two stakeholder consultative meetings were held in the Kingdom of Eswatini and

the Republic of South Africa where stakeholders submitted their comments on how the Treaty should be restructured.

It is also gratifying to indicate that this year also saw the appointment of our new Chief Executive Officer, Mr Trevor Shongwe, taking over from Mr Collin Zwane whose contract expired on the 30th of June 2023. Mr Shongwe assumed office on the 3rd of October 2022 and boasts of extensive leadership and executive experience, having held the position of Director of Water Affairs in the Ministry of Natural Resources and Energy in the Kingdom of Eswatini. Mr Shongwe is not new in the water management field as he has served in the Southern African Development Community water sector since the year 1999 and has served as a Board member in several Institutions inclusive of the SADC Groundwater Management Institute and others. He came at a time of the treaty review where his leadership skills would be tested by developing new strategies that will transform KOBWA in terms of income generation and job creation opportunities.

I take this opportunity to thank Mr Zwane our former Chief Executive officer for having served the institution with high dedication for the past twelve years. I also extend great appreciation to Ms Temangcamane Maseko for holding the fort while the organisation awaited the arrival of the new Chief Executive Officer.

On the 4th of November 2022, KOBWA hosted Minister Alberto Fortes Mesquita and Minister Jabulani Mabuza, Honourable Ministers responsible for water resources from the Republic of Mozambique and the Kingdom of Eswatini, respectively. This event was held at the Maguga Dam in the Kingdom of Eswatini where the two Ministers were briefed and taken through a tour of the dam.

This event was followed by a similar visit by the Minister of Water Resources from the Republic of Mozambique to the Driekoppies Dam in the Republic of South Africa. This visit occurred on the 24th of November 2022 and was attended by Honourable Minister Senzo Mchunu,

the Minister for Water and Sanitation in the Republic of South Africa. These events were historic as it was for the first time in the 30-year history of KOBWA for water Ministers especially a water minister from Mozambique to visit the KOBWA facilities.

I take this opportunity to once again indicate that even this year, KOBWA, just like in other previous years obtained unqualified audits. This is a serious milestone for KOBWA and on behalf of the Board, I would like to congratulate the KOBWA team for this critical achievement. This audit outcome displays the maturity and effectiveness of internal controls and systems which have been put in place by the institution. This achievement affirms our continued passion for ensuring that good corporate governance is practised and entrenched within the organisation.

The KOBWA internal audit function provides an independent and objective assurance of the adequacy and effectiveness of KOBWA governance, risk management and control processes. Based on the outcomes of the internal audit assurance report the KOBWA control environment appears to be positive. Inadequacies identified by the internal audit are mostly subject to budget availability, organisational structure review, and amendment of key organisational policies.

I would like to use this opportunity to thank the two Member States for their continued support and guidance provided through the Joint Water Commission. This support has ensured the discharge of the KOBWA mandate as pronounced by the Treaty. To my Board colleagues, the Chief Executive Officer, the entire KOBWA family, and the Joint Water Commission, thank you very much for your support.

Sincerely,



Archinton Thobejane
Chairperson

STATEMENT OF THE CHIEF EXECUTIVE OFFICER

Trevor Shongwe
Chief Executive Officer



It gives me great pleasure to present the KOBWA Annual Report for the financial year 2022/23 year. This year KOBWA turned thirty (30) years since its establishment in 1992. We remain grateful to the two Member States for their continued support over the years. We also extend our appreciation to the Board of Directors, stakeholders and KOBWA staff for the continued support and guidance given in the many years of our existence.

The year 2022/23 saw the KOBWA system recording very high-water volumes. Both the Driekoppies and Maguga Dams were overspilled and KOBWA had to implement her Emergency Preparedness Protocols to protect property and human life downstream of the dams. In the course of this year about 1,544.7 million cubic metres was spilled from both dams and this volume is equivalent to three times the volume of water stored in both dams combined.

The highest spill recorded from the Maguga Dam was 423 million cubic metres while the highest figure for the Driekoppies Dam was 352 million cubic metres.

Due to the elevated volumes stored in the two dams, Member States were able to receive their full Treaty Allocations and the statutory release of 2.6m³/s to the Republic of Mozambique at the Ressano Garcia weir was fully met.

The institution remains grateful to Honourable Senzo Mchunu, Minister of Water and Sanitation in the Republic of South Africa, Honourable Jabulani Mabuza, Minister of Natural Resources and Energy in the Kingdom of Eswatini and Honourable Carlos Alberto Mesquita, Minister for Public Works, Housing and Water Resources from the Republic of Mozambique, for having made time to visit the KOBWA facilities in the month of November 2022. This visit will always remain in our memories as it was a landmark

“ We are glad to once again indicate that even this year KOBWA was able to receive a clean Audit from our External Auditors. This is a good display of our staff commitment to organisational policies and the efficiency of our control environment. ”

event appreciated by all our staff especially for having three Ministers visit our facilities within one month.

In the month of March 2022, KOBWA hosted the annual World Water Day at the Maguga Dam in the Kingdom of Eswatini. The function was attended by distinguished guests, including the Honourable Minister for Natural Resources and Energy, Honourable Jabulani Mabuza who was in the company of the two local chief and high-ranking government officials and captains of the water industry. A similar celebration was held in partnership with the Inkomati and Usuthu Catchment Management Agency at the Lowveld Botanical Gardens in the Republic of South Africa which was also graced by the Department of Water and Sanitation.

In this year the institution was able to achieve most of its strategic deliverables where about 50% of the set targets were achieved, 32% partially achieved and only 18% not achieved due to limited resources.

KOBWA made three external employee placements into the offices of the Procurement Assets and Management Accountant (PAMA), Environmental Officer and Chief Executive Officer. The month of March 2023 saw the departure of Ms. Temangcamane Maseko the Corporate Services Director and Mr. Mayibongwe Dlamini the Communications Officer.

We take this opportunity to welcome our new colleagues and wish our two departed colleagues all the best in their future endeavours. Additionally, in December 2022 KOBWA held a staff end-of-year function in White River, Mbombela which helped in boosting team morale and building teamwork among the employees.

We are glad to once again indicate that even this year KOBWA was able to receive a clean Audit from our External Auditors. This is a good display of our staff commitment to organisational policies and the efficiency of our control environment. KOBWA continued to comply with the JSE regulations inclusive of the GRAP reporting framework which entails the engagement of an accredited JSE audit firm and accredited audit partner, PwC South Africa.

As we project our activities into the new year we only look forward to your continued cooperation and collaboration as we discharge our mandate.



Trevor Shongwe
Chief Executive Officer



Annual Performance Plan Implementation Report for 2022/23

3.1 Overall Organisational Summary Report

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	% (KPs)
1.	ACHIEVED		38	50
2.	PARTIALLY ACHIEVED		24	32
3.	NOT ACHIEVED		14	18
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		76	100

3.2 Overall Performance Per Strategic Focus Area

3.2.1 Water Resource Development and Management (35%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		12	48
2.	PARTIALLY ACHIEVED		9	36
3.	NOT ACHIEVED		4	16
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		25	100

3.2.2 Financial Management and Other Sources of Income (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		5	50
2.	PARTIALLY ACHIEVED		4	40
3.	NOT ACHIEVED		1	10
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		10	100

3.2.3 Self-Sustainability / Revenue Generation (10%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		0	0
2.	PARTIALLY ACHIEVED		3	60
3.	NOT ACHIEVED		2	40
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		5	100

3.2.4 Customer and Stakeholder Focus (10%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		5	50
2.	PARTIALLY ACHIEVED		2	20
3.	NOT ACHIEVED		3	30
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		10	100

3.2.5 Focus Area: Human Capital (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		2	28.5
2.	PARTIALLY ACHIEVED		3	43
3.	NOT ACHIEVED		2	28.5
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		7	100

3.2.6 Focus Area: Technology and Business Process (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		14	74
2.	PARTIALLY ACHIEVED		3	15.5
3.	NOT ACHIEVED		2	10.5
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		19	100



3.3 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 2022/23 (at 1 st April 2022 (2020/2021))	Target (2022/23)	Actual performance as of 31 st Mar. 2023	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
System Operation	Submit Final Water Allocations.	Approved May'22	Approved June'22	Achieved	Monthly reconciliation statements.	N/A	N/A	N/A	
	Prepare monthly reconciliation statements and water availability analysis as necessary.	2021/22 monthly reconciliation statements and yield analysis.	20th day of the following month	Achieved	Monthly reconciliation statements. Quarterly Report	N/A	N/A	N/A	
	Monthly analysis of compliance to transboundary flows at Lebombo and Komatipoort.	Monthly analysis of compliance for 2021/22 water year.	20 th day of the following month	Achieved	Statistics for compliance. Quarterly Report	N/A	N/A	N/A	
	Co-operation with IUCMA towards compliance with Transboundary flows at Ressano Garcia	Information sharing reports on collaboration in the management of the flows at the Komati and Crocodile Rivers.	Quarterly Reports on collaboration mechanisms for Komati and Crocodile Rivers	Achieved	No interventions were necessary with IUCMA. Cross-border flows remain compliant due to high flows.	N/A	N/A	N/A	
	Verification of abstraction by water users to ISOTG irrigation curve.	IUCMA committed to investigating areas of concern in the basin as identified by themselves and KOBWA. Draft ToRs for verification developed by KOBWA.	Dec'22	Partially achieved	A preliminary meeting was held with the Eswatini Joint River Basin Authority Project Board to discuss cooperation on abstraction verification on the Eswatini side.	N/A	N/A		
Water Resources Risk Management	Build capacity for climate change management in the basin	Climate change strategy report completed in 2016/17.	Convene two (2) workshops on Climate Change and Early Warning by Dec '22	Partially achieved	Draft Workshop Report available which indicates that there is a need for more specifics on the capacity of the institutions.	N/A	N/A	N/A	
	Strengthen the emergency preparedness of stakeholders.	Virtual Stakeholder workshop held in Nov '21.	To be achieved by Nov'22	Achieved	Workshop/meeting reports. There were high flows that were experienced in the year and notification alerts were also issued for both dams as per the EPP when the flows surpassed 400 cumecs.	N/A	N/A	N/A	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline 2022/23 (at 1 st April 2022 (2020/2021))	Target (2022/23)	Actual performance as of 31 st Mar. 2023	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Establishment of the Komati River Basin groundwater level measuring stations network.	Installation of one (1) groundwater monitoring borehole in the basin	Existing KOBWA & other institutions' groundwater measuring networks	To be achieved by Feb'23	Partially achieved.	The Buhleni site was identified as a possible borehole location in collaboration with DWA-Eswatini. However, the borehole was not drilled as specifications were not ready before the year-end.	Delays in confirming the Buhleni site and preparation of specifications for drilling.	Site will be drilled in the next financial year.	Sep'23	
Establishment of the Komati River Basin meteorological measuring stations network.	Installation of at least one (1) meteorological measuring station in the basin	Existing KOBWA & other institutions' meteorological stations network.	By Aug '22	Achieved	The Vusweni rainfall station was established and installed.	N/A	N/A	N/A	
Progressive Implementation of Resource Management Plan – Key water resource protection measures at Driekoppies Dam	Mitigation of Encroachment of community households within the dam fenced areas.	Preliminary process of gazettement floodline points at Driekoppies Dam.	Preliminary process of gazettement floodline points at Driekoppies Dam by March '23	Partially achieved	N/A	Process for nomination is still ongoing for the rest of the Dam Management Committee (DMC) membership.	Activity to be done soon after full DMC has been constituted and inducted.	Sep'23	
	Mitigation of Unlawful sand mining along the Driekoppies Dam bank embankment	Stakeholder meetings spearheaded by Department of Minerals & Energy.	Eliminate sand mining practices on the Eastern Side of Driekoppies Dam by March '23	N/A	No activities on Compliance Monitoring from Department of Mineral Resources and IUCMA and Department of Water and Sanitation for KOBWA to support in.	N/A	N/A	N/A	
Infrastructure Management	Development of a plan for the management of key infrastructure at the two dams.	Integrated Annual Maintenance system	Appointment of consultancy to develop an integrated asset management system - March'23 Development of an interim asset maintenance plan by Aug'22.	Not achieved.	N/A	Loss of critical staff towards the development of specifications for procurement.	Use of existing maintenance plans while specifications are being developed.	Jun'23	
	Implementation of findings - Statutory dam inspection for Maguga Dam	Annual dam internal inspections Statutory inspection undertaken in March/April 23	Undertake statutory inspection by Apr'23 Implementation plan fully complied with by March'23	Partially achieved	The Dam Inspection Report has been finalised. The implementation plan is being developed.	Report delivery was delayed.	The implementation plan will be finalised by Jun'23.	Jun'23	
	Statutory Inspection for Driekoppies Dam	Statutory inspection undertaken in 21/22. Progressive implementation of implementation plan as per APP recommendations.	Progressive implementation of implementation plan as per Approved Professional Person recommendations by Dec'22	Achieved	A budget has been allocated to construct an all-weather walkway to the mudboil area.400 cumecs.	N/A	The implementation plan will be finalised by Jun'23.	Jun' 23	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline 2022/23 (at 1 st April 2022 (2020/2021))	Target (2022/23)	Actual performance as of 31 st Mar. 2023	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Monthly inspections as per O&M Manual	Internal annual dam inspection for Driekoppies Dam	Monthly dam maintenance reports	By March '23	Achieved	Budget was approved for some items on the recommendations.	N/A	N/A	N/A	
	Establish contracts and service level agreements for key infrastructure components for Maguga Dam.	Adhoc maintenance based on three (3) quotes system.	Key contracts for key Maguga Dam infrastructure by March'23.	Not achieved	N/A	Loss of critical staff led to work being delayed.	Scope to be completed by Jun'23	Dec'23	
	Replacement of switchgears for the transformers at both dams	Malfunctioning switchgears at both dams.	Replacement of switchgears at Driekoppies Dam by Dec'22	Partially achieved	Project is on-going.	There were some delays caused by the high rainfall as well as disruptions by disgruntled community members.	N/A	Mar'23	
			Replacement of switchgears at Maguga Dam by Dec'22.	Achieved	Switchgear has been installed.	N/A	N/A	Mar'23	
	Improved Access to Driekoppies Dam. Construction of short road from near clinic to Driekoppies Dam Office.	Contractor appointed. Site establishment.	By Aug'22	Partially achieved	KOBWA and the Consultant are monitoring the road to identify issues timely.	N/A	N/A	N/A	
	Undertaking of a bathymetric survey at Driekoppies Dam	Previous bathymetric survey done in 2011		Achieved	N/A	There was loss of critical staff.	ToR to be submitted to Department of Water and Sanitation by May'23.	Dec'23	
	Rehabilitation of the Mananga Gauging Station / Weir	Appointment of Contractor and commencement of works.	Completion of works and installation of instrumentation by Dec'22	Achieved	Instrumentation has been installed and project is complete.	N/A	N/A	Mar'23	
Environmental Monitoring	KOBWA Laboratory certification for ISO17025 standard.	Gap audit report by external consultant	Application for certification by March'23	Partially Achieved.	Training of new Environmental Officer and Laboratory technician	Action plan for implementation was still in progress at end of year.	Task rescheduled to new year.	Sep'23	
	Perform wet and dry micro biological monitoring	2021/22 Report available	Dry season monitoring by Sep '22 Wet season monitoring by Mar '23.	Achieved.	Consultant's draft Biomonitoring Report.	N/A	N/A	N/A	
	Reservoir and River Health Monitoring	2021/22 quarterly Reports available	Quarterly water quality reports	Achieved	Quarterly Report	N/A	N/A	Mar'22	

3.4 FOCUS AREA: Financial Management (15%)

OBJECTIVE: To optimally manage the organisation's financial resources.

Performance Area (KPA)	Performance Indicator (KPI)	Baseline 2022/23 (at 1 st April 2022 (2020/2021))	Target (2022/23)	Actual performance as of 31 st Mar. 2023	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Financial Management	Expenditure Control	95% budget expenditure	Achieve at least 95%. Budget expenditure	Overspend within 5% tolerance	Committed Cost report 31/3/2023	N/A	Overspend recovered from Party funds within Delegation of Authority limit	NA	
	External audit Report for Financial Year 21/22 and	Unqualified audit report for 2020/21	Unqualified Audit. Approved report by Board by Aug '22	Trial Balance preparation on target for 31 May 2022 completion. Auditors engaged for audit plan. Trial Balance preparation on target for 31 May 2022 completion. Auditors engaged for audit plan.	To be ready for submission by 31 May 2022. Auditors to present audit plan at FRAC in May '23	N/A	N/A	N/A	
	Application of Generally Recognised Accounting Practices (GRAP) to accounting processes, reporting and policies.	Quarterly financial reports not in compliance with GRAP	Quarterly financial reports (management accounts) in compliant with GRAP	New system tested (Dynamic AFS) with 2023 draft Trial Balance	System licensed to KOBWA. Critical Staff trained.	Process for Delay in signing supplier Service Level Agreement caused delay in license issue and training	Finance deadline calendar developed for 2023/24 to ensure Quarterly reports produced.	Quarterly	
Budget Preparation	Approved 2023/24 Budget by Nov'22	Approved 2022/23 budget	Approved 2023/24 budget by end Nov '22	23/24 Committed Cost sheet produced. Sage Budget uploaded. Joint Water Commission minutes.	No activities on Compliance Monitoring from Department of Mineral Resources and IUCMA and Department of Water and Sanitation for KOBWA to support in.	Procurement plan was drafted, pending Exco approval.	Schedule Exco meeting with Procurement and Asset Management Accountant (PAMA).	By end June'23	
Loan Repayments	Compliance to Loan Repayments	Timely (due dates) of all Payments	100% Compliance	No activities in Quarter 4.	NA.	NA	NA	NA	
Software Accounting	Operational Accounting software	Procurement of SAGE Evolution accounting package primary modules	SAGE Evolution accounting package, comprehensive training and system review for further improvements by Mar '23	ICT Steering Committee reconstituted in mid Quarter 4. Sage Cloud deployment – Evolution and Payroll delayed due to ICT challenges. Staff were trained in Quarter 4 in Evolution and Payroll	Project Plan for Sage Evolution and Payroll. Signed off Finance Staff were trained in Quarter 4 in Evolution and Payroll.	ICT challenges with MS licensing delayed implementation. Advanced procurement Workflow needs to be re-programmed.	Track and monitor project plans.	By end June' 23	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline 2022/23 (at 1 st April 2022 (2020/2021))	Target (2022/23)	Actual performance as of 31 st Mar. 2023	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Review of Finance Policies and Procedure Manuals	Developed Supply Chain Management (SCM) Policy and Processes	Approved SCM Policy	Centralize procurement processes by March '23	Centralisation not yet effected.	N/A	ICT challenges with MS licensing delayed implementation. Advanced procurement Workflow needs to be reprogramed	Project plan adjusted and tracked	By end June' 23	
		Finance Policies and Procedures	New Finance Management Policy & Procedures Manual by Mar 23	SCM policy reviewed by finance staff. Cellphone procedure reviewed.	Workshops and meetings held.	Approvals and further workshopping needed.	Policy update tracker developed to ensure timeous updating.	June '23	
Asset Management (Insurance and Asset Disposal)	Accurate and updated organisational asset register	Incomplete asset register	To undertake an asset count process & update asset register by end Jul '22 as well as dispose applicable assets by Sep' 22	PAMA delivered Fixed Asset Register (FAR) on 3 April, which will enable external audit activities. Disposals approved.	FAR submitted to Finance Department. Disposal Committee approved activities.	N/A	Next step is to incorporate the FAR into Sage Evolution	By end June'23	
	Adequate insurance of assets in Eswatini	Current contract extended to Sep'22 to allow for an updated asset register.	To procure a new insurance contract for KOBWA assets in Eswatini by end Aug'22.	PAMA delivered FAR on 3 April, which will enable insurance tender to proceed.	FAR submitted to FD. Bid Specification Committee (BSC) have developed TORs	N/A	Bid Specification /Evaluation Committees to initiate tender process	Targeting Board approval in August 23.	
Cost Containment measures	Cost containment measures implemented across the organisation	Draft Cost containment document for approval by EXCO. 9.7% budget increase.	Achieve a real saving of 1% of the budget.	Forecasts adjusted prior to taking on budgeting activities.	Approved budget with forecasts.	Cost containment policy has not been developed.	Prioritise policy development.	Q2	

3.5 Self- Sustainability / Revenue Generation (10%)

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

Performance Area (KPA)	Performance Indicator (KPI)	Baseline 2022/23 (at 1 st April 2022 (2020/2021))	Target (2022/23)	Actual performance as of 31 st Mar. 2023	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
	Treaty Review Process & draft revised Treaty	Approved Implementation plan and budget. First draft developed by the Treaty Review Task Team and approved by JWC for stakeholder consultation process.	Finalise all stakeholder consultation processes by Dec '22 Submission of final documents to Principals for signature by Mar '23.	Two stakeholders' workshops held in the two countries on the 2nd of March 2023 (RSA) and the 9 th March 2023 (KoE)	Record of workshop proceedings	Delayed holding of the workshops	Revised and approved JWC Legal Task Team workplan	Report to be approved by JWC in June 2023. Revised Treaty by November 2023	
	Identified Commercial activities around the Dams	KOBWA Strategy detailing potential opportunities and additional scope	Identify at least one (1) commercial opportunity and convert at least one into a bankable project.	Not achieved	N/A	To be ready for submission by 31 May 2022. Auditors to present audit plan at FRAC in May '23	Institutions have been contacted to remind them on the nomination.	N/A	
	KOBWA recognised as Implementing Agent for Implementation of RMP at Driekoppies Dam.	KOBWA appointed as Implementing Agent for Implementation of RMP at Driekoppies Dam.	Putting up structures for the implementation of the RMP. Finalization of the RMP Implementation Plan.	Partially achieved	Initial funds amounting to R/ E2 million have been approved by DWS for the RMP.	Implementation of the plan is still stalled by nominations of DMC members.	Institutions have been contacted to remind them on the nominations	N/A	
	Provision of relevant Training and consulting services in Dam construction, Water and Environmental Management at KOBWA	Information on training provided by other Water Management Institutions	Feasibility study on the viability of a Water and Environmental Management Training opportunities based at KOBWA.	Not achieved	N/A	Still working on concept note	To be re-scheduled in 2023/24 BP	N/A	
	Forge partnership on KOBWA projects with donor or partner organisation	Construction of Mananga Weir	Two contracts on specific projects, one implemented with donor or partner organisations in the water sector.	Partially achieved.	Draft Action Plan on pressing Climate Change issues by CRIDF and KOBWA.	Other initiatives for partnership are still being sought.	KOBWA will continue to seek opportunities for funding and partnership for major projects.	Mar'24	

