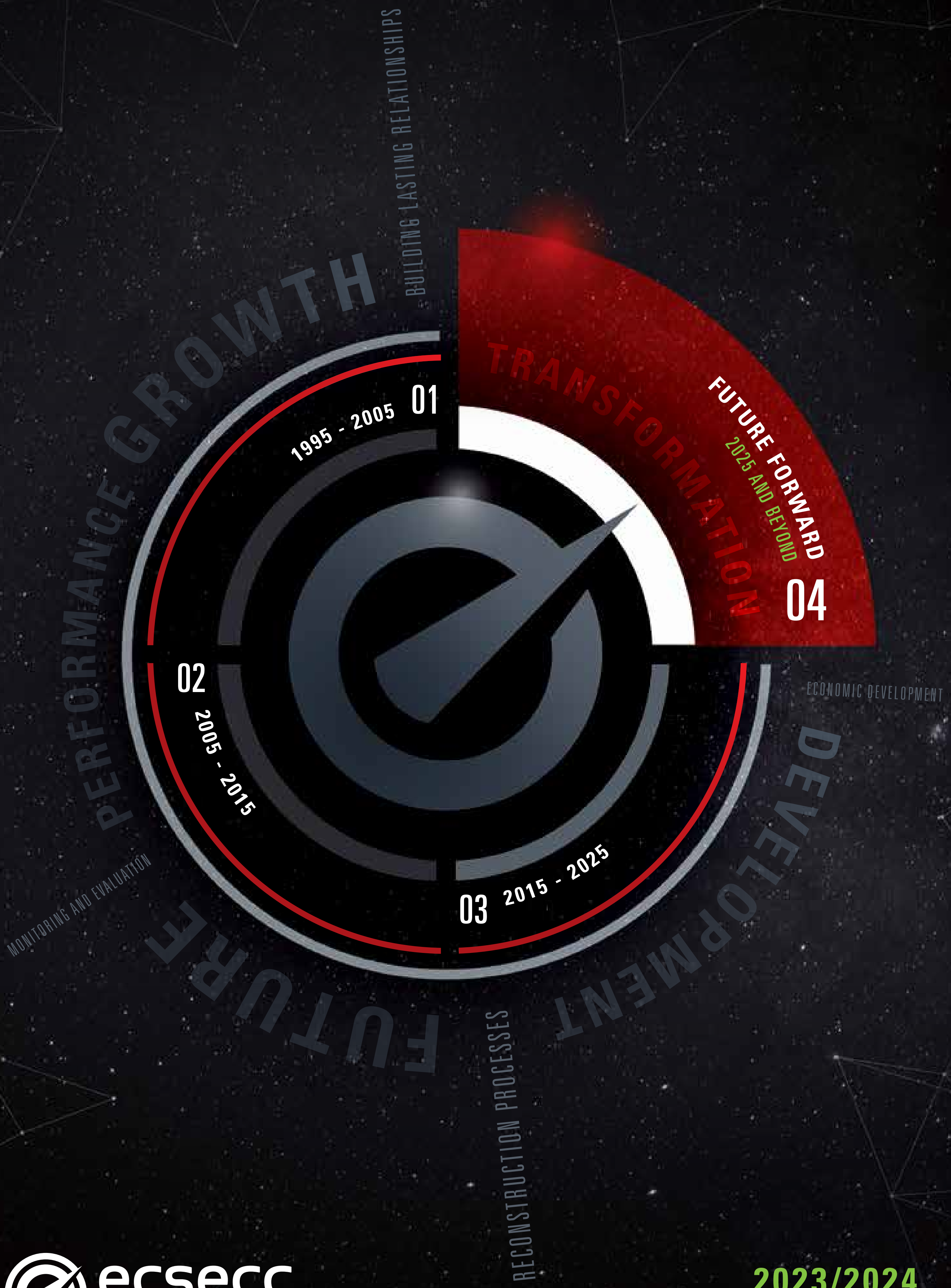

ecsecc
eastern cape socio economic consultative council

2023/2024
ANNUAL REPORT

INNOVATION STRATEGY

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01

General INFORMATION

REGISTERED NAME	Eastern Cape Socio-Economic Consultative Council (ECSECC)
REGISTRATION NUMBER	1999/024315/08
PHYSICAL ADDRESS	12 Gloucester Road, Vincent, East London, 5217
POSTAL ADDRESS	Postnet Vincent, Private Bag X 9063, Suite No. 302, Vincent, 5247
TELEPHONE NUMBER	(043) 701 3400
WEBSITE ADDRESS	www.ecsecc.org
EXTERNAL AUDITORS	The Auditor-General of South Africa
COMPANY SECRETARY	Ms Nozuko Somniso Executive Secretary and Chief Risk Officer
TAX EXCEPTION	Reference Number: 930031288 under section 30(3) of the Income Tax Act No. 58 of 1962

02 List of ABBREVIATIONS/ACRONYMS

AfCFTA: African Continental Free Trade Area
AFS: Annual Financial Statements
AGSA: Auditor General of South Africa
AGYW: Adolescent Girls and Young Women
AI: Artificial Intelligence
AIDC-EC: Automotive Industry Development Centre Eastern Cape
AIDS: Acquired Immune Deficiency Syndrome
AOP: Annual Operational Plan
APP: Annual Performance Plan
BCMM: Buffalo City Metropolitan Municipality
BRICS: Brazil, Russia, India, China and South Africa
CEO: Chief Executive Officer
COBIT: Control Objectives for Information Technologies
COGTA: Cooperative Governance and Traditional Affairs
CSIR: Council for Scientific and Industrial Research
DDM: District Development Model
DEDEAT: Department of Economic Development Environment and Tourism
DM: District Municipality
DMRE: Department of Mineral Resources and Energy
DOH: Department of Health
DoH: Department of Health EC Eastern Cape
DOT: Department of Transport
DPME: Department of Planning, Monitoring and Evaluation
DRDAR: Department of Rural Development and Agrarian Reform
EAP: Economically Active Population
ECAC: Eastern Cape AIDS Council
EC-COGTA: Eastern Cape Department of Cooperative Governance and Traditional Affairs
ECD: Early Childhood Development
ECDC: Eastern Cape Development Corporation
ECDoE: Department of Basic Education in the Eastern Cape
ECPDC: Eastern Cape Provincial Development Convention
ECRDA: Eastern Cape Rural Development Agency
ECSECC: Eastern Cape Socio-Economic Consultative Council
ELIDZ: East London Industrial Development Zone
ESD: Eastern Seaboard Development
GDP: Gross Domestic Product
GDP-R: Real Gross Domestic Product
GFCF: Gross Fixed Capital Formation
GIS: Geographical Information System
GRAP: General Recognised Accounting Practices
GRAP: Generally Recognised Accounting Practice
GVA: Gross Value Add
HDI: Human Development Index
HH: Households
HIV/AIDS: Human Immunodeficiency Virus and Acquired Immunodeficiency Syndrome
HIV: Human Immunodeficiency Virus
HIV+: Human Immunodeficiency Virus Positive
HRD: Human Resource Development
HRDS-SA: Human Resource Development Strategy South Africa
ICASA: National Independent Communications Authority of South Africa
ICT: Information and Communication Technologies
INEP: Integrated National Electrification Programme
KPMO: Khawuleza Portfolio Management Office
LE: Life Expectancy
LGBTQIA+: Lesbian, Gay, Bisexual, Transgender, Queer, Questioning, Intersex, or Asexual
LQ: Location Quotient
MFMA: Municipal Finance Management Act
MTEF: Medium-Term Expenditure Framework
MTSF: Medium-Term Strategic Framework
NATED: National Accredited Technical Education Diploma
NCASC: New Coastal African Smart City
NCD: Non-Communicable Diseases
NDP: National Development Plan
NESD: National Eastern Seaboard Development
NGO: Non-Governmental Organisation
NT: National Treasury
OTP: Office of the Premier
PDP: Provincial Development Plan
PFMA: Public Finance Management Act
PICC: Presidential Infrastructure Coordinating Commission
PIP: Provincial Implementation Plan
PLHIV: People Living with HIV
PMO: Programme Management Office or Project Management Office
P-MTSF: Provincial Medium-Term Strategic Framework
PSC: Public Service Commission
PSDF: Provincial Spatial Development Framework
SA: South Africa
SAIMI: South African International Maritime Institute
SAMSA: South African Maritime Safety Authority
SANAC: South African National AIDS Council
SANAS: South African National Accreditation System
SANBS: South African National Blood Service
SANRAL: South African National Roads Agency SOC Ltd
SCM: Supply Chain Management
SERO: Annual State of the Eastern Cape Socio-Economic Report
SLA: Service Level Agreement
SMME: Small, Medium and Micro Enterprises
SOP: Standard Operating Procedures
SOPA: State of the Province Address
SRD: Social Relief of Distress Grant
STATA: Statistical Software for Data Sciences
STEM: Science, Technology, Engineering and Mathematics
STI: Sexually Transmitted Infections
TB: Tuberculosis
TID: Technical Indicator Description
TVET: Technical Vocational Education and Training
UAE: United Arab Emirates
UNAIDS: United Nations Programme on HIV and AIDS
WBIS: Ward-based Information System
WCC: Wild Coast Corridor
YoY: Year-on-year

VISION
A prosperous and productive Eastern Cape where all people realise their potential.

MISSION
A multi-stakeholder centre of excellence in strategic foresight, social collaboration, and innovative solution design.

ECSECC embraces innovative thinking and productive stakeholder partnerships that enable economic development in the Eastern Cape Province of South Africa.

Sustainable development is the pathway to a fair future for all.

03

Foreword by the CHAIRPERSON

It gives me a singular and collective pleasure that we present the Annual Report for the 2023/2024 Financial Year, at a significant point in the history of our nation and the Eastern Cape Province. As a nation and as the provincial government, we have reached the pivotal moment where we are concluding the term of the 6th Administration and the current cycle of the medium-term strategic planning and budgeting cycle. We are also celebrating thirty years of democracy and the achievements of advancing the socio-economic development of the people of the Eastern Cape.

Presenting the Annual Report also presents an opportunity to celebrate the pivotal role that ECSECC has played in advancing the socio-economic well-being of the people of the Eastern Cape. ECSECC, as an organisation, represents the strategic foresight of the Provincial Government and its commitment to evidence-based planning, strategy and policy formulation, inclusive social compacting and supporting the development of high-impact interventions.

At formation ECSECC is unique Council that is a formal Social Common/Compact of constituencies in the province. No other province has created a similar entity to support effective and efficient decision-making, which bears testimony to the foresight of the Eastern Cape Provincial Government in establishing ECSECC three decades ago. At the same time, it also reflects the strategic and operational importance of ECSECC in supporting the Eastern Cape Provincial Government.

Throughout its existence, ECSECC has consistently supported the Eastern Cape Provincial Government, its partners, and its citizens in making sense of complex challenges while developing appropriate solutions, partnerships and compacts to address them.

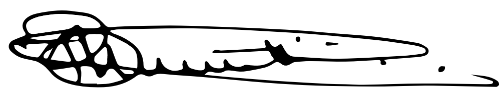
As such, ECSECC has consistently demonstrated the ability to bridge the nexus between policy and evidence-based research and compacting. However, it has also consistently shown its commitment and accountability towards good governance, as demonstrated by its twelfth consecutive clean audit.

Reflecting on the accomplishments and acknowledged capabilities of ECSECC since its inception also provides an opportunity to reflect on the future posture required to sustain its relevance and impact.

At the dawn of the 7th Administration, ECSECC is gearing up to provide a meaningful contribution to realising the impacts required by the Eastern Cape Provincial Government and its constituency groupings. As such, ECSECC, through its integrated operating model, will provide evidence, planning, compacting and implementation support to advance efforts to put the people of the Eastern Cape to work whilst building industries for an inclusive economy, which will tackle the high cost of living, through consistent investments in the people so that we continue to advance our democracy and freedoms to the full benefit of the people, our nation, our continent and our world.

Further looking ahead, ECSECC is poised for exciting developments and continued impact. We have ambitious plans for growth and expansion, guided by our strategic vision and commitment to our mission. By leveraging emerging trends and harnessing the power of innovation (launching the Eastern Cape Regional Observatory), we will seize opportunities to further our reach and deepen our impact. Our future developments will be driven by collaboration, creativity, and a relentless dedication to serving the needs of the Eastern Cape. Key activities that will mark the canvass of the coming year include but are not limited to the Review of the 2020-2025 Strategic Plan and development of the next Five-year Strategic Plan; celebrating the 30th anniversary of ECSECC contribution to Eastern Cape Development Agenda; and convening the first ECSECC Council of Councils that will optimise on the Development Convention commitments. ECSECC has as well been strengthened by the passing of the ECSECC Bill which cements the ECSECC mandate into legislation and will further have some of its elements translated into regulations to further give effect and force to this Council's work.

On behalf of the ECSECC Board of Directors, we congratulate the leadership of the Chief Executive, the management team and all the staff members of ECSECC for a sterling performance during the 2023/2024 Financial Year, as contained in this Annual Report.



Chairperson of the ECSECC Board

Ms. Thobile Buthelezi

04

Overview by the CHIEF EXECUTIVE OFFICER

The last ten years of IT have been about changing the way people work. The next ten years of IT will be about transforming your business...

AARON LEVIE

This Annual Report accounts for the performance and responsible, effective and efficient use of the resources entrusted to ECSECC in pursuit of its mandate. The achievements of ECSECC, as contained in this Annual Report, bear testimony to how ECSECC has developed and matured over the last thirty years, together with the evolution of our democracy and the realisation of our freedom.

Understanding our achievements requires a retrospective view of the organisation's evolution and its contribution in the three decades which is signified by ECSECC's watermark on most provincial policies, strategy and plans of the Eastern Cape Province.

During the 1st Democratic Administration, ECSECC actively contributed towards the birth and realisation of the Eastern Cape as a new Province by supporting the development of a foundation for future growth and development.

During the 2nd Administration, ECSECC continued its support work when the Province was stabilising and consolidating the gains of the 1st Administration.

During the 3rd Administration, from 2004 to 2009, building on a stabilised and consolidated base, ECSECC continued to support the Eastern Cape in advancing and accelerating reconstruction and development, which resulted in a significant repositioning of the Eastern Cape within the National landscape during the 4th Administration in the face of local and global economic challenges.

During the 5th Administration, ECSECC supported the Eastern Cape Government and its development partners to translate the National Development Plan (NDP) into the Provincial Development Plan whilst developing a robust monitoring and evaluation capability to track and report on progress.

During the 6th Administration, ECSECC became the pathfinder in the development of data systems and reporting dashboards in support of the Province to make better sense of the global Covid 19 pandemic. The Eastern Cape Provincial Government grappled with the impact of a global pandemic and ECSECC played a pivotal role in the development of the economic recovery strategies and plans. Both the provincial government and its ECSECC partners leveraged the lessons learned during the pandemic to strengthen integrated planning and the District Development Model (DDM) to reposition the Eastern Cape in the national political economy competitively.

Against this historical backdrop, ECSECC has now reached the next critical juncture in its evolution. The critical juncture in which ECSECC finds itself today results from exceptional operational performance and governance standards, as recorded again in this Annual Report. By all accounts, ECSECC has exceeded both implementation and governance standards. During the financial year under review, it attained its 12th clean audit and achieved most of its performance targets.

The organisation has progressively improved its maturity and has consistently driven agile change management practices to keep up with development in its operating environment. As a result, ECSECC has reached a point in its evolution where building on its current achievements, it will support a "rapturing" of its implementation and operational system into the 7th Administration.

The past year has brought about several notable changes within our organisation; from leadership transitions to programmatic expansions, we've embraced change as an opportunity for growth and innovation. These changes reflect our commitment to adaptability and responsiveness in an ever-evolving landscape. As we navigate the complexities of change, we remain guided by our core values and strategic priorities, ensuring that we remain steadfast in our pursuit of excellence.

Accordingly, ECSECC will emphasise achieving and measuring the impacts of interventions by supporting the Eastern Cape Government and its partner formations. The focus on impact will further require enhancing our current capabilities to produce evidence-based knowledge and information products based on accurate modelling tools, methodologies and platforms.

Operationally, attaining our maturity targets has created an enabling environment to pursue the implementation of international standards for our operations, exponentially increasing our effectiveness and efficiency during the 7th Administration. At the core of our future posture is recognising the importance of data management and the ability to process "big" data and ensuring that the organisation adapts and responds to these requirements in an integrated and multi-disciplinary way.

However, the most precious commodity in ECSECC's portfolio is its highly motivated team. As we move into the 7th Administration, we will continue to create an enabling environment for our team to ensure optimal performance of the highest standards as we expand our technical capabilities.

The excellent performance recorded in this Annual Report results from hard work and commitment by all our team members. Accordingly, I would like to thank everyone for your services and express deepfelt gratitude to the Board of Directors for the continued support and guidance that made our performance possible.

ECSECC has progressively improved its maturity and has consistently driven agile change management practices to keep up with development in its operating environment. As a result, ECSECC will continue to evolve and build on its current achievements.

Chief Executive Officer ECSECC
Mr Luvuyo Mosana

05

STATEMENT OF RESPONSIBILITY
and confirmation of the accuracy

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 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 (in Part F) have been prepared in accordance with the General Recognised Accounting Practices (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 controls that have 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 conclusion on the financial statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the public entity for the financial year ended 31 March 2024.

Yours Faithfully

Chief Executive Officer
Mr Luvuyo Mosana

Chairperson of the ECSECC Board
Ms. Thobile Buthelezi

06

Strategic OVERVIEW

6.1 VISION

A prosperous and productive Eastern Cape where all people realise their potential.

6.2 MISSION

A multi-stakeholder centre of excellence in strategic foresight, social collaboration, and innovative solution design.

6.3 VALUES

ECSECC continues to be driven by the values of a just society and the professionalism of cutting-edge international socio-economic policy research institutes. The values below have been developed based on employee contributions and discussions:

VALUES	VALUE STATEMENT
Social justice	We embrace socially just values such as the equal worth of all citizens, the need to provide equal opportunity and the elimination of inequality and injustice based on race, gender, sexuality, age, ability, or any other grounds. Universal human rights and the Constitution of South Africa form the basis of our values.
Respect	We respect everyone and their unique ideas, beliefs, cultures, personal situations, resources, values, priorities, and objectives equally. The act of listening is critical, and the value of respect is premised on understanding and empathy.
Excellence	We are committed to excellence and always providing value to our partners and stakeholders. We set and achieve ambitious goals and model positive examples.
Learning and innovation	We practice life-long learning and cultivate a culture of learning in the organisation and through our work. We actively learn from each other and are willing to take on new challenges to learn and grow. We are open to ideas that challenge conventional views, and we drive innovation by creating safe spaces for learning through action.
Integrity	We strive for integrity by being honest and demonstrating sound moral and ethical principles. We are true to our values, act per them and consider the consequences of our actions on others.
Collaboration and co-creation	As a multi-stakeholder council, we believe in the power of working across multiple organisations and constituencies. Multiple stakeholders collaborate to co-create new policies and practices to generate system-wide change. We practice collaboration between colleagues and teams and base this on strong communication.

07

Legislative and other MANDATES

7.1 CONSTITUTIONAL MANDATE

As a public entity located in the Office of the Premier of the Eastern Cape, ECSECC's mandate derives from the constitutional mandate of the Premier. The constitutional mandate of the Premier, in turn, derives from the following sections of the Constitution:

> Section 125 which vests the executive authority of the Province in the Premier, together with members of the Executive Council;
> Section 127 which defines the powers and functions of the Premier; and
> Section 130 which defines the term of the Office of the Premier.

Section 125 of the Constitution makes the Premier the executive authority of the Province and allows the Premier to exercise executive authority by:

> Implement and administrate national and provincial legislation;
> Developing and implementing provincial policy;
> Coordinating the functions of the provincial administration and its departments;
> Preparing and initiating provincial legislation; and
> Performing all functions assigned to the provincial executive by the Constitution.

As a consultative council of the Office of the Premier, ECSECC is therefore responsible for providing policy advice, advancing stakeholder engagement and supporting implementation to the Office of the Premier in support of its constitutional mandate implementation.

The constitutional mandate of the Office of the Premier to advance consultation in part also emanates from Chapter 3 of the Constitution, which provides the constitutional mandate to advance the principles of cooperative governance. In terms of the Office of the Premier's constitutional mandate, ECSECC's responsibility is to:

> Facilitate cooperation, good faith and trust amongst organs of state;
> Foster friendly relations;
> Provide assistance and support;
> Inform relevant parties of and consult on matters of common interest;
> Coordinate actions and legislation;
> Adhere to agreed procedures; and
> Assist in avoiding legal proceedings.

Section 125 of the Constitution also states the constitutional imperative of cooperative governance, providing the mandate to coordinate functions of provincial administration and its departments.

The constitutional mandate to advance policy advice and support implementation efforts also emanates from Section 125 of the Constitution, which empowers the Office of the Premier to develop and implement provincial and national policy.

