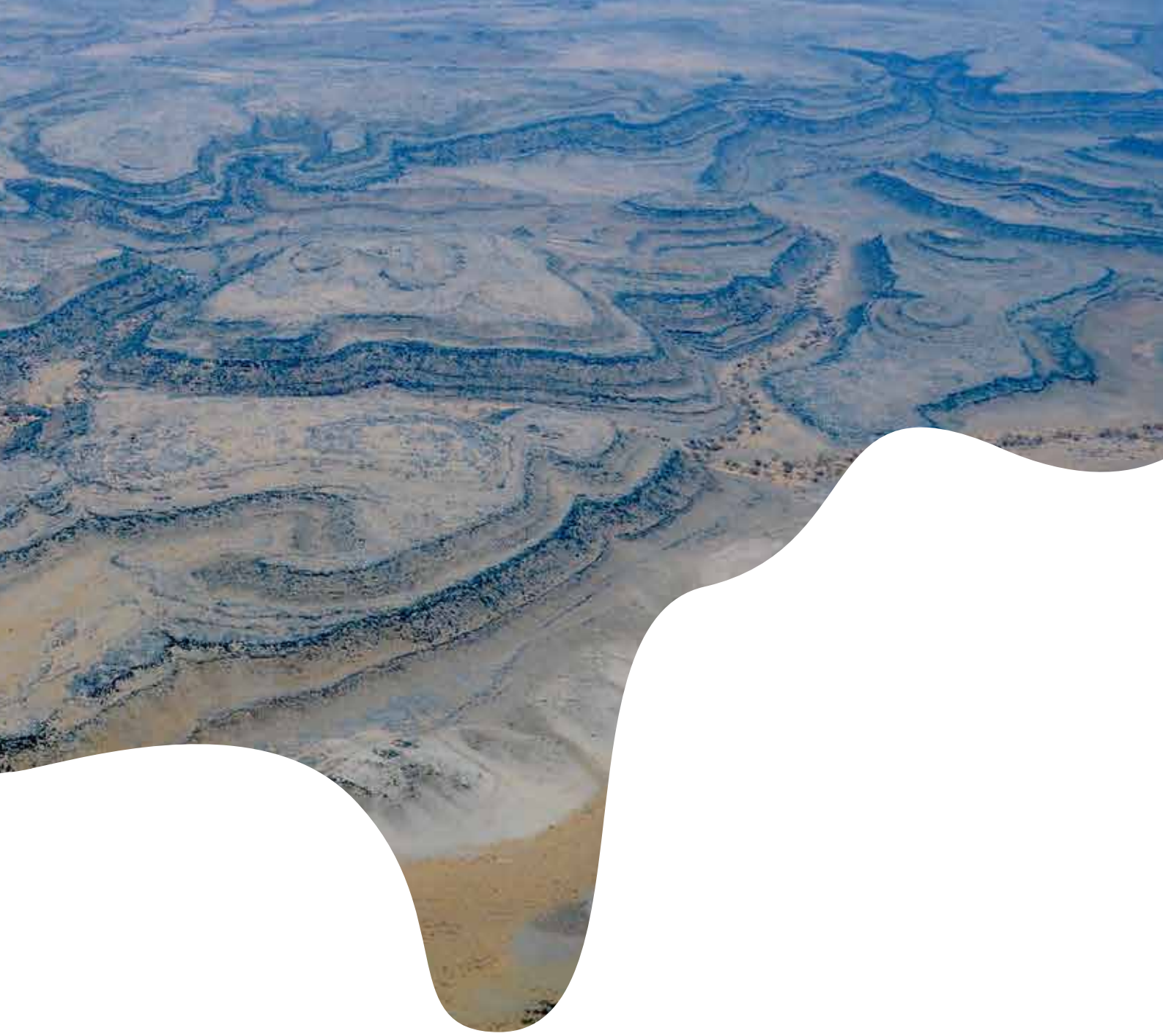


NAMWATER

Namibia Water Corporation Ltd

Integrated Annual Report 2021/22

Resilience in the time of the Covid-19 Pandemic

NAMWATER
Namibia Water Corporation Ltd

Integrated Annual Report 2021/22 theme



Resilience in the time of the Covid-19 Pandemic

The 2021 fiscal year was characterised by the recovery from the negative implications of Covid-19.

During the 2021 fiscal year, the corporation experienced economic and social challenges, where by customers found it difficult to pay their bills, after receiving emergency water during the Covid period. The corporation was still recovering from the negative impacts of Covid-19 pandemic.

TABLE OF CONTENTS

SECTION 1: LIST OF ACRONYMS AND ABBREVIATIONS 5

SECTION 2: INTRODUCTION 6

ABOUT THIS REPORT 7
APPROVAL AND ASSURANCE 7
REPORTING PRINCIPLES 7
APPROVAL BY THE BOARD 7
BOARD OF DIRECTORS 8
OUR VISION 9
STRATEGIC VALUES 9
WHAT WE DO 9
FUNCTIONS 10
NAMWATER OPERATIONAL MODEL 11
OVERVIEW OF NAMWATER'S OPERATIONS 11
NAMWATER PRODUCTS AND WATER SUPPLY VALUE CHAIN 11
NAMWATER'S CUSTOMER PROFILE 12
HIGHLIGHTS OF THE YEAR 16

SECTION 3: GOVERNANCE REPORTS AND BOARD STRUCTURE 20

A VOICE FROM THE CHAIRMAN'S DESK 21
OUR GOVERNANCE STRUCTURE 23
BOARD OF DIRECTORS 24
COMPOSITION OF THE BOARD 27
BOARD MEETING ATTENDANCE 27
KEY RESPONSIBILITIES AND BOARD COMMITTEES 28
STATEMENT OF COMPLIANCE 29
POLICY GOVERNANCE FRAMEWORK 30

SECTION 4: ASSURANCES 31

INTERNAL AUDIT 32
RISK MANAGEMENT 32

SECTION 5: EXECUTIVE MANAGEMENT 35

CEO'S REPORT 36
EXECUTIVE TEAM 38

SECTION 6: STRATEGY MANAGEMENT 39

STRATEGY MANAGEMENT 40
NAMWATER STRATEGY MAP 41
STRATEGIC ALIGNMENT 41
NAMWATER STRATEGIC FRAMEWORK 42
STRATEGY EXECUTION FY 2022 44

SECTION 7: BUSINESS PERFORMANCE **48**
BUSINESS PERFORMANCE 49
PERFORMANCE OVERVIEW 60

BUSINESS UNIT PERFORMANCE

BUSINESS UNIT CENTRAL OVERVIEW 61
BUSINESS UNIT NORTHWEST OVERVIEW 63
BUSINESS UNIT NORTHEAST OVERVIEW 64
BUSINESS UNIT SOUTH OVERVIEW 66
BUSINESS UNIT COASTAL OVERVIEW 67

WATER SECURITY STATUS 69
OPERATIONAL CHALLENGES 76
OVERALL PERFORMANCE AGAINST STRETEGIC OBJECTIVES 77
CAPITAL AND RESEARCH PROJETCS 81
INFRASTRUCTURE DEVELOPMENT PER BUSINESS UNIT 83
TALENT AND TECHNOLOGY PERSPECTIVE 96
EMPLOYEE WELLNESS AND STAFF PERFORMANCE 101

ANNUAL FINANCIAL STATEMENTS **104**

List of Acronyms and Abbreviations

AfDB	African Development Bank
BU	Business Unit
BARC	Board Audit and Risk Committee
CAN	Central Area of Namibia
CSI	Corporate Social Investment
CUVECOM	Cuvelai Watercourse Commission
EAP	Employee Assistance Program
ESG	Environmental, Social and Governance
EWF	Erongo Water Forum
GACP	Generally Accepted Compliance Practice Framework
GDP	Graduate Development Programme
GIPF	Government Institutions Pension Fund
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HRDC	Human Resources Development Centre
IDP	Individual Development Plan
IIRC	International Integrated Reporting Framework
ITAS	Integrated Tax Administration System
IUM	International University of Management
Km	Kilometre
LWC	Local water committees
MAWLR	Ministry of Agriculture, Water and Land Reform
Mm^3	Million cubic metre
NamCode	Corporate Governance Code of Namibia
NDP5	Fifth National Development Plan
NAPWU	Namibia Public Workers' Union
NQA	Namibia Qualifications Authority
NTA	Namibia Training Authority
NUNW	National Union of Namibian Workers
NUST	Namibia University of Science and Technology
OKACOM	Permanent Okavango River Water Commission
ORASECOM	Orange-Sengu River Commission
PAC	Powdered Activated Carbon
PJTC	Kunene Permanent Joint Technical Commission Kunene
PV	Photovoltaic
R&D	Research and Development
RO	Reverse Osmosis
SADC	Southern African Development Community
SCADA	Supervisory Control and Data Acquisition
SCF	Self-Cleaning Filter
TCE	Technical Committee of Experts
TVET	Technical and vocational education and training
UNAM	University of Namibia
WDS	Water-Distribution Systems
ZAMCOM	Zambezi Watercourse Commission



2 Introduction

Introduction

About this Report

The Namibia Water Corporation Ltd offers this Integrated Annual Report for the fiscal year 2021/22 in the spirit of our long-standing commitment to excellent corporate governance, transparency and accountability. This report provides an overview of our governance, strategy, performance and initiatives, all of which seek to provide long-term value for Namibians and our stakeholders with an interest in the bulk water supply function.

The report has been prepared according to the International Integrated Reporting Council's (IIRC) framework and guidelines, it provides a concise and honest assessment of our performance for the fiscal period 1 April 2021 to 31 March 2022, and it focuses on infrastructural issues that impact our business. The materiality principle was used to establish the substance and amount of disclosure in the report.

Approval and assurance

The annual financial statements were audited by the Corporation's independent external auditors, Grand Namibia, in compliance with the Public Enterprises Governance Amendment Act, 2015 (No. 8 of 2015), read jointly with the Companies Act, 2004 (No. 28 of 2004), as amended.

As NamWater aims to improve the quality of the information provided to its stakeholders on bulk water delivery, an integrated report is the most efficient tool for this corporate reporting purpose. As a result, this report presents information on NamWater's assets, its relationships, the risks that accompany the management of a water corporation, and how NamWater interacts within its environment to generate value over time. NamWater strives to consistently enhance its application of integrated reporting.

Reporting principles

This report has been prepared and presented in compliance with the Namibia Water Corporation Act, 1997 (No.12 of 1997), as amended, the Namibia Code of Good Governance Principles (2014) (NamCode), and the IIRC's International Integrated Reporting Framework (2013). NamWater has implemented these regulations to the greatest extent possible and will continue to work towards enhancing their implementation.

Approval by the Board

Approval of the Integrated Annual Report rests with the Board of Directors, which is assisted by the Audit and Risk Committee and executive management. NamWater's Board of Directors has deployed its accumulated knowledge in this regard and believes that this report tackles all the key topics and provides a fair perspective of its strategy and performance. The Board of Directors believe that this report was compiled in compliance with the International Integrated Reporting Framework.

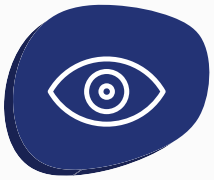
The report has been approved by the Board on 6 July 2023.

NAMWATER
Namibia Water Corporation Ltd

BOARD OF DIRECTORS

Mr Thaddius Maswahu	Chairperson
Dr Anna Matros-Goreses	Vice Chairperson
Ms Viviane Kinyaga	Non-executive Director
Ms Laura Ashipala	Non-executive Director
Ms Hilde Jesaja	Non-executive Director
Mr Joshua R. Kaumbi	Non-executive Director
Dr Postrick Mushendami	Non-executive Director
Mr Michael Gaweseb	Non-executive Director
Ms Aino-Sylvia Nsinano	Executive Director





Our Vision

Water For All, Forever!



Strategic values

We serve NamWater's interests first - This means that in whatever we do, we focus on our mandate and we gear all our efforts towards fulfilling our mandate.

We are performance-driven - As an organisation, we stress the importance of the performance of our individual employees and of our operating policies and system, combining cost and performance management to ensure that when costs are reduced, quality and outcomes are not impacted.

We are unique - As a provider of a life-sustaining commodity, we see ourselves as unique as we are central to life and any developmental needs in our country.

We embrace diversity - We, as employees assigned to the functional diversity of our organisation, recognise the differences among ourselves and we recognise that it is these characteristics in our workplace that distinguish one employee from the other.

We build on our synergy - NamWater recognises that the whole is greater than the sum of our parts. When we combine our efforts, we can accomplish more together than we can separately.

We practice discipline - In serving our people, we obey the rules and observe the code of behaviours expected of us and which are commensurate with the task entrusted to us.

We are accountable - We have an obligation and willingness to accept responsibility for our actions and their impacts.



What We Do

According to Article 100 of the Namibian Constitution, natural resources, including water and land, are State property; therefore, as the custodian of Namibia's natural water resources, the Namibian Government is responsible for supplying water to satisfy fundamental human needs and to enable development. NamWater's mandate includes the requirement to satisfy this commitment and to implement its policies. The Namibia Water Corporation, as represented by its Board of Directors, is the commercial entity in charge of water supply (bulk) to the Namibian nation, with the Government of Namibia as its sole shareholder.

As the nation's largest supplier of water and water-related services to industries, NamWater also delivers water to secondary rural pipelines, servicing communities through the Division of Water Supply and Sanitation Coordination under the Regional Councils, in accordance with delegation from the Ministry of Agriculture, Water and Land Reform's Department of Water Affairs.

Functions

NamWater's functions, as described in the Namibia Water Corporation Act, 1997 (No.12 of 1997), are to:

- explore, develop and manage water resources for the purpose of water supply;
- acquire, plan, design, construct, extend, alter, maintain, repair, operate, control and dispose of waterworks; supply water to customers within and outside the border of the Republic of Namibia;
- investigate, research and study matters relating to water resources, waterworks and the environment;
- take such action as the Corporation may consider necessary, or as the Minister may direct, for the purpose of conserving or augmenting water resources in Namibia;
- render services, and provide facilities and lease rights, subject to the payment of relevant charges;
- establish training facilities and train personnel; and
- perform any other function as may be necessary or expedient for the achievement of the Corporation's objectives.

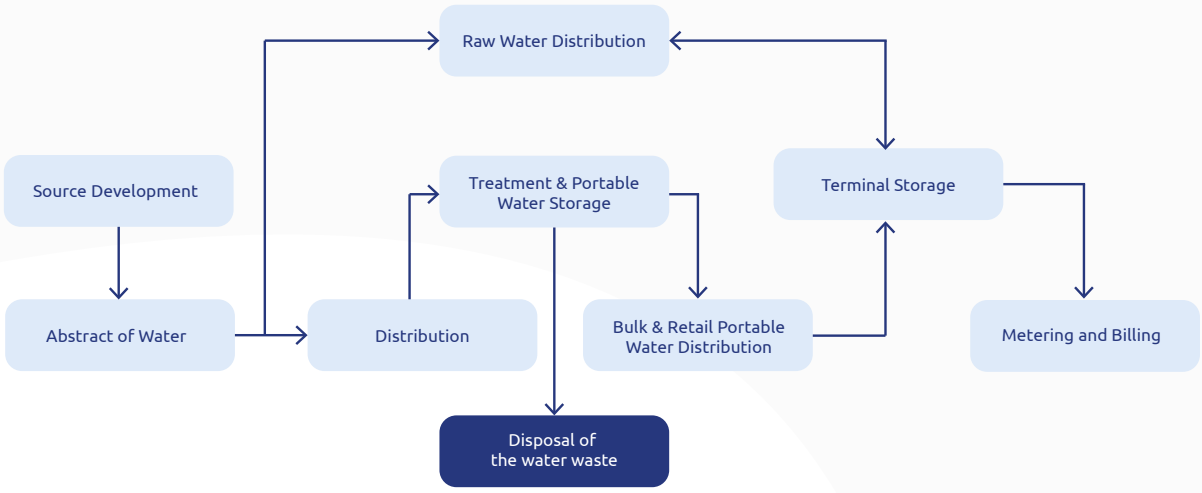


NAMWATER OPERATIONAL MODEL

Overview of NamWater's operations

The mandate poses a significant challenge as its fulfilment requires addressing water demands through water-supply solutions, including for those who live vast distances from water sources. NamWater employs a variety of innovative methods, ranging from complex to highly expensive solutions, in order to supply water to its various customers.

Infrastructure maintenance is an essential component of the strategic actions inherent in the Corporation's continuous operations. The entire external expenditure for maintenance for the review period was N$51 million.



NamWater Operational Model

NamWater Products and water supply value chain

The product supplied by NamWater is available in two categories: raw water, which is untreated water, and potable water, which is treated water. The process of supplying water consists of the development of the water source (whether surface or underground sources), raw water abstraction, transportation of raw water to treatment facilities, raw water treatment, transportation of treated water to distribution facilities, and metering.

NamWater's infrastructure, which ranges from dams, reservoirs, pipelines and purification plants, is not only expensive to construct but also requires continuous maintenance, which results in the delivery of water as being an expensive exercise. One of the major obstacles for the Corporation is that many Namibians do not reside in areas where water is easily and readily accessible, which requires the construction of pipelines over long distances to ensure the supply of water to these areas. NamWater operates on a cost-recovery basis, which means that it recovers the money spent on water supply to customers. This goes towards the development of water infrastructure and schemes and the continuous maintenance of this infrastructure.

The conveyance of water to remote areas of the country, which are often difficult to access, requires electricity. This requirement is one of the greatest financial burdens on NamWater. Incremental concessions on tariffs, which the Corporation receives from the government, do not always cover the actual cost of providing the service. With limited resources at its disposal, the Corporation strives to keep the water flowing while maintaining an aging infrastructure. With due consideration of all the factors involved, it is a remarkable achievement that the average NamWater tariff is only two cents per litre while the cost of water from commercial outlets is N$10 per litre. This in itself demonstrates that potable water supplied by the Corporation at a cost is indeed affordable, despite the increasing input costs.

NamWater's customer profile

The product supplied by NamWater is available in two varieties: raw water, which is untreated water, and potable water, which is treated water. The process of supplying water consists of the development of the water source whether surface or underground sources, raw water abstraction, transportation of raw water to treatment facilities, raw water treatment, transportation of treated water to distribution facilities, and metering make up NamWater's supply chain.

NamWater's infrastructure, which ranges from dams, reservoirs, pipelines, and purification plants, is not only expensive to construct but to continuously maintain as well, resulting in the process of delivering water being an expensive exercise. One of the major barriers that the Corporation has is that many Namibians do not reside in areas where water is easily and readily accessible. This results in the Water Utility constructing pipelines over a long distance to ensure that water is supplied to such areas. NamWater operates on cost-recovery basis, meaning that it recovers money spent on the water supply to customers which among others- include; the development of water infrastructure and schemes, and the continuous maintenance of such infrastructure.

The conveyance of water to remote areas of our country, which are often difficult to access, requires electricity, which is one of the greatest financial burdens on NamWater. Incremental concessions on tariffs, which the Corporation receives from the Government, do not always cover the actual cost of providing the service. The corporation strives with the limited resources at its disposal to keep the water flowing, and at the same time maintain an aging infrastructure. With due consideration of all the factors involved, it is a remarkable achievement that the average NamWater tariff is only 0.02 cents per litre, whilst the cost per litre of water from commercial outlets is N$10 per litre. This in itself demonstrates that portable water supplied by the corporation at cost is indeed affordable despite the increasing input cost.



NamWater's Customers

Supplying water in large quantities to large customers is NamWater's main goal. These bulk customers are:

- Local authorities;
- Government Institutions;
- Industries
- Retail customers
- Irrigation water customers

Government Institutions

Over time and through decentralisation, government institutions have grown into important service providers at the regional level. Health care services at border posts are an example of this achievement. As more new facilities (such as border posts) are developed, so do more new water supply methods need to be implemented in order to provide government services in remote locations. As there may be relatively few people living in these regions, the interventions needed to address their needs are also quite expensive. Even though the Corporation has received significant funding from Central Government to launch these programmes, the late payment of water services by various agencies has emerged as a common issue. The demand for water supply has increased due to the proliferation of new settlements and growth centres in the country. The Corporation and the regional councils collectively ensure that water is supplied as demanded to these areas while working together to devise a better strategy for dealing with the payment of water services provided.

Industries

Thirty-three per cent of the water supplied to mines in Namibia comes from NamWater. It is imperative that the Corporation strikes a balance between the sustainability of the available resource and the mines' demands; however, this task is frequently difficult. In this regard, NamWater must take into account the principles outlined in the Water Supply and Sanitation Policy, which places a higher priority on human consumption than industrial processes. In addition, NamWater is mandated to ensure that government initiatives towards national development and industrialization are attained in order to grow the country's economy.

Therefore, cognisant of the fact that NamWater is an enabler of national development, the Corporation maintains constant communication with mines to assist them with streamlining their water needs. Other industrial customers continue to choose NamWater as their supplier of choice, including processing facilities that constantly need significant amounts of water. Water supply to mines and businesses aids the government in achieving its industrialization-related national development goals.



Local authorities

Fifty of the 55 local authorities in the country receive water from NamWater. Outjo, Omaruru, Tsumeb, Grootfontein and Koës are the five local authorities that are not supplied by NamWater as all had their own supply systems in place before NamWater was established. Other towns in this category include those that evolved into mine towns, whose water supply infrastructures were built by the mining firms.

Retail customers

Although the Corporation's mandate does not specifically call for supply to individual customers, it has proven challenging to deny requests from users who reside close to NamWater's pipes and schemes. The number of individual customers supplied directly by NamWater has increased from 839 in 2006 to 57,243 in 2022. These circumstances have necessitated an ongoing focus on the provision of excellent customer service and efficient resource management. The demand for expansion of the Corporation's services has also increased due to the growth of peri-urban settlements.

Irrigation water customers

NamWater supplies irrigation (raw) water to farmers in various designated areas around the country. This water is supplied to various irrigation farmers in the Business Unit South and the Business Unit North West, which include: Hardap: 20,837,355 m3, Naute: 6,305,504 m3, Hardap Gard: 258,893 m3 (in the Business Unit South); and Oshaango: 269 m3, Tsandi: 1,405 m3, Olushandja-Ruacana: 0 m3, Olushandja-Okahao: 1,091 m3, Mahanene: 3,346,127 m3 (in the Business Unit North West).

The total cost of supply during the review period translates to N$11 911 400.



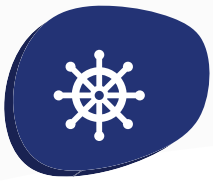
Overall water supply countrywide

NamWater provided Namibians with 50.4 million cubic metres (Mm^3) of irrigation water and 101 Mm3of treated water during the reporting year. The following table includes a list of the top five clients.

Customer Name	Water supplied in m^3	Revenue (N$)
City of Windhoek	20,671,633	460,246,260
Swakop Uranium	8,234,662	374,975,234
Rossing Uranium	2,664,364	144,467,284
Walvis Bay Municipality	6,676,794	99,283,926
Swakopmund Municipality	5,608,879	83,404,030

Table 1: NamWater's top five customers

Strategic drivers



Strategic drivers

Five strategic themes
- We care
- We secure water
- We attract quality
- We are efficient
- We grow through innovation



Capital inputs include

- Relationship capital: quality relationships with clients, employees, regulators, authorities and society
- Intellectual capital: sum of NamWater's knowledge-based intangibles
- Financial capital: pool of funds available for the supply of water services at affordable prices
- Human capital: employees facilitate relationships and drive business performance
- Social capital: brand and reputation, driven by corporate social responsibility initiatives
- Natural capital: renewable and non-renewable resources in the environment



Capital outcomes include

- Financial capital (financial perspective)
- Operational capital (internal processes perspective)
- Natural capital (customer perspective)
- Human resource capital (talent and technology perspective)
- Intellectual capital (talent and technology perspective, R&D)
- Social capital (stakeholder perspective)



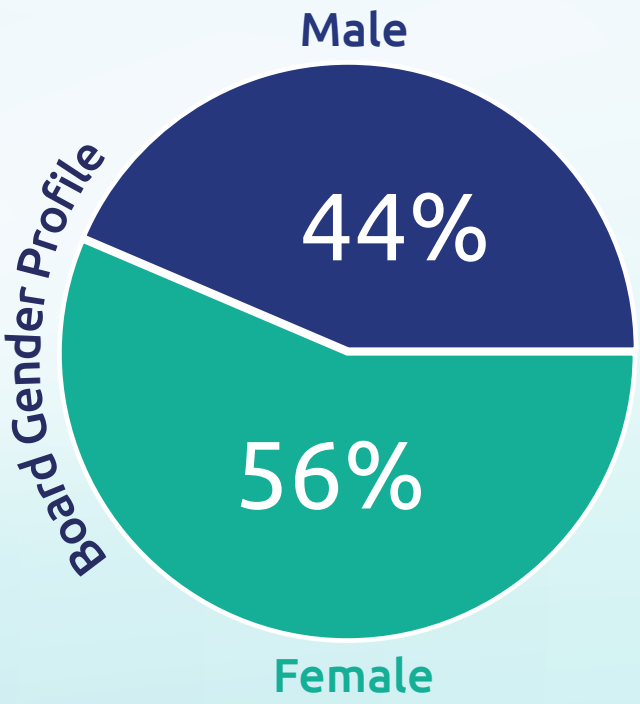
Value propositions

By focusing on outcomes, we can create shared value for all our shareholders:
- **For customers**: daily supply of high-quality water at affordable prices to households for drinking, cleaning and cooking, as well as to commercial enterprises to ensure their long-term sustainability.
- **For employees:** helping them to learn and to earn, and to innovate and grow as responsible stewards of Namibia's water resources.
- **For our shareholder**: fulfilling our mandate to provide quality water at affordable prices to Namibians, and through this service to assist the government with achieving Vision 2030 and the HHP and NDP5 goals.

Highlights of the Year

N$2,075,385,522

Total Revenue



0%
Average Increase in Tariffs

1.5%
Increase in Sale of Desalinated Water

9.5%
Reduction in Water Volumes Sold

N$906,804,885
ECL Loss

N$508,085,799
Amounts Owed to Trade and Other Payables

N$1,465,839,537
Gross Trade Receivable

N$905,908,144
Deferred Income

BB- with a Stable Outlook

Investment Grade Credit Rating Maintained by Fitch



5 Main Cost Drivers

1. **N$412,225,486** Employment Costs
2. **N$348,916,472** Utilities
3. **N$279,040,858** Depreciation and Amortisation
4. **N$166,364,635** Bad Debts
5. **N$52,698,304** Maintenance

10,899,026m³
Volumes of desalinated water sold

50,427,585m³
Volumes of irrigation water sold

N$14,245,685
Total revenue from irrigation water sold

28.8%
Total payroll cost as a % of total cost

N$355,545,560
Total Value of Projects Completed

101,339,614m³
Volumes of potable water, untreated and desalinated water sold

N$2,027,488,864
Total revenue from potable, untreated and desalinated water transfer charges



Highlights of the year in pictures

Kuiseb Collector 2 – Schwarzekuppe – Swakopmund pipeline

The ground breaking ceremony for the Kuiseb Collector 2 – Schwarzekuppe – Swakopmund pipeline was held on 5 June 2021 by Honourable Calle Schlettwein, Minister of Agriculture, Water and Land Reform. The new 23-kilometre section of pipeline replaced an older concrete pipeline built in the 1970s, which had reached the end of its lifespan. With the replacement of this section, NamWater will cut down on water losses due to leakages and minimise water supply disruptions due to frequent pipe breaks. The project was awarded to contractors at the cost of N$266.9 million.





Signing ceremony for the Oshakati Purification Plant Extension

The signing ceremony for the Oshakati Purification Plant Extension was held on 6 December 2021. The objective of this project is to increase the availability of potable water in the central north of Namibia. This objective will be achieved by extending the Oshakati water treatment capacity by building another plant with a production capacity of 40,556 m³/day to cater for the increasing water demand in the central north areas.

This project therefore aims at and contributes to the government's efforts for infrastructural development and service delivery as the adequate supply of water is one of the main enablers of socio-economic development.

Inauguration ceremony for the Eenhana Defluoridation Plant



Water abstracted from the Ohangwena Aquifer II at Eenhana has a higher fluoride content than acceptable water quality standards. NamWater constructed a defluoridation plant at Eenhana for the removal of excess fluoride.

Construction was made possible with grant funding of N$5.6 million from the German Government's Bundesanstalt für Geowissenschaften und Rohstoffe (BGR). The successfully constructed plant was inaugurated by Honourable Calle Schlettwein, Minister of Agriculture, Water and Land Reform, on 15 February 2021.



Ground breaking ceremony for the Omahene-Olushandja Canal Rehabilitation

NamWater initiated a broad project to rehabilitate dilapidated sections of the Calueque-Oshakati Canal. The first section to be rehabilitated stretches between the Omahanene border post and the Olushandja Dam, for which the ground breaking ceremony to mark the commencement of work was officiated by Honourable Minister Calle Schlettwein on 13 February 2021. The project, whose procurement process was undertaken by the Central Procurement Board, was awarded to two local contractors at a combined cost of N$93.2 million. The project is necessary to enable a sufficient flow of water to the four purification plants along the canal and to reduce the high maintenance costs that NamWater incurs on the canal.



3 GOVERNANCE REPORTS AND BOARD STRUCTURE

A VOICE FROM THE CHAIRMAN'S DESK



Decision makers across the globe are challenged with the task of finding ways to steer their companies towards recovery, after two years of the economic downturn caused by the COVID-19 pandemic. The NamWater Board has not been an exception to this prevailing reality as it navigated through the most turbulent years of times to date, caused by the uncertainties and challenges brought about by an invincible killer virus

Mr Thaddius Maswahu
NamWater Board Chairperson

Despite the hardships the pandemic has brought to humankind, specifically the pressure that it has placed on companies, and by being cognizant that access to sanitation and a secure source of water was even more essential during these difficult times, it gives me pleasure to report to our stakeholders that NamWater has indeed managed to sail through the troubled waters and continues to make strides in the process of trying to achieve its mandate of providing affordable and good quality water to the Namibian nation.

As a Board of Directors, our mandate requires us to ensure that we perform according to the expectations of the shareholder, in this case the government through the Ministry of Agriculture, Water and Land Reform. The deliverables, as outlined in the National Developmental Programmes on water supply, were severely compromised during the period of review due to the COVID-19 pandemic. And as a bulk water supplier we were required to continuously watch the strategic flags that may impact the business as a result of the pandemic. In order to ensure long-term sustainability, the Corporation became much more agile with regards to the operating environment. This enabled us to remain a going concern and I am pleased to report the following achievements, attained during a difficult, unprecedented and unpredicted time. With these achievements, various challenges were also experienced.

Achievements

During the financial year (ended 31 March 2022), remarkable achievements worth calling attention to include the:

- achievement of positive financial results;
- review and finalisation of the Corporation's five-year strategy, which is intended to steer the Corporation towards the path of further growth;
- completion of the Corporation's organisational structure review and job evaluation process;
- approval of the implementation of the SS1 Desalination Plant, which is aimed at supplying desalinated water to the coastal area of Namibia; and
- rolling out of the Water Sector Support Programme (WSSP), a financial programme supported by the government, which will see the development of various strategic water supply infrastructure aimed at providing water supply security to the nation.

Challenges

During the financial year (ended 31 March 2022), noteworthy challenges include the:

- ever-worsening financial positions of NamWater's major customers, especially the local authorities; and
- precarious situation relating to the Calueque pump station, highlighting the urgency of the finalisation

of the Interim Joint Operating Rules for the joint operation of the Calueque pumping scheme between Namibia and Angola as well as the commissioning of the new pumps at Calueque. Despite numerous engagements with the Angolan counterparts, the new pump station could not be commissioned.

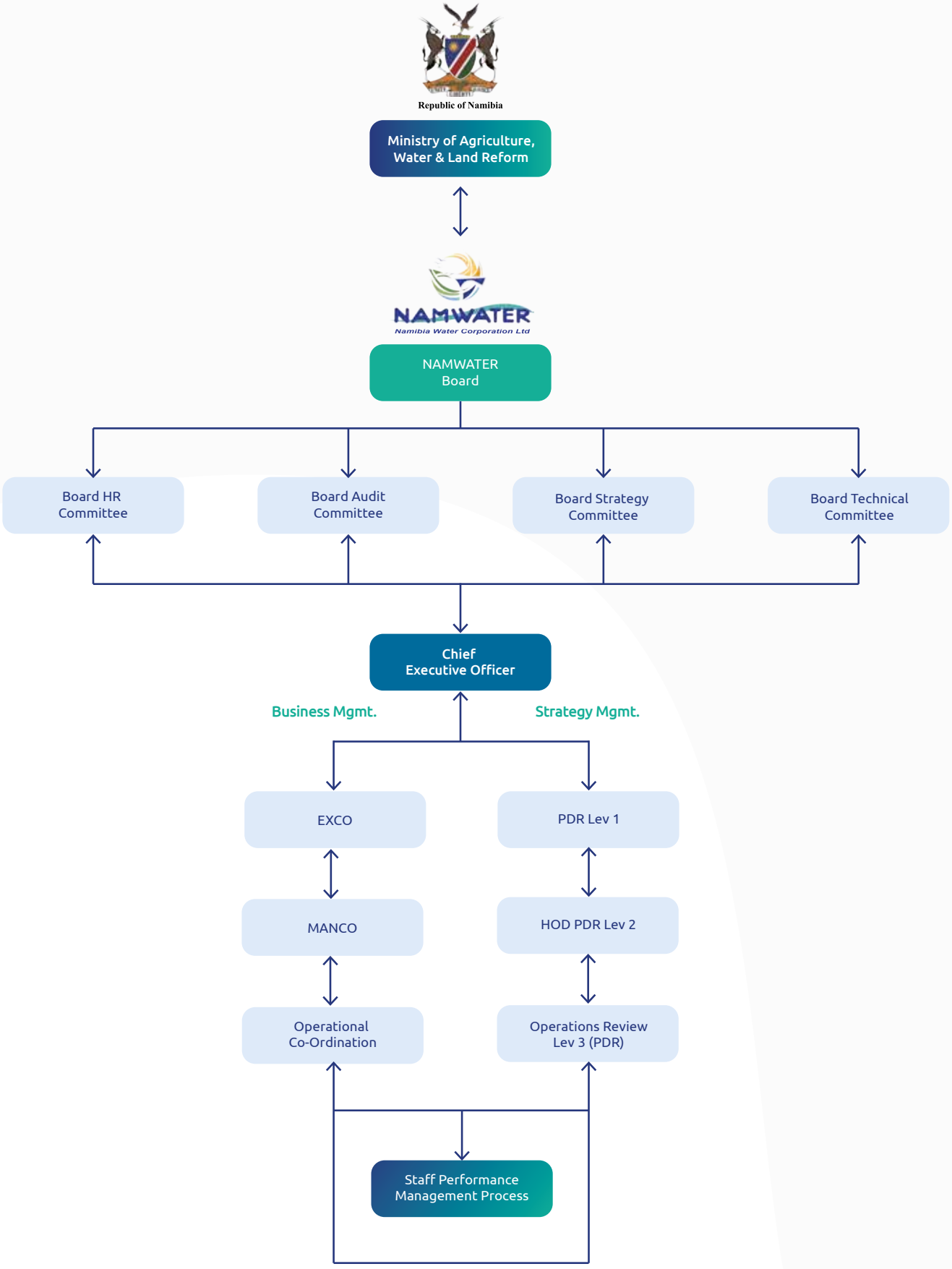


Amid the above challenges, as well as having to operate in a very difficult economic environment, the Corporation managed to post positive financial results. This achievement will contribute to making the Corporation even more resilient and able to respond to various challenges that the country faces from a water supply perspective. During the review period, our shareholder consolidated its support of the Namibian Water Sector Support Programme, by guaranteeing and in some cases directly taking up funding from development financial institutions.

The Corporation views this support in a positive light, with the hope that adequate funding towards the sector will assist the Corporation in the execution of its role as an enabler of economic activity. Therefore, our appreciation goes to the shareholding minister for driving these efforts, which are aimed at strengthening the water sector.



Our Governance Structure



Board of Directors



MR THADDIUS MASWAHU
Chairperson

Mr Maswahu was initially appointed to the Board in April 2014 as a director and re-appointed in 2017 as chairperson of the Board. He holds academic qualifications in Marketing and served as a Marketing Executive with Standard Bank Namibia Ltd until 2015, after which he entered into private business. He is currently a Namibian entrepreneur, with particular interest in the fuel retail sector.



DR ANNA MATROS-GORESES
Deputy Chairperson

Dr Matros-Goreses was initially appointed to the Board in April 2014 and re-appointed in 2017. During her second term, she served as the chairperson of the Audit Committee. She holds a Ph.D. in Water Science and Management, specialising in the Economic Regulation of Water Pricing. She is currently employed as the Director of the Project Services Unit at the Namibia University of Science and Technology. Before moving to the academic sector, she worked in the water sector.



MS HILDE JESAJA
Director

Ms Jesaja was initially appointed to the Board in 2014 and re-appointed in March 2017, and now serves on the Board Remuneration and HR Committee. She holds academic qualifications in Public Administration. Having previously served as the Mayor of Otjiwarongo, she has served in various positions in local authority governance structures. She is currently employed in the Ministry of Home Affairs in Otjiwarongo and serves as a Councillor of the Otjiwarongo Town Council.



MS LAURA ASHIPALA

Director

Ms Ashipala was appointed to the Board in March 2017 and serves as a member on the Board Remuneration and Human Resources and Technical Committees. She holds an MSc qualification in Water Resources Management and Engineering. Throughout her career, she has participated in Senior Management and Project Development Programmes. She is currently employed as a Water Scientist at the Department of Infrastructure, Water and Technical Services in the City of Windhoek.



MS VIVIANE KINYAGA

Director

Ms Kinyaga was appointed to the Board in March 2017 and serves as a member on the Board Strategy and Technical Committees. She holds an MSc in Integrated Water Resources Management and is currently employed at the Benguela Current Commission Secretariat.



MR MICHAEL GAWESEB

Director

Mr Gaweseb was initially appointed to the Board in 2014 and re-appointed in March 2017 and serves on the Board Strategy Committee. He is a consumer rights activist, who holds a Master of Business Administration degree. He has served on the Boards of various public enterprises in Namibia, the Council of Consumers International in London, the ACP-EU Follow-up Committee in Brussels, as well as on the Review Panel under the Ministry of Finance.



MR JOSHUA R. KAUMBI
Director

Mr Kaumbi was appointed on the Board in March 2017, and serves as a member of the Board Remuneration and Human Resources Committee and the Board Audit Committee. He holds a B. Arts (Pol. and Soc.) and a post graduate LLB, and is an admitted legal practitioner. Mr Kaumbi is currently employed as Chief Legal Adviser at the Namibia University of Science and Technology.



DR POSTRICK MUSHENDAMI
Director

Dr Mushendami was appointed to the Board in March 2017 and has served as chairperson on the Remuneration and Human Resources Committee, as well as a member on the Board Audit Committee. He holds a Ph.D. in Economics and is currently employed as the Deputy Director at the Macro Models and Financial Stability Department at the Bank of Namibia.



MS AINO NSINANO
Exectuive Director

Ms Nsinano was appointed on the Board in March 2017 as an employee representative in line with the NamWater Act provisions and serves on the Board Strategy Committee. She has a Master of International Business, a Bachelor of Accounting, and a postgraduate diploma in Management Practice, specialising in Innovative Management. She is currently employed as the Head of Financial Accounting at NamWater.

Composition of the Board

The Minister of Agriculture, Water and Land Reform appoints the Corporation's Board of Directors. The Honourable Minister considers the Board members' experience and capacity to significantly advance the Corporation's operations when appointing them. There are currently nine directors on the Board.

Director's declaration of interest

Members declare their interest on an annual basis and at every meeting in relation to matters presented to the Board or committees for their decision.

Board Remuneration

The Board remuneration rates are determined by the Ministry of Public Enterprises (MOPE). The applicable rates per sitting (in terms of the applicable Government Gazette: GN 4538/174-12/08/2018) during this year were as follows:

	BOARD	SUB-COMMITEE
Sitting fees		
Chairperson	N$14,732.65	N$6,978.48
Director	N$8,127.75	N$4,762.47
Retainer		
Chairperson	N$8,677.14	N$4,125.68
Director	N$7,088.18	N$2,719.33

Table 2: Sitting fees

The Board's functioning is steered by its guiding principles encapsulated in a Board charter and sub-committee charters, which serve as terms of reference for the work of the Board and the committees.

Board Meeting attendance

Director's meeting attendance sheet 1 April 2021–31 March 2022

DIRECTOR'S NAME	BOARD MEE TING (7)	AUDIT MEE TING (5)	STRATEGY MEETI NG (3)	HR MEETING (5)	TECHNICAL COMMITTEE (5)	CEO' S KPI'S (4)	AGM (1)	TOTAL MEETINGS ATTENDED (30)
Dr. A.Matros Goreses	6	5			5		1	17
Dr. P. Mushendami	7	5		5		4	1	22
Mr. J. Kaumbi	6	5		5		4	1	22
Ms. L.Ashipala	7			5	5	4	1	22
Mr. T. Maswahu	7			5	5	4	1	22
Ms. H. Jesaja	7		3	5		4	1	20
Ms. V. Kinyaga	7		3		5		1	16
Ms. A. Nsinano	6		2		4		1	13
Mr. M. Gawaseb	7		3				1	11

Table 3: Meeting attendance: Directors (1 April 2021-31 March 2022)

Key Responsibilities and Board Committees

Operations of the Board

In line with the Public Enterprise Governance Act and the NamWater Act, the Board meets quarterly and follows a structured approach towards delegation, reporting and accountability. The Board of Directors enter into a performance and governance agreement with the line Minister of Agriculture, Water and Land Reform, Hon. Calle Schlettwein, which provides the strategic direction of the corporation during the Board of Directors tenure.

As part of this, four Board sub-committees (Audit and Risk Committee, Strategy Committee, Remuneration and Human Resources Committee, and Technical Committee) carry out the delegated duties. The Board's role is to determine corporate policy and to provide strategic direction.

In carrying out this mandate, the Board is expected to adhere to the highest standards of ethical conduct and good governance, in line with both statutes and generally accepted practices. The Corporation's Risk and Audit Frameworks played pivotal roles in ensuring integration into our business operations and strong adherence to statutory reporting requirements.

Matters reserved for the Board

The Board reserves approval of certain matters for itself. These matters include but are not restricted, to the following:

- approval of financial statements;
- annual capital and operational expenditure plan;
- approval of major capital projects;
- major changes to the organisational structure and regrading; and
- determination of the risk appetite.

Training of Directors

The directors are supplied with the information required for the discharge of their responsibilities as Board members and, in certain instances, as members on sub-committees to the Board. As in many areas of training in the world, the training of the Board during the review period was adversely affected by the COVID-19 pandemic; as a result, no specific training intervention was conducted for the Board.

Audit and Risk Committee

Dr Matros-Goreses, a non-executive director, was the chairperson of the Audit and Risk Committee during the review period. The rest of the committee comprised Mr Kaumbi and Dr Mushendami.

