

**REPORT TO AMATHOLE DISTRICT MUNICIPALITY**  
**ASPIRE PERFORMANCE REPORTING: JULY 2012 - DECEMBER 2012**

[Amathole Economic Development Agency (SOC) Ltd, T/A Aspire]  
[11 January 2013]

**PURPOSE**

In terms of the section 88 (1) of the MFMA the accounting officer of the municipal entity must by 20 January of each year assess the performance of the entity during the first half of the financial year, taking into account:

- management accounts for the first half of the financial year
- targets set in the service delivery, business plan
- other agreements with the entity's parent municipality
- the entity's annual report

and submit a report on such assessment to:

- the board of directors of the entity; and
- the parent municipality of the entity.

The purpose of this report is to present Aspire's mid-year performance for the period July 2012 to December 2012, for noting by the Board of Directors and ADM.

**LEGAL/STATUTORY REQUIREMENTS**

- The Constitution of the Republic of the South Africa Act 108 of 1996
- The White Paper on Local Government (1998)
- The Local Government Municipal Structures Act 117 of 1998
- The Municipal Finance Management Act 56 of 2003

**STRATEGIC DOCUMENTS**

- Amathole Regional Economic Development Strategy 2007-2027
- Aspire Strategy 2007-2014
- Aspire Performance Management System
- ADM IDP 2007-2012

**BACKGROUND**

The first six months of the 2012/2013 financial year were productive and successful with most targets on track towards being achieved by year end. Highlights were seen in the implementation of initiatives in Aspire's small town regeneration programme; increased awareness by both national and local stakeholders of Aspire's projects and programmes in its corridors; the completion of the annual report on time and approved by the Auditor-General; and well-functioning administration systems as evidenced by the clean financial audit for 2011/2012.

## CORRIDOR PERFORMANCE

Detailed under Corridor Performance is the mid-year accomplishment covering work done under the Small Town Regeneration program; specific economic (sector) development initiatives; community development approaches and municipal support provided.

### N2 CORRIDOR

#### Butterworth Regeneration

The Mquma Municipal Council pre-approved the Local Spatial Development Framework (LSDF) and Economic Regeneration Plan, subject to public consultation with stakeholders. In the second quarter, the LSDF underwent the public participation process, and comments from this process are being incorporated. Submission of final adoption of the LSDF will take place at the next council meeting in 2013. The Council noted and pre-approved four precinct developments:

- a) Gcuwa Dam and Golf Course development,  
An agreement and memorandum of understanding has been signed with a private partner to begin work on this project. Technical meetings and site visits have taken place. The concept designs for phase one, the Lapa, are in progress and will include the following :
  - Sketch plans, including 3D visuals for lapa, landscaping and parking area,
  - Topographical survey,
  - Site development plan,
  - Engineering assessment of storm water,

The tachymetric survey has been completed and the relevant documents have been submitted to the architect. The second half of the financial year requires the following actions to ensure progress is visible:

- A professional team that will deal with the Environmental Impact Assessment for the Gcuwa Dam development needs to be appointed.
- As the custodian of the dam the department of water affairs needs to give its consent for the proposed developments
- A revised concept / business plan for Gcuwa dam needs to be prepared that would be able to attract public as well as private investments.

- b) Phase two CBD Upgrade,
- c) Msobomvu Precinct development,
- d) Ibika Industrial Node

Project business plans for the above precincts (except Ibika) are still in progress, and require a public participation process to be finalized.

### **Bamboo Pilot Project**

The nursery has been established and the tunnel has been erected. Security and storage facilities have been provided. Five people were employed during site establishment. The first site of 200ha was approved and the second site was awaiting approval by the service provider. The Bamboo plants have been imported and are awaiting delivery to the nursery in Butterworth.

Water is available on site, but a power connection to the ADM sewerage works pump station is still not finalized. This issue needs to be resolved urgently as without irrigation, the project is at risk, and an alternative solution (purchase of a portable petrol driven pump) will have to be initiated. Until this has been resolved, the seedlings cannot be planted onto the identified sites.

The feasibility study for phase two, together with the compilation of the business plan for funding application purposes, will commence shortly.

### **Dutywa Regeneration**

Project steering committee meetings occur regularly and work has continued on the interventions identified.

- a) Municipal systems support

The final Business Plan for the Municipal Systems Support was accepted by Aspire and submitted to the National Treasury. This Business Plan was then presented to Mbashe Municipality. The Municipality has already established a task team that will specifically look at funding for the implementation of the resolutions.

The success of Aspire's intervention in Dutywa can be clearly seen from the following institutional changes that are occurring in the systems of Mbashe Municipality :

- Advertised posts CFO, HR & Administration (section 57 positions)
- Developed a new organogram
- Reduced the Department of Land & Housing to a unit under the Technical services department.
- Rates & Taxes unit (formerly under the Department of Land & Housing) has been moved to Finance.