The Constitution, together with the Acts and Regulations listed hereunder, guide and direct the actions, performance and responsibilities carried out by ECSECC on behalf of the Office of the Premier, per the latter's constitutional mandate:

> Basic Conditions of Employment Act 75 of 1997
> Broad-based Black Economic Empowerment Act 53 of 2003
> Compensation for Occupational Injuries and Diseases Act 30 of 1993
> Consumer Protection Act 68 of 2008
> Division of Revenue Act (annually)
> Electronic Communications and Transactions Act 25 of 2002
> Employment Equity Act 55 of 1998
> Employment Services Act 4 of 2014
> Financial Intelligence Centre Act 38 of 2001
> Geomatics Profession Act 19 of 2013
> Government Employees Pension Law, Proclamation 21 of 1996
> Income Tax Act 58 of 1962
> Intelligence Services Act 65 of 2002
> Intergovernmental Relations Framework Act 13 of 2005
> Labour Relations Act 66 of 1995
> Local Government: Municipal Systems Act 32 of 2000
> National Archives and Record Service of South Africa Act 43 of 1996
> National Qualifications Framework Act 67 of 2008
> Occupational Health and Safety Act 85 of 1993
> Pension Funds Act 24 of 1956
> Preferential Procurement Policy Framework Act 5 of 2000
> Prescription Act 68 of 1969
> Prevention and Combating of Corrupt Activities Act 12 of 2004

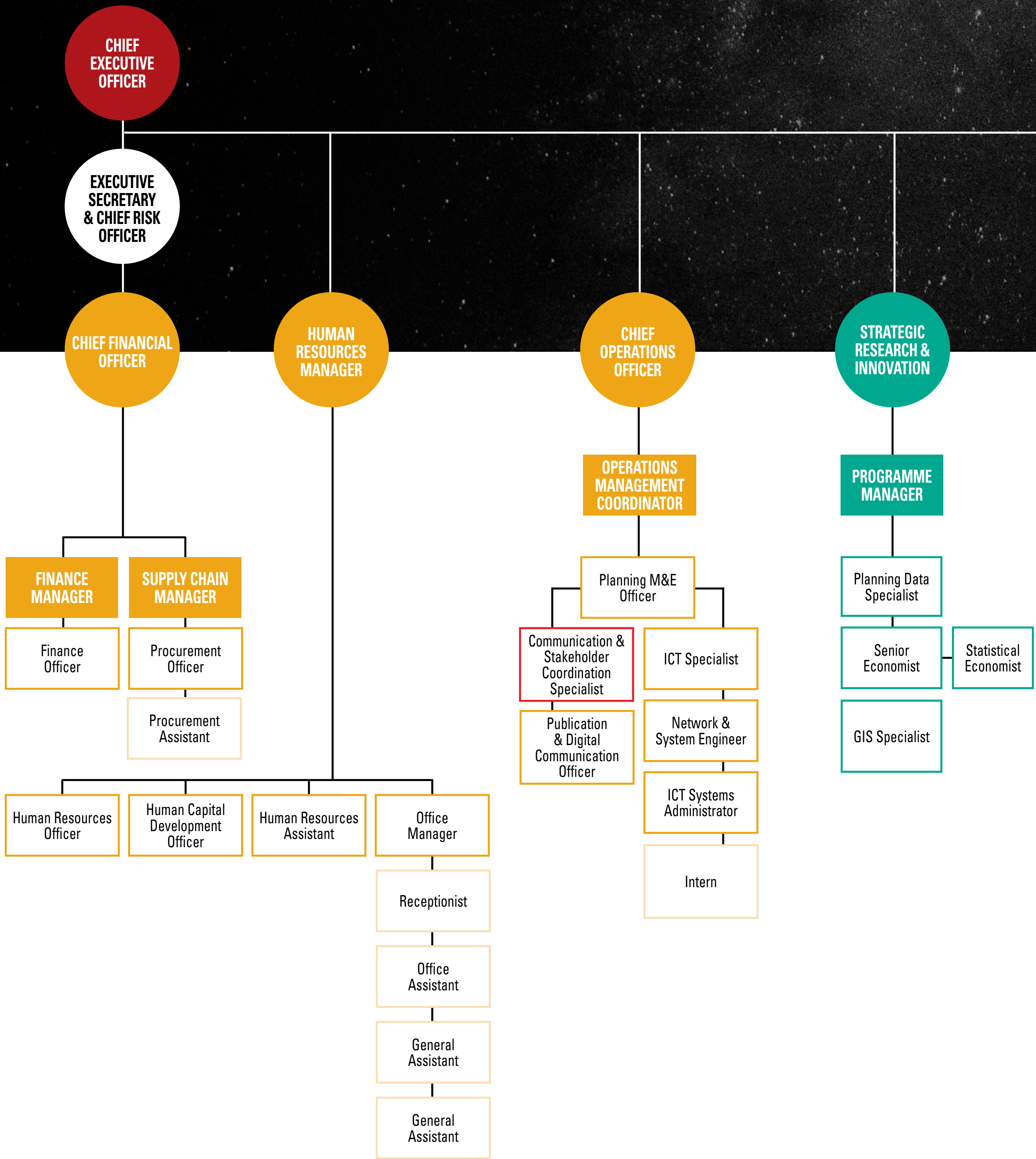
- Prevention of Organised Crime Act 121 of 1998
- Promotion of Access to Information Act 2 of 2000
- Promotion of Administrative Justice Act 3 of 2000
- Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000
- Protected Disclosures Act 26 of 2000
- Protection of Personal Information Act 4 of 2013
- Provincial Archives and Records Service of the Western Cape Act 3 of 2005
- Public Administration Management Act 11 of 2014
- Public Audit Act 25 of 2004
- Public Finance Management Act 1 of 1999
- Public Service Act, Proclamation 103 of 1994
- Public Service Regulations, 2016
- Skills Development Act 97 of 1998
- Skills Development Levies Act 9 of 1999
- Spatial Data Infrastructure Act 54 of 2003
- State Information Technology Agency Act 88 of 1998

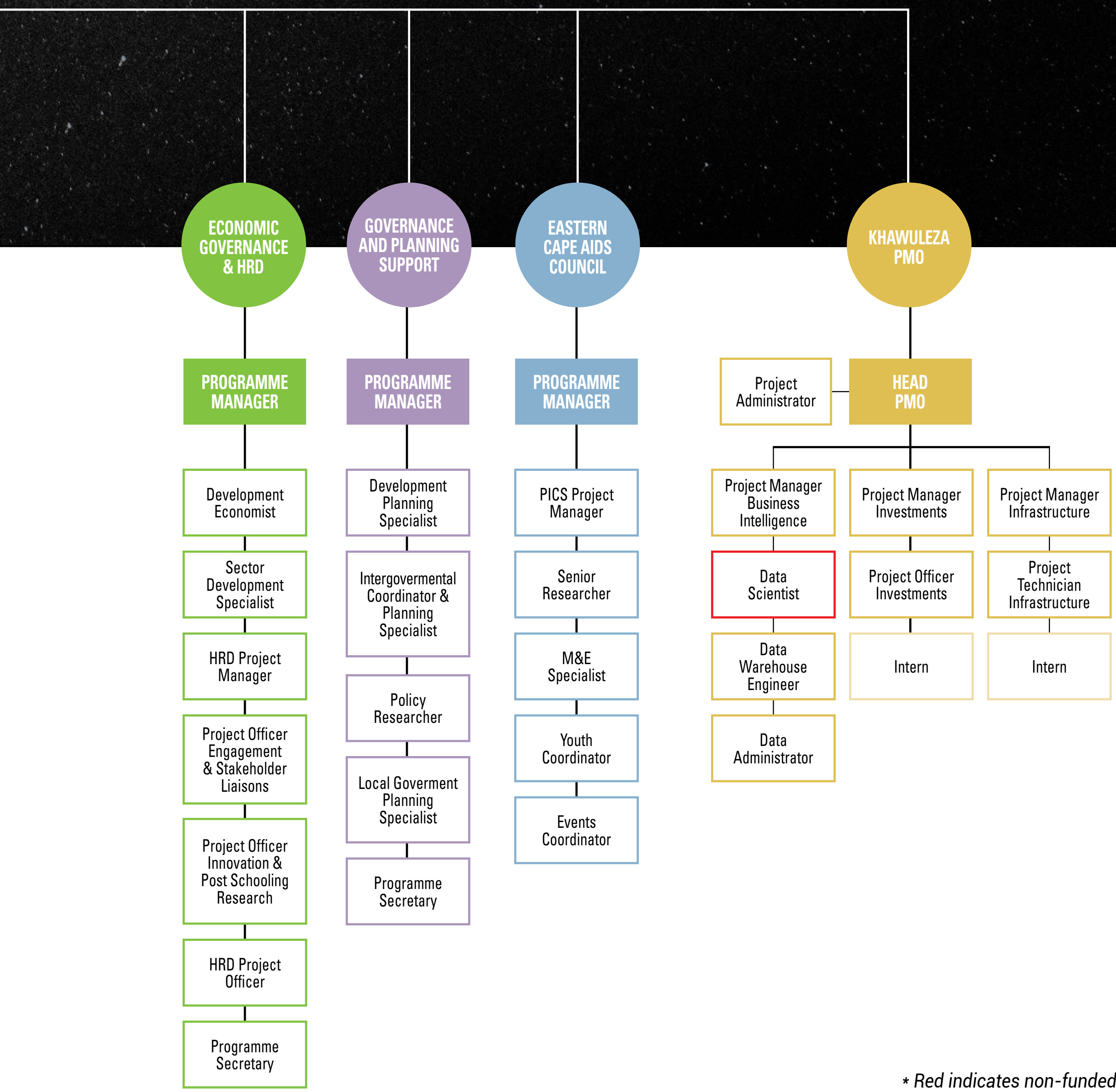
In addition, ECSECC, as a public entity and in fulfilling its role within the provincial government, considers national policy mandates, including the following:

- Green Paper on National Performance Management (2009)
- Medium-term Strategic Framework – 2019-2024 (MTSF)
- National Development Plan (NDP) (2012)
- National Evaluation Policy Framework (2011)
- National Monitoring and Evaluation Framework – White Paper (October 2009)
- National Knowledge Management Strategy Framework (2019)
- National Skills Development Strategy (I, II and III)
- National Strategic Framework of the Department for Women, Children and People with Disabilities
- National Treasury Framework for Managing Programme Performance Information (2007)
- Revised Framework for Strategic Plans and Annual Performance Plans (2019)
- National Youth Policy (2009-2014) of the National Youth Development Agency
- Policy Framework for a Government-wide Monitoring and Evaluation System (2007)
- Policy Frameworks of the National Department of Public Service and Administration on Gender Equality, Disability and Youth in the Public Service
- Framework on Gender-responsive Planning, Budgeting, Monitoring, Evaluation and Auditing
- Specific National Policy Frameworks on Gender and Women's Empowerment, Disability and Children
- South Africa Connect – South Africa's Broadband Strategy
- The White Paper on a New Employment Policy for the Public Service (1997)
- The White Paper on Human Resources Management in the Public Service
- The White Paper on Public Service Training and Education (1997)
- The White Paper on the Transformation of the Public Service (1995)
- The White Paper on Transforming Public Service Delivery (Batho Pele) (1997)

In addition to these legislative and policy mandates, ECSECC has been supporting the legislative process of the ECSECC White Paper and accompanying legislation. It is worth noting, as a subsequent event after the 2023/2024 financial year, on 4 April 2024, the Eastern Cape Provincial Legislature enacted the Bill to provide for the establishment of the Eastern Cape Socio-Economic Consultative Council, to provide for its powers, functions and governance and to provide for the establishment of sector councils and to provide for matters incidental thereto. This will have an impact on the 2025-2030 Five-year Strategic Plan, the next Annual Performance Plan (APP) and the Annual Operational Plan (AOP).

08 Organisational STRUCTURE





* *Red indicates non-funded positions*

PART B PERFORMANCE INFORMATION

PART B

PERFORMANCE Information

01

AUDITOR’S REPORT
Predetermined Objectives

Refer to the Audit Report on page 96, published as Part F: Financial Information.

02 Overview of PERFORMANCE

The overview of the service delivery environment within which ECSECCC operated highlights challenges, significant developments, and factors impacting performance during the 2023/2024 financial year.

2040 EASTERN CAPE SCENARIOS

The 2040 Eastern Cape (EC) Scenarios have provided guidance to the planning and shared development vision for the Eastern Cape Province. The EC 2040 Scenarios Report was finalised in 2021. Scenarios are one of the new tools in DPME's (2019) Revised Framework for Strategic Plans (SPs) and Annual Performance Plans (APPs). The four 2040 EC Scenarios were developed after foregrounding the two most critical and dynamic (uncertainties) forces in mind, which are i) Level of Agency and ii) Investment in and Maintenance of Economic Infrastructure.

The four 2040 EC Scenarios are:

- **The Flourishers,** which comes about from having a diverse, high-level and well-established agency in the EC population and responsive, interoperable and embedded investment in and maintenance of economic infrastructure;
- **The Destitute,** which arises from poorly developed agency, and fragmented, disembedded, environmentally unsustainable investment in and maintenance of economic infrastructure;
- **Just a Number,** which flows from poorly developed, concentrated pockets of agency and responsive, interoperable and embedded investment in and maintenance of economic infrastructure; and
- **Do it Yourself,** which emanates from a well-developed, diverse (widely prevalent) agency and fragmented, disembedded, environmentally unsustainable investment in and maintenance of economic infrastructure.

The four 2040 EC Scenarios are depicted in the figure below.

These scenarios speak to possible futures for development in the EC.

In a follow-up report, five simulations were thereafter run, using the University of Pretoria's CGE model to determine the drivers of Economic Growth, Employment and Poverty Reduction in the EC[2]. They include the challenges and key industries involved. The 2040 EC Scenarios economic modelling work has shown that raising productivity is the most crucial factor in the Eastern Cape economy and produces significant impacts. The climate change simulations determined the impact on the economy and identified mitigation measures for some of the negative effects of climate change. Population growth is a key parameter for simulating budgetary consolidation and the effects of decreased equitable shares on provincial economies. These scenarios conclude that the Eastern Cape needs to increase the development of industry and manufacturing to accelerate socio-economic growth. Accelerating socio-economic growth requires enabling economic infrastructure and human capital to attract industry. The study found that reducing administrative red tape and delays increases production, resulting in high labour productivity and the efficient operation of all trade and transport services. The Eastern Cape Provincial Government should work extremely hard to entice labour from other provinces. The four 2040 EC Scenarios, as well as the subsequent report, highlighted the importance of addressing climate change, crime, a skills mismatch, demographic shifts, economic vulnerability and the informal economy's development.

Figure 1: 2040 Eastern Cape Scenarios[1]

1 Eastern Cape Province, 2021. Scenario Planning Project Report July 2021. Institute for Future Research, Eastern Cape Provincial Government, OTP: EC, Eastern Cape Socio-Economic Consultative Council and the United Nations Development Programme
2 Eastern Cape Province, 2022. EC Economy Wide Projections Report. University of Pretoria, Eastern Cape Socio-Economic Consultative Council and the United Nations Development Programme

If the Province adopted the Flourishers' scenario, the EC could easily meet the PDP target of achieving 5% GDP growth in 2030. The 2040 Economy Wide Projections Report also confirms that even if the EC implements the relevant strategies and policies related to the most optimistic scenarios, it is unlikely that the remaining PDP targets will be achieved.

In this context, competing or contradicting paradoxes exist, which complicate or stifle the development and execution of high-impact interventions. These paradoxes include:

> The preservation of the Province's natural capital, its oceans, coastline, and biodiversity, versus the need for economic development, including infrastructure development, mining and housing;
> The needs of the urban population versus those of the rural population;
> There is a disparity between the east and west of the Province in accessing opportunities, social infrastructure, and the accumulation of wealth and resource;
> There is a growing cultural gap between the need to celebrate and preserve traditional values and paradigms, the Westernisation of the youth, libertarian values, consumerism, neoliberal capitalism, and greed;
> The racial and ethnic divide;
> A province that some regard as the intellectual capital of South Africa, where recognised and respected universities function amidst a "broken and unequal" education system, devastating levels of unemployment and significant skills gaps;
> A province where, despite being predominantly female, gender inequality is held hostage by patriarchal practices and mindset;
> Described as the "Home of the Legends" and the birthplace of leaders such as Nelson Mandela, Thabo Mbeki, and Steve Biko, yet a province in desperate need of visionary leadership, freedom from corruption and ineptitude, and with the ability to act as a unifying force; and
> Land availability for agricultural use and the skills and experience to elevate the Province to an agricultural exemplar, yet poverty, hunger, and malnutrition still prevail.

ECSECC and the Eastern Cape Province, therefore, need to use these 2040 EC Scenarios and the follow-up Economy Wide Projections Report to establish and grow a dedicated ability to focus and consolidate long-term planning, linked to its research, and information management; strategy development, strategic planning facilitation capabilities, programme management capabilities; and stakeholder dialogues, engagement, and management capabilities. This will also support and reinforce a shared development vision for the Eastern Cape Province.

At the core of the challenge facing the Province and ECSECC is the need to unlock the Province's potential by transcending these contrasts and paradoxes. That is the strategic and operational role and responsibility of ECSECC.

The data in the next section illustrates the quantum and scope of the challenges for which ECSECC, its stakeholders, and its partners need to supply sustainable solutions.

2.1 SERVICE DELIVERY ENVIRONMENT

In the period under review, the 2023/2024 Eastern Cape Socio-Economic Review and Outlook (EC SERO) Report forms the reflectory compass within which the ECSECC service delivery environment was performing. It also presents the futuristic outlook and the impact it has on ECSECC in the realisation of its value proposition.

The situational assessment marks a pivotal point in the history of South Africa and the Eastern Cape. It marks a period nearing 30 years of democracy and just before the start of a new Medium-Terms Strategic Framework (MTSF) five-year period, which allows for a reflection and integration of past performance and future implementation requirements.

Some of the emerging 30-year performance highlights include:

> Formal jobs increased from 350,000 in 1994 to 1.3 million in 2023;
> Between 2004 and 2023, the Province has generated 1.65 million work opportunities through its public works programmes;
· In 2022, the Province reached an investment target of R171 billion, the highest investment threshold in 30 years;
> Between 1994 and 2023, about 10 234 previously disadvantaged companies assisted with R54.3 billion;
> Improved life expectancy increased from 54 years in 1994 to 62 years in 2023;
> The matric pass rate rose from 45.4% in 1994 to 77% in 2022 and 81.4% in 2023;[3]
> The Province significantly improved access to housing, water, and electricity. In 1994, 46.8% of households had access to formal dwellings. It increased to 75% in 2022. The percentage of households with access to water increased from 62.5% in 1994 to 92.5% in 2021. Access to electricity increased drastically from 36.2% in 1996 to 94.5% in 2022;
> The Eastern Cape has three million cattle, which accounts for 30% of the country's total milk production. The Province is the leader in mohair farming, producing 75% of South Africa's mohair;
> Furthermore, the Province contributes 36% of the wool market and is the leading pineapple producer; and
> Citizen satisfaction with government services increased from 31% in 2017 to 53% in 2023.

3 https://www.news24.com/news24/community-newspaper/pe-express/eastern-cape-matric-class-of-2023-improves-pass-rate-by-41-20240119#:~:text=The%20matric%20class%20of%202023,of%20the%20Class%20of%202022.

In support of these achievements, the Eastern Cape must advance and increase the rate at which it can achieve and maintain its planned development trajectory. Accordingly, it must address several issues emerging from its operating environment. These are:

DEMOGRAPHICS

The Eastern Cape is home to over 7.2 million people, comprising 47.4% males and 52.6% females, of which more than 85% are Black African, 7.6% are Coloured, 5.6% are White, and less than half a percentage are Indian.[4]

Selected Intercensal Findings (Eastern Cape, Census 2011 – 2022)

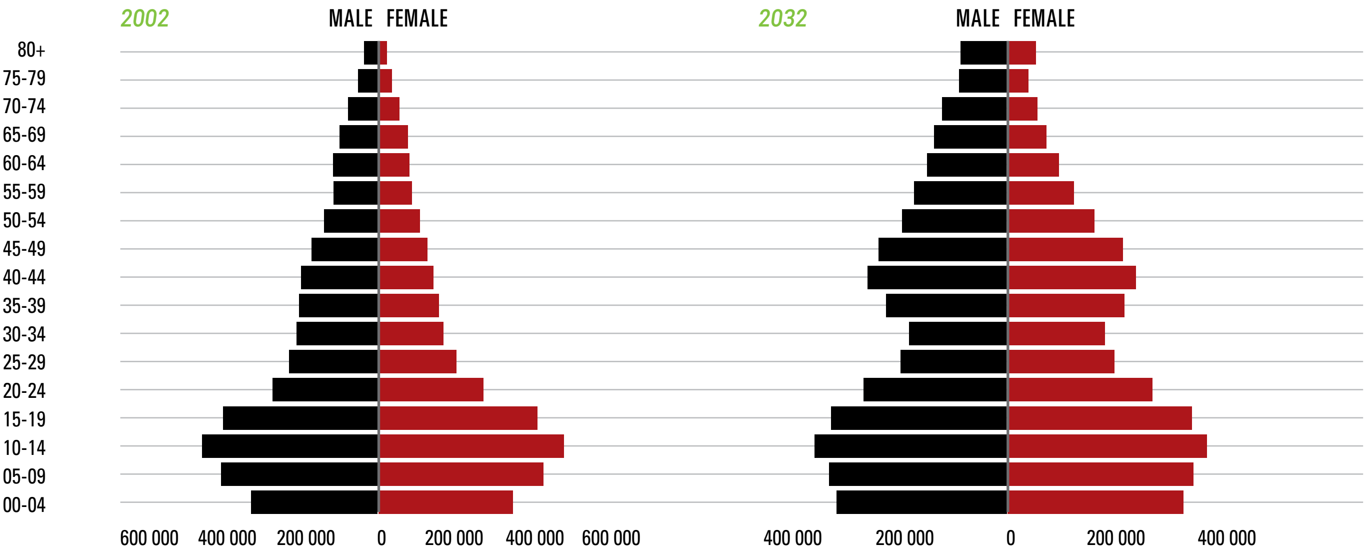
Indicator	2011	2022	Change
Total population	6 562 053	7 230 204	668 151
Young children (0-14 years)	33,0%	29,3%	-3,7%
Working age population (15-64 years)	60,2%	62,5%	2,3%
Elderly (65+ years)	6,7%	8,2%	1,5%
Dependency ratio	66	60	-6
Sex ratio	89	90	1
No schooling (20+ years)	10,5%	7,2%	-3,3%
Higher education (20+ years)	8,5%	10,0%	1,5%
Number of households	1 687 343	1 838 960	151 617
Average household size	3,9	3,9	0
Formal dwellings	63,2%	83,6%	20,4%
Flush toilets connected to sewerage	43,0%	58,7%	15,7%
Weekly refuse disposal service	41,0%	53,3%	12,3%
Access to piped water in the dwelling	32,8%	49,5%	16,7%
Electricity for lighting	75,0%	94,5%	19,5%

Source: Statistics South Africa, Census 2022

The Census 2022 results reveal that 431 883 people migrated into the Eastern Cape, while 2 009 859 people left the Province, resulting in a net negative migration of 1 577 976. From a planning and policy perspective, the migration-induced population shift could skew development indicators, produce a perception that backlogs are reduced per capita, and reduce the Eastern Cape's ability to secure resources as part of its equitable share.

Similarly, the figure below illustrates the increasing size of the older population and the shrinking youth population of the Eastern Cape. As a result, youth unemployment increases and drives the migration of some economically active citizens out of the Province, undermining its socio-economic development potential. Conversely, as youths return to the Province later, when they reach retirement age, there is an increase in demand for social assistance and government spending, thus creating an extra burden for the fiscus. The trend mentioned above points to the fact that the Eastern Cape has the highest percentage share of older people in the total population. In 2022, the older persons in the Eastern Cape accounted for 11.5% of the total population, the highest in the country.

Eastern Cape population age pyramid (2002-2032): Shrinking youth population and increasing older population.



