



*Water! Today, Tomorrow*

# 2025 ANNUAL REPORT

AND FINANCIAL STATEMENTS





*This is the proposed Batoka Gorge Hydro-Electric Scheme (BGHES) dam site on the Zambezi River, a planned 2,400 MW hydropower project jointly being developed by the Governments of Zambia and Zimbabwe through the Zambezi River Authority.*



# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2025



## CONTACT INFORMATION

**Kariba House**  
32 Cha Cha Cha Road  
P.O. Box 30233, Lusaka Zambia  
Tel: +260 211 226950, 227970-3  
Fax: +260 211 227498  
e-mail: [info@zambeziira.org](mailto:info@zambeziira.org)

**Club Chambers**  
Nelson Mandela Avenue  
P.O. Box 630, Harare, Zimbabwe  
Telephone: +263 24 2704031-6  
VoIP: +263 8677008291  
+263 8688002889  
e-mail: [info@zambeziira.org](mailto:info@zambeziira.org)

**Administration Block**  
21 Lake Drive Pvt. Bag 2001,  
Kariba, Zimbabwe  
Tel: +263 261 2146140/179/673/251  
VoIP: +2638677008292/3  
e-mail: [info@zambeziira.org](mailto:info@zambeziira.org)

[www.zambeziira.org](http://www.zambeziira.org)

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## ACRONYMS

Acronym	Meaning
ALSF	African Legal Support Facility
ASR	Alkali Silica Reaction
AUDA-NEPAD	African Union Development Agency - New Partnership for African Development
BCM	Billion Cubic Meters
BGHES	Batoka Gorge Hydro-Electric Scheme
COM	Council of Ministers
COSO	Committee of Sponsoring Organizations
DCP	Department of Civil Protection (Zimbabwe)
DGHES	Devils Gorge Hydro-Electric Scheme
DMMU	Disaster Management and Mitigation Unit (Zambia)
EMA	Environmental Management Agency (Zimbabwe)
EMP	Environmental Monitoring Programme
EPB	Environmental Project Brief
EPP	Emergency Preparedness Plan
ERM	Enterprise Risk Management
ESIA	Environmental and Social Impact Assessment
ESIS	Environmental and Social Impact Statement
EWS	Early Warning System
FEA	Finite Element Analysis
HEP	Hydro-Electric Power
HST	Hydrostatic-Season-Time
ICT	Information and Communication Technology
IRBM	Integrated Results Based Management
ISO	International Organization for Standardization
JOTC	Joint Operations Technical Committee
JTC	Joint Technical Committee
KDRP	Kariba Dam Rehabilitation Project
KRA	Key Result Area
LTM	Long-Term Mean
MCM	Million Cubic Meters
MWh	Megawatt hour
PCSBS	Partner and Client Satisfaction Baseline Survey
PCSI	Partner and Client Satisfaction Index
PV	Photovoltaic
RIDM	Risk-Informed Decision Making
SADC	Southern African Development Community
SARCOF	Southern Africa Regional Climate Outlook Forum
SEFA	Sustainable Energy Fund for Africa
SIDA	Swedish International Development Cooperation Agency
SOP	Standing Operating Procedures
ULKRS	University Lake Kariba Research Station
USGS	US Geological Survey
ZEMA	Zambia Environmental Management Agency



Acronym	Meaning
ZICA	Zambia Institute of Chartered Accountants
ZIPS	Zambia Institute of Procurement and Supply
ZIRBM	Zambezi Integrated River Basin Management
ZNPC	Zimbabwe National Parks
ZPC	Zimbabwe Power Company
ZRA	Zambezi River Authority
ZVDF	Zambezi Valley Development Fund



## MESSAGE FROM THE CHAIRPERSON



**During the year 2025, the Authority achieved operating income of US\$21.86 million compared to the budget of US\$19.82 million resulting in a favourable variance of US\$2.04 million.**

### Preamble

The year ended 31st December 2025 was a period during which progress was recorded for the Zambezi River Authority as it was characterised by strengthened financial performance, continued investment in critical infrastructure and enhanced focus on sustainability and resilience in the management of the Kariba Dam and the Zambezi River.

### Budget Performance Review

During the year 2025, the Authority achieved Operating Income of US\$21.86 million compared to the budget of US\$19.82 million resulting in a favourable variance of US\$2.04 million or 33%. This was attributed to higher utilisation of water by ZESCO Limited and KHPC Limited whose combined usage was 32.30 BCM against an allocation of 28 BCM of water. Consequently, the Authority earned additional income of US\$4.511 million in overutilization penalties charged on the two Utilities.

Operating Expenditure amounted to US\$18.50 million against a budget of US\$24.65 million, resulting in a favourable variance of US\$6.15 million (24.9%). The lower budget execution during the year was primarily due to under expenditure on Project Management costs, largely attributable to the non-implementation of some activities under the Batoka Gorge Hydro-Electric Scheme (BGHES). This trend is expected to improve in view of the traction being recorded on the BGHES arising from the pledge by the two Contracting States to inject equity financing into the project.

The Authority's liquidity continued to record improvement due to strengthened debt collection and continued access to development finance from cooperating partners. Trade Receivables reduced by 13% from US\$87.20 million to US\$75.77 million. Notwithstanding this progress, the amounts owed by the two Utilities remained a matter of concern that Management was actively monitoring.

Total Project Capital Expenditure mainly funded by cooperating partners namely; the World Bank, European Union (EU), African Development Bank (AfDB) and Swedish International Development Cooperation Agency (SIDA) along with counterpart funding from the Authority, amounted to US\$35.68 million against a project capital



budget of US\$56.56 million representing an absorption rate of 63%.

## Rollout of ESG Strategy

Progress in embedding Environmental, Social and Governance (ESG) principles into the Authority's operations remained a key strategic priority. During the year 2025, the Authority established its ESG baseline and adopted a structured roadmap for guiding integration into its operations over the medium term.

## Maintenance of the Kariba Dam

The Kariba Dam Rehabilitation Project (KDRP), supported by development partners, continued to underpin the Authority's climate resilience agenda and long-term infrastructure sustainability.

It should also be noted that significant milestones were achieved in respect of the maintenance and safeguarding of the Kariba Dam. The Plunge Pool Reshaping Project was completed while the Spillway Refurbishment works advanced substantially, with the Phase I component completed while the Phase II component commenced during the same period. These works were critical to ensuring dam safety, operational reliability and long-term performance.

## Hydrological Outlook and Reservoir Operations at Kariba

Hydrological conditions during the 2024/2025 rainfall season were generally normal, resulting in improved inflows and moderate recovery in lake levels. The reservoir rose from 475.77 metres at the beginning of the year to a peak of 478.99 metres before closing at 476.26 metres. However, storage levels remained constrained, necessitating prudent and sustainable reservoir management.

In line with its mandate, the Authority allocated 28 billion cubic metres of water for power generation, shared equally between the two Utilities. The actual utilisation exceeded the allocations, highlighting sustained pressure on the resource and reinforcing the need for continued coordination and compliance regarding water utilisation so as to safeguard long-term sustainability.

## Implementation of the Batoka and Devil's Gorge Hydro-Electric Schemes

The Authority continued to undertake key infrastructure projects during the period under review. Preparatory works for the Batoka Gorge Hydro-Electric Scheme progressed steadily, supported by feasibility studies and financing engagements. Similarly, prefeasibility studies for the Devil's Gorge Hydro-Electric Scheme were undertaken while the Floating Solar Photovoltaic Project entered the feasibility phase with support from the African Development Bank.

## Stakeholder Engagement and Corporate Communications

Stakeholder engagement remained a central pillar of the Authority's operations. Structured dialogue with the two Governments, Utilities, communities and development partners strengthened cooperation and enhanced transparency while the implementation of projects under the Zambezi Valley Development Fund continued to improve access to social services for riparian communities comprising people who were displaced during the construction of the Kariba Dam.

## Acknowledgments

On behalf of the Board, I wish to extend sincere appreciation to the Governments



of the Republics of Zambia and Zimbabwe, cooperating partners, stakeholders and Management and staff of the Authority for their continued support and commitment. I also wish to reiterate the fact that with the support of our stakeholders, I am of the considered view that the Authority will succeed in executing its mandate of ensuring the sustainable management of the Kariba Dam and the shared water resources of the Zambezi River, in pursuit of enhanced economic and social benefits for the peoples of the two Republics of Zambia and Zimbabwe.

A handwritten signature in blue ink, appearing to read 'Arnold M. Simwaba'.

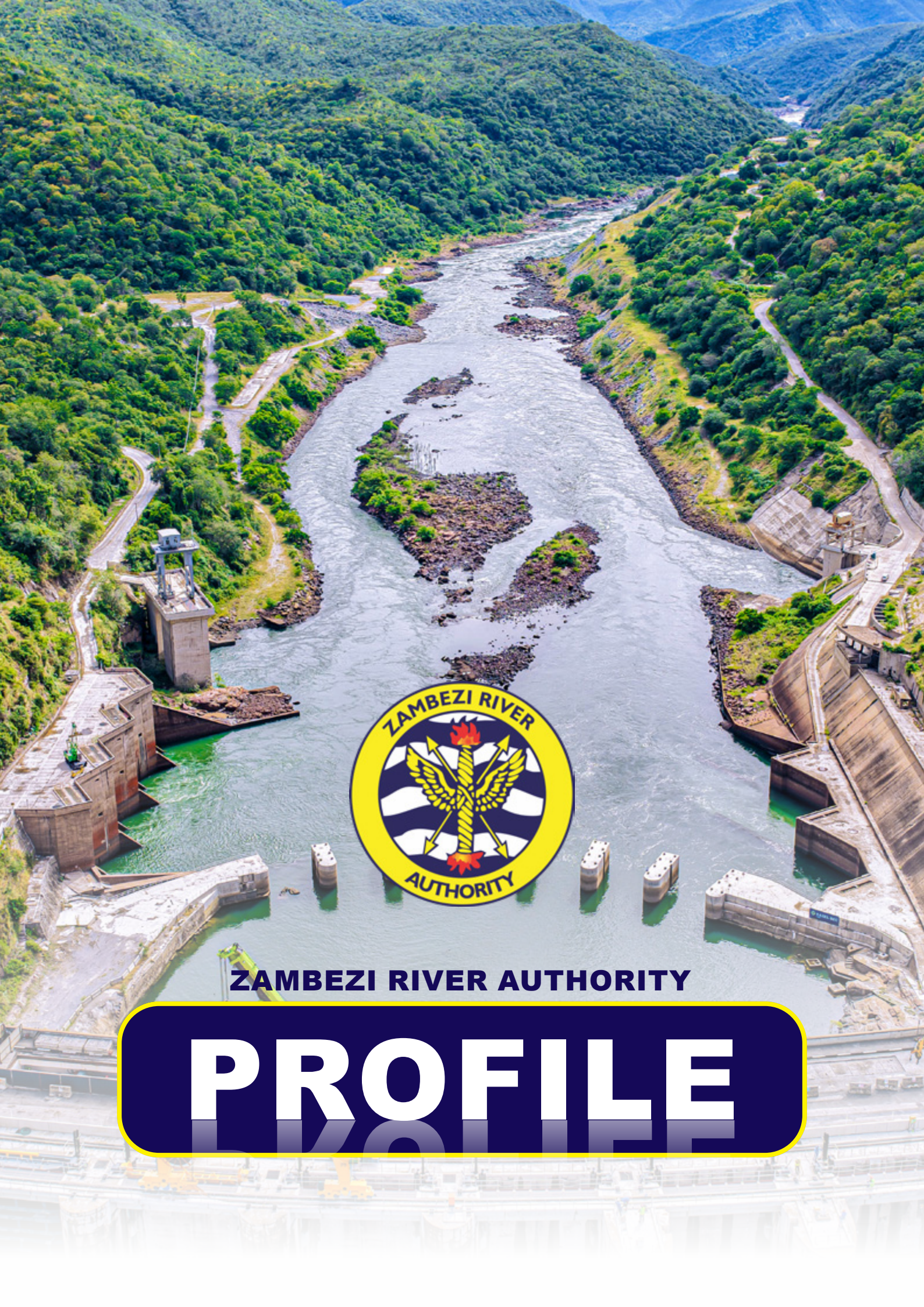
**Eng. Arnold M. Simwaba**

**Board Chairperson**

Permanent Secretary (Electricity),

Ministry of Energy, Zambia





**ZAMBEZI RIVER AUTHORITY**

# **PROFILE**

# CHAPTER 1

## Zambezi River Authority Profile

The Zambezi River Authority was established as a body corporate on 1st October 1987 by parallel legislation in the Parliaments of Zambia and Zimbabwe following the reconstitution of the Central African Power Corporation.

The Authority is jointly and equally owned by the Governments of the Republics of Zambia and Zimbabwe (the Contracting States).

The Authority’s primary function is to operate, maintain, monitor and regulate the water level in the Kariba reservoir. It is also mandated to construct, operate, monitor and maintain any other dams on the Zambezi River and to collect, accumulate and process hydrological and environmental data of the Zambezi River for better performance of its functions and for any other purpose beneficial to the Contracting States.

### KEY STRATEGIC FUNCTIONS

The following are the key statutory functions of the Authority.

**a.** 

The operation, monitoring and maintenance of the Kariba Complex.

**b.** 

In consultation with the national electricity undertakings, investigate the desirability of constructing new dams on the Zambezi River and make recommendations thereon to the Council of Ministers (COM).

**c.** 

To construct, operate, monitor and maintain any other dams on the Zambezi River.

**d.** 

To collect, accumulate and process hydrological and environmental data of the Zambezi River for the better performance of its functions and for any other purpose beneficial to the Contracting States.

**e.** 

To regulate the water level in the Kariba reservoir and any other reservoirs owned by the Authority.

**f.** 

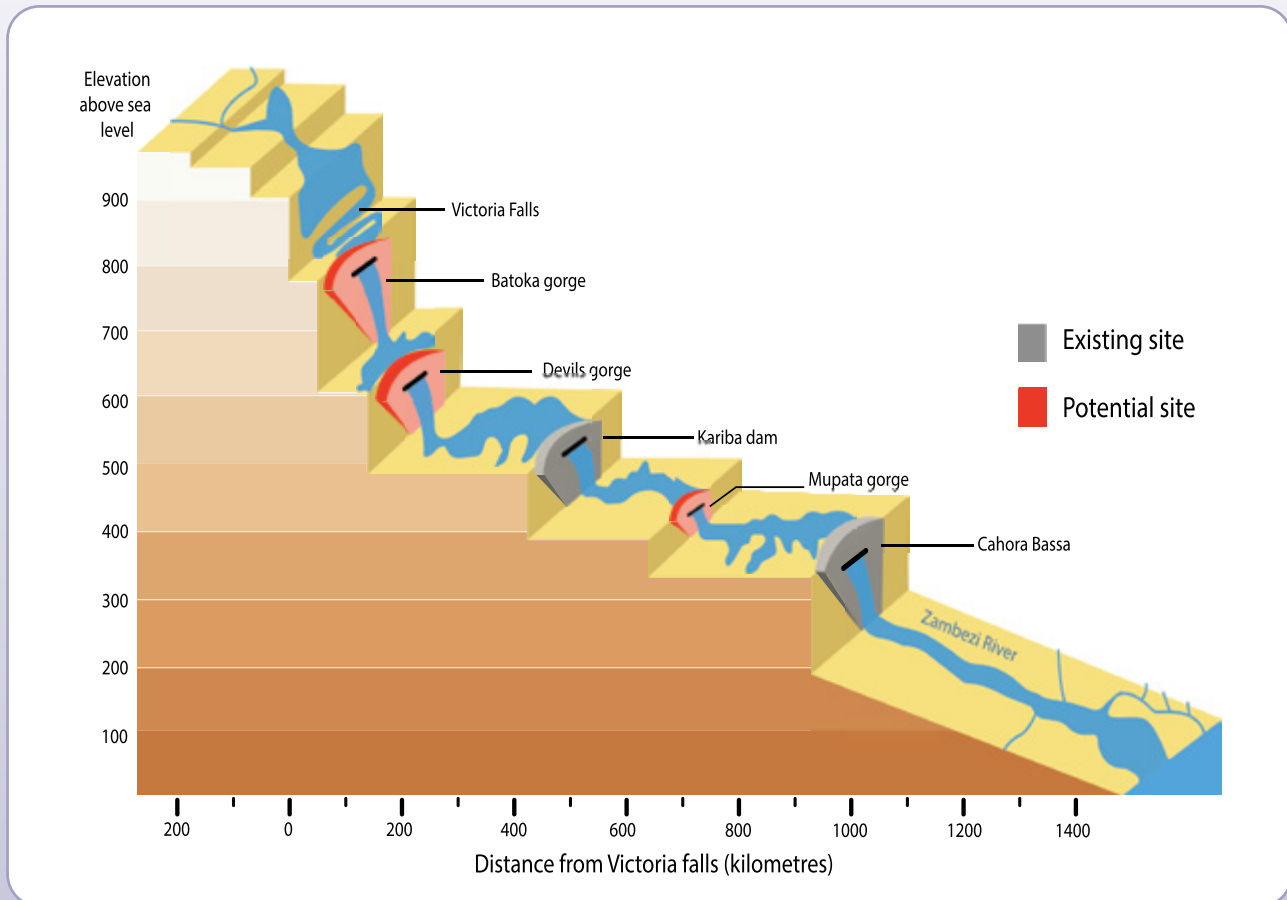
To submit development plans and programmes to the COM for approval.



The Authority is the only dam management organisation serving two states within the Zambezi River Basin. The Authority generates its revenue from the sale of water from the Kariba reservoir which is used for power generation by ZESCO Limited in Zambia and Zimbabwe Power Company in Zimbabwe.

## Existing and Potential Hydro-Electric Power Sites on the Zambezi River

The image below shows the existing Hydro-Electric Power Scheme (the Kariba Complex) as well as the envisaged schemes such as the Batoka Gorge Hydro-Electric Scheme, the Devil's Gorge and Mupata Gorge Hydro-Electric Schemes.



### OUR VISION

**To be the leading organisation in sustainable water resource and dam management.**



### OUR MISSION

To manage the Kariba Dam and sustainably harness the shared water resources of the Zambezi River for industrial and socio-economic development for the benefit of the people of Zambia and Zimbabwe.

The Authority upholds six core values that guide its organisational culture, employee conduct and strategic decision making. These values are collectively represented by the acronym SIPITI:



These values underpin the Authority’s commitment to safe, sustainable and efficient management of water resources and dam infrastructure, while strengthening corporate culture and promoting responsible conduct across the organisation.

# 2025–2029 CORPORATE STRATEGIC OBJECTIVES



*The unveiling of the Zambezi River Authority's 2025–2029 Corporate Strategy, which provides the roadmap for achieving the Authority's strategic objectives over the five-year period, during a ceremony held in Siavonga, Zambia.*

## **KRA 1. Strategic Infrastructure Development, Sustainable Water Resource and Environmental Management (30%)**

- (a) To achieve 45% implementation of the Batoka Gorge Hydro-Electric Scheme roadmap, equivalent to approximately 20% of dam construction, by December 2029.
- (b) To complete 100% of feasibility studies for the Devil's Gorge Hydro - Electric Scheme roadmap by December 2028 and track roadmap implementation annually to achieve interim milestones up to 2029.
- (c) To achieve 100% implementation of the Floating Solar PV Project roadmap by December 2028.
- (d) To improve and maintain at least 95% accuracy of seasonal inflow forecasts from 2026 to 2029.
- (e) To achieve and sustain at least 95% compliance with the Environmental Monitoring and Management Programme annually.

## **KRA 2. Optimized Dam Operations and Safety Management (20%)**

- (a) To maintain 100% implementation of the Dam Safety Policy across all dam operations by December 2029.
- (b) To achieve at least 97% compliance with Dam Operations and Maintenance Standard Operating Procedures (SOPs) by December 2029.
- (c) To achieve and maintain 98% compliance with Surveillance and Monitoring (S&M) SOPs throughout the strategic period.
- (d) To implement at least 80% of mid term and five yearly inspection recommendations by December 2029.
- (e) To secure approval by the Council of Ministers and National Dam Safety Regulators for the draft legal and policy framework by December 2027.



### **KRA 3. Support Services Management (20%)**

- (a) To achieve 100% implementation of the amended ZRA Acts under the expanded mandate by December 2029.
- (b) To maintain 100% compliance with legal frameworks annually from 2025 to 2029 through audits, policy updates and training.
- (c) To maintain 100% compliance with Corporate Governance frameworks annually from 2025 to 2029, including annual Corporate Governance audits and closure of action plans.
- (d) To increase employee satisfaction up to at least 80% by 2027 and sustain this level up to 2029.
- (e) To achieve a positive KABS (Knowledge, Attitudes, Behaviours and Skills) Index by June 2026 and integrate Enterprise Risk Management (ERM) into performance reviews thereafter.
- (f) To obtain and maintain three certifications, namely ISO 9001, ISO 14001 and ISO 45001, from 2027 up to 2029 and implement Internal Service Level Agreements (SLAs) at 100% across all departments by 2026.
- (g) To achieve at least 90% execution of the approved Procurement Plan annually from 2025 to 2029.
- (h) To train 100% of employees requiring upskilling in relevant technologies annually from 2025 to 2029, while sustaining certification targets.
- (i) To achieve 100% compliance with the ICT Governance and Security Framework by 2029.

### **KRA 4. Financial Resources Mobilisation and Accountability (20%)**

- (a) To implement 100% of commercially enforceable debt collection mechanisms in Water Purchase Agreements by December 2026.
- (b) To grow non-traditional revenue year on year, reaching US\$1.81 million by 2029.
- (c) To maintain 100% collection of current invoices annually and collect at least 20% of outstanding arrears each year throughout the strategic period.
- (d) To mobilise a cumulative US\$30 million by 2029 for BGHES and DGHES milestones and a cumulative US\$2.2 million by 2029 for ZVDF projects.
- (e) To achieve 100% adoption of ESG Financial Reporting by December 2025.

### **KRA 5. Strategic Stakeholder Engagement and Communication (10%)**

- (a) To maintain stakeholder satisfaction at 90% throughout the strategic period.
- (b) To attain and sustain at least 80% positive media and public perception annually.
- (c) To ensure that at least 70% of the targeted Riparian population has access to new or improved social amenities annually.
- (d) To complete at least 80% of community and social projects within agreed timelines each year.



## CHAPTER 2

### Corporate Governance and Leadership

The Authority's Governance framework is anchored on transparency, accountability and ethical leadership. The Board and Executive Management provide strategic oversight, ensuring alignment with statutory obligations, operational efficiency and ESG-compliant governance practices. Governance structures were strengthened through enhanced oversight of risk, sustainability and long-term capital planning.

# COUNCIL OF MINISTERS

The Authority is governed by a Council of Ministers (COM) consisting of four Ministers, two of whom represent the Government of the Republic of Zambia while the other two represent the Government of the Republic of Zimbabwe. The Ministers designated as members of COM are those who hold the portfolios of Energy and Finance in the Contracting States.

According to the Authority’s Acts, the Chairpersonship of the COM is held alternately by the Ministers responsible for Energy in the Governments of the Republics of Zambia and Zimbabwe. For the year under review, Zambia held the Chairpersonship of COM.



**Hon. Makozi Chikote, MP**  
COM Chairperson  
Minister of Energy



Zambia




**Hon. July Moyo, MP**  
COM Co-Chairperson  
Minister of Energy and Power Development

Appointed January 2025




Zimbabwe



**Hon. Edgar Moyo, MP**  
COM Co-Chairperson, Minister of Energy and Power Development, Zimbabwe

Reassigned to the Ministry of Public Service, Labour and Social Welfare in January 2025.



Zimbabwe



**Hon. Dr. Situmbeko Musokotwane, MP**  
Minister of Finance and National Planning, Zambia



Zambia



**Hon. Prof. Mthuli Ncube, MP**  
Minister of Finance, Economic Development and Investment Promotion



Zimbabwe



## THE BOARD OF DIRECTORS

The Authority's Board of Directors comprises two Permanent Secretaries responsible for the Energy portfolios and two Permanent Secretaries responsible for the Finance portfolios in the two Contracting States. In addition, the Board comprises one independent member from each Contracting State. The Board Chairpersonship is held alternately by the Energy Permanent Secretaries.



**Eng. Arnold M. Simwaba**

BEng (Mech. Eng.), MSc (Mech. Eng.)

**Board Chairperson**

Permanent Secretary (Electricity), Ministry of Energy, Zambia

Appointed: 6 June 2025

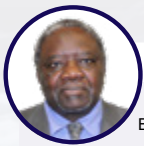


**Dr. Gloria S. Magombo**

Pr. (Eng.); FZIE; MSc Mechanical Eng.; MBA, PhD (Hon.)

**Board Co-Chairperson**

Secretary - Ministry of Energy & Power Development, Zimbabwe



**Mr. Peter Mumba**

Board Chairperson

BA Industrial Psychology and Business Administration; MSc Human Resource Development and Adult Education

Permanent Secretary (Technical Services) - Ministry of Energy, Zambia.

Retired on 6 June 2025



**Mr. Mulele M. Mulele**

DBA Cand.; MHS; B.Sc. Mathematics and Masters Economics

**Permanent Secretary**

Ministry of Finance and National Planning Zambia



**Mr. George T. Guvamatanga**

ACI; Dip. Banking; MBA Banking.

**Secretary**

Ministry of Finance, Economic Development and Investment Promotion, Zimbabwe



**Eng. Spyke Kaoma**

BEng. Civil Engineering, MBA

**Independent Board Member  
Zambia**



**Eng. Israel Rwodzi**

Pr. (Eng); FZWeEI; MZAICE; BSc (Hons) Civil Eng; Hon. Doc. Eng

**Independent Board Member  
Zimbabwe**



## SUMMARY OF BOARD CHARTER

The Authority recognizes the importance of adopting and practicing good Corporate Governance in its business operations. To this end, the Authority subscribes to and actively champions the principles of sound corporate governance and always strives to ensure that the principles of fairness, transparency and accountability inform all its business decisions.

The Authority's Board of Directors ("the Board"), in terms of the Zambezi River Authority Acts Chapter 467 and 20:23 ("the ZRA Acts") of Zambia and Zimbabwe, respectively, is responsible for the policy, control and management of the Authority. The Board, in the discharge of its aforesaid statutory functions, recognizes that there is a contribution that good Governance and attendant procedures could make to the Authority particularly in enhancing the Authority's performance and efficient utilization of resources; further cementing of stakeholder relations and increasing its prospects of access to local, regional and international capital as well as hedging against reputational and investment risks. It is this recognition that motivated the Board to adopt the Board Charter as one of the Authority's several strategic interventions aimed at placing the Authority as one of the leading good Corporate Governance champions in the Water and Energy sector within the region and beyond.

The Board Charter is moulded around fostering the following principles in the discharge of business operations by the Authority: Transparency; Accountability; Honesty; Integrity and Fairness. Inherent in these principles and elaborated more within the provisions of the Board Charter are good ethical conduct, avoidance of conflict of interest, corporate social responsibility as well as compliance with regulatory and statutory provisions.



## BOARD AND BOARD COMMITTEE STRUCTURES

The table below provides details regarding the Board and Board Committee Structures for the year under review:

*Table 1: Board and Board Committee Structures for the year under review*

S/N	Name of Director	Non-Executive	Independent	Executive	Finance, Human Resource & Remuneration Board Committee	Technical & Projects Board Committee	Audit, Risk Management & Corporate Governance Board Committee
1	Eng. Arnold M. Simwaba	X					
2	Dr. Gloria S. Magombo	X					
3	Mr. Mulele M. Mulele	X			X		
4	Mr. George T. Guvamatanga	X			X		
5	Eng. Spyke Kaoma		X			X	X
6	Eng. Israel Rwodzi		X			X	X
7	Prof. David Kalaba						X
8	Ms. Tariro Mhuka						X
9	Eng. Justin Loongo					X	
10	Eng. Nobert Matarutse					X	

### Remuneration and Compensation Policy for Board Members

The Remuneration and Compensation Policy is provided for in the Board Charter as follows:

- (1) Each member of the Board shall be paid out of the funds of the Authority such remuneration and allowances, if any, as the Council of Ministers may determine.
- (2) Currently, Board Members are paid a quarterly fee determined and approved by the Council of Ministers and a variable fee per each meeting. The Chairperson and the Co-Chairperson are paid amounts which are slightly higher than the rest of the Members. This is meant to compensate them for the increased responsibilities that they perform.
- (3) In addition, a fixed sum subsistence allowance is paid to Board Members whenever they attend meetings held outside their areas of operation.

## Remuneration and Compensation for the Year 2025

The total remuneration and compensation availed to Board Members during the year 2025 was US\$113,143 while that paid to Council of Ministers (CoM) and members of The Intergovernmental Committee of Officials (ICO) was US\$130,733.

## BOARD COMMITTEES

The Board recognises that in this global and complex business environment, demand on the Board's time continues to increase, thereby necessitating the need to delegate issues to specialist Board Committees.

In this regard, the Board Charter in Articles 26, 27 and 28 provides for the establishment of three (3) Board Committees as follows:

### (a) Finance, Human Resource and Remuneration

The Committee has been charged with the prime responsibility of reviewing accounting systems and financial reporting to safeguard the Authority's assets, monitoring the competence with which the Budget activities are carried out and recommending to the Board measures that would ensure the Authority's continued viability.

The Committee has also been mandated to review and recommend to the Board comprehensive policies and strategies relating to the remuneration and terms and conditions of employment for employees, succession planning, training and development and separations.

In addition, the Committee has further been charged with the prime responsibility of reviewing and recommending Executive Management employees' and Directors' remuneration policies by ensuring that such policies remain relevant in attracting, retaining and motivating both Executive Management employees and Directors.

During the year under review, the Committee comprised the following members:

*Table 2: Attendance of the Finance, Human Resource and Remuneration Board Committee Meetings*

S/N	Name	Position	Meeting Attendance	Notes
1	Mr. George T. Guvamatanga	Permanent Secretary, Ministry of Finance, Economic Development and Investment Promotion – Zimbabwe	3/4	
2	Mr. Mulele M. Mulele	Permanent Secretary, Ministry of Finance and National Planning – Zambia	4/4	

### (b) Audit, Risk Management and Corporate Governance

The Committee reviews accounting systems and financial reporting for purposes of safeguarding the Authority's assets, monitors the competence with which external audits are carried out and ensures that the Auditor's recommendations are given due consideration.

In order to improve performance, the Board must understand how to better manage risk. The Committee is therefore charged with the duty and responsibility of ensuring that the Authority has appropriate risk management systems and that the Board understands the key risk factors, their likely impact on Authority operations as well as how well the risk mitigation factors are working.



Further, the duty and responsibility of the Committee in relation to Corporate Governance is to ensure sound corporate governance structures and systems in the Authority, consider and deliberate on matters relating to the Board and individual Board Members, including appointments, induction, training and development and Board Procedures.

During the year under review, the Committee comprised the following members:

*Table 3: Attendance of the Audit, Risk Management and Corporate Governance Board Committee Meetings*

S/N	Name	Position	Meeting Attendance	Notes
1	Eng. Spyke Kaoma	Independent Board Member – Zambia	4/4	
2	Eng. Israel Rwodzi	Independent Board Member -Zimbabwe	4/4	
3	Dr. David Kalaba	Independent Committee Member – Zambia	4/4	
4	Ms. Tariro Mhuka	Independent Committee Member – Zimbabwe	4/4	

### (c) Technical and Projects

The Committee is mandated to discharge the prime responsibility of reviewing technical issues arising from the two (2) technical departments of the Authority, being the Projects and Dam Management Services Department and the Water Resources and Environmental Management Department, including reports issued by the Authority's consultants. The Committee also makes necessary recommendations to the Board on all technical issues.

During the year under review, the Committee had the following members:

*Table 4: Attendance of the Technical and Projects Board Committee Meetings*

S/N	Name	Position	Meeting Attendance	Notes
1	Eng. Spyke Kaoma	Independent Board Member - Zambia	4/4	
2	Eng. Israel Rwodzi	Independent Board Member - Zimbabwe	4/4	
3	Eng. Justin Loongo	Managing Director, ZESCO Limited – Zambia	0/4	The meetings were attended by the proxy Eng. W. Lwiindi
4	Eng. Nobert Matarutse	Acting Managing Director, Zimbabwe Power Company - Zimbabwe	4/4	

*Table 5: Attendance of the Board Committee Meetings*

S/N	Name	Position	Meeting Attendance	Notes
1	Eng. Arnold M. Simwaba	Board Chairperson	4/4	
2	Dr. Gloria S. Magombo	Board Co-Chairperson	4/4	
3	Mr. Mulele M. Mulele	Member	4/4	
4	Mr. George T. Guvamatanga	Member	3/4	
5	Eng. Spyke Kaoma	Independent Board Member - Zambia	4/4	
6	Eng. Israel Rwodzi	Independent Board Member - Zimbabwe	4/4	



# EXECUTIVE MANAGEMENT



**Eng. Munyaradzi C. Munodawafa**

**Chief Executive**



**Mr. Peter Kapinga**

**Board Secretary/Corporate  
Services Director**



**Mr. Edward M. Kabwe**

**Director – Finance**



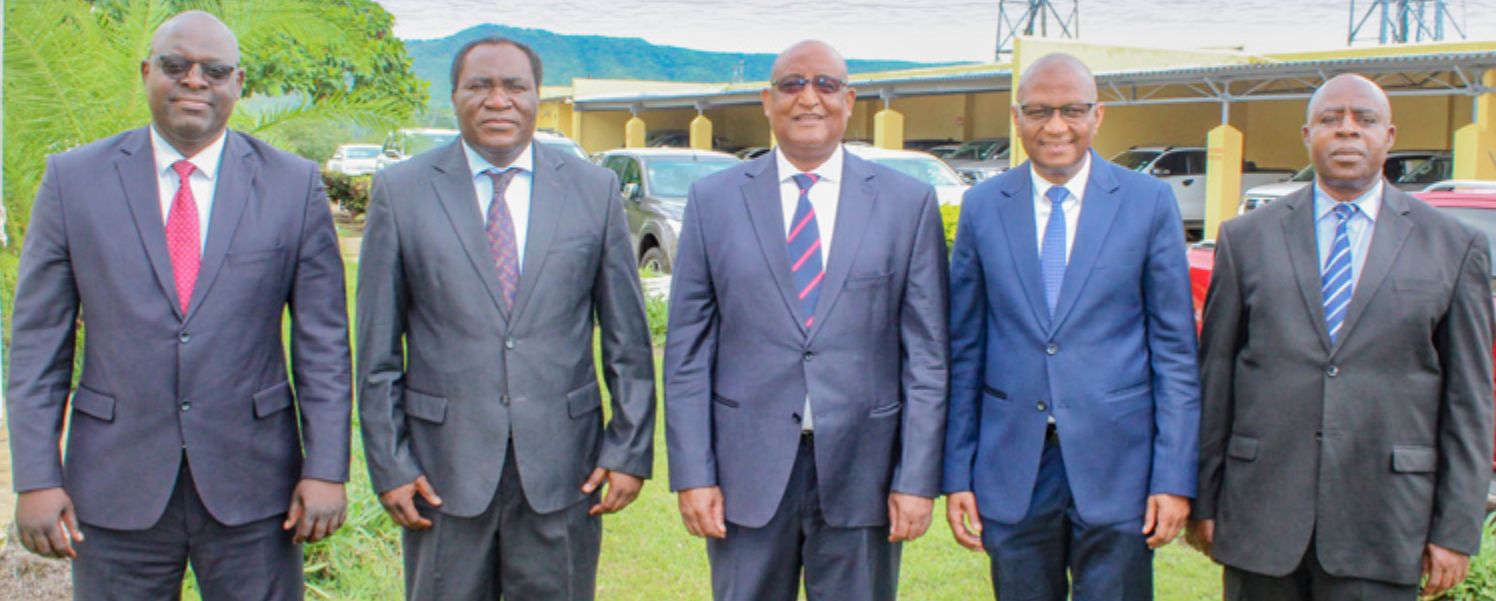
**Eng. Sithembinkosi Mhlanga**

**Director – Projects and Dam  
Management Services**



**Eng. Christopher Chisense**

**Director – Water Resources &  
Environmental Management**





## CHAPTER 3

### 3.1. Environmental, Social and Governance (ESG) Framework and Sustainability Strategy

The Authority recognises climate change as being a critical and evolving risk to its mandate at the nexus of water security, energy generation and regional climate resilience. During the 2024–2025 hydrological period, reduced inflows into the Zambezi River Basin, increased evaporation from the Kariba Reservoir and heightened rainfall variability underscored the urgency of embedding climate risk assessment and adaptive management into both strategic planning and day-to-day operations.