Responsibilities of the Audit Committee, which are set out in the terms of reference, include but are not restricted to:

- reviewing the effectiveness of internal controls, which include internal financial control and business risk management;
- evaluating the effectiveness of external auditors and approving all fees paid to external auditors;
- reviewing the financial statements;
- reviewing the audit findings;
- ensuring that the risk and control processes are relevant and are effectively communicated in the company;
- ensuring that risk assessments are regularly conducted to identify emerging risks and changes in risks;
- enhancing the company's risk management framework of prudent and effective control;
- enabling risk to be assessed and managed in a manner that is appropriate to the evolving structure and needs of the company;
- communicating the risk management strategy to all employees, to ensure that it is incorporated into the language and culture of the company; and
- satisfying members of the committee that appropriate steps have been taken to manage risk and to minimise the effect of losses on the company.

Remuneration and Human Resources Committee

The members of the Remuneration and Human Resources Committee comprised Dr Mushendami (chairperson), Mr Kaumbi, Ms Ashipala, Mr Maswahu and Ms Jesaja.

The terms of reference of the Remuneration and Human Resources Committee include but are not restricted to:

- ensuring that remuneration is in line with the guidelines of the MOPE'S remunerative structures;
- ensuring that employees receive market-related packages (in consultation with management); and
- ensuring that remuneration practices reward productivity and each employee's contribution to the improvement of the company's results.

Strategy Committee

The members of the Strategy Committee comprised Mr Gaweseb (chairperson), Ms Jesaja, Ms Kinyaga and Ms Nsinano.

The Strategy Committee is tasked to:

- assist the Board with fulfilling its oversight responsibilities relating to the medium- and long-term strategic direction;
- assist the Board with the development, implementation and monitoring of the Corporation's Integrated Strategic Business Plan; and
- provide advice and expertise so that the strategic options may be explored fully before being tabled at Board meetings for approval.

Technical Committee

The members of the Technical Committee comprised Mrs Kinyaga (chairperson); Dr Matros-Goreses, Ms Nsinano, Ms Ashipala and Mr Maswahu.

The Technical Committee discharges its responsibilities by:

- conducting investigations, analysis, and diligence to validate and test the technical aspects of the Corporation's operations and capital project development.

Company Secretary

The company secretary oversees the portfolio of the secretariat and attends all Board and committee meetings as secretary. Governance advisory services play a critical role in the legal and governance advisory to the Board and Risk and Compliance management. The company secretary's role is pivotal in entrenching good corporate governance.

The Board and individual directors have access to the company secretary, who is charged with the task of providing guidance on how members should discharge their duties and responsibilities in the best interests of the entity. The company secretary continues to oversee the preparation and coordination of the induction and ongoing training of Board members.

Statement of Compliancee *NamCode and King IV*

During the year under review, the Board of Directors confirmed that NamWater was, to a feasible extent, guided by the provision of the NamCode (2014) and the King IV Report on Corporate Governance (2016).

Code of Ethics

NamWater has demonstrated its commitment to operating in accordance with the highest standards of professional and business ethics by developing a community of directors and employees who exemplify the highest ethical values. The best practices to which directors, management and employees are dedicated include:

- compliance with legislative and regulatory provisions;
- protection of human life by following safety, health and environmentally sound practices;
- treating all employees and stakeholders with respect;
- preventing discrimination against any person;
- ensuring that employees enjoy equality of opportunity, based on merit;
- ensuring stakeholders' quality of life by striving to improve conditions in the environment;
- upholding the integrity of all stakeholders;
- demonstrating respect for the cultural diversity of stakeholders;
- avoiding potential conflicts of interest through transparency and declaring all interests;
- using company resources solely for the benefit of the company and its shareholders; and
- providing all employees with opportunities to grow and advance.

Impact of Covid-19 on Governance

The COVID-19 pandemic has introduced a complex new reality for Boards of Directors, and the NamWater Board is no exception. The situation has forced the NamWater Board of Directors to evolve in ways and at a speed that they have not previously experienced. The new environment is characterised by pressures and demands from various stakeholder groups, heightened expectations for societal engagement and corporate citizenship, and radical uncertainty about the future. With no tariff increases during the pandemic period, the NamWater Board and executive management were confronted with the need to think outside the box and to review governance frameworks that did not fit the new operating environment. Service Levels Agreements were altered in order to ensure the continuous water supply to the nation. The above-mentioned factors complicated the Board's decision-making and challenged the Shareholder-centric Model of Governance, which has guided Boards and business leaders for the past several decades towards a more stakeholder-centric approach.

Additionally, the business landscape today has been transformed by environmental and social concerns. As understanding grows regarding the risk and value-creation opportunities that Environmental, Social and Governance (ESG) factors present, the demand for ESG disclosure has accelerated. NamWater strives to hold itself accountable to its stakeholders by increasing transparency. ESG is best characterised as a framework that helps stakeholders

understand how an organisation manages risks and opportunities that relate to environmental, social and governance criteria.

Globally, companies are setting ambitious climate and ESG goals, and NamWater should not be left out. Companies are actively working towards enhancing governance over ESG disclosure, including oversight, controls and processes, to meet the growing need for transparency and high-quality ESG information. From a global sustainability-reporting point of view and integration with financial reporting, it may be a few years before a consistent set of guidelines is present.

Policy Governance Framework

Section 16 of the Namibia Water Corporation Act, 1997 (Act No. 12 of 1997) requires that the Corporation shall have a Board of Directors that will be responsible for policy, management and control of affairs of the Corporation. The Board shall exercise the powers and perform the duties and functions of the Corporation subject to the Companies Act of Namibia, its Memorandum of Association, and Articles of Association.

This provision is operationalised under the NamWater Delegation of Authority Framework.
During the review period, a strategic objective under the NamWater Streamlined Strategy Plan was identified, which focuses on the improvement of internal efficiency by means of critical success factors for strengthening governance through internal policies and procedures.

Under this strategic objective, a deliberate effort was made to address challenges elicited by outdated policies, or the absence of procedures, that hamper the efficient application of these policies.





4 Assurances

Internal Audit

The Internal Audit (IA) Division is an independent assurance service provider. Its independence, in this context, means there is no influence from management in the area or on the nature of the audits that Internal Audit executes nor on the content of audit reports which the internal auditor issues. The authority and responsibility of the Internal Audit Division is defined in the Internal Audit Charter, a document which is approved by the Board Audit and Risk Committee. The Internal Audit Charter is in line with the best practice guidelines as laid down in the Standards for the Professional Practice of Internal Audit.

The Internal Audit activities are derived from the Annual Internal Audit Plan, a document which is mostly informed by the outcomes of the strategy of the organisation. Audit projects as planned follow a risk-based approach, a process which is aligned to the requirements of the International Standards of Internal Audits.

Purpose and Place of Enterprise-wide Risk Management Function in

The Board has the overall governance responsibility over Risk Management, as promulgated in the NamCode, which is the Corporate Governance Code for Namibia. The enterprise-wide risk management concept was instituted to provide a continuous, proactive and systematic approach to the process of organisational strategic planning and execution. It has been designed to proactively identify potential events that may affect the execution of the organisational objectives.

The Corporation adopted the International Organisation of Standardization (ISO) 31000 framework during the process of identifying, analysing, evaluating and classifying the risks that could:

- prevent the Corporation from achieving its strategic objectives;
- affect the reputation of the Corporation;
- adversely affect the health and safety of employees, customers and communities; and
- prevent or derail the achievement of the desired outputs of the strategic, legislative, reputational and operational goals.

Risk Management
Risk Management Governance

The Board of Directors is overall responsible for Risk Management governance and for providing an oversight role over the execution of risk management by management. Management is responsible for processes of analysis and evaluation and the classification of risks as initially identified. Internal Audit is responsible for providing the Board Audit Risk Committee (BARC) with an assessment on the functioning of risk management through providing quarterly reports on the adequacy and effectiveness of risk management activities and mitigation of the major risks identified.
To ensure the process of managing risks, especially that the component of operational risks receive the attention it deserves, the revised Corporate Structure has addressed the establishment of a dedicated position for a risk coordinator within the Corporation.

Achievements on Risk Management

Over the past years, the Corporation has experienced slow improvement of the risk management operations, despite NamWater's exposure to both micro and macro threats and opportunity elements when interacting with the environment, which could affect the realisation of the strategic goals of the Corporation. To improve on the operational environment when performing the risk management function, the risk management framework was operationalised to provide ease of reference to management.

The Risk Management Framework is now operational. The following documents, which are considered pertinent to the process of establishing a systematic and robust risk management, constitute the components of the risk management framework:

- Risk Management Policy
- Risk Management Procedures and Protocols



Future Outlook to Risk Management (financial year end 2021 onwards)

The Corporation has undertaken to move risk management from its infancy development to the stage where risk management processes are managed on a mature level of risk management. The elements that were identified for optimisation (i.e. moved to a risk management maturity stage) are listed in the table below.

Risk management component (as identified in the Risk Management Framework)	Performance indicators to measure the achievement of the identified drivers to enhance the risk management process
Timeous identification and reporting on risk status, near misses and actual hazards	– Risk management platform – Acquisition of Risk Management Software
Improve the risk culture	– Undertake to develop a streamlined process of risk management among all Assurance Providers (Health and Safety, Water Quality, Internal Audit, Compliance by Legal Services) through a combined assurance process. – Appoint risk champions across all functional operations of the Corporation.
Improve stakeholders' engagement	– Create a common understanding of the risk management language. – Create awareness among internal and external shareholders regarding the inherent risks within the water business environment.

Table 5: Risk management: Elements identified for optimisation

Top Risks of the Corporation

A total of 32 risks were identified, from which 10 risks emerged as major risks. The following table highlights these top 10 risks.

	RISK	Risk Ranking
1	Insufficient water availability	
2	Failure to implement critical water infrastructure projects	
3	Inability to collect a significant percentage of revenue from water sales to rural water communities	
4	Inability to grow the Corporation's market share (which will have a negative impact on real sales growth)	
5	Inability to execute and keep up with the NamWater mandate	
6	Failure to implement the Enterprise Assets Management Strategy	
7	Failure to comply with or meet the WHO Water Quality Standards	
8	Waste water above the standard set and adopted from the International Water Association for Water Balance	
9	Slow recovery of the Corporation from disaster (when they occur) due to poor disaster recovery management systems	
10	Unsustainable water tariffs	

Very High *High*

Future Outlook of Risk Management for NamWater

The Corporation aspires to maintain a robust process of risk assessment, monitoring and reporting.

In order to grow, maintain and entrench risk management processes in the Corporation's blood stream, it is planning to appoint a dedicated position to support the functions of risk management under the umbrella of the Internal Audit Unit, and to research, pilot and implement software suitable for creating a seamless, efficient and robust process of risk management assessment, response and monitoring.

Legal and Regulatory Compliance)

As a public enterprise, NamWater is subject to a latitude of laws, policies and regulations that shape the Corporation's operational environment. The following key legislation affected the Corporation during the review period:.

Public Enterprises Governance Act, 2019 (No. 1 of 2019)

The Public Enterprises Governance Act, 2019 (No. 1 of 2019) replaced the State-owned Enterprises Governance Act, 2006 (No. 2 of 2006), and was gazetted on 17 May 2019. The Act creates a new blueprint for regulating all public enterprises (PEs). It was resolved that NamWater would remain as a Tier 3 PE and continue to report to its shareholding minister for the Ministry of Agriculture, Water and Land Reform as a Tier 3 public entity.

Labour Act (Act 11 of 2007) as amended

The Corporation is required to abide by the Labour Act in terms of employee practices, as prescribed in this legislation.

Public Procurement Act (Act 15 of 2015)

The Corporation is required to align its operations with the new procurement regime as prescribed in this legislation. Certain activities continue uninterrupted in order to facilitate the implementation of the Act.

Water Resources Management Act (Act 11 of 2013)

Although the Water Act, 1956 (No. 54 of 1956) remained in force during the review period, pending the implementation of the new Water Resources Management Act, 2013 (No. 11 of 2013), discussions within the Corporation continued to be dominated by developments associated with the new legislation. It is crucial that NamWater is prepared for the implementation of the Act. The authorities continued to formulate new regulations under the Act and kept the Corporation up to date on developments. Full implementation of the Act will have a significant impact on NamWater's operations, particularly through the appointment of various statutory bodies, including a regulator. In terms of NamWater compliance, prompt follow-up on issues affecting water regulation will be critical.

Water Quality Standards and Guidelines under the Water Resources Management Act, 2013 (No. 11 of 2013)

A key area that will be affected by the implementation of the new Act is the introduction of new water-quality standards and guidelines, which will eventually be annexed to the Water Resources Management Act. While the full implementation of these standards and guidelines may lie sometime in the future, it is important that the Corporation, as the entity that will be most affected by the new regulations, prepares itself for the requirements to be imposed under a new water-quality regime. The NamWater team is fully aware that the introduction of the new standards and guidelines will mean 'business unusual' for the Corporation and it is important that we are prepared for these changes in the laws that govern our operations.

Environmental Management Act, 2007 (No. 7 of 2007)

The nature of the service provided by NamWater dictates that utmost care is observed in its compliance with relevant environmental laws and regulations. In this regard, the Environmental Management Act stands out as the primary legislation that protects the country's natural resources. We believe NamWater is a leader in best practices by ensuring that appropriate authorisation for new schemes is always obtained. The Corporation aspires to stand as a model of compliance with regards to this important legislation.

Compliance

Legal and regulatory compliance and reporting need to be viewed as a natural extension of the governance duties shouldered by the Board of Directors and executive and senior management of the Corporation.

Only good governance can ensure that compliance is aligned with the Corporation's business objectives and risk management strategies, and therefore adding real value (and not just cost) to the Corporation. Ultimately, the goal is to ensure that the spirit of compliance and the letters of the law are embraced in every corner of the business.

During the review period, the formal implementation of a legal compliance system was identified during the development of the NamWater strategy. It is deemed one of the most important tasks for a public enterprise such as NamWater in order to secure the sound operations of its business.

Therefore, in developing and establishing the legal compliance system that covers the Corporation's entire business, a basic policy on legal compliance and the development of an organisational framework was approved in line with the Generally Accepted Compliance Framework (GACP). It is anticipated that the findings will assist the Corporation in providing an assessment of its degree of legal compliance regarding its operations.



5 Executive Management

CEO's Report



The review period was characterised by the country and indeed the world emerging from the greatest pandemic of our time. Keeping water flowing during these difficult times was the primary aim of the Corporation, which I believe the Corporation was able to carry out successfully. Although communities struggled, even more, to pay for services during these difficult times, the Corporation was able to navigate the rough waters with assistance from various stakeholders such as the Line Ministry and our development partners.

Mr Abraham Nehemia
Chief Executive Officer

The Corporation is required to remain afloat regardless of transpiring events in the operating environment. This is due to the fact that NamWater remains a catalyst for economic development and growth in the country. During the review period, the Corporation focused on the following key strategic and operational matters

Infrastructure Development

Omahanene–Oshakati Canal Refurbishment

One of the key activities relating to water supply infrastructure that continued during the review period was the refurbishment of the Omahanene-Oshakati Canal. The 180-kilometre canal, which is the lifeline for communities in northern Namibia, has been in need of rehabilitation for some time. Most of the canal exhibits signs of degradation due to age, which has affected its capacity to deliver water to the communities as intended. The urgently required repair work to some sections of the canal commenced. Although the project was fraught with various challenges, the Corporation can tick off these efforts as successful attempts to ensure the security of water supply to half of the Namibian population, which depends on this key piece of infrastructure.

Water Sector Support Program – WSSP

The Corporation's ability to develop water supply infrastructure has been largely improved by the establishment of the Namibia Water Sector Support Programme (WSSP). The programme has facilitated funding from key development finance institutions towards the funding of water supply infrastructure in the country. The WSSP is mostly facilitated through funding from the African Development Bank (AfDB) and the Kreditanstalt für Wiederaufbau (KfW), a development finance institution owned by the Federal Republic of Germany. During the review period, the Corporation managed to secure funding to undertake engineering studies for the development of key infrastructure, such as the Oshakati Purification Plant, the Rundu Purification Plant, and the Ohangwena Aquifer. Once the studies have been finalised the Corporation can move to the development stage, utilising the concepts and designs produced as part of these studies. The cost of funding sourced during the review period amounted to N$3.1 billion

Integrated Water Supply System for the Central Coastal Areas of Namibia

Due to the economic activities taking place in the coastal area of Namibia, this area continued to be a key supply area for the Corporation, in both quantity as well as contribution to the total revenue of the Corporation. For this reason, it was important for the Corporation to continue efforts during the review period to refurbish key supply lines, which constitute the integrated water supply system that supplies customers in the central coastal area. By strengthening the integrated system in the central coastal area, the Corporation is able to increase the security of supply to customers who depend on this system in the Erongo Region. As such, various projects aimed at refurbishing various pipelines from the two groundwater sources were commissioned, particularly from the Kuiseb Delta Aquifer. These pipelines facilitate the flow of water to coastal customers such as mines and local authorities.

Pilot Desalination Plants for the South

During the review period, the Corporation was able to commission brackish water desalination plants in the south, in the towns of Grünau and Bethanie. Both projects were funded with assistance from the Adaptation Fund. It has for a long time been a challenge to supply these communities with good quality water; however, these projects now allow the Corporation to pilot the desalination of brackish underground water. With the lessons learned from these pilot plants, it is our hope that the Corporation will be able to move forward with an understanding of the technology required to tap into other saline groundwater sources.

Strategy Review

During the review period, the Corporation embarked on a review of the five-year strategy that was guiding the Corporation, which ended in 2022. The initial task involved a careful reflection of the past: looking back to determine how much of what the Corporation set out to do had been achieved. I am proud to point out that even though assistance was received from professionals in the field of strategy development, the exercise was largely carried out by the Corporation itself, where external consultants only guided the process. Looking ahead, the Corporation has its new five-year strategy, which will guide the way forward for the next five years, from 2023 to 2027.

Desalination: Implementation of the SS1 Desalination Plant

The Corporation was designated as the Project Executing Agency for the Feasibility Study on Desalination, which was conducted by an international consulting firm. Despite various challenges posed by the COVID-19 pandemic, the Feasibility Study was concluded shortly before the review period kicked off, which allowed the Corporation to utilise recommendations from the study to form a Cabinet Submission for consideration by the political leadership. In July 2021, the Corporation received Cabinet Approval to proceed with the implementation of the SS-1 Desalination Plant for the central coastal area of Namibia, which will form an important part of the integrated system for this area.

Beating the Odds: Post-COVID-19 Reality

It has indeed been an absolute pleasure to lead a team of professionals, whose daily preoccupation is to ensure that Namibians are supplied with adequate water of an acceptable quality. The fact that the Corporation has been able to sail through the troubled waters of the COVID-19 pandemic, which affected just about every living person on earth, only contributes to the positive energy with which the Corporation once again reports on its activities of the financial year, which ended on 31 March 2022. It is indeed with the same sense of optimism that we look ahead towards achieving even greater things, guided by our strategic plan for the period of 2023 to 2027.

Executive Team

NamWater's day-to-day activities are overseen by a passionate group of committed individuals, who ensure that the Corporation fulfils its mandate and realises its vision to continuously supply water for all Namibians.



Abraham Nehemia
Chief Executive Officer



Dr Kaliki Kambanda
Chief: Water Supply North



Eino Mvula
Chief: Water Supply Central



Coenie Koeglenberg
Chief: Water Supply Coastal



Andries Kok
Chief: Business Unit: South



Fernando Somaeb
Chief Financial Officer



Kadiva Hamutumwa
Chief Strategy Officer



Onni-Ndangi Iithete
Head: Legal Services



Etheldreda Nandi
Head: Internal Audit



Timothy Silombela
Head: Programme Management



Johannes Shigwedha
Head: Corporate Communications



6 Strategy Management



Strategy Management

An overview of the Corporation's strategic performance for the period April 2021 to March 2022 has been reported on. The FY 2022 period was a challenging period due to the COVID-19 pandemic. The Corporation had to find alternative and innovative ways to ensure effective water supply operations during these difficult conditions, especially for its workforce which was directly affected by the pandemic. The COVID-19 restrictions negatively affected capital development operations as well as the implementation of other strategic initiatives as they changed the nature of work. In spite of this situation, the Corporation managed to ensure the required water supply security to the Namibian nation.

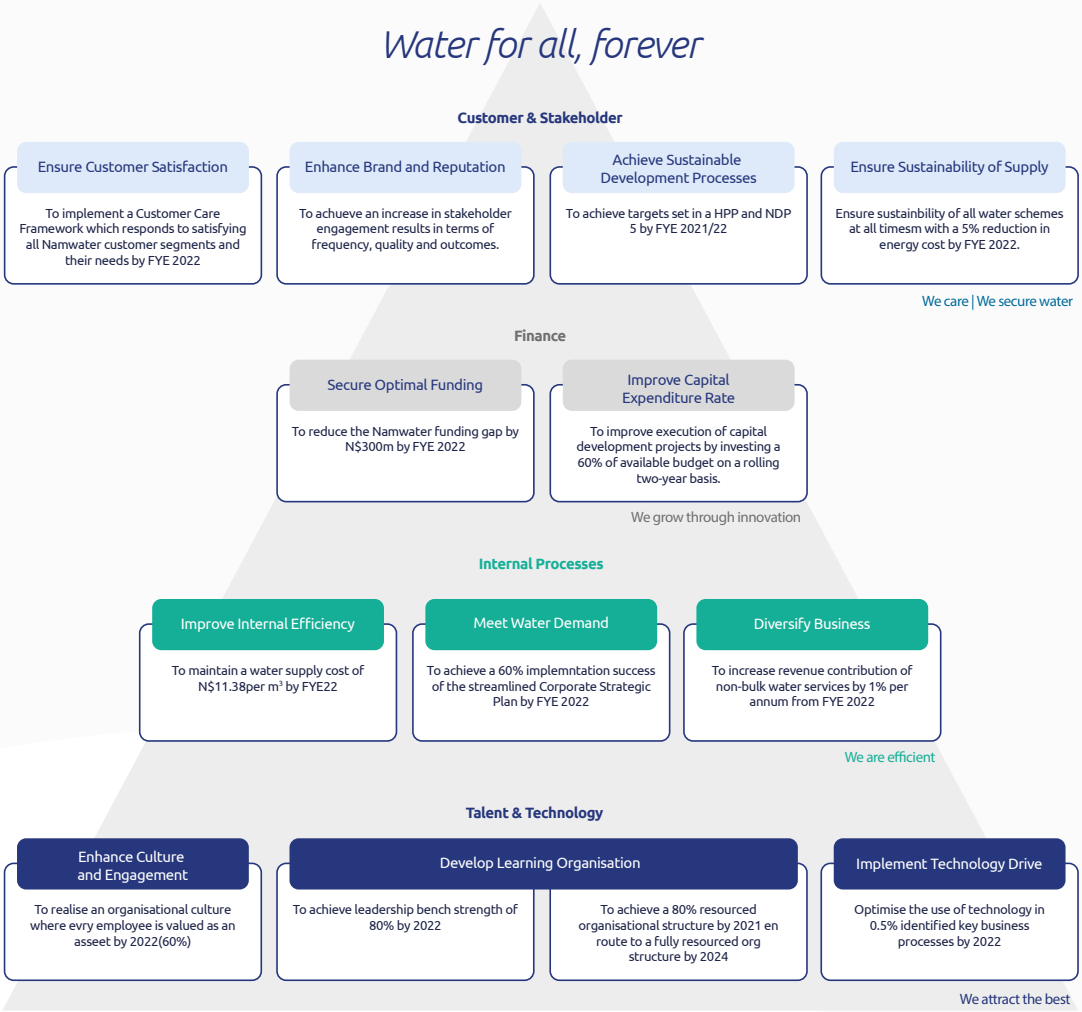
As an essential service, the Corporation maintained an adaptable and resilient character in the face of this adversity. However, COVID-19 left its mark in the form of a debtor's book with higher values than wished for.

Ongoing stakeholder engagements and assistance to local authorities and impacted communities were put on the agenda and highly prioritised: to in the future capacitate those who owe the Corporation significant amounts. NamWater's engagement strives to assist these debtors to achieve operational effectiveness by putting them in a position to honour their commitment as customers.

It was also a period during which the Corporation developed a new five-year strategy for the FY 2023-2027. Elaborate stakeholder engagements were conducted with all the key Namibian stakeholders as well as the shareholder, the Minister of Agriculture, Water and Land Reform. The new five-year strategy focuses on playing a significant role through its mandate towards sustainable socio-economic development for a prosperous Namibia.

The overall objective of the current strategy is to ensure business growth. NamWater operates on a full cost recovery principle and it was for this reason that high emphasis was placed on customer and stakeholder satisfaction through continuous planned engagements. The following strategy map illustrates the strategic objectives at the Corporate level.

NamWater Strategy Map



Strategic Alignment

NamWater's strategic plan is aligned with Vision 2030 and guided by the principles outlined in the National Development Plan (NDP5) as well as the Harambee Prosperity Plan.

NamWater will ensure that the implementation of the strategic plan is shared with the shareholder and its stakeholders.

The strategic objectives in the Corporate Strategy Map are clustered in strategic themes across the four Balanced Scorecard perspectives. The strategic themes create a focus on achieving the mission and vision of the Corporation. The strategy map portrays the cause-and-effect relationships between the objectives. The intent of each strategic theme and how their values provide a strategic focus is elaborated below.

Strategic Theme: We care

NamWater constantly strives to anticipate customer needs and to proactively provide solutions that are relevant to customers and stakeholders. Caring for customers with regards to water supply is of utmost importance.

Strategic Theme: We secure water

As per the NamWater Act, 1997 (No. 12 of 1997), the Corporation remains the primary bulk water supplier within Namibia. This requires full access to and effective management of water resources, within the permitted use of these water resources.

Strategic Theme: We grow through innovation

The Corporation promotes creativity and a spirit of innovation among its employees. The use of new water technologies that ensure sustainable and available water resources for generations to come has become essential. This process is geared towards finding new ways of executing water delivery processes as per the Corporations mandate. Additionally, it allows for the exploration of other areas of business optimisation and diversification of new products and markets.



Strategic Theme: We are efficient

At NamWater, we value the importance of water being an affordable commodity. We are aware that providing water without due regard to cost would not be sustainable. In terms of the mandate provided by the shareholder, it is our duty to ensure that water remains affordable to the people of Namibia. We ensure that our business processes remain efficient. Where efficiencies in cost are enabled, affordability of water is guaranteed.

Strategic Theme: We attract the best

This theme highlights and captures the importance of employing committed and talented staff members. The challenge of retaining key skills in the organisation is as important as attracting the right skills for the organisation. Therefore, the Corporation offers various development and study programmes to enable the staff to develop themselves. Additionally, the Corporation offers attractive benefits and a conducive work environment to ensure the retention of staff.

NamWater Strategic Framework

NamWater's Strategic Framework consists of 12 strategic objectives and 30 strategic initiatives or projects to execute the strategy. The Corporate Strategic Framework details the objectives, measures, targets and strategic initiatives.

Corporate Strategic Framework 2021-2022

Customer & Stakeholder Perspective
Strategic Theme: We Care

Objectives	Measure	Target	Initiative	Objective	Measure	Target	Initiative
C1. Ensure Sustainability of Supply	C1 Reduction of 5% energy use per m^3/ pumped or N$15,9 mil pa C2 Ensure 90% availability of all water schemes at all times, with a 5% reduction in energy cost by FYE21	2.5% 90%	1. Pump station critical upgrade project 2. Implement energy stakeholder engagement program project 3. Contribute to the implementation of the national integrated Water Resource Management plan 4. Implement TCE water security programs for - Central Northern, Central Coastal, CAN	C3. Enhance Brand and Reputation	C5. # of stakeholder engagements # of engagements of key customers	43 engagements per quarter	6. Develop and Implement stakeholder Engagement Plan 7. Develop and Implement Corporate Social Responsibility Program 8. Implement IWRM Plan and Drought Response Plan
C2. Achieve Sustainable Development Priorities	C3. Urban access to safe drinking water C4. Rural access to safe drinking water	98.8% 90%	5. Determine NamWater-Vision 2030 Value gap	C4. Ensure Customer Satisfaction (Key Customers	C6. Customer Satisfaction Rate	60%	9. Develop and Implement Customer Relationship Management System (CRM)

Financial Perspective
Strategic Theme: We grow through innovation

Objectives	Measure	Target	Initiative
F1. Secure Optimal Funding	F1. To reduce the Namwater funding gap by N$300m	N$137.5mil per quarter (N$550mil pa)	10. Implement debt collection program 9.1 Prepaid meter programme (Bulk) 11. Develop and Implement debt management. 12. Review and develop Namwater tariff model in line with business development strategy 13. Implement metering improvement program (Research stage reading with devices)
F2. Improve Capital expenditure Rate	F2 To improve execution of capital development projects by investing an average of 60% of available budget on a rolling two-year basis	45%	14. Capital Development Improvement Programme

Mission

We shall provide quality water & related services to the satisfaction of all stakeholders, taking cognizance of the environment, scarcity of & dependency of all on water.

Vision

Water for all, forever

Our Values

1. We serve NamWater's interests first
2. We build on our synergies
3. We embrace our diversity
4. We are different
5. We are accountable
6. We are Disciplined
7. We are performance driven

Internal Business Processes Perspective
Strategic Theme: We are efficient

Objectives	Measure	Target	Initiative
IP1.Improve internal Efficiency	IP1. To maintain Water Supply cost of N$11.38 cents per m3 [Total Cost per M3 (all water)]	N$11.38	15. Implement Compliance program 16. Implement Corporate Risk Management Program 17. Implement Enterprise Process Development & Mgmt. Programme 18. Develop & Implement Technical Standards (Infrastructure replacement Projects) 19. Optimize Corporate performance management system (Strategy Management
IP2. Meet Water Demand	IP2 To achieve 60% Implementation success of the streamlined Corporate Strategic Plan by FYE 2021 IP3 Microbiological Compliance IP4 % Non-Revenue Water	60% 100% 8%	20 Implement Enterprise Asset Management Strategy in full 21 Develop a Water Quality Compliance Program (Schemes for substandard water) 22 Implement a programme of Non- Revenue Water 23 Implement the Capital development Projects 24. Implement TCE water security programs for: - NA, CCA & CAN
IP3. Diversify Business	IP6 Increase Revenue contribution of non-bulk water services by 1% per annum from 2020	1%	25. Develop a Viable business Model for retail services 26. Develop a Business development strategy

Talent and Technology
Strategic Theme: We attract the best

Objectives	Measure	Target	Initiative
TT1. Enhance culture & Engagement	TT1 To realize an organizational culture where every employee is valued as an asset	60%	27 Develop & Implement human capital/culture program.
TT2. Develop a Learning Organisation	TT2 To achieve Leadership bench strength of 80% TT3 To achieve a 90% resourced organization structure on route to a fully resourced org. structure by 2024	70% 90%	28 Develop & Implement organizational Capital program
TT3. Implement Technology Drive	TT4. Optimize the use of technology to 0.5% of total cost of identified key business processes	0.4% (5.6mil budget)	29 Develop & implement the ICT Governance Framework 30 SAP Compliance 2024

During the review period, the Corporation implemented the above-illustrated Corporate Strategic Framework. The execution of the strategy aims to close the performance gaps at a strategic level through strategic initiatives. The Corporate strategy was cascaded to all the organisational units using a well-crafted cascading methodology, ensuring that performance contracting was completed for all employees. Each NamWater department has a clear Operational Plan, linked to the Corporate Strategic Plan, which outlines the unique contribution towards achieving the Corporation's vision.

Strategy execution FY 2022

Effective strategy execution requires committed and effective operations at all levels of the organisation. The Balanced Scorecard system was used as the methodology for the strategy execution. During the review period, the performance coding illustrated in the table below was used, based on the Performance Management Policy. The performance coding assisted the Corporation in effectively monitoring the strategic execution progress.

The rating scale used in the table below is included in the HR Policy and serves the purpose of rating a company and staff performance

	QUALITATIVE EXPLANATION	Rating	% achievement / progress	Scale
Rating Scale: BSC Objectives & Measures	**Considerably exceeded Target -** Outstanding performance: far exceeding the expected standard of an employee at the level at which they are, which often includes showing competency at the next job level within NamWater.	5	100%	60%-100%
	Exceeded Target - Performance significantly above expectations: high achiever who shows performance that is significantly higher than the standard expected in the job.	4	80%	
	Achieved Targets - Fully effective: performance fully meets the standards expected in the areas of the job.	3	60%	
	Fell short of Targets - Areas for development: Performance meets the expected standards in some areas.	2	40%	40%-59%
	Fell considerably short of Targets - Unacceptable performance: Performance does not meet the standard expected for the job. The employee has failed to demonstrate ability to perform at the required level expected for the despite management efforts to assist.	1	20%	Not measured below

13	**Strategic Objective Status**															
Period	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
%	7	7	7	15	31	31	31	38	62	62	62	46	0	0	0	0

Summary: Objective Status for the Review Period

During the review period, the Corporation managed to attain an above average level of strategic performance against its business targets. This performance is commendable, given the change within the operating environment that created challenges regarding effective implementation and monitoring of strategy execution.

BSC	LEVEL 1 Objective Name	LEVEL 1 Measures	Baseline	Target FY 2022	Performance Q1	Q2	Q3	Q4	Comment
Customer & Stake-holder	**Ensure Sustainability of Supply**	Ensure 90% availability of all water schemes at all times through: 1. Reservoir levels (surface water)	>58%	>50%	58%	57%	56%	54%	Reservoir levels were kept above 50%, which is indicative of the water demand and supply capacity.
	Enhance Brand and Reputation	2. Reduction of 2.5% energy use per m3 pumped or N$313.7 million	3.4% reduction	Reduce with 2.5%	58%	57%	56%	54%	The cost of electricity was higher than expected. The Corporation replaced old water supply equipment with newer systems that are more efficient in order to manage energy use and cost.
		3. Number of Key Stakeholder Engagements (CEO)	150	120	20%	33%	21%	17%	Considering the COVID-19 pandemic, the Corporation could not engage its stakeholders effectively; however, contact was maintained.
Financial	**Secure Optimal Funding**	4. Reduce the NW funding gap by N$300m	N$653,055,843	N$300 mil	83 mil	27.8 mil	106.2 mil	37.3 mi l	N$254,946,198. 57 million was raised during the period April 2021 to March 2022.
	Improve Capital Expenditure Rate	5. Capital Expenditure (CAPEX)	42%	>40%	27%	38%	55%	18%	The total expenditure for FY 2022 was N$403 697 339 million, which is 52% of the planned budget.
Internal Processes	**Improve Internal Efficiency**	6. Total cost per M^3 (all water)	12.70	11.38	8.47	8.50	10.14	11.96	Cost per cubic meter water N$0.58 less than the set target of N$11.38 due to internal ef-feciency.
		7. Number of Major systems failures	68	0	14	18	31	20	In total 83 system failures were recorded for FY2022 which is due to old water supply infrastructure. The company develop new and replace old water supply infrastructure as part of its capital development programme.

BSC	LEVEL 1 Objective Name	LEVEL 1 Measures	Baseline	Target FY 2022	Performance Q1	Q2	Q3	Q4	Comment
Internal Processes	Meet Water Demand	8. Microbiological water quality compliance	94%	95%	93%	94%	93%	93%	A water quality compliance rate of 93% was maintained during the FY 2022.
		9. Bacteriological compliance (samples)	2742	3276	857	1751	2459	2459	3059 samples were taken countrywide, which is 217 less than the planned 3276 samples for FY 2022.
		10. % of Non-Revenue Water	9.7%	8%	13.6%	14.9%	11.7%	9.7%	Non-revenue water represents the difference between water produced and billed. Water is lost or unaccounted for in the system due to evaporation, faulty metering, and leakages. The YTD figure indicates an average of 9.7% non- revenue water result.
	Diversify Business	11. % Non-bulk services revenue growth	0.86%	1%	2.5%	1.9%	1.8%	0.3%	External revenue accounts for revenue generated by the Technical Vocational & Education Centre, Laboratory services and Rental of buildings/properties. Total External Revenue
Talen and Technology	Develop a Learning Organisa tion	12. 90% resourced organisational structure	84%	90%	93%	93%	94%	94%	30% of the workforce constitutes non-permanent workers. Permanent workforce stands with a total of 644 and 296 non-permanent workers.
		13. N$ Investment on ICT and Systems as a % of Total Cost	0.98%	0.2% (5mil ICT budget)	0.05%	0.62%	0.23%	0.23%	N$4 505 834 was spent on information technology against a budget of N$5 934 006, which is 76% of the budget.

Table 6: Summary of Strategic Objective Status

To conclude, the Corporation provided water at an average cost of N$12.77 per cubic metre of water. The cost for the customer reduced, which is indicative of improved efficiency. This signalled a prudent cost management approach followed during a challenging economic period. Total operational expenditure was lower than the total revenue.

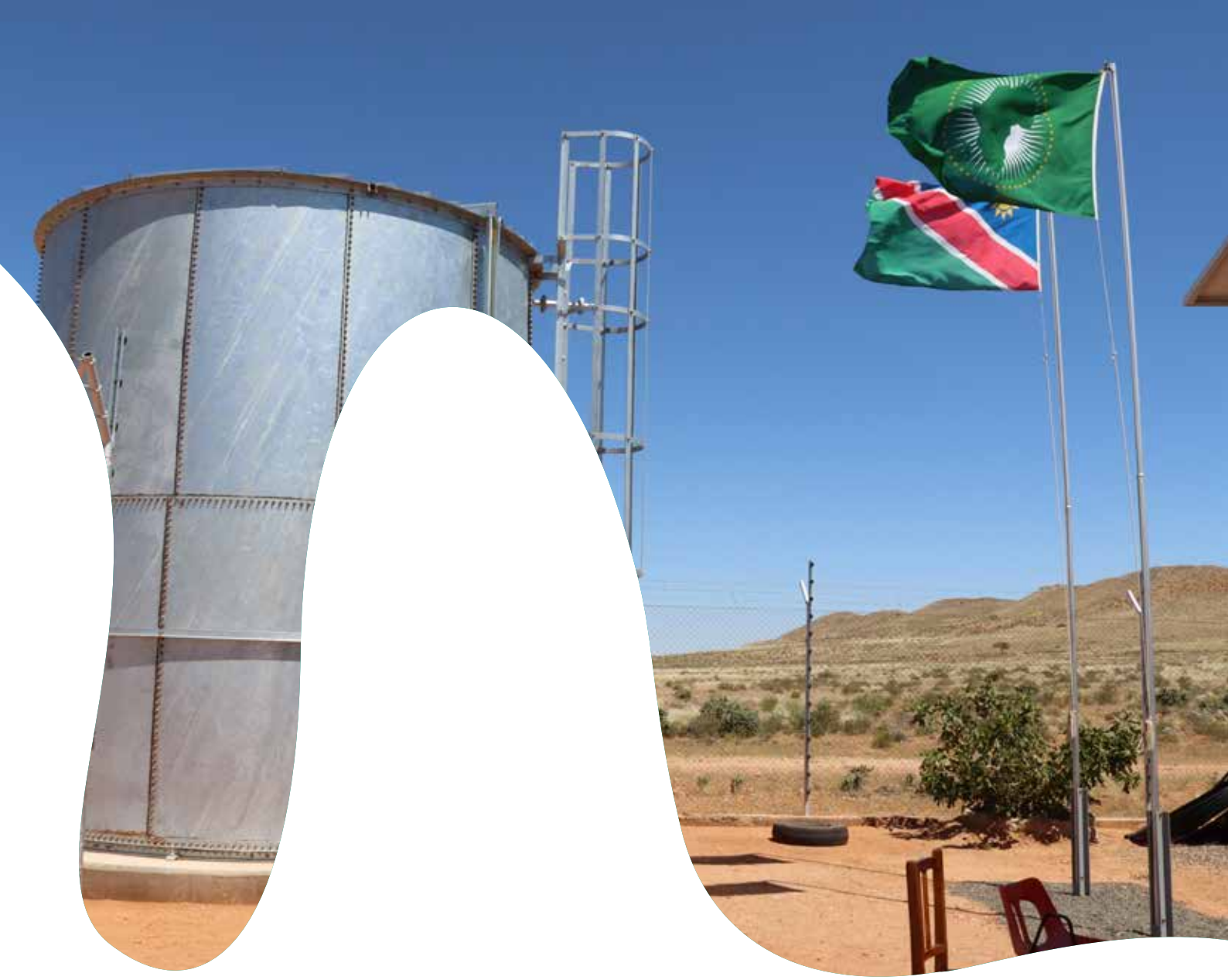
Customer relations featured high on the strategic agenda and engagements with key customers and stakeholders continued as planned, although impacted by the COVID-19 pandemic. The Board of Directors approved the Stakeholder Engagement Plan and management is to implement the plan during FY 2022/23.

The Corporation produced quality water on a sustainable basis in compliance with the Water Quality Standards. Key projects were commenced at the research stage, which will ensure that the current supply deficits are attended to in order to meet demand and ensure water supply security.

The Corporation did not retrench or lay off staff as a result of COVID-19. The full staff complement was employed during this period of increasing unemployment locally – a significant achievement.

Additionally, no remuneration of the current employees was reduced. The overall performance of the Corporation was good and seen as positive, considering the prevailing COVID-19 pandemic and difficult economic situation during FY 2021/22.





7

Business Performance



Business Performance

Introduction

Water is central to sustainable development and is essential for socio-economic development, healthy ecosystems, and human survival. Namibia has made significant progress in providing clean water to the majority of its citizens; however, population growth has placed a huge strain on local water supply sources. As such, the country's development necessitates the expansion and maintenance of water supply networks.

NamWater, Namibia's bulk water supplier, operates with the following time structures:

- the provision of a continuous water supply to the nation (short term), while ensuring adequate water is available for two years (medium term), and
- the long-term sustainable development of the country's water supply.

These time structures require NamWater to meet the daily water demand while also developing infrastructure capable of meeting future demands; however, the Corporation is faced with critical challenges such as aging infrastructure and a lack of human resources.

Physical infrastructure is critical to the economic development of any country. Adequate and dependable physical infrastructure, among other things, serves as the foundation for the delivery of many social and economic activities or services that improve the quality of life, increase mobility, and support the growth and expansion of businesses and industries. The available water sources are incapable of meeting the expected increase in demand. As a result of being forced to perform beyond its design specifications, NamWater's equipment has deteriorated significantly in many locations.

NamWater's equipment reliability will suffer significantly if the number of technically skilled employees capable of maintaining and repairing infrastructure is limited, which is currently the case. Despite these challenges, NamWater was able to meet the entire country's water demand during the review period. This is an incredible accomplishment, especially during drought conditions and repercussions of a pandemic.

NamWater's performance in accordance with the perspectives of the Balanced Scorecard framework

The four Balanced Scorecard perspectives include:

- Customer and stakeholder perspective
- Financial perspective
- Internal process perspective
- Talent and technology perspective

Customer and Stakeholder perspective

Stakeholder engagement

NamWater supports and recognises the significance of stakeholder management, and it continues to prioritise its engagements with stakeholders in the water sector to assist industry development and accelerate access to safe, potable water by fulfilling its mandate. NamWater reviews its stakeholder engagement strategy yearly to guarantee a successful and mutually beneficial two-way partnership. A customer-centric approach to doing business is valued by the Corporation, and this value will only grow in prominence in the future.

