ESCCOM

ESWATINI COMMUNICATIONS COMMISSION

ANNUAL REPORT 2021

Growing our potential

Shaping our tomorrow

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

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CORPORATE INFORMATION

REGISTERED NAME

Eswatini Communications Commission

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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 licence 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

I am delighted to present the ESCCOM 2021 Annual Report, which indicates how the Commission has significantly advanced the execution of its mandate. I am proud and excited of the work that the Commission is doing and the tangible contribution it continues to make on the lives of Emaswati by ensuring that the Communications sector continues to strive and be responsive to the needs of the people.

Themba Khumalo Chairperson

Even though the reporting period was characterised by unprecedented global uncertainty brought about by the outbreak of COVID-19, I am happy to report that the Commission did not falter on its mission. On the contrary, the COVID-19 pandemic demonstrated the value and the important role that the Commission could play in ensuring that communications services remain available and resilient as they were the enabler in efforts harnessed towards fighting the pandemic.

When the national lockdown was pronounced, the real important role of the electronic communications and ICT sector was suddenly laid bare for everyone to see. Businesses had to operate online, meetings had to be held virtually, schooling was held online, in essence, every aspect of our lives depended on the availability of communications services and networks. The demand for the services suddenly shot up and the Commission had to urgently cement its regulatory role.

To this end, the report will indicate fully on the interventions taken by the Commission which include availing additional frequency spectrum resources for free to operators to accommodate the upsurge in demand for services, supporting the broadcasting sector to ensure timely conveyancing of COVID-19 health protocols and fostering the broadcast of lessons for students, supporting respective ministries with ICT-related equipment such as laptops.

The report further highlights the milestones achieved by the Commission in implementing its five-year strategy (2018-2023). As chairman of the Board, I am happy that the progress achieved is a direct result of entrenched corporate governance principles within the Commission where management is accorded the leeway to deliver on their responsibilities and the Board retains its oversight role.

The Board is pleased that even under the dire circumstances brought about by COVID-19, the Commission has continued to execute the annual operational plan for the reporting period as evidenced in the report. It is also worth mentioning that once again the Commission has received a clean audit, an indication of the application of astute financial management principles.

The reporting period coincided with the lapse of tenure for the Universal Service Committee which served the Commission with diligence and candour in advancing universal access to electronic communications services and ICTs by all Emaswati. The report will highlight the projects undertaken under the Fund and the impact it has had in uplifting the livelihoods of Emaswati including vulnerable groups of our society such as women, children and people living with disabilities amongst others.

As a Board we note, however, that there is still a long road that the Commission has to travel. The Postal and Broadcasting sectors are yet to be fully regulated, the cost to communicate is still high for the ordinary Liswati, achieving the SADC Broadband Target by 2025 which entails that entry level broadband services should be made affordable in developing countries at less than 2% of monthly Gross National Income (GNI) per capita and closing the digital divide amongst communities. I have no doubt that the Commission will rise up to the challenge.

May I conclude by thanking the Honourable Minister of ICT, Her Royal Highness, for her wisdom and unwavering support accorded to the Board and the Commission at large. May I also thank the stakeholders of the Commission, who continue to work with the Commission in shaping the communications sector. These include licence holders, consumers, other regulatory bodies and the public at large.

Themba Khumalo
Board Chairperson

CHIEF EXECUTIVE'S REPORT

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 2021. Herein we highlight the different regulatory interventions undertaken by the Commission as it delivers on its regulatory mandate.

Mvilawemphi Dlamini Chief Executive

As the world, governments in particular, was grappling with the unprecedented effects of COVID-19 and trying to arrest the spread of the pandemic through lockdowns, the telecoms industry found itself at centre stage. This was brought about by the dramatic shift overnight from face-to-face engagements to virtual platforms for business, education, and social activities as a response to the lockdown restrictions imposed on citizens. The COVID-19 crisis has served as a reminder of the positive side-effects of good connectivity infrastructure and services, and has shown powerfully how they profit the wider population. If I work from home, I am less likely to become infected and less likely to infect others, whether or not they have internet access. Thus, the benefits of access to a good internet connection extend to the whole of society. Moreover, the impact is observable within weeks, as the rate of infection decreases. In light of these externalities, the question is therefore whether existing policy is sufficient to promote deployment and take-up of good connectivity.

The positive spin-off has been the record high demand for data services for the sector, contrary to the negative effects in other sectors. People have made extensive use of fixed, mobile voice and data services during the lockdown. Telecommunications services have been increasingly seen as an ally in the recovery from the pandemic, as governments look for ways to keep people safe and avoid new outbreaks.

As a result of this crisis, we expect there will be some further changes in the demand for connectivity services and the jury is out on the impact on consumer demand, whether permanent or temporary. Most significantly, business have realised that they can deliver on their mandates using virtual connections, and has further boosted the need for faster connections, i.e. 5G.

While telecom networks played an indispensable role in mitigating the effects of the lockdowns, regulators in turn responded timeously by providing relief to the operators. In Eswatini, ESCCOM availed additional radio frequency spectrum cost free to all licenseed operators to cushion the sudden increase in demand for wireless broadband connectivity and fixed wireless services. This was to ensure reliability and resilience to the overburdened networks. In this regard, the Commission made available additional radio frequency spectrum of 10 MHz and 20 MHz in the 1 800 MHz and 2 600 MHz bands to Eswatini MTN and Eswatini Mobile, respectively, for a period of eight months.

COVID-19 pressured the regulator to ensure that customers were connected in the face of possible technical and financial constraints. Providing the connectivity was not enough; it had to be reliable and affordable. During the year MTN reduced the cost of 1 GB of data to E99, thus making the cost of data in Eswatini to be comparable to regional peers.

In addition to ensuring that reliable and quality broadband services are provided to all Emaswati during the time of the COVID-19 pandemic, the Commission also endeavoured to ensure equitable access to all forms of communications services, including broadcasting, by all. As educational classes and lessons, due to lockdown restrictions, were being delivered through both radio and television, the Commission provided a subsidy for over 6 000 television set top boxes (STBs). This was done in an effort to improve the affordability and accessibility of digital terrestrial television broadcasting services for less privileged citizens following the complete switch-off of analogue television in 2016. This initiative has also ensured that Emaswati have access to timely and accurate information on the COVID-19 pandemic guidelines and related information.

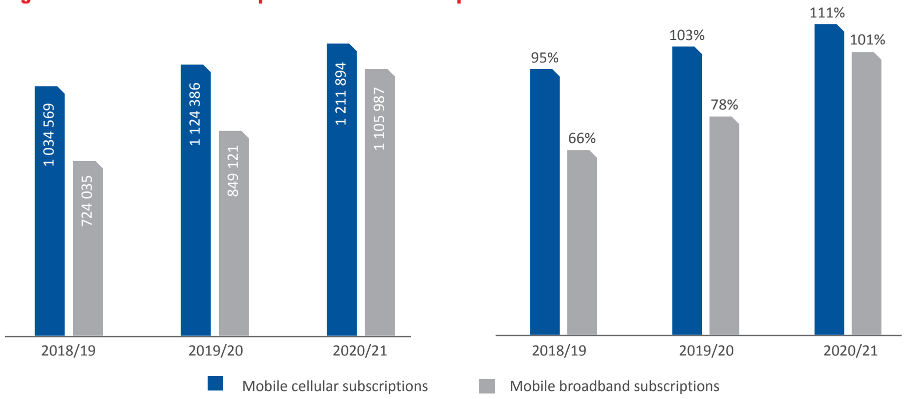
TELECOMMUNICATIONS MARKET PERFORMANCE

The pandemic increased reliance on and consequently demand for electronic communications services and accelerated the use of digital technologies. Licensees in the telecommunications market played a pivotal role in ensuring and maintaining connectivity domestically and to the rest of the world, over and above the limits of the pandemic.

TELECOMMUNICATIONS SUBSCRIPTIONS

Just like in many other developing nations, mobile cellular is the de facto technology in Eswatini accounting for more than 97% of telecommunications subscriptions in the country. During the current year, mobile cellular connectivity subscriptions grew by 7.8% from 1 124 386 to 1 211 894 connections whilst market penetration increased by 8% from 103% to 111%. Mobile broadband subscriptions recorded 30% growth and a penetration increase of 23% was realised.

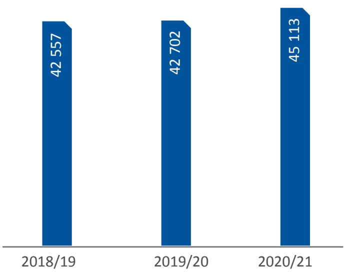
Figure 1: Mobile subscriptions and market penetration



Source: Eswatini Communications Commission

On fixed telephone subscriptions, a 6% growth was recorded, despite a 34% decline in Eswatini Mobile fixed telephone subscriptions. MTN and EPTC fixed telephone subscriptions grew by 35% and 11%, respectively.

Figure 2: Fixed telephone subscriptions

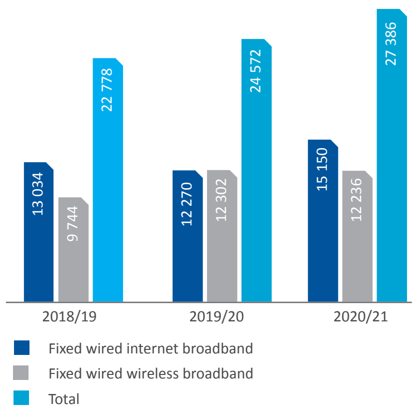


	2018/19	2019/20	2020/21
EPTC	35 364	33 786	37 340
Eswatini Mobile	5 688	6 206	4 110
MTN	1 505	2 710	3 663

Source: Eswatini Communications Commission

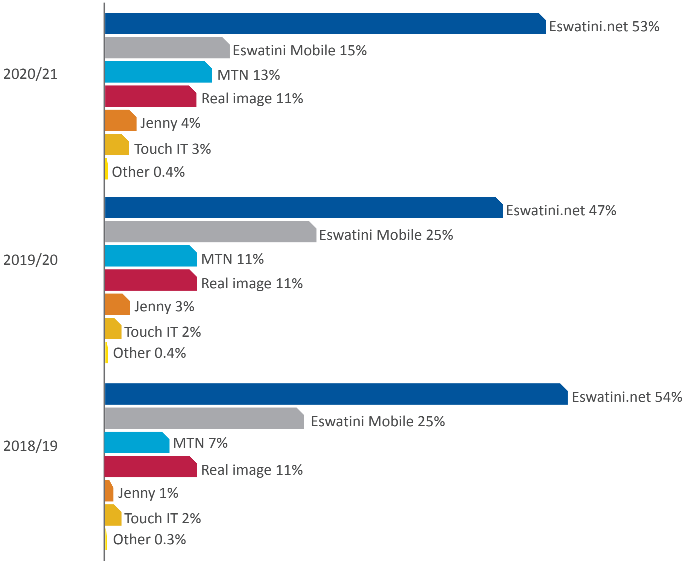
Broadband

Figure 3: Fixed internet broadband subscriptions



Fixed internet broadband market share stood as indicated in Figure 4 below:

Figure 4: Fixed internet broadband subscriptions market share



Source: Eswatini Communications Commission

Consumer protection

As one of the primary responsibilities, the protection of consumers remained a key priority in the Commission's activities during the 2020/2021 financial year. A number of activities were conducted with regards to this responsibility, including the following:

- Protection of consumers from overpricing of services by regulation of prices charged by service providers. Here, all tariffs for telecommunications services are reviewed and approved by the Commission before being introduced into the market;
- Enforcement of quality of service regulations to ensure that consumers receive quality services;
- Monitoring of activities of licensed service providers to ensure compliance with regulatory frameworks and licence terms and conditions. This involved conducting spot checks and mystery shopping activities to ensure that the prices prevailing in the market are those approved by the Commission as well as performing network drive tests to ensure that reported quality of service is what is being obtained on the ground.

Network resilience

With the ever-escalating demand for online services, and the increasing emphasis of ICTs as enablers for socio-economic development, the focus for regulators and operators is speed and the reliability of the networks. It's no good being connected but experiencing service degradation, in particular for those born in the internet age, who are used to real-time conversations and access on demand services. The answer to this situation lies in the deployment of technologies that ensure higher connectivity speeds and reliability, e.g. 5G in the case of mobile technologies. Therefore, a key concern of service providers and of telecoms regulators during the pandemic is to ensure that fixed and mobile networks remain capable of meeting increased demand, without degrading the quality of service.

The resilience of the country's telecommunications infrastructure, particularly the national backbone infrastructure, remains a key concern, requiring urgent attention. The Commission has been in engagements with key stakeholders on efforts to ensure that the situation is improved. In addition, the Commission has continued to enforce the provisions of the Quality of Service regulations on resilience of telecommunications infrastructure.

Infrastructure sharing

The year 2020/21 saw a favourable increase in the number of sites being shared by the mobile operators, as new guidelines were being developed to include national roaming and sharing of active elements of the infrastructure.

Cybersecurity and data protection

As the country is seeing an increased presence of its citizens online, concerns on cybercrime and personal data protection are becoming more real. In response to the increasing of Emaswati online and the ever-increasing number of cybercrime incidents, the government of the Kingdom developed the National Cybersecurity Strategy (2025) which describes a coherent national approach towards the protection of the country's cyber space and assets. The strategy designates ESCCOM as the National Cybersecurity Agency in Eswatini, responsible for coordinating and implementing all national cybersecurity issues and programmes. In line with this responsibility, the Commission has established a Cybersecurity Incident Response Team (CSIRT), which is expected to act as the national focal point for developing, maintaining, adopting, communicating and enforcing cybersecurity standards, minimum security specifications and security requirements.

BROADCASTING MARKET PERFORMANCE

Similarly to the telecommunications market, the broadcasting services sector played a key role in helping the country deal with the devastating effects of the COVID-19 pandemic. The country's citizens relied more on broadcasting services as their source of credible information on the pandemic itself, as well as other information needs and requirements. This situation has resulted in the public paying more attention on how the industry is performing, structured and increased general interest in sector issues. The process of passing the Broadcasting Bill 2020 into effective law, to which the Commission is actively participating in its development, remains a key process that promises to change the broadcasting landscape for the better.

During the year under review, the Commission worked with all the licensed service providers, Eswatini TV, Channel YemaSwati, Voice of the Church and the University of Eswatini, to ensure that they continue to provide quality and reliable information services to the people of Eswatini. Particular attention and efforts were put towards ensuring that all broadcasters are capacitated to produce quality services through targeted capacity building workshops and training sessions. While improvements in local content programmes in broadcasting services were realised (2.7%), they still fall short of the expected requirements as stipulated in the Broadcasting Guidelines and the Commission has identified this as one of the key priorities for the coming year. The Commission is of the view that the participation of a wider ecosystem of stakeholders, particularly independent content producers, holds the key to the development of a vibrant broadcasting sector.

In addition to the participation of licensed service providers in the broadcasting sector, the Commission has seen an increasing participation and emergence of online media services and content providers. In the spirit of embracing technological advancements as a means of introducing efficiencies in how services are delivered, the Commission has had conversations and engagements with some of the emerging online players with the view of understanding how they intend to formally participate in the sector, in line with the current legislative and regulatory frameworks.

POSTAL MARKET PERFORMANCE

Of all the markets under the remit of the Commission, the postal sector is one sector that was severely (negatively) affected by the effects of the COVID-19 pandemic. Lockdown restrictions adopted as precautionary measures to deal with the effects of the pandemic across the globe, which are still in place, have meant zero movement of postal mail, articles and parcels for an extended period of time. This has meant that the activities of the local postal market and courier participants have been limited. During the year, in-bound mail traffic volumes reduced by 59% while outbound mail reduced by 89%. This situation has added more pressure to a stressed industry already suffering from general downward trends in traditional mail volumes, requiring that innovative approaches are sought to turn it around.

The effects of the pandemic have also meant that specific projects and interventions for the turn-around of the sector have been delayed. These include the National Addressing and Postcode System project and the regional Quality of Service investigation exercise. The National Addressing and Postcode System, coordinated by the Commission and the Ministry of ICT, could not kick off due to travel restrictions for some of the key resources and experts from UPU on the project. Despite these challenges, the Commission managed to move ahead with some of the projects including the review of the postal services and courier guidelines.

ENABLING REGULATORY ENVIRONMENT

The dynamic nature of the sectors regulated by the Commission requires that the relevance of existing regulatory and legislative instruments is consistently tested, with appropriate modifications done to ensure that they are suited to developments in the environment. During the year, a number of regulations were reviewed, including the Licensing, Quality of Service, Radio Frequency Spectrum and Universal Access and Service Fund. In accordance with the provisions of the Eswatini Communications Act, recommendations on proposed changes to the regulations were shared with the Ministry of ICT as the responsible body to initiate the amendment process.

In addition, the Commission developed the Postal Services, Infrastructure Sharing and Consumer Protection guidelines in an effort to strengthen the existing regulatory frameworks.

The Commission participated and provided support to the MICT in the ongoing processes on the development of key legislative instruments, including the following:

A. The Broadcasting Bill, 2020
B. The Computer Crime and Cybercrime Bill, 2020
C. The Data Protection Bill, 2020
D. The Postal Bill, 2020
E. The Electronic Communications and Transactions Bill, 2020
F. The Harmful Digital Communications Bill, 2020
G. The Access to Information Bill, 2020

CONSTRUCTION OF ESCCOM OFFICES

Construction of the new head office commenced in May 2020, when earthworks marked the start of this important project for the organisation. Piling kicked off in August and was finished in September 2020. It was during the tendering for the main contractor that problems arose, which has led to the project being put on hold until further notice.

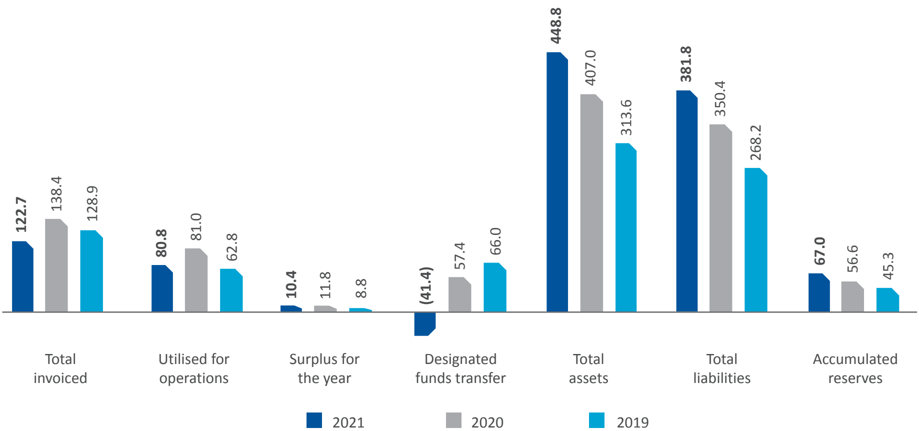
CONCLUSION

Management would like to acknowledge the wise counsel and support given by the Ministry of ICT. It would be amiss not to thank the Board for the guidance and oversight provided as we deliver on the Commission's mandate. Your continued support is essential going forward as our mandate expands to cover data protection and cybersecurity.