- Fleet management unit established with the fleet management clerk appointed. This was a response to the abuse of municipal vehicles.
- Data cleansing was recommended. At the moment, the municipality is implementing the recommendations.
- IT systems upgraded and backup system installed with the required security systems.
- The security at the cashiers has been upgraded and a cash management system have been instituted.
- The Venus system has been installed in all cashiers and there is connectivity system that coordinates them.
- The training of staff.

All these changes were in accordance with the recommendations of the strategy development exercise.

#### b) CBD upgrade and precinct development

A feasibility study for the Dutywa CBD upgrade was submitted to the Neighbourhood Development Programme (NDP) for consideration and feedback. NDP undertook a detailed assessment of the information submitted and requested more detailed information to be supplied on certain elements. Additional information was submitted in October 2012 and feedback is still awaited.

In the preparatory work for the feasibility study a number of different role players were engaged. Local stakeholders, notably business people, taxi drivers, hawkers and external business people have supported the Regeneration plans. These engagements identified water and sanitation shortages as being one of the primary reasons for lack of development in the Dutywa town. This is currently preventing a number of investment opportunities from proceeding in Dutywa. To unlock further private sector investment in Dutywa, this water crisis would need to be resolved and interactions with the ADM are currently being pursued to facilitate this.

Private investment initiatives identified in Dutywa are:

- Mzamomhle affordable housing development
- N2 & Tennis court shopping centres
- Eco-tourism project
- Student housing accommodation

In addition, the professional team is currently working on an overall town business plan that would include precinct plans for key developments such as the Dutywa Dam and the bulk water infrastructure upgrade. The overall business plan will also be submitted to National Treasury and other potential funders. The Department of Rural Development and Land Reform has expressed an interest in funding the detailed designs of the Dutywa CBD infrastructure items.

## N6 CORRIDOR

### Stutterheim Regeneration

Monthly Project Steering committee meetings have continued to take place to guide the implementation of the two projects that are being implemented in Stutterheim. At these meetings, discussions are focused on active and prospective projects that ASPIRE is involved in implementing as part of the town's regeneration strategy.

### Mlungisi Community Commercial Park

Construction of the Mlungisi Community Commercial Park (MCCP) is progressing well, with two of the 4 blocks now in the phase where they are being painted, tiled and piped for electricity and plumbing. Brickwork is up in the remaining 2 blocks and these blocks are now in the process of being roofed. The taxi rank and parking areas at the back of the building have also been excavated and are being prepared for construction. Due to adverse weather conditions, there has been some delays to construction, with the current proposed date for completion being estimated at April 2013.

The two relocated churches have also been built, with one completed and the other in the process of being paved. The construction of the road that connects all relocated churches has also started, but due to weather constraints could not be completed before the festive season. Nevertheless, a positive side effect of the church relocation is the emerging of a church cluster neighbouring the development.

This construction project has till now ensured the employment of close to 90 men and women (as per CLO reports). Since August 2012 an additional 4 local SMMEs have been contracted on site, thereby ensuring further local economic development.

At the end of this reporting period, 15 tenancy lease agreements have been signed with local businesses. Thus far, eight local emerging businesses have benefitted from targeted business development advice and support through cooperation with ECDC's partnership arrangements. These are local small businesses that have submitted applications for retail space within the MCCP and have requested financial support to kick-start, or to advance their business concepts.

The second quarter has also seen the onset of the branding process for the centre, with the services of Intengu Communications being used to lead the process. Public participation materials have been developed, in consultation with local leaders and stakeholders. This process will be finalized in the next quarter, where artwork for the centre will also be developed utilising the services of a Cape Town based graffiti artist, who will work with local youths to beautify the centre.

### Stutterheim CBD upgrade

The upgrade of the Stutterheim Central Business District (CBD) has progressed substantially over the past six month. Construction was finalized at the end of November 2012, and the contractor has moved off site.

The refurbished taxi rank, public toilets and storage area have all now been handed over, and the completion certificates given to the contractor. The introduction of a public square (Grey Square) and the unique feature in it have received positive reviews from residents, businesses, neighbouring municipalities and passers-by, alike. A tented structure has also been attached onto the feature to provide shade for users. Lights, benches and drinking fountain have also been set up and are being used by citizens.

In total 68 hawker stalls have been placed in allocated identified areas across the CBD. There is on-going interaction with hawkers and the municipality regarding the operationalization of the stalls through a systematic approach. A number of hawker stalls, in consultation with local hawkers, have now been allocated and are being used across various locations within the CBD. It is envisaged that stalls will be fully occupied and used by the end of the next quarter.

By the end of the second quarter close to 170 jobs had been created through the CBD upgrade project.

A draft urban management concept has been circulated for consideration and endorsement by the newly established CBD Management Task Team, made up of the taxi association, ratepayers association, hawkers association and the municipality. The aim is that this urban management concept and its implementation will address the challenges highlighted above.

## **CATHCART REGENERATION**

### **Black Wattle eradication**

The company has been registered and a bank account has been opened. Three interim directors have been appointed and the Cathcart Regeneration Committee has been requested to finalise the nomination and appointment of permanent directors.

