

MANAGEMENT REPORT
ON
ANNUAL PERFORMANCE ASSESSMENT
ON
APPROVED ANNUAL PERFORMANCE PLAN
2017-18



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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 2017-18, 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) ***To develop a proficient and viable organization***
- 2) ***To develop viable and sustainable rural economies***
- 3) ***To facilitate investment promotion and SMME development***
- 4) ***To facilitate development of sector – specific scarce skills***
- 5) ***To develop strong stakeholder and community engagement for increased public accountability***

The annual performance report will provide an assessment of the agency's performance in the period starting 1 July 2017 to 30 June 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 2018.

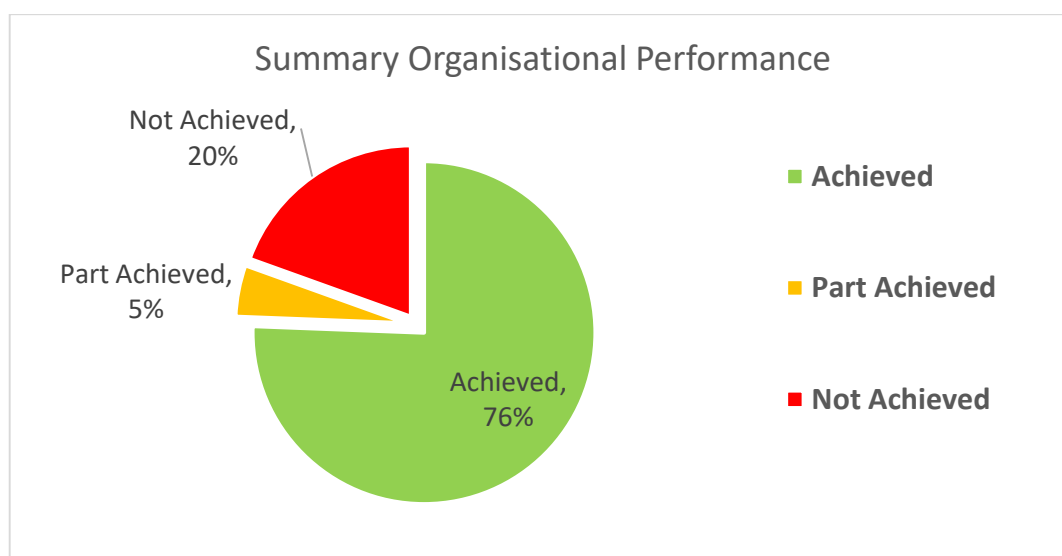
2. Summary Organizational Performance – Annual for 2017-18:

The agency's assessed performance for the period 1 July 2017 to 30 June 2018, is as follows:

Achieved: 76% (100% or greater completion of planned outputs due by end June 2018)

Partially achieved: 5% (76 – 99% completion of planned outputs due by end June 2018)

Not achieved: 20% (75% or less completion of planned outputs due by end June 2018)



The chart above indicates the status of key output deliverables at 30 June 2018. A detailed look at these figures is explained below:

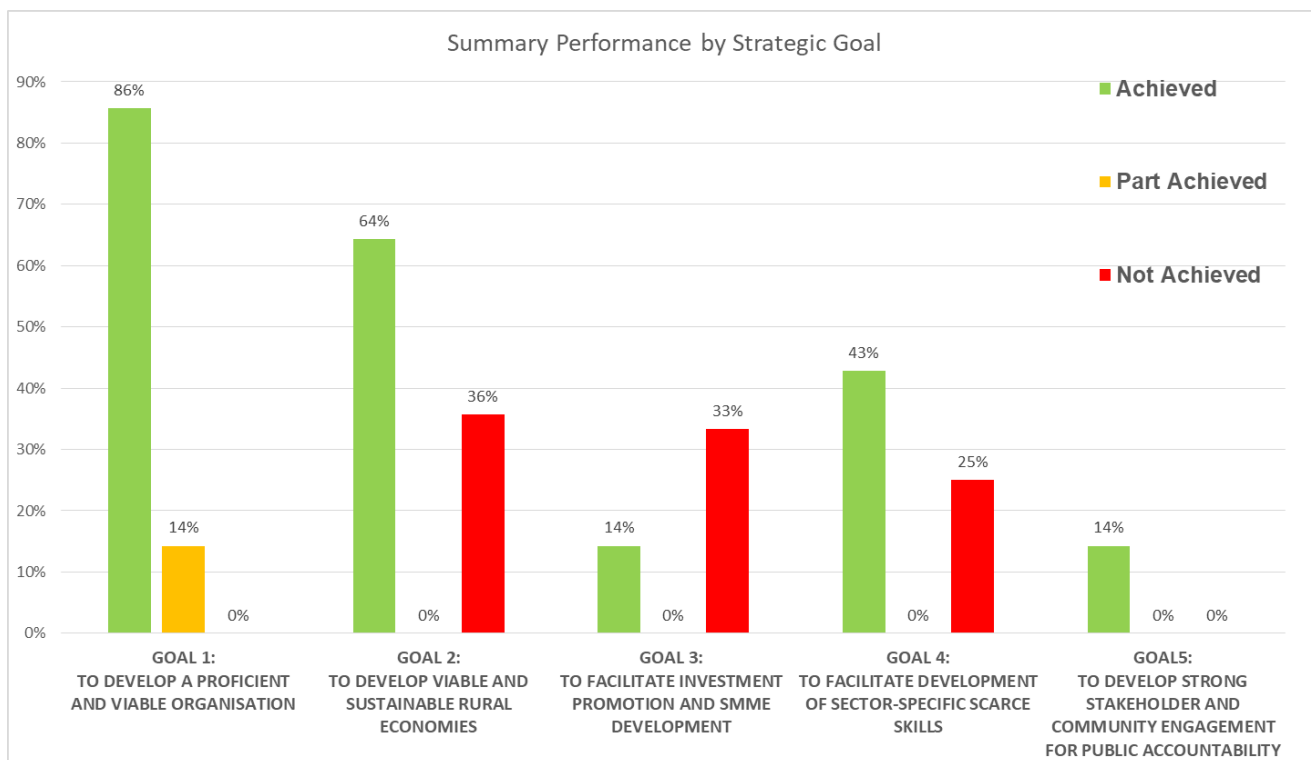
- There were a total of 41 deliverables due by end June 2018, of which:
 - A total of 31 deliverables of the 41 (76%) identified for the year have been achieved in full or in excess of the planned target (100% or greater). Of these 31, a total of 11 (27%) targets were exceeded from the annual set target
 - A total of 2 deliverables of the 41 (5%) identified for the year have been partially achieved to within 76-90% of the annual target, and
 - A total of 8 deliverables of the 41 (20%) identified for the year have been not achieved, as they have fallen within 0-75% of the annual target.

In compiling the performance figures, the organizational performance was reviewed against the 5 individual strategic goal performance areas. The performance achievement by goal can be summarized as follows:

Strategic Goal	Achieved
To develop a proficient and viable organization	86%
To develop viable and sustainable rural economies	64%
To facilitate investment promotion and SMME development	67%
To facilitate development of sector – specific scarce skills	75%
To develop strong stakeholder and community engagement for increased public accountability	100%

The detail above has been summarized below:

Strategic Goal	Targets 2017-2018	Achieved 100% or >	Part Achieved 77% - 99%	Not Achieved 75% or <
GOAL 1: TO DEVELOP A PROFICIENT AND VIABLE ORGANISATION	14	12	2	0
GOAL 2: TO DEVELOP VIABLE AND SUSTAINABLE RURAL ECONOMIES	14	9	0	5
GOAL 3: TO FACILITATE INVESTMENT PROMOTION AND SMME DEVELOPMENT	3	2	0	1
GOAL 4: TO FACILITATE DEVELOPMENT OF SECTOR-SPECIFIC SCARCE SKILLS	8	6	0	2
GOAL5: TO DEVELOP STRONG STAKEHOLDER AND COMMUNITY ENGAGEMENT FOR PUBLIC ACCOUNTABILITY	2	2	0	0
Total:	41	31	2	8
	100%	76%	5%	20%



