



# Annual Performance Report

2021/2022

OFFICE OF THE CEO

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# 1 PART A: General Information

## 1.1 Public Entity Information

Registered Name	Eastern Cape Rural Development Agency
Physical Address	Infinity Place, 14 St Helena, Beacon Bay
Contact Number	043 103 6300
Email	<a href="mailto:info@ecrda.co.za">info@ecrda.co.za</a>
Website	<a href="http://www.ecrda.co.za">www.ecrda.co.za</a>
External Auditors	AGSA
Bank	FNB and Standard Bank
Company Secretary	Vacant
Title of Publication	ECRDA Annual Report 2021/2022 ISBN ...

## 1.2 Acronyms

List of Abbreviations	Description
AIP	Audit Improvement Plan
AGSA	Auditor-General of South Africa
ARC	Audit, Risk and Compliance
B-BBEE	Broad-Based Black Economic Empowerment
CHIPS	Catalytic High Impact Priority Projects
DRDAR	Department Rural Development and Agrarian Reform
ECRDA	Eastern Cape Rural Development Agency
EIA	Environmental Impact Assessment
ICT	Information Communications Technology
MTEF	Medium Term Expenditure Framework
PFMA	Public Finance Management Act
RED HUB	Rural Enterprise Development Hub
SCM	Supply Chain Management



### 1.3 Foreword by the Chairperson

In the words of Isithwalandwe/Seaparankoe Dr. Nelson Rolihlahla Mandela, “It always seems impossible until it's done.” We place reliance on Madiba’s wisdom, to acknowledge progress made while the road ahead for the ECRDA.

When we took over the reins at the ECRDA, we saw the need to carefully diagnose and identify challenges which proved a hindrance to the organisation’s optimal performance. We therefore embarked on an accelerated process of continuous engagement with key stakeholders in order to ensure that the ECRDA, its employees and key stakeholders are galvanised toward the attainment of a renewed commitment to serve the people of the Eastern Cape with agility, diligence and humility. This necessitated a new organisational culture wherein each employee plays a critical role in the envisaged outcomes of the agency.

From the onset the Board has been aware that critical partnerships would need to be maintained and new strategic partnerships formed as the limited public resources call for increased collaboration between public and private sector. We remain mindful of the fact that the ECRDA has to practise financial prudence and make optimal use of available resources in the face of increasing financial and budgetary constraints that have been compounded by the COVID pandemic. A Board Charter was adopted in May 2020 and this charter guided us in the execution of our functions, governance duties and oversight role.

As a Board we were committed to guide the ECRDA to intensify the work of transforming the economy and creating jobs against a backdrop of low economic growth, rising unemployment, ongoing budget cuts and increasing demand for services.

As part of ECRDA’s renewal and refocused strategic path, the Board saw the need to realign with its mandate and refine its vision and mission for the greater benefit of its stakeholder community. All Board members debated the entity’s strategy, values and supported the development of the new strategy, enabling the Board to set the tone from the top. The Board acknowledged that structure follows strategy and ECRDA employees are the most crucial agents and their abilities and skills must be aligned to the core business of the agency. Consequently, the Board impressed on management the need for the development of human resources to possess the requisite expertise to support government to deliver on its medium-term outputs.

The Board would like to extend its gratitude to the honourable MEC Pieters for the strategic guidance and the shareholder for its continued support. In conclusion we are grateful to the management team and the entire ECRDA staff complement for their resilience in a particularly challenging period. We wish the new Board success in their tenure.

  
Ms. Nomthandazo Mbeti

## 1.4 Chief Executive Officer's Overview

The Eastern Cape Rural Development Agency (ECRDA) has a forward-looking vision to advance the establishment of an inclusive and sustainable rural economy. The ECRDA was established to promote, support and facilitate rural development in the Eastern Cape Province in a sustainable manner.

The ECRDA continues to deliver on its mandate whilst registered as a schedule 3C Public Entity. It is thus not profit-driven but given the current economic environment and constraints within which it operates, a deliberate strategic focus of the entity is to increase sustainability and decrease dependency on the fiscus.

In addition to improved sustainability and cost reduction, ECRDA is focusing on its relevance and value addition offered to its shareholder and majority funder, the Department of Rural Development and Agrarian Reform. As such, projects and initiatives implemented on behalf of the shareholder do not attract management fees. ECRDA's income is derived from the management of its rural finance loan books and rental income. The impact of the COVID-19 epidemic, ongoing droughts, high-risk lending environment and continued decline in the economic growth in the country is reflected in the challenges experienced in optimising loan repayments by clients. ECRDA is reviving its Credit Policy and after-care services to counter these challenges experienced. ECRDA has also embarked on an organisational reconfiguration exercise to optimise the benefits derived from internal skills, augment available skills and address critical vacant positions. This process is currently underway and is anticipated to make a demonstrable impact on rural finance, project management and administration.

The expenditure trends of the ECRDA are closely linked to its operating model and funding reductions invariably result in decreased expenditure. During the year under review, government grant funding decreased by R22m (9%) and revenue from exchange transactions decreased by R4m (26%). The ECRDA managed its available funding to reduce the risk of over-expenditure by year-end focusing on allocating funds to core business and projects, whilst decreasing discretionary operational expenditure as far as possible. These cost containment measures will remain a focus area over the MTEF. Administrative expenditure increased by 9% during the year, whilst staff costs decreased by 2%. Project funding focused on maintaining and strengthening forestry initiatives, the RED Hubs, supporting distressed entities and paving the way for the Eastern Cape Cannabis Initiative.

The ECRDA remained focused on its key activities of rural development facilitation, project management, the provision of rural finance and providing oversight as the 100% shareholder of Magwa Enterprise Tea (Pty) Ltd. The key activities of the ECRDA remained constant during the year, with no discontinued activities being envisaged in the short to medium term.

As a schedule 3C listed Public Entity, the ECRDA is required to surrender unspent funds (after allowing for accruals) to Provincial Treasury at the end of each financial year. This hampers the building up of reserves to reduce government dependency, long-term planning and, to an extent, participation in multi-year projects. The ECRDA has managed its budget and expenditure successfully for the financial year. The rollover request of own funds of R8m is supported by accruals, whilst a further rollover request of Economic Stimulus Funding of R9m was submitted to allow for an infrastructure project in Elundini.

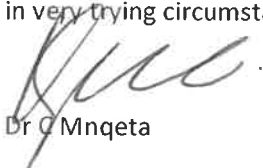
The ECRDA is committed to clean governance and underpinning operations with compliant, transparent, and effective supply chain support. SCM is undergoing an internal transformation to provide strategic support to the ECRDA, which is expected to be highly successful if coupled with improved organisational planning and project management. There are sufficient processes and systems in place to promote compliant procurement practices and allowance is also made for the

appropriate treatment of any deviations and/or non-compliance identified by well-established internal controls. No unsolicited bid proposals were concluded for the year under review.