NamWater recognises the value of constructive engagement and collaboration with all stakeholders in the water sector to promote the advancement of the industry across the country. Because water is so essential to economic growth, all actors in the industry must recognise its value and scarcity.

There was frequent involvement with a varied range of stakeholders during the reporting year; however, the majority of these discussions were conducted online.

NamWater built platforms for engagement with its stakeholders at both local and national government levels during the review period.

Overall Performance Against Strategic Objectives

Strategic Objective: Enhance Namwater's Brand and Reputation

NamWater understands the importance of its stakeholders and maintains that its vision, mission and strategic plan will be accomplished primarily through strategic stakeholder engagement to position NamWater for maximum development and relevance among them. The Corporation commits itself to quality engagement with its stakeholders and values the efforts it places upon effective stakeholder engagement processes as a leading edge in its corporate strategy.

The purpose of this objective is to achieve an increase in stakeholder engagement results in terms of frequency, quality, and outcomes for relationship enhancement. NamWater's stakeholders are clustered as follows:

- Bulk-buyers
- Government offices, ministries and agencies
- State-owned enterprises
- Regional councils and local authorities
- Industries
- Mines
- Agricultural institutions
- Manufacturing industries
- Tourism industry
- Aquaculture industry
- Construction industry
- Retail buyers (off-takers from major branch lines)

NamWater comprehends that it needs to legitimately understand its stakeholders' needs by creating platforms to actively listen to and engage with them. These engagement sessions will assist in creating established, two-way communication channels, which will assist the Corporation in developing tailored strategies to address identified concerns.

In the year under review, the Chief Executive Officer conducted 91 engagements with key stakeholders. There were 17 engagements in Q4 (January-March 2022), 21 in Q3 (April-March) and 33 in Q2 (July-September), all above the planned monthly engagements of 10 per month.

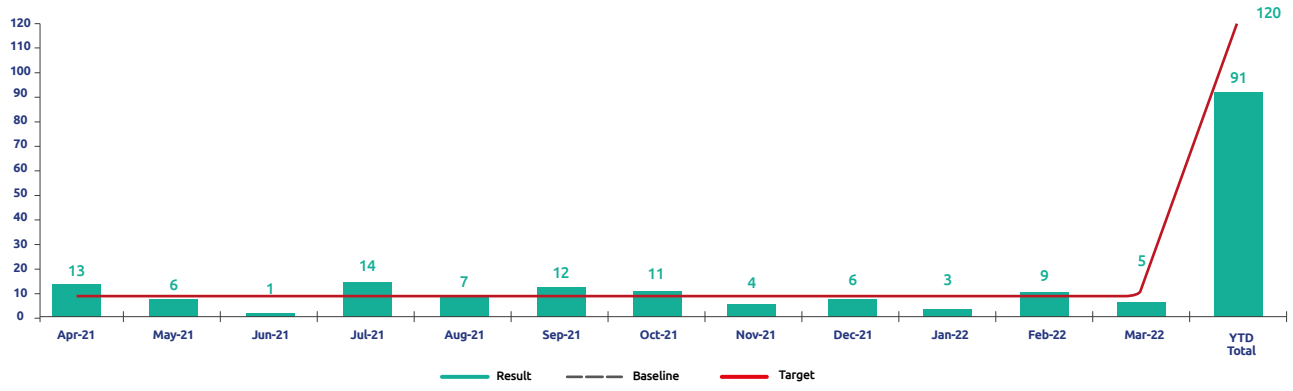


Figure 1: Stakeholder Engagement - FY2021/22

Corporate Social Investment Strategy

As a bulk water supplier, Namibia Water Corporation Limited believes it has a fundamental responsibility to help improve the lives of Namibia's previously disadvantaged communities. NamWater has developed a Corporate Social Investment (CSI) Policy that is aligned with the Corporation's strategy and contributes to the overall mission and vision of the organisation.

The CSI policy focuses on three areas:
- Education
- Sports and,
- Community upliftment.

These areas support the National Development Plan 3, the Harambee Prosperity Plan II, and the Sustainable Development Goals (SDGs).

NamWater contributes significantly to Namibia's social and economic growth by carrying out its mandate. As the bulk water supplier, the essence of water provides a lifeline to all communities, public institutions, and industries. It is against this background that the Corporation developed a stakeholder engagement policy to foster strong relationships with our stakeholders.

During the review period, the Corporation was in the process of re-designing its stakeholder engagement approach to increase engagement platforms at various levels and to raise awareness of the organisational mandate and themes. This has been prioritised within our strategic framework through the development of a Corporate Stakeholder Engagement Plan.

To effectively manage the flow of communication, the Corporation also placed a high priority on developing necessary communication plans. Subsequently, the cooperation orchestrated its very first five-year Strategy Development workshop in the reporting year. Throughout the process, we carefully listened to and considered our stakeholders' comments and guidance to the greatest extent possible. We believe that open communication channels between our stakeholders and what the Corporation knows to exist on the ground is needed. The workshop provided us with a solid framework for responding to the nation's water supply needs and challenges. It allows us to continue to serve as a trusted institution in our country, addressing the issues we have identified. As a business with a diverse array of stakeholders, it is only natural that communication is well managed to create clear and open communication channels.

NamWater continues to develop and cultivate a positive image of its operations by communicating in a manner that enhances credibility and promotes confidence amongst its external stakeholders to ensure that its mandate is met effectively and efficiently. In doing so, the Corporation ensures that a standardised and structured approach to external communication exists within NamWater to promote transparency and accountability by actively providing accurate, timely and relevant information to all external stakeholders.



COMMUNITY SUPPORT

The Corporation takes pride in contributing towards the development of the communities in which we serve, with the primary goal of improving lives and bringing our community into the mainstream economy. The Corporation also provides assistance and support to community programmes aimed at improving skill levels within communities to improve their livelihood and dependency.

NamWater donated water to the Namibian Police, worth N$10 000.00, during the reporting year. The Corporation recognised its role in contributing to the national eradication of the COVID-19 pandemic. To fight against COVID-19, the organisation developed a COVID-19 campaign aimed at educating not only the NamWater family but also the nation at large, worth N$30 000.00.

In addition, the Corporation donated water, worth N$7000.00, to the National Federation of People with Disabilities in Namibia (NFPDN), an organisation established to advocate for the protection of the rights of persons with disabilities in Namibia, which has executed many projects over the past two decades.

The year 2021 was extremely difficult for all of us, especially for the less fortunate. The NamWater family hosted an event that we call 'The NamWater Christmas Care Box', which involves giving and spreading joy to the less fortunate.

In 2016, the Corporation donated a wheelchair to a beneficiary who sustained injuries in a car accident that left him paralysed. During the reporting year, the beneficiary approached NamWater for assistance with the repair of the wheelchair. NamWater paid for the wheelchair repair to the value of N$1,975.00.



EVENTS AND FUNCTIONS

NamWater's corporate social responsibility programme includes charitable contributions to national and local organisations. This is accomplished through monetary donations or the provision of water at community events such as sports, exhibitions, and fund-raising gala dinners. However, due to the COVID-19 pandemic and the restrictions imposed by the Government of the Republic of Namibia during the reporting year, these donations were at a minimum.

SPORTS

NamWater is dedicated to the growth of sports for its employees and the Namibian nation. Sport is highly valued in NamWater's Corporate Social Responsibly Policy. As our mission is to assist and support various sports, the Corporation donated N$6,785.00 to a sporting event hosted by the Namibia Kyokushin Karate Organisation. These events promote unity, celebrate diversity, and promote a healthy lifestyle. NamWater has always actively encouraged and supported sports in various ways, firmly believing that it is an activity that promotes a healthy mind and body and that by supporting sports codes, we can help meet our national goal of empowering people and communities through these activities.

ENVIRONMENT

NamWater understands that all businesses have a significant carbon footprint; as such, the environment constitutes a major focus of NamWater's corporate social responsibility. Any steps taken to reduce the carbon footprint benefits the organisation as well as society as a whole. NamWater recognises the significance of preserving the natural environment that supports all life on Earth for future generations.

Financial Perspective

NamWater as a bulk water supplier is mandated to supply water, manage resources and develop the required infrastructure. The afore-mentioned processes are capital intensive and require the Corporation to remain viable from a financial perspective. As a public enterprise based on cost recovery, the Corporation operates on a tariff model that is not profit driven. It is for this reason that the Corporation is required to source external funding in order to ensure business sustainability and to deliver on its mandate.

In order to secure optimal funding for the development of capital projects and the refurbishment of existing infrastructure, the Corporation has raised funds from the African Development Bank (AfDB), the Kreditanstalt für Wiederaufbau (KfW), the Desert Research Foundation of Namibia, and it has received funding from the government through the Cabinet Committee on Water Supply Security through the Technical Committee of Experts (TCE).

To achieve the sustainable development priorities and to meet the national targets contained in Vision 2030, NamWater has produced 112 284 801 million cubic metres of water. The Corporation provided water at an average cost of N$12.77 per m^3, which indicates a prudent cost management approach throughout the year.

Effective financial management practices were applied to ensure the viability of the Corporation.

The Corporation has surpassed the N$2 billion mark of potable water sold to its customers through a year-on-year increase realised by water sold to customers at 4.4%. A significant portion of the increase was driven by organic growth informed by an increased water demand from both commercial and non-commercial customers. Water sold through the Orano Desalination Plant also recorded a year-on-year increase of 7.3%, which was demonstrated by an increased mining demand. Operating expenses remained flat and consistent with the previous year, which resulted in an overall profit before tax increase of 53%, from N$195 million in FYE 2021 to N$299 million in FYE 2022. The ratios in the following table present an informed, holistic view of the Corporation's overall assessment.

Ration	2022	2021	2020	2019
Return on assets	2.65%	1.35%	0.00%	0.38%
Return on equity	3.98%	2.00%	0.0%	0.63%
Operating Expense to Income	90.20%	95.1%	100.1%	98.4%
Current asset and liabilities	320%	485%	319.0%	401%
Solvency Ratio	49.9%	48.5%	54.7%	63.3%

Table 7: Overall financial assessment of NamWater

From a profitability point of view, the overall return on investment of the Corporation showed a relative improvement to the previous year. This was primarily due to an increase in the potable water sold to customers as a result of increased demand. Operating expenses remained relatively flat with the previous year, which has resulted in a good operating expense to income ratio, improved by 8.1%.

The overall solvency and liquidity of the Corporation remained intact, although a reduction in the ratio between current assets to liability was observed, from 485% to 320%. This was primarily driven by the reclassification of its investment instruments from short- to long-term to assist with improving the return rate for the Corporation.



Volumes of Water Sold

	Sales volume (M^3)
Treated Water	101,339,614
Irrigation Water	50,427,585
Total	**151,767,199**

Table 8: Volumes of water sold

Revenue from the Top Five Customers

Customer Name	Revenue (N$)
City of Windhoek	460,920,167
Swakop Uranium	374,975,234
Rossing Uranium	151,295,594
Walvis Bay Municipality	97,837,964
Swakopmund Municipality	82,171,781
Total	**1,167,200,742**

Table 10: Revenue from the top five customers

The City of Windhoek at 33% and Swakop Uranium at 19% continued to dominate the list of top revenue-generating customers for the year for potable water sales. This demonstrated an increase of 19.4% and 10% for Swakop Uranium from the previous year.

Cash Flow

During the review period, net cash from operation activities increased by 20% from the previous year. This was primarily driven by the reclassification of pledges made to the government to support the City of Windhoek during the 2017/18 drought with the amount of N$167 million.

Net cash investing activities increased significantly by 166% due to the accelerated investments in the infrastructure programme at the coast, where capital to the value of N$250 million was deployed for infrastructure. The projects funded with this amount included the replacement of pipelines on the Kuiseb Collector 1 section.

However, the free cash flow position continued to remain positive year on year by 50%, albeit the difficulty experienced in collection from customers. The Corporation was also able to secure funding from the government to help fund some of these infrastructure projects during this period.

Revenue from Water Sold

	Revenue (N$)
Treated, untreated and desalinated water	2,027,488,864
Irrigation	14,245,685
Total	**2,041,734,548**

Table 9: Revenue from water sold

Debtors

The total trade debtors owing the Corporation stood at N$1 465 839 537 as at 31 March 2022, which represents a year-on-year increase of 14.1%. The significant increase is attributable to customers in current category as this increased by N$98 million. The increase in overall default rates of customers has led to an increase in trade debtors. Various interventions are being explored to arrest the situation; however, systematic challenges across the sector have contributed to the high debt, which includes water losses due to ageing infrastructure at the local authority level. The Corporation is engaging the shareholder to investigate potential available options to address the debt owed by local authorities.

Top 5 suppliers in value

During the review period, the key operating costs that largely drove the cost base of the Corporation are categorised as follows:

- Orano Desalination Plant
- NamPower
- Central North Regional Electricity Distributor (CENORED)
- Northern Namibia's Regional Electricity Distributor (NORED)
- Aqua Services

Investments

Fixed-term investments continued to increase year on year, demonstrating a 16.7% increase from the previous year. This was due to the returns earned on funds investment plus additional funds reinvested, given the positive free cash flow position of the Corporation. The repo rate adjustments from the Bank of Namibia also assisted the Corporation in increasing its overall asset growth. As part of its investment strategy, the Corporation will for the coming years categorise investments in various asset classes within the umbrella of short, medium and long term to ensure an optimum return of the portfolio.

Taxation

Income tax paid over to the Namibian Revenue Agency remained consistent with the previous year. A total of N$85 million was accrued due for income tax. This is on top of the N$90 million paid to the receiver for indirect taxation. Although NamWater is an entity with public interest, the Corporation continues to pay taxes as it is not exempt from the Income Tax Act of Namibia.

Tariffs

The Corporation did not receive any tariff increase for FY 2022. This is the third consecutive year that no tariff increases were received, albeit inflationary increases experienced on the operational cost side of the business.

The non- approval of tariff increases eats into the risk of the sustainability of the Corporation and its ability to finance infrastructure throughout the country.

CAPITAL EXPENDITURE RATE

On 11 December 2020, the NamWater Board approved a capital budget allocation of N$770 million. The capital budget is utilised for the procurement of infrastructure and non-infrastructure items and the execution of the capital projects. By year end, the Corporation had spent N$403 million of the budget, from various budget votes.

The changes within the supply chain environment due to COVID-19 lock-downs last year remained a challenge with regards to the Corporation meeting its capital expenditure (CAPEX) programme plans, where the project execution teams experienced challenges such as the unavailability of material and supply chain delays. Despite these challenges, the Corporation continued to execute its CAPEX programme, spending N$403 million towards augmenting and renewing its bulk water infrastructure.

Programme Performance

The figure below illustrates project performance in terms of the actual CAPEX against the budget over the past six years (FY 2017-2022). The total FY 2022 performance of N$ 403 million shows a significant improvement compared with the performance of previous years, as NamWater worked towards the implementation of the capital infrastructure to meet demands and for growth, which has been a challenge over the past years.

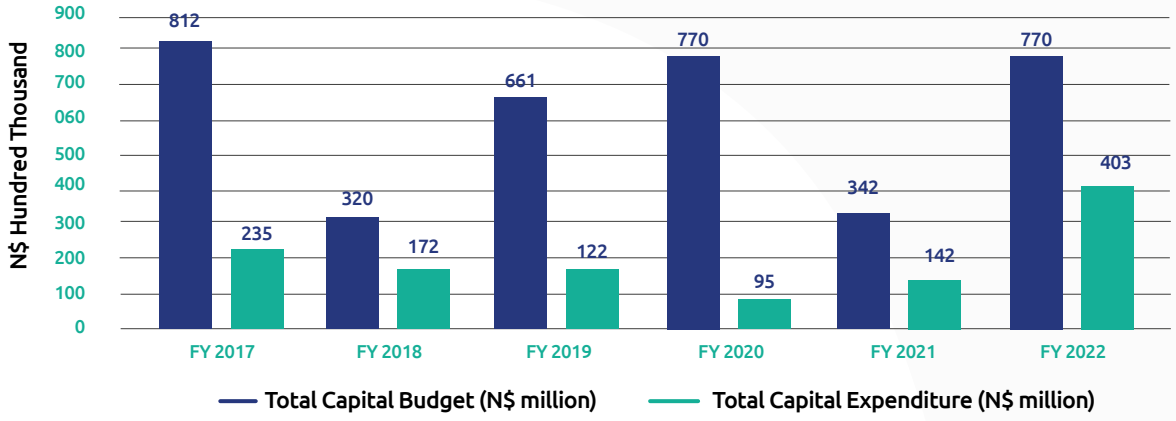


Figure 2: Total capital expenditure vs total capital budget (six-year timeline)

The total approved budget was N$770 million and the actual expenditure to date totalled N$403 million in FY 2022. By the end of Q4, the actual expenditure had out-performed all capital execution programmes since FY 2017 and was 184% higher than the previous financial year (FY 2021).

The higher project performance points to NamWater having taken on bigger projects during the financial year, thus helping to take water supply forward by replacing ageing infrastructure and building new infrastructure, making NamWater's operations more efficient and cost-effective for the country and its customers.

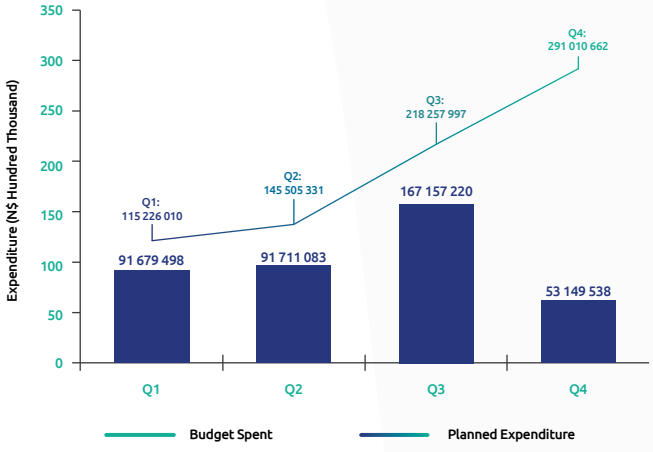


Figure 3: Quarterly actual capital expenditure vs planned expenditure (FY 2022)

Overall Performance Against Strategic Objectives

Strategic Objective: Secure Optimal Funding

The purpose of this objective is to reduce the NamWater funding gap by N$300m.

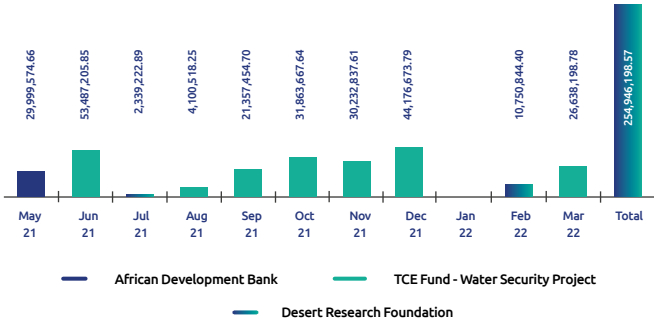


Figure 4: Reduction of the NamWater funding gap (FY 2022)

The funding gap during the strategy review was calculated at N$1.04 billion. Measures to reduce was identified to be:

1. Reduce outstanding debtors balance
2. Recover funding provided to Government
3. Raise additional funding through external sources.
4. Increase revenue through new revenue streams
5. Tariff increases
6. Effective cost management

During the period under review, the year to date amount of N$255 million was raised during the period April 2021 until March 2022 for the NamWater projects and research work.

Strategic Objective: Improve Capital Expenditure Rate

The purpose of this objective is to invest in water supply infrastructure to meet the national water demand.

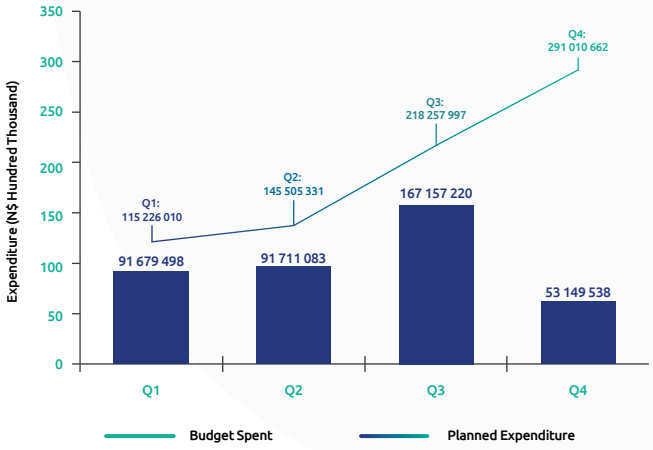


Figure 5: Capital expenditure rate (capital budget FY 2022)

The NamWater Programme Management Division planned to spend N$770 million for the FY 2022.

The recorded expenditure for Q4 was N$53.1 million, which constitutes 18% of the planned Q4 budget. The YTD total expenditure for FY 2022 was N$403 697 339 million, which constitutes 52% of the planned budget.



INTERNAL PROCESS PERSPECTIVE OPERATIONAL OVERVIEW

NamWater's core mandate is to supply water throughout Namibia. Water is supplied from 213 water supply schemes throughout the entire country, as indicated in the map below. These water supply schemes consist of potable water supply schemes (202), untreated water supply schemes (8) and irrigation water supply schemes (3). The supply of each water type is indicated in the analysis below.

Type of Water	Sales volume (M³)
Potable	101 339 614
Irrigation	50 427 603
Other	**151 767 199**

The operation of the Corporation is divided into five business units: North West, North East, Central, Coastal, and South.

NamWater Business Units

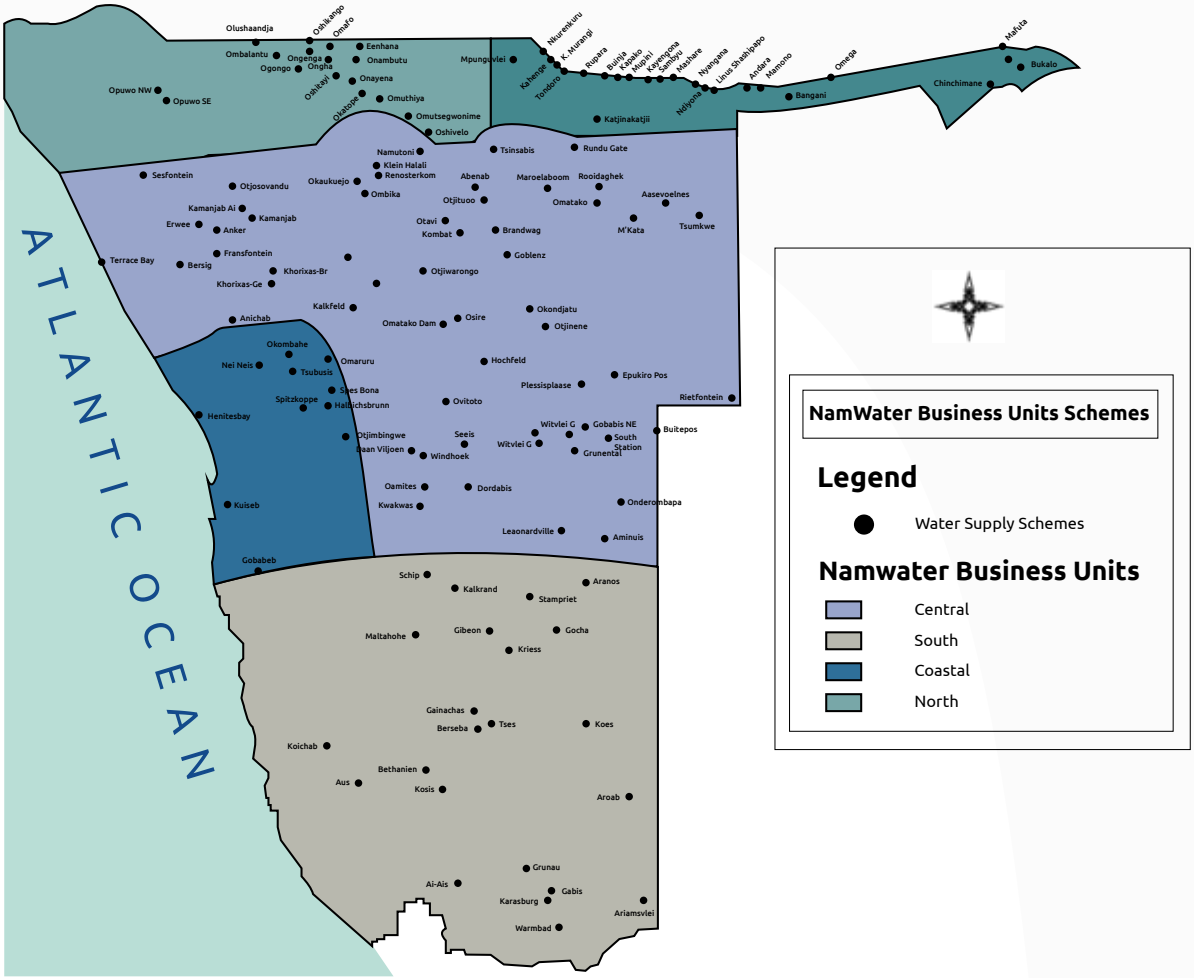


Figure 1: Map of Namibia with Business Units and Schemes



Figure 6: NamWater supply value chain

Abstraction

NamWater abstracts water from water sources such as rivers, dams and groundwater aquifers by various abstraction systems such as spillways and pumping schemes.

The table below presents a summary of the different water sources from which NamWater abstracts water for supply throughout the country.

Water sources throughout the country

Sources	#	Description	Comments
Rivers	4	Okavango, Orange, Zambezi,	
Dams	19	Distributed over the country	Major dams only
Aquifers	5	Kuiseb, Koichab-pan, Kombat, Berg Aukus, Otjiwarongo Marble Auifer	
Boreholes	537	Distributed over the country	

Treatment

The process of water treatment involves the removal of impurities from water abstracted from the various sources to ensure compliance with the national water quality standards, as per the Water Resources Management Act, 2013 (No.11 of 2013). The following analysis table presents

Treatment plants employed by NamWater

Type of plant	Number	Description	Location
Conventional	16	– Aeration – Coagulation – Flocculation – Sedimentation – Filtration and disinfection	
Reverse Osmosis	6	– Pre-treatment: microfiltration and ultrafiltration – Membrane treatment: nano-filtration (or reverse osmosis), blending and disinfection	
Filter Plants	16	– Direct filtration (no chemicals are used) and disinfection	

Conveyance & Storage

Treated water is conveyed to consumers through above- and underground pipelines. The following analysis table presents a high-level summary of the conveyance infrastructure and storage reservoirs.

Infrastructure (Type)	Number	Distance (km)
Pipelines		6996
Reservoirs	338	

Metering & Billing

Metering customers is an operational function, which includes the monthly recording of water readings. The billing process is handled by the Finance Division. The following analysis table illustrates the types and number of customers.

Type of Clients	Number of clients	Comments
Municipalities	9	
Town Councils	26	
Village Councils	17	
Regional Councils	14	This includes 61 settlements
Mines	15	
Irrigation Customers	31	
Others	53,848	
Total	53,960	

The following analysis table presents an overview of water supply throughout Namibia as divided between the different business units.

Sources	BU Central	BU North West	BU North East	BU South	BU Coast	Total
Total # schemes (irrigation water)	-	1	-	2	-	3
Total # schemes (Raw water)	2	2	5	0	1	10
Total # schemes (Potable water)	87	40	27	30	19	203
# Schemes supplying to Municipalities	4	-	-	2	3	9
# Schemes supplying to Town Councils	6	12	3	3	1	25
# Schemes supplying to Village Councils	6	9	2	10	-	27
# Schemes supplying to Village Settlements	37	7	7	10	-	61
# Schemes supplying to Mines	4	-	-	3	3	10
# Schemes supplying to "NWR"	9	-	-	2	2	13
# Schemes supplying to a Borderpost	2	4	-	3	-	7

Sources	BU Central	BU North West	BU North East	BU South	BU Coast	Total
# Schemes supplying from Dams	7	1	-	4	-	14
# Schemes supplying from Boreholes	32	4	5	21	18	80
# of Schemes supplying from rivers	-	1	15	5	-	21
# of Boreholes	297	12	21	94	112	537
# of Reservoirs	129	80	46	66	17	338
Distance of pipeline (Km)	4262	1,359	275	550	550	6996
Distance of Canals (Km)	250	160	-	17	-	427
Number of Dams	11	2	-	5	1	19

BUSINESS PERFORMANCE OVERVIEW

NamWater as a bulk water supplier supplies water to its customers through five established business units (BU), which include:

- North West (covering Omusati, Oshana, Ohangwena, Oshikoto, and Kunene regions)
- North East (covering Kavango West, Kavango East, and Zambezi regions)
- Central (covering Otjozondjupa, Khomas, Omaheke, part of Hardap, and part of Kunene regions)
- Coastal (covering Erongo Region)
- South (covering part of Hardap, and //Karas regions)

The business units are further divided into water supply management areas. To deliver water to customers in the respective business units and the water supply management areas, Corporate Services, Finance, Engineering Services, and Scientific Services provide the required support to improve the operation and the implementation of capital and research projects.

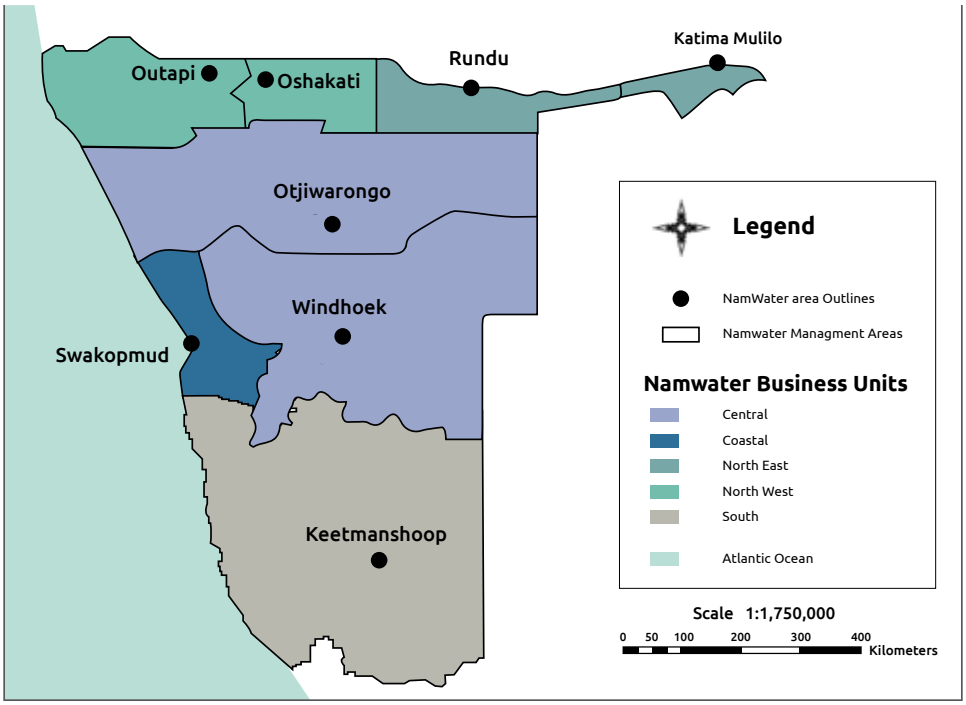


Figure 2: NamWater Business Units and Water Supply Management areas

GENERAL OVERVIEW - BUSINESS UNITS

Business Unit Central (BUC)

The Business Unit Central (BUC) is responsible for water supply in the Central Area of Namibia. It includes all water supply schemes from Terrace Bay in the west to Tsumkwe in the east, and from Tsintsabis in the north to Leonardville in the south as depicted in the Figure below. The BUC is headquartered in Okahandja, and the water supply schemes are distributed in Khomas, Otjozondjupa, Omaheke, part of Oshikoto, part of Kunene, and part of Erongo regions. The Business Unit is split into two water supply management areas, namely the Water Supply Area Khomas and the Water Supply Area Brandberg. Each of the management areas is managed by an Area Manager, assisted by Scheme Superintends and Maintenance Foremen, while the Business Unit is headed by a Head of Business Unit. The BUC remains the largest revenue contributor for NamWater with the City of Windhoek being the number 1 customer in terms of the volume of water supplied.

Business Unit Central consists of 89 water supply schemes. Among the available water supply schemes, two (2) of the schemes supply raw water to the Navahacb Mine, and en route user customers along the canal and the other 87 schemes supply potable treated water to various customers listed in the Table below. For the reporting period, the was no water supply schemes developed.

The 89 water supply schemes are divided into the following types of supply:		
Total # schemes (raw water)	2	Swakoppoort Navahacb Mine, Canal customers
Total # of schemes (Potable water)	87	See list below
The 87 potable water supply schemes supply to the following categories of clients:		
# Schemes supplying to Municipalities	4	Windhoek, Otjiwarongo, Gobabis and Okahandja
# Schemes supplying to Town Councils	6	Otavi, Okakarara, Rehoboth, Karibib, Khorixas and Usakos
# Schemes supplying Village Councils	6	Witvlei, Otjinene, Leonardville, Uis, Kamanjab, Otjimbingwe
# Schemes supplying Settlements	37	Tsintsabis, Tsumkwe, Okondjatu, Okombahe, Tubussiss, Spitzkope, Otjivero, Efpukiro Post 3 and Epukiro Post 10, Aminus, Anichab, Onderabapa, Dordabis, Ernst Meyer, Oamites, Plessis Plaas, Kwakwas, Osire, Ovitoto, Kalkfeld, Otjituuo, Okamatapati, Goblenz, Okahitwa, Sesfontein, Bergsig, Anker, Erwee, Fransfontein, Nei-Neis, Rundu Gate, etc
# Schemes supplying Mines	4	Navachab Mine, Okorussu, Otjihase, Friedenau
# Schemes supplying to “NWR”	9	Namutoni, Halali, Okaukeujo, Teracce Bay, Daan
# Schemes supplying to a Borderpost	2	Buitepost, Windhoek Airport
# Schemes supplying to individuals	4	Berg Aukas – Elandspan, Okakarara – Elandspan, Goblenz, Grootfontein – Omatako canal
The primary supply sources are categorised as follows:		
# of dams	7	Von Bach; Swakoppoort, Omatako, Oanob, Tilda Viljoen, Daan Viljoen,
# Schemes supplying from boreholes	32	

Table 10: Business Unit Central water supply schemes

Additional data:	
Number of boreholes	297
Number of reservoirs	129
Distance of canals(km)	250
Distance of pipelines(km	4,262
Number of reservoirs	129

Table 10: Business Unit Central water supply schemes

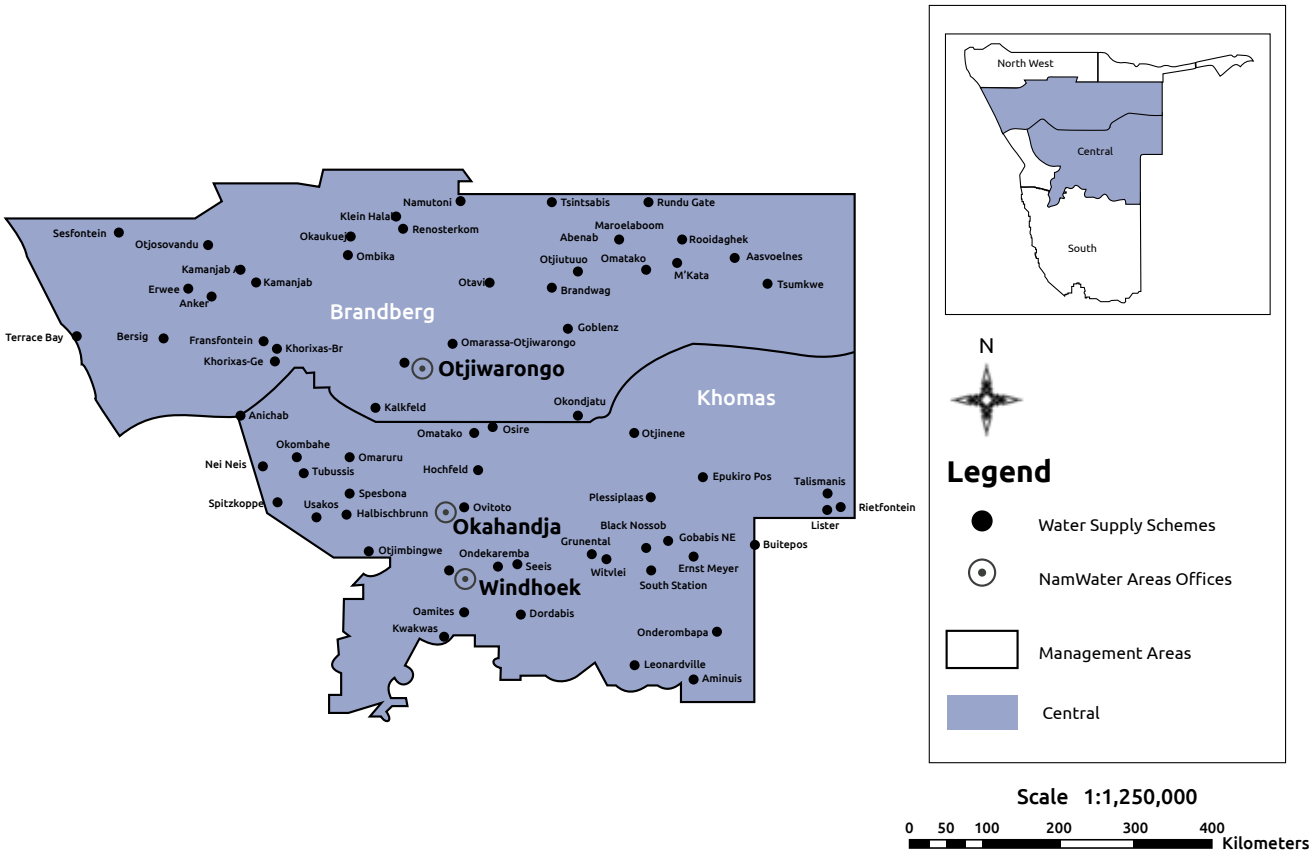


Figure 3: Business Unit Central

Business Unit Northwest (BUNW)

The Business Unit North West (BUNW) is responsible for water supply in the Central North Water Supply Area (CNWSA) of Namibia. It includes all water supply schemes from the Calueque Dam in Southern Angola, covering the Kunene and Cuvelai water basins. The BUNW is headquartered in the Oshakati town. The water supply is distributed in the Omusati, Oshana, Ohangwena and Oshikoto regions. The business unit is divided into two water supply management areas: Cuvelai West and Cuvelai East. Each of the management areas is managed by an area manager, and assisted by scheme superintendents and maintenance foremen, and the business unit is headed by a Head of Business Unit. The Business Unit North West supplies one of the most populated regions in Namibia, comprising approximately 50% of the country's population.

The Business Unit North West consists of four water treatment plants. Among the available water supply schemes, the canal which transports water from the Calueque Dam supplies raw water to the Etunda Irrigation Scheme.

The four water supply schemes consist of a network of production plants and pump stations. Water is supplied as follows:		
Total # schemes (Irrigation water)	1	Etunda
Total # of schemes (Potable water)	40	See list below
Potable water is supplied to clients in the following categories:		
# Schemes supplying Town Councils	12	Omuthiya, Oniipa, Ondangwa, Helao Nafidi, Eenhana, Ongwediva, Oshakati, Oshikuku, Outapi, Ruacana, Okahao and Opuwo
# Schemes supplying Village Councils	8	Ongha, Omungwelume, Okalongo, Ogongo, Onesi. Ongenga, Onayena, Oshivelo
# Schemes supplying Settlements	6	Eheke, Odibo, Onambutu, Ondobe, Oshigambo, Oshitayi
# Schemes supplying Mines	0	There are no mining activities in the BU
# Schemes supplying to "NWR"	0	NWR does not operate in the BU
# Schemes supplying to a border post	3	Oshikango (Omafo scheme), Omuvelo Wakashamane (Ogongo scheme), Mahenene and Ruacana (Olushandja Scheme)
Three primary supply sources are categorised as follows:		
# of dams	3	Calueque, Olushandja, Ogongo-Million
# Schemes supplying from boreholes	3	Opuwo, Oshivelo, Eenhana
# Schemes supplying from rivers	1	Calueque
Additional data:		
Number of boreholes	12	Oshivelo – 2; Eenhana – 3; Alpha – 2; Opuwo -5.
Number of reservoirs	80	
Distance of canals (km)	160	From Calueque pumpstation to Oshakati purification Plant.
Distance of pipelines (km)	1,359	

Table 11: Business Unit North West water supply schemes

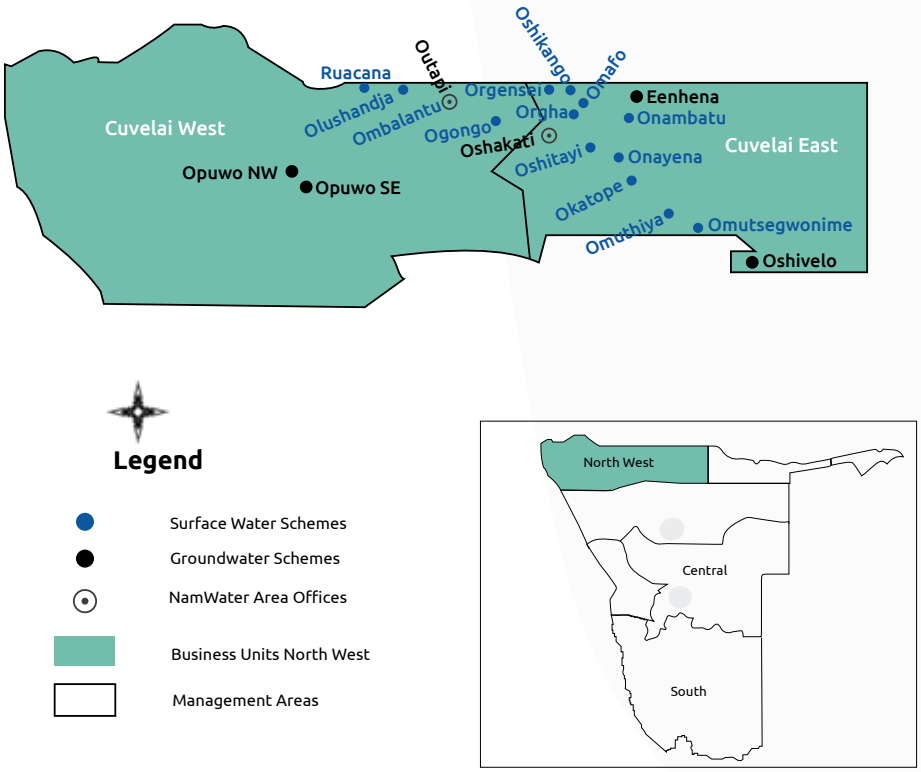


Figure 4: Business Unit North West

Business Unit Northeast

The Business Unit North East (BUNE) is responsible for water supply in the Zambezi, Kavango East, and Kavango West regions. The BUNE is headquartered in the Rundu town. The business unit is divided into two water supply management areas: Zambezi and Kavango. Each of the management areas is managed by an area manager, and assisted by scheme superintendents and maintenance foremen, and the business unit is headed by a Head of Business Unit. The Business Unit North East supplies water to the second most populated town in Namibia, Rundu.