3.6 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 2022/23 (at 1 st April 2022 (2020/2021))	Target (2022/23)	Actual performance as of 31 st Mar. 2023	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
KOBWA promotions	Publications / Conference Presentations	2 Conference Presentations	1 Publication / 1 Conference Presentations	Not Achieved	N/A	N/A	To get approval on a discussion topic	March' 24	
	Water & Environmental Management Awareness Campaign (WEMAC) - Schools	Participated in IUCMA schools' competition Water Week events	Hold 1 WEMAC event in each Member State by Mar '23	Achieved	WEMAC Reports	N/A	N/A		
Customer Service	Survey report Satisfactory percentage level	2021/22 Staff Survey	4 Customer Service Surveys by March '23	Partially achieved	N/A	N/A	To action this item with ICT officer.	Sept' 23	
	Strengthen partnerships with existing stakeholders	Meetings with KRBA & URBA (Komati & Umlumati River Basin Organisations) MoU with University of Mpumalanga, University of Eswatini	Signed Memorandum of Understanding with KRBA /URBA (Eswatini) by Mar '23	Not Achieved	N/A	Membership of KRBA and LRBA still being reviewed	N/A	Sept '23	
Community and Social Responsibility									
CSR Projects	Implementation of Corporate Social Responsibility projects	2021/22 projects & outstanding requests	Spend 100% of approved allocated budget on CSR projects by Mar '23	Achieved	Approved requests and quotations	N/A	N/A	N/A	
		Follow up evaluation of new and previously implemented projects	Assessment of 2 previously completed projects and evaluation of newly implemented projects by Mar '23	Achieved	Site visit report of Schoemansdal Clinic Ablutions	N/A	N/A	N/A	
Lake Matsamo Mitigation Plan	Lake Matsamo Business Proposal	Approved & adopted Business Proposal.	Implementation of the KOBWA contribution to the construction of the tourism project	Partly achieved	Available quotation	Construction of project still not complete. Power kiosk not yet constructed.	Project completion is planned for Jul'23.	Jul'23	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline 2022/23 (at 1 st April 2022 (2020/2021))	Target (2022/23)	Actual performance as of 31 st Mar. 2023	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
FINCORP Revolving Fund	Turn - around strategy for FINCORP Fund	Approved strategy for FICNORP fund	Finalize KOBWA turn – around strategy by end Dec '22	Achieved	Strategy being implemented.	N/A	N/A	N/A	
Socio economic baseline for the basin	Funding for study of socio-economic baseline for the region	Various related reports undertaken by governments on the basin.	Secure funding and partners for development of Report / study on water related socio-economic baseline in the project area by Mar '23	Not achieved	N/A	Late approval of funds	Initiate process to procure consultant	March'24	

3.7 Human Capital (15%)

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

Performance Area (KPA)	Performance Indicator (KPI)	Baseline 2022/23 (at 1 st April 2022 (2020/2021))	Target (2022/23)	Actual performance as of 31 st Mar. 2023	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Human Resources Management	Performance Evaluations	Performance Management System based on the new Strategic Plan	Two (2) Performance Evaluations	Achieved	Performance Review reports	N/A	N/A	N/A	
HR Policies Reviews	Revised HR Policy Manual	Revised HR Policy Manual targeting obsolete sections.	Revised HR Policy Manual by Mar '23	Not achieved	N/A	Prioritised on Housing policy.	Secure funds to engage consultant to review all HR policies at once.	Mar'24	
				Partly Achieved	Draft policy	Policy was presented to Board again in Feb'23 to validate their comments.	It will be workshopped to Unions and staff by Jun'23	Jun'23	
	Retention Strategy and Succession Plan	Draft KOBWA Retention strategy	Approved Retention strategy by Nov '22	Not achieved	Draft document	Document referred back for refinement	Submission by Sep'23	Mar'24	
HR Policies Reviews	Annual Skills Development & Process Annual Training Report/ Work Skills Plan for Energy SETA	2021/22 Skills Development Plan & Mid-Terms Performance Assessments	22/23 Skills Development Plan by Jun'22 70% staff trained by Jan'23 30 % technical staff certified.	Achieved	Approved training requests	N/A	N/A	N/A	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline 2022/23 (at 1 st April 2022 (2020/2021))	Target (2022/23)	Actual performance as of 31 st Mar. 2023	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Corporate Values	Behavior changes or practices	Monitor values roll – out effectiveness	Implement project – KOBWA Culture transformation initiative project by Dec '22	Partially achieved	A service provider has been selected to facilitate the exercise.	Activity could not be scheduled in Quarter 4.	Activity to be executed by Sep'23	Sep'23	
Industrial Relations	Industrial Action (Strikes)	List of demands submitted by Labour Unions	0 strikes resulting from failed negotiation. 3 COLA Negotiation meetings	Not Achieved	N/A	Meeting rescheduled due to new date for JWC meeting	Schedule meeting for next quarter	Jun'23	

3.8 Technology and Business Process (15%)

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

Performance Area (KPA)	Performance Indicator (KPI)	Baseline 2022/23 (at 1 st April 2022 (2020/2021))	Target (2022/23)	Actual performance as of 31 st Mar. 2023	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Business Planning	Review Strategic Plan 22/23 to 27/28	Draft revised strategy approved by Board and presented to JWC for ratification.	Approved revised strategy by June '22	Approved strategic plan for 22/23 to 27/28	Strategic plan document	N/A	N/A	N/A	
	Approved 2022/23 Annual Performance Plan (APP)	Draft strategy & budget	Approval of Annual Performance Plan by May '22	3 rd quarter performance report submitted to Board meeting of February 2023	Board meeting pack	N/A	N/A	N/A	
Alignment of individual business plans with strategy	Organisational Performance Score (Average)	Average 3.0	Achieve a 3.0 organizational average score	1st staff performance appraisals done by October 2023	1st staff appraisal scores filled	2nd staff appraisal scheduled for April 2023	N/A	April 2023	
Reporting	Annual Report for 21/22	Annual report approved in Oct '21	By Sep '22	Annual report for 21/22 available	Printed copies and posted on the KOBWA website	N/A	N/A	N/A	
	Board & Board Committee meetings documents / Reports	5 Days Prior	Meeting documents distributed within 5 working Days Prior to meetings.	Documents for the Board and committee meetings of the February 2023 distributed as per the set timelines.	Board packs	N/A	N/A	N/A	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline 2022/23 (at 1 st April 2022 (2020/2021))	Target (2022/23)	Actual performance as of 31 st Mar. 2023	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
FINCORP Revolving Fund	Meeting documents / Reports - JWC, JWC Finance Committee, JWC Technical Committee & JWC Treaty Review Task Team	5 Days Prior	10 Days Prior	Documents for the JWC and committee meetings of the March 2023 distributed as per the set timelines. Documents for JWC Technical Committee meetings of March 2023 circulated on time.	JWC packs	N/A	N/A	N/A	
Corporate Governance	Compliance with Corporate Governance Policy	The Charters of the Board and sub-committees were reviewed and approved are Board approved.	Review of Corporate Governance Policy in line with the revised charters and relevant emerging updates.	Not yet due for review	N/A	N/A	N/A	N/A	N/A
Risk Management	Strategic Risk Register and quarterly monitoring reports.	Departmental and Strategic Risk Register (2021/22)	Approved updated Strategic (4th quarter 2022/23) and Departmental Risk Register (2022/23) by 1st quarter of 2023/24	The legal compliance report was updated with action plans carried out in the past months.	Legal Audit Action Plan	N/A	N/A	N/A	
		Risk Management Framework	Approved Combined Assurance Manual.	Quarterly Risk Register with Report with updated risk registers.	Report and Quarter 4 registers.	N/A	N/A	N/A	
Internal Audit	2022/23 Internal Audit Charter; 2022/23 Three (3) Year Strategic Rolling Plan & 2022/23 Annual Plan	2021/22 Internal Audit Charter; 2021/22 Three (3) Year Strategic Rolling Plan & 2021/22 Annual Plan	2022/23 Internal Audit Charter; 2022/23 Three (3) Year Strategic Rolling Plan & 2022/23 Annual Plan Approved by May '22	Achieved	Approved 2022/23 IA Charter Approved; Three (3) Year Strategic Rolling & Annual Plan(s)	N/A	N/A	N/A	
	Internal Audit reports	Outstanding findings (Follow-Up audits)	2021/22 Internal Audit reports Undertake Audits as per approved Annual Internal Audit Plan	Achieved	Final audit reports presented to FRAC/Board: ICT (ICT Governance, ITGC, & Cybersecurity) audit reports Final Governance & Risk Management audit report Final HRM audit report Final Payroll audit report Final Water Quality audit report	N/A	N/A	N/A	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline 2022/23 (at 1 st April 2022 (2020/2021))	Target (2022/23)	Actual performance as of 31 st Mar. 2023	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Internal Audit (continued)	Follow up reports	Updated company-wide legal register. OHS Legal audit by an external attorney	Follow-up audit reports. Updated audit report on management action plans progress Quarterly reports to FRAC	Achieved	Q1 to Q4 Follow-up audit reports presented to FRAC/Board on previous PMS, Asset management, Infrastructure maintenance audits, as well as the current 2022/23 financial year Q1 to Q3 audit reports.	N/A	N/A	N/A	
Legal Compliance	Legal Compliance action plan with complete actions.	Electronic document management	Legal register updates closing out the findings in the recent legal audit. promulgations.	he legal register is updated.	KOBWA Legal Register	N/A	N/A	N/A	
Information Management Systems	New Electronic Document Management System (EDMS)	EDMS Rollout	Implement new document management system fully functional by Aug '22	Not Achieved	N/A	KOBWA needs to procure a new server to operationalise the system. The current one developed fault.	Identify a budget for the server and procure.	Dec'23	
ICT Infrastructure upgrade	Effective IT infrastructure	Close out on Pre-certification Audit findings on the ISO 45001:2018. Stage 1 audit on ISO 45001:2018	New architecture to link Driekoppies and Maguga offices.	Not Achieved	/A	Awaiting deployment of cloud solution.	SAGE is in the process of being migrated to the cloud.	Dec'23	
	Stable Connectivity for Driekoppies Dam office		Delivery of real time	Achieved	Live internet connection	N/A	N/A	N/A	
Information, Communication and Technology Audit	ICT Internal Audit Report	Stage 1 Audit on ISO9001:2015 Standard	Internal audit Plan	Achieved	Quick wins implemented.	N/A	N/A	N/A	
Website and internet	Offsite intranet accessibility	Draft revised strategy approved by Board and presented to JWC for ratification.	Real time information for all stakeholders	Achieved	New live website	N/A	N/A	N/A	
Health, Safety, Quality Control and Capacity Building.	Health and Safety certification in line with the ISO 45001:2018 standard.	Draft strategy & budget	Certification on ISO 45001:2018 by Nov' 22.	Closing of Findings engagement with BSI and stage 2 re-audit.	Closing of Findings report and Stage 2 Audit Report	Salient actions that require funds could not be completed	Stage 2 (2) and Closing of Findings Action Plans.	Sept '23	
	Certification on ISO9001:2015 Standard	Average 3.0	Certification on ISO9001:2015 Standard b Nov '22.	Closing of Findings engagement with BSI and stage 2 re-audit.	Closing of Findings report and Stage 2 Audit Report.	Salient actions that require funds could not be completed	Stage 2 (2) and Closing of Findings Action Plans.	Sept '23	

3.9 FOCUS AREA: SOCIO ECONOMIC INITIATIVES (10%)

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

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

4

FOCUS AREA: WATER RESOURCE DEVELOPMENT AND MANAGEMENT

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

BACKGROUND

The 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

4.1 System Operation

a) Water Allocations for 2022/23 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 2022/23 water year, the JWC then approved full water allocations below Maguga and Driekoppies Dams in their meeting of 24th of June 2022 for the 2022/23 water year. There were no curtailments throughout the water year as the dams remained relatively full. The approval is shown below on Table 4 and 5:

Party	Rationed Low Assurance Water Allocations (Mm ³)	Transmission Losses (Mm ³)	Total (Mm ³)
South Africa	278.3	25.4	303.7
Eswatini	240.0	16.6	213.3

Table 4: Rationed Interim Low Assurance (Irrigation) Water Allocations for 2022/23 water year in million cubic metres per year (Mm³/a) downstream of Maguga and Driekoppies Dams.

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

Table 5: High Assurance Water Allocations for 2021/22 water year in million cubic metres per year (Mm³/a) downstream of Maguga and Driekoppies Dams.

The 2021/22 water year commenced on the 1st of April 2022. Table 6 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 (Mm ³)	Percentage
Driekoppies Dam	1 Apr 2022	252.4	100.5
	31 Mar 2023	253.2	100.8
Maguga Dam	1 Apr 2022	334.7	100.2
	31 Mar 2023	334.2	100.1

Table 6: Quantity of water in the dams at commencement of water year as well as at the end of the water year.

Figures 3 to Figure 7 below are showing the historical dam levels as well as the levels for the 2021/22 water year in percentages.

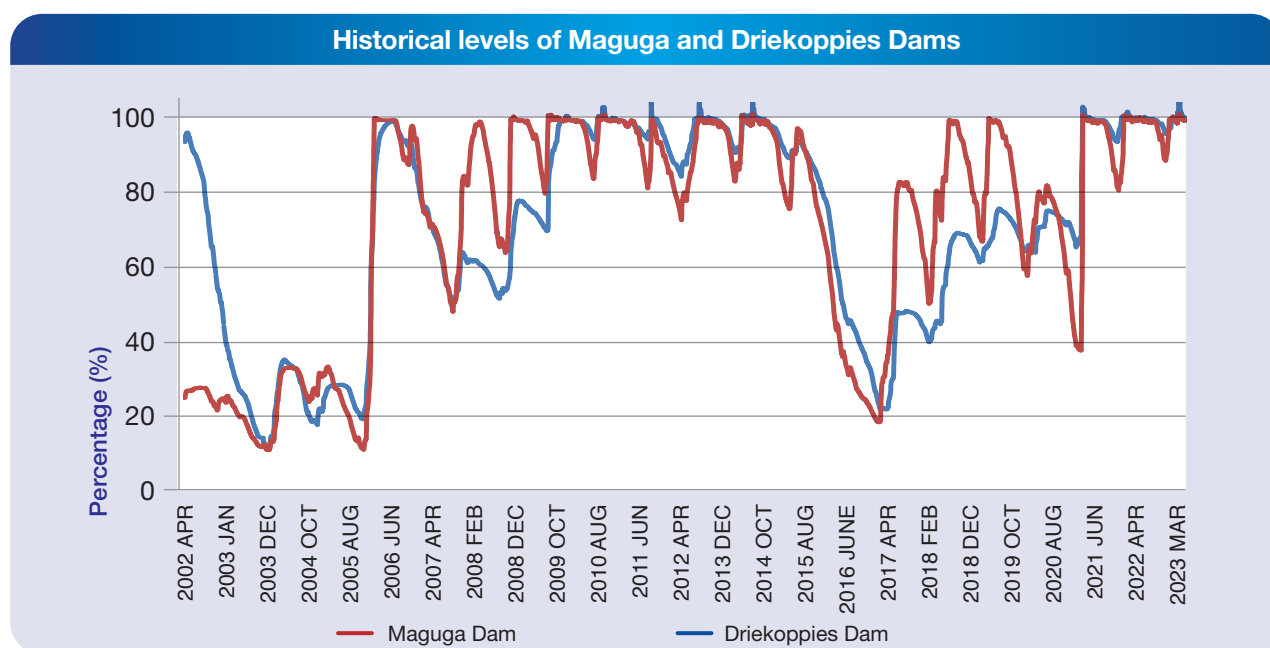


Figure 3: Maguga and Driekoppies Dams Actual Gross Stored Volume (%)

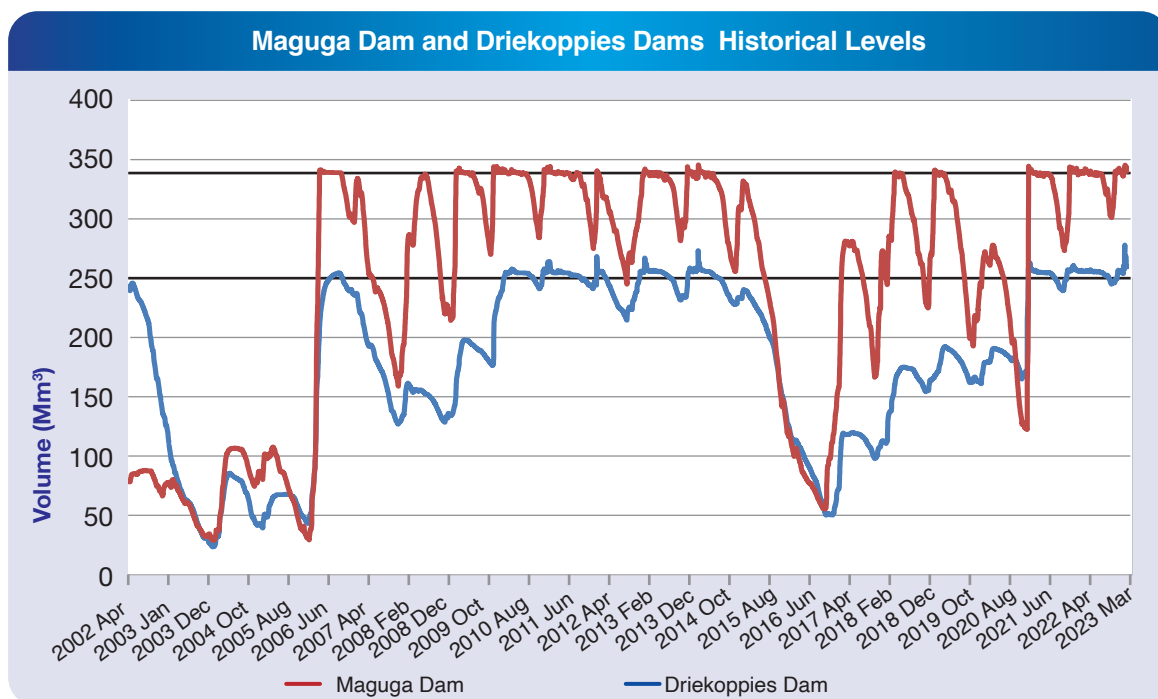


Figure 4: *Maguga and Driekoppies Dams Actual Gross Stored Volume (Mm³)*

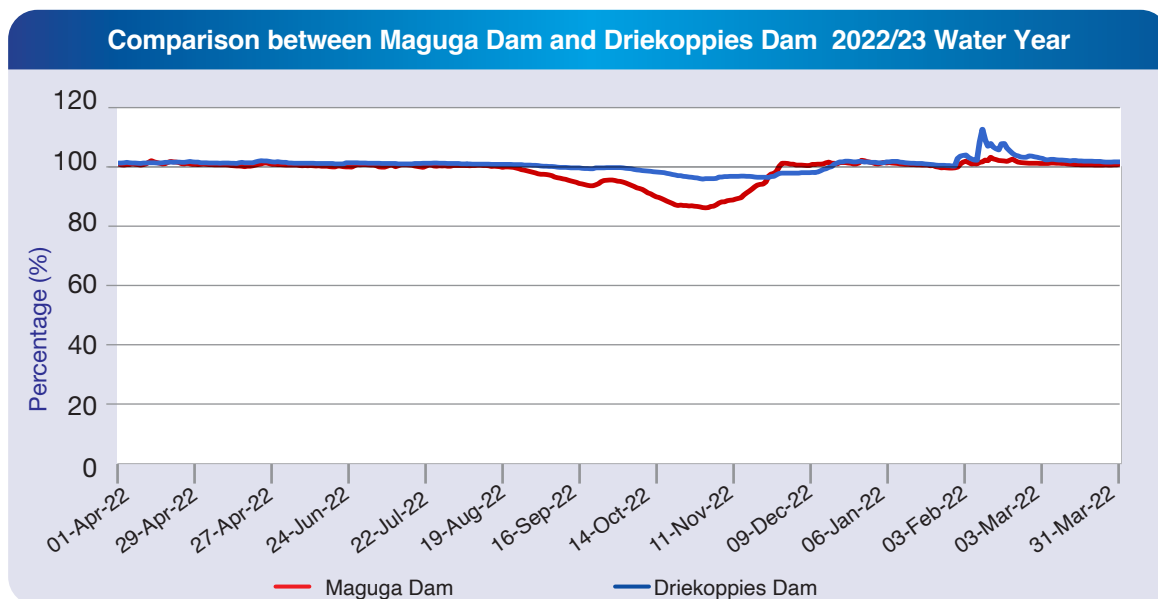


Figure 5: *Showing Maguga and Driekoppies Dam level for the current water year*

c) Water Use by the Parties

Low Assurance Water Use by the Parties for the 2022/23 water year is shown in Table 6 for South Africa, and in Table 7 for Eswatini. As at the end of March 2023, South Africa had utilised **179.6Mm³ (59.1%)** of their allocation and Eswatini, **183.5Mm³ (71.5%)** of their allocation. Fig 8 and Fig 9 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).

