



Chris Hani Development Agency (SOC) Limited

(Registration number 2012/033437/30)

PERFORMANCE REPORT

(Against Predetermined Objectives)

for the period

Ended Quarter 2 _ 2018-2019 [Midyear]

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1. 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 2018-2019, and have served the basis of structuring the agency's Annual Performance Plan (APP) for the year.

These overarching strategic programmes are:

- 1) *To develop a proficient and viable organization*
- 2) *To develop viable and sustainable rural economies*
- 3) *To facilitate investment promotion , SMME development and job creation*
- 4) *To facilitate development of sector – specific scarce skills*
- 5) *To develop strong stakeholder and community engagement for increased public accountability*

There are a total of 45 deliverables due by end June 2019, of which

- 15/45 deliverables (33% of the APP) were aligned to finance, administration and support activities of the organization, and
- 30/45 deliverables (67% of the APP) being attributed to programming and projects, or the core business of the organisation:

The midyear performance report will provide an assessment of the agency's performance in Quarter 2 (October – December 2018), as well as a consolidated view of how the agency is tracking against its half-year performance targets (July – December 2018), 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 2019.

2. Summary Organizational Performance – Period Ended Qtr2 of 2018-19:

For the first half of the year, there were a total of 37 deliverables due by end December 2018, of which:

- 9/37 deliverables (24% of the APP) were aligned to finance, administration and support activities of the organization, and
- 28/37 deliverables (76% of the APP) being attributed to programming and projects, or the core business of the organization.

The agency's assessed performance for the period 1 July 2018 to 31 December 2018, is as follows:

Achieved: 62.16 % (100% or greater completion of planned outputs due by end Dec 2018)

Partially achieved: 13.51 % (76 – 99% completion of planned outputs due by end Dec 2018)

Not achieved: 24.32% (75% or less completion of planned outputs due by end Dec 2018)

The charts below (Figure1 and Figure2) indicate the status of key output deliverables at 31 December 2018 in terms of overall organizational performance.

The charts summarise organizational performance by depicting the distributions of achieved, part achieved and non-achieved organizational performance targets.