Mvilawemphi Dlamini
Chief Executive

FINANCIAL PERFORMANCE AND HIGHLIGHTS

Figure 1: Financial performance



FINANCIAL KEY PERFORMANCE INDICATORS

	2021 E million	2020 E million	2019 E million	2018 E million	2021/20 % variance	2021/19 % variance	2021/18 % variance
Total invoiced	**122.7**	138.4	128.9	79.7	(11)	(6)	43
Utilised for operations	**80.8**	81.0	62.8	51.2	0	18	30
Surplus for the year	**10.4**	11.8	8.8	7.1	(12)	2	3
Designated funds transfer	**(41.4)**	57.4	66.0	27.5	(172)	(107)	(69)
Total assets	**448.8**	407.0	313.6	243.8	10	135	205
Total liabilities	**381.8**	350.4	268.2	207.2	9	114	175
Accumulated reserves	**67.0**	56.6	45.3	36.6	18	22	30

SOURCES OF REVENUE

During the financial year 2020/21 the Commission earned a total of E122.7 million against a total budget of E115.7 million. The main source of revenue is based on the 5% levied on the net operating income of operators (MNOs), as well as the 2% levied on the net operating income of internet service providers (ISPs). Other sources of revenue were: spectrum fees, general electronic communication licence fees, type approval fees as well as revenue earned from investments. These fees were used to fund the cost of regulation.

EXPENDITURE

The total accumulated expenditure for the period is reported at E85.1 million. Included in this amount is the Commission's contribution to the Universal Access and Service Fund amounting to E15 million. In addition, E11.4 million spectrum waiver was written off during the year.

The COVID-19 pandemic caused a major economic shock in the country and the Commission was not spared from related disruptions and their financial impact. COVID-related costs include a national contribution amounting to E1.6 million for the cause.

SURPLUS

The surplus for the year is reported at E10.4 million, which is a 12% decline from the previous year's results.

TOTAL ASSETS

During the year under review the Commission has successfully grown its total assets from E407 million to E449 million.

CHALLENGES

Delayed payment of outstanding licence fees

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

ASSET UNDER CONSTRUCTION

To date, the commission has spent E25 million on the new office building project. The total cost is estimated at E200 million.

INVESTMENTS

E40 million investment in bonds was made in an effort to assist government in alleviating the economic fiscus at the time the investments were made. The first E20 million bond earns interest at 9% per annum and will mature in February 2023. The second E20 million bond earns interest at 9.85% per annum and will mature in August 2026.

DESIGNATED FUNDS

Designated funds represent licence fees earmarked for future projects of the Commission. Cost incurred on these projects are subsequently transferred to capital reserves. The capital reserves are amortised in line with the useful lives of the underlying assets.

LIQUIDITY

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

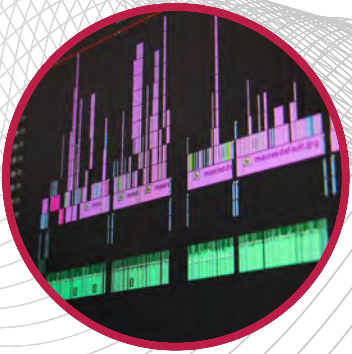
Although the long-term impact of the COVID-19 pandemic is expected to have a direct bearing on the financial results of the Commission, a significant change in revenue is not anticipated.

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.



TECHNICAL SERVICES

In line with the Commission's mandate and five-year strategy, the following activities were carried out as part of technical regulation, encompassing radio frequency spectrum management, technology and standards, broadcasting and postal services.

RADIO FREQUENCY SPECTRUM MANAGEMENT

The Commission is tasked with ensuring the efficient use of Radio Frequency spectrum resources in the Kingdom of Eswatini. This is done by effectively engaging in spectrum management initiatives which 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 addition to this, the Commission further collaborates with regional and international stakeholders to ensure that all issues related to spectrum management are addressed on behalf of the Kingdom of Eswatini. Furthermore, the Commission through spectrum management ensures that Communications service providers are supported and enabled so that they bring innovative services which promotes the advancement of ICT services in the country. This includes the awarding of technology and service neutral spectrum licences to communications service providers in the country.

Achievements

While the Commission, and the country in general, was faced with the COVID-19 pandemic during the reporting period, limiting the department to fully execute its activities in line with assigned responsibilities, the following activities were successfully executed:

Review of the National Frequency Allocation Plan

The Commission, in consultation with all major stakeholders including service providers, developed a National Frequency Allocation Plan (NFAP) which may be revised periodically according to developments in the area of spectrum management. The NFAP is a schedule that enables the country to fulfil the task of frequency allocation. Frequency allocation in the NFAP identifies the radio frequency spectrum bands on which different radiocommunications services are to operate and this allocation is done in accordance with the Radio Regulations of the International Telecommunications Union (ITU). The National Frequency Allocation Plan (NFAP) provides a clear structure on the allocation of spectrum resources to different radiocommunications services in the country.

The development of the NFAP is informed by the outcomes and decisions of the last World

Radiocommunications Conference (WRC-19) and based on the outcomes of the last conference (WRC-19) held in November 2019 in Sharm El Sheik, Egypt. The Southern African Development Community (SADC) also issued a revised regional Frequency Allocation Plan (FAP) which seeks to provide guidance on the harmonised allocation and management of radio frequency spectrum by SADC member states of which the Kingdom of Eswatini is a party.

Following these developments, the Commission initiated and completed the review and update of the Eswatini NFAP in accordance with national priorities, ITU Radio Regulations, WRC-19 Final Acts and the SADC region Frequency Allocation Plan.

Key issues relating to the review of the NFAP includes additional allocations for IMT in the country which presents more spectrum for mobile network operators to deploy their networks. Another important issue is the extension of the unlicensed spectrum for outdoor usage which will present more spectrum for internet service providers (ISP) to provide services efficiently.

Review of the spectrum pricing framework

Spectrum pricing is one of the tools and processes that is used by the Commission to promote efficient use of spectrum in the country. This is done by implementing a spectrum pricing framework that provides incentives in the form of price reduction factors that reduce the overall spectrum price for efficient use of spectrum. The Act provides for a review of the spectrum pricing framework every three years to ensure alignment with current national priorities and best practices. In that regard, the Commission developed and issued a new spectrum pricing framework which guides the Commission in determining the price for each spectrum assignment given to service providers.

Key issues in this new framework are that the Commission has waived the proposed increase in spectrum prices for one year in consideration of the prevailing circumstances in the country. Another key issue is that the framework was modified such that it accommodated the higher bandwidth requirements of new technologies such as 5G, making it financially feasible to acquire spectrum for such innovative technologies. Furthermore, the pricing for non-commercial services such as amateurs were modified in alignment with international trends.

Satellite orbital slots

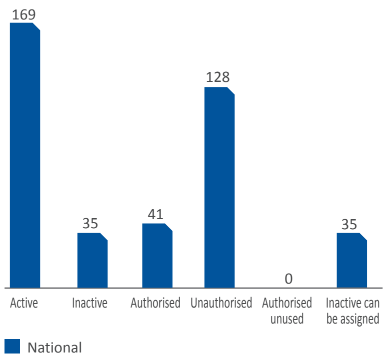
Leading up to the last world radiocommunications conference of 2019 WRC-19, the Kingdom of Eswatini was listed among the administrations which had degraded satellite orbital slots which meant that the country did not have a usable satellite slot for broadcasting satellite services. In consultation with stakeholders in international fora, the Commission initiated a process to acquire a new orbital slot for the country in the BSS and we were able to make the initial submission to the ITU for this new orbital slot. The Commission is closely following and participating in the process to ensure that the new orbital slot is secured by the year 2023.

Spectrum monitoring

The process of spectrum monitoring involves the technical investigation of spectrum usage to ensure that all spectrum users are using spectrum in accordance with the licence conditions. In addition to this, the Commission performs spectrum usage audits and interference investigations which ensure that there is no harmful interference. The Commission carried out spectrum audits around the country to determine the situation in spectrum usage.

Key issues from the investigations are that there is a lot of unauthorised usage of spectrum in the country, which is undesirable. A case in point is that 63% of all channels available for FM broadcasting have unauthorised activities. For the Private Mobile Radio (PMR) services, 73% of the activities on the channels are unauthorised. This presents a challenge for the Commission to ensure all this unauthorised activity is investigated and reduced.

Figure 1: Summary of spectrum usage in FM broadcasting bands



Spectrum planning and licensing

The process of spectrum licensing enables the Commission to have sight of who is using which frequency channel and ensuring that no user interferes with others as they provide communications services in the country. The Commission renewed spectrum licences for the three mobile service providers, namely MTN Eswatini, Eswatini Mobile and Eswatini Posts and Telecommunications Corporation (EPTC) as summarised in the table below:

Table 1: Current IMT assignments in Eswatini

Frequency band	Technical	Total bandwidth	Frequency range		Total assigned bandwidth	Bandwidth assigned		
			UP-link MHz	DN-link MHz		MTN	EMBL	EPTC
700MHz	FDD	30MHz	703 – 733	758 – 788	0MHz	–	–	–
800MHz	FDD	30MHz	832 – 862	791 – 821	30MHz	10MHz	10MHz	10MHz
900MHz	FDD	35MHz	880 – 915	925 – 960	30MHz	10MHz	15MHz	10MHz
1800MHz	FDD	75MHz	1 710 – 1 785	1 805 – 1 880	60MHz	25MHz	20MHz	15MHz
2100MHz	FDD	60MHz	1 920 – 1 980	2 110 – 2 170	25MHz	15MHz	–	10MHz
2600MHz	TDD	50MHz	N/A	N/A	10MHz	–	–	10MHz
2600MHz	FDD	70MHz	2 500 – 2 570	2 620 – 2 690	0MHz	–	–	–
3500MHz	TDD	200MHz	N/A	N/A	0MHz	–	–	–

It shows that the first digital dividend has been fully assigned.

In addition to these assignments, the Commission renewed licences as summarised in the table below:

Table 2: Summary of spectrum licences issued

Licence type	Total # issued	Issued to
Aeronautical Aircraft Station	12	Different licensees
Aeronautical Ground Station	2	Royal Eswatini National Airways Corporation Eswatini Civil Aviation Authority
Amateur Station	4	Different licensees
Private Mobile Radio	6	Different licensees
VSAT	7	Different licensees
IMT	3	MTN Eswatini Eswatini Mobile Eswatini Posts and Telecommunications Corporation
Sound broadcasting	2	University of Eswatini Voice of the Church
Point-to-Point (Microwave links)	6	Different licensees
Total	**42**	

In addition to these assignments, the Commission made available free spectrum to operators in order to assist them cater for the additional bandwidth requirements caused by the lockdown due to the COVID-19 pandemic as there was a lot of online activity during this period.

ACTIVITIES FOR THE NEXT FINANCIAL YEAR

- **Spectrum licensing guidelines**
  The electronic (radio frequency spectrum) regulations 2016 highlight the spectrum licensing process, However, they fall short on some issues such as licensing of ESIMs, TV white spaces, drones to name a few. These guidelines are meant to provide clarity on these issues.
- **Develop spectrum monitoring guidelines**
  This is to expand on the issue of spectrum monitoring, regarding how it is to be done and also address the challenges of processing the outcomes of the monitoring exercises.
- **Develop guidelines for establishment and maintenance of telecommunications towers**
  The Commission has experienced a lot of issues regarding the placement of towers by communications service providers from a consumer perspective to EMF radiation limits. The Commission seeks to provide guidance on these issues.
- **Review of IMT band plan**
  To ensure that the band plans are aligned with the latest developments, especially that of the WRC-19.
- **Review of fixed services band plan**
  To ensure that the band plans are aligned with the latest developments, especially that of the WRC-19.

TECHNOLOGY AND STANDARDS

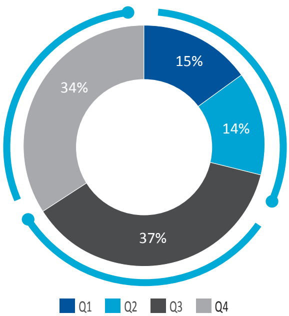
During the current reporting period, a number of activities aligned to the Commission's mandate and five-year strategy, were carried out. These activities include the following:

Electronic communications equipment type approval

The Commission is charged with the responsibility to set standards and the type approval of electronic communications equipment in the country, and ensuring compliance to the set standards. The purpose is to ensure safety and protection as well as ensuring that the quality and integrity of communications services is maintained through the use of a quality end-user communication terminals. For the reporting period, the Commission received two hundred and thirty-two (232) type approval applications for processing. Of the 232, two hundred and twenty-six (226) applications were successfully processed and certificates issued and six (6) applications were left pending/unresolved due to non-payment of applicable fees.

The figure below is a summary of the application processing in numbers for each quarter and the period under review:

Figure 2: Type approval processing



Furthermore, the Commission in one of its endeavours to automate its processes finalised work on integration of the type approval module on the ASMS system as an online platform which is utilised for online type approval applications. Additionally, the Commission with assistance from the GSMA implemented an internal facing user self-check system, used during the type approval process for validation of electronic communications devices' authenticity, as well as verify if a user device has been reported stolen or lost.

Quality of service for electronic communications service providers

The Commission is also charged with the responsibility of ensuring that quality services are provided to consumers of electronic communications services by service providers. In the reporting period, the Commission, in accordance with regulations benchmarked the network performance of mobile network operators.

The quality of service was monitored and evaluated for MTN Eswatini and Eswatini Mobile using a network management system. The performance of the mobile telecommunications service providers was monitored and evaluated against key performance indicators (KPIs) set out in the Electronic Communications (Quality of Service) Regulations. Specifically, the Commission in line with ITU-T recommendation and the regulations focused on four network KPIs for all technologies (2G, 3G and 4G/LTE) which are network availability, service accessibility, service retainability and service integrity using the following parameters. Henceforth, the exact KPIs measured and monitored were the following:

- Network availability: Cell availability;
- Service accessibility: Call setup success rate (CSSR), data access success rate (DASR);
- Service retainability: Call drop rate (CDR), data drop rate; and
- Service integrity: Average user data throughput.

The following illustrations are results obtained for the reporting period for the two mobile network operators, Eswatini Mobile and MTN Eswatini. Additionally, a comparison is drawn for their service performances for all technologies.

Figure 3: 2G Voice KPIs

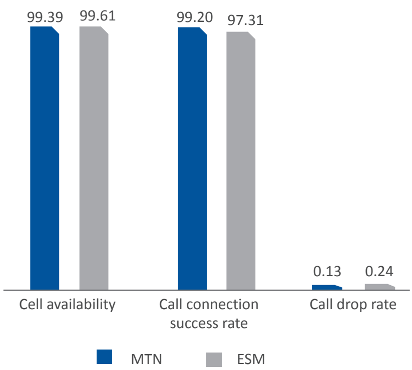


Figure 5: 3G Data KPIs

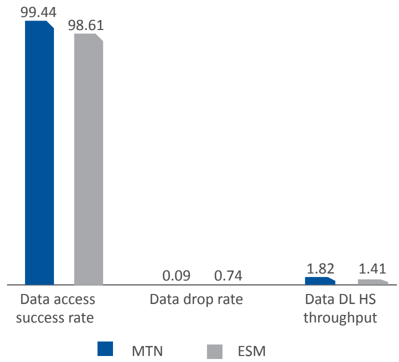


Figure 4: 3G Voice KPIs

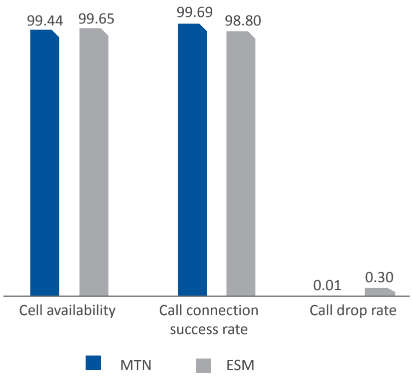
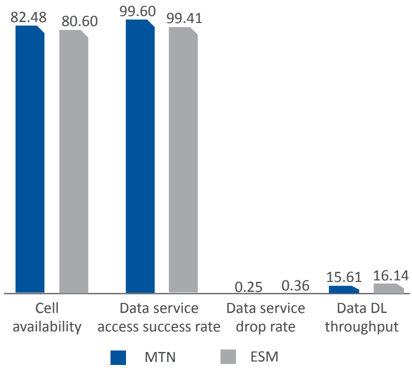


Figure 6: 4G/LTE QoS KPIs



In all the key performance indicators monitored and evaluated, both service providers' performance was above the set thresholds for all the KPIs at national level except for data throughput on 3G for both operators. To note is that Eswatini Mobile has demonstrated an improvement in performance in all KPIs measured in comparison to results recorded in the previous year. As a means to ensuring continuous improvement in the delivery of communications services, the Commission has also initiated an exercise to review the regulatory frameworks on Quality of Service. This exercise is largely influenced by rapid technological changes and changing service usage patterns and demands, particularly in the mobile space, resulting in some of the measurement approaches being irrelevant.

Additionally, during the reporting period the Commission monitored the quality of service offered by the fixed line operator 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)
- Data service utilisation (DSU)

The following illustrations are results obtained for the reporting period:

Figure 7: Interconnection route utilisation

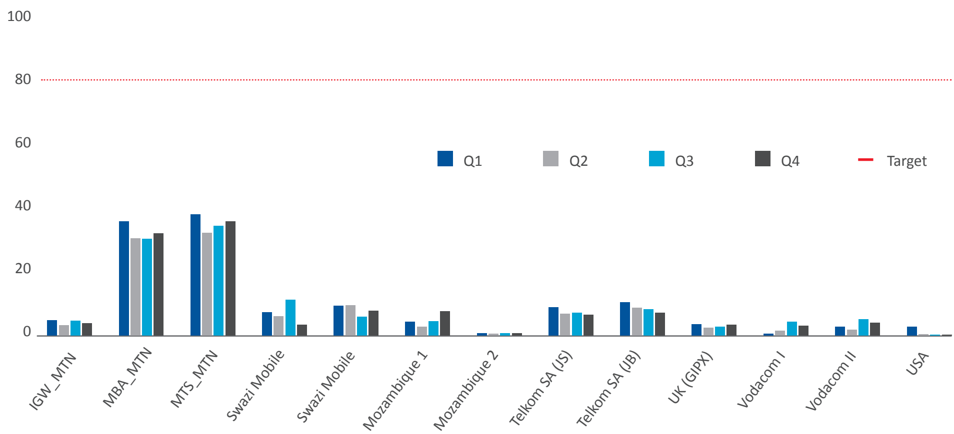
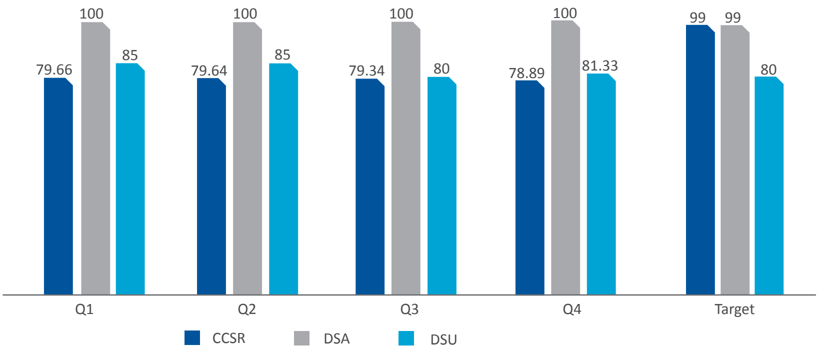


Figure 8: EPTC QOS KPIS



While EPTC generally achieved the set thresholds of the performance indicators on a national level, a number of significant network outages and disruptions were experienced during the course of the year. The outages experienced were as a result of failures on the national backbone infrastructure, which affected nationwide availability of communications services, not only for EPTC but also for all the other licensed service providers in the country. The Commission has held extensive consultations and engagements with EPTC with the objective of finding long-term solutions to most of the network infrastructure related challenges.