In that regard, the Authority prioritised climate resilience as a core pillar of its ESG agenda. Central to this effort was the Kariba Dam Rehabilitation Project (KDRP), a US\$294 million investment supported by the World Bank, African Development Bank, the Government of Sweden and the European Union. The project will enhance the structural integrity and long-term safety of the Kariba Dam, hence forming a critical component of the Authority's climate adaptation strategy. Complementing this, the Authority is also implementing an Early Warning System downstream of the Kariba Dam so as to strengthen real-time monitoring and improve preparedness for hydrological and flood risks, thereby safeguarding vulnerable communities in Zambia and Zimbabwe.

In order to strengthen sustainability performance, the Authority has adopted the Hydropower Sustainability Alliance (HSA) standards. In that regard, an independent assessment of the KDRP conducted between September 2024 and July 2025 rated performance at Basic to Good Practice across key ESG dimensions, with notable strengths in dam safety, governance and infrastructure resilience. The assessment also identified targeted improvement areas, including climate risk quantification, biodiversity monitoring, stakeholder engagement systems and ESG data management. These findings were incorporated into a structured ESG alignment programme under the 2025–2029 Corporate Strategy.

Beyond environmental priorities, the Authority is committed to inclusive social development. Through the Zambezi Valley Development Fund (ZVDF), investments were being made in schools, healthcare facilities and other community infrastructure to support populations historically displaced during the construction of the Kariba Dam.

### 3.2 ESG Framework Development and Integration

During the reporting period, the Authority flighted the Terms of Reference (ToRs) for the engagement of a consultant to undertake the formulation of an Environmental and Social Governance (ESG) Strategy and the development of ESG Policies and Procedures for the Authority which would guide the integration of sustainability across its operations. This includes the formulation of a five-year ESG Strategy, supporting policies and procedures and a Monitoring and Evaluation Framework. These instruments would define priority sustainability areas, establish measurable ESG targets and enhance accountability in reporting and performance management.

The ESG Framework would align with globally recognised standards, including the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and IFRS Sustainability Disclosure Standards (S1 and S2). This alignment would enable improved identification, management and disclosure of sustainability-related risks and opportunities, enhancing transparency and comparability.

As part of its baseline assessment, the Authority evaluated the existing ESG practices, identified gaps and initiated targeted interventions to strengthen environmental stewardship, social investment, governance systems and stakeholder engagement. Internal capacity building was also prioritised, with selected staff undergoing specialised ESG training to support implementation and embed sustainability principles into the whole organisation.

### Governance and ESG Integration Roadmap

The Authority maintained a structured approach to governance, compliance and risk management. ESG-related risks, including climate and operational risks, were progressively integrated into the enterprise risk register, supported by regular monitoring, reporting and corrective action mechanisms. Financial transparency and audit integrity remained key priorities, while stakeholder engagement performance indicators were being developed to enhance accountability.

A phased integration roadmap will guide the implementation of ESG over the 2025–2029 period.

*Table 6: Summary of the ESG Roadmap*

Phase	Focus	Outcome
2025–2026	Foundation – Establishment of ESG Baseline reporting	ESG systems, strategy and supportive policies established
2026–2027	Integration – incorporating ESG into the overall Enterprise Risk Management framework	ESG operational systems embedded and integrated into the Authority
2027–2029	Optimisation-ESG becomes part of the organisational culture – becomes a way of doing business.	ESG fully optimised

By embedding ESG principles into project design, risk management and climate resilience planning, the Authority will strengthen its alignment with the requirements of development finance institutions and global climate finance frameworks. This will place the Authority into a position where it will be eligible to secure sustainable financing, enhance investor confidence and deliver resilient infrastructure that will support long-term energy security and socio-economic development in the two contracting States and the region at large.



**OPERATIONS REPORTS**



# CHAPTER 4

## KRA 1 – Strategic Infrastructure Development and Environmental Management



*KDRP site visit undertaken by participants of the Joint Mission, comprising technical experts, financiers and engineering teams, to assess progress regarding the Kariba Dam Rehabilitation Project spillway refurbishment works.*

Implementation of planned infrastructure initiatives progressed steadily, including undertaking of preparatory activities for the Batoka and Devil's Gorge Hydro-Electric Scheme Projects (BGHES and DGHES respectively), the Floating Solar Photovoltaic (FSPV) Project development and environmental management programmes. Environmental monitoring continued across the basin to ensure compliance with ecological and safety standards, while climate-resilience actions were embedded into project planning and execution.

### 4.1 Strategic Infrastructure Development

#### 4.1.1 Develop Additional Upstream Storage Infrastructure to Enhance Water Regulation for Both Power Generation and Flood Management

##### 4.1.1.1 Batoka Gorge Hydro-Electric Scheme

During the year ended 31<sup>st</sup> December 2025, the Batoka Gorge Hydro-Electric Scheme recorded significant progress regarding the undertaking of preparatory activities aimed at developing the project under a Public-Private Partnership (PPP) model. Key milestones included the commencement of the Engineering Feasibility Studies (EFS) and Environmental and Social Impact Assessment (ESIA) updates, alongside the progress recorded regarding project structuring, market assessments and developer procurement.

Progress was also made in strengthening the project's financial and commercial framework through bankability assessments, refinement of the proposed PPP financing structure and preparation of developer prequalification documentation. The project continued to be structured around the proposed 60:40 debt-to-equity financing model, with the total project cost estimated at approximately US\$4.25 billion. Both the Governments of the



Republics of Zambia and Zimbabwe reaffirmed their commitment to contribute US\$220 million each towards dam construction while resource mobilisation efforts progressed through engagement with cooperating partners and financiers, including advancement of the Authority's application for financing to the SADC Project Preparation and Development Facility (PPDF) meant to support key preparatory studies.

Further, institutional strengthening activities continued during the year through operationalisation of the Project Implementation Unit (PIU) and implementation of sustainable development initiatives in collaboration with the African World Heritage Fund (AWHF) aimed at supporting alignment of the project with sustainable development and World Heritage requirements.

#### 4.1.1.2 Development of the Devil's Gorge Hydro-Electric Scheme (DGHES)

During the year 2025, the Authority continued undertaking the prefeasibility studies for the Devil's Gorge Hydro-Electric Scheme by focusing on identifying and analysing optimal development sites downstream of the Batoka Gorge. The Options Assessment Report was completed in respect of which nine potential dam axes across the Sidinda/Nsingu (Aseries) and Mlibizi/Mangonda (Bseries) areas. These alternatives were assessed using hydrological, geological, topographical and engineering criteria, with indicative installed capacities ranging between 1,400 MW and 1,800 MW were outlined. The assessment further compared dam types, reservoir configurations, power waterway layouts and projected energygeneration performance.

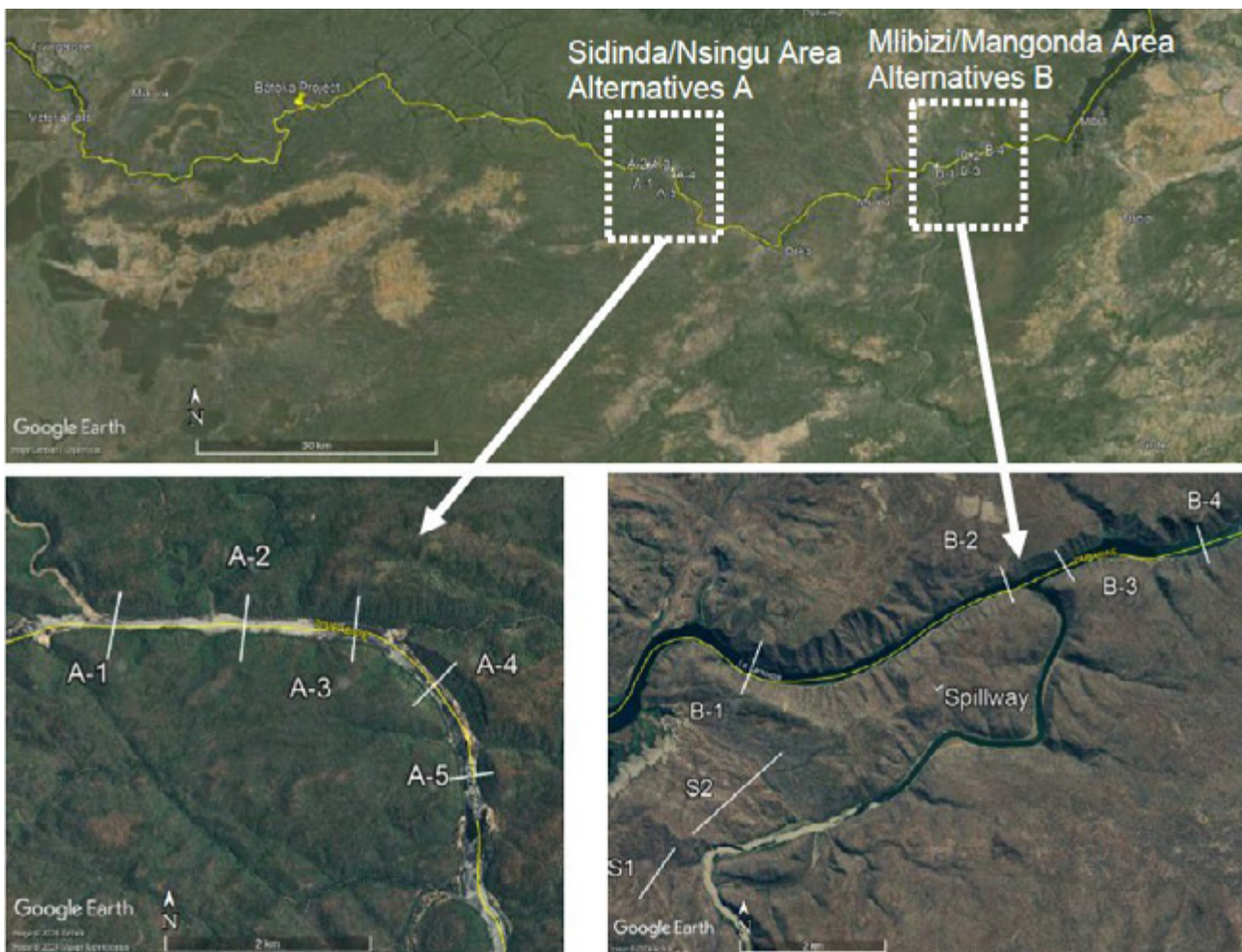


Figure 1: Site Options

In parallel, preliminary environmental and social screening was undertaken for all the nine alternatives. The review highlighted key sensitivities, including potential physical displacement, interactions with protected ecological areas and site specific geological uncertainties requiring detailed investigation in subsequent phases. These findings provided an early risk profile for each option and would guide the selection of two priority alternatives for full prefeasibility level investigations, including bathymetric surveys, geotechnical drilling and comprehensive ESIA scoping.

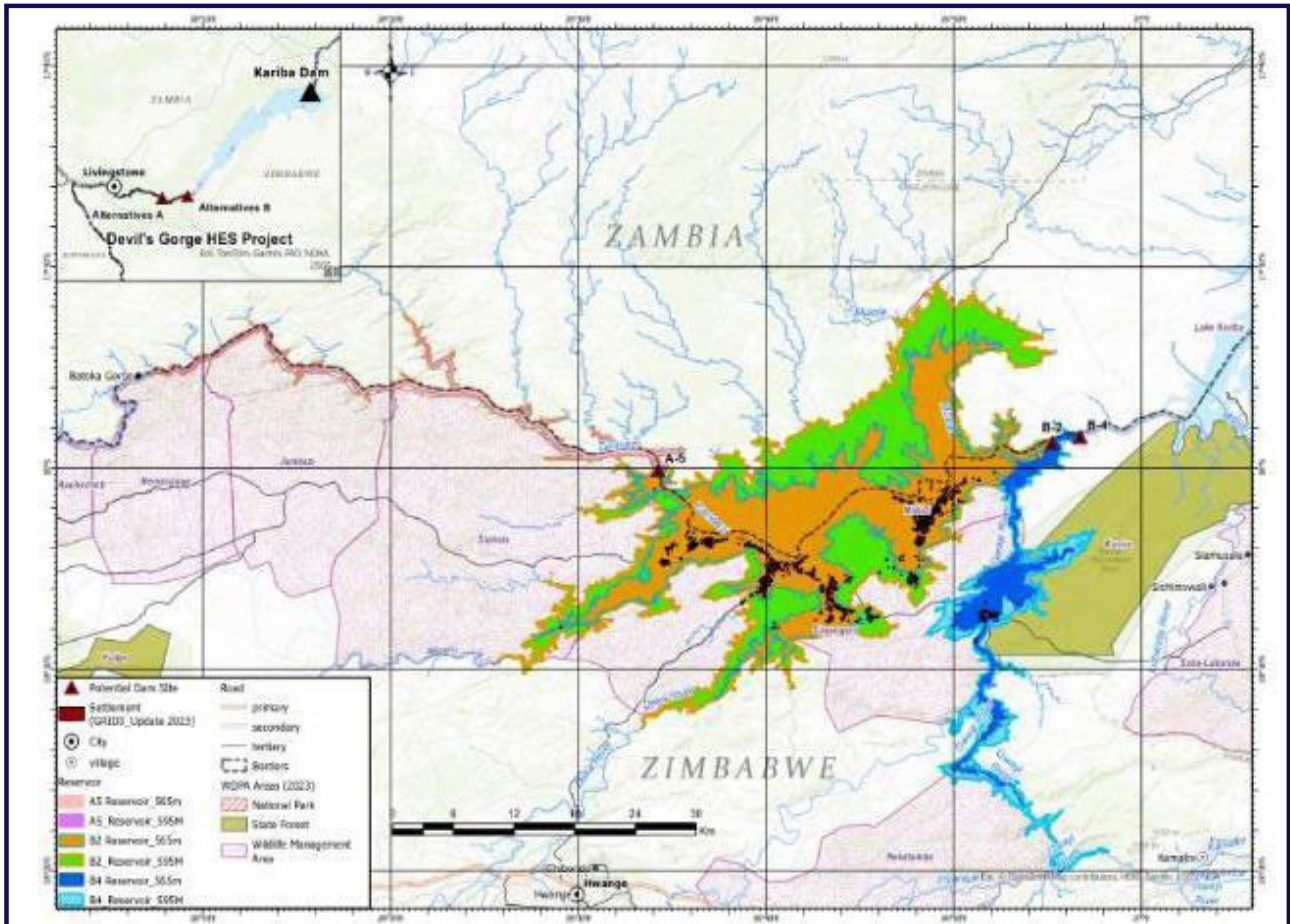


Figure 2: Extent of Envisaged Environmental and Social Impacts

## 4.1.2 Diversify Energy Sources to Maximise Benefits from the Zambezi River Basin and Enhance Sustainability

### 4.1.2.1 Lake Kariba Floating Solar Photovoltaic (FSPV) Project

During the reporting period, the Authority advanced the Lake Kariba Floating Solar PV Project as a flagship renewable-energy initiative aimed at strengthening energy diversification, enhancing climate resilience and promoting sustainable utilisation of Lake Kariba. The key milestones achieved included the completion of the project concept note, structured engagements with cooperating partners and development finance institutions and securing grant support from the African Development Bank’s Sustainable Energy Fund for Africa (SEFA) to finance the feasibility studies.

Significant progress was achieved through completion of the procurement of the consultant, Norconsult AS, in December 2025 using AfDB grant financing, with consultancy services



scheduled to commence in January 2026. Swedfund was engaged with a view to securing grant funding for the Environmental and Social Impact Assessment. In order to support coordinated implementation, a Project Management Unit comprising representatives from the Authority, ZESCO Limited and ZESA Holdings was established.

While progress timelines were adjusted during the year, substantial groundwork was completed thereby positioning the project for accelerated implementation in 2026. The focus for the year 2026 would be on strengthening coordination mechanisms, improving schedule tracking and advancing the feasibility studies, which would ultimately inform the most suitable development and financing model for the FSPV Project.

## 4.2 Hydrology and Environment

The Water Resources and Environmental Management Department's key result area focuses on collecting, accumulating and processing the Zambezi River's hydrological and environmental data for enhanced performance of the Authority's functions and for any other purpose beneficial to the Contracting States. In addition, the Department regulates water levels in the Kariba Reservoir and will continue performing this function upon completion of construction of any other reservoirs to be owned by the Authority.

### 4.2.1 Regional Rainfall Outlook for the 2024/25 Rainfall Season

The rainfall forecast for the 2024/25 rainfall season for the SADC Region which is inclusive of the Kariba Catchment was provided by SARCOF-29 in August 2024 and subsequently downscaled by the Meteorological Agencies of both Zambia and Zimbabwe in September 2024. The forecasts indicated a high likelihood of the Region receiving normal to above normal rainfall during the 2024/25 rainfall season.

However, the forecasts also indicated a high likelihood of receiving below normal rainfall over much of the Kariba Lower Catchment in northern Zimbabwe and the north-western parts of the Zambezi River Upper Catchment located in north-eastern Angola during the period October 2024 to January 2025. The SARCOF-29 Seasonal Rainfall Forecast Maps are as shown in Figure 3.

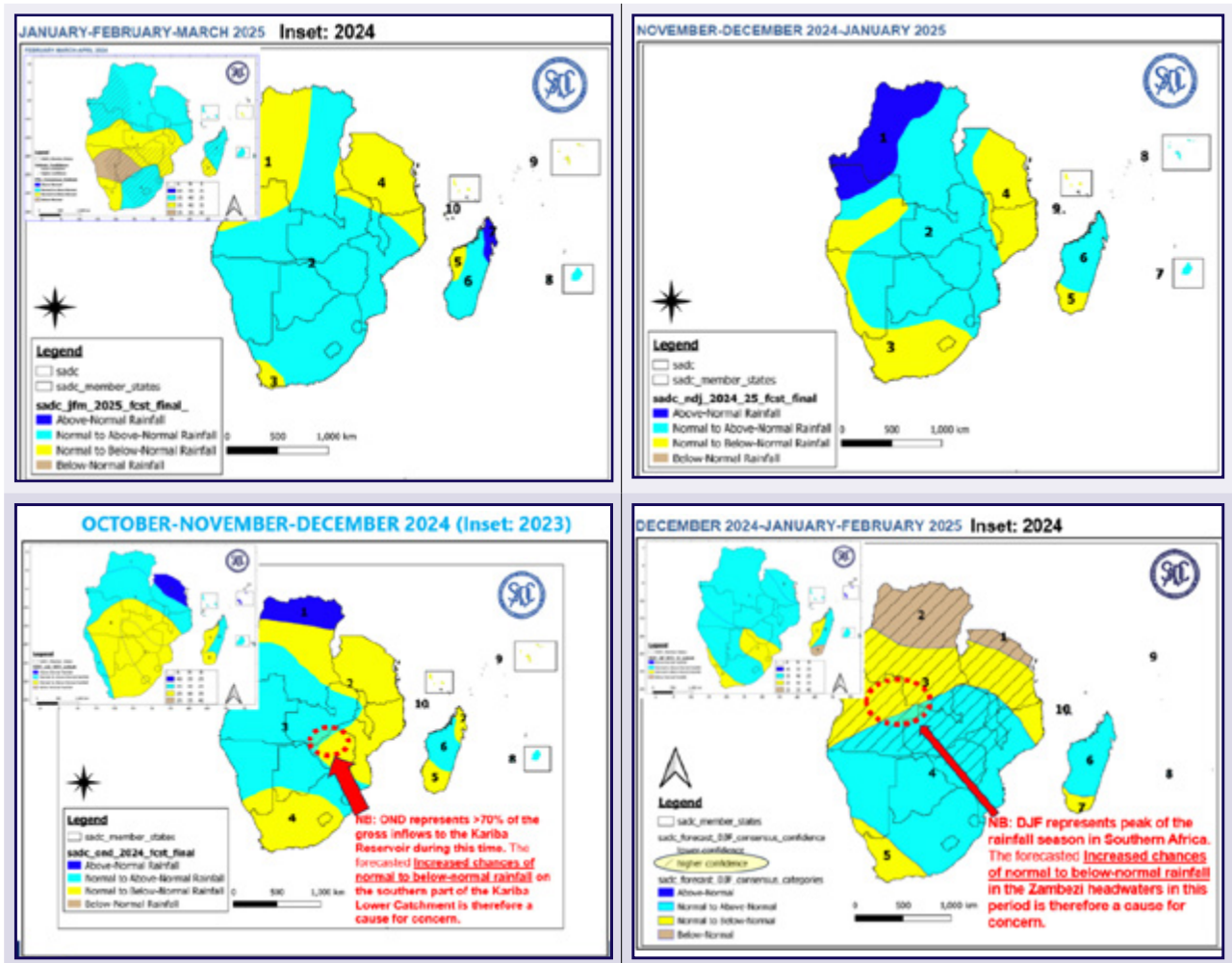


Figure 3. SARCOF-29 Seasonal Rainfall Forecast for the 2023/24 vs the 2024/25 rainfall seasons

The Authority incorporated the 2024/25 rainfall forecasts for the Kariba Catchment into the hydrological simulation model for allocating water for power generation operations at Kariba Dam for the year 2025. The hydrological simulation results were presented to and discussed with the two Utilities during the September 2024 tripartite Joint Technical Committee (JTC) meetings, with consensus being reached regarding the allocation of water for the year 2025.

#### 4.2.2 Rainfall Performance – 2024/25 Season and Water Allocation for Power Generation at Kariba

In adherence to its water allocation mandate of ensuring sustainable operations at Kariba, the Authority allocated Twenty-seven billion cubic meters (27 BCM) of water in October 2024 for power generation in 2025, shared equally between ZESCO Limited and Zimbabwe Power Company (ZPC) for their respective power generation operations. The allocation was informed by the outcomes of the 29<sup>th</sup> Southern African Regional Climate Outlook Forum (SARCOF-29) Statement issued on 28<sup>th</sup> August 2024 in Harare, Zimbabwe, which forecasted Normal to Above Normal rainfall conditions for the period October 2024 to March 2025. These outcomes were further affirmed by the downscaled rainfall forecasts from the respective Meteorological Agencies of Zambia and Zimbabwe, which predicted the following:

- (1) Zambia: Normal to Above Normal Rainfall for the whole period October 2024 to March 2025
- (2) Zimbabwe: Normal to Below Normal Rainfall for the whole country from October to December 2024 (affecting 70% of the Kariba Lower Catchment) and Normal to Above Normal Rainfall for the remainder of the 2024/25 Rainfall Season (January to March 2025)

The said allocation was, however, adjusted upwards to 28 BCM in September 2025 in keeping with the guidance of the Authority’s Council of Ministers to manage the critical situation that was obtaining, especially at Kariba North Bank Power Station where ZESCO Limited had nearly depleted its allocation at the time, hence threatening a potential shut down.

However, the actual performance of the 2024/25 rainfall season for the Kariba Catchment, turned out to be Normal (see Figure 4 below).

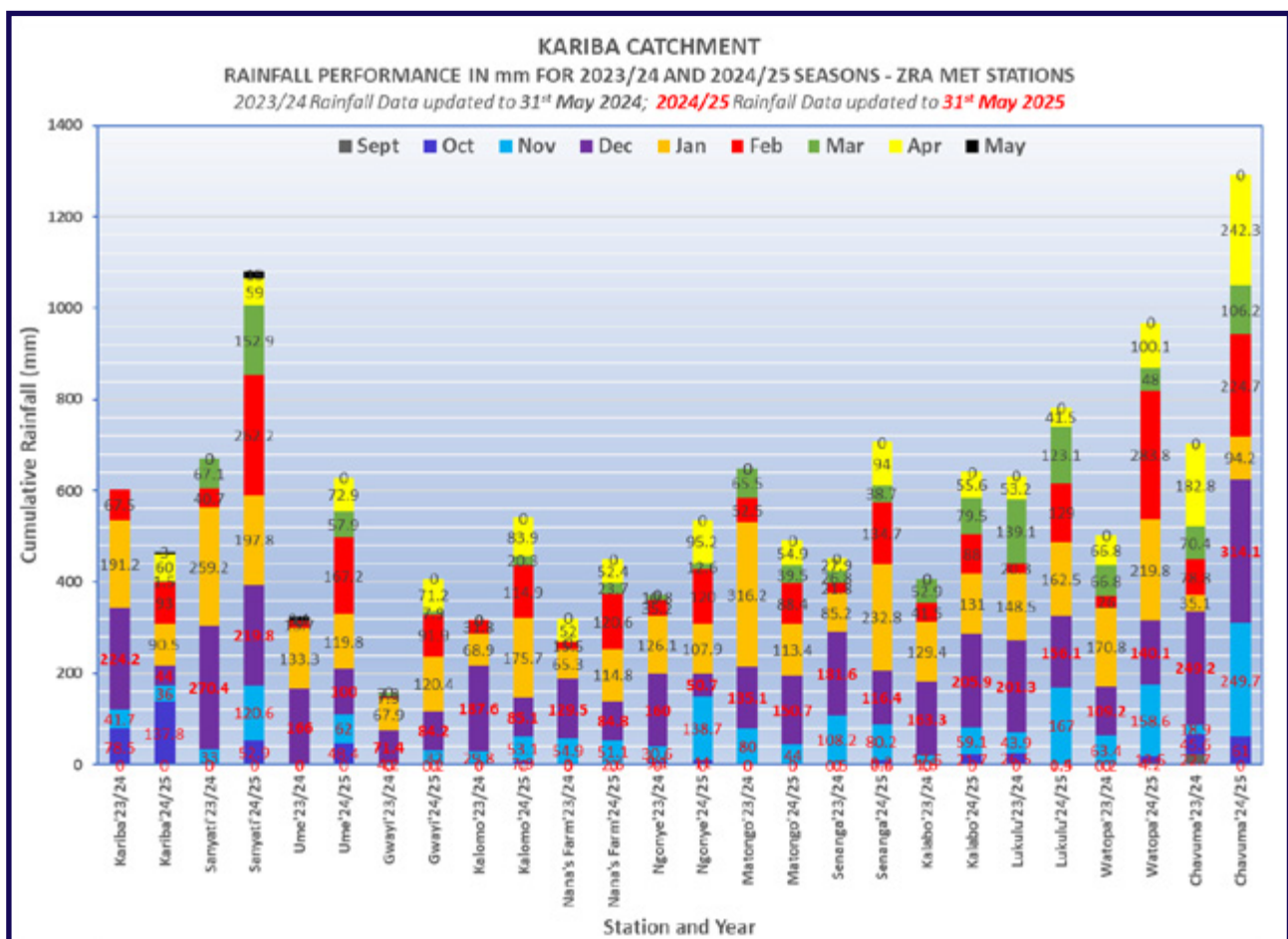


Figure 4. Rainfall Performance (mm) in respect of the Kariba Catchment for the 2024/25 Season compared with the 2023/24 season

### 4.2.3 Water Usage for Energy Generation at Kariba

Water usage for power generation at Kariba is monitored and reported daily through the Daily Hydrological Bulletin that is circulated internally as well as to the two Utilities, ZESCO Limited and ZPC.

The 28 BCM of water allocated at Kariba Dam for power generation was shared equally between the two Utilities to produce approximately 400 MW annual average each during



the calendar year 2025. This was almost double the 214MW allowable production by each Utility in 2024.

With this level of water utilisation under a worst-case scenario of below normal rainfall conditions, the reservoir was projected to close the year 2025 at 476.48m, which is equivalent to 4.40 BCM or 6.79% of usable storage to support power generation operations at Kariba going into the first quarter of the year 2026.

As of 31<sup>st</sup> December 2025, the Utilities had cumulatively utilised 32.30 BCM of water, which translated to 115.37% of their combined 2025 water allocation. The following is the breakdown of the water utilization for each Utility during 2025:

- The ZESCO Limited owned Kariba North Bank Power Station utilised 17.82 BCM which represents 127.27% of the 14 BCM water allocation for the year 2025.
- The ZPC owned Kariba South Power Station utilised 14.49 BCM, which represents 103.48% of their 14 BCM water allocation for the year 2025.

The water utilisation statistics by the two Utilities at Kariba are indicated in Table 7 below.

*Table 7 - Summary of Water Used for Power Generation at Kariba Complex in Million Cubic Meters (MCM) January – December 2025*

Month	Kariba North			Kariba South			Cumulative Combined Utilisation Plan Kariba Complex (MCM)	Cumulative Water Used at Kariba Complex (MCM)	% of Utilisation Plan
	Annual Allocation: 14,000 MCM			Annual Allocation: 14,000 MCM					
	Updated Utilisation Plan (MCM)	Actual Used (MCM)	% of Updated Utilisation Plan	Updated Utilisation Plan (MCM)	Actual Used (MCM)	% of Updated Utilisation Plan			
JAN	750.00	754.38	100.58%	560.00	564.85	100.87%	1,310.00	1,319.23	100.70%
FEB	860.00	855.12	99.43%	510.00	509.05	99.81%	2,680.00	2,683.40	100.13%
MAR	1,350.00	1,352.13	100.16%	1,460.00	1,457.54	99.83%	5,490.00	5,493.07	100.06%
APR	1,400.00	1,398.18	99.87%	820.00	819.53	99.94%	7,710.00	7,710.78	100.01%
MAY	1,600.00	1,599.72	99.98%	1,310.00	1,311.88	100.14%	10,620.00	10,622.37	100.02%
JUN	1,500.00	1,503.49	100.23%	1,240.00	1,239.85	99.99%	13,360.00	13,365.72	100.04%
JUL	1,650.00	1,652.62	100.16%	1,350.00	1,350.53	100.04%	16,360.00	16,368.87	100.05%
AUG	2,160.00	2,155.55	99.79%	1,000.00	1,001.92	100.19%	19,520.00	19,526.34	100.03%
SEP	1,980.00	1,991.77	100.59%	1,200.00	1,241.51	103.46%	22,700.00	22,759.62	100.26%
OCT	350.00	2,039.63	582.75%	1,600.00	1,603.73	100.23%	24,650.00	26,402.97	107.11%
NOV	200.00	1,144.33	572.16%	1,600.00	1,425.40	89.09%	26,450.00	28,972.70	109.54%
DEC	200.00	1,371.18	685.59%	1,350.00	1,960.77	145.24%	28,000.00	32,304.65	115.37%
<b>Total:</b>	<b>14,000.00</b>	<b>17,818.09</b>	<b>127.27%</b>	<b>14,000.00</b>	<b>14,486.56</b>	<b>103.48%</b>	<b>28,000.00</b>	<b>32,304.65</b>	<b>115.37%</b>
<b>Remaining Balance against Allocation to Date</b>		<b>-3,818.09</b>	<b>-27.27%</b>		<b>-486.56</b>	<b>-3.48%</b>		<b>-4,304.65</b>	<b>-15.37%</b>

Whereas ZPC overutilised water within the allowable 5% tolerance (i.e. it operated within the allowable 100+5% of its allocation threshold), ZESCO Limited exceeded its allocation by 27.27%. The closing lake level as at 31<sup>st</sup> December 2025 was 476.26m with 5.22% live storage, which was 1.57% below the preferred projection. In 2024, the closing level was lower at 475.77m with a live storage of 1.93%. While the Utilities combined over-utilisation was disconcerting, it should be noted that the Normal to Above Normal Rainfall which resulted into above average inflows recorded on the Kariba Lower Catchment during the first three months of the 2025/26 rainfall season (October- December 2025) marginally increased the water level in the reservoir.



#### 4.2.4 Regional Rainfall Outlook for the 2025/26 Rainfall Season

The Global climatic outlook for 2025/26 rainfall season indicated that a transition from ENSO-neutral to La Niña, with a 71% chance of La Niña during October - December 2025. Thereafter, the possibility of La Niña occurring seemed likely, but chances decreased to 54% in December 2025 to February 2026 (see Figure 20).

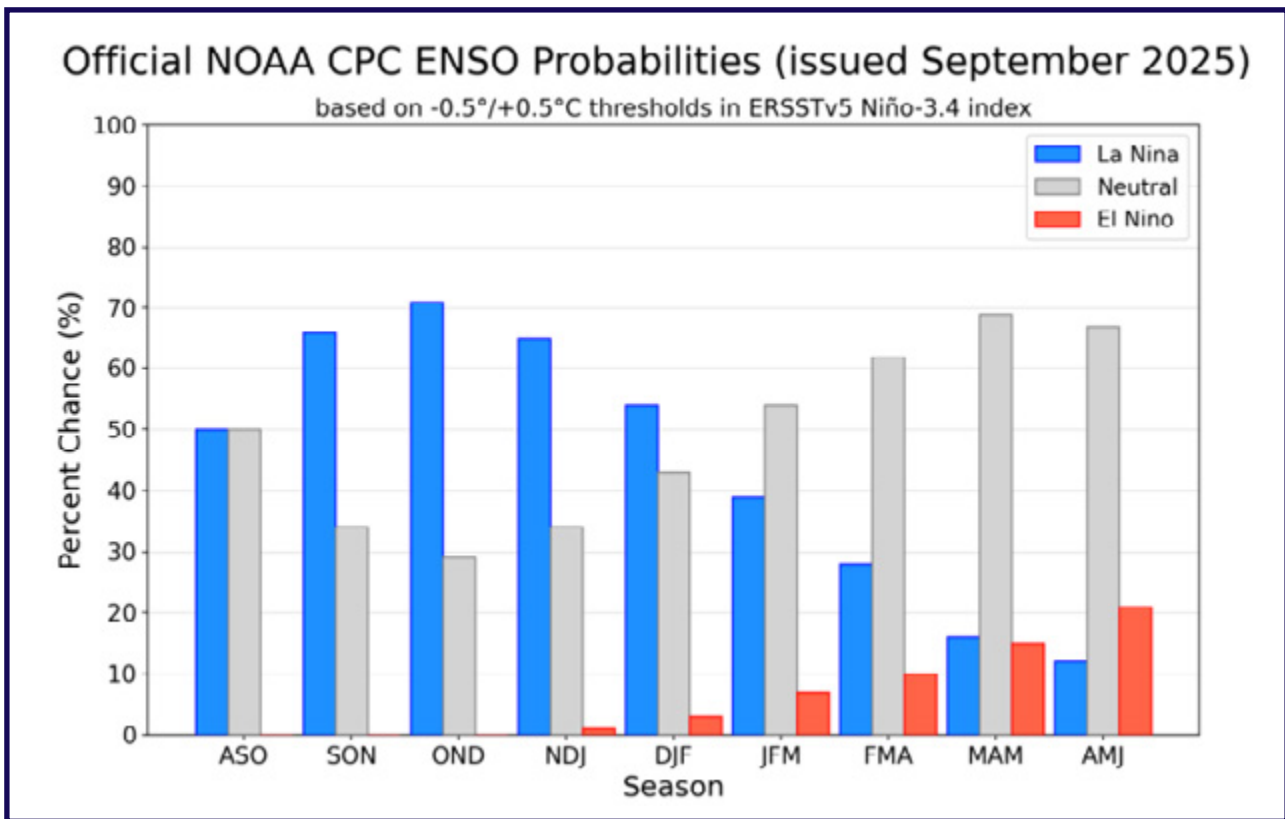


Figure 5. Official ENSO probabilities for the Niño 3.4 sea surface temperature index ( $5^{\circ}\text{N}$ - $5^{\circ}\text{S}$ ,  $120^{\circ}\text{W}$ - $170^{\circ}\text{W}$ ). Figure updated 11 September 2025.

#### 4.2.5 October – December (OND) 2025 – January 2026:

On the other hand, the 31<sup>st</sup> Southern African Regional Climate Outlook Forum (SARCOF31) projected mixed rainfall patterns for the 2025/26 rainy season with disconcerting implications for inflows into the Kariba Reservoir.

For the period October 2025 to January 2026, the Zambezi headwaters (about 30% of inflows from the Kariba Upper Catchment) were expected to receive Normal to Below Normal Rainfall, while the rest of the Kariba catchment (about 70%) was likely to experience Normal to Above Normal Rainfall. From December 2025 to March 2026, the upper Zambezi catchment (about 70% of inflows) was projected to receive Normal to Below Normal Rainfall, while the remaining areas (30%) were expected to receive Normal to Above Normal Rainfall.