Table 7: Water Use downstream of Driekoppies Dam and Mananga in South Africa as at 31 March 2023

Water Use Downstream of Driekoppies and Mananga in South Africa - March 2021		
	AMOUNT (million m ³)	BALANCE (million m ³)
Water use from Driekoppies Dam	340	
Add flow across Mananga Border	1341.3	
		1681.3
Subtract releases for Mozambique	1893.8	
		-212.5
Subtract riverine losses	33.6	
		-246.1
Subtract domestic and industrial use	18.2	
		-264.3
Add gross accruals from:	268.7	
Driekoppies to Lebombo	175.3	
Mananga to Tonga		
		179.6
	0.0	
Add water used from storage in the weirs (assumed)		179.6
Irrigation water use in 2022/23*		
* Remaining irrigation water downstream of Mananga and Driekoppies Dam on March 31: - South Africa: = 124.1 Mm ³ Actual booked irrigation water in use in 2020/21 = 179.6** Mm³ **Actual use which is: Less than (Average Irrigation Distribution Curve) = 274.2 Mm ³ Actual booked irrigation use = 82.7% of 274.2 Mm³/a non-rationed Low Assurance water.		

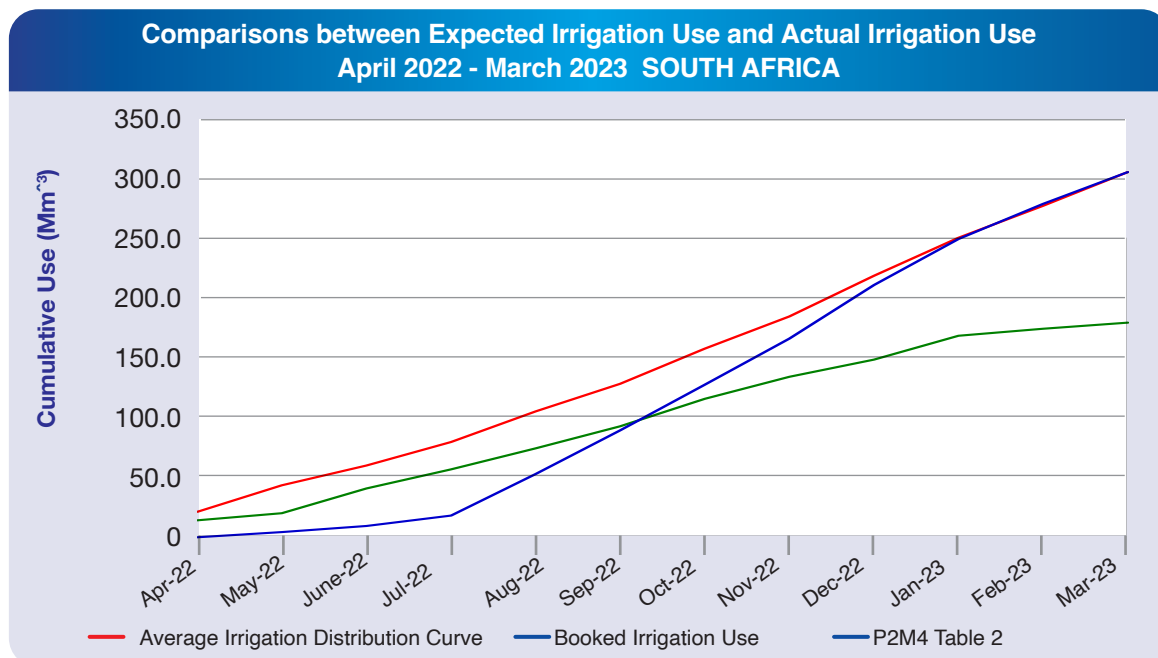


Figure 6: Graph of cumulative water use in comparison with expected water use downstream of Driekoppies Dam and Mananga in South Africa as at 31 March 2023.

Table 8: Water Use downstream of Maguga Dam in Eswatini as at 31 March 2023

WATER USE DOWNSTREAM OF MAGUGA DAM IN ESWATINI - March 2023		
	AMOUNT (million m ³)	BALANCE (million m ³)
Releases from Maguga Dam	1125.6	1125.6
Subtract increase in stored volume in Hydropower Regulating Weir from April 01 to March 31	0.0	
		1125.6
Subtract net evaporation losses from Hydropower Regulating Weir	0.0	
		1125.6
Subtract riverine losses	13.7	
		1111.9
Subtract domestic and industrial use	17.5	
		1094.4
Add gross accruals from Maguga to Mananga	430.5	
		1524.9
Subtract flow at Mananga Border	1341.3	
Irrigation water use in 2022/23*		183.5
* Remaining irrigation water downstream of Maguga Dam on March 31:		
- Eswatini:	=	73.1 Mm³
Actual booked irrigation water in use in 2022/23	=	183.5** Mm³
Which is:		
Less than (P2M4 Table 2)	=	221.9 Mm³
Less than (Average Irrigation Distribution Curve)	=	256.6 Mm³
**Actual booked irrigation use = 71.5% of 256.6 Mm³/a rationed Low Assurance water.		

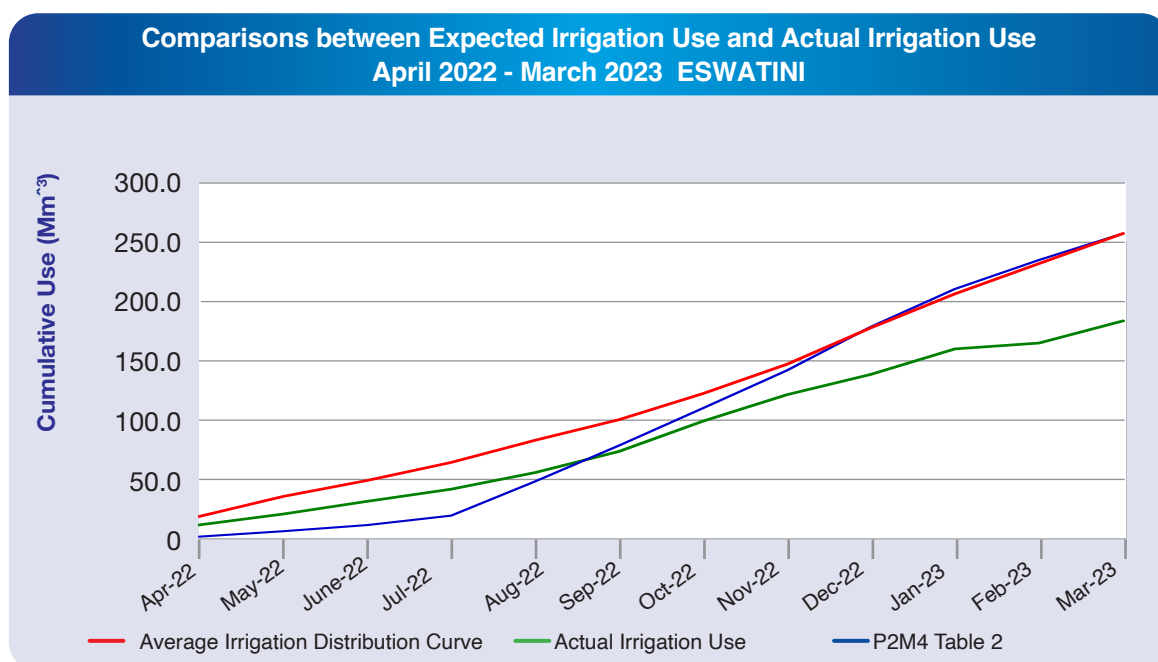


Figure 7: Graph of cumulative water use in comparison with expected water use downstream of Maguga Dam in Eswatini as at 31 March 2023.

Tables 9 and 10 show the storage reconciliation of Maguga and Driekoppies Dams, respectively. The total system storage as at the end of March 2023 was **584.9Mm³**, being 333.9Mm³ from Maguga Dam and 251.0Mm³ 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.

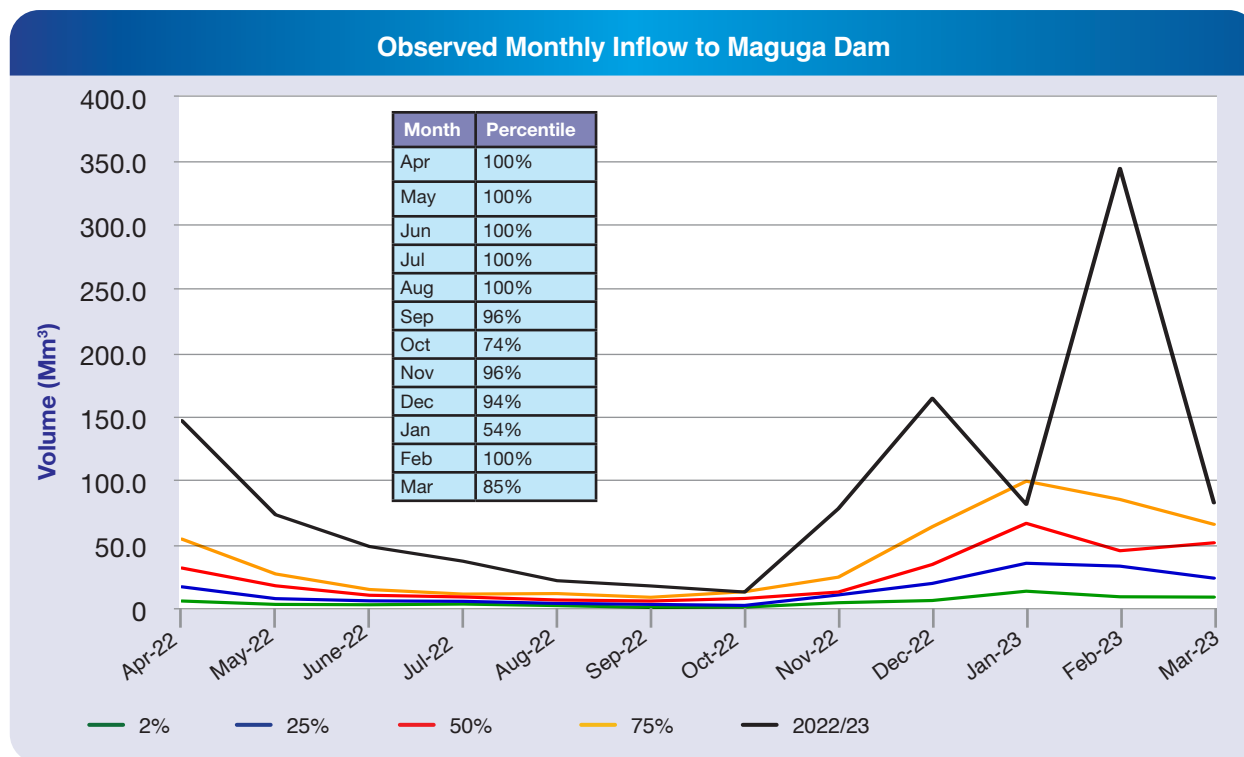


Figure 8: Graph showing the 2022/23 inflows into Maguga Dam compared with different percentiles of observed inflow since the dam was constructed.

Table 9: Maguga Dam Storage Reconciliation

MAGUGA DAM STORAGE RECONCILIATION ON 1 APRIL 2021		
	AMOUNT (million m ³)	BALANCE (million m ³)
Combined stored volume in Maguga Dam and Hydropower Regulating weir at start of water year	335.5	
Add Inflow to Maguga Dam for water year	1125.1	
Subtract:		1460.6
Net evaporation loses from Maguga Dam	0.5	
Releases from Maguga Dam	1125.1	
Decrease in stored volume in Hydropower Regulating weir from April 01 to March 31	0.0	
Total stored volume in Hydropower Regulating Weir and Maguga Dam at end of month	1125.0	335.6
Subtract volume above non-overspill crest	0.8	
Subtract remaining Eswatini share of Water in Reserve		334.8
Cumulative for 2022/23	0.0	
	0.0	334.8
Subtract commitments from storage from 2021/22 water year to:		
South Africa	0.0	
Eswatini	0.0	
	0.0	334.8
Add back water use above average use and/or banking for 2022/23 Water year by **;		334.8
South Africa along Middle and Lower Komati*	0.0	
Eswatini	0.0	
	0.0	334.8
Add back portion of banked water lost through spillage during 2022/23 water year to:		
South Africa	0.0	
Eswatini	0.0	
	0.0	334.8
Reference Storage Available in Maguga Dam and Hydropower Regulating weir from 01 April 2023		334.8
	0.8	334.9
Subtract water stored in Regulating Weir on 01 April 2023		334.9
Reference storage available in Maguga Dam on 01 April 2023		
Notes:		
Water use above average use and/or use from banking of 0.0 Mm ³ is reserved in Driekoppies		
**Transmission Losses owed by Eswatini and South Africa were cancelled.		

Observed Monthly Inflow to Driekoppies Dam

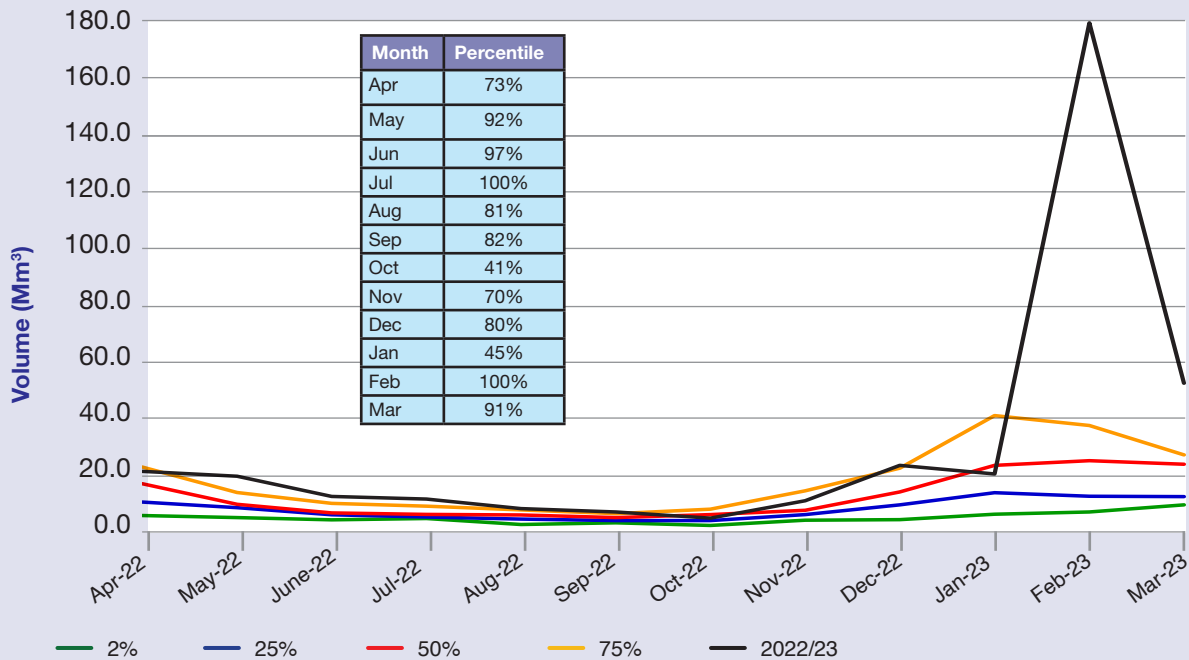


Figure 9: Graph showing the 2022/23 inflows into Driekoppies Dam compared with different percentiles of observed inflow since the dam was constructed.

DRIEKOPPIES DAM STORAGE RECONCILIATION ON – 1 APRIL 2021

	AMOUNT (million m ³)	BALANCE (million m ³)
Total stored volume at start of water year	252.4	
Add inflow for water year	330.5	
Subtract:	582.9	582.9
Net evaporation losses		
Releases from dam	-10.3	
Total stored volume at end of month	340.0	
Subtract volume above non-overspill crest	329.7 2.1	252.2
Subtract share of water supplied for Mozambique from Komati River that was used by South Africa but replaced from Crocodile River:	2.1	251.0
Net Cumulative for 2022/23	0.0	
Subtract South African share of Water in Reserve	0.0	251.0
Cumulative for 2022/23	0.0	
Subtract commitments from storage from 2021/22 water year to South Africa	0.0 0.0	251.0
Add back water use above average use and/or banking for 2022/23 along Lomati and Lower Komati*	0.0 0.0	251.0
		251.0
Add back portion of banked water lost through spillage during 2020/21 water year to: South Africa.	0.0	251.0
Reference Storage Available in Driekoppies Dam on 01 April 2023		251.0

** Balance of South African over use not held in Maguga Dam

Table 10: Driekoppies Dam Storage Reconciliation

The reconciliation of the High Assurance water whose use is currently based on a uniform demand rate throughout the year is shown in Table 11.

HIGH ASSURANCE WATER DEMAND DOWNSTREAM OF DRIEKOPPIES AND MANANGA IN SOUTH AFRICA - MARCH 2023				
	Lomati	Middle Komati	Lower Komati	Total
Non-rationed High Assurance Annual Allocation	8.6	9.3	0.3	18.2
Cumulative demand in 2022/23	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 2023				
	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 2022/23	1.9	11.8	3.8	17.5
Remaining High Assurance water downstream of Maguga Dam on March 31	0.0	0.0	0.0	0.0

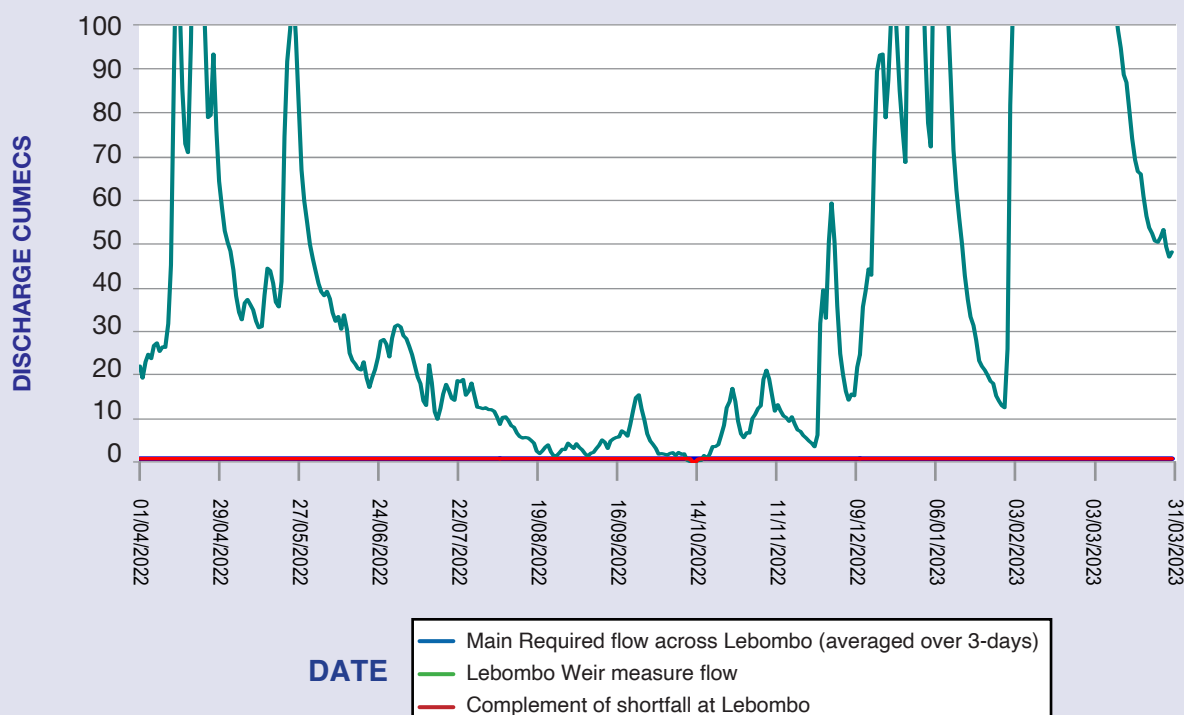
NB: Quantities in million m³

Table 11: *High Assurance demand downstream of Maguga and Driekoppies dams*

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

During the period from 01st of April – 31st of March 2023, the contribution by the Komati River (measured at Lebombo weir) to the Mozambique required flow was, for 100% of the time, above the 3-day-average minimum requirement of 1.43m³/s. Figure 12 below shows the observed daily hydrograph at Lebombo weir compared with the minimum required daily flow, averaged over three days.

ANALYSIS OF LEBOMBO SHORTFALLS: 01 April - 31 March 2023



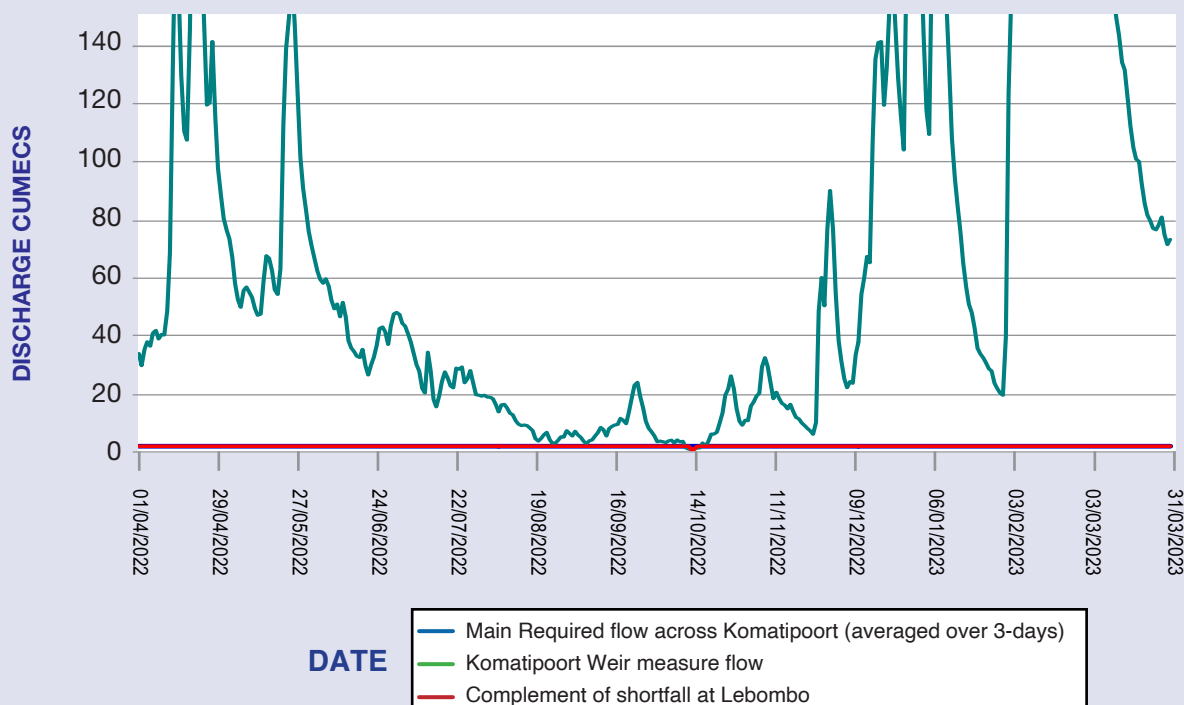
Total number of days below minimum requirement	90
Total number of days above minimum requirement	275
Total number of days for period of analysis	365
Expected minimum flow for period (Mm ³)	45.1
Measured flow accross Lebombo Weir for period (Mm ³)	968.4
Lebombo shortfalls during period of analysis (Mm ³)	1.4

Figure 10: Analysis of Lebombo shortfalls (1st April 2021 – 31st March 2023)

Trans-boundary Flow Analysis

The daily average flow into Mozambique as measured at the Komatipoort gauge (1st of April – 31st of March 2022) was for 99.2% of the time above the minimum requirement of 2.6m³/s averaged over three days. The data for this station is obtained from the Department of Water and Sanitation and the Inkomati-Usuthu Catchment Management Agency. The graph of flow is shown in Figure 11 below.