Market development initiatives

Mobile Active Infrastructure Sharing and National Roaming Guidelines

In this regard, during the 2020/2021 reporting period, the Commission issued an inquiry document on the review of the regulatory framework on infrastructure sharing (Facilities Sharing Regulations). The objective of the inquiry document was to solicit inputs on a regulatory framework that will provide certainty on infrastructure sharing holistically to include facilities leasing, and other matters relevant to access to broadband services within the country with the view to include active infrastructure sharing and national roaming principles.

The inquiry revealed that a majority of the stakeholders agree that there is need for the Commission to review the current regulatory framework and include active network sharing elements. Consequently, the Commission issued and published the Mobile Active Network Infrastructure Sharing and National Roaming Guidelines to stakeholders for consultation..

Internet Governance Forum

Additionally, the Commission in collaboration with the Ministry of ICT and the African Union Commission as part of the Policy and Regulation Initiative for Digital Africa (PRIDA) hosted the inaugural School of Internet Governance dialogue. This was preceded by the National Internet Governance Forum (IGF) which is a multi-stakeholder platform that facilitates the discussion of public policy issues pertaining to the internet. The IGF is a United Nations initiative that provides a multi-stakeholder policy dialogue on internet governance to foster the sustainability, robustness, security, stability, and development of the internet at a national, regional and global level. Both events were held virtually and attracted over 120 participants, both locally and internationally. The workshop culminated in the nomination of the Multi-Stakeholder Coordinating Team which will be responsible for driving this initiative at country level going forward.

Information and communications technology

The Commission being a technically driven environment requires capacitation with all computing and communication resources needs and processes that empower it to deliver on its mandate 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 Commission achieved a systems uptime rate of 98.5% for all computing systems. Additionally, the Commission rolled out an Enterprise Resource Planning system to automate its processes for operational efficiency.

Cybersecurity

The National Cybersecurity Strategy 2020-2025, which was adopted in October 2020, mandates the Commission to establish a National Cybersecurity Agency and within this agency, establish a National Cyber Security Incident Response Team (nCSIRT). The nCSIRT has the responsibility of coordinating and implementation of all cybersecurity issues and activities within the Kingdom of Eswatini. The nCSIRT is thus a focal point in developing, maintaining, adopting, communicating and enforcing cyber security standards, minimum security specifications and security requirements. During the current reporting period, the Commission managed to develop the operational framework and structure that will be followed and used by the Commission for setting up and operationalising the Eswatini nCSIRT. The framework, developed following best-practice approaches, recognises that focusing on the operating environment and stakeholders is as equally important as the key characteristics expected of a national CSIRT.

In addition, the Commission was involved in the following initiatives on cybersecurity:

- National Cybersecurity Awareness Campaign: In collaboration with stakeholders, the Commission managed to roll out the National Cybersecurity Awareness Campaign in November 2020. The theme for the 2020 campaign was **"Be Cyber Aware, Be Cyber Smart"**. The objective of the campaign was to raise awareness about the importance of cybersecurity and raise awareness on cyber security threats, as well as provide information on how individuals and businesses can proactively mitigate cyber threats; empowering EmaSwati to take control of their online identity. Consequently, to try and cover the broad aspects of Cybersecurity Awareness, each week for the month was dedicated to a theme, including Online Safety, Social Media, Phishing, Fraud and Scams as well as the safety of children online.

  The campaign was driven through integrated communication initiatives.

- Capacity building on cybersecurity. The Commission in collaboration with ITU hosted a cyberdrill for the country to educate IT professionals/security managers on how to set up or build the security posture of an organisation. The workshop which was virtually convened, had 24 professionals across the different sectors of the economy participating.

CHALLENGES

The department encountered some challenges when trying to deliver on the planned strategic objectives for the reporting period as outlined below:

- Some initiatives under market development like hackathons and workshops were not undertaken due to the COVID-19 pandemic where lockdowns and restrictions rendered the suspension of gatherings. However, a few virtual workshops were successfully organised.
- The last quarter of the year also saw a delay in performance management files for MTN 4G being delivered to the network management system for analysis. This rendered a delay in QoS reports being completed.
- The computing environment was not fully automated (during the lockdown – working from home period) rendered some services not digitally delivered from end-to-end.

ACTIVITIES FOR THE NEXT FINANCIAL YEAR

In the coming year, the following priority activities and programmes will be undertaken:

- **Quality of Service Monitoring:** In line with the Commission's responsibility of ensuring that service providers deliver quality, secure and resilient services, the Commission will intensify its activities and programmes on telecommunications and internet services QoS monitoring. This will involve the use of automated tools and drive test mechanisms to ascertain that operators deliver services in line with current regulatory frameworks.
- **Regulatory Enforcement:** The Commission will strengthen its investigative capabilities to enforce non-compliance to the Acts, Regulations and Guidelines as provided. This will include enforcing compliance on electronic equipment type approval.
- **Development of Guidelines on Disaster Recovery Plans for the Telecommunications Sector:** In order to ensure stability in the provision of communications services in the telecommunications space, there is need for service providers to be well prepared for unforeseen and unfortunate circumstances. The guidelines will act as a guiding document on which service providers can base their DRP programmes and strategies.
- **Development of a National Emergency Telecommunications Plan:** Additionally, the Commission will be looking at ensuring that a National Emergency Telecommunications Plan is put in place for times of disasters and emergency situations. This call is initiated by the reasoning that telecommunications services have proven to be very important in the roll-out of emergency services in times of disaster.
- **Operationalisation of the nCSIRT:** In line with the requirements of the National Cybersecurity Strategy, the Commission will initiate processes for the set up and operationalisation of the National Computer Incident Response Team (nCSIRT). This will include the creation of a specialised team within the Commission to manage and act on issues relating to cybersecurity nationally.
- **Cybersecurity Capacity Building and Awareness Raising:** The Commission will continue with activities aimed at building capacity on cybersecurity related matters within the public and private sectors, as part of the overall objective of improving security in the country's cyberspace.
- **Improving Operational Efficiencies:** The Commission will further ensure that all business and operational processes are automated to become a fully digital environment. This will require putting in place a digital strategy for the organisation.
- **National ICT Strategy and Policy Development:** The Commission will participate and contribute in the overdue process of revising the National ICT policy and strategy, which has been in place since 2006.

BROADCASTING SERVICES

Achievements

With the responsibility to ensure and promote a vibrant broadcasting sector that provides quality broadcasting services in all available platforms, through international quality standards, stakeholder engagement and ensuring the protection of audiences, the following activities were achieved during the reporting period:

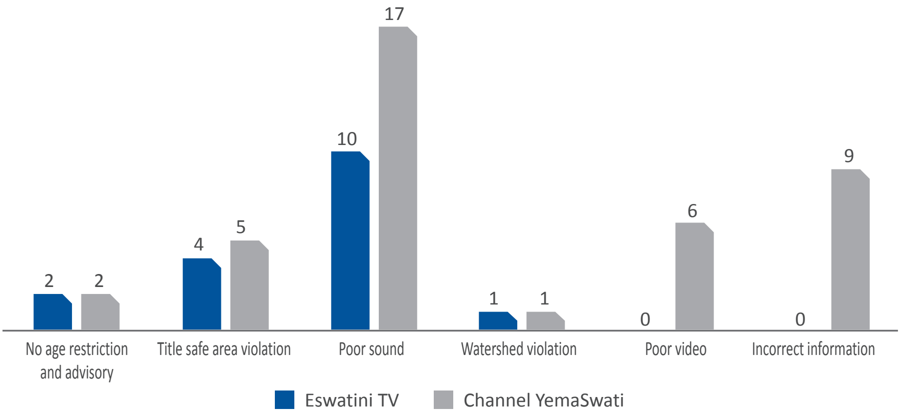
Development and enforcement of Broadcasting Code

The Broadcasting Code was developed with the purpose to assist and guide broadcasting service providers on how to conduct themselves with respect to advertising, local content, privacy, watershed period, programme sponsorship and on the accessibility of broadcasting services by the disabled, was fully operationalised during the current financial period. The code was developed through an elaborate consultative process, involving broadcasters, the media, the general public and other industry stakeholders. As part of the operationalisation exercise for the code, a detailed monitoring framework was developed to ensure strict compliance with the provisions of the code.

Compliance monitoring system

To ensure compliance with the broadcasting services regulatory instruments, including the Broadcasting Services Guidelines and the Broadcasting Code, a monitoring process has been developed and being utilised for this process. The process or system, currently manual, for monitoring radio and television broadcasters checks for violations of specific regulatory requirements, as may be contained in the licence terms and conditions, with broadcasters, engaged and notified of those violations for correction. During the reporting period the following violations (figure 9) were picked up for TV broadcasters.

Figure 9: Violations – ESTVA & Channel Y



Broadcasting service providers' facilities inspections

To ensure high quality of broadcasting services, and with a history of generally poor operational standards in the sector, the Commission undertakes regular inspection exercises for broadcasters' facilities. During the current year, all licensed broadcasters were inspected, against a set of requirements including policies, processes and operational related requirements. After every inspection exercise, reports with recommendations on how to improve operational conditions were produced. The results of the inspection exercises for all broadcasters are highlighted in Table 3 below.

- The results of the inspection depict a low compliance percentage with a minimum of 26.5% and a maximum of 76.5% compared to a minimum of 25% and a maximum of 66.6% in the last financial year.

Table 3: Compliance report

	ESTVA	EBIS	Ch. Y	VOC	UNESWA
Station operational	Yes	Yes	Yes	Yes	Yes
Daily studio logbook	1	1	1	1	0
Technical service records	1	1	1	1	0
Annual maintenance schedules	1	1	1	0	0
Complaints log book	1	0	1	0	0
Complaints handling procedure	1	0	0	0	0
Compressor/Limiter	1	1	0	0	0
Audio level meters	1	1	1	1	1
Profanity delay equipment	0	0	1	1	1
Compliance recording system	1	1	0	1	1
Quality assurance system	0	1	0	1	1
Uninterruptible power supply	0	1	1	1	1
Auto start standby generator	1	1	1	1	0
Station earth < than 2 ohms	1	0	1	0	0
Security	1	1	1	1	1
Air-conditioner	1	1	1	1	1
Fire protection	0	0	1	.5	0
Broadcast system redundancy	0	0	1	1	1
Recovery plan	0	0	0	0	0
Cleanliness	1	1	1	1	1
Policies – nine in total	0	0	6	7	0
Monthly	1	0	1	0	0
Quarterly	1	0	1	1	0
Annual	1	0	1	0	0
Quarterly programme schedule	1	0	1	1	0
Copyright file/database	1	0	1	0	0
Independent productions	1	0	1	1	0
Compliance percentage	**55.9%**	**35.3%**	**76.5%**	**66.2%**	**26.5%**

Broadcast industry development growth: Capacity building

To help improve the quality of service and compliance to regulatory instruments by the broadcasting sector, the Commission engaged the services of the Southern African Communications Industries Association, to train broadcasters in Broadcast Quality Assessment. Content covered in this workshop included but was not limited to standards-based quality assessment, quality control concepts, standards for broadcasting services, video and audio over IP as well as technical measurements. The training workshops were attended by 17 participants from both TV and radio broadcasters, coming from all the broadcast media houses in the country.

Broadcast industry stakeholders' engagement

In an effort to ensure that the Commission's regulatory interventions, particularly in relation to the development of the sector and the COVID-19 pandemic, are aligned to the industry's pressing issues, challenges and opportunities, consultative meetings were held with broadcasters. These consultations also presented the Commission with an opportunity to share possible solutions that can help broadcasters to improve the quality of services, including technical advice on equipment and system configurations. Channel YemaSwati was offered a suggested solution to improve the quality of broadcasting and proper configuration of its equipment. EBIS was assisted in the alignment of the main radio transmitters in Mbabane, which were out of specification through a professional test tool. EBIS was also advised to set up a separate education channel so that normal programming continues without being disturbed due to the pandemic.

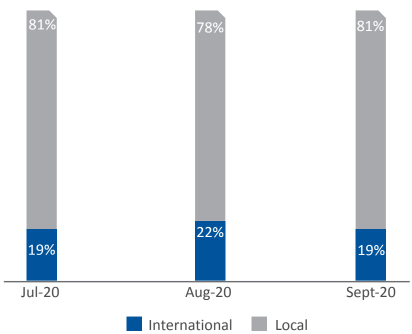
An educational studio for ESTVA's top-level design was initiated and presented to ESTVA engineers and was subsequently adopted.

Content quotas

The requirement by the Broadcasting Guidelines is that a minimum of 40% of content for broadcast has to be locally produced and that 60% of the locally produced content must originate from independent producers.

- The programme schedule submitted by Eswatini Television (ESTVA) between June and September 2020 after an analysis by the Commission indicates that ESTVA complies with the minimum content quota with an average of 80% local content attainment – Figure 10. However, an average of 68.3% of the locally generated content is produced by ESTVA – Figure 11 and independent producers contribute an average of 31.7%, indicating a shortfall of 28.3% for independent producers. It can, however, be noted that there has been an increase of 2.7% of content supplied by the independent producers to ESTVA from last financial year's quota.
- Channel YemaSwati broadcast 92% local content and 8% international content. The production ratio of local content is 77% station produced and 23% by independent producers, resulting in a shortfall of 37% for independent producers.

Figure 10: Local content vs international content – ESTVA



To deal with this shortfall, engagements have been held with Eswatini TV to come up with a programme on how to increase the percentage of content sourced from independent producers. Eswatini TV subsequently produced a Commissioning Manual for Independent Producers and this has resulted in an increase of content sourced from independent producers by about 2.7%.

Figure 11: Local content by independent producers vs local content by ESTVA

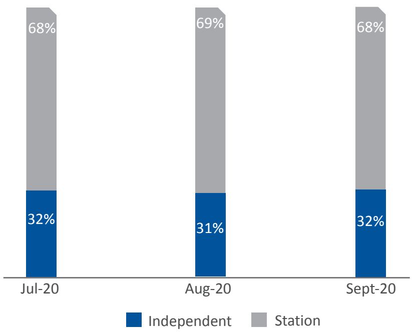


Figure 12: Local content vs international – Channel YemaSwati

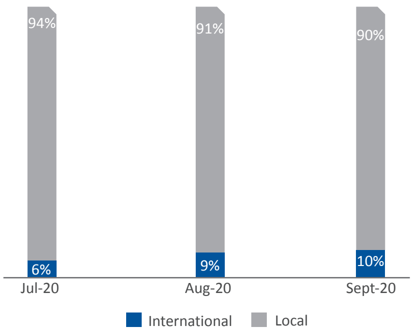
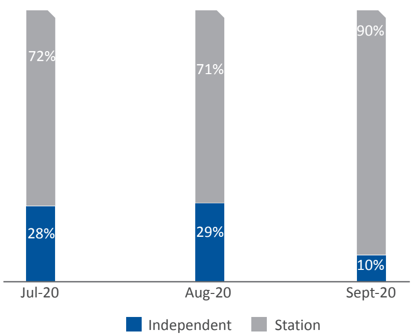


Figure 13: Local content by independent produces vs local content by Channel S



COVID-19 initiatives

- The Commission identified a number of initiatives to help the country fight the spread of the COVID-19 pandemic. The Commission noted the essential role that broadcasting services is contributing towards education during this period where classes for grades 7, form III and form V are delivered through the airwaves. However, it was discovered that some students are not able to receive the educational broadcast on their television screens because they do not have set top boxes to enable reception of the digital signal following the analogue switch off in 2016. In this regard, the Commission, in an effort to make the set top boxes affordable, subsidised 12 000 set top boxes with an amount of E1,800,000. Thus, each set top box was subsidised by E150.00, resulting in a reduction in the price of a set top box from E250.00 to E100.00.
- Eswatini Television was assisted with an amount of E750 000.00 to set up an educational studio to specifically broadcast the schools educational programmes.

CHALLENGES

While implementation of a number of projects and activities was successful, a few challenges arose resulting in a number of initiatives not effectively carried out, due to the following:

- The lack of a broadcast management system makes it impossible to have evidence of violations by the broadcasting licensees.
- The lack of a broadcasting act hinders the licensing of new broadcasters in the country.
- Regulation of online broadcasters which broadcast Eswatini content while hosted in foreign countries.

ACTIVITIES FOR THE NEXT FINANCIAL YEAR

With respect to the regulation of broadcasting services, the following activities will be prioritised:

- Training of independent content producers on programme production skills for digital content platforms;
- Drafting Broadcast Regulations that shall align with the Broadcasting Bill;
- Engagement of ad hoc broadcasts compliance monitors;
- Finalisation of classification guidelines and training of broadcasters on classification of programmes;
- Regular inspection of broadcasters; and
- Development of production standards.

POSTAL AND COURIER SERVICES

Achievements

Review of postal guidelines

The Postal Guidelines 2017 were revised in an effort to integrate several developments in the sector, especially the definition and scope, which now incorporates the courier services sector. As a result of the review, the Commission has developed the Postal and Courier Licensing Guidelines 2020. Before finalisation and publication of the guidelines, the Commission conducted a stakeholder engagement exercise to solicit views from the relevant stakeholders. As part of the extensive consultation process, a number of participants in the courier services sector, which is currently not regulated, were engaged. These participants are as shown in table 4 below. During these engagements, stakeholders submitted their comments to the Commission which were considered in completion of the document. Also, throughout the engagements, the Commission observed that service providers in the sector support regulation and are open to the development of the sector.

Table 4: Name of service provider
1. DHL Eswatini
2. FedEx Express Eswatini
3. Eliang Courier Services
4. Pavilion Courier Services
5. Triton Express
6. Globeflight
7. Interfreight
8. Letsa Courier Services
9. Unicargo Couriers
10. On Track Couriers
11. Tourago Couriers

National addressing and postcode system

Following the National Addressing and Postcode Systems workshop for CRASA member states held in the previous financial year, and upon realisation of the clear need of a well-structured national addressing system as key infrastructure for promoting e-commerce activities, the country began a process of rolling out a National Addressing and Postcode Systems Project. ESCCOM in conjunction with the Ministry of Information, Technology and Communication were appointed by Government as lead coordination and implementation agencies of the project. The lead-team of the project started the preliminary activities. This mainly entailed developing the concept paper for the project and also submitting a request with the UPU for technical assistance in implementing a project of this magnitude and complication. The UPU agreed to provide technical assistance to the country as the project is rolled out. The main objectives of the project include:

a) Comprehensive street and/or property naming and numbering in all settlements types throughout the country.
b) Production of a comprehensive Manual for Street Addressing for use by local councils in the country.
c) Production of an approved National Postcode Directory with supporting legal instruments for its implementation.
d) Production of a National Physical Addressing Standard in full compliance with the relevant standards and legislations.
e) A National Address Database with a fully integrated GIS component.
f) A National Centre for maintaining GIS and Data Bank.