The downscaled forecasts for Zambia and Zimbabwe indicated Normal to Below Normal Rainfall early in the season (October to December 2025), transitioning to Normal to Above Normal by January 2026. However, concerns arose due to the fact that key inflow areas in northeastern Zimbabwe- contributing around 70% of lower subcatchment inflows—were expected to receive Below Normal Rainfall.

Although parts of Zambia showed a more favorable outlook, their contribution to inflows was relatively marginal. Additionally, some critical tributary areas in Zimbabwe were projected to have Below Normal Rainfall. Overall, despite localised positive forecasts, expected inflows into the Kariba Reservoir were projected to remain constrained.

### 4.2.6 Zambezi River Flows

Flows in the mainstream Zambezi River during the 2024/25 hydrological year (spanning the period October 2024 to September 2025) were average to above average (as shown graphically in Figure 6) at the two critical stations, namely, Chavuma (the station where the Zambezi River flows from Angola are gauged) and Victoria Falls (as gauged at Nana’s Farm).

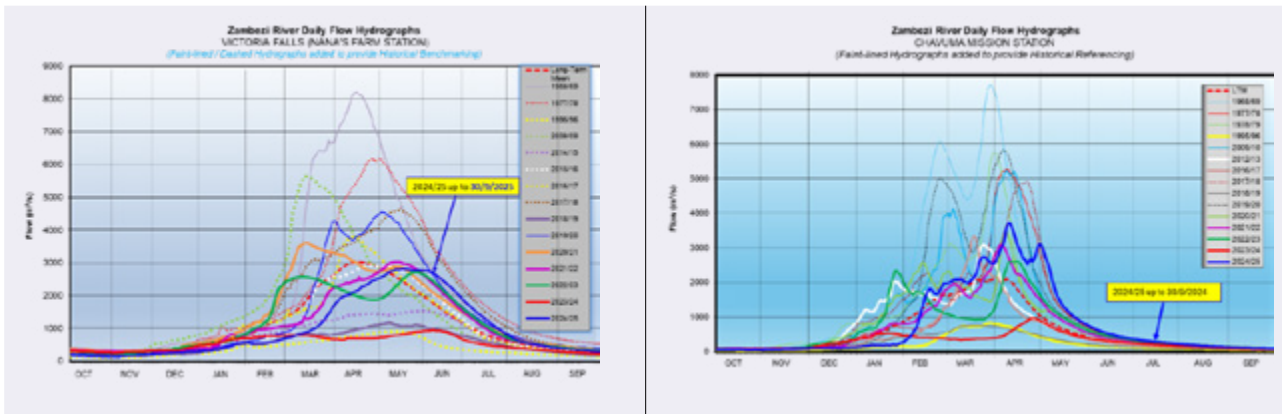


Figure 6. Zambezi River Flow Hydrographs at Chavuma (top) and Victoria Falls (Nana’s Farm Gauging Station) (bottom)

Table 8 provides a comparative analysis of flows at the Nana’s Farm / Victoria Falls gauging station (the key station for monitoring flows into Lake Kariba) for the years 2023 and 2024 compared to the long-term average.

#### Zambezi River Flow Comparisons at Victoria Falls (Nana’s Farm) Hydrometric Station

Table 8 - Zambezi River Flow Comparisons at Victoria Falls (Nana’s Farm) Hydrometric Station

Parameter	Year		Long-Term Mean (LTM)	% Departure of 2025 from:	
	2025	2024		2024	LTM
Flow on January 1 (m³/s)	310	492	521	-37%	-40%
Flow on December 31 (m³/s)	518	308	514	68%	1%
Annual Mean Flow (m³/s)	1,029	521	1,109	97%	-7%
Peak Flow Recorded (m³/s)	2,823	938	3,027	201%	-7%
Date Peak Recorded	17/5/2025	7/6/2024	16/4		
Minimum Flow Recorded (m³/s)	206	162	251	28%	-18%
Date Minimum Recorded	03/11/2024	02/11/2024	31/10		
Cumulative Annual Discharge at this Station for the Year (BCM)	32.43	16.49	34.98	97%	-7%

\*BCM = Billion Cubic Meters

Table 8 shows that inflows into Lake Kariba from the Upper Zambezi Catchment as monitored at Victoria Falls (32.43 BCM) were 7% lower than the long-term average of 34.98 BCM but 97% higher than that achieved in 2024. Hydrologically, 2025 can therefore



be described as an average year in as far as inflows into the Kariba Reservoir from the mainstream Zambezi River are concerned.

#### 4.2.7 Water Level Variation in Lake Kariba

The Lake level performance in 2025 was fair, rising from 475.77m on 1<sup>st</sup> January 2025, with usable storage of 1.25 BCM (1.93% of live/usable storage capacity) to a peak of 478.99m (24.48% live storage) in July 2025 before dropping to close the year at 476.26m (3.42 BCM or 5.28% live storage), which is 76cm above the Minimum Operating Level (MOL) on 31<sup>st</sup> December 2025.

In comparison, the Lake closed the previous year at a higher level of 475.77m with a live storage of 1.93% on 31<sup>st</sup> December 2024. Figure 7 shows a hydrographic overlay of lake level variations for the various past years in comparison with 2024/25.

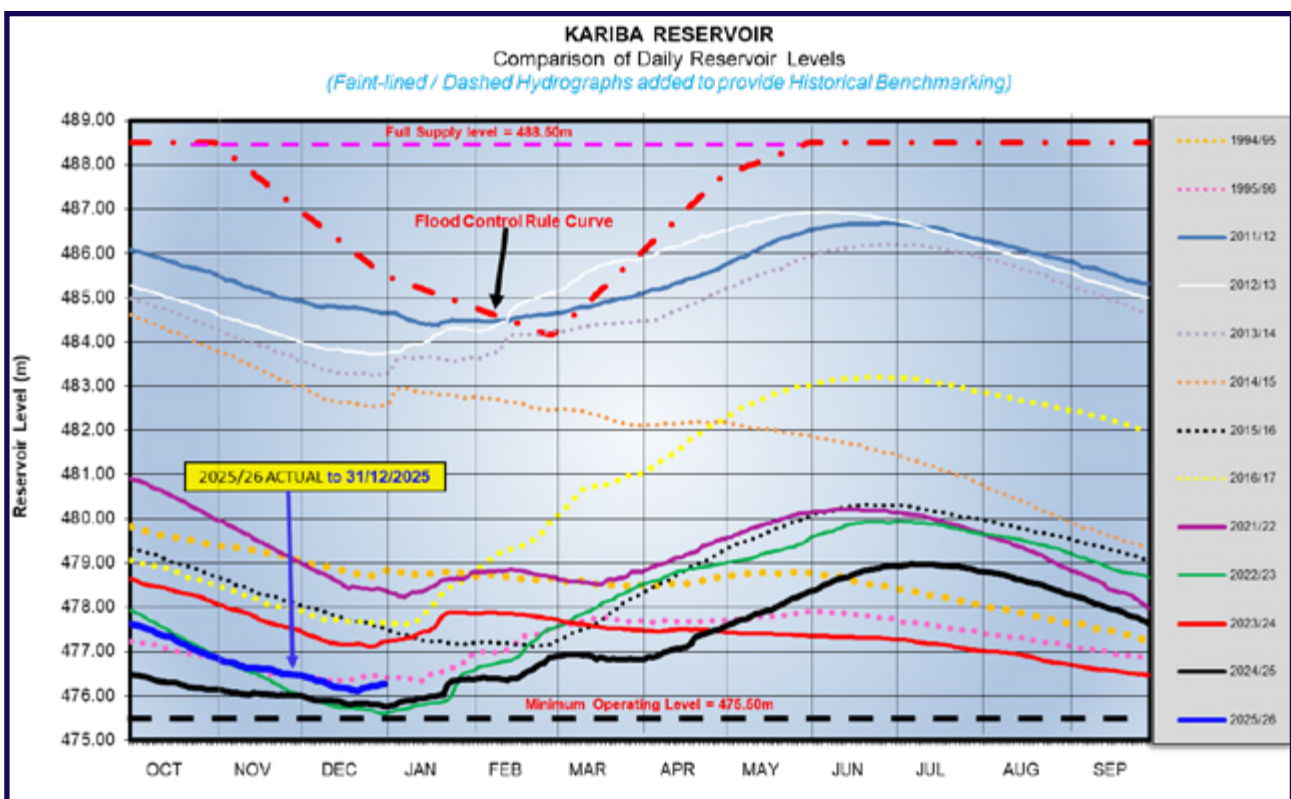


Figure 7. Lake Levels Hydrographic Overlay of selected Years in comparison with 2024/25.

#### 4.2.8 Operation of Spillways

The spillway gates at Kariba remained closed as the water levels remained below the Flood Control Rule Curve (see Figure 7). Consequently, there was no need for spilling.

#### 4.2.9 Water Balance Computations for the Kariba Reservoir

The total gross inflow into Lake Kariba during the year 2025 (calendar year) was 42.63 BCM, a considerable increase of 111% from the year 2024 record (below average year). The Lower Catchment contribution accounted for 24% inflow volume into Lake Kariba, compared to 18% recorded during the year 2024, while the rest came from the Zambezi Upper Catchment (as monitored at Victoria Falls / Nana's Farm Hydrometric Station). The

1.25 BCM carry-over from 2024 resulted in a total inflow of 43.88 BCM in 2025, compared to 27.92 BCM and 46.67 BCM recorded in 2024 and 2023 respectively.

On the other hand, the total outflow from the Lake was 40.46 BCM, composed of 32.30 BCM turbine discharge (for power generation) and 8.15 BCM lost to evaporation. The net effect on the Reservoir was a storage gain of 2.17 BCM which resulted in the reservoir closing with a live storage of about 3.42 BCM or 5.28% usable storage.

Table 9 shows the annual water balance computations for Lake Kariba for 2025 compared to the two preceding years. The same information is further presented graphically in Figure 8, while Figure 9 presents a schematic representation of the monthly water balance dynamics for 2025. Historical water balance time series (monthly) data is also presented graphically in Figure 10.

### Comparative Annual Water Balance for Lake Kariba (January - December)

Table 9 - Annual water balance computations for Lake Kariba for 2025

<b>KARIBA RESERVOIR WATER BALANCE</b>				
<b>END-OF-PERIOD / REPORTING MONTH: DECEMBER 2025</b>				
Parameter		2025	2024	2023
<b>1) Opening Usable Storage - Billion Cubic Meters (BCM)</b>		1.25	7.75	0.50
<b>2) GROSS INFLOWS FOR THE YEAR TO DATE (BCM)</b>	2.1) From the Kariba Upper Catchment	32.48	16.49	36.88
	2.2) From the Kariba Lower Catchment	10.15	3.68	9.30
	<b>Sub-total (BCM)</b>	<b>42.63</b>	<b>20.17</b>	<b>46.18</b>
<b>Total Inflows Year-to-Date (BCM)</b>		<b>43.88</b>	<b>27.92</b>	<b>46.67</b>
<b>3) OUTFLOWS FOR THE YEAR TO DATE (BCM)</b>	3.1) Turbine Discharge	32.30	17.73	29.88
	3.2) Spillway Discharge	0.00	0.00	0.00
	3.3) Evaporation	8.15	8.94	9.04
	<b>Sub-Total (BCM)</b>	<b>40.46</b>	<b>26.68</b>	<b>38.92</b>
<b>4) Carry-over Usable Storage at End of Reporting Month</b>		3.42	1.25	7.75
<b>Total Outflows Year-to-Date (BCM)</b>		<b>43.88</b>	<b>27.92</b>	<b>46.67</b>

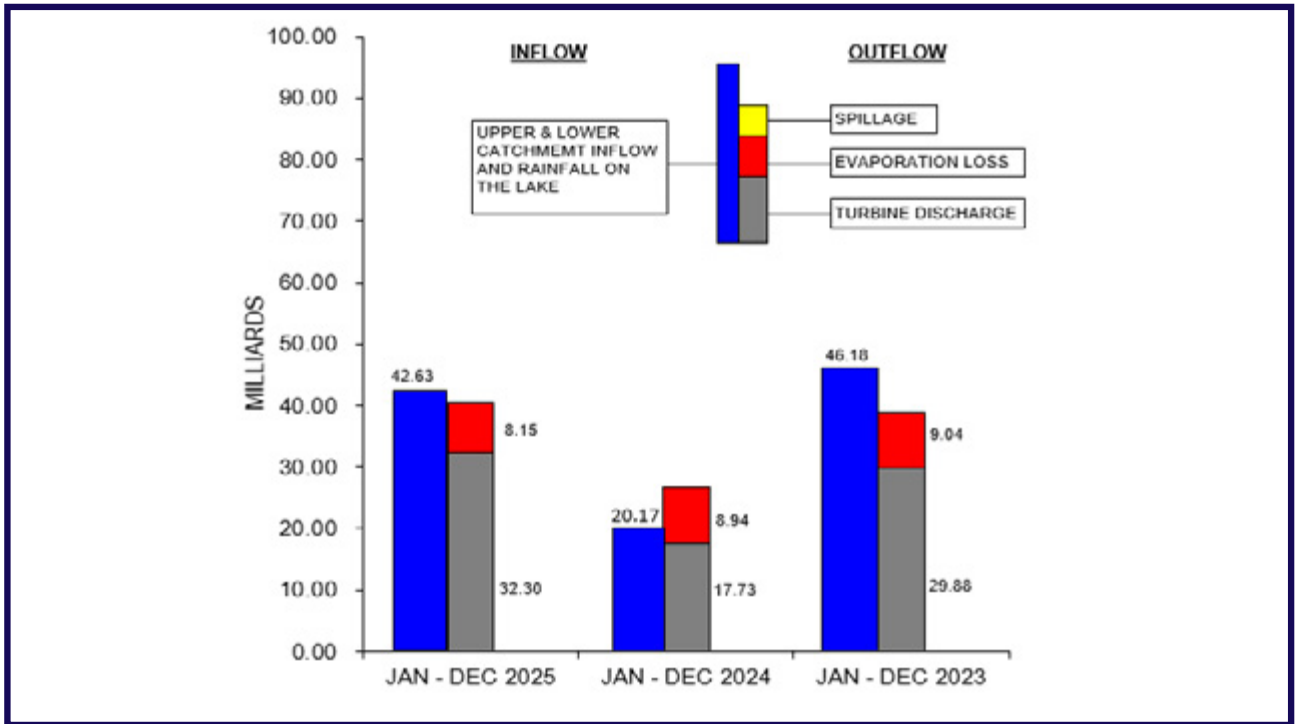


Figure 8 - Lake Kariba Water Balance Graphical Comparative over Three Recent Past Years

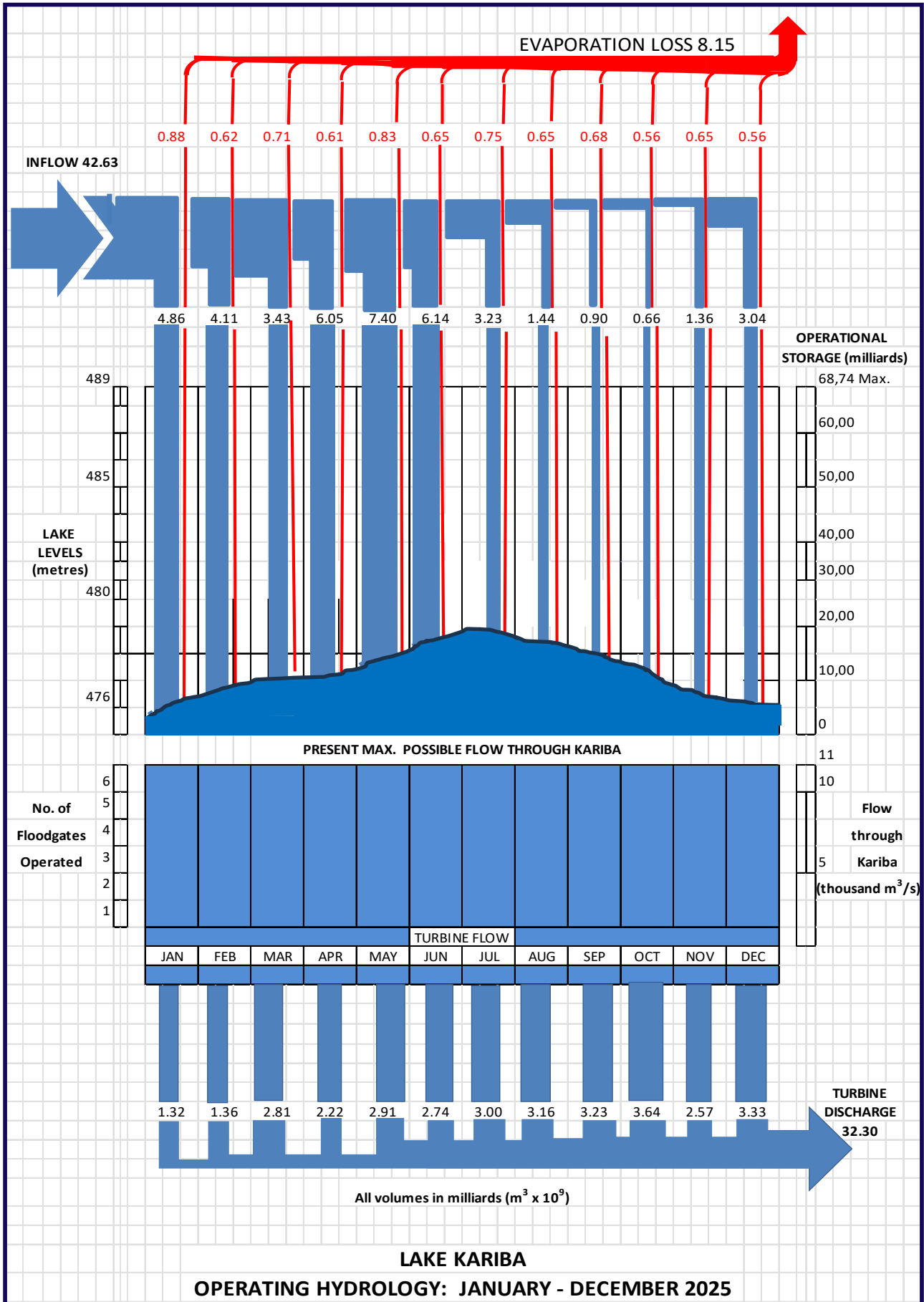


Figure 9: Schematic Representation of the Kariba Water Balance for 2025

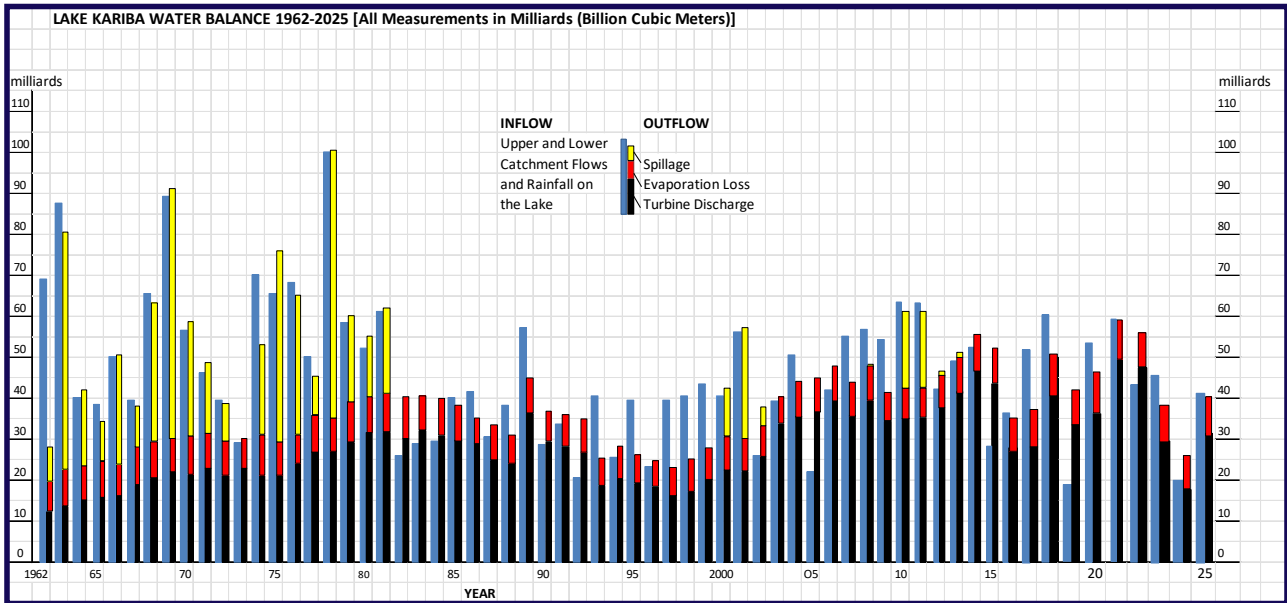


Figure 10: Kariba Water Balance 1962 – 2025 (All Volumes in Millions or BCM)

The Authority strives to improve the accuracy of total water inflows forecasting as this is key to ensuring the sustainable management of the Kariba Reservoir. Table 10 provides details of projection and actual performance for the (calendar) years 2024 and 2025.

Table 10 - Details of projection and actual performance for 2024 and 2025

2025		2024	
Projection	Actual	Projection	Actual
46 BCM	42.63BCM (Below Normal inflows.)	Projected below normal inflows in the order of 30BCM.	20.17 BCM

#### 4.2.10 Joint Operations Technical Committee (JOTC)

To effectively collaborate and manage the Zambezi Watercourse, dam and water resource management institutions, from Mozambique, Zambia and Zimbabwe met in Siavonga, during the 35<sup>th</sup> Joint Operation Technical Committee and 24<sup>th</sup> Executive Committee Meetings. Both meetings deliberated on matters that reviewed optimum basin operations covering Dam Synchronization and Safety, Environmental Monitoring of the basin and the operations of the Zambezi and Kafue hydropower cascades for the economic benefits to Mozambique, Zambia and Zimbabwe. Also critical on the agenda was information exchange to ensure timely dissemination of information to member institutions for expedient decision making in respective dam and water resources management operations.

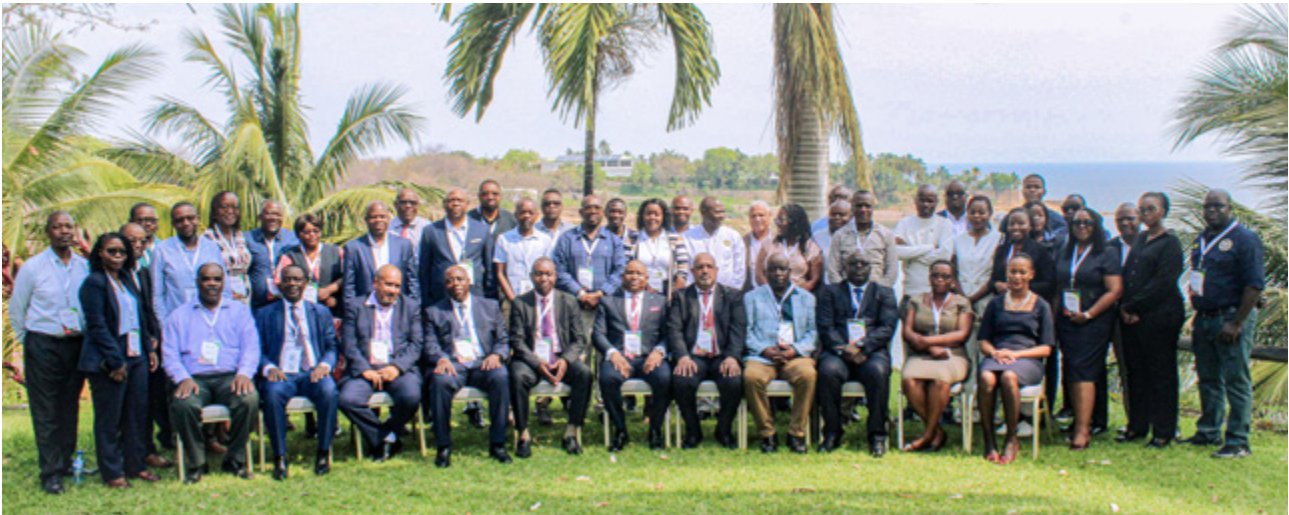


Figure 11: Attendees of the JOTC meetings in Siavonga (Zambia)

### 4.3 Environmental Monitoring

#### 4.3.1 Water Hyacinth (Eichhornia crassipes) Physical Monitoring

A physical inspection of the water hyacinth was carried out during the Lake-wide water quality monitoring of all inflowing rivers into the reservoir.

##### 4.3.1.1 Physical Weed Monitoring regarding the May–June Programme

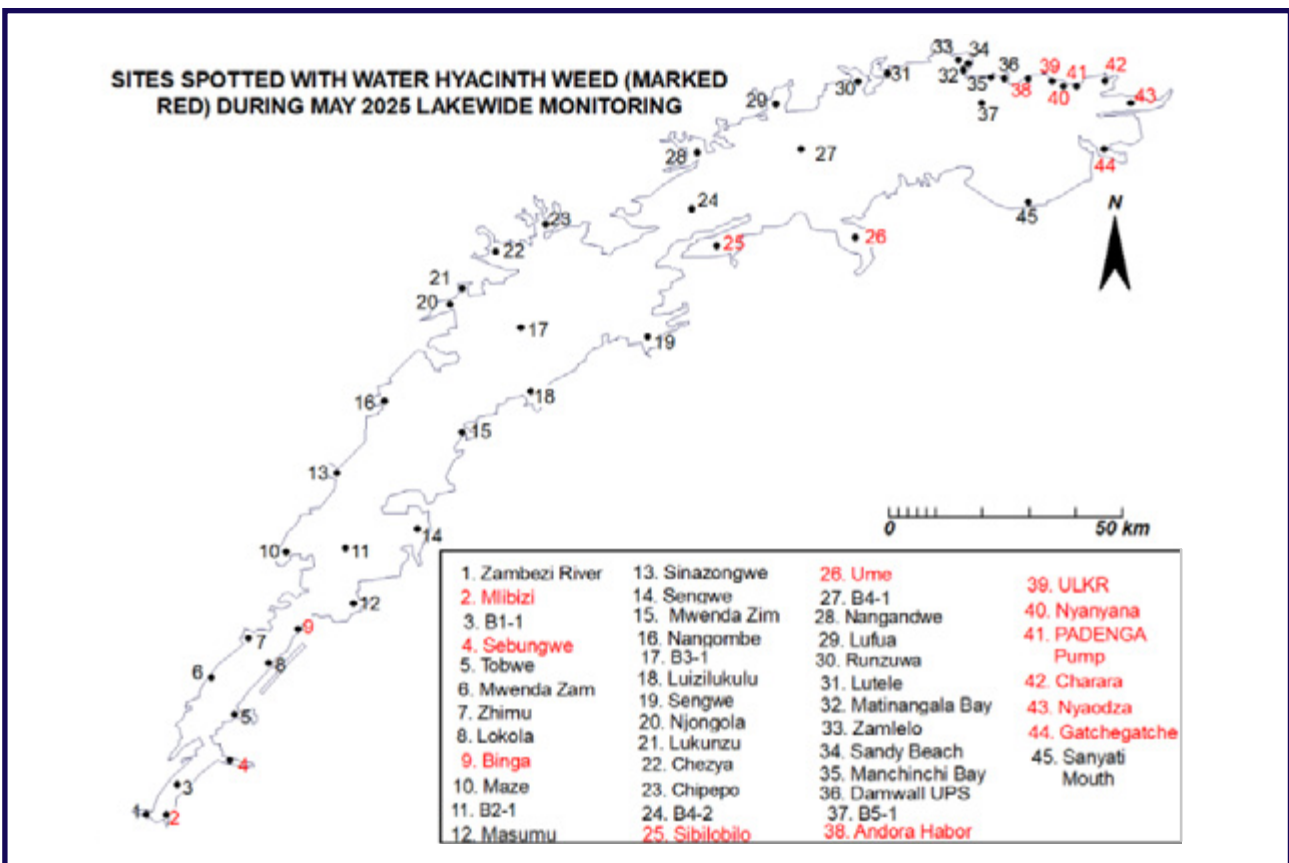


Figure 12 - Physical weed monitoring in May-June 2025

The Map shows the names of the sites that were inspected for water hyacinth and the sites where water hyacinth was spotted during the May to June field expedition marked red.

Similarly, sites where water hyacinth was spotted during the July to September weed monitoring programme are marked red in the diagram below:

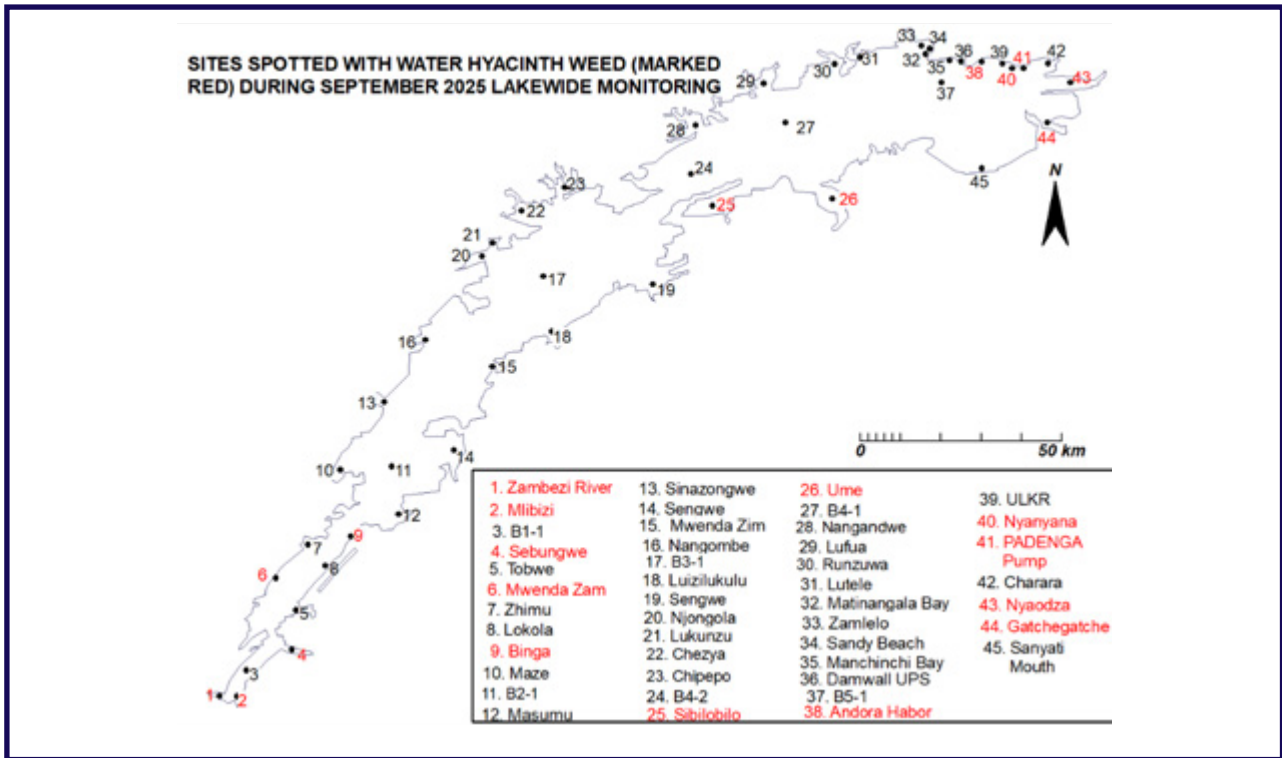


Figure 13: Water Hyacinth monitoring in September 2025

#### 4.3.1.2 Aquatic Weed Monitoring in April 2025 Using Sentinel-2 Images

As part of aquatic weed monitoring using remote sensing techniques, Sentinel-2 Satellite Imagery was analysed using ERDAS Imagine software to generate aquatic weed distribution maps, as illustrated in Figure 14.

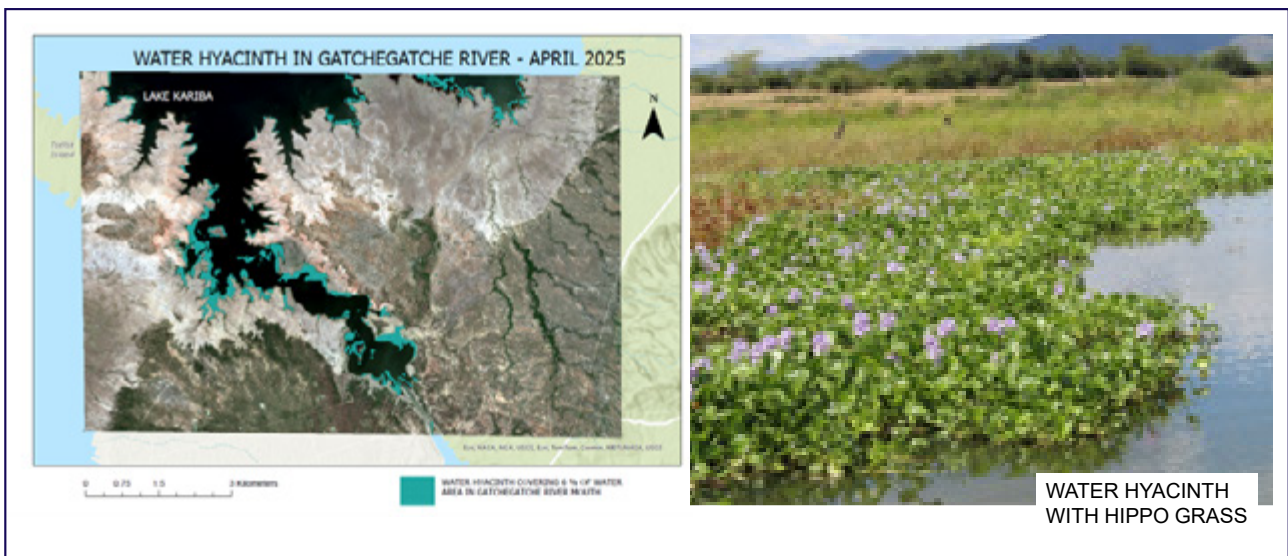


Figure 14: Gatche Gatche Station

#### 4.3.1.3 Water Hyacinth Monitoring at Lake Kariba Eastern Basin

Water Hyacinth monitoring on Lake Kariba's Eastern Basin was conducted throughout the months under review. The weed mats were observed at Gatche Gatche throughout the year while localised weed mats along the water shores were also observed at University of Lake Kariba Research Station (ULKRS), the Crocodile Farm; Andora Harbour; Nyaodza and Charara sampling stations. However, due to the receding water levels, the weeds were stranded along the shoreline of the lake as shown in Figure 15.



Figure 15: Weeds Stranded along the lakeshore

The morphological monitoring of the Water Hyacinth was done through physical observations by assessing the characteristic physical damage on the leaves caused by the weevils of *Neochetina bruchi* species. The biological activities signified presence of the bio-control agents as shown in Figure 16.



Figure 16: Biological Damage on the Weed Foliage

Additionally, weeds were also assessed by the morphological weed count where the presence of weevils, larval mines, weight as well as root length of the aquatic plant were determined.

Figure 17 shows the state of the weed at Gatche Gatche, one of the hotspot sites for the selected months of 2025. No weeds were observed at the Kariba North Bank intake areas. However, weeds driven by the wind current were observed at the Kariba South bank intake areas. The trapped weeds at the South Bank weed boom were removed by physical means.

Based on the observations made during the monitoring activities in respect of the year under review, the conclusion was that the current Water Hyacinth management methods being used by the Authority were effective.