The ECRDA proudly maintains the accolade of receiving unqualified audit reports since its inception in 2013. Focus areas in the audit improvement plan included the enhancing of ICT governance and general controls, strengthening SCM and reducing irregular expenditure and improving on loan performance through the reduction of loan impairments and bad debt write-offs.

No events have taken place after the reporting date.

I would like to express my appreciation to the shareholder for their continued guidance, the Board for the support and strategic direction provided as well as the management and staff of the ECRDA who in very trying circumstances have pledged their commitment to making rural development a priority.



Dr C Mnqeta

Acting Chief Executive Officer

## 1.5 Submission

For attention: Honourable MEC Nonkqubela Pieters

Member of the Executive Council for the Department of Rural Development and Agrarian Reform. The Board has the honour of submitting the Annual Report of the Eastern Cape Rural Development Agency (ECRDA) for the period of 1 April 2022 to 31 March 2022.

Ms N Mbete

Chairperson of the Board

## 1.6 Statement of Responsibility

Statement of responsibility and confirmation of accuracy for annual report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report are consistent with the Annual Financial Statements audited by the Auditor-General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), standards applicable to the Public Entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.



The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs for the entity for the financial year ended 31 March 2022.

Yours faithfully



Acting Chief Executive Officer

Dr. C Mnqeta



Chairperson of the Board

Ms N Mbete

### 1.7 Strategic Overview

The ECRDA is a Schedule 3C entity in terms of the Public Finance Management Act (PFMA). It was established to promote, support and facilitate rural development in the Eastern Cape Province in a sustainable manner.

**The ECRDA Vision:** Uqoqosho lwamaphadle oluzinzileyo, oluquka uwonke-wonke (An inclusive and sustainable rural economy)

**The ECRDA Mission:** “Connecting abanegelelo to catalyse the prosperity of the rural Eastern Cape”

The ECRDA subscribes to six principles that are described in the table below.

Value/Principle	Description
<b>Transparency</b>	We will be clear and open in our actions and promote inclusive and accountable participation by all stakeholders.
<b>Excellence</b>	We will build a competent, capable organisation best equipped to deliver quality services in all interventions and assignments within our mandate for rural development.
<b>Honesty and Integrity</b>	We will be professional, respectful, fair and consistent in our dealings and deliver decisions focused on ethical outcomes.
<b>Innovation</b>	We will be creative and push the boundaries of technology to be relevant and responsive to the development needs of rural communities.



<b>Value/Principle</b>	<b>Description</b>
<b>Commitment to empowerment</b>	We will prioritize the upliftment of communities we serve, as well as the capacitation of staff and connected development agents to drive excellence.
<b>Ubuntu</b>	We will demonstrate our commitment to shared humanity and solidarity in the pursuit of common goals for development.

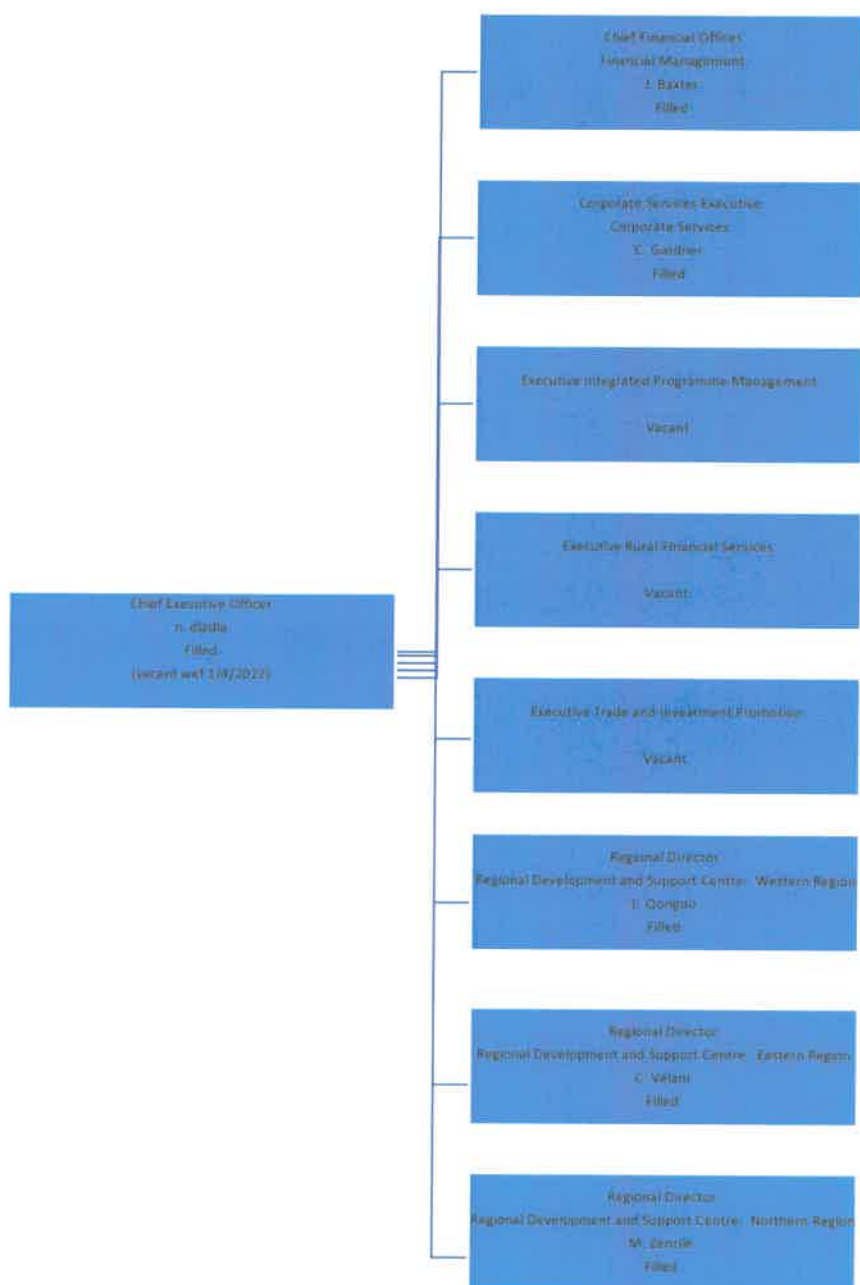
## 1.8 Legislative and Other Mandates

The ECRDA is impacted upon by legislation with which there has to be alignment, compliance and consistency. These include, but are not limited to, the following:

- Eastern Cape Rural Finance Corporation Act No 9 of 1999
- Eastern Cape Rural Finance Corporation Amendment Act, 2012
- Basic Conditions of Employment Act No 75 of 1997
- Employment Equity Act No 55 of 1998
- Occupational Health and Safety Act No 85 of 1993
- Protection of Personal Information Act, 2021
- Preferential Procurement Policy Framework Act No 5 of 2000

The ECRDA legislative mandate is to promote, support and facilitate rural development in the Province.