The first quarter saw the establishment of the pilot operation. The necessary equipment was purchased and teams have been employed and trained. A total of 45 people have been employed and they are involved in the process of cutting wood, value adding, poisoning stumps and spraying of young trees. The process of negotiations with the local farmers is facilitating the removal of wattle in privately owned farms.

A number of potential market opportunities have been investigated and further investigations are underway. Local government support opportunities have been investigated and proposals have been submitted. A financial application has been submitted to DEDEAT in July 2012 for funding. The total value of the funding application was approximately R6 million. A portion of the funding has been received through DEDEAT for an amount of R1 million. The funding agreement between Aspire and the department have been signed and the transfer of funds is now awaited. The Department of Rural Development and Land Reform has indicated an interest to co-fund the operations for an additional amount of R1 million. Confirmation is awaited. A meeting was held with the Chief Director of the National Department of Environmental Affairs with Dr Christo Marais - Chief Director - Working for Water in

November 2012 to discuss a potential collaboration between Aspire and the Department. Aspire will prepare an expression of interest responding to a call from the Department seeking implementing agents for natural resource management.

### Keiskammahoek Regeneration

The Keiskammahoek Project Steering Committee meeting is operational on a monthly basis. The attendance and the participation is fair with new members being the Department of Social Development and Special Programmes and Department of Fisheries and Forestry. They will from now onwards form part of the agenda and report on projects and interventions they have in the area.

### Promotion of sports development

A revised funding proposal for football development and football field upgrade was submitted to the SAFA 2010 Legacy Trust Fund to the value of R4.1 million. Stakeholder buy-in for operations and maintenance was received from the Amahlathi Local Municipality during the review period.

An additional funding submission for the upgrade of soccer and rugby fields was submitted to The National Lottery to the value of R1 million.

Feedback on the two funding applications is still awaited and is expected by the third quarter of this financial year. The funding application included a signed Memorandum of Understanding/agreement between Amahlathi and Aspire wherein Amahlathi Local Municipality commits to maintain and operationalize the facilities after the upgrading.

The establishment of a sports advisory committee forum called Keiskammahoek Sport Development Advisory Committee was facilitated by Aspire with the aim to ensure that local sports bodies will manage any future sports infrastructure.

### Keiskammahoek agri-processing

Aspire is currently lobbying for funding for the expansion of the dairy scheme to refurbish a dairy processing plant. Engagements have been held with the Department of Rural Development who indicated an interest to support Aspire. Confirmation of funding support is awaited.

### Tourism promotion

The Keiskammahoek area offers much tourism potential, but no formal concept in place on how to package and promote these. In collaboration with the ADM, Aspire seeks to encourage nature and sports-based tourism as one of the possible economic interventions. An important local asset is the Amathole Hiking Trail which is a popular hiking destination and passes through Keiskammahoek without generating major benefits for the local communities. Aspire is currently exploring how possible benefits could be unlocked. This would include issues such as marketing of the trail, linking it with the heritage of the area; developing and making use of programmes and activities that could be packaged into a holistic tourism concept. The intention is to partner with other organisations (private & public) that are involved in tourism and hospitality

to boost tourism development in the area. The agency also plans to organise sports tourism events at the Cata hiking trail loop as a means to market the local assets.

### Keiskammahoek blueberry large out growers

#### Berry Out grower Programme

The Employment Creation Fund, through the Dept of Rural Development and Land Reform (DRDLR) approved R35 million to Aspire in December 2010 to develop 18ha blueberries amongst 3 outgrowers in Keiskammahoek.

- Development of 9ha blueberries at the 1<sup>st</sup> outgrower, Gxulu Berries is complete. The last 21 000 seedlings has been delivered to the 17 permanent workers, all coming from Upper Gxulu village. Various institutional arrangements are in the process of being finalized. An Upper Gxulu village Cooperative, which was registered by the community in June 2012, will be the shareholder on behalf of the community. Gxulu Berries was publicly launched on 29 November 2012, which coincided with a visit from the EU funders to the Eastern Cape.
- Development of 5ha blueberries at the 2<sup>nd</sup> outgrower, Sinqumeni Berries, is progressing well with all the shade net structures complete and all bags filled with bark and placed under nets. Planting of berry plants should be completed by March 2013 when the seedlings are expected to be delivered. The lease and shareholders agreements will also be finalised in January 2013. Aspire is assisting the Sothenjwa family to finalise the creation and registration of the farm in the Sothenjwa Family Trust.
- Planning work has commenced at the 3<sup>rd</sup> outgrower, Iqunube Berries, after the signing of the MOU with Fort Cox College of Agriculture and Forestry in August 2012. Some material has been ordered, but construction of the orchards will begin in January 2013 when further funding is released by DRDLR. It is expected the shareholders' agreement will be finalised in the 1<sup>st</sup> quarter of 2013.

The Jobs Fund declined the Aspire application submitted in August 2012 worth R40 million to develop 20ha amongst 4 new out-growers. Alternative funding sources will be identified and funding applications will be submitted in 1<sup>st</sup> quarter 2013. Business advisory support is being provided to two existing blueberry growers in the Stutterheim area: Rippling Waters (1ha) and Dew Process (12ha).