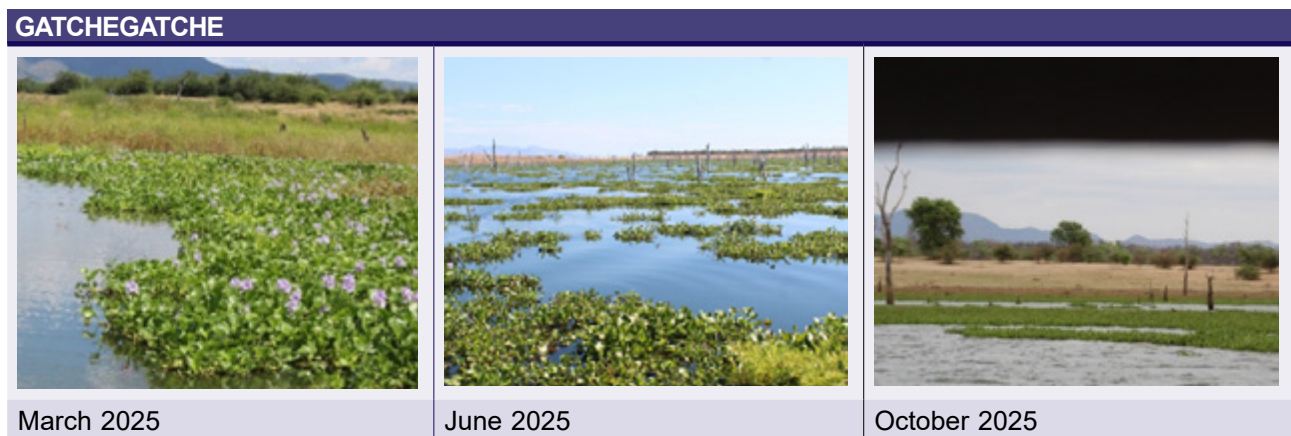


Figure 17: Pictorial Presentation of the Weed Situation at Gatche Gatche in selected Months



Figure 18: Pictorial Presentation of the Weed Situation at South Bank intake area in selected Months



Figure 19: Pictorial Presentation of the Weed Situation at the North Bank intake area in selected months.

### 4.3.2 Water Quality Data Collection and Processing

The Environmental Monitoring Programme comprises monthly, quarterly and semi-annual sampling of Lake Kariba, the Zambezi River and its tributaries. Water quality data collection and processing activities were undertaken during the period under review for some of the sampling stations on Lake Kariba, the Zambezi River and its tributaries. The water quality data was generated through in-situ measurements and laboratory analyses. These included parameters such as Temperature, pH, Electrical Conductivity (EC), Dissolved Oxygen (DO), Total Alkalinity, Total Suspended Solids (TSS), Total Dissolved Substances (TDS), Turbidity, Total Phosphorus (TP), Total Chlorophyll, Ammonia-Nitrogen, Nitrate, Nitrite, Secchi depth and Faecal Coliforms (FC).

#### 4.3.2.1 Quarterly Trend Analysis for the Upper Catchment Stations

The quarterly Upper/Lower Zambezi Catchment Environmental Monitoring Programme for 2025 was carried out successfully. The two selected parameters namely; Temperature shown in Figure 20 and pH shown in Figure 21 were within the requirements of the Zambezi River Authority Water Quality/International Guidelines for freshwaters.

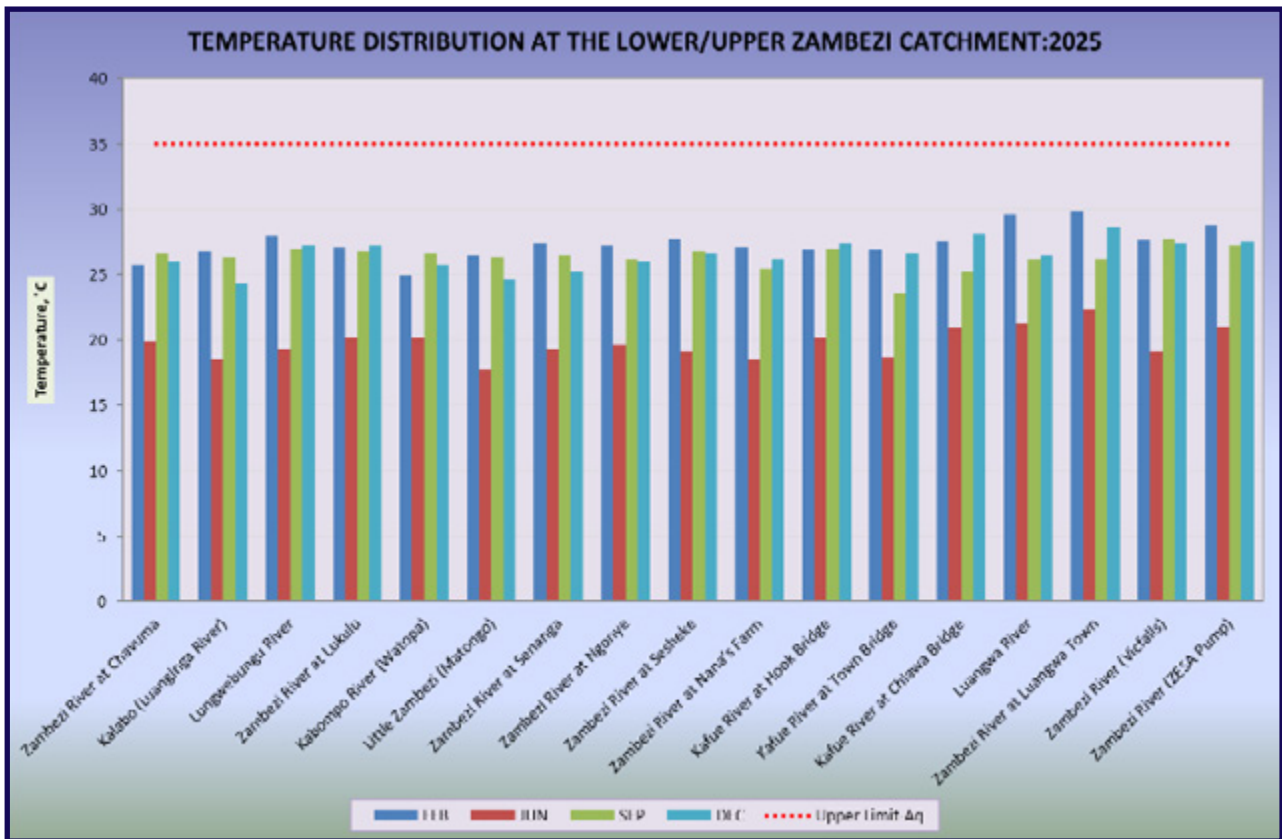


Figure 20: Graph of Water Temperature

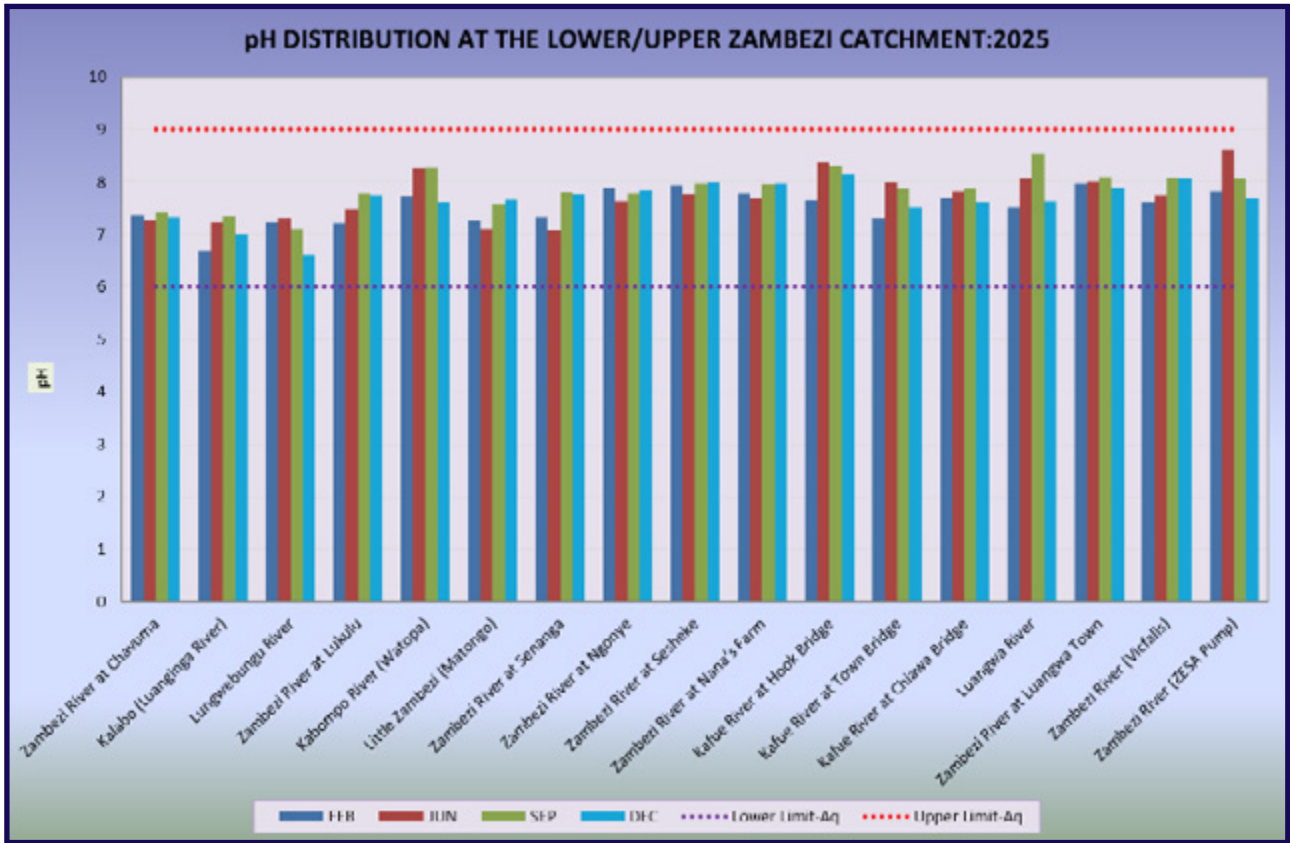


Figure 21: Graph of pH

#### 4.3.2.2 Water Quality Analysis Using Spatial Maps for Lake Kariba

Using the Geographic Information System, an assessment of the spatial variability of the water quality parameters in the lake was done to find out which sections of the lake met the specified quality standards for the different water uses indicated in the Authority’s Water Quality Guidelines. Figures 22 and 23 show that the water temperature for the months of May and September 2025 were within the Authority’s Water Quality Guidelines for survival of aquatic life. Further, figures 24 and 25 revealed that dissolved oxygen was within the Authority’s water quality guidelines for the months of February and August.

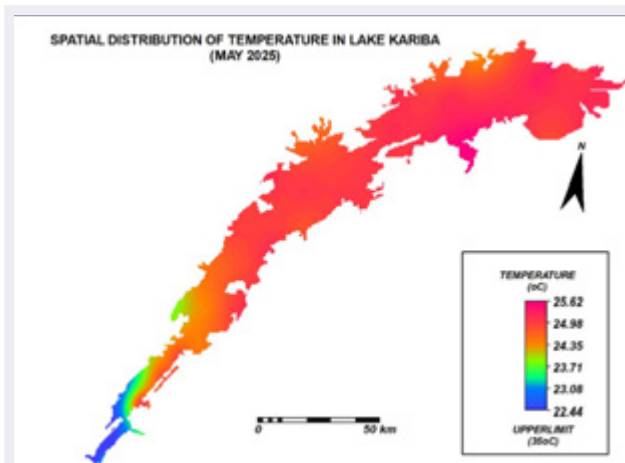


Figure 22: Spatial Distribution of Temperature in May

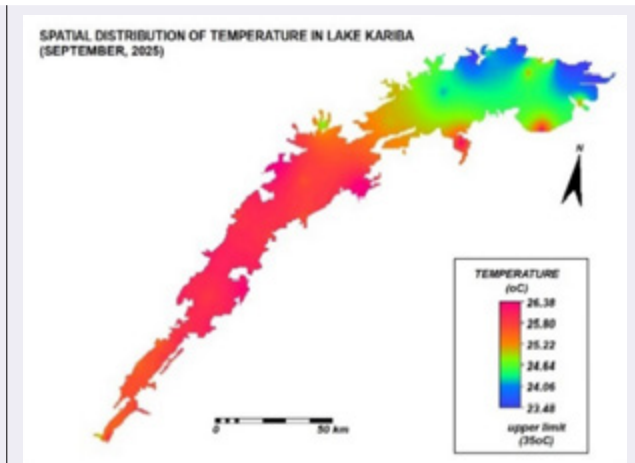


Figure 23: Spatial distribution of Temperature in September



Figure 24: Spatial Distribution of DO in February

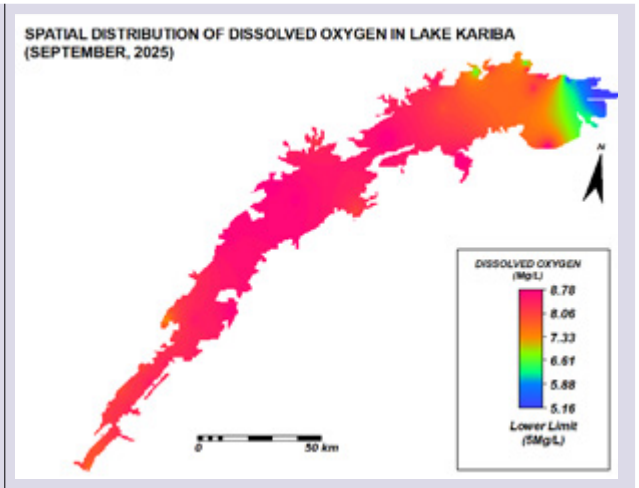


Figure 25: Spatial distribution of DO in August

### 4.3.2.3 Temporal Distribution of Monthly Water Quality Parameters for Lake Kariba and Victoria Falls Stations

The temporal distribution of water quality parameters for the monthly water quality monitoring is indicated in the graphs below. In figures 26 and 27 for Temperature and pH respectively, the water quality was observed to be within the Authority’s Water Quality Guidelines indicating a generally healthy aquatic ecosystem. However, figure 28 and Figure 29 for Total Suspended Solids and Faecal Coliforms respectively, failed to meet the requirements. Gatche Gatche, B5-1 and ZESA Pump sampling points are some of the stations that failed to meet the requirements of the Authority’s Water Quality Guidelines/ International Guidelines for freshwaters. During the rainy season, total suspended solids in most stations failed because of erosion aided by rain runoff within the catchment area.

Additionally, anthropogenic activities such as discharges of effluent from the Crocodile Farm and Wastewater Treatment ponds resulted in some stations’ failure to adhere to the upper limit threshold for faecal coliforms. While the non-compliant stations were reported to Zimbabwe’s Environmental Management Agency (EMA) as prescribed by the EMA Act Chapter 20:27, tripartite stakeholder engagements (among the Authority, EMA and the respective non-compliant stations) were ongoing in a bid to identify long-term solutions to this recurring challenge.

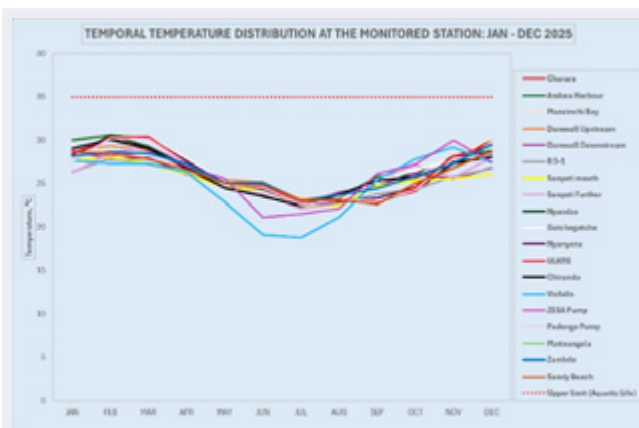


Figure 26: Graph of Water Temperature

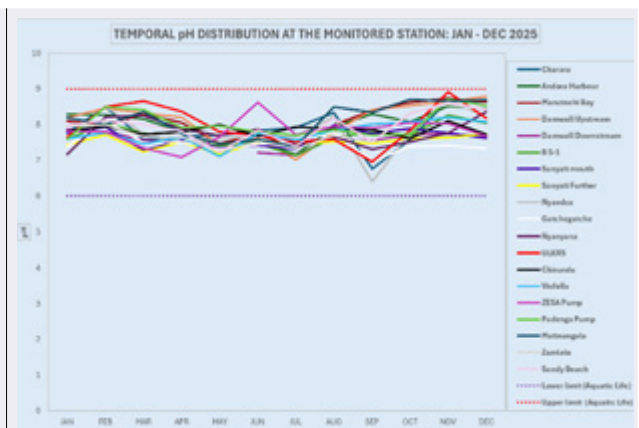


Figure 27: Graph of pH

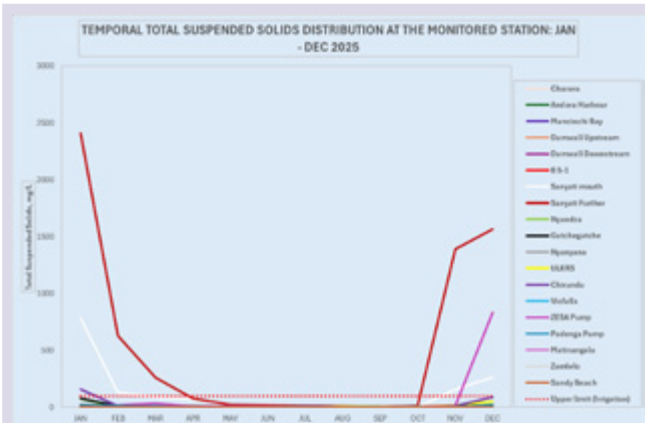


Figure 28: Graph of Total Suspended Solids

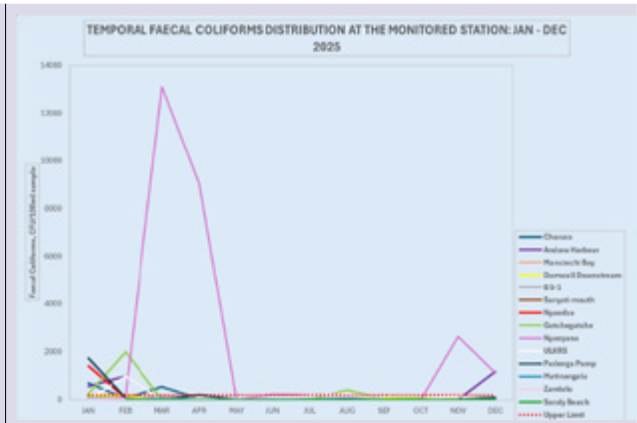


Figure 29: Graph of Faecal Coliforms

Generally, the water quality results obtained from both in-situ measurements and through the Authority’s Environmental Laboratory analyses indicated a healthy aquatic ecosystem of the waters in the Lake, Zambezi River and its tributaries as most parameters were within the requirements of the Revised ZRA Water Quality Guidelines for Livestock watering, Irrigation, Industrial and Aquatic life use.

### 4.3.3 Environmental Auditing: Water Abstraction by Non-Hydropower Generation Activities from the Zambezi River

Water usage monitoring of non-hydropower generation activities was carried out in both Zambia and Zimbabwe from Kazungula to Luangwa and Kazungula to Kanyemba, respectively. Specifically, the 2025 data collection programme targeted only large consumers. A technical analysis was carried out to establish the status of these activities and the impact on the availability of live storage (usable water) for hydropower generation.

#### 4.3.3.1 Analysis of Water Abstraction Data

The combined water usage data collected from Zambia and Zimbabwe was as summarised in Table 11.

Table 11: Summary of water usage data collected from Zambia and Zimbabwe in 2025

Country	Average Water Use (M <sup>3</sup> /Month)	Average Water Use (BCM/Month)	Average Water Use (M <sup>3</sup> /Year)	Average Water Use (BCM/Year)
Zambia	15,748,871.58	0.0157	188,986,458.96	0.189
Zimbabwe	3,775,102.05	0.0037	45,301,224.60	0.045
TOTAL	19,523,973.63	0.0195	234,287,683.56	0.234

Table 12 - Combined water usage for Zambia and Zimbabwe 2025

Water Use	M <sup>3</sup> /Month	BCM/Month	M <sup>3</sup> /Year	BCM/Year
Domestic	2,844,801.47	0.0028	34,137,617.64	0.0341
Crocodile farming	1,939,012.40	0.0019	23,268,148.80	0.0232
Farm irrigation	13,521,605.00	0.0135	162,259,260.00	0.1622
Industrial	987,477.76	0.0009	11,849,733.12	0.011

Water Use	M <sup>3</sup> /Month	BCM/Month	M <sup>3</sup> /Year	BCM/Year
Tourism	5,470.00	0.000005	65,640.00	0.00006
Fisheries	225,607.00	0.00022	2,707,284.00	0.0027
Total	19,523,973.63	0.0195	234,287,683.56	0.234

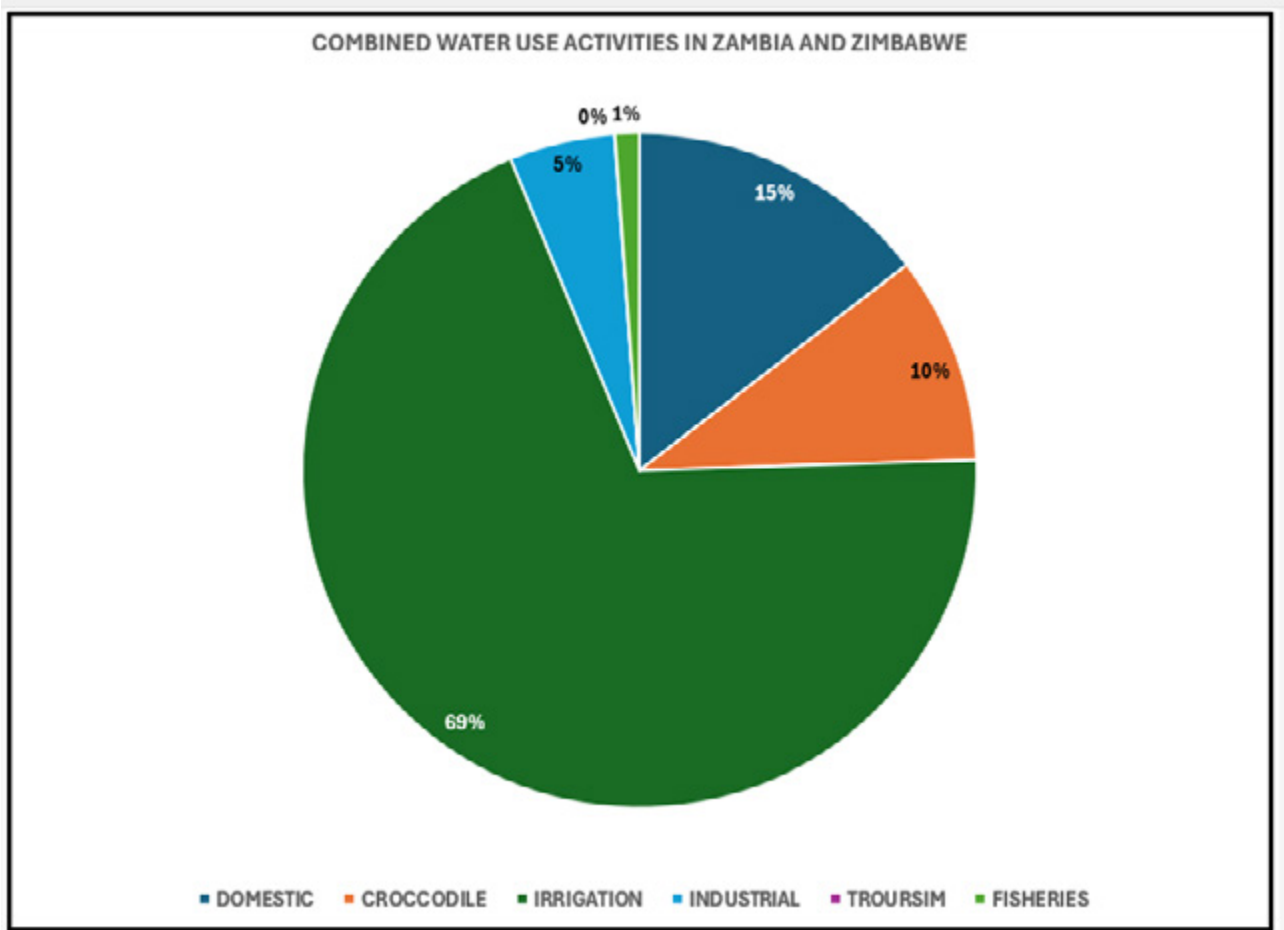


Figure 30: Water usage in the Zambezi River in 2025

The graphic representations above show that relatively more water was being used for farm irrigation followed by domestic use in the Zambezi River basin draining into Lake Kariba. The combined estimated average consumption by non-hydropower generation activities was 19,523,973.63 m<sup>3</sup>/month (0.0195 BCM/month), which translated into an annual abstraction of 234,287,683.56.75 m<sup>3</sup>/year (0.234 BCM/year) in 2025.

#### 4.3.3.1.1 Impact of Upstream Water Abstraction on Total Water Allocation for Hydropower Generation

Table 13 - Water abstraction by upstream non-hydropower generation activities

UPSTREAM	ZAMBIA		ZIMBABWE		TOTAL	
	(M <sup>3</sup> /Year)	BCM/Year	(M <sup>3</sup> /Year)	BCM/Year	(M <sup>3</sup> /Year)	BCM/Year
Water Abstraction by Non-Hydropower Activities	145,519,573.40	0.145	44,887,044.00	0.044	190,406,617.40	0.190



Table 13 shows that during the year 2025, about 190,406,617.40 m<sup>3</sup>/yr (0.19BCM/year) of water was abstracted from the Zambezi River for use by non-hydropower generation activities upstream of the Kariba Dam in both Zambia and Zimbabwe. Compared to the total annual allocation for hydropower generation, the abstraction rate by non-hydropower generation activities was about 0.0068%.

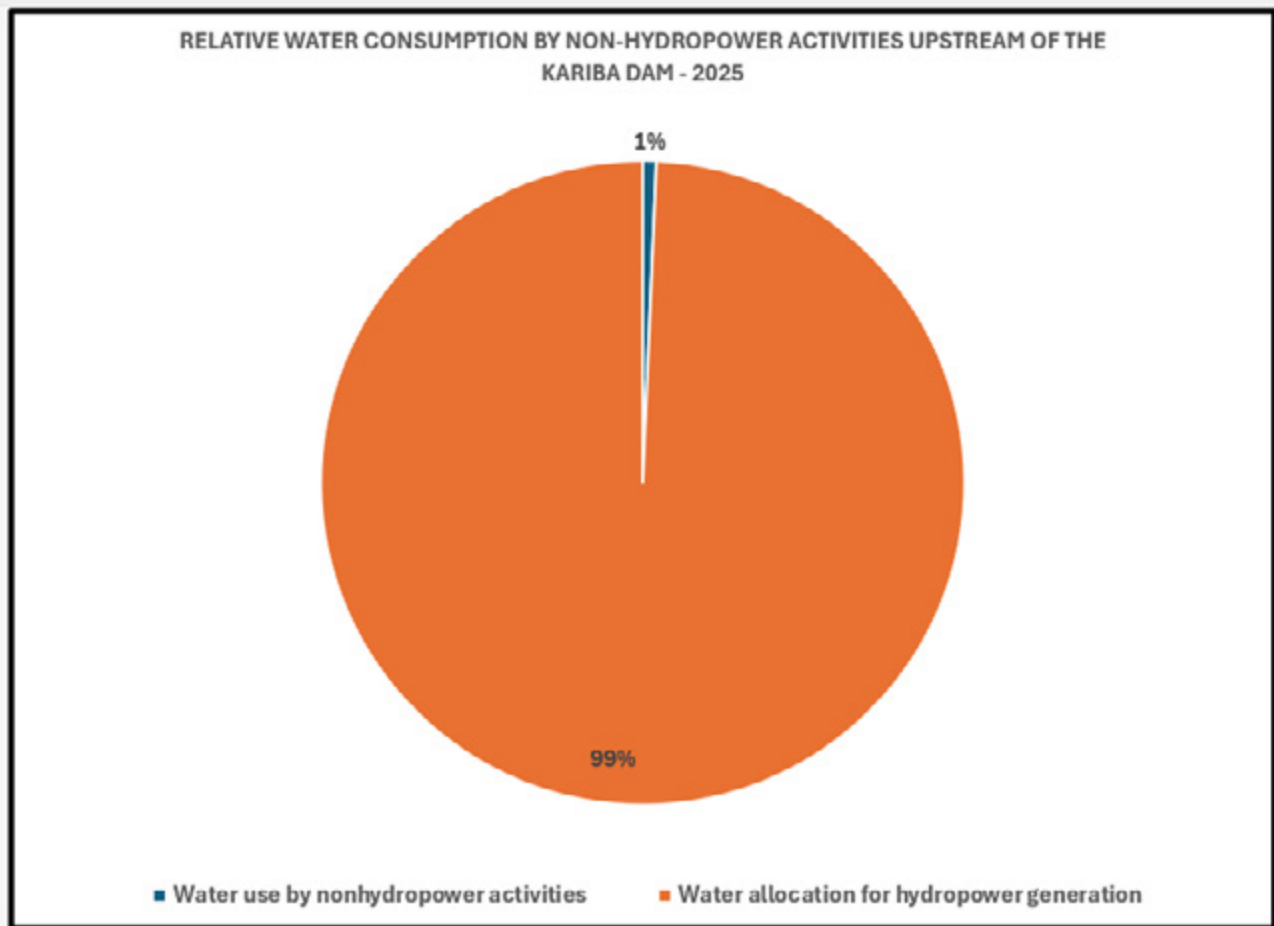
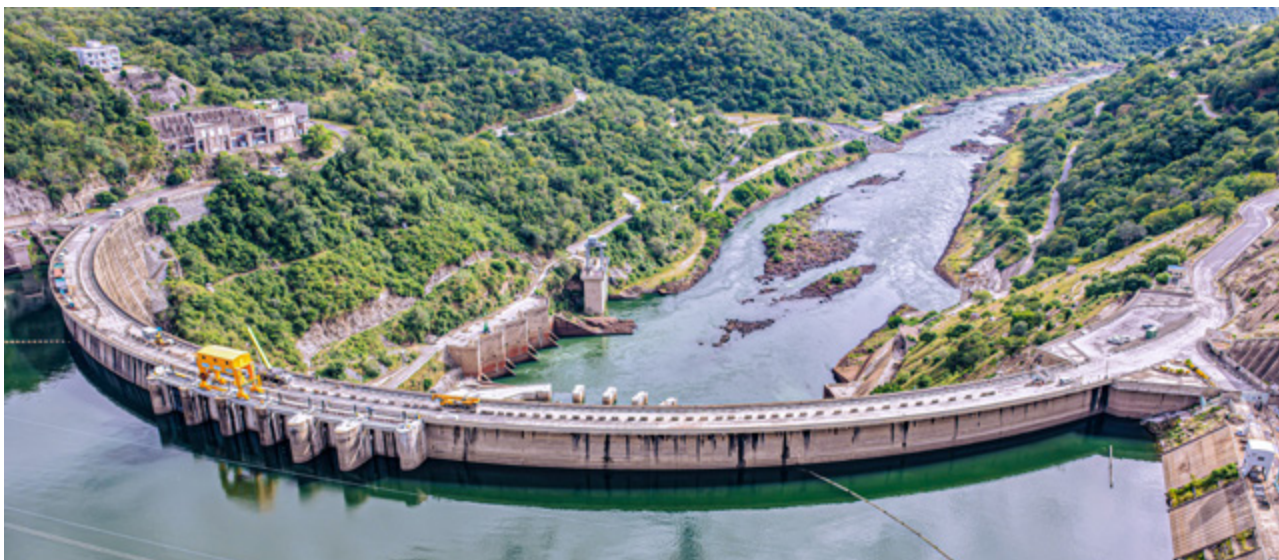


Figure 31: Upstream water consumption by non-hydropower generation activities relative to water allocated for hydropower generation upstream of Kariba Dam – 2025



## CHAPTER 5

### KRA 2 – Optimised Dam Operations & Safety Management



*Aerial view of Kariba Dam showcasing the newly installed gantry crane (yellow) on the dam crest, with the downstream section visible as water continues its flow along the Zambezi River.*

Operational performance improved through enhanced dam safety procedures, regular inspections and refinements effected to reservoir management systems. ICT governance improvements supported better data accuracy and operational decision-making, hence contributing to safer and more efficient dam operations.

#### 5.1 Dam Safety Monitoring

Significant progress was made regarding the phased automation of the Kariba Dam monitoring system. Selected pendulums and vibrating wire piezometers were first automated in 2022 under the auspices of the Kariba Dam Rehabilitation Project (KDRP). In 2025, additional pendulums and crack monitoring systems were also automated, alongside the installation and commissioning of Strong Motion Accelerometers (SMAs) for recording site-specific earthquakes as part of the Authority's efforts to strengthen its dam safety programme. The automated system incorporates a Remote Monitoring System for Dams (RMSD) data acquisition and processing platform, with remote access facilitated through the Teletonika Remote Management System Virtual Private Network (Teletonika RMS VPN) and the Warehouse Management System (WMS), which integrates with Advanced Intelligent Document Processing (AIDA) technology through the WMS-AiDA platform.

Data analysis for the SMAs is performed using GeoDAS software, a graphical Microsoft Windows-based application designed for earthquake, seismic, structural, dynamic and static monitoring within the engineering industry. The software provides advanced capabilities for frequency analysis of recorded seismic events using Fast Fourier Transformation (FFT). When coupled with results from the Three-dimensional Finite Element Analysis (3D FEA) model, the measured responses enable evaluation of dam behaviour using site-specific data. Figure 29 shows the real-time results of the data collected from selected pendulums.

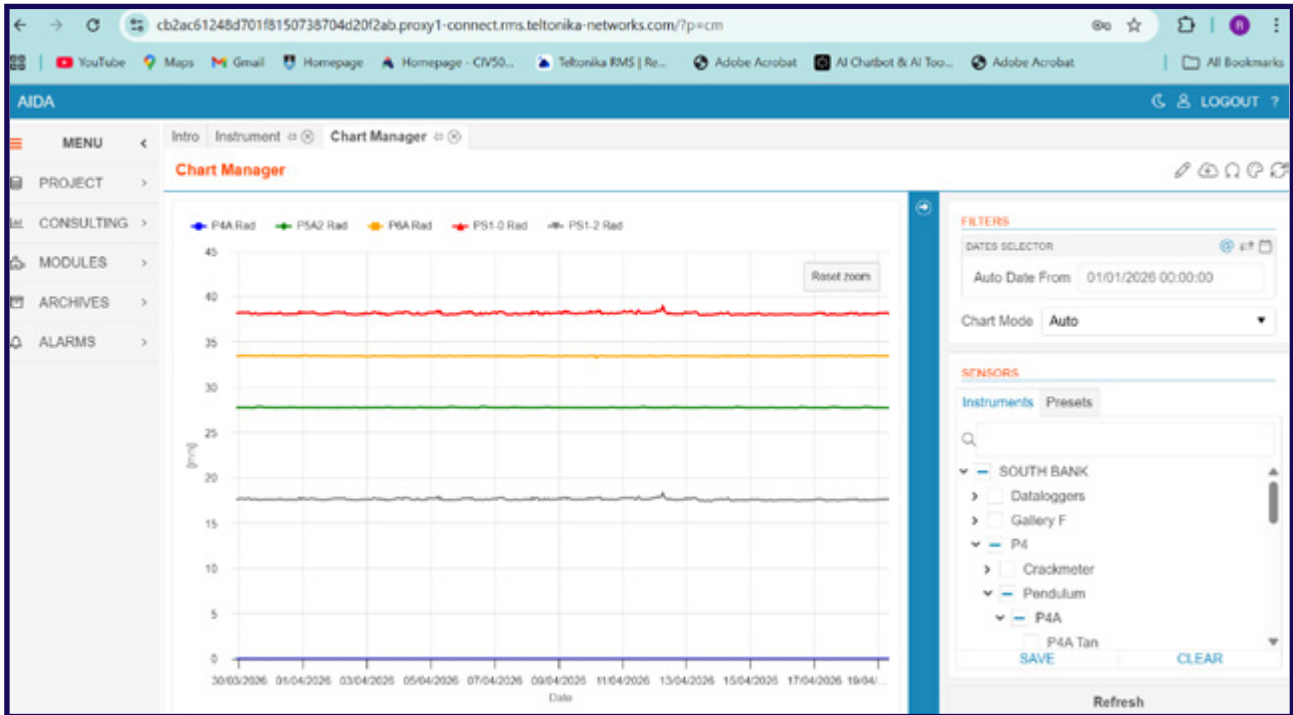


Figure 29: Results of the automated dam monitoring system on the AiDA platform

### 5.1.1 Automated Dam Monitoring Systems

The O&M functions comprise the physical maintenance, functional operations and testing of the dam infrastructure to sustain its operational reliability. Key activities include civil maintenance such as cleaning stormwater drains, vegetation management and slope repairs, as well as electromechanical works such as the servicing and periodic operation of spillway floodgates in order to ensure that they are serviceable for flood evacuation. Accordingly, the following major O&M activities were carried out during the year:

- (a) The operation of the floodgates to support leakage testing of the refurbished sluiceway, using the new grappling beam and mobile crane to install the stoplogs.
- (b) The fabrication and installation of protective systems for the SMAs that were installed for monitoring earthquakes.
- (c) Decommissioning of the electrical controls of the floodgates to allow for installation of the new hoisting and control systems under the Phase 2 works of the KDRP Spillway Refurbishment project.
- (d) Decommissioning of floodgates numbers 1 and 2 to enable the KDRP Spillway Phase 2 Contractor to work on two additional gates and accelerate the implementation of the works. This was in view of the fact that there would be no anticipated spilling during the 2025/26 hydrological season.
- (e) General annual maintenance works in respect of the Dam and the South Bank.