Statistics South Africa's mid-year population estimates. Stats SA forecasts, 2023

4 Stats SA, Census 2022

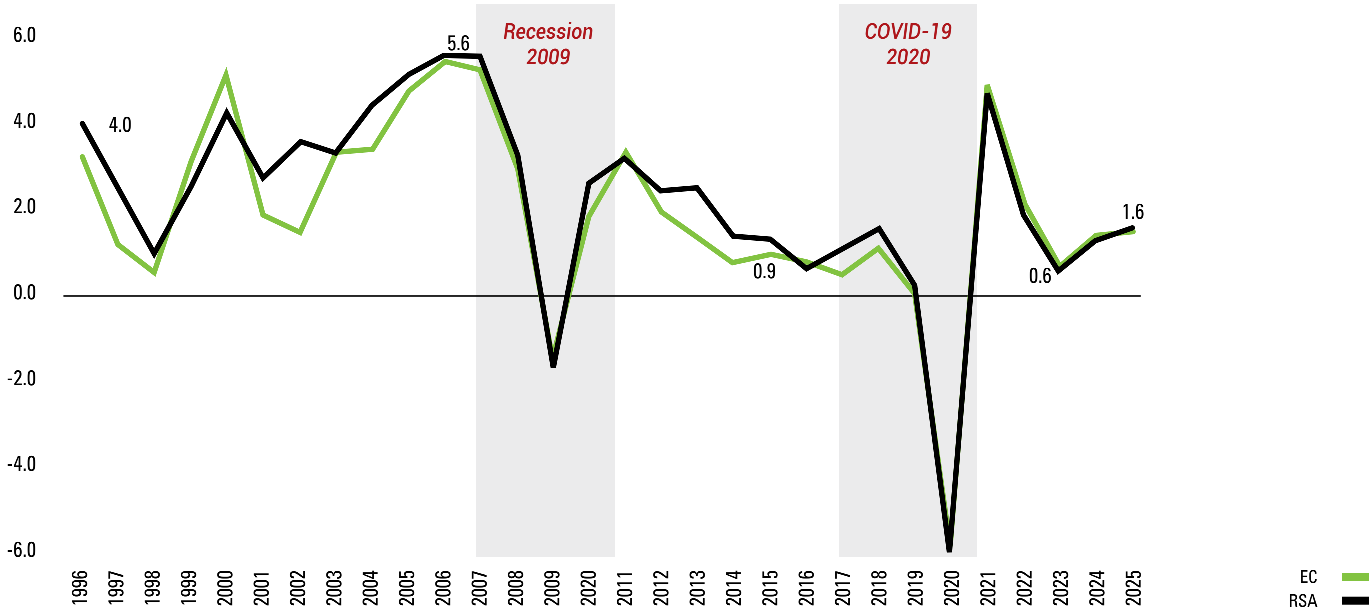
As such, this situation reinforces the importance of ECSECC's mandate to provide accurate data for research, planning, policy, implementation, and evaluation purposes that reflect the operational realities and ensure the development of evidence-based, customised, high-impact interventions.

The increasing size of the older population and the shrinking youth population of the Eastern Cape reinforce the need for ECSECC to produce knowledge, research, and implementation products to increase youth employment, entrepreneurship, and innovation. Furthermore, it requires ECSECC to support long-term planning, modelling, and simulation to develop appropriate futuristic policy and implementation responses to mitigate the current trend whilst increasing the sustainability of the fiscus.

ECONOMY

From an economic perspective, the Eastern Cape, like the rest of South Africa, is forecast to experience a moderate economic recovery, linked to a projected South African GDP growth increase from an estimated 0.6% in 2023 to 1.3% in 2024 and 1.6% in 2025.[5]

South Africa and Eastern Cape economic outlooks (IMF Projections)



Source: Statistics South Africa's National Accounts, 2023

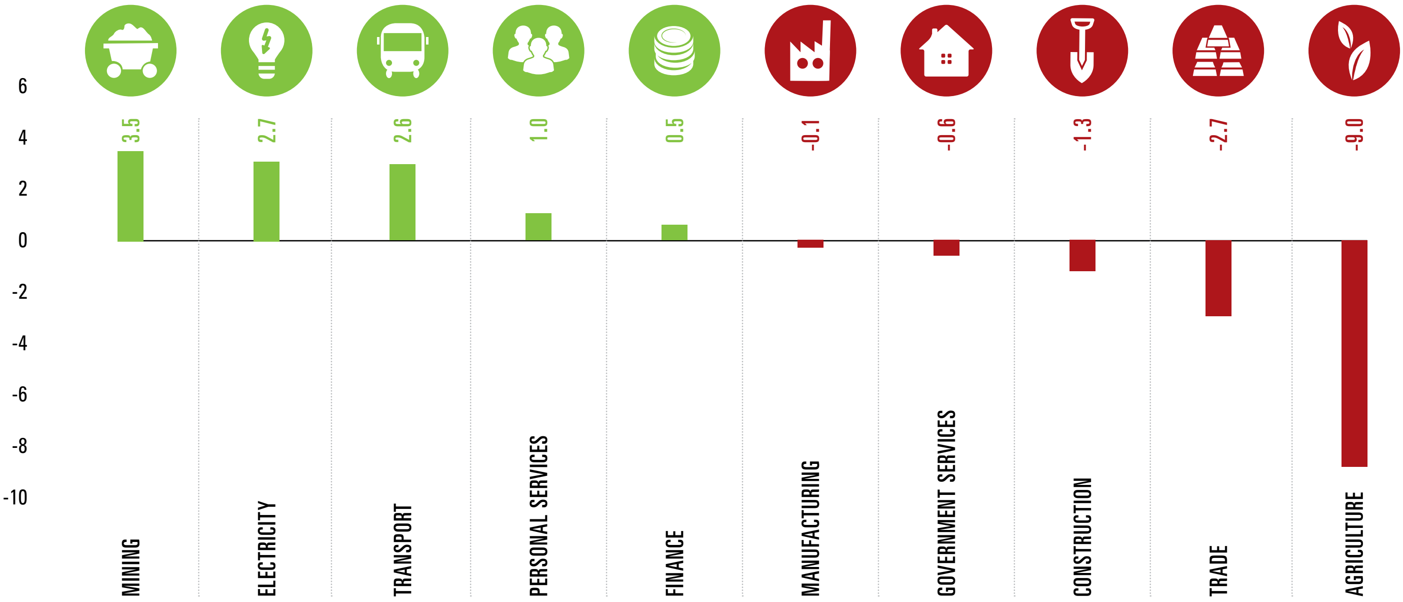
However, the prevalence of breakdown in the sustained electricity supply, inefficiency of ports and freight rail, and inflation could continue to disrupt economic activity and limit the country's export potential. As a result, household consumption could come under pressure as living costs rise and investment remains low due to weak confidence and challenging business conditions linked to structural constraints.

Significantly, from a sectoral perspective, in the fourth quarter of 2023, the total Gross Value Added (GVA) in the Eastern Cape was R333,182 million, of which 82% was produced by the tertiary sector, 16% by the secondary sector and a mere 2% by the primary sector. The leading industries include the government services sector, trade, catering, and accommodation; finance, real estate, and business services; and manufacturing, contributing around 86% to the total GVA in the Eastern Cape.

Excluding the government, the top four industries contribute approximately 75% to the total GVA in the Province.

5 Statistics South Africa's National Accounts, 2023

Changes in sector gross value added (seasonally adjusted and annualised), 2023 Q4.



Source: Quantec data (2022)

While the government remains the dominant sector within the Province's rural districts, the manufacturing sector has a strong presence in the metros. The automotive industry, which is based in the two metros, is critical to the Province's manufacturing sector.

The implication for ECSECC is reinforcing the requirement to support efforts to accelerate socio-economic growth, increase meaningful employment, and improve livelihoods by developing solutions to inform structural economic reforms.

From the emerging policy and research nexus, the implications for ECSECC are to support diversity efforts in the provincial economy whilst ensuring a more equitable spatial distribution of economic sector development, focusing primarily on expanding and diversifying economic sector development into the Eastern part of the Province.

LABOUR

The Eastern Cape's labour market has gradually improved in productivity and remuneration. However, the data also reveal persistent challenges with unemployment, labour cost dynamics, and the formal-informal employment balance.

Selected key indicators of the Eastern Cape labour market (1995-2023)

	Labour market indicators	Unit	1995	2000	2005	2010	2015	2020	2023
1	GDP per worker	Ratio	0.23	0.25	0.27	0.29	0.28	0.28	0.29
2	Unit labour cost	Ratio	3.31	3.89	4.40	4.19	3.94	3.73	3.98
3	Average remuneration per employee	Ratio	0.08	0.08	0.09	0.09	0.10	0.10	0.10
4	Labour remuneration per GDP (ratio)	Ratio	0.35	0.34	0.32	0.33	0.35	0.35	0.36
5	Labour remuneration per GOS (ratio)	Ratio	1.27	1.26	1.14	1.18	1.35	1.44	1.46
6	Arc employment elasticity	Ratio	0.13	1.74	1.47	-1.5	1.37	1.15	1.42
7	Labour productivity	Ratio	0.272	0.321	0.377	0.397	0.384	0.374	0.391
8	Capital/labour ratio	Ratio	0.0080	0.0110	0.0202	0.0326	0.0477	0.0461	0.0455
9	Employment rate	%	72.69	70.69	61.35	65.43	67.05	68.58	69.22
10	Labour absorption rate	%	25.35	25.85	26.18	27.18	30.49	29.32	28.95
11	Labour force participation rate	%	34.88	36.58	42.67	41.54	45.47	42.75	41.26
12	Employment multipliers	Multiply	-	-	-	-	0.471	-	-
13	Unemployment rate (Expanded definition)	%	-	-	-	41.13	42.13	51.33	50.24
14	Unemployment rate (Official definition)	%	27.31	29.31	38.65	34.57	32.95	32.42	30.78
15	Employment: formal/informal ratio	Ratio	4.75	4.56	3.15	2.44	2.48	2.99	2.52

Source: Source: Own calculation derived from Statistics South Africa's Labour Market Dynamics (LMD), Quarterly Labour Force Survey (QLFS), and National Accounts, 2023

The GDP per worker in the Eastern Cape has shown a slow but steady increase from 0.23 in 1995 to 0.29 in 2023, indicating a gradual improvement in labour productivity. Higher GDP per worker can lead to higher wages and better living standards but may also reflect structural changes in the economy, such as a shift towards high-value industries.

Notably, several trends have emerged, which include:

- A steady increase in average remuneration. The average compensation per employee has steadily increased in the Province, indicating that workers are earning more on average, which could positively impact household income;
- Labour remuneration trends. The ratios of labour remuneration to GDP and GOS have shown a general trend towards an increasing share of economic output going to workers; this could suggest improved income distribution or bargaining power for workers, reflecting possibly stronger labour market conditions or effective labour policies;
- Dynamic employment elasticity. For the Eastern Cape, findings show significant variability, indicating periods where employment was highly responsive to economic growth (positive values) and a notable period of negative elasticity, where employment declined despite economic growth; this highlights the complexities of the labour market and the influence of external factors such as technology, globalisation, and economic policy;
- Improving labour productivity. The Labour productivity in the Eastern Cape has shown an upward trend despite some fluctuations, indicating that the region is potentially moving towards higher value-added activities;
- Capital intensity increase. The capital-to-labour ratio has increased significantly, suggesting that the economy is becoming more capital-intensive; this could indicate technological advancement and a shift towards sectors that require more capital investment per worker, which has implications for employment types and skills demand;
- Employment and unemployment rates. The employment rate has recovered and improved, indicating a strengthening labour market. However, the official and expanded unemployment rates highlight persistent challenges in creating enough jobs for the growing labour force, reflecting ongoing structural issues within the economy; and
- Formal vs. informal employment. The formal/informal employment ratio indicates a shift towards more informal employment at specific points, suggesting that formal sector job creation has not kept pace with labour force growth; this has significant implications for job security, income stability, and access to social protections for a significant portion of the workforce.

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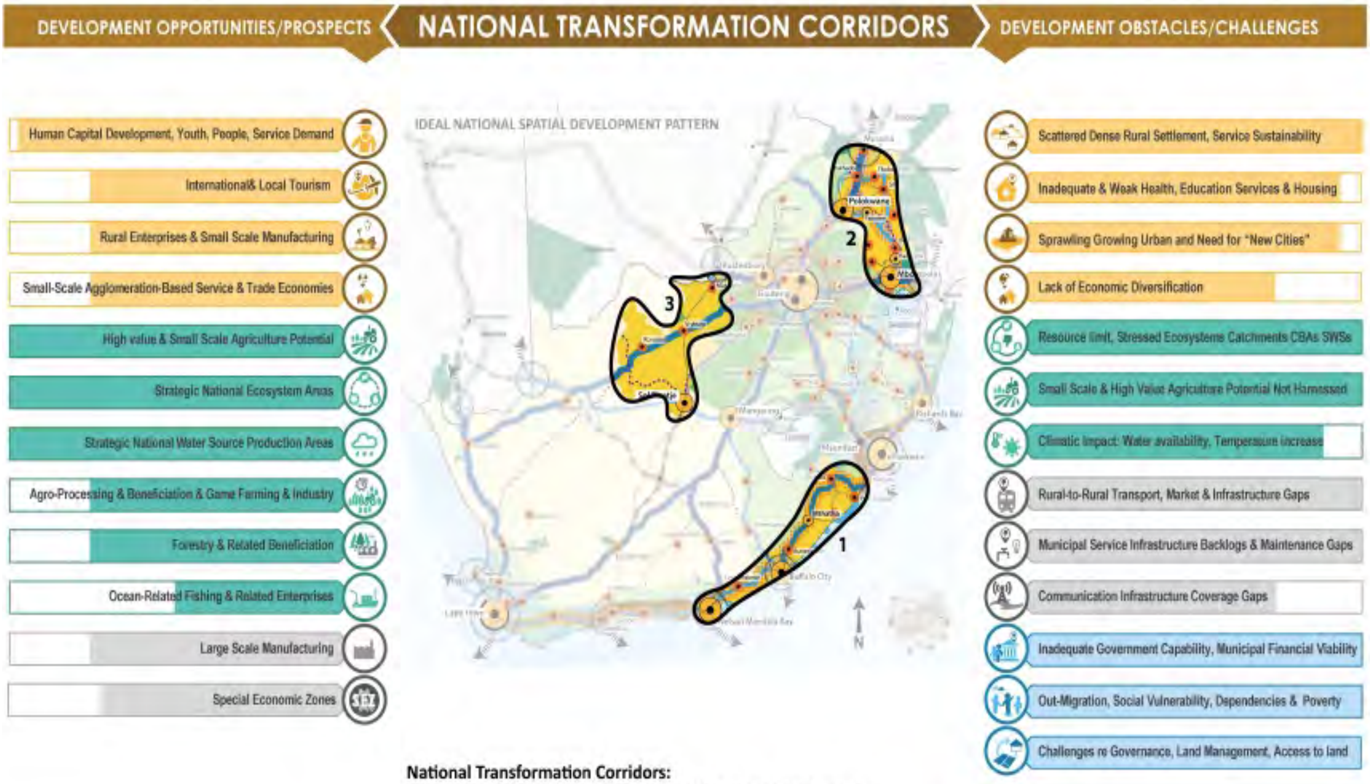
Source: Own calculation derived from Statistics South Africa's Labour Market Dynamics (LMD), Quarterly Labour Force Survey (QLFS), and National Accounts, 2023

The implication of these trends underscores the need for ECSECC to support the development of policies that encourage economic diversification, enhance education and skill development, and promote job creation in sectors with high employment elasticity to ensure sustainable economic growth and social development.

SPATIAL TRANSFORMATION

When considering the spatial economy of the Eastern Cape, it is essential to recognise the spatial dispersion and legacy of Apartheid, within the Provincial spatial economy. A key mechanism in addressing legacies within the spatial economy is the National Spatial Development Framework (NSDF), which provides a broad socio-economic and spatial transformation framework. As illustrated in the figure below, the NSDF provides for developing a coastal transformation corridor spanning the length of the Eastern Cape, from the West up to the Eastern section of the Province.

National Spatial Development Framework (2019): National Transformation Corridors



Source: National Spatial Development Framework (NSDF, 2019)

National Transformation Corridors:
(1) Coastral Transformation Corridor, (2) Eastern Escarpment Transformation Corridor, and (3) Northwestern Transformation Corridor

POVERTY AND INEQUALITY

In expanding the scope of the Eastern Cape spatial economy and addressing issues of inequality development, several key aspects emerge, which are driven by the imperative to focus and accelerate the development of the Eastern regions of the Eastern Cape.

Accordingly, the 2023/2024 Eastern Cape Socio-Economic Review and Outlook (EC SERO) guides the focus of the ECSECC mandate towards:

> Advancing sustainable economic transformation and infrastructure development through spatial equity to create a balanced economy through district-specific interventions that align with the district development model, particularly emphasising the Eastern Seaboard that would link coastal regions to national economies, promoting spatial equity;
> Develop interventions that prioritise rural and township economies by rehabilitating existing industrial infrastructure to advance township economic development, focusing on enhancing local SMMEs' participation and integration in economic activities and district plans;
> Developing enterprise development and investment initiatives that simplify enterprise support systems to attract investment and support industry development, focusing on formal and informal small business development;
> Developing instruments to support the rapid development of high-potential sectors such as sustainable energy, automotive manufacturing, agriculture, wholesale/retail, and tourism to offer growth opportunities to sustain sector growth; and
> Develop economic and institutional enablers to attract investment in economic infrastructure and broadband connectivity supported by skills development aligned with the 4th Industrial Revolution and underpinned by good governance in support of economic development and service delivery to attain an economic growth level of 5.0% by 2030.

In support of the stated requirement to focus spatial development efforts on the Eastern regions of the Eastern Cape, a 2018 report from the South African Social Policy Research Institute (SASPRI) identifies the poorest local municipalities (LMs) and wards within the Eastern Cape, located predominantly in former homelands. Notable among these are Ntabankulu LM in Alfred Nzo DM, Port St. Johns, Ngquza Hill in O.R. Tambo DM, and Engcobo LM in Chris Hani DM. This spatial pattern of poverty, both in the Province and nationwide, has been consistently affirmed by Stats SA publications.

Poverty Lines; SA, Eastern Cape, all DMs, and Metros in the EC (2019-2023)

Poverty headcount index (Percentage of population)	UBPL: South African Upper Bound Poverty Line					LBPL: South African Lower Bound Poverty Line					FPL: South African Food Poverty Line					IPL: International Poverty Line				
Region	**2019**	**2020**	**2021**	**2022**	**2023**	**2019**	**2020**	**2021**	**2022**	**2023**	**2019**	**2020**	**2021**	**2022**	**2023**	**2019**	**2020**	**2021**	**2022**	**2023**
Total: South Africa	56,05	57,43	56,61	56,40	56,92	40,88	42,95	42,10	41,92	42,30	26,86	29,15	28,73	28,57	29,33	18,21	20,57	18,88	16,80	17,14
Eastern Cape	**56,79**	**57,80**	**56,38**	**56,15**	**56,21**	**39,10**	**40,02**	**38,46**	**38,23**	**37,80**	**20,64**	**21,87**	**21,01**	**21,39**	**21,37**	**12,20**	**13,96**	**12,69**	**10,59**	**10,83**
Sarah Baartman	54,25	55,53	53,82	52,96	53,17	37,15	38,24	36,77	36,50	35,87	23,02	23,19	21,10	20,85	20,11	16,24	16,78	14,45	12,11	11,21
Amathole	51,54	52,05	50,05	49,79	49,45	32,97	33,89	31,86	31,98	31,46	16,41	17,85	17,35	17,21	17,54	8,66	11,07	9,34	8,46	8,80
Chris Hani	52,76	52,98	51,10	50,02	49,55	34,32	34,29	32,86	32,21	31,32	17,23	19,08	18,09	17,99	17,97	10,11	12,48	10,51	8,91	9,11
Joe Gqabi	55,31	56,39	53,95	53,52	53,01	35,34	35,24	34,40	33,45	32,91	15,90	18,33	17,66	17,47	18,27	9,34	11,49	10,82	7,91	8,65
O.R.Tambo	68,04	69,07	68,41	68,53	68,93	49,41	50,71	49,60	49,51	49,65	26,54	28,16	27,34	28,79	28,81	15,96	17,58	16,56	15,17	15,47
Alfred Nzo	60,62	61,71	59,24	59,21	58,91	39,54	40,70	39,58	39,38	39,08	19,48	20,77	20,44	21,99	22,13	11,64	13,17	12,45	11,38	11,79
Buffalo City	52,95	55,04	53,92	53,53	54,25	37,62	38,13	36,32	36,30	35,53	20,14	20,80	20,10	20,08	19,99	9,75	13,15	11,27	8,86	9,62
Nelson Mandela Bay	50,17	50,83	49,81	49,68	49,59	35,76	36,91	34,40	33,86	33,07	19,68	20,18	18,97	18,38	17,94	12,36	12,81	12,15	7,83	7,72

Source: Quantec

High levels of inequality confirmed by a high Gini coefficient score recorded in the two metros (0.64 in Buffalo City and 0.63 in Nelson Mandela Bay) not only confirm high levels of inequality but also serve as a marker for exacerbating poverty, limiting access to essential services, and undermining social cohesion.

Income inequality in the Eastern Cape (1996-2023): Gini Coefficient

Region	1996	2000	2005	2010	2015	2020	2021	2022	2023
Eastern Cape	**0,61**	**0,65**	**0,63**	**0,62**	**0,62**	**0,63**	**0,62**	**0,60**	**0,62**
Nelson Mandela Bay	0,58	0,62	0,62	0,62	0,63	0,64	0,63	0,61	0,63
Buffalo City	0,59	0,65	0,65	0,65	0,64	0,64	0,63	0,61	0,64
Sarah Baartman (Cacadu)	0,58	0,62	0,60	0,60	0,60	0,63	0,62	0,61	0,61
Amathole	0,55	0,60	0,56	0,54	0,55	0,57	0,56	0,55	0,55
Chris Hani	0,57	0,61	0,58	0,57	0,58	0,60	0,59	0,57	0,58
Joe Gqabi (Ukhahlamba)	0,57	0,61	0,59	0,58	0,58	0,60	0,59	0,57	0,58
O.R. Tambo	0,58	0,62	0,59	0,57	0,57	0,58	0,57	0,55	0,55
Alfred Nzo	0,54	0,60	0,57	0,54	0,54	0,55	0,54	0,53	0,53

Source: Quantec Easy Data, 2023

HUMAN DEVELOPMENT INDEX

High levels of inequality can erode social cohesion and trust within communities, leading to social unrest, crime, and political instability. Excessive inequality can hinder economic growth by limiting access to education, healthcare, and entrepreneurial opportunities for disadvantaged groups. Inequality can perpetuate poverty by limiting access to quality education and educational attainment, impacting future earning potential and social mobility.