The 32 water supply schemes are divided into the following types of supply:		
Raw water: Total # of schemes	5	Katima , Kongola, Divundu, Rundu, Nkarapamwe
Potable water: Total # of schemes	27	6 x Zambezi: Katima-Linyanti, Katima-Sibbinda, Booster Isize, Mafuta, Katima-Bukalo, kongola-Makanga 21 x Kavango East and West: Omega, Divundu, Andara, Mamono, Shamvhura, Linus,Ndiyona, Nyangana, Mashare,Sambyu,Kayengona, Rundu Scheme, Nkarapamwe scheme, Mupini,Kapako,Bunja,Rupara,Tondoro,Kandjimi,Kahenge and Mpungu-Vlei
The primary supply sources are categorised as follows:		
# Schemes supplying to Municipalities	0	None
# Schemes supplying Town Councils	3	1 x Zambezi: Katima Town Council 2 x Kavango: Rundu Town and Nkurenkuru
# Schemes supplying Village Councils	2	Bukalo Village Council, Divundu Village Council
# Schemes supplying Settlements	7	Kongola-Makanga Booster, Katima-Linyanti Booster, Katima-Sibbinda- Booster, Mafuta Booster, Isize Booster Kahenge and Ndiyona
# Schemes supplying Mines	0	None

The primary supply sources are categorised as follows:		
# Schemes supplying to "NWR"	0	None
# Schemes supplying to a Borderpost	3	
The primary supply sources are categorised as follows:		
# of dams	0	None
# Schemes supplying Mines	0	None
# Schemes supplying from rivers	15	Andara,Kandjimi, Divundu, Andara, Mamono, Shamvhura, Linus,Ndiyona, Mashare, Rundu Scheme, Nkarapamwe scheme, Mupini,Kapako,Bunja,Rupara,Tondoro
Additional data		
Number of boreholes	21	
Number of reservoirs	46	
Distance of canals	0	None
Distance of pipelines (km)	275	

Table 12: Business Unit North East water supply schemes

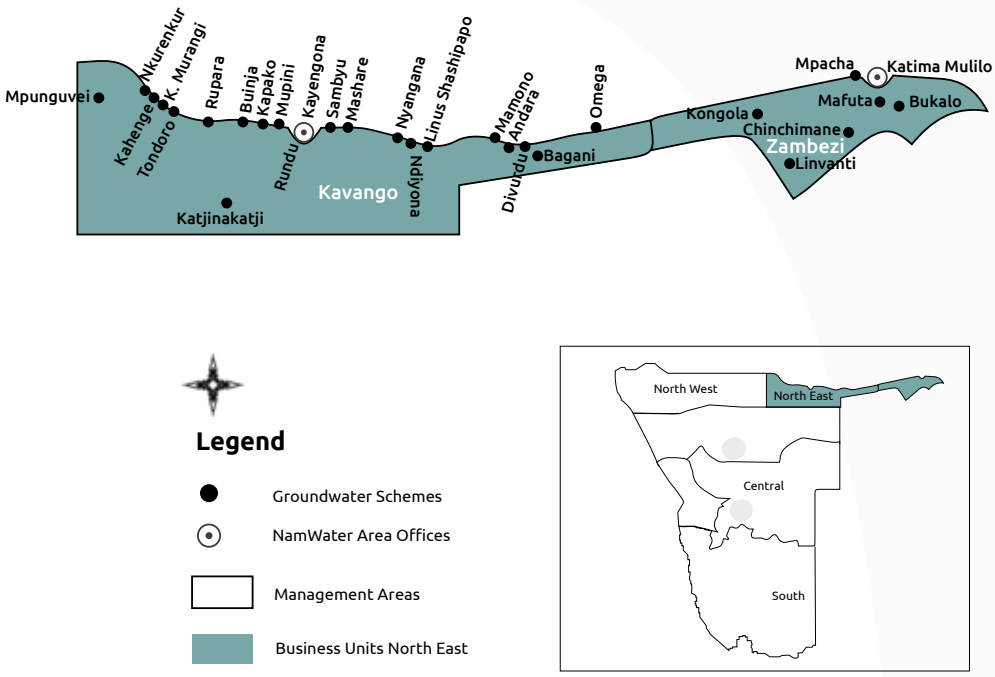


Figure 5: Business Unit North East

Business Unit South (BUS)

The Business Unit South (BUS) is responsible for water supply in the Hardap and //Karas regions. The BUS headquartered in Keetmanshoop. The management areas are managed by an area manager, and assisted by scheme superintendents and maintenance foremen, and the business unit is headed by a Head of Business Unit.

Water is supplied as follows:		
Irrigation water: Total # of schemes	2	Hardap Dam, Naute Dam, Neckartal Dam (not operational yet)
Potable water: Total # of schemes	30	(See list below)
30 potable water supply schemes supply the following client categories:		
# Schemes supplying to Municipalities	2	Keetmanshoop, Mariental and Hardap
# Schemes supplying Town Councils	3	Aranos, Karasburg, Lüderitz
# Schemes supplying Village Councils	10	Gibeon, Maltahohe, Tses, Kalkrand, Stampriet, Aroab, Gochas, Bethanie, Berseba, Warmbad
# Schemes supplying Settlements	10	Schlip, Kriess, Noordoewer, Ariamsvlei, Grünau, Aus, Kosis, Gobabis, Gainachas, Aussenkehr
# Schemes supplying Mines	3	Skorpion Mine, RPZC Mine, RoshSkor Town
# Schemes supplying to "NWR"	1	Ai-Ais
# Schemes supplying to a border post	3	Klein Menasse,Noordoewer,Skorpion Mine,RPZC Mine,RoskSkor Town
The primary supply sources are categorised as follows:		
# Schemes supplying from dams	4	Keetmanshoop, Mariental & Hardap, Karasburg, Gabis
# Schemes supplying from boreholes	21	Remainder of bulk customers
# Schemes supplying from rivers	5	Aussenkehr, Noordoewer, Skorpion Mine, RPZC Mine, RoshSkor Town
Additional data:		
Number of boreholes	94	
Number of reservoirs	66	
Kilometres of pipeline	550	From Calueque pumpstation to Oshakati purification Plant.
Distance of canal	17	
Number of dams	5	Naute, Hardap, Neckartal, Dreihuk, Bondels

Table 13: Business Unit South water supply schemes

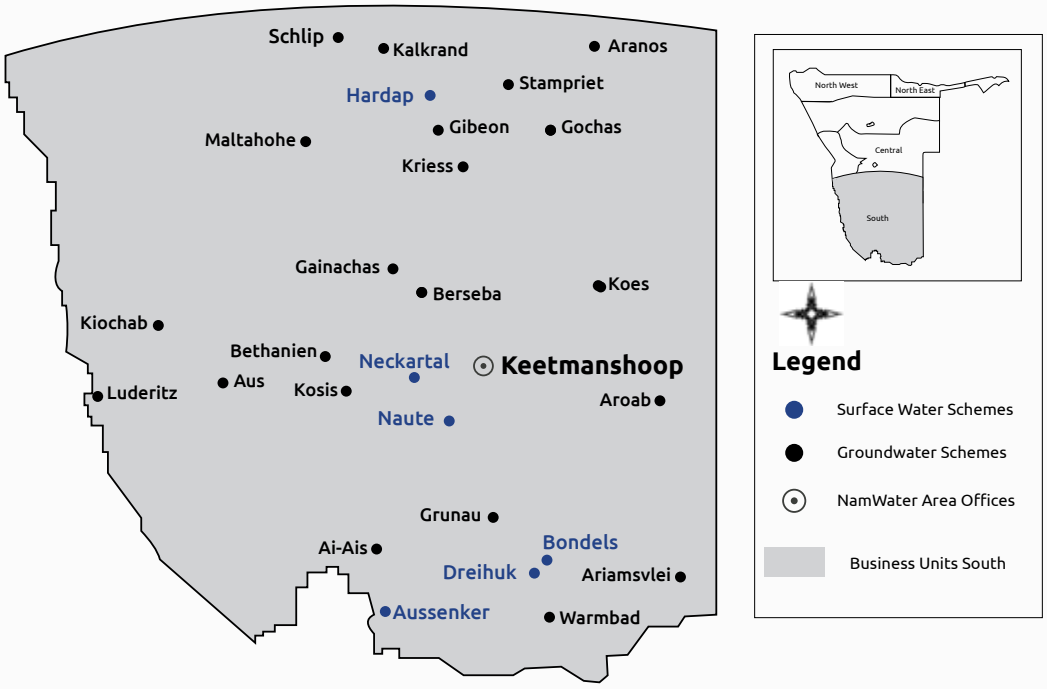


Figure 6: Business Unit South

Business Unit Coastal (BUC)

The Business Unit Coastal (BUC) is situated on Namibia's coastline, extending from the Ugab River in the north to the Kuiseb River in the south and to the Rössing mine in the east. It is responsible for water supply in the Erongo Region. The BU is headquartered in Swakopmund. The management areas are managed by an area manager, and assisted by scheme superintendents and maintenance foremen, and the business unit is headed by a Head of Business Unit.

The limited water resources in the area have necessitated the development of an integrated water supply system, the Central Namib Water Supply System, which supplies water to consumers along 100 km of coastline and 65 km inland. Bulk water supply to the CAN is presently based on groundwater abstracted from the alluvia in the lower reaches of two ephemeral river systems, the Kuiseb River (approximately 20 km south of Walvis Bay) and the Omaruru River (80 km north of Swakopmund), and the Orano Desalination Plant at Wlotzkasbaken (approximately 35 km north of Swakopmund).

The 19 water supply schemes are divided into the following types of supply:		
Raw water: Total # of schemes	0	
Potable water: Total # of schemes	19	See list below
The 87 potable water supply schemes supply to the following categories of clients:		
# schemes supplying municipalities	3	Swakopmund, Walvis bay, Henties bay
# schemes supplying town councils	1	Arandis
# schemes supplying village councils	0	
# schemes supplying settlements	0	
# schemes supplying the NWR	3	Rössing Mine, Husab Mine, Langer Heinrich Mine

The 87 potable Water Supply Schemes supplying to the following "Categories of clients": (Continued)		
# Schemes supplying the "NWR"	2	Jakkalsputz Nature conservation. Namibia Wildlife: Omdel
# schemes supplying a border post	0	
The primary supply sources as categorised as follows		
# of desalination plants	1	Orano Desalination Plant
# of dams	1	Omdel (serves as a recharge for the downstream aquifer)
# Schemes supplying from boreholes	18	
Additional data		
Number of boreholes	112	71 in the Kuiseb and 41 in the Omdel aquifer
Distance of canals (km)	0	
Distance of pipelines	550	
Number of reservoirs	17	

Table 14: Business Unit Coastal water supply schemes

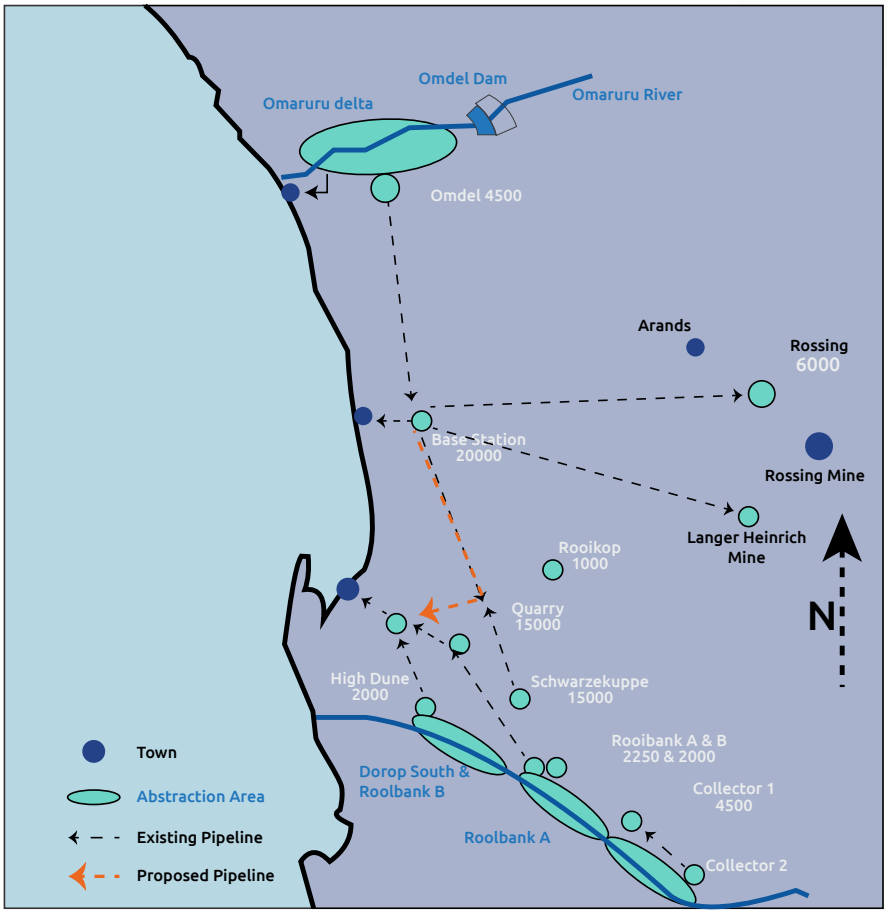


Figure 7: Business Unit Coastal

WATER SECURITY STATUS

To ensure water security in the arid regions where NamWater operates is very challenging. This is mainly due to spatial variability in rainfall affected by climate change and variability that limits water resources for supply to meet demands. However, NamWater has in place adaption measures to ensure the provision of water to areas with limited water resources. Below we present the water security status of each business unit where NamWater operates.

Status of the developed water sources per Business Unit

Business Unit Central

In the Business Unit Central (BUC), the developed water sources available for water supply are surface water dams and groundwater boreholes. In the BUC, there are 11 surface water dams, of which the major dams include Von Bach, Swakoppoort, Omatako, Oanob, Otjivero, Tilda Viljoen, and Daan Viljoen. The developed water sources' potential (surface and groundwater) in this business unit is at 43.9 Mm^3/a (Table 15; Figure 7). The water supply in the BUC is regarded as one of the integrated systems as its individual systems are interconnected and water can be transferred from one to the other. There are approximately 297 production and monitoring boreholes in the BUC. During the reporting period, no additional sources were developed.

Business Unit North West

In the Business Unit North West (BUNW), the developed water sources available for water supply is mainly surface water from the Calueque dam, transported via a canal. The developed water sources' potential (surface and groundwater) in this business unit is at 190.9 Mm^3/a (Table 15; Figure 7). In the BUNW, there are three surface water dams: Calueque, Olushandja, and Ogongo-Million. There are approximately 12 production and monitoring boreholes in the BUNW. During the reporting period, no additional sources were developed.

Business Unit North East

In the Business Unit North East (BUNE), the developed water sources available for water supply are mainly surface water from the Kavango and Zambezi rivers and nearby groundwater. The developed water sources' potential (surface and groundwater) in this business unit is at 14.8Mm^3/a (Table 15; Figure 7). The BUNE has 21 boreholes, 26 ground and steel tank reservoirs, and 275 km of water pipelines. During this reporting period, no new water sources were developed.

Business Unit South

In the Business Unit South (BUS), the developed water sources available for water supply are mainly surface water from dams and rivers and nearby groundwater. The developed water sources' potential (surface and groundwater) in this business unit is at 85.1Mm^3/a, excluding the Neckertal Dam (Table 15; Figure 7). The BUS has 64 ground and steel tank reservoirs, and 550 km of water pipelines. During this reporting period, no new water sources were developed.

Business Unit Coastal

In the Business Unit Coastal (BUC), the developed water sources available for water supply is mainly groundwater from the Omdel and Kuiseb aquifers. The developed water sources' potential (groundwater) in this business unit is at 13.6Mm^3/a, excluding the Orano Desalination Plant as it is privately owned and operated (Table 15; Figure 7). Water supply in the BUC is regarded as one of the integrated systems as its individual systems are interconnected and water can be transferred from one to the other. The three major water sources in this business unit include:

- *Orano desalination plant*
  This privately owned desalination plant is situated at Wlotzkasbaken, approximately 35 km north of Swakopmund. NamWater has an off-take agreement to purchase 10.2 million cubic metres of desalinated water per annum to supply the two operating uranium mines. The cost of desalinated water is high compared with the cost of water from groundwater sources; therefore, its use continues to pose a challenge.

- *Kuiseb borehole scheme*
  The Kuiseb Borehole Scheme consists of approximately 60 interconnected boreholes and is situated in the Kuiseb River 25 km south of Walvis Bay. NamWater has a permit to abstract 9 million cubic metres per annum from this source. The scheme primarily supplies water to Walvis Bay and to small customers situated along the pipeline towards Swakopmund.

- *Omdel borehole scheme*
  The Omdel Borehole Scheme consists of approximately 50 interconnected boreholes and is situated in the Omaruru River to the east of Henties Bay. NamWater has a permit to abstract 4.6 million cubic metres per annum from this source. The scheme supplies water to Henties Bay, Swakopmund and Arandis and to small customers along the pipeline towards Swakopmund. The aquifer did not receive any recharge during the previous rainy season. In fact, the same aquifer has received very little during the past decade and as a result is now under pressure. The only way to reduce abstraction from the Omdel scheme is to augment the water supply to the towns with desalinated water.

Water supply and water demand status per Business Unit

Business Unit Central

The percentage of 'theoretical demand' over the 'developed NW water sources' potential' in this business unit is 102% (Table 15). This indicates that the Central Areas of Namibia's (CAN) developed sources are already stressed, especially in Windhoek (Table 15). During the reporting period for this business unit, the following water supply schemes were under suppressed demand: Tubuses, Buitepost, Epukiro Post 3, Kamanjab, Sesfontein, and Rundu Gate. This presents a potential challenge regarding water supply security. The Corporation has commenced ongoing medium-term water supply projects, such as the Abenab aquifer development, the Direct Potable Reuse Two (DPR2), and the long-term CAN Consolidation Project, in order to meet the demands of the CAN. Additionally, various water supply projects are currently underway to augment supply to meet the water demand.

Business Unit North West

The percentage of 'theoretical demand' over the 'developed NW water sources' potential' in this business unit is 17% (Table 15). This indicates that Namibia has not fully utilised its allocation of 6 m3/s from the Calueque Dam (Table 15). The unit experiences a percentage of 'abstraction' over 'theoretical demand' of 229%, which could be an indication of water losses emanating from, amongst others, the open canals, aging infrastructure, and illegal offtakes. During the reporting period, the water supply schemes from the Cuvelai West (Kunene) that are under suppressed demand include Opuwo, Olushandja, Outapi, and Ogongo. The water supply schemes from the Cuvelai East that are under suppressed demand include the Ondangwa South-East line, Ondangwa-Iindangungu, Omafo-Oshikango, and the Oshakati Treatment Plant, which has reached its design capacity and cannot meet the demand. In order to augment the supply of water, the Corporation has several ongoing construction projects to rehabilitate the canal and bulk pipeline distribution systems. In addition, the updating of the Master Plan will ensure full utilisation of the water allocation from the Calueque Dam. Furthermore, NamWater is also conducting a water balance to check for the root causes of water losses in the open canal.

Business Unit North East (BUNE)

The percentage of 'theoretical demand' over the 'developed NW water sources' potential' is 91% (Table 15). The percentage of 'abstraction' over 'theoretical demand' is 84% (Table 15). During the reporting period, the water supply schemes that are under suppressed demand include Katima, Chinchimane, Linyanti, Katima Mpacha, Sibbinda, Kongola Makanga, Shamvura, Kayengona, Rundu, and Nkarapamwe. In order to ensure the security of supply in the business unit, various water supply projects are currently underway to augment the supply to meet the water demand. During the review period, the OKACOM Transboundary Committee was fully occupied with investigating all issues related to water use management in the Basin, with the aim of securing water from the Kavango River for all three countries: Namibia, Botswana and Angola.

Business Unit South (BUS)

The percentage of 'theoretical demand' over the 'developed NW water sources' potential' in this business unit is 72% (Table 15). This indicates that there is still available water to be allocated for future customers, especially from the Naute Dam (Table 15). The current water source potential excludes the Neckartal Dam, which will increase the potential once assets transferred to NamWater is completed. However, despite the available surface water sources in this business unit, there are currently local authority areas for which NamWater is unable to fully meet the demand due to an insufficient volume and poor-quality groundwater sources. During the review period, the areas affected include the towns and villages of Aus, Grünau, Ariamsvlei, Aroab, and Karasburg. Capital projects to address these insufficiencies have been initiated under the current capital budget.

Business Unit Coastal (BUC)

The percentage of 'theoretical demand' over the 'developed NW water sources' potential' is 188% (Table 15). This indicates shortfalls of supply from the Kuiseb and Omdel groundwater sources to meet the central coastal towns' and uranium mines' water demands, which are currently supplemented from the Orano Desalination Plant (Table 15). The water supply augmentation with a 20 Mm^3/a Supply Scenario One (SS1) Desalination Project, as approved by Cabinet, should enable NamWater to meet its current and future water demands for the Central Coastal.

Water Volume by NamWater Business Unit (BU) (Mm^3/a)	FY2022					
	BU Central	BU North West	BU North East	BU South	BU Coast	Total
Theoretical Water Demand [1]	60.9	25.7	44.6	31.5	13.5	176.1
Water Abstraction [2]	55.6	13.6	55.8	72.3	11.3	208.6
Historical Water Sales	36.4	27.0	34.1	31.7	10.4	139.6
Developed NW Water Sources Potential (surface + groundwater) [3]	85.1	13.6	43.9	190.9	14.8	348.3
% Theoretical Demand / Developed NW Water Sources Potential [4]	72%	188%	102%	17%	91%	51%
% Abstraction / Theoretical Demand [5]	91%	53%	125%	229%	84%	118%
% Theoretical Demand / Installed Infrastructure Capacity	To be completed in later updates					

1. Cuvelai irrigation demand added based on FY2022 Historical Sales as a proxy for water demand.
2. Assumed current abstraction from Calueque is 2.5 m^3/s, less 10% for breakdowns (NB: Namibia's allocation from Calueque is 6 m^3/s) [3]
3. BU South water sources exclude Neckertal Dam, which is curently being transferred from Treasury to NamWater.
4. NamWater Developed Resources fall short of the Central Coastal Water Demand and is supplemented from Orano Desalination Plant. The Potential Water Resources entails the maximum river/groundwater permits and the 95% yields of the Dams.
5. Higher ratios of abstraction over the water demands of the Central and especially the North West BUs could entail water losses over and above the allowable norms (Production: 10%, Distribution 15%). Water losses could emanate from open canals, ageing infrastructure, illegal offtakes, etc.

Table 15: Water security status

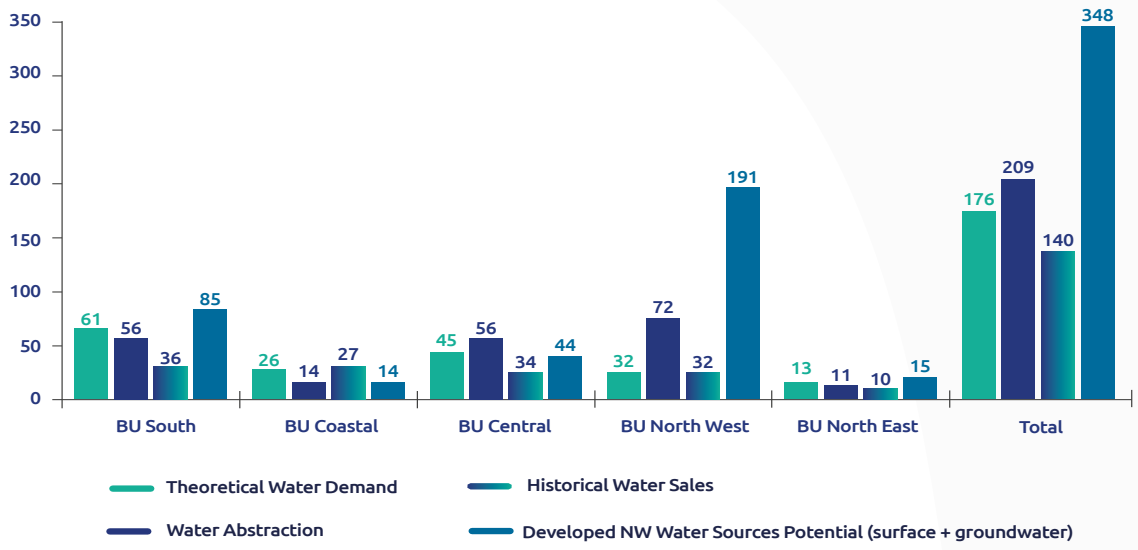


Figure 7: Water security status

Status of dams and rivers

Status of dams

This section reflects the status of the major dams (NamWater) in all the business units. For all the business units, the dams' water levels in the current season (FY 2021/22) were lower than the preceding season (FY 2020/21). The exception is the Calueque Dam, where the dam water level for the current season was higher than the previous season. The Omatjenne, Bondels and Omdel dams were empty during the period under review. Overall, most of the dams received less inflow in FY 2021/22 compared with the preceding year (FY 2020/21) (Table 16).

Business Unit Central				
	FY2020/2021		FY2021/2022	
Name	**Volume (Mm³)**	**%**	**Volume (Mm³)**	**%**
Swakoppoort Dam	62.186	97.9	60.832	95.8
Von Bach Dam	39.359	82.8	24.610	51.8
Omatako Dam	41.615	95.7	15.008	34.5
Otjivero Main Dam	5.686	58.0	3.909	39.9
Otjivero Silt Dam	1.028	13.2	0.316	4.1
Daan Viljoen Dam	0.429	100.0	0.240	55.9
Tilda Viljoen Dam	0.921	75.2	0.448	36.6
Friedenau Dam	6.562	97.6	6.296	93.6
Omatjenne Dam	Empty		Empty	
Oanob Dam	33.827	98.0	29.220	84.7
Nauaspoort Dam	3.319	97.6	1.664	48.9
Business Unit South				
	FY2020/2021		FY2021/2022	
Name	**Volume (Mm³)**	**%**	**Volume (Mm³)**	**%**
Neckartal Dam	861.060	100.4	858.509	100.1
Hardap Dam	210.609	71.5	212.774	72.2
Naute Dam	87.959	105.2	84.159	100.7
Dreihuk Dam	6.274	40.5	2.283	14.7
Bondels Dam	0.302	27.4	0.024	2.2
Business Unit North East				
	FY2020/2021		FY2021/2022	
Name	**Volume (Mm³)**	**%**	**Volume (Mm³)**	**%**
Olushandja Dam	9.058	19.8	6.739	14.8
Calueque Dam	81.924	17.2	439.400	92.5

Business Unit Coastal				
	FY2020/2021		FY2021/2022	
Name	Volume (Mm³)	%	Volume (Mm³)	%
Omdel Dam	0.000	0.0	2.508	7.1

Table 16: Dam status

In summary, less inflow was observed and in the context of water resources management, this implies that if the water is not used sparingly, the available water might not be enough to breach two seasons of operational policy.

Status of perennial rivers

This section reviews the perennial rivers' water levels, recorded at different stations in all the NamWater business units.

Business North

For the hydrological season 2021/22, the Kunene River at Ruacana peaked at 364 m³/s in April 2022; by the end of the season, the flow rate was at 57 m³/s (Figures 8-10). The peak water level was recorded in April 2022 for both Rundu (Kavango River) and Katima Mulilo (Zambezi River) (Figures 8-10). The water level in Rundu and Katima Mulilo peaked at 5.9 m and 5.8 m, respectively. The peak water level of the hydrological season 2021/22 for Katima Mulilo was less than the preceding season's peak (Figures 8-10). The opposite was observed at the Rundu station, as the current season's peak water level was higher than the previous season. However, by the end of the hydrological season 2021/22, the water levels for Rundu and Katima Mulilo were almost similar compared with the preceding season.

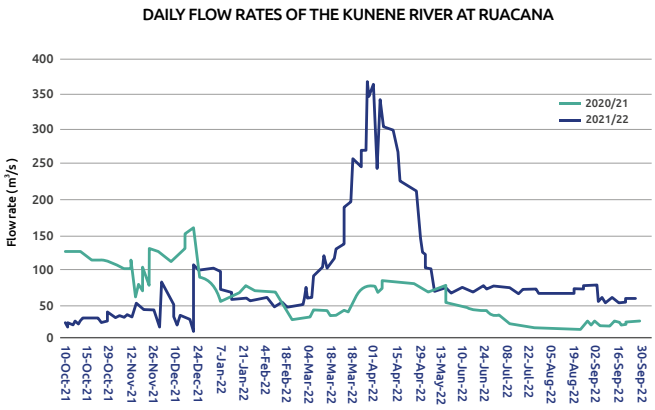


Figure 8: Flow rate of Kunene River

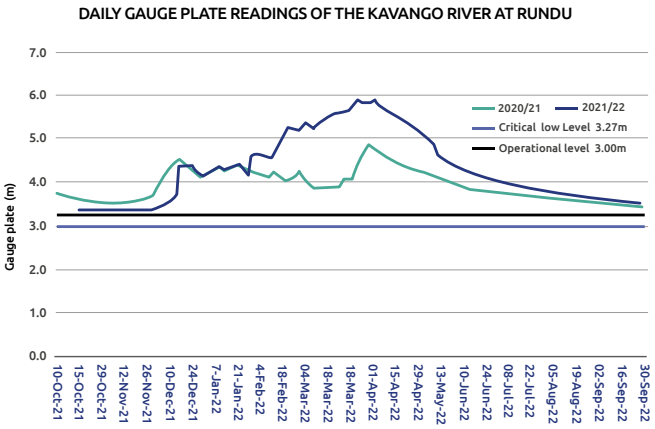


Figure 9: Flow rate of Kavango River

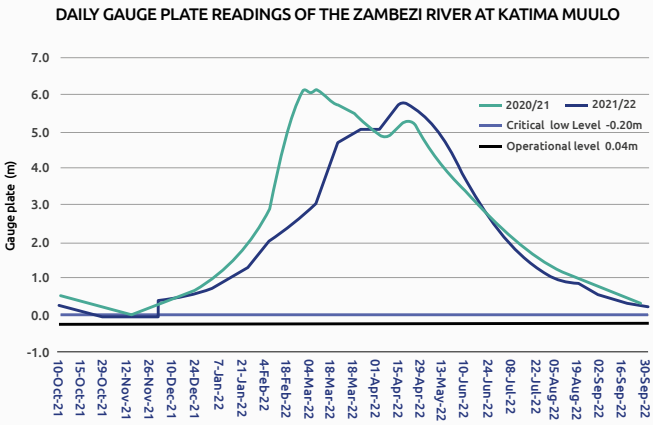


Figure 10: Flow rate of Zambezi River

In summary, the water level at all the stations in the BUNE did not reach the critical level for the hydrological season 2021/22. Before the critical abstraction level is reached in the Zambezi and Kavango rivers, the Business Unit North should have put in place contingency plans to supply water to consumers.

Business Unit South

For the Orange River, the water level is recorded at the Noordoewer and Rosh Pinah stations. For the hydrological season 2021/22, the water level at Noordoewer peaked at 8.65 m, and the Rosh Pinah peak was 9.17 m (Figures 11-12). Compared with the current and previous hydrological seasons, the Noordoewer and Rosh Pinah water levels were almost the same as the previous seasons.

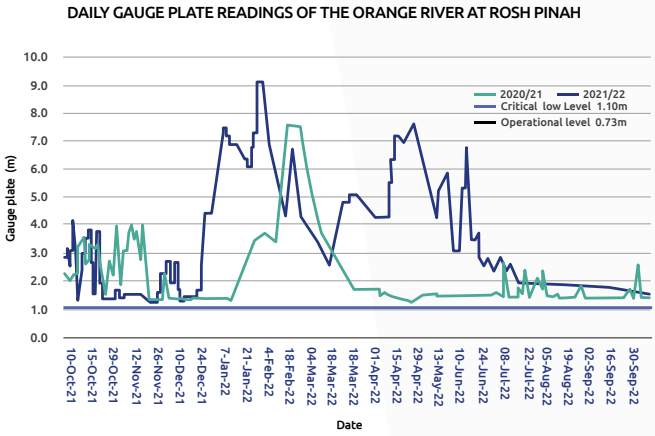


Figure 11: Flow rate of Orange River: Rosh Pinah

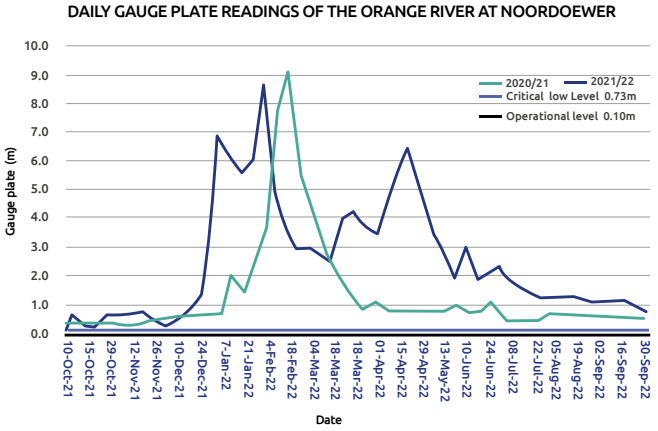


Figure 12: Flow rate of Orange River: Noordoewer

For the hydrological season 2021/22, the stations at the Orange River did not reach the critical abstraction level. Before the critical abstraction level is reached in the Orange River, the Business Unit South should have put in place contingency plans to supply water to consumers.

Groundwater Aquifer status

NamWater manages two important aquifer/groundwater systems: the Karst aquifer in the north central part of the country, which supply the north central towns including Windhoek; and alluvial aquifers along the west coast, which supply the coastal towns. The status and sustainability of these systems is important to NamWater's mandate, to the economic sustenance of the Corporation, and for the country as a whole. The north central aquifers tend to perform better than the coastal aquifer system, mainly due to differences in amounts and frequency of replenishment which tie up to the amount of rainfall in these two regions. Currently, the north central aquifer system can be regarded as full, compared with the time of its establishment, and the coastal aquifer system ranges from 51% (Omdel) to 73% (Kuiseb) full, compared with their initial condition.

AQUIFER NAME	RESERVE (Mm^3)
Kuiseb	147
Otjiwarongo Marble Aquifer	64
Koichab Pan-Luderitz	78
Omdel	47
Kombat	63
Berg Aukas	55
Total	454

Table 17: Groundwater reserve of major water supply schemes in million cubic metres

A summary of major groundwater sources (Table 17) indicates that there is currently approximately 454 million cubic metres of good quality groundwater available to NamWater for the next 5-15 years; these figures are subject to annual changes in the balance between replenishment and withdrawal (pumping).

Water Quality Status

Physiochemical Product Water Quality

During the review period, the business units ensured that water supplied to customers is of an acceptable quality. Physiochemical compliance is measured as the percentage of the compliant product water samples taken set against a target of 95% (Table 18).

The non-compliant determinants in the business units include:

1. BU South: (3) nitrates, turbidity and fluorides
2. BU Coastal: (4) colour, turidity, total hardness and chlorides
3. BU Central: (6) turbidity, magnesium, total hardness, nitrates, fluorides and chlorides
4. BU North East: (3) colour, turbidity and iron
5. BU North West: (3) turbidity, magnesium and total hardness

Turbidity remains a determinant of concern for most business units. Treatment plant upgrades at Rundu, Oshakati, Eenhana and Outapi will address many of the water quality issues in the Business Unit North.

The percentage compliance of each determinant for each business unit is illustrated in the table below.

Source	Colour (PTU)	Turbidity (NTU)	Mg as CaCO3	TH	NO3 as N (mg/l)	F (mg/l)	Cl (mg/l)	Fe (mg/l)
BU South		67%			87%	87%		
BU North East	71%	11%						77%
BU North West		15%	93%	92%				
BU Central		85%	87%	57%	90%	86%	92%	
BU Coastal	93%	69%		82%			57%	

Table 18: Percentage compliance for non-compliant determinants for each business unit

Bacteriological Water Quality

Figure 13 presents the percentage of bacteriological compliance for the various business units against the set target of 95

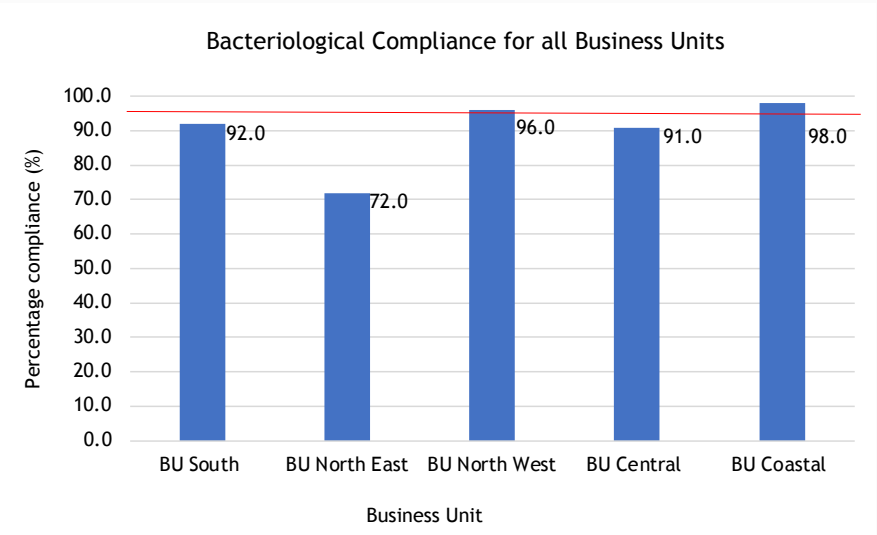


Figure 13: Bacteriological water quality



OPERATIONAL CHALLENGES

Business Unit Central

Despite the fact that the infrastructure within this business unit is aging, as most of it was built over 30 years ago, the number of water supply interruptions remain relatively low. About 34 water supply interruptions were recorded in FY 2021/22.

The challenges the business unit is faced with include:

- shortage of water at certain schemes;
- unstable electricity, especially the big schemes that supply the canal;
- aging infrastructure and subsequent frequent breakdowns (e.g. daily pipe breaks on the Waterberg pipelines); and
- shortage of staff and the subsequent low job execution capacity.

Business Unit North West

The age of the infrastructure, especially the Calueque Canal, and the vast pipelines within this business unit result in continuous unscheduled maintenance activities. This hampers the execution of planned maintenance to augment the lifespan of the infrastructure. During the reporting period, and despite all these challenges, the business unit was able to supply water with only occasional and minor supply interruptions.

Business Unit North East

Similar to other business units, the BUNE has been able to supply water despite the various challenges faced during the review period. The operational challenges that hamper reliable supply include:

- unstable electricity supply, especially during the rainfall season;
- many schemes operate at a maximum design capacity;
- aging infrastructure, leading to numerous pipe breaks;
- shortage of water and water supply infrastructure at various schemes and in certain areas, especially in the two Kavango regions (the new purification plant in Rundu currently being constructed will go a long way towards improving this situation); and
- non-paying local authorities, despite the Corporation's investment into a bulk water prepaid system.

Business Unit South

The Hardap Irrigation Scheme is operated and maintained on behalf of the Ministry of Agriculture, Water and Land Reform. The challenges, which need to be resolved, that this scheme faces include:

- viability of this business unit to operate and maintain such a scheme;
- lack of funds to refurbish the scheme to ensure a reliable supply to its customers;
- establishment of an Irrigation Board (this measure is under consideration); and
- flood-control interventions need to be executed on an annual basis during the rainfall season to ensure the integrity of the dams that provide the business unit's water supply (Hardap and Naute Dams).

Despite the ongoing challenges due to the COVID-19 pandemic, the Business Unit South was able to continue water supply without any major challenges.



OVERALL PERFORMANCE AGAINST STRATEGIC OBJECTIVES

During the review period, various key performance indicators (KPIs) were monitored against the set strategic objectives, with the aim of measuring operational efficiency. The following measures have been used by the Corporation for the FY 2021/22.

Strategic Objective: Improve Internal Efficiency

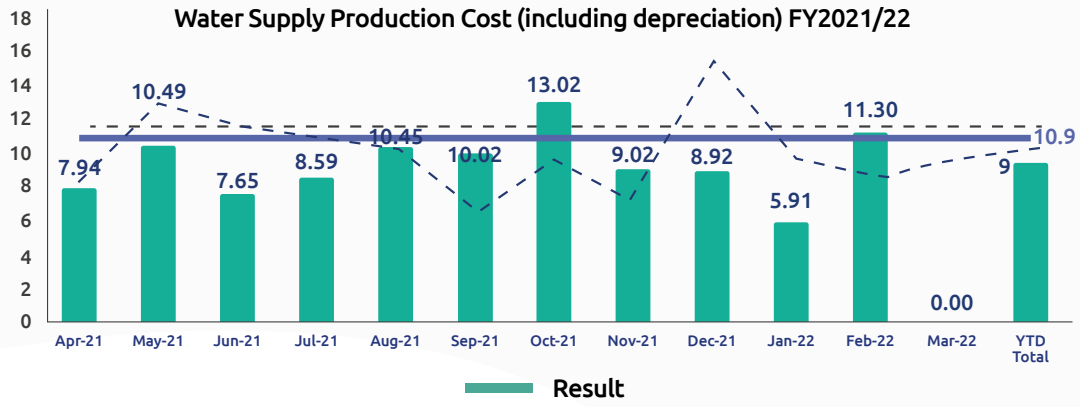


Figure 14: Water supply production cost (including depreciation), FY 2021/22

Total Cost per M³ (all water)

The cost per cubic metre of water YTD as at end March 2022 was N$12.76, which is N$1.82 more than the budgeted target of N$10.94 per cubic metre and N$1.38 more than the set objective target of N$11.38.

of Major Systems Failures

In total, 82 major system failures were recorded for FY 2022. The failures for Q4 are recorded as follows:

BU North East: 5

- Calueque pump 2 failure (1)
- Canal bypass causing raw water restrictions and pump stoppages at Calueque (4)

BU Coastal: 4

- Scwarzekuppe pipe break (1), Collector 2 (1), Collector 1 pipe break (1)
- High Dune power supply interruptions for five days (1)

BU Central: 10

- NamPower power supply failure for two days (1)
- Oamites-Nauasport borehole collapse (1)
- Von Bach booster 2 pump failure (2)
- Von Bach Whk pipe break (2)
- Windhoek Terminal Reservoir water quality failure (1)
- Witvlei telemetry failure (1)

BU South: 1

- Mariental: water quality failure at plant due to filter problems

Strategic Objective: Meet water demand

The purpose of this objective is to achieve 60% implementation success of the streamlined Corporate Strategic Plan by FYE 2021.

