**MANAGEMENT REPORT**

**ON**

**QUARTER 2 and MIDYEAR**

**PERFORMANCE ASSESSMENT**

**ON**

**APPROVED ANNUAL PERFORMANCE PLAN**

**2017-18**

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**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 September 2017, is as follows:



***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%** | **Budgetted** |
| **Operational Expenditure** | **20 119 856** | **11 815 683** | **59%** | **45 896 922** |
| *Programmes* |  *884 805* |  *153 460* | *17%* | **Received** |
| *General Expenses* | *5 924 298* | *3 152 917* | *53%* | **12 928 986** |
| *Repairs and Maintenance* |  *72 660* |  *9 931* | *14%* | **% Received Funds to Budgetted**  |
| *Asset Finance Reserve* | *1 992 976* | *1 858 928* | *93%* | **28%** |
| *Employee Related Costs* | *11 245 117* | *6 640 447* | *59%* |
| **Total Expenditure** |  **45 887 856**  |  **15 686 219**  | **34%** |

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



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 die 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:**



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



**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.



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.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **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\_2.1Funding 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 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programme** | **Performance Area** | **Status at Midyear** | **Reason for Non-achievement** | **Remedial Action** | **Expected Outcome at 30 June 2018** |
| **Irrigation Schemes** | 11\_2.2Eskom 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\_2.5Placement 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\_2.6100% 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\_2.71500ha 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\_2.83ha 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 – 2.12Offtakes | 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 |
| **Programme** | **Performance Area** | **Status at Midyear** | **Reason for Non-achievement** | **Remedial Action** | **Expected Outcome at 30 June 2018** |
| **Investment promotion** | 19\_3.2Electrical 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\_3.3Investor 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\_3.450 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\_4.88 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:



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**