



# **MID-YEAR REPORT**

## **2025/2026**

**01 JULY 2025- 31 DECEMBER 2025**

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## **SECTION A:**

### **PURPOSE**

The purpose of this report is to report on the activities and finances of the Agency to the board of directors of UThukela Economic Development Agency for the period of 1<sup>st</sup> October 2025 to 31 December 2025.

### **BACKGROUND**

UThukela Economic Development Agency has embarked on a number of activities involving Corporate Services, Tourism, Investment Promotion, Agriculture, and Finance from the period of 1<sup>st</sup> October 2025 to 31 December 2025, and has expended financial resources to perform those activities.

# **1. CHAPTER ONE: INTRODUCTION AND CORPORATE PROFILE**

## **1.1 Legislative requirements**

Section 88 of the Municipal Finance Management Act 56 of 2003 requires that:

- 1) The accounting officer of a municipality entity must by 20 January of each year-
  - a. Assess the performance of the entity during the first half of the financial taking into account-
    - i. The monthly budget statements referred to in section 87 for the first half of the financial year and the targets set in the service delivery, annual performance plan / business plan or other agreement with the entity's parent municipality; and
    - ii. The entity's annual report for the past year, and progress on resolving problems identified in the annual report; and
  - b. Submit a report on such assessment to
    - i. The board of directors of the entity; and
    - ii. The parent municipality of the entity.
- 2) A report referred to in subsection (1) must be made public.

## **1.2 Corporate profile and overview of the entity**

UThukela Economic Development Agency (UEDA) was established in 2017 informed by the Kwa-Zulu Natal (KZN) Cabinet Lekgotla, which was held on 11-13 September 2012 resolved to establish District Development Agencies. District Economic Development Agencies are key economic drivers identified in the KZN Provincial Growth and Development Strategy (PGDP).

### **Vision**

An economically vibrant and prosperous district that retains and attracts businesses anchored in unique opportunities and innovation for sustainable economic development.

### **Mission**

Create an enabling and business-friendly environment thus ensuring the retention and attraction of local and international investments and promoting new business ventures working with all social and business partners to achieve a prosperous sustainable economic development for uThukela District.

## **Objectives**

The main objectives:

- To create an enabling and conducive environment for both local and international businesses to thrive.
- To facilitate, coordinate and monitor all district economic development projects.
- To restore business confidence in stakeholder engagements and establishment of the economic development working group.
- To mobilise and promote the use of local resources and skills thus ensuring maximum local economic development.

### **1.3 Governance and reporting protocols**

The agency is governed by a Board of Directors appointed in terms of section 93E of the Municipal Systems Act, 2000. The Board subscribes to the values of good corporate governance and recognises the need to conduct the Agency's affairs with integrity and in accordance with generally accepted corporate practices. The board has a Board Charter which provides guidance to the Directors when discharging their roles and responsibilities. The Agency and the Board subscribe to the principles of the King Corporate Governance Ethics report. The relationship between the parent municipality and the agency is governed by a shareholder's agreement signed by the two parties.

### **UEDA GOVERNANCE STRUCTURES**

<b>NAME</b>	<b>OPERATIONAL</b>	<b>COMMENTS</b>
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Board of Directors	Yes	6 non-executive directors. 1 board member resigned beginning of the financial year 2025/26
Audit Performance and Audit Committee	Yes	6 Audit Committee members
Company secretary	No	Corporate services assigns a scribe for board meetings
Internal Audit	Yes	The Agency uses the parent municipality internal audit unit as a shared service
Performance Audit Committee	Yes	UEDA does not have an internal PMS and Risk Committee

## 1.4 Key Performance Areas and Goals

### 1.4.1 Key Performance Areas

KEY PERFORMANCE AREAS
<b>1. Good Governance</b>
<b>2. Institutional Development</b>
<b>3. Financial Viability and Management</b>
<b>4. Local Economic Development</b>

### 1.4.2 Goals and Objective Areas

KPA	GOAL	OBJECTIVE AREA
1. Good governance	Improving the institutional capacity and policy environment for effective LED	<ul style="list-style-type: none"> <li>- Internal Audit</li> <li>- Risk Management</li> <li>- Ensure the adherence to the compliance checklist and adherence to the MFMA, MSA and the Company's Act</li> <li>- Regular reporting to UThukela District Municipality</li> </ul>
2. Institutional Development	Improving Institutional Development and HR management	<ul style="list-style-type: none"> <li>- Human resource Management</li> <li>- Administrative Support</li> <li>- Information Technology</li> <li>- Performance Management Systems</li> <li>- Communications</li> <li>- Institutional Trainings</li> </ul>
3. Financial Viability and Management	Sound Financial Management	<ul style="list-style-type: none"> <li>- Financial Management</li> <li>- Supply Chain Management</li> <li>- Asset Management</li> </ul>
4. Local Economic Development	Expansion and development of strategic economic infrastructure	<ul style="list-style-type: none"> <li>- Identification of investment opportunities within the district</li> <li>- Reports on OSS</li> <li>- SMME trainings on financial management, marketing &amp; sales, customer services, tax matters</li> <li>- Services CIPC, CSD, TAX and business plan</li> </ul>