ANALYSIS OF KOMATIPOORT SHORTFALLS: 01 April - 31 March 2023



Total number of days below minimum requirement	3
Total number of days above minimum requirement	362
Total number of days for period of analysis	365
Expected minimum flow for period (Mm ³)	82
Measured flow accross Komatipoort Weir for period (Mm ³)	3495.6
Lebombo shortfalls during period of analysis (Mm ³)	0.19

Figure 11: Analysis of Komatipoort shortfalls (1st April 2021 – 31st March 2023)

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 three times during the 2022/23 water year. The reduced number of meetings was because the abundance of water in the system meant there was less need to meet.

4.2 INFRASTRUCTURE OPERATION AND MAINTENANCE

The Driekoppies and Maguga Dams are operated and maintained in line with the applicable Operation and Maintenance Manuals and industry-accepted engineering best practices. The dams include various electrical and mechanical infrastructure that is critical to the smooth operations of KOBWA. These include valves, pipes, emergency gates for 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 dams. Both dams are equipped with sump pumps to drive out any excess water within the dam wall.

a) CRIDF Funded Project for the Reconstruction of the Mananga Gauging Station

KOBWA 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 funded an amount of **R/E28,477,799.96** (VAT excl) for 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. The project was completed in April 2023.



Mananga Gauging Station during the low and high flows

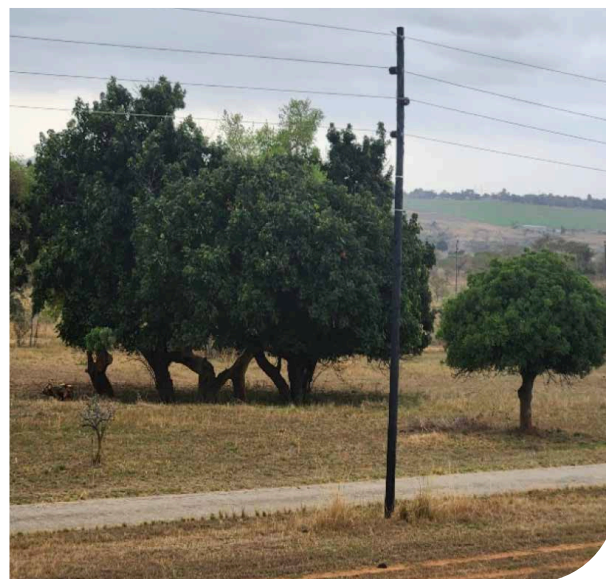
b) Maguga Dam 4th Safety Inspection

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 service provider for the inspection. The physical inspection was eventually done in mid-April 2022. The consultant completed and submitted the report which contains forty-six recommendations. KOBWA has formulated a follow-up plan for the implementation of these recommendations.

Other projects completed during the year 2022/23 are summarised in Table 12:

Table 12: Summary project for the maintenance section

	Projects	Estimated Amount	Commission Date
1.	Driekoppies Dam Road Upgrade (Short Road) Service Provider - Docscon Construction	R3,114,459.15 (VAT excl)	May 2022
2.	Replacement of transformer switchgear and Overhead Powerline at Driekoppies Dam Service Provider - S&D Consulting Rod Power Joint Venture	R/E 2,909,060	Jan. 2023
3.	Replacement of transformer switchgear at Maguga Dam	R/E189,200.00 VAT Excl,	



New switchgear equipment at Driekoppies Dam tower as well newly strung up wires and poles for overhead line.



Maguga Dam switchgear before and after installation

4.3 RISK AND UNCERTAINTY MANAGEMENT

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

a) Aquatic Ecosystem Monitoring

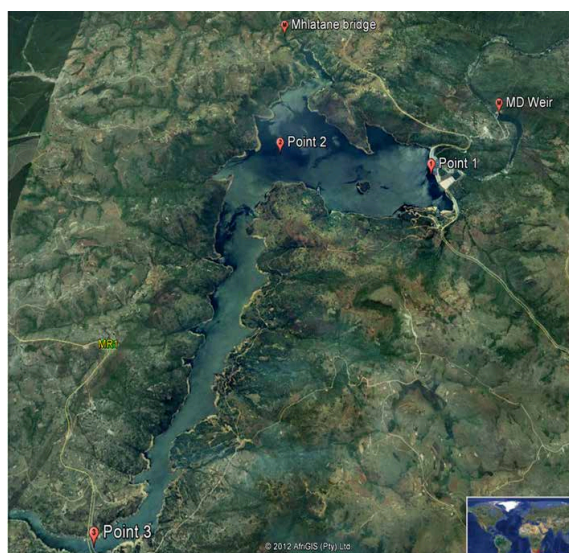
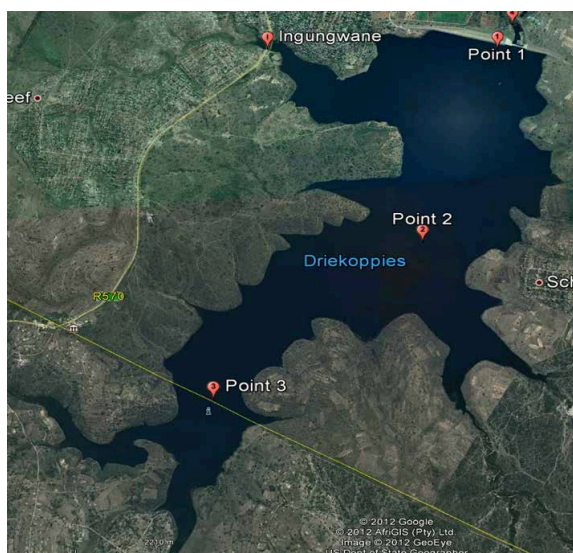
KOBWA is required by various legal frameworks to undertake water quality monitoring in the Komati River Basin. The relevant legislation includes the Comprehensive Mitigation Plans, National Water Acts and the Treaty on the Development and Utilisation of Water Resources of the Komati River Basin. KOBWA has put in place the following monitoring programmes to keep track of water quality in the Komati River: Reservoir Monitoring,

River Health Monitoring, Biological Monitoring, Real Time Monitoring and Ground Water Monitoring.

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

b) Reservoir 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 as shown in the images below. Point 1- the inflow into the reservoirs, Point 2- the middle of the dam, Point 3- at the dam wall of the reservoirs, and Point 4- outflow-downstream of the reservoirs.



Reservoir Monitoring Points for Driekoppies and Maguga Dams.

The water quality status for these monitoring points is shown below for the pH in both dams in Figure 12 below.

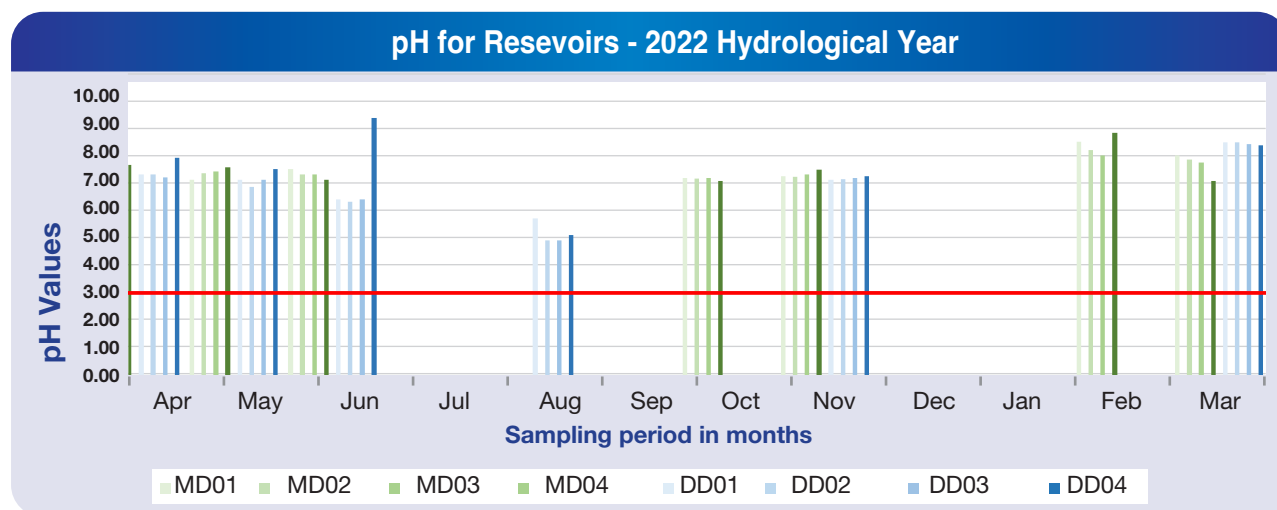


Figure 12: pH data for Compliance in Driekoppies and Maguga Dams

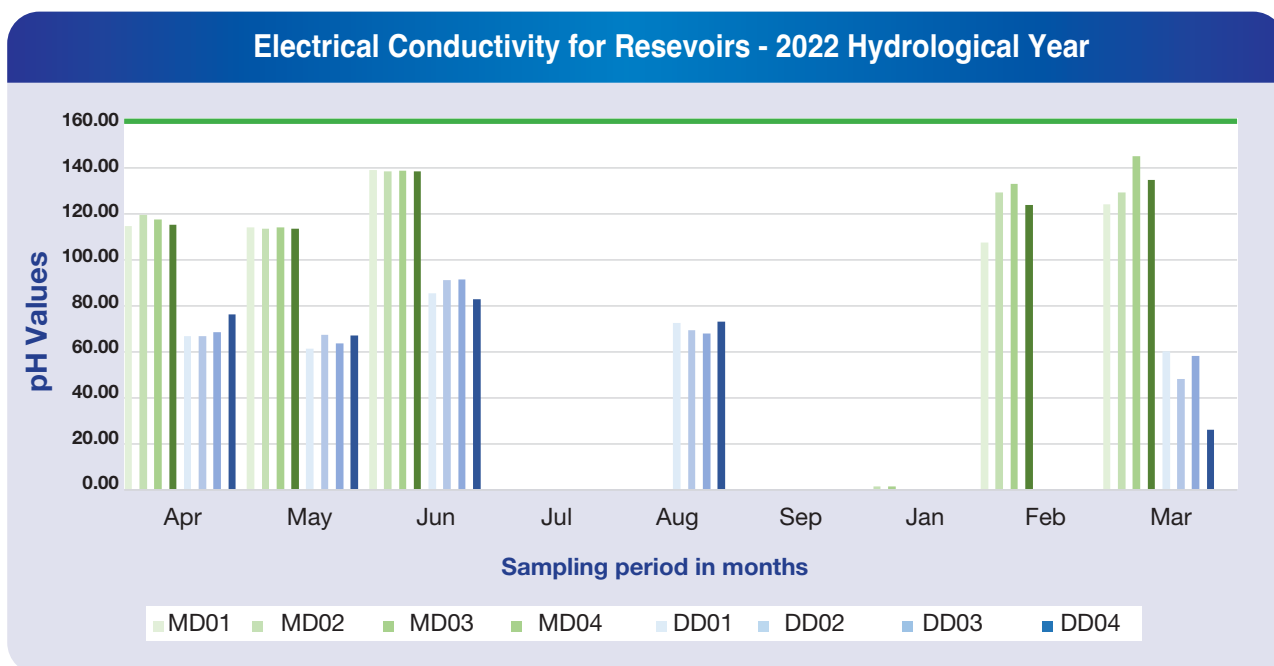


Figure 13: Electrical Conductivity data for Compliance in Driekoppies and Maguga Dams

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

c) River Health Monitoring

River health monitoring was conducted in nine (9) monitoring sites, however, for the purposes of this annual report, five (5) strategic sites have been selected. The sites have been strategically selected based on the land use activities across the Lomati and Komati Rivers, and how they influence the flow into the reservoirs. The key parameters that are reported for this annual report are Dissolved Oxygen (DO) and Electrical Conductivity (EC). The water user categories used to assess the fitness for

use of the water quality, were fitness for irrigation water use, fitness for domestic water use and fitness for the maintenance of the aquatic ecosystem.

Electrical Conductivity: The water quality in terms of the fitness for use for irrigation, domestic and recreational purposes was within acceptable limits with respect to EC (values less than 400 mS/cm). However, at Komatipoort, there was a significant increase of more than 400 mS/cm in August 2022. The EC also showed a declining trend from Ideal to Good towards the lower Komati reaches (Figure 13). The fitness for use for domestic use must not exceed 150 mS/cm and the fitness for use for maintaining the aquatic ecosystem, the EC values must not exceed 50 mS/cm.

Electrical Conductivity River Health-trend analysis 2022 hydrological year

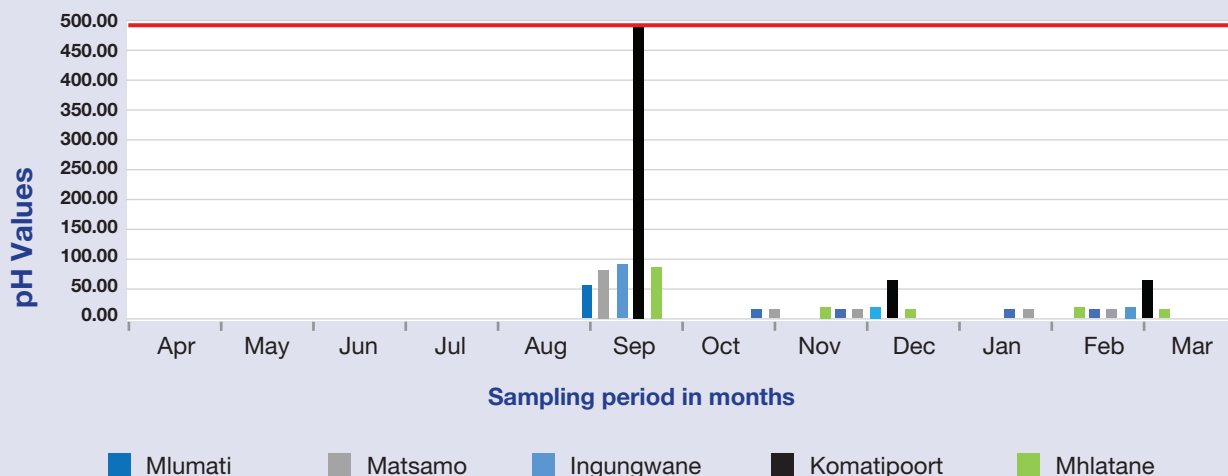


Figure 14: EC graphical presentation for river health - assessing fitness for use for various water user sectors

Dissolved Oxygen: The water quality in terms of the fitness for use for maintaining the aquatic ecosystem in the Lomati and Komati Rivers, was within acceptable limits with respect to DO (values within the range of 6.5-8.0 mg/l). The DO values must not be below 5.5 mg/l. In

August 2022, the DO values at almost all the monitoring stations were below 5.5 mg/l which was a state of poor water quality for maintaining the aquatic ecosystem, however the trend showed an improvement in subsequent months (Figure 15).

Dissolved Oxygen for River Health-trend analysis 2022 hydrological year

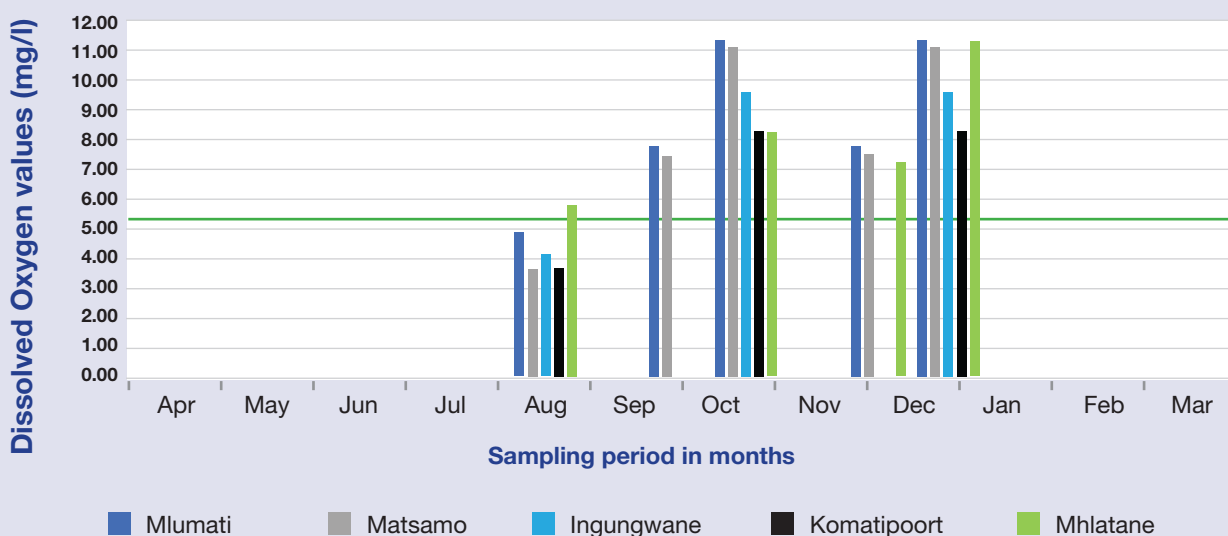


Figure 15: DO graphical presentation for river health - fitness for use for maintenance of the aquatic ecosystem.

d) Groundwater Quality Monitoring

There are seventeen (17) boreholes KOBWA monitors. However, only ten (10) sampled as some are dry and dysfunctional. Eleven (11) boreholes located in Eswatini and six (6) boreholes located in South Africa. For the purposes of this annual report, only three boreholes are selected, downstream of both dams.

Testing was done by Labserve Laboratory in Mbombela, Nelspruit for analysis against SANS241:2015. The key drinking water quality parameter for the purposes of this annual report, is Flouride. The Flouride levels were compliant but slightly elevated in the Nyakatfo borehole, on Figure 16 below. There was exceedance from the limit of <3.5mg/l for drinking water.

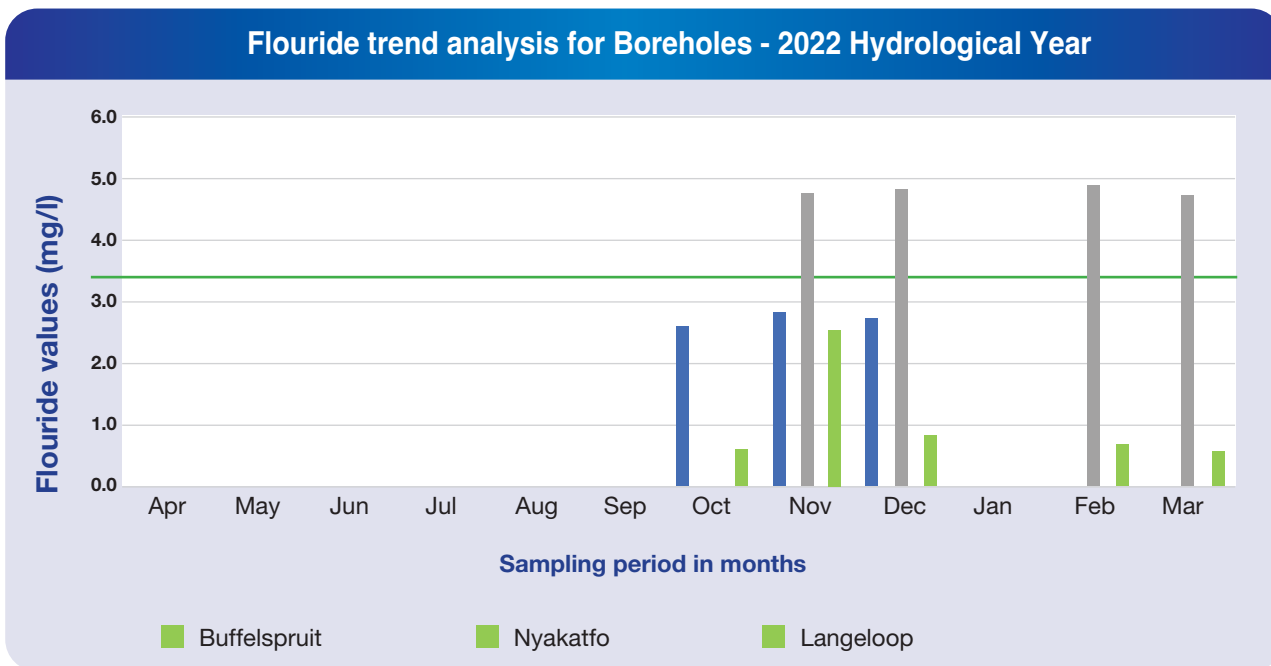


Figure 16: Fluoride Compliance in Groundwater Monitoring Points in the Komati Catchment

e) Biological Monitoring

The biomonitoring survey is based on a review of available biomonitoring data and additional data collected by Nepid Consultants CC in March 2023. The approach to this study was to focus on biological response variables that are sensitive to changes in water quality and quantity at different temporal scales. The 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.

f) General

Three sites in the Lomati River and five sites in the Komati River were surveyed. They are described in the table below.

