



Chris Hani Development Agency (SOC) Limited

(Registration number 2012/033437/30)

ADJUSTED ANNUAL PERFORMANCE REPORT

(Against Predetermined Objectives)

for the period

2018-2019

Chris Hani Development Agency (SOC) Limited
(Registration number 2012/033437/30)
Annual Performance Report for the year ended 30 June 2019
Directors' Responsibilities and Approval

31 August 2019

The directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate performance records and are responsible for the content and integrity of the annual performance report (APR) and related supporting portfolio of evidence (POE) towards realised pre-determined objectives.

Therefore:

- It is the responsibility of the directors to ensure that the annual performance report fairly represents the performance against predetermined objectives of the entity as at the end of the financial year
- The directors acknowledge that they are ultimately responsible for the system of internal control and reporting established by the entity and place considerable importance on maintaining a strong control environment that supports the realisation of predetermined objectives, and supports adequate, accurate and reliable reporting on predetermined objectives
- The directors have reviewed the entity's annual performance report (APR) for the year starting 1 July 2018 to 30 June 2019 and, in the light of this review, approve the submission of the attached report, with the additional submission of the approved supporting portfolio of evidence (POE) as a means of verification of reported achievements for the period
- The annual performance report information has been set out on the following pages, and was approved by the directors in a meeting held on the 30 August 2019 and were thus signed on their behalf by:

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Mr. Zolile Duze

Chief Executive Officer (Acting)

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Ms. Nokulunga Skeyi

Chairperson of the Board

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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 objectives, or programmes are:

- 1) ***To develop a viable and proficient 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 public accountability***

The annual performance report will provide an assessment of the agency's performance in the period starting 1 July 2018 to 30 June 2019, against these identified strategic programmes, and reflect in depth on areas of non-performance.

2. Summary Organizational Performance – Annual for 2018-2019:

The agency's final adjusted assessed performance for the period 1 July 2018 to 30 June 2019, is as follows:

Achieved: 70.00% (100% or greater completion of planned outputs due by end June 2019)

Partially achieved: 14.00% (76 – 99% completion of planned outputs due by end June 2019)

Not achieved: 16.00% (less than 75% completion of planned outputs due by end June 2019)

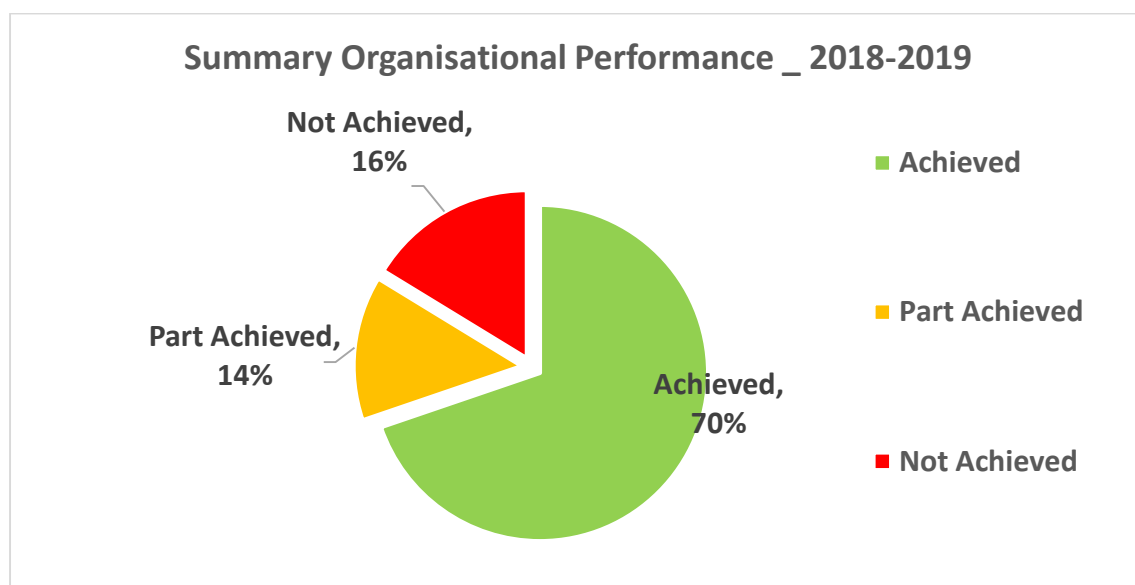


Figure 1 _ Adjusted Organisational Performance Summary _ 2018-2019

The chart above indicates the status of key output deliverables at 30 June 2019. A detailed look at these figures is explained below:

- A total of 30 deliverables of the 43 (70%) identified for the year have been achieved to within 100% or above of the annual target. **Of the number of targets achieved, a total of 11 of the 30 (37%) have been achieved above the required performance metric (achieved above target).**
- A total of 6 deliverables of the 43 (14%) identified for the year have been partially achieved to within 76-99% of the annual target, and
- A total of 7 deliverables of the 43 (16%) identified for the year have been not achieved, as they have fallen within 0-75% of the annual target.

The adjusted Annual Performance Report for 2018-19 has shown a decline in overall performance, from initially reported 72% overall, to 70% overall performance target achievement. This is met with a corresponding increase in Not Achieved targets, which were initially reported at 14%, having now increased to 16%.

This was due to 1 target having been re-classified from “Achieved” to “Not Achieved”, in response to findings by the Auditor General

In compiling the performance figures, the organizational performance was reviewed against the individual performance by programme, across each of the 5 key programmes in 2018-2019.

The performance by programme can be summarized as follows:

- 1) ***To develop a viable and proficient 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 public accountability***

YTD Summary Organisational Performance _ 2018-19							
Strategic Programme	Targets for the year	Targets Due by end year	Achieved	Part Achieved	Not Achieved	Achieved Above Target	%
	2018-2019		100% or >	76% - 99%	75% or <		
PROG_1: TO DEVELOP A PROFICIENT AND VIABLE ORGANISATION	15	15	10	3	2	4	40%
PROG_2: TO DEVELOP VIABLE AND SUSTAINABLE RURAL ECONOMIES	8	8	6	2	0	2	33%
PROG_3: TO FACILITATE INVESTMENT PROMOTION AND SMME DEVELOPMENT	4	4	1	0	3	1	100%
PROG_4: TO FACILITATE DEVELOPMENT OF SECTOR-SPECIFIC SCARCE SKILLS	6	6	4	0	2	1	25%
TO DEVELOP STRONG STAKEHOLDER AND COMMUNITY ENGAGEMENT FOR PUBLIC ACCOUNTABILITY	10	10	9	1	0	3	33%
Total:	43	43	30	6	7	11	37%
	100%		70%	14%	16%		

Figure 2 _ Detailed Organisation Performance by Strategic Programme _ 2018-2019

The detail above has been summarized below:

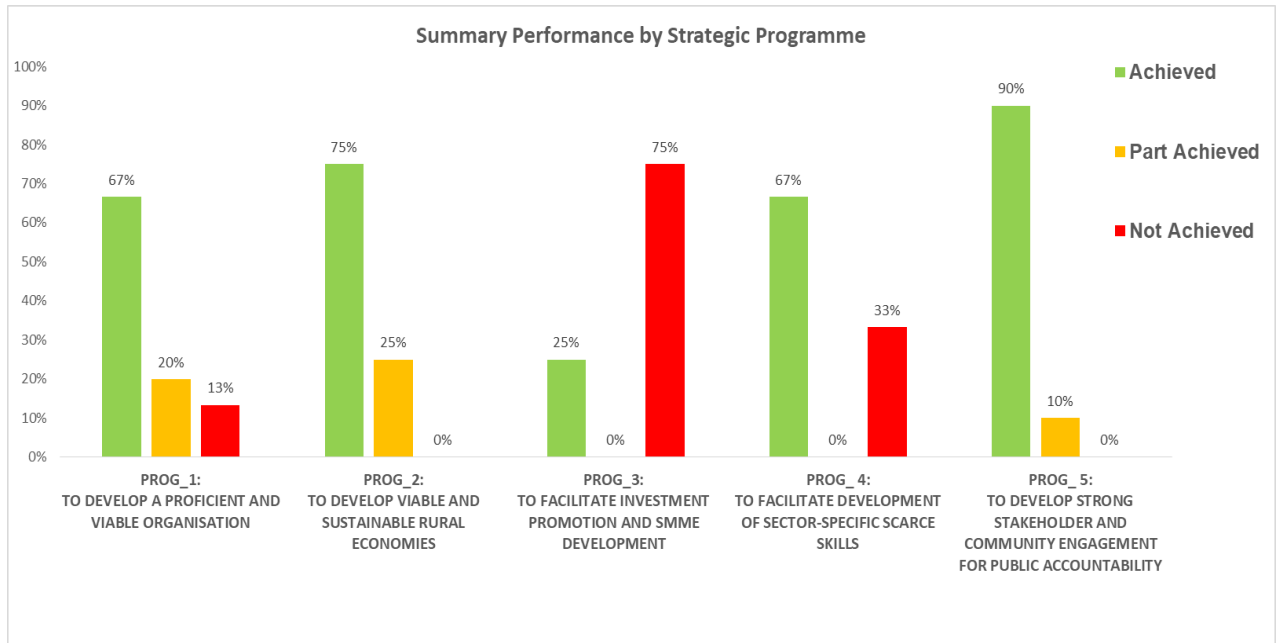


Figure 3 _ Comparative Organisation Performance by Strategic Programme _ 2018-2019

These performance figures were achieved with the agency utilizing 84% of its overall budget, as follows:

Source	Budgeted	Year to date Movement	Available Budget	% Spent	Funds Received
Project Expenditure	44,660,904	33,170,017	11,490,886	74%	Budgeted
Operational Expenditure	23,226,114	23,659,076	-432,962	102%	R 67,522,224.00
<i>Programmes</i>	<i>654,000</i>	<i>594,738</i>	<i>59,262</i>	<i>91%</i>	Received
<i>General Expenses</i>	<i>8,644,915</i>	<i>9,373,178</i>	<i>-728,263</i>	<i>108%</i>	49,434,741.35
<i>Repairs and Maintenance</i>	<i>48,817</i>	<i>48,021</i>	<i>796</i>	<i>98%</i>	% Received Funds to Budget
<i>Asset Finance Reserve</i>	<i>130,000</i>	<i>103,225</i>	<i>26,775</i>	<i>79%</i>	
<i>Employee Related Costs</i>	<i>13,748,382</i>	<i>13,539,914</i>	<i>208,468</i>	<i>98%</i>	
Total Expenditure	67,887,018	56,829,094	11,057,924	84%	73%

Figure 4 _ Summary Financial Information _ 2018-2019

However, it is worth noting that one of the key challenges for the year remains the non-receipt or late receipt of external funds, in which case, 2018-2019 saw the agency receiving only 73% of its expected budget from third parties. A key enabler was the utilization of unspent grants / rollover funds from prior year.

The next part of the report will indicate in detail areas of key achievement, and areas of non-achievement for 2018-2019, within each of the programmes' key areas of focus.

3. Summary on Key Successes – Annual for 2018-2019:

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:

PROG 1: TO DEVELOP A PROFICIENT AND VIABLE ORGANISATION		
Sub-Programme	Objective	Actual Deliverables / Successes Realised
Corporate Governance	Governance and Oversight Structures	☺ The CHDA board and sub-committees were effective during the year in carrying out their duties
	Strategy and Business Planning	☺ The agency identified a CSI initiative to support. This initiative talked to the agency identifying and providing financial support to the Seating Factory in Ezibeleni, to assist the co-operative access working capital to enable manufacturing of school furniture ☺ 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	☺ The agency has improved its ability to get ready for the AG, and submitted its AFS and APR in time yet again. A clean audit outcome was realized for 2017-2018
Financial Viability	Own Revenue Generation	☺ 3 new agency function contracts were signed during the year, with CHDA being the chosen implementer for ECDRDAR, CHDM and the IDC on various development initiatives
	Fundraising to Support Development Programmes	☺ The agency improved significantly in its focus on fundraising in 2018-2019. Of a total target of 6 new funding applications being developed and submitted to third parties, the agency was able to submit 11 funding applications for various development programmes
Risk Management	Risk Management and Identification	☺ The annual risk assessment was conducted and risk-based audit plan developed ☺ The agency audit plan was implemented in full, with the scheduled annual follow up to be reported on in the quarter of the following period, and management has developed an internal process of assessing risk, and monitoring of identified risk action plans/ countermeasures ☺ The agency was able to conduct its annual policy review

PROG 2:TO DEVELOP VIABLE AND SUSTAINABLE RURAL ECONOMIES		
Sub-Programme	Objective	Actual Deliverables / Successes Realised
Irrigation Scheme Revitalisation	Operationalisation of Bilatye Piggery	☺ The piggery was finally populated with 200 animals, and a launch event held
Beef Value Chain Development	Beef linkages Placement with Emerging Farmers	☺ The placement of weaners with farmers carried forward from last year was finalized, with 2 additional farmers being placed with animals over and above approved number
	Artificial Insemination to Improve Quality of Beef in Elliot Farmers	☺ The insemination programme was implemented, with 567 animals being inseminated over 250 in previous year. At the end of Qtr4, 310 of inseminated animals were assessed, with a 57% confirmed in-calf / pregnancy diagnostic
	Vaccination Programme to Support Livestock Expansion in Emerging Farmers	☺ A total of 353487 small stock animals were vaccinated in the period starting November 2018 to end June 2019 in a partnership between CHDM, CHDA and Talitha Pharma
Fruit Cluster Development	Technical Support for Fruit Cluster Development Programmes	☺ The CHDA was able to provide ongoing technical support and monitoring to the pomegranate site in Mitford, and the Shiloh vineyard

PROG 3: TO FACILITATE INVESTMENT PROMOTION AND SMME DEVELOPMENT AND JOB CREATION		
Sub-Programme	Objective	Actual Deliverables / Successes Realised
Investment Promotion	Facilitation of Investment-enabling Infrastructure Improvements and Renovations	☺ The agency submitted an application for the industrial park in Komani, which was subsequently approved for R45m, towards upgrades and renovations. In 2018-2019, CHDA was able to coordinate the required stakeholder engagements leading towards implementation on site
Work Opportunity Facilitation and Job Creation	Facilitation of Job and Work Opportunities for CHD Locals	☺ The CHDA was able to recruit up to 369 CHD locals in its various programmes during the year, with the DEA project being the employer of the bulk of the EPWP workers. The rest were retained jobs from prior year in the QMC, Shiloh, pomegranate and ECDRDAR projects

PROG 4:TO FACILITATE DEVELOPMENT OF SECTOR-SPECIFIC SCARCE SKILLS		
Sub-Programme	Objective	Actual Deliverables / Successes Realised
Multi-targetted Skills Development Initiatives	Bursary Assistance	<p>☺ The agency has continued to deliver on the implementation of the CHDM Mayor's bursary fund in 2018-2019. A total of 24 students supported during the year</p> <p>☺ An additional 11 students participated in a CETA bursary programme for engineering studies</p>
	Career Seminar Events	☺ The agency delivered on its target of hosting 6 / 4 planned career seminars during the year , which comprised of learner-targeted events and 2 x educator events
	Learnership and Internship programme Facilitation	☺ The CHDA hosted an internship with the Services SETA, where 25 youth were placed with various employers up to end June 2019

GOAL5:TO DEVELOP STRONG STAKEHOLDER AND COMMUNITY PARTNERSHIP		
Sub-Programme	Objective	Actual Deliverables / Successes Realised
Stakeholder Engagement	Participation in District and Other Stakeholder engagement Platforms	☺ The agency has successfully participated in various district – level planning forums, contributing towards coordinated development planning for the district between key development stakeholders, entities and partners
	Strategic Partnerships	☺ The agency delivered on its target of securing new partnerships and monitoring ongoing partnerships
External Communications and PR	Agency Communications Plan and Annual Report	<p>☺ 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.</p> <p>☺ The annual report was developed and issued on time</p>