		<ul style="list-style-type: none"> <li>- Logistical support for SMME's</li> <li>- Identification, assistance, and marketing of products of businesses operated by disabled persons and those in secluded areas ( clothing, cultural artifacts, welding, IT, and builders and carpentry)</li> <li>- Collect data on SMMEs</li> <li>- Assistance with inputs for businesses operated by disabled persons.</li> <li>- SMME Funding applications</li> <li>- Business retention</li> <li>- DUT Satellite</li> <li>- Establishment of Private School</li> <li>- Ezakheni IThala SEZ</li> <li>-</li> </ul>
	Development and support for the tourism sector	<ul style="list-style-type: none"> <li>- Tourism Stakeholder Engagement</li> <li>- Development of Tourism routes</li> <li>- Rural and Township Tourism Development</li> <li>- Market for Souvenirs</li> <li>- Promote market access through livestock auctions</li> <li>- Promotion of market access through Agricultural shows</li> </ul>



		<ul style="list-style-type: none"> <li>- Development of agricultural market</li> <li>- Chicken abattoir</li> <li>- Beans seeds</li> <li>- Commercial farmers engagement</li> <li>- Hemp Industry</li> </ul>
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## 1.5 CEO's Summary of organisational budget and performance analysis

### 1.5.1 Organisational Review

The purpose of this submission is to report to the Board of Directors of UThukela Economic Development Agency and the parent municipality, UThukela District Municipality, on the assessment of the performance of the organization in the past six (6) months of the 2025/26 Financial year in compliance with the requirements of section 88 of the Municipal Finance Management Act.

### MIDTERM Targets (Summary of Performance) 2025/26

Sections	Achieved	Not Achieved	Not Applicable	Total UEDA Targets
<b>Corporate Services</b>	Q1:8 Q2: 9	Q1:0 Q2: 0	Q1: 2 Q2: 1	Q1:10 Q2: 10
<b>Finance &amp; Investment</b>	Q1: 15 Q2: 17	Q1: 0 Q2: 0	Q1: 4 Q2: 2	Q1: 19 Q2: 19
<b>LED Programmes</b>	Q1: 8 Q2: 9	Q1: 0 Q2: 2	Q1: 4 Q2: 1	Q1: 12 Q2: 12

### Comparison of Midterm Reports: Previous and Current Financial Year

Financial Year	Achieved	Not Achieved	Not Applicable	Total UEDA Targets
<b>2024/25</b>	<b>52</b>	<b>9</b>	<b>5</b>	<b>66</b>

2025/26	66	2	14	82
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### Performance Analysis:

- The entity had 82 targets planned for the end of December 2025;
- The entity has improved its overall achievement from last year, this time.
- Targets that were not achieved are 2 showing an improvement when comparing to the 2024/25 financial which saw an increase with 9 targets being not achieved.

## 2. CHAPTER TWO: ORGANISATIONAL GOVERNANCE REPORT

### 2.1 Midterm Organisational Performance assessment report

The performance information report is required in terms of s38 - 46 of the Municipal Systems Act (MSA). This assists the Accounting Authority (the Board) in its additional responsibility to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the entity. Accordingly, this Performance Information report is a subject matter/ agenda item of Board and Executive Management meetings in line with the regulatory requirements, good corporate governance, and proper oversight. This ensures that the entity complies with the requirements of the Auditor General's audit findings in terms of s20 (2) (c) of the Public Audits Act 25 of 2004 on reported information relating to performance against predetermined objectives. The Accounting Officer should continually assess and evaluate performance information to ensure that the performance information is effective, efficient, transparent, and updated when necessary.

### TARGETS THAT WERE NOT ACHIEVED

Measurable Output	Annual Target	Quarterly Projection	Actual	Reason for Deviation	Action Plan
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Tourism Stakeholder Engagement	Eight (8) engagement meetings held with various stakeholders by 30 June 2026	<b>Quarter 2</b> One (1) engagement with TKZN and one (1) with EDTEA held by 31 December 2025.	<b>0</b>	During the engagements conducted via <b>email and phone calls</b> , it was communicated that during <b>Quarter 2</b> officials from <b>KZNTFA and EDTEA</b> are occupied for the remainder of the season.	The meetings will be <b>rescheduled to January</b> , in line with the availability of KZNTFA and EDTEA officials, and a revised programme and dates will be confirmed through formal communication in advance.
Tourism Destination Marketing	Four (4) reports on destination marketing by, 30 June 2026	<b>Quarter 2</b> One (1) on attendance at the Drakensberg Extravaganza event by, 31 December 2025	<b>0</b>	The deviation occurred due to the <b>cancellation of the tourism summits during the Extravaganza event</b> , which resulted in the planned activity not	Avoid specifying a particular event to market the tourism product on, allowing flexibility to adapt in changes.

				taking place as scheduled.	
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### **3. CHAPTER THREE: CORPORATE GOVERNANCE REPORT**

#### **3.1 Corporate Governance statement**

The board subscribes to the values of good corporate governance and recognises the need to conduct the agency's affairs with integrity and in accordance with generally accepted corporate practices in order to ensure increased public confidence and the confidence of its parent municipality. The board has a Board Charter which provides guidance to the Directors when discharging their roles and responsibilities. The agency and the board subscribe to the good corporate governance principles of the King reports, the Code of Conduct for Directors referred to in section 93L of the Municipal Systems Act, 2000 (as amended) and the Standards of director's conduct referred to in s76 of the Companies Act 71 of 2008.