These performance figures were achieved with the agency utilizing 79% of its overall budget, as follows:

2017-2018	Budgeted	Year to date Movement	Available Budget	% Spent	Funds Budgetted:
Project Expenditure	32,618,326	18,320,605	14,297,721	56%	55,034,056
Operational Expenditure	22,415,730	22,478,657	-62,927	100%	Funds Received (incl. Rollovers):
<i>Programmes</i>	<i>286,305</i>	<i>165,550</i>	<i>120,755</i>	<i>58%</i>	38,751,739
<i>General Expenses</i>	<i>7,026,864</i>	<i>7,207,610</i>	<i>-180,747</i>	<i>103%</i>	
<i>Repairs and Maintainance</i>	<i>47,862</i>	<i>47,391</i>	<i>471</i>	<i>99%</i>	
<i>Asset Finance</i>	<i>2,034,952</i>	<i>2,034,952</i>	<i>-</i>	<i>100%</i>	
<i>Employee Related</i>	<i>13,019,748</i>	<i>13,023,153</i>	<i>-3,405</i>	<i>100%</i>	
Total Expenditure	55,034,056	40,799,262	14,234,794	74%	70%

However, it is worth noting that one of the key challenges for the year resulting in some non-performance was the access to only 70% of budgeted – for funds, with the rest not being received from external funders, and a small portion outstanding at year-end for the annual operational grant allocation with the parent municipality. This is indicative in the total programming expenditure being at 70, resulting in the reported 76% performance of predetermined objectives for the year (some targets were at nil-budget).

The next part of the report will indicate in detail areas of key achievement, and areas of non-achievement for 2017-18, within each of the programmes' key areas of focus.

3. Summary on Key Successes – Annual for 2017-18:

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 year have been summarized below:

Goal 1: To Develop a Viable and Proficient Organisation:

Objectives	Focus Area	Actual Deliverables / Successes Realised
Governance Structures	Strategic Planning	☺ Improvement in the annual strategic planning processes, with the annual strategic review being held with good attendance and inputs from key stakeholders, LM's and the parent municipality
Corporate Finance, SCM and Compliance	Audit Outcomes and Annual Reporting	☺ Unqualified audit opinion realized for 2017 in management and audit report issued by AG in November 2017 ☺ The agency improved turnaround timeframes in development and approval of annual report. The annual report was submitted to the parent municipality by 30 September 2017, and approved at the AGM held mid-December 2017
ICT Governance	ICT Steering Committee and ICT Strategy	☺ The ICT steering committee was established and functional during the year ☺ ICT strategy developed for the first time, and 96% of action items completed against annual planned target of 80%. This is due to improved management over ICT
Fundraising	Funding strategy for own revenue to supplement operational grant	☺ An organizational funding strategy was developed to assist with sourcing of external project funds. The strategy includes an own – revenue generation from the agency function, which can be utilized in the CHDA earning own revenue as a supplement to the operational grant
Own Revenue Generation	Agency Function Activities	☺ The contract with ECDRDAR was renewed for 2017-18 irrigation schemes support ☺ The DEA waste recycling project business plan was finally approved for implementation in November 2017
Risk Management	Risk Assessment, Reporting< organizational Policies and Operating Procedures	☺ The agency conducted its annual risk assessment workshop in the first quarter, and developed a risk action plan to address identified risks. A total of 71% of the risk action plan was addressed by the end of June 2018 ☺ The agency reviewed 100% of its policies and formalized its policies through the publication of a Policy Handbook. Also, alls policies were expanded into 3 SOP manuals covering Finance, SCM and HR and Other Admin Processes and Procedures
Performance Management	Improvement in Agency Performance	☺ The agency attained a 62% performance rate for 2016-17, and this was improved to 76% in 2017-18,
Strategic HRM	HRM Strategy	☺ The agency developed a HR strategy for the first time in 2017-18. 90% of the plan was implemented, which exceeded the set target of 80%