These two systems (addressing and postcode) are key in the development of the postal and e-commerce sector, as operations in the sectors hinge on an accurate delivery point or location. Additionally, an official address has become important and essential for almost every formal activity, making it key in the socio-economic development of the country. With a comprehensive address system, our government and related organisations will be able to effectively plan and implement public policies and services (like water and electricity), to respond effectively to natural disasters and diseases by providing aid and emergency services, to reinforce national and international security, and more. Thus, it will be immensely beneficial for Eswatini to successfully roll out the project.

CRASA membership quality of service project

In line with the Commission's responsibility to ensure delivery of high quality by service providers, in October 2020, the country begun its participation in a Quality of Service Project for letter-mail facilitated by CRASA with the assistance of the UPU. This 15 months' project is intended to measure the end-to-end transit time of letters posted between CRASA member countries.

The project uses the Global Monitoring System (GMS). The GMS is a UPU global quality measurement system designed to enhance the quality of letter-mail throughout the UPU community, and to strengthen the capabilities of all postal operators, in order to facilitate growth in the international letter-mail business.

Other member countries that are participating in the project include Botswana, Lesotho, Malawi, Zimbabwe and Namibia. Therefore, this exercise will measure the transit time of ordinary letter-mail posted between these countries against a set target. The results of the project will inform participating countries on the issues on the ground of the movement of mail amongst these countries. Following which, the CRASA members are expected to deliberate on challenges, and accordingly, find sustainable solutions and also take advantage of any opportunities discovered for the betterment of the postal sector.

CHALLENGES

In comparison to other countries in the region, Eswatini is lagging behind in regulating the postal and courier sector, which is currently at its infancy stages. As a result, the country has had to play catch up in a lot of regional developments. However, this has also given Eswatini an opportunity to learn from other countries, therefore fast tracking the implementation of the regulation process. Further on, due to the late start of regulation in the sector, there is lack of comprehensive information about the postal and courier sector, mainly information about service providers which is key, volume trends of mail items and relevant activities.

The postal and courier sector was not spared from the negative impact of the COVID-19 pandemic. In the year under review, the pandemic affected the quality of project for CRASA member states in which Eswatini is also a part. The project did not begin on the set date with anticipation that the pandemic will be over soon, but it was not to be. With time, member countries took the decision to go ahead and roll out the project. However, corona virus positive cases rose around the world forcing countries to intensify precautionary measures. Consequentially, as a safety measure, international travel was stopped and that meant passenger airlines that are also used to transport mail were grounded. Mail movement in the countries participating in the project was also affected to a point where there were serious delays in delivery of mail or no movement of the mail at all.

FUTURE OUTLOOK

For the year 2021/2022, the postal unit intends to focus on the following key activities:

- Operationalise the Postal and Courier Licensing Guidelines 2020, mainly being issuing of the licences for the service providers in the sector;
- Compliance monitoring for postal and courier service providers;
- Continue participation in the quality of service project for CRASA member states;
- Aggressively work with relevant stakeholders in the implementation of the National Addressing and Postcode Systems Project;
- Work on collecting more accurate and comprehensive data of the postal and courier sector.

ESCCOM OFFICES BUILDING PROJECT

During the current reporting period, the Commission continued to implement the approved project of constructing the ESCCOM offices building at Ezulwini. Whilst the project has experienced some delays, firstly as a result of challenges experienced during the procurement process for the main tender, and secondly as a result of a Government directive to temporarily halt all new construction projects by public enterprises, a number of milestones were achieved as part of the project during:

- Bulk earthworks and site clearing: a suitable contractor, Stefanutti Stocks Construction, was appointed to undertake this activity. The activity was completed during the course of the year.
- Piling works on site: a suitable contractor, Inyatsi Construction, was appointed to undertake this activity. The activity was completed during the course of the year.
- Preparation and issuance of main contract tender: The main contract tender was prepared and issued to tenderers. Due to challenges experienced during the procurement process, the tender was re-issued. Responses to the re-issued tender were received by the Commission, and are awaiting evaluation once a decision to continue with the project is received from Government.
- Preparation and issuance of specialist services tender documents: specialist services tender documents, including electrical and electronics, HVAC, lifts installation, fire protection were issued to tenderers. However, this process was halted as a result of the delays with the main contract tender and the decision by the Government.

During the coming year, the Commission will continue with activities to implement the project, starting with concluding the procurement processes for the main contract and specialist services, and then starting with the actual construction works.

LEGAL AND COMPLIANCE

The Legal and Compliance directorate provides legal support to the Commission and the Board and develops legal and regulatory instruments. The department is also responsible for issuing licences and authorisations, interpretation and analysis of the law, contract drafting, and providing legal support to the respective departments.

As a regulatory authority, the Commission has to enforce compliance by licensees to the applicable laws, regulations, directives, licence terms and conditions, guidelines and/or any other regulatory instrument issued by the Commission from time to time. The directorate is responsible for ensuring such compliance and also ensures that the Commission is also compliant with relevant statutory requirements.

The directorate is also responsible for liaising the Commission's attorneys for external legal advice and in legal proceedings by or against the Commission. The department also provides company secretarial and Board administration support to the ESCCOM Board and sub-committees.

KEY ACTIVITIES UNDERTAKEN BY THE DIRECTORATE WITHIN THE PERIOD

Board meetings

During this period the Board held four ordinary Board meetings and three extraordinary meetings in accordance with PEU stipulations.

UAS Fund Committee

During this period the UAS Fund Committee's tenure expired and the Commission is still awaiting new appointments.

UAS Fund Committee

During this period the UAS Fund Committee's tenure expired and the Commission is still awaiting new appointments.

Licensing of electronic communications service providers

Section 7(g) of the ESCCOM Act empowers the Commission to grant any authorisation for the carrying out of any operation or activity relating to any matter within the remit of the Commission. Further, S.7(1) of the Electronic Communications

Act provides that a person shall not operate a public electronic communication network or provide a public electronic communications service in the Kingdom of Eswatini or between a place in Eswatini and any other place, except in accordance with a licence issued by the Commission.

In accordance with the foregoing provisions, the Commission during this period issued four electronic communications services general licences to the following new licensees:

1. Wanderport Networks
2. Chakaza Holdings
3. AFRIMETRO Investment (Pty) Ltd
4. Prosperity Skyless Solutions

Prior to granting the licences, the Commission, acting in accordance with section 32 of the ESCCOM Act, undertook a public consultation exercise calling for written comments from interested stakeholders and the general public on its intention to grant the said licences. No objection was received from the public consultations hence the grant of the licences.

The scope for this kind of licence is:

- The provision of internet services
- Value added services
- Any other service that the Commission may authorise from time to time

This kind of licence category is relatively competitive as there are already 11 operational and duly licenced internet service providers. The licensing came at a crucial time when, because of the outbreak of COVID-19, most people were working from home, learning was conducted online, meetings were held online and every aspect of our everyday life had suddenly become dependent on the availability of internet services. The licensees were encouraged to ensure reliable and fast internet services and strive for growth of the sector.

Collaboration with other institutions

Section 8(c) of the ESCCOM Act provides that the Commission shall collaborate with educational and research institutions in order to promote knowledge and understanding in the various fields of communications. Further, strategic goal 4 of the ESCCOM strategy provides that the Commission shall establish and strengthen partnerships with stakeholders. The Commission does this through the establishment of MoUs and/or agreements with stakeholders on a range of issues and areas of collaboration. During this period the Commission entered into MoUs with the following stakeholders:

1. The Royal Eswatini Police for:

- Ensuring the electronic communications sector is responsive to the safety and security needs of Emaswati and safety from all elements of cybercrime.
- Promoting the responsible use of technology in conducting e-commerce, ensuring private and public safety of individuals and institutions.
- Communication and coordination with mobile network operators and other stakeholders about data protection for consumers.

2. The Central Statistics Office (CSO) for:

- Coordinating the activities relating to the collection of ICT-related data.
- Ensuring that reliable, up to date and accurate data in measuring and reporting on supply and usage of ICTs in the country is available.
- Periodically undertaking comprehensive national ICT, business, household and individual surveys in order to establish ICT access and usage at household and individual level.

3. The University of Eswatini for:

- Promoting innovation, efficiency and effective ICT education.
- Conducting and fostering research and development in the field of ICT.
- Joint capacity building and training.

4. The Eswatini Revenue Authority to:

- Establish, encourage and strengthen a unified working relationship between the parties in regard to the parties' operations and ensure enforcement of the applicable measures against any contravention of the laws regulating the dealing in or with electronic communications goods or equipment.

Development of regulatory frameworks

During this period, the Commission reviewed the Postal Guidelines 2017 and replaced them with the Eswatini Communications Commission Postal and Courier Licensing Guidelines 2020. The purpose of the review was to clearly define the postal sector and define how the courier service falls within the postal sector in line with prevailing international best practices and the provisions of the Universal Postal Union to which the country is a party. Further, the new guidelines introduced the issue of quality of service and standards applicable in the sector, universal postal service as well as the designation of EPTC as the designated postal operator.

Participation in the development of sector legislation

One of the primary functions of the Commission in terms of section 7(a) of the ESCCOM Act is to advise the Government on policy and legislative measures in respect of the provision and operation of communications network and communications services, including radio and television broadcasts, postal services, electronic commerce and data protection in electronic communications.

Additionally, section 7(b) enjoins the Commission to formulate such rules and regulations to be issued by the Minister as may be necessary for the implantation and proper administration of the policy and legislative measures.

In the exercise of these functions the Commission participated in and facilitated four workshops for Members of the House of Assembly as well as the House of Senate, respectively, on the following Bills that are being advocated for promulgation:

1. The Data Protection Bill, 2020
2. The Electronic Communications and Electronic Transactions Bill, 2020
3. Computer Crime and Cyber Crime Bill, 2020
4. The Eswatini Postal Services and Corporation Bill, 2019

Following the workshops on the pertinent aspects of the Bills, the House of Assembly duly passed the Bills and they are now undergoing public consultation processes at the House of Senate. The Bills are crucial in that all of them have specific mandates for the Commission to administer and enforce.

Participation in international/regional forums

One of the functions of the Commission in terms of section 8(a) of the ESCCOM Act is to represent the communications sector of Eswatini at national and international fora and at organisations relating to the functions of the Commission, and coordinate the participation of any interested groups. The country is a member of the Communications Regulators Association of Southern Africa (CRASA). During this period the Commission held chairmanship of the Legal and Policy Committee, which is one of the seven Standing Committees of CRASA and whose mandate is to review and make recommendations regarding legal and policy matters within CRASA. During this period the Commission championed the following activities within the Committee:

1. Development of a Records Management Policy for CRASA Secretariat
2. Review and update of SADC Model Law on Data Protection
3. Identification of CRASA Constitution Clauses that require review
4. Development of the 2021/2022 LPC workplan

STRATEGY AND ECONOMIC REGULATION

Strategy and Economic Regulation is responsible for the development, implementation and monitoring of the Commission's strategy, the economic regulation of the communications market with regard to competition and cost of communication; collection of ICT data and compilation of statistics to facilitate fact-based market research and reporting on national ICT statistics and indicators. It is also enjoined with the facilitation of communication and engagement with stakeholders through integrated media, and further promotes the Commission's outreach activities and events, to maintain visibility as well as promote consumer awareness and empowerment.

The implementation of planned activities were affected by the prevalence of the COVID-19 pandemic, whose regulations prohibited in-person contact and engagements with intended stakeholders. As such the operating environment was affected and this called for an innovative approach to conducting business. For the year under review, achievements and activities were aligned to the organisation's strategy as articulated below.

STRATEGIC PLAN IMPLEMENTATION

Review of the commission's five-year strategic plan

During the year under review, the Commission undertook a mid-term review of the Commission's first five-year strategic plan, which was developed in the 2017/18 FY. The objective of the review was to assess the implementation level of the strategic goals and objectives. Moreover, the review presented an opportunity to incorporate ICT emerging issues into the scope of the Commission's current operations.

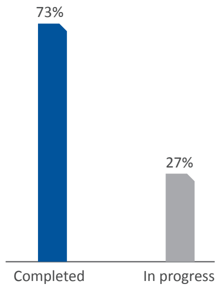
The outcome of the review revealed that since its establishment in 2013, the Commission has covered significant ground in the implementation of the mandate as spelt out in the founding legislation. At the onset of the implementation of the strategic plan in the 2018/19 FY, 15 strategic goals and 38 specific objectives were developed to facilitate the attainment of the mandate of the Commission. A number of activities have been implemented each year towards the realisation of determined outputs and outcomes. Through implementing the strategic plan, over the past three financial years, the Commission has been able to create an enabling environment for the communications sector as well as address challenges arising from emerging issues and sector developments. These have in part resulted from the Fourth Industrial Revolution that has changed the landscape of ICT and the general way of life.

The review also revealed that the Commission is on course to deliver the desired regulatory outcomes, while contributing to the national aspirations of Vision 2022. Major developments have been realised in the telecommunications sector, while more still remains to be done in the broadcasting and postal sectors. The review of existing legal instruments will be finalised to include sectors that were not covered previously, i.e., eCommerce, broadcasting, postal and courier.

A significant number of strategic objectives were implemented within the set timelines. Some are outstanding and require implementation during the remainder of the strategic plan period to 31 March 2023. The Commission will continue to pursue the development of a conducive environment in the communications sector to enable increased participation of industry players.

In operationalising its five-year strategic plan, a total of 132 activities were identified and planned for implementation in the 2020/21 Annual Operational Plan (AOP) across the specific objectives. Ninety-six activities were implemented, which translates to a 73% implementation rate, as indicated in figure 1. The remaining 36 activities, which translates to 27%, remained in progress of implementation and some were deferred to the next FY. Activities that required stakeholder engagements were mostly affected by the COVID-19 regulations which restricted gatherings and in-person consultations.

Figure 1: Percentage completion of activities in 2020/21 AOP



ECONOMIC REGULATION

The Economic Regulation Unit is responsible for monitoring competition and pricing in the communications sector. Its functions include conducting regular market studies on competition, market reviews of the various markets in the sector and other related issues to determine the effectiveness of competition. The unit further implements appropriate competition regulations and measures to ensure that the Commission delivers on its mandate. For the year under review, the unit's achievements and activities were fully aligned to the organisation's strategy as articulated below.

Market development instruments

The Commission compiled performance reports to monitor activity in the ICT sector. These reports are produced on a quarterly and annual basis. The reports assess developments in the telecommunication sector, considering: the financial health and performance of operators; consumer price developments; changes in the competitive landscape; and general trends in the sector. These reports review selected global and domestic developments, the macroeconomic environment and its implications, performance of the operators with regards to the ICT indicators that are used to track growth, factors affecting growth and prospective issues relevant in the outlook of the industry.

The reports further detail the projects undertaken, market interventions and progress achieved over the FY. Most of these developments are focused on enhancing user benefits (including reduced cost of communication) whilst also enforcing regulation. The Commission does these initiatives to effectively guide the sector and promote growth in the industry.

In the year under review, the Commission published the sector's Competition Guidelines, which came into force on 1 May 2020. The main objective of the Guidelines is the promotion of fair competition and the protection against anti-competitive practices in the electronic communications sector. The Guidelines provide a regulatory framework to induce licensees to become more efficient in order to offer a greater choice of products and services at lower prices.

The Guidelines ensure that licensees exercise market power with due regard to consumer welfare and overall industry performance and do not abuse their market power. They further proclaim that essential facilities should be made available to competitors on reasonable terms. Furthermore, the Guidelines make provision for tariff application and review; and, promote consumer protection in the electronic communications sector.

ICT/telecommunications market indicators

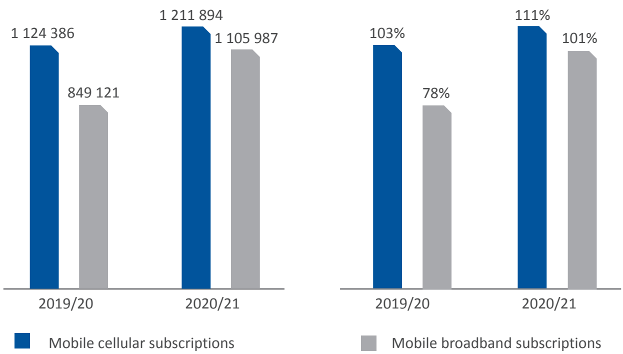
There was an observed growth in most of the ICT indicators. This is a positive attribute taking into account the turbulent period experienced over the year as a result of the COVID-19 pandemic.

TELECOMMUNICATIONS MARKET

Subscriptions

Mobile cellular connectivity grew by 7.8% in FY 2020/21 to reach 1 211 984 mobile cellular subscriptions. Consequently, mobile cellular market penetration increased by 8% to 111% in the review period, as indicated in figure 2. Mobile broadband connectivity increased significantly in the period under review and subscriptions recorded a 30% growth to 1 105 987, whilst mobile broadband penetration increased by 23% to 101%.

Figure 2: Mobile subscriptions and market penetration

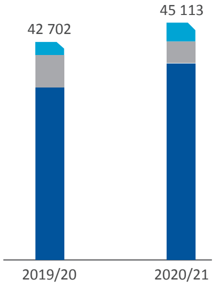


Source: Eswatini Communications Commission

Fixed telephone subscriptions increased by 6% to 45 113 subscriptions, as indicated in figure 3. This was despite a 34% decline in Eswatini Mobile fixed telephone subscriptions. MTN and EPTC fixed telephone subscriptions grew by 35% and 11% respectively, offsetting the decline in Eswatini Mobile subscriptions.

Fixed internet broadband subscriptions in the review period increased by 11% to 27 386 subscriptions, as indicated in figure 4. This growth was mainly driven by the significant increase in wired broadband subscriptions, which grew by 23% to 15 150. This considerable growth in wired broadband connectivity offset the 0.5% decline noted in wireless broadband subscriptions.