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

Table13: Showing the biomonitoring sites in the catchment

The present ecological state is signified as per Table 13 which shows guidelines used to delineate the Present Ecological State Categories based on comparison and total Observed and Expected intolerance ratings. The field survey for this report was conducted towards the end of an exceptionally wet summer season. This provided an opportunity to test the hypothesis that elevated flow during the wet season improves the ecological health of these rivers. The results indicated that most indicators improved, so this hypothesis was generally supported, but not for diatoms, which showed that nutrient and organic loads increased with elevated flow.

Diatoms

The diatom data indicated that nutrient levels and organic loads were elevated at all sites compared to the previous survey, in March 2022. The elevated state of nutrients and organic loads is attributed to high flows at the time of the survey.

Lomati River: The Present Ecological State of diatoms in the Lomati River in March 2023 ranged between Category A at DK-US, and Category B at L1. The data indicated that there was an influx of inorganic nutrients and organic enrichment at L1. This influx was associated with elevated sedimentation. Compliance of ecological targets for diatoms at L1 was rated as Moderate (Table 8-1). Trophic status at L1 was classified as eutrophic.

Komati River: The Present Ecological State of diatoms in the Komati River in March 2023 ranged between Category A/B at M0, and Category D at K3a and K5. The most polluted site was at K3a, which was classified as Seriously Polluted.

Trophic status in the middle and lower Komati River, at M2, K3a and K5, was classified as eutrophic. Compliance of ecological targets for diatoms was Moderate, except at M0, where compliance was Excellent (Table 14).

Lomati River			Komati River				
DK-DS		L1	Mo	M2	K3a	K5	
Feb-15	Excellent	Excellent			Good	Good/Mod	
Sep-15	Excellent	Good			Good/Mod	Good/Mod	
Feb-16	Excellent	Excellent			Moderate	Moderate	
Oct-16	Excellent	Good			Moderate	Moderate	
Feb-17	Good	Marginal			Poor	Moderate	
Sep-17	Good	Moderate			Good	Good	
Feb-18	Good	Marginal			Good	Moderate	
Mar-19	Excellent	Marginal			Moderate	Moderate	
Oct-19	Good	Moderate	Excellent	Good	Moderate	Good	
Mar-20	Excellent	Moderate	Excellent	Moderate	Moderate	Moderate	
Oct-20	Good	Moderate	Excellent	Good	Moderate	Good	
Mar21	Excellent	Good	Good	Moderate	Moderate	Moderate	
Oct-21	Excellent	Excellent	Excellent	Excellent	Good	Excellent	
Mar-22	Excellent	Good	Excellent	Good	Good	Moderate	
Mar-23		Moderate	Excellent	Moderate	Moderate	Moderate	

Table 14: Summary of diatom compliance.

g) Aquatic Macroinvertebrates

Lomati River: Compliance of ecological targets for aquatic macroinvertebrates in the Lomati River at DKDS in March 2023 was rated as Marginal. 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.

Fish

Lomati River: The composition of fish in the Lomati River at DK-US was much the same as the previous survey, but abundances were higher. This suggests that high flows that characterised the summer season had served to stimulate fish breeding upstream of Driekoppies Dam. The diversity of fish at DK-DS was notably higher (11 species) than the previous survey (6 species). The results suggest that high flows had served to stimulate fish to migrate, and this had led to an unusually high concentration of fish immediately downstream of Driekoppies Dam.

The diversity and abundance of fish at L1 was critically low. The reason for the poor condition of fish at this site is unknown for certain but is likely to be associated with the excessive abundance of floating Water hyacinth, *Pontederia crassipes*, that had characterised this portion of the river in 2018 and 2019. The results suggest that the fish community in the middle and lower Lomati River had not recovered from the impacts of the proliferation of *P. crassipes*.

Komati River: The Present Ecological State of fish in the Komati River in March 2023 deteriorated at all sites compared to the previous survey, in March 2022. The cause of deterioration is unknown for certain, but most likely associated with elevated sedimentation associated with high flow events that had characterised the summer season. Compliance of ecological targets for fish ranged between Marginal at M0, and Good at K3a (Table 15).

Lomati River		
	DK-DS	L1
Feb-15	Poor	Moderate
Sep-15	Poor	Marginal
Feb-16	Marginal	Marginal
Oct-16	Poor	Moderate
Feb-17	Good	Good
Sep-17	Poor	Moderate
Feb-18	Marginal	Moderate
Mar-19	Marginal	Marginal
Oct-19	Marginal	Moderate
Mar-20	Marginal	Marginal
Oct-20	Marginal	Moderate
Mar-21	Marginal	Poor
Oct-21	Moderate	Marginal
Mar-22	Marginal	Marginal
Mar-23	Marginal	Critical

Komati River				
	Mo	M2	K3a	K5
Feb-15			Marginal	Poor
Sep-15			Poor	Poor
Feb-16			Marginal	Poor
Oct-16			Poor	Poor
Feb-17			Poor	Marginal
Sep-17			Marginal	Marginal
Feb-18			Poor	Marginal
Mar-19			Marginal	Marginal
Oct-19	Moderate	Marginal	Poor	Poor
Mar-20	Marginal	Marginal	Poor	Poor
Oct-20	Marginal	Moderate	Poor	Marginal
Mar-21	not sampled	Moderate	Marginal	Marginal
Oct-21	Moderate	Marginal	Marginal	Poor
Mar-22	Moderate	Moderate	Moderate	Moderate
Mar-23	Marginal	Moderate	Good	Moderate

Table 15: Summary of fish compliance

h) Recommendations

Low Flows

The recommendation for low flows is the same as that made in previous biomonitoring reports, and that 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.”

Riparian Buffer Zones

Severe bank erosion in the Komati River near Mananga (Site M2) during the flood event in January 2021 and February 2023 highlights the importance of protecting riparian zones. The recommendations for riparian zones are the same as those presented in previous biomonitoring reports, and that is “to delineate riparian zones along both rivers and main tributaries and appropriate buffer zones of limited development and no cultivation should be established and implemented in consultation with the relevant landowners. Priority areas for rehabilitation of riparian zones should be identified and interventions should be focused in these areas. The protection of riparian zones is fundamental to protection of water resources, but the current regulations appear to be largely ineffective.

5

FOCUS AREA: TECHNOLOGY AND BUSINESS PROCESSES

OBJECTIVE: Objective: To have technology systems and business processes that enables business efficiencies

5.1 Health and Safety

a) Occupational Health and Safety Management Systems

In preparation for the upcoming stage 2 audit for certification, KOBWA equipped her staff members with training for those appointed with OHS responsibilities.

The training follows the requirements of the OHS Act of Eswatini and South Africa as well as the ISO 45001:2018 Management system requirements in clause 7.2 wherein the standard states that “The organisation shall determine the necessary competence of workers that affects or can affect its OH&S performance”. In that regard, the RQO planned the training as follows:

	Names	OHS Responsibilities
SHE Representatives Training	1. Senyane Mapule 2. Sam Mdluli 3. Busi Shongwe 4. Eric Khoza 5. Sakhiwe Nkomo 6. Zanele Zulu 7. Kenzie Mavimbela 8. Bheki Dlamini	OHS Committee
First Aid Training Level 5	1. Sibongo Magagula 2. Khethiwe Ngcobobo 3. Mpumi Mnisi 4. Musa Dlamini 5. July Motsa	First Aiders

Table 16: OHS Trainings



5.2 Occupational Medical Surveillance Assessment Report – 2023

Following the risk assessment on each job profile, the annual medical assessments were carried out using the service provider for the baseline assessment. This was beneficial to KOBWA not only in terms of cost-effectiveness but also in terms of allowing comparison from the baseline and the current health profile of the workers. The findings of the primary health care assessment illustrated an improvement in the prevalence of uncontrolled hypertensive employees which has decreased from 20 in 2021 to just 3 in 2023. This is a significant and positive finding which displays commitment from the employees to take heed of the previous findings and make changes to their lifestyles.

A total of 41 KOBWA employees had medical surveillance fitness for work assessments performed on them at the end of March 2023. The assessment consisted of two parts, a primary health care part which included screening for hypertension, Body Mass Index (BMI), urinary abnormalities and random blood glucose. The second part were tests that are specific to the job profiles, and these were electronic vision screening, lung function testing and hearing assessments. The medical surveillance report is divided into a primary health care findings and occupational medicine findings. The primary healthcare assessment covers general medical conditions that are not occupationally related but has an impact on the employees' fitness for work and the occupation health is a work-related assessment.

5.3 Risk Management

The strategic risk register workshop to prepare the strategic register for 2023/24 was held in November 2022 at the Pigg's Peak Hotel. Below is the strategic risk register which illustrates the progress made by the KOBWA Executive in 2022/23. There were 36 risks including sub-risks in the 2022/23 Strategic Risk Register.

The RQO evaluated the efforts made by EXCO and provides comments in the last column. The strategic risks are presented in Table 16, which shows inherent risks (before application of controls) and the residual risks (after application of controls). Figures 17 and 18 below illustrate the 2022/23 Inherent Risk Profile and the year end's risk profile. Looking into the initial rating shown in Table 17

below, the risk profile in the beginning of the financial year had 35 red rated risks, 1 yellow rated risk and no green rated risk. The one risk being moved for archiving is the risk of "Lack of fully constituted Board, impacting on KOBWA operations". The third Director from RSA was appointed effective on the 1st of February 2023.

KOBWA is vulnerable to the entire set of polycrises as a player in the water industry. In one climate extreme are floods and the other extreme is drought thus, KOBWA needs to stay on top of the game to ensure delivery that is appropriate in each case.

	Red	Yellow	Green
INHERENT	35	1	0
RESIDUAL	7	17	12
RATED	8	23	5

Table 17: Showing the inherent, residual and rated risk statistics.

The graphic illustrations in Figures 17 and 18 below show the inherent risk profile at the beginning of the year and the profile at the end of the financial year.

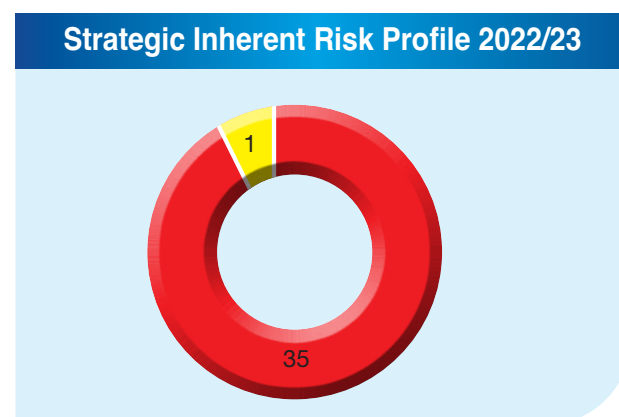


Figure 17: Inherent Risk



Figure 18: Residual risk profile in chart form.

Discussion of Risks

The risk of “Failure to meet water requirements and expectations of the Parties” due to “Failure of water resources infrastructure due to inadequate Maintenance” has been managed through installation of the Driekoppies switchgear. Completion is expected by end of May 2023.

Still under the same risk, with the background “Increased soil erosion due to illegal sand mining along the Driekoppies Dam bank embankment leading to increased sedimentation levels, thus altering dam bathymetry” the risk has been managed through the on-going Dam Management Committee establishment. An initial meeting was held with community representatives to familiarise them and the approval of a budget for the implementation of the Resource Mobilisation Plan (RMP) has been realised.

Under the same strategic objective, the risk “Lack of compliance with legal requirements / Litigation” has been managed through updating the legal register with corrective

actions as informed by the recent audit on occupational health and safety.

The risk of “Failure to meet financial obligations and lack of confidence in financial systems” due to “Late payment of subventions by Parties” has been well managed. KOBWA has been managing this risk through engaging the relevant departments in both member states and regular reminders are sent where applicable.

Under the same risk with the background being “Inadequate Financial Resources to implement Strategy actions” the risk has been well managed. The budget for 2023/24 financial was approved with an increased allocation from the Member States.

The figure below illustrates risk profile (value at beginning of the year) of the top 15 risks and the residual risk profile (value at the close of the financial year).

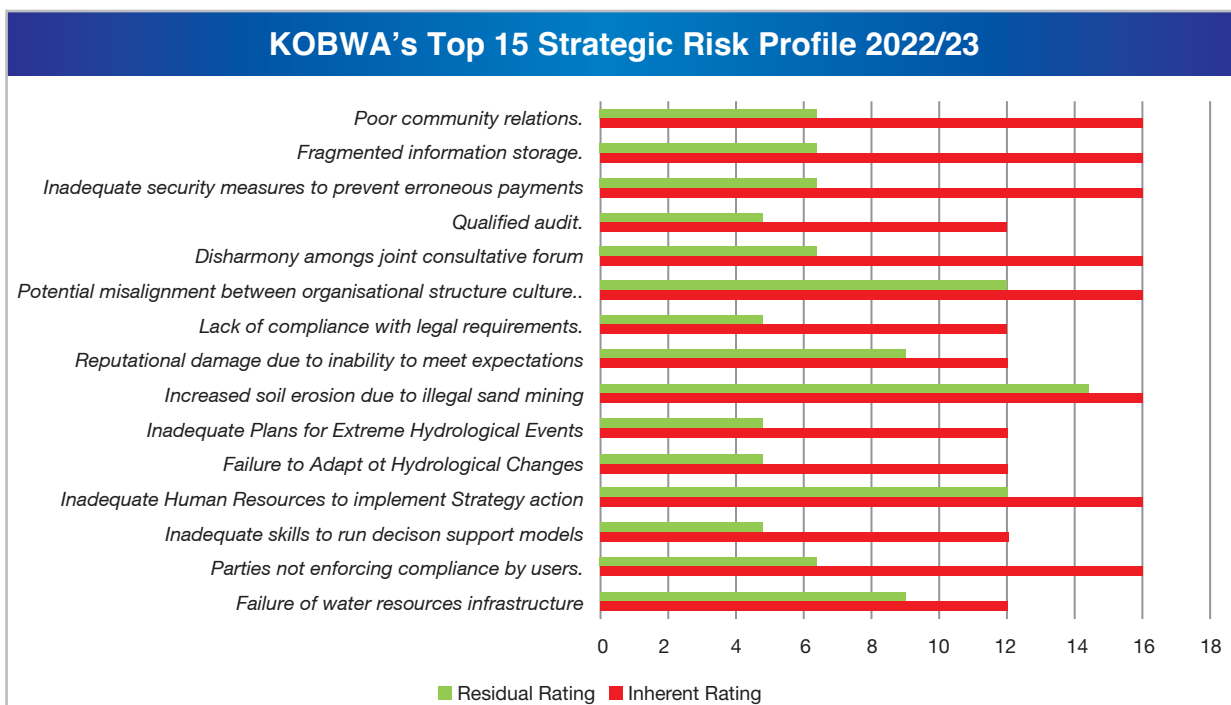


Figure 19: Strategic risk profiles at the end of the financial year

5.4 Internal Audit

The approved strategic three-year rolling and annual internal audit plans are based on risks identified by management, assurance providers and approved by the Board. The coverage plan is updated annually, based on

the risk assessment and results of the audit and other assurance providers work performed. This ensures that the audit coverage is focused on and identifies areas of high risk. The approved 2022/23 Annual Internal Audit Plan has been fully implemented. The following deliverables were carried out during the financial year:

- i) 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;
- ii) A revised Internal Audit Charter which was presented to the Finance, Risk & Audit Committee and approved by the Board;
- iii) 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;
- iv) The ICT audit report(s) presented to the FRAC and eventually the Board, namely IT Governance audit report, IT General Controls audit report, and Cyber-security audit report;
- v) The Governance & Risk Management audit report presented to the FRAC and eventually the Board;
- vi) The Human Resource Management (HRM) audit report presented to the FRAC and eventually the Board;
- vii) The Payroll audit report presented to the FRAC and eventually the Board;
- viii) The Water Quality Monitoring audit report presented to the FRAC and eventually the Board; and
- ix) Quarterly Follow-up audits, which were presented to the FRAC, and eventually the Board.

The quarterly follow-up audits are carried out on audit findings that were previously reported by both Internal Auditors and External auditors. The overall year-end results of the follow-up audits conducted indicate that the combination of resolved and partially resolved previous audit findings are high. The comparison of unresolved and

resolved audit findings gives an indication of a reasonable management control environment within the organisation.

5.5 KOBWA Website Upgraded

The organisation's website has been upgraded and relaunched during the year 2022. The site is now hosted by a new service provider who also provides the daily technical support and maintenance for the upkeep of the webpage.

This new site has a more corporate look befitting KOBWA's stature. Better improvements are yet to follow as KOBWA intends to fully utilise the growing opportunities in the cyberspace and further develop the cyber footprint, such as interlinking an informative website with our vibrant social media presence.

a) Internet issues resolved at Driekoppies Dam Offices

The contractual paperwork with the new Internet Service Provider (ISP) was signed by both Parties and a technical team was sent to DD at the end of November 2023; the required signal-receiving equipment was installed, and the connection tested. By the turn of the year initial technical configurations were still ongoing to improve the signal speed and strength to match the package specifications.

Thankfully, by the beginning of the fourth quarter of 2022/23 everything was in order and the previously inhibitive and unreliable internet connectivity was addressed.



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

The department provides strategic leadership in managing the Human Resources function, infrastructure technology services, fleet management as well as community development services. As a support function,

it is the department's objective to develop and implement appropriate strategies for delivery of appropriate and effective programmes for the attainment of KOBWA's corporate objectives.

6.1 Staff Complement

	All Staff	Executive	Mid Management/ Technical	Supervisory	General Support	%
Number	40	4	8	13	15	100
By Country Of Origin						
RSA	15	1	4	4	6	33%
KoE	25	3	4	9	9	67%
By Sex						
Males	23	3	3	9	8	56%
Females	17	1	6	4	6	44%
By Station						
Driekoppies	15	1	2	6	6	37%
Maguga	25	3	6	7	9	63%

Table 18: Showing KOBWA Employee demographics

	Type of Employment	No.
1	Permanent	34
2	Contract	6
3	Internship	3
4	Learnerships	1

	Departures	Financial Year End March 2023
1	Permanent	2
2	Contract	0
3	Internship	0
4	Learnerships	2

Table 19: Show types of employment and departed employees

6.2 Vacant Positions

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

- Internal Audit Assistant
- Human Resources Assistant

6.3 Internships and Learnerships

At the end of 2022/23 financial year KOBWA had the following Internship Contracts:

Department	Duration	End Date
Admin - Communications	6 months	March 2023
Admin – IA (Learnership)	12 months	September 2023
Corporate Services – ICT	3months	March 2023

Table 20: Internship contracts

6.4 Long Service Awards

The tradition of recognising employees for their long services continues to be observed. Certificates and

monetary awards were presented to the following employees in Table 20 during the end of year function.



Left-right: Mlibatisi Simelane and Pholile Dlodlu receiving their awards from the CEO, Mr Trevor Shongwe.

Below is a table of the long service employees:

Category / Years of Service	Number of Employees	Name
5 Years	4	Mpendulo Mashabane Vusi Magagula Sanele Dlamini Andile Mananzi
10 Years	2	Nompumelelo Mnisi Sibongo Magagula
15 Years	2	Dumsile Zwane Futhi Kunene
20 Years	1	Mfundi Mathunjwa
25 Years	3	Pholile Dlodlu Eric Khoza Zanele Zulu

Table 21: Long Service Employees

7

FOCUS AREA: CUSTOMER AND STAKEHOLDER FOCUS

OBJECTIVE: To anticipate and to 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).

7.1 Stakeholder Engagement

a) Ministerial Visits at Maguga and Driekoppies Dams

During November 2022, KOBWA hosted Ministers responsible for water in the Kingdom of Eswatini and the

Republic of Mozambique at Maguga Dam. The Acting Minister for Natural Resources and Energy, Honourable Jabulani Mabuza and Minister for Public Works, Housing and Water Resources of the Republic of Mozambique, Honourable Carlos Fortes Mesquita, visited the Maguga Dam project.



KOBWA Board Chairperson leading the Ministers and their delegations at the Maguga Dam tunnel during the tour.

A similar event was held on 24 November 2022 at Driekoppies Dam where the Honourable Minister for Water and Sanitation in the Republic of South Africa, Honourable Minister Senzo Mchunu, hosted his Mozambican counterpart Minister of Public Works, Housing and Water

Resources, Honourable Carlos Alberto Fortes Mesquita. Honourable Minister Senzo Mchunu was represented by the Department of Water and Sanitation Director General, Sean Phillips. The Ministers in both events were with their entourages.



Honourable Minister Mesquita with the Director General and delegation touring the Driekoppies Dam.

b) KOBWA Treaty Review

The Treaty Review on the Development and Utilisation of the Water Resources on the Komati River Basin was conducted through a consultative stakeholder workshop held in both the Kingdom of Eswatini and South Africa. The

purpose was to broaden the scope of KOBWA to enable the Authority to complement and enhance efforts towards the provision of water management related services by the two countries.



Stakeholders posing for a group photo during the workshop at the Pestana Lodge, Malelane, South Africa.

c) Arbor Month Commemoration

KOBWA in collaboration with the Greening and Beautification Forum (GBF) commemorated the Arbor Day held at Zwile Primary School, Boschfontein on 23 September 2022. The theme was **“Forests and Sustainable Production and Consumption”**. The event was graced by Mr Sibiya representing the Executive Mayor Councillor, Ms. P Magagula. The purpose of the event was to promote tree planting especially indigenous trees as a practical and symbolic gesture of sustainable environmental management. KOBWA supported by providing branded water for guests.

National Arbor Week is an opportune time to call on all South Africans to plant indigenous trees as a practical and symbolic gesture of sustainable environmental management. It affords the government, the private sector, nongovernmental and community-based organisations and the public to be involved in “greening” their communities.



Mr Nkomo presenting during the function.



Mr Sibiya representing the Executive Mayor delivering his speech.

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

8.1 Corporate Social Responsibility

As a Corporate citizen, KOBWA values and supports community development initiatives along the Komati catchment area both in South Africa and the Kingdom of Eswatini. The funded projects for the year 2022/23 are shown in the table below.