#### **3.2 Board of Directors**

The Shareholder, UThukela District Municipality appointed 7 current directors to the board of UEDA in December 2022. One of the 7 members has resigned beginning of the financial year 2025/26, leaving the board with 6 members. The non-executive directors were appointed in accordance with Section 86H of the Local Government Municipal Systems Act; 2000; as amended.

The Board is charged with the responsibility to oversee the proper governance and delivery of UMDA programs. As an internal stakeholder the Board's interests and expectations revolve around the need for the organisation to provide strategic direction to the executive staff of the organisation, assist with defining and monitoring of the organisation's business plan, ensure that the structure of the organisation is adequate to meet its business plan and mandate, evaluate the performance of its Chief Executive, mobilise sufficient funding and other resources to support the achievement of the organisations' mandate, vision and mission , support the operations of the organisation by providing expert and professional advice and ensuring that the organisation adequately

accounts for its operations and funding and that governance protocols are properly maintained as well as nurture the organisations' relations with the shareholder and the community at large

### 3.3 Board Committees

Board Members	Quarter 1			Quarter 2		
	Portfolio Committee Meetings			Portfolio Committee Meeting		
	Finance	LED	Corporate	Finance	LED	Corporate
Dr. KH Nduli	✓			✓		
Ms M Asmal	X	N/A	N/A	X	N/A	N/A
Ms ZF Zikalala	✓	N/A	✓	✓	N/A	✓
Mr WZ Kunene	N/A	✓	✓	N/A	✓	✓
Mr MS Sithole	N/A	✓	✓	N/A	✓	✓
Mr BW Kubheka	✓	✓	N/A	✓	✓	N/A

### 3.4 Director's meeting attendance

Board Members	Quarter 1 Meeting	Quarter 1 Special Meeting	Quarter 2 Meeting	Quarter 2 Special Meeting	Quarter 2 Risk Assessment Workshop

<b>Dr KH Nduli</b>	✓	✓	✓	✓	✓
<b>Ms M Asmal</b>	✓	x	✓	✓	x
<b>Ms ZF Zikalala</b>	✓	✓	✓	✓	✓
<b>Mr WZ Kunene</b>	✓	✓	✓	✓	✓
<b>Mr MS Sithole</b>	✓	✓	✓	✓	✓
<b>Mr BW Kubheka</b>	✓	✓	✓	✓	✓

All board members have been remunerated (1<sup>st</sup> July 2025 – 31<sup>st</sup> December 2025)

### 3.5 Risk Management and Internal Controls

#### 3.5.1 Operation Risk Register

No .	Risk Description	Category	Root Causes	Consequences	Control Measure	Inherent/High Risk Rating	Residual Low or Medium Risk Rating	Status
1.	Nonfunctional occupational health and safety management.	Operational	<ol style="list-style-type: none"> <li>1. nonfunctional occupational health and safety personnel</li> <li>2. Lack of appropriate PPE for personnel</li> </ol>	<ol style="list-style-type: none"> <li>1. Injuries/ fatalities on duty.</li> <li>2. Non-compliance with the provisions of the Occupation Health and Safety Act.</li> <li>3. Possible litigations against the Agency.</li> <li>4. Compromised Service Delivery.</li> <li>5. Exposure of employees to health hazards that may have a long term impact.</li> </ol>	<ol style="list-style-type: none"> <li>1. Train a personnel to head the health occupational and safety matters</li> <li>2. Accommodate the purchasing of PPE's in the budget</li> </ol>	critical	Moderate	Active