Goal 2: To Develop Viable and Sustainable Rural Economies

Objectives	Focus Area	Actual Deliverables / Successes Realised
Resuscitation of Irrigation Schemes	Partnerships and Synergies	<ul style="list-style-type: none"> ☺ The agency has developed a comprehensive community engagement model for the work to be done in the irrigation schemes to guide the way forward in how the agency interacts with partners and communities. This strategy was presented to CHDM and local municipalities, and approved for implementation ☺ The agency also secured 2 partnership arrangements with the Humansdorp Koop, to assist with infrastructure improvements and production at the irrigation schemes in Qamata
	Fundraising	<ul style="list-style-type: none"> ☺ The CHDA submitted 3 funding applications for operationalisation of the Bilatye piggery. 2 of the 3 applications were approved by end June 2018, allowing for implementation to commence in 2018-19 ☺ The agency also submitted 2 funding applications for the planned winery / cellar at Shiloh, but no approvals had been received by end June 2018
	Infrastructure Improvements	<ul style="list-style-type: none"> ☺ The agency finalized work on the electrical upgrade to the Qamata center, which has been pending since 2015-16. Eskom finalized the transformer installation, which allowed for an independent electrical contractor to finalise the connection to the center
Development of Agricultural Value Chains	Development of Livestock Value Chain	<ul style="list-style-type: none"> ☺ The farmer verification and approval processes were finalized for the beef linkages project, with a total of 16 farmers from Sakhisizwe being approved by the Jobs Fund for placement of livestock ☺ A total of 251 animals were inseminated in an artificial insemination project to help Elliot farmers improve their livestock breeds, with a success rate of 67% confirmed pregnancies by end June 2018
	Development of Crop Production Value Chain	<ul style="list-style-type: none"> ☺ The CHDA entered into an agreement with Emalahleni LM to facilitate planting of 200ha of sorghum. A total of 392 hectares were confirmed as planted by end June 2018
	Development of Fruit Cluster Value Chain	<ul style="list-style-type: none"> ☺ The agency continued support of the 30ha pilot of pomegranate in Mitford. A successful harvest was done in the last quarter

		<p>☺ The agency continued its technical support to the Qwathi-Tolo farms in Gubenxa towards a successful apple / pear pilot in a partnership with Distell, Stargro and Qwathi-Tolo farms</p>
Market Linkages	Offtakes	<p>☺ The Berlin Beef / Jobs Fund project helped realize a total of R2.4 million in revenue for participating Elliot farmers selected to participate in the beef linkages programme. This revenue was realized from successful placement and buy-back of livestock with 10/16 approved farmers</p>

Goal 3: To Facilitate Investment Promotion and SMME Development

Objectives	Focus Area	Actual Deliverables / Successes Realised
Investment Promotion	Fundraising	☺ The agency has successfully submitted an application to the DTI for the cluster development initiative at Komani Industrial Park. A total approval of R 45 million was granted to support improvement of the industrial park to support investment into the CHD
	Job Creation	☺ The agency exceeded the targetted number of new jobs, work opportunities or those that were retained from prior years. A total of 326 new jobs were created in the DEA waste buy-back project by end June 2018, and the remaining 42 jobs retained from prior year(s)