## 1.9 Organisational Structure



## 2 PART B: Performance Information

### 2.1 Auditor-General's Report: Predetermined Objectives

Auditor-General's report can be found as published as Part E (Annual Financial Statements) of this report.

### 2.2 Situational analysis

#### 2.2.1 Service delivery environment

The ECRDA has identified seven key outputs to underpin the two outcomes as articulated in the 2020 – 2025 Strategic Plan. These outputs are:

- Good governance and accountability
- Sustainable capacity building and empowerment
- Sustainable innovation and decision support
- Sustainable resourcing
- Effective and efficient programme and project management
- Sustainable rural infrastructure
- Sustainable environmental practice

During the year under review the agency has encountered some challenges in the service delivery environment which affected the performance of the agency specifically relating to project implementation. These factors negatively impacted on infrastructure and jobs creation targets.

Challenges experienced at the Tshabo Flora RED Hub were two-fold; firstly there was a cashflow issue that was only addressed late in the year through a reprioritising of funds process and the second challenge related to vandalism and theft of fencing infrastructure, which was reported to the police.

At Ncora RED Hub challenges were experienced when the mill did not have access to electricity as a result of non-payment. This challenge has been resolved, but it does pose a risk that the mill may again have similar challenges in future as a result of cashflow problems. This hub is also negatively impacted by the conflict situation in the community as a result of not all members being in agreement with the beneficiation model. The services of a security company had to be procured to secure the project assets and government is working with the community to resolve the conflict situation.

The Emalahleni RED Hub only received funding through a reprioritising process late in the financial year and this caused challenges in that the electricity was cut due to non-payment. The reprioritised funds have been utilised to pay outstanding bills and salaries of mill employees until the end of the financial year; however, thereafter the project will again be in a precarious position with no grant funding being allocated to this project.

The remaining two RED Hubs, Mbizana and Mqanduli, are continuing with operations, but it should be noted that there is no allocated funding for either one of these hubs in the 2022/23 financial year, which may cause cashflow problems and result in challenges going forward.

The forestry projects also had some challenges in that some of the projects are experiencing serious cashflow problems as well as legal disputes on land issues. Furthermore, the Sinawo Forestry project experienced challenges as illegal groups are continuing to harvest timber unlawfully and there are some discipline issues specifically relating to the usage of project vehicles other than what these were intended for.

### 2.2.2 Organisational environment

The organisational environment was tested on various fronts with major conflict being experienced during the roll-out of the Match and Place process as part of the reconfiguration of the organisation to align the structure to strategy. This process has come to a complete halt, which has severely impacted on the organisational performance for the 2021/22 financial year.

Furthermore, critical positions were left vacant and some positions where the incumbents resigned during the financial year have not been filled by the time of this report. These factors all contributed to the staff morale being very low and performance suffering in the wake of uncertainty.

### 2.3 Key policy developments and legislative changes

During the period under review there were no legislative changes.

### 2.4 Progress towards Achievement of Institutional Impacts and Outcomes

ECRDA wants to register and leverage socio-economic strategic and systemic impact within the integrated rural space of the Eastern Cape Province.

Outcome	Outcome Indicator	Baseline	2020/21	2021/22	Five-year Target
Increased levels of resource mobilisation	Combined value of investment, revenue and/or technical support secured in addition to allocated budget	Zero	R13 087 000	R0	R1 billion
Increased socio-economic impact	Percentage (%) completed projects within the portfolio with approved socio-economic impact reports	Zero	Zero	Zero	100%

With the decline in the fiscus and many of the agency's projects being unfunded, the five-year target, specifically related to levels of resource mobilisation, may have to be reconsidered. The impact reports on projects will only be commissioned during the last year of the five-year strategy period.

## 2.5 Institutional Programme Performance Information

### 2.5.1 Programme 1 Administration

The purpose of this programme is to ensure that the core operations have the required administrative support to effectively and efficiently execute their duties in accordance to the predetermined outputs as per the strategic direction provided.

The programme has three sub-programmes:

- Office of the CEO – Oversight, Strategy development and Organisational Performance Monitoring.
- Office of the CFO – Financial Management, Supply Chain Management and Asset Management.
- Corporate Services – Human Resource, ICT, Public Relations and Facilities Management.

Sub-programme: Office of the CEO									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments	
Increased socio-economic impact	Good governance and accountability	Number of unqualified financial and performance audit outcomes	1	1	1	n/a	n/a	n/a	
Increased socio-economic impact	Good governance and accountability	% of strategic risk mitigated	96%	60%	67%	7%	The ECRDA had 42 risk mitigating activities and 28 were implemented. This is a positive variance.	Indicator was adjusted to 60% risks mitigated instead of the 2020/21 FY 100% risk tasks completed to reflect a more	

Sub-programme: Office of the CEO

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments
Increased socio-economic impact	Good governance and accountability	% of Board resolutions implemented	100%	100%	89%	-11%	The two Board resolutions that were not implemented were: 1. Board workshop to discuss. a. Magwa Risks b. ECRDA Asset management – income generation c. Project delays d. Loans acceleration 2. Appointment of an external service provider to finalise Match and Place process	strategic perspective. Indicator was adjusted to 100% resolutions implemented instead of the 2020/21 FY 100% resolutions shared with management to ensure the implementation of resolutions are being monitored.
Increased socio-economic impact	Good governance and accountability	Number of governance framework developed and submitted to subsidiaries	1	1	1	n/a	n/a	n/a

**Sub-programme: Office of the CEO**

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments
		for consideration						

**Sub-programme: Office of the CFO**

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments
Increased socio-economic impact	Good governance and accountability	% of Audit Action Plan actions implemented	82%	80%	50%	-30%	Not all AIP actions were implemented relating to Rural finance and ICT.	The outstanding AIP actions will be closely monitored by the executives responsible to ensure that implementation takes place during the new financial year.

**Sub-programme: Corporate Services**

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments
Increased levels of	Sustainable capacity	% of concluded	100%	100%	95%	-5%	Employees were assessed in the first	Employees will be encouraged



Sub-programme: Corporate Services

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments
resource mobilisation	building and empowerment	employee performance assessments completed					quarter against the prior year's performance as per the 2020/21 performance agreements signed and in the third quarter the employees had to undergo an informal assessment against the 2021/22 performance agreement. Some of the employees did not sign 2021/22 performance agreements and as such could not be informally assessed during the third quarter. 131 out of 138 employees were assessed.	to sign performance agreements during April 2022 for the 2022/23 financial year. Performance agreements for 2021/22 financial year cannot be signed in hindsight and thus corrective measures will not be implemented, rather consequences management implemented.
Increased levels of resource mobilisation	Sustainable capacity building and empowerment	% of Human Capital Plan outputs produced	100%	100%	79%	-21%	The 4 milestones not achieved are:	Performance Management:

Sub-programme: Corporate Services

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments
							<ul style="list-style-type: none"> <li>• Performance Management – 100% of Staff not informally assessed during Q3</li> <li>• Organisational reconfiguration – Match and Place not completed (two milestones on this item)</li> <li>• Recognition – first awards could not be done as Policy was not approved</li> <li>• Remuneration Policy was not approved which affected three milestones</li> </ul>	<p>Staff will be encouraged to sign performance agreements during April 2022 for the 2022/23 financial year. Performance agreements for 2021/22 financial year cannot be signed in hindsight and thus corrective measures will not be implemented, rather consequences management implemented.</p> <p>Organisational Reconfiguration:</p>

Sub-programme: Corporate Services									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments	
								<p>The process will be completed in the next financial year.</p> <p>Recognition: The Policy will be resubmitted to the Board for consideration in the next financial year. Conversion to total cost to company: The Remuneration Policy to be resubmitted for approval in the 2022/23 financial year.</p>	

#### 2.5.2 Programme 2 Catalytic High Impact Programmes (CHIPS)

Programme 2 deals with projects from inception to implementation and relate to the core operations of the entity. This programme has the following sub-programmes:

- Research & Innovation – This sub-programme purpose is to support facts-based decision making.