Project	Status of Work
1	KOBWA constructed an ablution at the Schoemansdal clinic in the 2021/2022 financial year. Then the clinic requested a new septic tank for the new ablution facility. Application was approved in the financial year 2022/2023 to the total of R88,500-00.

Table 22: CSR Projects

8.2 Lake Matsamo Tourism Park Development

Construction work at the Lake Matsamo Tourism Park is ongoing, the project is expected to be completed in a few months. Work to be finished includes the construction of a change-room and a swimming pool, electric wiring, plumbing and ceiling installation.



Above: The front and back of Lake Matsamo Tourism Park.

8.3 Driekoppies Dam Resource Mobilisation Plan

An induction meeting was held in the last quarter of the financial year wherein a new Dam Management Committee (DMC) was introduced. The DMC was inducted on the Driekoppies Dam Zoning Plan and all the zones explained including Bufferline, full supply level (FSL), High Floodline and dam boundary line. The role and function of KOBWA as per the RMP was explained as well as the role of the DMC as according to the RMP was unpacked for the DMC.

8.4 Revolving Fund Update

The Fund's clients consist mainly of farmers, a new group of farmers called Mawasha Farmers (10) has been formed and have received loans. There is a new effort focusing on group lending as it has proven that repayment is much better within groups. A new group has been formed at kalaZwane area at Nginamadvollo and is performing well so far. Another group is being formed at Matsamo markets. Currently, NAMBOARD will be the main market for the farmers wherein the farmers are expected to have signed contracts with NAMBOARD.

FOCUS AREA: FINANCIAL MANAGEMENT AND OTHER SOURCES OF INCOME

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

9.1 Accounting Software

a) Procurement of accounting and payroll packages

Finance launched two projects related to core software systems. The combined project is entitled “*FLOW smarter, ACHIEVE more*”. The overall vision of this project is to enable the organisation to have access to core business services like centralised procurement and employee self-services.

b) Sage Evolution

Finance migrated the Sage Evolution software into a cloud-based server. The roll-out of advanced, centralised procurement was delayed and will be rolled out in 2023/24. The overall outcome of this project is for KOBWA to centralise and streamline all procurement activities. Finance staff were trained on Sage Evolution to upskill and increase the knowledge of the system. All staff will receive training prior to the rollout of centralised procurement.

c) Sage 300 People

Finance and Corporate Services collaborated to source suitable software to address payroll and human resources needs. Sage 300 People was identified as the suitable solution for KOBWA. The overall outcome for this project is for KOBWA to execute all HR and payroll activities electronically.

9.2 Government Funding

The total organisational budget allocated for financial year 2022/23 amounted to **R/E 96,130,415**, which represents a 0% increase from the prior year and excludes sundry income allocations. This amount includes operational budget of **R/E 45,505,415** and loan repayments of **R/E 50,625,000**.

The net amount payable to KOBWA is **R/E 91,412,918** after considering sundry income allocations of **R/E 3,775,888** from the Republic of South Africa and **R/E 941,609** from the Kingdom of Eswatini.

Government of South Africa

Of the total **R/E 60,966,550** payable by the Republic of South Africa, R/E 30,375,000 relates to loan repayments and an amount of R/E 30,591,550 towards operational expenditure. The excess funding received in the current year has been ring-fenced towards the repayment of the Hambros Bank Loan as approved by DWS and Projects to be delivered in the Republic of South Africa, which are subject to approval by JWC, DWS and Treasury.

Quarter	Period	Annual Budget (R/E)	Due Date	Amount Received (R)	Date Received	Balance (R/E)
1	April to June	146,851,000	01.05.2022	146,851,000	2022.06.17	0
2	July to Sept	78,090,000	01.09.2022	78,090,000	2022.09.22	0
3	Oct to Dec	0		0		0
4	Jan to Mar	23,337,000	01.01.2023	23,337,000	2023.02.01	0
	Totals	248,278,000		248,278,000		0

Table 23 RSA Quarterly Funding Schedule for FY 2022/23

Kingdom of Eswatini

Of the total **R/E 30,446,369** payable by the Eswatini Government, **R/E 20,250,000** relates to the loan repayments and **R/E 10,196,369** towards operational expenditure.

Capital Loans Budget

Quarter	Covering Period	Annual Budget	Due Date	Received Date	Amount	End Balance
1	Apr, May, Jun	10,125,000	01.04.2022	24.06.2022	10,125,000	-
2	Jul, Aug, Sep	-			-	-
3	Oct, Nov, Dec	10,125,000	01.10.2022	30.12.2022	10,125,000	-
4	Jan, Feb, Mar	-	-	-	-	-
Total		20,250,000			20,250,000	-

Table 24a: *KoE Quarterly Loan Funding Schedule for FY 2022/23 – CAPEX Loans*

Operational Budget

Quarter	Covering Period	Annual Budget	Due Date	Received Date	Amount	End Balance
1	Apr, May, Jun	2,865,025	01.04.2022	21.07.2022	2,601,604	263,421
2	Jul, Aug, Sep	2,654,267	01.07.2022	01.09.2022	2,601,604	52,663
3	Oct, Nov, Dec	2,627,401	01.10.2022	06.12.2022	2,601,604	16,797
4	Jan, Feb, Mar	1,827,278	01.01.2023	14.02.2023	2,601,604	-774,326
Total		9,973,971			10,406,416	-432,445

Table 24b: *TKoE Quarterly Loan Funding Schedule for FY 2022/23 – Operational Budget*

9.3 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** interest. The balloon capital repayment is payable

at maturity on 31 October 2027. The first payment was made on the 30th of April 2022 and 11 repayments remain to maturity. The last payment was made on the 31st of October 2022. Compliance with the JSE requirements in relation to HAMBROS Loan; KOBWA continues to meet all the compliance requirements including the new requirements that have been added.

Financial Institutions	Face Amount	Effective interest rate	Start Date	End Date	# Rem Install	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	10	369,638,183	75,000,000
DBSA	488,401,000	10.00%	30.09.2000	31.03.2020	0	0	0
Total	1,641,401,000					369,638,183	375,000,000

Table 25: *Detailed Loan repayments schedule 31 March 2023.*



KOMATI BASIN WATER AUTHORITY

Annual Financial Statements

For the year ended 31 March 2023

General Information

Country of incorporation and domicile	Republic of South Africa and the Kingdom of Eswatini
Legal form of entity	Bilateral organisation formed in 1992 through a Treaty between the Government of the Republic of South Africa and the Kingdom of Eswatini.
Directors	Mr. A. Thobejane Ms. N. Mabuza Ms. E. Magagula Mr. L. Mzizi Mr. B. Singwane Mr. L.C. Mohalaba Mr. T.M. Shongwe (Chief Executive Officer, Ex-Officio)
Bankers	Standard Bank: Republic of South Africa and the Kingdom of Eswatini
Auditors	PricewaterhouseCoopers Inc Chartered Accountants (S.A.) Registered Auditors
Secretary	Mr. T. Sithole
Preparer	The annual financial statements were internally compiled by: Financial Accountant (Futhi Kunene) Supervisor: Finance Director (Juan de Wet)

INDEX

Boards' Responsibilities and Approval	76
Audit Committee Report	77 - 78
Report of the Independent Auditors	79 - 84
Directors' Report	85 - 86
Statement of Financial Position	87
Statement of Financial Performance	88
Statement of Changes in Net Assets	89
Cash Flow Statement	90
Accounting Policies	91 - 109
Notes to the Financial Statements	110 - 129

Abbreviations used:

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

Board's Responsibilities and Approval

1.4 Significant judgements and sources of estimation uncertainty

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 auditor is 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 12 months from date of signing 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 2023/24 budget was approved and the first two tranches have been received. This gives the Board comfort and assurance that KOBWA has sufficient financial resources to cover expected expenditure for the next 12 months.

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

The external auditor is responsible for independently auditing and reporting on KOBWA's AFS. The AFS have been examined by KOBWA's external auditor and his report is presented on page 79 - 84.

The AFS set out on pages 85 to 129, which have been prepared on the going concern basis, were approved by the Board and are signed on its behalf by:



Mr. A. Thobejane
Board Chairperson

Date: 31 October 2023

Finance, Risk & Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2023.

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. L.C. Mohalaba	Member (Appointed 01 February 2023)
Mr. M. Singwane	Member
Mr. C. Zwane Ex-Officio	Member (Contract ended 30 June 2022)
Mr. T.M. Shongwe Ex-Officio	Member (Appointed 01 October 2022)

The Chairperson and Members are independent, non-executive directors and are also Board Members.

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 function provides the FRAC and management with assurance that the internal controls are appropriate and effective.

As per the JSE regulations, KOBWA adopted the KING IV principles and continues to review them in light of operational environment changes. An 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. Johannes Nicolaas Boshoff) 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.

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

Evaluation of Annual Financial Statements

The FRAC reviewed the AFS and recommended to the Board for approval and refer to Note 26 which relate to prior year adjustments which have been duly considered.

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.

Finance, Risk & Audit Committee Report (continued)

External Auditor

The FRAC nominated PricewaterhouseCoopers Inc as the independent auditor and Johannes Nicolaas Boshoff as the designated partner, who is a registered independent auditor, for the 2022/23 audit. The committee satisfied itself through inquiry that the external auditor is independent as per the standards stipulated by the auditing profession.

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



Ms. N. Mabuza

Chairperson of the Finance, Risk and Audit Committee

Date: 31 October 2023

Report of the Independent Auditors

To the Directors of Komati Basin Water Authority

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 2023, and 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 85 to 129 comprise:

- the statement of financial positions at 31 March 2023;
- the statement of financial performance for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statements of cash flows 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).

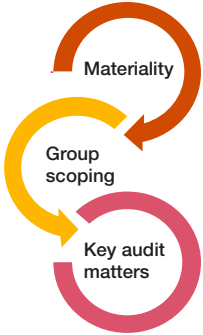
PricewaterhouseCoopers Inc., Block 5, Riverside Office Park, Aqua Street, Mbombela, 1200
 P O Box 1875, Mbombela, 1200
 T: +27 (13) 754 3300, F: +27 (13) 754 3400, www.pwc.co.za

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.

Report of the Independent Auditors (continued)

Our audit approach

Overview

	Overall group materiality Overall materiality 1 040 000, which represents 1% of total expenses
	Key audit matters Excess funding received from the Government of the Republic of South Africa and unspent conditional payments 2022 and 2023

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	R1 040 000
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.

Report of the Independent Auditors (continued)

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 matters	How our audit addressed the key audit matter
<i>Excess conditional grant 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 operation and maintenance 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 commits 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.</i> <i>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 conditional grants in tranches during the financial year.</i> <i>The Government of the Republic of South Africa ("RSA") has paid KOBWA an amount of R186 556 177 in the current financial year, more than its cash flow requirements. This brings the total excess conditional grants including interest earned on these grants up to 31 March 2023 to R584 930 535.</i> <i>KOBWA requested, in a letter dated 4 July 2023, proposals on the way forward for the excess funds. They noted in the same letter that they allocated R19 922 970 to the sinking fund per instruction from the Department of Water and Sanitation ("the Department") and</i>	<i>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 ("JWC") 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.</i> <i>We inspected the approved budget of the Department of Water and Sanitation of the Republic of South Africa, and in our testing noted that KOBWA was allocated R 248 278,000 for the 2022/23 financial year, which includes the additional funding of R186 884 937 (There is an immaterial difference noted in our testing)</i> <i>We inspected KOBWA's approved budget for the 2022/2023 financial year and noted a total budget amounting to R61 393 064 was submitted and approved by the Joint Water Commission.</i> <i>We inspected the written confirmation from the Department of Water and Sanitation dated 2023/09/12 and signed by Mr. F Moatshe, the Chief Financial Officer of the DWS, confirming the excess funding to date and requesting KOBWA to obtain approval for strategic projects at Driekoppies Dam from the JWC as a condition. We note that KOBWA have accounted for the excess funds in accordance with the instruction of the letter by disclosing it as an Unspent conditional grant and correcting the 2022 excess funding received for future</i>

Report of the Independent Auditors (continued)

indicated the interest earned on the surplus and sinking fund was R21 499 358 which resulted in a total surplus of R188 461 325.

The Department acknowledged in writing that they note the surplus funds of R186 884 937 which is still held at KOBWA. The Department noted the condition to the consideration to obtain prior approval from the JWC to utilize the surplus funds of R188 461 325 for strategic projects at Driekoppies Dam, only.

In 2022 the excess funding received was allocated to the sinking fund per Department instruction to fully fund all South African future cash flow requirements to settle the remaining Hambros Bank Limited Loan. The future grant was not correctly accounted for as set out in note 26 to the annual financial statements. The grant income has been restated to unspent conditional grants. The grant will be recognised as revenue to match the future coupon payments on the Hambros Bank Limited Loan until settlement in 2027.

KOBWA's additional grants received from the Parties over and above its annual cash flow requirements and the restatement to correct the 2022 recognition were considered to be matters 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 grant funding in relation to the treatment of subsequent measurement of the Hambros liability (note 17), the sinking fund (note 10) and the unspent conditional grant (note 16) and note 26.

interest to include in the unspent conditional grant account 2022. We tested the treatment of the conditional non exchange revenue transactions and correction of error for compliance with the GRAP statements 23 and GRAP 3 respectively.

We confirmed the bank balance of the Standard Bank Money Market 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, the correction of error note 26 and we are satisfied that the disclosure describes the nature of the funds and the approved use thereof.

We also noted that per the letter KOBWA was meant to transfer an amount of R19 922 970 to the sinking fund however they allocated R20 513 449 to ensure that the sinking fund covers the full 60% (the South African portion of the Hambros loan) including interest due for the remaining period.

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 2023", which includes the Directors' Report, the Finance, Risk & Audit Committee's Report, which we obtained prior to the date of this auditor's report, and the document titled "KOBWA Annual Report 2022/2023", which is expected to be made available to us after that date. The other information does not include the separate financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report of the Independent Auditors (continued)

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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the directors for 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 consolidated and separate 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 separate 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.

Report of the Independent Auditors (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

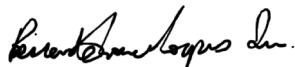
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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 7 years.



PricewaterhouseCoopers Inc.

Director: Johann Boshoff

Registered Auditor

Mbombela, South Africa

Date: 31 October 2023

Directors' Report

The Directors have pleasure in submitting their report for the Komati Basin Water Authority for the year ended 31 March 2023.

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

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 in line with the provisions of the Treaty.

The AFS have been prepared in accordance with the Standards of GRAP issued by the Accounting Standards Board in terms of section 89 of the Public Finance Management Act in South Africa and the JSE listing requirements.

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

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

3. Going Concern

The 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 2023/24.

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.

Directors' Report (continued)

4. Events after the reporting date

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

5. Directors

The Directors of KOBWA during the 2022/23 year and to the date of the 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 THRAC - Non-Executive
Mr. L. Mzizi	Eswatini	Vice Chairperson - Non-Executive
Mr. B. Singwane	South Africa	Non-Executive
Mr. L.C. Mohalaba	South Africa	Non-Executive, appointed 1 February 2023

Executive Management

Mr. T.M. Shongwe	Eswatini	CEO, appointed 1 October 2022
Mr. J. de Wet	South Africa	Finance Director, appointed 1 May 2022
Mr. S.M. Nkomo	Eswatini	Operations Director
Mr. C.X. Zwane	South Africa	CEO, term ended 30 June 2022
Ms. M. Maseko	Eswatini	Corporate Services Director, resigned 17 April 2023

6. Secretary

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

Statement of Financial Position as at 31 March 2023

Figures in Rand/Emalangen		Restated*	
	Note	2023 R/E	2022 R/E
ASSETS			
Current Assets		303,438,647	146,030,846
Receivables from Exchange Transactions	2.	1,831,562	1,850,988
Receivables from Non-exchange Transactions	3.	-	1,260,272
VAT Receivable	4.	2,745,691	1,588,515
Prepayments	5.	507,305	233,522
Cash and Cash Equivalents	6.	278,104,089	90,472,549
Guaranteed Grant Income Receivable	11.	20,250,000	50,625,000
Non-Current Assets		4,847,552,536	4,844,349,749
Property, Plant and Equipment	7.	4,279,796,966	4,329,198,663
Intangible Assets	8.	1,486,036	1,968,112
Investment Property	9.	11,352,905	11,855,331
Hambros Bank Loan Sinking Fund Guaranteed	10.	376,875,000	356,361,551
Grant Income Receivable	11.	178,041,628	144,966,092
Total Assets		5,150,991,182	4,990,380,595
LIABILITIES			
Current Liabilities		272,494,779	51,252,270
Provisions	12.	881,320	614,211
Accruals	13.	1,178,277	270,536
Payables from Exchange Transactions	14.	3,369,139	1,790,957
Payables from Non-exchange Transactions	15.	24,398,161	18,095,238
Designated Project Funds	18.	21,934,000	28,289,620
Unspent Conditional Grants	16.	220,733,882	2,191,708
Non-Current Liabilities		491,138,183	499,826,653
Unspent Conditional Grants	16.	121,500,000	131,361,551
Financial liabilities at amortised cost	17.	369,638,183	368,465,102
Total Liabilities		763,632,962	551,078,923
Net Assets and Liabilities		4,387,358,220	4,439,301,672
Maintenance Reserve	19.	5,532,330	5,532,330
Accumulated Surplus		4,381,825,890	4,433,769,342
Total Net Assets and Liabilities		4,387,358,220	4,439,301,672

Statement of Financial Performance

Figures in Rand/Emalangeni		Restated*	
	Note	2023 R/E	2022 R/E
REVENUE			
Revenue from Non-exchange Transactions			
Government Grants and Subsidies Received	20.	81,748,453	76,000,922
Finance Income	21.	22,950,536	-
Total Revenue		104,698,989	76,000,922
EXPENDITURE			
Employee Related Costs	22.	22,841,580	21,241,247
Depreciation and Amortisation	23.	53,242,001	54,564,640
Finance Costs	24.	51,798,210	136,386,582
Provision for VAT impairment	4.	1,588,515	807,675
Operating And Administration Expenditure	25.	27,284,223	21,464,858
Loss on Disposal of Property, Plant and Equipment	7.	68,589	508
Total Expenditure		156,823,117	234,465,511
DEFICIT FOR THE YEAR		(52,124,129)	(158,464,589)

* See Note 26.

Statement of Changes in Net Assets

Figures om Rmad/Lilangeni	Maintenance Reserves R/E Restated*	Accumulated Surplus/(Deficit) R/E Restated*	Total R/E Restated*
Balance at 31 March 2021	5,532,330	4,592,233,930	4,597,766,261
Deficit for the year ended 31 March 2022	-	(158,464,589)	(158,464,589)
Closing Balance at 31 March 2022	5,532,330	4,433,769,342	4,439,301,672
Deficit for the year ended 31 March 2023	-	(52,124,129)	(52,124,129)
Proceeds from asset disposal relating to prior years		180,677	180,677
Closing Balance at 31 March 2023	5,532,330	4,381,825,890	4,387,358,220

See Note 19.

* See Note 26.

Cash Flow Statement

Figures in Rand/Emalangeni		Restated*	
	Note	2023 R/E	2022 R/E
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants		279,184,915	226,440,062
Payments			
Employee Related Costs		(22,841,580)	(21,241,247)
Interest Paid		(50,625,129)	(50,625,349)
Suppliers		(15,173,934)	(13,867,144)
NET CASH FLOWS FROM OPERATING ACTIVITIES	27.	190,544,272	140,706,322
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7.	(2,912,734)	(3,401,110)
Purchase of Intangible Assets	8.	-	(187,081)
Decrease / (Increase) in Long-term Receivables - Hambros Loan Sinking Fund	10.	(20,513,449)	(187,636,668)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(23,426,183)	(191,224,859)
CASH FLOWS FROM FINANCING ACTIVITIES			
Funding Received in Advance	10.	20,513,449	48,445,899
NET CASH FLOWS FROM FINANCING ACTIVITIES		20,513,449	48,445,899
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		187,631,540	(2,072,638)
Cash and Cash Equivalents at Beginning of Period		(90,472,549)	(92,545,187)
Total Restricted Cash and Cash Equivalents at End of Period		236,691,043	48,576,567
Total Unrestricted Cash and Cash Equivalents at End of Period		41,413,046	41,895,983
Analysis of Cash and Cash Equivalents at End of Period:			
Government Payables	15.	24,398,161	18,095,238
Unspent Conditional Grants	16.	342,233,882	133,553,259
Less: Unspent Conditional Grant funded by Sinking Fund	10.	(151,875,000)	(131,361,551)
Designated Project Funds	18.	21,934,000	28,289,620
Total Restricted Cash and Cash Equivalents:		236,691,043	48,576,567
Total Unrestricted Cash and Cash Equivalents at End of Period:		41,413,046	41,895,983
Total Cash and Cash Equivalents at End of Period:	6.	278,104,089	90,472,549

* See Note 26.

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 2023/24.

In light of the above and to the best knowledge of the Board, there is no known reason which may negatively impact on the continued existence of KOBWA. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Parties continue to honour their bi-lateral obligation and have continued to make commitments for the continued funding of KOBWA. The 2023/24 budget was approved and the first two tranches have been received therefore this gives the Board comfort and assurance that KOBWA has sufficient financial resources to cover expected expenditure for the next 12 months.

1.3 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, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Accounting Policies (continued)

1.4 Significant judgements and sources of estimation uncertainty

In preparing the AFS and in conformity with GRAP, management is required to make judgements, estimates and assumptions that affect the amounts represented in the AFS 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 potential 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.

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 12 - 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.

Accounting Policies (continued)

Key sources of estimation and uncertainty (continued)

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.

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. Residual value is assumed to be zero.

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.

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.

Accounting Policies (continued)

1.5 Investment property (continued)

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.

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.

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	20%
IT Equipment	Straight-line	33.33%
Infrastructure	Straight-line	5%
Dams and Weirs	Straight-line	1-5%
Dam Equipment and Pipelines	Straight-line	1%
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.

