ESCCOM

ESWATINI COMMUNICATIONS COMMISSION

Annual Report 2020

Stay safe, stay connected...

Vision

To be a dynamic regulator of communications services in Eswatini that facilitates the delivery of affordable, sustainable and quality services.

Mission

To derive maximum socio-economic benefits for all Emaswati from ICTs through the effective regulation of telecommunications, broadcasting and postal services in Eswatini.

# #

Integrity
Transparency
Teamwork
Knowledgeable
Innovation

Contents

#staysafe#stayconnected

Corporate information

REGISTERED NAME

Eswatini Communications Commission

Registered office address
4th Floor, Sibekelo Building, North Wing
Mbabane

Postal address
PO Box 7811
Mbabane
H100

Telephone number: + 268 2406 7000
Email: info@esccom.org.sz • www.esccom.org.sz
Auditors: Kobla Quashie & Associates

Legislative mandate

The Eswatini Communications Commission (ESCCOM) is the regulatory authority for the information and communication technology sector in Eswatini. The Commission was established in 2013 by the Eswatini Communications Act, No 10 of 2013, to license and regulate telecommunications, radio communications, broadcasting and postal services in Eswatini. The Commission will play a critical role in the management and development of Eswatini's ICT sector. Through the Act, ESCCOM is mandated to carry out, among other things, the following:

a. regulate and supervise the operation of electronic communications networks and the provision of electronic communications service in Eswatini, including the regulation of data protection in electronic communications;
b. regulate and supervise the provision of postal service and electronic commerce;
c. regulate and supervise the provision of radio and television broadcasting services and the content of those services;
d. promote the development of innovative, secure, modern and competitive communications infrastructure and the delivery of related services;
e. ensure freedom of provision of communications services and further ensure that those services are not limited, except when strictly necessary;
f. ensure a wide range and variety of communications services;
g. ensure that all communications services are provided in a manner that will best promote economic and social development;
h. ensure non-discrimination and equality of treatment in all matters under the remit of the Commission;
i. promote efficient management and human resource development within the communications industry;
j. promote the interests of end-users and licensees as regards the quality of all communications services and equipment within the remit of the Commission;
k. administer certain aspects of the Competition Act, 2007, as they relate to the sectors regulated by the Commission; and
l. administer certain aspects of the Fair Trading Act, 2001, as they relate to the sectors regulated by the Commission.

Board of directors

Themba Khumalo
Chairperson

Polycarp Dlamini
Vice Chairperson

Mvilawemphi Dlamini
Chief Executive

Bongiwe Dlamini
Board member

Mlungisi Dlamini
Board member

Bheki Ndzinisa
Board member

John Mathwasa
Board member

Ozzie Thakatha
Company Secretary

Executive management

Mvilawemphi Dlamini
Chief Executive

Fikile Gama
Chief Financial Officer

Lindiwe Malaza
Director: Support Services

Thulani Fakudze
Director: Technical Services

Lindiwe Dlamini
Director: Strategy and Economic Regulation

Ozzie Thakatha
Director: Legal and Compliance

Mbongeni Mtshali
Director: Universal Service Obligation Fund

CHAIRPERSON'S STATEMENT

Themba Khumalo

Chairperson's statement

It is an honour and a privilege to present, on behalf of the Eswatini Communications Commission's Board of Directors, the Commission's Annual Report for the financial year ended 31 March 2020. Herein we highlight the different regulatory interventions undertaken by the Commission as it delivers on its regulatory mandate.

Regulation of the electronic communications sector is both interesting and very challenging simultaneously. It is interesting in that regulation requires the need to balance different and often competing interests of the consumer and those of, and between, the industry players. It is challenging in that we must satisfy consumers and the public's largest desire, that of the uninterrupted availability of communications services at low prices.

As a regulator, the Commission is entrusted to balance these interests and challenges, and ensure that services provided are of a good standard, and that if we are to make the "2022 vision" a reality, quality electronic communications services must be available and can be accessed by all Emaswati. It is vital that people and businesses across the country benefit from the opportunities that communications services offer, regardless of where they live or their personal circumstances.

The electronic communications sector is an enabler and the main catalyst in the economic development of any country. In current times it is difficult to function without connectivity, access to internet, broadband and telephony services. To achieve this, the Commission has to create and maintain a conducive and level playing field for all licensees, big or small, to thrive and compete fairly within the acceptable confines of fair competition principles.

During the period under review, the Commission determined that one of the contributing factors to the high costs of communication, was the call termination rates between the three major telecommunications operators. After conducting a study, the Commission directed that licensees reduce their call termination rates over a three-year glide path. This emphasises the ongoing and relentless efforts of the Commission to reduce the country's communication costs.

During this period, the Commission also shifted its focus to infrastructure sharing as a way to ensure there is no duplication of efforts in the infrastructure space, and which ultimately contribute to the protection of our environment. To ensure we maintain a level playing field, the Commission issued the Infrastructure-Sharing Costs Guidelines, which provides guidance on the costs of sharing infrastructure. This ensures that the price of shared infrastructure is not abused by competing infrastructure owners, or indeed, their refusal to share such infrastructure.

I was particularly encouraged that during this period, as a way of ensuring access and availability of services, the Commission was aggressively involved in rolling out the universal service programme under the Universal Access and Service Fund. This year saw a number of interesting projects activated, including network expansion in rural communities, ICT support for visually impaired students, connectivity of health centres, and the establishment of public Wi-Fi hotspots. All of these projects are aligned to vision 2022, and advances the Commission's agenda of eliminating the digital divide.

Another important area where the Commission is focused, is on ensuring high standards are maintained in broadcasting. This we do through the licensing of existing broadcasters and the enforcement of licence terms and conditions, which defines acceptable standards of broadcasting with a particular focus on the promotion of values and local content. To this end, the report indicates how the Commission has dealt with, and categorised, the existing radio and TV broadcasters.

This report also shows that the Commission is steadfast in its quest to transform the communications sector, through market studies, public consultations, decisions, guidelines, directives and all other relevant frameworks related to the sector. These are all aimed at creating conducive conditions for competition to thrive and thereby ensuring consumer satisfaction.

Chairperson's statement continued

I am pleased to report that yet again the Commission's audited financial statements, as well as those of the UASF, are in good standing, as confirmed by the Auditors through the issuance of an unqualified audit report. This is an indication that the Commission's financial control systems are well managed.

I would like to thank the Honourable Minister of ICT, Her Royal Highness, who has extended her unwavering support and given policy direction to the Commission to enable it to fully exercise its regulatory mandate. I would also like to extend the Commission's gratitude to consumers of communications services and the general public who have expressed their contentment in the work of the Commission and who continue to respond and submit meaningful comments during the Commission's public consultation processes.

The value created, be that by consumers, interested stakeholders or the general public, cannot be overemphasised as some of the decisions made by the Commission cannot be made without a public consultation process. We are also thankful to all the industry stakeholders who continue to adhere to their licence conditions and strive to respond to the needs of Emaswati.

During the period under review the Commission has relentlessly sought to strengthen its engagement with stakeholders. We embarked on developing a stakeholder engagement strategy that will guide the Commission as it engages with different stakeholders.

I conclude by thanking the Board of Directors and all supporting committees, who have continued to apply themselves selflessly in the delivery of the governance mandate. Together, we have expounded and embraced the principles of corporate governance within the Commission. I have no doubt that the Commission is well-positioned to deliver an exemplary performance to all its stakeholders.

Thank you.

Themba Khumalo
Board Chairperson

CHIEF EXECUTIVE'S REPORT

Mvilawemphi Dlamini

Chief Executive's report

As I present the Commission's report for the recently-ended financial year 2019/2020, the world has been impacted by the strangest phenomena of our time; the outbreak of COVID-19.

Countries have implemented lockdowns and borders are closed in an attempt to contain the spread of the virus. Indications are that the world as we know it will undergo a radical change and that ICT will play a major role in connecting the world given the curtailing of the movement of people. This means that any approaches in service provision and rollout of technologies, related strategies and grand plans need to change accordingly.

In 2013, when the Eswatini Communications Commission was established, it ushered in a new era in the communications sector of the country by creating an independent regulator. The term "independent" demands that the Regulator shall be independent in the performance of its functions and shall not be subject to the direction or control of any person or authority. It also means that the Commission shall carry out its functions in an objective, transparent, proportionate and non-discriminatory manner. While it is important for the Commission to embrace these critical principles of regulation, it must also exhibit and practice to gain public and industry confidence.

These are important factors because the Eswatini electronic communications sector is emerging from decades of monopoly that was largely, unregulated. The tentacles of monopolistic strongholds are still visible and it is the role of the Commission to ensure a level playing field by dismantling unfair competition practices and exclusivities that have a real and potential impact on inhibiting sector growth and competition. In essence, the Commission has to liberalise and foster competition in the sector.

I am happy to report that despite only being in operation for six years, the Commission has made great strides in creating a conducive environment for competition to thrive. The number of competitors entering the telecommunications and internet services space is a clear indication that we are manifesting a transformation trajectory, but this does does not mean regulation is now unnecessary. On the contrary, the role of the Regulator actually increases when competition is introduced, particularly during the early stages of transition from the former model of monopoly.

When a competitive environment is manifested, it is the role of a Regulator to establish a regulatory framework that can resolve disputes, address anticompetitive abuses, protect consumers, and attain national goals such as universal access, industrial competitiveness or economic productivity. But growth regulation is not an end in itself. Rather it is the vehicle to attain, and subsequently sustain, widespread access, effective competition and consumer protection[1].

This report reveals some of the milestones the Commission has achieved in its quest to transform, develop and make the Eswatini communications sector more competitive and most importantly, an affordable serivce. The report highlights the work done in the telecommunications sector, inclusive of internet, broadcasting, and postal, and also indicates how the sector is currently positioned in terms of consumer subscriptions.

TELECOMMUNICATIONS MARKET

Telecommunications is one of the most dynamic sectors in society today, and as such presents some of the biggest challenges in terms of regulation. Regulation entails the setting up of quality of standards to be met, ensuring consumer protection and satisfaction, and the maintenance of healthy competition amongst the licensees.

Consumers are at the core of regulation and by its nature regulation is thus customer centric. Consumers of telecoms services are becoming more sophisticated and they demand accountability for every cent spent. In this vein the Commisssion undertook to intensify its focus

[1] Telecommunications Regulation Handbook.

on the enforcement of quality of service and quality of experience. In the year under review, the Commision therefore procured and installed a sophisticated quality of service monitoring system for the 2G/3G/4G networks. This system enables ESCCOM to collect up-to-date and real-time data on network outages, dropped calls, network coverage, etc. Such information is crucial in informing our engagements with the operators to ensure we improve on areas lacking in performance, and thereby minimize impacts on consumers.

During this period the Commission also directed its focus on the costs of communication in the country. The Commission determined that compared to our peers in the region, the costs were relatively high and one of the contributing factors was the previously unregulated call termination market. To deal with this specific, the Commission directed that the operators reduce their rates by at least 20% and we introduced asymmetry in interconnection rates. In addition operators doubled their data bundles to the benefit of consumers.

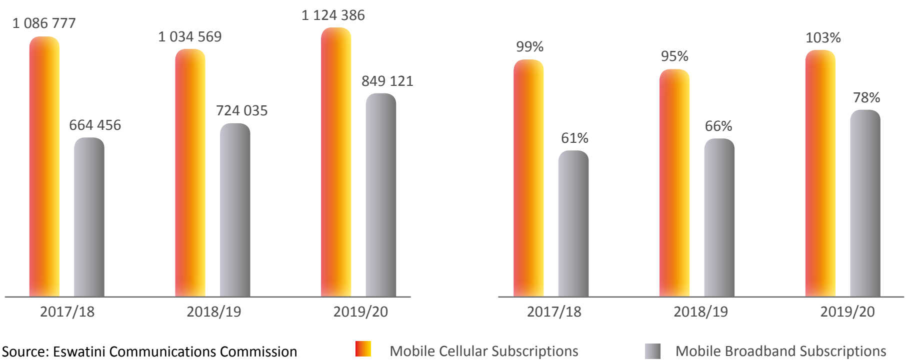
SUBSCRIPTIONS

At the close of this reporting period, mobile cellular subscriptions in the country had reached 1 124 386, which translates to a 9% increase from the 1 034 569[2] mobile cellular subscriptions recorded at the end of 2018/19. 2G and 3G technology continue to dominate mobile network connections, largely attributed to an extensive investment in network rollout, spanning over a decade. 2G and 3G accounted for 42% of total mobile connections in March 2020 alone. The 4G/LTE connectivity, which was introduced in 2016 accounted for 15% of total mobile connectivity in the same month.

The growth in mobile connectivity during the 2019/20 financial year is also reflected in the mobile penetration rate, which increased from 95% in 2018/19 to 103% in 2019/20. Subscription increases are mainly attributed to a significant annual growth in Eswatini Mobile subscriptions of 92%. MTN Eswatini, which has an 85% market share of mobile subscriptions, only grew by 1%.

Mobile broadband subscriptions increased from 724 035 in March 2019 to 849 121 in March 2020. Data and Voice mobile-broadband subscriptions, which are typically smartphone-based with voice and data used in the same terminal, accounted for 97% of total mobile broadband connection growth. Data only mobile subscriptions on the other hand, declined by 17 percent in 2019/20.

Figure 1: Mobile Cellular Subscriptions and Market Penetration



Source: Eswatini Communications Commission

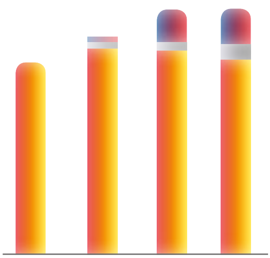
[2] *FY 2018/19 subscriptions estimates revised after actuals submitted by operators and validated.*

Chief Executive's report continued

Key to ESCCOM's deliverables, is to create an environment for the enhancement and broader development of ICTs in the country's economy. The impact of liberalisation on the fixed market was observed after ESCCOM issued Individual Electronic Communications Network Licenses on a Technology-Neutral basis to EPTC, Eswatini Mobile and MTN. Techno-Neutrality grants licensees the freedom to provide an unlimited range and variety of communication services, irrespective of the type of technology. In the fourth quarter of FY 2017/18 the two mobile network operators, Eswatini Mobile and MTN, launched fixed-wireless telephone and broadband services in the fixed market. With this tool, various metrics monitor the progress, or lack thereof, in the advancement of ICTs in our nation.

Total Fixed telephone subscriptions in the FY 2019/20 increased by 0.3% from 42 557 subscriptions to 42 702. Eswatini Mobile and MTN Eswatini were the main drivers of growth in fixed telephone subscriptions. The mobile network operators, Eswatini Mobile and MTN, continue to capture market share. Eswatini Telecom, with the largest market share, recorded a 4% decline in subscriptions in 2019/20.

Figure 2: Fixed Telephone Subscriptions



Eswatini mobile	0	989	5 688	6 206
MTN	0	1 078	505	2 510
Eswatini Telecom	33 387	35 731	35 364	33 786

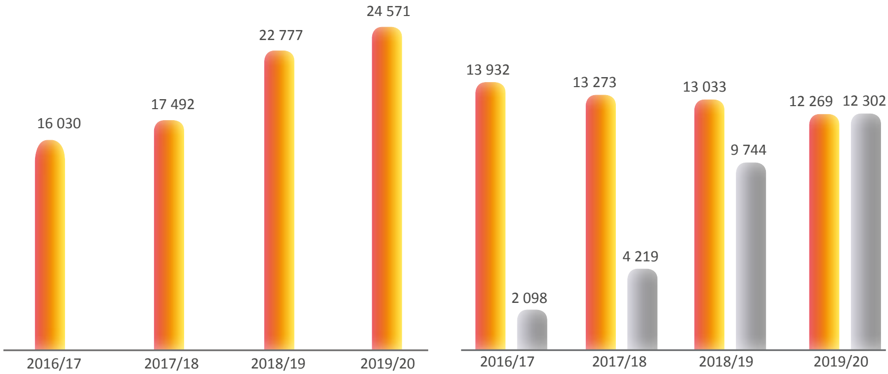
Source: Eswatini Communications Commission

Fixed internet broadband subscriptions in the period under review increased by 8% to 24 572 from 22 777[4] subscriptions in 2018/19. EPTC, the largest internet service provider with close to 50% market share recorded a decline of 6% in subscriptions in this period. Conversely, Eswatini Mobile, Real Image and MTN, Jenney Internet, Touch IT and Swazi Sat recorded a substantial increase in subscriptions, offsetting the decline in EPTC subscriptions.

Eswatini fixed internet broadband services are mainly delivered through fixed-wired and fixed-wireless technology. Fixed-wired broadband subscriptions, namely copper and fibre, have been on a downward trend since FY2017/18. Fixed-wireless subscriptions on the other hand, have been on an upward trajectory, growing by 26% from 9 731 subscriptions in FY2018/9 to 12 289 in FY2019/20, surpassing fixed-wired, which in FY2018/19 was at 12 283 from 13 082, a decline of 6%.

[3] Fixed Internet Broadband subscriptions including Fixed-Wireless subscriptions from MTN and Eswatini Mobile which were previously not included. Furthermore, FY 2018/19 subscriptions revised after revision of Real Image subscriptions after exclusion of inactive subscriptions.

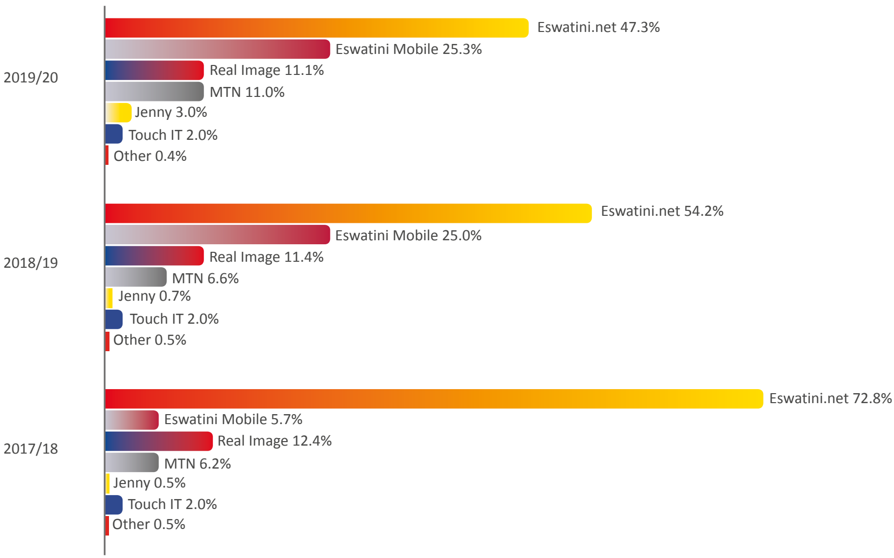
Figure 3: Fixed Internet Broadband Subscriptions



Source: Eswatini Communications Commission
Fixed-wire Internet Broadband
Fixed-wireless Internet Broadband

The evolution of market share over the past three FYs is indicated in Figure 4.

Figure 4: The Evolution of Fixed Internet Broadband Subscriptions Market Share



Chief Executive's report continued

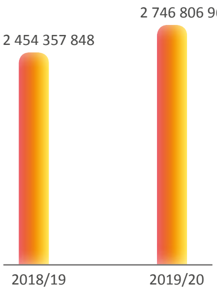
Traffic

Domestic voice traffic, total number of minute calls made by subscribers within Eswatini, over both mobile and fixed lines in the FY2019/20 increased by 12% to reach 2.7 billion minutes from the recorded 2.4 billion minutes in 2018/19. On-net traffic which accounts for the largest share of domestic voice traffic was the main driver of this growth, while off-net traffic grew by 22 percent. The higher usage of voice services was underpinned by an increase in mobile cellular subscriptions and fixed line subscriptions. It is worth noting that off-net traffic performance over the medium term resulted from the Commission implementing market reforms to promote competition in the Call Termination Market, and consequently reduced the cost of communication.

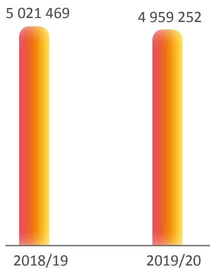
Outbound roaming traffic, that is total call minutes made and received by domestic subscribers using local mobile network SIMs out of the country on foreign networks, declined slightly from 5 021 469 minutes to 4 959 252 minutes in FY2019/20. The outcome of the SADC Home and Away Roaming Project, which is in its last phase of implementation, remains a positive possibility for the roaming market. In the event roaming tariffs are reduced and harmonised in the SADC region, usage of roaming services is expected to increase and consequently cause an increase in roaming traffic.

Figure 5: Voice Traffic in Minutes

Domestic Voice Traffic in Minutes (MNO + PSTN)



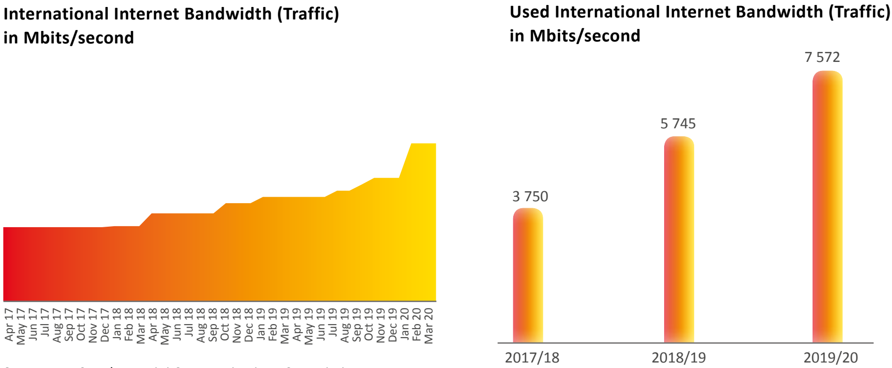
Outbound Roaming Traffic (MNOs)



Source: Eswatini Communications Commission

Used international internet bandwidth over EPTC's international internet links continued to increase in 2019/20, reaching 9 600 Mbps in March 2020, up from the 6 340 Mbps in March 2019. On average used international internet bandwidth in the period was 7 572 Mbps, also up from 5 745 Mbps in the FY2018/19. This increase in international internet bandwidth capacity is a reflection of higher demand and usage of broadband services. Eswatini.net and Eswatini Mobile accounted for the largest increase in average used international internet bandwidth capacity in FY2019/20.

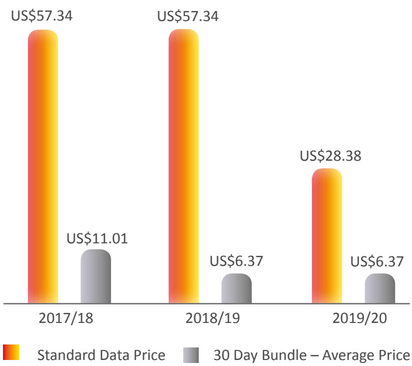
Figure 6: Used International Internet Bandwidth (Traffic) in Mbps



Source: EPTC and Eswatini Communications Commission

Over the periods 2017/18, 2018/19 and 2019/20, the Commission implemented a glide path price reduction in the wholesale and retail price of data. The standard price of 1 gigabyte (GB) of mobile data was reduced from US$57 in FY2017/18 to US$28 in FY2019/20. The average cost of a 30-day bundle was reduced from US$11 per GB in FY2017/18 to US$6 in FY2019/20. 2019/20 was the final year of the glide path cost reduction, however the Commission has authorised a Price Benchmark Study that will crosscheck current levels of pricing against other countries in the region.