### AMABELE / NDAKANA VILLAGES' DEVELOPMENT

#### Amabele Village Development

The intention is to develop Amabele village into a rural service and production node. A detailed Amabele Village Development Plan is being developed that includes zoning and town layout plan, infrastructure plan and EIA for the proposed investments. Extensive public consultations have been held in the first quarter and the EIA Basic Assessment Report and Infrastructure Feasibility Report were submitted to DEDEA.

Upgrading the public infrastructure at Amabele is estimated to cost nearly R74 million. Applications for funding will now be made to the relevant authorities and/or funders.

Development planning on the Amabele Berry Processing Facility has started. A valuation of a key property in Amabele was undertaken with the intent to purchase the land on behalf of the berry outgrowers and nearby Ndakana community. Consultations with partners are underway to formalise the institutional arrangements required for the development of the facility and Amabele in general.

The business plan was updated and submitted to the NEF. After receiving feedback, the business plan will be further updated in December 2012 for resubmission in early January 2013. The estimated funding required is R15 million.

### Ndakana Rural Cluster Development

The Ndakana Rural Cluster is focused on realising economic opportunities identified in the Ndakana Zero-Waste Business Cluster Study completed in 2010.

- The Ndakana Wood Products Primary Cooperative has been operating since 2011. Aspire provides business advice and support to the NWP Coop, which is currently developing 11ha bamboo plantations at 3 of the eventual 9 villages in the Ndakana area with R2 million funding from DEDEAT's LRED Fund and a bamboo hand-weaving at Gasela village with R150 000 funding from ECDC. The NWP Coop has not reported any problems or issues to Aspire in the past quarter.
- The Ndakana Household Agro ecological Support Cooperative started pilot operations in November 2011 with R900 000 approved funding from Aspire (IDC), of which R275 000 was transferred in December 2011. The Coop has spent approximately R212 000 of this, with a further R350 000 committed expenditure to LIMA. This funding is used to provide agro ecological extension training and support services to 80 households in four villages at Ndakana. However, due to poor accounting record keeping, no further funds have been transferred. Aspire is assisting the Coop to resolve this issue in order to release further funds, with the remainder of the funds likely to be transferred in January 2013. In the first quarter the Coop successfully secured a further R200 000 from the DBSA and R400 000 from the UNDP Global Environmental Facility and is now finalising the required funding contracts. Consultations with RULIV for further funding are still in progress.
- The Ndakana Beekeeping and Honey Cooperative has been registered in 2011, but is not yet operational. ADM has expressed willingness to provide R400 000 funding to the Coop. Aspire is facilitating the arrangements between ADM and the Coop members in these initial stages.
- The Ndakana Nguni Beef and Hide Cooperative was registered in 2011, but is not yet operational. Aspire is working with the Dept of Rural Development and Agrarian Reform (Agriculture) to operationalize the Cooperative
- The Ndakana Fruits Company, in partnership with Riverside Advisory Services, submitted a R23 million application to DRDLR to develop 25ha pomegranates, 20ha nectarines and 5ha blueberries on commercial scale on communal land in the Ndakana area. Enquiries to the DRDLR on the status of the application have

not provided any response to date. Aspire is facilitating this development with the Ndakana community and provides business advisory and support services if required.

- The Ndakana community, assisted by Aspire, established the Ndakana Community Development Trust in May 2011. Its objective is to acquire, hold and deal with the land for the economic and social benefit of the Ndakana community. Aspire currently assist the trustees of the Trust in an advisory capacity, with additional support to be acquired in January 2013 to assist the Trust with more effective planning and institutional capacitation.

## R63 CORRIDOR

### ALICE REGENERATION

Agreements were reached on the concepts for the foot bridge; public transport hub (taxi rank) and the CBD during the PSC meetings and in consultations with the Taxi associations, affected business people and informal traders. The next stage of detailed designs with bill of quantities has been finalized for the Alice Foot Bridge and taxi public transport hub. Sign off on the detailed designs has been obtained from all affected stakeholders (taxi association and informal traders). Construction tenders for the Pedestrian Bridge and the Public Transport Hub have been advertised. The tender for the pedestrian bridge has been evaluated and recommendations for a preferred service provider presented to the bid adjudication committee.

A database of sub - contractors, unemployed skilled, semiskilled and unskilled labour has been supplied by the MTN business support centre in Nkonkobe. This database will be used to recruit workers and sub - contract SMME's during the construction phase.

The task teams have been appointed by the PSC and these follow up on specific issues such as :

- a. Integration of Fort Hare, Lovedale and Alice
- b. Streamlining of ICT's in the Alice Regeneration Programme (Small town regeneration)
- c. Seeking funding opportunities to augment current NDPG allocations

### R63 corridor development

Agreement has been reached with Nxuba LM for co-funding two LSDF's for Adelaide and Bedford as well as a regeneration strategy for both towns. Terms of reference for the LSDF and Regeneration Strategy have gone through the bid specification committee and will be advertised early in 2013. A partnership with Fort Hare University based on an MoU with the Amathole District Municipality has been agreed to and its output is an economic development strategy for the R63 corridor. The R63 corridor development strategy will be a project selection tool and also recommend rural development projects that link Nxuba and Nkonkobe and its rural nodes/villages with the larger metro markets of Buffalo City and Nelson Mandela Bay.