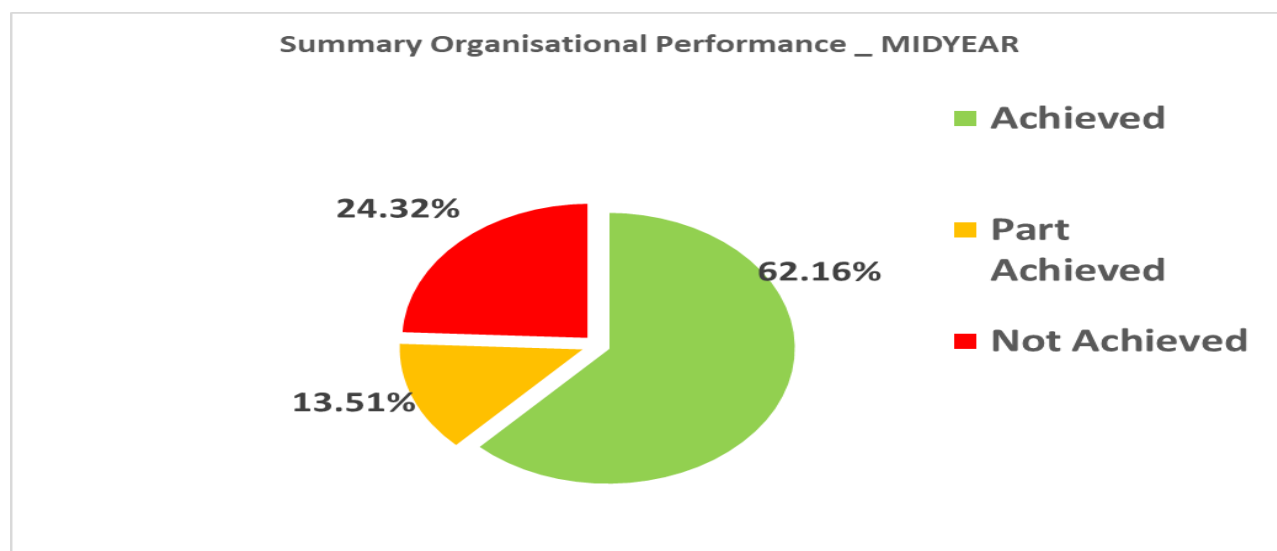


Figure1_Summary Organisational Performance

Summary Organisational Performance _ Midyear_ 2018-19							
Strategic Programme	Targets for the year	Targets Due for Midyear	Achieved	Part Achieved	Not Achieved	Targets Not Yet Due	Targets Ahead (Movement not yet due)
	2018-2019	End Qtr2	100% or >	76% - 99%	75% or <	End Qtr2	
PROG_1: TO DEVELOP A PROFICIENT AND VIABLE ORGANISATION	15	9	6	2	1	6	1
PROG_2: TO DEVELOP VIABLE AND SUSTAINABLE RURAL ECONOMIES	8	8	4	1	3	0	0
PROG_3: TO FACILITATE INVESTMENT PROMOTION AND SMME DEVELOPMENT	4	3	2	0	1	1	0
PROG_4: TO FACILITATE DEVELOPMENT OF SECTOR-SPECIFIC SCARCE SKILLS	8	8	4	1	3	0	0
TO DEVELOP STRONG STAKEHOLDER AND COMMUNITY ENGAGEMENT FOR PUBLIC ACCOUNTABILITY	10	9	7	1	1	1	1
Total:	45	37	23	5	9	8	2
	100%		62%	14%	24%	18%	25%

Figure2_Detailed Organisational Performance

Figures 1 and 2 above can be explained in more detail below:

Achieved

A total of 23 deliverables of the 37 (62%) identified for the first half of the year have been achieved in full or in excess of the planned target (100% or greater). Approximately 18% of targets have not become due, but have a reported advance progress status of 25%

Part Achieved

A total of 5 deliverables of the 37 (14%) identified for the first half of the year have been partially achieved to within 76-99.99% of the quarterly target, and

Not Achieved

A total of 9 deliverables of the 37 (24%) identified for the first half of the year have been not achieved, as they have fallen within 0-75% of the quarterly target.

In compiling the performance figures, the organizational performance was reviewed against the 5 individual strategic programme performance areas the detail of which has been summarized below:

Strategic Programme	Achieved	Part Achieved	Not Achieved
PROG_1: TO DEVELOP A PROFICIENT AND VIABLE ORGANISATION	67%	22%	11%
PROG_2: TO DEVELOP VIABLE AND SUSTAINABLE RURAL ECONOMIES	50%	13%	38%
PROG_3: TO FACILITATE INVESTMENT PROMOTION AND SMME DEVELOPMENT	67%	0%	33%
PROG_4: TO FACILITATE DEVELOPMENT OF SECTOR-SPECIFIC SCARCE SKILLS	50%	13%	38%
PROG_5: TO DEVELOP STRONG STAKEHOLDER AND COMMUNITY ENGAGEMENT FOR PUBLIC ACCOUNTABILITY	78%	11%	11%

Figure3_Detailed Organisational Performance by Strategic Programme

The information in the table above can be viewed in a graphical distribution as per the chart below:

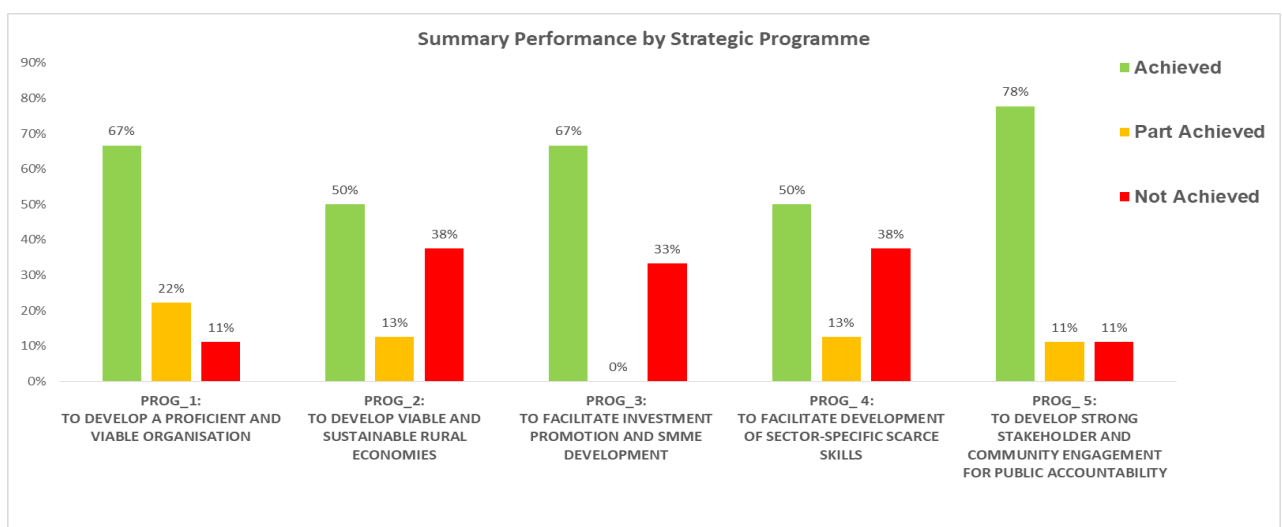


Figure4_Chart_Representation of Organisational Performance by Strategic Programme

Figures 3 and 4 above highlight that:

- Programmes 5 performed the best during the first half of the year, having achieved just below 80% of set targets for the period up to midyear
- Programme 1, 2, 3 and 4 had mediocre performance, scoring 67% and below level of achievement of set targets for the period up to midyear, however programmes all at or above 50% level of achievement at midyear

The figures reported above are provisional figures for the midyear reporting period, as the report has not been submitted to internal audit for verification of reported results. A report with management comments on any findings will be presented at a later stage.

The indicated performance figures for the first half of the year were achieved with the agency utilizing 46% of its overall budget, having received 42% of budgeted – for funds, as follows:

Source	Original Budget	Year to date Movement	Available Budget	Percentage
Project Expenditure	30,640,630	12,846,337	17,794,293	42%
Operational Expenditure	24,353,490	12,495,881	11,857,609	51%
<i>Programmes</i>	<i>500,000</i>	<i>203,120</i>	<i>296,880</i>	<i>41%</i>
<i>General Expenses</i>	<i>6,564,136</i>	<i>3,566,622</i>	<i>2,997,514</i>	<i>54%</i>
<i>Repairs and Maintainance</i>	<i>60,168</i>	<i>16,390</i>	<i>43,778</i>	<i>27%</i>
<i>Depreciation or Armotisaion</i>	<i>1,620,000</i>	<i>792,161</i>	<i>827,839</i>	<i>49%</i>
<i>Asset Finance Reserve</i>	<i>652,550</i>	<i>75,298</i>	<i>577,251</i>	<i>12%</i>
<i>Employee Related Costs</i>	<i>14,956,637</i>	<i>7,842,290</i>	<i>7,114,347</i>	<i>52%</i>
Total Expenditure	54,994,120	25,342,218	29,651,902	46%

Source	Original Budget	Year to date Movement	Available Budget	Percentage
CHDM Subsidy	- 20,680,000	- 8,581,900	- 12,098,100	-41%
Interest	- 566,320	- 221,195	- 345,125	-39%
Agency Fees	- 1,478,365	-	- 1,478,365	0%
Other Income	-	- 14,939	14,939	0%
Tender Fees	- 15,000	- 19,000	4,000	-127%
Donations Received	-	- 22,500	22,500	0%
Mechanisation Centre Income	-	- 532,239	532,239	0%
Project Funds	- 30,640,630	- 12,846,337	- 17,794,293	-42%
	- 53,380,315	- 22,238,110	- 31,142,205	42%

Table1_Financial Summary_End Qtr2

The next part of the report will indicate in detail areas of key achievement, and areas of non-achievement for 2018-19, within each of the programmes' key areas of focus.

3. Summary on Key Successes – Period Ended Qtr2 of 2018-19:

The key areas of notable performance leading to the results in the summary table above have been tabled below for easy reference.

