

**MID YEAR
PERFORMANCE REPORT
ON
APPROVED ANNUAL PERFORMANCE PLAN
2017-18**



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 2017-2018, and have served the basis of structuring the agency's Annual Performance Plan (APP) for the year.

These overarching strategic goals for the year are:

- 1) ***Creation of a viable and proficient organization***
- 2) ***Creation of viable and sustainable rural economies***
- 3) ***Investment promotion, enterprise development and job creation***
- 4) ***Development of sector specific scarce skills***
- 5) ***Stakeholder and community engagement***

The Quarter 2 performance report will provide an assessment of the agency's performance in the period starting 1 October to 31 September 2017, against these identified strategic goals, 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 2018. These performance results will be reviewed with a perspective against the annual planned deliverables, to establish likelihood of non-performance to annual targets.

Quarter 2 2017-18: Summary Performance

The agency's assessed performance for the period 1 October to 31 December 2017, is as follows:

SUMMARY PERFORMANCE BY QUARTER	Qtr2		Qtr1	
	Total number of deliverables:	34	100%	22
Total number achieved:	21	62%	20	91%
Total number partially achieved:	4	12%	1	5%
Total number not achieved:	9	26%	1	5%

Achieved: 62% (100% completion of planned activities due by end Dec 2017)

Partially achieved: 12% (75% and above but below 100% planned activities due by end Dec 2017)

Not achieved: 26% (less than 50% completion of planned activities due by end Dec 2017)

- A total of 21 deliverables of the 34 (62%) identified for the quarter have been fully achieved to 100% of the quarterly target.
- A total of 4 deliverables of the 34 (12%) identified for the quarter has been identified as being partially achieved on track, for full achievement anticipated by the end of the year.
- However, a total of 9 deliverables of the 34 (26%) identified for the quarter have been identified as not achieved, but can be remedied by the end of Quarter 3.

These performance figures were achieved with the agency utilizing 34% of its approved budget (having received only 28% of funds from external parties) as follows:

Expenditure/Source	Budgeted	Actual	% Spent	Funds Received
Project Expenditure	25 768 000	3 870 536	15%	Budgeted
Operational Expenditure	20 119 856	11 815 683	59%	45 896 922
<i>Programmes</i>	<i>884 805</i>	<i>153 460</i>	<i>17%</i>	Received
<i>General Expenses</i>	<i>5 924 298</i>	<i>3 152 917</i>	<i>53%</i>	12 928 986
<i>Repairs and Maintenance</i>	<i>72 660</i>	<i>9 931</i>	<i>14%</i>	% Received Funds to Budgeted
<i>Asset Finance Reserve</i>	<i>1 992 976</i>	<i>1 858 928</i>	<i>93%</i>	28%
<i>Employee Related Costs</i>	<i>11 245 117</i>	<i>6 640 447</i>	<i>59%</i>	
Total Expenditure	45 887 856	15 686 219	34%	

The performance can be attributed to performance of strategic goal objectives as indicated in the summary table below:

		Targets to be Achieved	Targets Achieved	Targets Partially Achieved	Targets Not Achieved
Performance by Strategic Goal – Quarter 2		34	21	4	9
Goal 1	Viable and Proficient Organisation	11	9	2	0
		26%	82%	18%	0%
Goal 2	Viable Economies	11	3	1	7
		26%	27%	9%	64%
Goal 3	Investment Promotion, Enterprise Dev and Jobs	2	0	1	1
		5%	0%	50%	50%
Goal 4	Skills Development	8	7	0	1
		19%	88%	0%	13%
Goal 5	Partnerships and Stakeholders	2	2	0	0
		5%	100%	0%	0%

The performance by programme can be summarized as follows:

- 1) **Creation of a viable and proficient organization** - **82% achieved**
- 2) **Creation of viable rural economies** - **27% achieved**
- 3) **Investment promotion, enterprise development and job creation** - **0% achieved**
- 4) **Development of sector specific scarce skills** - **88% achieved**
- 5) **Stakeholder and community engagement** - **100% achieved**

The above summary indicates that the Viable Agricultural Clusters and Investment Promotion strategic areas did not perform well in Quarter2, having not achieved 64% and 50% of set quarterly targets respectively, as well as being the lowest performers with realization of 27% and 0% of scheduled deliverables in the reporting period.