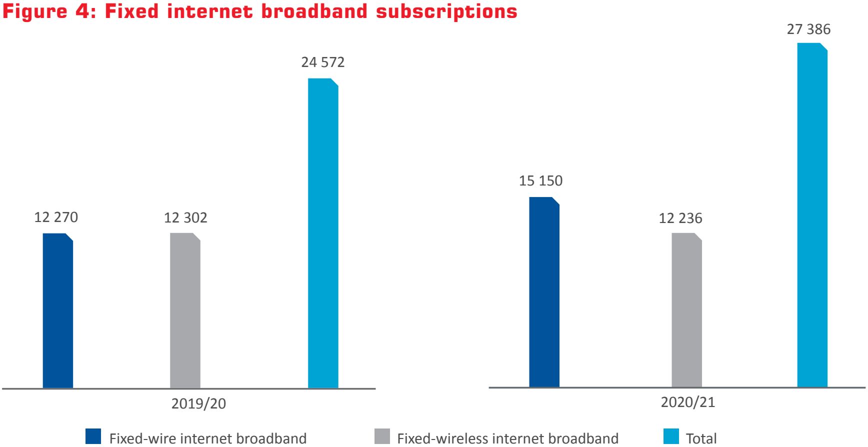
Figure 3: Fixed telephone subscriptions



	2019/20	2020/21
EPTC	33 786	37 340
Eswatini Mobile	6 206	4 110
MTN	2 710	3 663

Source: Eswatini Communications Commission

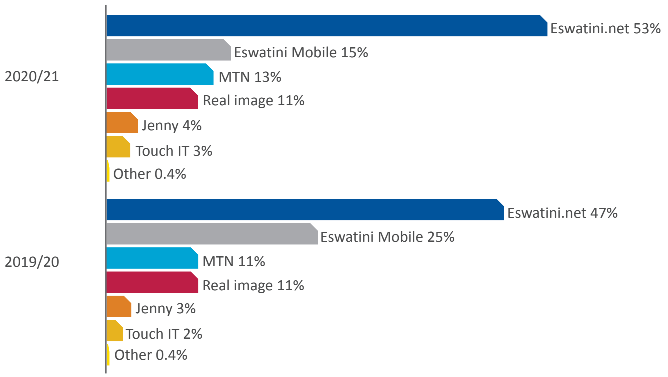
Figure 4: Fixed internet broadband subscriptions



Source: Eswatini Communications Commission

Figure 5 indicates fixed internet broadband subscriptions market share in the 2020/21 FY.

Figure 5: Fixed internet broadband subscriptions market share

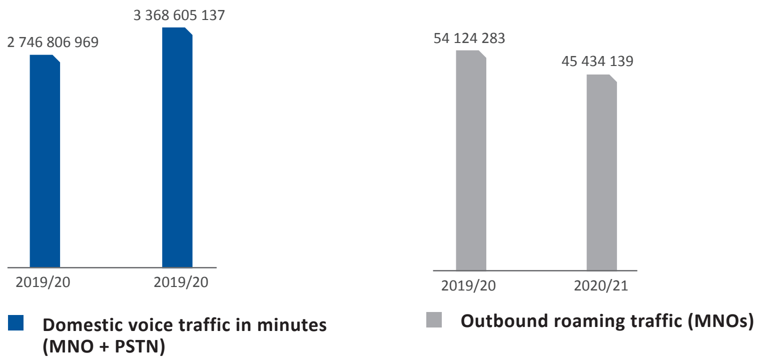


Source: Eswatini Communications Commission

Traffic

Domestic voice traffic, that is the total number of minutes calls made by subscribers, over both mobile cellular and fixed telephone lines increased by 26% to 3.4 billion minutes in the 2020/21 FY. International voice traffic, total voice calls made and received from outside the country by subscribers, decreased by 16% to 45 million minutes in the 2020/21 FY, as indicated in figure 6.

Figure 6: Voice traffic in minutes

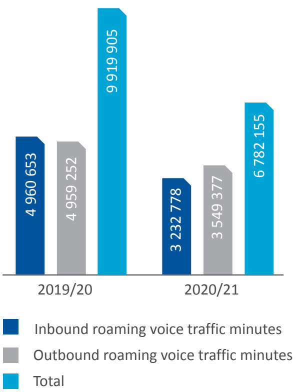


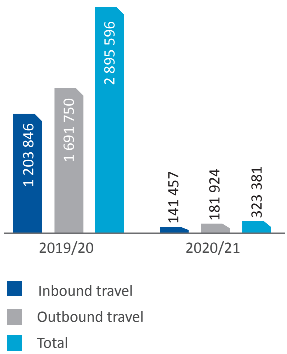
Source: Eswatini Communications Commission

Outbound roaming traffic, that is total call minutes made and received by domestic mobile subscribers using local mobile network SIMs out of the country on foreign networks, declined by 28% to 3 549 377 minutes in the 2020/21 FY. Inbound roaming traffic, that is total call minutes made and received by foreign mobile subscribers using international mobile network SIMs on domestic networks, also declined by 35% to 3 232 778 minutes.

Overall total roaming voice traffic declined by 32% to 6 782 155 minutes. The downward trend in roaming voice trends is mainly attributed to the COVID-19 travel restrictions that had a negative impact on international travel by Eswatini residents and international visitors entering the country. International travellers, both inbound and outbound, through the 15 points of entry and exit of the country declined by 89% to 323 381 as shown in figure 7.

Figure 7: Roaming voice traffic in minutes and international travel statistics



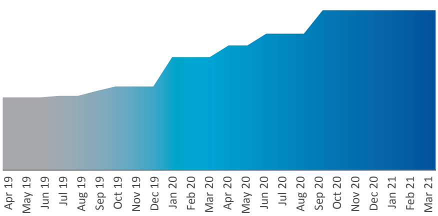


Source: Eswatini Communications Commission and Eswatini Tourism Authority

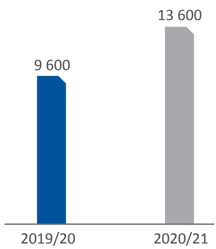
Used international internet bandwidth over EPTC's international internet links continued to increase, reaching 13 600 Mbps in March 2021 as shown in figure 8. This represents a 42% increase from the previous year. This increase in international internet bandwidth capacity is a reflection of higher demand and usage of internet broadband services in the period under review.

Figure 8: Used international internet bandwidth in Mbps

Used international internet bandwidth capacity, in Mbit/s



Used international internet bandwidth capacity in Mbits/second



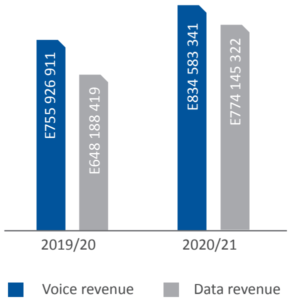
Source: Eswatini Communications Commission

Revenue

There was a 9% growth in revenue in the period under review which was driven by an increase in demand for voice, data and leased line services. Total revenue at current prices generated by licensees in the telecommunications market, which is equivalent to 3% of the country's annual gross domestic product (GDP), amounted to E2.0 billion in the period. This demand was further supported by volume discounted packages supporting "work from home and blended learning" packages offered by licensees in the market in response to the disruption to business activity by the pandemic.

As indicated in figure 9, voice services revenue grew by 10% to E834 583 341, while data services revenue grew by 19% to E774 145 322. The Average Revenue per User (ARPU) in Emalangeni for mobile network operators (MNOs) increased by 3.1% to E298, whilst for ISPs it increased by 2.7% to E2 083.

Figure 9: Telecommunications revenue at current prices



Source: Eswatini Communications Commission

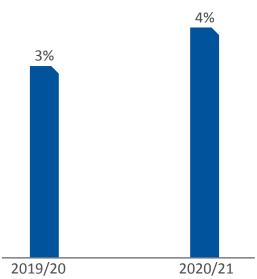
Contribution to domestic tax revenue

Total national domestic taxes collected by Eswatini Revenue Authority (SRA) amounted to E9 945 261 953, a slight decrease of 0.05% from the previous year. Total tax payments by licensees in the telecommunications industry accounted for 4% of total national domestic tax revenue payments, an increase of 3%.

As shown in figure 10, the telecommunications industry accounted for 6% of total company tax revenue collected by SRA in the 2020/21 FY. Tax revenue payments under other income tax revenue (OIT) payments classifications, the telecommunications industry percentage contribution remained unchanged from the previous year at 8%. Telecoms contributed 5% and 2% to value-added tax (VAT) and employee tax pay as you earn (PAYE).

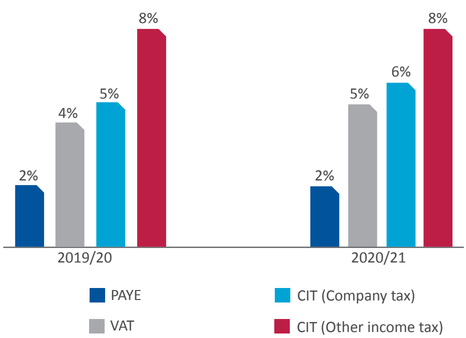
Figure 10: Telecoms contribution to domestic tax revenue

Telecoms industry contribution to domestic tax



Source: Eswatini Revenue Authority and Eswatini Communications Commission

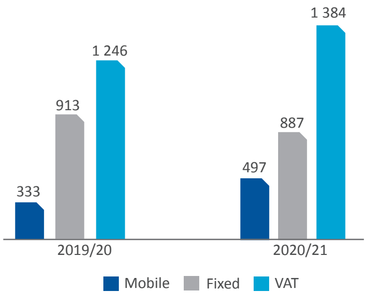
Telecoms industry contribution to domestic tax by classification



Employment in the telecommunications industry continued on an upward trajectory. There was a notable 10.9% increase in the industry employment figures to 1 834 over the year. This increase was mainly by mobile network operators (MNOs), while fixed network operators recorded a decline in the period under review as shown in figure 11.

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.

Figure 11: Persons employed in the telecoms market

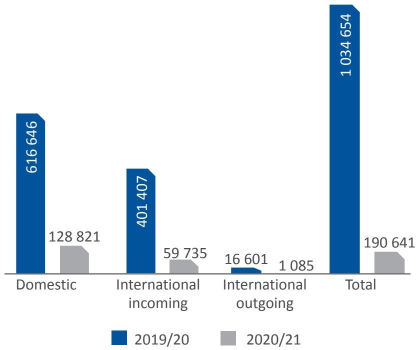


Source: Eswatini Communications Commission

Number of letter-post items and parcels

Regarding trends in the number of letter-post items over the year, domestic letters (sent and received) declined by 79%, international incoming letters declined by 85%, whilst international outgoing letters declined by 87%. Total letters in the period declined by 81.5%, as shown in figure 12.

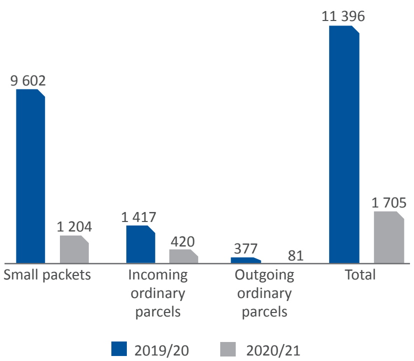
Figure 12: Total number of letters



Source: Eswatini Communications Commission

In relation to trends in the parcels over the period, small packets (sent and received) declined by 78.5%, incoming ordinary parcels declined by 70.4%, whereas outgoing ordinary parcels declined by 78.5%. Total number of parcels in the period declined by 85%, as shown in figure 13.

Figure 13: Total number of parcels



Source: Eswatini Communications Commission

Cost to communicate reduction programme

The three-year glide path of the Price Transformation Programme, which started in the 2017/18 FY, came to an end during the 2019/20 FY. This was after the successful implementation which reduced prices by an average of 33%, 35% and 31% in the 2017/18, 2018/19 and 2019/20 FYs, respectively, by the incumbent wholesale operator, EPTC. As a result of the programme and other sector-wide interventions on cost reductions over the three-year period, licensees were seen passing on the benefit to consumers by reducing their retail rates and introducing new products and services.

Despite the three-year glide path coming to an end, this did not deter licensees from continuing to reduce prices for the benefit of consumers. As a result, Eswatini moved closer to achieving the SADC broadband 2025 targets on affordability, thus aligning with the key objective of the SADC broadband target which states that by 2025 entry level broadband services should be made affordable in developing countries at less than 2% of monthly gross national income (GNI) per capita. As at the end of the period under review, 2% of GNI (using 2019 GNI) per capita stood at E87.99. With the price of 1 GB currently at E99, Eswatini is short by E11.01 to reach the target.

Pricing benchmark study

In the period under review, the Commission concluded the pricing benchmark study. The study investigated current wholesale pricing and the retail prices of data and voice/SMS baskets in the country in relation to other countries in Africa.

The countries considered in the wholesale pricing benchmark study are landlocked and have low population (Botswana and Lesotho): these are comparable to Eswatini in terms of its value chain. The wholesale pricing of leased lines and internet bandwidth bundles in the country were compared to these countries. Retail prices of data (1 GB monthly bundle) and voice/SMS baskets were also benchmarked.

At wholesale level, Eswatini was found to have made significant progress in lowering the national leased line installation, monthly usage and bandwidth costs. All of these are key services that were targeted by the price transformation programme. However, despite the improvement in national leased line bandwidth costs, wholesale pricing remained significantly high when compared to both Botswana and Lesotho.

At retail level, it was noted that sector-wide regulatory interventions have led to a reduction in retail data costs of 1 GB data bundle (monthly) since 2017. The cheapest 1 GB data bundle recorded in 2020 was E99, down from E125 recorded in 2019. Voice/SMS prices decreased between the period of the price transformation programme, as the pricing benchmark study found that the country's voice/SMS basket is comparable to that of its peers at USD5.81. Based on findings from benchmarking wholesale prices, the following regulatory interventions were recommended:

1. A three-year glide path reduction of wholesale prices from 2021 to 2024;
2. A review of leased line and internet installation charges and pricing;
3. A review of EPTC's pricing for last mile fixed internet broadband (ADSL) connectivity services to ISPs;
4. Review legislation on the parts of EPTC's exclusivity in maintaining and operating the national backbone infrastructure to promote competition; and
5. e-Rate for schools, health centres, institutions of higher education and training centres, Tinkhundla centres, libraries, and police stations.

Table 1 and 2 depict the foregoing.

Table 1: Wholesale leased line monthly rates – three-year glide path reduction

Bandwidth	5 Mbps %	10 Mbps %	25 Mbps %	50 Mbps %	100 Mbps %	STM 1 %
Year 1	(33)	(33)	(33)	(33)	(33)	(33)
Year 2	(25)	(25)	(25)	(25)	(25)	(25)
Year 3	(20)	(20)	(20)	(20)	(20)	(20)

Table 2: Wholesale internet bundle monthly rates – three-year glide path reduction

Bandwidth	5 Mbps %	10 Mbps %	25 Mbps %	50 Mbps %	100 Mbps %	STM 1 %
Year 1	(33)	(33)	(33)	(33)	(33)	(33)
Year 2	(25)	(25)	(25)	(25)	(25)	(25)
Year 3	(20)	(20)	(20)	(20)	(20)	(20)

Products and services approved

For the period under review, service providers in the ICT sector (being the fixed line operator, MNOs and ISPs) focused on rationalising their offers and introducing new ones to meet challenges presented by the COVID-19 pandemic and customer demands. A total of 100 products and services were approved during the period as indicated in table 3.

Table 3: Number of approved products and services for the 2020/21 FY

Name of licensee	Price changes on existing products	New products and services	Product and services modifications	Promotions	Grand total
Eswatini Mobile	1	12	12	2	27
MTN Eswatini	2	16	18	–	36
EPTC	–	–	2	4	6
SwaziSat	–	16	–	1	17
Touch IT	–	12	–	–	12
Jenny Internet	–	–	2	–	2
Grand total	3	56	34	7	100

Source: Eswatini Communications Commission

MTN Eswatini (MTN) rationalised its products and services by offering bonus data for pre-paid and post-paid customers, converting daily bundles into non-expiry bundles whilst removing some of the bundles without making customers worse-off. The rationalisation was a combination of an increase in data volumes for MTN's home fixed offerings, or a reduction in the prices of the products. MTN went further and introduced a virtual classroom product for schools and E-learning bundles, in support of the blended learning approach.

Eswatini Mobile (ESM) added two more No Frills products to its product mix, one of which was the No Frills 25 targeting the lower end of the market. ESM also introduced a Civil Servants package and SIM only contracts, which offered increased data when compared to ESM's existing products. ESM further reduced its out of bundle rate from E0.72 to E0.39.

SwaziSat is one of the two licensed ISPs that deliver internet connectivity through satellite as opposed to the usual terrestrial networks. The ISP introduced unlimited offers which included: Small and Home Office, and Enterprise plans.

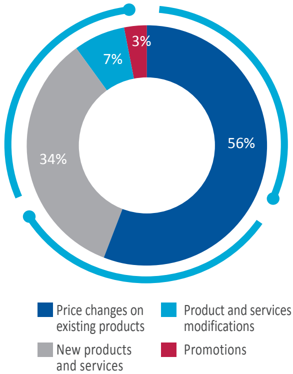
Touch IT introduced Shared Fibre to the Home and Business packages. This was in addition to their already existing Shared Wireless offerings.

EPTC launched ADSL broadband promotions for both pre-paid and post-paid customers. With these promotions, residential customers received double data without any increase in price.

Jenny Internet aligned all Home Packages to a standard connection speed of 3 Mbps. Previously, the connection speeds on offer varied between 2 Mbps and 4 Mbps. Additionally, Jenny Internet delivered more value-add of continuous access to the internet by combining Turbo-Anytime and Night-Time data to Anytime data.

Figure 14 depicts a breakdown of the overall percentage of the products and services approved during the 2020/21 FY.

Figure 14: Products and services approved during the 2020/21 FY in percentages



Source: Eswatini Communications Commission

The Commission is also concerned with safeguarding 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. As a way of ensuring retail price transparency and minimising pricing and product information asymmetries, the Commission publishes the following through its website:

i) Catalogue of products and services – which details the product/service, price, volume, validity and in some cases bandwidth speeds.
ii) Tariff analysis report – a bi-annual report that analyses and discusses the characteristics of the products and services introduced on a half-yearly basis.

ICT data collection

In the 2020/21 FY, the Commission compiled ICT sector statistics and responded to international and local surveys that required data and information on the regulatory environment of the ICT sector. These include the following:

a) CRASA
b) Eswatini Company Survey 2020
c) ITU Survey on Tariff policies 2020
d) ICT Sustainable Development Goals (SDGs) Indicators 2020
e) Malabo Declaration Biennial Review Report (BRR)
f) SADC ICT Observatory 2020
g) Other ad hoc requests for ICT data and statistics for policy and academic research purposes

CONSUMER AFFAIRS AND COMMUNICATIONS

Consumer protection forms an integral part of the ESCCOM mandate. The Commission endeavours to ensure that consumers receive the full benefits of electronic communication services and are protected from any exploitation or abuse. The Consumer Affairs and Communication Unit ensures that all consumer rights and service provider obligations are upheld. It facilitates and promotes the Commission's outreach activities and events, to maintain maximum visibility. Furthermore, it is responsible for ongoing communication with internal and external stakeholders through integrated media.

Participation in communications sector events

Girls in ICT

In April 2020, Eswatini, as a member of the International Telecommunications Union (ITU), joined other ITU Member States in commemorating International Girls in ICT Day, under the theme Expand Horizons, Change Attitudes. The main objective of this initiative is to create a global environment that empowers and encourages girls and young women to consider studies and careers in the growing field of information and communication technologies. The 2020 commemoration was virtual in the form of an ITU hosted online dialogue on **Girls in ICT: Inspiring the Next Generation**. This dialogue highlighted the importance of governments' engagement in empowering women through technology and panellists also shared ideas on how to attract girls into technology fields. It was launched by the Secretary General of the United Nations, Antonio Guterres. Female employees within the Commission were participants in the dialogue.