2.	Ineffective functioning of the risk management unit.	Operational	<ol style="list-style-type: none"> <li>1. Non-establishment of the Risk Management Committee.</li> <li>2. Capacity constraints.</li> </ol> <p>-Absence of a Risk Officer. -Absence of a Risk Manager.</p>	<ol style="list-style-type: none"> <li>1. High risk exposure</li> <li>2. Failure to develop a Risk Based Internal Audit Plan.</li> <li>3. Inability to timely identify.</li> </ol>	<ol style="list-style-type: none"> <li>1. Request shared services for the risk management unit from the parent municipality</li> <li>2. Use the services of the risk management unit to develop a risk based internal audit plan</li> </ol>	critical	Moderate	Active
3.	Ineffective fleet management	Operational	<ol style="list-style-type: none"> <li>1. Shortage of vehicles</li> <li>2. Lack of tracking system</li> <li>3. Budget constraints.</li> </ol>	<ol style="list-style-type: none"> <li>1. Compromised service delivery</li> <li>2. Reduced lifespan of vehicle</li> <li>3. Regular vehicle breakdowns.</li> </ol>	<ol style="list-style-type: none"> <li>1. Install a tracking system</li> <li>2. Review Fleet Management Policy</li> <li>3. Purchase a new vehicle</li> </ol>	Critical	Minor	Active
4	Ineffective records management processes.	Operational/strategic	<ol style="list-style-type: none"> <li>1. No centralized registry.</li> <li>- Capacity constraints.</li> <li>- Insufficient space.</li> <li>2. Lack of a Document Management System (Electronic System).</li> <li>3. Inadequate resources and tools of trade.</li> <li>4. no offsite storage of records</li> </ol>	<ol style="list-style-type: none"> <li>1. Loss of critical information.</li> <li>2. Auditor General queries.</li> <li>3. Non-compliance with National Archives Act.</li> <li>4. Inappropriate disclosure of confidential information.</li> <li>5. Lack of audit trail</li> </ol>	<ol style="list-style-type: none"> <li>1. Implementation of the file plan</li> <li>2. turn one of the office space into a file room</li> <li>3. Benchmarking with progressive entities&amp; municipalities in terms of records management</li> </ol>	Critical	Moderate	Active



5	Ineffective performance management system.	Operational	<p>1. Lack of cooperation by departments:</p> <ul style="list-style-type: none"> <li>-On meeting deadlines appropriated for performance management system.</li> <li>-late submission of performance information.</li> </ul> <p>2. Not credible performance information (portfolio of evidence) to support achievements:</p> <ul style="list-style-type: none"> <li>- Inadequate performance information.</li> </ul>	1. Inaccurate performance information.	<p>1. Continuous engagement with management to submit reports on time with POE in line with the SDBIP</p> <p>2. Conduct performance evaluation of senior managers.</p>	critical	Minor	Active
6	Limited training and development of employees.	Operational/ Strategic	Limited budget to implement training objectives	Inadequate trained employees	<ol style="list-style-type: none"> <li>1. Ensure to adjust the training budget.</li> <li>2. Management to take responsibility to assess and submit training needs for subordinates.</li> <li>3. Ensure to conduct skills audit on annual basis in order to track the implementation of the WSP</li> </ol>	Critical	Moderate	Active

7	ICT Risks	Strategic	No end user back, or back up station.	Loss of information and inability to recover the information	4.	Critical	Critical	Active
8	Objective and target not met due to capacity deficiencies	Operational	<ol style="list-style-type: none"> <li>Poor internal alignment between budget planning and performance monitoring units</li> <li>Lack of a structured internal review process</li> <li>Inadequate capacity or understaffing</li> </ol>	<ol style="list-style-type: none"> <li>Regulatory Non-Compliance</li> <li>Delayed Strategic Decision-Making</li> </ol>	<ol style="list-style-type: none"> <li>Ensure collaboration between finance and performance section</li> <li>Temporary staff or external assistance(UTDM PMS)</li> </ol>	Critical	Moderate	Active
9	Objective and target not met due to capacity deficiencies	Operational	<ol style="list-style-type: none"> <li>Weak internal reporting processes and timelines</li> </ol>	<ol style="list-style-type: none"> <li>Non-Compliance with Legislative Requirements</li> </ol>	<ol style="list-style-type: none"> <li>Implement a Financial Reporting Calendar.</li> </ol>	Critical	Moderate	Active

			2. Delayed submission of departmental financial inputs	2. Impaired Financial Oversight and Governance	4. Automate Financial Reporting Processes 5. Monitor Compliance Monthly			
10	Budget may not be cash backed	Operational	1. Inadequate planning and timeline management 2. Poor coordination between departments. 3. Late approval of strategic plans or sector inputs.	1. Suspension or Delay in Budget Approval. 2. Delays in Funding Allocations. 3. Loss of Stakeholder Confidence	4. Implement a Budget Development Timeline 5. Establish a Multi-Stakeholder Budget Task Team. 6. Conduct Mid-Year Planning Reviews.	Critical	Moderate	Active
11	Poor cooperation by LM's	Operational	1. Lack of coordination and data-sharing agreements 2. Absence of a centralized database or digital platform 3. Poor communication channels	1. Missed Economic Development Opportunities. 2. Delays in Project Implementation.	3. Establish Data-Sharing MOUs with Municipalities and Private Sector. 4. Conduct Periodic Data Collection Campaigns. 5. Launch a Public Advertisement Portal or Dashboard.	Critical	moderate	Active
12	Poor cooperation by LM's	Operational	1. inadequate data collection mechanisms 2. lack of coordinated stakeholder engagement (public and private),	1. Missed Funding and Partnership Opportunities. 2. Poor Infrastructure and Service Expansion. 3. Increased Unemployment and Poverty	4. Establish a District Investment Desk/Unit 5. Develop a Centralized Investment Opportunity Database 6. Conduct Periodic Investment Audits and Surveys.	Critical	moderate	Active
13	Failure to report monthly expenditure accurately and on time, leading to budget mismanagement , non-	Operational	1. lack of automated data consolidation processes. 2. inadequate integration between financial	1. Poor Understanding of the Local SMME Landscape. 2. Inability to Design Targeted Support Interventions.	3. Improve financial management of OSS expenditure 4. Adjust budgets as necessary	Critical	Moderate	Active