Human Development Index (Eastern Cape HDI: 1996-2023)

Region	1996	2000	2005	2010	2015	2020	2021	2022	2023
Eastern Cape	**0,49**	**0,48**	**0,46**	**0,51**	**0,57**	**0,60**	**0,58**	**0,60**	**0,60**
Nelson Mandela Bay	0,62	0,61	0,59	0,62	0,66	0,70	0,67	0,68	0,69
Buffalo City	0,58	0,57	0,55	0,59	0,64	0,67	0,64	0,66	0,66
Sarah Baartman (Cacadu)	0,52	0,52	0,50	0,55	0,60	0,65	0,63	0,64	0,64
Amathole	0,43	0,42	0,40	0,45	0,51	0,55	0,54	0,56	0,55
Chris Hani	0,43	0,42	0,41	0,47	0,52	0,57	0,55	0,57	0,57
Joe Gqabi (Ukhahlamba)	0,43	0,41	0,41	0,47	0,53	0,57	0,55	0,57	0,57
O.R. Tambo	0,41	0,39	0,38	0,44	0,49	0,53	0,51	0,53	0,53
Alfred Nzo	0,40	0,38	0,36	0,42	0,47	0,50	0,49	0,51	0,51

Source: Quantec Easy Data, 2023

Notably, the Eastern Cape and its districts have generally shown an increasing trend of improved levels of human development, as measured by the Human Development Index (HDI). The Eastern Cape's HDI values have generally improved from 0.49 in 1996 to 0.60 in 2023. The Eastern Cape has also demonstrated an increase in several related development elements, as illustrated below.

Similarly, improvement in National Senior Certificate results from 2021 to 2023 demonstrates resilience and the potential for recovery. However, challenges remain regarding providing service delivery infrastructure, including access to electricity, internet, water and sanitation to the education sector. Accordingly, schools in areas with poor infrastructure are less equipped to provide a practical learning experience, which can hinder student engagement and achievement.

Eastern Cape NSC Results per District

District	2020	2021	2022	2023	2023 Position
EC Province	**67,4**	**73,0**	**77,3**	**81,4**	**6**
Buffalo City	73,6	79,0	81,5	81,3	7
Nelson Mandela	75,5	78,2	80,4	83,1	5
Amathole West	63,2	74,6	78,3	77,6	11
Amthole East	67,3	74,4	78,0	82,5	6
Alfred Nzo West	67,5	73,7	82,7	84,2	2
Alfred Nzo East	68,3	72,7	77,0	85,1	1
Sarah Baartman	69,2	71,9	75,5	76,6	12
Chris Hani West	70,5	71,9	72,0	80,9	8
OR Tambo Inland	65,2	70,3	76,8	79,6	9
Chris Hani East	62,2	69,5	79,6	84,1	3
Joe Gqabi	61,5	69,2	71,7	83,9	4
OR Tambo Coastal	65,2	67,7	71,2	78,4	10

Similarly, the crude death rate, which adjusts the total deaths for population size, shows a general decreasing trend from 14.4 in 2005 to 10.1 in 2023. The data suggests an improvement in mortality rates relative to the population size.

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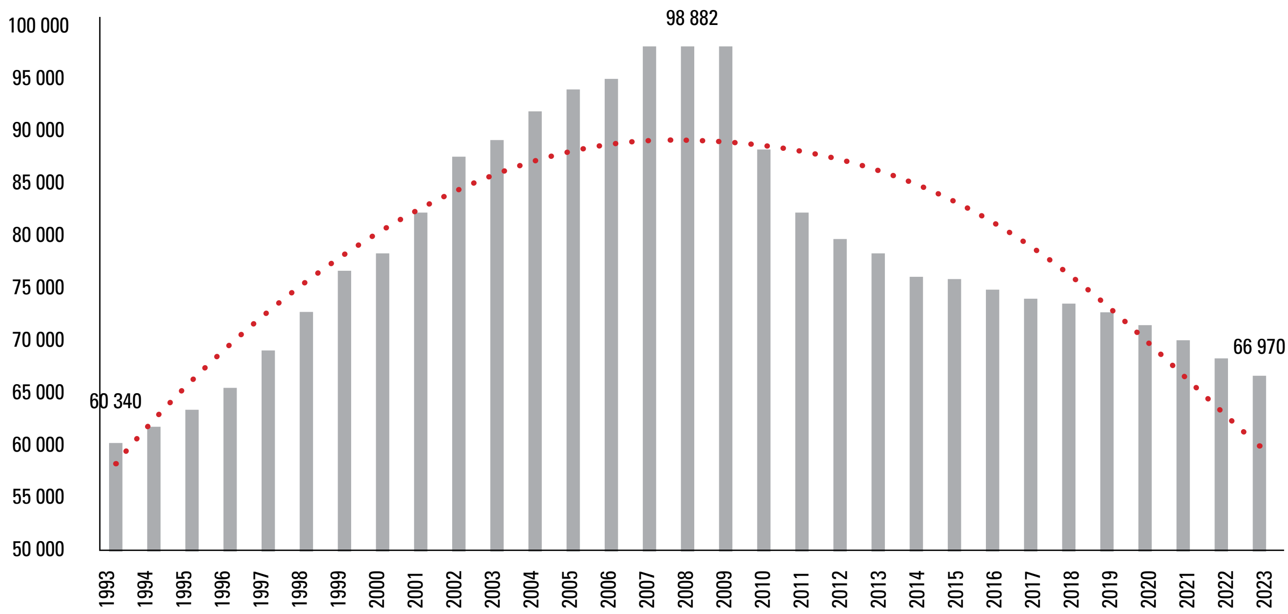
Total deaths in the Eastern Cape (1993 – 2023)



Source: Quantec Easy Data, 2023

Total deaths and crude death rate in the Eastern Cape (1995 – 2023)

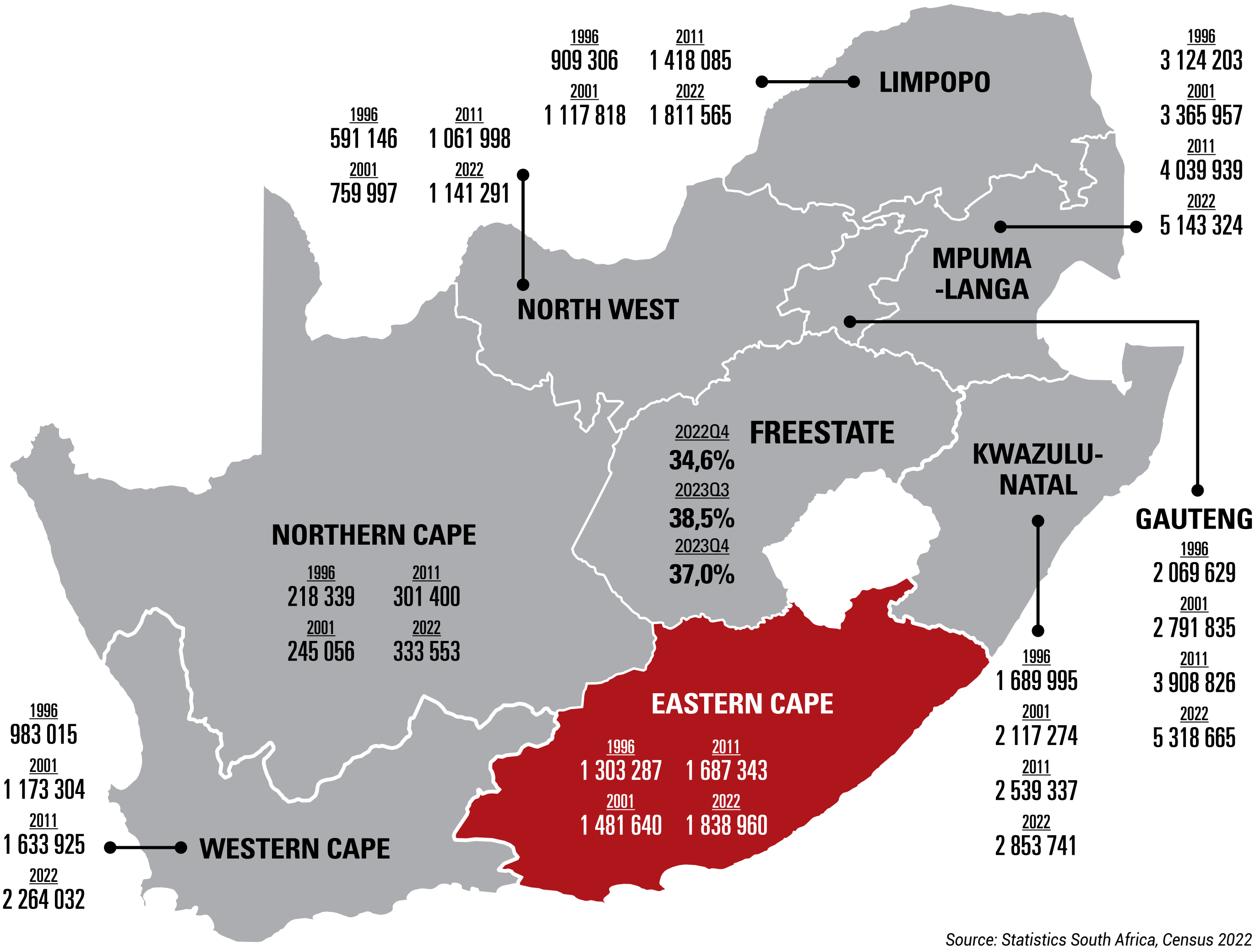
Total deaths (Number)	1995	2000	2005	2010	2015	2020	2021	2022	2023
Eastern Cape	**63635**	**78626**	**94397**	**88550**	**76039**	**71758**	**70207**	**68 554**	**66 970**
Sarah Baartman	3 813	4 872	5 941	5 617	4 929	4 813	4 746	4 677	4 610
Amathole	10 173	12 432	13 487	12 528	10 253	9 189	8 893	8 573	8 269
Chris Hani	9 407	11 562	13 046	12 162	10 096	9 288	9 028	8 765	8 504
Joe Gqabi	3 652	4 559	5 363	5 038	4 355	4 119	4 015	3 911	3 807
O.R.Tambo	12 376	15 032	18 013	16 891	14 876	14 236	14 007	13 639	13 364
Alfred Nzo	7 721	9 362	11 119	10 458	9 063	8 396	8 151	7 902	7 656
Buffalo City	7 258	9 172	11 814	11 062	9 375	8 826	8 647	8 494	8 324
Nelson Mandela Bay	9 235	11 636	15 613	14 795	13 092	12 891	12 719	12 593	12 436

Crude Death Rate (Ratio)	1995	2000	2005	2010	2015	2020	2021	2022	2023
Eastern Cape	**10,0**	**12,0**	**14,4**	**13,5**	**11,5**	**10,8**	**10,6**	**10,3**	**10,1**
Sarah Baartman	9,9	11,8	13,6	12,7	10,6	10,0	9,8	9,7	9,5
Amathole	11,0	13,3	15,9	15,0	12,8	11,9	11,7	11,4	11,1
Chris Hani	10,7	12,8	15,7	14,9	13,1	12,8	12,7	12,5	12,4
Joe Gqabi	10,4	12,5	15,4	14,5	12,6	12,1	11,8	11,6	11,4

Source: Quantec Easy Data, 2023

In the Eastern Cape, households increased from 1.3 million in 1996 to 1.8 million in 2022, with the average household size declining from 4.7 in 1996 to 3.9 in 2022. Significantly, the Eastern Cape recorded the second-highest percentage of female-headed households (51.9%), compared to KwaZulu-Natal at 53.1%.

Number of households by province, Census 1996–2022



Source: Statistics South Africa, Census 2022

BASIC SERVICES

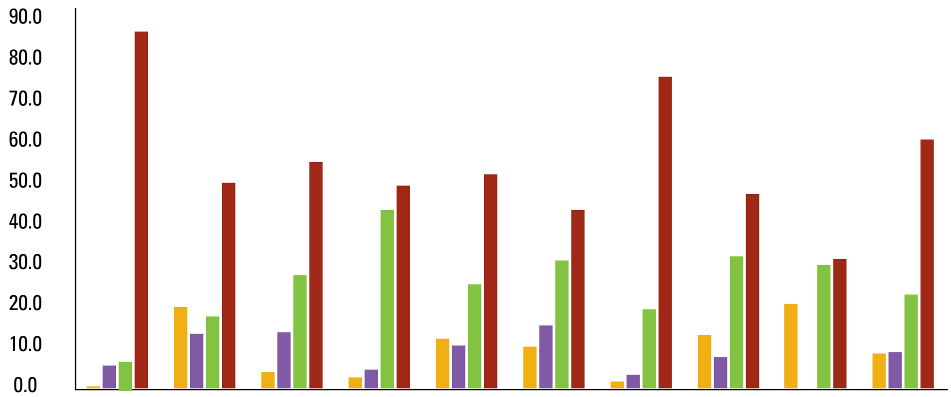
The Census 2022 revealed an overall improvement in household basic services, including access to clean water, sanitation, energy, refuse removal, and shelter. These improvements have significant importance and far-reaching implications for individuals, communities, and society.

Overall findings from the Census 2022 show that in the Eastern Cape, households recorded:

> Access to electricity for lighting increased by 19.5 percentage points from 75.0% in 2011 to 95.5% in 2022;
> Access to electricity for cooking increased by 2.9 percentage points from 62.1% in 2011 to 65.0% in 2022;
> Households without internet access declined by 43.7%, from 64.8% in 2011 to 21.1% in 2022;
> Access to piped water inside the dwelling reached 49.5%; and
> Access to flush toilets reached 58.7%.

Despite the progress, the Eastern Cape does appear to trail the national averages in many of the following aspects:

Water provision (%) in the Eastern Cape, 2022



Source: Census, 2022

	WC	EC	NC	FS	KZN	NW	GP	MP	LP	SA
No access to piped water	0.9	19.5	4.2	3.0	12.4	10.2	2.1	13.1	20.5	8.7
Piped water on community stand	0.6	13.4	13.9	4.8	10.6	15.3	3.7	7.8	18.3	8.9
Piped water inside the yard	7.6	17.6	27.4	43.2	25.3	31.2	19.2	32.1	29.8	22.7
Piped water inside the dwelling	85.5	49.5	54.5	49.0	51.8	43.3	75.0	47.0	31.4	59.7

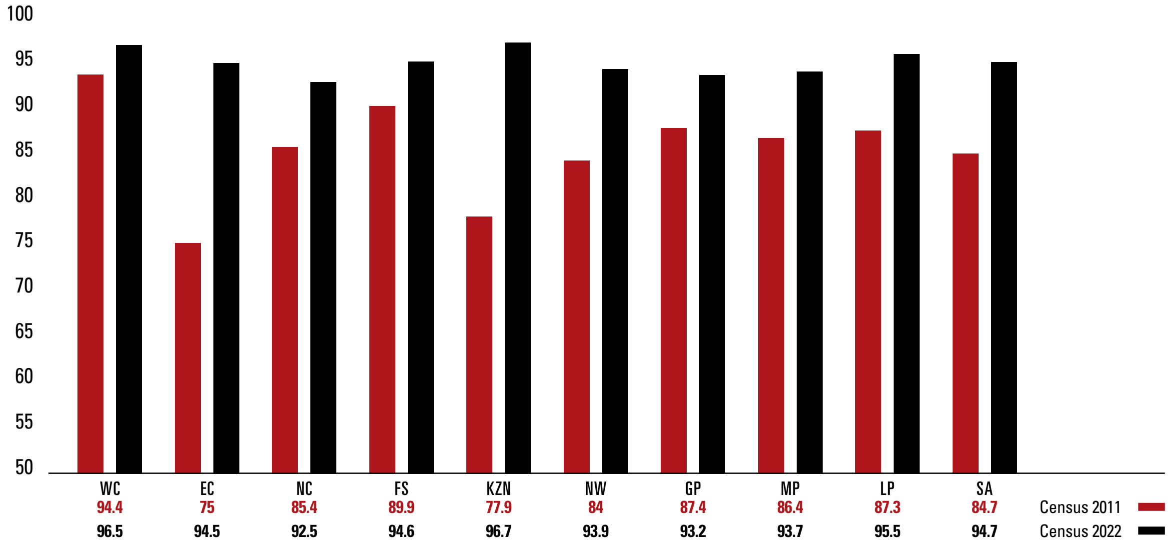
Improvement in the provision of water

Eastern Cape	Census 2011	Census 2022	% change
1: Piped (tap) water inside dwelling/institution	553 837	911 108	64,5%
2: Piped (tap) water inside yard	280 063	322 916	15,3%
3: Piped (tap) water on community stand: distance less than 200m from dwelling/institution	312 745	172 819	-44,7%
4: Piped (tap) water on community stand: distance between 200m and 500m from dwelling/institution	106 514	47 646	-55,3%
5: Piped (tap) water on community stand: distance between 500m and 1000m (1km) from dwelling/ institution	37 804	15 541	-58,9%
6: Piped (tap) water on community stand: distance greater than 1000m (1km) from dwelling/institution	22 162	9 834	-55,6%
7: No access to piped (tap) water	374 259	359 435	-4,0%

Source: Census, 2022

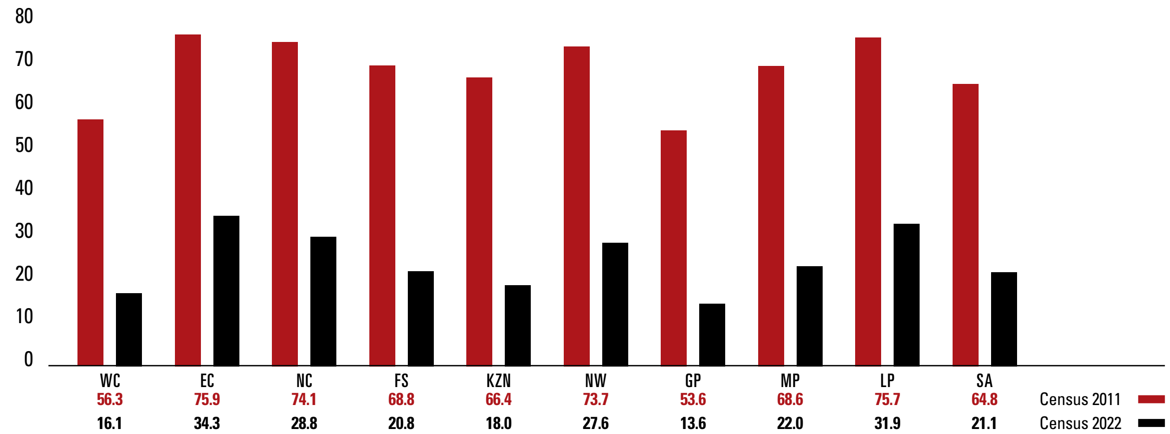
District	Flush toilet connected to a public sewerage system	Flush toilet connected to a septic tank or conservancy tank	Chemical toilet	Pit latrine/ toilet with ventilation pipe (VIP)	Pit latrine/ toilet without ventilation pipe	Ecological toilet (e.g. urine diversion, enviroloo, etc)	Bucket toilet (collected by municipality)	Bucket toilet (emptied by household)	Other	TOTAL
Sarah Baartman	82,6	4,5	0,7	1,4	4,5	0,1	1,5	1,7	3,0	100
Amathole	45,4	1,7	4,8	35,0	8,9	1,1	0,2	0,6	2,3	100
Chris Hani	58,8	2,4	3,9	17,0	10,2	0,8	0,3	0,6	6,2	100
Joe Gqabi	55,5	3,3	2,3	21,3	11,0	0,7	0,5	0,6	4,7	100
O.R.Tambo	33,9	1,2	6,7	32,5	16,7	0,7	0,2	1,1	7,0	100
Alfred Nzo	27,3	1,0	7,3	33,3	22,3	0,7	0,1	1,0	7,1	100
Buffalo City	78,2	1,8	1,2	10,7	5,8	0,3	0,2	0,6	1,3	100
Nelson Mandela Bay	92,3	0,9	0,6	0,2	0,9	0,0	2,3	1,6	1,2	100
Eastern Cape	**61,0**	**1,9**	**3,4**	**18,2**	**9,4**	**0,5**	**0,7**	**1,0**	**3,8**	**100**

Percentage distribution of households using electricity as the primary source of energy for lighting by province



Source: Census, 2022

Percentage distribution of households with no access to the internet by province



Source: Census, 2022

RURAL DEVELOPMENT AND AGRICULTURE

Another critical characteristic of the Eastern Cape operating environment is its rural and agricultural character, recording 20% agricultural households, with areas such as Mbizana (55.0%) and Ntabankulu (52.5%) showing high participation rates in agricultural activities. In 2022, 422,542 households were involved in backyard farming in the Eastern Cape, with 20,603 in farmland and 26,328 in communal land, which aligns with the Province's rural nature. It is, therefore, not surprising that the Eastern Cape Province ranks first in the production of sheep (58%), goats (35%), cattle (32%), and pigs (24%).

Number and % of agricultural households.

	Agricultural Households				Non-Agricultural Households			
	2011		2022		2011		2022	
Province	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Eastern Cape	596 570	20.7	481 724	20	1 090 774	9.4	1 357 236	8.8
KwaZulu-Natal	716 994	24.9	549 268	22	1 822 343	15.8	2 304 472	15
South Africa	**2 879 590**	**100**	**2 463 429**	**100**	**11 570 074**	**100**	**15 365 349**	**100**

Source: Statistics South Africa, Census 2022

At the core of addressing these emerging challenges is the need for an effective, efficient and ethical developmental state. Accordingly, the emerging external operating environment requires a strategic and operational response from ECSECC, as a vital component of the developmental state, to provide accurate data for research, planning, policy, implementation, and evaluation of products and services that:

> Reflect the distinctly rural and agricultural character of the Eastern Cape's operational realities and ensure the development of evidence-based, customised, high-impact interventions;
> Increase youth employment, entrepreneurship, and innovation to support long-term planning, modelling, and simulation and develop appropriate futuristic policy and implementation responses;
> Reduce inequality whilst accelerating socio-economic growth and development, augmented by meaningful employment and improving livelihoods;
> Ensure a more equitable spatial distribution of economic sector development, focusing primarily on expanding and diversifying economic sector development into the eastern part of the Province;
> Encourage economic diversification, enhance education and skill development, and promote job creation in sectors with high employment elasticity to ensure sustainable economic growth and social development;
> Reduce income disparities, increase the general health profile, improve access to education and healthcare, and promote economic opportunities for all residents; and
> Address skewed development patterns and inequality from a holistic human development perspective, particularly in the former homeland.
> Accelerate high-quality education provision and the provision of enabling education infrastructure and related services that enhance education and equitable service delivery with a distinctly rural and agricultural character.