Figure 7: Price of Mobile Data per Gigabyte in US Dollars

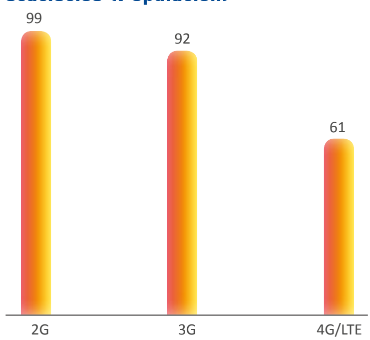


Source: Eswatini Communications Commission

Mobile Network Coverage

In line with trends within sub-Saharan Africa, the telecommunications market in the country is largely dominated by mobile communications services, for both voice and internet services. Mobile communications services are currently provided by two service providers, MTN Eswatini and Eswatini Mobile, that use 2G, 3G and 4G (LTE) technologies. They have a combined network coverage of over 98% population coverage for 2G, 90% for 3G and almost 60% coverage for 4G/LTE. These service providers are currently engaged in an aggressive expansion exercise for 4G/LTE networks with plans to attain at 85% population coverage in the next three years.

Figure 8: Mobile network coverage statistics (Population)



Chief Executive's report continued

FIXED SERVICES

Fixed telecommunications services are provided largely by the Eswatini Posts and Telecommunications Corporation, which offers broadband services through fixed line and optic fiber connections. To date, the Corporation offers ADSL for residential and business customers.

An increasing number of other licensees also offer a wide range of fixed wireless broadband connectivity solutions and services.

The minimum broadband speed in the Kingdom is 2Mbps for fixed and wireless broadband, with fibre speeds reaching up to 100Mbps. However, most ISPs offer minimum speeds of 2Mbps as provided for in the Quality of Service Regulations as a minimum data throughput speed.

BROADCASTING MARKET

The Commission converted licenses for the following entities in line with the new licensing regime:

- Eswatini TV;
- Channel Yemaswati;
- Eswatini Broadcasting & Information Service (EBIS); and
- Voice of the Church (VOC).

UNESWA was also issued with a new community radio station license for educational purposes within its journalism and mass communication department. There has been a huge appetite to enter the radio broadcasting space but it is hindered by delays in the enactment of the enabling legislation.

UNIVERSAL ACCESS & SERVICE

The mandate to ensure that there is Universal Access to ICT services, particularly in unserved and underserved areas, continued in earnest. The Commission assisted in projects in the educational and health sectors, and provided connectivity to broadband via mobile technologies and built towers, in 7 Tinkhundla areas.

GOVERNANCE

ESCCOM again presents an unqualified audit for the 2019/20 financial year owing to aligning to best practice and prudent financial controls.

The Board term expired at the end of October 2019. A new Board was appointed at the end of March 2020, headed by Mr Thembumkhululi Khumalo and deputised by Mr Polycarp Dlamini. The balance of the Board comprises Ms Bongiwe Dlamini, Mr Bheki Ndzinisa, Mr Mlungisi Dlamini, and Mr John Mathwasa.

LEGISLATION

Legislation is still required to enable the Commission to better deliver on its mandate. This includes:

- Data Protection;
- Cybercrime;
- Broadcasting; and
- Postal.

Proposals for amendments to the founding legislation, the Electronic Communications Act, and Eswatini Communications Commission Act have been presented to ESCCOM's parent Ministry, MoICT, for consideration and hopefully will progress to approval.

COLLABORATIONS

In the year under review the Commission collaborated with, among others, the CBE, FSRA, and UNESWA. MOUs were signed with the following organisations ESEPARC, ECC, SWASA, and EEA.

CONCLUSION

5G is the next big leap in the telecommunications industry and our country will not be left behind. One of our operators has committed to undertaking a limited 5G pilot as early as Q1 2021, in preparation for a wholesale deployment in 2022.

ESCCOM is responding to ensure that the required spectrum is available, and all regulatory tools are in place to manage the transition and other related issues. The Commission is also looking at operationalising the sector CIRT and expanding capabilities in fighting cybercrime.

ESCCOM MAJOR PROJECTS AND ACHIEVEMENTS UNDERTAKEN SINCE 2013

When the Commission came into existence in 2013 it hit the ground running given the urgent need to transform the sector, which was characterised by the existence of a monopoly, lack of regulatory frameworks, and most importantly, no mechanisms to protect national resources such as spectrum and numbers. The region already boasted established regulators that were coordinated and collaborating on regulatory issues that have global and regional impact, so the absence of a regulatory body meant that Eswatini was excluded from participating in critical international decision-making forums.

All of that has changed with the Commission coming of age quickly. One crucial issue that needed urgent attention was the operational-isation of the Electronic Communications Act and the ESCCOM Act, 2013. This depended on the development of regulations that would guide the Commission in regulating such a dynamic sector, inclusive of licensing new and old existing operators, type approval, spectrum allocation, numbering, and quality of service. The regulations were subsequently passed in 2016.

The Commission also highlighted the urgent need to safeguard the national spectrum resource. To this end, it established a spectrum monitoring system to ensure that the Commission is able to identify spectrum users and that such users are licensed accordingly. This system also ensures that frequency interference with neighboring countries can be identified and resolved.

In emerging from a monopolistic environment, the Commission sought to understand the status of the communications sector. It therefore undertook a comprehensive market study which indicated that the sector was not effectively competitive, and a sector that is not competitive means development is stifled and cannot respond to the needs of consumers nor contribute to the economic development of the country. Having identified that the sector was stagnant, the Commission embarked on the introduction of competition by issuing a 3rd mobile license to Eswatini Mobile, and the issuing of an additional 12 general licenses.

We have also undertaken the licensing of existing operators by converting old licences to be in line with the new licensing regime. The Commission has thus granted licences to such entities like Eswatini TV, VOC, Channel YeMaswati, EBIS, EPTC, MTN, and other general licensees.

In our drive to ensure a fair competitive industry, we identified that the JVA signed between MTN shareholders and EPTC was effectively stifling development in the sector. The Commission therefore undertook an ex-officio investigation into the agreement to ascertain competitiveness or lack thereof, and possible market allocation. Consequently, the Commission pronounced that certain clauses of the JVA were not competitive and directed that EPTC divest its shareholding of MTN to allow sector growth.

The Commission also determined that the cost of communication in the country was high when compared with regional players. To address this, the Commission undertook a reduction of cost to communicate project that commenced in 2016 and characterised by a wholesale rates reduction glide path of three years. In tandem with the reduction of wholesale rates, the Commission also directed that licensees also reduce retail rates including roaming rates.

In 2017, the Commission operationalised the Universal Access and Service Fund through which various projects that promote universal access to ICTs were rolled out. These projects include the expansion of network services to underserved and rural areas, provision of public Wi-Fi hotspots, connectivity of health centres, Tinkhundla centres and ICT support to schools.

It is gratifying to note the major strides taken by the Commission in shaping the communications sector in the country. On page 18 is a list of the major projects undertaken.

Mvilawemphi Dlamini
Chief Executive

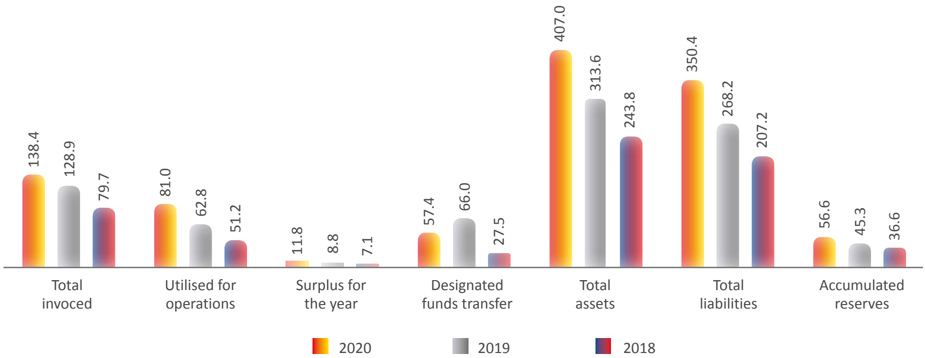
Chief Executive's report continued

2014	2015	2016
> Establishment of a Spectrum Monitoring System	> Development of Industry Regulations	> Electronic Communications Sector Survey > Declaration of Dominance on Mobile Voice and Fixed Voice Markets > Licensing of Internet Service Providers (16)

2017	2018	2019
> Development of Spectrum Pricing Model > Declaration of Essential Facilities > Development of a National Numbering Plan	> Development of Broadcasting and Postal Guidelines > Development of ESCCOM 5-year Strategy > Renewal of MTN Licence	> Investigation and decision on MTN/EPTC JVA > Operationalisation of UAS Fund > Licensing of 2 Television stations and 3 radio stations

Financial performance and highlights

Figure 9: Financial performance



FINANCIAL KEY PERFORMANCE INDICATORS

	2020 E Million	2019 E Million	2018 E Million	2020/19 % Variance	2020/18 % Variance
Total invoiced	**138.4**	128.9	79.7	7%	74%
Utilised for operations	**81.0**	62.8	51.2	29%	58%
Surplus for the year	**11.8**	8.8	7.1	34%	66%
Designated funds transfer	**57.4**	66.0	27.5	(13%)	109%
Total assets	**407.0**	313.6	243.8	30%	67%
Total liabilities	**350.4**	268.2	207.2	31%	69%
Accumulated reserves	**56.6**	45.3	36.6	25%	55%

Financial performance and highlights continued

The total amount invoiced is comprised mainly of annual license fees and spectrum fees charged to MTN Eswatini, Eswatini Mobile and Eswatini Post and Telecommunications. These license fees are used to fund the cost of regulation.

Other income which comprises of interest earned on investments for the year, amounted to E11.8-million, an increase of 34% when compared to the previous financial year. This growth is attributable to an increase in investments during the year. Investments include a E40-million Government Bond issued by the Central Bank of Eswatini. The interest received on investments is the maximum possible within the Commission's acceptable risk parameters. Financial assets include the Stanlib Swaziland Money Market Fund and the African Alliance Lilangeni Fund.

Operating expenses were in line with budgetary expectations. The increase in costs during the year is as a result of the increase in operational activities.

Designated funds represent license fees earmarked for future projects of the Commission.

The surplus for the year is reported at E11.8-million, which is a 34% growth from the previous year's results.

In previous years the Commission held in custody funds for the Universal Access and Service (UAS) Fund. These funds were transferred as soon as UAS was operationalized. However, the Commission has absorbed all of UAS's operating costs amounting to E2.2-million. In addition, a contribution of E20-million has been made to finance the Fund's capital projects.

During the year under review the Commission has successfully grown its total assets to E407-million. The acquisition of property, plant and equipment amounted to E30.1-million. 94% of this amount has been capitalised for the acquisition of land as well as office building costs.

The Commission's cash resources are held to meet prudential liquidity targets and the liquidity levels enable the Commission to respond effectively to changes in cash flow requirements.

The overall financial structure of the Commission shows a healthy year-on-year improvement.

FUTURE OUTLOOK

Revenue

Because of the current economic outlook of the country, license fees are not expected to increase significantly.

Operating expenditure

Operating costs are expected to match the level of activity within the organisation.

Capital expenditure

The Commission has commenced work on the corporate office building. Designated funds will be utilised to fund this project.

CHALLENGES

Delayed payment of outstanding license fees

The working capital of the Commission is affected by the delayed payment of outstanding debt from some operators.

Funding of the USOF

USOF is funded by 0.05% of the operators' net operating income. This amount is insufficient to cater for the intensive capital program of the Fund.

Technical services

The Technical Services department is responsible for the development, review and implementation of the Commission's policies, regulatory instruments, and guidelines related to radio frequency spectrum management, information technology, telecommunications, broadcasting and postal services, to keep them in line with national aspirations and the rapidly changing operating environment. The department is also responsible for ensuring that the Commission has the necessary tools and systems for delivering on its mandate. For the year under review, the department's achievements and activities were fully aligned to the organisation's strategy:

RADIO FREQUENCY SPECTRUM MANAGEMENT

Radio frequency spectrum is a finite resource that is essential for the delivery of communications services and one of the key responsibilities of the Commission in fulfilling its mandate is to ensure the efficient use of radio frequency spectrum. This is enabled by effectively engaging in spectrum management initiatives that include spectrum planning and licensing, spectrum monitoring, spectrum usage audits, as well as updating the Spectrum Management framework to align with national policy initiatives and international best practices. In line with these initiatives, and in accordance with the Electronic Communications Act and Radio Communications and Frequency Spectrum regulations, the Commission carried out the following activities:

Development of the National Spectrum Management Policy

To promote the rational, economical, efficient and effective usage of the radio frequency spectrum, there is a need for a national policy that would provide guidance on spectrum management, and which is currenty lacking in the country. The Commission, in response, has developed, and submitted to the Ministry of ICT, a draft national spectrum management policy document. The policy aims to ensure a coordinated and harmonised national approach to spectrum usage, set conditions for the availability and efficient use of radio spectrum by various services to support specific national objectives, and to provide a greater degree of predictability and certainty to current and future stakeholders in the use of the spectrum. This draft is meant to be used as a base document towards the development of the fully-fledged national policy, and was developed in consultation with all stakeholders.

Migration of Eswatini Broadcasting and Information Services (EBIS) studio links from 800MHz spectrum

In accordance with the International Mobile Telecommunications (IMT) band plan and roadmap developed for Eswatini in 2018, the EBIS studio links were identified to be active on the 800MHz band, which has been allocated for IMT services as digital dividend 1. To fast-track the assignment of the 800MHz spectrum to mobile service providers, the Commission undertook a project to migrate all EBIS links utilising part of the 800MHZ band. This involved the installation of new links and studio equipment, which utilised the existing Digital Terrestrial Television (DTT) network, replacing old analogue links. The total cost of project was some E1.8-million.

Electromagnetic Fields (EMF) radiation study

In a bid to ensure the protection and safety of the public around various communications network installations in the country, the Commission undertook a nationwide survey on EMF exposure around mobile network base stations in the country. This project was intended to ascertain that all installations comply with the International Commission on Non-Ionising Radiation Protection (ICNIRP) limits, as stipulated in the ICNIRP standards for non-ionising emissions from mobile network base stations. Measurements were taken around base station sites at distances from the antennas that allow far-field assessments as expressed in power density. All results suggest that the exposure levels around the base stations in the country are a very small fraction of the allowed public ICNIRP exposure reference levels and therefore are generally compliant to the ICNIRP standards.

Spectrum monitoring

This project involved performing spectrum usage audits, interference investigations and compliance audits.

- **Investigation of interference on 800MHz Spectrum, assigned to MTN Eswatini**

  A complaint from MTN Eswatini was received by the Commission on interference it experienced on its assigned 800 MHz channels. Tests were conducted to identify the source of the interference revealing that the interference came from the South African side. Efforts to resolve this issue have been delayed due the emergence of the COVID-19 pandemic and it is hoped that it will be finalised by the end of Q1 2020/2021.

- **Compliance Audits**

  Investigation of compliance to radio frequency spectrum regulations was undertaken whereby random spectrum users were visited at their premises to carry out tests and determine if they have valid spectrum licenses. This exercise indicated that a number of spectrum users were not authorised by the Commission for the use of spectrum resources. The Commission is currently developing a process to deal with this issue. Reports have been prepared and further follow-ups undertaken to ensure that defaulting users were licensed. Specifically, 28 spectrum users were identified to be non-compliant.

- **Spectrum Usage Audits**

  In order to determine the extent of usage of radio frequency spectrum in the country, spectrum audits were performed by taking spectrum occupancy measurements and presenting the results for analysis. This exercise is critical to ensure proper planning and management of spectrum usage. In doing the measurements, strategic locations, which are suitable to cover the country effectively, were selected and measurements taken at the selected sites using spectrum monitoring equipment. The tests were done over six hours periods by the mobile unit, at selected time slots during the normal work day, and over the course of one week on the fixed sites.

  One of the key findings is a large percentage of unauthorised usage of radio frequency spectrum resources, particularly in the FM broadcasting services band and IMT band (700MHz), which have been identified to be coming from outside the country. In the forthcoming financial year, the Commission will be partnering with neighbouring countries to deal with this issue. The exercise also indicated that there is heavy usage of the license exempt bands (2.4 GHz and 5GHz) and the Commission will be looking at ways to deal with this.

We will develop and document a process to deal with these audits, with all offenders confronted with consequences.

Spectrum planning and licensing

- **IMT spectrum license renewal**

  The following assignments were re-issued to individual license holders:

Frequency Band	MTN Eswatini		Eswatini Mobile		EPTC	
	Bandwidth	Area of Operation	Bandwidth	Area of Operation	Bandwidth	Area of Operation
800 MHz	10	Nationwide	10	Nationwide	10	Nationwide
900 MHz	10	Nationwide	10	Nationwide	10	Nationwide
1800MHz	15	Nationwide	15	Nationwide	20	Nationwide
2100MHz	15	Nationwide	0	N/A	15	Nationwide

In addition to the above, the Commission issued additional spectrum in the IMT bands as follows:

– Temporary assignment of 10MHz on 800MHz band for Eswatini Mobile.

– Additional assignment of 10MHz on 1800MHz band for MTN Eswatini.

– Temporary assignment of 10MHz on 1800MHz band for MTN Eswatini (bushfire).

– New assignment of 10MHz on 2600MHz for EPTC.

– Additional assignment of 5MHz on 900MHz band for MTN Eswatini.

- **Other Spectrum licenses issued**

Type of License	Number of licenses	Issued to
Aircraft Station	11	Different Licensees
Aeronautical Ground Station	2	Royal Swazi Airways Corporation Eswatini Civil Aviation Authority
Amateur Station	5	Different licensees
Private Mobile Radio	9	Different licensees
Sound Broadcasting	1	University of Eswatini
VSAT	6	Different licensees
MES Station	1	Atlas Motors
Point-to-Point (Microwave links)	5	Eswatini Civil Aviation Authority

- **Automated Spectrum Licensing**

  To ensure improvement of the regulatory tools and processes, the Commission initiated a project to configure the existing Automated Spectrum Management System (ASMS) for automated issuance of spectrum licenses. The configuration of the different functionalities, including the automatic calculation of the prices, was completed and tested. The Commission will launch the system in the financial year 2020/2021.

World Radio Communications Conference 2019 (WRC-19)

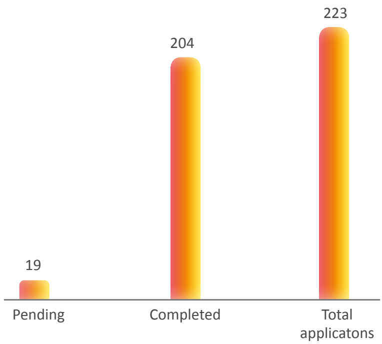
Another responsibility of the Commission is to represent the country at international forums and conferences where key decisions in the communications sector are taken, hence the Commission represented the country at the WRC-19. One of the key outcomes of the Conference was in-line with the Broadcasting Satellite Service (BSS) satellite orbital slot for the country, which had been rendered unusable due to interference from other satellite networks. The decision was taken that countries with unusable slots are to be prioritised in terms of their applications for new orbital slots.

There was also a discussion on the extension of the spectrum available on the unlicensed band (5GHz) where the conditions of use were relaxed such that outdoor usage was enabled. This presents an opportunity for our country to utilise this spectrum as we already have considerable activity in the same frequency band.

ELECTRONIC COMMUNICATIONS EQUIPMENT TYPE APPROVAL

The Commission is charged with the responsibility of setting standards and type approval of electronic communications equipment in the country, thus ensuring compliance to the set standards. The purpose is to ensure the safety and protection of consumers and users of electronic communications services, as well as estabishing that the quality and integrity of services are maintained through the use of quality end-user communication terminals. For the reporting period, the Commission received two hundred and twenty-three (223) applications for processing. Of the 223, two hundred and four (204) were successful and certificates issued, and nineteen (19) were left pending/unresolved, or for which process was not completed due to non-payment of applicable fees. The graph below is a representation of the number of applications received, processed, and pending.

Type approval applications



Moreover, the Commission engaged with dealers and distributors of electronic equipment to encourage their complicance with the Electronic Communications (Importation, Type Approval and Distribution of Communications Equipment) Regulations and licensing them so that they are bound to abide by these regulations. In response, eleven (11) of twelve (12) dealers forwarded their applications for licensing.

Further, the Commission initiated a process to implement a user self-check system to help them validate their electronic communications devices as either authentic or counterfeit. The system is due for implementation and rollout in the coming financial year 2020/21.

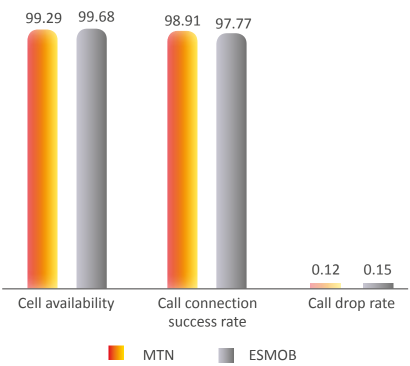
QUALITY OF SERVICE FOR ELECTRONIC COMMUNICATIONS SERVICE PROVIDERS

The Commission is also charged with the responsibility of ensuring that quality services are afforded to consumers of electronic communications services by service providers. In the reporting period, the Commission completed and operationalised the implementation of an automated Network Monitoring System (NMS) to benchmark the network performance of the country's mobile network operators. The NMS is intended to serve the following objectives:

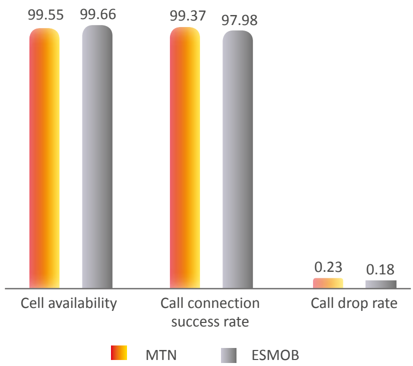
- To monitor and report on operator's compliance with their QoS and network performance obligations.
- To identify unacceptable performance-related issues in the network, and direct the required improvement interventions towards the desired Quality of Service.
- To automate the development of network performance reports using data collected directly from network operators.

The NMS project encompassed integration with operator's own Network Management Systems for near real-time collection and processing of the required network performance data for analysis. The quality of service was monitored and evaluated for MTN Eswatini and Eswatini Mobile using the NMS. The performance of the two mobile telecommunications service providers was monitored and evaluated against Key Performance Indicators (KPIs) set out in the Electronic Communications (Quality of Service) Regulations, including network availability (NA), service accessibility (SA), service retainability (SR) and service integrity (SI). The graphs represent a summary of the KPIs for mobile operators for different technologies (2G/3G/4G) and services (voice and data).

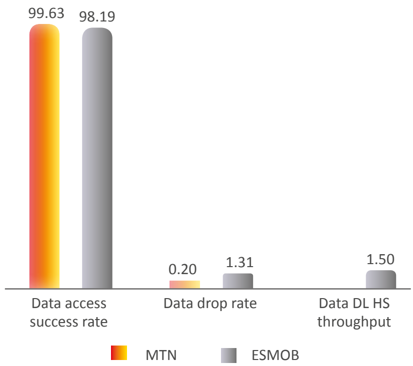
2G Voice KPIs



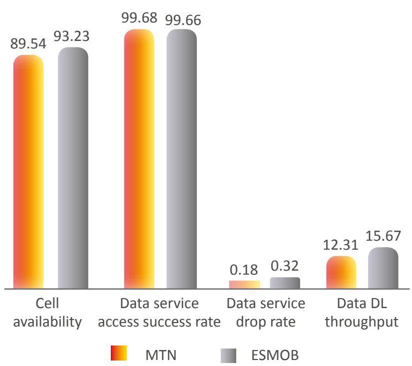
3G Voice KPIs



3G Data KPIs



4G/LTE QoS KPIs



Technical services continued

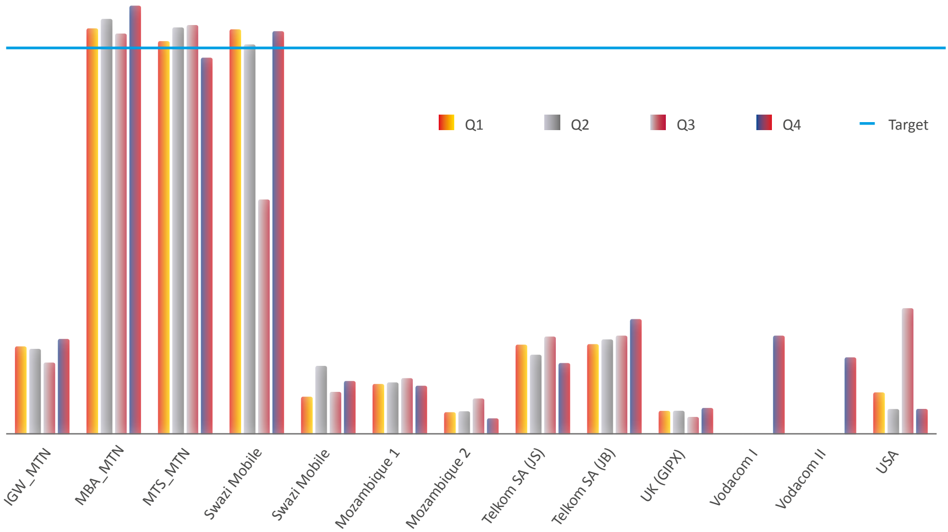
In all the KPIs monitored and evaluated, both the service providers' performance was above the set thresholds for all the KPIs at national level, except for CCSR on 2G for Eswatini Mobile and Data Throughput on 3G for both operators.

