

MANAGEMENT REPORT
ON
MID YEAR PERFORMANCE ASSESSMENT
ON
APPROVED ANNUAL PERFORMANCE PLAN
2016-17



Executive Summary:

Introduction:

The agency's strategic objectives are aligned to the parent municipality's IDP objectives. These have been secured in a Service Level Agreement (SLA) between the agency and the CHDM for the year 2016-2017, and have served the basis of structuring the agency's Annual Performance Plan (APP) for the year.

These overarching strategic objectives, or programmes are:

- 1) ***Creation of a viable and proficient organization***
- 2) ***Creation of viable agricultural clusters***
- 3) ***Development of sector specific scarce skills***
- 4) ***Investment promotion, enterprise development and job creation***
- 5) ***Partnerships and stakeholder engagement***

The mid-year performance report will provide an assessment of the agency's performance in the period starting 1 July 2016 to 30 December 2016, against these identified strategic programmes, and reflect in depth on areas of non-performance, so that remedial action can be taken timeously to ensure planned objectives are realized by 30 June 2017.

Summary Organizational Performance – Mid Year 2016/17:

The agency's assessed performance for the period 1 July 2016 to 30 December 2017, is as follows:

Achieved: 50% (100% completion of planned activities due by end December)

Partially achieved: 20% (50% and above but below 100% planned activities due by end December)

Not achieved: 30% (less than 50% completion of planned activities due by end December)

These performance figures were achieved with the agency utilizing 52% of its budget, as follows:

Expenditure/Source	Budgeted	Actual	% Received
Project Expenditure	31 410 000.00	16 899 616.88	54%
Operational Expenditure	20 604 629.08	9 988 554.15	48%
<i>Programmes</i>	<i>1 719 740.65</i>	<i>292 630.77</i>	<i>17%</i>
<i>General Expenses</i>	<i>5 842 907.22</i>	<i>3 895 818.03</i>	<i>67%</i>
<i>Repairs and Maintainance</i>	<i>53 649.80</i>	<i>5 577.00</i>	<i>10%</i>
<i>Asset Finance Reserve</i>	<i>854 881.43</i>	<i>10 039.32</i>	<i>1%</i>
<i>Employee Related Costs</i>	<i>12 133 449.98</i>	<i>5 784 489.03</i>	<i>48%</i>
Total Expenditure	52 014 629.08	26 888 171.03	52%

The agency's assessed performance for the period, per strategic programme, is as follows:

		No of Quarterly Targets to be Achieved 30 Dec2016	No of Quarterly Targets Achieved 30 Dec 2016	No of Quarterly Targets Partially Achieved 30 Dec 2016	No of Quarterly Targets Not Achieved 30 Dec2016
Performance by Programme - 30Dec2016		40	20	8	12
Programme 1	Viable and Proficient Organisation	10	3	3	4
		25%	30%	30%	40%
Programme 2	Viable Clusters	18	11	2	5
		45%	61%	11%	28%
Programme 3	Skills Development	3	2	0	1
		8%	67%	0%	33%
Programme 4	Investment Promotion, Enterprise Dev and Jobs	5	2	1	2
		13%	40%	20%	40%
Programme 5	Partnerships and Stakeholders	4	2	2	0
		10%	50%	50%	0%

The performance by programme can be summarized as follows:

- 1) **Creation of a viable and proficient organization** - **30% achieved**
- 2) **Creation of viable agricultural clusters** - **61% achieved**
- 3) **Development of sector specific scarce skills** - **67% achieved**
- 4) **Investment promotion, enterprise development and job creation** - **40% achieved**
- 5) **Partnerships and stakeholder engagement** - **50% achieved**

From the above table, programmes and 4 faced the most challenges in the first half of the year. However, for programme 1, most targets are realizable by end of quarter 3 provided management effectively manages the outputs from key staff members. There are problems in programme 4, with most arising from the fact that this programme relies a lot on external parties. The project team will have to prioritise stakeholder engagement on these areas in quarter 3 to ensure targets can be achieved by end of the year.

Programme 2 / Viable clusters are doing well, but there a few threats that are linked to budget availability that may affect the performance in the second half of the year. Programme 3 / skills requires better planning and coordination.

Summary on Areas of Non-Performance – Mid Year 2016/17:

The key areas of non-performance leading to the results in the summary table above have been tabled below for easy reference. The table indicates areas of non-performance, underlying issues, progress to remedial action and anticipated level of confidence in target being achieved by end June 2017:

Programme 1: Creation of a Viable and Proficient Organisation

Sub-programme	Project	Area of Non-Performance	Reason	Remedial Action	Status at 27 Jan 2017	Expected Outcome at 30 June 2017
Good governance	Efficient board and committees	1.1 PFI training not held in 2015-16 scheduled for quarter 2 not held	Dates proposed by training provider clashed with key board and sub-committee calendar dates / events	Alternative training held by IODsa identified, to be held late Feb/March 2017	In progress Dates to be confirmed with PFI by mid-Feb 2017	100% level of confidence target will be achieved
Financial viability	Fundraising	1.3 R500k not raised for bursary fund in 2015-16, so deferred to this year	There was no follow up with parties approached for funding in 2015-16 after the resignation of PO-Skills in 08/2016	The PM – Special Programms has issued an alternate R700k bursary funding application to CETA discretionary grants, awaiting response by 31Jan2017	In progress Cut-off date for approvals is Jan2017 to allow for academic year participation by approved applicants	50% level of confidence target will be achieved
Risk management	Internal audit	1.6 Internal audit action plan assignments not done to plan	The HR, SCM and IT reviews were postponed to quarter 3, due to time lapse after AG audit, by IA – moving to later would allow for a thorough review on transaction in 2016/17	Adjust IA plan accordingly to ensure assignments done in quarter 3	Resolved The IA plan has been updated, and dates confirmed for onsite review in last week Jan and first week of Feb2017	100% level of confidence target will be achieved

Sub-programme	Project	Area of Non-Performance	Reason	Remedial Action	Status at 27 Jan 2017	Expected Outcome at 30 June 2017
Internal competencies and growth	Strategic HRM	1.8 0-10% vacancy rate not achieved	Resignation of 2 officials, and filling of 2 positions have not altered vacancy rate. Delay in filling positions due to current office space limitations	Current vacancies can be covered in operations by existing staff members, contract workers and interns in the PMU unit so vacancies do not affect performance. Recruitment process to commence in quarter 4, for final selection by end June2017, and candidates resume duties in July 2017	No movement	100% level of confidence target will be achieved
		1.9 EE plan	A misalignment with the APP and CFO's job target resulted in missed deadline	The item has been deferred to quarter 3, in alignment to CFO's performance deliverables and will be presented to HR-com in quarter 3	No movement	100% level of confidence target will be achieved
		1.10 Training not conducted as planned	Changes introduced by CEO to train PMU staff on CPMD instead of planned M&E	Adjust APP, as M&E module included in CPMD training	In progress CPMD training registration with WITS being coordinated for 2 managers in PMU by office of the CEO	100% level of confidence target will be achieved

Programme 2: Viable Agri Clusters

Sub-programme	Project	Area of Non-Performance	Reason	Remedial Action	Status at 27 Jan 2017	Expected Outcome at 30 June 2017
Irrigation schemes	Renovations to mechanization center	2.1 Ceiling and roofing planned TOR's not developed for SCM processes	The other building renovations TOR's and SCM processes were finalized by end quarter 2, but sudden cutting of mechanization budget by CHDM resulted in ceilings/roofing work not being prioritised	Confirmation of budget per initial council resolution by CHDM required, to move with project, or Item part of APP adjustment, and deferred to next year	No movement	25% level of confidence target will be achieved
	Commercial production	2.4 No of potato hectares planted at Qamata of planned 20ha	There was a shortage of seed in the country due to drought, and PotatoSA could not commit to delivery in time for planting season – letter received that they will provide seed for next season	20ha butternut planted instead, so community expectations met	Resolved 20ha butternut crop being maintained and 20ha expected to be harvested	100% level of confidence target will be achieved
		2.5 No of animals placed at Bilatye piggery	The placement of 400 pigs by end Dec2016 did not happen as technical partner reneged on agreement to supply animals after CHDA's renovations to the facility	Decrease target to 400pigs, and CHDA procures if additional budget for irrigation schemes received from CHDM, or Legal consult on MOU default by partner	No movement	25% level of confidence target will be achieved

Sub-programme	Project	Area of Non-Performance	Reason	Remedial Action	Status at 27 Jan 2017	Expected Outcome at 30 June 2017
Agricultural value chains	Ikhephu office structure	2.8 75% completion rate of structure could not be confirmed	The contractor being used was appointed by the funding beneficiary, and is failing to provide building status / completion reports	Structure is up, and visible, near completion, but funding agreement conditions to Ikhephu can be exercised and deadline set for report from contractor, with risk of money being recovered to CHDA if report not received from Ikhephu/contractor by 3Feb2017	No movement	100% level of confidence target will be achieved
	Cala abattoire revamp	2.10 Pre-renovations assessment report was due by end quarter 1, and security company appointment due by dec2016 to guard facility from further vandalism	The service provider who conducted the review for the pre-assessment phase failed to provide detailed report on the Cala abattoire revamp requirements and budget. Also, a lack of budget confirmation from the CHDM has resulted in project being put on hold	Budget confirmation to be received from CHDM, so plans to implement and appoint security can be done in quarter 3, or Item considered high risk of non-achievement to be removed from APP until next year, where budget for 2017/18 can be confirmed from CHDM	No movement	25% level of confidence target will be achieved