4. Summary on Areas of Non-Performance – Annual for 2018-2019:

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

PROG 1: TO DEVELOP A PROFICIENT AND VIABLE ORGANISATION						
Sub-programme	Objective	Area of Non-Performance	Reason	Action Required	Detailed Counter – Measures Going Forward	C/fwd. to 2019-2020
Corporate Governance	Governance and Oversight Structures	ICT steering committee not met required sittings	2 sittings held in line with TOR's, but second sitting without a quorum	Ensure all future sittings convene with the required number Responsible: F Tiso	The agency may need to revise the TOR's and reduce the number in the committee, to comprise of fewer members, making a quorum easier to achieve	Yes
	ICT Governance	Implementation of ICT action plan below planned target	The ICT governance has improved in general, but significant findings were identified in the ICT review by internal audit, relating to network security and patch management protocols, which resulted in only 87% of the plan being implemented, realising only 92% of annual target	Items identified in the ICT vulnerability report have been developed into an action plan, which was already being implemented at the end of June 2019 Responsible: FM Tiso	The items not resolved by end June 2019 have been included in the ICT strategy / action plan for 2019-2020, and will form part of ICT reporting on a quarterly basis	Yes

Sub-programme	Objective	Area of Non-Performance	Reason	Action Required	Detailed Counter – Measures Going Forward	C/fwd. to 2019-2020
Financial Viability	Own Revenue Generation	ECDRDAR and DEA operational plans not fully implemented in line with SLA	Non-alignment of operational plans with SLA and business plans, as well as poor reporting and monitoring on PMU projects	<p>Improve project planning, reporting and monitoring processes</p> <p><u>Responsible:</u></p> <p>FM Tiso</p> <p>ZM Duze</p>	A request for extension on the DEA project has been submitted, with an application to adjust business plan outputs, but awaiting response from the funder	Yes
Performance Management	Organisational and Staff Performance Management	The targeted 75% organizational performance score was not achieved	Areas initially identified as achieved revised to partial or non-achievement by end June 2019	<p>Improve performance monitoring and tracking outside of quarterly performance reporting</p> <p><u>Responsible:</u></p> <p>FM Tiso</p> <p>HOD's</p>		No

Sub-programme	Objective	Area of Non-Performance	Reason	Action Required	Detailed Counter – Measures Going Forward	C/fwd. to 2019-2020
Internal Competencies, Learning and Growth	Strategic HRM	The approved HRM action plan was not fully implemented	<p>The agency closed at above the set vacancy rate of 10%, due to delays in finalizing appointments from resignations, and additional positions in approved organogram.</p> <p>Also, planned staff training and contractual arrangements for employee wellness with parent body not finalized on time</p>	<p>Improve planning, reporting and monitoring processes on approved action plans</p> <p><u>Responsible:</u></p> <p>FM Tiso</p>	<p>The items not resolved by end June 2019 have been included in the HRM strategy / action plan for 2019-2020, and will form part of ICT reporting on a quarterly basis</p> <p>The HRM action plan has become a standing agenda item in the HRR committee per quarter, and will now be included as a standing item in the MANCO meetings to assist in tracking of performance against set operational sub-plans by management staff</p>	Yes