Additionally, during the reporting period, the Commission monitored the quality of service offered for fixed line telephony services, largely provided by Eswatini Posts and Telecommunications Corporation (EPTC). In line with the Quality of Service Regulations, 2016, the following performance indicators were monitored:

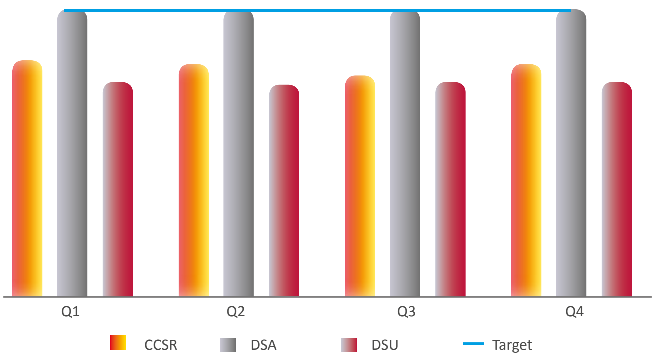
- Interconnection route utilisation;
- Call connection success rate (CCSR);
- Data service availability (DSA); and
- Data service utilisation (DSU).

The following illustrates the results obtained for the reporting period:

Interconnection route utilisation



EPTC QOS KPIS



In general, EPTC achieved the set thresholds of the performance indicators on a national level, except for CSSR and the route utilisation threshold between EPTC and MTN (Matsapha, Mbabane) and between EPTC and Eswatini Mobile.

The Commission is looking at automating monitoring the QoS of the fixed line operator and other internet service providers.

MARKET DEVELOPMENT INITIATIVES: ICT INNOVATION HACKATHON

The Commission is tasked with the responsibility to promote the development of innovative, secure, modern, and competitive communications infrastructure, and the delivery of related services. This responsibility includes ensuring that electronic communications services are used as a vehicle for socio-economic development, thereby creating opportunities for market growth. This requires extensive engagement and collaboration with different stakeholders drawn from key sectors of the economy, as well as service providers. In this regard, during the 2019/2020 reporting period, the Commission, in partnership with the Central Bank of Eswatini, the University of Eswatini, the Financial Services Regulatory Authority and the Centre For Financial Inclusion, and in collaboration with Fin-Mark Trust, hosted a first-of-its-kind Innovation Hackathon at the University of Eswatini. The objective of the Hackathon was to promote and stimulate ICT skills development in solving problems currently faced by the different industrial markets in the country and provide ICT-based solutions. Close to one hundred (100) participants entered the Hackathon, with the large majority being the youth. The winners were:

Name of winning team	Problem statement and/or solution	Prize
Cyber Beasts	SME Credit Scoring	E50 000 +
X-Code	MSME Business Finance	E35 000 +
Inhlava	Regulatory Data Collection and Analysis Portal	E25 000

INFORMATION AND COMMUNICATIONS TECHNOLOGY

The Technical Services Department is tasked with providing the Commission with all computing and communication resource needs and processes that empowers it to deliver on its mandate or duties, and the development of information and communications technology (ICT) matters in the ICT industry in its entirety. In this regard, the Commission was able to build the necessary capacity and capability (systems and ICT network infrastructure).

As a result, for the reporting period, the Department achieved a systems uptime rate of 98% for all computing systems.

Cybersecurity

During the reporting period, the Commission also focused on ensuring security and processes are strengthened to improve the Commission's security architecture. This focus extended to the market sector the Commission regulates and supervises and thus involved the following capacity building initiatives on cybersecurity:

- In collaboration with stakeholders, the Commission launched in November 2019, a novel National Cybersecurity Awareness Campaign, under the theme **Be Cyber Aware, Be Cyber Smart**. The objective was to raise awareness about the importance of cybersecurity and cyber security threats, as well as provide information on how individuals and businesses can proactively mitigate those threats, thereby empowering Emaswati to take control of their online identites. Consequently, to try and cover the broad aspects of Cybersecurity Awareness, each week of the month was dedicated to a theme, including Online Safety, Social Media, Phishing, Fraud and Scams, and the safety of children online.

  The campaign was driven through integrated communication initiatives.

- Furthermore, the Commission engaged BitSight to provide a 'proof of concept' solution that will present the cyber security posture of the country's key organistions, in terms of security threats, vulnerabilities and risks to and on their networks. The proof of concept provided the Commission with insights on what is currently obtained on the ground in terms of security incidents the country faces in general. Consequently, five different organisations were given access to the system to undertake their own independent monitoring and provide feedback to the Commission on their findings. These included the Central Bank of Eswatini, Eswatini Building Society, MTN, Eswatini Mobile and Eswatini Revenue Authority.
- Capacity building on data protection and privacy: The Commission hosted a workshop on data protection and privacy during the Eswatini International Trade Fair to educate consumers using electronic communications services, on the importance of keeping their online data and privacy protected and the consequences for failing to do so.

.SZ COUNTRY CODE TOP LEVEL DOMAIN (CCTLD) NAME ADMINISTRATION

The Commission is charged with the responsibility to manage and administrate the country code top level domain (ccTLD) in-line with the Electronic Communications (Domain Name Administration)

Regulations, 2016. Consequently, the Commission convened a stakeholder engagement to operationalise the Regulations and further sensitise stakeholders on their responsibilities in compliance. In operationalising the Regulations, the stakeholder forum tasked the Commission to form a Technical Advisory Committee (TAC) in alignment with Section 4 (1) of the Regulations, whose main objective is to provide guidance to the Commission with the development of the necessary policies for the effective administration of the .sz Domain Name. The TAC also serves as a stakeholder forum which shall ensure that the diverse viewpoints of the industry are considered in the administration of .sz Domain name space. The TAC is comprised of the following persons:

- Dr Andile Metfula – Chairperson, Academia
- Mmilidzi Habangaan – Secretary, Service Providers
- Nothando Nxumalo – Banking Sector
- Siphamandla Dlamini – Banking Sector
- Sakhile Dlamini – Government
- Ralph Nkambule – Internet Service Providers
- Gcina Dlamini – Internet Service Providers
- Nokuthula Hlophe – ESCCOM
- Lwazi Maziya – ESCCOM
- Thulani Fakudze – ESCCOM

To date the Committee has been working on a report, which will be tabled to the Commission and stakeholders outlining an appropriate structure to manage and administrate the ccTLD in line with the Regulations.

BROADCASTING SERVICES

During the year under review, the Commission carried out a number of activities towards ensuring effective regulation and promotion of a vibrant broadcasting services sector. The main focus areas for the year were towards:

- Ensuring efficient provision of high-quality broadcasting services to users and audiences;
- Encouraging and facilitating a climate that will encourage and sustain investments in the broadcasting sector;
- Protecting and enhancing social and cultural values; and
- Promoting the protection and access for vulnerable/marginal sectors, and help preserve our physical environment.

The structure of the broadcasting services (television and radio), based on the three-tier classification of broadcasting services, is shown below:

Television Broadcasting

Eswatini TV

- Public broadcaster
- Free-to-air broadcaster

The former name for Channel YemaSwati is Channel S

- Privately-owned commercial broadcaster
- Free-to-air broadcaster

Multichoice/DSTV

- Privately-owned
- Subscription Management Service

Radio Broadcasting

Eswatini Broadcasting and Information Services

- Government-owned: public broadcaster
- EBIS 1: SiSwati Channel
- EBIS 2: English Channel

Voice of the Church (VoC) Transworld

- Privately-owned community broadcaster
- VoC 1: Siswati Channel
- VoC 2: English Channel

University of Eswatini (UNESWA)

- Privately-owned community broadcaster
- Station infrastructure being developed

Technical services continued

Type of Broadcaster	Number of Broadcasters
Public Broadcaster	Television: 1; Radio: 1
Commercial Broadcaster	Television: 1; Radio: 0
Subscription TV/Radio	0
Subscription Management	1
Community Broadcaster	Television: 0; Radio: 2

The activities performed focused on ensuring that broadcasting service providers deliver quality services on all platforms by adhering to international quality standards, stakeholder engagement, as well as ensuring the protection of audiences. These activities include:

- **Licencing of broadcasting service providers**

  The Commission was able to issue broadcasting licenses to Eswatini Television (Public Television Broadcasting), Eswatini Broadcasting and Information Services (Public Radio Broadcasting) and the University of Eswatini (Community Radio Broadcasting) in accordance with the Eswatini Communications Act, 2013 and the Broadcasting Guidelines, 2017.

- **Broadcasting Code Development**

  A draft Broadcasting Code for broadcasting services has been developed. This code will guide broadcasters in how to conduct themselves in terms of advertising, local content, privacy, watershed period, programme sponsorship, and on accessibility of broadcasting services for the disabled.

- **Monitoring system for quality of broadcasting services**

  Pending the implementation of an automated quality monitoring system for broadcasting services, the Commission has put in place a manual system for monitoring radio and television broadcasters. All broadcasters are continuously informed and warned when quality of services falls below the set standards.

- **Compliance monitoring and inspections of broadcasting facilities**

  During the year, the Commission conducted an inspection of all broadcasters to ascertain the level of compliance with certain licence conditions. These conditions include requirements for broadcasters to have facilities that meet certain specifications or standards to ensure, among other criteria, continued service availability, quality assurance processes and systems, policies and working procedures. The outcomes of this exercise indicate that, generally, all broadcasters are not in compliance with a number of the requirements. The Commission engaged with the broadcasters, with a view to develop appropriate programmes and initiatives to close the compliance gaps.

The following table summarises some of the key requirements and findings:

Table 1: Compliance Report

	ESTVA	EBIS	Ch. Y	VOC	UNESWA
Station operational	**Yes**	**Yes**	**Yes**	**Yes**	**No**
Complaints Log Book	None	None	Yes	None	None
Complaints handling procedure	None	None	Yes	None	None
Compressor/Limiter	Yes	Yes	None	Yes	None
Profanity Delay equipment	None	None	None	Yes	None
Editorial and Content Policies	None	None	Yes	None	None
Compliance Recording System	Yes	Yes	Yes	Yes	Yes
Quality Assurance System	Yes	Yes	None	None	None
Uninterruptible Power Supply	Yes	Yes	Yes	Yes	Yes
Auto Start Standby Generator	Yes	Yes	None	Yes	Yes
Redundancy	None	Yes	Yes	Yes	None
Recovery plan	None	Yes	None	None	None
Fire Protection	Yes	Yes	Yes	Yes	None
Compliance percentage	**58.3%**	**66.6%**	**58.3%**	**58.3%**	**25%**

- **Broadcasting industry stakeholder engagement**
  To ensure that the Commission's efforts, towards the regulation and the development of the broadcasting sector, are aligned to expectations and informed by developments currently taking place on the ground, the Commission conducted a consultative and engagement exercise with all stakeholders. The exercise involved engagements with licensed broadcasters, independent content developers, representatives of music and artists associations, to name but a few. The main objective was to solicit views on the broadcasting industry in the country, including:
  - the quality of programmes;
  - technical quality of content;
  - level of knowledge and understanding of the latest technologies in the broadcasting sector;
  - understanding of quality control;
  - future of the broadcasting sector;
  - professionalism in content production;
  - expertise in the development of editorial polices; and
  - challenges encountered as they deliver their services to the audiences in the country.

  The outcomes of the exercise point largely to a lack of the necessary capacity (skills, infrastructure and resources) to deliver quality services and content to audiences, as well as failure to meet regulatory obligations by broadcasters.

- **Capacity building: Broadcast industry development and growth**
  One of the key findings of the stakeholder engagement exercise for the broadcasting industry was the lack of the necessary skills and capacity to produce quality services. While this responsibility lies with broadcasters and content producers, the Commission has become involved to deal with the issue. A capacity building and training workshop was organised for broadcasters on quality control and monitoring as well as current/future technologies relevant for the broadcast industry. The workshop was attended by over 25 participants from all local broadcasters (radio and TV).

- **Content quota monitoring**

  To ensure the effective participation of locals in the broadcasting sector and maintenance of social and cultural values for the country, the regulatory framework outlines certain quotas for local and foreign content as well content sourced from independent producers. Specifically, the framework requires that a minimum of 40% broadcast content has to be locally-produced, and that 60% of this locally-produced content must originate from independent producers. During the current year, the Commission undertook an analysis and assessment of all content broadcast, through programme schedules that are submitted regularly by broadcasters, as follows:

  - The programme schedule submitted by Eswatini Television (ESTVA) indicates that ESTVA complies with the minimum content quota with 58% local content attainment (Fig.1). However, 71% of the locally-generated content is produced by ESTVA (Fig.2) and independent producers contribute 29%, indicating a shortfall of 31% for independent producers.
  - Channel Yemaswati broadcast 97% local content and 3% international content. The production ratio of local content is 77% station-produced and 23% by independent producers, resulting in a shortfall of 37%.

Figure 1 – Local Content vs International Content – ESTVA

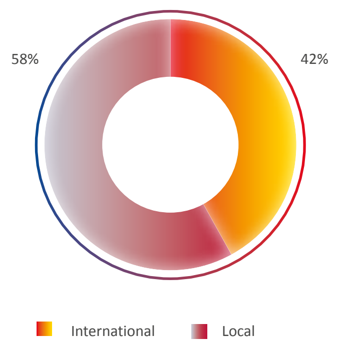


Figure 2 – Local Content by Independent Producers vs Local Content by ETVA

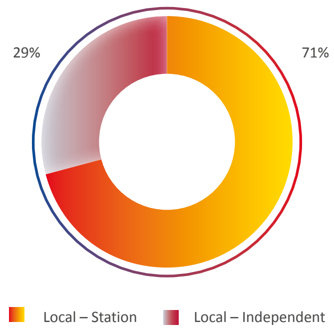


Figure 3 – Local Content vs International - Channel Yemaswati

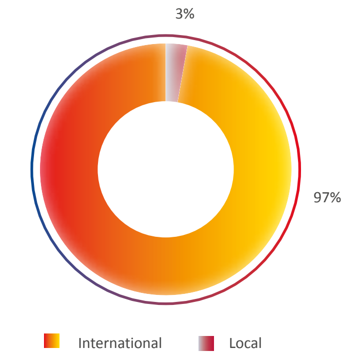
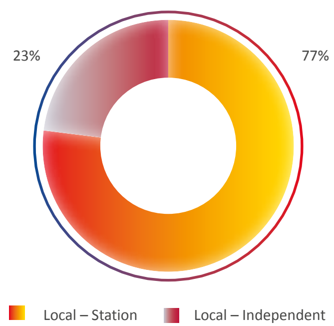


Figure 4 – Local Content by Independent Producers vs Local Content by Channel Yemaswati



The Commission is currently engaging with broadcasters to see how the requirements on local content by independent broadcasters can be fulfilled.

ESCCOM HEAD OFFICE BUILDING PROJECT

During the year under review, the Commission continued with the project to construct its head office in Ezulwini. The project is expected to be completed in December 2022. The following was realised as part of the project:

- Completion of detailed engineering designs for the building;
- Received approvals from Ezulwini Town Council and Eswatini Environmental Authority (EEA) for the implementation of the project;
- Completed preparation of procurement documentation (tenders) for the main and sub-contract; and
- Appointment of contractors for Bulk Earthworks and Piling.

CHALLENGES

The department managed to achieve a number of activities and initiatives towards fulfilling the Commission's mandate, but it also faced a number of challenges:

- Absence of the principal legislative instruments for broadcasting and postal services. While the Commission has covered some ground on the regulation of broadcasting services through the Broadcasting Services Guidelines 2017, there is still a pressing need to have the broadcasting bill passed into effective law. The situation is made more dire with the Postal Services Bill, as the Commission is currently not able to deal with issues relating to Courier Services, which is considered a critical component of postal services. Courier Services is currently not accommodated in the current legislative frameworks.
- COVID-19 Pandemic. When the pandemic came into full effect towards the end of the financial year, the department was unable to complete some of the projects and initiatives underway. This included projects and capacity building initiatives that were scheduled to take place during the course of March 2020, but were impacted due to lockdown and travel restrictions.
- Lack or limited understanding of the work and role of the Commission by the general public, results in resistance for the effective carrying out of the mandate of the Commission, particularly in relation to compliance of radio frequency spectrum usage.
- Slow responses from stakeholders during public consultation processes. The Commission is required to extensively consult with stakeholders on key decisions to be taken. In some cases, the final decision is dependent on contributions and inputs from concerned parties. The consequence is that delays in this process, more especially the provision of the necessary contribution, significantly affects the output of the Commission.
- Unauthorised usage of spectrum. There exists a large percentage of unauthorised usage of spectrum in the country, where individuals are found to be in violation of the regulations. Whilst some are not aware of the requirement for licensing, most are, and despite invoices issued to them, they fail to pay for licenses.
- The department also experienced technical issues with the Spectrum Monitoring Equipment and System that disturbed the flow of work such that there would be inconsistency in the processes. This is, however, being dealt with, with assistance from the system vendor.

ACTIVITIES FOR THE COMING YEAR

For the coming year, 2021/2022, the department will focus on the following key activities:

(1) Ensuring implementation and compliance of regulatory instruments:
- Radio Communications and Frequency Spectrum;
- Electronic Equipment Type Approval;
- Numbering Regulations;
- Licensing Regulations;
- Domain Name Regulations;
- Broadcasting Services Guidelines; and
- Postal Services Guidelines.

(2) Ensuring the protection of consumers when using electronic communication services:
- Develop and operationalise Data Protection and Privacy Guidelines;
- Quality of service monitoring;
- Undertake cyber security-related activities within the electronic communications sector; and
- 'Type approving' all electronic communications equipment that is used in the country to ensure that it is safe.

(3) Promoting the development of innovative ICT solutions and capacity building.

(4) Spectrum Licensing process automation – launch and operationalisation. The system has been configured, however it will require the facilitation of a stakeholder workshop presenting how they will use it for application for licenses, especially for renewal through the online system.

(5) Review of frequency spectrum pricing framework. Spectrum pricing is reviewed after three (3) years in accordance with radio frequency spectrum regulations. The current framework was introduced in 2018 and we will be initiating the third year (last year) of its use in 2020/2021. This exercise will also cater for the introduction of 5G, which will require a different pricing approach because of its bandwidth requirements.

(6) Update of the National Frequency Allocation Plan. The national frequency allocation table is to be updated to incorporate the outcomes of the last World Radio Conference (WRC) that was held in November 2019 (Egypt).

(7) Regulation and Development of Broadcasting Services:
- Training of broadcasters in quality monitoring and control phase 2;
- Compliance monitoring;
- Implementation of an Automated Quality Monitoring System for Broadcasting Services;
- Review of the 2017 Broadcasting Guidelines to facilitate the licencing of other services related to broadcasting;
- Drafting Broadcasting Regulations that align with the Broadcasting Bill; and
- Development and operationalisation of the Broadcasting Code for comments and adoption.

(8) Facilitating and coordination of a national forum to address the postcode system.

(9) Review and operationalisation of the Postal Services Guidelines.

(10) Quality of Service monitoring for postal services.

Legal and compliance

The Legal and Compliance directorate provides legal support to the Commission and the Board of Directors (inclusive of its sub-committees) and develops legal and regulatory instruments. The department is also responsible for issuing licenses or authorisations, issuing decisions, interpretation and analysis of the law, contract drafting, enforcing compliance, and the provision of legal support to other departments. The report gives a highlight of activities undertaken by the directorate in this reporting period.

LICENSING OF EXISTING RADIO AND TV BROADCASTERS

One of the primary functions of the Commission in terms of Section 7 (g) of the Eswatini Communications Commission Act, 2013, is to grant any authorisation for the carrying out of any operation or activity relating to any matter within the remit of the Commission. Further, Section 6 (c) of the Act, enjoins the Commission with the responsibility to regulate and supervise the provision of radio and television broadcasting services and the content of those services.

Section 50 of the Electronic Communications Act, 2013 provides that the Commission shall issue new licenses to existing licensees so that the material terms of the previous licence shall be conformed to the Act. Pursuant to the provisions of Section 50, the Commission issued the following broadcasting licenses during this period:

Eswatini Television Authority (ETVA) – Individual Licence Number: BIECN/PTV/004/19/ETVA

ETVA was issued with a Public Television Broadcasting Services Licence for the duration of ten (10) years. The licence will enable ETVA to provide television broadcasting services and leverage new technologies in the provision of the services. The new licence comes with modern regulatory compliance standards for the promotion of quality of service and consumer protection.

Eswatini Broadcasting and Information Services (EBIS) – Individual Licence Number BIECN/PR/005/19/EBIS

EBIS was issued with a Public Radio Broadcasting Services Licence for the duration of ten (10) years. The licence will enable EBIS to provide modern radio broadcasting services consistent with international standards and acceptable best practice.

New Broadcasting Licence – Grant of Licence to Tertiary Institutions

The Commission committed to promote broadcasting services through the development of skills in the sector at tertiary level, by preparing students for the real world of broadcasting. To this end, the Commission resolved to consider and grant Community Broadcasting Licences to tertiary institutions (Universities and Colleges). The Commission guided that licensing of these institutions shall not be automatic but will be subject to the applicant meeting all the requisite licensing requirements, which the Commission shall specify in the application form and is satisfied that the applicant has demonstrated the need to provide a broadcasting service.

University of Eswatini (UNESWA) – Individual Licence Number BIECN/CR/003/19/UNESWA

UNESWA submitted an application to establish a Community Radio Station at the Kwaluseni campus, and which will only be available within three (3) UNESWA campuses: Kwaluseni, Luyengo and Mbabane. The main objective of the licence was to enable the UNESWA Journalism and Mass Communication department to use the station for learning purposes and for exposing students to the real world of broadcasting.

Following a public consultation process, the Commission granted UNESWA with a licence to establish and operate a community radio station at Kwaluseni campus and provide broadcasting services within the three UNESWA campuses.

DECISIONS MADE BY THE COMMISSION

In terms Section 38 (b) and (o) of the Eswatini Communications Commission Act, 2013, the Commission shall make decisions necessary for implementing the Act and other laws which fall under the remit of the Commission or for the administrative operations of the Commission. During this period the Commission issued the following decisions:

The Call Termination Market Review Decision No. 01/2020.