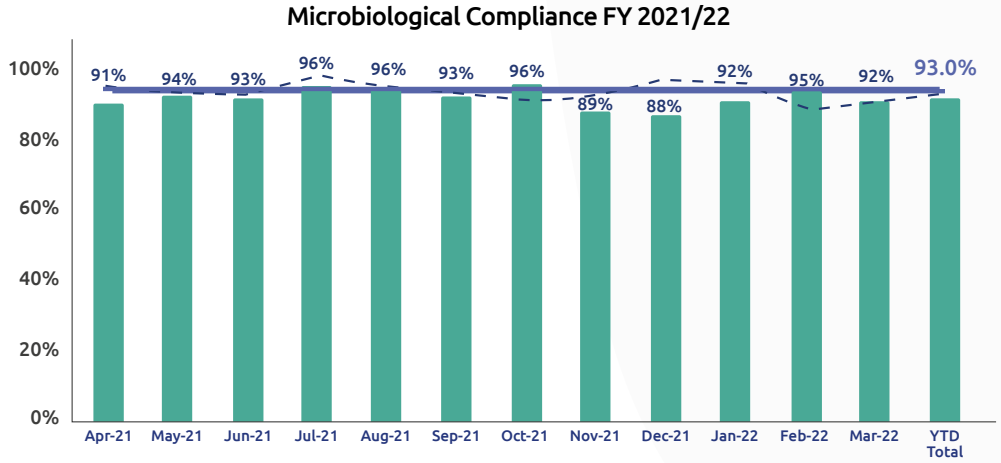


Figure 15: Microbiological compliance, FY 2021/22

The importance of microbiological compliance lies in the fact that the Corporation must provide water that is safe for human consumption.

The YTD results at end March 2022 indicate an average of 93% compliance rate, which is 2% below the target of 95%.

Strategic Objective: Percentage of non-revenue water

Non-revenue water represents the difference between water produced and billed. Water is lost or unaccounted for in the system due to evaporation, faulty metering, and leakages.

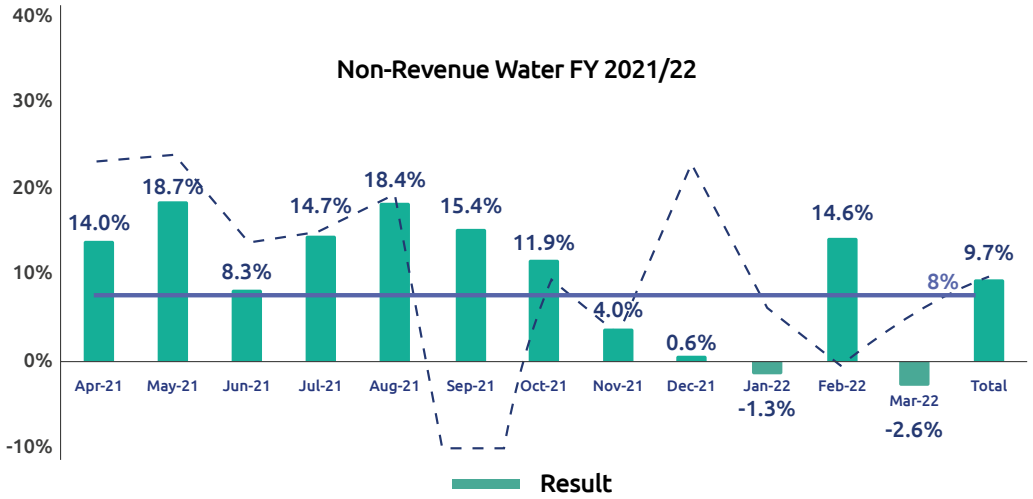


Figure 16: Non-revenue water, FY 2021/22

The YTD figure indicates an average 9.7% non-revenue water result for the Corporation against a benchmark of 8%.

This is contributed to by the highest percentage of water not accounted for in the Business Unit North, with an average of 15.7%, due either to faulty metering or lots of leakages in the system.

BU Central, BU South and BU Coastal are complying with the acceptable benchmark of 8%.

Strategic Objective: Bacteriological compliance

The purpose of this objective is the achievement of a bacteriological compliance target of 95% throughout the financial year, ending 2022. The importance of bacteriological compliance rests on the imperative that NamWater provides water that is safe for human consumption

During the reporting year, an average of 92.8% bacteriological compliance was achieved, which is 2.2% below the target of 95%. The target of 95% is measured against the samples taken.

The target for sampling compliance is 273 per month. The results at end March 2022 indicate that 3,059 samples were taken, which is 217 fewer than the planned 3,276 samples for FY 2022.

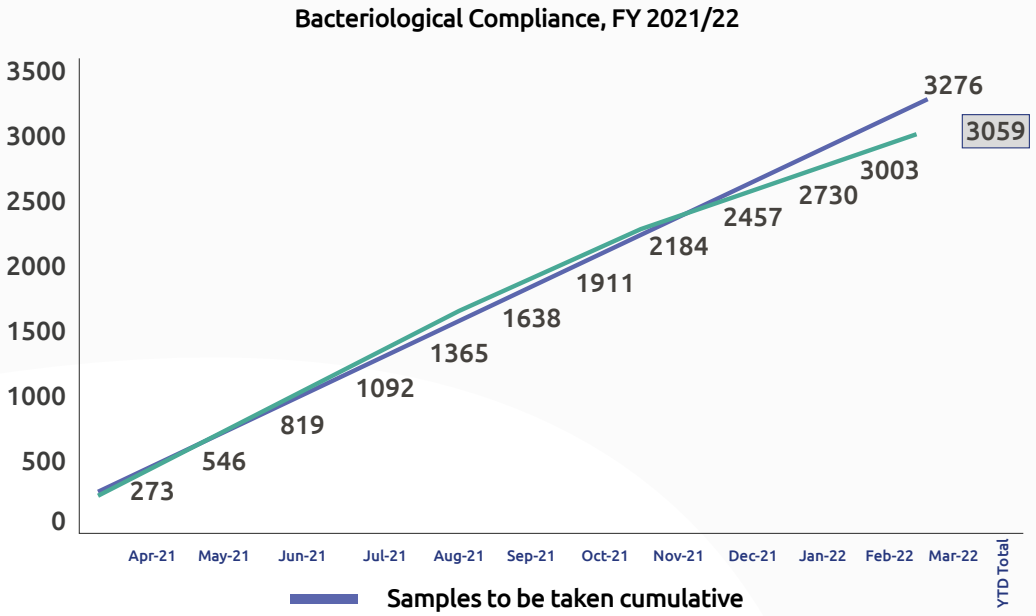
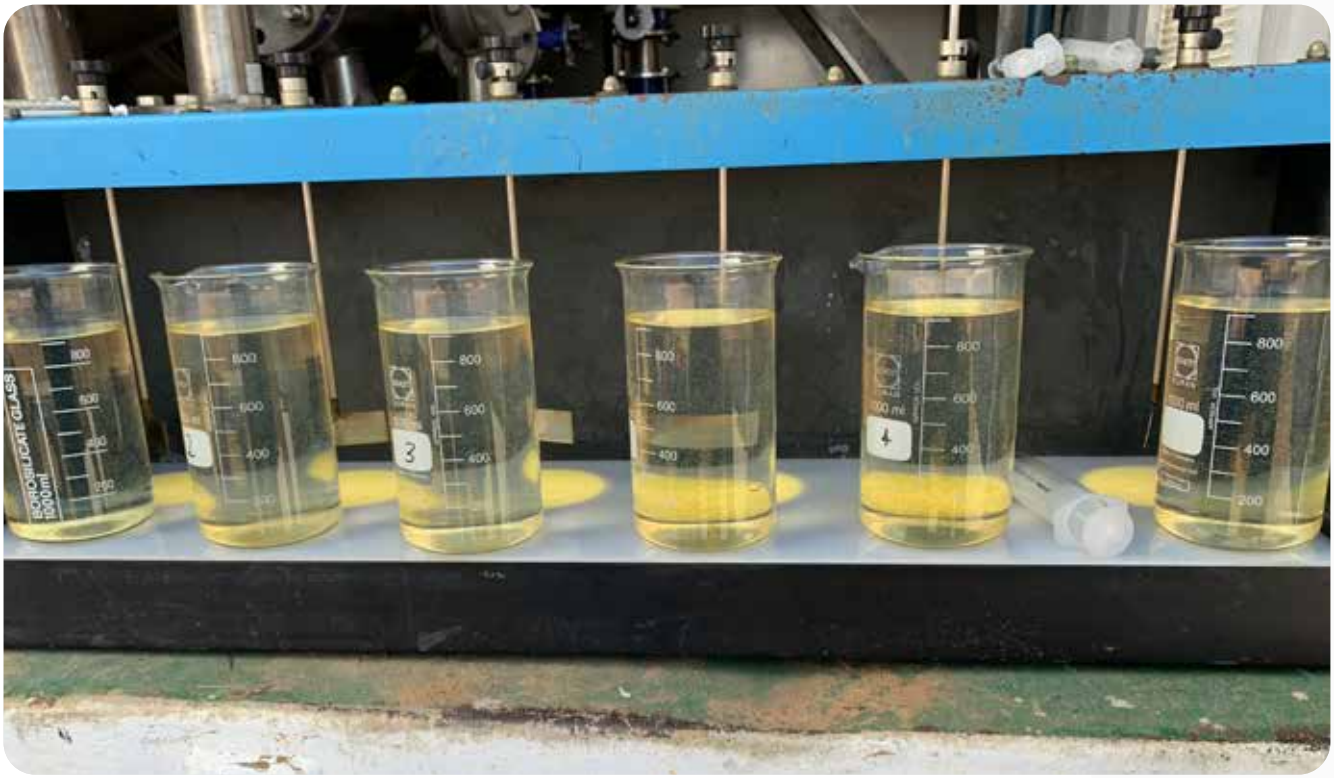


Figure 17: Bacteriological compliance, FY 2021/22



Strategic Objective:
Ensure sustainability of water supply

The purpose of this objective is to ensure a 90% availability of all water schemes at all times, with a 5% reduction in energy cost by FY 2022.

The figure depicts two major trends, indicating a trend for the average reservoir levels and the number of incidents where reservoir levels were drawn down below 50%.

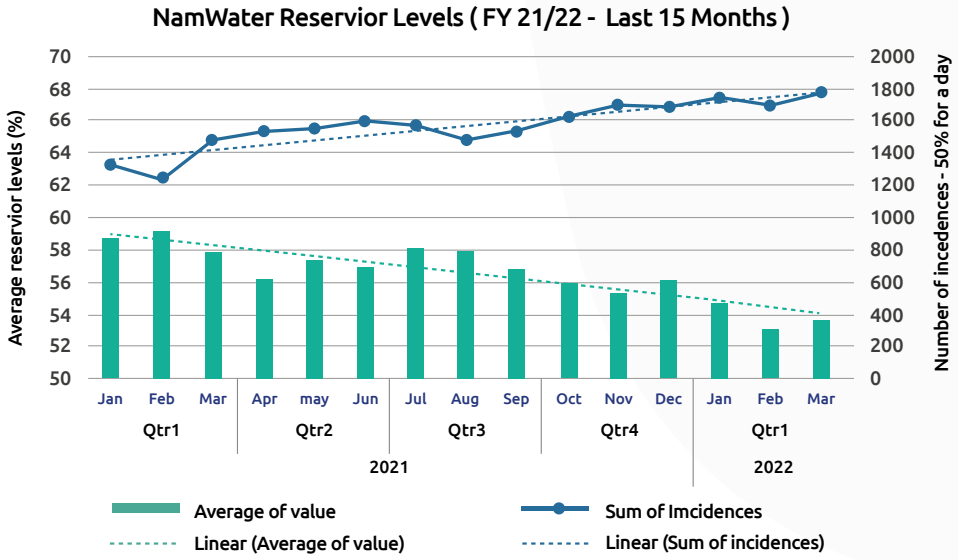


Figure 18: NamWater sustainability of water supply

Strategic Objective:
Contain energy Cost

Energy cost is one of the four highest operational cost elements for the Corporation. It is therefore necessary to manage the cost for energy and the utilisation of energy effectively and efficiently.

The YTD figures indicate that energy cost has increased by 5.6% more than the set target of 30.2% of the total cost.

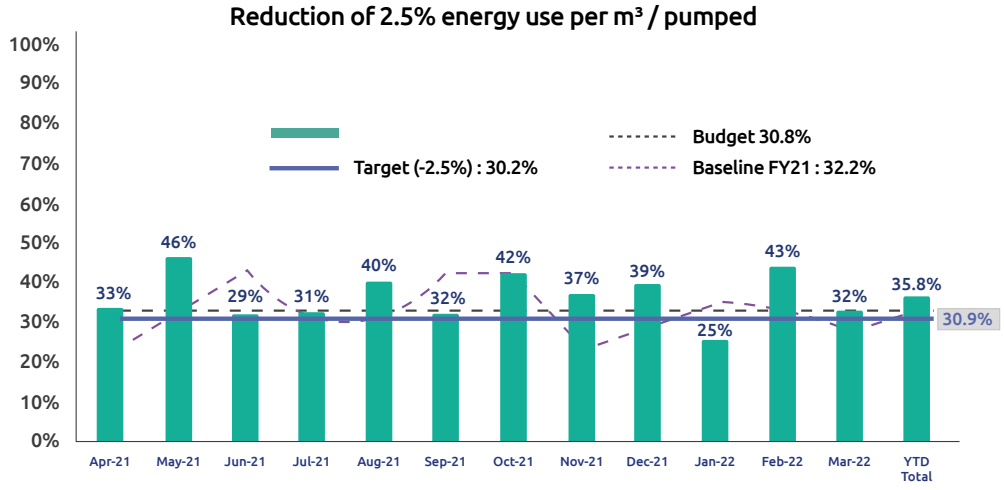


Figure 19: Reduction of energy use per m3 pumped

CAPITAL AND RESEARCH PROJECTS

Infrastructure Capital Projects and Research Projects

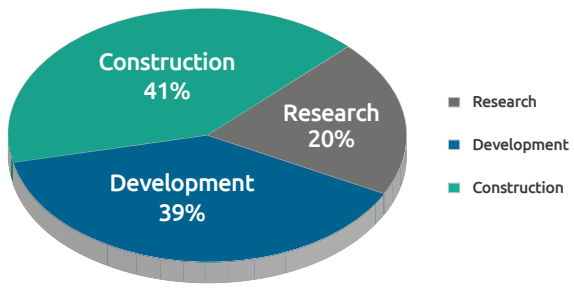
The NamWater five-year Capital Development Plan makes provision for the acquisition of assets, renewal of infrastructure, and the construction of new infrastructure. Projects are planned to be carried out across all regions of the country and are prioritised based on water supply shortages due to suppressed demands, aging infrastructure, increased demand due to growth, and the development of industries and agriculture.

The infrastructure capital projects are classified in the following three different stages:

- Research Stage
- Development Stage
- Construction Stage

In FY2022, 210 capital projects split across all three stages were registered for execution. However, not all of the projects were attended to due to challenges of various natures. The percentage spread of projects across the three stages are illustrated in the pie-chart below.

Percentage of capital projects registered for each stage



Research Stage

This is the first stage of any capital project. Once the project has been identified and execution approval obtained, the initial work commences. At this stage of the project, a situational assessment is initially carried out to establish the existing challenges experienced, followed by a development proposal to provide options for addressing the identified challenges. The typical outcome of a research project is a planning report that recommends either the construction of new infrastructure or the refurbishment of existing infrastructure. The planning report proposes parameters such as the size of a new or replacement pipeline, reservoir or pump station.

NamWater has made use of its internal planning engineers as well as consultants to execute the research projects. The research stage is the building block for the development stage in the capital development process.

During FY 2022, the Corporation had 43 research stage projects running.

Development Stage

Once the planning process is completed, this stage typically starts with the concept design, where various concepts for the infrastructure required are developed. These concept designs then undergo preliminary tests to determine which is the most effective for solving the challenges at hand and of the lowest cost. With regards to choosing the best option, all the concepts are costed and various parameters, such as the time required to bring each one to life, are considered. Preliminary design reports that include details of all the considered options are produced. The chosen option is then recommended to the next stage.

Typically, no physical site work is carried out at this stage; however, borehole drilling projects are an exception. Borehole drilling is carried out in the development stage, during which the hydrogeologist produces a drilling report with recommendations regarding how much water can be extracted from the borehole. This information is a necessary input for engineering designs, as the engineers use it to size borehole pumps and other infrastructure in the conveyance system such as pipelines and reservoirs.

During the reporting period, a total of 81 development stage projects were running.

Construction Stage

This is the final stage of the infrastructure capital development process. The first major milestone is the production of detailed designs and design drawings. This is then followed by the procurement process to appoint the contractor to carry out the actual construction work. This stage expends the bulk of the capital budget.

During FY 2022, the Corporation had 86 construction stage projects running.

Projects Execution

The Infrastructure capital projects are executed by various NamWater divisions and allocated according to specific engineering disciplines. The main executing divisions include:

- Civil Engineering
- Mechanical and Electrical Engineering
- Infrastructure Planning
- Geohydrology
- Enterprise Asset Management (Specialised Maintenance)
- Research and Development
- Applied Scientific Services (Process Engineering)

The work carried out by the seven executing divisions is coordinated and managed by project managers, employed under the Programme Management division. During the reporting year, all the engineering disciplines were involved in various projects at different stages of the capital development process.



INFRASTRUCTURE DEVELOPMENT PER BUSINESS UNIT

Business Unit Central

The Business Unit Central included 75 registered projects during the year, which are categorised as follows:

- Research: 16
- Development: 32
- Construction: 27

These 75 projects span throughout the Khomas, Otjozondjupa, Omaheke, the northern part of Hardap and eastern Erongo regions. Of these projects, the largest-valued projects in this business unit include:

- Berg Aukas Capacity increase: N$35 million
- Abenab-ENWC link: N$18.8 million
- Karibib boreholes reinstatement: N$13.5 million

Some of these projects were being finalised under the construction stage and awaiting capitalisation.

Projects conducted during FY21/22

Projects conducted during FY 2021/22 in this business unit

i. **Development proposal for the Aminius Water Supply Scheme, Omaheke Region**
The Aminius Water Supply Scheme comprises two production boreholes: a 775-m long, Ø110-mm uPVC pipeline and an elevated pressed steel reservoir (90 m³). A sufficiency analysis of the various scheme components, as assessed, indicates that the capacity of the boreholes, the borehole pumps and the bulk conveyance pipelines were sufficient in FY 2020 and FY 2037; however, the reservoir is not sufficient to meet the two-day storage requirements in either FY 2020 or FY 2037 for supply to the Aminius area (existing scheme). Proposals to address the bottlenecks were presented and approved, and implementation projects to address the challenges are being formulated.

ii. **Development proposal for the upgrade of the Usakos Water Supply Scheme, Erongo Region**
NamWater owns and operates a groundwater supply scheme that comprises two production boreholes (WW27860 and WW27513), a water well (WW34585), 8.2 km of bulk conveyance pipeline, and two concrete storage reservoirs with a capacity of 1,125 m³ and 3,000 m³, respectively.

A sufficiency analysis of the scheme components, as assessed, indicates that the capacity of the boreholes, water well, pumps and bulk conveyance pipelines are sufficient for the peak demands in FY2020 and FY2037. The reservoirs are also sufficient to cater for the 48-hour storage requirements in FY2020 and FY2037. Minor scheme upgrades to include disinfection, reservoir repairs, and security fences were proposed. However, the report indicated water losses that have to be managed from the Usakos Town Council's side.

iii. **Development proposal for the Onderombapa Water Supply Scheme storage extension, Khomas Region**
The Onderombapa Water Supply Scheme is a small groundwater scheme that supplies water mainly to the Dr Fischer Primary School and a few private customers. The surrounding rural community members also draw water from the school for personal use and for watering livestock through an informal connection at the eastern side of the school staff houses. The existing 100-m³ pressed steel elevated reservoir at Onderombapa does not currently provide the required 48 hours of supply security in the event of a prolonged breakdown. Therefore, the Corporation assessed the current and future theoretical water demands of the scheme to determine the additional storage capacity requirement and to identify potential development options. An additional 250-m³ elevated pressed steel reservoir was proposed and approved for implementation.

iv. **Replacement of the Goblenz elevated storage reservoir**
The NamWater Goblenz groundwater supply scheme is located in the Otjozondjupa region, about 450 km north-east of Windhoek. The Goblenz water supply scheme comprises five production boreholes, a ground level concrete storage reservoir with a capacity of 560 m3, an elevated prefabricated storage reservoir with a capacity of 58 m3, and a booster pump station. The booster pump station supplies potable water to the Goblenz Settlement via an offtake to the elevated reservoir (58 m3), to Ombinda, and to on-line customers on the bulk water supply pipeline. The INF Planning Division was requested to determine storage capacity requirement estimates of the current and future water demands of the scheme. The reservoir is currently under construction.

v. **Investigation of the viability and suitability of using renewable energy at NamWater's water supply schemes**
To alleviate rising energy costs, which increase water tariffs, NamWater, together with the Namibia University of Science and Technology (NUST), is investigating the viability and suitability of using renewable energy. During the review period, the electricity policies and applicable legislation on renewable energy sources for NamWater operations were conducted. A development model, to be used by NamWater when selecting alternative sources of energy, started with requirement specifications. The model will be completed in the next reporting period. Several energy audit trips were undertaken to schemes that utilise more energy.

vi. **Drought relief Project Tsumkwe Oshikoto Region**
The Aminius Water Supply Scheme comprises two (2) production boreholes; a 775 m long Ø110 mm uPVC pipeline and an elevated pressed steel reservoir (90 m³). A sufficiency analysis of the various scheme components, as assessed indicates that the capacity of the boreholes, the borehole pumps, and bulk conveyance pipelines are sufficient in FY 2020 and FY 2037; however, the reservoir is not sufficient to meet the two-day storage requirements in either FY 2020 or FY 2037 for supply to the Aminius Area (existing scheme). Proposals to address the bottlenecks were presented and approved. Implementation projects to address the challenges are being formulated.

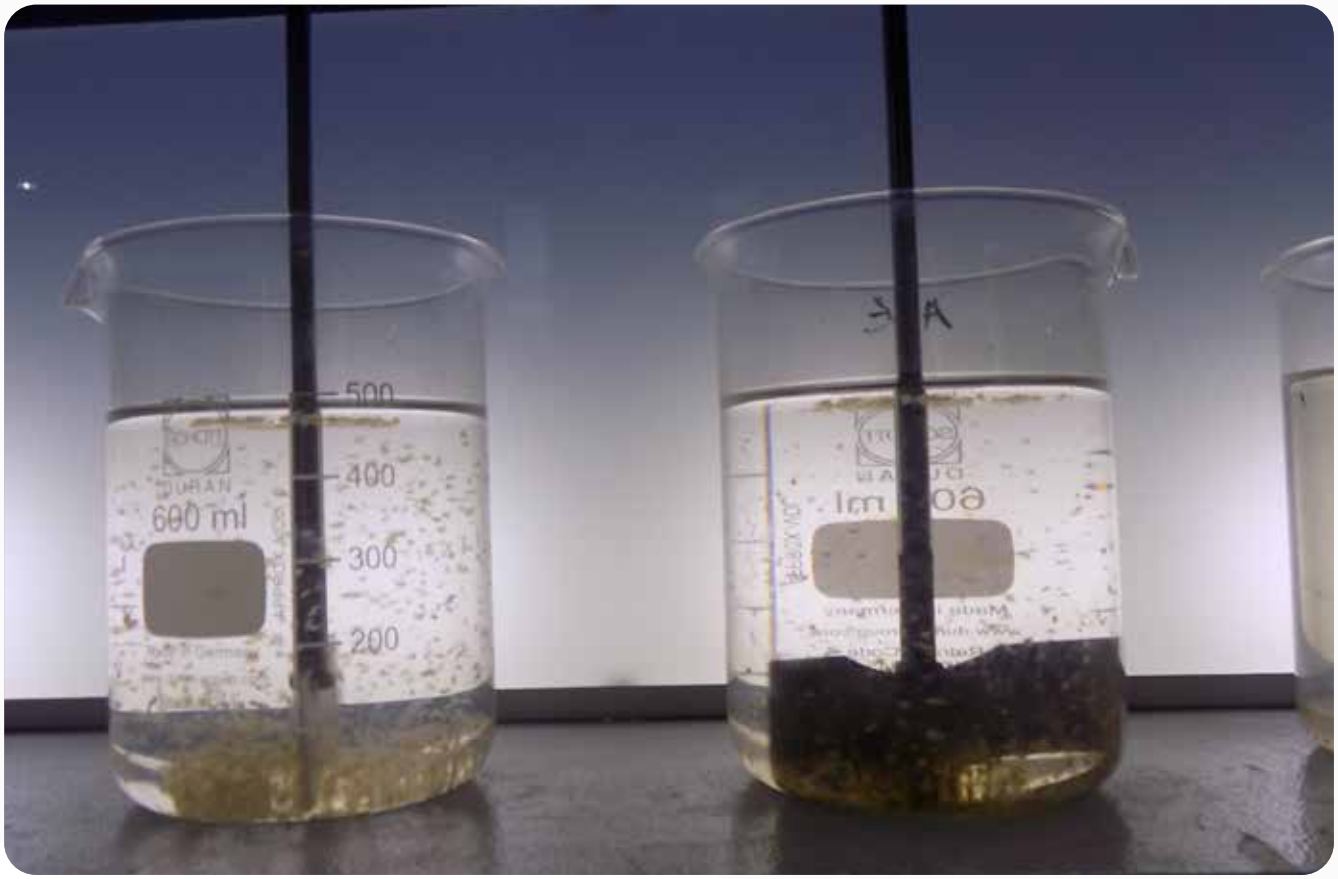
vii. **Production of powdered activated carbon from local materials**
Currently, NamWater purchases powered activated carbon to improve the removal of contaminants which cannot be removed by conventional treatment processes. Powered activated carbon is used as an auxiliary treatment together with the existing conventional processes. Due to the cost and availability issues associated with this treatment, during the review period the researcher tested various local materials and developed powered activated carbon, which will be tested through contaminated water in the coming reporting period.

viii. **Kamanjab Water Supply Scheme extension (Kunene Region)**
The primary objective of this project is to extend the groundwater source to meet the present and future water demands at Kamanjab village. The work completed during the reporting period included siting, drilling and pump testing six production boreholes and siting and drilling four monitoring boreholes. A drilling contractor was appointed to drill a total of 10 boreholes (six production and four monitoring boreholes).








500
400
300
200
600 ml


0073 NTU



Business Unit North

With 66 projects, the Business Unit North had the second highest number of registered projects after the Business Unit Central. These projects spread throughout the Kunene, Omusati, Oshana, Ohangwena, Oshikoto, Kavango West and East, and the Zambezi regions, and are categorised as follows:

- Research: 18
- Development: 25
- Construction: 23

The largest project under construction was the reconstruction of the Omahenene-Olushandja Canal in the Omusati region, which was awarded the total amount of N$93.2 million. This project was the first of many to be awarded as NamWater embarked upon the reconstruction of the dilapidated canal from the Omahenene border post to Oshakati. For the Corporation, this project envisages a reduction in canal maintenance costs and water wastages.

This business unit saw the launch of funded projects by the Africa Development Bank for close on N$2 billion in FY 2022. Towards the end of the financial year, consultants were appointed to commence with work on the new treatment plants in Oshakati and Rundu, as well as on the new boreholes and associated pipeline networks that will abstract water from the Ohangwena II Aquifer. It is expected that design work will be completed in FY 2023 and construction will commence during the first quarter of FY 2024.

Projects conducted during FY 2021/22 in this business unit

i. **Opuwo Scheme upgrade and extension**
NamWater assessed the water supply situation for Opuwo in the Kunene Region. The raw water for the Opuwo Water Supply Scheme is abstracted from five production boreholes (WW 29045, WW 29046, WW 29047, WW 23137, and WW 22864). Two additional boreholes (WW100351 and WW100364) were drilled in 2020, which are to be connected to the scheme. The water from the boreholes is pumped into a 150-m3 collector reservoir, which in turn feeds into a nano-filtration/RO water treatment plant. The challenges of the scheme include inappropriate brine disposal, acid fumes corroding the infrastructure at the treatment plant, scaling of the infrastructure due to the total hardness of the water, leakages due to malfunction or defective controls, and inefficient operation of the nano-filtration/RO water treatment plant.

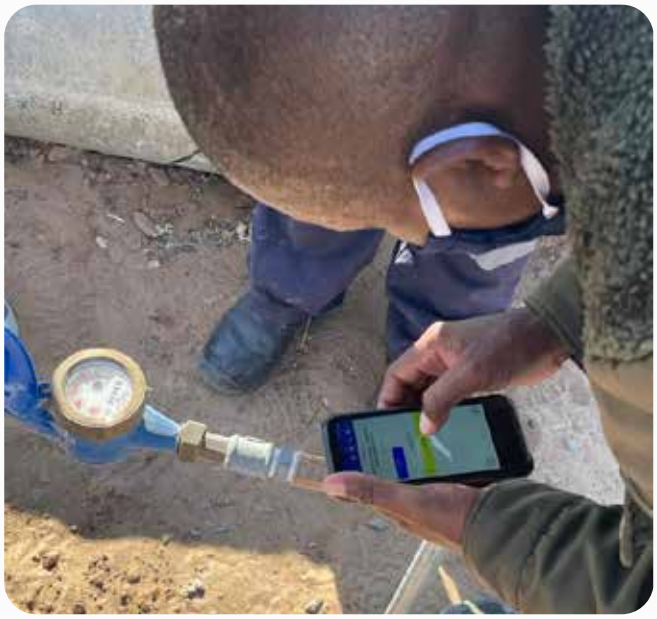
To meet the growing water demands of the Opuwo town, the Reverse Osmosis Water Treatment Plant requires upgrades and proper brine disposal facilities. In the future, water augmentation is required. Three water sources were proposed: (1) extension of the existing RO plant and drilling of additional brackish water boreholes in the vicinity of the town, (2) investigation and development of freshwater boreholes close to the Alpha Manduu area, and (3) supplying Opuwo from the Olushandja Water Treatment Plant via the proposed Ruacana South Water Supply Scheme.



ii. **Ondangwa-Omuthiya-Omutswegonime, Oshana and Oshikoto regions**
NamWater embarked on the task of assessing the water supply situation of the bulk pipeline schemes in Zone 8, supplied from the Ondangwa pump station. These schemes experience the challenge of potable water not reaching some supply points, starting from the areas around Oshali, Okatope and Omuthiya, as well as at the end of the branch lines tapping from the bulk pipelines.

The work included (1) an assessment of the existing water supply infrastructure capacities; (2) an assessment of the current and projected water demands on these schemes; (3) development proposals for implementing a Ø600-650-mm pipeline at a first-order development cost of approximately N$300 million. The phased implementation of the project under Civil and M&E have been formulated following the INF Planning Report submission.

iii. **Replacement of Ogongo Pump Station, Omusati Region**
NamWater embarked on a task to assess the water supply situation for the bulk pipeline schemes in Zone 8 supplied from the Ondangwa pump-station. The challenges of these schemes include potable water not reaching some supply points starting from the areas around Oshali, Okatope, Omuthiya, and at the end of the branch lines tapping from the bulk pipelines. This work entailed (1) assessment of existing water supply infrastructure capacities; (2) assessment of the current and projected water demands on these schemes; (3) development proposals for implementing a Ø600-650 mm pipeline at a first-order development cost of N$ ±300 million. The phased implementation of the project under Civil and M&E have been formulated following the INF Planning Report submission.





iv. Pilot project to test the effectiveness of handheld water meter reading devices

NamWater procured handheld water meter reading devices (including the associated software) to evaluate their effectiveness in solving the current challenges of manual water meter reading. The pilot project commenced in July 2021 in selected areas of the business unit and is ongoing.

The handheld devices were found to be effective; however, operational and system challenges were identified. Interventions for operational and system challenges were proposed for the next reporting period, before the request for approval and procurement of full implementation envisaged for FY 2023/24.

v. Water treatment optimisation

During the reporting year, Water Treatment Services assisted with process optimisation in Oshakati, and investigated seasonal variations in the water quality in Rundu. This was achieved through researching chemical alternatives on the market for the optimal treatment of water. The Bethanie Pilot Plant was commissioned, and the testing period has commenced. A powdered-activated plant was installed and commissioned at the Naute Water Treatment Plant. A significant achievement includes the commissioning and completion of the trial operation of the Shamvhura Package Plant.

iv. Opuwo Water Supply Scheme extension

The objective of this project is to ensure security of water supply to the town of Opuwo (Kunene region) by augmenting water supply to the scheme and providing standby capacity. The work completed during the reporting period included the siting, drilling and pump testing of 13 production boreholes and siting, as well as the drilling and pump testing of seven standby boreholes. The investigations and siting of the boreholes to extend the Opuwo Water Supply Scheme by drilling an additional 20 production boreholes are ongoing.

vii. Shamvhura-Shamangorwa Treatment Plant

The scope of work to bring the water supply infrastructure of the Shamvhura-Shamangorwa Rural Water Supply Scheme, situated in the Kavango East region, to a level capable of producing water suitable for human consumption included the design, installation, implementation and commission of the water treatment plant. All the design work for this project was conducted by the NamWater Civil Design Division. The Contractor for this work was the NamWater Civil Construction Division.

viii. Relining the Katima Mulilo clear water reservoir

The primary objective of this project was to replace the bottom and side liners of the earth embankment, as well as the floating roof of the 4,000-m3 clear water reservoir in Katima Mulilo (Zambezi Region), in order to extend its useful economic life. The envisaged high-level scope of work for the construction stage included replacement of the floating roof, complete with a supporting structure and balancing weights, and replacement of the side and bottom liners. All the design work for this project was conducted by the NamWater Civil Design Division. The contractor for this work was Engineered Plastics and Lining.

ix. Development proposal for schemes in the Zambezi Region

The Infrastructure Planning Division assessed the current and future theoretical water demands of the schemes in the Zambezi Region to determine the additional storage capacity requirements and to identify potential development options. Some of the assessed schemes include the following:

■ *Katima Mulilo-Linyanti-Kapani Pipeline*

NamWater supplies potable water from the Katima Mulilo River Abstraction Scheme to residents along the C49 road from Katima Mulilo to Linyanti and Kapani, via an approximately 99-kilometre pipeline. The Katima-Linyanti-Kapani pipeline scheme experiences water supply challenges. These challenges include potable water not reaching some supply points, starting from the areas around Masokotwani (± 40.5 km), as well as at the end of the pipeline towards the Kapani village. Short- to medium-term development plans were proposed by the INF Division to address the challenges at a first-order development cost of approximately N$14 million.

■ *Kongola-Makanga Pipeline*

NamWater supplies potable water from the Kongola River Abstraction Scheme to residents along the B8 road from Kongola to Makanga, via an approximately 50-kilometre pipeline. The Kongola-Makanga pipeline scheme experiences water supply challenges. These challenges include potable water not reaching some supply points, starting from the areas around Masida (± 37 km from Kongola), as well as at the end of the pipeline towards the Makanga village. Development plans were proposed by the INF Division to address the challenges at a first-order development cost of approximately N$37.5 million.

■ *Katima-Sibbinda Pipeline*

NamWater supplies potable water from the Katima Mulilo River Abstraction Scheme to residents along the B8 road from Katima Mulilo to Sibbinda, via an approximately 65-kilometre pipeline. The Katima-Sibbinda pipeline experiences water supply challenges. These challenges include potable water not reaching some supply points, starting from the areas around Sachinga (± 50 km), as well as at the end of the pipeline towards the Makanga village. Pipeline upgrades and booster stations were proposed to address the bottlenecks at a first-order development cost of approximately N$26.5 million.

■ *Katima-Bukalo Pipeline*

NamWater supplies potable water from the Katima Mulilo River Abstraction Scheme to residents along the B8 road from Katima Mulilo to Bukalo, via an approximately 40-kilometre pipeline. There are areas to the south-east of the existing NamWater pipeline and further along the B8 road towards Ngoma, as well as along the D3507 road (Silumbi-Muyako-Sikanjabuka) that loops back toward Bukalo, that do not have access to potable water. Long-term development plans were proposed by the INF Division to accommodate these additional areas at a first-order development cost of approximately N$120 million.

ix. Drought relief project at Mururani, Kavango West

The objective of this project was to augment the water supply at the Mururani Water Supply Scheme. The work completed during the reporting period included the siting, drilling and pump testing of two production boreholes. A consultant was appointed to site two boreholes and to supervise the drilling work. A drilling contractor was appointed to carry out the drilling work, which is now complete.



Business Unit Coastal

The bulk of the capital expenditure during FY 2022 occurred in this business unit, as NamWater continued with the water supply infrastructure renewal for the water-stressed central coastal region. The Business Unit Coastal included 23 registered projects during the year, which are categorised as follows:

- Research: 2
- Development: 4
- Construction: 17

Unlike the other business units, most of the projects in this business unit were active and major expenditure was allocated to them. The best performing project for the Corporation was the construction of the Kuiseb-Schwarzekuppe pipeline section, totalling 23 km and constructed at a cost of N$230 million. The project was completed on time and has increased the security of supply in the region. Another sizeable project in the region included the Kuiseb Delta new scheme, for which over N$60 million was spent for the construction of a new pipeline and power infrastructure to enable additional abstraction of water from the area known as Dorob South in the Kuiseb Delta.

Projects conducted during FY 2021/22 in this business unit

i. **Kuiseb Collector 2 – Schwarzekuppe – Swakopmund Pipeline replacement, Phase-2 (Section 6a - 23 km)**
The objective of this project was to replace a section of pipeline (23 km), identified as priority two for replacement. This section was characterised by frequent pipe breaks. The replacement has improved the security of supply to Swakopmund and has resulted in a decrease in non-revenue water. The scope of work included replacing the old pre-stressed concrete pipeline with a ZMU-coated 600NB DCI pipeline.



ii. **Swakopmund Base reservoir rehabilitation**
The objective of this project was to rehabilitate the old Swakopmund Base reservoir to increase its service life by at least another 10 years, thereby ensuring security of supply to customers served by this reservoir. The scope of work included concrete repair, in- and outside protection through the application of protective waterproofing coating systems, structural stability repairs such as shear keys to prevent the walls of the reservoir from sliding, and commissioning and testing. The design and contract supervision for this work was conducted by the NamWater Civil Design Division. The contractor was Tanknology Tank Infrastructure Ltd.

iii. **Schwarzekuppe reservoir rehabilitation**
The objective of this project was to rehabilitate the Schwarzekuppe reservoir to increase its service life by at least another 10 years, thereby contributing to the security of supply to customers served by this reservoir.



The design and contract supervision for this work was conducted by the NamWater Civil Design Division. The contractor was Tanknology Tank Infrastructure Ltd.



iv. Central Coastal Area Desalination Plant (SS1)
A feasibility study was carried out for the development of a desalination plant to supply the coastal and central areas. The study concluded with various recommendations, and Cabinet has improved the implementation of Phase 1 of the desalination plant with a volume of 20 Mm□/a in order to supply the Central Coastal Areas.

v. Kuiseb Scheme capacity upgrade (Erongo Region))
The objective of this project is to increase abstraction capacity from the Kuiseb Aquifers to improve the security of water supply to the central coastal towns and to maintain affordability of water. The work completed during the reporting period included the siting, drilling and pump testing of 21 production boreholes; the siting, drilling and pump testing of 10 standby boreholes; and the siting and drilling of 10 monitoring boreholes. Two drilling contractors were appointed to drill a total of 46 boreholes (36 production and 10 monitoring boreholes). The drilling work was completed in July 2022.



Business Unit South

The Business Unit South included 46 registered projects during the year, which are categorised as follows:

- Research: 7
- Development: 20
- Construction: 19

One of the research projects includes the pilot rural desalination plants with renewable energy at Grünau and Bethanie. These two desalination plants were successfully completed and are currently yielding water. They are both undergoing monitoring as part of the ongoing research.

Long awaited development stage work was carried out to extend the water supply schemes at Ariamsvlei and Aroab. A number of bulk prepaid meter installation projects were planned for various towns and villages in this business unit, such as Keetmanshoop, Tses, Gibeon, Maltahöhe, Berseba, Karasburg and Stampriet. However, these installations did not go ahead as planned due to resistance from some of the local authorities. It is expected that they will be installed during the next financial year.



Aerial view of the new Bethanie pilot desalination plant brine disposal ponds

Projects conducted during FY 2021/22 in this business unit

i. **Aroab and Ariamsvlei**
Planning of the project to augment the water supply at Aroab and Ariamsvlei (for completion in FY 2023/24).

ii. **Aus**
Additional boreholes were drilled at Aus to augment supply to the settlement. Installation will be completed in FY 2023/24.

iii. **Grünau**
Funds were made available to search for additional water sources (boreholes) to augment supply; unfortunately, no additional sources could be found. However, there are still three boreholes that need to be connected to the scheme as soon as the power supply has been finalised by NamPower, which is expected in 2023/24.

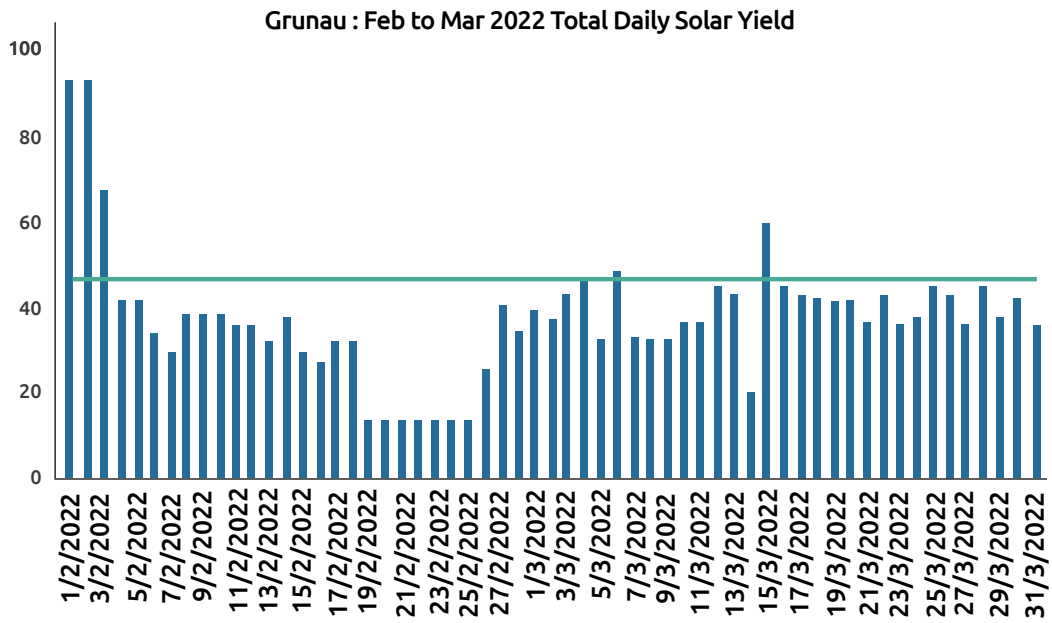
iv. **Karasburg**
The sufficiency of the Bondels and Dreihuk Dams that supply water to Karasburg is continuously at risk, depending on the inflow during the year. A project to source additional boreholes is in progress, which will mitigate the risk and dependency on inflow of these two dams.

v. **Noordoewer Water Supply Scheme Karas Region**
The Noordoewer Water Supply Scheme is a river abstraction scheme that supplies potable water to formal and informal settle-ments, the Customs and Home Affairs offices and houses at the border post, and several intermediate customers along the Orange River. However, in 2020 the Karas Regional Council approved an application by North South Properties to construct 900 houses in Noordoewer. The Infrastructure Planning Division was requested through the Business Unit Water Supply South to compile a brief Situation Assessment Report to outline the Noordoewer Scheme's sufficiency in order to meet the additional water requirements of this planned housing development. A high-level augmentation proposal for the water supply scheme has been presented internal-ly to NamWater and the business unit was tasked to consult with the Regional Council.