PROG 2:TO DEVELOP VIABLE AND SUSTAINABLE RURAL ECONOMIES						
Sub-programme	Objective	Area of Non-Performance	Reason	Action Required	Detailed Counter – Measures Going Forward	C/fwd. to 2019-2020
Irrigation Scheme Revitalisation	Operationalisation of the QMC	The approved QMC action plan was not fully implemented	Key activities in the operational plan were not finalized due to delays in recruitment of staff, Telkom infrastructure installation and poor reporting	Improve project planning, reporting and monitoring processes <u>Responsible:</u> S Jobela M Mayekiso	The items not resolved by end June 2019 have been included in the QMC operational action plan for 2019-2020	Yes
Fruit Cluster Development	Technical support for fruit cluster development	Required site visits and monitoring not effected in support of project	Site visits and monitoring report not effected on the Gubenxa Valley project in Qtr3	Improve project planning, reporting and monitoring processes <u>Responsible:</u> A Jamari M Mayekiso	A fruit specialist has been approved on the organogram, and all fruit projects will be transferred to them for planning, monitoring and overall control	No

PROG 3: TO FACILITATE INVESTMENT PROMOTION AND SMME DEVELOPMENT AND JOB CREATION						
Sub-programme	Objective	Area of Non-Performance	Reason	Action Required	Detailed Counter – Measures Going Forward	C/fwd. to 2019-2020
Investment Promotion	Promotion of CHD as Preferred Investment Destination	Investor event not held	There was a vacancy in the Special Projects portfolio throughout the third quarter, and all dates set in Qtr4 had to be re-scheduled due to non-availability of key people	Improve event planning and coordination activities, to allow for events to be sufficiently publicized, and ensure availability of key stakeholders in advance Responsible: N Nyukwana	The CHDA has planned an itinerary of events for marketing the CHD in its 2019-2020 APP, to help boost the various sectors identified as economic drivers for the area	Yes
SMME Development	Emerging Enterprise Support	Post-funding support for funded SMME's not effected in line with needs analysis conducted	There was a vacancy in the Special Projects portfolio throughout the third quarter, and no key dedicated person responsible for liasing with funded SMME's	Improve project planning, reporting and monitoring processes Responsible: N Nyukwana	The CHDA has also recruited interns to assist the PM special projects with Investment Promotion and SMME development activities respectively	Yes

PROG 4: TO FACILITATE DEVELOPMENT OF SECTOR-SPECIFIC SCARCE SKILLS						
Sub-programme	Objective	Area of Non-Performance	Reason	Action Required	Detailed Counter – Measures Going Forward	C/fwd. to 2019-2020
Multi - Targeted Skills development Initiatives	Technical Skills Accreditation	Required number of registered artisans not produced	2 of 6 candidates dropped out of programme reducing number of successful candidate to 6. However, of the 6, a total of 4 received certification	Improve selection procedures on beneficiary or participant groups to ensure high success rate in skills programmes Responsible: N Nyukwana	The CHDA has engaged the 2 candidates who failed the test, and is assisting them in getting ready to re-test in 2019-2020	Yes
		The apprenticeship had not commenced by end June and participants not active	The late adoption of the SLA resulted in 30 candidates being recruited onto programme, but programme not active until 15 July 2019	Improve selection procedures on beneficiary or participant groups to ensure high success rate in skills programmes Responsible: N Nyukwana	None possible	Yes

GOAL5:TO DEVELOP STRONG STAKEHOLDER AND COMMUNITY PARTNERSHIP						
Sub-programme	Objective	Area of Non-Performance	Reason	Action Required	Detailed Counter – Measures Going Forward	C/fwd. to 2019-2020
Partnership Management	Development Partnerships and Synergies	The HumKoop Section1b partnership was not reviewed in Qtr3	Poor reporting and oversight on projects	Improve project planning, reporting and monitoring processes <u>Responsible:</u> M Mayekiso	The CHDA must develop project implementation and reporting guidelines, as well as partnership selection and management framework to guide such going forward	Yes

5. Concluding Remarks

The key areas of non-performance up to the end of June 2019 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 help build a solid project pipeline, as well as 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 - 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) Improvement in project Planning, Implementation Management, Reporting and Evaluation Processes	<p>Agency needs to:</p> <ul style="list-style-type: none"> - Develop a standard framework based on approved project management methodologies, such as PMBOK, on which to base project planning, implementation, reporting and monitoring processes
6) 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 irrigation schemes, 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: Detailed Adjusted Annual Performance report _ 2018-201

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