Section 7(s) of the ESCCOM Act provides for the Commission to ensure fair competition in all communications services, products, operations and activities which it regulates. Following the completion of the study into the Interconnection Market, the Commission issued a decision in accordance with the findings and recommendations of the study. Despite positive growth in competition in the sector, the Commission observed that there is still need to address pertinent elements of competition which may stifle effective competition. The Decision directed that:

- Eswatini Mobile and MTN Eswatini to Interconnect as per The Electronic Communications (Interconnection) Regulations, 2016 on or before 01 April 2020.
- EPTC, MTN and Eswatini Mobile reduce overall Call Termination Rates for both Mobile and Fixed Networks over a period of three (3) years beginning in April 2020 to March 2023.
- EPTC, MTN and Eswatini Mobile apply Asymmetric Call Termination Rates system as determined by the Commission.

Decision No. 3/2019 – The Towers and Masts Facilities Costs Sharing Guidelines, 2019

Pursuant to the obligation for mandatory sharing of infrastructure in accordance with the Electronic Communications (Facilities Sharing) Regulations, 2016, the Commission issued a decision that provides for a pricing framework for sharing infrastructure. The decision introduced the Towers and Masts Facilities Costs Sharing Guidelines whose primary objective is to provide guidance on the cost for sharing infrastructure by introducing a structure and pricing framework. The Guidelines specified the fees to be charged by the infrastructure owner for sharing the following:

- equipment located inside the perimeter fence of a site;
- equipment located outside the perimeter fence; and
- fees for Towers and Masts Infrastructure established under the Universal Service and Access programme.

INPUT INTO LEGISLATIVE AND REGULATORY FRAMEWORKS

Amongst its primary functions in terms of Section 7(a) and (b) of the ESCCOM Act, the Commission is mandated to advise government on policy and legislative measures in respect of the provision and operation of communications networks and communications services, including radio and television broadcasts, postal services, electronic commerce and data protection in electronic communications. The Commission is further required to formulate such rules and regulations to be issued by the Minister for the implementation and proper administration of the policy and legislative measures.

During this period, the Commission organised and spearheaded a stakeholder's forum to discuss and review pending legislative frameworks with the view of transmitting them through the promulgation process. Stakeholders in this forum included the Ministry of ICT, Director of Public Prosecutions, Attorney General's Office and the Royal Eswatini Police Service.

Data Protection Bill, 2019

The Data Protection Bill is primarily focused on the regulation of data protection in the Kingdom as it relates to its handling, processing and disposing of it. It sets standards and procedures on how to deal with data protection and, more specifically, provide for principles for regulation of processing of personal information in order to protect and reconcile the fundamental and competing values of personal information privacy. The Bill seeks to confer regulatory powers to the Commission for enforcing data protection principles and standards.

Broadcasting Bill, 2019

The Broadcasting Bill seeks to provide for the establishment of the Eswatini Broadcasting Corporation as a National public broadcaster for the Kingdom of Eswatini by amalgamating the operations and resources of ETVA and EBIS and the regulation of Broadcasting services. The Commission participated in different forums where the Bill was reviewed including a workshop for ICT parliamentary portfolio committees as well as parliamentary public consultations on the Bill. The Bill provides for the Commission to regulate the broadcasting sector in the country.

Cyber Security Bill, 2019

The Bill seeks to criminalise offences involving computer systems and electronic communications network related crimes, provide for the investigation and collection of evidence for computer and network related crimes, provide for the admission of electronic evidence in court and to provide for incidental matters. The Bill seeks to enjoin the Commission with the obligation to make regulations and issue guidelines for carrying out and give effect to the provisions of the Act.

PROPOSED AMENDMENTS TO THE ESCCOM AND ELECTRONIC COMMUNICATIONS ACTS, 2013

Pursuant to the mandate to administer the above-captioned two pieces of legislation, the Commission undertook a review of the two Acts and identified several impediments to the proper implementation of the Commission's mandate stemming from provisions of the Acts. The Commission noted that some provisions of the

Acts limit the scope and powers of the Commission to effectively regulate and liberalise the electronic communications sector. The Commission noted that the two pieces of legislation fall short of giving effect to enabling a level playing field and creating a conducive environment for fair competition to thrive in the sector.

In light of the foregoing, the Commission compiled and proposed several amendments to the Acts with the object of ensuring effective regulation of the sector in accordance with best practices and internationally adopted regulatory trends.

COLLLABORATION WITH OTHER INSTITUTIONS

In terms of the Eswatini Communications Commission Act, 2013, the Commission is enjoined to collaborate with educational and research institutions and other bodies in order to promote knowledge and understanding in the various fields of communications. In order to achieve this, the Commission has concluded Memoranda of Understanding with the following organisations:

Eswatini Competitions Commission

As part of its mandate, ESCCOM has to ensure fair competition in all communications services, products, operations, and activities which the Commission regulates. Further, one of the functions of ESCCOM in terms of Section 6(k) of the ESCCOM Act, is to administer certain aspects of the Competition Act, 2007 as they relate to sectors regulated by the Commission. In this regard, the Commission concluded an MOU with the Eswatini Competition Commission with a view to share experiences and collaborate in enforcing fair competition.

National Disaster Management Agency

In terms of Section7(y) of the ESCCOM Act, the Commission is entrusted with the mandate to ensure the operation of communications networks and communications services during times of public emergency. In order to effectively execute this mandate, the Commission concluded an MOU with the National Disaster Management Agency for building disaster resilience in the sector, sharing of information and co-operation in times of various disasters.

Eswatini Environmental Authority

The purpose of concluding this MOU was necessitated by the provisions of Section 7(q) of the ESCCOM Act, which stipulates that the Commission shall establish measures for the protection of the environment in the provision of the services, products, operations or activities relating to any matter regulated by the Commission. The agreement seeks to promote sound environmental policies, practices and development, which meets appropriate national and international standards in the establishment of electronic communications infrastructure and provision of service.

ESTABLISHMENT OF AN ESCCOM LEGAL PUBLICATIONS LIBRARY

To keep abreast with current regulatory trends, policies, court judgments, administrative decisions and legal literature about the communications sector. These materials will add value on the regulatory laws, best practices, current legal positions (by way of judgments), which will assist the Commission in dealing with legal hurdles in regulation. During this period, the Commission undertook the following activities:

Subscriptions to Juta for the following:

a) Company Administration – which will enrich the legal directorate in terms of providing company secretarial services to the Commission;

b) South African Law Reports – the reports carry Southern Africa's foremost reported decisions on diverse areas of the law, which are necessary for dealing with legal challenges in regulation;

c) Labour library – this subscription provides current labor law developments, best practices and newsletters on labor related matters; and

d) Legal brief newsletters – these consist of all current legal matters, inclusive of judgments, legal discussions etc. There is also a Cyber Law and Technology newsletter which comprises all technological advancements, discussions and current issues.

Law textbooks

These span diverse legal subjects which will enlighten the division on regulation and current regulatory practices.

Eswatini statutes

These are all statutes currently in force in the country.

COMPANY SECRETARIAT AND BOARD ADMINISTRATION

Board Meetings

During this period, the Board held four (4) ordinary Board meetings.

Board Tenure and Appointments

During this period the Board Chairman was appointed with effect from 16 May 2019. This reporting period also saw the lapse of tenure for four (4) Board members on 25th October 2019, leaving the Chairman and Vice Chairman as the only members. To ensure a full complement of the Board, the Minister of ICT appointed the following members into the ESCCOM Board in March 2020:

1. Mrs. Bongiwe Dlamini
2. Mr. John Mathwasa
3. Mr. Bheki Ndzinisa
4. Mr. Mlungisi Dlamini.

COMMUNICATIONS REGULATORS ASSOCIATION OF SOUTHERN AFRICA (CRASA) LEGAL AND POLICY SPECIALISED COMMITTEE

The Legal and Policy Committee's main objective is to provide legal and policy advice to the AGM and CRASA Committees on ICT-related international, regional and domestic matters. The Committee also provides drafting services during the development of the Guidelines on Harmonisation Frameworks for various regulatory issues. During this period, ESCCOM was elected as Chairperson of the Legal and Policy Committee.

CHALLENGES

There exists inadequate legal frameworks to enable the Commission to fully deliver its mandate, which covers data protection, broadcasting, postal, e-Commerce and cyber security. The existing frameworks require a comprehensive review to ensure that all shortcomings are addressed, which in turn will ensure the full development of the sector. The pending Bills require urgent promulgation into effective legislation to enable the Commission to discharge its mandate.

Strategy and economic regulation

The Swaziland Communications Commission Act of 2013, mandates the Eswatini Communications Commission to promote the interests of end users and licensees. The Strategy and Economic Regulation Directorate is entrusted with the development and monitoring of the Commission's strategy, the regulation of the communications market, as well as the promotion of consumer awareness and empowerment.

During the year under consideration, the Commission implemented projects as per year three of its five-year Strategic Plan, set out in the Annual Implementation Plan 2019/2020. The strategy for the forthcoming financial year is to undertake a review exercise to establish the level of implementation of the Strategy, and to enable the introduction of emerging issues that are critical to the overall ICT industry development.

CONSUMER AFFAIRS AND COMMUNICATIONS

As part of its mandate the Commission is responsible for enforcing data protection and privacy regulations, assist consumers with complaints, and participate in educational outreach events that help to create more visibility for the Commission and its activities. In the 2019/2020 financial year, the Commission undertook and participated in the following activities:

Girls In ICT

The International Girls in ICT Day is an International Telecommunications Union (ITU) initiative aimed at empowering and encouraging girls and young women to take up careers in ICT. In May, 2019, the Commission commemorated this event with 20 high-school girl students, selected by the Ministry of Education and hosted by the Commission from 1 – 3 May 2019. The students were attached to the technical departments of different operators, EBIS, EPTC, ESTVA, ESM and MTN.

The young women were exposed to the 'world of work' and attended presentations on the different careers available in the different ICT environments.

A closing ceremony marked the conclusion of the Commemoration programme, attended by officials from ESCCOM, the Ministry of ICT, and the then Principal Secretary in the Ministry of Education, Mrs Sibongile Dlamini as guest of honour.

ICT Fair

The Commission once again participated at the 2019 ICT Fair, an annual event hosted by the University of Eswatini. ICT industry players are invited to showcase the various career opportunities in the ICT sector to attendees who are predominantly high school and university students seeking career guidance.

The Commission's exhibit allowed visitors to be educated on the Commission's mandate and consumer rights issues. We also part-sponsored students in the Fair's hackathon that required students to create digital applications that could improve customers' banking experiences.

Eswatini International Trade Fair 2019

One of the Commission's strategic goals is the promotion of stakeholder engagement, awareness, and communication required to specifically educate the public on its mandate and the role it plays in the ICT industry. As such, the Commission participated in the 2019 Eswatini International Trade Fair (EITF), 30 August - 09 September 2019. As is customary, the Commission exhibited to enhance its visibility and interact with stakeholders and the general public. Consumers were educated on the developments in the sector and how the Commission fosters a conducive and enabling environment for the ICT sector to grow and thrive.

The theme for this year's 2019 Trade Fair was "Data Privacy and Consumer Protection", which dictated the focus on consumer education. The Commission also hosted a seminar under the auspices of the EIPA, to dissect the theme and deliver expert presentations on the main focus areas of the Commission's mandate and strategic implementation. Attendees were provided with an opportunity to ask questions related to the work of the Commission and further contribute to the discussions.

Eswatini Economic Conference 2019

During October 2019, the Commission partnered with the Eswatini Economic Conference, which was jointly hosted by the Eswatini Economic Policy Analysis & Research Centre (ESEPARC), the Central Bank of Eswatini (CBE), and the University of Eswatini (UNESWA). This platform attracts economic policy-makers, researchers, development practitioners, captains of industry, development partners and other stakeholders who discuss the challenges and opportunities around knowledge, innovation, and development in the country. In addition to being a panellist discussing issues of Technological Advancement in Eswatini, the Commission also distributed consumer educational literature and information on Universal Access and Service.

Technology, Innovation and Entrepreneurship (TIE) Conference

The Royal Science and Technology Park hosted its 3rd annual Technology, Innovation and Entrepreneurship Conference at Ezulwini. This event is a networking platform for young local entrepreneurs and innovators in the ICT space, and assists them in developing their ideas and businesses at a commercial level. The Commission branded at the event and exhibited, sharing information and distributed the Consumer Handbook and UAS pamphlets.

Other support was rendered to other Directorates events, inclusive of branding, media and publications information, venue logistics and the management of suppliers.

STAKEHOLDER ENGAGEMENT STRATEGY

In Dec 2019, the Commission awarded a tender for the development of the Stakeholder Engagement Strategy. This strategy is intended to manage the Commission's reputation, enhance its public image and serve as a guiding tool in effectively engaging with and disseminating information about the Commission and the sector to both internal and external stakeholders. Its goal is ultimately to manifest in coherent partnerships.

The process commenced with a situational analysis to measure the perceptions of the community being served by the Commission on its performance and relational conduct. The results were evaluated with a view of formulating strategies that can be turned into actionable activities to address identified shortfalls. Incorporated in the process was a comprehensive stakeholder mapping exercise. During this process, key partners were identified and ranked according to their influence and impact on the operations of the Commission. From intensive stakeholder consultations, insights and feedback on how the Commission was perceived and how relationships and communication could be improved, was received.

The recommended strategies will be developed and used by all directorates when engaging with stakeholders.

Publications and advertising

The Consumer Affairs Unit is entrusted with the media liaison function. This involves all contact between the media and the Commission and the publishing of all notices and advertisements, and where required, the Government Gazette. This is in keeping with the legislative direction of the ECA, Section 37 (2) where the Commission is required to publish all decisions taken, and allow a 30-day period before such decisions become effective. The two print media publications currently being utilised are Eswatini Observer and the Times of Eswatini. The Government Gazette is used to publish final decisions of the Commission.

Notices published in the period under review are:

- Eswatini Band Plan for VHF/UHF Two-Way Radio Communication (PMR) Services 2019;
- UNESWA Broadcasting Licence Decision;
- PMR Channelling Arrangement;
- Towers and Masts Facilities Sharing Cost Guidelines 2019;
- Electromagnetic Fields (EMF) Survey Report; and
- Call Termination Market Review Decision.

Other publicity activities include infomercial content placed in annual publications such as the Eswatini Business Year Book and the Business Directory. Through regional media agencies, online adverts were placed in the SADC Directory Services and the Government Handbook, to increase reach and enhance the Commission's visibility in search engines for individuals making digital enquiries in Eswatini.

The Commission joined the world in celebrating ICT commemorative dates. Commemorative adverts were published for Girls in ICT Day, World Telecommunication and Information Society Day, and World Post Day. The Commission also published adverts to commemorate national holidays, the King's Birthday and Independence Day, and December season's greetings. These are flighted on print and electronic media.

During the Eswatini International Trade Fair, ESCCOM produced infomercials flighted on TV and radio. The Commission also placed an advert in the official Trade Fair magazine.

The Ministry of ICT, for the first time, declared November 2019 as Eswatini National Cybersecurity Month. The Commission, in support, ran weekly editorials in the Times of Eswatini and Eswatini Observer to create awareness and educate the public on the four main themes of the campaign; Online Safety, Social Media, Phishing and Scams and Child Online Safety. There was also extensive coverage of the campaign activities through the Commission's own print, electronic and digital platforms and those of partner organisations.

VELA audit

In line with the Subscriber Registration Regulations of 2016, all active SIM cards in Eswatini were required to be fully registered by 31 October, 2019. Mobile operators submitted to the Commission, a list of all their active subscribers, after this date.

In November 2019, the Commission undertook the VELA Subscriber Registration Audit to ensure national security, consumer protection and complete adherence to the Subscriber Registration Regulations of 2016. The Audit further sought to ensure that customer information is securely stored.

A cross functional team from the Commission visited Eswatini Mobile and MTN Eswatini to verify compliance of customer records with data authentication and integrity standards. A sample of customer mobile numbers was audited to verify existing consumer data protection and security policies and practices employed by operators, under the VELA SIM Card Registration Project.

The main findings of the Audit indicated that most Emaswati had registered their SIM cards and were fully compliant. However, challenges were noted related to updating the consumer proof of address documentation, especially in rural areas. The Audit also highlighted the need for further engagements between the Commission, law enforcement agencies, and operators to improve collaboration in the enforcement of the regulations.

ECONOMIC REGULATION

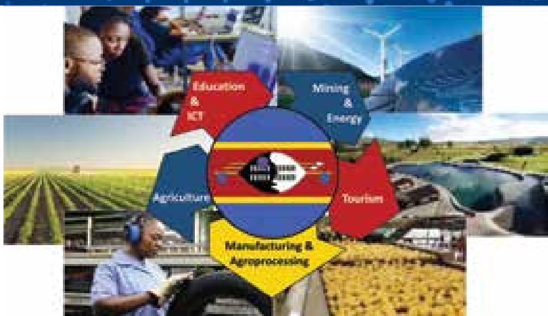
The Economic Regulation Unit is responsible for monitoring competition in the market and pricing in the sector. Empowered by the Electronic Communications Act Section 23, the Unit undertakes market reviews of the various markets in the sector, wholesale and retail, to determine the effectiveness of competition, to analyse and review pricing structures and the pricing of electronic communication products and services. It also monitors and analyses the performance of licensees in the market and publishes licensees' product catalogues and tariffs to ensure price transparency.

Another key function of the Unit is the collection of ICT data and compiling of statistics to facilitate fact-based market research and reporting on national ICT statistics and indicators for use by domestic and regional stakeholders and affiliates.

Telecommunications Market: Economic Indicators

According to the Kingdom of Eswatini's Strategic Road Map 2019-2022, ICT is one of the five sectors that have been identified as economic key growth sectors, based on their ability to deliver high GDP growth, job creation and revenue mobilisation. Through targeted policies the strategy aims to create an enabling environment for the private sector to thrive and encourage investment and innovation.

FIVE KEY GROWTH SECTORS

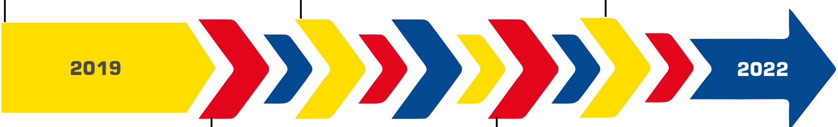


THE KINGDOM OF ESWATINI STRATEGIC ROAD MAP 2019 – 2022

Short Term <1 year
- Fiscal Consolidation
- Arrears Clearance
- Quick-wins on EOD6

Medium Term 1 – 3 years
- Revenue Mobilisation
- Stuctural Reforms
- Improve EODB Ranking
- ICT and Infrastructure
- Improve Social Indicators

Long Term >3 years
- Reposition the Kingdom of Eswatini for Innovation & Inclusive Growth



Ensure Inclusive Growth
- Effective Social Safety Net to protect vulnerable citizens
- Ensure no liSwati left behind

Restore Macro-economic Stability
- Ensure sustainability of public expenditure, public debt
- Productive Capital spending to enhance growth
- Mitigate cash flows crisis and arrears accumulation

Source: The Kingdom of Eswatini Strategic Road Map: 2019-2022

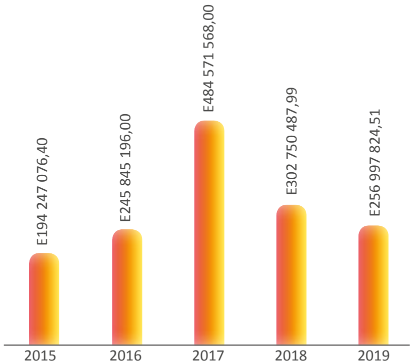
It is therefore imperative to quantify and monitor economic activity in the Kingdom's ICT sector in order to track performance and the impacts on the sector's growth, particularly electronic communications services.

Telecommunications Infrastructure Investment and Employment

Investment in network infrastructure between 2017 and 2019 amounted to E1.04-billion which is equivalent to an annual average of 0.6% of GDP. There was an observed peak in network Infrastructure Investment and Development in 2017, which can be attributed to the liberalisation of the telecommunications industry. Increased competition in the market followed the introduction of a second mobile operator and eight ISPs in the market, which also came with an increase in mobile and fixed broadband network deployment around the country in the period between 2017 and 2019. Mobile network operators accounted for the largest share of investments as they expanded their 2G, 3G and 4G/LTE network coverage in the country.

It is worth noting that network infrastructure investment in the short-term contributes to the economy, particularly the construction sector and wholesale and retail in the construction phase. In the long-term, contribution to economic growth and prosperity is realised at the operationalisation phase with an increase in innovation, productivity and job creation. In this regard, the Commission has a key role and responsibility to play in encouraging competition, growth, investment, infrastructure and quality service development and roll-out across the ICT sector.

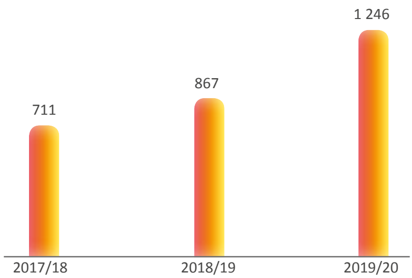
Figure 1: Network Infrastructure Investment, in Emalangeni



Source: Eswatini Communications Commission

Consistent with other telecommunications market uptake and usage indicators, employment on a fulltime basis in the market has been on an upward trend, as observed in Figure 2. Employment in 2019/20 increased by 44% to 1 246. This increase is attributed to an increase in employment by both fixed and mobile network operators. Fixed network operators, which account for the largest share of employment (73%), recorded an increase from 638 personnel in 2018/19 to 913 in March 2019/20. Persons employed by mobile operators in 2019/20 increased to 333 from 229 in 2018/19.

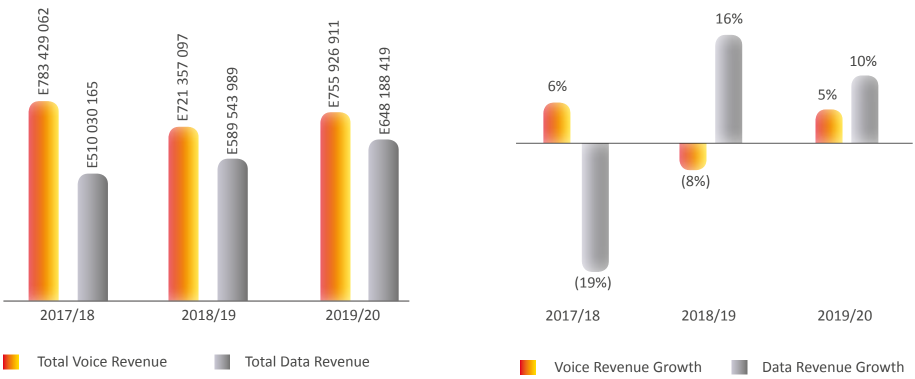
Figure: 2 Persons Employed in Telecommunications Industry



Source: Eswatini Communications Commission

Total revenue at current prices generated by licensees in the telecommunications market amounted to E1.9-billion in 2019/20 from E1.7-billion in 2018/19; equivalent to 3% of Eswatini's annual GPD. Revenue from voice services has been relatively low, while revenue generated from internet broadband services continues to grow significantly posting double digit growth in 2018/19 to 2019/20 as seen in Figure 3. This is mainly attributed to increased uptake and usage of internet services, as observed in trends of used internet bandwidth capacity shown below.

Figure 3: Telecommunications Revenue at Current Prices in Emalangeni



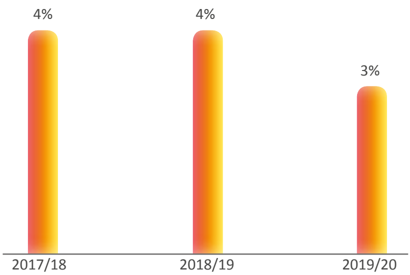
Source: Eswatini Communications Commission

The telecommunications industry, in addition to electronic communications services, investment and job creation in the economy, also contributes to the fiscus in the form of taxes. Licensee's operations do not only generate revenue from sales of products and services but also give rise to obligations to collect taxes on behalf of the government. Employment of staff gives rise to the collection of pay as you earn (P.A.Y.E) and the sale of goods and services manifests in the collection of value-added tax (VAT). Total national domestic taxes collected by Eswatini Revenue Authority (SRA) amounted to E10.9-billion in 2019/20, an increase from E9.7-billion in 2018/19. Total tax payments by Licensees in the telecommunications industry accounted for three (3) percent of national total domestic tax revenue payments in FY2019/20.