### **Promotion of alternative crops: Citrus Processing**

IDC has agreed to provide seed funding of R5 million for the establishment of the mechanism unit in Nkonkobe in line with the recommendations of the citrus sub-sector study that was undertaken by Aspire in 2011. The municipality has identified land, and more than 20 citrus farmers will benefit from the unit. The farmers will be an integral part of the trust that is being formed by the Nkonkobe Economic Development Agency (NEDA). The plan for operationalization of the unit will be developed early in 2013. The objective is to ensure that the mechanisation unit is fully established and operationalized by the second semester of 2013.

### **R72 Corridor**

#### **Hamburg Regeneration**

Ngqushwa Municipality has advertised the Hamburg Caravan Park for development, a project which has been on the agenda of the Hamburg project steering committee for approximately two years.

#### **Hamburg Town Centre Upgrade**

After an extensive participatory planning process for the Hamburg town centre upgrade items, the designs were finally approved by its end-users for construction. The tender for the construction of the Hamburg Town Centre Upgrade has been advertised. The EIA authorization for construction has been granted. Ngqushwa Municipality has signed a land caretaker agreement with the Department of Roads and Public Works (DRPW) which allows construction. Final signatories are awaited from the Department. Confirmation has been received from DRPW that half of the erven will be donated. The decision on the other erven is still outstanding.

Through the Keiskamma Trust, co-funding of R1.85 million from the National Lottery Board was sourced for the second phase of the Music Academy building. A Service Level Agreement between Aspire and the Keiskamma Trust has been drafted and feedback from the Trust is awaited. A funding application for the bicycle business was submitted to The Green Fund, but it was not successful. The operational concept for the Environmental Centre is in the preliminary stages, and once complete an application for funding will also be submitted to The Green Fund.

#### **Beach upgrade and boardwalk**

The EIA process is underway and public participation was garnered. The application has been submitted to DEDEAT.

ADM and the Working for the Coast Programme have been approached to influence plans for the beach upgrade. ADM has approved funding for the upgrade of the ablution facilities and re-vegetation of the dunes. However, funding for the boardwalk is still proving elusive.

## Hamburg Artist Retreat

Construction is fully complete with only minor additional work being carried out until March 2013. An end-of-site braai was held for the EPWP workers in order to show appreciation and to foster good future relationships.

Close out reports are in progress and hand over documents are being prepared by the professional team.

The legal team is currently working on lease agreements, site transfer and the updated Memorandum of Incorporation for the section 21 company. The site transfer process has encountered a few barriers due to land ownership issues. Ngqushwa has received a copy of the draft lease agreement for comment.

A 'Naming Ceremony' and end of construction celebration was held, where involved stakeholders as well as members of the public were invited to attend. With 150 visitors, including political dignitaries and a national representative from the Department of Arts and Culture, the event was successful. Many positive responses were received, together with extensive press coverage.

A first meeting of the expanded board of directors was held, and the co-option of the new directors was minuted. An AGM was held in December 2012.

The Swallows Foundation has submitted their reports for the first two phases of their contract outlining and recommending the operational set up for the HAR. The main recommendation out of the two first phases is the slow opening approach to operations. By allowing a 'development phase' for the first year and a half that focuses on training, programme development and SME development as well as the piloting and testing of the building, real local opportunity is created. This recommendation has been welcomed with great enthusiasm. The 2<sup>nd</sup> phase report sees the detailed business plan and the approved new vision, mission and aims.

Key management staff was recruited in a very vigorous and detailed selection process, which saw a long listing, short listing and two selection weekends. The selection panel was made up of representatives of the board of directors, Aspire and the Swallows Foundation. The Directors posts, Food Development Manager, Facilities Manager and Arts Project Manager roles have been filled as of 9<sup>th</sup> of December. An offer letter/contract has been drawn up and will be distributed to the successful candidates after signature by the chair of the board. It is envisioned that the staff will start on site from the end of January 2013.

## Peddie regeneration

The Draft LSDF was advertised for public review and approved by the PSC. It will be presented at the next council meeting for adoption. Two main interventions have been identified :

- Development of an agricultural resource and skills centre
  - A tender has been advertised and a service provider appointed. Work is expected to commence in January 2013
- Upgrade of various infrastructure items within the CBD

The Department of Rural Development and Land Reform has expressed its interest in co-funding the development of business plans and detailed designs for the two identified interventions.

### CORPORATE COMMUNICATIONS

The company website continues to be both a platform to promote the activities of Aspire, as well as build the brand, and as such is updated quarterly with the most recent Aspire developments taking place in the Amathole region.

Coupled with this, the online supplier database was updated during the first quarter with an invitation to relevant stakeholders and suppliers to register their details. This was done in accordance with the PFMA read together with the Aspire SCM Policy.