- Project Packaging – Packaging projects to attract investment is the purpose of this sub-programme.
- Project Implementation – All project related outputs that require implementation is included in this sub-programme.
- Project monitoring and evaluation – The purpose for this sub-programme is to ensure that operational activities are being tracked and challenges identified timeously for implementing mitigating measures.

Sub-programme: Research & Innovation									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments	
Increased socio-economic impact	Sustainable innovation and decision support	Number of approved research agendas	1	1	1	n/a	n/a	n/a	
Increased socio-economic impact	Sustainable innovation and decision support	Number of research reports produced based on the research agenda	4	4	4	n/a	n/a	The research studies: 1. Increased understanding of Irregular Expenditure 2. EC Cannabis project towards an enabling regulatory framework 3. Marine Tilapia – SA's new affordable whitefish alternative 4. Social Responsibility	

Sub-programme: Research & Innovation									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments	
								as an agent of change	

Sub-programme: Project Packaging									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments	
Increased levels of resource mobilisation	Sustainable resourcing	Rand value of additional funding and or support secured	R13 087 000	R100m	R0	-R100m	This indicator was not achieved as the major funding proposals submitted to the National Treasury under the Budget Facility for Infrastructure projects in respect of Magwa and Marie Tilapia were rejected.	Management has drafted a Resource Mobilisation strategy that would be presented to the Board for adoption and implementation. It is meant to facilitate the raising of resources for various projects	

Sub-programme: Project Implementation									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments	
Increased socio-economic impact	Effective and efficient programme and project management services	% of non-agricultural projects within the ECRDA portfolio	33%	15%	19%	4%	Programme 3 had a higher than anticipated number of Non-agricultural projects.	This is a positive variance.	
Increased socio-economic impact	Sustainable rural infrastructure	% of scheduled rural infrastructure projects completed	0%	70%	0%	-70%	None of the planned infrastructure projects were completed.	All 3 projects combined have lagged due to varying factors such as the original site that was identified by the Elundini Local Municipality was undergoing an EIA process which will only be completed at the end of this financial year. The entity had to wait for a new site to be identified. On the Mbizana	

Sub-programme: Project Implementation								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments
								<p>project there was a delay in the development of bid documents by engineers as a result of modifications suggested during the specifications meetings as well as a delay that was caused due to confusion around a DRDAR instruction to utilise uncommitted funding for procurement of Agri-produce, that was meant for the procurement of infrastructure. This was resolved and the</p>



Sub-programme: Project Implementation

Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments
Increased socio-economic impact	Sustainable environmental practice	% of ECRDA projects with regenerative rural development practices implemented	67.86%	15%	60%	45%	The target in the APP was set prior the final calculation of the previous year. When the final calculation was done it was noted that the target was set too low.	infrastructure procurement will continue. The use of regenerative rural development practices in projects has a positive impact, thus the over-achievement is a positive variance.
Increased socio-economic impact	Effective and efficient programme and project management services	Number of direct jobs created (Full-time Equivalent)	204	350	186	-164	Projects being implemented did not yield the expected jobs. None of the infrastructure projects were completed and this had a negative	Jobs are calculated on hours worked rather than warm bodies. 2080 hours logged = 1 job created This indicator will not carry forward to the 2022/23

Sub-programme: Project Implementation									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments	
Increased socio-economic impact	Effective and efficient programme and project management services	% of direct jobs created for women, youth and people with disabilities	67%	50%	60%	10%	<p>impact on the jobs created.</p> <p>In addition to the 186 jobs created the ECRDA assisted three distressed entities to maintain jobs during the fourth quarter. Through this process the following jobs were maintained: Shilo: 25 Masiqhame: 12 Ncera: 110</p> <p>112 of the 186 jobs created were for either women or youth.</p>	<p>financial year and jobs created in a specific time cannot be increased after the end of the period.</p> <p>More jobs were filled by women and/or youth which then impacted the</p>	

Sub-programme: Project Implementation									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments	
								outcome positively.	

Sub-programme: Project monitoring and evaluation									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments	
Increased socio-economic impact	Good governance and accountability	Number of project viability reviews completed	2	2	2	n/a	n/a	n/a	
Increased socio-economic impact	Good governance and accountability	Review Annual Operational Plan (AOP) implementation and report to the Board	n/a	4	4	n/a	n/a	New indicator to monitor operations	

### 2.5.3 Programme 3 Finance for Rural Development

This programmes purpose is to deal with the disbursement and recovery of loan finance.

Rural Finance									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target	Reason for deviation	Comments	
Increased levels of resource mobilisation	Sustainable resourcing	% of loans approved and disbursed as per the rural finance Standard Operating Procedures	n/a	100%	100%	n/a	n/a	New indicator to monitor loan disbursements	
Increased levels of resource mobilisation	Sustainable resourcing	% of Category A loans within the loan portfolio	n/a	80%	17%	-63%	Existing recovery methods are not effective. The ECRDA recovery methods/models need to be re-visited and a more effective method should be developed and implemented.	New indicator to monitor recovery rate	

## 2.6 Institutional response to COVID-19 pandemic

During the period under review presentations, information sessions and regular reports in Management and General staff meetings were held with a view to highlight awareness and educate all employees around the effects of COVID-19 and implementation measures.

Regular updates were provided to keep employees informed of most recent developments as well as the provision of hygiene consumables and demonstrations.

The Corporate Services Executive (CSE) was responsible for keeping track of alerts and directives – DPSA, Office of the Premier, Regulations – and advising on protocols to observe all COVID-19 protocols.

Due to the stringent application of COVID-19 regulations and enforcement of compliance with the regulations, there is no evidence that any employee has contracted the virus whilst being at the office(s).