	compliance, and loss of stakeholder trust.		3. OSS tracking systems, and limited ownership					
14	Objective and targets not met due to deficiencies	Operational	<ol style="list-style-type: none"> <li>Limited availability of qualified facilitators to deliver training across all topics.</li> <li>Insufficient internal capacity (staffing and expertise) to plan and execute training sessions.</li> <li>Inadequate budget or funding to support the full rollout of training programs.</li> </ol>	<ol style="list-style-type: none"> <li>Poor Business Sustainability and High Failure Rates.</li> <li>Poor Customer Retention and Revenue Loss.</li> <li>Growing Informal Sector.</li> </ol>	<ol style="list-style-type: none"> <li>Identify partnerships with NGOs and donor organizations.</li> <li>Reduce the scale of operations</li> </ol>	Critical	Minor	Active
15	Objective and targets not met due to capacity deficiencies	Operational	<ol style="list-style-type: none"> <li>Inadequate staffing or lack of skilled personnel</li> <li>High volume of service requests</li> <li>Dependency on external systems</li> </ol>	<ol style="list-style-type: none"> <li>Limited Access to Government Procurement Opportunities.</li> <li>Missed Opportunities for Enterprise Development.</li> </ol>	<ol style="list-style-type: none"> <li>Develop Standard Operating Procedures (SOPs)</li> <li>Upskill Staff and Increase Capacity.</li> <li>Provide Client Readiness Checklists.</li> </ol>	Critical	Minor	Active
16	Objective and targets not met due to budgetary constraints	Operational	<ol style="list-style-type: none"> <li>Lack of a structured logistical support framework</li> <li>Weak coordination between the district, service providers, and SMMEs.</li> <li>Poor needs assessment and beneficiary profiling</li> </ol>	<ol style="list-style-type: none"> <li>Limited Market Access for SMMEs.</li> <li>Disruption of Business Operations.</li> <li>Increased Business Costs</li> </ol>	<ol style="list-style-type: none"> <li>Develop a Logistical Support Policy/Framework.</li> <li>Conduct Regular Needs Assessments</li> <li>Implement a Request and Tracking System.</li> </ol>	Critical	moderate	Active

17	Poor corporation by LM' s	Operational	<ol style="list-style-type: none"> <li>1. Absence of a centralized and standardized data collection system.</li> <li>2. Lack of awareness or cooperation from SMMEs</li> </ol>	<ol style="list-style-type: none"> <li>1. Poor Planning and Policy Formulation.</li> <li>2. Inability to Track and Support SMME Growth.</li> </ol>	<ol style="list-style-type: none"> <li>3. Develop and Maintain a Centralized SMME Database.</li> <li>4. Partner with Stakeholders for Data Sharing</li> </ol>	Critical	minor	Active
18	Objective and targets not met due to capacity deficiencies	Operational	<ol style="list-style-type: none"> <li>1. Identify partnerships with NGOs and donor organizations</li> <li>2. Reduce the scale of operations</li> </ol>	<ol style="list-style-type: none"> <li>1. Exclusion of Vulnerable Groups from Economic Opportunities</li> </ol>		Critical	Minor	Active
19	Objective and targets not met due to budgetary constraints	Operational	<ol style="list-style-type: none"> <li>1. Identify partnerships with NGOs and donor organizations</li> <li>2. Reduce the scale of operations</li> </ol>	<ol style="list-style-type: none"> <li>1. Business Stagnation or Collapse.</li> <li>2. Increased Economic Exclusion of Disabled Persons</li> </ol>	<ol style="list-style-type: none"> <li>3. Reviewing your budgeting process and timeline.</li> <li>4. Checking how targets were set and whether they were realistic given the budget.</li> </ol>	Critical	Minor	Active
20	Objective and targets not met due to budgetary constraints	Operational	<ol style="list-style-type: none"> <li>1. Develop internal marketing capabilities</li> <li>2. Collaborate with external marketing agencies</li> </ol>	<ol style="list-style-type: none"> <li>1. Limited Market Visibility and Sales.</li> <li>2. Economic Exclusion of Vulnerable Groups.</li> <li>3. Reduced Impact of Business Support Programs.</li> </ol>	<ol style="list-style-type: none"> <li>5. Reviewing your budgeting process and timeline.</li> <li>6. Checking how targets were set and whether they were realistic given the budget.</li> <li>7. Engaging with stakeholders involved in planning and budget decisions.</li> </ol>	Critical	Minor	Active
21	Objective and targets not met due to capacity deficiencies	Operational	<ol style="list-style-type: none"> <li>1. Improve access to funding through mentorship programs</li> </ol>	<ol style="list-style-type: none"> <li>1. High SMME Failure Rates.</li> </ol>	<ol style="list-style-type: none"> <li>4. Inadequate Human Resource Capacity and Skills Alignment</li> </ol>	Critical	Moderate	Active