National Cybersecurity Awareness Month

In November 2020, Eswatini commemorated the second annual National Cybersecurity Awareness Month, under the auspices of the Ministry of ICT. The theme was "#DoYourPart, #BeCyberSmart". The initiatives in this campaign were driven by the National Cybersecurity Awareness and Outreach team. As part of their activities, the team visited four tertiary institutions across Eswatini. During these sessions, they presented to students and educators on the dangers associated with using the internet, and how they can avert the highlighted risks. There were also television (TV) and radio infomercials aimed at educating the nation on fraud and scams, keeping family members safe as well as keeping their devices protected from cybercriminals. Weekly advertorials were published in print media to provide an update on the campaign activities as well as provide in-depth information on the sub-themes of the campaign which were: mobile device security, family online safety, fraud and scams as well as personal data privacy.

Commemorative adverts were also published for World Telecommunications and Information Society Day (WTISD) and World Post Day, in line with the themes of the International Telecommunications Union (ITU) and the Universal Post Union (UPU), respectively.

Educational fairs

ESCCOM actively participates in various trade fairs and exhibitions. These platforms provide an opportunity to educate and inform consumers on the Commission's role and activities in Eswatini's ICT sector. In October 2020, the Commission participated in the UNESWA ICT Fair, an event that was held virtually. ESCCOM produced a video that educated the public and raised awareness of the Commission's mandate in line with the theme, ICT Transformation in the New Digital Era.

Ministry supported events

The Commission's primary functions, according to section 7 of the Eswatini Communications Commission Act of 2013, require close collaboration with the Ministry of ICT and the office of the Minister. The Commission continues to work closely with the Ministry of ICT in the implementation and administration of Eswatini's ICT policy and legislative measures. In the year under review, the following events were held with the support of the Ministry:

New ESCCOM Head Office Sod Cutting and Site Handover

In May 2020, the Acting Minister for Information, Communication and Technology, represented by the Principal Secretary, officiated the Sod Cutting Ceremony for the new ESCCOM Head Office Building at Ezulwini. The event was attended by the ESCCOM Board and Management, and marked the official kick-off of the construction project. At the same event, the site was handed over to the earthworks contractor, Stefanutti & Stocks. This event also served as a platform for the Board Chairman to share the project details with the media.

Presentation of Set Top Boxes (S'gujana) Subsidy Support to the MICT

The advent of the coronavirus necessitated the introduction of broadcast lessons for pupils. ESCCOM sponsored a subsidy for the set top boxes (s'gujana) to support remote learning and facilitate the dissemination of information during the national lockdown. The funds were received by the then Acting Minister of ICT, Senator Manqoba Khumalo. As a result of this subsidy, consumers of electronic services were able to purchase the devices at a discounted price.

Launch of the Tsembisa Contact Tracing App

The Commission joined other stakeholders to be part of the Tsembisa Contact Tracing App, launched by the Acting Minister of ICT on 30 June 2020. This is an innovative first of its kind platform, designed by Real Image Internet, to assist the Ministry of Health in real-time data collection, monitoring of active COVID-19 cases as well as setting boundaries to stop the hyper spread of the virus in Eswatini.

Universal Access and Service Fund (UASF) Equipment Handover

In August 2020, the then Acting Minister of ICT, Senator Manqoba Khumalo, officiated the presentation of over E39 million worth of ICT equipment under the UASF. The event, attended by multi-sector beneficiaries, also provided a platform to report on the ICT projects that have been completed by the Fund. These have benefited the health and education sectors as well as general communication infrastructure development across Eswatini, with special focus on the underserved and disadvantaged communities.

Acting Minister's visit to ESCCOM offices

In December 2020, the then Acting Minister of ICT, Senator Manqoba Khumalo, was hosted by the Board and ESCCOM Executive Management, led by the Chief Executive, on a visit to the ESCCOM offices. The purpose of the visit was to familiarise the Minister with ESCCOM mandate, strategy as well as operations.

Stakeholder management

As part of implementing the Directorate's Engagement Plans in the Stakeholder Engagement Strategy, the Commission initiated virtual meetings with key stakeholder groups. The goal of these sessions is to improve working relationships. Due to limitations on physical assemblies, virtual meetings were held with the editorial teams of the main media houses in Eswatini; Times of Eswatini, Eswatini Observer, Eswatini TV, Channel YemaSwati and Voice of the Church. In these sessions, deliberations were held on possible areas of collaboration and efficient ways of working.

Sponsorships

The Commission sponsored Junior Achievement (JA) Eswatini with funds to host the regional finals for the Junior Achievement Company of the Year Competition. Eswatini was the host of the event, and it was held in a blended format due to COVID-19 regulations which restricted gatherings.

National support

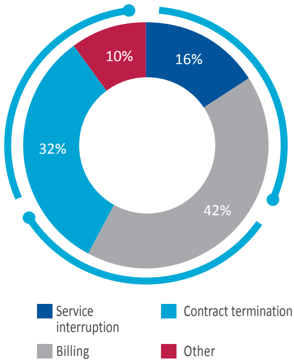
The Commission continues to support the country's leadership during national events. ESCCOM contributed towards the annual Incwala cultural event. In line with His Majesty's directive to channel all King's Birthday funds towards the COVID-19 Resource Mobilisation Fund, the Commission made a donation towards this initiative in April 2020. These funds were used to provide aid including: medical equipment and personal protective equipment (PPE) to local medical centres; access to safe water and sanitation to disadvantaged communities; food parcels to families in need; and fumigation services across Eswatini.

Resolution of complaints

During the year under review, the Commission received a total of 19 complaints escalated from consumers of regulated entities, relating to 'quality of service' and 'quality of experience'. Of these, 17 were resolved and two were carried forward to the 2021/22 FY. A majority of these complaints were related to the telecommunications sector, with only one on broadcasting and none from postal.

Following the operationalising of the Memorandum of Understanding with Eswatini Competition Commission, there has been increased collaboration on complaints resolution. Upon receipt of complaints from consumers, the operators engage to action these matters, and encouraged to put in place processes and systems to avoid reoccurrence. Figure 15 shows the distribution of complaints received by complaint type.

Figure 15: Distribution of complaints by type



Publications and advertising

The Communications Unit is responsible for the media relations function within the Commission. This involves working with media stakeholders, both print and electronic, to keep the public informed of organisational matters in a positive, consistent and credible manner. This also means coordinating directly with the people responsible for producing the news and features in mass media.

As directed by section 37(2) of the Eswatini Communications Act (ECA), the Commission is required to publish all decisions taken, and allow a 30-day period before such decisions come into effect. The Eswatini Observer and the Times of Eswatini are currently the two daily national newspapers that the Commission utilises for this purpose. The Government Gazette is then used to publish final decisions.

In the year under review, a total of 19 notices were published in Eswatini's daily print media. Monthly advertorials were also used by the Commission to give in-depth and accurate information on various initiatives that the Commission is engaged in. In the past year, advertorial topics included: Eswatini Communications Commission's COVID-19 Relief Strategy; the Universal Access and Service Fund (UASF)'s role in ICT Growth; Cybersecurity Awareness; and Child Online Protection.

The Commission also published print adverts and flighted TV adverts to commemorate His Majesty's 52nd King's Birthday and Independence Day celebrations.

Social media

In a bid to increase visibility for its activities and promote ongoing and continuous stakeholder engagement, awareness and communications in an innovative and relevant way, the Commission launched social media accounts in April 2020. ESCCOM now has social media presence on Facebook, Twitter and LinkedIn. Consumer queries and questions are answered online, general notices as well as press releases are timeously shared with the community. Content shared on these platforms also include events, vacancies and other matters related to the Commission's mandate. The pages have shown steady growth in followers, page likes as well as engagement levels. As at the end of the 2020/21 FY, Facebook had 652 likes, Twitter had 326 followers and LinkedIn had 111 followers.

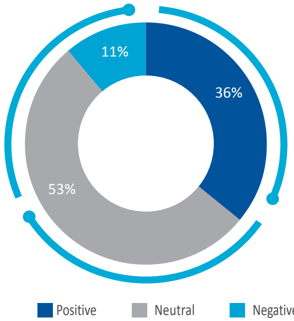
Media analysis

ESCCOM has been and will continue sharing key messages that aim to educate external stakeholders and the general public on her mandate and other industry-related topics.

In the year under review, the Commission monitored ESCCOM content as covered by media outlets. Media coverage intends to highlight the work the Commission is doing within Eswatini's communications industry. The outcomes produced in the media analysis assist the Commission in understanding where the communication gaps are and how to positively position the organisation's brand.

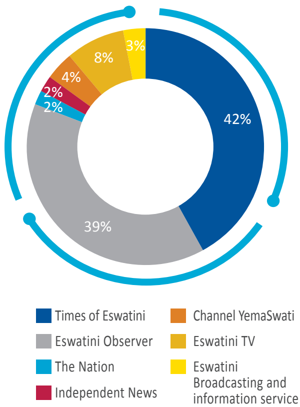
As part of the media analysis, ESCCOM conducted sentiment tracking to understand the perception of its brand and service offering. As demonstrated in figure 16 the sentiment was predominantly neutral at 53%.

Figure 16: Media sentiment tracking for the 2020/21 FY



ESCCOM content was covered in the country's seven media houses. The use of digital and electronic media as part of ESCCOM's communication strategy has grown even though print media remains the leading platform for content produced.

Figure 17: Distribution of content produced and placed according to local media sources



Publications

The Commission disseminates information to internal and external stakeholders through the use of various publications. In the year under review, these included the print newsletter, “COMMSREG”, and the electronic “Weekly Roundup”. The content shared included images and news from ESCCOM events, updates pertaining to sector matters such as changes to regulatory frameworks as well as collaborative projects that the Commission is involved in.

CHALLENGES

The advent of the COVID-19 pandemic at the beginning of the 2020/21 FY posed numerous challenges, especially in the area of stakeholder engagement in that most of the activities involve physical interaction and the hosting of events, which could not be implemented. The COVID-19 regulations severely restricted gatherings and in-person engagements: this caused the cancellation of some key initiatives the Commission had planned.

The late submission of data to the Commission by licensees has been a major hindrance to the timely production of ICT indicators, which are used in tracking the performance of the sector and inform national policy and strategies. This hinders evidence-based planning for the ICT sector as a whole.

FUTURE OUTLOOK

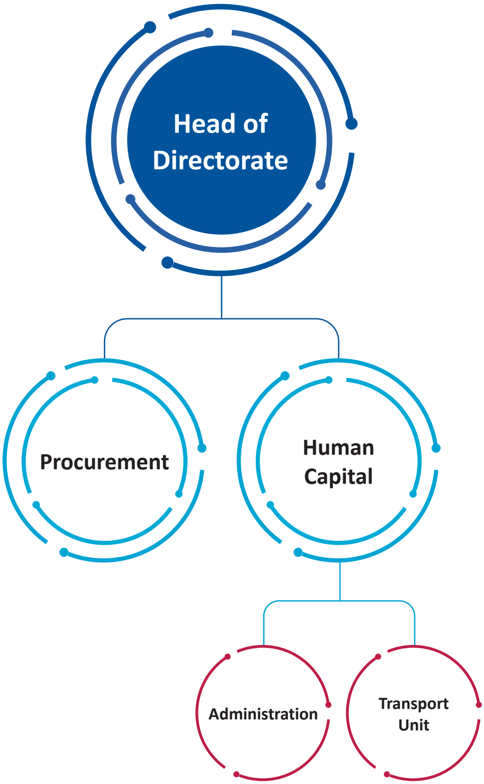
The Commission is in the process of developing its second five-year strategy to guide developments in the communications sector. To ensure effective and consistent regulation and management of market development, the Commission will undertake further initiatives on price reductions such as implementing the recommendations of the pricing benchmark study and producing a regulatory framework for wholesale services and pricing. Additionally, the Commission will be undertaking the 2022 Eswatini National ICT Household Survey (ENICTHS).

The dissemination of information through stakeholder engagement and consumer education remain high on the agenda. The Commission will continue to proactively implement various stakeholder engagement initiatives to maintain meaningful and beneficial dialogue with all stakeholders. With the COVID-19 pandemic still prevalent, there is a need to explore innovative and virtual ways of engagement and advancing the plans of the Commission. This is an opportunity to showcase the power of technology in business continuity.

SUPPORT SERVICES

SECTION A – HUMAN CAPITAL AND ADMINISTRATION

March 2021 marks one year since the beginning of the state-mandated stay-at-home orders and workplace shutdowns due to the global COVID-19 pandemic. The pandemic caused the most significant disruption to not only ESCCOM, but to regional and global entities. The Commission was forced to adapt quickly to both remote-work technologies and the cultural shift needed to embrace remote work.



The 'new normal' which was birthed by the pandemic, did not change the fact that the Commission's business objectives are achieved through its people, fulfilling staffing needs, and maintaining employee satisfaction. As such, the Commission continues to see its employees as the most essential contributors towards fulfilling its mandate.

PERFORMANCE HIGHLIGHTS

The following activities were undertaken in line with ESCCOM's Strategic Plan for the period April 2020 to March 2021 and specific objectives falling within Human Capital's key performance areas:

Job satisfaction survey

In its endeavour to enhance organisational sustainability and to become an employer of choice, ESCCOM aims to create an environment that develops and retains talent. To this end, a Job Satisfaction Survey that highlighted the following focus areas was conducted:

The survey results indicated that ESCCOM's level of employee satisfaction is 76%. Whilst the score implies a good satisfaction level, the following focus areas indicated the need for improvement initiatives:

A. Career development
B. Relationship management

The Commission has since embarked on a validation exercise in order to implement recommendations to improve the level of satisfaction.

Automation of HR processes and employee self-service (ESS) platform

The PAYSPACE payroll and HR system to automate the HR functions was fully implemented in the reporting period. As part of the package, an employee self-service (ESS) platform was implemented to enable employees to access and make changes to their HR-related information. Employees are also able to update personal data and access a wide array of helpful tools and resources.

Policy development

During this period, the following policies were endorsed by the Board of Directors:

- Rewards and Recognition Policy
- 'Girls in ICT' Development Programme Guidelines

RECRUITMENT

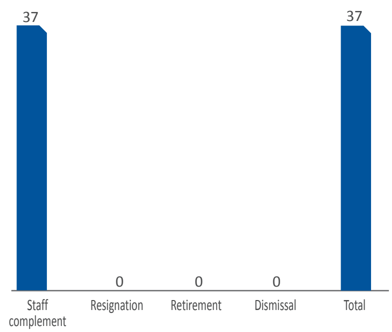
During the period under review, the following positions were filled:

- Manager Strategy & Performance Improvement
- Graduate Trainee – Information Technology

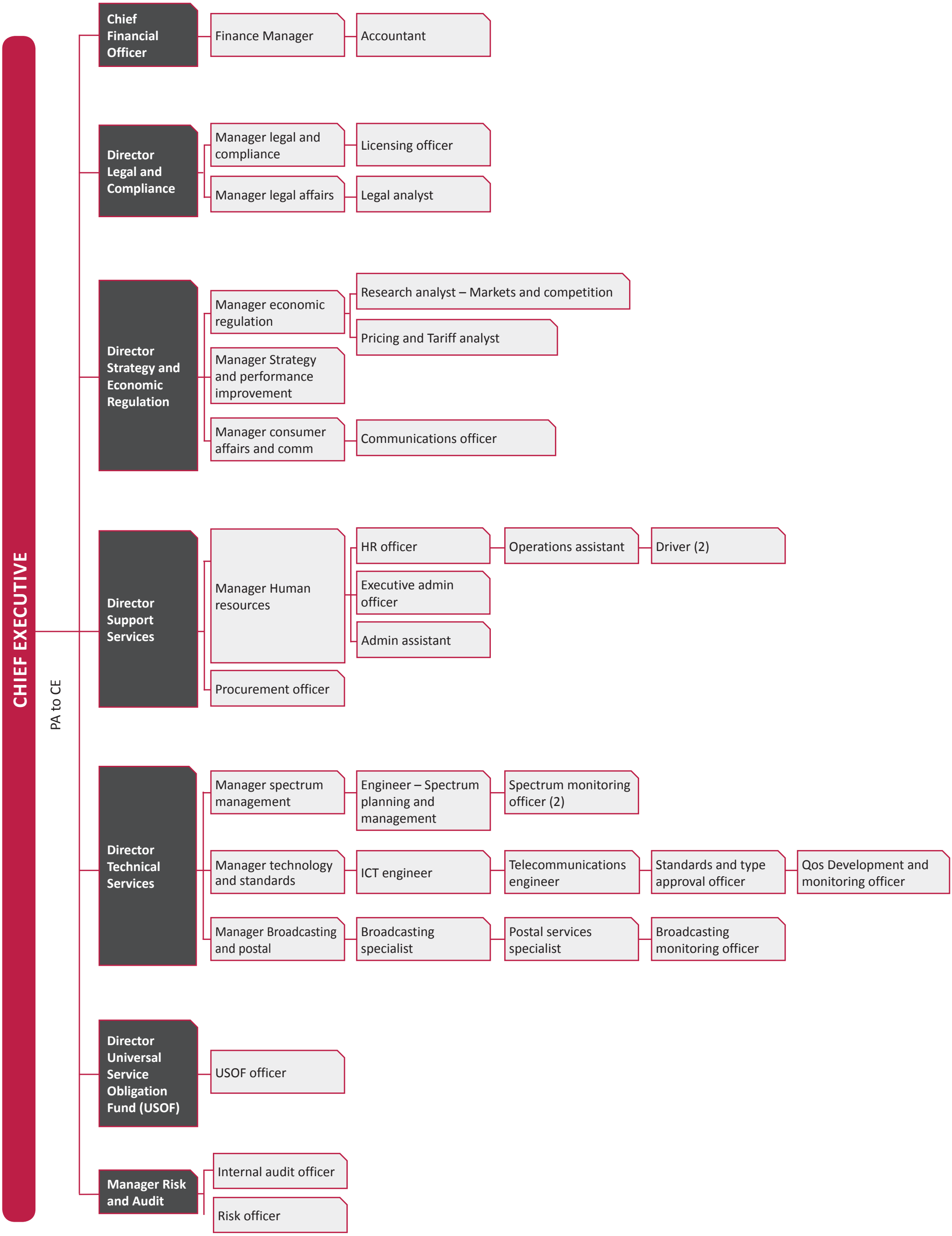
STAFF COMPLEMENT

As at 31 March 2021, ESCCOM's staff complement was recorded at 37 with zero resignations and dismissals:

Staff complement



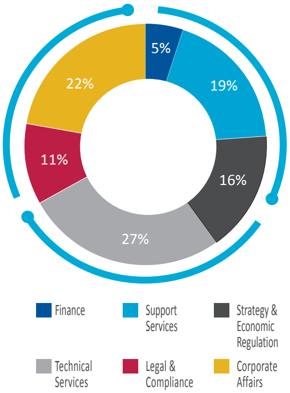
ESCCOM INSTITUTIONAL ORGANOGRAM



DEPARTMENTAL HEADCOUNT

The Commission's departmental headcount as at 31 March 2021 was as follows:

Departmental headcount



STAFF DISTRIBUTION BY POSITION AND GENDER

Cadre	Male	Female	Total
Executive management	4 57%	3 43%	7
Managers	8 80%	2 20%	10
Professional staff	8 57%	6 43%	14
Support staff	2 40%	4 60%	6
Total	22 61%	15 39%	37

Staff welfare

COVID-19

To comply with the COVID-19 World Health Organisation (WHO) and the Ministry of Health Guidelines, the Commission was required to make changes in the working environment and further, made provision for alcohol-based hand sanitisers and face masks for all employees.