## 2.7 Linking performance to budget

Programme/Project	2020/21			2021/22		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	87053	99262	(12209)	89818	87507	2311
CHIPS: RED Hub Tshabo	9796	9271	525	3500	2331	1169
CHIPS: RED Hub Aggregation Centre	6600	5695	905	11200	6501	4698
CHIPS: Mechanisation Centres	8400	5882	2518	7900	6867	1033
CHIPS: Aquaculture (Marine Tilapia)	3437	1533	1904	5857	2439	3418
CHIPS: Forestry	3263	5488	(2225)	3969	4056	(87)
CHIPS: Cannabis	2675	1400	1275	4500	2830	1670
CHIPS: Transactional Advisory Services	2000	0	2000	700	700	-
CHIPS: Wool Hub & Mohair	1275	687	588	321	7	314
CHIPS: Other	85332	86362	(1030)	2000	1090	910
Rural Finance	54506	86402	(31896)	1999	2346	(346)
Total	264337	298983	(34646)	131764	116674	15090

## 2.8 Strategy to overcome areas of under performance

The underperformance for the entity can largely be ascribed to the re-configuration process that was not completed as envisaged. The entity needs to prioritise the finalisation of this process and ensure that critical posts are filled so that performance can improve in the next financial year.

## 2.9 Revenue Collection

The agency classifies commissions earned, project implementation fees and other agency fees as other non-tax revenue.

Interest earned on cash holdings were below the income estimates due to less than budgeted income generation which impacts negatively on expected cash holdings on which interest is earned.

Other non-tax revenue were below budget expectations as the ECRDA did not secure additional funds for implementation of new projects over and above the voted funds for the year.

Government transfers and payments were in line with voted funds and no deviations occurred.

## 2.10 Capital Investment

The ECRDA's assets comprises mainly of Office Buildings in Cradock, King Williams' Town and Mthatha, vehicle fleet, furniture, office – and computer equipment.

The ECRDA regularly maintains and repairs movable assets, which is considered to be in a predominantly good condition. As there is currently insufficient funding for major refurbishment and upgrading of its owned Office Buildings, the ECRDA plans to continue with general repairs and maintenance only. There are no plans to close-down and/or down-grade any current facilities and there has been no significant theft, disposal or scrapping of assets during the year. The ECRDA maintains appropriate internal controls to safeguard assets and ensure that the fixed asset register is updated regularly, which includes quarterly asset counts and updating of the fixed asset registers

The entity had three infrastructure projects in the period under review.

Infrastructure Project 2021/22	Budget	Actual Expenditure	(Over)/Under Expenditure
Mbizana Potato Sorting Facility	11 200 000.00	6 501 520.00	4 698 479.00
Magwa Cannabis Infrastructure	4 500 000.00	2 830 731.00	1 669 269.00
Elundini Grain Silo	8 500 000.00	528 232.00	7 971 768.00

None of the projects were completed during the 2021/22 financial year.

**Mbizana Potato Sorting Facility:** Construction has commenced but will only be completed July 2022.

**Magwa Cannabis Infrastructure:** Architect & Engineering firm appointed to develop the scope of works and bill of quantities to refurbish one of the old coffee processing builds at Magwa to serve as offices and processing site for hemp and cannabis. The bid was awarded, and the contractor is onsite undertaking the renovations. It is expected for completion in end of June or early July 2022.

**Elundini Grain Silo:** The tender for the appointment of the contractor closed in closed on 17th January 2022. It had to be approved by the Board because the cost of the silos at Elundini was more than R6 million. The Board resolved not to approve the appointment of the contractor due to some technicalities related to risk involved should Treasury not approve the roll-over of funds into the next

financial year. The Tender will be re-advertised as per their recommendations and resolutions of the Board should funding permit.

## 3 Part C: Governance

### 3.1 Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on the ECRDA's enabling legislation, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive and the Boards of the Public Entity are responsible for corporate governance.

### 3.2 Portfolio Committees

The Portfolio Committee on Agriculture, Land Reform and Rural Development exercises oversight over the service delivery performance of ECRDA and, as such, reviews the non-financial information contained in the annual reports and is concerned with service delivery and enhancing economic growth.

During the period under review the ECRDA attended Portfolio Committee on Agriculture, Land Reform and Rural Development meetings on the following dates:

- 31 May 2021
- 2 November 2021
- 16 November 2021

### 3.3 Executive Authority

The ECRDA, as a Schedule 3C Public Entity, wholly owned by the Eastern Cape Department of Rural Development and Agrarian Reform (DRDAR), is committed to providing the shareholder with all relevant performance and organisational information to allow for the effective monitoring, evaluation and oversight. To this end the ECRDA has submitted all reports due for submission to the shareholder and other authorities timeously.

### 3.4 The Board

The ECRDA is governed by an independent Board of Directors comprising 10 non-executive directors who are appointed by the MEC for Rural Development and Agrarian Reform. The Chief Executive Officer serves as an ex officio representative for the duration of his tenure.

The strategic direction, ethical governance, oversight, and leadership are all being provided by the Board of Directors and as Accounting Authority, the Board of Directors is overall accountable to the shareholder for the organisation's performance.

Board members are called to adhere to the same values as depicted in the ECRDA strategic documents and to discharge their duties with competence, fairness, and accountability.

The Board adopted a Board Charter in 2020 which sets out its responsibilities in terms of ;

- Adoption of Strategic Plan
- Monitoring of operational performance and management



- Determination of policy process to ensure the integrity of the Public Entity risk management and internal controls
- Communication policies and
- Director orientation and evaluation

Name	Designation	Date appointed	Date ended	Qualifications
N Mbetse	Chairperson (February 2022 – April 2022)	1 April 2019	30 April 2022	<ul style="list-style-type: none"> <li>• National Diploma: Cost and Management Accounting</li> <li>• Post Graduate Diploma: Strategic Management and</li> <li>• Corporate Governance Certified Financial Accountant</li> <li>• Certified Cultural Transformative Tools Expert</li> </ul>
V Jarana	Deputy Chairperson	3 July 2020	30 April 2022	<ul style="list-style-type: none"> <li>• National Technical Diploma in Telecoms</li> <li>• Bachelor of Commerce</li> <li>• BUS Admin (Hons)</li> <li>• MBA</li> </ul>
L Nare	Member (Chairperson April 2019 – February 2022)	1 April 2019	30 April 2022	<ul style="list-style-type: none"> <li>• Bachelor's Degree Industrial Psychology</li> <li>• Higher Education Diploma</li> </ul>
Adv P Mayapi	Member	1 April 2019	30 April 2022	<ul style="list-style-type: none"> <li>• B.Juris</li> <li>• LLB</li> <li>• National Management Diploma: Transportation</li> </ul>
S Makunga	Member and Social & Ethics Committee Chairperson	1 April 2019	30 April 2022	<ul style="list-style-type: none"> <li>• B.Soc.Sc (Communications)</li> <li>• Certificate: Strategic Media Relations</li> <li>• Certificate: Effective Media Relations</li> <li>• Certificate: Multimedia Management Skills</li> </ul>
M Msoki	Member	1 April 2019	30 April 2022	<ul style="list-style-type: none"> <li>• B Soc Sci (Hons)</li> <li>• Certificate in Executive</li> </ul>