These emerging trends for ECSECC imply that it must provide social compacting, research, innovation, policy, evaluation, and implementation support to address skewed development patterns and inequality, particularly in the former homelands, from a holistic perspective of human development. A key element is the need to accelerate education and the provision of infrastructure and services that enhance education concurrently. It also needs to support initiatives to enhance equitable service delivery to a province with a distinct rural and agricultural character.

Trends Impacting the Service Delivery Environment

Several trends within its operating environment impact the strategic and operational posture of ECSSECC. The ECSECC Board and Management have identified these trends as key enablers to support the attainment of the vision and mission of the organisation. Some of these trends are listed below.

ARTIFICIAL INTELLIGENCE (AI) AND ICT INNOVATION

The rapid expansion and uptake of AI platforms such as Chat GPT have emphasised the potential of natural language processing bots to enhance workflows and interaction with big datasets.[6] It has major implications for streamlining how citizens can engage with and access government services and information.

AI also provides opportunities to enhance analytics that could drive a new wave of digital innovation and transformation. It has the potential to "decouple cognitive work from human brains", allowing a machine to process data and increasing productivity and efficiency.[7]

Accordingly, ECSECC must establish its capabilities to leverage AI to improve the efficiency, effectiveness and quality of knowledge products whilst developing a deeper understanding of the digital economy, its requirements[8] and its implications for developing the Eastern Cape.

6 Marr, B 2022. What Does ChatGPT Really Mean for Business? https://www.forbes.com/sites/bernardmarr/2022/12/28/what-does-chatgpt-really-mean-for-businesses/?sh=16c9f2fd7d1e
7 Bean, J. 2022. Chat GPT is Just the Beginning of the AI Economy. https://innotechtoday.com/chat-gpt-is-just-the-beginning-of-the-ai-economy/
8 Wood, T. 2021. Technology Trends Likely to Dominate SA in 2022. https://www.itweb.co.za/content/4r1lyMRbVdIMpmda

THE EMERGENCE OF COALITION POLITICS

The South African political landscape has entered an era of coalition politics, increasing the emergence of divergent views and the need for cohesion and compacting. A fragile coalition could increase pressure on the administrative and political nexus, and competing ideologies could cause negative decision-making and increase instability.[9]

ECSECC, as the premier socio-compacting instrument of the Eastern Cape Provincial Government, would need to navigate this new political landscape and provide high-quality, objective policy and knowledge products to accelerate the achievement of the Eastern Cape Development trajectory and the lives of its citizens.

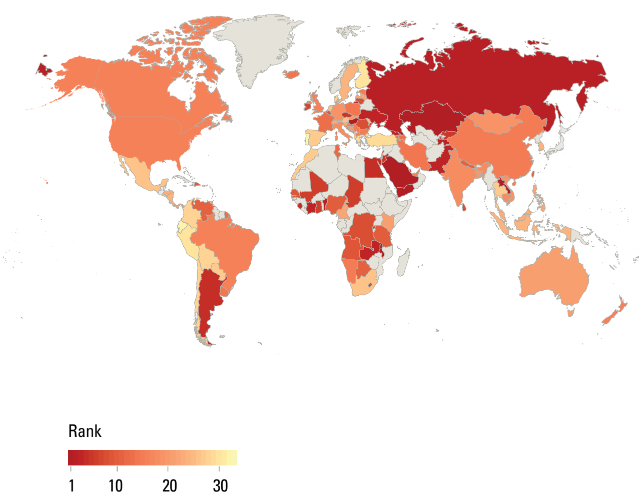
DISASTER MANAGEMENT AND CLIMATE MITIGATION

As the impact of climate change is becoming more evident and disaster events exponentially increase, so does the need to develop evidence-based, high-impact disaster management policies, systems, processes and standard operating protocols.

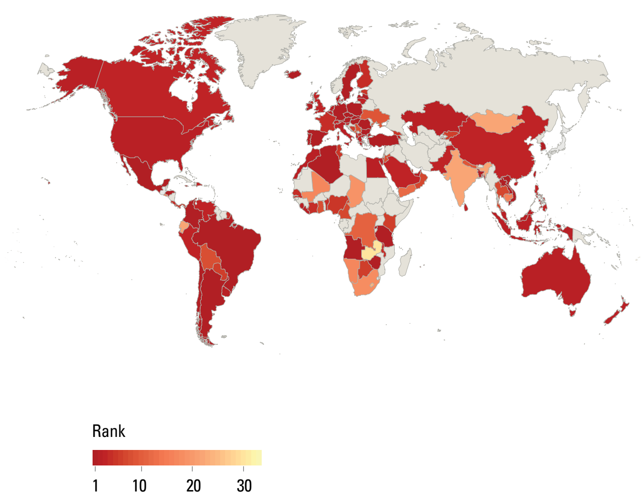
In response, ECSECC needs to develop and integrate the discipline of disaster management into its offering of knowledge and decision-support products. In this regard, ECSECC can leverage its Ward-based Information System as a key asset in the provincial disaster management portfolio to support the efforts to increase the resilience of the Eastern Cape.

Failure in Climate Adaptation and Mitigation (Source: World Economic Forum. 2023. The Global Risks Report 2023: 18th edition. World Economic Forum, Geneva, Switzerland)

Failure of climate-change adaption



Failure of climate-change mitigation



Source: The Global Risks Report 2023: 18th edition. World Economic Forum, Geneva, Switzerland

9 Mokgoyama, K. 2023. How South Africa can prepare itself for coalition governance. Mail and Guardian 20 April 2023

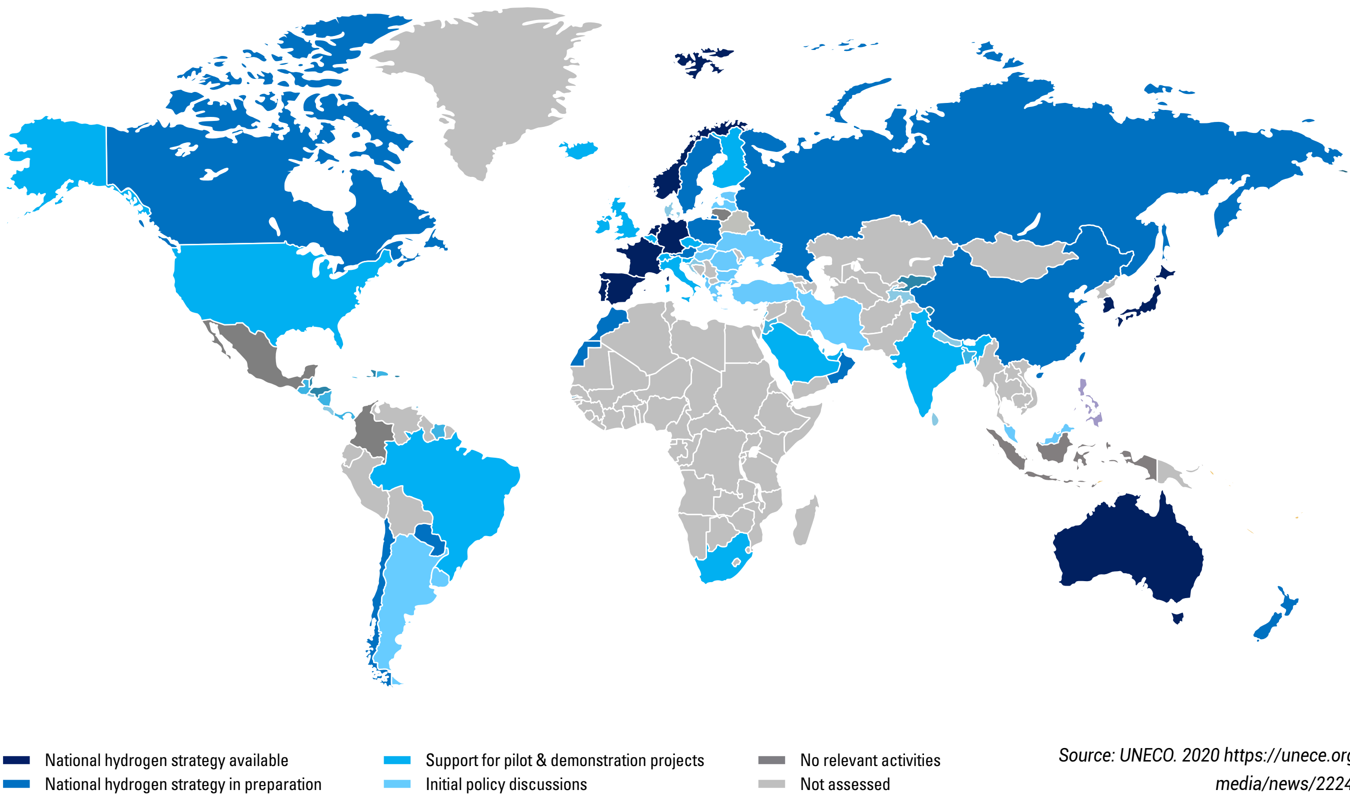
THE EMERGENCE OF THE HYDROGEN ECONOMY AND JUST ENERGY TRANSITION

South Africa has taken significant steps to embrace the emerging hydrogen economy, particularly developing and using green hydrogen. In response to the potential for the hydrogen economy, other provinces, such as the Northern and Western Cape, have made significant strides in developing the so-called "hydrogen corridor." [10]

The Eastern Cape, however, has not fully realised the emerging Hydrogen Economy's potential. ECSECC and the university and research community in the Eastern Cape must collaborate to ensure a high-impact response and beneficiation for the Province into the Hydrogen Economy as part of a Just Energy Transition.

Global Hydrogen Economy

Overview H^2 strategies and activities
(Status: August 2020)



Source: UNECO. 2020 https://unece.org/media/news/22248

EXPANSION OF BRICS, THE NEW BRICS CURRENCY AND AfCFTA

The proposed enlargement of the BRICS group provides access to new opportunities as it increases its efforts at a more equitable representation within the global community. As articulated in the Beijing Declaration, the combined support by the BRICS grouping supports regional integration, the development of new value chains, and industrial and infrastructure development. The Bejing Declaration also supports implementing the African Continental Free Trade Area (AfCFTA).[11]

It is, therefore, mission-critical that the Eastern Cape develop policy and implementation instruments to ensure that the Province fully benefits from the expanding BRICS grouping, its proposed new currency and the AfCFTA.[12]

The Eastern Cape Provincial Government, in partnership with ECSECC, needs to provide knowledge products and decision support to allow the Province to benefit from the foreign currency 'reserve pool, known as the Contingent Reserves Arrangement. Accessing the Contingent Reserves Arrangement would increase investor and consumer confidence, as BRICS countries can pay international debts quicker whilst maintaining consistent exchange rates.

10 Cramer, T. 2022. South Africa unveils R300bn green-hydrogen pipeline as it states ambition to be 'destination of choice'. Creamer Media's Engineering News. 29 November 2022.
11 Slater, d. 2023. South Africa to benefit from the expansion of Brics – Brand SA. Creamer Media's Engineering News 17 February 2023
12 Gavaza. M/ 2023. Is SA ready for a BRICS currency? Creamer Media's Engineering News. 29 November 2022. 14 April 202

CONSISTENT ELECTRICITY SUPPLY

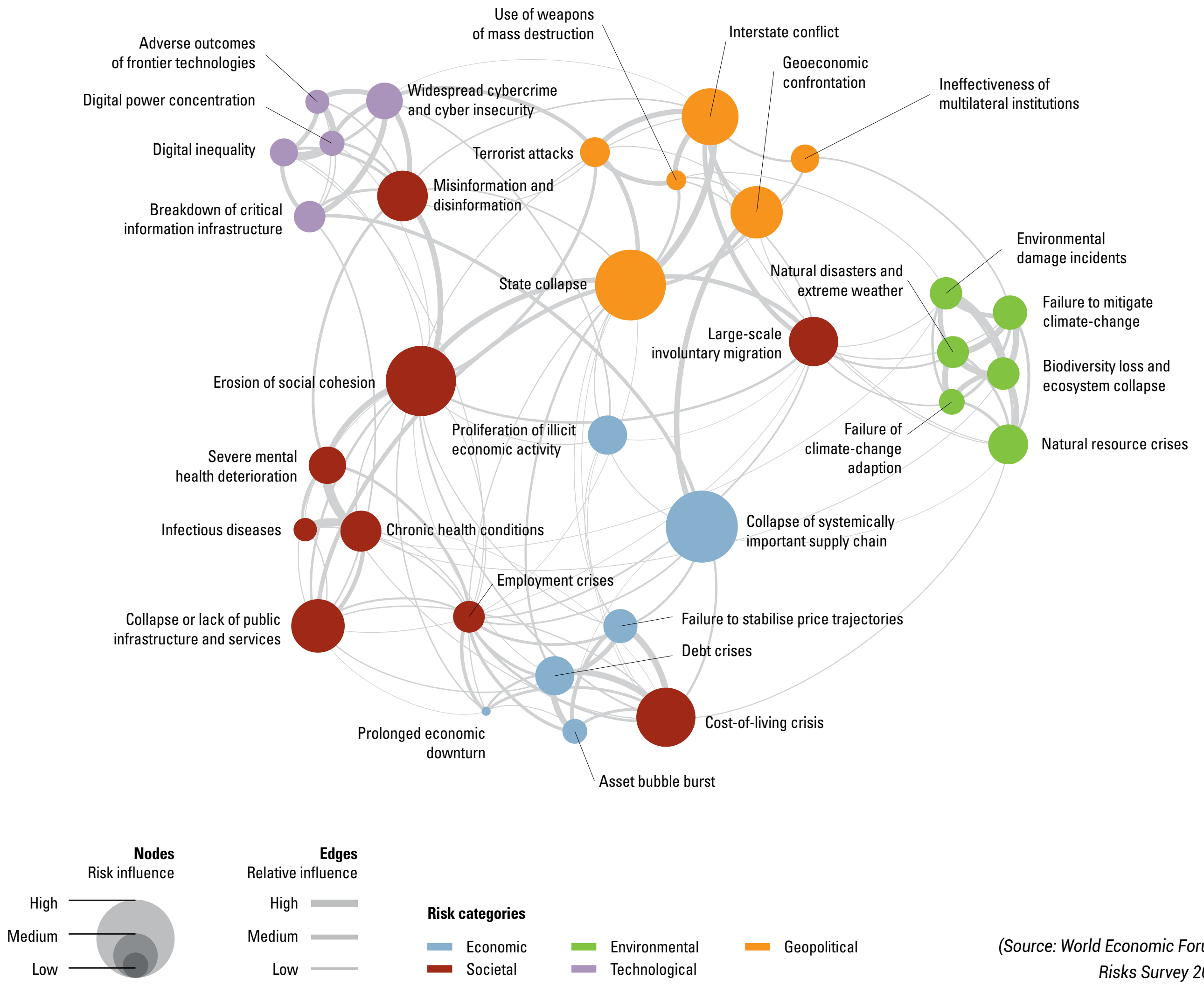
The World Bank states that electricity supply shortages have constrained South Africa's growth due to disrupted economic activity and increased operating costs for businesses, and infrastructure, such as water, information technology, and service delivery (specifically health and education).[13] The focus is therefore on increasing power generation, renewable energy investments, and electricity backup capabilities.[14]

In response, the Service Delivery Environment requires solutions to increase the consistency of electricity supply, advance a just renewable energy transition and support the development of innovations to mitigate the impact of load-shedding.

DEALING WITH POTENTIAL POLYCRISES

According to the World Economic Forum, a major global risk is an emergence of "polycrises". Polycrises refers to the interaction and integration of overlapping crises into a consolidated architecture that exponentially increases each sub-element's impact. These polycrises are represented in the diagram below.

Global risks landscape: an interconnections map



(Source: World Economic Forum, Global Risks Survey 2022-2023)

The World Economic Forum, for example, warns that eroding geopolitical cooperation could create a potential poly-crisis by interlinking environmental, geopolitical and socio-economic risks regarding the supply and demand for natural resources. The knock-on effects impact the most vulnerable parts of society and already fragile states, contributing to rising poverty, hunger, violent protests, political instability and even state collapse.[15]

13 https://www.worldbank.org/en/country/southafrica/overview#1
14 Wood, T. 2021. Technology Trends likely to dominate SA in 2022. https://www.itweb.co.za/content/4r1lyMRbVdlMpmda
15 World Economic Forum. 2023. The Global Risks Report 2023: 18th edition. World Economic Forum, Geneva, Switzerland.

ECONOMIC WARFARE

The increased weaponisation of economic policies to defend the national interests of major global powers increases economic vulnerabilities. Vulnerabilities increase as interdependencies between economies constrain opponents and competitors, and geopolitical interests undermine economic rationality.[16]

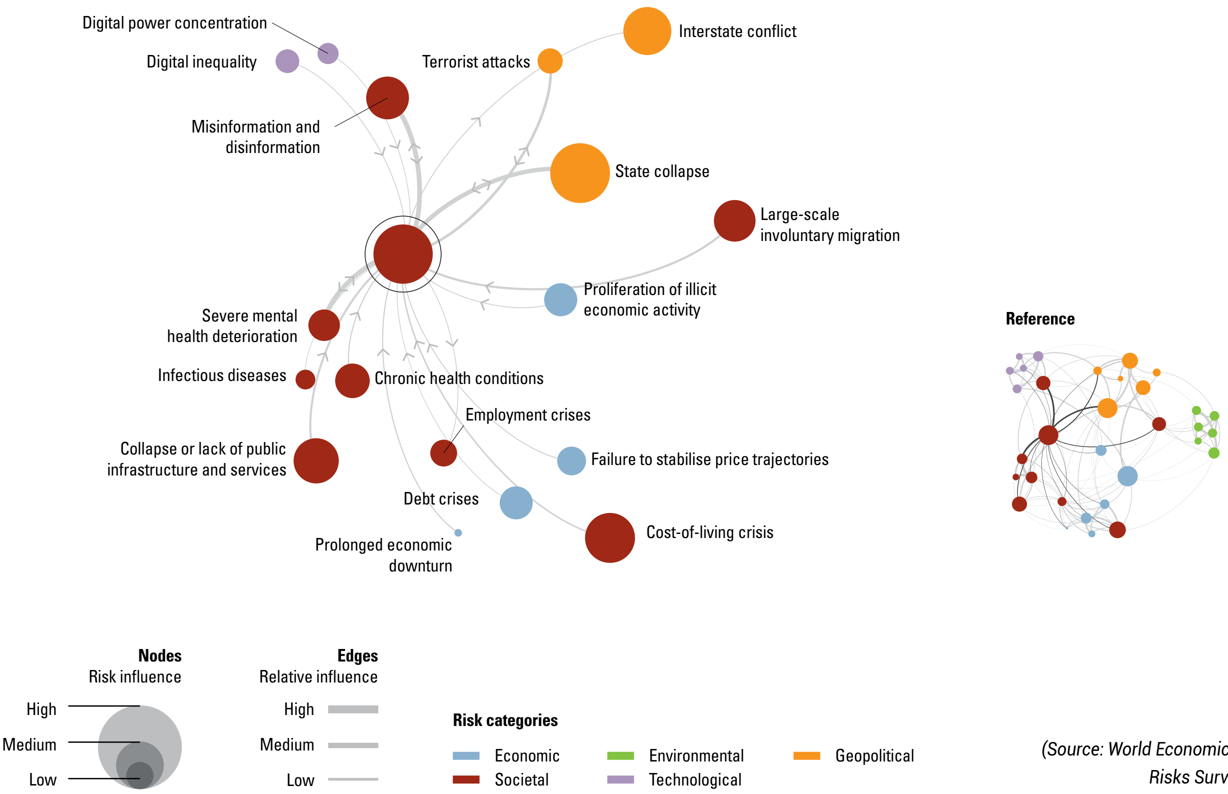
These vulnerabilities increase due to the dependencies on intertwining technologies with societies' critical functions. Disrupting technology-enabled systems undermines competing nation-states' interests. In this regard, cybercrime and the misuse of personal information and fake information on social media combine to underpin the sovereignty of the nation-state and the social cohesion of its population.[17]

SOCIAL COHESION

Loss of social cohesion has increased exponentially globally and in South Africa and has prominence globally. The increase in prominence emanates from social cohesion being impacted and triggered by a wide range of other risks. The loss of confidence in governments compounds these risks and, combined with mis- or disinformation, accelerates social polarisation and the ability of third parties to impact public and political perceptions, even elections, through social media.[18]

The resulting situation is where trust in information and political processes erodes to reduce space for social compacting and problem-solving. As a pivotal social compacting entity, this situation presents a clear and present danger to the mission of ECSECC, the legitimacy of its knowledge products and its ability to support the development of the Province and limit social conflict.

Risks interconnections: the erosion of social cohesion



(Source: World Economic Forum, Global Risks Survey 2022-2023)

STAKEHOLDER COMPACTING

Ensuring social cohesion requires high levels of active stakeholder participation and compacting. To this effect, ECSECC builds on its reputation as a stakeholder council to create a conducive space for engagement, compacting and dialogue. Effective and efficient stakeholder compacting and partnership also contributes towards expanding the resources envelope by combining and focusing resources towards a common purpose.

HIGH-IMPACT IMPLEMENTATION SUPPORT

Institutional capacity, knowledge production and decision support, planning support, and stakeholder engagement and compacting are of little value if not translated into implementation actions. The Eastern Cape must exponentially increase its capacity and capability to apply transversal implementation and technical support.

Through the use of innovation, standardised management practices and technical know-how, ECSECC can support the ability of the Eastern Cape Provincial Government to increase the effectiveness and efficiency of implementation and the quantification of performance and impact.

16 World Economic Forum. 2023. The Global Risks Report 2023: 18th edition. World Economic Forum, Geneva, Switzerland.
17 World Economic Forum. 2023. The Global Risks Report 2023: 18th edition. World Economic Forum, Geneva, Switzerland.
18 World Economic Forum. 2023. The Global Risks Report 2023: 18th edition. World Economic Forum, Geneva, Switzerland.