			2. Partner with financial institutions	2. Decreased Confidence from SMMEs. 3. Decreased Confidence from SMMEs				
22	Local business not accessing investment opportunities	Operational	1. Improve business awareness programs. 2. Create partnerships with local chambers of commerce. 3. Provide more accessible business development services.	1. Lack of Performance Monitoring and Accountability. 2. Missed Opportunities for Service Improvement. 3. Inaccurate Reporting to Oversight Bodies	4. Limited Awareness, Capacity, and Support Systems for Investment Readiness	Critical	Moderate	Active
23	Economic instability, other district competition	Operational	1. Strengthen local business capacity. 2. Advocate for regional cooperation to mitigate competition. 3. Introduce competitive incentives for local businesses.	1. Business Closures and Relocations. 2. Job Losses 3. Wasted Investment in Business Support.	4. Weak Local Economic Diversification and Limited Competitive Advantage	Critical	moderate	Active
24	Unavailability of stakeholders. Conflicting	Operational	1. Overlapping priorities and	2. Possible delays in collaboration;	3. Strengthen stakeholder engagement by	Minor	Low	Active

	schedules. Stakeholder disinterest.		limited availability of stakeholders; limited engagement strategies.	slower progress on programme implementation; missed opportunities for stakeholder input.	issuing schedules in advance; provide multiple meeting options including virtual participation; increase awareness of the importance of stakeholder participation.			
25	Decreasing number of participants due to unavailability of funding.	Operational	1. Limited budget allocation; delays in funding disbursement ; competing programme priorities.	2. Reduced turnout at events; limited engagement and data collection; weaker programme impact.	3. Engage funders early; explore alternative funding sources; prioritise essential activities; implement cost-effective participation strategies.	Moderate	Medium	Active
26	Unavailability of tourism marketing material	Operational	1. Delays in procurement; limited budget allocation; poor planning or coordination with suppliers.	2. Reduced visibility of tourism campaigns; lower tourist engagement and participation; potential reputational impact.	3. Implement advanced planning for marketing material; secure multiple suppliers; allocate budget prioritising essential promotional items.	Moderate	Medium	Active
27	Limited craft sales as the initiative is still new, and some	Operational	1. Limited market	2. Low sales revenue, limited income for crafters,	3. Provide training and mentoring to improve	Minor	Low	Active

	crafts are difficult to sell due to poor quality.		exposure as the craft project is still in its early stages; lack of training and quality standards among crafters.	and reduced sustainability of the craft markets.	product quality; establish quality standards; run awareness campaigns to increase market exposure; and introduce partnerships with experienced crafters or mentors.			
28	Tourists are reluctant to accept brochures due to a lack of trust.	Operational	1. Difficulty approaching tourists and earning their trust; belief that items from strangers may be unsafe; assumption that brochures are part of a sales pitch.	2. Decreased effectiveness of marketing campaigns; limited awareness of UThukela tourism offerings; reduced tourist engagement and participation.	3. Train staff to engage in a friendly, non-intrusive manner; ensure brochures explicitly state they are free and informative; support brochures with digital platforms and visible information displays.	Minor	Low	Active
29	Delays in the accreditation process on the QCTO side, with communication limited to emails.	Operational	1. Administrative bottlenecks at QCTO; reliance on email as the	2. Extended accreditation timelines; delayed implementation of training programmes;	3. Establish a dedicated liaison officer for consistent follow-ups; maintain clear documentation	Minor	Low	Active



			only communication channel; limited real-time feedback.	potential loss of stakeholder confidence.	of correspondence; escalate through QCTO support channels; explore alternative interim accreditations if possible.			
30	Cancellation of scheduled livestock auctions.	Operational	1. Logistical challenges; financial constraints; low livestock supply; lack of farmer preparedness; insufficient stakeholder coordination.	2. Loss of farmer and community confidence; financial losses; reduced participation in future auctions; disruption of market linkages.	3. Improve pre-auction planning and coordination; secure commitment from farmers in advance; ensure financial and logistical readiness; communicate promptly with stakeholders in case of unavoidable cancellations.	Moderate	Medium	Active
31	Financial constraints in establishing a chicken abattoir.	Operational	1. Limited funding sources.	2. Project delays or non-implementation; loss of stakeholder confidence; missed opportunities for local economic development; inability to support emerging farmers.	3. Explore multiple funding avenues (government grants, PPPs, private investors); phased implementation of abattoir project; prepare detailed feasibility studies to attract funders; engage with financial institutions early.	Moderate	Medium	Active