Sub-programme	Project	Area of Non-Performance	Reason	Remedial Action	Status at 27 Jan 2017	Expected Outcome at 30 June 2017
Agricultural value chains	Industrial park cheese factory feasibility assessment	2.12 Draft feasibility report was due by end quarter 1, and identification of funders in quarter 2 not achieved	The target is not based on a written partnership / working agreement between CHDA and the private partner. The private partner is hesitant to provide working documents to CHDA without formal written intent or financial commitments	Secure budget from SEZ programme, to commit to assisting with private partner with feasibility studies, based on a signed MOU, then CHDA has access to the report, or Remove item from APP as dependency on third party too great	No movement	50% level of confidence target will be achieved
	Pomegranite pilot – 20ha intercropping on site	2.18 Irrigation system expansion and installation to accommodate intercropping rows not done	The irrigation system upgrade was not done as the Lucerne identified as a potential intercrop has been subsequently identified as a problematic crop to pomegranites – the chemicals, pesticides, etc used are harmful to the fruit, so intercropping not advised by the technical partners	To identify an alternative to Lucerne, which is safer, or Remove item from the APP	No movement	25% level of confidence target will be achieved

Programme 3: Skills Development

Sub-programme	Project	Area of Non-Performance	Reason	Remedial Action	Status at 27 Jan 2017	Expected Outcome at 30 June 2017
Skills development	Skills development events	3.2 Career expo not held in quarter 2	Dates proposed clashed with exam time at identified schools	The PM does not attend the PSDF (Prov. Skills dev. Forum) where expo calendar for the year is planned and finalized for all districts, resulting in effective planning of dates	Resolved A career expo was held on 25 and 26 Jan 2017 in Cala, in partnership with Ikamvelihle development Trust	100% level of confidence target will be achieved

Programme 4: Investment Promotion, Enterprise Dev and Jobs

Sub-programme	Project	Area of Non-Performance	Reason	Remedial Action	Status at 27 Jan 2017	Expected Outcome at 30 June 2017
Promotion of CHD as preferred investment destination	Masterplan for Queenstown industrial park	4.1 Masterplan draft TOR's developed and SCM process to appoint service provider finalised	The TOR's are in draft format, and not finalised and approved for SCM, due to delays in inputs from key partners / stakeholders on the industrial park project	The draft TOR's to be reviewed at the next steering committee / stakeholder engagement event, and TOR's finalized for tendering by mid quarter 3	In progress	100% level of confidence target will be achieved
New enterprise development and job creation	Strategic partnerships for development projects	4.4 SMME development partnership	SEDA was identified as a partner in quarter 1, but MOU not signed pending identification of business support needs per SMME on the programme. ECDC conducted the business analysis in Dec2016, so SEDA contract could not be signed in time	SEDA contract to be signed in quarter 3	Resolved SEDA support contract was signed on 16 Jan2017	100% level of confidence target will be achieved
	Job creation on agency projects	4.5 250 jobs should have been created by end Dec2016	138 jobs created on all agency projects combined. The bulk to make annual target of 500 was from expectation that DEA waste project would be approved for implementation by quarter 1 of 2015-16	The last outstanding input from CHDA has been finalized (EIA) for business plan approval. PM and EMO to follow up with DEA on progress of business plan approval	In progress	25% level of confidence target will be achieved, as target 100% reliant on third party action

Programme 5: Partnerships and Stakeholder Engagement

Sub-programme	Project	Area of Non-Performance	Reason	Remedial Action	Status at 27 Jan 2017	Expected Outcome at 30 June 2017
Strategic partnerships	Partnerships for development projects	5.2 Two (2) partnerships to be signed for development projects	SEDA was identified as a partner in quarter 1, with CETA, but SEDA MOU not signed pending identification of business support needs per SMME on the programme. ECDC conducted the business analysis in Dec2016, so SEDA contract could not be signed in time	SEDA contract to be signed in quarter 3	Resolved SEDA support contract was signed on 16 Jan2017	100% level of confidence target will be achieved
Communications and PR	PR and communications plan implemented	5.4 50% planned PR activities to be finalized by end of the year – annual report, mid-year newsletter, corporate brochure finalized and printed	Annual report was not finalized by end December 2016, and newsletter could not be finalized as agency closed mid-Dec2016. Corporate brochure not printed due to early closing of printers	Annual report to be finalized in time for 20Jan2017 submission to CHDM, and mid-year newsletter to be issued end Jan2017 to include mid-year performance results. Corporate brochure scheduled with printers in Jan2017	In progress Annual report finalized and submitted to committees for review, and CHDM as draft pending board meeting 30Jan2017. Newsletter in progress, and corporate brochure to be sent out for pre-print approval by PFI end of week1 Feb2017	100% level of confidence target will be achieved

Concluding Remarks

The key areas of non-performance up to the end of December 2016 are due to areas within the CHDA's area of control, and outside of its control:

- 1) Better planning and coordination at operational level required to ensure that key staff better meet scheduled performance deadlines. This means internal processes on performance reporting by staff have to be improved, to manage remedial action within the quarter, and not at the end of the quarter, when compiling the performance report

- 2) Better coordination with CHDM is required, as budget challenges are affecting programmes and delivery on the ground. This is the case for the Cala Abattoir, Mechanisation, and Irrigation Schemes programmes, which are affected by getting less money than initially requested, and getting approved funds delayed, or revised down by the parent municipality

- 3) Better management of MOU's and technical partner performance on development projects is required to ensure that partners adhere to contractual agreements

A detailed performance report for the quarter is attached as

ANNEXURE A: DETAILED MID-YEAR PERFORMANCE REPORT_2016/17.