A number of printed communication formats were issued over the period. These included a booklet highlighting Alice Heritage Resources, public participation pamphlets for the branding of the Mlungisi Community Commercial Park, and pamphlets for a public participation event for the Hamburg Town centre upgrade.

Aspire gained much exposure in the local newspaper through articles written about the now launched Hamburg Artists Retreat (officially renamed Emthonjeni Arts), the Mlungisi/Stutterheim bridge (officially renamed the Cumakala Bridge).

Aspire completed its 2011\_12 annual report on time and in line with the requirements of the Auditor General's office. The report is a valuable tool in promoting the Agency's programmes and efficacy of our operating systems. The report is available on the website and will be distributed to key stakeholders in January 2013.

During the 6 months, 3 official events took place, namely the handover of the Cumakala Bridge, the launch of Emthonjeni Arts, and the launch of Gxulu Berries.

### STAFF

Due to the resignation of the CEO at the end of August 2012, and a project manager at the end of October 2012, recruitment for these two positions was initiated. By year end, the appointment of a new CEO was in the process of being finalized. The appointment of the new project manager had been finalized, with a starting date of

January 2013.

During this time, the Director of Finance was appointed as the Acting CEO. Whilst staff were apprehensive upon hearing the news of the CEO's resignation, every effort was made to allay any fears, and the year did end with good staff morale.

## FINANCE

Below is a summary of financial highlights for the reporting period:

### INCOME

Grant Income comprises of ADM; NDPG; Rural Development; IDC and other grants. The full R15m from ADM was received and the outstanding amount of R29.6m equates to R6m from IDC, R8.9m from NDPG capital grant, R9.9m from Rural Development for the blueberries project, R1m from DEDEA for Woodhouse, R1.6 for the LREDS fund for Emthonjeni Arts and R1.5m from NDPG for Technical Assistance grant, R0.7m from various stakeholders and passive income. The total amount transferred by NDPG by the end of December 2012 was R24m leaving only R8.9m is still to be transferred as per the revised Gazetted figures. R15.3m of the R39.3m actual income reported by end of December 2012 forms part of the funds rolled forward from the previous year.

The NDPG consists of Technical Assistance funds (TA) and Capital Grant (CG). The R64 064 income received represents payments made by Aspire for TA projects directly to suppliers. However the major portion of the TA is paid directly to the suppliers by NDPG. This has been added to the actual income to reflect the correct amount of income. The total capital amount gazetted for the year from NDPG is R32.9m and R24m of this amount has already been transferred by National Treasury as indicated in the preceding paragraph. R10m of the R24m transferred by NT in the current year is still with ADM as the funds are transferred via ADM.

The total sundry income received by end of December 2012 for 'External Consulting Income' was only R51 847 while an additional amount for electricity costs reimbursement of R34 850 was received from Ruwacon. 70 percent of interest budgeted for was received by the end of December 2012.

### EXPENDITURE

By the end of December 2012, R41.7 million of the R85.6m expenditure budget was spent and R36.m (87%) of the R41.7 million was spent on projects. The expenditure is expected to improve substantially in the next six months as construction of the Alice CBD upgrade and Hamburg CBD upgrade are expected to start in February 2013. The construction of the Artist Retreat in Hamburg is tracking and was completed in August 2012 while Stutterheim CBD and Mlungisi Community Commercial Park are expected to be completed in the first four months of 2013. Expenditure for Amabele Renewal / Blueberries is also expected to pick up with the whole amount anticipated to be spent in full by year-end.

Expenditure on Corporate and General Projects was 11%, while only 15% of the marketing and networking budget was spent by the end of December 2012. This was mainly due to vacant post of the CEO, as this budget is allocated to be used by the CEO's office.

Management has also committed itself to improve expenditure in the next six months. Increased budget allocation by the ADM in the new financial year would assist the agency to boost its capacity in meeting the implementation targets.

### **CONCLUSION**

The first six months of the year were more than satisfactory with respect to attaining performance target and objectives. Many of the activities mentioned are ongoing and will continue to be built upon in the next six months.

### **OTHER PARTIES CONSULTED**

All staff  
Aspire Board of Directors

### **RECOMMENDATION**

That the Council notes the report.

VUMILE SODLADLA  
**ACTING CHIEF EXECUTIVE OFFICER**

**SUMMARY OF MID-YEAR PERFORMANCE REPORT ENDING 31 DEC 2012**

	<b>BUDGET</b>	<b>EXPENDITURE</b>	<b>REMAINING BUDGET</b>	<b>%</b>
<b>Income</b>	<b>85 671 135.65</b>	<b>56 032 217.26</b>	<b>29 638 918.39</b>	<b>65%</b>
<b>Expenditure</b>	<b>85 665 843.82</b>	<b>41 713 540.56</b>	<b>43 952 303.26</b>	<b>49%</b>
Direct programs	70 921 377.75	36 095 324.85	34 826 052.90	51%
Corporate and General projects	2 015 796.26	213 342.18	1 802 454.08	11%
Personnel Costs	8 732 443.85	3 649 427.34	5 083 016.51	42%
Occupancy	816 974.93	325 718.76	491 256.17	40%
Other Admin Costs	2 530 062.16	1 198 985.07	1 331 077.09	47%
Communications	392 183.38	135 564.42	256 618.96	35%
Computer Equipment	172 934.27	82 917.62	90 016.65	48%
Marketing and Networking	84 071.22	12 260.32	71 810.90	15%
<b>Net Profit / (Loss)</b>	<b>5 291.83</b>	<b>14 318 676.70</b>	<b>-14 313 384.87</b>	