To illustrate, an overview of the planned deliverables for the year 2017-18 has been conducted, and actual performance of targets by end of December (midyear) shows a similar scenario as follows:

Total Targets Due for the Year	41		Progression of Annual Targets at MidYear	
Targets Fully Achieved for the Year (100%)	7	17%	63%	Percentage of annual targets tracking well by midyear
Targets Part Achieved for the Year (=>75%)	3	7%		
Targets Tracking Well for the Year (=50% - 74%)	16	39%		
Targets Not Progressed for the Year (0 - <49%)	10	24%	37%	Percentage of annual targets at risk of not being achieved by end-year due to no movement by midyear
Targets Not Due by Midyear Reporting	5	12%		

The table above clearly support the results reported for Quarter2, where the midyear overview across all planned organizational targets indicates that:

MIDYEAR SUMMARY ON INDICATOR PERFORMANCE (01/07 - 31/12/2017)

Strategic Goals	Programmes	Objectives	Targets Due for the Year 2017-18	Targets Fully Achieved for the Year (100%)	Targets Part Achieved for the Year (=>75%)	Targets Tracking Well for the Year (=50% - 74%)	Targets Not Progressed for the Year (0 - <49%)	Targets Not Due by Midyear Reporting
Goal 1: _ To develop a proficient and viable organisation	Corporate Governance	Governance structures Strategy and business planning Corporate finance, SCM and compliance ICT governance	6	0	2	3	0	1
	Financial Viability	Fundraising Own revenue generation	2	1	0	1	0	0
	Risk Management	Identification, monitoring and management of risk	4	1	0	2	1	0
	Performance Management	Organisational and staff performance management	1	0	0	0	0	1
	Internal Competencies, Learning and Growth	Strategic HRM	1	0	0	1	0	0
Goal 2: _ To develop viable and sustainable rural economies	Irrigation Scheme Revitalisation	Development partnerships and synergies Fundraising Infrastructure improvement and renovations	4	1	0	2	1	0
	Agricultural Value Chain Development	Livestock value chain development Crop production value chain Fruit cluster value chain Market linkages and offtake	9	0	0	2	5	2
Goal 3: _ To facilitate investment promotion and SMME development	Investment Promotion	Fundraising Infrastructure improvement and renovations Investor engagement and events	3	1	0	0	1	1
	Work Opportunity Facilitation and Job Creation	Facilitation of job and work opportunities	1	0	0	0	1	0
Goal 4: _ To facilitate development of sector - specific scarce skills	Multi - targetted Skills development Initiatives	Fundraising Bursary fund implementation Career seminars implementation Learnership and internship sub-programme facilitation Technical skills accreditation	8	3	1	3	1	0
Goal 5: _ To develop strong stakeholder and community partnerships	Stakeholder Engagement External Communications / PR	District development stakeholder engagement Implementation of agency communications plan	2	0	0	2	0	0
			41	7	3	16	10	5
				17%	7%	39%	24%	12%
					On track	63%	Risk	37%

Quarter 2 2017-18: Summary on Areas of Non-Performance, and Expected Non-Performance for the Year:

The key area(s) of non-performance leading to the results in the summary table above have been tabled below for easy reference.

SUMMARY OF APP AREAS WITH POOR PERFORMANCE BY END QTR2 / MIDYEAR:									
Strategic Goals	PROGRAMMES _ 2017/18	OBJECTIVES _ 2017/18	No of indicators _ 2017/18	No of targets _ 2017/18	No of targets _ Qtr2	Achieved	Part Achieved	Not Achieved	Achievement Status
Goal 1: _ To develop a proficient and viable organisation	Risk Management	Identification, monitoring and management of risk	1	4	4	2	2	0	50%
	Performance Management	Organisational and staff performance management	1	1	n/a	n/a	n/a	n/a	n/a
Goal 2: _ To develop viable and sustainable rural economies	Irrigation Scheme Revitalisation	Development partnerships and synergies Fundraising Infrastructure improvement and	3	4	4	2	0	2	50%
	Agricultural Value Chain Development	Livestock value chain development Crop production value chain Fruit cluster value chain Market linkages and offtake	5	9	7	1	1	5	14%
Goal 3: _ To facilitate investment promotion and SMME development	Investment Promotion	Fundraising Infrastructure improvement and renovations	3	3	1	0	0	1	0%
	Work Opportunity Facilitation and Job Creation	Facilitation of job and work opportunities	1	1	1	0	1	0	0%

The table below details areas of non-performance, progress to remedial action and anticipated level of confidence in target being achieved by end June 2018.

Programs	Performance Area	Status at Midyear	Reason for Non-achievement	Remedial Action	Expected Outcome at 30 June 2018
Risk Management	7_1.9 Implementation of internal audit plan	Only 60% of the planned internal audit activities were conducted	The review on ICT and BTO moved to quarter3, as scheduled period too soon after AG audit	Revised dates set for BTO review after Jan18 budget adjustment period and midyear AFS (mid-Feb2018), and ICT review in Mar2018 (12 months after last review)	Will be achieved
	7_1.11 SOP's for organizational policies	The SOP manual draft not finalized by due date	Delays in finalizing policy handbook	SOP's to be finalized by end March 2018	Will be achieved
Performance Management	8_1.13 Min 70% annual performance score	No movement	Target set for 30/06/2018	Close monitoring of items indicated as non-achieved and not yet due in midyear report	High chance of achievement as mid-year status on annual targets at 63%
Irrigation Schemes	10_2.1 Funding applications for Qamata cropping programme	No movement	Target set prior to signing of SLA with partner that will conduct cropping activities in identified area	Adjust target in mid-year adjustment	Will be achieved