Goal 4: To Facilitate Development of Sector Specific Scarce Skills

Objectives	Focus Area	Actual Deliverables / Successes Realised
Development of Sector – Specific Scarce Skills	Fundraising	☺ The agency submitted 3 applications for skills development programmes with the MerSeta, HWSeta and Agriseta. A
	Bursary Fund Assistance	☺ The agency has continued to deliver on the implementation of the CHDM Mayor’s bursary fund in 2017-18. A total of 21 students were supported during the year ☺ An additional R 900 000 in bursaries from CETA for engineering studies was secured and disbursed in support of 11 students participating in formal engineering studies
	Career Expos / Seminars	☺ The agency delivered on its target of hosting 6 career seminars during the year.
	Skills Programmes	☺ The CETA programmes applied for in 2013-14 were finally given the go-ahead for implementation 2016-17, and a total of 44 learners and 15 interns were active on the learnership and internship programmes respectively ☺ The MICT learnership in a partnership between the agency, Silulo Technologies and the MICT Seta, came to an end in July 2017, but graduations were confirmed for 49/50 students in a ceremony held in November 2017

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

Objectives	Focus Area	Actual Deliverables / Successes Realised
Stakeholder Engagement	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
Corporate Communications	PR and Communications Strategy	☺ The agency achieved in its targeted performance on implementing on its PR and communications plan for the year. The desired performance was achieved, despite budget constraints

4. Summary on Areas of Non-Performance – Annual for 2017-18:

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 new financial year

Goal 1: To Develop a Viable and Proficient Organisation:

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status 30 June 2018	Expected Outcome at 30 June 2019
Governance Structures	Board and sub-committees	The annual board and sub-committee performance reviews were not conducted	The board and sub-committees comprise of new members, and the company secretariat is also new. It was felt best that reviews be conducted after all the planned sittings / events for 2017-18	Retain performance commitment made, and carry forward to APP 2018-19	The company secretariat to conduct the assessments in the first quarter of 2018-19	Part Achieved	High level of confidence target will be achieved
Risk management	Internal audit	Audit action plan	Budgetary constraints due to ad-hoc assignments commissioned during the year resulted in final assignment not being completed (follow-up). An attempt was done to have an adjustment of the IA plan approved by the ARE, but this was not approved	Retain performance commitment made, and carry forward to APP 2018-19	Item at next meeting 08/2017	Part Achieved	High level of confidence target will be achieved

Goal 2: To Develop Viable and Sustainable Rural Economies

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status 30 June 2018	Expected Outcome at 30 June 2019
Livestock value chain development	Farmer livestock placements	16 farmers were approved for the beef linkages programme, but only 10/16 farmers were placed with livestock	The Jobs Fund transferred funding late in the season to the implementing agent, and as a result, the remaining farmers to be placed with livestock in the next placement cycle (spring 2018)	Retain performance commitment made, and carry forward to APP 2018-19	Contracts have been signed, and deliveries confirmed	Part Achieved	100% level of confidence target will be achieved
	Ikhephu office structure	100% completion rate of structure could not be confirmed	An unqualified builder was appointed by the beneficiaries in 2016-17, and sub-standard materials used, resulting in an unstable structure that cannot be completed. The structure was not completed in 2017-18	Retain performance commitment made, and carry forward to APP 2017-18	A qualified contractor will be appointed to ensure quality work is done to complete the structure.	Structural engineer has been appointed to ensure unstable structure is re-enforced, and will supervise the appointment of contractor, as well as contractor output	100% level of confidence target will be achieved