32	Financial constraints in establishing an agricultural market.	Operational	1. Limited funding sources.	2. Project delays or non-implementation; loss of stakeholder confidence; missed opportunities for local economic development; inability to support emerging farmers.	3. Explore multiple funding avenues (government grants, PPPs, private investors); phased implementation of abattoir project; prepare detailed feasibility studies to attract funders; engage with financial institutions early.	Moderate	Medium	Active
33	Delays in the procurement of seeds and shortage of sugar bean seeds in the market. Unfavorable weather affecting plants in two local municipalities, leading to delays in monitoring and harvesting.	Operational	1. Dependence on limited suppliers; logistical challenges; seasonal weather variability; insufficient contingency planning for climate impacts.	2. Delayed planting and harvesting cycles; reduced crop yields; limited support to farmers; potential economic loss.	3. Establish agreements with multiple seed suppliers; maintain seed reserves; implement climate-resilient planting schedules; enhance monitoring and support systems in affected municipalities	Moderate	Medium	Active
34	Lack of buy-in from Ubumbano co-op and challenges in	Operational	1. Limited stakeholder alignment;	2. Project delays; reduced farmer support;	3. Redirect project focus to actively involve farmers of	Moderate	Medium	Active

	securing funding.		reliance on a single partner; delays in funding approvals.	missed opportunities for local economic development.	UThukela District; engage multiple funding sources; ensure local ownership and participation.			
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### 3.5.2 Overall Audit Outcomes

The overall audit outcome of the municipal entity is unqualified with findings. This is the same as the previous year's audit outcome.

Outcome area	Movement	2024-25	2023-24	2022-23
uThukela Economic Development Agency: Unqualified with findings- the same as the previous audit outcomes				
<b>Financial statements</b>	▶			
<b>Annual Performance Report</b>				
• Local Economic Development	▶			
<b>Compliance with legislation</b>				
• Financial Statements	▶			
• Procurement and contract Management	▶			
• Expenditure Management	▶			
• Revenue Management	▶			

• Strategic Planning and performance management	👉			
• Consequence Management	👇			
• Oversight and Governance				

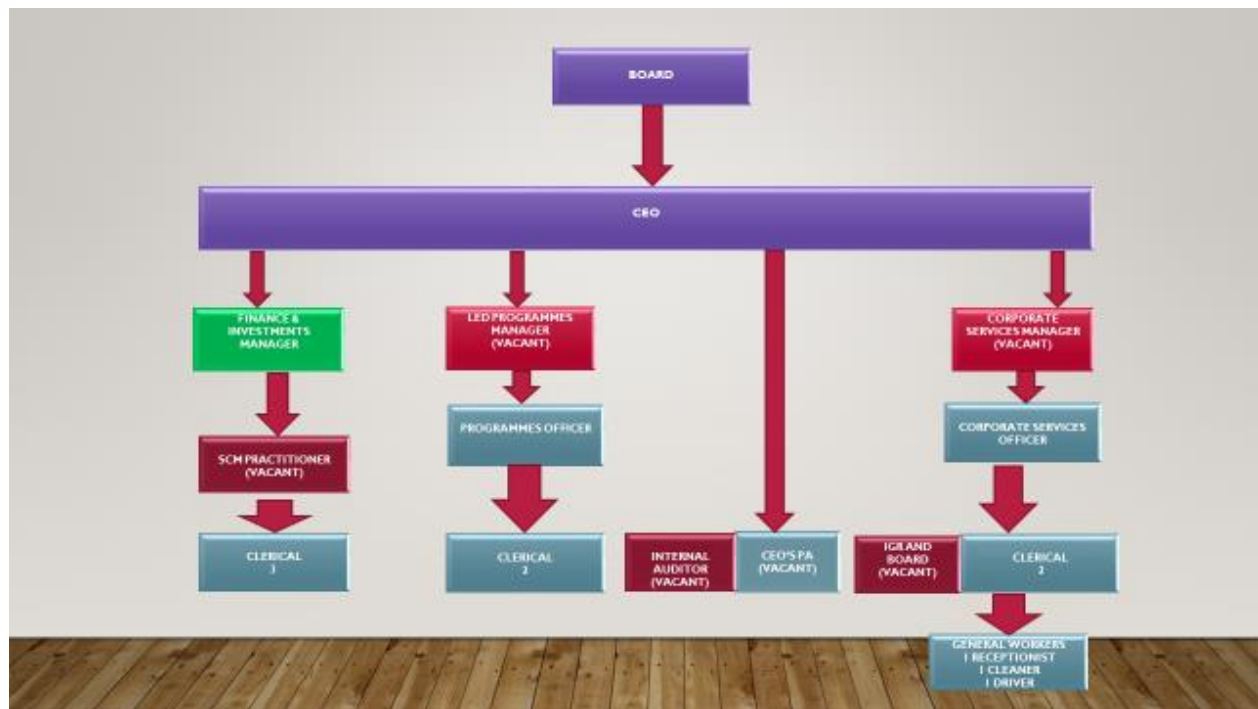
Unqualified / No material findings	Qualified	Adverse	Disclaimed	Material findings	Not audited
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👆	Improvement	👇	Regression	👉	Unchanged
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The municipal entity's opinion has remained unchanged from an unqualified opinion for the past 3 years with little improvement in internal controls. Material misstatements were noted on the submitted annual financial statements, these misstatements were not picked up and corrected by the municipal entity's internal control. In addition, material non-compliance is still being incurred and these could not be prevented as the internal controls were not effective during the period.