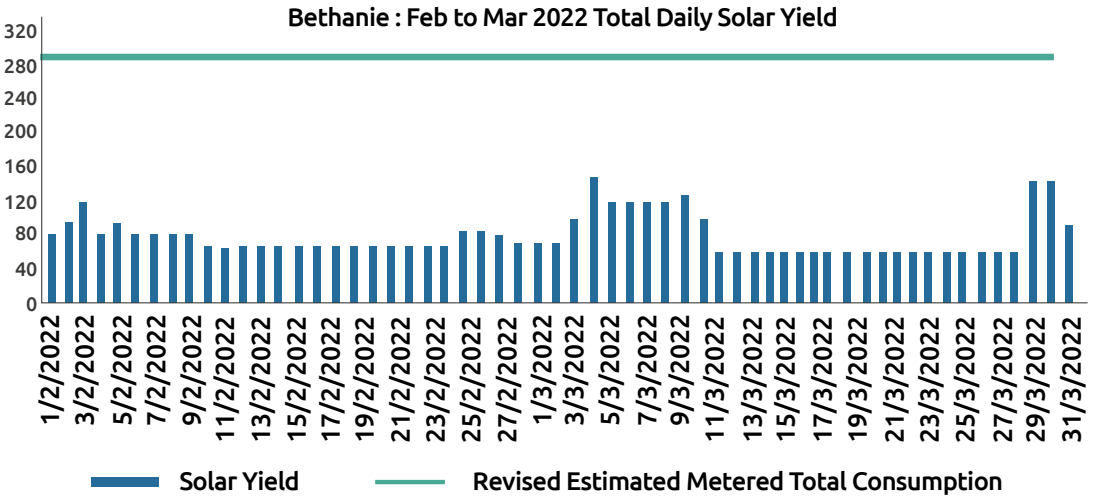
vi. **Business Unit South Master Plan**
NamWater appointed a consultant to update the Water Master Plan for the southern part of Namibia, where it operates 32 water supply schemes, including seven water treatment plants and five dams. An assessment of the condition and capacity of NamWater's existing schemes is required to meet the growing water demands.

vii. **Replacement of the elevated reservoir at the Gochas Water Supply Scheme**
The NamWater Gochas Water Supply Scheme is located in the Hardap Region; approximately 120 km south-east of Mariental. The Business Unit South requested assistance from Infrastructure Planning with the sizing of a new elevated storage reservoir to replace the existing leaking reservoir (40 m³). A new reservoir with a capacity of 60 m³ is to be erected to replace the existing elevated reservoir.

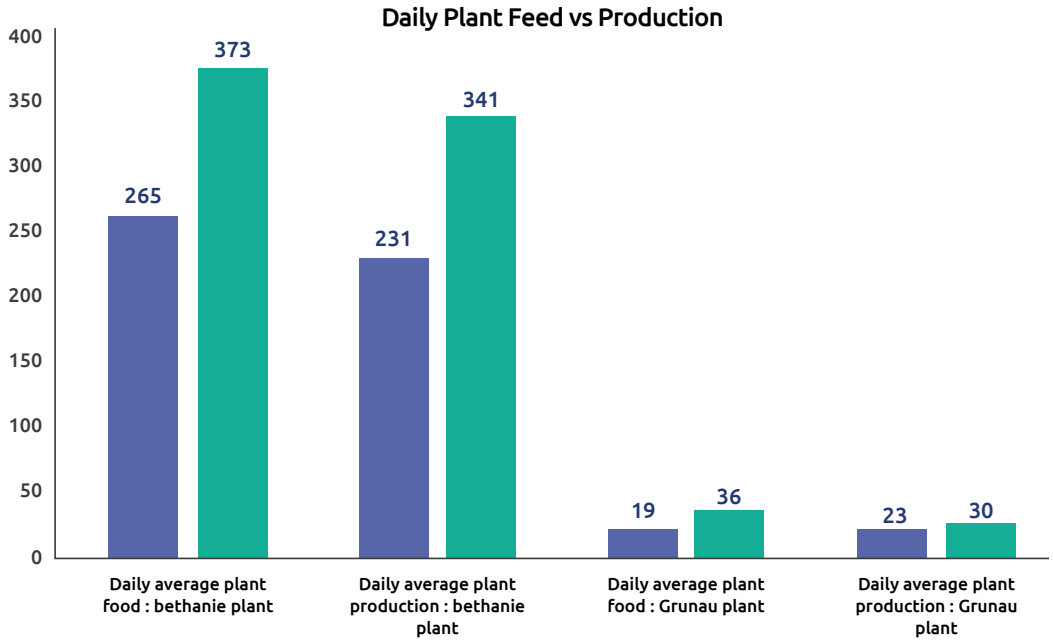
viii. **Pilot rural desalination plant using hybrid renewable energy and membrane technology at Grünau and Bethanie, //Karas Region**
Construction of the two pilot desalination projects at Grünau and Bethanie were successfully completed. The Grünau plant was constructed by NEC Power and Pumps (Pty) Ltd, at the cost of N$13,539,732.13 (excl. VAT). The Bethanie brackish water hybrid-powered pilot plant component was constructed by CSV Construction Namibia (Pty) Ltd, at the cost of N$22,468,845.90. For this period, the piloting and construction phases for the Grünau and Bathanie plants are indicated in the figure on the right.



Graph 21: Title



Graph 22: Title



Graph 23: Title









ix. Drought relief project Grünau, Karas Region
The objective of this project is to augment the water supply at the Grünau Water Supply Scheme. The work completed during the reporting period included the siting, drilling and pump testing of two production boreholes. A consultant was appointed to site two boreholes and to supervise the drilling work. A drilling contractor was appointed to carry out the drilling work. The drilling work is completed. The next task is the connection of the successful boreholes by the departments responsible.

x. Drought Relief Project Aus
The objective of this project as a whole is to augment the water supply at the Aus Water Supply Scheme. The work completed during the reporting period included the siting, drilling and pump testing of two production boreholes. A consultant was appointed to site two boreholes and to supervise the drilling work. A drilling contractor was appointed to carry out the drilling work. The drilling work is completed. The next task is the connection of the successful boreholes by the departments responsible.



Aerial view of the new Bethanie pilot desalination plant brine disposal ponds

Strategic Objective: Diversify Business

NamWater embarked on a business diversification strategy with existing asset portfolios and services where additional resources could be generated to assist in closing the funding gap.

The business diversification strategy for the two-year Streamlined Strategic Plan FY 2018-2021 was linked to the objective Diversify Business.

Diversification was focused on residential properties and land, Laboratory Services and the Human Resources Development Centre (HRDC).

Diversifying by Property

NamWater owns more than 450 commercial and residential properties countrywide, which are situated either at schemes or in towns. Residential properties are intended to mainly provide accommodation to employees, especially in scheme areas, but also to generate additional revenue for the Corporation. In addition, lease agreements are managed for commercial properties, sites leased for telecommunication infrastructure, and farmland.

Engineering Laboratory Services

The NamWater Windhoek Laboratory generates revenue by undertaking different water tests and charcoal tests for the general public, companies and municipalities.

Human Resources Development Centre Services

The Human Resources Development Centre (HRDC) is registered with the Ministry of Education as a vocational training centre with the mandate to provide full-time vocational training (in both theory and practice) to Grade 10 or 12 school leavers with a good record for core subjects such Mathematics, English and Science. In addition, the centre also offers skills upgrading of certain trades to employees who would like to upgrade their practical knowledge and skills in certain work-related fields.

The figure below depicts the performance of the three diversification revenue streams. The total external revenue as a percentage of the total revenue for the reporting period is approximately 1.3%, compared with 0.86% in the previous financial year.

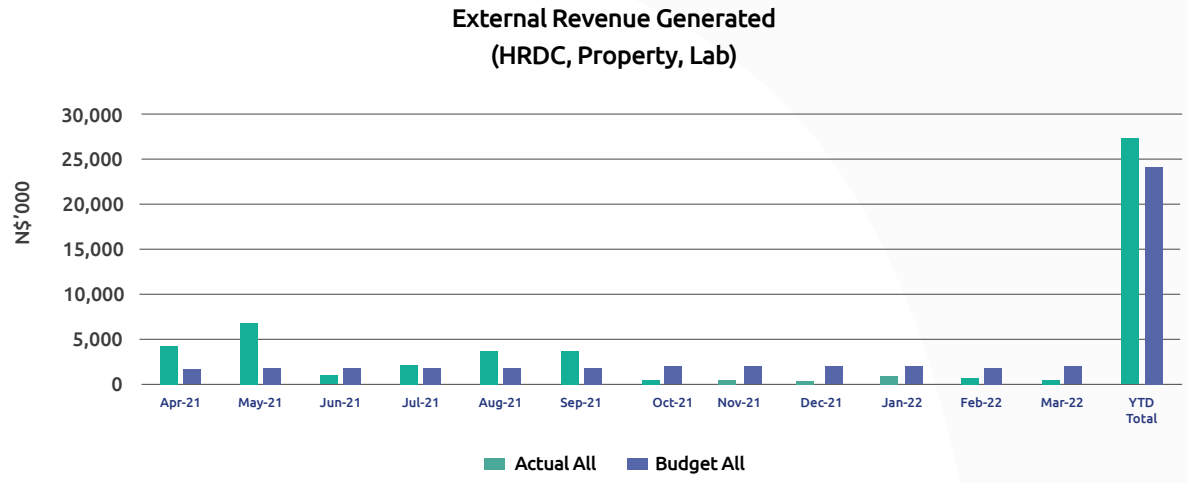


Figure 20: External revenue generated (HRDC, property, laboratory), FY 2021/22

TALENT AND TECHNOLOGY PERSPECTIVE



Enabling our people

For NamWater to remain resilient in an ever-changing operational and external environment, which has been exceptionally challenging during the past two years, the Corporation has realised that its internal human resources systems need to be reviewed in order to proactively respond to strategic and environmental changes, and to remain competitive in the Namibian market regarding attraction and retention of key skills.

During the review period, the Corporation therefore decided to review key human resource elements in order to afford the workforce a position where it is able to withstand the impact of external forces while aligning itself strategically for the next five years. An integrated strategic human resources project was registered, made up of the following three human resources projects:

1. Organisation structure review project
2. Remuneration structure review project
3. Job-grading review project

Key Stakeholder Involvement

The success of the project's execution was hinged on key stakeholder involvement. Considering the sensitivity of organisational change and the impact it normally has on employees, key internal line management and staff and the Namibia Public Workers Union (NAPWU), as an external stakeholder, were engaged from the start to the end. Stakeholder inclusion and the transparent approach taken during project execution resulted in achieving results without major labour-related issues.

Project detail

1. **Organisation structure review**
   A noteworthy change to the structure is the addition of the Retail Division, which will focus predominately on serving individual customers. The organisation structure focuses on the foremost functional areas and covers all key business processes. The reviewed structure consists of 1,321 positions.

2. **Remuneration structure review**
   Implementing a revised organisation structure and job gradings normally go hand in hand with increasing payroll and/or staff costs. Considering the sensitivity towards water tariffs and the impact of rising operational costs, the Corporation reviewed its remuneration structure to manage payroll costs effectively.

   A key characteristic of the reviewed remuneration structure is, among others, the provision of salary notches. Salary notches at small intervals are beneficial for the management of payroll costs. The

second advantage of the newly designed pay scales is that they make provision for career and salary progressions against set performance criteria. Overall, the newly designed pay scales effectively facilitate the organisation structure and job grading repositioning affordably.

3. **Job grading review**
The job grading review was preceded by a job description review project, which included the review of all NamWater job positions. At least 300 job descriptions were reviewed by an internal NamWater job description review team, which was assisted and guided by an external human resources expert.

The job descriptions were duly validated by line management and the union, after which they were submitted for grading. The job grading results were, as per Corporate policy, validated by assigned Job Grading Committee members with union representation.

The grading results addressed long-overdue grading inequities which would have had significant impacts on staff morale. The table below illustrates the grading profile of the Corporation and how it changed due to the exercise.

Developing a Learning Organisation
To achieve the objective of developing a learning organisation, the Corporation implemented strategic initiatives to improve and retain a workforce that is competent and adaptive, as well as correctly trained to take on leadership roles of their own. Through communication and effective training, NamWater strives to create an organisation focused on continual learning and improvement. This ensures employee knowledge is retained and improved on.

With regards to talent and technology, the goal is to ascertain whether NamWater has the appropriate talent to conduct its business at a satisfactory level. This emphasises the importance of retaining a motivated staff and the importance of hiring talented people who identify with NamWater's mandate and vision. It also stresses the responsibility of the Corporation's employees. The employees are encouraged to become involved and active in determining the future course of the Corporation, while simultaneously developing the competences, skills, and talents that support their own progress.





Human Resource Development

NamWater values and encourages human resource development and is committed to enhancing organisational performance and reputation through the development of its employees. Human development encompasses both long- and short-term development and training interventions to ensure employees are equipped with the appropriate competencies to deliver on the mandate.

The HR Strategy Division is responsible for the coordination of talent management and skills development within the Corporation. This is achieved through the following six processes and programmes:

1. **Staff development**
2. **Succession management**
3. **NamWater study fund scheme**
4. **Understudy programme**
5. **In-training development programme**
6. **NamWater bursary scheme**

1. Staff development

NamWater continues to invest in the development of its employees to ensure they are equipped with key competencies to perform optimally in their jobs and are capable of dealing with the demands of their jobs. The content of the training covers a wide scope of competencies, in line with the requirements of the scope of NamWater's operations (see figure below).

During the review period, 97 training interventions at the cost of N$1.469 million were implemented and attended by employees at various levels in the Corporation. These training interventions were delivered through different training methods such as conferences and seminars, short courses, and online training.

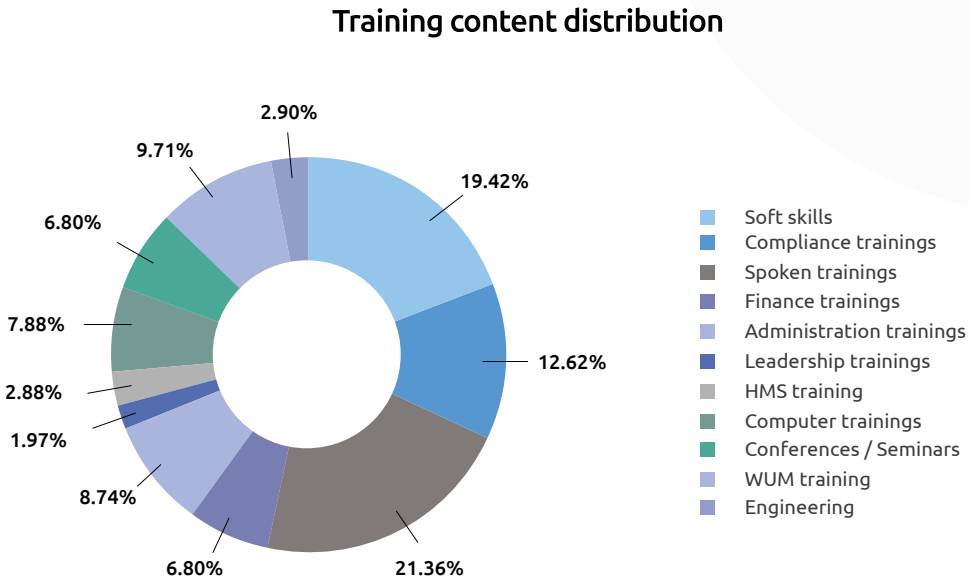


Figure 9: Training content distribution

2. Succession management

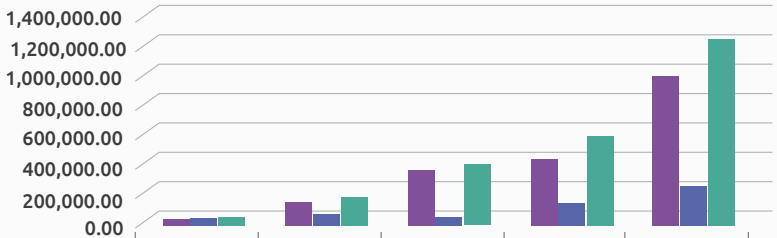
The success of NamWater is directly associated with the dedicated efforts of its hardworking and highly motivated workforce, of which many employees are approaching retirement age. A total of 40 skilled employees will retire within the next five years. Six employees retired in FY 2022. To ensure business continuity, the Corporation has a skills transfer process to ensure that those retiring transfer industry skills and organisational knowledge to their subordinates. During the financial year 2022, fourteen potential successors have benefited from the skills transfer process.

Furthermore, the HR Strategy Division has initiated a succession-management programme, which identifies critical positions in the Corporation and identifies potential successors in the workforce to ensure the continuity of functions in those positions. During the reporting year, proposals from various industry stakeholders were requested, to apply for the successful implementation of a succession-management programme in NamWater. The purpose of this tender is for an external consultant to provide consultancy services to the Corporation to establish an effective and efficient succession-management programme. To date, the Corporation has been unable to attract the right consultancy to assist in this regard; however, although challenging, the process is ongoing.

3. Succession management

The study fund scheme aims to provide financial support to employees to enable them to upgrade their qualifications, on either a full-time basis or a part-time basis, which would further enable their progression to higher positions. In addition, the study fund scheme provides financial assistance towards the education of employees' children, up to an undergraduate qualification. This assistance was introduced as part of the employee retention strategy.

During the review period, NamWater assisted 72 candidates, of which 60 constituted a combination of NamWater permanent and contract employees and 12 were children of employees. During the financial year of the reporting period, the Corporation spent N$1,246,003.22 towards the study expenses of loan holders in the study scheme. Two employees successfully completed their studies during FY 2022.



	Q1	Q2	Q3	Q4	Annual
Loans for childrens	32,520.00	154,055.00	364,766.65	439,047.00	990,388.65
Loans for employees	19,400.00	33,600.00	45,620.47	156,994.10	255,614.57
Grand total loan taken by P/Q	51,920.00	187,655.00	410,387.12	596,041.10	1,246,003.22

Graph 26: Total of study loan for period of FY22

4. Succession management

During the review period, NamWater had three non-Namibians in employment. Six employees were appointed as understudies with a structured development programme, of which one understudy completed the development cycle. At the end of FY 2022, four of the understudies continued the development programme into FY 2023. Induction was conducted, the Individual Development Plan (IDP) was created, and the development process for newly appointed understudies is in progress.

5. In-training development programme

During the review period, NamWater had 16 graduates in the in-training Development Programme, of which five successfully completed the programme. Each graduate had a structured individual development plan, which is aligned to the key performance areas of the positions for which they are being developed to occupy. One of the in-training employees was permanently appointed and the rest of the in-training employees will be recommended into positions upon approval of the reviewed organisational structure.

6. NamWater bursary scheme

During the review period, NamWater had 13 students, of which one student successfully completed their studies and transferred to the in-training development programme. A total amount of N$359,650.00 was spent on study expenses for the 13 students this financial year.

Job attachment and Internship

NamWater offers job attachment opportunities to students from various high learning institutions who required it as part of their qualification element or to those who had completed their studies but needed work exposure as a foundational knowledge with which to secure employment. During the review period, NamWater provided 78 job attachment opportunities to students who were allocated to different divisions countrywide.

Human Resources Development Center (HRDC)

Governance: Legal and Regulatory Compliance

The key legislation that affected the Corporation from an HR perspective during the review period includes:

- Namibia Qualifications Authority Act, 1996 (No. 29 of 1996)
- Namibia Training Authority Act, 2008 (No. 1 of 2008)

Vocational Students

NamWater is assisting the government to achieve the goal of an industrialised Namibia by the year 2030, as targeted in the Harambee Prosperity Plan II and NDP5. In this regard, NamWater's Human Resources Development Centre (HRDC) has been accredited by the Namibia Qualification Authority (NQA) to provide quality assured training to the Namibian nation. Its objective is to raise the numbers of qualified artisans and instructors in the country. NamWater has funded training for artisans since the inception of the Corporation. Many artisans who keep the economic engines of Namibia running received their qualifications at the HRDC.

Due to the impact of COVID-19 on our academic calendar, the training was negatively affected and as a result, some trainees could not complete the training within the regular duration. However, despite the impact of the pandemic, a total number of 108 artisans received qualifications during the review period (FY 2021/2022), compared with the total number of 99 artisans in the previous year (2020/2021), representing a 9.1% increase.

Total number of artisans who received qualifications:

- 6 bricklaying and plastering artisans
- 14 carpentry and joinery artisans
- 11 diesel mechanics
- 11 electrical general
- 6 heavy plant operator (HPO)
- 16 office ministration officials
- 15 water care artisans (water and wastewater treatment)
- 29 plumbing and pipefitting

Number of TVET trainers who received NTA required training for TVET Trainers (Info- Graphs)

Training for trainer programs	Number of training officer trained
Facilitator	8
Moderator	9
Assessment Instrument design	2
Program designer and development skills	3

This training was required for the trainers to be registered with NTA as assessors, moderators and assessment instrument designers. The centre aimed to increase the number of qualified TVET trainers by 2030, as per the NDP5 and HPP II objectives.







EMPLOYEE WELLNESS AND STAFF PERFORMANCE

This section covers the financial period for FY 2021/22 and reviews financial, operational, and risk-related issues during the reporting period. It is organised in four parts, covering the NamWater Workforce Deployment, Affirmative Action Workforce Profile, key departmental activities, corporate HR issues are discussed, and the divisional budget and finally a look at risk-related matters. It concludes with progress on the divisional strategic initiatives.

Diversity Management

The Affirmative Action (Employment) Act, 1998 (No. 29 of 1998) was established to redress imbalances at the workplace, arising from the discriminatory socio-economic dispensation which had previously existed in Namibia.
NamWater, as a designated employer and through its Affirmative Action Policy, strives to transform our current demographic workforce profile in compliance with the requirements and aims of the Affirmative Action (Employment) Act, 1998 (No. 29 of 1998) to achieve an equitable representation of competent employees from designated groups at all occupational levels as far as practical within the Corporation.

Furthermore, in the application of its Affirmative Action Plans, the Corporation intends to appoint and promote able persons who are capable of meeting job requirements. However, as a rule, the Corporation does not discourage non-designated groups to apply for employment, except in cases where specific positions have been earmarked for employees from designated groups. Through the implementation of the Corporations' Affirmative Action goals and objectives, and human resources development, NamWater strives to create an organisational culture which values the diversity of the Namibian people.

During the reporting year, NamWater obtained recognition for Affirmative Action (AA) compliance, a standard that is essential for business continuity. Its rating was earned through the facilitation of quarterly AA meetings, and communication sessions, through promoting affirmative action's three-year plans and goals, and by prompt submittal of NamWater's affirmative-action report.

The workforce profile ratio of men to women continues to be weighted in favour of men, with men comprising 71% (439 men) and women 29% (182 women). On the permanent workforce, Namibians in the category of the previously disadvantaged group due to race, make up 94.8% (587 individuals, of which 415 are males and 172 females).

Affirmative Action Workforce Profile

The permanent workforce at the end of March 2022 was 648 and is represented in the Affirmative Action (AA) Diverse Categories as per the Affirmative Action Act. Out of 648 permanent employees, 29.63 % (192) are female, while 70.37% (456) are permanent male employees.

Work profile March '22		Racially Disadvantaged		Racially Advantaged		Person with Disabilities		Non Namibian		Total		Overall Total
	JOB CATEGORY	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
	Executive Directors	0	0	0	0	0	0	0	0	0	0	**0**
EL-EU	Senior Management	2	2	1	0	1	0	0	0	3	2	**5**
D3-D5	Middle Management	16	4	4	0	0	0	0	0	20	4	**24**
C5-D2	Specialized Skilled/ Senior Supervisory	30	20	4	2	0	0	30	37	37	22	**59**
C1-C4	Skilled	146	63	7	4	0	0	0	0	153	67	**220**
B1-B5	Semi-Skilled	93	61	3	2	0	3	0	0	96	63	**159**
A1-A3	Unskilled	147	34	0	0	0	0	0	0	147	34	**181**
	TOTAL PERMANENT	**434**	**184**	**19**	**8**	**1**	**3**	**3**	**0**	**456**	**192**	**648**

Table 19: NamWater affirmative action workforce profile (permanent employees)



Staff Turnover

The staff turnover rate for FY 2021/22 = 2.56%. 17 employees left the Corporation through 11 retirements, 3 resignations, and three deaths. There were zero dismissals.

Staff Movements

78 permanent employees were hired, 20 temporary staff appointed permanently, 24 employees were promoted to higher positions, and nine employees were transferred within the Corporation.

Employee and labour relations

Our objective is to promote a high-quality workforce and collaborative relationships between employees, management, and the union (NAPWU). Our division provides guidance, training, recommendations on managing underperformance, conduct disciplinary hearings, resolves complaints at the lowest level, and conducts union negotiations with the recognised union.

Employee Services facilitate quarterly meetings with NAPWU to ensure good workplace relationships. No meetings took place during the review period.
NamWater's objective is to develop and maintain a very transparent and healthy relationship with the union at all times, minimising the risk of labour unrest.

NamWater management has had two consultative meetings with the union this year to debate and exchange views on matters of mutual interest. The annual wage negotiations were finalised in December 2021 and implemented on 1 April 2021.

Employee wellness and staff care program

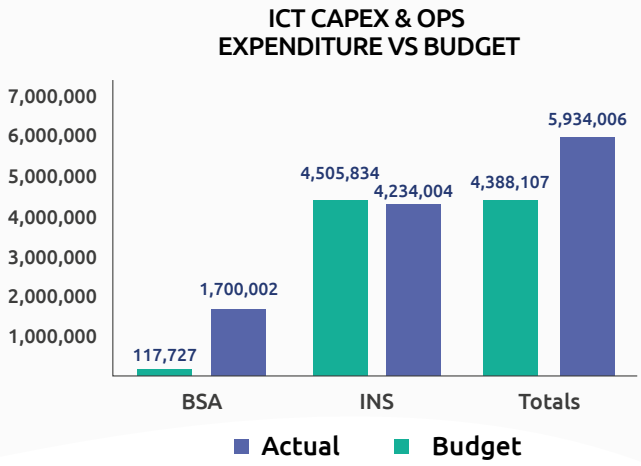
Our objective is to develop and implement a comprehensive wellness intervention and staff care programme with the intention to promote and improve the wellbeing and morale of all NamWater employees. In addition, to coordinate the production of wellness initiatives, such as HIV/AIDS, stress management, smoking cessation, balanced nutrition, diabetes education, and weight management in order to assist our employees in becoming and remaining healthy.

The Employee Wellness Framework and Policy is currently under review. Two wellness days in collaboration with the NHP Wellness Team were held on 23-24 July 2021 at the Windhoek Head Office and Business Unit: Central respectively.

During the review period, 20 employees were assisted through the Employee Assistance Programme.

OVERALL PERFORMANCE AGAINST STRATEGIC OBJECTIVES

Strategic Objective: Implement Technology Drive



N$4 505 834 was spent YTD on information technology against a budget of N$5 934 006, which is 76% of the budget. The technology drive consists of expense components such as ICT subscriptions, hardware upgrades from the operational budget, and non-infrastructure capital budget.

Figure 21: Investment (N$) in ICT and systems

Strategic Objective: Develop a Learning Organisation

The purpose of the objective is to achieve an 90% resourced organisational structure by 2021, en route to a fully resourced organisational structure by 2024.

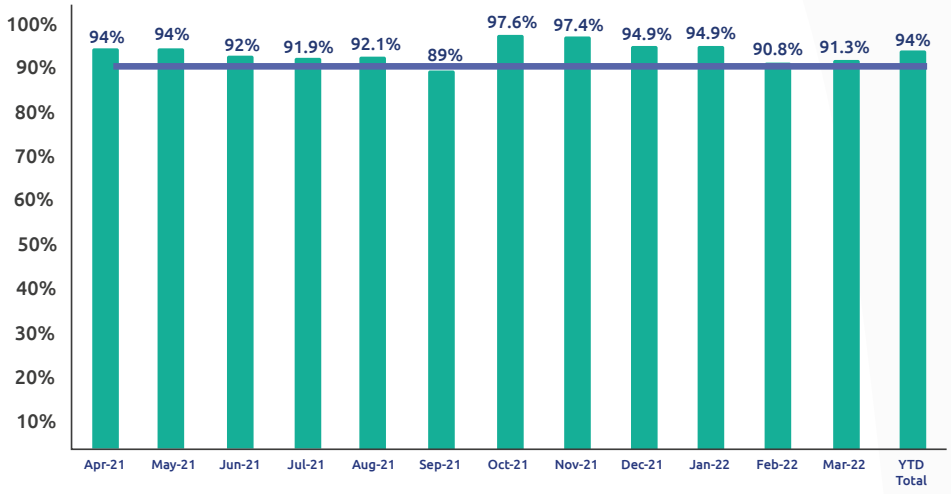


Figure 22: To achieve a 90% resourced organisation structure by 2021



8 Annual Financial Statements

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Bulk water supply
Directors	T Maswahu Dr A Matros-Goreses L Ashipala Dr P Mushendami A S R Nsinano S Haihambo J R Kaumbi H Jesaya V Kinyaga M Gaweseb
Registered office	176 Iscor Street Northern Industrial Area Windhoek Namibia 9000
Business address	176 Iscor Street Northern Industrial Area Windhoek Namibia
Postal address	Private Bag 13389 Windhoek Namibia
Bankers	First National Bank of Namibia Ltd
Auditors	Grand Namibia 9 Axali Doeseb Street Windhoek Box 24304 Windhoek
Secretary	O Iithete

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Contents

	Page
Audit Committee Report	107
Directors' Responsibilities and Approval	108
Independent Auditor's Report	109 – 111
Directors' Report	112 – 115
Statement of Financial Position	116
Statement of Profit or Loss and Other Comprehensive Income	117
Statement of Changes in Equity	118
Statement of Cash Flows	119
Accounting Policies	120 – 134
Notes to the Annual Financial Statements	135 – 175
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	176 – 178

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Audit Committee Report

1. Members of the Audit Committee

The committee is satisfied that the members thereof have the required knowledge and experience as set out in the Namibia Water Corporation Act.

The committee has approved a selection criteria for identifying field experts as and when required, in order to augment their skills with specialist issues.These experts shall operate on an advisory role without holding any membership status in the committee.

2. Meetings held by the Audit Committee

The audit committee performs the duties laid upon it in terms of section 24 (1b) of the Namibia Water Corporation Act 12 of 1997, by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external and internal auditors.

3. External auditor

The audit committee has appointed Grand Namibia as the independent auditor and Mr. Ronald Beukes as the designated partner, who is a registered independent auditor, for appointment of the 2022 audit.

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Namibia Water Corporation policies and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Namibia Water Corporation that internal governance processes within the firm support and demonstrate the claim to independence.

The audit committee 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 work required and the scope.

Unless impracticable, the audit committee resolved not to utilise the external auditors for providing other non-audit services.

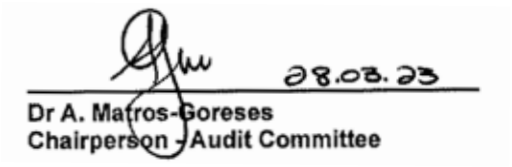
4. Annual Financial Statements

Following the review of the annual financial statements, the audit committee recommend board approval thereof.

5. Accounting practices and internal control

The audit committee on a continuous basis, with the assistance of the internal audit department reviews the system of internal controls within the Corporation to ensure that it is adequate to manage the business of the Corporation. The audit committee is not aware of any material breaches in the internal control system that occurred during the financial year under review.

On behalf of the audit committee



Windhoek

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Directors' Responsibilities and Approval

The directors are required in terms of the Namibia Water Corporation Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Corporation 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Corporation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Corporation and all employees are required to maintain the highest ethical standards in ensuring the Corporation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Corporation is on identifying, assessing, managing and monitoring all known forms of risk across the Corporation. While operating risk cannot be fully eliminated, the Corporation 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the cash flow forecast for the year to 31 March 2023 and, in light of this review and the current financial position, they are satisfied that the Corporation has or had access to adequate resources to continue in operational existence for the foreseeable future.

T Maswahu
Chairperson: Board of Directors
Date: 28/03/2023

Dr A. Matros-Goreses
Director
Date: 28.03.23

Independent Auditor's Report

To the shareholder of NAMIBIA WATER CORPORATION LIMITED

Opinion

We have audited the annual financial statements of the Namibia Water Corporation Ltd. ('the Corporation') which comprise the statement of financial position as at 31 March 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, the notes to the annual financial statements, including a summary of significant accounting policies and the directors' report.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Namibia Water Corporation Ltd. Act (Act 12 of 1997).

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 Annual Financial Statement section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable in performing audits of annual financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the annual financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter (KAM)	How audit addressed the key audit matter
Recoverability of trade and other receivables (debtors). Significant amounts are owed to the Corporation by municipalities, village- and town councils. Due to the adverse prevailing conditions and the recent COVID-19 pandemic that had a negative impact on the Namibian economy, there is therefore a risk that amounts in trade receivables may not be recoverable. The risk is heightened by the implementation of the IFRS 9 impairment model that involves a great deal of management estimation in the measurement of Expected Credit Losses (ECLs).	To address the KAM, we completed audit procedures which included: • Tested design and implementation of the relevant controls; • Understanding and evaluating Management's process for assessing the recoverability of debtors in line with IFRS 9; • Focusing on material long outstanding debtors and Management's assessment of the recoverability of these debtors; • Inspecting the payment history of long outstanding debtors to obtain evidence of the frequency and magnitude of their payments in relation to balance outstanding; and • Determining whether the provision is adequate. • We tested the ECL model for compliance with IFRS 9 and for management bias.

Independent Auditor's Report

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Namibia Water Corporation Ltd. Integrated Annual Report 2021/22 which includes Section 2 (Introduction) Section 3 (Governance Reports and Board Structure), Section 4 (Assurances), Section 5 (Executive Management), Section 6 (Strategy Management), Section 7 (Business Performance), Audit Committee Report, Directors' Responsibilities and Approval and the Detailed Income Statement. which we obtained prior to the date of this auditors' report. The other information does not include the annual financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Namibia Water Corporation Ltd. Act (Act 12 of 1997) and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the Corporation'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 Corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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. Misstatement 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 annual financial statements.

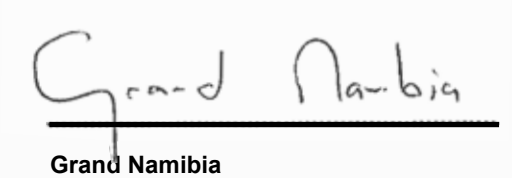
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 Corporation'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 Corporation'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 annual 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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

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, related safeguards.



Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: RN Beukes - Partner
Windhoek
05 June 2023

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Directors' Report

The directors have pleasure in submitting their report on the annual annual financial statements for the corporation for the year ended 31 March 2022.

1. Main business and operations

In terms of Section 5(a) of the Namibia Water Corporation Act, the primary business is to carry out efficiently, and in the best interest of the Republic of Namibia, bulk water supply to customers, in sufficient quantities, of a quality suitable for the consumers' purposes, and by cost-effective, environmentally sound and sustainable means. NamWater supplies water in bulk to industries, municipalities, Government ministries, and individual consumers on a full cost recovery basis.

There has been no material changes to the nature of the Corporation's business from the prior year.

2022	**Contribution to turnover**
Local & regional councils and ministries	60.00 %
Mining customers	28.00 %
Domestic customers	8.00 %
Private businesses	4.00 %
	100.00 %

2021	**Contribution to turnover**
Local & regional councils and ministries	57.00 %
Mining customers	28.00 %
Domestic customers	10.00 %
Private businesses	5.00 %
	100.00 %

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Namibia Water Corporation Act. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 3 to the annual financial statements.

The Corporation recorded a net profit after tax for the year ended 31 March 2022 of N$215,528,102. This represented a increase of 107% from the net profit after tax of the prior year of N$104,001,423. The increase in profitability is mainly driven by the increase in water sales during the year.

The Corporation's cash flows from operating activities decreased by 1% from N$ 499 242 818 in the prior year to N$ 493 097 596 for the year ended 31 March 2022. The decrease in cashflows from operating activities was as a result of an increase in debtors due to funds being advanced as support towards the drought relief project of the City of Windhoek. Refer to Note 9.

3. Share capital

			2022	2021
Authorised			Number of shares	
Ordinary shares			1,000,000,000	1,000,000,000
	2022	2021	2022	2021
Issued	N$	N$	Number of shares	
Ordinary shares	959,054,444	959,054,444	959,054,444	959,054,444

There have been no changes to the authorised or issued share capital during the year under review.

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Directors' Report

4. Dividends

The Corporation's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

Given the current state of the infrastructure the board of directors believes that it would be more appropriate for the Corporation to preserve cash and maintain adequate debt headroom to ensure that the Corporation is best placed to withstand any urgent investments in infrastructure replacement as a result of unforseen failures. Therefore the board of directors has resolved not to declare a dividend for the financial year ended 31 March 2022 (2021 - N$0.00).

5. Directors

T Maswahu	Chairperson	Non-executive Independent
Dr A Matros-Goreses		Non-executive Independent
L Ashipala		Non-executive Independent
Dr P Mushendami		Non-executive Independent
A S R Nsinano		Executive
J R Kaumbi		Non-executive Independent
H Jesaya		Non-executive Independent
V Kinyaga		Non-executive Independent
M Gaweseb		Non-executive Independent

There have been no change with the board of directors during the 2022 financial year. The initial term of the directors ended in April 2020. The term has been extended for the directors to remain in office untill such time a new substantive board is appointed.

The board of directors constituted 4 committees to support their oversight role as directors. The 4 committees are the Board Audit Committee, the Board Strategy Committee the board Human Resources and Remuneration Committee and the Board Technical Committee. The composition of the Committees is shown in the table below. Each of the commitees has clearly defined terms of reference, mandates and responsibilities in respect of matters delegated thereto by the Board. The Board retains full accountability for decisions and actions of the committees.

The following table shows the meetings of the Board and Board Committees and their attendance during the financial period:

	Board Meetings	Audit Committee	HR & Remuneration Committee	Technical Committee	Strategy Committee
T Maswahu (B) / (T)	11	-	9	5	-
Dr A Matros-Goreses (A) / (T)	7	5	-	5	-
H Jesaja (B) / (S)	11	-	9	-	3
J R Kaumbi (A) / (B)	11	5	8	-	-
V Kinyaga (S) / (T)	9	-	-	5	3
L Ashipala (B) / (T)	11	-	9	5	-
M Gaweseb (S)	11	-	-	-	3
Dr P Mushendami (A)	11	5	9	-	-
A S R Nsinano (S) / (T)	10	-	-	4	2
	92	**15**	**44**	**24**	**11**

(A) Audit Committee member

(B) HR & Remuneration Committee member

(S) Strategy Committee member

(T) Technical Committee member

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Directors' Report

6. Directors' interests in contracts

During the financial year, no contracts were entered into for which directors or officers of the Corporation had an interest and which significantly affected the business of the Corporation.

7. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Corporation or in the policy regarding their use.

At 31 March 2022 the Corporation's net investment in property, plant and equipment amounted to N$5,529,770,676 (2021: N$ 5,418,549,450), of which N$369,298,229 (2021: N$ 150,693,408) was added in the current year. Refer to note 4 of the annual financial statements for further details.

The Corporation has commitments in respect of contracts placed for capital expenditure to the amount of N$ 375 088 263 (2021: N$ 165,700,877). These commitments have been approved by the board of directors of the Corporation. Refer to note 29 of the annual financial statements for further details.

8. Borrowing Powers

In terms of the Memorandum of Incorporation, the borrowing powers of the Corporation are unlimited. However, all borrowings by the Corporation are subject to ministerial approval, where such borrowing will result in encumbrance of assets of the Corporation that exceeds N$10, 000,000. As at 31 March 2022, the Corporation's borrowings totalled N$ 110 226 750 (2021: N$ 117 470 650. The Corporation has approved unutilised facilities of N$ 1 290 000 000 (2021: N$ 1 287 000 000). Payment guarantees were issued in favour of Nampower of N$ 1 333 443 (2021: N$ 1 333 443). No other payment guarantees were issued at year end.

9. Events after the reporting period

In May 2022 the corporation was rated by Fitch Ratings BB- with a stable outlook.

The Government settled the balance owed of N$ 7 243 899 on the RMB loan after year end. The loan was advanced to government towards the construction of the Neckartal Dam Project. Refer to 13.

The Corporation settled the NWC22 bond of N$ 106 000 000 after year end.

10. Going concern

The directors have satisfied themselves that the impact of COVID 19 on the provision of water to struggling customers would result in a higher increase in the overall debts owed by local authorities and that such trend would result in short-term liquidity challenges on working capital of the Corporation. To reduce the impact, the Corporation has accelerated the roll out of prepaid systems towards high debt profile customers to address the above and browden the casket on investment and resource consolidations.

11. Litigation statement

The Corporation becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The Corporation is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

12. Secretary

The company secretary is Mr. O Iithete.

Business address:
176 Iscor Street
Windhoek
Namibia

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Directors' Report

13. Namibia Water Sector Support Loan

The Government of the Republic of Namibia (GRN) has entered into a loan agreement with the African Development Bank (AFDB). The purpose of the loan is to assist in financing the Namibia Water Support Program. According to the loan agreement, Ministry of Agriculture Water and Land Reform shall be the borrower for the program, while NamWater will be the Implementing Agent.

The loan facility has been taken out at Government level and pass through the Corporation on a grant basis. The loan is repayable by Government. There are currently two firm projects from the AFDB facility that would require incremental funding as the procurement of services and works has commenced on these projects. These projects are the Rundu Water Treatment Plant and the Oshakati Water Treatment Plant.

14. Auditors

Grand Namibia Chartered Accountants (Namibia) was appointed as statutory auditors for the Corporation for March 2022. Their term of office expires at the end of the 2022 financial year statutory audit.

15. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 28 March 2023. No authority was given to anyone to amend the annual financial statements after the date of issue.

16. Provision for and collection from doubtful debtors

The Corporation was hit by Covid 19 implications which resulted in the provision of water to struggling Local Authorities which were previously on water rationing and prepaid interventions. This resulted in increased water volumes sold to Local Authorities which might not be recoverable. The Corporation applied for a water subsidy from the shareholder which has been received to the value of N$ 32 million. A further subsidy of N$ 29 million was received from the African Development Bank in an effort to support vulnerable local authorities on the COVID 19 water supply.

Efforts to manage the municipal debtors continued during the period, with signing of repayment agreements with some of the customers, and entering into prepaid metering arrangements with other customers. The board believes that all doubtful debtors are fully provided for in the annual financial statements, and there is no additional costs that will result from balances in the current financial year.