Domestic tax payments by licensees to SRA by category of domestic tax, as shown in Figure 4, for the telecommunications industry accounted for five (5) percent of total corporate tax revenue collected by SRA in 2019/20. Tax revenue payments under other income tax revenue payments classifications by the telecommunications industry have grown significantly over the years since 2017/18 from six (6%) to eight (8%) in FY 2019/20, surpassing Corporate Income Tax payments.

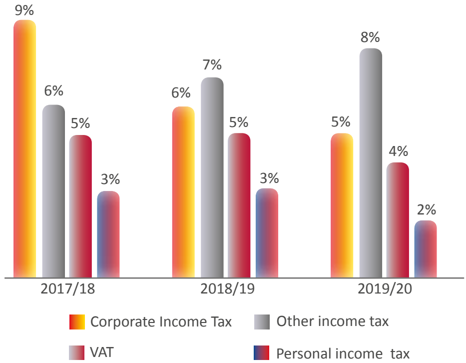
Figure 4: Telecommunications Industry Percentage Contribution to National Domestic Tax Revenue

Telecoms Industry Contribution to Total Tax Revenue



Source: Eswatini Revenue Authority and Eswatini Communications Commission

Contribution to National Tax Revenue by Tax Classification



Call Termination Market Review

Following the introduction of competition in the fixed and mobile voice market in 2017, the Commission continued to monitor growth and competition in the ICT sector. It was observed that despite positive developments related to competition in the market, there remain some pertinent elements of competition which continue to stifle effective competition. One such is the Call Termination Market.

The Commission, in the period under review, in terms of Section 23 of the Eswatini Electronic Communications Act, 2013 (ECA), undertook a market review of the Call Termination Market. The aim was to (a) define the relevant market, (b) determine whether there is effective competition (c) identify any licensees with significant market power (SMP) and ,if necessary, (d) impose appropriate regulatory obligations to remedy the market failure.

Findings from the study were that the Call Termination Market in Eswatini is not effectively competitive. The following reasons are applicable:

1. EPTC, Eswatini Mobile and MTN respectively were found to be dominant on their own networks;
2. MTN was found to hold SMP in the Call Termination Market, considering its significant market share of voice subscriptions and traffic minutes;
3. Eswatini Mobile and MTN, according to the study, did not have an existing Interconnection Agreement which facilitates the two operators to interconnect. Both operators had only transit agreement with EPTC respectively, to terminate their voice calls; and
4. Current Call Termination Rates were high, contributing to the high cost of communication. Benchmarked against other countries, current tariffs were found to be significantly higher compared to countries in the SADC region.

The Commission therefore imposed the following regulatory obligations in order to create a level playing field and promote competition in the Call Termination Market:

1. The Commission directed Eswatini Mobile and MTN Eswatini to Interconnect as per The Electronic Communications (Interconnection) Regulations, 2016;
2. Asymmetric Call Termination Rates, taking into account the current market share asymmetry in the market;

3. A three-year glide path reduction in Call Termination rates by Mobile and Fixed Networks; and
4. The Interconnection Agreements between the operators have been concluded and adopted in full as per the Commission's Decision. The proposed rates for the next three years will be effected as indicated in the following table:

Table 1: Call termination rates

	MTN to EPTC	EPTC to MTN	ESWM to EPTC	EPTC to ESWM	ESWM to MTN	MTN to ESWM
Current Rates	0.30	0.24	0.30	0.24	N/A	N/A
April 2020 to March 2021	0.24	0.19	0.24	0.19	0.20	0.25
April 2021 to March 2022	0.18	0.14	0.18	0.14	0.15	0.19
April 2022 to March 2023	0.12	0.10	0.12	0.10	0.10	0.13

Source: ESCCOM

Cost to communicate price reduction programme

The reduction of the cost to communicate, particularly data, in Eswatini has been and continues to be one of the Commission's key areas of focus. In the reporting period, the Commission, together with the incumbent Wholesale Operator EPTC, implemented the last phase of the three-year glide path of the Price Transformation Programme. Overall, wholesale prices for leased line and internet bandwidth were reduced by an average of 31%. Other operators at retail level reduced the unit cost of prices of their products and services, passing on the reduction in cost to end-consumers.

After the implementation of the Price Transformation Programme, current wholesale prices of selected services compared to 2016 prices (before the Price Transformation Programme) are as follows:

Table 2: Internet bandwidth prices in Emalangeni

Dedicated internet bandwidth	2016/17	Current prices (2019/20)	% price change
20.48 Mbps	254 577	52 847	(79)
81.92 Mbps	990 832	181 273	(82)
158.72 Mbps	1 853 194	344 472	(81)

Source: ESCCOM

Strategy and economic regulation continued

Table 3: Recommended national lease line prices in Emalangeni

National lease lines	2016/17	Obtaining prices (2019/20)	% price change
2.048 Mbps	16 070	4 874	(70)
10.24 Mbps	53 648	12 357	(77)
81.92 Mbps	125 030	57 328	(54)
STM-1	627 480	84 357	(67)

Source: ESCCOM

After the final implementation of the Price Reduction Program, the Commission seeks to cross-check current levels of prices against other countries in the SADC region and assess the impact of the program on the ICT Market in Eswatini. The Commission has undertaken a Pricing Benchmark Study that will be concluded in the next reporting period.

Findings and recommendations from the study will be used to establish a regulatory framework for the pricing of wholesale and retail electronic communications services in Eswatini, in the short- to medium-term.

ICT DATA COLLECTION PROJECT

Following the completion of the development of the National ICT Data Collection Framework, the Commission collected data from licensees to perform fact-based ICT overviews and monitor developments in the ICT Market.

In the period under review the Commission successfully participated in national and regional surveys, providing ICT market statistical data for the following surveys in FY 2019/20:

SURVEY	INSTITUTION
National Survey of Research and Experimental Development (R&D) Inputs Government Sector 2019	Ministry of Information Communication and Technology, Eswatini Economic Policy Analysis and Research Centre (ESEPARC) and the Royal Science and Technology Park (RSTP)
National Innovation Survey 2019	Ministry of Information Communication and Technology, Eswatini Economic Policy Analysis and Research Centre (ESEPARC) and the Royal Science and Technology Park (RSTP)
Eswatini Company Survey 2019	Central Bank of Eswatini (CBE) and Ministry of Economic Planning and Development (MEPD)
CRASA Broad Band Report 2019	Communication Regulators of Southern Africa (CRASA)
CRASA ICT Postal and Broadcasting Indicators 2019	Communication Regulators of Southern Africa (CRASA)
World Telecommunication/ICT Regulatory Survey 2019	International Telecommunications Union (ITU)
ITU Questionnaire on Tariff Policies 2019	International Telecommunications Union (ITU)
OTT Bypass International Call Traffic and Revenue Survey 2019	International Telecommunication Union (ITU)
AFRALTI Member States ICT Sector statistics	African Advanced Level Telecommunications Institute (AFRALTI)
IMF Article IV Consultations 2019	International Monetary Fund (IMF) and Ministry of Finance (MoF)

SADC roaming project

Southern African Development Community (SADC) Ministers, responsible for Information Communication and Technology, have always been concerned with the perceived high roaming charges in the region. The concern from the Ministers manifested in the SADC Roaming Project in 2012, which was to be implemented in a three-phased approach.

The first and second phases have been completed, comprised of the following:

(i) Liberalisation, Transparency, Information and Data Collection; and

(ii) Roam Like at Home (RLAH) - international retail rates plus a fixed mark-up.

The successful implementation of these two phases led to improved transparency and consumer awareness of retail roaming rates, and which gave subscribers more choice in terms of which network to roam with.

Phase three of the project involved the development of a SADC Roaming Cost Model, the aim of which was to provide insight on the costs incurred by Mobile Network Operators when their customers roam within the region. After development, the cost model was approved for implementation during the SADC Ministers meeting held in September 2019.

Subsequent to the SADC Roaming Project's Ministerial Decision of September 2019, all CRASA members were required to communicate with all licensed Mobile Network Operators in their jurisdictions, in the implementation of the SADC Roaming Cost Model.

Eswatini operators have not yet commenced with the implementation of this cost model. Both MNOs in the Kingdom interconnect with the two dominant operators in South Africa: ESM with Vodacom and MTN with MTN South Africa. These South African operators have not yet implemented the cost model for their own operations, so it follows therefore that their subsidiaries as well as their interconnecting partners will not be able to operationalise the cost model either. MTN South Africa is responsible for all negotiations on behalf of its subsidiaries. The operators also hold the view that using the model will result in their operations incurring losses.

The Kingdom of Eswatini is the only country in the region which is yet to liberalise its International Gateway.

Products and services

Products and services approved during the 2019/20 financial year

Despite not adjusting their standard data bundles during the 2019/20 Financial Year, MTN and Eswatini Mobile either introduced new products or amended existing products with the view of making data costs cheaper.

MTN introduced a E1.00 WhatsApp bundle and a Youth Proposition which provided the youth with a combination of data, voice, and access to different social media sites. Eswatini Mobile amended its No Frills Product by giving customers more data. ESM also introduced two additional Fixed Wireless packages with increased data volumes.

Over and above the introduction of new and amended products and services both operators motivated promotions which sought to excite customers by giving them more value for their money. Figure 5 depicts a breakdown of the overall percentage of the products and services approved during the 2019/20 Financial Year.

Figure 1: MNO's products and services approved for the 2019/20 financial year

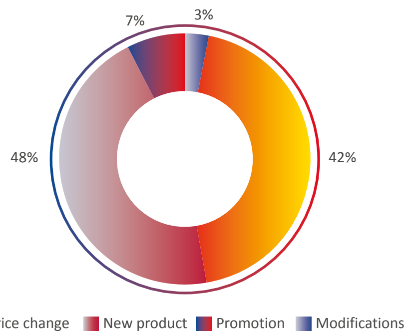


Table 1: Number of approved products and services for the 2019/20 financial year

Operator Name	Price change	New product	Promotion	Amendment
MTN	1	11	12	0
ESM	1	18	13	4
EPTC	0	2	0	8
Swazisat	0	3	0	0
Total	**2**	**34**	**25**	**12**

It is important to note the introduction of packages targeting the youth and roaming data bundles by the two Mobile Network Operators. The introduction of youth packages and roaming data bundles is aligned with the drive to reduce the cost of communication in the Kingdom of Eswatini. University students and school-going pupils will be able to do their assignments and communicate with their parents, and those travelling to neighbouring South Africa would be able to use data at reduced prices as there will be no concerns of high data roaming costs.

The Commission is also concerned with safe-guarding the interests of consumers and protecting them from excessive price increases. This obligation charges the Commission to ensure that consumers are protected from misinformation on products and services that are available in the market. In ensuring retail price transparency and minimising pricing and product information asymmetries, the Commission occasionally embarks on Test Buys to ascertain compliance.

For the period under review, two National Test Buy Audits were undertaken on both Mobile Network Operators. The first Audit comprised 42 Test Cases, 18 of which were for Eswatini Mobile, and 24 for MTN Eswatini. The focus of the Audit was on the validity aspect of the bundles being sold to customers as well as the notification of receipt and depletion of data bundles.

The second Audit comprised 25 Test Cases, 10 for ESM and 15 for MTN. The focus of this Audit was on the revised Out of Bundle rate, data bundles designed for social media platforms, and whether products adhere to the terms and conditions approved by the Commission.

Over and above the Test Buy Audits, the Commission published a catalogue of products and services on its website.

FUTURE OUTLOOK

The Review of the Strategy planned for the third quarter of the coming financial year will provide the Commission with an opportunity to incorporate ICT emerging issues into the scope of the Commission's current operations.

There will be an increased focus on engagement with all stakeholders on relevant and effective platforms like social media. ICT consumers will be continuously empowered with knowledge on their rights and quality of service standards. The Commission plans to actively pursue the automation of more platforms to enable consumers to lodge their complaints without prejudice.

CHALLENGES

Resourcing of the Unit has been a challenge. During the year under review the resignations of the Manager Consumer and Communications and the Communications Officer, left the unit highly under resourced. This negatively impacted the Annual Implementation Plan of the Unit.

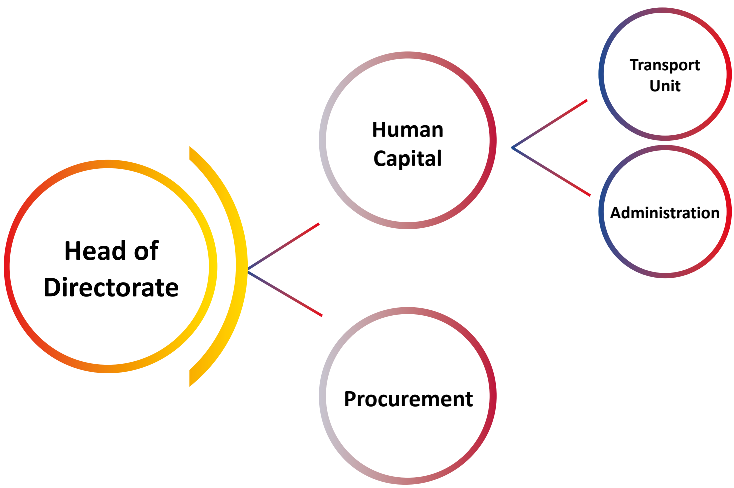
Support services

SECTION A – HUMAN CAPITAL AND ADMINISTRATION

Since 2013, the Support Services Directorate and the Organisation in its entirety, has undergone continuous transformation. While technology has played a significant role in how the workplace has changed, the expectations of employees have also shifted. Understanding and responding to the trends that are currently shaping the future of work, enables us to create the best possible environment for our workforce.

As part of this transformation, the Procurement Section was fully operationalised to ensure efficiency in the acquisition of goods and services, with emphasis on compliance with the requirements of the Public Procurement Processes.

The Directorate consists of the following team that strives to achieve the Commissions business objectives, through its people, fulfilling staffing needs, and maintaining employee satisfaction. We remind ourselves that ESCCOM exists for the people:



PERFORMANCE HIGHLIGHTS

The following activities were undertaken during the 2019/2020 financial year by the Human Capital Department, in line with ESCCOM's Strategic Plan and specific objectives and those of the Human Capital's key focus areas:

- Revision of all existing job profiles;
- Organisational wide re-grading exercise;
- Performance management;
- Professional development of employees; and
- Promoting employee wellness.

Recruitment

During the period under review, the following positions were filled:

- Administrative Assistant;
- Manager Consumer Affairs & Communications;
- Postal Services Specialist; and
- Communications Officer.

In FY 2019/20, ESCCOM had the pleasure of working with three (3) student interns. Each was matched to a directorate relevant to his/her field of study; one in Information Technology, and two within Spectrum Monitoring. This provided the interns with a broad view of a working environment and aided them in realistically assessing their future career decisions. Every employee involved in each programme strived to ensure that all students had an engaging and rewarding experience.

Staff Turnover

In the reporting period, the Commission received two (2) resignations, one from the Manager of Consumer Affairs, the other from the Communications Officer. This has resulted in a 5.8% staff turnover for the period. The table below indicates the Commission's staff turnover for the past four years:

Description	FY19-20	FY18-19	FY17-18	FY16-17
Executive Management	7	7	6	4
Management	8	8	8	2
Professional Staff	14	14	7	1
Support Staff	6	5	5	4
Total Number of Employees	**35**	**34**	**26**	**11**

Performance management

In the reporting period, the Commission's overall performance management score was 80.2%.

To achieve a sustainable performance culture, ESCCOM employees need to understand what is expected of them, inclusive of the desired standards of delivery, behaviour and conduct. The essential ingredients that must be applied to succeed in an environment where people can do their best work and speak up are: trust; accountability; and collaboration. Strong and open relationships are thus considered key, which is why regular conversations between manager and employee are at the heart of the Commission's approach to managing and developing performance. As we evolve, so too does our approach to performance, and which we continue to emphasise across the organisation.

Staff welfare

With the Commission's on-going efforts to ensure positive morale and increased employee motivation, the following teambuilding and wellness initiatives were conducted in the FY2019-20:

Teambuilding activities

- A **'spring day'** was celebrated, providing employees with a platform to socially interact and which in turn promoted improved communication and positive energy in the working environment.

- A Culture Day was introduced with the theme being **"Eswatini Traditional Regalia"**, the purpose of which was to enhance employee's understanding and importance of embracing culture.

Wellness activities

- A presentation was given on the **Sexual Offences and Domestic Violence (SODV) Act** and its relationship to the work environment.
- In compliance with **COVID-19** guidelines as provided by the World Health Organisation (WHO) and the Ministry of Health, the Commission educated staff on the importance of adhering to the stipulated safety measures, and further made provision for hand sanitisers, masks and gloves. A business continuity committee was established to assess the risks posed by the COVID-19 pandemic on the Commission's business and its operations. Guidelines on the work-from-home arrangement were endorsed by EXCO and communicated and publicised to staff.

Job evaluation

The Commission embarked on a project to undertake a job evaluation exercise and review salary structures. Through the project, we seek to establish a logical hierarchy of jobs to which a fair and equitable pay structure will be attached. KPMG Advisory Swaziland was appointed to carry-out the exercise, which has been partially completed. A final report has been endorsed by EXCO, but the presentation to staff was deferred due to the prevailing COVID-19 lockdown.

Human Resources development

ESCCOM provides a variety of training and development opportunities aimed at building employee capacity to deliver services, meet strategic needs, and align with the Commission's values, strategic plan, and overall mission. During the FY 2019/20, the following capacity building initiatives were activated:

a. Training & Conferences

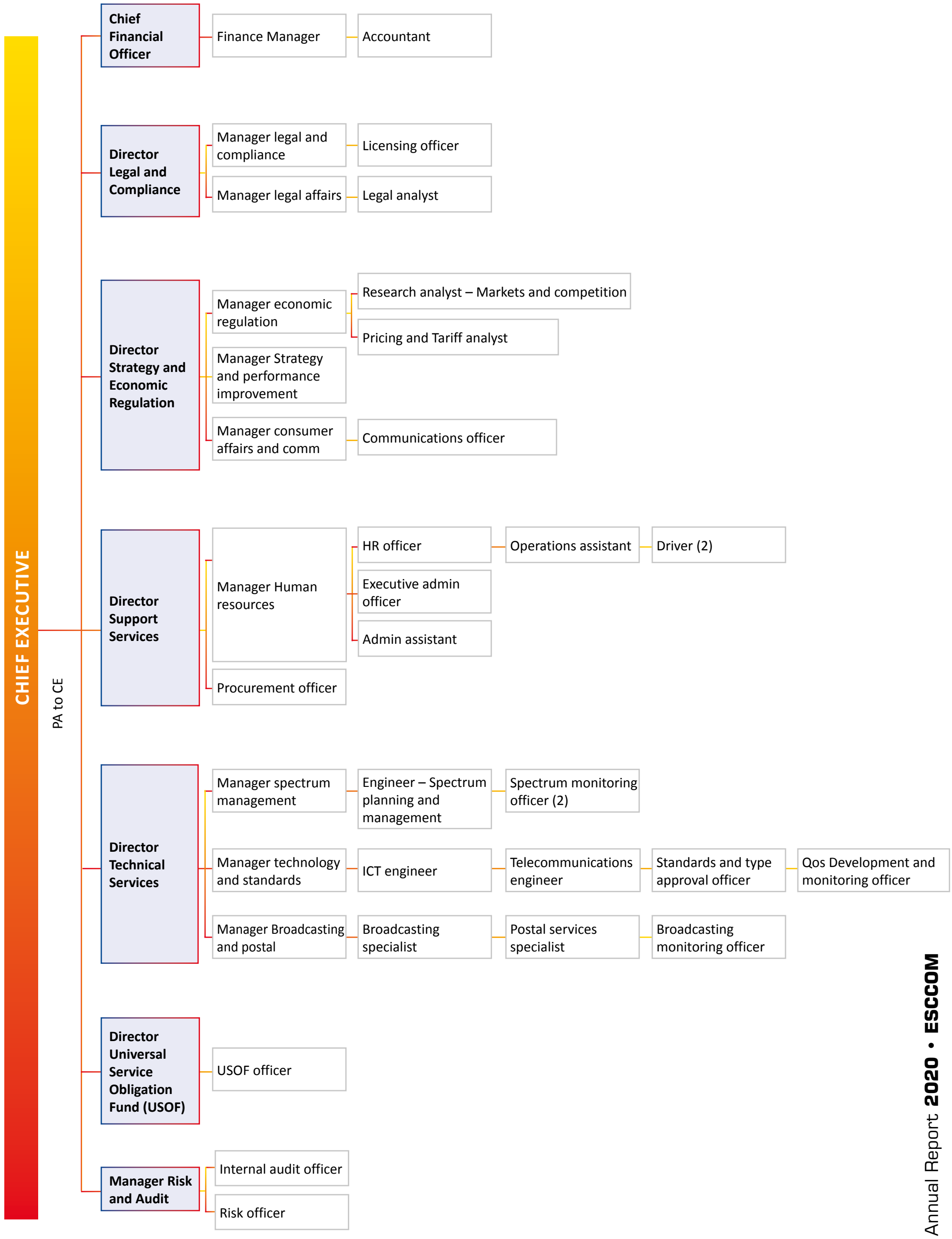
- Advanced Financial Analysis Training
- Training and Factory Acceptance Tests of Supply, Installation and Commissioning of the Quality of Service (QoS) System
- Broadcasting and Media Policy – Regulatory Trends Training
- Practical Workshop on Discipline Handling for Regulators
- Public Procurement & Asset Disposal Processes, Preparing and Managing Contracts Seminar
- Advanced Budgeting and Cost Management Seminar
- ASMS Training and Customer Forum
- Managing and Leading People
- Mini MBA in Telecommunications
- 2nd Annual Employment and Industrial Relations Conference 2019
- 63rd IPM Annual Convention
- Leading Digital Economy Programme
- 28th Corporate African Governance Conference
- AFRALTI Human Resources Workshop
- Highly Productive Office Administrator Seminar
- CHFM Chartered Financial Manager Masterclass
- SADC Capacity Building Workshop on ITU Satellite
- Postal & Courier Policy Regulation & Licensing
- International Financial Reporting Standards (IFRS) and Updates
- Spectrum Management
- Tender Evaluation Committees and Entity Tender Boards Training.

b. Meetings

The Commission participated in industry events across three regions:

- **Regional:** The Southern African Development Community (SADC) and Communication Regulator for Southern Africa (CRASA).
- **Continental:** African Telecommunications Union (ATU), Pan African Postal Union (PAPU) and African Advanced Level Telecommunications Institute (AFRALTI).
- **International:** International Telecom-munications Union (ITU), Universal Postal Union (UPU), and Commonwealth Telecommunications Organisation (CTO).