2.2 ORGANISATIONAL ENVIRONMENT

Being an entity of the Office of the Premier with such a strategic mandate places ECSECC at all material times at the axes of the need to provide strategic thought leadership; again, that time is here more than ever before. The time is that of transitioning between terms of government, requiring in-depth appreciation and knowledge of what the successive terms have been able to do in moving the needle of development transformation and what then is required to further advance that development in the 4th decade of Democracy and Freedom for a Better Life as articulated in the PDP Apex Indicators. The optimisation and relevance stress testing of the ECSECC Value Proposition is now required more than ever.

During the reporting period, continuously evaluating and reassessing ECSECC's organisational suitability is crucial for adapting to change and ensuring staff are skilled and competent in the evolving environments. Throughout the year, ECSECC's 2020-2025 Strategic Plan Value Proposition anchored its operations.

In 2023/2024, ECSECC emphasised the importance of navigating uncertainty through multidisciplinary research, strategic intelligence, and foresight. The focus was on co-creating a vision through network leadership and partnership facilitation and putting strategic information to work through systemic changes, innovation, and solution design.

Two main elements drive the operational responses to the external and internal environments: the legislative mandate emanating from the White Paper and the value proposition emanating from the legislative mandate.

The stated mandate supports four objectives[19] which include:

> To advise and assist the Province in the development of long-term plans to facilitate economic growth and sustainable development;
> To facilitate, monitor and support strategic partnerships that involve the public sector, the private sector, the knowledge sector, organised labour and civil society in the implementation of the provincial development agenda;
> To generate and manage evidence for policymaking and planning processes toward the sustainable development of the Province; and
> To empower stakeholder constituencies for meaningful participation in the development, implementation, and monitoring of the provincial development agenda.[20]

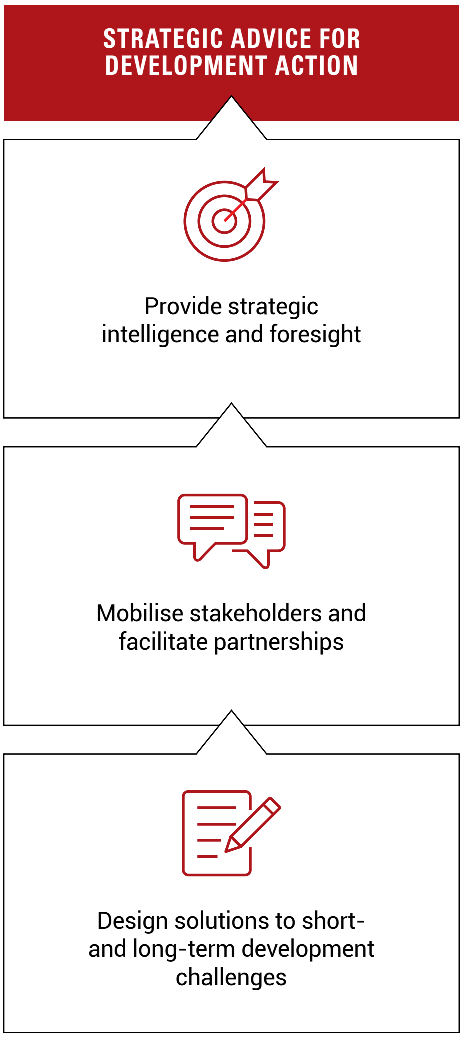
The ECSECC value chain leverages four high-order capabilities. These include:

> Knowledge and advice generation;
> Planning support;
> Stakeholder engagement, compacting; and
> Implementation of technical support.

These four capabilities support an integrated value chain, leveraging knowledge generation and advice to inform planning, stakeholder engagement and compacting. Once stakeholder compacting and engagement has occurred, it is applied to support and monitor technical implementation efforts. The result is the achievement of desired development impacts. These impacts include but are not limited to:

> Advancing and accelerating economic growth and diversification;
> Ensuring sustainable development;
> Increased revenue collection for ECSECC to reduce the burden on the fiscus;
> Advancing and achieving the Provincial Development Agenda; and
> Ensuring meaningful participation by all stakeholders and interested and affected parties.

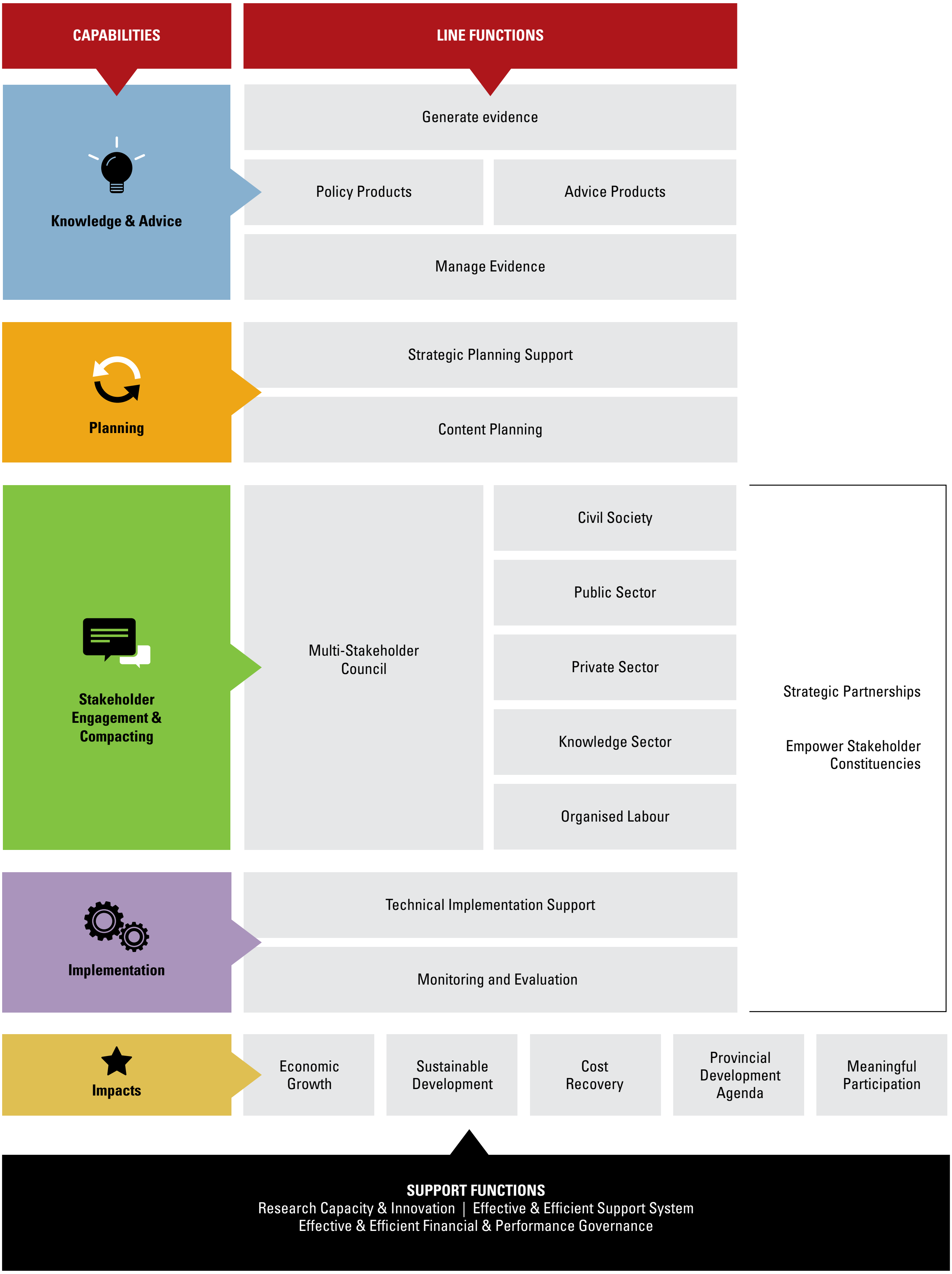
The ECSECC Value Proposition



19 The use of the term "objectives" in the White Paper predates the new DPME naming conventions, which refer to objectives as outcomes. The term outcomes will be used to denote the objectives in the document.

20 Office of the Premier, 2021. Provincial Notice 95 of 2021. White Paper on the Mandate of the Eastern Cape Socio-Economic Consultative Council (ECSECC). Eastern Cape Provincial Government: page 13.

ECSECC Value Chain as per the White Paper



The first element of the value proposition (strategic intelligence and foresight) has received more attention, with a new sixth programme being created and staffed to manage innovation, research and evaluations better so that ECSECC is fully transformed into a notable knowledge broker. The other five ECSECC Programmes also assist with several strategic research collaborations and creative solution design initiatives.

The other elements of ECSECC's value proposition (i.e. innovative design solutions) creates the option for unique service offerings that must help ECSECC syndicate resources from partners, including collecting expenses associated with services provided. Cost recovery mitigates the risk of inadequate money to fulfil the mandate and achieve strategic goals. The resolution of the Development Convention and 2040 EC Scenarios that undergird the implementation of the 6th Term Administrative Priorities have already been tested through the development and use of such tools like 'transformation maps'/ArcGIS to spatially locate and reference development work or where such is needed.

Over the past twelve years, ECSECC has consistently maintained an "unqualified audit" status. Protecting this audit status is vital and entails enacting policy changes based on the complex landscape of ethical behaviour. Moreover, it requires establishing strong systems and controls that have continuously shielded the organisation from significant fraud and corruption risks.

Continuous enhancements in policy and system development in program and project management, as well as greater alignment with PMDS, have expanded accountability across the business. Strengthening project management as a key driver of competitive advantage remains pertinent. The focus is on project management's accountability for quality, integrity, and impact. ECSECC aims to lead the way in evaluating innovative project management approaches in a multidisciplinary setting.

Risk management remained a vital role within the organisation, serving as both a guide and a tool to ensure effective strategy and program execution. The regular risk assessment meetings resulted in a risk registry that included ICT-related hazards, each with explicit, scheduled mitigation actions.

The management of all risks at ECSECC involves the implementation of diverse program goals in collaboration with stakeholders, as well as internally, through the refinement of organisational systems and procedures, particularly in the area of personnel management. Additionally, there is a significant focus on integrating data analytics into all of ECSECC's operations to position the organisation as a leader in digital systems and technology, supported by a skilled workforce. This also includes addressing challenges related to the utilisation and maintenance of digital technology to enhance organisational business processes, ensuring adequate business continuity to achieve organisational goals, and improving the management of any inability to meet mandates.

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

Planned policies are internal, developed, and reviewed to ensure the organisational environment is conducive to strategy performance. Policies are developed and reviewed according to an annually updated policy schedule.

The following Policies were implemented during the 2023/2024 financial year:

> Asset Management Policy
> Supply Chain Management Policy
> Ethics and Conflict of Interest Policy
> Internship Policy
> Risk Management Policy
> Planning and Performance Reporting Policy
> Records Management Policy
> Finance Policy
> Fraud Prevention Policy
> Compliance Policy
> Contract Management Policy
> Travel Management Policy
> ICT Policy
> Data Protection and Information Sharing Policy
> Data Retention Policy
> Data Security Breach Management Policy
> Data Privacy and Information Security Policy
> Data Classification Policy
> Human Resource Policy
> Performance Management and Development System Policy
> Job Evaluation Policy
> Remuneration Policy
> Occupational Health and Safety Policy
> Temporary Employee Policy
> Skills Development Policy
> Hybrid Policy
> Internship Policy
> Post-retirement Policy
> Succession and Continuity Policy

During the 2023/2024 financial year, only the Remuneration Policy was updated.

2.4 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

In the 2022/2023 Annual Report, it was reported that changes in the policy environment have required a shift in the orientation and indicators of the Strategic Plan informed by the ECSECC Legislation. Being proactive, the ECSECC Board has approved these changes for the remainder of the Five-year Strategic Plan starting in the 2023/2204 Annual Performance Plan while awaiting approval of the White Paper.

Undertaking this exercise and with the National Treasury requirements allowed for changes to a Strategic Plan during the five-year period it covers, particularly in response to significant policy shifts or changes in the service-delivery environment. In addition, the revised Framework for Strategic Plans and Annual Performance Plans issued by the Department of Planning, Monitoring and Evaluation (DPME) similarly stipulates that strategic plans may be revised due to significant changes in policy, the service delivery environment, or the planning methodology. Establishing new legislation constitutes a significant policy shift, necessitating the update of the ECSECC strategy in line with these policy changes.

The table below summarises the reasons for retaining and changing Outcomes, which are still applicable under the year being reviewed:

Outcome	The objective stated in the White Paper[21] aligns with the Outcome	Explanation	Update
Outcome 1: A developmental state that actively leads development through partnerships	To advise and assist the Province in the development of long-term plans to facilitate economic growth and sustainable development.	The ability to provide advice to support long-term development is an expression of the functions of a developmental state.	The stated objective accommodates the current Outcome and aligns with the functioning of a developmental state. The Outcome aligns with the White Paper and is retained.
Outcome 1: A developmental state that actively leads development through partnerships	To generate and manage evidence for policymaking and planning processes toward the sustainable development of the Province.	The management of evidence and evidence-based policymaking enhances the ability and performance of the developmental state. Evidence-based policymaking constitutes a critical element of the developmental state.	The stated objective accommodates the current Outcome and aligns with the functioning of a developmental state. The Outcome aligns with the White Paper and is retained.
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative	To facilitate, monitor and support strategic partnerships involving the public sector, the private sector, the knowledge sector, organised labour, and civil society in implementing the provincial development agenda	The ability to form strategic partnerships supports inclusive economic growth. Partnerships constitute a crucial enabler of inclusive growth. The term inclusive implies and reinforces the need to form partnerships with all interested and affected stakeholders and partners.	The stated objective accommodates the current Outcome and aligns with the functioning of a developmental state. The Outcome aligns with the White Paper and is retained.
Outcome 3: A healthy, educated and productive workforce and citizenry	To empower stakeholder constituencies for meaningful participation in the development, implementation, and monitoring of the provincial development agenda	A capacitated citizenry and workforce require social compacting and constant engagement. Empowering constituencies by creating engagement platforms advances the creation of a healthy, educated and productive workforce and citizenry.	The stated objective accommodates the current Outcome and aligns with the requirement for capacitating constituencies to engage. The Outcome aligns with the White Paper and is retained.
Outcome 4: Increased organisational maturity	No output indicator in the White Paper refers to organisational maturity. The White Paper in Section 13 defines the responsibilities of the Chief Executive Officer (CEO), which requires the effective and efficient operation of the entity per governance and operational requirements.	Organisational maturity is a component of organisational effectiveness and efficiency. However, it does not reflect all the aspects of an effective and efficient organisation that complies with governance requirements.	The Outcome is changed to expand its scope to all elements required for a governance-compliant organisation's effective and efficient operations. Changed Outcome 4 to: Increase organisational effectiveness, efficiency and governance. The change accommodates the measurement of all support functions, ensuring effective, efficient governance compliance, and aligns with the White Paper

21 The use of the term "objectives" in the White Paper predates the new DPME naming conventions, which refer to objectives as outcomes. The term outcomes will be used to denote objectives in the document.

Although all the outcomes remained the same, except for Outcome 4, several alignment issues emerged regarding Outcome Indicators. As a result, several Outcomes Indicators had to be changed to ensure alignment with the White Paper.

The table below summarises these required changes:

Outcomes	Previous Outcome indicator	New Outcome Indicator	The rationale for adopting a new indicator
Outcome 1: A developmental state that actively leads development through partnerships	1.1 % of ECSECC publications that are peer-reviewed 1.2 Number of decision-making structures and institutions making use of ECSECC knowledge products in decision-making 1.3 Effective social compacts managed through formal stakeholder collaboration platforms 1.4 One agreed on the provincial development plan	1.1 The number of knowledge products produced.	The indicator is all-encompassing and allows all inputs relevant to the Outcome to be measured. The measurement includes publications, knowledge products that support decision-making, inputs to support social compacting and the Provincial Development Plan. Section 8.4 of the White Paper defines these knowledge products and functions.
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative	2.1 Number of job opportunities created through interventions facilitated	2.1 The number of strategic partnerships supported. 2.2 The number of advice products produced to support economic growth and sustainable development.	ECSECC, as a multi-stakeholder council, does not directly drive job creation. It provides specialist advice, planning, knowledge products and compacting services to support the implementation mandates of other entities. Accordingly, it cannot account for job creation figures. Hence, the justification for changing the Output indicator is in line with the mandate and scope of the ECSECC White Paper for the support provided to partnerships and the production of knowledge products. Advice products also encompass planning, monitoring, reporting, and evaluation products defined in Section 18 of the White Paper
Outcome 3: A healthy, educated, and productive workforce and citizenry	3.1 Number of people trained through partners 3.2 Number of targeted groups placed in workplaces for experiential learning and employment 3.3 Number of new HIV infections 3.4 Adult AIDS mortality	3.1 The number of sectoral councils supported.	ECSECC does not perform all the line functions associated with Output Indicators. The interventions covered under Output Indicators 3.1 to 3.4 align with Section 11 of the White Paper, which focuses on supporting sectoral councils.
Outcome 4: Increase organisational effectiveness, efficiency and governance	Effective and efficient internal operations	4.1 Number of organisational effectiveness, efficiency and governance interventions completed.	Expanding the scope of effectiveness, efficiency and governance products beyond maturity assessments provides a more accurate and integrated measurement of support services and operations. The interventions covered under Output Indicator 4.1 aligns with Section 13 of the White Paper, which focuses on the effective, efficient and compliant operation of the ECSECC.

PROGRAMMES

PROGRAMME 1 Corporate Services

The programme provides support services and creates an enabling environment for achieving the impact and outcomes outlined in the Strategic Plan and key strategic areas for ECSECC. This programme aims to enable innovative, agile and quality governance, corporate services and financial management and operational performance through strategic leadership, industry sound practice systems and standards and strategic information.

PROGRAMME 2 Economic Governance & HRD

This programme aims to support the development and implementation of economic policy and strategy to shift the economic development path of the Eastern Cape. The peripheral nature of our economy and its relative underperformance is well understood. The programme seeks to set clear priorities for the Province over the planning period and what can realistically be achieved to improve economic development in the Province.

PROGRAMME 3 Governance and Planning Support

The programme's purpose is to strengthen the building of a developmental state by providing strategic governance support in the development and rollout of national, provincial, and local plans, strategies, and frameworks in the Eastern Cape. The programme achieves its purpose by facilitating democratic participation by relevant stakeholders through consultations, partnerships, capacity building and advocacy, resulting in shared and owned outcomes.

PROGRAMME 4 ECAC

The purpose of this programme is to assist the Province in effectively managing its response to HIV, Tuberculosis (TB) and STIs. This programme also focuses on acting as secretariat for the Eastern Cape AIDS Council.

PROGRAMME 5 Khawuleza Portfolio Management Office (KPMO)

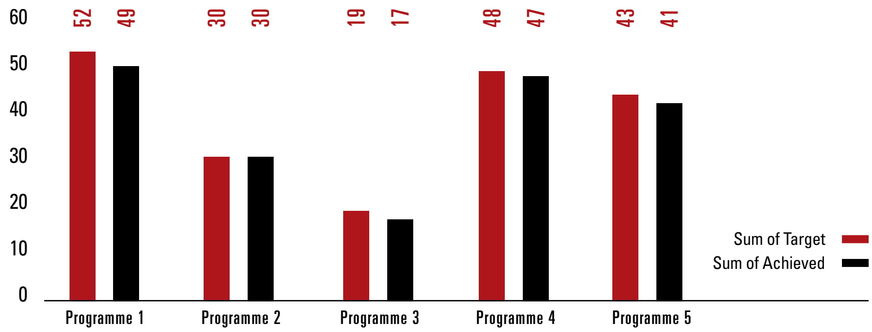
The Khawuleza PMO was established and incubated by ECSECC for the Medium-term Expenditure Framework (MTEF) period. The Khawuleza Portfolio Management Office (PMO) is a high-impact PMO capacity that aims to increase the efficiency and effectiveness of programme and project implementation in the Eastern Cape Province. At its core, the PMO increases project goal attainment, reduces project failure, and increases project management capability.

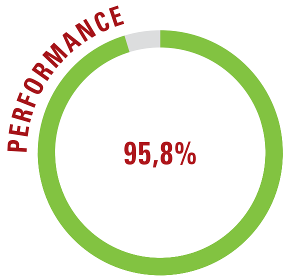
03 Institutional Programme PERFORMANCE INFORMATION

The institutional programme performance information for ECSECC for the 2023/2024 financial year covers the period 1 April 2023 to 31 March 2024. The Performance Report has been compiled based on the Annual Performance Plan, the Mid-year Report, and Quarterly Reports generated in the year. The report is organised according to ECSECC's five (5) programmes (Programme 6: Strategic Research and Innovation was established in November 2023).

ECSECC has managed to obtain 95.8% performance under the period reporting. This is translated from achieving 184 targets out of the 192 targets set for the 2023/2024 financial year.

2023/2024 Overall Performance





The table below provides the summary

Programme	Targets	Achieved	Not Achieved
Programme 1: Corporate Services	52	49	3
Programme 2: Economic Governance and HRD	30	30	0
Programme 3: Governance and Planning Support	19	17	2
Programme 4: EC Aids Council	48	47	1
Programme 5: KPMO	43	41	2
Grand Total	**192**	**184**	**8**

The detailed programme performance for the 2023/2024 financial year is outlined below.