Name	Designation	Date appointed	Date ended	Qualifications
				Leadership : Public and Development <ul style="list-style-type: none"> <li>• Management</li> <li>• Certificate in Leadership Training Course</li> </ul>
Z Thomas	Member and Audit Risk & Compliance Chairperson	1 April 2019	30 April 2022	<ul style="list-style-type: none"> <li>• BA Degree: History and Xhosa</li> <li>• LLB</li> <li>• Higher Education Diploma</li> <li>• General Management Programme Certificate,</li> <li>• Compliance Certificate</li> <li>• Law School attendance</li> <li>• Certificate and Assessor certificate.</li> </ul>
S Faku	Member and HC&R Committee Chairperson	1 April 2019	30 April 2022	<ul style="list-style-type: none"> <li>• MSc</li> <li>• Bachelor of Education (Hons)</li> <li>• Bachelor of Arts</li> <li>• Senior Teachers Diploma</li> <li>• HR Programme</li> <li>• Diploma in Company Direction</li> <li>• Real Estate NQF 5</li> </ul>
J Korkie	Member and FPI Chairperson; ARC member; S&E member	25 June 2021	30 April 2022	<ul style="list-style-type: none"> <li>• National Diploma in Education</li> <li>• LLB</li> <li>• Advance Diploma in Labour Law</li> <li>• Advance Certificate in Governance &amp; Leadership</li> <li>• Accredited Mediator</li> <li>• Masters in Law</li> </ul>
N Ngonyama	Member, FPI member, HC&R member	25 June 2021	30 April 2022	<ul style="list-style-type: none"> <li>• Certificate in Practice Management</li> <li>• Certificate in Legal Practice</li> <li>• LLB</li> <li>• Masters in Law</li> </ul>
n dladla	Chief Executive Officer	1 October 2018	31 March 2022	<ul style="list-style-type: none"> <li>• B.Com (Accounting &amp; Economics)</li> <li>• MBA</li> <li>• EdM</li> </ul>

Name	Designation	Date appointed	Date ended	Qualifications
C Mnqeta	Acting Chief Executive Officer	February 2022	n/a	<ul style="list-style-type: none"> <li>BSC 1986</li> <li>BVMCH 1997</li> </ul>

Committee	No. of meetings held	No of members	Name of members
Audit, Risk and Compliance (ARC)	6	5	Z. Thomas, N. Mbete, P. Mayaphi, V. Jarana, J. Korkie
Human Capital and Remuneration	4	5	S. Faku, M. Msoki, P. Mayaphi, L. Nare, N. Ngonyama
Finance, Projects and Investment Committee	4	6	N. Mbete, V. Jarana, S. Faku, S. Makunga, N. Ngonyama, J. Korkie
Social and Ethics	2	3	S. Makunga, Z. Thomas, M. Msoki

#### Board Remuneration:

Name	Remuneration	Other Allowance	Re-imburements	Total
Ngonyama, N	229 328,00	-	24 134,75	253 462,75
Korkie, J	265 656,00	-	4 037,50	269 693,50
Mayapi, P	317 880,00	-	-	317 880,00
Makunga, S	325 152,00	-	59 926,00	385 078,00
Nare, L	402 856,00	-	3 965,18	406 821,18
Thomas, Z	325 152,00	-	-	325 152,00
Faku, S	325 152,00	-	-	325 152,00
Mbete, N	332 216,00	-	899,00	333 115,00
Msoki, M	263 388,00	-	-	263 388,00
Jarana, V	387 492,00	-	-	387 492,00
	3 174 272,00	0,00	92 962,43	3 267 234,43

#### Board and committee meetings and attendance:

Board	13 April 2021	28 May 2021	30 June 2021	14 July 2021	30 Aug 2021	30 Sept 2021	12 Oct 2021	28 Oct 2021	21 Jan 2022	10 March 2022	30 March 2022
Audit, Risk and Compliance Committee	27 May 2021	27 Aug 2021	11 Oct 2021	27 Oct 2021	17 Jan 2022	10 March 2022					

<b>Finance, Projects &amp; Investments Committee</b>	11 June 2021	13 Sept 2021	14 Jan 2022	23 Marc h 2022						
<b>Human Capital &amp; Remuneration Committee</b>	10 June 2021	16 Sept 2021	22 Nov 2021	18 Feb 2022						
<b>Social &amp; Ethics Committee</b>	18 June 2021	25 Nov 2021								

	N. Mbete	V. Jarana	Z. Thomas	S. Faku	S. Makunga	L. Nare	M. Msoki	P. Mayapi	N. Ngonyama	J. Korkie
Board	11	9	11	7	8	10	11	9	5	7
Audit, Risk and Compliance Committee	6	3	6					4		5
Finance, Projects & Investments Committee	4	3		3	3				2	3
Human Capital & Remuneration Committee				4		4	3	3	2	
Social & Ethics Committee			2		2		1			

### 3.5 Risk Management

The Board, through its Audit, Risk and Compliance (ARC) Committee, ensures that there is an effective risk management process within the ECRDA. Risk management processes include policy development, facilitation of risk assessments and development of mitigating controls for the identified risks.

Risk workshops were facilitated by the Internal Audit function and a risk register was developed. The ARC plays an independent oversight role which assists management with risk management processes to ensure that suitable mitigation actions are being implemented for identified risks.

### 3.6 Internal Audit

During the 2021/22 financial year the Internal Audit performed the following activities:

- Review of 2021/22 quarterly performance reports with supporting evidence
- Review of 2020/21 Annual Financial Statements
- Internal Audit & Audit, Risk and Compliance Committee Charters were reviewed and updated
- Review the 2022/23 Annual Performance Plan to ensure SMART indicators
- Fraud awareness workshops
- Review of remedial action plan for fourth quarter

### 3.7 Audit Committee

Name	Qualifications	Internal or External	If internal, position at ECRDA	Date appointed	Date of tenure end	No. of meetings attended
Z. Thomas	<ul style="list-style-type: none"> <li>• BA Degree: History and Xhosa</li> <li>• LLB</li> <li>• Higher Education Diploma</li> </ul>	External		1 April 2019	30 April 2022	6
P. Mayapi	<ul style="list-style-type: none"> <li>• B. Juris</li> <li>• LLB</li> <li>• National Management Diploma: Transportation</li> </ul>	External		1 April 2019	30 April 2022	4
N. Mbete	<ul style="list-style-type: none"> <li>• National Diploma: Cost and Management Accounting</li> <li>• Post Graduate Diploma: Strategic Management and Corporate Governance</li> <li>• Certified Financial Accountant</li> <li>• Certified Cultural Transformative Tools Expert</li> </ul>	External		1 April 2019	30 April 2022	6
V. Jarana	<ul style="list-style-type: none"> <li>• National Technical Diploma in Telecoms</li> <li>• Bachelor of Commerce</li> <li>• BUS Admin (Hons)</li> <li>• MBA</li> </ul>	External		6 July 2020	30 April 2022	3
J. Korkie	<ul style="list-style-type: none"> <li>• National Diploma in Education</li> <li>• LLB</li> <li>• Advance Diploma in Labour Law</li> <li>• Advance Certificate in Governance &amp; Leadership</li> <li>• Accredited Mediator</li> <li>• Masters in Law</li> </ul>	External		25 June 2021	30 April 2022	5

### 3.8 Compliance with laws and regulations

To the best of my knowledge the ECRDA has been compliant with the laws and regulations relevant to its areas of operations during the period under review.