ESCCOM INSTITUTIONAL ORGANOGRAM

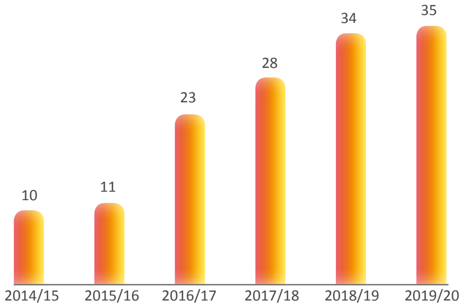


Support services continued

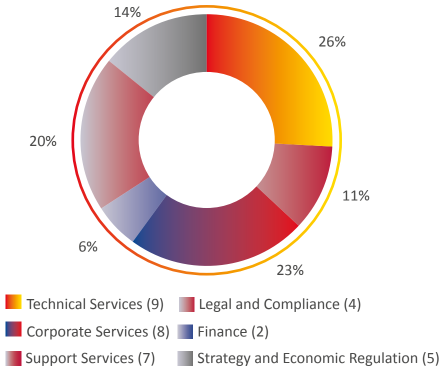
ORGANISATIONAL STATISTICS

Staff complement over the past six (6) years

Total number of employees

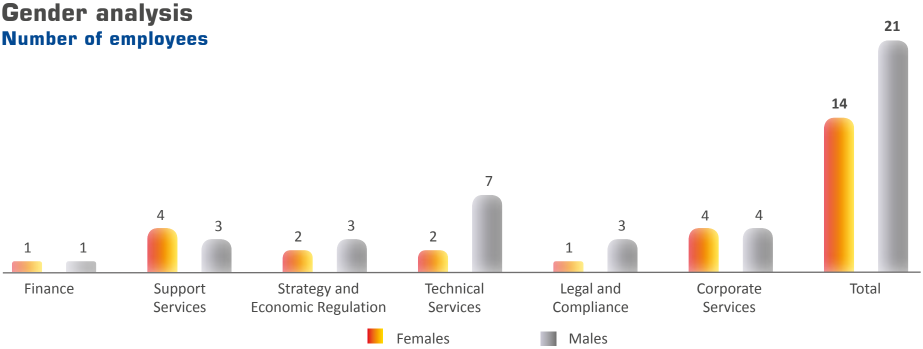


Directorates' headcount

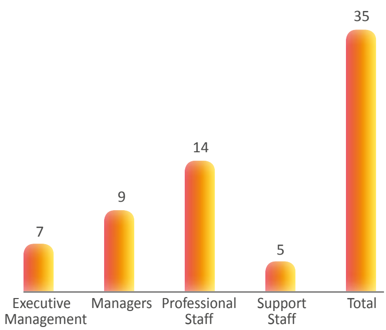


Gender analysis

Number of employees



Staff Distribution



Age Analysis

Directorate	50 – 60 years Near retirement	30 – 49 years (Career top)	20 – 29 years (Career development)
Corporate Services	2	6	0
Strategy and Economic Regulation	0	4	1
Support Services	1	5	1
Finance	0	2	0
Technical Services	1	8	0
Legal and Compliance	0	4	0
Total	**4**	**29**	**2**

The organisational graphics on page 56, indicate that the Commission has grown significantly from inception to date. The staff complement in FY 2014/15 was ten (10) as compared to the thirty-five (35) in FY 2019/20. In terms of gender split, the Commission has 14 female employees and 21 male employees. A cause for concern is the age analysis, which shows a larger representation in the 30 – 49 age demographic. To ensure business continuity and succession planning, the need is to ensure representation of the 20 – 29 age group. This age group is at the career development stage, they are eager to learn, build their experience, and apply their skills in the workforce.

FUTURE PLANS

The Human Capital department relentlessly looks for ways to improve efficiency and accuracy, including reducing paperwork, streamlining employee data, and managing benefits. As part of the improvement initiatives, the Commission will be migrating to PaySpace Africa Payroll & HR Software, which will provide a 100% cloud-based Payroll and Human Capital Management System with built-in, up-to-date, country-specific legislation and compliance.

The System comes with an Employee Self-Service Platform that will allow employees to access and update personal data, as well as access a wide array of helpful tools and resources. This technology is viewed as an excellent way to reduce routine administration and allows employees to find quick information regarding their personal HR information.

The Human Capital Department will also conduct a Job Satisfaction Survey to enhance organisational sustainability, and thereby become an employer of choice. ESCCOM aims to create an environment that develops and retains talent as well as foster a productive work environment for employees.

The Human Capital department will also conduct a skills audit and identification of human resources requirements, not just for ESCCOM but for the entire ICT sector in the Kingdom of Eswatini. The basic intent behind this initiative is to identify existing skills, skills and knowledge that will be needed in the future, detect skill deficiencies, improve skill levels, and prevent critical skill losses.

SECTION B – PROCUREMENT

POLICIES & PROCEDURES

To provide direction on the procurement of goods and services for the Commission, the following Policies and Procedures were developed and endorsed by the Board of Directors:

- Procurement Terms and Conditions;
- Procurement and Tender Manual; and
- Inventory Management Procedures.

ESPPRA ENGAGEMENT

The ESPPRA undertook an audit review, where significant audit findings were concluded with an unqualified procurement report.

The Commission was one of the entities engaged by the Agency to make valuable contributions towards the development of the Eswatini e-Government Procurement Strategy. The objective of this initiative is to create a harmonious and efficient system to ensure a faster and less tedious procurement process for the respective procurement stakeholders. This also included business process re-engineering and the development of a central government supplier database.

UNIVERSAL ACCESS & SERVICE TENDER DEVIATION

The Electronic Communications Act (ECA), 2013 defines universal services as the minimum set of specified quality which is available to all users regardless of their geographical location and in the light of specific national conditions, at an affordable price. Universal Access is defined as the extent of public access to electronic communications at affordable prices.

Section 31(2) provides that the Commission may designate different licencees or sets of licencees to provide different elements of universal service or to cover different regions of the country, and that in designating a licencee under subsections (2), the Commission shall adopt an efficient, objective, transparent, and non-discriminatory designation procedure whereby no licencee is excluded from being designated beforehand.

However, when it comes to procurement of service providers for the provision of universal service and access projects under the USOF, the Commission faces the difficulty of having to apply for deviation from the normal tendering system, to treat every tender as a limited tender because only licencees are eligible to receive funds from the Fund and be awarded tenders for the rollout of USOF projects.

The requested deviation for USOF Tenders was approved by the Agency in the reporting period.

VALUE FOR MONEY

Another key responsibility and focus of the procurement section, is the value-for-money in the acquisition of all goods and services. The Commission continually strives for quality at the best value negotiated through engagement with various stakeholders. As a public entity, ESCCOM endeavours to obtain three quotations or more to ensure sufficient competition among its suppliers. In instances where it is not possible to use competitive sourcing, the alternative is to obtain budget quotations to test the market and competition.

TENDERS

In the reporting period, a total of fourteen (14) tenders were issued and awarded. Of those, eleven (11) were awarded and delivered, and three (3) were considered failed given a lack of response from the market.

DEVELOPING PROCUREMENT CAPABILITIES

To ensure compliance with the dictates of the Public Procurement Procedures, the Commission conducted the following capacity building initiatives:

- Workshop on internal procurement procedures and processes;
- Annual Procurement Indaba for the Tender Board and Evaluation Committees; and
- Evaluation Committee Training to explore the various evaluation processes, evaluation criteria, tender adjudication, legislation and other best practices in the procurement process.

FUTURE PLANS

The Procurement Office aims to continuously explore improvement strategies to ensure efficiency in the delivery of required goods and services. As a result, the Commission will be migrating to a new Enterprise Resource Planning (ERP) system that will introduce automation of the entire procurement process.

Annual financial statements

For the year ended 31 March 2020

CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the Board of Directors:

Directors' responsibilities and approval

The Directors are required in terms of the Eswatini Communications Act 10 of 2013 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 Commission 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 judgments and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Commission 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 Commission and all employees are required to maintain the highest ethical standards in ensuring the Commission's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Commission is on identifying, assessing, managing and monitoring all known forms of risk across the Commission. While operating risk cannot be fully eliminated, the Commission 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 Commission's cash flow forecast for the year to 31 March 2021 and, in the light of this review and the current financial position, they are satisfied that the Commission has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Commission's annual financial statements. The annual financial statements have been examined by the Commission's external auditors and their report is presented on pages 61 to 62.

The annual financial statements set out on pages 63 to 85, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 September 2020 and were signed on its behalf by:

Themba Khumalo
Chairperson

Mvilawemphi Dlamini
Chief Executive

Report of the independent auditors

TO THE DIRECTORS OF ESWATINI COMMUNICATIONS COMMISSION

OPINION

We have audited the annual financial statements of Eswatini Communications Commission, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 64 to 85.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Swaziland Communications Commission as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Swaziland Communications Commission Act No.10 of 2013.

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 Auditors Responsibilities for the Audit of the financial Statement section of our report.

We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B) and in accordance with the ethical requirements applicable to performing audits in Swaziland. We have fulfilled our other ethical responsibilities in accordance with the International Ethics Standards for Accountants Code of Ethics for Professional Accountants (Part A and B) and in accordance with the ethical requirements applicable to performing audits in Swaziland.

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

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Swaziland Communications Commission Act No.10 of 2013. The other information does not include the 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 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, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Commission's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Swaziland Communications Commission Act No.10 of 2013, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the annual financial statements, the directors are responsible for assessing the Commission'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 management and the directors either intend to liquidate the Commission or to cease operations, or have no realistic alternative but to do so.

Report of the independent auditors continued

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of the Commission'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 Commission's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Kobla Quashie and Associates
Chartered Accountants (Eswatini)
Manzini

30 September 2020

Per: Daniel Bediako

Directors' report

The Directors submit their report for the year ended 31 March 2020.

REVIEW OF ACTIVITIES

Main business and operations

The Eswatini Communication Commission (ESCCOM) is an independent regulatory body established by an Act of Parliament (Eswatini Communications Commission Act 10 of 2013) as part of Government's reform strategy for communications. The Commission is engaged in the business to regulate and supervise functions of all electronic communications, postal, radio and television broadcasting services and operates principally in Eswatini. It is charged with the responsibility for policy, regulation, oversight, professional development and information management and dissemination in the field of electronic communications.

The operating results and state of affairs of the Commission are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

GOING CONCERN

The ability of the Commission to continue as a going concern depends on the long term sustainability of such results and further improvements.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any matt er or circumstance arising since the end of the financial year period that could impact the amounts presented in the financial statements, and

a) have been fully taken into account insofar as they have a bearing on the amounts attributable assets and/or liabilities at the date;
b) apart from changes in the ordinary course of business, have not made the present financial position substantially different from that shown by the statement of financial position;
c) have not required adjustments to the fair value measurements and disclosures included in the financial statement.

BOARD OF DIRECTORS

The Directors of the Commission during the year and to date of this report are as follows:

Mr. Themba Khumalo – Chairman – Appointed May 2019
Mr. Sipho J. Shongwe – Resigned May 2019
Mr. Polycarp Dlamini – Vice chairperson
Mr. December Mavimbela – Member – resigned October 2019
Mrs. Zodwa Ginindza – Member – resigned October 2019
Mr. Bheki Ndzinisa – Member
Mrs. Bongiwe Dlamini – Member
Mr. John Mathwasa – Member – appointed March 2020
Mr. Mlungisi Dlamini – Member – appointed March 2020
Mr. Mvilawemphi Dlamini – CE

SECRETARY

The Secretary of the Commission is Mr Ozzie Thakatha.

AUDITORS

Kobla Quashie and Associates
Chartered Accountants (Eswatini) Manzini.

Statement of financial position

For the year ended 31 March 2020

Figures in Emalangeni	Note(s)	2020	2019
ASSETS			
Non-current Assets			
Property, plant and equipment	2	**80 986 157**	57 105 299
Investments	3	**40 000 000**	40 000 000
		120 986 157	97 105 299
Current assets			
Accounts receivable	4	**113 508 443**	133 097 656
Financial assets	5	**88 015 748**	82 907 784
Cash and cash equivalents	6	**84 457 650**	473 785
		285 981 841	216 479 225
Total assets		**406 967 998**	313 584 524
RESERVES AND FUND BALANCES			
Reserves			
Accumulated reserves		**56 560 233**	45 344 919
Fund balances			
Designated funds	7	**285 921 659**	228 495 142
Capital grant	8	**60 812**	76 015
		285 982 471	228 571 157
Current liabilities			
Accounts payable	9	**61 506 825**	37 384 277
Provisions	10	**2 918 469**	2 284 171
		64 425 294	39 668 448
Total liabilities		**350 407 765**	268 239 605
Total equity and liabilities		**406 967 998**	313 584 524

Statement of comprehensive income

For the year ended 31 March 2020

Figures in Emalangeni	Note(s)	2020	2019
Income		**81 004 122**	62 827 558
Other income		**11 809 822**	8 785 862
Operating expenses		**(81 004 122)**	(62 842 759)
Operating surplus	11	**11 794 620**	8 770 661
Surplus for the period		**11 794 620**	8 770 661
Other comprehensive income		**–**	–
Total comprehensive income		**11 794 620**	8 770 661
Surplus for the period		**11 794 620**	8 770 661

Statement of changes in funds

For the year ended 31 March 2020

Figures in Emalangeni	**Accumulated reserves**	**Total reserves**
Balance at 01 April 2018	36 574 258	36 574 258
Changes in equity		
Total comprehensive income for the year	8 770 661	8 770 661
Total changes	8 770 661	8 770 661
Balance at 01 April 2019	45 344 919	45 344 919
Changes in equity		
Total comprehensive income for the year	**11 794 620**	**11 794 620**
Prior year adjustment	**(579 306)**	**(579 306)**
Total changes	**11 215 314**	**11 215 314**
Balance at 31 March 2020	**56 560 233**	**56 560 233**

Statement of cash flows

For the year ended 31 March 2020

Figures in Emalangeni	Note(s)	2020	2019
Cash flows from operating activities			
Cash generated from operations	12	**119 198 881**	34 263 437
Cash flows from investing activities			
Purchase of property, plant and equipment	2	**(30 095 265)**	(11 609 262)
Sale of property, plant and equipment	2	**3 416**	
Purchase of financial assets			(20 000 000)
Investment in financial assets		**(5 107 964)**	
Sale of financial assets			26 205 465
Net cash from investing activities		**(35 199 813)**	(5 403 797)
Cash flows from financing activities			
Movement in universal service obligation funds			(32 342 406)
Movement in capital grant		**(15 203)**	(15 202)
Net cash from financing activities		**(15 203)**	(32 357 608)
Total cash movement for the year		**83 983 865**	(3 497 968)
Cash at the beginning of the year		**473 785**	3 971 753
Total cash at end of the year	6	**84 457 650**	473 785

Summary of significant accounting policies

For the year ended 31 March 2020

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

Eswatini Communications Commission (ESCCOM) is a Government parastatal established in terms of the Eswatini Communications Act 10 of 2013. It is a corporate body with perpetual succession capable of suing and being sued, subject to the provisions of the Act

The addresses of the office and principal place of business are disclosed in the introduction of the annual report on page 2.

Statement of compliance

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

The following are the principal accounting policies adopted in the preparation of these financial statements as set out below.

1.1 Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in Emalangeni, which is the entity's functional currency. All financial information presented in the Emalangeni have been rounded to the nearest figure.

d) Use of estimates and judgments

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 judgments include:

Receivables

The Commission assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in the income statement, the Commission makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

1.2 Changes in accounting policies and disclosures

Amendments mandatory effective for the year ended 31 March 2020

During the year, the Commission has been in the process of adopting the following standards and interpretations:

- Prepayment Features with Negative Compensation – Amendment to IFRS 9
- Amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangement: Annual Improvement to IFRS 2015 – 2017 cycle
- Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 – 2017 cycle
- Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 – 2017 cycle
- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 16 Leases
- Long term interests in Associates and Joint Ventures – Amendments to IAS 28
- Plan Amendments, Curtailment or Settlement – Amendment to IAS 19

Prepayment Features with Negative Compensation – Amendment to IFRS 9

This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. This amendment has no impact on the Commission's financial statements.

Amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangement: Annual Improvement to IFRS 2015 – 2017 cycle

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is in joint control, the entity does not measure the previously held interests in that business. The amendments have no impact on the Commission's financial statements.

Amendments to IAS 12 Income taxes: Annual Improvements to IFRS 2015 – 2017 cycle

These amendments clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits. The amendments have no impact on the Commission's financial statements.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.2 Changes in accounting policies and disclosures continued

Amendments to IAS 23 Borrowing Costs: Annual improvements to IFRS 2015 – 2017 cycle

These amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any nonqualifying assets – are included in that general pool. As the costs of retrospective application might outweigh the benefits, the changes are applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

The amendments have no impact on the Commission's financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies that the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgements made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

The interpretation has no impact on the Commission's financial statements.

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.

The Commission enters into operating leases of relatively short duration (2 years and less) and with the overall lease expenditure not amounting to more than 5% of the operating expenditure. Furthermore, the Commission does not intend to extend the lease agreement as the directors anticipate it's the Commission's office building will be completed within the lease period. Operating lease expenditure will have a similar accounting treatment as other operating expenses and no right of use asset will be recognised.

Long term Interests in Associates and Joint Ventures – Amendments to IAS 28

The amendment clarifies that an entity applies IFRS 9 Financial Investments to long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments have no impact on the Commission's financial statements.

Plan Amendment, Curtailment or Settlement   Amendments to IAS 19

If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The amendments have no impact on the Commission's financial statements.

Amendments not mandatory effective for the year ended 31 March 2020

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after on or after 1 January 2020, and have not been applied in preparing the financial statements. Those which may be relevant to the Commission are set out below. The Commission does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Benchmark Reform
- Amendments to IFRS 3 Definition of a business
- Amendments to IAS 1 and IAS 8 Definition of material
- IFRS 17 Insurance Contracts

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS standards. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised conceptual framework. Some pronouncements are only updated to indicate which version of the framework they are referring to or indicate that definitions in the standards have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments are effective for annual periods beginning on or after 1 January 2020.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.2 Changes in accounting policies and disclosures continued

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Benchmark Reform

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

The amendments are not expected to impact significantly the Commission's financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2020.

Amendments to IFRS 3 – Definition of a business

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They redefine the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are not expected to impact significantly the Commission's financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 – Definition of material

The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments are not expected to impact significantly the Commission's financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2020.

IFRS 17 Insurance Contracts

IFRS 17 applies to all types of insurance contracts (i.e. life, non life, direct insurance and re insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

The standard has no impact on the Commission's financial statements.

The standard is effective for annual periods beginning on or after 1 January 2021.

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 Commission; and
– the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

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

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

Item	Average useful life
Leasehold improvements	10 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	10 years
IT equipment and software	3 years
Spectrum monitoring equipment	15 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.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from de-recognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from de-recognition 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.

Summary of significant accounting policies continued

For the year ended 31 March 2020

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.4 Financial instruments

Classification

The Commission classifies financial assets and financial liabilities into the following categories:

– Loans and receivables

– Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Commission has transferred substantially all risks and rewards of ownership.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.5 Tax

The Commission is exempt from income tax according to the Section 12(1) (a) (iii) read together with Section 2 of the Income Tax Order 1975, as amended.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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 rents are expensed in the period they are incurred.

1.7 Impairment of assets

The Commission 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 Commission estimates the recoverable amount of the asset.

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.

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

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.

Summary of significant accounting policies continued

For the year ended 31 March 2020

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.8 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.

1.9 Employee benefits

Short-term employee benefits

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

Terminal benefits

Termination benefits are repayable whenever an employees' employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Commission recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility or withdrawal or to provide termination benefits as a result of offer made to encourage voluntary redundancy. Benefits falling due more than 12 months are discounted to present values.

Statutory obligations

The Commission contributes to a statutory fund, Eswatini National Provident Fund (ENPF) in accordance with the Eswatini National Provident Fund Order of 1974.

Pension obligation

The Commission operates a provident fund for all its employees. This fund is a defined contribution plan. A defined contribution plan is a pension plan under which the Commission pays fixed contributions into a separate entity. The Commission has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

1.10 Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to ESCCOM and the amounts of revenue can be reliably measured.

License fees

License fee income consist of annual mobile license fees, spectrum fees type approval and renewals which is recognised in the period in which it relates.

Interest income

Interest is recognised, in the income statement using the effective interest rate method. When a receivable is impaired, ESCCOM reduces the carrying amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

1.11 Government grant

Grants from government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Commission will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the cost they intended to compensate. Government grants relating to purchase of property, plant and equipment are included in non current liabilities and credited in the income statement proportion to which depreciation to those assets is charged.

1.12 Related parties

The major related party to the Commission apart from its Directors is the Government of Eswatini which exercises a significant influence over its financial and operating decisions.

Notes to the annual financial statements

For the year ended 31 March 2020

2. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Land	**34 542 370**	**–**	**34 542 370**	6 158 178		6 158 178
Plant and machinery	**9 214 456**	**(997 758)**	**8 216 698**	9 214 456		9 214 456
Furniture and fixtures	**1 203 767**	**(490 507)**	**713 260**	1 198 446	(380 321)	818 125
Motor vehicles	**7 059 444**	**(4 272 209)**	**2 787 235**	6 395 306	(3 033 404)	3 361 902
Office equipment	**999 315**	**(270 596)**	**728 719**	864 645	(183 699)	680 946
IT equipment and software	**3 830 451**	**(2 531 245)**	**I 299 206**	2 959 214	(2 001 154)	958 060
Spectrum monitoring equipment	**44 377 787**	**(12 319 526)**	**32 058 261**	44 377 787	(9 213 081)	35 164 706
Leasehold improvements	**1 119 863**	**(479 455)**	**640 408**	1 119 863	(370 937)	748 926
Total	**102 347 453**	**(21 361 296)**	**80 986 157**	72 287 895	(15 182 596)	57 105 299

Reconciliation of property, plant and equipment – 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Land	**6 158 178**	**28 384 192**			**34 542 370**
Quality of service	**9 214 456**			**(997 758)**	**8 216 698**
Furniture and fixtures	**818 125**	**5 321**		**(110 186)**	**713 260**
Motor vehicles	**3 361 902**	**664 138**		**(1 238 805)**	**2 787 235**
Office equipment	**680 946**	**134 670**		**(86 897)**	**728 719**
IT equipment and software	**958 060**	**906 944**	**(2 928)**	**(562 870)**	**1 299 206**
Spectrum monitoring equipment	**35 164 706**			**(3 106 445)**	**32 058 261**
Leasehold improvements	**748 926**			**(108 518)**	**640 408**
	57 105 299	**30 095 265**	**(2 928)**	**(6 211 479)**	**80 986 157**

Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Depreciation	Total
Land	4 824 971	1 333 207		6 158 178
Quality of service		9 214 456		9 214 456
Furniture and fixtures	818 934	102 410	(103 219)	818 125
Motor vehicles	4 600 707		(1 238 805)	3 361 902
Office equipment	688 451	74 750	(82 255)	680 946
IT equipment and software	1 293 805	410 886	(746 631)	958 060
Spectrum monitoring equipment	37 913 120	342 155	(3 090 569)	35 164 706
Leasehold improvements	722 763	131 398	(105 235)	748 926
	50 862 751	11 609 262	(5 366 714)	57 105 299

Land is situated on Lot 10 of the Offices Township, District of Hhohho, Eswatini and measures 3 921 square meters.

Figures in Emalangeni	2020	2019

3. INVESTMENTS

	2020	2019
Held to maturity		
Swaziland Government Bond	**40 000 000**	20 000 000
Non-current assets		
Held to maturity	**40 000 000**	20 000 000

Investments relate to two Government Treasury Bonds purchased by the Commission.

- Bond SG026 of E20 000 000 earns interest of 9% per annum with a maturity date of Feb 2023, and
- Bond SG84 of E20 000 000 earns interest of 9.85% per annum with a maturity date of August 2026.

4. ACCOUNTS RECEIVABLE

	2020	2019
Trade receivables	**109 474 846**	128 355 656
Other prepayments	**206 638**	
Ministry of ICT – Set top boxes prepayment	**3 733 271**	4 561 904
Rental deposit	**79 101**	79 101
Fuel deposit	**14 587**	44 573
Universal Service Obligation Fund		56 422
	113 508 443	133 097 656

Notes to the annual financial statements continued

For the year ended 31 March 2020

Figures in Emalangeni	2020	2019
5. FINANCIAL ASSETS		
Stanlib Eswatini – Money Market Fund	**45 250 385**	49 615 864
African Alliance Eswatini – Lilangeni Fund	**42 765 363**	33 291 920
	88 015 748	82 907 784
6. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Bank balances	**84 457 650**	473 785
Bank balances		
Nedbank (Swaziland) Limited – Current account	**46 268**	174 139
Nedbank (Swaziland) Limited – Call account	**83 880 081**	87 496
Standard Bank (Swaziland) Limited – Current Account	**511 604**	102 135
Standard Bank (Swaziland) Limited – Call Account	**19 697**	110 015
	84 457 650	473 785

Figures in Emalangeni	Opening balance	Received during the year	Utilised during the year	Closing balance
7. DESIGNATED FUNDS				
Reconciliation – 2020				
Details				
Licensing fees	**228 495 142**	**138 430 639**	**(81 004 122)**	**285 921 659**
Reconciliation – 2019				
Details				
Licensing fees	162 462 836	128 859 864	(62 827 558)	228 495 142

The designated funds represent government grants and license fees earmarked for future projects of the Commission.