Accounting Policies (continued)

1.6 Property, plant and equipment (continued)

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 does not recognise in the carrying amount of an item of property, plant and equipment the costs of the day-to-day servicing of the item. Rather, these costs are recognised in statement of financial performance as incurred. 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 recognised when:

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

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

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

Identifiability

An asset is identifiable if it either:

- * is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licenced, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or
- * arises from binding arrangements regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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

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

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

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

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

The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortisation shall begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the date that the asset is derecognised.

Accounting Policies (continued)

1.7 Intangible assets (continued)

The amortisation method used shall reflect the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight line method shall be used. The amortisation charge for each period shall be recognised in the statement of financial performance unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

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.

Internally generated goodwill is not recognised as an intangible asset.

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.

1.8 Guaranteed Grant Income Receivable

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

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

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

1.9 Financial instruments

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 non-collectibility.

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.

Accounting Policies (continued)

1.9 Financial instruments (continued)

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:

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

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

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

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

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

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

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

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

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

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

Classification

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

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:

Accounting Policies (continued)

1.9 Financial instruments (continued)

Class

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

Category

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

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. Using trade date accounting.

Subsequent measurement of financial assets and financial liabilities

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

* Financial instruments at amortised cost.

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values

Accounting Policies (continued)

1.9 Financial instruments (continued)

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 recognise the new financial asset, financial liability or servicing liability at fair value.

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

Identification

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

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

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

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

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

Accounting Policies (continued)

1.10 Statutory receivables (continued)

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

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Impairment losses

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

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

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

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

Accounting Policies (continued)

1.10 Statutory receivables (continued)

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).

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.

Accounting Policies (continued)

1.12 Impairment of cash-generating assets (continued)

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.

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 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.

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

Identification

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

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

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

Accounting Policies (continued)

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

External sources of information

- * During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- * Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.
- * Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal sources of information

- * Evidence is available of obsolescence or physical damage of an asset
- * Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- * A decision to halt the construction of the asset before it is complete or in a usable condition.
- * Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.
- * Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Management designates assets as cash-generating as follows:

- * Investment Property
- * Loans & Receivables

Management designates assets as non-cash-generating as follows:

- * Property, Plant and Equipment
- * Intangible Assets

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

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

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

Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying

Accounting Policies (continued)

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

amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

An entity shall assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

In assessing whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased, an entity shall consider, as a minimum, the following indications:

External sources of information

- * The asset's market value has increased significantly during the period.
- * Significant changes with a favourable effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated.
- * Market interest rates or other market rates of return on investments have decreased during the period, and those decreases are likely to affect the discount rate used in calculating the asset's value in use and increase the asset's recoverable amount materially.

Internal sources of information

- * Evidence is available that indicates that the asset has been restored following physical damage to the asset.
- * Significant changes with a favourable effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, the asset is used or is expected to be used. These changes include costs incurred during the period to improve or enhance the asset's performance, restructure the operation to which the asset belongs, or a decision to use rather than dispose of an asset.
- * A decision to resume construction of the asset that was previously halted before it was completed or in a usable condition.
- * Evidence is available from internal reporting that indicates that the economic performance of the asset is, or will be, better than expected.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in the Statement of Financial Performance.

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

1.14 Employee benefits

Short-term employee benefits

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

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

Accounting Policies (continued)

1.14 Employee benefits (continued)

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

1.15 Provisions and contingencies

Provisions are recognised when:

- * 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. Provisions are only utilised for the expenditure for which they were originally recognised.

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

Provisions are 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.

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 31.

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.

Rendering of Services

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

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

Accounting Policies (continued)

1.16 Revenue from exchange transactions (continued)

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

Sale of Goods

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- * the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- * the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- * the amount of revenue can be measured reliably;
- * it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- * the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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. Refer 1.10).

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 that meets the definition of an asset shall be recognised as an asset when, and only when

- * it is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- * the fair value of the asset can be measured reliably.

Unspent Conditional Grant

KOBWA recognises a liability in respect of that portion of the Grant Revenue which have been unspent 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 transfer.

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 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.

Accounting Policies (continued)

1.18 Borrowing costs (continued)

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

1.21 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.

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

Accounting Policies (continued)

1.22 Events after reporting date

* 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 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 10 and Note 17.

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.

KOBWA has reclassified the total fund amount as non-current due to the redemption date in 2027.

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	Expected Impact:
* GRAP 25 Employee Benefits - Amended	01 April 2025	Material impact unlikely
* GRAP 104 Financial Instruments - Amended	01 April 2023	Material impact unlikely
* GRAP 7 (as revised): Limit on defined asset, minimum funding requirements and their interaction	Not yet set	Material impact unlikely
* GRAP 21: The effect of Past Decisions on Materiality	01 April 2023	Material impact unlikely
* GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Material impact unlikely
* Guideline on The Application of Materiality to Financial Statements	Not yet set	Material impact unlikely

Notes to the Annual Financial Statements

Figures in Rand/Emalangi

2023
R/E

2022
R/E

2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R/E	Provision for Impairment R/E	Net Balances R/E
As at 31 March 2023			
Debtors	240,364	-	240,364
Staff Debtors	410,436	-	410,436
Deposits	1,180,762	-	1,180,762
			-
Total Receivables from Exchange Transactions	1,831,562	-	1,831,562

	Gross Balances R/E	Provision for Impairment R/E	Net Balances R/E
As at 31 March 2022			
Debtors	156,420	-	156,420
Staff Debtors	461,570	-	461,570
Deposits	1,232,997	-	1,232,997
Total Receivables from Exchange Transactions	1,850,988	-	1,850,988

Employee Advances

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

410,436 461,570

Deposits

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

1,000,000 1,000,000

Other

180,762 232,997

Trade and other receivables impaired

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

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangen

2023
R/E

2022
R/E

3. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Kingdom of Eswatini	-	1,260,272
	<u>-</u>	<u>1,260,272</u>

Reconciliation of receivables	Gross Balances R/E	Provision for Impairment R/E	Net Balances R/E
As at 31 March 2023			
Opening balance	1,260,272	-	1,260,272
Operational Budget (net of sundry income)	91,945,793	-	91,945,793
Additional Funding	186,884,937	-	186,884,937
Payments Received - Operational Budget	(93,206,065)	-	(93,206,065)
Payments Received - Additional Funding	(186,884,937)	-	(186,884,937)
Total Receivables from Non-exchange Transactions	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 March 2022			
Opening balance	-	-	-
Operational Budget (net of sundry income)	91,412,919	-	91,412,919
Additional Funding	179,807,450	-	179,807,450
Payments Received - Operational Budget	(90,152,647)	-	(90,152,647)
Payments Received - Additional Funding	(179,807,450)	-	(179,807,450)
Prior Year Unspent	-	-	-
Total Receivables from Non-exchange Transactions	<u>1,260,272</u>	<u>-</u>	<u>1,260,272</u>

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. There is no credit risk as the Parties have always honoured the provisions of the Treaty.

4. VAT RECEIVABLE

South African Revenue Services

Opening balance - gross amount	3,996,170	2,621,790
Impairment balance	(2,407,655)	(1,599,980)
Net balance after impairment	1,588,515	1,021,810
Current year claims	1,981,680	1,374,380
Current year increase in impairment	(1,588,515)	(807,675)
Total VAT Receivable	<u>1,981,680</u>	<u>1,588,515</u>

Eswatini Revenue Services

Total VAT Receivable	<u>764,011</u>	<u>-</u>
Total VAT Receivable	<u>2,745,691</u>	<u>1,588,515</u>

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangeni

2023
R/E

2022
R/E

4. VAT RECEIVABLE (continued)

Included in this balance is an amount equal to R/E 3,996,170 (2022: R/E 2,407,655) that was impaired mainly due to the delay by SARS in refunding VAT due to KOBWA.

In the current financial year, still no refunds were received from SARS. The claims made to Eswatini Revenue Services were recovered after year end.

5. PREPAYMENTS

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

507,305	233,522
507,305	233,522

6. CASH AND CASH EQUIVALENTS

Short-term deposits	272,029,601	86,590,793
Bank Accounts	6,056,988	3,864,256
Cash-on-Hand	17,500	17,500
Total Bank, Cash and Cash Equivalents	278,104,089	90,472,549

All funds are under the management of KOBWA and includes funds ringfenced for Designated Project Funds (Note 18), Unspent Conditional Grants (Note 16), Government Payables (Note 15). 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. Furthermore, the JWC has not yet approved the utilisation of excess funds received.

Details of cash and cash equivalents that is restricted and included in the totals above:

Government Payables	Refer to Note 15.	24,398,161	18,095,238
Unspent Conditional Grants	Refer to Note 16.	342,233,882	133,553,259
Less: Unspent conditional grant funded by Hambros Loan Sinking Fund	Refer to Note 10.	(151,875,000)	(131,361,551)
Designated Project Funds	Refer to Note 18.	21,934,000	28,289,620
		236,691,043	48,576,567

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangen

2023
R/E2022
R/E

7. PROPERTY, PLANT AND EQUIPMENT

31 March 2023

Reconciliation of Carrying Value

Description	Buildings	Infrastructure	Dams and Weirs	Dam Equipment and Pipelines	Furniture and Fittings	Information Technology Equipment	Motor Vehicles	Office Equipment	Mobile Units	Implements	Sundry Equipment	Total
	R/E	R/E	R/E	R/E	R/E	R/E	R/E	R/E	R/E	R/E	R/E	R/E
Carrying values at 01 April 2022	51,236,978	45,442,557	4,206,331,901	22,993,948	805,093	571,287	510,899	(39,550)	28	71,803	1,194,618	4,329,198,663
Cost	63,970,840	69,981,167	4,474,825,171	30,781,574	2,198,441	3,119,096	3,074,588	(153,550)	792,964	1,025,556	8,087,582	4,657,703,408
Accumulated Depreciation:	(12,733,862)	(24,538,609)	(268,493,270)	(7,787,626)	(1,393,348)	(2,547,809)	(2,563,689)	193,100	(792,936)	(953,752)	(6,892,963)	(328,504,745)
Acquisitions	-	1,416,597	-	-	-	176,437	-	-	-	-	1,319,700	2,912,734
Depreciation:	1,815,929	2,382,420	44,769,645	1,792,049	167,630	356,229	262,346	15,888	-	36,602	665,229	52,256,593
Carrying value of Disposals:												
- Cost	-	-	-	-	760	2,585	9	2,000	4	8	63,202	68,589
- Accumulated Depreciation	-	-	-	-	(157,198)	(521,931)	(379,917)	(17,896)	(155,506)	(164,352)	(1,383,133)	(2,779,933)
					(156,418)	(521,909)	(379,908)	(15,896)	(155,502)	(164,344)	(1,319,931)	(2,713,907)
Carrying values at 31 March 2023	49,421,049	44,476,735	4,161,562,256	21,201,900	638,242	394,079	248,541	25,652	24	35,209	1,793,279	4,279,796,966
Cost	65,428,793	71,344,618	4,474,825,171	30,339,419	2,082,186	2,777,605	3,329,621	247,041	637,458	712,319	8,092,599	4,659,816,830
Accumulated Depreciation	(16,007,744)	(26,867,883)	(313,262,915)	(9,137,519)	(1,443,944)	(2,383,526)	(3,081,080)	(221,389)	(637,434)	(677,110)	(6,299,320)	(380,019,864)

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangi

2023
R/E

2022
R/E

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

31 March 2022

Reconciliation of Carrying Value

Description	Buildings	Infrastructure	Dams and Weirs	Dam Equipment and Pipelines	Furniture and Fittings	Information Technology Equipment	Motor Vehicles	Office Equipment	Mobile Units	Implements	Sundry Equipment	Total
	R/E	R/E	R/E	R/E	R/E	R/E	R/E	R/E	R/E	R/E	R/E	R/E
Carrying values at 01 April 2021	53,400,767	48,790,851	4,251,083,746	22,482,424	711,953	648,705	934,578	49,601	28	114,500	1,171,289	4,379,388,441
Cost	63,970,840	69,655,664	4,474,825,171	28,950,715	1,934,329	2,777,342	3,891,544	437,356	792,964	1,190,924	7,575,174	4,656,002,022
Accumulated Depreciation:	(10,570,073)	(20,864,813)	(223,741,425)	(6,468,292)	(1,222,376)	(2,128,637)	(2,956,966)	(387,755)	(792,936)	(1,076,424)	(6,403,885)	(276,613,581)
Acquisitions:	-	325,502	-	1,830,859	272,238	378,914	-	12,737	-	-	580,860	3,401,110
Depreciation:	(2,163,789)	(3,673,796)	(44,751,845)	(1,319,335)	(178,691)	(456,327)	(423,665)	(22,717)	-	(42,698)	(657,517)	(53,590,380)
Carrying value of Disposals:	-	-	-	-	(407)	(5)	(14)	(72)	-	2	(13)	(508)
- Cost	-	-	-	-	(8,126)	(37,160)	(816,976)	(603,643)	-	(165,368)	(68,452)	(1,699,725)
- Accumulated Depreciation	-	-	-	-	7,719	37,155	816,962	603,571	-	165,370	68,439	1,699,217
Carrying values at 31 March 2022	51,236,978	45,442,557	4,206,331,901	22,993,948	805,093	571,287	510,899	39,550	28	71,803	1,194,618	4,329,198,663
Cost	63,970,840	69,981,167	4,474,825,171	30,781,574	2,198,441	3,119,096	3,074,568	(153,550)	792,964	1,025,556	8,087,582	4,657,703,408
Accumulated Depreciation	(12,733,862)	(24,538,609)	(268,493,270)	(7,787,626)	(1,393,348)	(2,547,809)	(2,563,669)	193,100	(792,936)	(953,752)	(6,892,963)	(328,504,745)

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

2023 2022

Expenditure incurred to repair and maintain property, plant and equipment and investment property:

Included in Statement of Financial Performance: Operating and administration costs

4,487,041 4,264,926

Differences between the asset register balances and the general ledger balances were identified and corrected in the current year to agree to closing balances. The differences were corrected in the current year and the effect per asset class is shown below:

	Buildings	Infrastructure	Dams and Weirs	Dam Equipment and Pipelines	Furniture and Fittings	Information Technology Equipment	Motor Vehicles	Office Equipment	Mobile Units	Implements	Sundry Equipment	Total
Cost	1,457,953	1,347,639	-	(1,742,780)	(116,255)	(517,934)	255,054	400,591	(155,506)	(313,236)	(1,270,383)	(654,858)
Depreciation	(347,860)	(1,562,606)	17,800	442,155	-	-	-	-	-	-	-	(1,450,511)
Accumulated Depreciation	(885,271)	1,151,640	(17,800)	(66,235)	117,034	722,554	(255,062)	(398,590)	155,502	313,244	1,250,011	2,097,027
Net effect	224,822	936,673	-	(1,356,860)	779	204,620	(9)	2,000	(4)	8	(20,371)	(8,341)

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangen

2023
R/E

2022
R/E

8. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>1,486,036</u>	<u>1,968,112</u>
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The movement in Intangible Assets is reconciled as follows:

Computer Software:

Carrying values at 01 April	1,968,112	2,252,865
Cost	2,721,510	2,534,429
Accumulated Amortisation	(753,398)	(281,564)
Acquisitions:	(0)	187,081
Amortisation:	(482,982)	(471,834)
Carrying values at 31 March	1,486,036	1,968,112
Cost	2,721,510	2,721,510
Accumulated Amortisation	(1,236,380)	(753,398)

There are no restrictions or encumbrances on Intangible Assets

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

9. INVESTMENT PROPERTY

At Cost less Accumulated Depreciation	<u>11,352,905</u>	<u>11,855,331</u>
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The movement in Investment Property is reconciled as follows:

Carrying values at 01 April	11,855,331	12,357,757
Cost	14,869,885	14,869,885
Accumulated Depreciation	(3,014,555)	(2,512,129)
Depreciation during the Year	(502,426)	(502,426)
Carrying values at 31 March	11,352,905	11,855,331
Cost	14,869,885	14,869,885
Accumulated Depreciation	(3,516,980)	(3,014,555)

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

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

There are no restrictions or encumbrances on the investment property.

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

The rental income fluctuates annually depending on the occupancy. Annual rental income for all available to rent properties is 2023: R/E 813,197 (2022: R/E 869,070) and is declared back to the Parties. Refer to Note 15.

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangi

2023
R/E

2022
R/E

10. HAMBROS BANK LOAN SINKING FUND

Hambros Loan Sinking Fund

Standard Bank Money Market - RSA funds to redeem capital	225,000,000	225,000,000
Standard Bank Money Market - RSA funds to service bi-annual interest payments	151,875,000	131,361,551
	376,875,000	356,361,551

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 and are considered conditional. 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. KOBWA has received additional funding after the reporting period amounting to R/E 186,556,177 from the Department of Water and Sanitation of which R/E 20,513,449 to fully fund the sinking fund in April 2023, therefore no interest earned was allocated to the sinking fund. Funds held by KOBWA will be utilised to settle the RSA portion of the Hambros Bank Loan interest.

Movements in carrying amount

Opening balance	356,361,551	168,719,882
Increase in sinking fund - excess funding received	20,513,449	179,807,450
Increase in sinking fund - Interest earned on excess funding	-	7,831,219
Closing balance	376,875,000	356,358,551

11. GUARANTEED GRANT INCOME RECEIVABLE

Designated at amortised cost

Guaranteed Grant Income Receivable - Capital **102,667,436** **94,656,129**

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

Guaranteed Grant Income Receivable - Interest **95,624,192** **100,934,963**

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.

Total Guaranteed Grant Income Receivable **198,291,628** **195,591,092**

Non-current assets

At amortised cost **178,041,628** **144,966,092**

Current assets

At amortised cost **20,250,000** **50,625,000**

Financial assets at amortised cost

	Opening Balances R/E	Cash Funding from parties R/E	Unwinding of finance income R/E	Closing Balances R/E
Reconciliation as at 31 March 2023				
Guaranteed Income Receivable	195,591,092	(50,625,000)	53,325,536	198,291,628
Less: Current Portion transferred to Current Receivables:-				20,250,000
Total Non-current Guaranteed Grant Income Receivable				178,041,628

	Opening Balances R/E	Cash Funding from parties R/E	Unwinding of finance costs R/E	Closing Balances R/E
Reconciliation as at 31 March 2022				
Guaranteed Income Receivable	348,878,860	(230,432,455)	77,144,683	195,591,092
Less: Current Portion transferred to Current Receivables:-				50,625,000
Total Non-current Grant Guaranteed Income Receivable				144,966,092

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangeni

2023
R/E

2022
R/E

12. PROVISIONS

13th Cheque	399,608	336,344
Leave Pay	481,712	277,866
Total Provisions	881,320	614,211

Current Provisions:

13th Cheque:

Balance at beginning of year	336,344	363,410
Contributions to provision	399,608	336,344
Utilised during the year	(336,344)	(363,410)
Balance at end of year	399,608	336,344

Leave Pay:

Balance at beginning of year	277,866	290,034
Contributions to provision	1,024,920	277,866
Utilised during the year	(821,075)	(290,034)
Balance at end of year	481,712	277,866

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.

Time value of money is considered insignificant and immaterial for the provisions listed above

In 2022, the balances at end of year of the provisions were swapped around in the breakdown, but reflects correctly above.

13. ACCRUALS

Accruals	1,178,277	270,536
Total accruals at end of year	1,178,277	270,536

14. PAYABLES FROM EXCHANGE TRANSACTIONS

Contractors and Suppliers	3,016,474	1,578,542
Employee Related Payables	352,665	212,415
Total Payables	3,369,139	1,790,957

15. PAYABLES FROM NON-EXCHANGE TRANSACTIONS (GOVERNMENT PAYABLES)

Bank Interest	22,519,922	16,886,425
Rental income collected on behalf of Parties	1,374,114	-
Gate Entrance fees Payable to Governments	-	524,030
Other Government Payables	504,124	684,783
Total Payables	24,398,161	18,095,238

Reconciliation of Government Payables

Opening Balance	18,095,238	8,969,034
Additions - Gate Entrance Fees	533,970	3,040
Additions - Rental Income	813,197	869,070
Additions - Insurance proceeds	-	504,106
Additions - Other	26,947	35,883
Additions - Interest earned	10,897,714	10,714,578
Allocated to - unspent grant	(524,012)	-
Approved and allocated by the Parties	(5,444,893)	(3,000,473)
	24,398,161	18,095,238

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangen

2023
R/E

2022
R/E

15. PAYABLES FROM NON-EXCHANGE TRANSACTIONS (GOVERNMENT PAYABLES) - CONTINUED

The amounts represent income received by KOBWA other than grants that are in the process of being declared to the JWC. In accordance with the Treaty, all non-grant income must be declared to the JWC which will approve and allocate these funds. Until such time that this process is complete, KOBWA is not entitled to the funds. Instead, these funds are payable to the respective Parties. The general ratio of contribution between the Government of RSA and the KoE is 60:40, for Maguga dam and 100% RSA for Driekoppies Dam. This results in a ratio of roughly RSA 72:28 KoE, depending on the budget for the year.

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

16. UNSPENT CONDITIONAL GRANTS

Non-current liabilities

Unspent Conditional Grants	121,500,000	131,361,551
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Current liabilities

Unspent Conditional Grants	220,733,882	2,191,708
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Total Unspent conditional grants

342,233,882	133,553,259
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Unspent grants represent conditional grants that remain unspent at the reporting period. These are payable back to the Parties in proportion to their contribution and is recognised as a liability in the financial statements. In the following financial year, such grants are only utilised upon approval by the JWC or Parties as the condition can only be met in the respective financial year in which the budget relates. Such approval would be either for other projects designated by the JWC in which case revenue would be recognised to the extent of the amounts approved, reducing the amount payable by the Parties in future financial years or the Parties may request the funds to be paid back.