### 3.9 Fraud and Corruption

In terms of the Fraud Prevention Policy, employees are required to report fraud to their immediate line managers, Internal Audit and Audit, Risk and Compliance Committee. Employees are encouraged to report any fraud to the Office of the Premier via the free National Anti-Corruption Hotline.

### 3.10 Minimizing Conflict of Interest

All suppliers of the ECRDA must be registered on a database and the registration documentation includes a declaration of supplier's shareholders on any conflict of interest to avoid the inadvertent use of suppliers in an irregular manner. In addition, the employees who are members of either the

Bid Evaluation or Bid Adjudication Committees are required to declare any potential conflict of interest at each committee meeting.

### 3.11 Code of Conduct

The ECRDA adheres to National Treasury Code of Conduct for supply chain management. Furthermore, the ECRDA continues to subscribe to its core values as set out below:

- Transparency
- Excellence
- Honesty and Integrity
- Innovation
- Commitment to empowerment
- Ubuntu

### 3.12 Health, Safety and Environmental Issues

The agency recognises that the well-being of its employees is paramount and as such the ECRDA conforms to the rules as enshrined in the Occupational Health and Safety Act (Act 85 of 1993). ECRDA has an established Occupational Health and Safety committee, comprising employees in different roles, to ensure that no one operates in hazardous situations. During the period under review all COVID-19 protocols were strictly adhered to.

### 3.13 Company Secretary

During the period under review the duties and responsibilities of the Company Secretary were discharged within the ECRDA. The Company Secretary resigned with his contract coming to an end 28 February 2022 and as at year end the position remained vacant.

### 3.14 Social Responsibility

ECRDA contribute to the socio-economic development and upliftment of marginalised communities as per its developmental mandate. The entity was established to promote, support and facilitate rural development in the Eastern Cape Province in a sustainable manner.

### 3.15 Audit, Risk and Compliance (ARC) Committee Report

We are pleased to present our report for the financial year ended 31 March 2022.

#### **ARC Committee Responsibility**

The ARC reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act (PFMA) and Treasury Regulations 27.1. The ARC also reports that it has adopted appropriate formal terms of reference as its Committee Charter, has regulated its affairs in compliance with the charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

#### **Effectiveness of Internal Control**

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the ECRDA, revealed certain weaknesses, which were then raised with the agency.

The following were areas of concern:

- Risk Policy and Risk Management Framework
- ICT Policies and Controls
- Rural Finance Strategy

- Human Resource Management Policies

#### **In-Year Management and quarterly reporting**

The ECRDA has reported quarterly to Treasury as is required by the PFMA.

#### **Evaluation of Financial Statements**

We have reviewed the Annual Financial Statements prepared by the agency.

#### **Auditors Report**

We have reviewed the agency's implementation plan for the audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following areas:

- ICT
- Rural Finance

The ARC concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

Ms Zimkhitha Thomas

Chairperson of the Audit, Risk and Compliance Committee

### 3.16 B-BBEE Compliance Performance Information

Criteria	Response (Yes/No)	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisation in respect of economic activity in terms of any law	No	ECRDA's business activities do not include the issuing of licences, concessions or other authorisations. Should this situation arise, it will be governed by the PFMA, Treasury Regulations, Treasury Circulars and Instruction notes.
Developing and implementing a preferential procurement policy	Yes	The ECRDA has adopted the Preferential Procurement Policy Framework and this is included in the entity's Supply Chain Management Policy.
Determining qualification criteria for the sale of state-owned enterprises	No	ECRDA's business activities do not include the sale of state-owned enterprises. Should this situation arise, it will be governed by the PFMA, Treasury Regulations, Treasury Circulars and Instruction notes.
Developing criteria for entering into partnerships with private sector	No	Partnership arrangements are governed by the PFMA, Treasury Regulations, Treasury Circulars and Instruction notes.

Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Back Economic Empowerment	Yes	ECRDA provides loan funding with preferential interest rates to rural clients in order to promote B-BBEE in rural areas.
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## 4 PART D: Human Resource Management

### 4.1 Introduction

The Human Resource initiatives employed at the ECRDA are mainly in the areas of human resources, learning and development, performance management, payroll and wellness. Several new and revised initiatives have been embarked upon during the financial year under review.

The new Skills Development Committee had regular meetings with a higher number of meetings during the first part of the year to consider applications for the new calendar year. In-house training took place for:

- Public Finance Management on 23 and 24 October 2021.
- Project Management Training on 3 and 4 March 2022 with a final day scheduled for 5 April 2022.

A consolidated training worksheet has been developed from all Personal Development Plans submitted by employees on 31 March 2021. This will be used as the basis of the Training Plan. In addition to this, this document is used to identify opportunities which can be sourced for in-house training (where there is demand for a specific skill).

The Skills Development Committee called for applications for formal studies as well as driver's licence training for the 2022 year. All applications were considered within policy and budget guidelines. The Employee Satisfaction Survey questionnaire was distributed in July 2021 and responses were collated and reported on in August 2021.

The Organisation Reconfiguration project continued from the previous financial year until a Board resolution was taken to halt the process.

The organisational structure that was approved in the 2020/21 financial year details critical and specialised positions aligned to the strategic outcomes of the organisation.

The structure was based on design principles and the organogram was based on an operating model. This assisted in the types of Human Capital to be attracted.

Formal assessments for the 2020/2021 financial year have been conducted for all staff. The Board resolved that Performance Agreements are to be signed as at end March 2021 and that such can be revised once reporting lines change as a result of Organisation Reconfiguration.

The performance management policy has been amended, in line with the Board decision, to make allowance for Agency processes and procedures. For improvement and capacity development, the following should be noted:

- The shared folder containing all Performance Agreements and Assessments is updated continuously and a register is kept up to date by the HR Administrator and submitted for signing on a monthly basis to Corporate Services Executive in line with the Audit Requirements.



- The informal Performance Assessments which are to be done for quarter 1 to quarter 3 have commenced with the distribution of a memorandum to all staff. The deadline for the submissions has been set for 10 December 2021. However, NUPSAW and Management discussed the importance of having performance agreements signed and informal assessments conducted.

In order to address the uncertainty of staff with regard to the implementation of the system, additional capacity development was done on 12 and 19 November Power Hours.

In addition to this, a dedicated e-mail address was created for all Performance Assessment submissions and questions.

Bonus payments to permanent staff were approved by the Board and actioned on the normal payroll run on 15 December 2021.