Goal 3: To Facilitate Investment Promotion and SMME Development

Objective	Project	Area of Non-Performance	Reason	Action	Detailed Counter - Measures	Status 30 June 2018	Expected Outcome at 30 June 2019
Investment Promotion	Investor Event to market CHD as Preferred Investment Destination	Planned event did not take place	The initial date was set to promote the Elitheni Coal Mine initiative as part of the events around the annual strategic planning event, but date changes resulted in the event not being held as key stakeholders no longer available	Retain performance commitment made, and carry forward to APP 2018-19	Follow up with the CHDM and Emalahleni LM on the re-scheduling date for the investor event, or identify new investment event to host	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 30 June 2018	Expected Outcome at 30 June 2019
Multi-targetted skills development initiatives	CETA Bursary	11 students were active on the bursary by end June 2018	The target is for 15 active students, and the 4 were part of programme at the start of the year, but were removed by CETA due to poor performance	The target to be reduced to 11 in 2018-19, and kept on the APP. This is due to CETA not approving the recruitment of new students halfway through the programme / funding cycle	Maintain the 11 currently on the programme	Not Achieved	100% level of confidence target will be achieved
	Technical Skills Accreditation / Artisans	8 registered artisans were not produced by end June 2018	The CETA amended its selection criteria after applications had been submitted, resulting in learners identified not meeting the new regulations for enrollment. Enrollments were only confirmed in June 2018, for artisan certification by December 2018	Retain performance commitment made, and carry forward to APP 2018-19	CETA applications have been approved for 7 learners and 1 additional learner identified. A training center has confirmed acceptance of the 7. To follow up on acceptance of the 1 learner, and ensure examinations are attended by the learners	Not Achieved	100% level of confidence target will be achieved

5. Concluding Remarks

The key areas of non-performance up to the end of June 2018 are due to areas within the CHDA's area of control, and outside of its control:

Non-Performance Issues Within Agency's Area of Direct Control	
1) Improvement in own fund-raising for programmes	Agency to consider: <ul style="list-style-type: none"> - Building internal skills associated with programme conceptualization, feasibility analysis, business planning and funding applications to help reduce reliance on handed-over projects, and non-receipt of promised funds. This will create project autonomy, and alternative sources of programme implementation funds
2) Investment in skills and capacity of implementing resources	Agency to invest more in: <ul style="list-style-type: none"> - Attracting and recruiting the right candidates with the right set of skills, which are needed for building distinct competencies and build organizational strengths - Training and development for implementation staff, to ensure that those who drive programmes are well-equipped with technical, financial and project-management capabilities
3) Improvement in monitoring processes	Agency to consider: <ul style="list-style-type: none"> - Allocating the responsibility of a strategic manager / performance officer or senior operations to a single individual on a full-time basis to ensure that programme and performance planning, monitoring and management of programme risks is managed daily and prioritized, so performance can be championed within the agency - Design improved methods of reporting by project implementers, linked to pre-approved key performance indicators on programmes. This function has to be driven and monitored by a key resource in the agency, so all reporting is not only reactive, but linked to solutions and counter-measures, and monitoring of high – importance / high – impact areas that could result in poor performance - Investment in advanced monitoring and evaluation training for those involved in project implementation

	<ul style="list-style-type: none"> - Investment in a monitoring and evaluation baseline study to identify benchmarks for performance planning, and performance review. This will help motivate a business case for the agency, and highlight key achievements
4) Improvement in partner selection and evaluation	<p>Agency needs to:</p> <ul style="list-style-type: none"> - Create a formal method of selecting partners for development projects, so as to enter in meaningful MOU's and SLA's, given CHDA's disappointments from third parties in the past. - All partnerships must be based on distinctive competencies the agency does not have access to, so all partnerships are mutually beneficial, and reduce the likelihood of non-performance on both parties - A formal method of vetting partners, and monitoring their performance under the terms of the MOU are necessary, so un-beneficial partnerships are cancelled timeously to mitigate associate strategic risk from non-performance
5) Better coordination and planning with CHDM and LM's	<p>Agency needs to:</p> <ul style="list-style-type: none"> - Find suitable means of engaging with the parent municipality and local municipalities to better package development solutions and harness shared budgets. This would position the CHDA as an ally, rather than a competitor, and make working partnerships more feasible for all parties

Non-Performance Issues Outside of Agency's Area of Direct Control

1) Default on MOU terms by third parties, or non-performance by technical partners
2) Non-receipt of approved funding for programme implementation
3) Handover of projects by the parent municipality which may be difficult to fully have control and power over anticipated outcomes
4) Social issues in communities, which affect how well the agency is able to fulfil its mandate in these areas

A detailed performance report for the year is attached as

ANNEXURE A: Annual Performance - Detailed Summary _2017-201