Figures in Emalangeni	2020	2019
8. CAPITAL GRANT		
Opening balance	**76 015**	91 218
Realised in the income statement	**(15 203)**	(15 203)
	60 812	76 015

Capital grant received represent a grant in a form of depreciable fixed assets which were bought by government to help set up the Commission. The grant is recognised in the income statement on a straight-line basis over the useful life of the assets.

Figures in Emalangeni	2020	2019
9. ACCOUNTS PAYABLE		
Accrued expenses	**34 160 314**	21 052 751
VAT payable	**27 346 511**	16 331 526
	61 506 825	37 384 277

Figures in Emalangeni	Opening balance	Additions	Utilised during the year	Total
10. PROVISIONS				
Reconciliation of provisions – 2020				
Bonuses and 13th cheque	**1 823 209**	**3 558 651**	**(3 075 943)**	**2 305 917**
Leave days	**460 962**	**1 245 955**	**(I 094 365)**	**612 552**
	2 284 171	**4 804 606**	**(4 170 308)**	**2 918 469**

Reconciliation of provisions – 2019

Figures in Emalangeni	Opening balance	Additions	Utilised during the year	Total
Bonuses and 13th cheque	2 178 411	2 884 342	(3 239 544)	1 823 209
Leave days	342 534	992 114	(873 686)	460 962
	2 520 945	3 876 456	(4 113 230)	2 284 171

The provisions for leave pay and bonuses have been raised in terms of the following International Accounting Standards: IAS 19 – Employee Benefits.

Leave pay provision
The leave pay provision relates to the vested leave pay to which employees are entitled to. The provision arises as employees render services that increase their entitlement to future compensated leave. The provision is also utilised when employees, who are entitled to leave pay, leave the employment of the Commission.

Bonus provision
The bonus provision consists of a performance based bonus, which is determined by reference to the overall performance with regard to a set of pre determined key performance measures. Bonuses are payable annually after the Commission's annual results have been approved. Payment of bonus has to be approved by the Board of Directors.

Notes to the annual financial statements continued

For the year ended 31 March 2020

11. OPERATING SURPLUS

Operating surplus for the period amounting to E11 794 621 is stated after accounting for the following:

Figures in Emalangeni	2020	2019
Operating lease charges		
Premises		
Contractual amounts	**1 120 881**	1 019 443
Profit on sole of property, plant and equipment	**488**	–
Depreciation on properly, plant and equipment	**6 211 479**	5 366 714
Employee costs	**28 191 156**	22 713 073
Auditor's remuneration	**120 000**	100 000

Figures in Emalangeni	2020	2019
12. CASH GENERATED FROM OPERATIONS		
Surplus for the period	**11 794 620**	8 770 661
Adjustments for:		
Depreciation and amortisation	**6 211 479**	5 366 714
Profit on sale of assets	**(488)**	–
Movements in provisions	**634 298**	(236 774)
Prior year adjustments	**(579 306)**	–
Changes in working capital:		
Accounts receivable	**19 589 213**	(73 263 314)
Accounts payable	**24 122 548**	27 593 844
Designated funds	**57 426 517**	66 032 306
	119 198 881	34 263 437

13. RELATED PARTIES

Relationships

Parastatal organisation	Government of Swaziland Themba Khumalo
Members of key management	Polycarp Dlamini Bheki Ndzinisa Bongiwe Dlamini John Mathwasa Mlungisi Dlamini

Figures in Emalangeni	2020	2019
Related-party transactions		
Board expenses		
Retainer fees	**83 035**	54 420
Sitting allowances	**176 379**	176 379
Communication allowances	**102 080**	139 520
Appeals board allowances	**18 500**	–

14. CAPITAL COMMITMENTS

The commitments represent expenditure contracted for at balance date but not yet incurred.

1. Pygma Consulting – Telecommunications Pricing Benchmarking Study

The Commission awarded a contract for Telecommunications Pricing Benchmarking Study to Pygma Consulting on 9 March 2020 valued **E1 902 905**. At year end, only 40% **(E761 162)** of the work had been completed with the rest carried forward to the next financial year.

15. RISK MANAGEMENT

Capital risk management

The Commission's objectives when managing capital are to safeguard the Commission's ability to continue as a going concern in order to provide returns for Commission and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are no externally imposed capital requirements.

Liquidity risk

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

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Commission only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified where necessary, to afford a proper presentation.

Detailed statement of financial performance

Figures in Emalangeni	2020	2019
Income		
Licence fees	**81 004 122**	62 827 558
Other Income		
Government grant	**15 203**	15 203
Interest received	**11 794 131**	8 770 659
Gains on disposal of assets	**488**	–
	11 809 822	8 785 862
Operating expenses		
Advertising	**2 006 331**	2 320 211
Auditors' remuneration	**120 000**	100 000
Bank charges	**146 388**	122 745
Board expenses	**1 166 406**	979 455
Cleaning expenses	**81 550**	21 983
Computer expenses	**14 915**	30 824
Depreciation	**6 211 479**	5 366 714
National support	**228 500**	–
Corporate social responsibility	**425 509**	577 286
EBIS migration project funding	**–**	1 900 000
Employee costs	**28 191 156**	22 713 073
Insurance	**973 598**	871 224
Motor vehicle expenses	**622 893**	504 661
Office expenses	**257 213**	184 339
Printing and stationery	**203 680**	222 939
Professional fees	**1 662 330**	2 802 924
Rates	**75 578**	38 298
Rent	**1 120 881**	1 019 443
Repairs and maintenance	**1 147 459**	986 228
Staff welfare	**291 439**	284 559
Strategic plan expenses	**–**	144 026
Subscriptions	**4 049 686**	3 082 495
Telephone and fax	**1 668 775**	1 456 978
Travel, conferences and workshops	**9 734 769**	9 130 863
Uniforms and protective clothing	**374 242**	27 960
Universal Service Obligation Fund	**20 000 000**	7 751 748
Utilities	**244 547**	201 783
	81 019 324	62 842 759
Surplus for the year	**11 794 620**	8 770 661

Supplementary information

1. AUDITORS' REMUNERATION

Kobla Quashie & Associates	120 000

2. BOARD EXPENSES

Board training	881 028
Communication allowances	102 080
Appeals board	18 500
Retainer fees	83 035
Sitting allowances	69 510
Travel claims	12 253
	1 166 406

3. RENT

Mbabane Estate Agents	34 128
Public Service Pension Fund	1 086 753
	1 120 881

4. SUBSCRIPTIONS

AFRALTI	254 753
African Telecommunications Union (ATU)	178 000
CTO	461 250
Communication Regulators Association of South-Southern Africa – CRASSA	747 125
Multichoice Africa Ltd	4 679
Pan African Postal Union (PAPU)	330 966
Swaziland Institute of Accountants	3 190
The Law Society of Swaziland	8 600
Universal Postal Union (UPU)	733 008
International Telecommunication Union (ITU)	1 217 963
JUTA and Company	32 154
Swaziland Printing and Publishing	2 621
Swaziland Security Academy	75 377
	4 049 686

5. PROFESSIONAL FEES

Capital Management Services Consultants	40 172
ESPPRA	73 000
Eswatini Multi media (Pty) Ltd	12 100
KPMG Advisory	159 500
MK Public Affairs Inc	440 000
Onswaziline	2 500
Pygma Consulting	781 880
PM Kennedy	42 000
Sage Pastel	26 500
Wolf Pack Risk Information (Pty) Ltd	39 430
Robinson Bertram	45 248
	1 662 330

General information

ESWATINI COMMUNICATIONS COMMISSION

(Registration number Act No: 10 of 2013}
Annual Financial Statements
for the year ended 31 March 2020

Nature of business and principal activities	To Regulate and Supervise Functions of all Electronic Communications, Postal, Radio and Television Broadcasting Services
Board of Directors	Mr Themba Khumalo Mr Polycarp Dlamini *(Vice chairperson)* Mr Bheki Ndzinisa Mrs Bongiwe Dlamini Mr John Mathwasa Mr Mlungisi Dlamini Mr Mvilawemphi Dlamini *(Chief Executive)* **Secretary** Mr Ozzie Thakatha
Business address	4th Floor, Sibekelo Building, Mbabane Office Park, Mbabane, Eswatini
Postal address	PO Box 7811, Mbabane, H100
Bankers	Standard Bank (Swaziland) Limited Nedbank (Swaziland) Limited
Auditors	Kobla Quashie and Associates Chartered Accountants (Eswatini) Manzini
Registration number	Eswatini Communications Act No: 10 of 2013

ESCCOM

ESWATINI COMMUNICATIONS COMMISSION

UAS REPORT 2020

Stay safe, stay connected...

Annual financial statements

For the year ended 31 March 2020

The reports and statements set out below comprise the annual financial statements presented to the Committee:

CONTENTS

Acting USOF Committee Chairman's statement

Ali Resting
Acting Chairperson

On behalf of the UAS Committee, it is with great pleasure that I present the Fund's Annual Report and Financial Statements for the 2019/2020 financial year.

The report highlights the Fund's performance against the mandated strategic objectives.

This report comes at a time when electronic communication and technology are at the centre stage of all global operations due to the outbreak of the Covid-19 pandemic. Such a situation has made the UAS even more essential in eliminating the digital divide and fostering connectivity and access to ICTs throughout the country, to ensure uninterrupted socio-economic activities.

KEEPING STAKEHOLDERS INFORMED

The Annual Report is in-line with the obligation imposed by Clause 10.3 of the Universal Service Obligation Fund (USOF) Operational Manual, which provides that the Fund shall keep stakeholders informed of its activities through the dissemination of an Annual Report, amongst other mediums.

This report includes highlights of activities undertaken by the Fund, the Auditor's report, and Audited Financial Statements.

The overarching objective of UAS is to ensure that affordable electronic communications services are made available in good quality to all citizens of Eswatini, regardless of geographical location and any specific national circumstance.

IMPLEMENTATION OF PROGRAMMES

In the year under review, the UASF identified projects for implementation valued at E31-million in order to meet its objectives. The programmes were informed by an electronic communications gap analysis survey undertaken by the Commission in 2017.

The 2018/21 strategic objectives are.

Programme 1:	Connectivity for facilities, such as community centres, schools and health facilities
Programme 2:	Management of the Universal Service Committee (USC)
Programme 3:	Network Infrastructure enhancement for backbone and last mile access to broadband internet. This sub-programme will prioritise Lumbombo and Shiselweni regions.
Programme 4:	Development of Eswatini Digital Access Centres (ICT Hubs)

Acting USOF Committee Chairman's statement

Progress on projects implementation

- The Health Centre Last-mile Connectivity Project, has been completed with all health facilities fully functional on the online health management system.
- The Tinkhundla Service Centre Last-mile Connectivity Project, seeks to support the decentralisation of government services by taking some services closer to the people. This also includes the veterinary sector, which was also connected.
- The procurement of End-User Devices for students with special needs assists them to actively participate in class. The Fund also purchased laptops for 20 schools to assist with the incorporation of ICT as part of their curriculum.
- The Fund also purchased 45 laptops to be used by the Institute of Distance Education under the University of Eswatini.
- A public wi-fi project is being implemented in Oshoek, Lavumisa, Matsamo, Mahamba, and KMIII International Airport. The wi-fi will allow the public to access 100MB free internet while in transit and, if required, they can purchase top-up vouchers.
- The UAS Committee attended the AfricaCom conference in Cape Town in November 2019 where they were exposed to the latest trends, best practices and technologies within the ICT sector. Master classes attended included: Women in Technology, which seeks to promote involvement of women and girls in ICT; and Promotion of Digital Inclusion, which seeks to ensure that all citizens benefit from the Fourth Industrial Revolution.

Special appreciation goes to Government Computer Services, which is our implementation partners in such initiatives.

UNIVERSAL SERVICE AND ACCESS GOVERNANCE

The Minister shall, on the recommendation of the Commission, appoint a committee consisting of not less than five (5) and no more than seven (7) members, to implement the Universal Service and Access Obligations provided for in Section 30. S24 of the Electronic Communication Act of 2013.

Functions of the Universal Service Committee

The Universal Service Committee shall:

(a) prepare and update a strategic plan, which will be made publicly available once approved by the Board, at least once every three (3) years and to be used by the Universal Service and Access Committee in carrying out its functions;

(b) conduct a needs analysis that will be subjected to a public consultation process and will, amongst other imperatives, identify the true access gap and the smart subsidy zone, resulting in the implementation of a process to address gaps. This will be undertaken at least once every three (3) years, and will be made available to the public; and

(c) determine and make recommendations to the Board on achieving annual objectives, the purpose of which is to ensure that the services listed in Section 30 of the Act are appropriate. This must follow a regulatory impact analysis (RIA), which may be revised from time to time.

Members of the Universal Service and Access Committee are:

- Ali Resting – Acting Chairperson
- Alex Hlandze
- Karen Mbuyisa
- Bongiwe Dlamini – Ministry of ICT Representative
- Mvilawemphi Dlamini – ESCCOM Chief Executive
- Wandile Mtshali – Resigned in March 2020.

CONCLUSION

The afore stated progress could not have been achieved without a healthy stakeholder relationship and the power of teamwork that has ensured efficient service delivery. Through TEAM work, Together Everyone Achieves More!

I would like therefore, to express my sincere gratitude to my fellow Committee members for their unwavering support and dedication in overseeing the implementation of the Fund's Strategic Plan.

I would also like to thank the Ministry of ICT and the ESCCOM Board of Directors under whose guidance, enabled the USOF Committee to effectively deliver on its mandate. I also extend special words of gratitude to industry stakeholders and partners who have supported the Fund in its quest for a win-win solution with every project undertaken.

Lastly, I would like to pledge the Committee's dedication to deliver on the mandate entrusted upon the Fund to, simply put, bridge the digital gap.

Thank you

Mr Ali Resting
Acting Chairperson

Statement from USOF Director

Mbongeni Mtshali
USOF Director

As the Administrator of the UASF, it is my pleasure to present the statement relative to the Fund's operations. This is the Fund's second annual report.

The period under review has been gratifying considering the significant outputs achieved. Deliverables were well-aligned with the Fund's core strategic objective, that being to create an environment that will foster increased access for all Emaswati to ICTs, with a key focus on broadband development.

I am pleased to report that the Fund has contributed significantly in ensuring that health and education facilities are digitally connected. This has had direct benefits for Emaswati in various communities around the country as it has improved their way of life through better access to information, communications and technology services, and has helped extend government services to the public.

REGIONAL PARTICIPATION

The office participated in the SADC Regulatory Association Forum that focuses on universal access issues within the SADC region. The Forum was aimed at tracking progress of SADC member states towards achieving the SADC broadband Agenda 2025 that was adopted by the Council of Ministers in 2018. The Forum noted that Eswatini is on course to meeting its obligations although there are legislative frameworks that, working together with the Ministry of ICT, need to be amended or put in place.

2018 – 2021 STRATEGIC OBJECTIVE PROGRAMME UPDATE

- CONNECTIVITY FOR FACILITIES, SUCH AS COMMUNITY CENTRES, SCHOOLS AND HEALTH FACILITIES
- MANAGEMENT OF THE UNIVERSAL SERVICE COMMITTEE (USC)
- NETWORK INFRASTRUCTURE ENHANCEMENT FOR BACKBONE AND LAST MILE ACCESS TO BROADBAND INTERNET
- DEVELOPMENT OF ESWATINI DIGITAL ACCESS CENTRES (ICT HUBS)

HEALTH: CONNECTIVITY ENABLES QUALITY SERVICE DELIVERY

A highlight of the UAS programme, in the period under review, was that all targeted health facilities are now fully functional on the online Health Management Information System (HMIS). This has had a positive impact on the country's health service deliverables and management.

With the support of the Fund, the Ministry of Health, through its implementing agent the HMIS unit and Government Computer Services, connected health centres to the central customer information system.

The Ministry of Health has attested that this system has helped improve the quality of healthcare service delivery and real-time health data transmission for improved health management. Ministry of Heath staff were trained on the system and no longer require supervision. It is worth noting, that before the health facilities were connected, the situation on the ground was a challenge with no access to the electronic system, hence using an outdated paper-based system with the risk of double reporting, lack of storage for paper-based documentation, and the possibility for the reports to be misplaced before they could be conveyed to the regions for further interrogation.

The paper-based operations were costly due to the need to print the registers and paper tool. The connectivity of the systems has greatly helped in cutting costs and the risks associated with paper-based operations. Additionally, the intervention has directly benefited the people in the communities in terms of turnaround time in serving them. The HMIS unit attested that turnaround time has greatly improved as clinicians are now able to efficiently take high volumes of clients and enrol them for relevant services.

"We would like to extend our heartfelt gratitude to the Fund for providing assistance in the execution of the infrastructure related to the WAN connectivity. It has made much positive impact as sites are now connected and providing real-time data, which will enable the Ministry of Health to ascertain quality data and thus enabled to make purposeful decision-making", attested a representative of the HMIS unit.

A total of 25 health centres were connected under the project in the financial year 2019/2020. The following were beneficiaries:

1. Lubombo Referral Hospital
2. Motshane Clinic
3. King Sobhuza II Clinic
4. KaMfishane Clinic
5. Vuvulane Clinic
6. Tambankulu Clinic
7. Mangweni Clinic
8. Bulandzeni Clinic
9. Ngonini Clinic
10. Vusweni Clinic
11. Manzini TB Center
12. Simple Aid Medical Center
13. Bigbend HMCS
14. Siteki Nazarene Clinic
15. Hlane Clinic
16. Nhlangano SOS Clinic
17. Nhlangano HMCS Clinic
18. Nhlangano Health Center
19. Mbangweni Barrack Clinic
20. Mgazini Nazarene Clinic
21. Tikhuba Clinic
22. Herefords Clinic
23. Mdzimba Barrack Clinic
24. New Heaven Clinic
25. Lomahasha Clinic

EDUCATION: 945 LAPTOPS FOR 20 SCHOOLS AND UNESWA

In the period under review the UAS programme procured end-user devices (laptops) that are to be presented to the Ministry of Education and Training. These will be distributed to 20 schools and the University of Eswatini's Institute of Distance Education (IDE).

Each of the recipients will receive one trolley and 45 laptops. This equates to 945 laptops that will be delivered to beneficiaries.

The Ministry of Education and Training stated that the devices will be useful to both teachers and learners in a variety of ways. Using the devices will not only equip leaners with ICT literacy skills but they will also use them when studying and teaching the "ICT" subject. Furthermore, the computers will aid the learners in their schoolwork projects across all subject areas, to access research tools through the internet, digital encyclopedias, and other electronic educational resources. Teachers will use the devices to enhance delivery of their lessons and also for research purposes, and will demonstrate that technology can save time, enhance teaching and may be employed to vary the modes of lesson delivery.

INTENDED IMPACT OF THE EQUIPMENT

The devices will play a vital role in improving the functional effectiveness of the beneficiary schools in terms of their administration. Management applications of ICT will facilitate administration activities such as management of school financials, data storage, knowledge management and will enhance decision-making. As a teaching and learning tool, the devices will contribute significantly in making the teaching/learning process more learner-centered and also reduce the digital divide brought about by different socio–economic environments that are prevalent in any developing country like Eswatini.

The following additional benefits will be realised:

- The laptops will be used in conjunction with other resources available in the classrooms;
- Teachers will not need to leave their regular classrooms or move between rooms to use laptops;
- Teaching/learning time will not be wasted by learners moving to and from their classrooms to the computer lab and vice versa; and
- There will be no need to construct a brick and mortar computer lab, which requires financial resources.

MESSAGES OF GRATITUDE

The support received from the Fund has contributed greatly towards the Ministry's efforts in improving Eswatini's education system. This kind gesture is highly appreciated and is a demonstration of what collaboration by concerned citizens, working towards a common good, can bring. The importance and need for computer technology in education cannot be overemphasised and therefore more energy should be channelled towards sustaining and increasing the pace of its introduction and development in our educational institutions. This support is an important step in that direction and will no doubt add value to the school curriculum, school administrators, teachers and learners".

Mbongeni Mtshali
Director USOF

USOF Committee

Ali Resting
Acting Chairperson

Bongiwe Dlamini
Ministry of ICT Representative

Mvilawemphi Dlamini
ESCCOM Chief Executive

Alex Hlandze

Karen Mbuyisa

The global view of UAS

The following schools and UNESWA IDE Department are beneficiaries under this project. It is worth noting that the beneficiary schools are distributed across all four regions of the country.

Hhohho Region

1. Nyakatfo High School
2. Fundukuwela High School
3. Mavula Community High School
4. Siphocosini High School
5. Esigangeni High School

Lubombo Region

6. Good Shepherd High School
7. Gilgal High School
8. Duze High School
9. Mphelandzaba High School
10. Charles Wesley High School

Manzini Region

11. Florence Catholic High School
12. Moyeni High School
13. Malunge High School
14. Khuphuka High School
15. Bhunya Central High School

Shiselweni Region

16. Ekuthuleni High School
17. KaMzila High School
18. Esandleni High School
19. Nhlangano Central High School
20. Makhosini High School.

University of Eswatini (UNESWA) Institute of Distance Education (IDE)

EDUCATION: LEARNERS WITH SPECIAL NEEDS

Learners with special needs were included in the Fund's rollout of ICT equipment to schools. The Fund noted that there are learners who are unable to benefit fully from traditional teaching methods because they may have a disability that impairs their ability to participate in a traditional classroom environment. For those learners, the Fund considered that computer-based learning can play a very important role, hence the decision to support them with the provision of special gadgets. Not only does computer technology facilitate a broader range of educational activities to meet a variety of needs for learners with mild learning disorders, but adaptive technology can enable even those with severe disabilities to become active learners in the classroom alongside their peers who do not have disabilities.

The Ministry of Education and Training acknowledged that the availability of these gadgets has provided an opportunity for the Ministry to meet Sustainable Development Goal no. 4, which is: “ensuring access to inclusive quality education and lifelong learning”. The gadgets promote Universal Design for Learning (UDL) which is key to ensuring that no child is left behind. The gadgets have lowered the barrier in accessing prescribed teaching and learning materials. Ten (10) students from diverse schools across the country received the specialised laptops.

Benefits of the gadgets to the students:

- It creates independence in reading and writing without much assistance, which in turn improves self-confidence;
- These are high-tech devices compared to low-tech devices that consume a lot of electricity;
- The device is light and easy-to-carry for learners compared to big books;
- Learners have easy access to the National Curriculum Centre’s (NCC) prescribed textbooks, which are uploaded to the learner’s devices. The Braille note touch is able to convert uploaded textbooks to Braille making it easier for Braille users to read and write. Those who use the Prodigi Connect 12 can easily adjust the font to suit their vision acuity;
- The gadgets position learners with visual impairments on a par with their peers in accessing written information;
- Students’ may enroll to tertiary institutions with their devices;
- Promotes independence for visually-impaired teachers since they no longer need a transcriber for their guides, tests and pupil books; and
- Teachers have easy and instant access to learners’ work such as classwork and tests, without waiting for an assistant teacher to transcribe the work.

Social benefits:

- The gadgets have increased children’s social networks allowing them to interact with their peers in other schools, especially during technical and orientation trainings on the devices;
- The devices may be connected to the internet and other social platforms, which creates opportunities for the learners to form study groups and share experiences and knowledge; and
- The gadgets have levelled the playing field and thus learners now have the potential to lead fulfilling lives and contribute to the social and economic development of the country now and in the near future.