## 4 CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

### 4.1 Human Resource Management



### CHALLENGES IN HUMAN RESOURCES

- High vacancy rate in the approved organogram
- Staff turnover remain very high due to job insecurity and lower salaries when comparing to other institutions

## 5. CHAPTER FIVE: DEPARTMENTAL CHALLENGES

### Comparison of Corporate Service: 2024/2025 vs 2025/2026 Financial Years

Key Area	2024/2025 Financial Year (Observed Challenges)	2025/2026 Financial Year (Resolved Challenges)
Internal Audit	The Internal Audit function was not fully operational during the review of some quarterly reports in the 2024/2025 financial year.	Internal Audit services are now fully functional through a shared services agreement with the Parent Municipality.

### Comparison of Finance and Investment: 2024/2025 vs 2025/2026 Financial Years

Key Area	2024/2025 Financial Year Challenges	2025/2026 Financial Year (Continuing Challenges)
Budget Constraints	Continuing budgetary constraints resulted in the inability to fully implement the approved procurement plan.	Ongoing financial constraints continue to limit the implementation of the procurement plan and planned programmes.
Transportation	Limited access to transport (single vehicle) restricted site visits, particularly to SMMEs in remote/secluded areas and to persons with disabilities.	Transport limitations persist, resulting in reduced outreach, monitoring, and support to SMMEs in rural areas and disabled individuals.
One Stop Shop (OSS)	Due to financial constraints, OSS grant funds were redirected to cover operational office expenses,	The OSS remains unlaunched as financial constraints continue to

	leading to the OSS not being launched.	affect the allocation of funds for its establishment.
Support for Disabled Individuals	Delays in providing inputs and support to SMMEs owned by persons with disabilities due to insufficient budget.	Budget limitations continue to delay timely support and provision of inputs for SMMEs owned by persons with disabilities,
Business Retention	Limited collaboration with Local Municipalities affected efforts to address challenges faced by existing local businesses.	The lack of structured collaboration with Local Municipalities continues to impact business retention and support initiatives.
Identification of Business Opportunities	Challenges were experienced when identifying investment opportunities, as some business owners resisted cooperation and information sharing.	Resistance from some owners of identified investment opportunities continues to hinder effective engagement and investment facilitation.

#### Comparison of LED Programmes: 2024/2025 vs 2025/2026 Financial Years

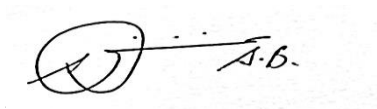
Key Area	2024/25 Financial Year (Observed Challenges)	2025/26 Financial Year (Anticipated Challenges)
Funding Availability	Limited implementation funding; several projects remained at planning or feasibility stage	Continued funding constraints expected, with heavy reliance on external grants and funding approvals
Market Access for SMMEs	Rural and township tourism businesses and farmers	Persistent market access challenges expected; need for stronger value-chain integration

	struggled to access consistent markets	
Skills and Capacity	Shortage of accredited tour guides; limited business and financial management skills among SMMEs	Skills and Capacity still in progress
Regulatory and Accreditation Processes	Delays in QCTO responses and additional compliance requirements affected timelines	Regulatory and Accreditation Processes has been Resolved
Infrastructure Constraints across the district	Poor road access, limited signage, and inadequate tourism infrastructure in rural areas. E.g. Uitvaal	Infrastructure backlogs expected to remain a major constraint to investment and tourism growth
Stakeholder Coordination	Coordination across municipalities, traditional authorities, and partners required significant effort	Increased complexity of coordination anticipated as programmes expand in scale
Livestock and Agricultural Operations	Expansion to OLM and ILM	Expansion to OLM and ILM
Climate and Environmental Factors	Weather variability affected agricultural planning in some areas. Sugar beans and Livestock	Climate change impacts expected to intensify, affecting crop yields and livestock health
Programme Sustainability	Some initiatives required further support to become self-sustaining	Long-term sustainability risks expected if funding, skills, and market access are not secured
Financial instability	Delay in procurement e.g. sugar bean	Inability to procure sugar beans



## 6. CHAPTER SIX: FINANCIAL REPORT

### Annexure: Mid-term Budget

A handwritten signature in black ink, appearing to be 'S.B.', is written over a light blue rectangular background.

Mr. SB Sibisi (Acting CEO)

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Date