Movements during the year

Balance at the beginning of year	133,553,259	1,139,805
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Additions during the year

	305,252,938	278,795,428
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Additions - Approved Operational Budget including sundry income	96,130,415	96,130,415
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Additions - Income received in advance for future finance payments	20,513,449	131,361,551
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Additions - Additional funds received from RSA	166,042,728	48,445,899
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Additions - Interest earned on additional funds received in advance from RSA	21,499,358	
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Additions - Additional funds received from KoE	432,445	
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Additions - Savings from Designated Project Funds	634,542	
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Additions - Designated Project Funds		2,857,563
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Utilised

	(96,572,315)	(146,381,974)
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Utilised - Recognised as Grant Income	(45,728,338)	(45,625,922)
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Utilised - Hambros Bank Loan Sinking Fund	-	(48,445,900)
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Utilised - Grant Income	(30,375,000)	(30,375,000)
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Utilised - Guaranteed Income	(20,250,000)	(20,250,000)
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Utilised - Budget overspend 2022/23	(218,977)	
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Utilised - Allocated to Designated Project Funds	-	(1,685,152)
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Balance at the end of year

342,233,882	133,553,259
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17. FINANCIAL LIABILITIES AT AMORTISED COST

Hambros Bank Limited Loan	369,638,183	368,465,102
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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 biannually in arrears. The balance of the unpaid interest is accumulated with the capital and is payable on the maturity date on 31 October 2027 to the amount of R/E 375 million. The loan is explicitly guaranteed 100% by the South African Government. The Kingdom of Eswatini guarantees 40% of the loan to the Government of South Africa.

Total financial liabilities at amortised cost

369,638,183	368,465,102
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Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangen

2023
R/E

2022
R/E

18. DESIGNATED PROJECT FUNDS

Opening Balance	28,289,620	29,059,537
Additions - Unspent grant	-	2,087,647
Conditions met, transferred to Revenue	(6,355,620)	(2,857,563)

21,934,000	28,289,620
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Breakdown of Funds

Driekoppies Dam Projects - RSA	20,119,711	20,119,711
DWS Projects	155,621	3,794,517
LMPC	196,936	360,246
Recapitalisation Project	-	130,172
JWC Projects	1,461,732	3,884,975

21,934,000	28,289,620
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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.

19. RESERVES

Maintenance Reserve	5,532,330	5,532,330
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Total Reserves

5,532,330	5,532,330
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The maintenance reserve is for Maguga Dam only and was approved by the Board and the JWC as an initiative to create, over a period of time a Rehabilitation Fund with a maximum capital contribution of R/E 5,000,000. This is viewed as one of the components of the business continuity plan aimed to rehabilitate the dams if and when required. The partial funding was initiated with the approved amount of R/E 2,650,000 during October 2006. A second transfer of R/E 2,350,000 was approved by the Board at their meeting held on 2 July 2007. Between 1 April 2007 and April 2010 interest earned on the fund was not reflected in the summary income statement but credited directly to the statement of financial position to escalate the Rehabilitation Fund.

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

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangi

2023
R/E

2022
R/E

20. GOVERNMENT GRANTS AND SUBSIDIES

Operational Grants:

Conditional Operational Grants Received - RSA	34,620,622	32,185,722
Conditional Operational Grants Received - KoE	11,103,770	10,582,637
Conditional Operational Grants Received - Other	5,649,061	2,857,563
Conditional Interest Grant Received - RSA	30,375,000	30,375,000

Total Government Grants and Subsidies

81,748,453 **76,000,922**

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

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

21. FINANCE INCOME

Unwinding of finance income - financial instruments	Refer to Note 11.	53,325,536	-
Reclassified to Government Grant and Subsidies	Refer to Note 20.	(30,375,000)	-
Total Finance Income		22,950,536	-

22. EMPLOYEE RELATED COSTS

Basic	22,483,397	20,992,621
Performance Bonus	287,227	180,173
Workmen's Compensation	-	4,762
Skills Development Levy	70,956	63,691
Total Employee Related Costs	22,841,580	21,241,247

23. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	52,256,593	53,590,380
Amortisation: Intangible Assets	482,982	471,834
Depreciation: Investment Property	502,426	502,426
Total Depreciation and Amortisation	53,242,001	54,564,640

24. FINANCE COSTS

Hambros Bank Loan	50,625,000	50,625,000
Unwinding of Finance	1,173,081	55,386,233
Unwinding of Finance Reclassified as Government Grants and subsidies		30,375,000
Other	129	349
Total Finance Costs	51,798,210	136,386,582

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangeni

2023
R/E

2022
R/E

25. OPERATING AND ADMINISTRATION EXPENDITURE

Included in Operating and Administration Expenditure are the following:

Advertising	977,863	875,128
Directors fees, training and meeting related costs	997,602	644,461
Auditors Remuneration	1,209,398	382,000
Bank Charges	95,343	95,815
Boats And Trailers	91,689	34,548
Communication Dam Management	249,022	215,321
Computer Expenses	737,636	831,455
Consulting And Professional Fees	23,400	76,530
Consulting Costs	137,950	52,042
Corporate Social Responsibility	3,631,079	662,332
Dam Enclosure - Fencing	944	32,233
Dam Maintenance General	508,969	439,498
Dam Ops And Maintenance	3,216	6,111
Dam Structure Maintenance	1,870,031	2,057,052
Electricity	762,428	766,054
Entertainment	66,948	15,760
Generators And Other Equipment	1,039,955	635,154
Guarding Of Property	1,991,515	2,314,945
Honorarium	67,160	21,500
Information Centre Management	293,166	301,544
Insurance	1,517,493	1,229,738
Iso Certification	244,182	96,612
Kobwa Houses Maintenance	620,120	671,071
LMPC Allowances	163,310	142,770
Loan Management Costs	421,147	161,168
Motorbikes Maintenance	3,891	5,224
Office Maintenance Cost	1,167,752	1,153,454
Postage And Courier	16,975	45,980
Printing And Stationery	113,612	142,606
Project Other Costs	27,075	50,428
Protective Clothing	222,623	201,968
Secretarial Fees	237,387	367,932
Staff Recruitment Costs	571,528	375,174
Staff Welfare	362,490	582,546
Subscriptions And Membership Fees	248,665	261,554
Telephone And Internet Costs	1,451,380	1,559,047
Tractors And Trailers Maintenance	154,922	231,997
Training	867,792	701,728
Traveling	366,456	373,077
Treaty Review Costs	282,068	-
Vehicle Costs - Other	1,919,175	1,449,878
Water Quality And Dam Risk Management	1,548,864	1,201,423
Total Operating and Administration Expenditure	27,284,223	21,464,858

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangi

2023
R/E

2022
R/E

26. PRIOR YEAR ADJUSTMENTS

26.1 Adjustments to the statement of financial performance

Presented below are those line items contained in the statement of financial performance that have been affected by prior-year adjustments resulting from an error in accounting for guaranteed grant income. The finance income in Note 21 was incorrectly recorded. The cash received from RSA totaling R/E 131,361,551 related to future interest payments of the Hambros Bank Loan was incorrectly accounted for as finance income instead of unspent conditional grant. This resulted in the restatement of the prior year numbers as set out below:

Statement of financial performance 2022	Note	As previously Reported	Correction of error	Restated
Finance Income	21	(77,144,683)	77,144,683	-
Finance Costs	24	51,794,714	84,591,868	136,386,582
		<u>(25,349,969)</u>	<u>161,736,551</u>	<u>136,386,582</u>

26.2 Adjustments to the statement of financial position

Presented below are those line items contained in the statement of financial position that have been affected by prior-year adjustments resulting from an error as described in Note 26.1 above. This resulted in the restatement of the prior year numbers as set out below:

Statement of financial position 2022	Note	As previously Reported	Correction of error	Restated
Unspent conditional grant	16	-	-	-
Non-current liabilities		-	131,361,551	131,361,551
Current liabilities		2,191,708	-	2,191,708
		<u>2,191,708</u>	<u>131,361,551</u>	<u>133,553,259</u>

The movement of the note was also affected and resulted in the restatement of the prior year numbers as set out below:

	Note	As previously Reported	Correction of error	Restated
Unspent conditional grant	16			
Balance at the beginning of year		1,139,805	-	1,139,805
Additions during the year		278,795,428	-	278,795,428
Additions - Approved Operational Budget including sundry income		96,130,415	-	96,130,415
Additions - Income received in advance for future finance payments			131,361,551	131,361,551
Additions - Additional funds received from RSA		179,807,450	(131,361,551)	48,445,899
Additions - Designated Project Funds		2,857,563	-	2,857,563
Utilised		<u>(277,743,524)</u>	<u>131,361,551</u>	<u>(146,381,974)</u>
Utilised - Recognised as Grant Income		(45,625,922)	-	(45,625,922)
Utilised - Hambros Bank Loan Sinking Fund		(179,807,450)	131,361,551	(48,445,900)
Utilised - Grant Income		-	(30,375,000)	(30,375,000)
Utilised - Guaranteed Income		(50,625,000)	30,375,000	(20,250,000)
Utilised - Allocated to Designated Project Funds		(1,685,152)		(1,685,152)
Balance at the end of year		<u>2,191,709</u>	<u>131,361,551</u>	<u>133,553,259</u>

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangen

2023
R/E

2022
R/E

26.3 Adjustment to the cash flow statement

Presented below are those line items contained in the cash flow statement that have been affected by prior-year adjustments resulting from an error as described in Note 26.1 above. This resulted in the restatement of the prior year numbers as set out below:

The effect of the correction of error is as follows:

	Note	As previously Reported	Correction of error	Restated
Receipts				
Government Grant and Subsidies		95,078,511	131,361,551	226,440,062
Payments				
Employee Related Costs		(21,241,247)	-	(21,241,247)
Interest Paid		(50,625,349)	-	(50,625,349)
Suppliers Paid		(13,862,133)	5,011	(13,867,144)
NET CASH FLOWS FROM OPERATING ACTIVITIES	27	9,349,782	131,366,562	140,706,322
Purchase of Property, Plant and Equipment	7	(3,401,110)	-	(3,401,110)
Purchase of Intangible Assets	8	(187,081)	-	(187,081)
Decrease / (Increase) in Hambros Loan Sinking Fund	10	(187,636,668)	-	(187,636,668)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(191,224,860)	-	(191,224,859)
Funding Received in Advance		179,807,450	131,361,551	48,445,899
NET CASH FLOWS FROM FINANCING ACTIVITIES		179,807,450	131,361,551	48,445,899
Cash and Cash Equivalents at Beginning of Period		(92,545,187)		(92,545,187)
Total Restricted Cash and Cash Equivalents at End of Period		48,576,567		48,576,567
Total Unrestricted Cash and Cash Equivalents at End of Period		41,895,983		41,895,983
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,067,636)	-	(2,072,638)
TOTAL CASH AND CASH EQUIVALENTS				
	Note	As previously Reported	Correction of error	Restated
Net Cash Flows from Operating Activities	27			
Deficit for the Year		(27,103,038)	(131,361,551)	(158,464,589)
Adjustment for Non-cash Transactions included in Deficit:				
Finance Income		(77,144,683)	77,144,683	0
Depreciation and Amortisation		54,564,640	-	54,564,640
Provision for VAT impairment		807,675	-	807,675
Finance Costs - amortised interest cost		1,169,714	54,216,868	55,386,582
Disposal of Property, Plant and Equipment		508	-	508
Expenditure incurred from Current Provisions		(39,234)	-	(39,234)
Operating surplus before working capital changes		(47,744,418)	-	(47,744,418)

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangen

2023
R/E

2022
R/E

26. PRIOR YEAR ADJUSTMENTS (continued)

TOTAL CASH AND CASH EQUIVALENTS

	Note	As previously Reported	Correction of error	Restated
Net Cash Flows from Operating Activities	27			
Deficit for the Year		(27,103,038)	(131,361,551)	(158,464,589)
Adjustment for Non-cash Transactions included in Deficit:				
Finance Income		(77,144,683)	77,144,683	0
Depreciation and Amortisation		54,564,640	-	54,564,640
Provision for VAT impairment		807,675	-	807,675
Finance Costs - amortised interest cost		1,169,714	54,216,868	55,386,582
Disposal of Property, Plant and Equipment		508	-	508
Expenditure incurred from Current Provisions		(39,234)	-	(39,234)
Operating surplus before working capital changes		(47,744,418)	-	(47,744,418)
(Increase)/Decrease in Receivables from Exchange Transactions		(164,428)	-	(164,428)
Decrease/(Increase) in Receivables from Non-exchange Transactions		(1,260,272)	-	(1,260,272)
Decrease/(Increase) in VAT Receivable		(1,374,380)	-	(1,374,380)
Decrease/(Increase) in Prepayments		(30,647)	-	(30,647)
Increase/(Decrease) in Payables from Accruals		(37,222)	-	(37,222)
Increase/(Decrease) in Payables from Exchange Transactions		(71,696)	-	(71,696)
Increase/(Decrease) in Payables from Non-exchange Transactions		9,115,537	(5,008)	9,110,529
Increase/(Decrease) in Designated Project Funds		(759,599)	-	(759,599)
Increase/(Decrease) in Conditional Grants and Receipts		1,051,904	131,361,551	132,413,455
Increase/(Decrease) in Guaranteed Grant Income		50,625,000	-	50,625,000
Cash generated by Operations		9,349,779	131,356,543	140,706,322

26.4 Adjustment to the statement of changes in net assets

Presented below are those line items contained in the statement of net assets that have been affected by prior-year adjustments resulting from an error as described in Note 26.1 above. This resulted in the restatement of the prior year numbers as set out below:

The effect of the correction of error is as follows:

	As previously Reported	Correction of error	Restated
Accumulated Surplus / (Deficit)			
Balance at 31 March 2021	4,592,233,930	-	4,592,233,930
Deficit for the year ended 31 March 2022	(27,103,038)	(131,361,551)	(158,464,589)
Closing Balance at 31 March 2022	4,565,130,893	(131,361,551)	4,433,769,342
Total Net Assets			
Balance at 31 March 2021	4,597,766,261		4,597,766,261
Deficit for the year ended 31 March 2022	(27,103,038)	(131,361,551)	(158,464,589)
Closing Balance at 31 March 2022	4,570,663,223	(131,361,551)	4,439,301,672

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangen

2023
R/E

2022
R/E

27. CASH GENERATED BY OPERATIONS

Deficit for the Year		(52,124,129)	(158,464,589)
Adjustment for Non-cash Transactions included in Deficit:			
Finance Income	Note 21.	(53,325,536)	-
Depreciation and Amortisation	Note 23.	53,242,001	54,564,640
Provision for VAT impairment		1,588,515	807,675
Finance Costs - amortised interest cost	Note 24.	1,173,081	55,386,582
Disposal of Property, Plant and Equipment	Note 7.	68,589	508
Expenditure incurred from Current Provisions	Note 12.	267,109	(39,234)
Operating surplus before working capital changes		(49,110,370)	(47,744,418)
(Increase)/Decrease in Receivables from Exchange Transactions		19,425	(164,428)
Decrease/(Increase) in Receivables from Non-exchange Transactions		1,260,272	(1,260,272)
Decrease/(Increase) in VAT Receivable		(2,745,899)	(1,374,380)
Decrease/(Increase) in Prepayments		(273,782)	(30,647)
Increase/(Decrease) in Payables from Accruals		907,742	(37,222)
Increase/(Decrease) in Payables from Exchange Transactions		1,578,182	(71,696)
Increase/(Decrease) in Payables from Non-exchange Transactions		6,297,923	9,110,529
Increase/(Decrease) in Designated Project Funds		(6,355,620)	(759,599)
Increase/(Decrease) in Conditional Grants and Receipts		218,716,401	132,413,455
Increase/(Decrease) in Guaranteed Grant Income		20,250,000	50,625,000
Cash generated / (utilised) by Operations		190,544,273	140,706,322

28. COMMITMENTS FOR EXPENDITURE

Total Capital Commitments	2,385,550	1,081,360
Total Operational Commitments	897,699	1,957,575

29. FINANCIAL INSTRUMENTS

29.1 Classification

FINANCIAL ASSETS:

The Financial Assets of KOBWA are classified as follows:

Financial Assets at Amortised Cost:

Non-current Investments	Hambros Bank Loan Sinking Fund	376,875,000	356,361,551
Long-term Receivables	Guaranteed Grant Income Receivables	178,041,628	144,966,092
Receivables from Exchange Transactions	Debtors	240,364	156,420
Receivables from Exchange Transactions	Deposits	1,180,762	1,232,997
Receivables from Exchange Transactions	Staff Debtors	410,436	461,570
Receivables from Non-exchange Transactions	Statutory Receivables - KoE	-	1,260,272
Cash and Cash Equivalents	Short-term Portion of Investments	272,029,601	86,590,793
Cash and Cash Equivalents	Bank Balances	6,056,988	3,864,256
Cash and Cash Equivalents	Cash Floats and Advances	17,500	17,500
Current Portion of Long-term Receivables	Debtors Capitalised Loans	20,250,000	50,625,000
Total Financial Assets		855,102,279	645,536,452

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangen

2023
R/E

2022
R/E

29. FINANCIAL INSTRUMENTS (continued)

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the Entity are classified as follows:

Financial Liabilities at Amortised Cost:

Long-term Liabilities	Hambros Bank Limited Loan	369,638,183	368,465,102
Payables from Exchange Transactions	Creditors	3,016,474	1,578,542
Payables from Exchange Transactions	Employee related payables	352,665	212,415
Payables from Non-exchange Transactions	Unspent Conditional Grant	342,233,882	133,553,259
Designated Project Funds	Designated Project Funds	21,934,000	28,289,620
Total Financial Liabilities		737,175,204	532,098,938

29.2 Financial Risk Management Objectives

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

29.3 Significant Risks

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

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

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

Risks and exposures are disclosed as follows:

29.3.1 Liquidity Risk

Liquidity Risk is the risk that the Entity will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset.

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

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

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

29.3.2 Credit Risk

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

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

29.3.3 Foreign Currency Risk

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

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangen

2023
R/E

2022
R/E

29. FINANCIAL INSTRUMENTS (continued)

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

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

29.3.4 Interest Rate Risk Management

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

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

30. RELATED PARTY TRANSACTIONS

RELATED PARTY RELATIONSHIPS

Directors and executive management of KOBWA
Government of RSA
Government of KoE
Employees

Refer to Note 31.

Refer to Note 12 & 22.

RELATED PARTY BALANCES

Grants Receivable at year end

Grants Receivable - KoE	Refer to Note 3.	-	1,260,272
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Designated Project Funds

Designated Project Funds	Refer to Note 18.	21,934,000	28,289,620
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Loans to employees

Loans to employees	Refer to Note 2.	410,436	461,570
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Unspent conditional grants

Unspent conditional grants - non-current	Refer to Note 16.	121,500,000	131,361,551
Unspent conditional grants - current		220,733,882	2,191,708

Payables from non-exchange transactions

Interest payable	Refer to Note 15.	22,519,922	16,886,425
Rental payable		1,374,114	-
Gate entrance fees payable		-	524,030
Other government payables		504,124	684,783

Guaranteed grant income receivable

Guaranteed grant income receivable - Non-current	Refer to Note 11.	181,153,446	144,966,092
Guaranteed grant income receivable - Current		20,250,000	50,625,000

Hambros Loan Sinking Fund

Standard Bank - Money Market - Capital	Refer to Note 10.	225,000,000	225,000,000
Standard Bank - Money Market - Interest		151,875,000	131,361,551

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangen

2023
R/E

2022
R/E

30. RELATED PARTY TRANSACTIONS (continued)

RELATED PARTY TRANSACTIONS

Revenue

Conditional operational grant income for the year	Refer to Note 20.	81,748,453	76,000,922
Grant receivable for loan repayment	Refer to Note 11.	20,250,000	50,625,000
Gate entrance fees	Refer to Note 15.	533,970	3,040
Rental Income	Refer to Note 15.	813,197	869,070
Insurance Proceeds	Refer to Note 15.	-	504,106
Other	Refer to Note 15.	26,947	35,883
Interest	Refer to Note 15.	10,897,714	10,714,578

31. DIRECTORS EMOLUMENTS

2023

		Annual Remuneration R/E	Contributions R/E	Total R/E
Compensation to executive management				
Mr. C.X. Zwane (term ended 30 June 2022)	Chief Executive	571,857	50,958	622,815
Mr. T.M. Shongwe (appointed 1 October 2023)	Chief Executive	814,684	58,025	872,709
Mr. J. de Wet (appointed 1 May 2022)	Finance Director	916,100	57,547	973,647
Mr. S. Nkomo	Operations Director	1,181,646	133,961	1,315,607
Ms. M. Maseko (resigned 17 April 2023)	Corporate Services Director	1,172,193	80,180	1,252,373
		4,656,480	380,671	5,037,151

Compensation to non-executive directors

Mr. A. Thobejane		117,425	44,447	161,873
Ms. N. Mabuza		37,809	3,011	40,820
Ms. E. Magagula		31,389	13,092	44,481
Mr. L. Mzizi		36,662	39,109	75,771
Mr. B. Singwane		39,472	8,672	48,144
Mr. L.C. Mohalaba (appointed 1 February 2023)		5,827	1,784	7,611
		268,584	110,116	378,701
		4,522,262	490,789	5,013,052

2022

		Annual Remuneration R/E	Contributions R/E	Total R/E
Compensation to executive management				
Mr. C.X. Zwane	Chief Executive	1,617,973	-	1,617,973
Mr. C. Matambo	Finance Director	369,018		369,018
Mr. S. Nkomo	Operations Director	984,817		984,817
Ms. M. Maseko	Corporate Services Director	919,773		919,773
		3,891,581		3,891,581

Compensation to non-executive directors

Mr. A. Thobejane		80,143		80,143
Ms. 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
		4,307,272		4,307,272

Notes to the Annual Financial Statements (continued)

Figures in Rand/Emalangen

2023
R/E

2022
R/E

31. DIRECTORS EMOLUMENTS (continued)

2023

Company Secretary

Mr. T. Sithole (First Corporate Secretaries)

435,490

435,490

435,490

435,490

2022

Company Secretary

Mr. T. Sithole

95,007

95,007

Mr. M. Simelane

273,017

273,017

368,024

368,024

32. CONTINGENT LIABILITIES

32.1 Court Proceedings:

310,191

32.1.1

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.

150,000

32.1.2

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.

R/E

100,000

32.1.3

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.

60,191

33. TAXATION

No provision for income taxation is made as KOBWA is exempt from income tax in both RSA and KoE.

34. 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.



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