## 5.2 Kariba Dam Rehabilitation Project (KDRP)

The Kariba Dam Rehabilitation Project (KDRP) was divided into three sub-projects – the Plunge Pool Reshaping; Spillway Refurbishment Phases 1 and 2 and Institutional Support.

### 5.2.1 Plunge Pool Reshaping

The Plunge Pool Reshaping component of the Kariba Dam Rehabilitation Project, undertaken by Razel Bec as the contractor under the supervision of the Consulting Engineering firm, Gruner Stucky, reached full physical completion during the reporting period. Mobilised in May 2017, the project successfully achieved its core objectives in September 2024, including the excavation of 300,100 m<sup>3</sup> of rock and installation of a comprehensive grout curtain to enhance the stability of the dam foundation.

By the end of 2025, activities had transitioned from construction to administrative and financial close out, following the signing of a Global Settlement Agreement in November 2025. The project had since been formally closed, with all administrative matters fully resolved. With physical works completed during the third quarter of 2024, the project was now fully concluded from an implementation standpoint.





Figure 30 - The progression of Plunge Pool Works from commencement to completion

## 5.2.2 Spillway Refurbishment

### 5.2.2.1 Spillway Refurbishment Phase I

By December 2025, the Spillway Refurbishment Phase 1 works had reached substantial completion, with all major civil and hydromechanical scope items delivered. The installation of the new Emergency Gate was successfully completed while key structural works, including the rectification of the Emergency Gate misalignments across all six sluices, were finalised.

The installation of the new gantry crane also progressed significantly, with commissioning pending resolution of identified technical nonconformances related to bogie movement and long travel performance. Training of Authority personnel in stoplog operations also advanced during the period under review.

With overall physical progress at 99.9% by the end of the year, the focus in 2026 would be on concluding the outstanding technical matters associated with the gantry crane and finalising contractual close out processes to bring Phase I to full completion. The project was forecasted to be completed by August 2026.



Figure 31: Works layout and Gantry Crane partial hot commissioning



Figure 32: Sluice 6 leakage testing.

### 5.2.2.2 Spillway Refurbishment Phase II

Phase II of the Spillway Refurbishment Project, which entails the replacement of the six 140ton spillway gate hoists and associated electrical and control systems, recorded significant progress during the year. All major electromechanical manufacturing activities were completed, the Factory Acceptance Tests (FATs) were successfully concluded while all six hoists were delivered to site, marking a major milestone in the execution of the programme.

Onsite implementation also advanced, with installation works commencing following the formal handover of the site to the Phase 2 contractor in December 2025. Initial installation of hoist components and associated electrical systems began during the reporting period, laying the foundation for full system integration.

With these achievements, the project was well positioned for continued progress in 2026, which would focus on completing the remaining installation works, conducting final acceptance tests and advancing towards full commissioning in line with the scheduled completion timeline.



Figure 33...Spillway Hoist installation

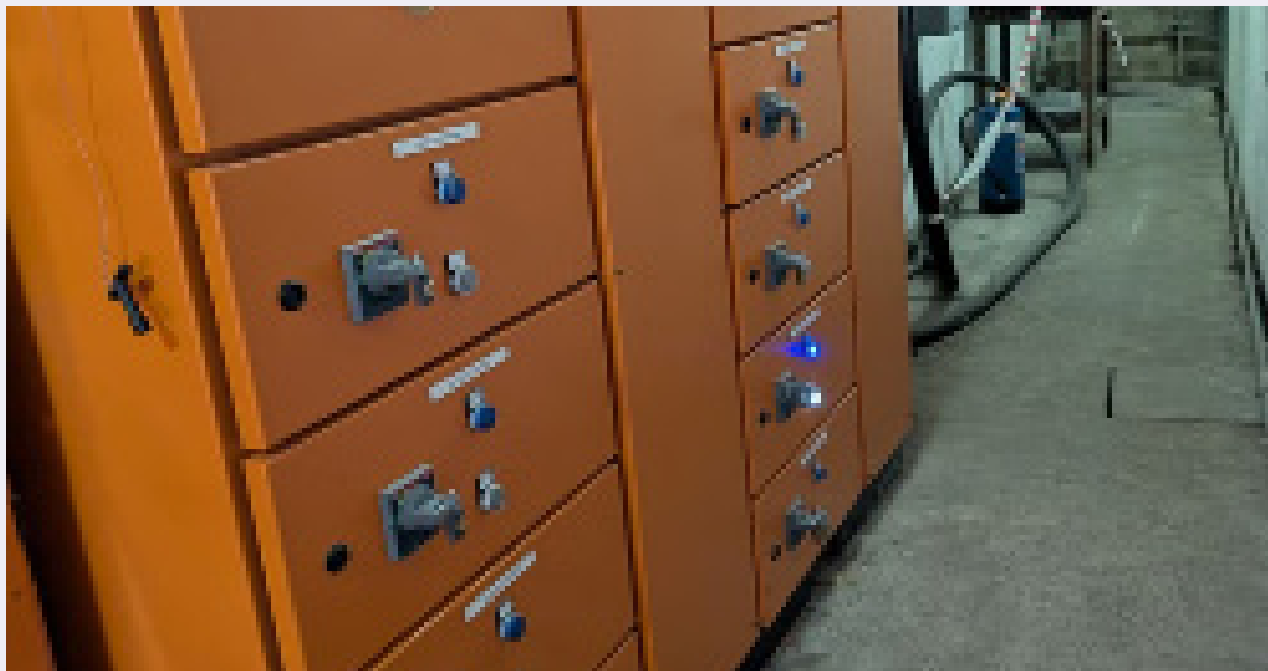


Figure 34 - Newly installed Electrical Distribution Board and Control Panel connections

### 5.2.3 Institutional Strengthening

The Authority continued to coordinate various consultancies providing technical support on the Project. These included Technical Services; Construction Supervision Consultancies and the Panel of Experts who were offering technical support on critical aspects of the Project. Additionally, the Authority continued implementing the capacity building programme involving 13 Post Graduate Female Trainees who were brought on board as part of skills transfer.

### 5.2.4 Batoka Gorge Hydro-Electric Scheme

During the year 2025, the Batoka Gorge Hydro-Electric Scheme recorded significant progress in respect of preparatory activities aimed at developing the project under a Public-Private Partnership (PPP) model. Key milestones included the commencement of the Engineering Feasibility Studies (EFS) and Environmental and Social Impact Assessment (ESIA) updates, alongside progress made regarding project structuring, market assessments and developer procurement preparations.

Progress was also made in strengthening the project’s financial and commercial framework through ongoing bankability assessments, refinement of the proposed PPP financing structure and preparation of developer prequalification documentation. The project continued to be structured around a proposed 60:40 debt-to-equity financing model, with the total project cost estimated at approximately US\$4.25 billion. Both Governments of the Republics of Zambia and Zimbabwe reaffirmed their commitment to contribute US\$220 million each towards dam construction, while resource mobilisation efforts progressed through engagement with cooperating partners and financiers, including the advancement of the Authority’s application to the SADC Project Preparation and Development Facility (PPDF) to support key preparatory studies.

Institutional strengthening activities further continued during the year through operationalisation of the Project Implementation Unit (PIU) and implementation of sustainable development initiatives in collaboration with the African World Heritage Fund (AWHF), aimed at supporting alignment of the project with sustainable development and World Heritage requirements.

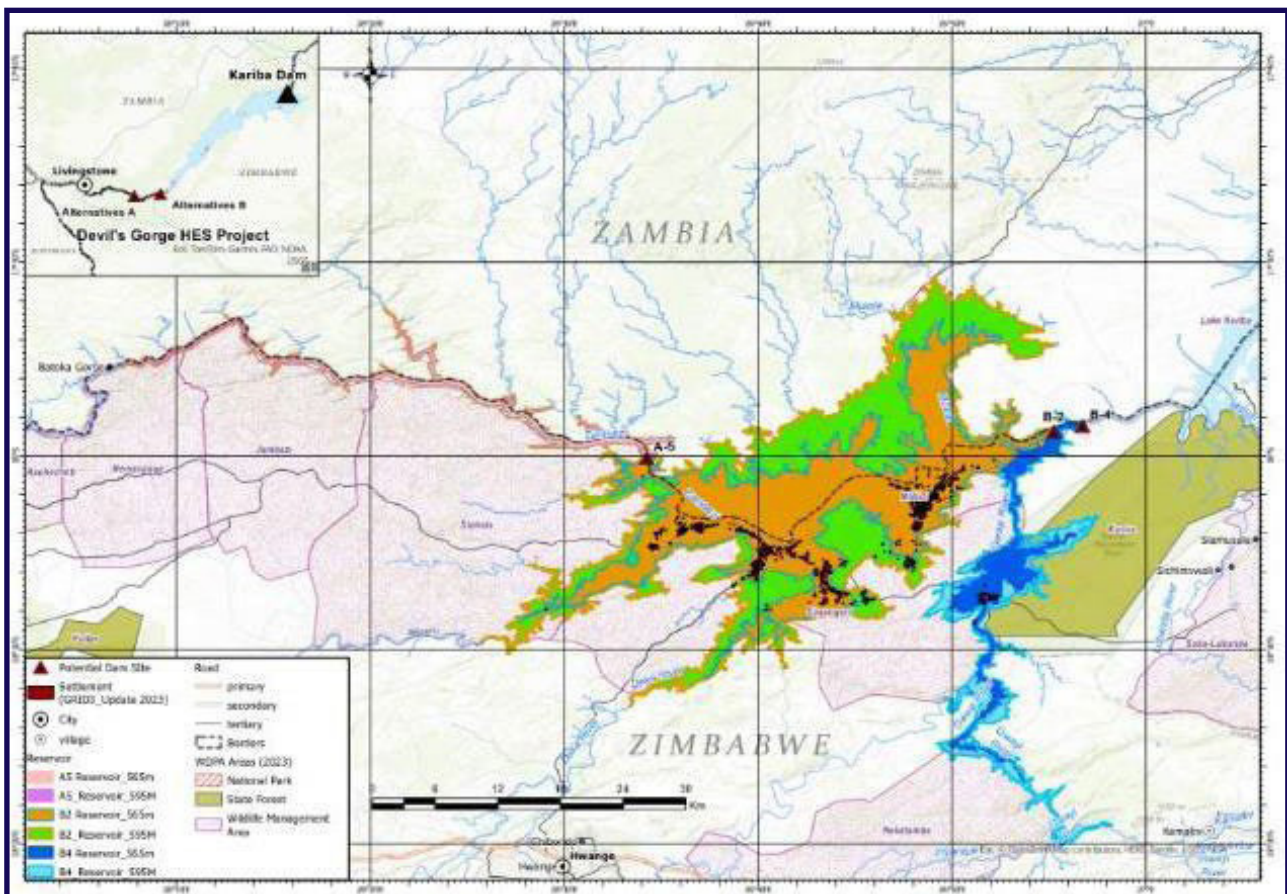


Figure 36 - Extent of Envisaged Environmental and Social Impacts

### 5.2.6 Lake Kariba Floating Solar Photo Voltaic (FSPV) project

During the reporting period, the Authority advanced the Lake Kariba Floating Solar PV Project as a flagship renewable-energy initiative aimed at strengthening energy diversification, enhancing climate resilience and promoting sustainable utilisation of Lake Kariba. Key milestones included the completion of the project concept note, structured engagements with cooperating partners and development finance institutions and securing



grant support from the African Development Bank's Sustainable Energy Fund for Africa (SEFA) to finance the feasibility studies.

Significant progress was achieved through completion of the procurement process of the Consultant, culminating in the engagement of Norconsult AS in December 2025 using the said AfDB grant financing, with consultancy services expected to commence in January 2026. Engagements with Swedfund were also undertaken with a view to securing grant funding for the Environmental and Social Impact Assessment. In order to support coordinated implementation, a Project Management Unit comprising representatives from the Authority, ZESCO Limited and ZESA Holdings was established.

While progress timelines were adjusted during the year, substantial groundwork was completed, positioning the project for accelerated implementation in 2026. The focus during the year 2026 would be on strengthening coordination mechanisms, improving schedule tracking and advancing the feasibility studies, which would ultimately inform the most suitable development and financing model for the FSPV Project.



**Note:** Image used for illustrative purposes only. The Lake Kariba Floating Solar Photovoltaic (FSPV) Project is currently at the planning and feasibility study stage. The final design may differ from that shown.



## CHAPTER 6

### KRA 3 – Support Services Management



*Members of the Monitoring and Evaluation (M&E) team pose for a group photograph during an M&E meeting held at Tiffany's Canyon in Kafue.*

Internal capacity building focused on the training of employees, digital transformation and adoption of modern technologies. The Authority strengthened its institutional frameworks, improved HR processes and ensured that support services were aligned with strategic operational demands.

#### 6.1 Human Resource Management

Human Resource Management is a key Sub-Programme under the Support Services Management Key Result Area (KRA). Under it, strategic leadership in people management is undertaken in addition to fostering an organisational culture that drives performance and innovation. Within this Sub-Programme, Human Resource specialists are positioned as change leaders and strategic business partners, contributing significantly to the Authority's overall success.

The Human Resource & Administration Section played a pivotal role during the period under review in delivering on one of the Key Result Areas being **KRA No. 3 – Corporate Support Service**.



## 6.1.1 Key Activities During the Period Under Review Were as Follows:

### 6.1.1.1 Employee / Employer Relations

The Authority continued to experience harmonious Employee-Employer relations across its entire network during the year 2025. No grievances were raised against the employer and employees (both internally and externally). There were no disciplinary actions instituted during the period under review. The harmonious relations continued due to the symbiotic relationship that exists between the employer and the employees, fostered by the Works Council.

### 6.1.1.2 Employee Establishment

The employee complement as of 31<sup>st</sup> December 2025 was 153 against the approved establishment of 187 positions. The filling of vacant positions regarding the full establishment could not be achieved during the period under review due to the fact that the recruitment and selection process was put on hold for some positions which were awaiting strategic direction in respect of the undertaking of some key projects. Further, following the undertaking of the Job Evaluation exercise some positions were found superfluous and / or redundant and as such, positions that were vacant could not be filled until the conclusion and implementation of the results of the Job Evaluation exercise.

### 6.1.1.3 Summary of the opening and closing numbers of employees

Details of the employee complement for the year 2025 were as indicated below:

Table 14 - 2025 Employee complement

Details	Numbers
Opening number of employees as at 1 <sup>st</sup> January 2025	158
Engagements	8
Separations	13
Closing number of employees as at 31 <sup>st</sup> December 2025	153

### 6.1.1.4 Summary of employee engagements and separations

The details of employee engagements and separations during the period under review were as indicated below:

Table 15 - Employee engagements and separations

Engagements/Separations	2025	2024
Engagements	8	13
Deaths	1	0
Retirement/Medical Discharge	3	6
Resignation	4	4
Dismissal	0	0
Expiry of Employment Contracts	5	1
Retrenchment	0	0

On a sad note, we report the demise of one of the Authority’s dedicated and committed employees, Mr. Tinofireyi Zimi, who departed after serving the Authority for an unbroken period of thirty-one (31) years. May His Dear Soul Rest in Eternal Peace.

### 6.1.1.5 Employee Satisfaction Survey

An internal employee satisfaction survey was conducted during the first quarter of 2025 covering three key parameters as indicated below.

*Table 16 - Employee Satisfaction Survey*

No	Description of Survey Parameter	Responses received	
		% Satisfaction	% Dissatisfaction
1	Job Satisfaction.	93.5%	6.5%
2	How often do you enjoy working for the Authority?	74%	26%
3	Would you recommend the Authority as a good employer to a friend or colleague?	95.6%	4.4%

In view of the above employee satisfaction results based on the three (3) survey parameters, the overall satisfaction level was 87.70% compared to 75% during the third quarter of 2024.

### 6.1.1.6 Job Evaluation Exercise

Following the implementation of the 2025-2029 Corporate Strategy, it became necessary for the Authority to conduct a Job Evaluation exercise in order to ensure that its organisational structure was aligned to the Corporate Strategy. In that regard, it was imperative to conduct a Job Evaluation exercise so as to accommodate, among other changes, the establishment of key positions to support the implementation of the Strategic priorities as well as identify positions to be considered as being redundant and/or superfluous.

In view of the foregoing, the objectives of the assignment were as indicated below:

- (a) To review and update the obtaining positions in the Authority and recommend new competencies and skills to ensure that the same adequately supported the execution of the Corporate Strategy;
- (b) To determine the size/weight of each position in relation to all positions in the Authority;
- (c) To determine positions that could be considered for merging and those that could be superfluous to the Authority’s organisational structure, if any; and
- (d) To determine positions that could require to be established under the Authority’s organisational structure so as to align same to the Corporate Strategy, if any.

The outcome of the said exercise led to the establishment of the Authority’s Organisational Structure of one hundred and eighty – two (182) positions compared to the existing organisational structure of one hundred and eighty-seven (187).

The Board and Council of Ministers approved the proposed organisational, grading and pay structures and the implementation roadmap thereof. The said organisational, grading and pay structures would be implemented in July 2026.



#### **6.1.1.6 Approval of the Employee Handbook on Terms and Conditions of Services**

The Authority's Employee Handbook on Terms and Conditions of Service was initially approved by the Board at its meeting held in November 2019 following the amendments effected to Statutory Instruments number 2 and 119 being the Zambezi River Authority Terms and Conditions of Service By-laws, 1995 as amended in 2019. The said amendments contained in Statutory Instrument No. 46 for Zambia and Statutory Instrument No. 201 for Zimbabwe, respectively introduced new Terms and Conditions of Service while other Terms and Conditions of Service were expunged therefrom.

Consequently, further amendments were made to Statutory Instruments number 2 and 119 being the Zambezi River Authority Terms and Conditions of Service By-laws, 1995 as amended in 2022 and 2023. The said amendments are contained in Statutory Instruments No. 58 of 2022 and 18 of 2023 in respect of Zambia while Statutory Instruments No. 4 and No. 6 of 2023 in respect of Zimbabwe, respectively. In that regard, it became necessary to effect changes to the Employee Handbook on Terms and Conditions of Service. Consequently, the Employee Handbook on Terms and Conditions of Service was amended in order to incorporate the changes that took effect.

The Board approved the amendments to the Employee Handbook on Terms and Conditions of Service in March 2025.

#### **6.1.1.7 Training and Development / Capacity Building**

Every year, the Authority endeavours to empower employees with the knowledge and skills vital for ensuring effective execution of its Corporate Strategic Objectives through the facilitation of attendance of training and development programmes. However, due to financial constraints during the period under review, there were no Inhouse Training and Development programmes undertaken save for Seminars and Professional Annual Conferences.

#### **6.1.1.8 Performance Management System**

The Integrated Results Based Management (IRBM) System was implemented successfully after concluding the implementation process of one component of Phase two of the IRBM System in respect of Monitoring and Evaluation (M&E). The implementation of the last component under Phase Two was still underway.

The implementation of the Performance Management System Action Plan during the period under review was effectively undertaken. Employees executed their Individual Personnel Performance Work Plans and Appraisals and undertook performance assessments for the year 2025. Quarterly Performance Monitoring and Evaluation reviews were conducted in respect of Individual Personnel Performance Work Plans and Appraisals on a quarterly basis. The quarterly performance monitoring and evaluation reviews were based on the agreed performance targets for the period under review for each employee. During the period under review, performance in respect of sixty-four (64) employees representing 41% at various levels exceeded the set performance targets. This achievement was within the normal distribution or the bell curve in respect of performance management.

In view of the approved Performance Management System Policy and Procedures and the Remuneration Policy and Procedures, the Authority was expected to effect payment of performance rewards to eligible employees during the year 2026 in respect of the year 2025 performance cycle.



### **6.1.1.9 Employee Recognition Programmes**

Employee recognition plays a crucial role in fostering a positive work environment and driving employee engagement and productivity. Acknowledging and appreciating employees' efforts and achievements not only boosts their morale but also creates a sense of value and purpose. In this regard, the Authority put in place employee recognition programmes (Employee of the Month and Annual Excellence, namely *Unsung Hero*; *Light Bulb*; *Bureaucracy Buster* and *Team of the Year*) in respect of which deserving employees were availed awards on monthly or annual bases.

### **6.1.1.10 Employee Welfare and Wellness Programmes**

The Authority recognizes that healthy employees build a healthy organisation and that a healthy organisation in turn produces excellent business performance results. Consequently, the Authority continued to improve the welfare and wellbeing of employees through Human Resource strategies aimed at achieving the following:

- (a) Improved employee satisfaction;
- (b) Improved employee productivity;
- (c) Mitigating occupational health and safety risks;
- (d) Reduced costs associated with absenteeism; and
- (e) Improved employee organisational culture.

In that regard, the Authority undertook the following initiatives:

### **6.1.1.11 HIV/AIDS**

The Authority continued to support employees by facilitating the provision of counselling services and medical support. Employees who had disclosed their HIV/AIDS status continued to receive food packs and nutritional supplements on a monthly basis.

The Workplace HIV/AIDS Scheme Annual Work Plan for the year 2025 was moderately implemented. Some planned activities could not be undertaken due to liquidity constraints faced by the Authority in 2025 .

### **6.1.1.12 Health and Safety**

The Authority continued to recognize employees' wellbeing, satisfaction and productivity and the importance of a healthy and safe environment for its stakeholders. The Authority facilitated safety talks, safety role plays and awareness campaigns in keeping with the Authority's core values which include safety of employees and other stakeholders.

The Occupational Health and Safety Annual Work Plan for 2025 was moderately implemented as some of the planned activities could not be undertaken due to financial constraints which affected the Authority arising from the El Nino phenomenon experienced during the 2023-2024 rainy season which resulted in low water lake levels.



### 6.1.1.13 Social Sports

The Authority values the health and vitality of its employees. This is exemplified by one of the Authority's core values being Safety. In that regard, during the period under review, the Authority facilitated employees' participation in social football, golf and athletics as follows:

#### (a) Social Football

The Committee for the Social Soccer Club organized both local and out of station social games with other social clubs in Kariba and Harare in Zimbabwe and Ndola in Zambia.

#### (b) Golf

Employees at Head Office participated in golf tournaments held locally in Lusaka.

#### (c) Provision of Gym facilities

Employees at both the Head Office and Kariba station utilised facilities for their stay-fit programmes. This continued during the period under review with the gym equipment being in fair state.

However, in view of the fact that the gym premises in Kariba had limited space, plans to expand the same were still underway.

#### (d) Athletics

The Authority participated in three (3) marathons being Econet Victoria Falls, Lake Harvest and ABSA.



# CHAPTER 7

## KRA 4 – Financial Resources Mobilisation & Accountability



*Resource Mobilisation Committee members drawn from the line Ministries, Utility companies and Zambezi River Authority pose for a group photograph during the kick-off meeting held at Protea Hotel in Livingstone, Zambia.*

Efforts made to enhance financial sustainability included resource mobilisation initiatives, strengthened financial controls and improved accountability mechanisms. Debt collection processes were reinforced to support revenue stability, while innovative financing models were explored for large-scale infrastructure projects.

Financial mobilisation remained a central enabler of the Authority's long-term mandate to safeguard water security, ensure sustainable energy generation and deliver resilient infrastructure within the Zambezi River Basin. During the first year of implementing the 2025–2029 Corporate Strategy, the Authority prioritised strengthening of its financing readiness in response to increasing climate-related risks, rising infrastructure demands and evolving development finance requirements.

The establishment of the Authority's inaugural Environmental, Social and Governance (ESG) baseline marked a critical step in enhancing transparency, risk disclosure and institutional credibility, thereby strengthening the Authority's ability to mobilise climate and development finance. Significant capital projects, including the KDRP, underscored the Authority's capital-intensive operating environment and the importance of sustained engagement with development partners. By aligning governance, risk management and project development processes with international sustainability and financial reporting standards, the Authority reinforced investor confidence and positioned itself to mobilise diversified and sustainable financing for strategic infrastructure investments in respect of projects such as the Batoka Gorge and Devils Gorge Hydro-Electric Schemes. This Key Result Area therefore focuses on strengthening financial sustainability, optimising access to concessional and climate finance and ensuring that adequate resources were mobilised to support the Authority's strategic objectives and regional development responsibilities.

# CHAPTER 8

## KRA 5 – Strategic Stakeholder Engagement and Communication



*A team of Zambezi River Authority staff and the BGHES Project Consultant, AFRY, engage stakeholders in the Chief Mukuni area to share updates on the Batoka Gorge Hydro-Electric Scheme and gather stakeholder feedback on the proposed project.*

Stakeholder engagement was enhanced through structured dialogue with Government Ministries, Local Communities, Cooperating Partners and the Utilities during the period under review. Communications strategies improved transparency, strengthened collaboration and supported shared objectives relating to water resource management and energy security in 2025. The Authority commenced the initial implementation of this KRA under the new Corporate Strategy, placing emphasis on building trust, improving visibility and reinforcing cross-border coordination with Zambia and Zimbabwe in line with its mandate.

### 8.1 Alignment with Corporate Strategic Objectives

The 2025–2029 Corporate Strategy identified three strategic objectives under KRA 5 as follows:

- (a) Enhance Stakeholder Engagement and Communication
- (b) Enhance the Authority's Corporate Image
- (c) Enhance the livelihoods of Riparian Communities

These objectives guided the Authority's performance interventions throughout the year 2025.

### 8.2 Enhancing Stakeholder Engagement and Communication

The Authority undertook structured engagements with a wide array of stakeholders, including the Ministries responsible for Energy and Water, National Electricity Undertakings, Local Government representatives, Community Leadership and Cooperating Partners.

Engagement priorities were shaped by the Strategy's emphasis on broad stakeholder consultations and collaboration as a critical pillar of implementation.

Key achievements during the year 2025 included the following:

- (a) Bilateral meetings held with the Governments of the Republics of Zambia and Zimbabwe to align reservoir operations, water allocation and project implementation priorities.



Figure 37: Hon. Makozo Chikote, MP, Zambia's Minister of Energy and Hon. July Moyo, MP, Zimbabwe's Minister of Energy and Power Development, pose for a photograph after signing a resolution at the conclusion of a meeting on the utilisation of Lake Kariba.

- (b) Technical coordination sessions with ZESCO Limited and ZPC to ensure compliance with approved hydropower generation schedules, as required for sustainable water resource management.
- (c) Field-level stakeholder consultations in Riparian Communities to determine local perspectives on water levels, environmental and social impacts.
- (d) Cooperation with regional development partners on the Batoka Gorge and Devil's Gorge projects, consistent with the Corporate Strategy's regional development and infrastructure expansion goals.

These engagements reinforced collaboration, supported coherence in water resource planning, advanced preparatory work for future hydropower projects and set a strong foundation for long-term trust-building.

### 8.3 Enhanced Brand Awareness

The Corporate Strategy (2025-2029) and the outcomes of the Partner and Client Satisfaction Baseline Survey (2024) highlighted increased brand awareness with a view to enhancing the Authority's corporate image as a strategic issue. This required improvement and prioritising strengthening of communication channels and information sharing.

In response, the Authority undertook the following:

- (a) Expanded digital and traditional communication channels to improve public awareness regarding reservoir levels, dam safety and ongoing rehabilitation works.



Figure 38: Earned media coverage of the Authority

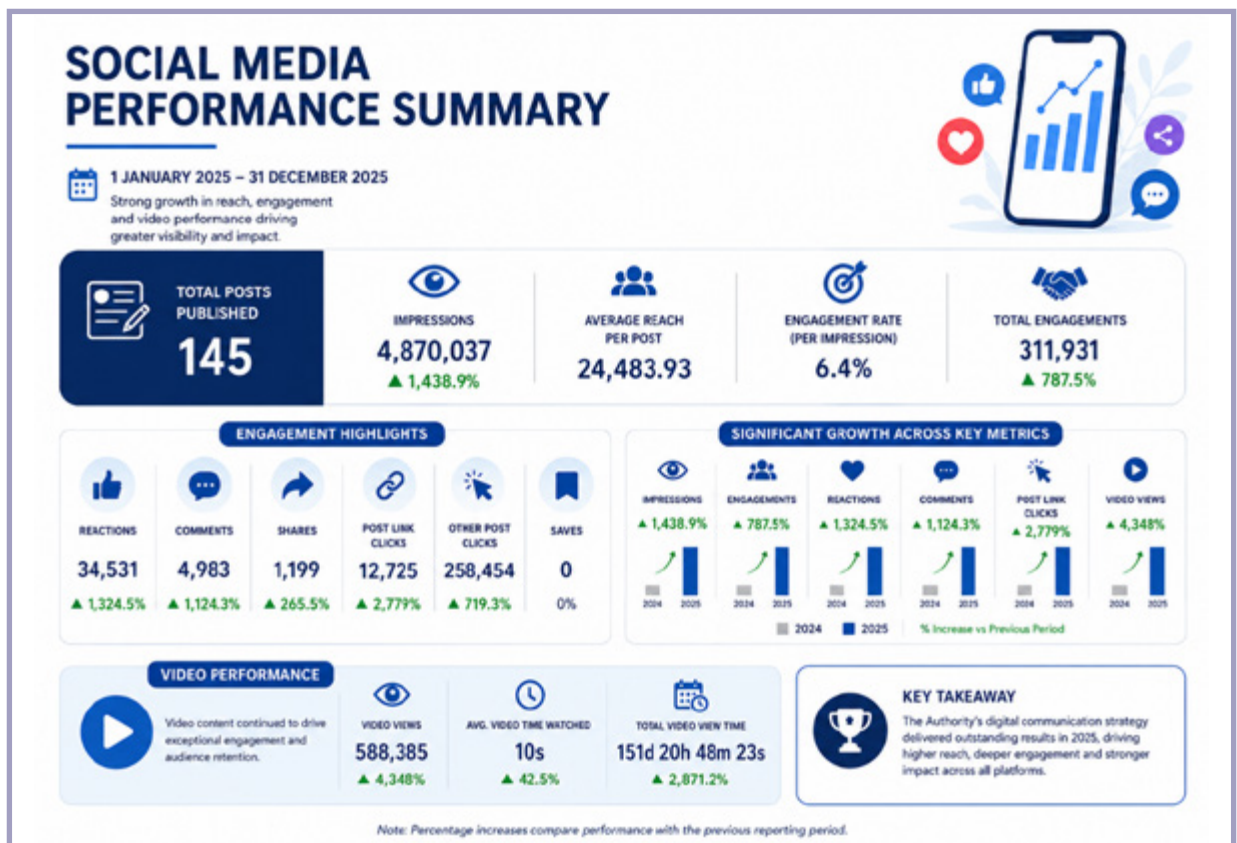


Figure 39 - Owned media posts and performance – Facebook

- (b) Provided timely hydrological updates, press statements and responses and stakeholder engagements to ensure transparency.

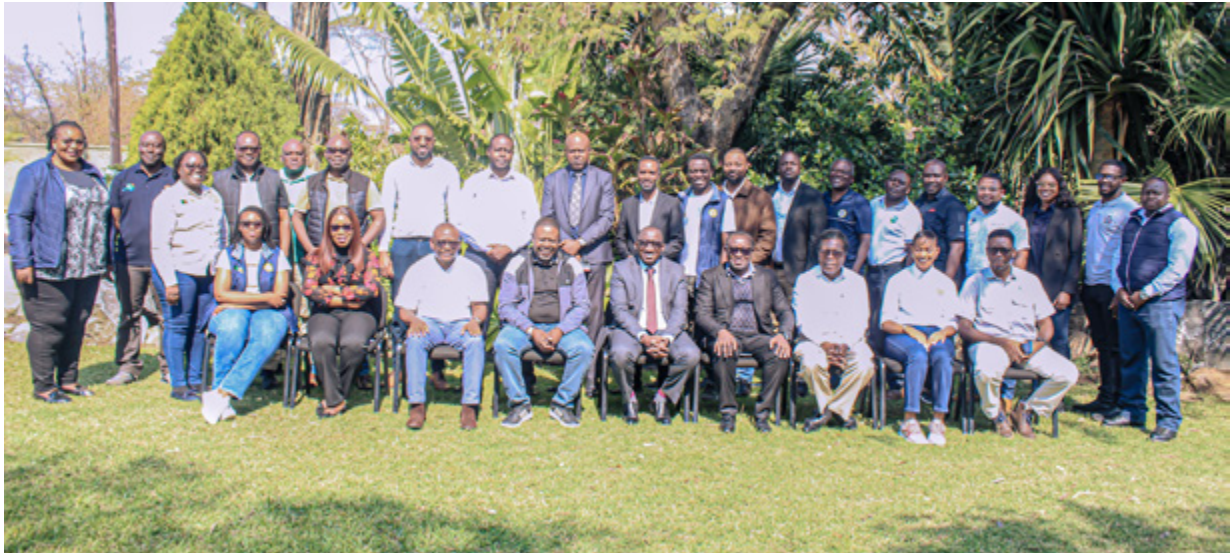


Figure 40 - Delegates pose for a photo after a meeting held between the Authority and the Ministry of Water and Sanitation (Zambia) regarding water abstraction from the Zambezi River.

- (c) Strengthened internal communication structures to improve alignment between technical department responsible for hydrology, environmental management and Public Relations

The enhanced communication contributed to better public understanding of reservoir management processes and climate related hydrological variability.

## 8.4 Community Engagement and Increased Access to Social Amenities by Riparian Communities

Community engagement and socio-economic development for Riparian Communities are essential components of sustainable dam and water resource management.

In 2025, the Authority made progress through the following:

- (a) Community engagements with identified downstream communities to apprise them of the Early Warning System (EWS) project. The EWS was crucial for improving the Authority's ability to monitor and forecast floods. The system aimed to generate and disseminate timely and reliable flood-related advisories to protect the public and infrastructure, thereby enabling timely evacuation. This system will also enhance disaster preparedness through improved coordination between agencies and promote economic resilience by mitigating flood impacts on agricultural production and minimizing economic losses.
- (b) Community education programmes on environmental protection, water pollution and climate impacts. These education programmes were mainly carried out through radio programmes via stations in Chirundu (Zambia); Siavonga (Zambia); Kariba (Zimbabwe); Sinazongwe (Zambia); Binga (Zimbabwe) and Victoria Falls (Zimbabwe).



(c) Support to local development initiatives aligned with the Zambezi Valley Development Fund (ZVDF).

These actions helped ensure communities were not only informed but actively involved in shaping water resource governance decisions.

## 8.5 Execution of Projects under the Zambezi Valley Development Fund (ZVDF)



*Chidyamugwamu Rural Health Centre under construction in Zimbabwe.*

The Authority, under the auspices of the Zambezi Valley Development Fund (ZVDF), continued to deliver tangible improvements in social infrastructure across riparian communities in Zambia and Zimbabwe. During the year, several key facilities were completed and commissioned, including the Musisa Primary School classroom block in Gwembe District (Zambia), the Chidyamugwamu Clinic borehole system in Nyami Nyami District (Zimbabwe), staff houses at Saba Secondary School in Binga (Zimbabwe) and the 3kVA solar system for Simchembu Staff House in Gokwe North (Zimbabwe). These achievements significantly enhanced access to education, health services and clean water, underscoring the Authority's commitment to improving the welfare of the communities which were displaced for purposes of paving way for the construction of the Kariba Dam.