KEY RESULT AREA / OUTPUT	ACTIVITY	PERFORMANCE INDICATOR	DATE	PROGRESS ACHIEVEMENT JUL-DEC	PROGRESS ACHIEVEMENT Jan - Jun	ANNUALLY ACHIEVED (Yes / No)	MEASURES TAKEN TO IMPROVE PERFORMANCE
Small town enhancement	To create a vital and vibrant town that is competitive and enhances social cohesion by implementing town enhancement programmes in Amathole small towns	3-5 new physical infrastructure projects undertaken in Amathole small towns by year end	Jun-13	2 infrastructure projects currently underway in Alice and 1 in Hamburg			
		8-10 Funding applications submitted to support small town enhancements	Jun-13	15 funding applications have been submitted as per Annexure 1			
		60-80 temporary employees contracted onto small town enhancement projects	Jun-13	55 temporary jobs have been created (Cathcart Black Wattle eradication and Stutterheim construction interventions).			
		R24-R28.5 million expended on small town enhancement projects	Jun-13	A total of R27.6 million has been expended till December 2012			
		10-20 people trained in new skills	Jun-13	No formal training has been provided as yet. It is expected that this will be addressed in the upcoming construction projects.			
		R40-R45 million raised for project funding	Jun-13	Only R2.8m has been raised. Pending applications amount to more than the target value. It is of concern that so few confirmations/approvals have been obtained. Anticipated funding from NDPG could not be confirmed to date. Target is at risk.			
Corridor development	To stimulate high potential economic sectors along the regions primary routes by encouraging investment into targeted economic sectors along corridors	4-6 funding applications submitted to support sector development projects	Jun-13	7 funding applications have been submitted as per Annexure 2			
		R8-R10 million expended on sector development projects	Jun-13	A total of R572K has been expended thus far. This low rate of spend is due to an amount of R10m being outstanding from Dept of Rural Development and Land Affairs. The draw down has been submitted more than 5 months ago, and several follow-ups have been made. The funds are required from expansion of the blueberry outgrowers programme.			
		35-45 new temporary employees contracted onto sector development projects	Jun-13	33 temporary jobs have been created in the Berry outgrowers programme, and one employee at the bamboo site. This does not consider the 80 households participating in the Ndakana Agro Eco co-op, and bamboo co-op at Ndakana			
		R35-R45 million raised for sector development projects	Jun-13	A total of R5.6m has been raised for Ndakana Agro Eco co-op and the mechanisation unit in support of the R63 citrus production. Current pending applications amount to approx R42m. Target is at risk.			
Enterprise development	To implement development initiatives targeted to socially and economically vulnerable groups to increase their	2-3 emerging businesses provided with business setup and development support	Jun-13	Business support is provided to the 3 berry outgrowers, to the artists retreat, and 8 businesses in Mlungisi.			
		1-2 new business entities established	Jun-13	One new S21 company was established for Cathcart wattle eradication			
Research & Knowledge	To develop evidence based material to contribute to policy guidelines by undertaking research activities	Monitoring and evaluation system implemented to measure project impact in small towns	Jun-13	Work on the monitoring and evaluation system continues, with a pilot testing phase undertaken in Stutterhiem			
		Training programme for economic development professionals implemented	Jun-13	Outstanding - a target of the CEO			
Corporate Governance and Corporate management	To conduct the agency with integrity and in accordance with generally accepted good corporate practices by managing the organisation in terms of legislation and best practice	Unqualified audit opinion obtained with regards to financial and performance disclosures and results	Nov-12	Achieved			
		Budget for 2013-2014 is presented to the Board and submitted to ADM in terms of MFMA	Jan-13	On track for achievement by end Jan 13			
		Mid-year performance report compiled and submitted to the ADM in terms of the MFMA	Jan-13	On track for achievement by end Jan 13			
		Annual report of previous year submitted in accordance with MFMA	Jan-13	On track for achievement by end Jan 13			
		Monthly management accounts submitted to the parent municipality within 7 working days from the start of each month	Monthly	Achieved to date and on track for balance of financial year			
		Company performance management assessments undertaken half-yearly	Jul 12 & Jan 13	Achieved			
		Compliance with internal audit plan for the financial year	Jun-13	Achieved to date and on track for balance of financial year			
		Risk management assessment completed annually	Jun-13	To be done in February 2013			
	All statutory returns submitted by prescribed dates	Jun-13	Achieved to date and on track for balance of financial year				