For noting, key achievements for the period have been summarized below:

Programme _ 1: To Develop a Viable and Proficient Organisation:

Objectives	Focus Area	Actual Deliverables / Successes Realised
Corporate Governance	Corporate Finance, SCM and Compliance	☺ The agency successfully submitted the AFS and APR to AG, Treasury and CHDM within the regulated timeframes of 31 August 2018, and was awarded an unqualified / clean audit by the AGSA at the end of quarter 2
	ICT Governance	☺ The ICT plan was developed for 2018-19 in the first quarter, and the action plan is tracking well above the required progress level for the first half of the year which required 25% movement on the plan. At end December 2018, the ICT plan was at 87% completion
Risk Management	Risk Assessment, Reporting< organizational Policies and Operating Procedures	<ul style="list-style-type: none"> ☺ The agency's risk management activities are performing well, with the annual risk assessment being conducted, and quarterly reporting on risk being implemented ☺ The approved internal audit plan has also been implemented to 100% ☺ Policies were reviewed by the end of quarter 1
Strategic HRM	HRM Strategy	☺ The agency developed an HR strategy 2018-19, and is tracking well above the required progress level for the first half of the year which required 25% movement on the plan. At end December 2018, the HRM plan was at 50% progress

Programme _ 2: To Develop Viable and Sustainable Rural Economies

Objectives	Focus Area	Actual Deliverables / Successes Realised
Development of Agricultural Value Chains	Development of Livestock Value Chain	☺ The long-standing target for 100% placement of cattle with farmers in Elliot under the beef linkages programme was finalized, with the last 6 remaining farmers being placed with animals, with an extra 2 farmers being placed from the initial placement cycle .
	Development of Fruit Cluster Value Chain	☺ The agency continued support of the 30ha pilot of pomegranate in Mitford in the partnership with Pomec, its technical support to the Qwathi-Tolo farms in Gubenxa towards a successful apple / pear pilot in a partnership with Distell, and technical support to the Mayime Co-op for the vineyard at Shiloh, with the first vintage of Inkosi pinotage and chenin blanc wine being released in retailers in the first quarter

Programme _ 3: To Facilitate Investment Promotion , SMME Development and Job Creation

Objectives	Focus Area	Actual Deliverables / Successes Realised
Investment Promotion	SMME development	☺ The agency has extended the support being provided to the 15 SMME's funded by CHDM last year. A needs assessment was conducted in quarter 1, where the 15 SMME"s will be provided with post-funding small business support services
	Job Creation	☺ The agency exceeded the targeted number of 100 jobs / work opportunities being created or retained for CHD locals. The first quarter saw a total of 20 new contracts being signed on the DEA project, whilst retaining a total of 349 jobs from prior year in various development projects, with closing totals at the end of quarter being reported at 371 active jobs across various CHDA programmes

Programme _ 4: To Facilitate Development of Sector Specific Scarce Skills

Objectives	Focus Area	Actual Deliverables / Successes Realised
Development of Sector-Specific Scarce Skills	Bursary Fund Assistance	☺ The agency has continued to deliver on the implementation of the CHDM Mayor's bursary fund in 2018-19. A total of 21 students were supported during the first quarter ☺ The CETA bursary for engineering studies was ongoing, with 11 students being supported in the first quarter
	Technical Skills Accreditations	☺ The agency successfully secured 30 learners to participate in an apprenticeship programme, approved by the CETA for bricklaying.

Programme _ 5: To Develop Strong Stakeholder and Community Engagement to Increase Public Accountability

Objectives	Focus Area	Actual Deliverables / Successes Realised
Stakeholder Engagement and Partnership Management	Participation in District Planning Forums	☺ The agency has successfully participated in various district – level planning forums, contributing towards co-ordinated development planning for the district between key development stakeholders, entities and partners
	Irrigation Schemes Stakeholder Engagement	☺ The agency has established an ongoing forum for engaging various stakeholder on irrigation scheme-specific issues. The key focus of these engagement sessions is to facilitate the development objectives in the Qamata sections 1A and 1B, under the Humansdorp Co-op technical partnership
	Industrial Parks Stakeholder Engagement	☺ The agency participated in an industrial parks joint forum engagement session held in the first quarter. This is to kick-start the approved infrastructure upgrade totaling over R40m, which the CHDA was able to facilitate in a CDI funding application to DTI in the prior year
	Technical Partnerships	☺ The agency has begun conducting quarterly performance reviews on each of the technical partners involved in the rollout of agency programmes and projects. In the first quarter, Humansdorp Co-op, Pomec, FarmInvest and Berlin Beef were reviewed, relative to their performance against signed SLA's / partnership agreements, and their performance on site noted ☺ 2 new partnerships have been secured on agricultural activities, meeting the target for new partnerships for the year