Progress was also recorded across a broader portfolio of ongoing projects. In Zambia, works advanced on the Nkandazovu Secondary School 1×3 (one block with three rooms) Science Laboratory (in Kalomo District), now nearing completion, while procurement and preparatory processes continued for projects such as the Matuwa Mini Hospital (Siavonga); Nkandanzovu Maternity Annex; Mangonda Solar Mechanized Water Scheme (Sinazongwe) and Dengeza Dam Rehabilitation (Sinazongwe).

In Zimbabwe, substantial progress was made on the Chidyamugwamu Rural Health Centre (Nyami Nyami) and associated infrastructure, with most works reaching 99% completion. Additional initiatives—including the Nyangwizhu staff house (Hurungwe); Nyangwizhu solar mechanized borehole; Jongola Primary School (Kariba) classroom block and Simchembu Dip Tank (Gokwe North) —advanced through procurement and resource mobilisation stages.



## 8.6 ZVDF Project - Zambia

Table 17 - ZVDF Project - Zambia

Project Location and Description	Project Budget 2025 (USD)	Status
Construction of Matuwa Mini Hospital- Siavonga	38,323	The project could not be implemented in 2025 due to budgetary constraints. However, additional amounts were allocated in the 2026 budget. As such it was scheduled for retendering.
Construction of a 1X2 Classroom block. Musisa Primary School – Gwembe	25,637	The project was completed and administrative handover conducted in July 2025.
Nkandazovu School- Kalomo Construction of 1X3 Science Laboratory.	43,500	The construction of the 1x3 Science Laboratory was completed. The minor outstanding snags would be completed in Q1 of 2026.
Nkandanzovu Rural Health Center- Kalomo Construction of a Maternity Annex.	21,331	The project could not be undertaken in 2025 due to insufficient budgeted amount. However, project execution would commence following allocation of funds in the 2026 budget.
Mangonda Solar Mechanized Water Scheme - Sinazongwe	23,550	The project could not implemented in 2025. It will be retendered in Q2 of 2026.
Dengeza Dam Rehabilitation – Sinazongwe	80,486	A retendering process was undertaken by Sinazongwe Town Council in the fourth quarter of 2025 Works were expected to commence in Q2 of 2026
Upgrade and mechanization of 3 boreholes and construction of accompanying water Troughs -Chirundu	21,331	The project could not be undertaken in 2025 due to budgetary constraints. However, the project would be re-tendered to fit the allocated budget in 2026.
Nkungwa Rural Health Centre - Zimba Construction of a staff house.	30,781	This project was completed, Administrative handover was scheduled for April 2026



## 8.7 ZVDF Projects - Zimbabwe

Table 18 - ZVDF Projects in Zimbabwe

Project Location and Description	Project Budget (USD)	Status
Nyangwizhu Rural Health Center Staff House - Hurungwe	14,547	The project could not be undertaken in 2025 due to insufficient budget. Additional funding would be allocated in the 2026 budget.
Nyangwizhu Solar mechanized borehole - Hurungwe	5,000	The Project would commence in Q1 of 2026
Chidyamugwamu Rural Health Centre - Nyami Nyami RDC	41,744.75	Works were at 100% complete with furniture and equipment procured. Commissioning was scheduled for Q2 of 2026
Chidyamugwamu Clinic- Borehole Nyami Nyami RDC	5,000	Borehole installation was 100% completed and commissioned.
Chidyamugwamu Clinic – Incinerator and fence Nyami Nyami RDC	15,450	The Contractor would remobilise in Q2 of 2026 after the rainy season as access to site was poor.
Construction of 1x2 Classroom Block Jongola Primary School- Kariba District	31,325	The project could not be undertaken in 2025 due to budgetary constraints. However, the project would be re-tendered to fit the allocated budget in 2026.
Simchembu One Dip Tank - Gokwe North	26,694	The project could not be undertaken in 2025 due to budgetary constraints. However, the project would be re-tendered and re-validated to suit the allocated budget in 2026.
3kVa Solar System for Simchembu Staff House - Gokwe North	3,000	The project was 100% complete. The 3kVa system was installed and commissioned in October 2025.
Saba Secondary School Staff Houses- Binga	45,422	The project was 100% complete. Administrative Handover was undertaken.
Saba Secondary School 1X2 classroom block - Binga	29,694	The project could not be undertaken in 2025 due to budgetary constraints. However, the project would be re-tendered to align with the allocated budget in 2026.

## 8.8 Conclusion

The Authority achieved meaningful progress in advancing the objectives of KRA 5 during the year 2025, particularly with regards to strengthening stakeholder engagement, improving communication and transparency, enhancing regional cooperation and promoting access to social amenities by ZVDF beneficiaries.

These achievements established the foundation necessary to realise the long-term goals outlined in the 2025–2029 Corporate Strategy, ensuring that stakeholder relationships remained supportive, informed and aligned with sustainable management of the Zambezi River and the ongoing development of hydropower projects for Zambia and Zimbabwe.



## **CHAPTER 9**

# **FINANCIAL STATEMENTS**

**for the year ended 31<sup>st</sup> December 2025**

Under this section, the audited financial statements for the year 2025, including revenue, expenditures, project financing and compliance with international financial reporting standards is presented. Enhanced financial disclosures support greater investor and stakeholder confidence.



## Directors' report

The Directors submit their report together with the audited annual financial statements for the year ended 31 December 2025, which disclose the state of affairs and financial performance of Zambezi River Authority ("the Authority").

### Establishment and Functions

The Zambezi River Authority ("the Authority") was established as a corporate body on 1 October 1987 by parallel legislation in the Parliaments of Zambia and Zimbabwe under the Zambezi River Authority Acts Chapters 467 and 20:223 respectively. It was tasked with the management of the Zambezi River, which flows between the two countries' common border. The Authority is also mandated to maintain the Kariba Dam Complex (Kariba Complex) and to construct and maintain other dams or infrastructure on the river forming the border between the two countries.

### Principal Functions

The functions of the Authority are set out in the schedule to the Zambezi River Authority Acts Chapters 467 and 20:23 as follows:

- (a) Operate monitor and maintain the Kariba Complex. Kariba complex means:
  - (i) the Kariba Dam and reservoir
  - (ii) all telemetering stations relating to the Kariba Dam
  - (iii) any other installations owned by the Authority
- (b) In consultation with the National Electricity undertakings, investigate the desirability of constructing new dams on the Zambezi River and make recommendations thereon to the Council of Ministers (the "Council");
- (c) Subject to the approval of the Council, construct, operate, monitor, and maintain any other dams on the Zambezi River;
- (d) Collect, accumulate and process hydrological and environmental data of the Zambezi River for the better performance of its functions and for any other purpose beneficial to the Contracting States;
- (e) In consultation with the National Electricity undertakings, regulate the water level in the Kariba reservoir and in any other reservoir owned by the Authority;
- (f) Make such recommendations to the Council as will ensure the effective and efficient use of the waters and other resources of the Zambezi river;
- (g) Liaise with the National Electricity Undertakings in the performance of its functions that may affect the generation and transmission of electricity to the Contracting States;
- (h) Subject to provisions of Article 13, recruit employ and provide for the training of staff as may be necessary for the performance of its functions under the Agreement;
- (i) From time to time and subject to the approval of the Council, make such revision of salaries, wages, and other remuneration to its employees as it considers appropriate;
- (j) Submit development plans and programmes to the Council approval;
- (k) Give effect to such directions, as may from time to time, be given by the Council; and
- (l) Carry out such other functions as are provided for in the Agreement or are incidental or conducive to the better performance of its functions.

## Place of Business

(a) Head Office: House, 32 Cha Cha Cha Road, P.O. Box 30233, Lusaka, Zambia

(b) Harare Office: Club Chambers, Nelson Mandela Avenue, P.O. Box 630, Harare, Zimbabwe

(c) Kariba Office: Administration Block, 21 Lake Drive, Pvt. Bag 2001, Kariba, Zimbabwe

## Results

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
Revenue	610,564	557,411	21,856	395,575	14,947
Surplus (deficit) for the year	230,897	212,230	8,251	(185,623)	(7,018)

The surplus for the year has been added to the revenue reserve.

## Property, plant, and equipment

The Authority purchased property, plant and equipment amounting to ZWG 921.18 million, ZMW 748.57 million, US\$ 32.97 million, (2024 US\$41.14 million, ZMW 1,088.67 million) during the year. In the opinion of the Directors, the carrying value of property, plant and equipment is not more than their recoverable value.

## Average number of employees

The total remuneration of employees during the year amounted to ZWG 265.20 million, ZMW242.12 million US\$ 9.49 million (2024: US\$ 8.26 million, ZMW 218.69 million). The average number of employees was as follows:

Month	Number of Employees	Month	Number of Employees
January	172	July	171
February	172	August	169
March	172	September	169
April	172	October	166
May	172	November	166
June	172	December	166

The Authority has policies and procedures to safeguard the occupational health, safety, and welfare of its employees.

## Related party transactions

The Authority has a common enterprise relationship with Governments of the Republic of Zambia and Zimbabwe. Other related party relationships and material balances that the Authority has with its related parties are listed in Note 24 to the annual financial statements.



## Gifts and donations

The Authority made the following donations to charitable organisations and events during the year.

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
Donations and sponsorships	6,108	5,576	219	4,218	207

## Restructured loan terms of agreement

On 20 August 2015, the Authority signed a 30-year subsidiary loan agreement with the Government of the Republic of Zambia (GRZ) for a principal loan amount of US\$ 114 million to finance the Kariba Dam Rehabilitation Project. The GRZ as the primary borrower contracted loans of US\$ 75 million from the World Bank (“IDA”) and US\$ 39 million from the African Development Bank (“AFDB”). According to schedule 1 of this subsidiary loan agreement, the Authority is required to make repayments biannually on 1 March and 1 September. Due to liquidity challenges faced post the contraction of the loans, the Authority held discussions with the Ministry of Finance and National Planning (MoFNP) to restructure the terms of the loan agreement. The GRZ in consultation with the primary lenders i.e. the World Bank (IDA) and the African Development Bank (AfDB) agreed to restructure the terms of the on-lending agreement between the GRZ and the Authority. Key among the changes effected in the Credit Agreements were; reduction of interest rate from 2% to 1.25%, basing the biannual principal and interest payments on the actual amounts drawn on the facility. The Authority and the MoFNP duly executed the Restructured Credit Agreements on 1 April 2022 under the aforementioned terms. In period under review, a total of US\$ 561,804 (2024: US\$ 442,040) was paid in loan interest to the MoFNP.

At 31 December 2025, the cumulative loan amount drawn under IDA facility was US\$ 35,150,850 while that drawn under the AFDB loan was US\$ 22,374,289.

## Risk management and control

The Board of Directors of Zambezi River Authority, through the Audit, Corporate Governance and Risk Management Committee, exercises oversight over Enterprise Risk Management (ERM) processes in the Authority. The Authority is committed to managing risk in accordance with Internationally Accepted Risk Management Principles, Standards and Practices. In this regard, this Policy has been benchmarked against international principles such as those set out in the International Organisation for Standardisation, ISO 31000:2018 and Committee of Sponsoring Organisations (COSO) Enterprise Risk Management (ERM) framework: 2017 and supplemented by the Kariba Dam Standing Operating Procedures (SOP), the Emergency Preparedness Plan (EPP) and other procedures of the Authority. Using these frameworks, the Authority systematically identifies, analyses and responds to risks, including the mapping of inter-relationships between risks. The Board accomplishes its oversight role through:

- (i) Developing policies and procedures on risk management;
- (ii) Following up executive management’s implementation of policies and procedures on risk management;
- (iii) Following up on assurance that risk management policies and procedures are working as intended; and
- (iv) Taking steps to foster a risk aware culture

The Board of Directors continued to be guided by the Risk Appetite Statement in exercising oversight over risk management. The Risk Appetite Statement sets out levels of risk exposure in the pursuit of its objectives with focus on three (3) pillars namely:

- 1) Delivery of mandate - Delivery of projects within time, cost and expected quality, and minimal disruption to operations.
- 2) Safe environment and operational facilities – Zero accidents, incidents and near misses.

**Risk management and control (continued)**

3) Financial viability – Sustainable cost to income ratio and a healthy liquidity position.

The Authority is willing to pursue risks that will foster achievement of its objectives. Appropriate risk responses will be applied to ensure that all identified risks are kept within the Risk appetite levels as defined from time to time. The Board of Directors recognizes that it will bear some risks that may be above the set Risk Appetite level due to their unavoidable nature.

**Governance Structure**

The Council of Ministers and Directors who held office during the year and to the date of this report were as below:

**(a) Council of Ministers**

Name	Title	Resigned/Appointed
Hon. Makozi Chikote, MP	Chairperson	
Hon. Edgar Moyo, MP	Co-Chairperson	
Hon. Prof. Mthuli Ncube MP	Member	
Hon. Dr.Situmbeko Musokotwane MP	Member	

**(b) Board of Directors**

Name	Title	Resigned/Appointed
Eng. Arnold M. Simwaba	Chairperson	Appointed: 21 March 2025
Dr. Gloria S. Magombo	Co- Chairperson	
Mr. Peter Mumba	Co - Chairperson	Retired: 21 March 2025
Mr George T Guvamatanga	Member	
Mr. Mulele M. Mulele	Member	Appointed: 27 February 2025
Eng. Israel Rwodzi	Member	
Eng. Spyke K. M. Kaoma	Member	

**(c) Executive Management**

Name	Title
Eng. Munyaradzi C. Munodawafa	Chief Executive
Mr. Peter Kapinga	Board Secretary/Corporate Services Director
Mr. Edward M. Kabwe	Director – Finance
Eng. Sithembinkhosi Z. Mhlanga	Director – Projects and Dam Management Services
Eng. Christopher Chisense	Director – Water Resources and Environmental Management

**Auditor**

The Auditor, Deloitte & Touche Zambia has indicated willingness to continue in office and a resolution for their reappointment will be proposed at the next Council of Ministers Meeting.

The Auditor's remuneration for the year was US\$46,861 exclusive of taxes. The Auditor did not provide non audit services to the Authority in the period under review.

**On behalf of the Board:**

Board Secretary

12 June 2026

Date



## Statement of Directors' responsibilities

The Zambezi River Authority Acts Chapters 467 and 20:23 of the Laws of Zambia and Zimbabwe require the Directors to prepare annual financial statements for each financial year that give a true and fair view of the affairs of the Authority as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Authority keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and with the requirements of the Zambezi River Authority Acts Chapters 467 and 20:23 of the Laws of Zambia and Zimbabwe. The Directors are of the opinion that the annual financial statements give a true and fair view of the state of the financial affairs of the Authority and of its financial performance in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The Directors are also responsible for such internal control, as the Directors determine necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least twelve months from the date of these annual financial statements.

**Chairperson**

12 June 2026

**Date**

**Co-Chairperson**

12 June 2026

**Date**

## Report of the independent auditor

To the shareholders of  
**Zambezi River Authority**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Zambezi River Authority (the “Authority”), set out on pages 73 to 111 which comprise the statement of financial position as at 31 December 2025, and the statement of income and expenditure and other comprehensive income, the statement of changes in reserves and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of Zambezi River Authority, as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Zambezi River Authority Acts Chapters 467 and 20:23 of the Laws of Zambia and Zimbabwe.

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of financial statements of public interest entities in Zambia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter – Comparatives

Without qualifying our opinion, we draw your attention to note 2 (a) of the financial statements which explains that the Authority’s financial statements do not include comparative numbers for Zimbabwe Gold (“ZWG”).

The non-inclusion of comparative numbers for the ZWG in the current year financial statements have no material impact on the presentation and disclosures in these financial statements. Our opinion is not modified in respect of this matter.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Key audit matters

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

We have determined the matters described below to be the key audit matter to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
<p><b>Impairment of trade receivables</b></p> <p>Trade receivables balance at year end was US\$75,774,000, the provision for doubtful debts at the close of the year was US\$32,905,000 as shown in note 14 to the financial statements</p> <p>Management raises provisions based on judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows.</p> <p>Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Typically, management provides for:</p> <ul style="list-style-type: none"> <li>- amounts over the credit period;</li> <li>- disputed amounts; and</li> <li>- any other observable data indicating possible non-recovery.</li> </ul> <p>We considered impairment against trade receivables as a key audit matter because of the following:</p> <ul style="list-style-type: none"> <li>• The determination of impairment uses significant judgements coupled with the fact that compliance with International Financial Reporting Standard 9 <i>Financial Instruments</i>; and</li> <li>• Economic fundamentals in Zambia and Zimbabwe together with other factors may impact on the ability of customers to pay.</li> </ul>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Testing of inputs into the calculation of the doubtful debts, including the ageing, validity and completeness of the amounts included in the calculation for doubtful debts;</li> <li>• Assessing the recoverability of the debtors ZESCO Limited and Kariba Hydro Power Company Limited (KHPC).</li> <li>• Performing a retrospective review of the provision previously raised against the subsequent write-offs.</li> <li>• Testing the collection of subsequent receipts received after year-end.</li> <li>• Performing an independent assessment of the provision taking into account the factors above.</li> </ul> <p>We found the determined provision for doubtful debts to be acceptable.</p> <p>Based on the testing undertaken, the presentation and disclosures in respect of the trade receivables balance are consistent with the requirements of IFRS Accounting Standards.</p>

### Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Statement of Director's Responsibilities, Appendix I - Statement of Capital Expenditure Compared to Budget, Appendix II – Country Statement of income and expenditure, Appendix III - SIDA Grant and IDA Loan–Designated Account Replenishments Applications and Appendix IV - Kariba Dam Rehabilitation Project (KDRP) Funding Source and Application Analysis, but does not include the financial statements and our auditor's report thereon.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### **Other information (continued)**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact, We have nothing to report in this regard.

### **Responsibilities of Directors for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Zambezi River Authority Acts Chapters 467 and 20:23 of the Laws of Zambia and Zimbabwe, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Authority's reporting process.

### **Auditor's responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### **Auditor's responsibilities for the Audit of the Financial Statements (continued)**

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Report on other legal and regulatory requirements**

The Zambezi River Authority Acts Chapters 467 and 20:23 of the Laws of Zambia and Zimbabwe. requires that in carrying out our audit we consider whether the Authority has kept proper accounting records and other records and other registers required by this Act.

In respect of the foregoing requirements, we have no matters to report.

**Deloitte & Touche**  
**Chartered Accountants**

**Alice Jere Tembo**  
**Partner**  
**PC No.: AUD/F000433**

**Date:** 22 June 2026



## Annual Financial statements:

### Statement of income and expenditure and other comprehensive income

	Notes	2025		2024		
		ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
Revenue	4	610,564	557,411	21,856	395,575	14,947
Other income	5	131,534	120,086	4,708	33,767	1,275
Fair value gain on financial assets through profit or loss	13	932	775	34	1,211	43
Impairment of financial assets	20	143,163	130,700	5,125	(91,270)	(3,449)
Depreciation property, plant and equipment	8	(188,677)	(172,252)	(6,754)	(112,468)	(4,250)
Depreciation investment property	9	(1,100)	(1,005)	(39)	(1,043)	(39)
Amortisation of intangible assets	10	(5,869)	(5,358)	(210)	(5,528)	(209)
Employee benefit expense	7	(265,204)	(242,116)	(9,493)	(227,180)	(8,584)
Governance costs		(26,663)	(24,341)	(954)	(17,336)	(655)
Administration and travel costs		(191,327)	(174,671)	(6,849)	(145,722)	(5,506)
Other operating expenses		(33,550)	(30,630)	(1,201)	(30,852)	(1,166)
<b>Results from operating activities</b>		<b>173,803</b>	<b>158,599</b>	<b>6,223</b>	<b>(200,847)</b>	<b>(7,593)</b>
Finance income	6	75,520	68,946	2,703	68,990	2,607
Finance costs	6	(18,426)	(15,315)	(675)	(53,767)	(2,032)
		<b>57,094</b>	<b>53,631</b>	<b>2,028</b>	<b>15,223</b>	<b>575</b>
<b>Surplus (deficit) for the year</b>		<b>230,897</b>	<b>212,230</b>	<b>8,251</b>	<b>(185,623)</b>	<b>(7,018)</b>
<b>Other comprehensive income (loss) for the year</b>						
Items that will be subsequently reclassified to profit or loss:						
- Exchange differences on translation		35,127	(954,908)	-	417,251	-
Net revaluation gain		-	-	-	(62,230)	(2,217)
<b>Total other comprehensive income (loss) for the year</b>		<b>(954,908)</b>	<b>35,127</b>	<b>-</b>	<b>355,021</b>	<b>(2,217)</b>
<b>Total comprehensive income (loss) for the year</b>		<b>266,024</b>	<b>(724,678)</b>	<b>8,251</b>	<b>169,398</b>	<b>(9,235)</b>

The notes on pages 79 to 111 are an integral part of these annual financial statements.



## Statement of financial position

	Notes	2025		2024	
		ZWG'000	ZMW'000	ZMW'000	US\$'000
<b>Non-current assets</b>					
Property, plant and equipment	8	8,378,481	6,963,842	7,808,626	281,059
Investment property	9	31,457	26,146	33,528	1,194
Intangible assets	10	3,546	2,947	9,572	341
Long term investments	11	40,757	33,875	41,897	1,492
Other receivables	14	1,183,437	983,623	649,774	23,144
<b>Total non-current assets</b>		<b>9,637,679</b>	<b>8,010,433</b>	<b>8,543,397</b>	<b>307,230</b>
<b>Current assets</b>					
Inventory	12	4,859	4,039	5,092	181
Financial assets at fair value through profit or loss	13	31,832	26,457	27,804	990
Trade and other receivables	14	108,627	90,287	919,454	29,820
Cash and cash equivalents	15	867,161	720,748	570,795	20,331
<b>Total current assets</b>		<b>1,012,479</b>	<b>841,531</b>	<b>1,523,145</b>	<b>51,322</b>
<b>Total assets</b>		<b>10,650,158</b>	<b>8,851,964</b>	<b>10,066,542</b>	<b>358,552</b>
<b>Funds and liabilities</b>					
Revaluation reserve		472,534,347	1,470,802	1,888,716	67,273
Translation reserve		(466,104,307)	1,163,666	1,756,963	-
(Accumulated deficit) revenue reserve		(1,479,665)	1,480,073	1,211,540	105,732
Total reserves		4,950,375	4,114,541	4,857,219	173,005
<b>Non-current liabilities and grants</b>					
Borrowings	16	1,295,367	1,076,654	1,083,334	38,587
Capital grants	17	3,819,273	3,174,420	3,496,605	124,543
<b>Total non-current liabilities</b>		<b>5,114,640</b>	<b>4,251,074</b>	<b>4,579,939</b>	<b>163,130</b>
<b>Current liabilities</b>					
Trade and other payables	18	585,143	486,349	629,384	22,417
<b>Total current liabilities</b>		<b>585,143</b>	<b>486,349</b>	<b>629,384</b>	<b>22,417</b>
<b>Total funds and liabilities</b>		<b>10,650,158</b>	<b>8,851,964</b>	<b>10,066,542</b>	<b>358,552</b>

The annual financial statements on pages 73 to 111 were approved for issue by the Board of Directors on June 2026 and signed on its behalf by:

Chairperson

Co – Chairperson

**Statement of changes in reserves**

(ZWG)	<b>Revaluation reserves ZWG'000</b>	<b>Translation reserve ZWG'000</b>	<b>Revenue reserve ZWG'000</b>	<b>Total Reserves ZWG'000</b>
<b>Balance at 1 January 2024</b>	470,764,767	715,608,779	5,670,143	1,192,043,689
Deficit for the year	-	-	(7,515,602)	(7,515,602)
<u>Other comprehensive income for the year</u>				
Exchange differences on translation	(468,816,099)	(710,967,622)	-	(1,179,783,721)
Total comprehensive income for the year	(468,816,099)	(710,967,622)	(7,515,602)	(1,187,299,323)
Revaluation adjustment	(60,015)	-	-	(60,015)
Amortisation of revaluation reserve	(67,157)	-	67,157	-
	(468,943,271)	(710,967,622)	(7,448,445)	(1,187,359,338)
<b>Balance at 31 December 2024</b>	<b>1,821,496</b>	<b>4,641,157</b>	<b>(1,778,302)</b>	<b>4,684,351</b>
Surplus for the year	-	-	230,897	230,897
<u>Other comprehensive income for the year</u>				
Exchange differences on translation	470,780,591	(470,745,464)	-	35,127
Total comprehensive income for the year	470,780,591	(470,745,464)	230,897	266,024
Amortisation of revaluation reserve	(67,740)	-	67,740	-
	470,712,851	(470,745,464)	298,637	266,024
<b>Balance at 31 December 2025</b>	<b>472,534,347</b>	<b>(466,104,307)</b>	<b>(1,479,665)</b>	<b>4,950,375</b>

(ZMW)	<b>Revaluation reserve ZMW'000</b>	<b>Translation reserve ZMW'000</b>	<b>Revenue reserve ZMW'000</b>	<b>Total reserves ZMW'000</b>
<b>Balance at 1 January 2024</b>	1,851,326	1,508,967	1,327,528	4,687,821
Deficit for the year	-	-	(185,623)	(185,623)
<u>Other comprehensive income for the year</u>				
Exchange differences on translation	169,255	247,996	-	417,251
Total comprehensive income for the year	169,255	247,996	(185,623)	231,628
Revaluation adjustment	(62,230)	-	-	(62,230)
Amortisation of revaluation reserve	(69,635)	-	69,635	-
	37,390	247,996	(115,988)	169,399
<b>Balance at 1 January 2025</b>	<b>1,888,716</b>	<b>1,756,963</b>	<b>1,211,540</b>	<b>4,857,219</b>
Surplus for the year	-	-	212,230	212,230
<u>Other comprehensive income for the year</u>				
Exchange differences on translation	(361,611)	(593,297)	-	(954,908)
Total comprehensive income for the year	(361,611)	(593,297)	212,230	(742,678)
Amortisation of revaluation reserve	(56,303)	-	56,303	-
	(417,914)	(593,297)	268,533	(742,678)
<b>Balance at 31 December 2025</b>	<b>1,470,802</b>	<b>1,163,666</b>	<b>1,480,073</b>	<b>4,114,541</b>

**Statement of changes in reserves (continued)**

<b>(US\$)</b>	<b>Revaluation reserves</b>	<b>Revenue reserve</b>	<b>Total Reserves</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Balance at 1 January 2024</b>	71,970	110,270	182,240
Deficit for the year	-	(7,018)	(7,018)
<u>Other comprehensive income for the year</u>			
<u>Total comprehensive income for the year</u>	-	(7,018)	(7,018)
Revaluation adjustment	(2,217)	-	(2,217)
Amortisation of revaluation reserve	(2,480)	2,480	-
Total comprehensive income for the year	(4697)	(4,538)	(9,235)
<b>Balance at 1 January 2025</b>	<b>67,273</b>	<b>105,732</b>	<b>173,005</b>
Surplus for the year	-	8,251	8,251
<u>Other comprehensive income for the year</u>			
<u>Total comprehensive income for the year</u>	-	8,251	8,251
Amortisation of revaluation reserve	(2,480)	2,480	-
Total comprehensive income for the year	(2,480)	10,731	8,251
<b>Balance at 31 December 2025</b>	<b>64,793</b>	<b>116,463</b>	<b>181,256</b>

The notes on pages 79 to 111 are an integral part of these annual financial statements.



## Statement of cash flows

	2025		2024		
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
<b>Operating activities</b>					
Operating result	230,897	212,230	8,251	(185,623)	(7,018)
Depreciation on property, plant and equipment	188,677	172,252	6,754	112,468	4,250
Depreciation on investment property	1,100	1,005	39	1,043	39
Amortisation of intangible assets	5,869	5,358	210	5,528	209
Impairment reversal on trade and other receivables	(143,163)	(130,700)	(5,125)	91,270	3,449
Gain on disposal of assets	(1,586)	(1,448)	(57)	(4,610)	(174)
Interest received	(75,520)	(68,946)	(2,703)	(35,604)	(1,345)
Fair value gain on financial assets through profit and loss	(932)	(775)	(34)	(1211)	(43)
Reduction in trade and other receivables	394,803	860,107	12,346	71,898	10,836
Reduction in inventories	51	1,053	3	(324)	4
Changes in trade and other payables	250,588	(6,680)	8,843	319,598	10,376
Net unrealized exchange gains	17,700	17,666	618	32,489	1,228
<b>Cash generated from operations</b>	<b>868,484</b>	<b>1,061,122</b>	<b>29,145</b>	<b>406,922</b>	<b>21,811</b>
Interest received	75,520	68,946	2,703	35,604	1,345
<b>Net cash inflow from operating activities</b>	<b>944,004</b>	<b>1,130,068</b>	<b>31,848</b>	<b>442,526</b>	<b>23,156</b>
<b>Investing activities</b>					
Purchase of property plant and equipment	(921,176)	(748,514)	(32,974)	(1,088,671)	(41,136)
Purchase of intangible assets				(173)	(7)
Proceeds from disposal of property plant and equipment	14,202	12,965	508	(1,640)	(62)
Proceeds from financial assets at fair value through profit and loss	8,530	7,787	305	5,087	192
Payments to purchase assets at fair value through profit and loss	(12,499)	(11,411)	(447)	(10,035)	(379)
<b>Net cash outflow on investing activities</b>	<b>(910,943)</b>	<b>(739,173)</b>	<b>(32,608)</b>	<b>(1,095,432)</b>	<b>(41,392)</b>



	2025		2024	
	ZWG'000	ZMW'000	US\$'000	US\$'000
<b>Statement of cashflows (continued)</b>				
<b>Financing activities</b>				
Revenue grants received	427,395	390,188	15,299	18,570
Proceeds from long-term loans	284,932	260,127	10,199	11,271
Loan repayment	(53,582)	(48,918)	(1918)	(1395)
<b>Net cash inflow on financing</b>	<b>658,745</b>	<b>601,397</b>	<b>23,580</b>	<b>28,446</b>
Changes in cash and cash equivalent	691,806	992,291	22,820	10,217
Effects of changes in exchange rates on cash held in foreign currencies	(576,464)	(842,338)	(11,400)	(2495)
Cash and cash equivalents at start of year	751,819	570,795	20,331	12,609
<b>Cash and cash equivalents at end of year</b>	<b>867,161</b>	<b>720,748</b>	<b>31,751</b>	<b>20,331</b>

The notes on pages 79 to 111 are an integral part of these annual financial statements.

## Notes to the annual financial statements

### 1. General information

The Zambezi River Authority (“the Authority”) is mandated to manage the Zambezi River, which flows between Zambia and Zimbabwe, the two contracting states’ common borders. The Authority is also charged with the responsibility to maintain the Kariba Dam Complex (Kariba Complex) and construct and maintain other dams or infrastructure on the river forming the border between the two states. Its registered Head Office is:

Kariba House  
32 Cha Cha Cha Road  
P O Box 30233  
Lusaka, Zambia.

### 2. Summary of material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### (a) Basis of preparation

The annual financial statements of Zambezi River Authority have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Zambezi River Authority Acts Chapters 467 and 20:23 of the Laws of Zambia and Zimbabwe.

The measurement basis applied is the historical cost basis, as modified by the revaluation of buildings and financial assets at fair value through profit or loss. The annual financial statements are presented in United States Dollars (US\$), Zambia Kwacha (“ZMW” or “K”) and in Zimbabwe Gold (“ZWG”) rounded to the nearest US; Zimbabwean dollar or Kwacha.

The Authority as a bi national institution has operations in both Zambia and Zimbabwe and, prior to the introduction of the “ZiG” Zimbabwe Gold on 5 April 2024, the Authority’s presentation currencies were the Zambian Kwacha (“ZMW”), the Zimbabwe Dollar (“ZWL”) and the United States Dollar (“US\$”). However, effect from 5 April 2024 following the adoption of the Zimbabwe Dollar (“ZiG”) as sole legal tender for Zimbabwe Statutory Instrument Number 60 of 2024 of Zimbabwe, mandated all entities to present their financial statements in the ZiG unless where the entity where was able to prove that their functional currency was the United States Dollar. Additional guidance from the Public Accountants and Auditors Board of Zimbabwe (“PAABS”) stated that entities reporting in the newly introduced ZiG where further required to apply International Accounting Standard 29 (“IAS29”) Financial Reporting in Hyperinflationary Economies. The Authority having the United States Dollar as its functional currency opted to report its financial results in United States Dollars and Zambian Kwacha for the year 2024 and to introduce the ZiG once there was stability in the newly introduced currency. Consequently, the Authority’s financial statements for the year 2025 have no equivalent “ZWG” comparatives for the year 2024 but are presented in the United States Dollars, Zambian Kwacha and the Zimbabwe Gold now denominated with the currency code “ZWG” effective 25 June 2024.

In accordance with the Zambezi River Authority Acts Chapters 467 and 20:23 of the Laws of Zambia and Zimbabwe, the annual financial statements for the period ended 31 December 2025 have been approved for issue by the Directors.

The preparation of annual financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Authority’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the annual financial statements, are disclosed in Note 3.



## 2. Summary of material accounting policy information (continued)

### (b) Going concern

The Directors have assessed the going concern status of the Authority paying particular attention to two key risk factors that have affected Authority operations over the years namely, drought induced low reservoir levels and the continued build-up of accounts receivable due to failure by ZESCO Limited and Kariba Hydro Power Company (“KHPC”) to fully settle monthly water sales invoices.

The 2025 financial has recorded positive results in both areas that have been high risk factors. The 2024 – 2025 rainfall season performed better allowing the lake levels to somewhat recover leading to an increase in the water allocated for power generation from 16 billion cubic meters recorded in 2024 to 27 billion in 2025. On the water usage receipts front, the two power Utility companies improved their debt settlement pattern resulting in a total collection of US\$ 36,230,144 (2024; 18,923,946). This improved performance on both fronts resulted in a reversal of impairment charges on trade receivables to a tune of - US\$ 5.124 million compared to high impairment charges on accounts receivable US\$3.449 million incurred in 2024. This has had a positive effect of the Authority recording a surplus of US\$8.251 million, representing a recovery from the deficit of US\$7.018 million recorded in 2024.

Despite the aforementioned positive performance, the Directors continue to focus attention at reducing the amounts owed by the two Power Utility companies through continuous engagement and agreeing of debt settlement plans to assure the authority of liquidity and the timing thereof. Additionally, interventions have been put in place which include inclusion of enhanced debt collection mechanisms in the tripartite Water Purchase Agreement and continuous engagements with ZESCO Limited and KHPC, the results of which are the recorded improvements in liquidity.

### (c) Changes in accounting policy and disclosures

#### (i) *New and amended IFRS Accounting Standards that are effective for the current year*

In the current year, the Authority has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability**

The Authority has adopted the amendments to IAS 21 for the first time in the current year. The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The Authority does not have any transactions or balances denominated in currencies that are not readily exchangeable, and therefore the adoption of this amendment had no impact on the Company's financial position, financial performance, or cash flows.

#### (ii) **New and revised IFRS Accounting Standards in issue but not yet effective**

At the date of authorisation of these financial statements, the Authority has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, and IAS 7 Statement of Cash Flows
IFRS 18	Presentation and Disclosures in Financial Statements

The Directors do not expect that the adoption of the Standard listed above will have a material impact on the financial statements of the Authority in future periods.



## 2. Summary of material accounting policy information (continued)

### (ii) New and revised IFRS Accounting Standards in issue but not yet effective (continued)

The amendments contain specific transition provisions for the first annual reporting period in which the Authority applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments.
- the information otherwise required by IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

### **Amendments to IFRS 9 and IFRS 7—Amendments to the Classification and Measurement of Financial Instruments**

The amendments in Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) are:

#### **Derecognition of a financial liability settled through electronic transfer**

#### **Amendments to IAS 1 Classification of Liabilities as Current or Non-current**

The amendments permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognised) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.

#### **Classification of financial assets**

- ***Contractual terms that are consistent with a basic lending arrangement***

The amendments provide guidance on how an entity should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (ESG) concerns.

- ***Assets with non-recourse features***

The amendments enhance the description of the term ‘non-recourse’, in particular to specify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

- ***Contractually linked instruments***

The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Specifically, the amendments highlight that in such instruments a prioritisation of payments to the holders of financial assets using multiple contractually linked instruments (tranches) is established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of losses between the holders of different tranches. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.