17. Neckartal Dam

The Corporation advanced the Government of the Republic of Namibia a total amount of N$ 600 million towards the construction of the Neckartal Dam. The advance was funded from cashflow from operations to the value of N$ 200 million and the remainder, N$ 400 million from a loan arranged with Rand Merchant Bank. The goverment through it's line ministry settled the long term loan during the 2022 financial year. The transfer of the Dam was not concluded at year end.

18. Vote of thanks

Thanks and appreciation are extended to our shareholder, staff, suppliers and consumers for their continued support to the Corporation.

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

Figures in Namibia Dollar	Note(s)	2022	2021	2020
Assets				
Non-Current Assets				
Property, plant and equipment	4	5,529,770,676	5,418,549,450	5,603,069,076
Intangible assets	5	110,588,987	131,848,767	154,874,553
Other receivables	9	-	-	177,940,650
Other financial assets: At amortised cost	8	802,433,070	335,969,023	318,998,753
Other financial assets: Fair value through profit or loss	8	52,543,958	50,527,421	48,453,064
		6,495,336,691	**5,936,894,661**	**6,303,336,096**
Current Assets				
Inventories	7	8,256,353	7,555,314	10,255,325
Trade receivables	9	559,034,652	484,585,679	374,622,600
Other receivables	9	130,050,324	159,852,981	180,388,752
Other financial assets: At Amortised Cost	8	531,137,869	828,754,173	701,564,745
Cash and cash equivalents	10	397,176,866	307,127,151	261,327,015
		1,625,656,064	**1,787,875,298**	**1,528,158,437**
Total Assets		**8,120,992,755**	**7,724,769,959**	**7,831,494,533**
Equity and Liabilities				
Equity				
Share capital	11	959,054,444	959,054,444	959,054,444
Non distributable reserves	12	1,949,715,133	2,047,109,770	2,200,590,650
Retained income		2,507,857,815	2,194,010,325	1,902,025,484
		5,416,627,392	**5,200,174,539**	**5,061,670,578**
Liabilities				
Non-Current Liabilities				
Post retirement medical obligation	14	165,699,000	146,518,000	176,569,000
Deferred income	15	865,579,836	681,967,251	692,245,265
Deferred tax	6	1,159,180,728	1,216,343,256	1,207,872,715
Severance pay obligation	14	5,820,000	5,045,000	4,984,000
Long term loans	13	-	106,000,000	209,745,587
		2,196,279,564	**2,155,873,507**	**2,291,416,567**
Current Liabilities				
Trade and other payables	17	272,230,557	254,065,473	265,971,153
Long term loan: Short term portion	13	110,226,750	11,470,650	101,771,333
Deferred income	15	40,328,308	40,405,467	40,362,385
Current tax payable	23	85,300,184	62,780,323	70,302,517
		508,085,799	**368,721,913**	**478,407,388**
Total Liabilities		**2,704,365,363**	**2,524,595,420**	**2,769,823,955**
Total Equity and Liabilities		**8,120,992,755**	**7,724,769,959**	**7,831,494,533**

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2022	2021
Revenue	18	2,075,385,522	1,987,977,144
Cost of sales	27	(454,228,724)	(423,780,824)
Gross profit		**1,621,156,798**	**1,564,196,320**
Other operating income	28	51,729,120	47,495,682
Movement in credit loss allowances	19	(166,364,635)	(224,579,647)
Other operating expenses	39	(1,264,245,249)	(1,248,532,816)
Operating (loss)/surplus	19	**242,276,034**	**138,579,539**
Interest income	20	68,334,925	73,375,766
Interest paid	21	(11,115,426)	(16,639,104)
Profit before taxation		**299,495,533**	**195,316,201**
Taxation	16	(83,967,431)	(91,314,778)
Profit/(Loss) for the year		**215,528,102**	**104,001,423**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(losses) on defined benefit liability - Severance Pay	14	186,000	809,000
Actuarial gain/(losses) on defined benefit liability - Post Retirement Medical Aid	14	1,173,930	49,930,028
Deferred Tax on acturial gains/(losses)		(435,178)	(16,236,489)
Total items that will not be reclassified to profit or loss		**924,752**	**34,502,539**
Other comprehensive income for the year net of taxation		**924,752**	**34,502,539**
Total comprehensive income for the year		**216,452,854**	**138,503,962**

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Equity

Figures in Namibia Dollar	Share capital	Revaluation reserve	Asset replacement reserves	Total reserves	Retained income	Total equity
Balance at 1 April 2020	**959,054,444**	**2,190,557,016**	**10,033,634**	**2,200,590,650**	**1,862,620,690**	**5,022,265,784**
Restated Deferred Income	-	-	-	-	39,404,794	39,404,794
Profit for the year	-	-	-	-	104,001,423	104,001,423
Other comprehensive income	-	-	-	-	34,502,539	34,502,539
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**177,908,756**	**177,908,756**
Revaluation reserve released to retained income	-	(153,480,880)	-	(153,480,880)	153,480,880	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(153,480,880)**	**-**	**(153,480,880)**	**153,480,880**	**-**
Balance at 1 April 2021	**959,054,444**	**2,037,076,136**	**10,033,634**	**2,047,109,770**	**2,194,010,325**	**5,200,174,539**
Profit for the year	-	-	-	-	215,528,102	215,528,102
Other comprehensive income	-	-	-	-	924,752	924,752
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**216,452,854**	**216,452,854**
Revaluation reserve released to retained income	-	(97,394,636)	-	(97,394,636)	97,394,636	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(97,394,636)**	**-**	**(97,394,636)**	**97,394,636**	**-**
Balance at 31 March 2022	**959,054,444**	**1,939,681,500**	**10,033,634**	**1,949,715,134**	**2,507,857,815**	**5,416,627,393**
Note(s)	11	12				

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Statement of Cash Flows

Figures in Namibia Dollar	Note(s)	2022	2021
Cash flows from operating activities			
Cash generated from operations	22	434,632,028	442,343,801
Interest received		69,580,994	73,375,766
Finance costs		(11,115,426)	(16,476,749)
Net cash from operating activities		**493,097,596**	**499,242,818**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(369,298,229)	(149,349,633)
Proceeds on sale of property, plant and equipment	4	1,181,919	1,389,496
Contribution to Neckartal Dam		-	96,000,000
Sale/(Purchases) of financial assets	8	(170,864,280)	(146,234,055)
Net cash from investing activities		**(538,980,590)**	**(198,194,192)**
Cash flows from financing activities			
Income taxes paid to Government		(119,045,276)	(104,333,238)
Repayment of RMB Loan		-	(194,046,270)
Contributions by Government and customers	15	254,977,986	43,130,918
Net cash from financing activities		**135,932,710**	**(255,248,590)**
Total cash movement for the year		**90,049,716**	**45,800,036**
Cash at the beginning of the year		307,127,150	261,327,015
Total cash at end of the year	10	**397,176,866**	**307,127,051**

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

Corporate information

Namibia Water Corporation Limited is a public limited company incorporated and domiciled in Namibia.

The annual financial statements for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors.

1. Significant accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The annual financial statements have been prepared on the historic cost basis, and incorporate the principal accounting policies set out below. The functional and presentation currency is Namibia Dollars.

These accounting policies are consistent with the previous period, except where otherwise stated.

1.1 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments has been identified as the Management Executive Committee (EXCO). An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Corporations' other components. An operating segment's results are reviewed regularly by EXCO to make decisions about resources to be allocated to the segment and assess performance, and for which separate financial information is available.

The basis of segmental reporting has been set out in note 2.

1.2 Significant judgments and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant estimations include:

Trade and other receivables

The Corporation assesses its trade receivables for impairment at the end of each reporting period. The impairment for Individual domestic consumer trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. Impairment for bulk consumer trade receivables is calculated on a case by case basis, based on historical payment patterns by the customers.

Accounting Policies

1.2 Significant judgments and sources of estimation uncertainty (continued)

Fair value measurement

The Corporation measures financial instruments such as financial assets through profit and loss, and non-financial assets such as property, plant and equipment, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

-Disclosures for valuation methods, significant estimates and assumptions - Notes 4, 8 and 13

-Quantitative disclosures of fair value measurement hierarchy - Note 34

-Property, plant and equipment under revaluation model - Note 4

-Financial instruments (including those carried at amortised cost) - Note 8, 9, 13, 17

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements assumes that transactions are taking place in a active market. In the absence of the latter it would assume that it would be based on the next advantageous market. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the annual financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

-Level 1 — Quoted market prices in active markets for identical assets or liabilities that the entity can access at measurement date.

-Level 2 — Inputs other than quoted market prices included within level 1 that are observable for the asset or liability either directly or indirectly.

-Level 3 — Inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognised in the annual financial statements on a recurring basis, management determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the quoted market prices that is significant to the fair value measurement as a whole) at the end of each reporting period. The management committee consists of Chief Executive Officer, General Manager: Finance, the General Manager: Corporate Services and the Four Business Unit Chiefs for water supply. External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by management after discussion with and approval by the Corporation’s Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Corporation’s external valuers, which valuation techniques and inputs to use for each case.

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.2 Significant judgments and sources of estimation uncertainty (continued)

At each reporting date, the management committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Corporation's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Management, in conjunction with the Corporation's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. On an interim basis, the Management and the Corporation's external valuers present the valuation results to the Audit Committee and the Corporation's independent auditors. This includes a discussion of the major assumptions used in the valuations. The Corporation engaged an independent valuation specialist to assess the fair values as at 31 March 2020. Land & buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of property. Refer to note 4 for detailed estimation criteria for Land and Buildings. On an annual basis, the Corporation assesses whether the variables influencing the fair value of assets have changed materially. Where such change is noted, a decision to do a new revaluation will be done. A new valuation will be done after seven years from the date of any full revaluation. A period of 7 years is considered appropriate due to the nature of water infrastructure.

For the purpose of fair value disclosures, the Corporation has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability.

Estimation of useful life PPE

Property, plant and equipment are made up as costs acquired to construct property, plant and equipment. IAS 16 requires annual life and residual values to be assessed on a project basis. The Corporation does annual reviews to ensure estimation and judgement are supported by sound assumptions through the use of valuation experts.

Post retirement medical aid & Severance pay obligation

Post retirement defined benefits are provided for certain existing and former employees. Actuarial valuations which are performed by external valuers are based on assumptions which include employee turnover, mortality rates, the discount rate, healthcare inflation costs and rates of increase in compensation costs.

Severance pay provision in line with the current interpretation of the provisions of the Labour Act are provided for certain existing employees. Assumptions on termination dates, discount rates and future salary increments were done based on currently available information, to compute the liability.

1.3 Property, plant and equipment

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. When a component of property, plant and equipment is replaced, the replacement cost is capitalised as part of the carrying amount of the property, plant and equipment, provided that the recognition criteria are met. The remaining carrying amount of the replaced part is derecognised at that stage.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

Property, plant and equipment (other than land, buildings and water schemes) is subsequently measured at cost less accumulated depreciation and any impairment losses.

Accounting Policies

1.3 Property, plant and equipment (continued)

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

A revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the net of tax difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment in the course of construction which is for production, supply or administrative purposes (accounted for as assets under construction) is carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Corporation's accounting policy. Such Property, plant and equipment is reclassified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

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

Item	Average useful life
Buildings	50 years
Construction equipment	5 years
Furniture and fixtures	10 years
Motor vehicles	4 years
Operational equipment	5 years
Water schemes	10 to 50 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

The depreciation charge for each period is recognised in profit or loss.

The gains or losses arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gains or losses arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The asset class for water schemes is composed of a number of subclasses that have different useful lives, hence the large range of useful lives. The shorter end of the range is composed of mainly mechanical components whilst the longer end is composed of civil components.

Refer to note 4 for the carrying amounts of Property, plant and equipment.

The residual value of an asset is the estimated amount that the Corporation would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

1.4 Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.4 Intangible assets (continued)

Gains and losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised. Amortisation is included in operating expenses.

Following initial recognition, of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. Amortisation is provided to write down the intangible assets, on a straight line basis, as follows:

Item	Useful life
Computer software	3 to 5 years
Electricity supply points	3 to 30 years

The length of the amortisation period for electricity supply points is influenced by the length of the electricity contract agreement with the supplier.

Refer to note 5 for carrying amount of intangible assets.

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which is not a business combination and, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for carrying forward the unused tax losses, to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax relates to the same taxable entity and the same taxable authority.

Accounting Policies

1.5 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in the Statement of Profit or Loss and Other Comprehensive Income for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Tax effect of all items presented in other comprehensive income are presented on the face of the other comprehensive income section of the statement of profit or loss and other comprehensive income.

Value added taxation

- When the input VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the input VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.6 Leases

IFRS 16 replaces IAS 17 and applies (is effective) for annual reporting periods beginning on or after 1 January 2019. It aims to improve representation of lessee' assets and liabilities as well as increasing transparency of lessees' financial obligation and leasing activities. Where previously a lease was defined as an agreement whereby the payment or series of payments resulted in (created) the right to use an asset for an agreed period of time, under IFRS 16 it is defined as a contract or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Thus under IFRS 16, leases are accounted for based on a 'right-of-use model' where at the commencement date, a lessee has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the lease term while the lessor conveys that right to use the underlying asset at the commencement of the lease, which is the time when it makes the underlying asset available for use by the lessee.

IFRS 16 prescribes a single model of accounting for every lease for the lessees where a lessee does not need to classify the lease at its inception and determine whether it's finance or operating, rather they need to recognize a right-of-use asset and corresponding liability in its statement of financial position for all the leases; The asset shall be depreciated and a liability amortized over the lease term. There is however a recognition exemption whereby the lessee may elect to not apply the above requirements to short term leases and leases for which the underlying asset is of low value. Also, Under IFRS 16, rental or lease payments must be split to account for a lease element and a service element separately, mostly as an expense through profit or loss. The Corporation does not have any sale-and-leaseback arrangements in place and there were no modification or reassessment in place, hence the implications of these aspects of IFRS 16 are not considered for the assessment.

Lease agreements where the Corporation is a lessor:
The lessor's accounting remains largely unchanged from IAS 17. As such, the Corporation will continue to classify leases as either finance leases or operating leases in line with IFRS 16. IFRS 16 therefore does not have significant impact on the accounting for leases where the Corporation is the lessor.

Lease agreement where the Corporation is a lessee:
Short-term leases: The Corporation applied the recognition exemption instead of recognition requirements of IFRS 16 to its leases of Machinery and Properties as these leases meet the definition of a short term lease as per IFRS 16 due to the lease periods of 12 months or less at the commencement date. Machinery is leased only in the event of breakdowns or emergencies for periods not exceeding 3 months, while Property leases are for office space leased for periods of up to 12 months renewable before the end of the 12 months. The Corporation accounts for payments associated to these leases as an expense on straight line basis and shall continue to do so due to the short duration of such agreements.

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.6 Leases (continued)

Long-term lease agreements:
The Corporation further has long-term lease agreements for printers. These are classified as long-term as the lease period is 36 months. Through this agreement, the lessor (Nashua) grants the Corporation right of use over the Equipment for the said period in exchange for a fixed monthly rental charge of N$ 2,729.71. The equipment however remains the property of the lessor during the entire period of the lease. Based on its salient aspects the agreement meets the definition of a lease in terms of IFRS 16 and therefore needs to be accounted according to the requirements IFRS 16. The Corporation therefore need to recognise a right-to-use asset and a corresponding liability in respect of the lease agreements for the printers.

The Corporation does not have leases which are classified as a finance lease therefore the implications of leases previously classified as finance leases are not considered.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement coveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rentals are expensed in the period they are incurred.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

When inventories are used, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Impairment of non-financial assets

The Corporation assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Corporation estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU) fair value less costs of disposal and its value is use.

Irrespective of whether there is any indication of impairment, the Corporation also:

- tests intangible assets for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

Accounting Policies

1.8 Impairment of non-financial assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease, however, if this is exhausted, the impairment loss would be recognised in profit or loss.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised to retained income in the year in which they are declared.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (benefits expected to be settled before 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 profit 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, and a reliable estimate of the obligation can be made.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The expense is recognised in the period in which the service is rendered. The liability is recognised to the extent that contributions are outstanding and where the liability is not expected to be settled within 12 months after the end of the reporting period, it shall be discounted.

Defined benefit plans
The Corporation operates a defined benefit post-employment medical aid and a severance pay benefit plan which requires contributions to be made to a separately administered fund. The funds have no assets. The cost of providing the benefit under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the Statement of Financial Position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of; the date of the plan amendment or Curtailment and the date that the Corporation recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Corporation recognises the following changes in the net defined benefit obligation under administration expenses in the Statement of Profit or Loss and Other Comprehensive Income; service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income.

Reliance is placed on expert valuation.

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.11 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Corporation will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income. The Corporation releases the deferred income into the profit and loss over the related assets financed from the government grant.

Grants related to income are presented as a credit in the Statement of Profit or Loss and Other Comprehensive Income.

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

Government grants received are recognised in the Statement of Cashflows as cash flows from financing activities due to the fact that a liability (deferred income) is raised for such grants when they are received, and is amortised over the life of the infrastructure that is created utilising such grant funding.

1.12 Revenue

Revenue on assets donated from customers is recognised as part of revenue in the profit or loss to match the depreciation of the assets per annum. The Corporation adopted the application of IFRS 15.

Revenue from sale of water is recognised at the point in time of when control of the asset is transferred to the customer, generally delivery of the water is at the point of bulk meter. The normal credit terms are 30 days from invoice.

There are no separate performance obligations other than the supply of water. The transaction price is fixed.

Significant financing component

The Corporation receives advance payments fom customers for sale of water. The length of time is limited to a month. Given that the water purchased is less than a month. The Corporation applies the practical expedient for short-term advances received from customers. That is the promised amount of the consideration not adjusted for the effects of a significant financing component if the period between the transfer of the promised goods or service is payment one year or less.

Non-Cash Consideration

The Corporation does not allow non-cash consideration for water services.

Variable Consideration

The Corporation does not allow variable consideration for water services.

Contract Assets

The Corporation does not have any contract assets as there are no conditional performance considerations to be fullfilled after the water was supplied.

Accounting Policies

1.12 Revenue (continued)

Contract Liabilities

The Corporation does not have any contract liabilities as there are no conditional performance obligations to be fullfilled.

Collectability of Revenue

Revenue may only be recognised if it is believed at the time of sale that the revenue is likely to be recovered from the customer. The recoverability requirement is not considered to have been met in contracts who have a poor payment history and for which the entity does not have the ability to manage the credit risk. The entity accounts for revenue from these contracts on a cash (rather than accrual) basis. Where the recoverability requirement is met, revenue is recognised on an accrual basis. Management applied significant judgement in determinig whether the recoverability requirement has been met. The application of this judgement did not have a material impact on the revenue recognised in the current year.

1.13 Interest Income

Included in investment income is a total of N$ 25 799 136 (2021: N$ 26 670 556) which is not yet realised. On some investments the actual interest realised will depend on the interest rates at the time of requesting for a payout of the investment income generated. The directors do not believe that the amounts disclosed as investment income earned will materially differ from the amounts that will be received by the Corporation.

1.14 Borrowing costs

Borrowing costs consist of interest and other costs that the Corporation incurs in connection with the borrowing of funds.

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 until such time as the asset is ready for its intended use. 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 temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity 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:

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

Capitalisation is suspended during extended periods in which active development is interrupted.

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.

1.15 Deferred income

There are instances where customers fund the construction of their infrastructure by paying for all the costs incurred for the establishment of the infrastructure. At the end of the construction period, the assets are transferred to NamWater. The donations are accounted for as follows:

- the fair value of the assets donated is reflected as assets.
- the assets are depreciated according to the NamWater policy on similar asset classes.
- an amount equal to the fair value of the asset is recognised as income in Other Income in the Statement of Profit or Loss and Other Comprehensive Income in the year that the asset is available for use.

The Corporation signs a water supply agreement with the respective customers which stipulates the obligations of each party regarding the future utilisation, and the repairs and maintenance of the respective assets.

The cash in flows creating deferred income, are recognised in the Statement of Cash flows as cash flows from financing activities.

Accounting Policies

1.16 Asset Replacement Reserve

In order to reserve funds for the replacement of infrastructure, the Corporation is compelled to allocate internally generated profits after tax into a funded replacement reserve account. These funds are included in non-distributable reserves in the Statement of Financial Position. The funds so allocated are utilised by the Corporation to fund the acquisition and construction of new infrastructure.

Accounting Policies

1.17 Financial Instruments

The Corporation has adopted consequential amendments to IFRS 9 Financial Instruments: Disclosures.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,

2) Impairment of financial assets, and

3) General hedge accounting.

(a) Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, specifically:

• debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

• debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

• all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL)

Namwater Business Model

The objective of the entity's business model is to hold assets only to collect cash flows, or to collect cash flows to sell ("the Business Model test"), and

The contractual cash flows of an asset give rise to payments on specified dates that are soley payments of principal and interest ("SPPI") on the pricipal amount outstanding ("the SPPI test").

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Corporation to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Corporation to recognise a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortised cost or at FVTOCI;

(2) Lease receivables;

(3) Trade receivables and contract assets; and

(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Corporation to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.
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NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Classification

The classification of financial assets is dependent on the 'business model' test and 'contractual cash flow' test to determine whether they are measured at fair value or amortized cost.

The classification of financial liabilities under IFRS 9 remain broadly the same as in IAS 39.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

•the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Subsequent measurement: All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets as outlined below:

Financial Instruments	Business Model	IFRS 9 Measurement
Endowment policies	Not held for contractual cashflows which are SPPI	Fair value through profit and loss
Short term deposits	Collect contractual cash flows which represents SPPI	Amortised cost
Sinking fund for bond redemption	Collect contractual cash flows which represents SPPI	Amortised cost
Trade receivables	Collect contractual cash flows which represents SPPI	Amortised cost
Other receivables	Collect contractual cash flows which represents SPPI	Amortised cost

Accounting Policies

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income/expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial instrument, or, where appropriate, a shorter period, to the gross carrying amount of the financial instrument on initial recognition.

The amortised cost of financial instruments is the amount at which the financial instruments is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. Interest income is recognised in profit or loss and is included in the "interest income" line item (note 20).

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 35.

(iii) Impairment of financial assets

The Corporation recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Corporation always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Corporation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Corporation recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Corporation's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Corporation in accordance with the contract and all the cash flows that the Corporation expects to receive, discounted

Accounting Policies

The Corporation recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial instruments

The Corporation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Definition of default

Default is defined as a customer that fails to honour the agreed commitments in quantitive and timeous terms.

Write-off is the point in time that the customer has been declared insolvent and liquidated.

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar

2. Segmental information

The current year's reportable segments are operating segments which are identified on both a geographic and product basis.

Segmental Information

The Corporation has five reportable segments, as described below, which are the Corporation's core geographical areas of operation. The operating areas are managed separately. Each of the strategic geographical areas are reviewed by the Board through the Corporation`s internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Corporation's reportable segments:

Reportable Segment	Products and services
North	Treated and irrigation water
Central	Treated water
South	Treated and irrigation water
Coastal	Treated, desalination water
Other	Support services

Segmental revenue and results

The EXCO assesses the performance of the operating segments based on the measure of profit/loss. This measure excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and impairments when the impairment is the result of an isolated, non-recurring event. The measure also excludes the effects of unrealised gains/losses on financial instruments. Interest income and expenditure are not allocated to operating segments, as this type of activity is driven by the central treasury function. This measure is consistent with all prior periods which are presented.

All sales are made to external local customers. The Corporation does not have intersegmental revenue.

The segment information provided to the EXCO is presented below. The information presented includes a reconciliation of the current year's profit/loss to net profit after tax.

Notes to the Annual Financial Statements

Figures in Namibia Dollar | 2022 | 2021

2. Segmental information (continued)

2022

	Revenue			Separately disclosable items				
	Total segment revenue	**Revenue from external customers**	**Profit & Loss for period**	**Depreciation and amortisation**	**Interest revenue**	**Interest expense**	**Other comprehensive income - Actuarial Gain**	**Taxation**
North	451,140,351	451,140,351	266,763,067	(52,783,096)	-	-	-	-
Central	719,826,040	719,826,040	462,941,147	(113,536,753)	-	-	-	-
Coastal	318,929,379	318,929,379	333,514,265	(63,407,566)	-	-	-	-
South	141,384,780	141,384,780	61,266,058	(25,659,033)	-	-	-	-
Other	(3,941,472)	(3,941,472)	(601,812,526)	(23,654,409)	68,334,925	(11,110,616)	(1,359,930)	(83,967,431)
Total	**1,627,339,078**	**1,627,339,078**	**522,672,011**	**(279,040,857)**	**68,334,925**	**(11,110,616)**	**(1,359,930)**	**(83,967,431)**
Profit for the year			**215,528,102**					

Profit for the year is derived from adding the separateley disclosable items to the profit and loss for the period.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

2. Segmental information (continued)

2021

	Revenue			Separately disclosable items				
	Total segment revenue	Revenue from external customers	Profit & Loss for period	Depreciation and amortisation	Interest revenue	Interest expense	Other comprehensive income - Actuarial Gain	Taxation
North	427,268,892	427,268,892	250,711,101	(71,388,693)	-	-	-	-
Central	671,411,708	671,411,708	440,479,195	(160,580,738)	-	-	-	-
Coastal	305,430,136	305,430,136	342,511,961	(82,861,008)	-	-	-	-
South	143,478,652	143,478,652	70,579,178	(21,226,048)	-	-	-	-
Other	(1,383,193)	(1,383,193)	(557,799,801)	(21,263,692)	73,370,623	(16,476,749)	(50,739,128)	(91,314,778)
Total	**1,546,206,195**	**1,546,206,195**	**546,481,634**	**(357,320,179)**	**73,370,623**	**(16,476,749)**	**(50,739,128)**	**(91,314,778)**
Profit/(loss) for the year			**104,001,423**					

Analysis of revenue by product/service

Refer to note 18 for the revenue analysis per product type.

Information about customers

Included in revenue, is revenue from individual customers which each represent more than 10% of the total revenue.

Notes to the Annual Financial Statements

Figures in Namibia Dollar | 2022 | 2021

2. Segmental information (continued)

	Segment	2022		2021	
		%	N$	%	N$
Municipality of Windhoek	Central	33	530 058 193	22	444 567 509
Swakop Uranium	South			19	384 202 424
Total		**33**	**530 058 193**	**41**	**828 769 933**

Segment assets and liabilities

The amounts provided to the EXCO with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Total assets reflects all non-current assets.

The amounts provided to the EXCO with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segments.

The current year interest-bearing liabilities, post retirement benefit liabilities and deferred tax are not considered to be segment liabilities but are rather managed by the treasury function. All items that cannot be traced to a spefic segment due to their nature are grouped as reconciling items.

The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the statement of financial position:

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

2. Segmental information (continued)

2022

	Non-current assets	Trade receivables	Total assets	Total liabilities
North	866,823,961	320,096,974	1,186,920,935	31,283,570
Central	1,956,067,426	133,884,097	2,089,951,523	1,929,250
South	988,362,385	52,948,894	1,041,311,279	89,533,473
Coastal	1,570,699,906	44,898,017	1,615,597,923	273,053,887
Other	258,405,985	137,256,994	395,662,979	510,107,964
Total	**5,640,359,663**	**689,084,976**	**6,329,444,639**	**905,908,144**
Reconciling items				
Bank, cash & investments / Unallocated liabilities			1,783,291,763	272,230,557
Current Tax Payable	-	-	-	85,300,184
Inventory	-	-	8,256,353	-
Deferred tax			-	1,159,180,728
Interest bearing liabilities			-	110,226,750
Post retirement and severance pay obligations			-	171,519,000
Total as per statement of financial position			**8,120,992,755**	**2,704,365,363**

Reclassification of prior year segment disclosure

In the prior year the coastal segment was not separately disclosed but rather the information relating to this segment was included in "other". In the current year we have reclassified this to present it separately as it's own segment and excluded it from the "other" segment for better disclosure.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

2. Segmental information (continued)

2021

	Non-current assets	Trade receivables	Total assets	Total liabilities
North	925,494,593	260,437,883	1,185,932,476	22,668,842
Central	2,020,475,120	108,823,415	2,129,298,535	1,953,504
South	1,029,720,127	64,137,661	1,093,857,788	46,458,386
Coastal	1,352,013,155	40,077,948	1,392,091,104	300,370,202
Other	306,889,120	170,961,751	477,850,871	269,077,423
Total	**5,634,592,115**	**644,438,658**	**6,279,030,774**	**640,528,357**
Reconciling items				
Bank, cash and investments / Unallocated liabilities			1,438,183,869	254,065,473
Current Tax Payable	-	-	-	62,780,323
Inventory	-	-	7,555,316	-
Deferred tax			-	1,216,343,256
Interest bearing liabilities			-	117,470,650
Post retirement obligations and severance pay obligations			-	151,563,000
Total as per statement of financial position			**7,724,769,959**	**2,442,751,059**

Geographical information

The Corporation only has local customers. All revenue, assets and liabilities are attributable to local customers.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

2. Segmental information (continued)

Unallocated assets		
Inventories	8,256,353	7,555,314
Other financial assets	1,386,114,897	1,215,250,617
Cash and cash equivalents	397,176,866	307,127,151
	1,791,548,116	**1,529,933,082**
Unallocated liabilities		
Trade and other payables	272,230,557	254,065,473

Significant judgments and estimates used in determining segments

The Corporation's reportable segments are strategic business units within the Corporation. The areas are generally managed separately from each other, and within each geographic operating region, have generally similar customers. With the exception of the South region, which supplies some of its water from a desalination plant, the sources of water are generally similar across all the regions, with the Northern region having a larger percentage of its water supplied from surface water (rivers and dams).

Although the operating regions meet most of the aggregation criteria, management decided to report on the geographical areas as operating regions, because decisions by the EXCO are mainly done based on the operating regions, and the managers responsible for running these operating regions report separately to the EXCO.

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

3. New Standards and Interpretations

3.1 New and Revised Standard and Interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 31 March 2021 and earlier application is permitted, however, the company has not already adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are applicable to the company and are not expected to have significant impact on the financial statements:

Standards and Interpretations	Details of Amendment	Effective Date
Annual Improvement to IFRS Standards 2018-2020	Make amendments to the following standards:	Annual reporting periods beginning on or after 01 January 2022
Classification of Liabilities as Current or Non – current (Amendments to IAS 1)	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	Annual reporting periods beginning on or after 01 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1)	The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the standard to explain how an entity can identify material accounting policy information including examples of when accounting policy information is likely to be material.	Annual reporting periods beginning on or after 01 January 2023

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

3. New Standards and Interpretations (continued)

Definition of Accounting Estimates (Amendments to IAS 8)	The amendment clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The requirements or recognizing the effect of change in accounting prospectively remains unchanged.	Annual reporting periods beginning on or after 01 January 2023

3.2 Standards and interpretations effective and adopted in the current year

Amendment to IFRS 9: Financial Instruments

The amendment clarifies which fees an entity includes when it applies the 10 per cent test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The impact of this amendment is currently being assessed.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

4. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Operational and Administration Land and Buildings	540,797,841	(97,234,131)	443,563,710	536,960,161	(85,346,123)	451,614,038
Construction Equipment	73,068,847	(61,529,547)	11,539,300	70,027,929	(56,302,677)	13,725,252
Furniture and fixtures	49,844,799	(44,034,766)	5,810,033	47,947,971	(40,197,051)	7,750,920
Motor vehicles	152,243,353	(114,650,883)	37,592,470	152,608,870	(100,545,489)	52,063,381
Operational equipment	30,484,928	(24,686,943)	5,797,985	28,778,004	(22,912,869)	5,865,135
Water schemes	7,119,760,308	(3,084,594,909)	4,035,165,399	6,962,672,405	(2,867,632,587)	4,095,039,818
Assets under construction	990,301,779	-	990,301,779	792,490,906	-	792,490,906
Total	**8,956,501,855**	**(3,426,731,179)**	**5,529,770,676**	**8,591,486,246**	**(3,172,936,796)**	**5,418,549,450**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Operational Land and Buildings	451,614,038	340,495	-	3,497,185	(11,888,008)	443,563,710
Construction equipment	13,725,252	3,072,333	(31,414)	-	(5,226,870)	11,539,301
Furniture and fixtures	7,750,920	2,325,289	(437,634)	9,172	(3,837,714)	5,810,033
Motor vehicles	52,063,381	-	(365,516)	-	(14,105,395)	37,592,470
Operational equipment	5,865,135	732,393	(122,604)	1,097,134	(1,774,073)	5,797,985
Water schemes	4,095,039,818	7,282,159	(1,238,284)	151,044,028	(216,962,322)	4,035,165,399
Assets under construction	792,490,906	355,545,560	-	(157,734,688)	-	990,301,778
	5,418,549,450	**369,298,229**	**(2,195,452)**	**(2,087,169)**	**(253,794,382)**	**5,529,770,676**

Notes to the Annual Financial Statements

Figures in Namibia Dollar

	2022	2021

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Operational Land and Buildings	457,175,792	2,567,035	-	4,182,212	(12,311,001)	451,614,038
Construction Equipment	14,627,938	5,432,667	(2,426)	-	(6,332,927)	13,725,252
Furniture and fixtures	7,808,839	3,388,746	(56,078)	106,863	(3,497,450)	7,750,920
Motor vehicles	43,204,773	23,303,115	(1,734,507)	-	(12,710,000)	52,063,381
Operational equipment	5,859,469	1,730,019	(647,492)	4,261	(1,081,122)	5,865,135
Water schemes	4,233,151,361	9,628,359	(1,199,209)	149,134,861	(295,675,554)	4,095,039,818
Assets under construction	841,275,636	104,643,467	-	(153,428,197)	-	792,490,906
	5,603,103,808	**150,693,408**	**(3,639,712)**	**-**	**(331,608,054)**	**5,418,549,450**

Pledged as security

All the Property, plant and equipment are free of any encumbrances.

Transfers between asset categories

A number of transfers were done between asset categories. The transfers were to capitalise assets that were under construction in the previous year, and which were completed in the current year.

Capitalised expenditure

Addition to capital work in progress	355,545,560	104,643,467
Transferred to fixed assets	(157,734,688)	(153,428,197)

Work in progress is capitalised when expenditures are incurred to create fixed assets. Once the assets are ready for use, they are transferred from Assets under construction to the respective asset classes.

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

4. Property, plant and equipment (continued)

Compensation received for losses on property, plant and equipment – included in operating profit.

Equipment and Vehicles	1,494,109	1,385,350

During the financial year, the Corporation received insurance compensation for damage to some of its assets. The damaged equipment were decommissioned.

Revaluations

The Corporation endevours to value its property plant and equipment every 7 years. No revaluation of assets were performed during the current financial year. A revaluation on land and non operational buildings were performed in the 2020 financial year. The revaluations were performed by Messers Lund Consulting Engineers and Property Valuations Namibia. The organisation is not connected to the Corporation and has recent experience in the location and category of the Water Supply Infrastructure being valued.

The carrying value of the revalued assets under the cost model would have been:

Land and Buildings	91,208,518	90,130,526
Water schemes	1,416,755,800	1,341,714,920

Fair value of the revalued assets was determined using the market comparable method for land and buildings and replacement cost for water supply infrastructure. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of the revaluation, fair values of the revalued assets were based on valuation performed by Mr. P. J Scholtz (Sworn Valuer) of Property Valuations Namibia.

Significant unobservable valuation input: Price per square meter on Buildings N$ 200 to N$ 9 500 and on Land N$ 0.10 to N$ 600.

Significant increase / (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value.

Other information

In prior years the government constructed water supply infrastructure and donated this to the Corporation. Some of the donated water supply infrastructure is dedicated to supply water to rural communities.

For further information on capital expenditure commitments, refer to note 29.

For further additional fair value information, refer to note 35.

Proceeds of N$ 1 181 919 (2021: N$ 959 710) were received from assets written off with a carrying value of N$ 245 175 (2021: N$ 454 116).

Details of properties

A register containing the information required by the Companies Act is available for inspection at the registered office of the Corporation.

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

5. Intangible assets

	2022			2021		
	Cost / Valuation N$	Accumulated amortisation N$	Carrying value N$	Cost / Valuation N$	Accumulated amortisation N$	Carrying value N$
Computer software	19,941,905	(19,051,006)	890,899	18,675,541	(18,534,588)	140,953
Electricity Supply points	256,287,875	(146,589,787)	109,698,088	255,404,817	(123,697,003)	131,707,814
Total	**276,229,780**	**(165,640,793)**	**110,588,987**	**274,080,358**	**(142,231,591)**	**131,848,767**

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	140,953	62,254	1,204,110	(516,418)	890,899
Electricity Supply points	131,707,814	-	883,059	(22,892,785)	109,698,088
	131,848,767	**62,254**	**2,087,169**	**(23,409,203)**	**110,588,987**

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	332,821	6,239	(198,107)	140,953
Electricity Supply Points	154,541,732	-	(22,833,918)	131,707,814
	154,874,553	**6,239**	**(23,032,025)**	**131,848,767**

Pledged as security

All intangible assets are free of encumbrances.

Other information

Computer software is replaced once it has reached the end of it's useful life.

Electricity Supply Points have a remaining useful life of 5 years.

Contractual commitments

There are no commitments to purchase any new intangible assets.

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

6. Deferred tax

Deferred tax (liability)/asset

Endowment Policy	(16,900,748)	(16,218,464)
Inventory	(2,642,033)	(2,417,700)
Severance Pay Obligation	1,457,622	1,614,400
Liabilities for health care benefits accrued	53,023,680	46,885,760
Doubtful debt allowance	250,200,643	176,406,149
Debtors with credit balances	3,033,708	651,542
Property, plant and equipment	(498,371,746)	(459,568,236)
Property, plant and equipment released retained income	(950,642,969)	(963,688,251)
Insurance claims prepaid	-	(8,456)
Performance bonus provision	1,661,115	-
Total deferred tax liability	**(1,159,180,728)**	**(1,216,343,256)**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(1,159,180,728)	(1,216,343,256)

7. Inventories

Spare parts and consumables	8,256,353	7,555,314

Inventory is free of any encumbrances. Total inventories is measured at the lower of cost and net realisable value.

8. Other Financial Assets

At fair value through profit or loss - designated		
Investments The amount is comprised of N$ 52 543 958 (2021: N$ 50 527 421) in endowment policies.	52,543,958	50,527,421
Amortised Cost		
Other financial asset The investment is a short term deposit of N$ 157 535 567 million held in a 48hr investment facility, with nominal interest rate of 4.20%, N$ 4 588 862 million held in a 7 day notice investment facility, with a nominal interest rate of 4.25%; N$ 100 million short term deposit, with interest rate of 4.67% maturing 04 August 2022, N$ 150 million short term deposit, with interest rate 6.82% maturing 15 September 2023, N$ 150 million short term deposit, with interest rate 4.60% maturing 04 August 2022, N$ 150 million short term deposit, with interest rate of 6.50% maturing 15 March 2024, N$ 150 million short term deposit, with interest rate 6.60% maturing 15 September 2023, N$ 100 million short term deposit, with interest rate 6.86% maturing 15 March 2024, N$ 150 million short term deposit, with interest rate 7.10% maturing 15 March 2024 and N$ 100 million short term deposit, with interest rate 6.20% maturing 16 September 2023. The total investments includes interest accrued on the above investments. A total of N$ 950 000 000 (2021: N$ 1 000 136 301) reinvestments were made during the year.	1,228,173,503	1,080,529,297
Sinking Fund The investment is held with Standard Bank Namibia to redeem the bonds at maturity.	105,397,436	84,193,899
	1,333,570,939	**1,164,723,196**
Other financial assets	**(1,386,114,897)**	**(1,215,250,617)**

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

8. Other Financial Assets (continued)

Long term		
At fair value through profit or loss	52,543,958	50,527,421
Amortised Cost	802,433,070	335,969,023
	854,977,028	**386,496,444**

The non-current held to maturity investments comprise of an investment in a sinking fund held with Standard Bank Namibia to redeem the bonds at muturity. (Refer to note 13).

Short term		
Amortised Cost	531,137,869	828,754,173
Total other financial assets	**1,386,114,897**	**1,215,250,617**

Fair value information

Reconciliation of financial assets held at fair value through profit and loss		
Opening balance	50,527,421	48,453,063
Investment income unrealised	2,016,537	2,074,358
	52,543,958	**50,527,421**
Reconciliation of financial assets at Amortised cost		
Opening balance	1,080,529,298	861,742,433
Investment during the year	1,440,351,120	1,163,229,765
Interest income unrealised	14,003,069	16,907,862
Interest income realised	38,362,514	38,785,538
Disinvestments during the year	(1,345,072,498)	(1,000,136,301)
	1,228,173,503	**1,080,529,297**
Other Financial Assets at Amortised cost: Sinking Fund		
Opening balance	84,193,906	158,558,747
Investment during the year	11,424,000	11,424,000
Interest income unrealised	9,779,530	7,688,335
Investment income realised	-	522,817
Disinvestments during the year	-	(94,000,000)
	105,397,436	**84,193,899**
Sales/Purchases of Investments		
Disinvestments during the year: Financial Assets at amortised cost	1,345,072,490	1,000,136,306
Disinvestments during the year: Financial Assets at amortised cost: Long term	-	94,000,000
Investments during the year: Financial Assets at amortised cost	(1,440,351,125)	(1,163,229,765)
Additional Investments in Sinking Fund	(21,203,530)	(19,635,152)
Investment Income: Financial Assets at Amortised cost	(52,365,583)	(55,693,400)
Investment Income: Endowment Policy	(2,016,537)	(1,812,044)
	(170,864,285)	**(146,234,055)**

Financial assets at fair value through profit or loss are recognised at fair value, which is equal to their carrying amounts at the date of reporting.

The amortised cost investments are recognised at cost plus investment income earned and are both current and non-current in nature. The short term held to maturity investments comprise of fixed term deposits held at a term not exceeding 24 months. The non-current held to maturity investments comprise of an investment in a sinking fund held with Standard Bank to redeem the bonds at muturity (Refer to note 13).

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

8. Other Financial Assets (continued)

Reconciliation of financial assets

Financial assets at fair value through profit or loss are denominated in the following currencies:

Namibian dollar	52,814,838	50,682,701

Financial assets at amortised cost are denominated in the following currencies:

Namibian dollar	1,227,902,623	1,080,374,017

There were no gains or losses realised on the disposal of held to maturity financial assets in 2022 and 2021, as all the financial assets were disposed of at their redemption date.

Sinking fund - Standard Bank Namibia - Namibian Dollar	105,397,436	84,193,906

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information and forward looking information about counterpart and industry default rates. With regards to the investments, only investments in the money market, with products that guarantee the capital balance invested are allowed per the investment policy. The investments in these institutions must be investment grade.

Amounts included in other financial assets in the 2021 financial year have been reclassified for correct classification and presentation.