NETWORK EXPANSION: SUCCESSFULLY ENHANCING NETWORK INFRASTRUCTURE

The network infrastructure enhancement project has positively impacted thousands of Emaswati by giving them access to mobile broadband. This programme focuses on supporting initiatives which enhance connectivity and the provision of network expansion in areas where broadband is not available.

Following a competitive tender process for the project, Eswatini Mobile was awarded the tender to construct and maintain seven (7) sites on behalf of the Fund. The new sites were constructed during the 2019/20 financial year at Mahlahlane, Mnjoli, Mzimnene, Mgobodzi, Sicunisa, Mpakeni and Lucolweni. All have 4G/3G broadband technology capabilities.

"Connection makes life affordable now", say community members

The residents in the benefiting communities indicate that they are experiencing an improvement in the quality of life because of the network connection.

Mr. Anthony Matsenjwa, from Maphungwane in the Lubombo Region, said that residents were ecstatic to get connected. He talked of some 537 households in the area benefiting from the network expansion: "There are many benefits that have resulted from the provision of the network. For example, when a person is sick, we are now able to call for assistance, which was not possible before. We are now also able to call the police and report any crime without having to travel all the way to Siteki."

Joseph Mgabhi, from Manzana in Dvokolwako, also attested that this project had brought a huge difference to his community's lives. In particular for himself as a businessman, he says he is now able to do more with connectivity because there is no need to go to town to access internet or calls.

"The network expansion is benefiting many residents here. For me personally I can now do a lot more business just from where I am," he said.

NETWORK EXPANSION: PUBLIC ACCESS TO INTERNET WHEN ON TRANSIT

On 20 February 2012, the resolution UNEP/GCSS. XII/INF/3 H66/184 was passed, and it states: "Information and communication technologies for development." In resolution 66/184, the United Nations General Assembly recognised that information and communications technologies have the potential to provide new solutions to development challenges, particularly in the context of globalisation, and could foster economic growth competitiveness, access to information and knowledge, poverty eradication and social inclusion. especially in developing and least-developed countries. The Assembly encouraged the United Nations development system to continue its efforts to promote the use of information and communications technologies as a critical enabler of development and a catalyst for the achievement of the internationally agreed development goals, including the Millennium Development Goals.

In line with this resolution, the UAS, under Programme 3 (network expansion), established public internet hotspots in the following areas: public hospitals; The King Mswati III International

Airport; and the Oshoek, Matsamo, Lavumisa and Mahamba border gates. The Fund determined that these are the busiest border gates and from which most tourists enter into the Kingdom.

Features of the free Wi-fi service are:

- Roaming capabilities;
- Guaranteed minimum 2 Mbps browsing speed;
- 100 Mb free browsing daily; and
- Voucher-based service with purchasing through bank card online payment.

[1] *http://ahumanright.org/press/releases/2012/06-07-12%20A%20Human%20Right%20Release.pdf*

ICT: HOW UAS SUPPORTS GOVERNMENT COMPUTER SYSTEMS

The Government Strategic Roadmap identified pillars of Information and Communication Technology (ICT) as key common components to economic development. It is noted that government cannot achieve everything in a silo hence the participation and support of other stakeholders such as the UAS Fund is highly valued.

The UAS programme seeks to facilitate the connectivity of public facilities to improve access to Central Government servers and bring government services closer to the people.

In a report from the Government's ICT sector, for the period under review, it is noted how the UAS has assisted with:

- Connecting health facilities and Tinkhundla Service Centres, which greatly contribute to the government's initiative of taking services closer to the people. The connectivity has had a positive impact in service delivery in bridging the digital divide, and poverty alleviation. Additional connection will improve access to other government services and subsequently improve the lives of citizens;
- The expansion of the government's network footprint in the country and the utilisation of the UAS high sites have enabled government to save on recurring costs on infrastructure;
- There has been increased capacitation of computer engineers on the new technology to ensure sustenance;
- The partnership has seen increased connectivity of health facilities through the UAS, which has had a progressive impact on the rollout of the Client Management Information System; and
- Through the rollout of Tinkhundla Service Centres connectivity project, two (2) veterinary offices and two (2) border gates have been connected. This is a huge achievement by government towards the expansion of the network and bringing services closer to its citizens, and improvement of security i.e. capturing of incoming/outgoing people at the borders.

BENEFITS TO CITIZENS

The Ministry of ICT is mandated to provide connectivity to facilitate access to all government services, however the Ministry has been unable to provide this service due to budget constraints. As a result citizens have needed to travel long distances to access some of the government services and this presents a challenge in health sector reports compilation and managing issuance of medication. Support from the UAS has thus been much appreciated.

The connectivity of health facilities has been a great benefit largely because as more facilities are connected, the Ministry of Health is enabled to acquire patient information timeously for the benefit of patients' diagnosis. The patients also benefit with historical medical information available online translating into their receiving better treatment. As more gated borders become connected, security will be improved and travellers access to improved services as they will no longer have to complete fill-in forms manually.

EGOVERNMENT STRENGTHENED BY UAS – WORDS OF GRATITUDE

The UAS supports the eGovernment programme rollout. This support has accelerated broadband connectivity to health facilities, schools and government programmes and has improved service delivery to a larger population that is mostly digitally disadvantaged. Broadband connectivity is also the conduit to improved service delivery, however, it is a known fact that broadband connectivity is still a major challenge for most African countries. The Director of eGov, Bonga Ndlangamandla, has highlighted the results of the Fund's contribution in the period under review and stated that health facilities are now able to effectively collect and use data from the Client Management Information System as a result of the connectivity brought by the Fund. This intervention on its own enables healthcare workers to easily provide the most relevant healthcare service to patients as they can now access patient records stored by the CMIS. A patient now only need to produce his/her ID number without the need to present a medical card, as used to be the case.

School children now have access to online education, which gives them more opportunities for online learning, research and development. The eGovernment strategy recommended amongst other items, the establishment of broadband connectivity in all public places where government services are provided. It further recommended a reduction in data charges by telecommunications providers in order to increase the penetration of internet activity which in turn will propel the drive for more online services and drive the country into an information society and a knowledge economy.

"We appreciate the efforts by the UAS in supporting the Eswatini Government with broadband connectivity as it will yield positive results in the transformation of the country into an information society and knowledge economy which is in line with Vision 2022".

HIGHLIGHTS OF THE PARTNERSHIP WITH EGOVERNMENT

During the period under review the following was achieved:

- Rollout of broadband connectivity to a number of schools and hospitals;
- Connectivity of Tinkhundla Centres for administration at local level; and
- The support of the Fund of the Ministry of ICT's (Government Computer delivery on their mandate to in turn support government systems and networks.

LIFE BEFORE UAS SUPPORT

Without connectivity it was very difficult to provide a comprehensive and effective digital service. In this particular case data synchronisation for the Client Management Information System's central server was an immense challenge before connectivity.

Data clerks had to manually retrieve data from facilities that had no connection, in order to update the central server. This compromised the quality of the data at any given point and further depleted many resources, such as vehicles.

Operations were always inefficient and caused a number of gaps in the provision of service. Data analysis and finalisation of Ministry reports related to the performance of clinics and hospitals was yet a further challenge.

The research needs of school teachers was inefficient and costly both for them and learners. For other government services it meant that Emaswati needed to travel long distances to central offices in order to access a government service.

IMPACT OF SUPPORT IN COMMUNITIES

Turnaround times have improved. Users (technicians), who are government employees, and beneficiaries (citizens) are overwhelmingly excited about the improvement this has manifested in their lives. Such improvements include most citizens accessing the service quickly, hence saving time. Patients are able to receive correct medical assistance because updated records can also be accessed timely. Scholars are able to undertake research and learning has thus improved in schools where connection is available. Citizens need no longer travel to the nearest Inkhundla Center/ Facility where connection was available, saving on travelling costs and time.

Testimonials from government staff indicate that they are equally excited about the developments; it has improved their work productivity. Most employees are aware that broadband connectivity is an enabler to digital development. They greatly embrace the concept especially in the healthcare and education sectors. UAS is currently in the process of encouraging other ministries to tap into the existing infrastructure to improve their service delivery.

All beneficiaries have expressed their sincere gratitude to ESCCOM, the UAS Fund and the Government of Eswatini for supporting this great initiative which is fostering the necessary stimulation towards an information society and a knowledge economy.

Through this intervention, Eswatini will make significant strides in achieving the vision of acquiring First World Status by 2022. The beneficiaries have wished the UAS Fund further growth and success in providing similar interventions to the most vulnerable groups of our society, and in breaking the digital divide.

General Information

UNIVERSAL SERVICE OBLIGATION FUND

(Registration number Act No: 10 of 2013)
Annual Financial Statements
for the year ended 31 March 2020

Nature of business and principal activities	Monitoring and enforcing compliance with specific obligations, Licence Conditions and objectives; designating universal service providers with obligations to provide universal services; monitoring and enforcing compliance with and the carrying out of universal service plans by the universal service providers
Committee	Ali Resting Alex Hlandze Bongiwe Dlamini Ministry of ICT Representative Mvilawemphi Dlamini ESCCOM Karen Mbuyisa **Company Secretary** Mr Ozzie Thakatha
Business address	4th Floor, Sibekelo Building, Mbabane Office Park, Mbabane, Swaziland
Postal address	PO Box 7811, Mbabane, H100
Bankers	Nedbank (Swaziland) Limited
Auditors	Kobla Quashie and Associates Chartered Accountants (Eswatini) Manzini
Registration number	Swaziland Communications Act No: 10 of 2013

Contents

The reports and statements set out below comprise the annual financial statements presented to the Committee

Committee's responsibilities and approval

The Committee is required in terms of the Eswatini Communications Act 10 of 2013 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 entity 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 judgments and estimates.

The Committee acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Director to meet these responsibilities, the Committee 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Committee is 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 Committee has reviewed the Fund's cash flow forecast for the year to 31 March 2021 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on pages 105 to 106.

The annual financial statements set out on pages 107 to 122, which have been prepared on the going concern basis, were approved by the Committee on 30 September 2020 and were signed on its behalf by:

Chairperson

Chief Executive Officer

Report of the independent auditors

TO THE COMMITTEE OF THE UNIVERSAL ACCESS SERVICE

Opinion

We have audited the annual financial statements of the Universal Access Service (UAS), which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 108 to 122.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Universal Access Service as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Swaziland Communications Commission Act No.10 of 2013.

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 Auditors Responsibilities for the Audit of the financial Statement section of our report.

We are independent of UAS in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B) and in accordance with the ethical requirements applicable to performing audits in Swaziland. We have fulfilled our other ethical responsibilities in accordance with the International Ethics Standards for Accountants Code of Ethics for Professional Accountants (Part A and B) and in accordance with the ethical requirements applicable to performing audits in Swaziland.

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

Other information

The directors are responsible for the other information. The other information comprises the Committee's Report as required by the Swaziland Communications Commission Act No.10 of 2013. The other information does not include the 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 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, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The UAS Committee is responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Swaziland Communications Commission Act No.10 of 2013, and for such internal control as the Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the annual financial statements, the directors are responsible for assessing its ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management and the directors either intend to cease operations, or have no realistic alternative but to do so.

Report of the independent auditors continued

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of 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 ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Kobla Quashie and Associates
Chartered Accountants (Swaziland)
Manzini

30 September 2020

Per: Daniel Bediako

Directors' report

The Committee submit its report for the year ended 31 March 2020.

REVIEW OF ACTIVITIES

Main business and operations

The Universal Access Service (UAS) is a body established by an Act of Parliament (Eswatini Communications Commission Act 10 of 2013) as part of Government's reform strategy to increase access to communication services. The entity is engaged in the business of monitoring and enforcing compliance with specific obligations, licence conditions and objectives; designating universal service providers with obligations to provide universal services; monitoring and enforcing compliance with and the carrying out of universal service plans by the universal service providers and operates principally in Eswatini. It is charged with the responsibility for policy, regulation, oversight, professional development and information management and dissemination in the field of electronic communications.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

GOING CONCERN

The ability of the entity to continue as a going concern depends on the long term sustainability of such results and further improvements.

EVENTS AFTER THE REPORTING PERIOD

The Committee is not aware of any matter or circumstance arising since the end of the financial year period that could impact the amounts presented in the financial statements, and;

a) have been fully taken into account insofar as they have a bearing on the amounts attributable assets and/or liabilities at the date;
b) apart from changes in the ordinary course of business, have not made the present financial position substantially different from that shown by the statement of financial position;
c) have not required adjustments to the fair value measurements and disclosures included in the financial statement.

UNIVERSAL SERVICE COMMITTEE

The Universal Service Committee during the year and to date of this report are as follows:

Ali Resting
Alex Hlandze – appointed August 2019
Bongiwe Dlamini – Ministry of ICT Representative
Mvilawemphi Dlamini – ESCCOM Chief Executive
Wandile Mtshali – Resigned March 2020
Karen Mbuyisa
Phumelela Shongwe – deceased April 2019

AUDITORS

Kobla Quashie and Associates
Chartered Accountants (Eswatini) Manzini.

Statement of financial position

For the year ended 31 March 2020

Figures in Emalangeni	Note(s)	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	2	**549 470**	670 291
Current assets			
Accounts receivable	3	**29 478 737**	15 519 214
Financial assets	4	**3 700 044**	24 896 135
Cash and cash equivalents	5	**1 798 719**	6 721 637
		34 977 500	47 136 986
Total assets		**35 526 970**	47 807 277
RESERVES AND FUND BALANCES			
Fund balances			
Reserves	6	**28 560 369**	29 970 751
Current liabilities			
Accounts payable	7	**6 966 601**	17 731 832
Provisions	8	**–**	104 694
		6 699 601	17 836 526
Total liabilities		**35 526 970**	47 807 277

Statement of comprehensive income

For the year ended 31 March 2020

Figures in Emalangeni	Note(s)	2020	2019
Income		**30 428 106**	19 056 731
Operating expenses		**(30 428 106)**	(19 056 731)
Operating surplus	9	**–**	—

Statement of cash flows

For the year ended 31 March 2020

Figures in Emalangeni	Note(s)	2020	2019
Cash flows from operating activities			
Cash generated from operations	10	**(24 680 165)**	2 371 951
Cash flows from investing activities			
Purchase of property, plant and equipment	2	**(28 462)**	(724 930)
Investment in financial assets		**–**	(24 896 135)
Sale of financial assets		**21 196 091**	–
Net cash from investing activities		**21 167 629**	(25 621 065)
Cash flows from financing activities			
Movement in reserves		**(1 410 382)**	29 970 751
Total cash movement for the year		**(4 922 918)**	6 721 637
Cash at the beginning of the year		**6 721 637**	–
Total cash at end of the year	5	**1 798 719**	6 721 637

Summary of significant accounting policies
For the year ended 31 March 2020

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The Universal Obligation Service Fund (USOF) was established in terms of the Eswatini Communications Act 10 of 2013. It is a corporate body with perpetual succession capable of suing and being sued, subject to the provisions of the Act.

The addresses of the office and principal place of business are disclosed in the introduction of the annual report on page 2.

Statement of compliance

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

The following are the principal accounting policies adopted in the preparation of these financial statements as set out below.

1.1 Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in Emalangeni, which is the entity's functional currency. All financial information presented in the Emalangeni have been rounded to the nearest figure..

d) Use of estimates and judgments

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 judgments include:

Receivables

The entity assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in the income statement, the entity makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Summary of significant accounting policies continued

For the year ended 31March 2019

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

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

Property, plant and equipment is initially measured at cost.

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

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

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

Item	Average useful life
Furniture and fixtures	10 years
Motor vehicles	5 years
IT equipment and software	3 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.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

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

1.3 Financial instruments

Classification

The Fund classifies financial assets and financial liabilities into the following categories:

– Loans and receivables

– Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the entity has transferred substantially all risks and rewards of ownership.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Summary of significant accounting policies continued

For the year ended 31 March 2019

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS CONTINUED

1.3 Financial instruments continued

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Impairment of assets

The entity 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 entity estimates the recoverable amount of the asset.

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.

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

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.

1.5 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.

1.6 Employee benefits

Short-term employee benefits

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

Terminal benefits

Termination benefits are repayable whenever an employees' employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Fund recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility or withdrawal or to provide termination benefits as a result of offer made to encourage voluntary redundancy. Benefits falling due more than 12 months are discounted to present values.

Statutory obligations

The entity contributes to a statutory fund, Eswatini National Provident Fund (ENPF) in accordance with the Eswatini National Provident Fund Order of 1974.

Pension obligation

The entity operates a provident fund for all its employees. This fund is a defined contribution plan. A defined contribution plan is a pension plan under which the Fund pays fixed contributions into a separate entity. The Fund has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

1.7 Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the amounts of revenue can be reliably measured.

Universal Service Levy

Universal Access Service Levy income consist of annual levies charged to all licensees subject to the Regulations which is recognised in the period in which it relates.

Interest income

Interest is recognised, in the income statement using the effective interest rate method. When a receivable is impaired, the entity reduces the carrying amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

1.8 Related parties

The major related party apart from the Committee is the Government of Eswatini which exercises a significant influence over its financial and operating decisions.

2. PROPERTY, PLANT AND EQUIPMENT

Figures in Emalangeni	2020 Cost/ Valuation	2020 Accumulated depreciation	2020 Carrying value	2019 Cost/ Valuation	2019 Accumulated depreciation	2019 Carrying value
Furniture and fixtures	**54 062**	**(7 600)**	**46 462**	45 297	(2 413)	42 884
Motor vehicles	**627 505**	**(167 335)**	**460 170**	627 505	(41 834)	585 671
Office equipment	**21 696**	**(1 970)**	**19 726**	1 999	(83)	1 916
IT equipment and software	**50 129**	**(27 017)**	**23 112**	50 129	(10 309)	39 820
Total	**753 392**	**(203 922)**	**549 470**	724 930	(54 639)	670 291

Reconciliation of property, plant and equipment – 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	**42 884**	**8 765**	**(5 187)**	**46 462**
Motor vehicles	**585 671**	**–**	**(125 501)**	**460 170**
Office equipment	**1 916**	**19 697**	**(1 887)**	**19 726**
IT equipment and software	**39 820**	**–**	**(16 708)**	**23 112**
	670 291	**28 462**	**(149 283)**	**549 470**

Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	–	45 297	(2 413)	42 884
Motor vehicles	–	627 505	(41 834)	585 671
Office equipment	–	1 999	(83)	1 916
IT equipment and software	–	50 129	(10 309)	39 820
	–	724 930	(54 639)	670 291

Figures in Emalangeni	2020	2019

3. ACCOUNTS RECEIVABLE

Trade receivables	**9 478 737**	7 767 466
ESCCOM	**20 000 000**	7 751 748
	29 478 737	15 519 214

Figures in Emalangeni		2020	2019
4.	**FINANCIAL ASSETS**		
	Stanlib Swaziland – Money Market Fund	**3 700 044**	24 896 135
5.	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents consist of:		
	Bank balances	**1 798 719**	6 721 637
	Bank balances		
	Nedbank (Swaziland) Limited – Current account	**82 989**	88 930
	Nedbank (Swaziland) Limited – Call account	**1 715 730**	6 631 707
		1 798 719	6 720 637
6.	**CAPITAL RESERVES**		
	Opening balance	**29 970 751**	–
	Received in the current year	**60 471**	32 221 410
	Realised in the income statement	**(1 410 832)**	(2 250 659)
		8 758 618	29 970 751
	Reserves relate to funds that were transferred to the Universal Access Service at set up. The reserves are amortised in to the income statement according to funds utilised in the year.		
7.	**ACCOUNTS PAYABLE**		
	Accrued expenses	**5 579 253**	16 734 699
	VAT payable	**1 387 348**	997 133
		6 966 601	17 731 832

Figures in Emalangeni	Opening balance	Additions	Total
8. PROVISIONS			
Reconciliation of provisions – 2020			
Bonuses and 13th cheque	**79 855**	**(79 855)**	–
Leave days	**24 839**	**(24 839)**	–
	104 694	**(104 694)**	–

Figures in Emalangeni	Opening balance	Additions	Total
Reconciliation of provisions – 2019			
Bonuses and 13th cheque	–	79 855	79 855
Leave days	–	24 839	24 839
	–	104 694	104 694

The provisions for leave pay and bonuses have been raised in terms of the following International Accounting Standards: IAS 19 – *Employee Benefits.*

Leave pay provision:
The leave pay provision relates to the vested leave pay to which employees are entitled to. The provision arises as employees render services that increase their entitlement to future compensated leave. The provision is also utilised when employees, who are entitled to leave pay, leave the employment of the entity.

Bonus provision:
The bonus provision consists of a performance based bonus, which is determined by reference to the overall performance with regard to a set of pre determined key performance measures. Bonuses are payable annually after the entity's annual results have been approved. Payment of bonus has to be approved by the Board of Directors.

9. OPERATING SURPLUS

Operating surplus for the period amounting to ENil is stated after accounting for the following:

Figures in Emalangeni	2020	2019
Operating lease charges		
Premises		
Contractual amounts	–	42 615
Depreciation on property, plant and equipment	**149 283**	54 639
Employee costs	–	947 166
Auditor's remuneration	–	15 000

Figures in Emalangeni	2020	2019

10. CASH GENERATED FROM OPERATIONS

Surplus for the period	–	–
Adjustments for:		
Depreciation and amortisation	**149 283**	54 639
Movements in provisions	**(104 694)**	104 694
Changes in working capital:		
Accounts receivable	**(13 959 523)**	(15 519 214)
Accounts payable	**(10 765 231)**	17 731 832
	(24 680 165)	2 371 951

11. RELATED PARTIES

Relationships

Parastatal organisation	Government of Eswatini
Members of key management	Ali Resting Alex Hlandze Bongiwe Dlamini Mvilawempi Dlamini Wandile Mtshali – resigned March 2020 Karen Mbuyisa

Figures in Emalangeni	2020	2019
Related-party transactions		
Committee expenses		
Retainer fees and sitting allowances	**139 405**	268 285
Communication allowances	**31 500**	122 038
Committee trainings	**397 236**	198 531

Notes to the annual financial statements continued

For the year ended 31 March 2020

12. RISK MANAGEMENT

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for Fund and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are no externally imposed capital requirements.

Liquidity risk

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

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.

Detailed statement of financial performance

Figures in Emalangeni	Note(s)	2020	2019
Income			
UAS levy		**7 609 501**	6 770 420
ESCCOM		**20 000 000**	7 751 748
Reserves amortisation		**1 410 382**	2 250 659
Interest received		**1 347 751**	2 283 904
		30 428 106	19 056 731
Operating expenses			
Advertising		–	37 839
Auditors' remuneration		–	15 000
Bank charges		**2 336**	2 472
Base station projects		**19 767 258**	16 200 481
Committee expenses		**568 140**	588 855
Depreciation		**149 283**	54 639
Employee costs		–	947 166
Health facilities connectivity		**1 693 176**	–
Insurance		–	42 647
Long distance air fibre		–	574 808
Motor vehicle expenses		–	32 076
Office expenses		–	13 000
Printing and stationery		–	53 004
Professional fees		**47 233**	19 128
Rent		–	42 615
Ruggedized Tablets		**6 247 645**	–
Security		–	8 910
Staff welfare		–	550
Students with special education needs		**497 372**	–
Telephone and fax		–	50 401
Tinkhundla service centres and health facilities		**1 257 413**	–
Travel, conferences and workshops		–	358 108
Uniforms and protective clothing		–	8 000
Utilities		–	7 032
		30 229 856	19 056 731

Supplementary information

1. BOARD EXPENSES

Board training	397 236
Communication allowances	31 500
Retainer fees and sitting allowances	139 405
	568 141

ESCCOM

ESWATINI COMMUNICATIONS COMMISSION