## Summary of material accounting policy information (continued)

### (ii) New and revised IFRS Accounting Standards in issue but not yet effective (continued)

#### Amendments to IFRS 9 and IFRS 7—Amendments to the Classification and Measurement of Financial Instruments

##### Disclosures

- **Contractual terms that could change the timing or amount of contractual cash flows**

The amendments require an entity to disclose the contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost and each class of financial liability measured at amortised cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted.

If an entity elects to apply these amendments for an earlier period, it is required to either:

- apply all the amendments at the same time and disclose that fact or
- apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

The amendments are required to be applied retrospectively, in accordance with IAS 8, with specific exceptions.

The directors of the entity do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements in future periods.

#### Annual Improvements to IFRS Accounting Standards—Volume 11

The IASB issued amendments to five IFRS Accounting Standards as part of its annual improvements process.

##### IFRS 7 Financial Instruments: Disclosures—Gain or loss on derecognition

The amendments remove an obsolete cross-reference in IFRS 7:B38 to a paragraph that had been deleted when IFRS 13 was issued and align the wording of this paragraph with the terms used in IFRS 13.

##### Guidance on implementing IFRS 7—Disclosure of deferred difference between fair value and transaction price

The amendments update IFRS 7:IG14 to make the wording of that paragraph consistent with IFRS 7:28 and improve the internal consistency of the wording in the example in IFRS 7:IG14.

##### Guidance on implementing IFRS 7—Introduction and credit risk disclosures

The amendments add a statement to IFRS 7:IG1 clarifying that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. The amendments also simplify the explanation of the aspects of the requirements that are not illustrated in IFRS 7:IG20B.

##### IFRS 9 Financial Instruments—Transaction price

The amendments replace 'their transaction price (as defined in IFRS 15)' in IFRS 9.5.1.3 with 'the amount determined by applying IFRS 15' to address inconsistency between IFRS 9.5.1.3 and the requirements of IFRS 15 which may require a receivable to be measured at an amount that differs from the amount of the transaction price recognised as revenue. Additionally, the reference to 'transaction price' (as defined in IFRS 15) is deleted from Appendix A of IFRS 9.



## 2. Summary of material accounting policy information (continued)

### (c) Changes in accounting policy and disclosures (continued)

#### (ii) New and amended standards not early adopted by the Authority (continued)

##### IAS 7 Statement of Cash Flows—Cost method

The amendment replaces the term ‘cost method’ with ‘at cost’ in IAS 7:37 in line with the removal of the definition of ‘cost method’ from the IFRS Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. An entity is required to apply the amendments to IFRS 9:2.1(b)(ii) to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. No specific transition provisions are provided in respect of the other amendments.

##### IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

### (d) Foreign currency translation

#### (i) *Functional and presentation currency*

The Authority as a bi national institution has operations in both Zambia and Zimbabwe and the presentation currency is the respective currencies of the two Contracting States which are, the Zimbabwe Dollar (“ZWG”) and, the Zambian Kwacha. The functional and reporting currency of the Authority is the United States Dollar.

Income statement items have been translated into the presentation currencies using the average exchange rate for the year as an approximation to the actual exchange rate. Assets and liabilities have been translated using the closing exchange rate. Any differences arising from this process have been recognised in other comprehensive income and accumulated in the foreign exchange reserve in equity.

Equity items have been translated at the closing exchange rate. Exchange differences arising on retranslating equity items and opening net assets have been transferred to the foreign exchange reserve within equity.

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in income and expenditure within ‘finance income or cost’. All other foreign exchange gains and losses are presented in income or expenditure within ‘other income or expenses’.



## 2. Summary of material accounting policy information (continued)

### (e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Authority's activities.

The Authority identifies contracts with customers, the performance obligations within it, the transaction price, and its allocation to the performance obligations. Revenue is recognised when control of the product passes to the customer and is measured based on expected consideration. It is the Authority's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable.

Collectability of customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

Water sales revenue is a product of the following:

- Water used as measured using flow meter equipment
- The agreed annual fixed charge
- The variable charge

### Disaggregation of revenue from contract with customers

The Authority derives revenue from one source i.e. sale of water to Kariba Hydro Power Company (KHPC) and ZESCO Limited.

The Authority has determined that the disaggregation of revenue based on the criteria of type of products meets the revenue disaggregation disclosure requirement of IFRS 15 as it depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. See further details in note 4.

### (f) Other income

Other income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

### (g) Interest income

Interest income is recognised using the effective interest method.

### (h) Rental income

Rental income from properties is recognised in the income and expenditure on a straight-line basis over the term of the relevant lease agreement.

### (i) Property, plant, and equipment

Land and buildings are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to revaluation reserve. All other property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Construction work in progress is carried at cost and is not depreciated until the asset is brought into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to income and expenditure during the reporting period in which they are incurred.

## 2. Summary of material accounting policy information (continued)

### (i) Property, plant, and equipment (continued)

Increases in the carrying amounts arising on revaluation of buildings are recognised in other comprehensive income and accumulated in the revaluation reserve. To the extent that the increase reverses a decrease previously recognised in income and expenditure, the increase is first recognised in income and expenditure. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to income and expenditure. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to income and expenditure and depreciation based on the asset's original cost is reclassified from the property, plant, and equipment revaluation surplus to revenue reserve. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	2.5%
Kariba Dam Complex	2.5%
Motor Vehicles	25%
Equipment and Machinery	10 - 20%
Furniture and Fittings	20%
Computers	25%
Intangible Assets	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in income and expenditure. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### (j) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Authority is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

All investment property is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Depreciation on investment property is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives over 40 years.

Investment properties are derecognised when they have been disposed. If an investment property becomes owner-occupied, it is reclassified as property, plant, and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.



## 2. Summary of material accounting policy information (continued)

### (j) Investment property (continued)

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is

treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in income statement to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to income and expenditure.

### (k) Intangible assets

Intangible assets are separately identifiable non-monetary assets without physical substance such as computer software. The Authority initially recognises intangible assets at cost and subsequently measures them at cost less accumulated amortisation and impairment losses save for instances where the asset has an infinite life.

Intangible assets with an indefinite life are not amortised, however their useful life should be reviewed at each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for the assets. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

Intangible assets with a finite useful life are amortised on a straight-line basis and in the case of software, the estimated useful life is four (4) years. Subsequent expenditure relating to intangible assets such as annual license fees is expensed to the profit and loss.

### (l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### (m) Financial instruments

Financial instruments comprise trade and other receivables (excluding prepayments), long term investments, financial assets at fair value through profit or loss, cash and cash equivalents, borrowings, other non-current liabilities (excluding provisions) and trade and other payables.

Financial assets and liabilities are recognised in the Authority's statement of financial position when the Authority becomes a party to the contractual provisions of the instruments.

All financial assets and liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in income and expenditure. Financial assets are recognised (derecognised) on the date the Authority commits to purchase (sell) the instruments (trade date accounting).

Financial assets and liabilities are classified as current if expected to be realised or settled within 12 months; if not, they are classified as non-current.

#### (i). Offsetting financial instruments

Offsetting of financial assets and liabilities is applied when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The net amount is reported in the statement of financial position.

## 2. Summary of material accounting policy information (continued)

### (m) Financial instruments (continued)

#### (ii). Financial instrument classification

The Authority classifies financial assets on initial recognition as measured at amortised cost, or fair value through profit or loss on the basis of the Authority's business model for managing the financial asset and the cash flow characteristics of the financial asset. The Authority classifies its financial instruments into the following categories:

#### (iii) Amortised cost

The asset is held within a business model with the objective to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets are not reclassified unless the Authority changes its business model. In rare circumstances where the Authority does change its business model, reclassifications are done prospectively from the date that the Authority changes its business model.

Financial liabilities are classified as measured at amortised cost.

#### (iv). Subsequent measurement

Subsequent to initial recognition, financial instruments are measured as described below.

**Financial assets at fair value through profit and loss:** These financial assets are subsequently measured at fair value and changes therein (including any interest or dividend income) are recognised in income and expenditure.

**Financial assets at amortised cost:** These financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in income and expenditure. Any gain or loss on derecognition is recognised in income and expenditure.

Financial liabilities comprise trade and other payables, grants, borrowings, and other non-current liabilities (excluding provisions). All financial liabilities are subsequently measured at amortised cost using the effective interest method.

#### (v). De-recognition

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

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled, or expires.

#### (iv). Substantial modification

A substantial modification of the terms of an existing debt instrument or part of it is accounted for as an extinguishment of the original debt instrument and the recognition of a new debt instrument. Substantial modification (continued). Gains or losses arising from the modification of the terms of a debt instrument are recognised immediately in income and expenditure where the modification does not result in the derecognition of the existing instrument.



## 2) Summary of material accounting policy information (continued)

### (m) Financial instruments (continued)

#### (v). Impairment

Under IFRS 9 the Authority calculates allowance for credit losses as expected credit losses (ECL's) for financial assets measured at amortised cost and contract assets. ECL's are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Authority expects to receive). ECLs are discounted at the original effective interest rate of the financial asset

The Authority applies the simplified approach to determine the ECL for trade receivables and contract assets. This results in calculating lifetime expected credit losses for trade receivables and contract assets. ECL for trade receivables is calculated using a provision matrix. Refer to note 20 for more detail about ECL and how this is calculated.

#### (n) Trade receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current asset. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

### (o) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

### (p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in income and expenditure over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred, or liabilities assumed, is recognised in income and expenditure as other income or finance costs.

Borrowings are classified as current liabilities unless the Authority has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

### (q) Trade payables

These amounts represent liabilities for goods and services provided to the Authority prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## 2) Summary of material accounting policy information (continued)

### (r) Employee benefits

#### (i) Retirement benefit obligations

The Authority subscribes to defined contribution schemes for the benefit of its permanent and pensionable staff. The funds are managed by Prudential Life Assurance for the Zambian employees and Zimnat Life

Assurance for the Zimbabwean employees. Both funds are overseen by a Board of Trustees composed of management and employee representative Trustees.

A defined contribution plan is a pension plan under which the Authority pays fixed contributions into a separate entity. The Authority 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.

The Authority's contributions to the defined contribution schemes are charged to income and expenditure in the period to which they relate. The Authority has no further obligation once contributions have been paid.

The Authority and all its employees contribute to the appropriate National Social Security Funds in the two Contracting States, which are defined contribution schemes.

#### (ii) Termination benefits

Termination benefits are payable when employment is terminated by the Authority before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Authority recognises termination benefits at the earlier of the following dates: (a) when the Authority can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

### (s) Grants

Grants are not recognised until there is reasonable assurance that the Authority will comply with the conditions attaching to them and that the grants will be received. Grants whose primary condition is that the Authority should purchase, or otherwise acquire non-current assets are recognised as capital

grants in the statement of financial position and transferred to income and expenditure on a systematic and rational basis over the useful lives of the related assets. Other grants are recognised as deferred revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Compensations for expenses or losses already incurred or for the purpose of giving immediate financial support to the Authority with no future related costs are recognised in income and expenditure in the period in which they become receivable.

### (t) Income tax

The Authority is exempted from paying taxes on capital, income, or profit under Articles 17 and 19 of the Zambezi River Authority Acts Chapters 467 and 20:23 of the Laws of Zambia and Zimbabwe respectively. As such no allowance is made for current or deferred taxes.



### 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Critical estimates made include the following:

#### *Buildings*

The Authority owns land and buildings classified either as residential or commercial properties. The said properties are carried at valuation with the valuation exercise performed triannually. The valuation is conducted by professional external valuers, who apply various techniques that consider among other things:

- Location
- Value of surrounding properties
- Impact of planned investments in the area

The land and buildings were revalued in 2024 using the sales comparison approach based on recent sales of comparable properties in the area.

#### Impairment of trade receivables

IFRS 9 requires that credit losses on financial assets be measured and recognised using the expected credit loss (ECL) approach. Credit loss is calculated as the difference between the carrying amount of the contractual cash flows and the present value (PV) of expected future cash flows over a period of 5 years for KHPC and 6 years for ZESCO Limited.

The Authority applies the simplified approach to determine the Expected Credit Losses (ECL) for trade receivables and contract assets. ECL's are a probability weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Authority expects to receive). ECLs are discounted at the original effective interest rate of the financial asset.

The expected cash flows are based on the historical payment pattern of the debtors. The present values have been discounted at the opportunity cost market borrowing average rate of 15% obtaining in the two Contracting States.

### Notes to the annual financial statements

#### 4 Revenue from contracts with customers

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
Water sales variable charge	427,592	390,368	15,306	222,238	8,397
Water sales fixed charge	182,972	167,043	6,550	173,337	6,550
	<u>610,564</u>	<u>557,411</u>	<u>21,856</u>	<u>395,575</u>	<u>14,947</u>

All the revenues of the Authority are recognised at a point in time.

#### a) Water sales

The Authority uses a formula for the sale of water to ZESCO Limited ('ZESCO') and Kariba Hydro Power Company (Pvt) Limited ('KHPC') which was adopted in 1998. The formula was derived to ensure the costs associated with the operations of the Authority were covered by the fees charged to ZESCO Limited and KHPC (Pvt) Limited.

The fee chargeable is based on a tariff contained in a Tripartite Water Purchase Agreement (WPA) signed between the Authority and the two Power Utility companies. The tariff comprises a fixed and variable charge. The variable charge is a function of the volume of water utilised for power generation measured in cubic meters. The Tripartite Water Purchase Agreement is reviewed every three years. The last review was at the end of 2024 and maintained the tariff at the 2021 level for the years 2025 to 2027.

**Notes to the annual financial statements (continued)**
**4 Revenue from contracts with customers (continued)**
**b) Water allocation**

During the year ended 31 December 2025, the Authority allocated a total of 28  $\text{bm}^3$  of water shared equally between KHPC (Pvt) Limited and ZESCO Limited (The Power Utilities) for purposes of power generation. The two Power Utilities' combined usage in the year was 32.30  $\text{bm}^3$  representing a utilisation rate of 115.37%. KHPC (Pvt) Limited utilised 14.49  $\text{bm}^3$  whereas, ZESCO Limited utilised 17.82  $\text{bm}^3$ . Accordingly, overutilisation penalties of US\$ 161,755 and US\$4,349,138 were charged on KHPC (Pvt) Limited and ZESCO Limited respectively as per the provisions of the Tripartite Water Purchase Agreement.

**c) Over utilisation**

When there is over utilisation of water above annual base allocation, the following penalties apply:

- i. Over utilisation by up to 5% of annual allocation, no penalty shall be chargeable.
- ii. Over utilisation of up to 20% of annual allocation, extra volume shall be charged at a water tariff in US\$/ $\text{m}^3$  x 1.5.
- iii. Over utilization by over 20% of annual allocation, extra volume shall be charged at a water tariff in US\$/ $\text{m}^3$  x 2.

**5 Other income**

	<b>2025</b>			<b>2024</b>	
	<b>ZWG'000</b>	<b>ZMW'000</b>	<b>US\$'000</b>	<b>ZMW'000</b>	<b>US\$'000</b>
Rent received from investment properties	2,879	2,629	103	2,394	90
Profit on disposal of property, plant, and equipment	1,586	1,448	57	4,610	174
Miscellaneous income	143	131	5	1,262	48
Sale of data	8	8	0	-	-
Toll fees	510	466	18	580	22
Overutilisation penalty	126,018	115,047	4,511	24,543	927
Plant hire charges	391	357	14	378	14
	<b>131,535</b>	<b>120,086</b>	<b>4,708</b>	<b>33,767</b>	<b>1,275</b>

**6 Finance income and costs**
**Finance income**

Interest on overdue accounts	-	-	-	5,650	213
Interest on term deposits	26,771	24,441	958	20,174	762
Interest on staff car loans	11,808	10,780	423	10,329	390
Interest on furniture loans	815	744	29	514	19
Unrealised gain exchange rate	36,126	32,981	1,293	32,323	1,222
	<b>75,520</b>	<b>68,946</b>	<b>2,703</b>	<b>68,990</b>	<b>2,607</b>

**Finance cost**

Exchange loss on cash and cash equivalents	(18,426)	(15,315)	(675)	(53,767)	(2,032)
<b>Net finance income</b>	<b>57,094</b>	<b>53,631</b>	<b>2,028</b>	<b>15,223</b>	<b>575</b>

Interest on overdue accounts relates to interest charged on amounts owed by the two Power Utility companies the two Power Utility companies as part of the terms of the payment plans, interest is only levied on the Power Utility company that fails to abide by the said payment plan.

Interest on term deposits relates to interest earned on funds placed with various financial institutions. The funds are placed in investments while awaiting completion of procurement processes and also as a sinking fund to meet project related payments including servicing of the Kariba dam rehabilitation loans. The interest earned on the deposits in the period under review ranged from 3.5% and 5.5%.

Interest on employee related loans i.e. car loans and furniture loans is earned at a rate of 6% on amounts loaned out to employees.



## Notes to the annual financial statements (continued)

## 7 Employee benefits expense

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
Salaries and wages	196,374	179,279	7,029	172,305	6,511
Pension	14,905	13,607	534	11,446	432
Gratuity	14,147	12,915	506	12,186	460
Other employment costs	39,778	36,315	1,424	31,243	1,181
	<u>265,204</u>	<u>242,116</u>	<u>9,493</u>	<u>227,180</u>	<u>8,584</u>

## 8 Property, plant and equipment

	Kariba Dam Complex	Land & buildings	Motor vehicles, Furniture & fittings	Capital work in progress	Total
	ZWG'000	ZWG'000	ZWG'000	ZWG'000	ZWG'000
<b>At 31 December 2024</b>					
Cost or valuation	1,317,079	242,301	5,316,804	127,310,123	134,186,307
Accumulated depreciation	(12,906,174)	(1,082,047)	(2,890,915)	-	(16,879,136)
Effects of foreign exchange difference	436,649,722	54,554,406	13,196,919	990,038,913	1,494,439,960
<b>Net book amount</b>	<b>425,060,627</b>	<b>53,714,660</b>	<b>15,622,808</b>	<b>1,117,349,036</b>	<b>1,611,747,131</b>
Opening net book amount	425,060,627	53,714,660	15,622,808	1,117,349,036	1,611,747,131
Additions	-	-	805,511	42,994,378	43,799,889
Transfers from WIP	61,490,385	88,291	170,443	(61,743,326)	5,793
Scrapping/disposal – cost	-	(18,496)	(12)	-	(18,508)
Revaluation adjustment- cost	-	(3,148,498)	-	-	(3,148,498)
Revaluation – elimination of depreciation	-	788,432	-	-	788,432
Depreciation charge	(3,383,670)	(280,940)	(860,243)	-	(4,524,853)
Effects of foreign exchange difference	(479,930,255)	(50,986,486)	(15,670,896)	(1,094,531,037)	(1,641,118,674)
Closing net book amount	<b>3,237,087</b>	<b>156,963</b>	<b>67,611</b>	<b>4,069,051</b>	<b>7,530,712</b>
<b>At 31 December 2024</b>					
Cost or valuation	62,807,464	(2,836,402)	6,292,746	108,561,175	174,824,983
Accumulated depreciation	(16,289,844)	(574,555)	(3,751,158)	-	(20,615,557)
Effects of foreign exchange differences	(43,280,533)	3,567,920	(2,473,977)	(104,492,124)	(146,678,714)
<b>Net book amount</b>	<b>3,237,087</b>	<b>156,963</b>	<b>67,611</b>	<b>4,069,051</b>	<b>7,530,712</b>
Opening net book amount	3,237,087	156,963	67,611	4,069,051	7,530,712
Additions	-	3,562	11,686	905,928	921,176
Scrapping/disposal – cost	-	(15,289)	(2,410)	-	(17,699)
Scrapping adjustment	-	1,244	2,410	-	3,654
Depreciation charge	(158,632)	(4,933)	(25,112)	-	(188,677)
Effects of foreign exchange difference	31,657	1,735	860	95,063	129,315
	<b>3,110,112</b>	<b>143,282</b>	<b>55,045</b>	<b>5,070,042</b>	<b>8,378,481</b>
<b>At 31 December 2025</b>					
Cost or valuation	62,807,464	(2,848,129)	6,302,022	109,467,103	175,728,460
Accumulated depreciation	(16,448,476)	(578,244)	(3,773,860)	-	(20,800,580)
Effects of foreign Exchange differences	(43,248,876)	3,569,655	(2,473,117)	(104,397,061)	(146,549,399)
<b>Net book amount</b>	<b>3,110,112</b>	<b>143,282</b>	<b>55,045</b>	<b>5,070,042</b>	<b>8,378,481</b>

**Notes to the annual financial statements (continued)**
**8 Property, plant and equipment**

	<b>Kariba Dam Complex</b>	<b>Land and buildings</b>	<b>Motor vehicles, Furniture &amp; fittings</b>	<b>Capital work in progress</b>	<b>Total</b>
	<b>ZMW'000</b>	<b>ZMW'000</b>	<b>ZMW'000</b>	<b>ZMW'000</b>	<b>ZMW'000</b>
Cost or valuation	1,120,763	103,219	164,165	2,690,545	4,078,692
Accumulated depreciation	(492,041)	(10,039)	(135,582)	-	(637,662)
Effects of foreign exchange difference	1,042,866	118,057	32,855	1,703,533	2,897,311
<b>Net book amount</b>	<b>1,671,588</b>	<b>211,237</b>	<b>61,438</b>	<b>4,394,077</b>	<b>6,338,341</b>
Opening net book amount	1,671,588	211,237	61,438	4,394,078	6,338,341
Additions	-	-	20,021	1,068,650	1,088,671
Transfers from WIP	1,528,379	2,195	4,236	(1,534,666)	144
Scrapping/disposal – cost	-	(460)	-	-	(460)
Revaluation adjustment-cost	-	(78,258)	-	-	(78,258)
Revaluation – elimination of depreciation	-	19,597	-	-	19,597
Depreciation charge	(84,103)	(6,983)	(21,382)	-	(112,468)
Effects of foreign exchange difference	240,685	15,428	5,793	291,152	553,058
<b>Closing net book amount</b>	<b>3,356,549</b>	<b>162,756</b>	<b>70,107</b>	<b>4,219,214</b>	<b>7,808,626</b>
<b>Year ended 31 December 2024</b>					
Cost or valuation	2,649,142	26,696	188,423	2,224,529	5,088,790
Accumulated depreciation	(576,144)	2,575	(156,964)	-	(730,533)
Effects of foreign Exchange differences	1,283,551	133,485	38,648	1,994,685	3,450,369
<b>Net book amount</b>	<b>3,356,549</b>	<b>162,756</b>	<b>70,107</b>	<b>4,219,214</b>	<b>7,808,626</b>
<b>Year ended 31 December 2025</b>					
Opening net book amount	<b>3,356,549</b>	<b>162,756</b>	<b>70,107</b>	<b>4,219,214</b>	<b>7,808,626</b>
Additions	-	2,895	9,496	736,123	748,514
Disposal cost	-	(11,412)	-	-	(11,412)
Depreciation charge	(144,822)	(4,504)	(22,926)	-	(172,252)
Effects of foreign exchange difference	(626,732)	(30,644)	(10,926)	(741,332)	(1,409,634)
<b>Closing net book amount</b>	<b>2,584,994</b>	<b>119,091</b>	<b>45,752</b>	<b>4,214,005</b>	<b>6,963,842</b>
<b>Year ended 31 December 2025</b>					
Cost or valuation	2,649,142	17,168	197,919	2,960,652	5,824,880
Accumulated depreciation	(720,966)	(918)	(179,889)	-	(901,774)
Effects of foreign exchange differences	656,819	102,841	27,722	1,253,353	2,040,735
<b>Net book amount</b>	<b>2,584,994</b>	<b>119,091</b>	<b>45,752</b>	<b>4,214,005</b>	<b>6,963,842</b>



## Notes to the annual financial statements (continued)

## 8 Property, plant and equipment (continued)

	Kariba Dam Complex	Land and buildings	Motor vehicles & Furniture & fittings	Capital work in progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>As at 1 January 2024</b>					
Cost or valuation	101,152	8,736	12,725	170,820	293,433
Accumulated depreciation	(36,170)	(524)	(10,337)	-	(47,031)
Net book amount	64,982	8,212	2,388	170,820	246,402
<b>Year ended 31 December 2024</b>					
Opening net book amount	64,982	8,212	2,388	170,820	246,402
Additions	-	-	757	40,379	41,136
Transfers from WIP	57,750	83	160	(57,988)	5
Scrapping/disposal – cost	-	(17)	-	-	(17)
Revaluation adjustment-cost	-	(2,957)	-	-	(2,957)
Revaluation – elimination of depreciation	-	740	-	-	740
Depreciation charge	(3,178)	(264)	(808)	-	(4,250)
Closing net book amount	119,554	5,796	2,496	153,211	281,059
<b>At 31 December 2024</b>					
Cost or valuation	158,902	5,845	13,642	153,211	331,600
Accumulated depreciation	(39,348)	(48)	(11,145)	-	(50,541)
Net book amount	119,554	5,797	2,497	153,211	281,059
<b>Year ended 31 December 2025</b>					
Opening net book amount	119,554	5,797	2,497	153,211	281,059
Additions	-	128	418	32,428	32,974
Disposal – cost	-	(502)	-	-	(502)
Depreciation charge	(5,678)	(177)	(899)	-	(6,754)
Closing net book amount	113,876	5,246	2,016	185,639	306,777
<b>At 31 December 2025</b>					
Cost or valuation	158,902	5,426	13,974	185,639	363,941
Accumulated depreciation	(45,026)	(180)	(11,958)	-	(57,164)
Net book amount	113,876	5,246	2,016	185,639	306,777

The Authorities' head office building and residential properties were revalued as at 31 December 2024 by respective Government Valuation Department independent professionally qualified valuers, who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the properties valued. Valuations were based on Open Market Value approach based on current prices of similar properties. The key inputs under this approach are the price per square metre from current year sales of comparable lots of property in the area (location and size). It is the Authority's accounting policy to revalue properties after every three years.

**Notes to the annual financial statements (continued)**
**8 Property, plant, and equipment (continued)**

If head office building and other residential properties were stated on the historical cost basis, the amounts would be as follows:

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
Cost	145,433	120,878	5,325	136,977	5,325
Accumulated depreciation	(38,045)	(31,621)	(1,393)	(33,373)	(1261)
Net book value	107,388	89,257	3,932	103,604	4,064

**9 Investment property**

	ZWG'000	ZMW'000	US\$'000
<b>At 1 January 2024</b>			
Cost	1,581	15,727	1,581
Accumulated depreciation	(172,928)	(5108)	(348)
Effects of foreign exchange difference	8,233,832	21,087	-
Net book amount	8,062,485	31,706	1,233
<b>At 31 December 2024</b>			
Opening net book amount	8,062,485	31,706	1,233
Depreciation charge	(41,943)	(1,043)	(39)
Effects of foreign exchange difference	(7,988,207)	2,865	-
Net book amount	32,335	33,528	1,194
<b>At 31 December 2025</b>			
Opening net book amount	1,581	15,727	1,581
Depreciation charge	(214,872)	(6,151)	(387)
Effects of foreign exchange difference	245,626	23,952	-
Closing net book amount	32,335	33,528	1,194
<b>At 31 December 2025</b>			
Cost	32,335	33,528	1,194
Accumulated depreciation	(1,100)	(1,005)	(39)
Rounding adjustment	(84)	(77)	(3)
Effects of foreign exchange difference	306	(6,300)	-
<b>Net book amount</b>	<b>31,457</b>	<b>26,146</b>	<b>1,152</b>
Cost	1,497	15,650	1,578
Accumulated depreciation	(215,972)	(7,156)	(426)
Effects of foreign exchange difference	245,932	17,652	-
<b>Net book amount</b>	<b>31,457</b>	<b>26,146</b>	<b>1,152</b>

The investment property is carried at cost because their fair values cannot be reliably determined on a continuing basis. Comparable market transactions are infrequent and alternative reliable estimates of fair value are unreliable. This is due to the location of the investment properties.



## Notes to the annual financial statements (continued)

## 10 Intangible assets

	ZWG'000	ZMW'000	US\$'000
At 1 January 2024			
Cost	164,279	17,636	1,052
Accumulated depreciation	(893,179)	(9,580)	(509)
Effects of foreign exchange difference	4,282,211	5,918	-
<b>Net book amount</b>	<b>3,553,311</b>	<b>13,974</b>	<b>543</b>
At 31 December 2024			
Cost	3,553,311	13,974	543
Additions	6,977	173	7
Accumulated amortisation	(222,393)	(5,528)	(209)
Effects of foreign exchange difference	(3,328,665)	953	-
<b>Net book amount</b>	<b>9,230</b>	<b>9,572</b>	<b>341</b>
At 1 January 2025			
Cost	171,256	17,809	1,059
Accumulated amortisation	(1,115,572)	(15,108)	(718)
Effects of foreign exchange difference	953,546	6,871	-
<b>Net book amount</b>	<b>9,230</b>	<b>9,572</b>	<b>341</b>
Opening net book amount	9,230	9,572	341
Amortisation charge	(5,869)	(5,358)	(210)
Rounding adjustment	(28)	(26)	(1)
Effects of foreign exchange difference	213	(1,241)	-
<b>Net book amount</b>	<b>3,546</b>	<b>2,947</b>	<b>130</b>
At 31 December 2025			
Cost	171,228	17,784	1,058
Accumulated amortisation	(1,121,441)	(20,466)	(928)
Effects of foreign exchange difference	953,759	5,630	-
<b>Net book amount</b>	<b>3,546</b>	<b>2,947</b>	<b>130</b>

## 11 Long term investments

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
At start of year	40,406	41,897	1,492	76,763	2,984
Reclassified to short term investment	-	-	-	(41,886)	(1,492)
Effects of exchange differences	351	(8,022)	-	7,020	-
Gross carrying amount	40,757	33,875	1,492	41,897	1,492
At end of year	<b>40,757</b>	<b>33,875</b>	<b>1,492</b>	<b>41,897</b>	<b>1,492</b>

Long term investments are composed of Zero-Coupon Treasury Bonds which were issued to the Authority in exchange for funds deposited (Blocked Funds) with the Reserve Bank of Zimbabwe totalling US\$ 1,491,900. The treasury bills have tenures ranging between 3 – 5 years with the earliest and latest tranches maturing in July 2025 and August 2027 respectively. In the period under review, treasury bonds US\$1.492 million matured in July 2025 were received in the Authority's bank account maintained at First Capital Bank Limited in Zimbabwe.

## 12 Inventory

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
Consumable stores	4,859	4,039	178	5,092	181

Inventory comprises stock of consumables and other items held for use in the business.

**Notes to the annual financial statements (continued)**
**13 Financial assets at fair value through profit or loss**

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
At start of the year	26,814	27,804	990	19,555	760
Additions	12,499	11,411	447	10,035	379
Fair value gain	932	775	34	1,211	43
Withdrawals	(8,530)	(7,787)	(305)	(2,689)	(192)
Effect of exchange rate differences	117	(5,746)	-	(307)	-
	<b>31,832</b>	<b>26,457</b>	<b>1,166</b>	<b>27,804</b>	<b>990</b>

Financial assets held at fair value through profit or loss represent funds invested with African Life Financial Services Zambia Limited (AFLIFE) and ZIMNAT Asset Management Company (ZIMNAT). The funds are held as sinking funds set up to meet gratuity obligations for employees on fixed term contracts. The schemes recorded fair value gains of US\$ 31,555 (2024: US\$ 30,254) and US\$2,952 (2024: US\$ 12,883) respectively. In the year under review, a sum of US\$ 254,251 (2024: US\$ 192,205) was withdrawn from AFLIFE to settle gratuity obligations while US\$ 51,087 was drawn from ZIMNAT fund. There were no drawings in 2025 from ZIMNAT.

**14 Trade and other receivables**

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
ZESCO Limited	1,085,763	902,440	39,755	1,321,432	45,848
Kariba Hydro Power Company (KHPC)	983,733	817,638	36,019	1,208,953	41,351
Trade receivables	2,069,496	1,720,078	75,774	2,530,385	87,199
Less: Provision for impairment losses	(898,674)	(746,940)	(32,905)	(1,111,543)	(39,591)
	<b>1,170,822</b>	<b>973,138</b>	<b>42,869</b>	<b>1,418,840</b>	<b>47,608</b>
Prepayments	42,522	35,342	1,557	23,553	839
Ring fenced funds – Ministry of Finance and Economic Development	-	-	-	59,527	2,120
Rental debtors	1,849	1,537	68	2,350	84
Sundry receivables	5,165	4,293	190	4,641	165
Staff debtors	71,707	59,600	2,626	60,317	2,148
	<b>121,243</b>	<b>100,772</b>	<b>4,441</b>	<b>150,388</b>	<b>5,356</b>
	<b>1,292,065</b>	<b>1,073,910</b>	<b>47,310</b>	<b>1,569,228</b>	<b>52,971</b>
Less: Long-term receivables					
Trade receivables	(1,168,223)	(970,978)	(42,774)	(628,907)	(22,408)
Household furnishing loans	(2,445)	(2,032)	(90)	(316)	(11)
Staff car loans	(12,769)	(10,613)	(468)	(20,551)	(732)
	<b>(1,183,437)</b>	<b>(983,623)</b>	<b>(43,332)</b>	<b>(649,774)</b>	<b>(23,151)</b>
	<b>108,627</b>	<b>90,287</b>	<b>3,978</b>	<b>919,454</b>	<b>29,820</b>



## Notes to the annual financial statements (continued)

### 14 Trade and other receivables (continued)

#### (i) Classification as trade and other receivables

Trade receivables are amounts due from Utilities for water sales arising in the ordinary course of business. Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 45 days and therefore are all classified as current. The Authority's other accounting policies for trade and other receivables are outlined below:

#### (ii) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Authority. Interest is not charged on these amounts, and neither is collateral normally obtained.

#### (iii) Staff debtors

These relates to car, household furnishing and housing loans which carry interest rates of 6%, 6% and 10% per annum respectively. As at year end, these have been fair valued using the market related interest rates for similar loans.

#### (iv) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

### 15 Cash and cash equivalents

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
Cash at bank and in hand	119,166	99,046	4,363	98,424	3,506
Short term investments	747,995	621,702	27,388	472,371	16,825
	<b>867,161</b>	<b>720,748</b>	<b>31,751</b>	<b>570,795</b>	<b>20,331</b>

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

#### Cash flow information: Net debt reconciliation

Below is the tabular presentation of the movements in the Authority's net debt movement reconciliation. In the year under review, US\$6,665,425 (2024: US\$7,093,801) was drawn from the International Development Association ("IDA"), World Bank US\$ 75 million loan facility while US\$3,535,606 (2024: US\$4,177,099) was drawn from the ("ADF") US\$39 million loan facility.

**Notes to the annual financial statements (continued)**
**15 Cash and cash equivalent (continued)**

		2025			2024	
		ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
Cash and cash equivalents	15	867,161	720,748	31,751	570,795	20,331
Liquid investments (i)	13	31,832	26,457	1,166	27,804	990
Borrowings repayable after one year	16	(1,295,367)	(1,076,654)	(47,430)	(1,083,334)	(38,587)
<b>Net debt</b>		<b>(396,374)</b>	<b>(329,449)</b>	<b>(14,513)</b>	<b>(484,735)</b>	<b>(17,266)</b>
Cash and liquid investments	15,13	898,993	747,205	32,917	598,599	21,321
Gross debt – fixed interest rates	16	(1,295,367)	(1,076,654)	(47,430)	(1,083,334)	(38,587)
<b>Net debt</b>		<b>(396,374)</b>	<b>(329,449)</b>	<b>(14,513)</b>	<b>(484,735)</b>	<b>(17,266)</b>

ZWG'000	Cash and cash equivalent	Liquid investments	Borrowings within 1 year
<b>Net debt as at 1 January 2024</b>	82,727,234	4,972,656	(228,084,023)
Cash flows	8,180,578	403,721	(12,000,844)
Redemptions	-	(204,653)	1,485,318
Other non-cash movements	-	45,931	(470,668)
Foreign exchange adjustments	(90,357,331)	(5,190,840)	238,025,423
<b>Net debt as at 31 December 2024</b>	<b>550,481</b>	<b>26,814</b>	<b>(1,044,794)</b>
Cash flows	319,033	12,499	(284,932)
Redemptions	-	(8,530)	53,582
Other non-cash movements	-	954	(15,695)
Foreign exchange adjustments	(2,353)	95	(3,528)
<b>Net debt as at 31 December 2025</b>	<b>867,161</b>	<b>31,832</b>	<b>(1,295,367)</b>

ZMW'000	Cash and cash equivalent	Liquid investments	Borrowings within 1 year
<b>Net debt as at 1 January 2024</b>	324,346	19,555	(727,165)
Cash flows	203,333	10,645	(298,288)
Redemptions	-	(5,396)	36,918
Foreign exchange adjustments	-	1,211	(11,698)
Other noncash movements	43,116	1,790	(83,101)
<b>Net debt as at 31 December 2024</b>	<b>570,795</b>	<b>27,804</b>	<b>(1,083,334)</b>
Cash flows	291,260	11,411	(260,127)
Redemptions	-	(7,787)	48,918
Other noncash movements	-	871	(14,328)
Foreign exchange adjustments	(141,307)	(5,842)	232,217
<b>Net debt as at 31 December 2025</b>	<b>720,748</b>	<b>26,457</b>	<b>(1,076,654)</b>



## Notes to the annual financial statements (continued)

## 15 Cash and cash equivalent (continued)

US\$'000	Cash and cash equivalent	Liquid investments	Borrowings within 1 year
<b>Net debt as at 1 January 2024</b>	12,648	760	(28,269)
Cash flows	7,683	379	(11,271)
(Redemptions) repayments	-	(192)	1,395
Other non-cash movements	-	43	(442)
<b>Net debt as at 31 December 2024</b>	<b>20,331</b>	<b>990</b>	<b>(38,587)</b>
Cash flows	11,420	447	(10,199)
(Redemptions) repayments	-	(305)	1,918
Other non-cash movements	-	34	(562)
<b>Net debt as at 31 December 2025</b>	<b>31,751</b>	<b>1,166</b>	<b>(47,430)</b>

Liquid investments comprise current investments that are held at fair value through profit or loss.