4. **Summary on Areas of Non-Performance – Period Ended Qtr2 of 2018-19:**

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, and progress to remedial action and anticipated level of confidence in target being achieved in the next quarter:

Goal 1: To Develop a Viable and Proficient Organisation:

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status Midyear End Qtr2	Expected Outcome at End June 2019
Governance Structures	Board and sub-committees	<p>The annual board and sub-committee performance reviews were not conducted (c/fwd from 2017/18)</p> <p>The HRR sitting did not take place in quarter 1</p>	<p>The item was not-achieved in prior year and carried forward. The assessments were not conducted as it was advised that CoSec and Mngt partner with the CHDM in arranging the board performance reviews</p> <p>The HRR Charter specifies 2 sittings per annum, and a sitting was recorded in the APP in error</p>	<p>Retain performance commitment made, and carry forward to next quarter</p> <p>The APP will be corrected in midyear adjustment to align to the charter for number of sittings of the committee</p>	<p>The company secretariat to conduct the assessments in the second quarter of 2018-19, in consultation with the CHDM prior to the sitting of the AGM</p>	Part achieved	100% level of confidence target will be achieved by end June 2019

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status Midyear End Qtr2	Expected Outcome at End June 2019
Governance Structures	ICT Governance	ICT steering committee did not sit in quarter 2	The ICT provider was appointed end Oct2018, and it was agreed that he does a full network and systems diagnostic prior to sitting of committee in case ICT strategy had to be adjusted for 2018-19	Retain performance commitment made, and carry forward to next quarter	None required, as the target has been set for 2 sittings in 2018-19. A sitting will be held in quarter 3 and quarter 4	Not achieved	100% level of confidence target will be achieved by end June 2019
Financial Viability	Own Revenue	The ECDRDAR project is tracking well to 100% of target, but the DEA project is not tracking well in line with business plan due to construction delays	There was a delay in the delivery of the steel structure, and rock complications on excavation, resulting in adjustment of required equipment	Retain performance commitment made, and carry forward to next quarter	The handover of sites has been set for May2019, and the engineer has confirmed that work is back on track after revised equipment, as well as longer hours worked in December 2018 and earlier opening in January2019 to make up on the construction hours	Part achieved	100% level of confidence target will be achieved by end June 2019

Goal 2: To Develop Viable and Sustainable Rural Economies							
Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status Midyear End Qtr2	Expected Outcome at End June 2019
Irrigation Scheme Revitalisation	Operationalisation of the QMC	The QMC plan has been delayed by the installation of ICT infrastructure on site, and the appointment of an Admin Officer	Telkom infrastructure needs more complex as site found to be remote and outside of Telkom grid, requiring satellite connectivity. The Admin officer position was delayed as a QMC staff member was assisting with office work on an informal basis	Retain performance commitment made, and carry forward to next quarter	Required approvals granted to Telkom by end December 2018, and interim connection secured by installing desktop computer on site, with a mobile cellphone and data connection. Admin Officer to be recruited from graduates database in quarter 3	Part achieved	100% level of confidence target will be achieved by end June 2019
	Operationalisation of Bilatye Piggery	The required number of growers has not been placed, with placed animals at half of planned amount	The planned 200 animals could not be placed due to inefficient SCM processes on the funder's side, resulting in over-priced animals being delivered. Due to budget limitations on approved funding, DRDLR could only approve delivery of 100 animals	Retain performance commitment made, and carry forward to next quarter	The funds approved by the NDA will be utilized for procuring and placing the 100 additional growers in quarter 3 – a second placement cycle will be held	Not achieved	100% level of confidence target will be achieved by end June 2019

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status Midyear End Qtr2	Expected Outcome at End June 2019
Livestock value chain development	250 animals recruited for artificial insemination stage 2 rollout	The planned insemination was not finalized before end quarter 2 due to delays in recruitment of farmers in quarter 1	The first quarter was spent on conducting pregnancy diagnosis on the cycle 1 animals from prior year, as well as completion of technical skills training of the identified artificial insemination technicians selected from the community in prior period	Retain performance commitment made, and carry forward to next quarter	Insemination has already commenced in January 2019	Not achieved	100% level of confidence target will be achieved by end June 2019
	35000 animals vaccinated in vaccination programmeq	28000 animals were vaccinated for cycle 1 by end December 2018	The programme commenced later than expected by a month, due to late signing of SLA with CHDM and late transfer of first tranche	Retain performance commitment made, and carry forward to next quarter	The vaccination sites not covered will make up the difference by end January 2019	Part achieved	100% level of confidence target will be achieved by end June 2019