To minimise the risk of COVID-19 transmission within Commission employees as well as to ensure a safe working environment, staff were required to work from the office on rotational bases, so that fewer employees are at the office at any point in time.

Breast Cancer Month

In line with ESCCOM wellness initiatives, staff commemorated Breast Cancer Awareness month in October. A team from Swaziland Business Coalition on HIV and AIDS (SWABCHA) made an informative presentation to staff. On the day staff had a chance to do the following medical tests:

- Blood pressure
- HIV
- Blood glucose
- Hepatitis B
- Syphillis
- Basic TB screening

#YehlaPhela Weight Loss Challenge

Whilst Eswatini and the world at large was dealing with the effects of COVID-19, the Commission never overlooked its responsibility and commitment to ensure the wellbeing of its employees. Employees participated in the 'ESCCOM #YehlaPhela Weight Loss Challenge', which was aimed at promoting an active and healthy lifestyle amongst employees.

Meet the first #YehlaPhela 2020 winners:

HUMAN RESOURCES DEVELOPMENT

ESCCOM aims to assist employees to develop their knowledge, skills and abilities for both personal growth and organisational effectiveness through a variety of capacity building initiatives. During FY 2020-21, the following capacity building initiatives were attended:

DATES	WORKSHOPS ATTENDED	NUMBER OF OFFICERS TRAINED
17 – 28 August 2020	Telecommunications Policy, Regulation and Management (TPRM)	1
11 August 2020	Sage 300 Business Management System	8
24 November – 14 December 2020	Spectrum Management Training	7
16 December 2020	Retirement Symposium	2
1 – 22 February 2021	Economic and Market-Based Methods of Radio Frequency Spectrum Management	2
1 – 4 March 2020	TCI Virtual Customer Training	1
15 – 19 March 2021	Balance Sheet Reconciliation	1

Meetings

The Commission virtually participated in industry events which took place at three levels:

- 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 Telecommunications Union (ITU), Universal Postal Union (UPU), and Commonwealth Telecommunications Organisation (CTO).

ONGOING ACTIVITIES

Skills and audit and identification of human resources requirements in the ICT sector

The Commission is mandated by section 6(i) of the Eswatini Communications Commission Act “to promote efficient management and human resource development within the communications industry”. Acting in pursuance of this mandate, the Commission has appointed Detecon International to conduct a skills audit and identification of human resources requirements for ESCCOM and the entire ICT sector. The main objective of the exercise is to develop a competency framework that will enable the Commission to stipulate standardised skills mix, related knowledge and attributes to produce a job/task in order to set generally accepted standards of performance and help the players in the ICT sector to operate effectively.

SECTION B – PROCUREMENT

The procurement and supply chain operations were not exempted to the disruptions brought about by the COVID-19 pandemic.

Construction of head office building

The proposed construction of ESCCOM Head Office Building – Tender No. ESCCOM/TS/001/2020-2021, was put on hold by Government through Circular No 4/2020 pending finalisation of the study to streamline public enterprises. ESPPRA’s guidance and approval on the deferment was obtained.

UAS 2021

The Eswatini Communications Commission (“Commission” or “ESCCOM”) is entrusted with the mandate of ensuring the development of the communications sector in the country. The Commission established the Universal Access and Service Fund (“UAS” or “UASF” or “Fund”) in terms of section 29 of the Electronic Communications Act, 2013, in order to support the delivery of this mandate.

The core mandate of the Fund is the advancement of communications services, with specific focus on achieving universal access and service to quality, reliable and affordable communications services in Eswatini. These targets are underpinned by the view that widespread and affordable access to ICTs is also a key to promoting social inclusion, and to bringing the benefits of development to the marginalised and disadvantaged members of our societies, including the poor and the unemployed, women and the disabled.

UASF GOVERNANCE

The Fund presented an unqualified audited report for the financial year 2020/2021. The audit report attached to the annual report was an independent exercise which was managed by Kobla Quash Auditors. The report also indicates that the Fund will be in a position to carry out its mandate in the new financial year through the contribution of the licensees and the remittances of the Commission of unused monies as per the UASF Regulations.

The UAS Committee term of office elapsed in October 2020. The committee was led by Mr Ali Resting who was acting Chairperson, Mr Mvilawemphi Dlamini, Mr Alex Hlandze, Ms Karen Mbuyisa and Ms Bongiwe Dlamini. The Fund is indebted to their leadership and contribution in working towards closing the digital divide. The Commission Board of Directors still offers the overall governance role to the Fund and ensures that the obligation of the Fund is adhered to.

COMMISSION SUPPORT

The Eswatini Communications Commission continues to support the Fund in its operational deliverables. The Commission as detailed in the UASF Operational Manual offers administration support to the Fund which includes technical, financial, legal, economical and human resources. The Commission has also contributed positively on the programmes of the fund by waving all spectrum fees for last mile connectivity for the Government offices as per the details of the activities detailed on the report below.

UASF STRATEGY PROGRAMMES UPDATE

In an effort to achieve this, during this reporting period, the Commission formulated a three-year strategy which highlighted the access gap and the initiatives that seek to close the communication gap and bridge the digital divide in our society. The period 2018 to 2021 focused on building a foundation framework upon which the Fund shall carry out its mandate and set up its operational requirements, which include the Fund Operational Manual and human resources. The programmes for the past three years were founded on the principles that underpin universal service: availability, affordability, subsidisation and accessibility.

The programmes set out by the strategy are in four categories as set out below;

Programme 1:	Connectivity for facilities, such as community centres, schools and health facilities
Programme 2:	Management of the Universal Service Committee
Programme 3:	Network infrastructure enhancement for backbone and last mile access to broadband internet
Programme 4:	Development of Eswatini Digital Access Centres (SDACs)

In that regard, the Fund presents the initiatives which were undertaken and completed in the reporting period under review. This past financial year was the last year of the current strategy and the report will reflect on some of the achievements and challenges as we build towards the new strategy.

CONNECTIVITY OF GOVERNMENT PUBLIC FACILITIES

In the period under review the Fund provided support with last mile connectivity to the Ministry of Agriculture and the Ministry of Health.

The Fund was able to assist the Ministry of Agriculture to connect 17 veterinary offices. This support enabled the Ministry to connect remote veterinary sites to the Government network. This initiative is in line with Government's objective of bringing services closer to the people and also enhances sharing of information and optimising recourses. The Ministry of Agriculture is one of the Government's departments with many remote sites all over the country. Most of these sites are not connected to the Government intranet, especially the Rural Development Areas (RDA). The Ministry has vital information systems which must be accessed by the officers from the remote sites thus bringing government services closer to the people. One of these systems which is currently most used or significant to the farmers all over the country is the Eswatini Livestock Identification Traceability System (SLITS). With the unavailability of Government intranet in some other places, more especially the Shiselweni region, farmers travel very long distances to get assistance. The Ministry has also a system (SASIS) that has never worked because of lack of resources which include the WAN. Currently the Ministry of Agriculture is in a process of developing systems whose aim is to provide efficiency in the delivery of services and these systems will need the Government intranet to be fully operational. These systems are:

- Soil Testing Reports Management System
- The Veterinary Medicinal Products System
- The National Plant Health Inspectorate Services

The following are the sites which the fund provided support for their connectivity under the Ministry of Agriculture:

a) Mbabane vet
b) Pigg's Peak vet
c) Nhlangano vet
d) Ntfonjeni vet
e) Gege vet
f) Ngculwini vet
g) Mbulungwane vet
h) Lobamba vet
i) Mankayane vet
j) Mctyre vet
k) Mahlangatsha vet
l) Lavumisa vet
m) Sithobelweni vet

n) Mpisi training vet
o) Mliba vet
p) Ntfonjeni RDA
q) Motjane RDA

In the Ministry of Health, the Fund assisted to connect 25 health facilities to support the connectivity of the Health Management Information Systems (HMSI) to the central database. This system assists Government in improving healthcare and treatment services for people most in need at community level. It seeks to improve the linkage to care and treatment for people receiving healthcare services at community level. The system further advances adherence among clients receiving treatment through the community-based differentiated care model and improve retention of clients in care and treatment services through SMS notification for treatment refill visits. This initiative is a continuation from the previous two years where the Fund has supported the Ministry of Health in its drive to ensure all health centres are connected to the central HMIS database.

The Health Facilities which were connected are:

a) Our Lady of Sorrows clinic
b) JCI (Mphelandzaba) clinic
c) Silele Red Cross clinic
d) Matsanjeni Public Health Unit
e) Mhlosheni clinic
f) Matsanjeni chesire home
g) Nsalitje clinic
h) Matsanjeni Health Centre
i) Gucuka clinic
j) Sithobela Rural Health Center
k) KaMfishane (KaNdlovu) clinic
l) Nkonjwa clinic
m) Sinceni clinic
n) Cabrini Ministries Health Care
o) Nhlangunjani clinic
p) Maloma Colliery clinic
q) Ntshanini clinic
r) Zombodze Clinic (Shiselweni)
s) MSF Community Fixed Site
t) Mashobeni clinic
u) Mahlandle clinic
v) Tfokotani clinic
w) FTM clinic
x) Tsambokhulu clinic
y) Mambane clinic

SUPPORT FOR STUDENTS WITH SPECIAL NEEDS

Part of the core mandate of the Fund is to support people with special needs and the Fund identified through the Ministry of Education students with hearing disabilities. In the period in review the Fund supported the School for The Deaf Primary and High School with technology capabilities which will assist in administration, learning and teaching.

In the School for the Deaf Primary the Fund supported with the provision of the following:

I. Fifteen tablets
II. Eight interactive white boards package
III. One clicker 8 site licence

In the School for the Deaf High School the Fund supported with the provision of the following:

I. Seven interactive white boards package)
II. One clicker 8 site licence
III. Fifteen tablets for teachers
IV. Thirty laptops for students
V. The Fund was able to partner with Jenny Eswatini and offer free broadband internet for the school for the next 10 years. The internet will assist teachers and learners to tap into already available resources on the net which will improve their lives. The total value for the contribution by Jenny is E878 800

SUPPORT FOR ICT IN EDUCATION

The growth of the ICT sector is dependent on the investment which is done to the young people while at school. The Fund is also mandated by the founding legislation to also support education in the country. In the period under review the Fund supported the Ministry of Education with 675 laptops. These were distributed to schools around the country and each school getting 45 laptops, with the aim of assisting the learners in conceptualising what they learn in theory.

This project had primary focus on schools in rural areas. Below is the list of the beneficiary schools:

Hhohho Region

1. Motjane High School
2. Ekubongeni High School
3. Ezulwini Community High School
4. Ensingweni High School

Lubombo Region

5. Ka-Langa High School
6. Maloyi High School
7. Matsetsa Nazarene High School
8. Maphilingo High School

Manzini Region

9. Sigombeni High School
10. Hillside High School
11. Masundwini National High School

Shiselweni Region

12. Mahamba High School
13. Engudzeni High School
14. Eric Rosenberg High School
15. Mshengu High School

PROVISION OF PUBLIC WIFI

In an effort to enable the public to have access to internet, the Fund embarked on a drive to offer subsidised internet in public areas. During the year 2019/2020 the Fund set up WIFI hot spots in strategic points of entry in the country. In the year 2020/2021 the Fund set up public hotspots in rural health centres which have a high turnout. The public have access to free 200 MB of data and once depleted they have an option to top up via coupons or can use other service providers of their choice. The health centres which have been set up with hotspots are Lobamba, Lomahasha, Nhlangano, Luyengo and Lubombo Referral.

2018/2021 STRATEGY EVALUATION

The year under review is the last year of the current strategy. The UASF Committee engaged itself in an exercise to evaluate the progress on the strategy which will also inform the new strategy which shall be the basis for the Fund's activities and deliverables between 2021 and 2024. The objectives of the review exercise were:

- To determine the perception of the UASF and the strategy amongst institutional stakeholders, beneficiaries of the Fund, operators;
- To provide an appraisal of the strategy and the implementation thereof;
- To identify, assess, qualify and quantify the access gap in the market to enable further regulatory action;
- To develop an understanding of the Eswatini market and how best to address the identified access gap;
- To critically review the administrative functions of the Fund and the collection, disbursement and budgeting of the Fund; and
- To review the contributions towards the Fund against regional peers.

Upon completion of the strategy evaluation process, the following were the findings and recommendations:

- Most countries in the region have a fund established on similar premises as the UASF in Eswatini. In terms of institutional framework, within the SADC region, in similar sized countries the tendency is to have the Fund situated within the regulator, rather than standalone as in the case in larger economies like Ghana, South Africa and Nigeria.
- Alignment with all industry-related policy is key and in terms of the analysis the gap has been identified, specifically where high level targets already exist (priority being country ICT target, regional and international level targets as well).
- Priority sectors in Eswatini for ICT connectivity can thus be understood to be education and health, in line with the e-Government Strategy, as well as rural and underserviced areas. This is still consistent with the national landscape and objectives which also include people living with disabilities.

ANNUAL FINANCIAL STATEMENTS 2021

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 applicable for SMEs. 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 applicable for SMEs 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 2022 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 65 to 66.

The annual financial statements set out on pages 67 to 88, which have been prepared on the going concern basis, were approved by the Board of Directors on 06 August 2021 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 Swaziland Communications Commission, which comprise the statement of financial position as at 31 March 2021, 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 68 to 88.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Swaziland Communications Commission as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards applicable for SMEs, and in the manner required by the Eswatini 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 applicable for SMEs, 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.

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

06 August 2021

Per: Daniel Bediako

Directors' report

The Directors submit their report for the year ended 31 March 2021.

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 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.

Board of Directors

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

Mr Themba Khumalo (*Chairman*)
Mr Polycarp Dlamini (*Vice chairperson*)
Mr Bheki Ndzinisa (*Member*)
Mrs Bongiwe Dlamini (*Member*)
Mr John Mathwasa (*Member*)
Mr Mlungisi Dlamini (*Member*)
Mr Mvilawemphi Dlamini (*Chief Executive*)

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 2021

Figures in Emalangeni	Note(s)	2021	2020
ASSETS			
Non-current Assets			
Property, plant and equipment	2	**84 921 831**	80 966 156
Investments	3	**40 000 000**	40 000 000
		124 921 831	120 966 156
Current assets			
Accounts receivable	4	**153 667 042**	113 508 443
Financial assets	5	**101 912 798**	88 015 748
Cash and cash equivalents	6	**68 267 329**	84 457 650
		323 847 169	285 981 841
Total assets		**448 769 000**	406 947 997
RESERVES AND FUND BALANCES			
Reserves			
Accumulated reserves		**66 994 175**	56 560 233
Fund balances			
Designated funds	7	**244 561 060**	285 921 659
Capital reserves	8	**78 994 369**	–
Capital grant	9	**45 609**	60 812
		323 601 038	285 982 471
Current liabilities			
Accounts payable	10	**56 048 440**	61 486 824
Provisions	11	**2 125 347**	2 918 469
		58 173 787	64 405 293
Total liabilities		**381 774 825**	350 387 764
Total equity and liabilities		**448 769 000**	406 947 997

Statement of comprehensive income

For the year ended 31 March 2021

Figures in Emalangeni	Note(s)	2021	2020
Income		**80 770 077**	81 004 122
Other income		**14 756 145**	11 809 822
Operating expenses		**(85 092 280)**	(81 019 324)
Operating surplus	12	**10 433 942**	11 794 620
Surplus for the period		**10 433 942**	11 794 620
Other comprehensive income		**–**	–
Total comprehensive income		**10 433 942**	11 794 620
Surplus for the period		**10 433 942**	11 794 620

Statement of changes in funds

For the year ended 31 March 2021

Figures in Emalangeni	Accumulated reserves	Total reserves
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 01 April 2020	56 560 233	56 560 233
Changes in equity		
Total comprehensive income for the year	**10 433 942**	**10 433 942**
Total changes	**10 433 942**	**10 433 942**
Balance at 31 March 2021	**66 994 175**	**66 994 175**

Statement of cash flows

For the year ended 31 March 2021

Figures in Emalangeni	Note(s)	2021	2020
Cash flows from operating activities			
Cash generated from operations	13	**(70 852 955)**	119 198 881
Cash flows from investing activities			
Purchase of property, plant and equipment	2	**(10 831 258)**	(30 095 264)
Sale of property, plant and equipment	2	**411 776**	3 416
Investment in financial assets		**(13 897 050)**	(5 107 964)
Net cash from investing activities		**(24 316 532)**	(35 199 812)
Cash flows from financing activities			
Movement in capital reserves		**78 994 369**	–
Movement in capital grant		**(15 203)**	(15 203)
Net cash from financing activities		**78 979 166**	(15 203)
Total cash movement for the year		**(16 190 321)**	83 983 866
Cash at the beginning of the year		**84 457 650**	473 785
Total cash at end of the year	6	**68 267 329**	84 457 651

Summary of significant accounting policies

For the year ended 31 March 2021

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 applicable for SME's (IFRS for SMEs).

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 applicable for SME's (IFRS for SMEs).

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. Presentation of annual financial statements continued

1.2 Changes in accounting policies and disclosures

Amendments mandatory effective for the year ended 31 March 2021

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after on or after 1 January 2020. Those which may be relevant to the Commission are set out below:

- 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.

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.

1. Presentation of annual financial statements continued

1.2 Changes in accounting policies and disclosures continued

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.

1. Presentation of annual financial statements continued

1.3 Property, plant and equipment continued

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 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.

1.4 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.

1. Presentation of annual financial statements continued

1.4 Financial instruments continued

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. Presentation of annual financial statements continued

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.

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. Presentation of annual financial statements continued

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. Presentation of annual financial statements continued

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.