The total impact on the financial line items are demonstrated below:

Increase/(Decrease) in Non-Current Assets	-	302,302,545
Increase/(Decrease) in Current Assets	-	(302,302,545)
Total	**-**	**-**

9. Trade and other receivables

Trade receivables	1,465,839,537	1,283,078,135
Allowance Account - Trade Receivables	(906,804,885)	(798,492,456)
Subsistence & Travel advances	223,607	49,961
Other receivables	234,970,951	262,478,765
Allowance Account - Other Receivables	(105,144,234)	(102,675,745)
	689,084,976	**644,438,660**

Other Receivables

Included in other receivables is an amount of N$ 139 million which pertains to funds advanced toward drought relief intervention measures to assist the City of Windhoek with borehole drilling projects. The amount is fully recoverable at year end as the default rates of the customers are low as collection rate are at 100%. Other receivables also include N$ 59 917 986 for interest refundable from government for the loan advanced to the government relating to the Neckartal Dam and an amount of N$ 30 980 679 relating to the Otjimbingwe scheme. These amounts are underwritten to be paid by the Namibian Government which reduces the risk of default. At year end these amounts were sufficiently provided for.

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

9. Trade and other receivables (continued)

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to historical and forward looking payment performance and default rates. The credit quality of customers is assessed and regularly monitored by the debtor's committee. Bulk water sales are covered by performance agreements.

The overall allowance account deteriorated from prior year as a result of measures relaxed on debt management due to the directive received from the shareholder to supply water to fight the COVID 19 pandemic. The shareholder paid a subsidy of N$ 32 million to support the local authorities to manage the credit risk of the Corporation. The Corporation received an additional grant to the value of N$ 29 million from the African Development Bank for vulnerable local authority communities.

None of the financial assets that are fully performing have been renegotiated during the last year.

Fair value of trade and other receivables

Management assessed that the fair values of trade and other receivables approximate their carrying amounts largely due to the short term maturities of these instruments.

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

9. Trade and other receivables (continued)

Trade and other receivables impaired

The amount of the provision was N$ (1,011,949,119) as at 31 March 2022 (2021: N$ 901 168 202).

All the amounts that are past due have been provided for in the 2022 and 2021 financial year.

The ageing of trade and other receivables are as follows:

Trade receivables: Unrelated parties		
Current	164,176,782	100,125,615
31 - 60 days	11,482,814	37,053
61 - 120 days	24,600,296	23,800,344
Above 121 days	619,038,076	594,763,863
Total unrelated party receivables	819,297,968	718,726,875
Trade receivables: Related parties	-	-
Current	176,575,577	187,987,563
31-60 Days	22,093,569	6,049,090
61 - 120 days	29,877,229	23,300,022
Above 121 days	417,995,194	347,014,586
Total related party receivables	646,541,569	564,351,260
Total Trade receivables	**1,465,839,537**	**1,283,078,135**

Total trade receivables		
Current	340,752,359	288,113,178
Past due 31 - 60 days	33,576,383	6,086,143
Past due 61 - 120 days	54,477,525	47,100,366
Past due 121 days and above	1,037,033,270	941,778,448
	1,465,839,537	**1,283,078,135**

2022	**Current**	**31-60 days**	**61-120 days**	**<121 days**	**Total**
Trade Receivables	340,752,359	33,576,383	54,477,525	1,037,033,270	1,465,839,537
ECL Loss	-	(18,185,467)	(72,741,870)	(815,877,548)	(906,804,885)
ECL Rate %	-	2	8	90	100
	340,752,359	**15,390,916**	**(18,264,345)**	**221,155,722**	**559,034,652**

2022	**Current**	**31-60 days**	**61-120 days**	**<121 days**	**Total**
Other Receivables	-	42,904,926	-	192,289,632	235,194,558
ECL Loss	-	-	-	(105,144,234)	(105,144,234)
ECL Rate %	-	-	-	100	100
	-	**42,904,926**	**-**	**87,145,398**	**130,050,324**

2021	**Current**	**31-60 days**	**61-120 days**	**<121 days**	**Total**
Trade Receivables	242,083,533	52,115,788	47,100,365	941,778,449	1,283,078,135
ECL Loss	-	(4,690,421)	(4,474,535)	(800,394,021)	(809,558,977)
ECL Rate %	-	1	1	98	100
	242,083,533	**47,425,367**	**42,625,830**	**141,384,428**	**473,519,158**

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

9. Trade and other receivables (continued)

2021	Current	31-60 days	61-120 days	<121 days	Total
Other Receivables	-	31,976,809	-	230,551,917	262,528,726
ECL Loss	-	-	-	(102,675,745)	(102,675,745)
ECL Rate %	-	-	-	84	-
	-	**31,976,809**	**-**	**127,876,172**	**159,852,981**

Trade Receivables		
Due but not Impaired	340,752,359	288,113,178
Due and Impaired	88,053,908	6,086,143
Past due and Impaired	1,037,033,270	988,878,814
	1,465,839,537	**1,283,078,135**

The carrying amount of trade receivables are denominated in the following currencies:

Namibian Dollar	1,465,839,537	1,283,078,135

Reconciliation of provision for impairment of trade and other receivables

Opening balance	901,168,202	709,016,533
Provision for impairment	167,116,594	224,579,646
Amounts written off	(56,335,677)	(32,427,977)
	1,011,949,119	**901,168,202**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Corporation does not hold any collateral as security. Included in related party trade receivables is an amount of N$ 642 424 359 relating to Local Authorities and Regional Councils which according to management has the higest risk of defaulting. However, repayment agreements have been entered into with these customers. Also included in trade receivables is an amount of N$ 671 418 786 owed by private consumers and rural water supply. The amounts are fully provided for. No interest was applied during the current year.

Trade receivables include amounts owing from related parties. Trade receivables are non-secured on a 60 day term.

Other receivables include study loans given to employees and other sundry receivables. The receivables are non-secured and non-interest bearing with no repayment terms.

Subsistence & Travel advances relate to travel advances for which employees have not yet submitted proof of travel. The advances are non-secured, and non-interest bearing with no repayment terms.

Assumptions and judgements used to calculate the expected credit loss

The sectors of the Corporations customers that are supplied with bulk water include, mining customer, local authorities private businesses and individuals. In arriving at the estimated credit losses the Corporation considered at looking at the historic collection rate of these customers for the past three years and the following assumptions were factored to arrive at the credit losses balance.

Forward looking factors considered

Namibian GDP growth rate as given this key indicator used to verify the country's growth rate.

International Uranium prices were used as a key determinant of the viability of the mining activities and the customer's ability to repay.

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

10. Cash and cash equivalents

Cash and cash equivalents relate to money on hand and deposits held with banking institutions. The average interest rate earned on deposits with banking institutions in call and current accounts averaged 1.71% p.a. (2021: 1.23%).

Cash on hand	90,921	93,533
Bank balances	397,085,945	307,033,618
	397,176,866	**307,127,151**
The total amount of undrawn facilities available for future operating activities and commitments	1,290,000,000	1,287,000,000

Exposure to currency risk

Namibia Dollar amount		
Namibia Dollar	397,176,866	307,127,151

11. Share capital

Authorised		
1 000 000 000 Ordinary shares of N$1 each	1,000,000,000	1,000,000,000
Issued		
959,054,444 ordinary shares of N$ 1 each	959,054,444	959,054,444

12. Non distributable reserves

Revaluation reserves equal to the depreciation net of tax on the revalued portion of assets is released directly into Retained Income.

Opening balance	2,037,076,136	2,190,557,016
Revaluation reserve released into retained income	(97,394,637)	(153,480,880)
Revaluation reserves	1,939,681,499	2,037,076,136
Asset replacement reserve	10,033,634	10,033,634
	1,949,715,133	**2,047,109,770**

The Asset Replacement reserve relate to money set aside for the future replacement of fixed assets. As guided by the Namibia Water Corporation Act, the Corporation can capitalise part of it's profits as may be deemed necessary into a capital relacement reserve for future replacement of it's assets.

13. Financial liabilities at amortised cost

Held at amortised cost		
Loan: RMB	-	7,243,900
The loan is repayable over 5 years at an interest rate of prime less 1.65%, currently 5.85% payable monthly.		

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

13. Financial liabilities at amortised cost (continued)

Held at amortised cost		
Bonds issued On 24 April 2015 NWC022 of N$106 million were issued. The bonds are unsecured, and have a fixed coupon rate of 9.57% maturing on 24 April 2022. The bonds are denominated in Namibian Dollars. This is the first two tranches of NamWater's Medium Term Note Programme (MTNP) aimed at funding water supply infrastructure. The MTNP is listed on the Namibian Stock Exchange with a total facility of N$1 billion. The bond have an effective interest rate of 9%.	110,226,750	110,226,750
	110,226,750	**117,470,650**
Non-current liabilities		
Long-term Portion	-	106,000,000
Current liabilities		
Short term portion at amortised cost	110,226,750	11,470,650
	110,226,750	**117,470,650**

The fair value of the loan approximates the carrying amount.

14. Retirement benefits

14.1 Post Employment Medical Aid obligation

The Corporation has an obligation to continue to fund 50% of the employees' contribution to Medical Aid after employment. The liability is actuarially calculated on an annual basis. The employees are free to join their medical aid service provider of choice, whilst the Corporation utilises one of the medical aid funds to benchmark the level of contributions to the fund.

The plan is a post employment medical benefit plan, and was closed in January 2010 to new members joining the Corporation.

Reliance is placed on expert valuation, NMG Actuarial Consultants.

Carrying value		
Present value of the defined benefit obligation-not funded	(165,699,000)	(146,518,000)
Net expense recognised in Profit or loss		
Current service cost	4,048,000	5,058,000
Interest cost	20,063,000	18,481,000
	24,111,000	**23,539,000**
Opening Balance		
Present value of the defined benefit obligation-not funded	(146,518,000)	(176,569,000)

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021
14. Retirement benefits (continued)		
Movements for the year		
Contributions to retired employees	3,756,070	3,659,972
Net expense recognised in Profit or loss	(24,111,000)	(23,539,000)
	(20,354,930)	**(19,879,028)**
Net actuarial gain recognised in other comprehensive income		
Actuarial gain through OCI	1,173,930	49,930,028
Closing Balance		
Present value of the defined benefit obligation-not funded	(165,699,000)	(146,518,000)

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

14. Retirement benefits (continued)

Key assumptions used

Assumptions used on last valuation on .

Normal retirement age (years)	60	60
Discount rate	13.93 %	13.93 %
Medical inflation rate	10.58 %	10.58 %
Figures in Namibia Dollar	PA(90)-2	PA(90)

Sensitivity analysis to mortality rates		
Change in accrued liability	4,308,174	(4,308,174)
Change in current service cost	101,200	(105,248)
Change in interest cost	501,575	(521,638)
Decrease/ (increase) in liability	**4,910,949**	**(4,935,060)**

The actual mortality experience of the current employees and the continuation members will materially affect the actual cost. Should the actual cost be higher than that assumed in the valuation, the cost of subsidies will decrease. Likewise, should the actual mortality be lower than that assumed the cost will be greater than expected.

Figures in Namibia Dollar	-1% decrease	+1% increase
Sensitivity to medical aid inflation		
Change in total accrued liability	(19,055,385)	22,866,462
Change in current service cost	(493,856)	591,008
Change in interest cost	(2,447,686)	2,929,198
(Decrease)/ increase in liability	**(21,996,927)**	**26,386,668**

The cost of subsidy after retirement is dependent on the increase in the contributions to the medial aid scheme before and after retirement. The rate at which these contributions increase will thus have direct effect on the liability of future retirees. Management believes a realistic assumption on medical aid inflation is a change of 1%

Sensitivity to discount rate	**-1% decrease N$**	**+1% increase N$**
Change in total accrued liability	22,700,763	(18,723,987)
Change in current service cost	303,600	(263,120)
Change in interest cost	1,504,725	(1,304,095)
	24,509,088	**(20,291,202)**

The variable having the greatest effect on the liability is the real discount rate, i.e. the discount rate net of health care cost inflation. Even small changes to this assumption have a relatively large impact on the liabilities. Management believes that the realistic assumption on medical aid discount rate is a change of 1%.

14.2 Severance pay obligation

In terms of the current interpretation of the provisions of the Labour Act, there is a requirement for the Corporation to provide for the payment for all permanent staff members who will part with the Corporation at the age of 65 years. An actuarial valuation was done to determine the fair value of the liability. Assumptions used are as per the last valuation performed on 31 March 2022. Included in the provision for severance pay obligation is a total of N$ 30 755 for 3 employees who died in service, but were not paid a severance benefit.

Reliance is placed on expert valuation, Strategic Actuarial Partners Namibia (Pty) Ltd.

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

14. Retirement benefits (continued)

Carrying value		
Present value of defined benefit obligation - not funded	5,820,000	5,045,000
Net expense recognised in Statement of profit or loss		
Service cost	470,000	424,000
Interest cost	491,000	446,000
Actuarial (gain)/loss	(186,000)	(809,000)
	775,000	**61,000**
Movement for the year		
Opening balance	5,045,000	4,984,000
Net expense recognised in Profit or loss	775,000	61,000
	5,820,000	**5,045,000**

Figures in Namibia Dollar	-1% decrease	+1% increase
Sensitivity to salary inflation		
Change in liability	6,128,000	(5,545,000)
Change in service cost plus interest cost	1,069,000	(960,000)
(Decrease)/increase in liability	**7,197,000**	**(6,505,000)**

The effect of a 1% increase and decrease in the salary inflation assumption on the contractual liability and the annual expense is shown in the table above. Management believes that it is a realistic assumption to expect a change in salary inflation of 1%.

Valuation assumptions		
Salary inflation	6.60%	5.80%
Discount Rate	8.70%	9.30%

15. Deferred income

Non-current liabilities	865,579,836	681,967,251
Current liabilities	40,328,308	40,405,467
	905,908,144	**722,372,718**

The Corporation received revenue from external sources for capital projects as listed below:

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

15. Deferred income (continued)

Summary of deferred income		
Swakopmund - Langer Heinrich Upgrade	26,979	48,772
Rossing - Valencia	266,105	266,105
Finkenstein Water Supply	68,988	73,312
Langer Heinrich Water Supply	51,727,446	53,081,790
Aus Scheme Extension	2,916	7,902
Ondobe Pipeline	273,704	294,195
Skorpion Mine Water Supply	43,159,647	44,975,011
Opuwo Treatment Plant	1,421,291	1,494,079
Klein Manasse	649,869	672,751
Ogongo Oshakati Canal Rehabilitation	13,297,678	13,297,678
Andara Water Supply	173,900	192,779
Ndiyona Water Supply	793,559	852,435
Ogongo Agricultural College Pumpstation	143,606	145,876
Mpunguvlei Pipeline	341,939	342,559
Rosh Pinah pipeline upgrade	239,935	452,722
Calueque Pump Station upgrade	406,839	406,839
Oshikango Pipeline Reroute	240,466	248,846
Oanob - Oamites Water Supply	83,000	83,000
Swakop South Water Supply	101,077,173	121,664,597
Outapi road crossings	160,131	176,237
Rural water supply infrastructure	212,685,982	221,699,805
Kalkveld extension & upgrade	1,459,807	1,459,807
GIZ Project	375,411	375,411
NTA/GIZ Heavy Operator Training	2,466,502	2,736,185
Swakopmund-Rossing Upgrade	264,490	232,526
Omdel-Swakopmund Pipeline Replacement	119,691,694	125,076,412
Aussenkehr New Town Scheme	350,000	350,000
Unicef Water Tankers	6,284,430	7,834,308
Shamvhura-Shamangorwa Rural Water Scheme	5,217,319	5,217,319
Farm Hoffnung Boreholes	317,455	337,385
Water Security Project	262,686,740	81,844,361
Cuvecom Project	31,787	-
Eenhana Water Treatment Plant Project	4,390,675	4,390,675
Dessert Research Foundation Project	45,131,106	32,041,039
African Development Bank	29,999,575	-
Less: Transfer to current portion of deferred income	(40,328,308)	(40,405,467)
	865,579,836	**681,967,251**

Reconciliation of deferred income		
Opening balance	722,372,718	732,607,650
Transfer to capital redemption	(40,478,381)	(37,639,475)
Contribution from government and customers	210,891,954	50,000
Other Projects	13,121,853	27,354,543
	905,908,144	**722,372,718**

The amount of N$ 40 478 381 (2021: N$ 37 639 475) is included in Capital redemption as Revenue Income. The full balance of Capital redemption includes amounts that are direct payments from customers, not going through the Deferred Income account.

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

16. Taxation

Major components of the tax expense through Statement of Profit or Loss

Current Taxation		
Local income tax - current period	(141,565,137)	99,080,726
Deferred Taxation		
Originating and reversing temporary differences	57,597,706	(7,765,948)
	(83,967,431)	**91,314,778**

Major components of tax expense through Statement of Other Comprehensive Income

Current Taxation		
Deferred Taxation		
Medical Aid & Severance obligation	(435,178)	(16,236,489)

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit/(loss)	299,495,934	195,316,201
Tax at the applicable tax rate of 32% (2021: 32%)	95,838,699	62,501,184
Exempted income	(12,987,660)	(11,563,648)
Disallowed expenditure	1,116,392	40,377,242
	83,967,431	**91,314,778**

The corporate tax rate remained unchanged in the current year at 32% (2021:32%).

17. Trade and other payables

Financial instruments:		
Trade payables	110,413,343	63,369,490
Value added tax	8,629,904	17,338,732
Payroll control accounts	62,373	62,373
Other payables	24,259,127	38,497,004
Accrued leave pay	38,869,687	36,688,920
Accrued bonus	5,190,985	4,358,742
Year end accruals	84,805,138	93,750,212
	272,230,557	**254,065,473**

The carrying amounts of trade and other payables are denominated in the following currencies.

Namibia Dollar Amount		
Namibia Dollar	272,230,557	254,065,473

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

17. Trade and other payables (continued)

Trade payables and year end accruals comprise of amounts accrued for services provided by suppliers. The amounts are due for payment 30 days from the date of the supplier statements. Other payables to third parties are pension funds, retirement funds and provision for rentention creditors.

Accrued leave pay relates to the cumulative number of leave days owed to employees. Each employee accrues 2.5 days of leave per month of service, capped to 45 days per 3 year cycle.

Accrued bonus relates to provision payable to employees for the 13th cheque as well as a performance related bonus. The 13th cheque is equivalent to 69% of an employee's monthly package, and payable in November of each year.

18. Revenue

Water sales - Treated water	1,481,483,967	1,395,650,354
Water sales - Desalinated water	519,442,519	511,678,412
Interest received on overdue trade receivables	69,329	69,241
Water sales - Untreated water	26,562,377	28,171,548
Water sales - Irrigation water	14,245,685	16,223,944
Capital Redemption - Infrastructure Loan	33,581,645	36,183,645
	2,075,385,522	**1,987,977,144**

19. Operating Profit/(Loss)

Operating (loss)/surplus for the year is stated after accounting for the following:

(Loss)/Profit on sale of property, plant and equipment	517,297	505,594
Amortisation of intangible assets	23,409,203	23,032,025
Depreciation on property, plant and equipment	253,786,613	331,608,054
Employee costs	383,686,648	347,537,375
Amount expensed in respect of retirement benefit plans:	52,345,909	51,207,455
- Defined contribution funds	28,538,839	26,798,455
- Defined benefit funds	23,807,070	24,409,000
Provision for expected credit losses		
Current year provision for allowance account	166,364,635	224,579,647
Audit fees	968,000	1,106,806

20. Interest Income

Interest from investments held at amortised cost (note 8)	62,145,114	63,904,553
Interest refund from Government	(109,962)	4,216,693
Endowment policy earinings: unrealised fair value gain	2,016,536	2,074,358
Bank Interest	4,283,237	3,180,162
Total interest income	**68,334,925**	**73,375,766**

21. Interest Paid

Borrowings	10,927,083	16,476,749
NAMRA	188,343	162,355
	11,115,426	**16,639,104**

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

22. Cash generated from operations

Profit/(Loss) before taxation	299,495,533	195,316,201
Adjustments for:		
Depreciation of property, plant & equipment (refer to note 4)	255,631,655	334,288,154
Profit/(Loss) on sale of assets	210,025	(2,064,791)
Amortisation of intangible assets (refer to note 5)	23,409,203	23,032,025
Fair value adjustment not realised	-	(2,074,358)
Interest income (Refer to note 20)	(69,580,994)	(71,301,408)
Interest Paid	11,115,426	16,476,749
Movements in retirement benefit liabilities less payments processed (Refer to note 14)	21,220,930	20,749,028
Capital Redemption (Refer to note 15)	(40,586,436)	(49,863,177)
Changes in working capital:		
(Increase)/decrease Inventories	(701,039)	2,700,011
(Increase)/decrease Trade receivables	(74,448,973)	(109,963,079)
(Increase)/decrease Other receivables	(9,298,386)	104,476,320
Increase/(decrease) Trade and other payables	18,165,084	(19,427,874)
	434,632,028	**442,343,801**

23. Tax paid

Balance at beginning of the year	(62,780,323)	(70,302,517)
Current tax for the year recognised in profit or loss	(141,565,137)	(99,080,726)
Reclassification of prior year tax accruals to current tax	-	2,269,682
Balance at end of the year	119,045,276	104,333,238
	(85,300,184)	**(62,780,323)**

24. Financial assets by category

The categories for financial instruments are listed below:

2022

	Amortised Cost	Fair value through profit or loss	Total
	N$	N$	N$
Other financial assets	1,333,570,939	52,543,958	1,386,114,897
Other receivables	130,050,324	-	130,050,324
Trade receivables	559,034,652	-	559,034,652
Cash and cash equivalents	397,176,866	-	397,176,866
	2,419,832,781	**52,543,958**	**2,472,376,739**

2021

	Amortised Cost	Fair value through profit or loss	Total
	N$	N$	N$
Other financial assets	1,164,567,916	50,682,701	1,215,250,617
Other receivables	159,852,981	-	159,852,981
Trade receivables	484,585,679	-	484,585,679
Cash and cash equivalents	307,127,151	-	307,127,151
	2,116,133,727	**50,682,701**	**2,166,816,428**

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

25. Capital work in progress

Capital work in progress comprise a number of infrastructure creation projects that were not yet completed at the end of the financial year. A total of N$ 355 545 560 (2021: N$ 104 643 467) was added to work in progress (refer to note 4), whilst N$ 157 734 688 (2021: N$ 153 428 198) was transferred to fixed assets and intangible assets after completion of the work (Refer to note 4).

The projects included here are at various stages of completion.

26. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2022

	Financial liabilities at amortised cost N$	Total N$
Trade and other payables	272,230,557	272,230,557
Long term loans	110,226,750	110,226,750
	382,457,307	**382,457,307**

2021

	Financial liabilities at amortised cost N$	Total N$
Trade and other payables	254,065,473	254,065,473
Long term loans	117,470,650	117,470,650
	371,536,123	**371,536,123**

27. Cost of sales

Sale of goods		
Purchase of desalinated water	454,228,724	423,780,824

28. Other operating income

Profit/(loss) on sale of assets	517,297	505,594
Rental income	3,635,291	3,961,838
Insurance proceeds	1,494,109	1,389,496
Capital redemption	16,532,990	13,679,531
Human Resource Development Centre, Laboratory services and other income	29,549,433	27,959,223
	51,729,120	**47,495,682**

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

29. Commitments and guarantees

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	375,088,263	165,700,877
Not yet contracted for but authorised by directors	394,911,737	497,792,123

This committed expenditure relates to water supply infrastructure and will be financed by available bank facilities, retained profits, mortgage facilities, existing cash resources, and funds internally generated.

Operating leases – as lessor (income)

Minimum lease payments due		
- within one year	5,472,037	6,206,978
- in second to fifth year inclusive	24,463,890	27,017,908
	29,935,927	**33,224,886**

Lease rentals increase on an annual basis with inflation, for all the houses that are located in urban areas. Management considers houses individually that are located in communal or remote areas to escalate their rentals.

Payment guarantees were issued in favor of the corporation towards the desalinated water purchases. Guarantees in favor of Namwater comprised of the following:

Payment Guarantees from Customers		
Rossing Uranium	-	12,551,181

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

30. Related parties

Members of key management

Abraham Nehemia - Chief Executive Officer
Kadiva Hamutumwa- Chief Strategy Officer and New Business Development
Fernando Somaeb - Chief Financial Officer
Andries Kok - Chief Water Supply South
Coenrad Koegelenberg - Chief Water Supply Coastal
Kaliki Kambanda - Chief Water Supply North
Eino Mvula - Chief Water Supply Central
Aino-Sylvia Nsinano- Executive Director

Related party balances

Amounts included in Trade and other receivables regarding related parties		
Ministries	22,620,292	21,365,646
Towns and Village councils	506,548,704	425,455,179
Municipalities	113,364,744	112,367,172
Namibia Wildlife Resorts Ltd	1,156,575	3,038,248
Roads Construction Company Ltd	490,790	480,667
UNAM	175,541	586,522
Namibia Airports Company	640,482	616,411
Other related parties	2,032,391	739,623

Related parties of N$ 498 403 (2021: N$ 496 396) were provided for as likely not to be collectable at the end of the financial year.

Amounts included in Trade and other payables regarding related parties		
Erongo Red	(8,120,648)	(7,710,313)
Cenored	(38,570)	(89,550)
Nored Electricity (Pty) Ltd	(3,956,774)	(3,835,351)
Telecom	(587,676)	(27,297)
NamPower	(23,153,384)	(11,560,182)
Municipalities	(3,054,931)	(1,853,674)
Towns and VIllage councils	(2,550,506)	(947,182)

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, and accrue interest at prime lending rate. Settlement of the balances outstanding occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The impairment on the receivables is shown above. The assessment for impairment is undertaken each financial year, through examining the financial position of the related party and the market in which the related party operates.

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

30. Related parties (continued)

Related party transactions

Sales to related parties		
Ministries	(48,247,690)	(47,411,083)
Town and village councils	(374,105,313)	(390,418,942)
Municipalities	(893,596,847)	(825,465,405)
Namibia Wildlife Resorts Ltd	(10,451,219)	(9,777,391)
Roads Construction Company Ltd	(2,870)	(1,022,689)
Namport	(860,191)	(1,930,153)
Namibia Airports Company	837,654	(2,877,545)
Roads Authority	(20,924)	(21,708)
NamPower	(76,084)	(68,145)
Cenored	(235,860)	(194,310)
Unam	(3,393,693)	(2,269,563)
Purchases from related parties		
Erongo Red	97,034,408	92,352,868
Cenored	39,106,801	37,291,447
Nored Electricity (Pty) Ltd	62,518,377	49,668,236
Telecom	3,022,541	2,609,340
NamPower	199,267,818	171,455,620
Municipalities	10,007,985	10,970,155
Road Fund Administration	2,838,301	2,307,302
Nampost	117,622	292,816
Oshakati Premier (Pty) Ltd	33,180,566	12,524,948
Advances (to)/from related parties		
Loan advanced to government	-	7,243,900
Contribution by government and customers	211,856,557	11,610,968
Compensation to key management		
Short-term employee benefits	10,901,547	10,771,538
Post-employment benefits - Pension - Defined contribution plan	1,215,522	1,203,825
	12,117,069	**11,975,363**

Nature of relationships

The above entities are considered related parties because of the significant influence that the shareholder has on these entities through the shareholders ownership or ability to direct.

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

31. Directors' emoluments

A total of N$ 2 693 795 (2021: N$ 2 699 930) was paid to the directors during the year.

Non-executive & Executive (fees & expenses)

2022

	Directors' Fees	Committees Fees	Retainer Fees	Directors Expenses	Total
	N$	N$	N$	N$	N$
T Maswahu	129,354	95,422	168,741	4,935	398,452
Dr A Matros-Goreses	48,765	65,833	168,278	-	282,876
L Ashipala	73,148	82,930	150,322	-	306,400
Dr P Mushendami	73,148	100,874	168,278	-	342,300
A S R Nsinano	65,020	44,830	150,322	-	260,172
J R Kaumbi	73,148	78,168	150,322	-	301,638
H Jesaya	73,148	73,405	131,287	-	277,840
V Kinyaga	65,020	55,808	168,278	-	289,106
M Gawaseb	73,148	36,691	125,172	-	235,011
	673,899	**633,961**	**1,381,000**	**4,935**	**2,693,795**

2021

	Directors' fees	Committees fees	Retainer fees	Directors' expenses	Total
	N$	N$	N$	N$	N$
T Maswahu	73,150	66,675	159,094	-	298,919
Dr A Matros-Goreses	73,149	19,050	158,326	-	250,525
L Ashipala	129,354	66,675	141,432	-	337,461
Dr P Mushendami	73,150	93,597	158,326	-	325,073
A S R Nsinano	73,149	40,316	141,432	514	255,411
S Haihambo	48,767	44,748	102,234	3,959	199,708
J R Kaumbi	73,150	71,437	141,432	514	286,533
H Jesaya	73,150	42,862	110,730	3,932	230,674
V Kinyaga	65,022	46,964	158,326	-	270,312
M Gaweseb	73,149	60,921	110,730	514	245,314
	755,190	**553,245**	**1,382,062**	**9,433**	**2,699,930**

32. Drought relief fund pledge

During the 2017 financial year, the corporation paid to the Ministry of Agriculture Water and Land Reform an amount of N$ 235,000,000. The money was utilised for emergency works required to mitigate the drought effect on water supply in Central Areas of Namibia (CAN).

The amount contributed to the drought relief was accounted for as follows

Balance refunded during the current financial year	211,856,557	11,610,968

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

33. Risk management

Capital risk management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for the shareholder, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Corporation consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Corporation monitors capital on the basis of the debt: equity ratio.

This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total equity is represented in the statement of financial position.

The Corporation's strategy is to maintain a debt: equity ratio of lower than 50%.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The debt: equity ratio at 2022 and 2021 respectively were as follows:

Total borrowings			
Loans	13	110,226,750	117,470,650
Post employment benefits	14	171,519,000	151,563,000
Other current liabilities	17	272,230,557	254,065,473
		553,976,307	**523,099,123**
Less: Cash and cash equivalents	10	397,176,866	307,127,151
Net debt		156,799,441	215,971,972
Total equity		5,502,531,547	5,200,174,539
Total capital		**5,659,330,988**	**5,416,146,511**
Gearing ratio		3 %	4 %

Financial risk management

The Corporation’s activities expose it to a variety of financial risks: market risk (fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Corporation's board of directors have the overall responsibility for the development and enforcement of a risk management process. The risk management process is managed by the Audit Committee, which is a subcommittee of the board. Activities of the Audit Committee are reported to the full Board for ratification.

The Corporation’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Corporation’s financial performance. Risk management is carried out by the Finance Department under policies approved by the board of directors. Corporate finance identifies and evaluates financial risks in close co-operation with the Corporation’s operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

33. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Corporate Finance Department maintains flexibility in funding by maintaining availability under committed credit lines.

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities as they fall due. The Corporation's approach to liquidity risk management is to always have adequate liquidity to meet obligations as they fall due. This is achieved through maintaining adequate cash resources, as well as lines of credit with the Corporation's bankers. In addition to that, a close relationship is maintained with the central government in order to ensure that the central government funds the activities of the Corporation which are not economically viable.

Cash flow forecasts are prepared and borrowing facilities maintained to cover the short term operational cash flows. In addition to this, the Corporation's cash investments adequate to meet all annual operational costs are maintained in investment instruments which can be called on short notice. With regards to the bonds issued by the Corporation, the board has approved the establishment of a sinking fund, into which the Corporation will periodically save funds which will be used to redeem the bonds at the end of their term.

The table below analyses the Corporation’s financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2022	**Less than 1 year**
	N$
Unsecured bonds in issue	110,226,750
Trade and other payables	272,230,557

At 31 March 2021	**Less than 1 year**	**Between 1 and 2 years**
	N$	**N$**
Unsecured bonds in issue	4,226,750	106,000,000
Trade and other payables	254,065,473	-
RMB Bank Loan	-	7,243,900

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

33. Risk management (continued)

Interest rate risk

As the Corporation has significant interest-bearing assets and liabilities, the Corporation's income and operating cash flows are substantially affected by changes in market interest rates.

The Corporation's interest rate risk arises from long-term borrowings and money market investments held with financial institutions. During 2022 and 2021, the Corporation's borrowings were denominated in the Namibia Dollar. The Corporation settled its variable interest rate loans, and replaced the amount with fixed interest rate bonds.

The Corporation analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Corporation calculates the impact on profit and loss of a defined interest rate shift.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years
Fixed term deposits	6.70 %	531,137,869	802,433,070
Cash in current banking institutions	1.71 %	397,176,866	-
Listed Bonds	9.57 %	110,226,750	-

Fair value interest rate risk

Financial instrument	Current interest rate	Due in less than a year
Endowment policies	5.83 %	52,543,958

At the reporting date, the interest rate profile of the Corporation's interest bearing financial instruments was as follows:

Ratio of fixed interest rate financial instruments	%	%
Financial assets	94	61
Financial liabilities	100	100

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

33. Risk management (continued)

Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract leading to financial risk. The Corporation is exposed to this risk in cash deposits, cash equivalents and trade debtors.

The Corporation only deposits cash with major financial institutions with high quality credit standing and limits exposure to any one counter-party to a maximum of 30%.

Trade receivables are dominated (60%) by local and regional authorities and government ministries. Management evaluate credit risk relating to customers on an ongoing basis. Such evaluation mainly focuses on historical payment history of the customers, assisted by continuous meetings with the major debtors to get updated information about the customers. Whilst there are no credit limits set for customers in the above category, exposure to the customers is managed through a 60 days credit term policy. The utilisation of credit terms is regularly monitored, and reviewed in a management Debtors Committee.

A number of the customers had exceeded their credit limit. In addition to reviewing all other available information, management believes all those customers who had exceeded their credit limits, and the other information available also pointed to doubt in the collectability of the amounts owed, were fully provided for during the financial period.

Generally no collateral if held by the corporation to support future payments by the customers. For the desalinated water, the Corporation holds prepayments and payment guarantees as follows: (1) a prepayment for electricity charges equal to 1.5 times the month's invoice (2) a bank guarantee equal to 2 times the month's invoice and (3) a prepayment equal to 2 times the monthly invoice for the capacity and output payment.

The Corporation believes that all the financial assets that are neither past due nor impaired are of such a good quality that the amounts will be collected in full on their due dates.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Fair value through profit and loss	52,543,958	50,527,421
Trade receivables	559,034,652	484,585,679
Held to maturity investments	1,333,570,939	1,080,374,017
Cash and cash equivalents	397,176,866	307,127,151

The maximum exposure to credit risk for trade receivables by type of customer is:		
Treated water consumers		
Local & regional councils and government ministries	642,533,739	559,187,997
Mines	77,190,130	73,632,033
Domestic rural	209,891,431	542,968,876
Industries	33,560,091	27,574,868
Sundry debtors	502,664,146	79,714,361
	1,465,839,537	**1,283,078,135**

The above balances are shown before impairments.

The following table shows the total number of active customers over the years:

Number of years	**Number of customers**	
0 - 4 years	12,924	15,750
5 - 10 years	22,205	20,316
> 10 years	22,114	18,564
	57,243	**54,630**

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

33. Risk management (continued)

The Corporation holds collateral for desalinated water customers. This collateral is required to support early payments that are required to the desalinated water supplier. The Corporation also has to issue collateral to the supplier.

The credit quality of customers whose balances are not yet past their due date nor impaired is considered of a high quality.

Prepayment	44,825,357	51,206,270

Foreign exchange risk

The effect of foreign exchange risk is very limited as the Corporation has very limited transactions in foreign currency with the exception of purchases of some pieces of spare parts, plant and equipment. At year end, the Corporation did not have any material balances in foreign currencies.

Price risk

The Corporation is indirectly exposed to equity securities price risk because of investments held by the Corporation and classified on the statement of financial position as at fair value through profit or loss. The Corporation is not exposed to commodity price risk. To manage its price risk arising from investments, the Corporation has only invested in capital protected investments which protects the initial capital amounts. On a periodic basis, the interest earned on these investments is divested and reinvested, in order to qualify for capital protection. Diversification of the portfolio is done in accordance with the 30% limit exposure to any one financial institution, set by the Corporation. All investments are done through financial institutions, in order to also increase the expertise of the parties involved in investment decisions.

No sensitivity analysis was done on the price risk as the Corporation does not deal directly in any equity instruments.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Corporation's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Corporation's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly. The Corporation maintains an adequate cash buffer to be able to continue trading in any financial year, should any group of customers with similar characteristic not be able to honour their commitments to the Corporation. This amount for the year ended 31 March 2022 was set at N$ 397 million (2021: N$ 302 million).

34. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities measured at fair value. The different levels are defined as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities that the corporation can access at measurement date.

Level 2: Inputs other than quoted market prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Inputs that are unobservable for the asset or liability.

Levels of fair value measurements

Level 1

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar		2022	2021

34. Fair value information (continued)

Recurring fair value measurements

Assets	Note(s)		
Financial assets designated at amortised cost	8		
Endowment policies		52,543,958	50,527,421
Total		**52,543,958**	**50,527,421**

Level 2

Recurring fair value measurements

Liabilities	Note(s)		
Financial liabilities measured at amortised cost	13&37		
Bonds issued		110,226,750	110,226,750
Bank Loan: RMB		-	7,243,900
Total financial liabilities measured at amortised cost		**110,226,750**	**117,470,650**
Total		**110,226,750**	**117,470,650**

Endowment policies are valued utilising the indices for the portfolios where the funds are invested. Fair value of quoted investments in the portfolio is valued with reference to quoted market prices.

Level 3

Recurring fair value measurements

Assets

Liabilities	Note(s)		
	4		
Buildings and Water Schemes		4,478,729,109	4,545,812,851
		-	-

Details of the Corporations property, plant and equipment and information about the fair value hierachy

Total	**4,478,729,109**	**4,545,812,851**

Property Plant and Equipment

Please refer to accounting policy in 1.2 and note 4 for information about the valuation techniques and inputs used to derive the PPE valuation.

Property Plant and Equipment

Fair Value information (continued)

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

34. Fair value information (continued)

Please refer to accounting policy in 1.2 and note 4 for information about the valuation techniques and inputs used to derive the PPE valuation.

35. Prior period error

An acounting classification error was identified during the 2022 financial year audit. The classification of the error arose from the treatment of contributions made by the Government towards capital infrastructure that was capitalised to the deferred income incorrectly. The Corporation pledged funds to the value of N$ 235 million to the City of Windhoek towards the drought relief programme to ensure water supply security for the years that there was a prevailing drought in 2019. The portion of funds to the value of N$ 139 436 528 was applied against the deferred income whilst it should have been classified as a debtor as these are funds due from the City of Windhoek that would be recouped from the water abstracted from the artificial recharge system. The remaining funds were applied against the share premium account to the value of N$ 95 million.

The total impact on the financial line items are demonstrated below:

	2021
Increase in Other Receivables	121,249,155
(Increase) in Deferred Income	(81,844,361)
Increase in Equity	**39,404,794**
Increase in Retained Income	39,404,794
Increase in Equity	**39,404,794**

36. Employee Costs

Salaries	383,686,647	347,537,375
Contribution to defined contribution plan	28,538,839	26,798,455
	412,225,486	**374,335,830**

As at 31 March 2022, the corporation employed 941 (2021:939) permanent employees.

37. Contingent Liability

The Corporation will be engaging with the Namibian tax authorities regarding potential tax obligations arising from differences in tax opinions which resulted in the way certain transactions were treated for tax purposes.

The possible exposure cannot be quantified until the tax authorities have made a pronouncement on the matter.

38. IFRS 16

The Corporation has assessed the impact of IFRS 16 and will apply the modified prospective transition approach. Although it is concluded that after the assessment the impact is not material to warrant extensive disclosure for the financial year under review. The value of equipment identified under the application of the IFRS 16 is leases of photocopiers which can be concluded as below materiality as it is deemed as low value item.

NAMIBIA WATER CORPORATION LIMITED
(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2022	2021

39. Operating Expenses

Operating expenses for the year includes the following expenses:

Depreciation and Amortisation	279,040,858	357,320,179
Employee Costs	412,225,486	374,335,831
Utilities	348,916,472	323,664,420
Repairs and Maintenance	52,698,304	51,423,442
	1,092,881,120	**1,106,743,872**

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Detailed Income Statement

Figures in Namibia Dollar	Note(s)	2022	2021
Revenue			
Water sales - Treated Water		1,508,046,344	1,423,821,902
Water sales - desalinated water		519,442,519	511,678,412
Miscellaneous other revenue		33,581,645	36,183,645
Interest received - debtors		69,329	69,241
Water sales - Irrigation water		14,245,685	16,223,944
	18	**2,075,385,522**	**1,987,977,144**
Cost of sales			
Purchases - Desalinated water		(454,228,724)	(423,780,824)
Gross profit		**1,621,156,798**	**1,564,196,320**
Other operating income			
Profit on sale of assets		517,297	505,594
Other rental income		3,635,291	3,961,838
Insurance proceeds		1,494,109	1,389,496
Capital redemption		16,532,990	13,679,531
HRDC, Laboratory and other income		29,549,433	27,959,223
Interest received		68,334,925	73,375,766
	28	**120,064,045**	**120,871,448**
Other operating expenses			
Advertising and community outreach		(2,157,642)	(1,848,731)
Amortisation		(23,409,203)	(23,032,025)
Auditors remuneration - external auditors	19	(968,000)	(1,106,806)
Bad debts		(166,364,635)	(224,579,647)
Bank charges		(2,055,081)	(1,938,904)
Consulting and contractor fees		(6,201,528)	(2,433,758)
Courier services		(1,811,583)	(2,202,605)
Depreciation		(255,631,655)	(334,288,154)
Directors fees (excluding expenses)		(2,688,860)	(2,690,495)
Employee costs		(412,225,486)	(374,335,831)
Entertainment & refreshments		(792,255)	(267,651)
Foreign exchange losses		-	(5,143)
Fleet services		(38,167,420)	(30,526,817)
Insurance		(5,846,043)	(5,141,414)
Legal expenses		(2,887,046)	(1,156,747)
Materials and supplies		(41,328,758)	(40,330,017)
Miscellaneous expenses		(4,693,776)	(4,079,056)
Post employment benefits		(25,072,000)	(24,408,999)
Printing and stationery		(1,052,639)	(2,258,193)
Property charges		(2,108,682)	(1,935,429)
Recoupment of internal charges & project costs capitalised		(7,550,885)	536,332
Repairs and maintenance		(52,698,304)	(51,423,442)
Security		(12,459,384)	(9,151,367)
Subscriptions		(6,254,442)	(5,633,293)
Training courses		(1,383,102)	(1,127,077)
Travel subsistence and accommodation		(5,885,003)	(4,082,774)
Utilities		(348,916,472)	(323,664,420)
		(1,430,609,884)	**(1,473,112,463)**
Operating profit	19	**310,610,959**	**211,955,305**
Finance costs	21	(11,115,426)	(16,639,104)

NAMIBIA WATER CORPORATION LIMITED

(Registration number 97/459)
Annual Financial Statements for the year ended 31 March 2022

Detailed Income Statement

Figures in Namibia Dollar	Note(s)	2022	2021
Profit before taxation		**299,495,533**	**195,316,201**
Taxation	16	(83,967,431)	(91,314,778)
Profit for the year		**215,528,102**	**104,001,423**

Notes





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