PROGRAMME 1: CORPORATE SERVICES
PROGRAMME 1A: FINANCE AND CORPORATE SERVICES


Khayakazi Gwazela
Chief Financial Officer


Nozuko Nkundla
Receptionist


Nothando Shenxane
Human Resources Manager


Malwande Ntongana
Procurement Officer


Fikile Sigalelana
Human Resources Officer


Ntombebandla Ntini
General Assistant


Nelisa Tetani
Procurement Assistant


Janice Leach
Finance Manager


Zizipho Magula
Office Assistant


Veliswa Kandile
General Assistant


Nozuko Somniso
Executive Secretary & Chief Risk Officer


Zuzeka Kwanga
Human Resources Assistant


Natasha August
Office Manager


Nokuzola Mshumpela
Supply Chain Manager

PROGRAMME 1B: STRATEGY AND OPERATIONS

Akhona Tinta
Chief Operations Officer

Esethu Magwentshu
Operations Management Coordinator

Dr Ayanda Madyibi
ICT Specialist

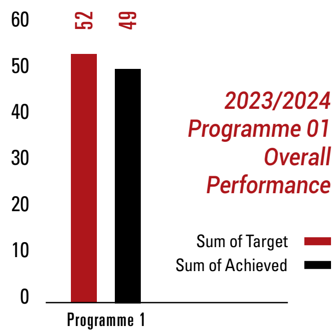
Lithemba Ntlokonkulu
Network and Systems Engineer

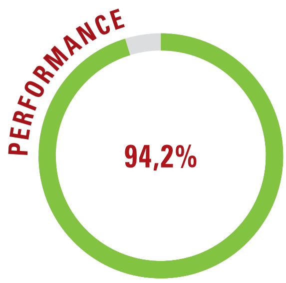
Sinethemba Mqayi
IT Systems Administrator

Zwanga Mukhuthu
Publications & Digital Communications Officer

Pamela Njenge
ICT Intern

Sive Kamte
Planning Monitoring & Evaluation Officer





3.1 PROGRAMME 1: CORPORATE SERVICES

3.1.1 PURPOSE OF THE PROGRAMME

The Programme provides support services and creates an enabling environment for achieving the impact and outcomes outlined in the Strategic Plan and key strategic areas for ECSECC. The Programme aims to enable innovative, agile, quality governance, corporate services financial management, and operational performance through strategic leadership, good industry practice, systems and standards, and strategic information.

The purpose of this Programme over the period is to enable:
> A high-performing organisation;
> Healthy, productive, capable, and mobile workforce imbibing dynamic competencies and the ECSECC values;
> Innovation, economy, efficiency and effectiveness in policy, systems, and processes to enable productivity and impact;
> Maximise communication and collaboration; and
> Knowledge-based decision-making.

The Programme performs several functions. These functions are organised as sub-programmes, outlined in the table below:

SUB-PROGRAMME	PURPOSE
1.1 Financial Management and Corporate Governance	Provide innovative, simplified, quality financial management and corporate governance performance through strategic leadership and best practices.
1.2 Human Resources	Provide a conducive environment that facilitates achieving excellent performance by a healthy, productive, capable, and mobile workforce
1.3 Information and Communication Technology	The purpose of this sub-programme is to: > Have efficiency and effectiveness in Information and Communications Technology (ICT) systems development and support that ensure business outcomes. > Cultivate ICT platforms and partnerships for innovation. > Provide cost-effective ICT solutions for an agile, mobile workforce.
1.4 Strategy Management and Operations	Enable achievement of organisational results through strategy and operations management, stakeholder management, and agile Programme and project management systems and processes.
1.5 Research and information	Generation, sharing, and exchange of knowledge through research, strategic information, and foresight.

3.1.2 PROGRAMME PERFORMANCE OVERVIEW

In the year, Corporate Services achieved 94.2% of its planned targets. This is by achieving 49 out of 52 targets set.

In November 2023, Programme 6 was established known as Strategic Research and Innovation and infomation management. During this transition period, the deliverables of Programme 6 were sources from Programme 1b and the performance information is reported under Programme 1b.

3.1.3 SIGNIFICANT PERFORMANCE HIGHLIGHTS

> The governance and leadership of the organisation remain stable. The organisation met its statutory obligations of governance and reporting.
> The Board held its Annual General Meeting and its ordinary Board meetings, and all committees of the Board met as per their schedule.
> The risk management environment continues to be strengthened through Annual Risk Assessments, and a strategic and an operational risk register are in place with mitigation plans which are reviewed periodically.
> The finance and risk management interventions were identified, and related activities were executed successfully.
> Monthly cash flow and Quarterly IYM reports were developed and submitted throughout the year. Management is strictly monitoring spending to manage budget pressures.
> ECSECC received an unqualified audit for the 2022/2023 financial year, its eleventh consecutive unqualified audit.
> An annual COBIT maturity self-assessment was conducted, and the Overall Maturity self-assessment score attained is Level 4.
> ECSECC released and published the Quarterly Review of the Eastern Cape Labour Market (QRELM to analyse the latest Eastern Cape labour market developments. The analysis includes employment and unemployment dynamics for the two metropolitan cities in the Province.
> A research paper on "Social and policy issues on the ageing population and youth migration out of the Eastern Cape Province" was published.
> ECSECC hosted an internal knowledge-sharing webinar titled "Disruption in our normal: Disaster management planning at the local level". The webinar defined the role of ECSECC in planning for a disaster, disaster management and response in the Province. Additionally, an external knowledge-sharing event was held. The webinar was titled Building Resilient Communities: Enhancing Disaster Management Strategies in the Eastern Cape. It brought together key stakeholders, disaster management experts, and practitioners, exploring innovative approaches and strengthening disaster preparedness, response, and recovery efforts in the Eastern Cape. In its aim to support the OTP in leading the Province by defining and consolidating its research and innovation needs, ECSECC developed and merged a Provincial Research Agenda with the Provincial Research plan.
> Produced a Ward-Based Information System report, rendering the system operational.
> Quarterly Reviews of the Eastern Cape Labour Market (QRELM) were released.
> A preliminary baseline study on liquor licenses and alcohol consumption in the Eastern Cape was conducted.
> Two Webinars were successfully hosted, aimed at sharing the findings of two studies conducted. The external webinar focused on sharing the findings of a study that investigated the public investment towards youth entrepreneurship in the Eastern Cape, through National Youth Development Agency (NYDA) grant funding. The internal webinar was aimed at sharing the findings of a baseline study conducted in eight Eastern Cape TVET Colleges to develop a student entrepreneurship model.
> The ramp-up phase of the Regional Observatory's project cycle was concluded.
> The Annual Socio-Economic State of the Eastern Cape Report (SERO) was produced. A research report was produced that provides an empirical analysis of the Eastern Cape Sectoral Employment Intensity of Growth.
> A rapid evaluation report of the integrated Wild Coast Development Initiatives within the Eastern Cape Province was produced. The report highlighted all findings and determined that the portfolio of projects has significant potential to advance development but faces several challenges.
> Two seminars were successfully hosted during the period under review. ECSECC, in partnership with Nelson Mandela University, hosted a virtual seminar with internal and external stakeholders to identify knowledge gaps and knowledge requirements of the constituencies in the ECSECC Board of Directors as part of the resolution of the Eastern Cape Provincial Development

Convention. The seminar was titled "Engaged Knowledge and Innovation Networks for Development Seminar." An internal knowledge engagement seminar was held to equip ECSECC staff with knowledge emanating from the work of Programmes. This platform allowed project leaders to reflect on and share insights on the work undertaken with stakeholders in the 2023/2024 financial year and how this work benefited the organisation and the Province.

> The Organisational Maturity Assessment was undertaken as part of assessing our organisational capabilities. The overall score of the assessment presented a Level 3, which indicates that ECSECC has established standardised and documented processes across the assessed scope. This promotes consistency and repeatability. There are areas in which improvement can be made in leadership, digital transformation, communication, technology, culture, and wellbeing.

Below is a detailed breakdown of the Outcomes, Outputs, Output Indicators, Targets, and Actual Achievements for Corporate Services.

Outcomes, outputs, output indicators, targets and actual achievements

Outcomes	Outputs	Output Indicators	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2203	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from Planned Target to Actual Achievement 2023/2024	Reasons for Deviation	Reasons for revisions to the outputs/ output indicators/ Annual targets
Outcome 4: Increase organisational effectiveness, efficiency, and governance.	Maintain governance Standards	1.1 Unqualified Audit Outcome attained	Unqualified with no Material Findings	Unqualified with no material findings	Unqualified Audit outcome attained	Unqualified Audit outcome attained	-	-	-
Outcome 4: Increase organisational effectiveness, efficiency, and governance.	Maintain governance standards	1.2 Measurement of COBIT ICT governance maturity level	Level 2	Level 3	Level 4	Level 4	-	-	-
Outcome 4: Increase organisational effectiveness, efficiency, and governance.	Simplified business-enabling financial and risk management processes and systems	1.3 Number of interventions to simplify financial or risk management processes	1	1	1	1	-	-	-
Outcome 4: Increase organisational effectiveness, efficiency, and governance.	Simplified business-enabling financial and risk management processes and systems	1.4 Organisational Maturity Model level attained	Model Developed And Assessment Conducted	Level 3	Level 3	Level 3	-	-	-
Outcome 3: A healthy, educated, and productive workforce and citizenry	A healthy, productive, capable and mobile workforce	1.5 Number of Planned HR Strategy Projects Completed	90%	17	6	6	-	-	-
Outcome 4: Increase organisational effectiveness efficiency and governance.	Achievement of ICT Strategy	1.6 Number of ICT Strategy Implementation Plan projects completed	90%	7	7	7	-	-	-
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs, and is innovative	Knowledge Generation	1.7 Number of trend analysis reports	8	7	8	8	-	-	-

Outcomes	Outputs	Output Indicators	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2204	Deviation from Planned Target to Actual Achievement 2023/2024	Reasons for Deviation	Reasons for revisions to the outputs/ output indicators/ Annual targets
Outcome 1: A developmental state that actively leads development through partnerships	Applied Research	1.8 Number of research reports completed	6	4	4	4	-	-	-
Outcome 1: A developmental state that actively leads development through partnerships	Knowledge Generation	1.9 Approved ECSECC Research Agenda	New Indicator	1	1	0	-1	Due to resource and scheduling conflicts, the ECSECC research agenda could not be finalised	
Outcome 1: A developmental state that actively leads development through partnerships	Knowledge Generation	1.10 Annual Socioecono mic State of the Eastern Cape Report produced	New Indicator	2	1	1	-	-	-
Outcome 1: A developmental state that actively leads development through partnerships	Knowledge Generation	1.11 Quarterly Operational GIS Ward- based Information System Report	New Indicator	3	4	4	-	-	-
Outcome 1: A developmental state that actively leads development through partnerships	Knowledge Generation	1.12 Number of external knowledge-sharing opportunities created	8	4	4	4	-	-	-
Outcome 4: Increase organisational effectiveness, efficiency, and governance.	Organisational learning and knowledge management	1.13 Number of internal knowledge-sharing opportunities created	4	4	4	4	-	-	-
Outcome 1: A developmental state that actively leads development through partnerships	Knowledge Generation	1.14 Support Provincial Research Agenda	New Indicator	0	4	4	-	-	-
Outcome 1: A developmental state that actively leads development through partnerships	Knowledge Generation	1.15 Operational Eastern Cape Regional Observatory	New Indicator	0	1	1	-	-	-
Outcome 1: A developmental state that actively leads development through partnerships	Knowledge Generation	1.16 Number of Evaluation Reports Produced	New Indicator	New Indicator	4	2	-2	There were delays in convening the Evaluation Project Steering Committee (PSC) to evaluate due to delays in nominating PSC members and poor attendance of PSC members. Delays were due to challenges experienced in developing the EQPRS data system due to the availability of data resources and capabilities. As a result, validation processes with key indicator owners, which are also important data collection points for the evaluation, could not occur.	

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Measures to overcome and address areas of underperformance include:

- Increase portfolio, programme and project management capabilities to ensure that outputs are produced per schedule in the relevant Annual Performance Plan to prevent roll-over of outputs to the next financial year; and
- Proactively engaging with key stakeholders and interested and affected parties to ensure timely access to data and inputs.

Linking performance with budgets

Budget Performance						
	2022/2023			2023/2024		
Corporate Services and Operations, Research and Information	**Budget R'000**	**Actual Expenditure per AFS R'000**	**(Over)/Under Expenditure R'000**	**Budget R'000**	**Actual Expenditure per AFS R'000**	**(Over)/Under Expenditure R'000**
Goods and services	13 499	13 001	498	15 139	14 228	911
COE	27 137	25 749	1 388	28 226	27 296	930
CAPEX	2 754	2 693	61	1 912	1 721	191
TOTAL	**43 390**	**41 443**	**1 947**	**45 277**	**43 245**	**2 032**

Underspending is mainly attributable to the fact that there were no legal costs incurred during the year which resulted in savings. Funds set aside for project-related travelling costs were not utilised due to a change in approach in conducting the evaluations. The COO post became vacant during the year which contributed to the underspending. The post was filled during the year.

PROGRAMME 2: ECONOMIC GOVERNANCE AND HUMAN RESOURCE DEVELOPMENT

Teboho Qholosha
Programme Manager

Nomonde Hlatshaneni
HRD Project Manager

Sibongile Ndubaza
Programme Secretary

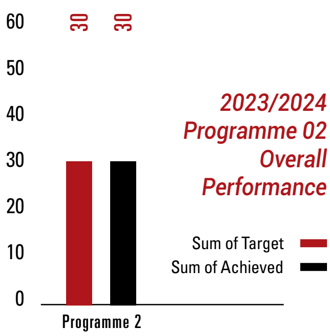
Viwe Fokwebe
Project Officer: Stakeholder Engagement and Liaison

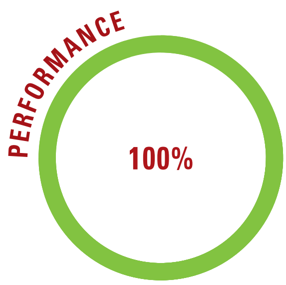
Funzani Mtembu
Development Economist

Vuyokazi Magungxu
Project Officer: Innovation and Post Schooling Research

Lusanda Bantwini
Sector Development Specialist

Sandiso Mzanywa
HRD Project Officer





3.2 PROGRAMME 2: ECONOMIC GOVERNANCE AND HUMAN RESOURCE DEVELOPMENT

3.2.1 PURPOSE OF THE PROGRAMME

This Programme aims to support the development and implementation of economic policy and strategy to shift the economic development path of the Eastern Cape. The peripheral nature of our economy and its relative underperformance are well understood. The Programme seeks to set out clear priorities for the Province over the planning period, and what can realistically be achieved to improve economic development in the Province.

Programme 2 responds to this reality by focusing on two ECSECC outcomes and selected associated intermediate outcomes:

Outcome 2:
An inclusive economy that grows sustainably, creates decent jobs, and is innovative:
Effective support interventions that contribute to the structural transformation of the economy facilitated.

Outcome 3:
A healthy, educated, and productive workforce and citizenry:
Improved education and skills supply and demand matching.

To achieve these outcomes the Programme aims to provide knowledge-based strategic economic advice on provincial sector-based economic development strategy and highlight key human capabilities required to increase output and create jobs for an inclusive economy. Finally, ECSECC aims to provide platforms for dialogue and strategic engagements by Communities of Development Practice in providing multi-perspectives on socio-economic development and development practice.

The Programme also aims to conceptualise and facilitate measures to improve the quality of education and training. The Programme provides strategic and technical support to the EC HRD Council and aims to enhance the Provincial Human Resource Development Council's mandate to support the training of appropriately skilled people for the economy.

3.2.2 PROGRAMME PERFORMANCE OVERVIEW

In the year, the Programme achieved 30 out of 30 planned targets, which translated to 100% performance.

3.2.3 SIGNIFICANT PERFORMANCE HIGHLIGHTS

QUARTER 1

The Human Science and Research Council (HSRC) appointed ECSECC as an Implementing agent for Mapping the Innovation landscape of the Karoo Regions phase 2 research project, with the key objective of developing an Innovation Strategy for the Karoo Region.

A research report profiling small-scale fisheries in the Eastern Cape was produced and integrated into the Industrial Strategy and Chris Hani District SMME policy. The research critically overviews small-scale fisheries' contribution, role, and importance to pro-poor economic growth and development.

ECSECC also reviewed Chris Hani District Municipality (CHDM) SMME and Social Enterprise strategy. The contribution towards this work included developing the CHDM s

ituational analysis for the SMME and Social Enterprise Strategy. The Provincial Eastern Seaboard technical committee convened a skills revolution workstream session. A workshop to develop an Integrated Aquaculture and Fisheries Strategy for the Eastern Cape hosted by ECSECC and DRDAR. The two-day workshop aimed to consult various stakeholders (including government, industry, and associations) on developing an Integrated Aquaculture and Fisheries Strategy for the Eastern Cape Province.

ECSECC and ECDC facilitated the Industrial Tour for TVET colleges. Accordingly, a session took place at the King Hintsa TVET College. The purpose of this tour was to expose TVET Colleges to active industries or sectors of the economy in their catchment area to ensure that the colleges work in close alignment with industry and ultimately forge effective partnerships. A Tripartite agreement between ECSECC, ECDC, and the college sector underpins support for the TVET colleges in the Province.

The EC HRD Council meeting was held in the quarter under review at East Cape Midland TVET College. ECSECC continues to provide secretariat support to the EC HRD Council.

QUARTER 2

ECSECC convened an SMME and Innovation Research colloquium in collaboration with the University of Fort Hare. The colloquium engaged the outcomes of the respective research reports by University of Fort Hare, and EGHRD student entrepreneurship research and Second-Generation Innovation research. The colloquium also showcased the work of entrepreneurs who participated in the respective three studies.

The Programme undertook fieldwork research visits to industries with Lovedale TVET College management teams, and selected lecturers. The fieldwork visits exposed the college to key industries and career opportunities to facilitate articulation of the curriculum delivery in TVET College with the needs of industry. The articulation project aims to improve the Province's labour market outcomes.

The Programme produced a publication of the STEM Indaba convened by the Provincial HRD Council, which provided a roadmap for the improvement of STEM learning and teaching, as well as the development STEM careers in the Province.

A draft Provincial Integrated Fisheries and Aquaculture Strategy in partnership with DRDAR has been developed. The strategy serves as a road map for the development of the two industries in an integrated manner.

Stakeholder engagements with TVET College stakeholders and other critical stakeholders in the student entrepreneurship and lecturer development space were undertaken. The purpose of these engagements is to ensure that student entrepreneurship is mainstreamed into the core business of the TVET colleges rather than an isolated ad hoc activity.

The HRD Council Secretariat convened quarterly plenary sessions of the ECHRD Council. The Oceans Economy Secretariat hosted jointly with the Eastern Cape Department of Education a two-day Maritime Education and Skills Development Summit from 31 August to 1 September 2023 at the International Convention Centre, East London, under the theme "Human Capital Development: A lever for a sustainable Maritime Future". The Programme formed part of the organising team headed by the ECDC that convened the 3rd annual Investment Conference on 29 September 2023 at the International Convention Centre, East London, under the theme "Eastern Cape - A compelling investment destination".

QUARTER 3

Two research reports were produced. The first is the technology station report, which is a premise for the development and adoption of the Technology Station model into the Eastern Cape economic development value chains through knowledge and product development that supports sector growth. The second research report is anchored on the understanding of the innovation landscape of the Karoo, with a key objective of developing an Innovation Strategy for the Karoo Region. ECSECC has been appointed as an Implementing Agent to collaboratively co-produce a rapid version of the Local Innovation Advancement tool value chain instrument, LIAT-IVC instrument, with the HRSC in mapping the Innovation landscape of the Karoo region.

ECSECC, in partnership with the Department of Rural Development and Agrarian Reform and in collaboration and consultation with stakeholders, has developed an Integrated Aquaculture and Fisheries Strategy. The purpose of the strategy is to unlock the full potential of the aquaculture and fisheries sectors in the Eastern Cape Province by creating an enabling environment for sustainable development and economic growth while empowering communities to improve their livelihoods and harnessing the resources in a responsible manner.

Four stakeholder engagement reports were produced. The Human Resource Development Provincial Coordination Forum meeting took place with the purpose of providing updates on discussions as they relate to the goals of the HRD Strategy, the Master Skills Plan and the forum's contribution to economic development plans. The quarterly meeting of the Provincial Oceans Economy Core Secretariat was held. Strengthening institutional coordination, including stakeholder compacting for thought leadership, influencing dialogue, and providing strategic support for coordination and optimal functioning, remain a priority for the Oceans Economy Secretariat.

The HRD Council Secretariat convened its quarterly plenary session of the ECHRD Council to give an update on the status of the ECHRD Council, assess progress made on the priorities of the HRD Strategy and to indicate progress on projects that are driven by the Council in partnership with other stakeholders. The Foundational Learning working group and Skills for Economy working group meetings also convened in this quarter.

The Regional Innovation forum took place, and a report has been compiled which addresses the issue of reviving the Eastern Cape innovation network platform. It has been found that Eastern Cape economic development policies and strategies show considerably little support for enterprise development in Science, Technology, and Innovation. The Province does not have an innovation strategy that promotes commercialisation and industrialisation that is inclusive and sustainable for economic growth and social change.

QUARTER 4

Using an empirical evidence-based approach, the small-scale fisheries in the Eastern Cape research report was developed. This research seeks to provide a critical overview and profiling of small-scale fishing cooperatives, its operational and economic conditions to contribute towards the Oceans Economy strategy.

The Programme developed a policy brief on driving the Oceans Economy Agenda. The brief focuses on the participatory research undertaken during the series of coastal district municipality engagements on the Oceans Economy held to advance the Oceans Economy agenda in the Province. The purpose of the research was to gather qualitative insights from the coastal district and local municipalities (including inland), fishing communities, traditional leadership, and the municipality ecosystem to gain an understanding of the status quo of the Oceans Economy project and project portfolio at the local space. The participatory research enhances the formulation of a shared agenda by local and provincial government and a broad range of economy stakeholders.

A project aimed at accessing the local innovation landscape of the Alfred Nzo District Municipality was underway. The project aims to develop an innovation strategy for the District. The work undertaken forms part of the early stage of building a partnership between ECSECC and the District. Previous work undertaken in the innovation research study showed evidence of innovation activity within the district. This has prompted the District to develop an innovation policy and strategy to support its local SMMEs.

In an effort to advance Oceans Economy development at local government level, ECSECC, in its role as the provincial Oceans Economy Secretariat, held a series of coastal district municipality engagements on the Oceans Economy and produced a report to this effect. The aim was to establish a platform for the coastal district and local municipalities (including inland), its communities and stakeholders in the district ecosystem participating in the Oceans Economy to explore collective efforts toward achieving the objectives of ocean economy development.

In providing secretariat support to the Provincial Oceans Economy project, the quarterly progress report was developed. The report outlines the work of the working groups anchored by respective provincial government departments.

The quarterly secretariat report for the Eastern Cape Human Resource and Development (ECHRD) Council was produced. The report seeks to demonstrate the extent to which the Human Resources Development Council discussions contribute to the Economic Development Plans and how they link with other stakeholders in the skills development arena.

The ECHRD Council, in partnership with the Eastern Cape Department of Education (ECDoE), convened a successful 2nd Annual STEM Indaba and produced a report on its outcomes.