## 16. Borrowings

Government of the Republic of Zambia

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
At start of year	1,044,779	1,083,334	38,587	727,165	28,269
Draw downs					
-World Bank IDA	186,208	169,997	6,665	187,740	7,094
-AFDB loan	98,724	90,130	3,534	110,548	4,177
Interest charged	15,695	14,328	562	11,699	442
Loan repayment	(53,582)	(48,918)	(1,918)	(36,918)	(1,395)
Effects of exchange differences	3,543	(232,217)	-	83,100	-
At end of year	<b>1,295,367</b>	<b>1,076,654</b>	<b>47,430</b>	<b>1,083,334</b>	<b>38,587</b>

The Authority has two (2) on-lent loan facilities from the Government of Republic of Zambia for the Kariba Dam Rehabilitation Project (KDRP). The loans are from The African Development Bank's (ADF) Loan and The World Bank's International Development Agency (IDA) Loan. These are briefly explained below:

- (i). **The African Development Bank (AfDB)** – On 20 February 2015, the AfDB availed a loan facility, ADF Loan, number 2100150032548 through the Government of Republic of Zambia to finance specified components of the of the project. Disbursements from this instrument are all through DIRECT payments only.

The amount availed under facility was UAC 25.20 million (equivalent to US\$39,000,000 at the time of agreement signature).

In 2025, a total of US\$3,535,606 was disbursed towards the following activities:

- Spillway Works – US\$2,042,643;
- Institutional support – US\$ 1,492,962.

**Notes to the annual financial statements (continued)**
**16. Borrowings (continued)**

The Cumulative disbursement from the Instrument as at 31 December 2025 stood at US\$22,374,289.

- (ii). **The World Bank (International Development Agency)** – On 20 February 2015, the World Bank through International Development Agency (IDA) availed a loan facility through the Government of Republic of Zambia to finance specified components of the of the project. The instrument IDA Loan - Instrument number 55630 Loan facility was to maximum of US\$75,000,000 (XDR 50,600,000) towards specified components of the project.

The Loan is accessed through direct payment and designated account (DA), where disbursements of amounts above US\$50,000 are done using the former method while those lower than this threshold disbursed through the latter. The Designated Account was opened in 2022 with Standard Chartered Bank Zambia with a float of US\$200,000 for the IDA loan.

In the 2025 Financial Year, a total of US\$6,665,425 was disbursed from the IDA Loan towards the payments of Spillway Refurbishment Works, Technical Services and Supervision and the Replenishment of the Designated Account. The breakdown is as follows:

- Spillway Works – US\$4,226,748.
- Institutional Support – US\$931,898; and
- DA Replenishment – US\$1,506,779.

The list of DA Replenishments is shown in Appendix III.

The Cumulative Disbursed Total from the IDA Loan as at 31 December 2025, stood at US\$35,150,854.

**Accruals**

At the close of the year, the following obligations were not settled but incurred in the 2025 financial year;

	<b>Activity</b>	<b>Cost (US\$)</b>
1	Technical Services & Supervision Consultancy	243,316
2	Individual Consultants	7,608
4	Spillway Refurbishment	376,105
5	Plunge Pool	1,000,000
	<b>Total</b>	<b>1,627,029</b>

**17 Capital grants**
**(a) Availed capital grants**

The Authority has four (4) grant facilities from the Governments of Republic of Zambia and Zimbabwe for the Kariba Dam Rehabilitation Project (KDRP). The grants are from The European Development Fund, the AfDB's African Development Fund (ADF) Grant, the AfDB's Transition Support Facility (TSF) Grant and the Swedish International Development Agency (SIDA). These are briefly explained below:



## Notes to the annual financial statements (continued)

### 17 Capital grants (continued)

#### (a) Availed capital grants (continued)

- i. **Swedish International Development Agency (SIDA)** – The SIDA provided a grant facility number TF19029 to a maximum of US\$20,000,000 being administered by The World Bank towards specified components of the project. The grant is accessed through two (2) methods i.e. direct payment and Designated Account (DA). Where disbursements are of amounts above US\$50,000, the former method is used while those lower than this threshold are disbursed through the latter method. The Designated Account was opened in 2022 with Standard Chartered Bank Zambia with a float of US\$200,000 for the SIDA Grant.

In the financial year 2025, a total of US\$1,620,705 was disbursed through direct payments from the SIDA grant, all towards the payments of Spillway Refurbishment Works. The Cumulative Disbursed Total from the SIDA Grant as at 31 December 2025, stood at US\$19,861,276 with US\$121 being returned funds following the closure of the financing agreement in February 2025.

**(b) The African Development Bank (AfDB)** – On 20 February 2015, the AfDB availed two grant facilities through the Government of the Republic of Zimbabwe to finance specified components of the project. The instruments are the African Development Fund (ADF) Grant - Instrument number 2100155029116, and the Transitional Support Facility (TSF) Grant – Instrument number 5900155008001.

- i. **ADF Grant (Grant Number 2100155029116)** – The amount availed under the facility was UAC 15.51 million (equivalent to US\$24,000,000 at the time of agreement signature). Disbursements from this instrument are all through direct payments only. A total of US\$2,963,683 was disbursed towards Spillway Refurbishment Works for Phase I and II. The Cumulative disbursement from the Instrument as at 31 December 2025 amounts to US\$12,821,393.
- ii. **TSF Grant (Grant Number 5900155008001)** - The amount availed under facility was UAC 7.75 million (equivalent to US\$12,000,000 at the time of agreement signature). Disbursements from this instrument are all through direct payments only. A total of US\$108,022 disbursed towards Technical Services & Supervision Consultants only. The Cumulative disbursement from the Instrument as at 31 December 2025 amounted to US\$ 7,126,207.
- iii. **European Union (EU) (FED/031-570)** – In 2015, The EU provided a grant facility of EUR 74,000,000 being administered by the National Authorisation Office (NAO) towards the Plunge Pool Reshaping Works. Disbursements from this instrument are all through direct payments only.

A total of US\$10,606,476 was disbursed towards Plunge Poll Reshaping only. The Cumulative disbursement from the Instrument as at 31 December 2025 stood at US\$94,222,676.

#### Movements capital in grants

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
At start of year	2,725,994	3,496,605	124,543	2,725,994	105,973
Received during the year:					
· African Development Bank	85,812	78,342	3,072	77,331	2,922
· European Union	296,306	270,511	10,606	374,549	14,152
· Swedish International Development Agency (Sida)	45,277	41,335	1,621	39,581	1,496
Effect of exchange rate losses	19,718	(712,373)	-	279,150	-
At end of year	<b>3,819,273</b>	<b>3,174,420</b>	<b>139,842</b>	<b>3,496,605</b>	<b>124,543</b>

**Notes to the annual financial statements (continued)**
**17 Capital Grants (continued)**
**(c). Amortisation of grants**

All the projects currently being funded by grants are yet to be completed and are still being carried in work in progress and as such not being amortised to the statement of income and expenditure yet.

**18 Trade and other payables**

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
Trade creditors	345,654	287,296	12,660	355,138	12,649
Accruals	121,331	110,768	4,343	174,915	6,230
Sundry creditors	363	331	13	831	30
Statutory liabilities	14,928	13,629	534	13,343	475
Employee benefits	108,348	98,916	3,878	85,157	3,033
	<b>585,143</b>	<b>486,349</b>	<b>21,428</b>	<b>629,384</b>	<b>22,417</b>

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**19 Financial instruments by category**

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
<b>Financial assets at amortised cost</b>					
Trade and other receivables (excluding pre-payments)	1,249,542	1,038,567	45,753	1,592,966	52,132
Cash and cash equivalents	867,161	720,748	31,751	570,795	20,331
Long term investments	40,757	33,875	1,492	41,897	1,492
	<b>2,157,460</b>	<b>1,793,190</b>	<b>78,996</b>	<b>2,205,658</b>	<b>73,955</b>
<b>Financial assets at fair value through profit or loss</b>	<b>31,832</b>	<b>26,457</b>	<b>1,166</b>	<b>27,804</b>	<b>990</b>
<b>Other financial liabilities at amortised cost</b>					
<b>Financial liabilities</b>					
Borrowings	1,295,367	1,076,654	47,430	1,083,334	38,587
Trade and other payables (excluding statutory liabilities)	583,701	532,887	20,893	616,041	21,941
	<b>1,879,068</b>	<b>1,609,541</b>	<b>68,323</b>	<b>1,693,375</b>	<b>60,528</b>

**20 Financial risk management objectives and policies**

The Authority's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Authority's overall risk management programme focuses on the assessment of the liquidity positions of key customers and the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance and position.



## Notes to the annual financial statements (continued)

### 20 Financial risk management objectives and policies

Financial risk management is carried out by the finance department under policies approved by the Board of Directors. The policies are embedded in the overall enterprise risk management policy of the Authority.

#### **Market risk**

##### (i) Foreign exchange risk

The Authority primarily generates its revenue in United States Dollar but does from time to time meet some of its obligations in Zambian Kwacha, the Zimbabwe Dollar and, other major convertible currencies through payments for goods and services needed for the day to day operations. Foreign exchange risk arises when future recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Management's policy to manage foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for meeting foreign currency denominated expenses.

At 31 December 2025, if the either the Zambian Kwacha or the Zimbabwe Dollar had weakened/strengthened by 4% against the United States Dollar with all other variables held constant, operating surplus and accumulated reserves for the Authority would have been ZWG 8.82 million, ZMW 6.62 million (2024: ZMW 0.00756 million) higher or lower than the 2024 result.

##### ii) Interest rate risk

The Authority's interest rate risk arises from long-term borrowings contracted for the Kariba dam rehabilitation project. Borrowings issued at concessional fixed interest rates, but with a clause for default penalties expose the Authority's to cash flow interest rate risk. Management manages this risk by ensuring sufficient liquidity to meet loan obligations when they fall due. As at 31 December 2025, an increase/decrease of 200 (2024: 200) basis points on US\$ did not have a material impact on the operating surplus and accumulated reserves.

#### **Credit risk**

Credit risk arises from cash and cash equivalents and deposits held with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables.

#### *Risk management*

The Authority assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. The compliance with credit limits by customers is regularly monitored by line management.

For cash and cash equivalent balances, the Authority's exposure and credit ratings of counterparties are regularly monitored, and the aggregate value of transactions spread amongst approved financial institutions. The Authority actively seeks to limit the amount of credit exposure to any one financial institution and credit exposure is controlled by counterparty limits that are reviewed and approved by the Treasury. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' for International and regional banks with a local presence are accepted.

The Authority has significant concentrations of credit risk as it has two main customers which are ZESCO Limited and KHPC. The continued increase in the receivables balances with the Utilities is a clear indication that the credit risk is now at the fore of the financial risks that the Authority has struggled to bring under control. This has had spill over effects on the liquidity situation that has deteriorated as a consequence.

**Notes to the annual financial statements (continued)**
**20 Financial risk management objectives and policies (Continued)**
**Credit risk (continued)**
*Impairment of financial assets*

The Authority's financial assets that are subject to the expected credit loss model are trade and other receivables and long-term investments. Cash and cash equivalents is also subject to impairment requirements of IFRS 9, but the identified impairment loss was immaterial.

Due to the nature of the Authority's debtors, it has applied the IFRS 9 general approach in calculating its expected credit loss. The debtors are in default due to the Authority's debtors payment policy. There has been delays in receiving payments from the Authority's only two main debtors and historically the Authority has not suffered any losses on nonpayment of debt.

IFRS 9 requires that credit losses on financial assets be measured and recognised using the expected credit loss (ECL) approach. Credit loss is calculated as the difference between the carrying amount of the contractual cash flows and the present value (PV) of expected future cash flows over a period of 6 years for KHPC and 6 years for ZESCO Limited. The expected cash flows are based on the historical payment pattern of the debtors. The present values have been discounted at the opportunity cost market borrowing rate of 15%.

On that basis, the loss allowance as at 31 December 2025 was determined as follows for trade receivables:

**KHPC Limited Impairment**
**Year ended 31 December 2025**

<b>ZWG'000</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Total</b>
Outstanding balance							983,733
Expected cashflows	63,943	39,349	93,455	104,125	213,125	230,526	731,441
Loss rate	0.87	0.76	0.66	0.57	0.50	0.43	143,220
Discounted cashflows	55,602	29,754	61,448	59,534	109,249	103,375	405,908
Impairment	8,340	9,596	32,008	44,591	103,876	127,151	<b>468,753</b>

<b>ZMW'000</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Total</b>
Outstanding balance							817,638
Expected cashflows	53,146	32,706	77,676	86,545	171,729	186,192	607,943
Loss rate	0.87	0.76	0.66	0.57	0.50	0.43	119,038
Discounted cashflows	46,214	24,730	51,073	49,482	85,394	80,512	337,374
Impairment	6,932	7,975	26,603	37,062	86,335	105,680	<b>389,606</b>

<b>US\$'000</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Total</b>
Outstanding balance							36,019
Expected cashflows	2,341	1,441	3,422	3,813	7,564	8,201	26,782
Loss rate /Deferred component	0.87	0.76	0.66	0.57	0.50	0.43	5,244
Discounted cashflows	2,036	1,089	2,250	2,180	3,761	3,546	14,862
Impairment	305	352	1,172	1,633	3,803	4,655	<b>17,163</b>



## Notes to the annual financial statements (continued)

## 20 Financial risk management objectives and policies (continued)

## Credit risk (continued)

## Impairment of financial assets (continued)

## KHPC Limited Impairment (continued)

Year ended 31 December 2024

ZMW'000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Outstanding balance	-	-	-	-	-	-	1,160,957
Expected cashflows	59,983	75,462	46,438	110,291	122,909	257,882	672,944
Loss rate/deferred component	0.87	0.76	0.66	0.57	0.50	0.43	277,048
Discounted cashflows	52,159	57,060	30,534	63,059	61,122	111,506	375,414
Impairment	7,824	18,402	15,904	47,232	61,787	146,376	574,577

## US\$'000

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Outstanding balance	-	-	-	-	-	-	41,351
Expected cashflows	2,136	2,688	1,654	3,928	4,377	9,184	23,969
Loss rate/deferred component	0.87	0.76	0.66	0.57	0.50	0.43	9,868
Discounted cashflows	1,858	2,032	1,088	2,246	2,176	3,971	13,372
Impairment	278	656	566	1,682	2,201	5,213	20,466

## ZESCO Limited Impairment

Year ended 31 December 2025

ZWG'000	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Outstanding balance							1,085,763
Expected cashflows	107,501	143,747	213,483	215,052	229,323	243,051	1,158,690
Loss rate	0.87	0.76	0.66	0.57	0.50	0.43	(41,398)
Discounted cashflows	93,480	108,694	140,368	122,957	114,014	114,443	687,414
Impairment loss	14,021	35,054	73,114	92,095	115,309	128,608	429,877

## ZMW'000

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Outstanding balance							902,440
Expected cashflows	89,351	119,477	177,438	178,742	190,604	207,443	963,054
Loss rate	0.87	0.76	0.66	0.57	0.50	0.43	(34,409)
Discounted cashflows	77,696	90,342	116,668	102,197	94,764	89,709	571,349
Impairment loss	11,654	29,136	60,771	76,546	95,840	117,734	357,296

## US\$'000

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Outstanding balance							39,755
Expected cashflows	3,936	5,263	7,817	7,874	8,397	9,138	42,425
Loss rate	0.87	0.76	0.66	0.57	0.50	0.43	(1,516)
Discounted cashflows	3,423	3,980	5,140	4,502	4,175	3,951	25,170
Impairment loss	513	1,283	2,677	3,373	4,222	5,188	15,740

**Notes to the annual financial statements (continued)**
**20 Financial risk management objectives and policies (continued)**
**Credit risk (continued)**
**Impairment of financial assets (continued)**
**ZESCO Limited Impairment (continued)**

<b>Year ended 31 December 2024</b>							
<b>ZMW'000</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Total</b>
Outstanding balance							1,241,378
Expected cashflows	109,510	122,909	164,350	244,079	245,874	255,658	1,148,913
Loss rate/deferred component	0.87	0.76	0.66	0.57	0.50	0.43	40,271
Discounted cashflows	95,227	92,937	108,063	139,553	122,243	119,893	671,374
Impairment loss	14,283	29,972	56,287	104,526	123,631	135,765	<b>517,810</b>
<b>US\$'000</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Total</b>
Outstanding balance							45,848
Expected cashflows	4,045	4,539	6,070	9,015	9,081	9,683	42,433
Loss rate/deferred component	0.87	0.76	0.66	0.57	0.50	0.43	1,487
Discounted cashflows	3,517	3,432	3,991	5,154	4,515	4,186	24,796
Impairment loss	528	1,107	2,079	3,861	4,566	5,497	<b>19,124</b>

The closing allowances for the trade and other receivables as at 31 December 2025 reconcile to the opening loss allowance as follows:

	<b>ZWG'000</b>	<b>2025 ZMW'000</b>	<b>US\$'000</b>	<b>2024 ZMW'000</b>	<b>US\$'000</b>
31 December calculated under IFRS 9	1,071,981	1,111,543	39,591	932,080	36,235
Receivables write - off	(43,605)	(39,809)	(1,561)	(2,463)	(93)
Impairment loss allowance recognized in profit or loss during the year	(143,163)	(130,700)	(5,125)	91,270	3,449
Effect of Exchange differences	13,461	(194,094)	-	90,656	-
<b>Total</b>	<b>898,674</b>	<b>746,940</b>	<b>32,905</b>	<b>1,111,543</b>	<b>39,591</b>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Authority, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Staff debtors are ordinarily not expected to pose a significant recovery risk as they are usually recovered through the payroll. In the unlikely event of loss, the impairment provisioning will follow the same procedures applied to trade and other debtors.

**Liquidity Risk**

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. Prudent liquidity management includes maintaining sufficient cash balances. and the availability of



## Notes to the annual financial statements (continued)

## 20 Financial risk management objectives and policies (continued)

## Liquidity risk (continued)

The table below analyses the Authority's financial liabilities that will be settled on a net basis into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cashflows:

ZWG'000	Less than 1 year ZWG'000	Between 1 and 2 years ZWG'000	Between 2 and 5 years ZWG'000	Over 5 years ZWG'000	Total ZWG'000
At 31 December 2025:					
- Borrowings	61,928	76,287	178,888	978,291	1,295,367
- trade and other payables	460,717	105,012	-	-	565,729
	<b>522,645</b>	<b>181,299</b>	<b>178,888</b>	<b>978,291</b>	<b>1,861,096</b>
At 31 December 2024:					
- Borrowings	48,670	95,102	141,982	759,025	1,044,779
- trade and other payables	511,188	82,928	-	-	595,116
	<b>572,726</b>	<b>178,030</b>	<b>141,982</b>	<b>759,025</b>	<b>1,651,763</b>
ZMW'000					
	Less than 1 year ZMW'000	Between 1 and 2 years ZMW'000	Between 2 and 5 years ZMW'000	Over 5 years ZMW'000	Total ZMW'000
At 31 December 2025:					
- Borrowings	51,472	63,406	148,684	813,112	1,076,654
- trade and other payables	386,254	88,039	-	-	474,293
	<b>437,726</b>	<b>151,445</b>	<b>148,684</b>	<b>813,112</b>	<b>1,550,947</b>
At 31 December 2024:					
- Borrowings	50,466	98,612	147,222	787,034	1,083,334
- trade and other payables	540,052	85,988	-	-	616,040
	<b>593,861</b>	<b>184,600</b>	<b>147,222</b>	<b>787,034</b>	<b>1,712,717</b>
US\$'000					
	Less than 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Over 5 years US\$'000	Total US\$'000
At 31 December 2025:					
- Borrowings	2,267	2,793	6,550	35,820	47,430
- trade and other payables	17,016	3,878	-	-	20,894
	<b>19,283</b>	<b>6,671</b>	<b>6,550</b>	<b>35,820</b>	<b>68,324</b>
At 31 December 2024:					
- Borrowings	1,798	3,512	5,244	28,033	38,587
- trade and other payables	18,880	3,063	-	-	21,943
	<b>21,153</b>	<b>6,575</b>	<b>5,244</b>	<b>28,033</b>	<b>61,005</b>

Note : Trade and other payables exclude statutory payables

**Notes to the annual financial statements (continued)****21 Fair value estimation**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded equity) are based on quoted market prices at the close of trading on the reporting date.

The carrying amounts of all financial assets and liabilities at the reporting date approximate their fair values. The following table presents the Authority's assets that are measured at fair value:

<b>Year ended 31 December 2025</b>	<b>Level 1 ZWG'000</b>	<b>Level 2 ZWG'000</b>	<b>Level 3 ZWG'000</b>	<b>Total ZWG'000</b>
<b>Assets</b>				
<i>Financial assets</i>				
Financial assets at fair-value through profit or loss	-	31,832	-	31,832
<i>Non-financial assets</i>				
Buildings	-	-	143,282	143,282
	-	31,832	143,282	175,114
<b>Year ended 31 December 2024</b>				
<b>Assets</b>				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	-	26,814	-	26,814
<i>Non-financial assets</i>				
Buildings	-	-	156,962	156,962
	-	26,814	156,962	183,776
<b>Year ended 31 December 2025</b>				
<b>Assets</b>				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	-	26,457	-	26,457
<i>Non-financial assets</i>				
Buildings	-	-	119,091	119,091
	-	26,457	119,091	145,548
<b>Year ended 31 December 2024</b>				
<b>Assets</b>				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	-	27,804	-	27,804
<i>Non-financial assets</i>				
Buildings	-	-	162,756	162,756
	-	27,804	162,756	190,560



## Notes to the annual financial statements (continued)

### 21 Fair value estimation (continued)

	Level 1 US'000	Level 2 US'000	Level 3 US'000	Total US'000
<b>Year ended 31 December 2025</b>				
<b>Assets</b>				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	-	1,166	-	1,166
<i>Non-financial assets</i>				
Buildings	-	-	5,246	5,246
	-	<b>1,166</b>	<b>5,246</b>	<b>6,412</b>
<b>Year ended 31 December 2024</b>				
<b>Assets</b>				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	-	990	-	990
<i>Non-financial assets</i>				
Buildings	-	-	5,797	5,797
	-	<b>990</b>	<b>5,797</b>	<b>6,787</b>

The different level of fair value measurement hierarchy is described as follows:

- Quoted prices (unadjusted) in active markets for identical assets (level 1)
- Inputs other than quoted shares included in level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the assets that are not based on observable market data (that is, unobservable data) (level 3)

All fair value measurements disclosed are recurring fair value measurements, required for the purposes of measuring the Authority's assets at fair value. During the year no transfers were made amongst the different levels.

### 22 Capital management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern. Adequacy of the capital of the Authority is maintained by the Authority on a regular basis. As and when required the Authority will through the respective Ministries responsible for Finance, source for funding in the form of loans and grants.

### 23 Contingent liabilities

The Authority has some cases in the courts of law, most of which have already been decided in the Authority's favour and are only back in the courts on appeal by the plaintiffs. No contingent liabilities have been provided for as management believe that these are remote.

### 24 Related party transactions

The Authority was constituted by the *Zambezi River Authority Acts Chapters 467 and 20:23* of the Laws of Zambia and Zimbabwe and, is a common enterprise between the Governments of the Republics of Zambia and Zimbabwe. Control of the entity is on a 50/50 basis with decisions being made by consensus.

Oversight of the Authority is vested in the Council of Ministers (CoM). Internal supervision of its management and control of the affairs of the Authority, however, is vested in the Board and the key executive officers.

**Notes to the annual financial statements (continued)**
**24 Related party transactions (continued)**

The Authority's key management is made up of the Executive Management which includes the Chief Executive and four Directors.

The following transactions were carried out with related parties:

	2025			2024	
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
<b>Directors' compensation</b>					
Director's fees and allowances	6,813	6,220	244	3,686	139
Other expenses	13,742	12,545	492	9,696	366
	<u>20,555</u>	<u>18,765</u>	<u>736</u>	<u>13,382</u>	<u>505</u>
<b>Key management compensation</b>					
Salaries and other benefits	19,192	17,522	687	16,956	641
Pension contribution	6,674	6,093	239	5,893	223
	<u>25,866</u>	<u>23,615</u>	<u>926</u>	<u>22,849</u>	<u>864</u>
<b>Loans to Key Management</b>					
At start of year	2,909	2,806	104	5,162	278
Additions	2,235	2,040	80	977	48
Repayments	(1,285)	(1,173)	(46)	(2,118)	(104)
Effect of exchange differences	(94)	(545)	-	1,681	-
At end of year	<u>3,764</u>	<u>3,128</u>	<u>138</u>	<u>5,702</u>	<u>222</u>
<b>Amounts Advanced and amounts owed to ZVDF</b>					
ZVDF receivable	635	527	23	652	23
ZVDF payable	(779)	(647)	(29)	(523)	(19)
Net position at year end	<u>(144)</u>	<u>(120)</u>	<u>(6)</u>	<u>129</u>	<u>4</u>
	ZWG'000	ZMW'000	US\$'000	ZMW'000	US\$'000
<b>Water sales revenue</b>					
ZESCO Limited	327,330	298,835	11,717	203,399	7,685
KHPC Limited	283,233	258,577	10,139	192,176	7,261
	<u>610,563</u>	<u>557,412</u>	<u>21,856</u>	<u>395,575</u>	<u>14,946</u>
<b>Outstanding receivable balances from Water sales</b>					
ZESCO Limited	1,085,763	902,440	39,755	1,287,188	45,848
KHPC Limited	983,733	817,638	36,019	1,160,957	41,351
	<u>2,069,496</u>	<u>1,720,078</u>	<u>75,774</u>	<u>2,448,146</u>	<u>87,199</u>



## Appendices

### Appendix I - Statement of capital expenditure compared to budget

<b>Year ended 31 December 2025</b>	<b>Spent ZWG'000</b>	<b>Budget ZWG'000</b>	<b>Balance ZWG'000</b>
Kariba Dam Structure	-	37,662	37,662
CWIP- Kariba Rehabilitation	891,204	1,275,147	383,943
CWIP- Batoka HES	10,416	178,343	167,927
Devil's Gorge	4,308	42,845	38,537
Land & Buildings	3,562	16,908	13,346
Furniture, Fittings, Plant & Equip.	9,275	31,574	22,299
Motor Vehicles	-	9,272	9,272
ICT Infrastructure	2,412	59,621	57,209
<b>Total</b>	<b>921,177</b>	<b>1,651,372</b>	<b>730,195</b>

<b>Year ended 31 December 2025</b>	<b>Spent ZMW'000</b>	<b>Budget ZMW'000</b>	<b>Balance ZMW'000</b>
Kariba Dam Structure	-	31,303	31,303
CWIP- Kariba Rehabilitation	724,158	1,059,848	335,690
CWIP- Batoka HES	8,463	148,231	139,768
Devil's Gorge	3,501	35,611	32,110
Land & Buildings	2,895	14,053	11,158
Furniture, Fittings, Plant & Equip.	7,536	26,243	18,707
Motor Vehicles	-	7,707	7,707
ICT Infrastructure	1,960	49,554	47,594
<b>Total</b>	<b>748,513</b>	<b>1,372,550</b>	<b>624,037</b>

**Appendices (continued)****Appendix I - Statement of Capital Expenditure Compared to Budget**

<b>Year ended 31 December 2025</b>	<b>Spent US\$'000</b>	<b>Budget US\$'000</b>	<b>Balance US\$'000</b>
Kariba Dam Structure	-	1,379	1,379
CWIP- Kariba Rehabilitation	31,901	46,689	14,788
CWIP- Batoka HES	373	6,530	6,157
Devil's Gorge	154	1,569	1,415
Land & Buildings (CWIP)	128	619	491
Furniture, Fittings, Plant & Equip.	332	1,156	824
Motor Vehicles	-	340	340
ICT Infrastructure	86	2,183	2,097
<b>Total</b>	<b>32,974</b>	<b>60,465</b>	<b>27,491</b>

The budget was approved by the Council of Ministers on 15 December 2025.

**Chairperson****Co-Chairperson****Deloitte & Touche****Alice Jere Tembo  
Partner signing on behalf of firm****AUD/F000433**

Date: 12 June 2026

Date: 22 June 2026

**Auditors Certificate**

In accordance with Article 15(6)6 of the Zambezi River Authority Act 1987, we certify that the comparative statement shown above is correct.



## Appendix II - Country statement of income and expenditure

Amounts are Stated in ZWG'000	Year ended 31 December 2025		
	Zambia	Zimbabwe	Consolidated
Revenue	327,330	283,233	610,563
Finance income	70,793	4,727	75,520
Fair value gain on financial assets	882	72	954
Gain on disposal of PPE	1,244	342	1,586
Other income	123,296	6,654	129,950
<b>Segment income</b>	<b>523,545</b>	<b>295,028</b>	<b>818,573</b>
<b>Segment costs</b>			
Board expenses	13,926	12,737	26,663
Repairs and maintenance	178,427	86,777	265,204
Employee benefit expense	17,947	928	18,875
Finance Costs	14,570	9,888	24,458
Other administration expenses	27,072	225,403	252,475
	251,942	335,735	587,676
<b>Net Surplus (deficit)</b>	<b>271,603</b>	<b>(40,707)</b>	<b>230,897</b>

Amounts are Stated in ZMW'000	Year ended 31 December 2025		
	Zambia	Zimbabwe	Consolidated
Revenue	298,835	258,577	557,411
Finance income	64,630	4,316	68,946
Fair value gain on financial assets	805	66	871
Gain on Disposal of PPE	1,136	312	1,448
Other income	112,562	6,075	118,638
<b>Segment income</b>	<b>477,968</b>	<b>269,345</b>	<b>747,312</b>
<b>Segment costs</b>			
Board expenses	12,714	11,628	24,341
Repairs and maintenance	162,894	79,223	242,117
Employee benefit expense	16,385	848	17,231
Finance Costs	13,302	9,027	22,329
Other administration expenses	24,716	204,348	229,063
	230,010	305,073	535,083
<b>Net Surplus (deficit)</b>	<b>247,958</b>	<b>(35,728)</b>	<b>212,230</b>

**Appendix II – Country Statement of income and expenditure (Continued)**

<b>Year ended 31 December 2025</b>			
<b>Amounts are Stated in US\$'000</b>	<b>Zambia</b>	<b>Zimbabwe</b>	<b>Consolidated</b>
Revenue	11,717	10,139	21,856
Finance income	2,534	169	2,703
Fair value gain on financial assets	32	3	35
Gain on Disposal of PPE	45	12	57
Other income	4,413	238	4,651
<b>Segment income</b>	<b>18,741</b>	<b>10,561</b>	<b>29,302</b>
<b>Segment costs</b>			
Board expenses	498	456	954
Employee benefit expense	6,387	3,106	9,493
Finance Costs	642	33	675
Repairs and maintenance	522	354	876
Other administration expenses	969	8,084	9,053
	9,018	12,033	21,051
<b>Net surplus (deficit)</b>	<b>9,723</b>	<b>(1,472)</b>	<b>8,251</b>



## Appendix III – SIDA Grant and IDA Loan replenishments

### **IDA Loan – Designated Account Replenishments Applications**

<b>WB Reference number</b>	<b>Date</b>	<b>Amount (US\$)</b>
283	27-Jan-25	59,555
289	06-Mar-25	164,869
292	17-Apr-25	161,035
293	01-May-25	155,664
295	13-May-25	123,209
300	22-May-25	96,680
301	11-Jun-25	149,717
304	26-Jun-25	128,600
307	13-Aug-25	142,993
313	03-Sep-25	159,848
320	24-Nov-25	164,609
<b>Total</b>		<b>1,506,779</b>



## Appendix IV - Kariba Dam Rehabilitation KDRP Project (KDRP) Funding Source and Application Analysis

Dec-25	Institutional Support										Dam Break & Other studies										KDRP Total
	Panel of Experts (PoE)	Technical Services & Supervisory	5 Yearly Inspection	Gender Based Violence	Individual Consultants	PIU Salaries	Additional Instrumentation	Capacity Building	ZVDF Performance assessment	Bank Charges	EHSS Audit	Hydropower Sustainability	Early Warning System	Project Equipment	Environmental & Social Impact Assessment	Dam Break	LIDAR Survey	Plunge Pool Reshaping Contract	Spillway Rehabilitation	Spillway Rehabilitation Works Phase II	
<b>Disbursements for the Year (2024)</b>	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
International Development Association Loan (55630) - Loan	-	781	-	-	-	-	-	-	-	-	151	-	-	-	-	-	-	2,522	1,704	5,159	
International Development Association Loan (55630) - Loan (Designated Account)	74	441	-	130	487	-	-	4	-	91	-	-	-	-	-	-	-	262	45	1,534	
International Fund Grant - (Designated Account)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	158	41	199	
International Fund Grant - (TF19029)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,535	86	1,621	
The Africa Development Fund (ADF Loan)	89	1,139	-	-	-	-	-	-	-	114	151	-	-	-	-	-	-	1,073	969	3,536	
The Africa Development Fund (ADF Grant)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,202	762	2,964	



Dec-25	Institutional Support										Dam Break & Other studies					Reshaping Contract	Spillway Rehabilitation	Spillway Rehabilitation Works Phase II	KDRP Total					
	Panel of Experts (POE)	Technical Services & Supervisory Consultancy	5 Yearly Inspection	Gender Based Violence	Individual Consultants	PIU Salaries	Additional Instrumentation	Capacity Building	ZVDF Performance assessment	Bank Charges	EHSS Audit	Hydropower Sustainability	Early Warning System	Project Equipment	Environmental & Social Impact Assessment					Dam Break	LIDAR Survey	US\$'000	US\$'000	US\$'000
The Africa Development Fund (TSF Grant)	108	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	108
European Union Funding ( ZM/ FED/031-570) - Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	10,606	-	-	-	10,606	-	-	-	-	-	10,606
Accrued	243	-	-	8	-	-	-	-	-	-	-	-	-	-	-	-	1,000	-	-	-	-	-	-	1,627
Total disbursements for the year 2025	162	2,712	-	138	487	-	-	-	4	-	206	303	-	11,606	-	-	11,606	-	-	-	-	-	-	27,353
<b>Cumulative disbursements</b>																								
International Development Association Loan (55630) - Loan	2,031	9,590	-	-	-	135	-	-	-	-	-	151	66	377	147	-	-	-	-	-	-	-	-	28,388
International Development Association Loan (55630) – Loan (Designated Account)	1,130	1,091	143	21	1,320	109	84	77	22	17	114	34	63	-	-	-	-	-	-	-	-	-	-	6,649
Swedish International Fund - Grant (TF19029) (Designated Account)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,084
Swedish International Fund - Grant (TF19029)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,777
The Africa Development Fund (ADF Loan) 2100/150032548	673	3,743	141	20	-	240	77	-	-	-	114	151	-	-	-	-	-	-	-	-	-	-	-	22,374