Annexure 2: Funding applications for corridor development

Corridor	Town	Intervention area	Intervention	Applicant	Funder	Value	Status	Submission date	Responsible	Role of Aspire
R 72	Ngqushwa	Corridor development	Rehabilitation of farm land (wattle eradication)	Aspire	DRDLR	1 363 400	Submitted	12-Oct	Saskia Haardt	Implementer
N6	Keiskammahoek	Corridor development	Large blueberry out growers	Aspire	DBSA jobs fund	40 000 000	2 <sup>nd</sup> assessment phase	12-Aug	Sarel van der Walt	Implementer
N6	Amabele / Ndakana	Corridor development	N6 Corridor development / small town regeneration: Amabele EIA / land use authorization for processing facilities (blueberries, etc.)	Aspire	DRDLR	295 426	Submitted	12-Oct	Sarel van der Walt / Saskia Haardt	Implementer
N6	Amabele / Ndakana	Corridor development	Concept designs for berry processing facility; designs and implementation for required public infrastructure upgrade	Aspire	DRDLR	500 000	Submitted	12-Oct	Sarel van der Walt / Saskia Haardt	Implementer
N6	Amabele / Ndakana	Corridor development	Agro-eco cooperative	Agro-eco coop	Ruliv	15 000 000	Funding application in preparation	n/a	Sarel van der Walt	Facilitator
N6	Amabele / Ndakana	Corridor development	Honey Cooperative	Honey cooperative	ADM	400 000	Process of procurement of items to support the coop	12-Oct	Sarel van der Walt	Facilitator
N6	Amabele / Ndakana	Corridor development	Pomegranate	Riverside	DRDLR	25 000 000	Submitted	12-Mar	Sarel van der Walt	Facilitator
						R 82 558 825.95				

**Annexure 1: Pending funding applications in support of small town enhancement**

Corridor	Town	Intervention area	Intervention	Applicant	Funder	Amount	Status	Date	Responsible	Role of Aspire
R 63	Alice	Small town enhancement	Small town regeneration: Storm water upgrade	Aspire	DRDLR	2 087 630	Submitted	Oct-12	Mandisi Mali / Saskia Haardt	Implementer
R 63	Alice	Small town enhancement	Small town regeneration: Sports facilities upgrade & provision	Aspire	DRDLR	515 025	Submitted	Oct-12	Mandisi Mali / Saskia Haardt	Implementer
R 72	Hamburg	Small town enhancement	Music academy phase 2	KeiskammaTrust	National Lottery	R 1 850 000	Approved		Esther Moltie	Implementer
R 72	Hamburg	Small town enhancement	Bicycle Empowerment network facility	BEN	Green Fund	400 000	Rejected	Oct-12	Esther Moltie	Facilitator
R 72	Peddie	Small town enhancement	Small town regeneration: Agricultural resource centre	Aspire	DRDLR	340 000	Submitted	Oct-12	Esther Moltie /Saskia Haardt	Implementer
R 72	Peddie	Small town enhancement	Small town regeneration: CBD upgrade	Aspire	DRDLR	340 000	Submitted	Oct-12	Esther Moltie /Saskia Haardt	Implementer
R 72	Hamburg	Small town enhancement	Environmental skills centre	Aspire	DRDLR	440 000	Submitted	Oct-12	Esther Moltie /Saskia Haardt	Implementer
N2	Dutywa	Small town enhancement	Dutywa town regeneration projects	Aspire	NDPG	67 000 000	Submitted	Sep-12	Mncedi Kashe / Saskia Haardt	Implementer
N2	Dutywa	Small town enhancement	Small town regeneration: CBD upgrade Detailed feasibility for water & sanitation system upgrade	Aspire	DRDLR	637 260	Submitted	Oct-12	Mncedi Kashe / Saskia Haardt	Implementer
N2	Dutywa	Small town enhancement	Small town regeneration: CBD upgrade (Public transport hub, market square, heritage buildings and streets)	Aspire	DRDLR	853 232	Submitted	Oct-12	Mncedi Kashe / Saskia Haardt	Implementer
N2	Butterworth	Small town enhancement	Recreational & social amenities development / Gcuwa dam precinct	Aspire	DRDLR	141 000	Submitted	Oct-12	Mncedi Kashe / Saskia Haardt	Implementer
N6	Keiskammahok	Small town enhancement	Sports development (Football field and capacity building)	Aspire	2010 FIFA World Cup Legacy Trust	4 149 085	Submitted	Aug-12	Portia Sika	Implementer
N6	Keiskammahok	Small town enhancement	Sports facilities development	Amahlathi	National Lottery	1 000 000	Submitted	Nov-12	Portia Sika	Facilitator
N6	Cathcart	Small town enhancement	Wattle eradication	Aspire	LRED	1 000 000	Finalisation of agreement	Jun-12	Mncedi Kashe	Implementer
N6	Cathcart	Small town enhancement	Rehabilitation of farm land (wattle eradication)	Aspire	DRDLR	1 841 636	Submitted	Oct-12	Mncedi Kashe / Saskia Haardt	Implementer
N6	Keiskammahok	Small town enhancement	Agro-processing linked to irrigation scheme	Aspire	DRDLR	169 200	Submitted	Oct-12	Portia Sika / Saskia Haardt	Implementer
						80 914 069				