Goal 3: To Facilitate Investment Promotion and SMME Development

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status Midyear End Qtr2	Expected Outcome at End June 2019
Investment Promotion	Komani Ind Park Phase 1B	PSC did not take place, and construction not commenced	The SLA was signed at the end of July 2018, and the DTI had not appointed a contractor to commence approved works on site	<p>Retain performance commitment made, and carry forward to quarter 2</p> <p>The target to be removed in the APP midyear adjustment as high risk of non-performance due to 100% reliance on third party</p>	Follow up with the DTI on the appointment of contractor, and CHDA to co-ordinate sitting of first stakeholder engagement / PSC event	Not Achieved	Possibility of non-achievement as target depends on third party availability and input

Goal 4: To Facilitate Development of Sector Specific Scarce Skills

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status Midyear End Qtr2	Expected Outcome at End June 2019
Multi-targetted skills development initiatives	Cathseta Bursary	4/5 approved students active on the bursary fund	The 5 th candidate was identified but declined by the SETA as requirements not met. The 4 active students on the bursary fund ended up securing NSFAS grants to settle fees due to non-payment by the Cathseta	The target to be removed in the mid-year revision, as will not be met by end June 2019	CHDA plans to make a new application in the next application window for 2019-20	Not achieved	100% level of confidence target will be not be achieved
	Cathseta Learnership	15 learners not participating in Cathseta learnership programme	6/15 applicants submitted by CHDA were declined by the SETA, affecting the learnership number, and Cathseta cancelled the learnership programme	The target to be removed in the mid-year revision, as will not be met by end June 2019.	CHDA plans to make a new application in the next application window for 2019-20	Not achieved	100% level of confidence target will be not be achieved

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status Midyear End Qtr2	Expected Outcome at End June 2019
Multi-targetted skills development initiatives	Career seminars	2 planned career seminars held by end of second quarter	The teacher seminar was not held as planned in the first quarter due to scheduling issues affecting teacher availability, and the learner seminar planned clashed with matric examinations	Retain performance commitment made, and carry forward to next quarter The APP will be adjusted in midyear adjustment and the 2 planned teacher seminars to be removed, with focus on learner seminars only going forward	Alternate dates to be secured to ensure 3 outstanding learner seminars are held before end of the year. Seminars to be revised to focus on grades 10-12, so that adequate numbers remain available always for event to proceed	Not achieved	100% level of confidence target will be achieved by end June 2019
	Artisans	8 artisans emerging from trade testing programme	2 candidates pulled out in quarter 2, resulting in 6 active enrollments	Retain performance commitment made, and carry forward to next quarter The APP to be adjusted in midyear adjustment to focus on 6 artisans certified	None possible as 2 new recruits will not make end June for preparations, testing and certification processes	Part achieved	100% level of confidence target will be achieved by end June 2019

Goal 5: To Develop Strong Stakeholder and Community Partnerships

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status Midyear End Qtr2	Expected Outcome at End June 2019
External communications	PR plan	1 PR activity not finalized by end of quarter 2	The newsletter for quarter 2 was not finalized due to early closing on 14 December 2018	Retain performance commitment made, and carry forward to next quarter	The newsletter to be developed and send out before end January 2019	Part achieved	100% level of confidence target will be achieved by end June 2019
	Annual report	Annual report not printed by end of quarter 2	The APP activities did not consider the tabling of annual report / final approval by council in January 2019	Retain performance commitment made, and carry forward to next quarter	The annual report was finalized, and to be sent for printing once approved at council on 20 January 2019	Not achieved	100% level of confidence target will be achieved by end June 2019

5. Concluding Remarks

The detailed performance information for period starting 1 July 2018 up to the end of December 2018 is annexed to this report

ANNEXURE A: Quarter 1_Performance Report_2018-2019_AnnexureA_IA Updated _ Final Midyear