Programs	Performance Area	Status at Midyear	Reason for Non-achievement	Remedial Action	Expected Outcome at 30 June 2018
Irrigation Schemes	11_2.2 Eskom installation of transformer at Qamata	No movement	Rain delays in scheduled period of installation and Dec shutdown of appointed contractor	Revised date confirmed for Jan2018	Will be achieved
Agribusiness / Value Chains	13_2.5 Placement with 100% farmers approved	Only 63% (10/16) of approved farmers were placed with livestock by end Qtr2	Late signing of contracts due to late receipt of funding from JobsFund	Placements ongoing by Berlin Beef	High chance of achievement as mid-year status on annual targets at 63%
	14_2.6 100% completion of Ikhephu office	No movement	Failure in sourcing and appointing a qualified structural engineer to advise on building inspector recommendations	CHDM approached to assist	High chance of non-achievement by 30/06/2018
	15_2.7 1500ha planted in BBC partnership	No movement	BBC did not get funding from Land Bank	None possible – 100% third party reliant	High chance of non-achievement by 30/06/2018
	16_2.8 3ha crop maintenance of pomegranate pilot	No movement	Poor planning affected setting of target for delivery of inputs in incorrect period	Adjust target due date to Quarter 3	Will be achieved
	17_2.9 – 2.12 Offtakes	No movement	Ineffective marketing and identification of alternate potential buyers as letters of intent not coming to fruition into signed contracts	Devise alternate marketing strategy, or engage technical partners on issues of no-performance	High chance of non-achievement by 30/06/2018

Programs	Performance Area	Status at Midyear	Reason for Non-achievement	Remedial Action	Expected Outcome at 30 June 2018
Investment promotion	19_3.2 Electrical upgrade to komani industrial park	No movement	Enoch Mgijima has no implementation budget	Remove target from APP	High chance of non-achievement by 30/06/2018
	20_3.3 Investor event	No movement	Target set for 30/03/2018	Investor event to be held as part of the strategic planning programme in Feb/March 2018	Will be achieved
Job creation	21_3.4 50 jobs created in CHDA projects	40% of target achieved for job creation	Late signing of DEA contract	Recruitment to be finalised in Qtr3	Will be achieved
Skills development	26_4.8 8 registered artisans	4 applications received, and all 4 not yet approved	Late submission of application forms by CETA, and requirements for learners with learnership and internship experience more extensive	Applicants being assisted with signing of work confirmations, to make required minimum experience required for approval into programme	High chance of non-achievement by 30/06/2018

Quarter2 2017-18: Summary on Areas of Good Performance:

The key area(s) of performance leading to the results in the summary table above have been tabled below for easy reference:

SUMMARY OF APP AREAS WITH GOOD PERFORMANCE BY END QTR2 / MIDYEAR:									
Strategic Goals	PROGRAMMES _ 2017/18	OBJECTIVES _ 2017/18	No of indicators _ 2017/18	No of targets _ 2017/18	No of targets _Qtr2	Achieved	Part Achieved	Not Achieved	Achievement Status
Goal 1: _ To develop a proficient and viable organisation	Corporate Governance	Governance structures Strategy and business planning Corporate finance, SCM and compliance ICT governance	4	6	5	5	0	0	100%
	Financial Viability	Fundraising Own revenue generation	2	2	1	1	0	0	100%
	Internal Competencies, Learning and Growth	Strategic HRM	1	1	1	1	0	0	100%
Goal 4: _ To facilitate development of sector - specific scarce skills	Multi - targetted Skills development Initiatives	Fundraising Bursary fund implementation Career seminars implementation Learnership and internship sub-programme facilitation Technical skills accreditation	5	8	8	7	0	1	88%
Goal 5: _ To develop strong stakeholder and community partnerships	Stakeholder Engagement External Communications / PR	District development stakeholder engagement Implementation of agency communications plan	2	2	2	2	0	0	100%

Details on areas of solid performance are in the details performance report annexed to this summary report.

Concluding Remarks

The agency is committed to realizing its performance objectives for 2017/18 per approved plan.

However, key issues that may affect the realization of targets is:

- Non receipt or late receipt of funding for programme implementation

- Reliance on third parties for realisation or operational targets due to limited own resources (mainly financial)

This means that management should take an approach in terms of monitoring the submission of drawdowns and receipt of funds from funders, to ensure programming is not delayed. Also, better methods of monitoring programme progress is required, on a monthly basis, to ensure the quarterly deliverables are adequately managed and issues resolved timeously.

A detailed performance report for the Quarter2 and midyear is annexed to this document for detailed reference on items covered in this report