All wellness matters were identified and handled on an individual basis with the respective employees. Occupational Health and Safety meetings took place on a regular basis throughout the year.

Policy Development:

The Board approved the following policies during the financial year:

- Succession Planning Policy
- Employee Wellness Programme Policy
- Whistle-Blower Policy
- Placement Policy
- Voluntary Severance Package Policy
- Employment Equity Plan
- Amended Performance Management Policy

The following policies were discussed at workshops and developed and are pending approval by the Board:

- Remuneration Policy
- Relocation Policy

Highlights for the period under review:

- Additional support was provided to DRDAR in respect of EPWP payroll processing
- Continued implementation of the Power Hour initiative to empower employees on various operational matters as well as areas of non-racialism and non-sexism.

Challenges during the period under review:

- Greater need to guide the management of policy and processes
- Performance Management, notwithstanding more than 20 workshops held on this process
- Management of people, finance and facilities to be further enhanced through continued dedicated skills development
- Recruitment

The Human Capital Plan has been reviewed for the 2022/23 financial year and the following human resource solutions are proposed to the organisation:

Solution 1: Exit interview process

Solution 2: Project Management standardised process and templates

Solution 3: Management Development Skills

Solution 4: Back-to-office routine Skills

Solution 5: Transformation Committee

Solution 6: Service Level Agreement templates

Solution 7: Salary benchmark

Solution 8: Discipline in the workplace skills development

Solution 9: Coaching and mentoring skills development

Solution 10: Internal policies and procedures training

Solution 11: Cannabis capacitation

## 4.2 Human Resources Oversight Statistics

### Personnel Cost by programme

Programme	Total Expenditure for the Entity	Personnel Expenditure	Personnel exp. As a % of total exp.	No. of employees	Average personnel cost per employee
Administration	56,577,206	43,689,406	21%	62	704,668
CHIPS	117,719,643	21,249,634	10%	21	1,011,887
Rural Finance	34,262,704	41,700,665	20%	59	706,791
<b>TOTAL</b>	<b>208,559,553</b>	<b>106,639,705</b>	<b>51%</b>	<b>142</b>	<b>2,423,346</b>

Note:

1. CHIPS is inclusive of project expenses as well as subsidiaries and transfer payments
2. Rural Finance is also inclusive of social benefits from concessionary loans

### Personnel cost by salary band

Level	Personnel Expenditure	% of personnel exp. To total personnel cost	No. of employees	Average personnel cost per employee
Top Management	8,805,389	8%	4	2,201,347

Senior Management	21,089,013	20%	13	1,622,232
Professional	9,403,642	9%	5	1,880,728
Skilled	19,080,302	18%	20	954,015
Semi-skilled	40,523,766	38%	78	519,535
Unskilled	7,737,593	7%	22	351,709
<b>Total</b>	<b>106,639,705</b>	<b>100%</b>	<b>142</b>	<b>750,984</b>

#### Performance Rewards

Level	Performance Rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0	0	0
Senior Management	0	0	0
Professional	0	0	0
Skilled	0	0	0
Semi-skilled	0	0	0
Unskilled	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Training Costs

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training exp as a % of Personnel costs	No of employees trained	Average training cost per employee
Administration	43,689,406	80,971	0.19%	4	20,243
CHIPS	21,249,634	64,280	0.30%	38	1,692
Rural Finance	41,700,665	115,059	0.28%	4	28,765

#### Employees and vacancies per programme

Programme	2020/21 No of Employees	2021/22 Approved Posts	2021/22 No of Employees	2021/22 Vacancies	% of Vacancies
Administration	64	86	62	A new organisational structure was approved during January 2021. Population of the structure has not been concluded as yet.	
CHIPS	26	29	21		
Rural Finance	68	82	59		

#### Employees and vacancies per level

Level	2020/21 No of Employees	2021/22 Approved Posts	2021/22 No of Employees	2021/22 Vacancies	% of Vacancies
-------	-------------------------	------------------------	-------------------------	-------------------	----------------

Top Management	4	9	4	A new organisational structure was approved during January 2021. Population of the structure has not been concluded as yet.
Senior Management	24	28	13	
Professional	8	6	5	
Skilled	20	51	20	
Semi-skilled	78	82	78	
Unskilled	25	21	22	

A new organisational structure was approved during January 2021. Appointment of staff and the placement of staff against the structure started; however, the process has been halted.

#### Employee changes:

Salary Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	4			4
Senior Management	24		11	13
Professional	8		3	5
Skilled	20			20
Semi-skilled	78			78
Unskilled	25		3	22
<b>Total</b>	<b>159</b>	<b>0</b>	<b>17</b>	<b>142</b>

#### Reasons for staff leaving:

Reason	Number	% of total no of staff leaving
Death		
Resignation	3	18%
Dismissal		
Retirement		
Ill health		
Expiry of contract	1	6%
Other	13	76%
<b>Total</b>	<b>17</b>	

The main reason for staff leaving the institution is the Voluntary Severance process that was engaged in during 2020/2021 but exits only took place in 2021/2022. The process of populating the new structure has been halted and therefore vacant posts could not be filled.

#### Labour Relations: Misconduct and disciplinary action:

Nature of disciplinary Action	Number
Verbal warning	0
Written warning	4

Final written warning	0
Dismissal	0

### Equity Target and Employment Equity Status:

Level	Female				Male				Total
	A	C	I	W	A	C	I	W	
Executives (Top Management)	0	0	0	1	2	1	0	0	4
Management (Senior)	8	0	0	2	8	0	0	1	19
Specialists (Professionally qualified)	0	0	1	1	1	0	0	0	3
Skilled	24	1	0	1	8	0	0	2	36
Semi-skilled	42	0	0	0	20	0	0	0	62
Unskilled	13	2	0	0	3	0	0	0	18
<b>Total</b>	<b>87</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>42</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>142</b>
<b>Percentage</b>	61	2	1	4	29	1	0	2	100
<b>Gender</b>	Females = 68%				Males = 32%				
<i>ECRDA Actuals:</i>	<i>African =129 (90.8%); Coloured = 4 (2.8%); Indian = 1 (0.7%); White =8 (5.6%)</i>								
<i>Eastern Cape demographics:</i>	<i>African = 81.1%; Coloured = 10.5%; Indians = 0.7%; White = 7.7%</i> <i>Source: 21<sup>st</sup> Commission for Employment Equity (CEE Annual Report 2020 2021) issued by Dept of Labour</i>								

## 5 PART E: Financial Information

### 5.1 Report of the External Auditor

To be included post audit process.

### 5.2 Annual Financial Statements

To be included post audit process.

## 6 ANNEXURES

### 6.1 Annexure B: B-BBEE Commission Submission



FORM-BBBEE-1-Compliance-Report-2021

Since the submission to the B-BBEE Commission, the service provider was unable to attend to their tax non-compliance and another service provider was sourced late in the year. The B-BBEE verification and certification process was incomplete at the time of developing this report, thus the status as submitted in September 2021 stands.