2. Property, plant and equipment

	2021			2020		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Land	**17 187 094**	**–**	**17 187 094**	17 187 094	–	17 187 094
Plant and machinery	**9 214 456**	**(2 195 068)**	**7 019 388**	9 214 456	(997 758)	8 216 698
Furniture and fixtures	**1 206 167**	**(600 942)**	**605 225**	1 203 767	(490 507)	713 260
Motor vehicles	**6 888 430**	**(4 002 576)**	**2 885 854**	7 039 444	(4 272 209)	2 767 235
Office equipment	**1 108 413**	**(374 828)**	**733 585**	999 315	(270 596)	728 719
IT equipment and software	**3 623 973**	**(2 453 065)**	**1 170 908**	3 830 451	(2 531 245)	1 299 206
Spectrum monitoring equipment	**44 513 847**	**(15 429 215)**	**29 084 632**	44 377 787	(12 319 526)	32 058 261
Leasehold improvements	**1 119 863**	**(587 973)**	**531 890**	1 119 863	(479 455)	640 408
Assets under construction	**25 703 255**	**–**	**25 703 255**	17 355 275	–	17 355 275
Total	**110 565 498**	**(25 643 667)**	**84 921 831**	102 327 452	(21 361 296)	80 966 156

Reconciliation of property, plant and equipment – 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Land	**17 187 094**	**–**	**–**	**–**	**17 187 094**
Quality of service	**8 216 698**	**–**	**–**	**(1 197 310)**	**7 019 388**
Furniture and fixtures	**713 260**	**2 400**	**–**	**(110 435)**	**605 225**
Motor vehicles	**2 767 235**	**1 768 253**	**(313 859)**	**(1 335 775)**	**2 885 854**
Office equipment	**728 719**	**109 098**	**–**	**(104 232)**	**733 585**
IT equipment and software	**1 299 206**	**467 467**	**(44 410)**	**(551 355)**	**1 170 908**
Spectrum monitoring equipment	**32 058 261**	**136 060**	**–**	**(3 109 689)**	**29 084 632**
Leasehold improvements	**640 408**	**–**	**–**	**(108 518)**	**531 890**
Assets under construction	**17 355 275**	**8 347 980**	**–**	**–**	**25 703 255**
	80 966 156	**10 831 258**	**(358 269)**	**(6 517 314)**	**84 921 831**

Reconciliation of property, plant and equipment – 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Land	6 158 178	11 028 916	–	–	17 187 094
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	–	(1 258 805)	2 767 235
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
Assets under construction	–	17 355 275	–	–	17 355 275
	57 105 299	30 095 264	(2 928)	(6 231 479)	80 966 156

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

Figures in Emalangeni	2021	2020

3. Investments

Held to maturity		
Swaziland Government Bonds	**40 000 000**	40 000 000
Non-current assets		
Held to maturity	**40 000 000**	40 000 000

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

Trade receivables	**151 382 503**	109 474 846
Other prepayments	**1 438 897**	206 638
Ministry of ICT – Set top boxes prepayment	**740 611**	3 733 271
Rental deposit	**79 101**	79 101
Fuel deposit	**25 930**	14 587
	153 667 042	113 508 443

Notes to the annual financial statements

For the year ended 31 March 2021

Figures in Emalangeni	2021	2020
5. Financial assets		
Stanlib Swaziland – Money Market Fund	**49 395 463**	45 250 385
African Alliance Swaziland – Lilangeni Fund	**52 517 335**	42 765 363
	101 912 798	88 015 748
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	**68 267 329**	84 457 650
Bank balances		
Nedbank (Swaziland) Limited – Current account	**834 863**	46 268
Nedbank (Swaziland) Limited – Call account	**67 316 815**	83 880 081
Standard Bank (Swaziland) Limited – Current Account	**105 040**	511 604
Standard Bank (Swaziland) Limited – Call Account	**10 611**	19 697
	68 267 329	84 457 650

7. Designated funds

Figures in Emalangeni	Opening balance	Received during the year	Utilised during the year	Transferred to capital reserves	Closing balance
Reconciliation – 2021					
Details					
Licensing fees	**285 921 659**	**122 710 845**	**(80 770 077)**	**(83 301 367)**	**244 561 060**

Figures in Emalangeni	Opening balance	Received during the year	Utilised during the year	Closing balance
Reconciliation – 2020				
Details				
Licensing fees	228 495 142	138 430 639	(81 004 122)	285 921 659

The designated funds represent license fees earmarked for future projects of the Commission. Cost incurred on such projects are subsequently transferred to capital reserves as explained in note 8 below.

Figures in Emalangeni	2021	2020

8. Capital reserves

	2021	2020
Received during the period	**83 301 368**	–
Transferred out in the year	**(4 306 999)**	–
	78 994 369	–

During the year under review, the Commission recognised the cost incurred to date on capital projects. These costs previously formed part of the designated funds balance. The net book value of the assets which formed the take on balance as at 1 April 2020 stood at E83 301 368.00 as fully disclosed in notes 7 and 8.

The capital reserves are amortised in line with the useful life of the underlying assets and are transferred to the Statement of Comprehensive Income to match the corresponding amortised amount.

Figures in Emalangeni	2021	2020

9. Capital grant

	2021	2020
Opening balance	**60 812**	76 015
Realised in the income statement	**(15 203)**	(15 203)
	45 609	60 812

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	2021	2020

10. Accounts payable

	2021	2020
Accrued expenses	**27 283 956**	34 160 313
VAT payable	**28 764 484**	27 326 511
	56 048 440	61 486 824

Figures in Emalangeni	Opening balance	Additions	Utilised during the year	Total

11. Provisions

Reconciliation of provisions – 2021

Figures in Emalangeni	Opening balance	Additions	Utilised during the year	Total
Bonuses and 13th cheque	**2 305 917**	**3 810 728**	**(3 991 298)**	**2 125 347**
Leave days	**612 552**	**1 025 983**	**(1 638 535)**	**–**
	2 918 469	**4 836 711**	**(5 629 833)**	**2 125 347**

Reconciliation of provisions – 2020

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

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.

12. Operating surplus

Operating surplus for the period amounting to E10 433 942 is stated after accounting for the following:

Figures in Emalangeni	2021	2020
Operating lease charges		
Premises		
Contractual amounts	**1 211 208**	1 120 881
Profit on sale of property, plant and equipment	**53 507**	488
Depreciation on properly, plant and equipment	**6 517 314**	6 211 479
Employee costs	**29 500 959**	28 191 156
Auditor's remuneration	**120 000**	120 000

13. Cash used in operations

Figures in Emalangeni	2021	2020
Surplus for the period	**10 433 942**	11 794 620
Adjustments for:		
Depreciation and amortisation	**6 517 314**	6 211 479
Profit on sale of assets	**(53 507)**	(488)
Movements in provisions	**(793 122)**	634 298
Prior year adjustments	**–**	(579 306)
Changes in working capital:		
Accounts receivable	**(40 158 599)**	19 589 213
Accounts payable	**(5 438 384)**	24 122 548
Designated funds	**(41 360 599)**	57 426 517
	(70 852 955)	119 198 881

14. 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	2021	2020
Related-party transactions		
Board expenses		
Retainer fees	**108 840**	83 035
Sitting allowances	**137 035**	69 510
Communication allowances	**149 370**	102 080
Appeals board allowances	–	18 500
Board training	–	881 028
Travel claims	**6 825**	12 253

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	2021	2020
Income		
Licence fees	**80 770 077**	81 004 122
Other Income		
Government grant	**15 203**	15 203
Capital reserves amortisation	**4 306 999**	–
Interest received	**10 380 436**	11 794 131
Gains on disposal of assets	**53 507**	488
	14 756 145	11 809 822
Operating expenses		
Advertising	**1 346 101**	2 006 331
Auditors’ remuneration	**120 000**	120 000
Bank charges	**103 987**	146 388
Board expenses	**402 070**	1 166 406
Cleaning expenses	**95 300**	81 550
Computer expenses	**35 150**	14 915
Corporate social responsibility	**812 791**	425 509
Depreciation	**6 517 314**	6 211 479
Employee costs	**29 500 959**	28 191 156
Insurance	**1 023 298**	973 598
Motor vehicle expenses	**444 911**	622 893
National support	**1 690 000**	228 500
Office expenses	**238 787**	257 213
Printing and stationery	**89 038**	203 680
Professional fees	**3 476 137**	1 662 330
Public Enterprise loan guarantee	**1 837 115**	–
Rates	**127 964**	75 578
Rent	**1 211 208**	1 120 881
Repairs and maintenance	**2 606 333**	1 147 459
Spectrum waiver	**11 422 211**	–
Staff welfare	**234 699**	291 439
Subscriptions	**3 966 952**	4 049 686
Telephone and fax	**1 800 373**	1 668 775
Travel, conferences and workshops	**738 719**	9 734 769
Uniforms and protective clothing	**22 450**	374 242
Universal Access Service	**15 000 000**	20 000 000
Utilities	**228 413**	244 547
	85 092 280	81 019 324
Surplus for the year	**10 433 942**	11 794 620

Supplementary information

1. Auditors' remuneration

Kobla Quashie & Associates	120 000

2. Board expenses

Communication allowances	149 370
Board retention allowances	108 840
Sitting allowances	137 035
Travel claims	6 825
	402 070

3. Rent

Mbabane Estate Agents	36 155
Eswatini Electricity Company	81 960
Public Service Pension Fund	1 093 093
	1 211 208

4. Subscriptions

AFRALTI	332 626
African Telecommunications Union (ATU)	219 125
CTO	589 425
Communication Regulators Association of South-Southern Africa – CRASSA	841 500
Multichoice Africa Ltd	3 204
Pan African Postal Union (PAPU)	330 945
Swaziland Institute of Accountants	4 500
The Law Society of Swaziland	6 000
Universal Postal Union (UPU)	752 938
International Telecommunication Union (ITU)	768 690
Digital Production Partnership	20 935
JUTA and Company	57 222
Chartered Institute of Procurement	1 560
Swaziland Security Academy	38 282
	3 966 952

5. Professional fees

AM Consultancy	39 375
Capital Management Services Consultants	28 880
ESPPRA	106 840
Fortem Consultant (Pty) Ltd	5 548
KPMG Advisory	171 063
SEPARC	166 090
Pygma Consulting	2 432 820
TLD Technical Advisory Committee	41 861
Trend Technologies and Consulting	287 000
Three Sixty Degrees Business Solutions	141 000
PIC Smart Technologies	55 660
	3 476 137

General information

Eswatini Communications Commission

(Registration number Act No: 10 of 2013}
Annual Financial Statements
for the year ended 31 March 2021

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 (*Chaiperson)* Mr Polycarp Dlamini (*Vice chairperson*) Mr Bheki Ndzinisa (*Member*) Mrs Bongiwe Dlamini (*Member*) Mr John Mathwasa (*Member*) Mr Mlungisi Dlamini (*Member*) 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 (Eswatini) Limited Nedbank (Swaziland) Limited
Auditors	Kobla Quashie and Associates Chartered Accountants (Eswatini) Manzini
Registration number	Eswatini Communications Act No: 10 of 2013

UAS ANNUAL FINANCIAL STATEMENTS 2021

Contents

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

General information

Universal Access Services

(Registration number Act No: 10 of 2013}
Annual Financial Statements
for the year ended 31 March 2021

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	Mr Alex Hlandze Mr Mvilawempi Dlamini *(ESCCOM Chief Executive)* **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	Eswatini Communications Act No: 10 of 2013

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 Fund 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 Fund 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 Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund 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 2022 and, in the light of this review and the current financial position, they are satisfied that the Fund 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 Fund's annual financial statements. The annual financial statements have been examined by the Fund's external auditors and their report is presented on pages 93 to 94.

The annual financial statements set out on pages 95 to 108, which have been prepared on the going concern basis, were approved by the Committee on 06 August 2021 and were signed on its behalf by:

Themba Khumalo
Chairperson

Mvilawemphi Dlamini
Chief Executive

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 2021, 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 96 to 108.

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 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards applicable for SMEs, 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 applicable for SMEs, 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.

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 skepticism 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 (Eswatini)
Manzini

06 August 2021

Per: Daniel Bediako

Directors' report

The Committee submit its report for the year ended 31 March 2021.

Review of activities

Main business and operations

The Universal Service Obligation Fund 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 Fund 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 Fund 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 Fund 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; and
c) have not required adjustments to the fair value measurements and disclosures included in the financial statement.

Universal Service Access Committee

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

Mr Ali Resting *(term elapsed 05 October 2020)*

Mr Alex Hlandze

Mrs Bongiwe Dlamini *(Ministry of ICT Representative – term elapsed 05 October 2020)*

Mr Mvilawempi Dlamini *(ESCCOM Chief Executive)*

Mr Wandile Mtshali *(term elapsed 05 October 2020)*

Mrs Karen Mbuyisa *(term elapsed 05 October 2020)*

Auditors

Kobla Quashie and Associates
Chartered Accountants (Eswatini) Manzini.

Statement of financial position

For the year ended 31 March 2021

Figures in Emalangeni	Note(s)	2021	2020
ASSETS			
Non-current Assets			
Property, plant and equipment	2	**399 685**	549 470
Current assets			
Accounts receivable	3	**25 933 416**	29 478 737
Financial assets	4	**15 548 793**	3 700 044
Cash and cash equivalents	5	**6 301 370**	1 798 719
		47 783 579	34 977 500
Total assets		**48 183 264**	35 526 970
RESERVES AND FUND BALANCES			
Fund balances			
Capital reserves	6	**40 657 594**	28 560 368
Current liabilities			
Accounts payable	7	**7 525 670**	6 966 602
Total liabilities		**48 183 264**	35 526 970

Statement of comprehensive income

For the year ended 31 March 2021

Figures in Emalangeni	Note	2021	2020
Income		**23 416 950**	30 428 105
Operating expenses		**(11 319 725)**	(30 428 105)
Operating surplus	8	**12 097 225**	–
Surplus for the year		**12 097 225**	–
Transfer to reserves		**(12 097 225)**	–

Statement of cash flows

For the year ended 31 March 2021

Figures in Emalangeni	Note(s)	2021	2020
Cash flows from operating activities			
Cash generated from operations	9	**16 351 399**	(24 680 165)
Transfer to capital reserves		**(12 097 225)**	–
Net cash from operating activities		**4 254 174**	(24 680 165)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	**–**	(28 462)
Investment in financial assets		**(11 848 749)**	21 196 091
Net cash from investing activities		**(11 848 749)**	21 167 629
Cash flows from financing activities			
Movement in capital reserves		**12 097 226**	(1 410 382)
Total cash movement for the year		**4 502 651**	(4 922 918)
Cash at the beginning of the year		**1 798 719**	6 721 637
Total cash at end of the year	5	**6 301 370**	1 798 719

Summary of significant accounting policies

For the year ended 31 March 2021

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 Fund 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 Fund makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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 Fund; and
- ithe 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. Presentation of annual financial statements continued

1.3 Financial instruments

Classification

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

- Loans and receivables; and
- 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 Fund 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.

1. Presentation of annual financial statements continued

1.3 Financial instruments continued

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.

1.4 Impairment of assets

The Fund 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 Fund 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

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.

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.

1. Presentation of annual financial statements continued

1.6 Employee benefits continued

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

Pension obligation

The Fund 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 Fund and the amounts of revenue can be reliably measured.

Universal Service Levy

Universal 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 Fund 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 to the Fund 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

	2021			2020		
	Cost/ valuation	**Accumulated depreciation**	**Carrying value**	Cost/ valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	**54 062**	**(13 006)**	**41 056**	54 062	(7 600)	46 462
Motor vehicles	**627 505**	**(292 836)**	**334 669**	627 505	(167 335)	460 170
Office equipment	**21 696**	**(4 140)**	**17 556**	21 696	(1 970)	19 726
IT equipment and software	**50 129**	**(43 725)**	**6 404**	50 129	(27 017)	23 112
Total	**753 392**	**(353 707)**	**399 685**	753 392	(203 922)	549 470

Reconciliation of property, plant and equipment – 2021

	Opening balance	**Depreciation**	**Total**
Furniture and fixtures	**46 462**	**(5 406)**	**41 056**
Motor vehicles	**460 170**	**(125 501)**	**334 669**
Office equipment	**19 726**	**(2 170)**	**17 556**
IT equipment and software	**23 112**	**(16 708)**	**6 404**
	549 470	**(149 785)**	**399 685**

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

Figures in Emalangeni	**2021**	2020
3. Accounts receivable		
Trade receivables	**4 919 277**	9 478 737
ESCCOM	**21 014 139**	20 000 000
	25 933 416	29 478 737

Figures in Emalangeni	2021	2020

4. Financial assets

Stanlib Swaziland – Money Market Fund	**15 548 793**	3 700 044

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	**6 301 370**	1 798 719

Bank balances

Nedbank (Swaziland) Limited – Current account	**88 930**	602 792
Nedbank (Swaziland) Limited – Call account	**6 631 707**	3 232 310
Nedbank (Swaziland) Limited – Universal current account	–	1 694
Nedbank (Swaziland) Limited – Universal call account	–	9 922
Standard Bank (Swaziland) Limited – Current Account	–	100 377
Standard Bank (Swaziland) Limited – Call Account	–	20 015
	6 720 637	3 967 110

6. Capital reserves

Opening balance	**28 560 369**	29 970 751
Received in the current year	**12 097 225**	60 472
Realised in the income statement	–	(1 470 854)
	40 657 594	28 560 369

7. Accounts payable

Accrued expenses	**6 053 436**	5 579 254
VAT payable	**1 472 234**	1 387 348
	7 525 670	6 966 602

8. Operating surplus

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

Depreciation on property, plant and equipment	**149 785**	**149 283**

Figures in Emalangeni	2021	2020
9. Cash generated from operations		
Surplus for the period	**12 097 225**	–
Adjustments for:		
Depreciation and amortisation	**149 785**	149 283
Movements in provisions	–	(104 694)
Changes in working capital:		
Accounts receivable	**3 545 321**	(13 959 523)
Accounts payable	**559 068**	(10 765 231)
	16 351 399	(24 680 165)

10. Related parties

Relationships

Parastatal organisation	Government of Swaziland Ali Resting
Members of key management	Alex Hlandze Bongiwe Dlamini Mvilawempi Dlamini Karen Mbuyisa

Figures in Emalangeni	2021	2020
Related-party transactions		
Committee expenses		
Retainer fees and sitting allowances	**73 696**	139 405
Communication allowances	**15 500**	31 500
Committee training	–	397 236

11. Risk management

Capital risk management

The Fund's objectives when managing capital are to safeguard the Fund'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 Fund's risk to liquidity is a result of the funds available to cover future commitments. The Fund 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 Fund 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	2021	2020
Income		
UAS levy	**8 089 370**	7 609 501
ESCCOM	**15 000 000**	20 000 000
Transfer (to)/from reserves	**–**	1 470 853
Interest received	**327 580**	1 347 751
	23 416 950	30 428 105
Operating expenses		
Bank charges	**2 703**	2 335
Base station projects	**–**	19 767 258
Broadband WiFi hotspots	**1 313 820**	-
Committee expenses	**89 196**	568 140
Depreciation	**149 785**	149 283
Health facilities connectivity	**2 798 994**	1 693 176
Hearing aid devices	**967 789**	-
Professional fees	**–**	47 233
Ruggedized tablets	**4 995 793**	6 445 895
Social responsibility	**16 934**	-
Students with special education needs	**–**	497 372
Tinkhundla service centres and health facilities	**–**	1 257 413
UAS strategic plan	**984 711**	-
	11 319 725	30 428 105
Surplus for the year	**12 097 225**	–
Transfer to reserves	**12 097 225**	–

Supplementary information

Figures in Emalangeni		2021
1.	**Board expenses**	
	Communication allowances	**15 500**
	Retainer fees and sitting allowances	**73 696**
		89 196

ESCCOM

ESWATINI COMMUNICATIONS COMMISSION