Outcomes, outputs, output indicators, targets and actual achievements

Outcomes	Outputs	Output Indicators	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from Planned Target to Actual Achievement 2023/2024	Reasons for Deviation	Reasons for revisions to the outputs/ output indicators/ Annual targets
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs, and is innovative	Applied Research	2.1 Number of applied research and knowledge products on economic development and Human Resource Development (HRD) produced	6	4	8	8	-	-	-
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative	Economic and HRD Policy advice	2.2 Number of policy, strategy, or planning documents developed for economic development and HRD	2	2	6	6	-	-	-
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs, and is innovative	Stakeholder engagements	2.3 Number of stakeholder engagement sessions facilitated for economic growth and HRD.	New Indicator	New Indicator	16	16	-	-	-

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

No underperformance was recorded.

Linking performance with budgets

Budget Performance						
	2022/2023			2023/2024		
Economic Governance and Human Resources Development	**Budget R'000**	**Actual Expenditure per AFS R'000**	**(Over)/Under Expenditure R'000**	**Budget R'000**	**Actual Expenditure per AFS R'000**	**(Over)/Under Expenditure R'000**
Goods and services	1 858	1 668	190	2 423	1 920	503
COE	7 652	7 831	-179	7 914	7 481	433
CAPEX	-	-	-			-
TOTAL	**9 510**	**9 499**	**11**	**10 337**	**9 401**	**936**

The Oceans Economy Masterplan update was initially planned to be outsourced, however the appointment of the Programme Manager for Strategic Research allowed the work to be concluded internally instead. COE underspending is due to Oceans Economy posts not being filled due to the skills recruited in the Programme Manager - Strategic Research.

Going forward to the next financial year, the current arrangement will not be sustainable therefore positions will be permanently filled.

PROGRAMME 3: GOVERNANCE AND PLANNING SUPPORT

Chris Motsilili
Programme Manager

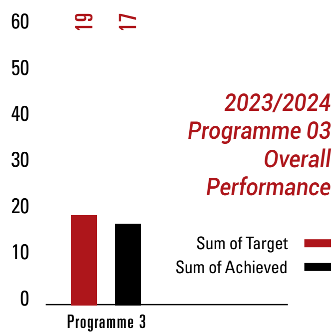
Fezeka Maqwati
Local Government Planning Specialist

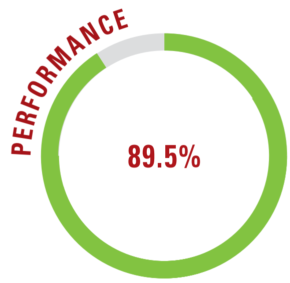
Ian Assam
Development Planning Specialist

Libhongo Ntlokonkulu
Policy Researcher

Lungiswa Dubula
Programme Secretary

Andile Fekisi
Intergovernmental Coordination and Planning Specialist





3.3 PROGRAMME 3: GOVERNANCE AND PLANNING SUPPORT

3.3.1 PURPOSE OF THE PROGRAMME

The Governance and Planning Support Programme's purpose is to strengthen the building of a developmental state by providing strategic governance and planning support in developing and implementing long-term plans related to the EC's shared development agenda.

The Programme achieves its purpose by facilitating democratic participation by relevant stakeholders through social facilitation, research, consultations, partnerships, capacity building, and advocacy, and long-term planning documents, resulting in shared, owned, and implemented outcomes.

This Programme mainly focuses on supporting a developmental state that actively leads development through partnerships. The purpose is to improve policy decision-making by providing strategic planning support and advice and creating a shared provincial development agenda through effective platforms for engagement.

3.3.2 PROGRAMME PERFORMANCE OVERVIEW

In the year, the Programme achieved 89.5% of its planned targets.

3.3.3 SIGNIFICANT PERFORMANCE HIGHLIGHTS

QUARTER 1

ECSECC has provided coordination support to the EC DDM Nerve Centre. In support of the work of the nerve centre, ECSECC has produced an EC DDM Nerve Centre report, which gives an account of the progress made by the Nerve Centre in further institutionalising the DDM One Plan Model in the Province. The report reflects the efforts made by the Nerve Centre in executing its tasks.

The Programme provided strategic support for the implementation of the Eastern Cape Infrastructure Project (ECIP) by developing the Quarterly Report on catalytic infrastructure initiatives.

QUARTER 2

ECSECC, in partnership with SANRAL, presented an update report to the EC Technical PICC and the EC Political PICC on the N2 Wild Coast Project, with emphasis on the Mtentu Mega Bridge, Msikaba Mega Bridge and the relevant road packages associated with the two bridges.

The Office of the Premier (OTP) has mandated that ECSECC be responsible for long-term planning, including the DDM One Plans in the Province. In fulfilling this responsibility, various collaboration platforms have been initiated and coordinated by ECSECC. An inter-governmental collaboration coordinated by ECSECC took place between the National Department of Cooperative Governance and Traditional Affairs (DCOG) to reflect on the DDM and the One Plans concept, to guide and inform the crafting of a DDM implementation approach for the Eastern Cape Province (EC). A progress report to this effect has been compiled, which gives an account of the engagement. It is anticipated that such collaborations will further assist the Province in improving the way the DDM continues to be institutionalised.

The Eastern Cape District Development Model (DDM) planning and implementation framework has been developed. The framework outlines an inter-governmental cooperation and service delivery improvement approach to be implemented through "joint programme planning, budgeting, and implementation" processes between government and non-state actors on cross-cutting or traversal key catalytic interventions in Districts and Metropolitan (Metro) spaces of the Province to realise the 2019 Cabinet-pronounced DDM, an approach that will guide effective implementation of the DDM in the Province.

ECSECC continues to support the work on the Eastern Seaboard Development which is a broad and multifaceted vision to accelerate socio-economic development and to bring in new innovations across KwaZulu-Natal and the Eastern Cape. ECSECC has developed an update report which highlights performance thus far.

A draft paper titled "A review of some post-1994 economic development initiatives in OR Tambo and Alfred Nzo Districts" has been developed. The paper tries to understand lessons from previous socio-economic development efforts in the Wild Coast corridor, with the intention that future economic development initiatives (and the current ESD) benefit from these lessons and improve their chances of success. The main purpose of the paper is to inform and influence the planning of the Eastern Seaboard Development (ESD) and the proposed New African Coastal Smart City (NACSC).

QUARTER 3

Four reports on initiatives that facilitate the implementation of EC PDP were produced. Two of the four reports give an account of ECSECC's partnership with the ECRDA in reviewing and discussing ways of unlocking/unblocking various challenges and formulating recommendations on prioritised commodity value chains in the EC. These include the Cannabis Social Facilitation/Commodity Value Chain and the Wool and Mohair, Grain, and Potato Commodity Value Chains. Work has been done by ECSECC in supporting provincial planning in the EC, which mainly relates to facilitating strategic planning sessions of departments and entities in the 2023/2024 financial year in preparation for the development and finalisation of credible draft 2024/2025 APPs and a report has been compiled to this effect.

The catalytic projects update report provides an update on the Mzimvubu and the N2 Wild Coast catalytic projects. The report highlights how both these projects have been identified as Strategic Integrated Projects (SIP 3 Project) with the primary goal of stimulating socio-economic development in the eastern part of the Eastern Cape Province and South-Eastern Node and Corridor Development, respectively.

A progress report on the EC DDM collaboration forum was developed. The report gives an account of the five District and Metro DDM Technical Sessions that were held between September and December 2023 led by the Eastern Cape Department of Cooperative Governance (EC-COGTA - as a current champion of the DDM in the Province in line with national guidance), with coordination support from ECSECC, Office of the Premier (OTP), the National Department of Cooperative Governance (DCOG) and District/Metro Municipalities, i.e. Chris Hani, Alfred Nzo, Buffalo City Metro OR Tambo and Amathole District Municipalities.

The report highlights how the sessions looked into how the DDM as a government-led "integrated service delivery implementation approach" remains constantly misunderstood by some of the different role players in government and by society-wide structures, as since its introduction three years ago, the manner in which the Province continues to roll out the Model appears not to have been fully effective in addressing the originally perceived problem of addressing "horizontal and vertical patterns of operating in silos between and across government that have led to a lack of coherency in service delivery planning, implementation, and monitoring and evaluation" (DDM Concept Document, 2019).

QUARTER 4

Eastern Seaboard Development

ECSECC continues in its role of coordination of the Eastern Seaboard Development (ESD). As part of this role, ECSECC participates in the Eastern Seaboard Development National Steering Committee on behalf of the Eastern Cape. In the quarter under review, ECSECC attended the National Review Workshop of the Eastern Seaboard development. A Provincial ESD Workshop took place to take stock of the ESD institutions and programme in the Eastern Cape. A clear plan of action with clear timelines was adopted.

The ESD Spatial Development Plan has been developed and is currently in its final draft stage. The ESD Infrastructure & Investment Master Plan is being developed by MISA and is currently in the draft stage. Consultations are taking place on the draft master plan. The Eastern Cape Province is currently consolidating a provincial input to close the gaps in the draft master plan.

Catalytic Projects Report

In the quarter, a catalytic projects report was compiled. This report provides for the project updates of catalytic projects with a focus on the Umzimvubu Project and the N2 Wild Coast Highway Project.

N2 Wild Coast Development Forum report

ECSECC, on behalf of the Eastern Cape Office of the Premier and in partnership with South African National Roads Agency SOC Limited (SANRAL), hosted the N2 Wild Coast Road (N2WCR's) Political Oversight Committee (POC) over a two-day session at the Wild Coast Sun in the Winnie Madikizela-Mandela Local Municipality. The engagement was intended to provide the committee with a progress report on the N2 Wild Coast Road project, as well as to engage on matters that require intervention from the POC.

The two-day programme entailed a closed session of the N2 WC POC, an engagement session with traditional leadership from the Winnie Madikizela-Mandela, Ingquza Hill and Port St Johns (PSJ) local municipalities that are affected by the N2WCR project, as well as an engagement session with local stakeholders from the affected municipalities.

The Programme has also provided strategic facilitation support to municipalities during the annual IDP reviews, with proposals on how ECSECC can improve support to municipalities. ECSECC provided strategic facilitation support to the OR Tambo and Alfred Nzo District Municipalities, and to Nyandeni and PSJ local municipalities, and observations were made necessitating change.

It is, therefore, proposed that ECSECC prioritise municipalities with Service Level Agreements (SLA), including the two district municipalities that form part of the Eastern Seaboard Development (ESD) Corridor, i.e. the OR Tambo and Alfred Nzo District Municipalities, due to the high socio-economic development faced by these Districts; engage the two district municipalities in advance to shape the content and context of the strategic planning sessions; package relevant content from the work done by ECSECC for presentation in the sessions, and further coordinate the Provincial Local Government Coordination Nucleus for collaborated strategic facilitation support to these targeted municipalities.

The implementation of the above will ensure that these municipalities are focused on crafting relevant strategies and priorities that will respond to the needs of their constituent municipalities during IDP reviews.

The DDM Collaboration forum report was developed in the quarter. The report outlines a proposed approach to enhance the way the Province continues to institutionalise the DDM across government, to respond and address the lessons that were learned during the formulation of the first and second generation of District and Metro One Plans by the Province in 2022 and 2023 respectively.

The proposed approach is that ECSECC, as mandated by OTP, should undertake a process that will bring together relevant stakeholders from the state and outside the state to begin to identify and package programmes and projects that can be implemented to leverage the socio-economic spin-offs that may ensue from the catalytic projects currently implemented and driven by national government departments and state entities in Districts and Metros in the Province. This can initially be piloted in the OR Tambo, Alfred Nzo and Joe Gqabi District utilising the N2 Wild Coast Msikaba Bridge and the Umzimvubu Water Project as a basis, and later be scaled - up to other Districts and Metros in the Province.

A detailed breakdown of the Outcomes, Outputs, Output Indicators, Targets, and Actual Achievements for Governance and Planning Support is provided below.

Outcomes, outputs, output indicators, targets and actual achievements

Outcomes	Outputs	Output Indicators	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from Planned Target to Actual Achievement 2023/2024	Reasons for Deviation	Reasons for revisions to the outputs/ output indicators/ Annual targets
Outcome 1: A developmental state that actively leads development through partnerships	EC PDP Planning and implementing on	3.1 Number of strategies or Planning Documents developed for enhanced long-term planning	New Indicator	New Indicator	0	0	-	-	-
Outcome 1: A developmental state that actively leads development through partnerships	EC PDP Planning and implementing on	3.2 Number of reports on initiatives that facilitate the implementation of EC PDP	New Indicator	New Indicator	9	9	-	-	-
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs, and is innovative	Stakeholder dialogue and partnership	3.3 Progress reports on stakeholder platforms	New Indicator	New Indicator	10	8	-2	Due to the unavailability of key stakeholders (EXCO), the Development Convention could not be held in Q2 as planned but took place in Q3. As a result, this impacted the convening of Council which was due to be held in Q4.	-

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Measures to overcome and address areas of underperformance include:

- Increase portfolio, programme and project management capabilities to ensure that outputs are produced per schedule in the relevant Annual Performance Plan to prevent roll-over of outputs to the next financial year; and
- Proactively engaging with key stakeholders and interested and affected parties to ensure timely access to data and inputs.

Linking performance with budgets

Budget Performance						
	2022/2023			2023/2024		
Governance and Planning Support	Budget R'000	Actual Expenditure per AFS R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure per AFS R'000	(Over)/Under Expenditure R'000
Goods and services	687	668	19	2 151	1174	977
COE	7 169	7 267	-98	9 674	9394	280
CAPEX	-		-			-
TOTAL	**7 856**	**7 935**	**-79**	**11 825**	**10568**	**1 257**

Activities under the SLA projects were initially planned to be physical to maximise participation. It became costly for the stakeholders to attend so a virtual platform was adopted towards the end of the financial year. Funds are to be rolled over for the continuation of the work into the next financial year.

Underspending in COE is due to posts to execute the SLA work being filled later than anticipated. Funds are to be rolled over for the continuation of the work into the next financial year.

PROGRAMME 4: EASTERN CAPE AIDS COUNCIL

Vuyisa Dayile
Programme Manager

Bulelwa Mhlontlo
Events Coordinator

Otto Tamela
Prevention, Treatment, Care & Support Project Manager

Dr Pelisa Dana
Senior Researcher

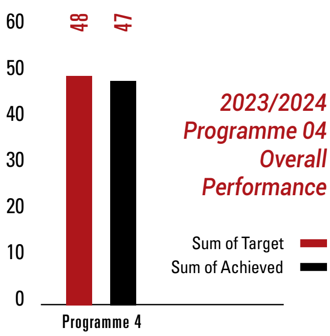
Lulama Mpahla
Youth Coordinator

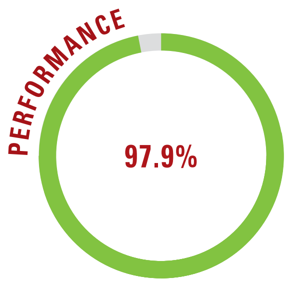
Zeodor Arends
Monitoring & Evaluation Specialist

Zandile Mntuyedwa
Provincial Liason Officer EC (Beyond Zero)

Melikhaya Lusiti
Provincial PLHIV Social Mobilisor (Beyond Zero)

Siyasanga Ngcebetsha
Provincial Liason Officer EC (Beyond Zero)





3.4 PROGRAMME 4: EASTERN CAPE AIDS COUNCIL

3.4.1 PURPOSE OF THE PROGRAMME

The Eastern Cape AIDS Council (ECAC) was established to coordinate the multi-sectoral HIV, TB, and STI response in the Eastern Cape Province. The Council's mandate includes the mobilisation of sectors, creation of partnerships, monitoring and evaluation, research, policy advice to government, resource mobilisation, and development of a multi-sector plan.

In the Eastern Cape, it is estimated that approximately 833 165 (Thembisa, 2018) people live with HIV. However, the epidemic is now increasing at a slower pace. The number of people receiving treatment in the public sector in the Province as of 30 June 2019 was 502 888. The number of people remaining in care has increased by 21% since December 2016. The number of clients initiated into treatment in the public health sector rose significantly between 2016 and 2019. These improvements can be attributed to the changes and implementation of the ART policies and guidelines.

TB is the leading cause of death in South Africa, accounting for 8.4% of all natural deaths in 2015. In 2018, the incidence of TB was 531 cases per 100 000 population, resulting in an estimated 438 000 new TB infections, 45% of which were among People Living with HIV (PLHIV). The TB burden is also driven by poor living conditions and late presentation to health facilities. The number of patients who started on Drug-Resistant Tuberculosis Treatment decreased slightly from 2 008 in 2017 to 1 973 in 2018. TB remains a challenge for the Province, and TB incidence for all ages is at 691 per 100 000 population per the 2015/2016 District Health Barometer. A slight decrease was observed from 2014/2015.

The purpose of this Programme is to assist the Province in effectively managing its response to HIV, TB, and STIs. This Programme also focuses on acting as a secretariat for the Eastern Cape AIDS Council. The work of ECAC is directed largely towards the achievement of one of ECSECC's outcomes and its associated intermediary outcomes:

Outcome 3:
A healthy, educated, and productive workforce and citizenry:
> Reduction in new HIV Infections; and
> Improved HIV Treatment Outcomes.

The work of this Programme indirectly enables the achievement of Outcome 3 by improving the health profile of the population and reducing the number of new HIV infections. The Programme contributes to both ECSECC outcome areas.

3.4.2 PROGRAMME PERFORMANCE OVERVIEW

In the year, the Programme achieved 97.9% of its planned targets.

3.4.3 SIGNIFICANT PERFORMANCE HIGHLIGHTS

QUARTER 1

The ECAC developed a strategy to reduce teenage or adolescent pregnancies in the Eastern Cape Province. The Teenage Pregnancy Reduction Strategy aims to determine the issues that lead to teenage pregnancy and the validity of such problems and to highlight the relevant persons or bodies to address such issues.

The Eastern Province has the second highest teen age pregnancy rate in South Africa. Reducing Teen age pregnancy is very importance for the HIV response since many of the teen-agers that get pregnant end up not finishing school and become more susceptible to multiple sexual relationships, age disparate relationships (sugar daddies) and alcohol abuse, these are some of the social drivers for HIV. Secondly, teen age pregnancy contributes to the high rate of maternal deaths in the province as a significant portion of those that die giving birth are teenagers.

South Africa has several programmes that are aimed at reducing teen age pregnancy, including contraceptives. In developing the strategy ECAC conducted research to understand the causes of this high rate of teen pregnancy in the province. The investigation focuses on the following:

> Access - the investigation wanted to check if teenagers have access to contraceptives either due to availability or distances of public health facilities that make it difficult for young people to access.
> Myths and opinions around the issue of using contraceptives- there are many myths that lead to young people not using certain contraceptives e.g. some teenagers believe that contraceptives make them to gain wait.
> Education and knowledge on issues of teen age pregnancy and the use of contraceptives for the province to reduce teen age pregnancy the above-mentioned issues must be addressed.

South Africa has experienced two main HIV testing regimes. The first was called Voluntary Council and testing (VCT). This meant that people went to public health facilities voluntarily based mainly on the fact that they were sick. This testing regime missed a lot of people who are HIV positive. The most successful testing regime was called HIV Counselling and Testing regime (HCT). Through this regime South Africa tested more than 30 million people in few years. It became the largest HIV testing programme in the World. The difference between this programme and the VCT was that it was provider initiated, which means that the health practitioners actively offered HIV testing for any person accessing public health Facilities.
Now that this programme has been implemented for many years since 2011 the country has reached a decline in terms of its HIV testing programme catching the positives. The HIV positive yield in the Eastern Cape Province has been consistently hovering around 2% although the province tests more than 2 million people every year. The main reason is that the are populations that referred to as hard-to-reach populations.

ECAC designed a project called Mission 28. This project aims to introduce a more aggressive HIV testing regime where people will be tested in informal settlements, after hours and weekends, using the more than 2000 community health workers that the EC DoH has employed.

QUARTER 2

In the quarter under review, sectors that actively participate in ECAC structure meetings met. These sectors include the Men's sector, which held its Men's Parliament preparatory meeting. The engagements also included a discussion on implementing the Men's Parliament concept in district municipalities, which is the plan for 2023, and on matters to be taken to the national Men's Parliament in November 2023.

The ECAC PLHIV meeting for sector leaders and the LGBTIQ meeting also took place. These engagements were conducted to discuss the sector LGBTIQ Pride parade and Men's Parliament which are to be held later this year and as World AIDS Day build-up activities. Reports of the structure meetings have been compiled, which provide details of the sessions held.

The quarterly M & E report which monitors progress in response to HIV, TB and STIs as per the goals and indicators of the Provincial Implementation Plan (PIP), was compiled and approved. The PIP M&E reports were also accompanied by the ongoing process of the end-term review of the PIP 2017-2023.

The Development Partners meeting took place. The focus of this meeting was on treatment, the campaign on U=U (undetectable is equal to untransmutable), TB and community systems training. With ECAC at the forefront, the Youth Zone launch was successfully executed at Nkwenkwezi Clinic. This initiative came about as a recommendation of the Department of Health youth policy, which emphasises efforts to standardise the quality of adolescent health services in the country and accelerate access to health services, especially sexual reproductive health services, by young people.

As part of capacity building, Comprehensive Sexuality Education (CSE)/Integrated School Health Policy (ISHP) training took place. The purpose of the training was to sensitise the School Governing Body (SGB) to Comprehensive Sexuality Education through the Integrated School Health Policy (ISHP) as it influences the school and policy framework.

A programme design document for The Mission 28 programme has been designed to reduce HIV. A project initiation process has also been conducted whereby ECAC engaged with the development partners, government departments and CSF sectors to look at the possibility of reprioritising and reallocating budgets and human resources to implement this process.

Strategic information has been provided to various sectors and district structures on an ongoing basis. This is done to ensure that these ECAC structures are functional at all levels. A paper on "Challenges of Non-adherence to Art by Children Living With HIV" was published in the quarter.

QUARTER 3

ECAC structures met. These include the Civil Society, Development Partners and the Technical working group for youth. Working with the Eastern Cape Legislature, ECAC launched the TB Caucus for the Eastern Cape Province. The main of the caucus is to assist the province at a political level to oversight the TB programme and raise more resources to address the problem posed by the TB epidemic.

ECAC also developed a concept for the World AIDS day that was presented to Cabinet structures. Based on the concept for the WAD, ECAC implemented a six weeks build-up programme in Alfred Nzo as the hosting district municipality.

The concept was focused on children on ART and challenges faced by them, their guidance and the health practitioners in the programme. Working together with the children sector, the EC DoE and the EC Social Development several dialogues. The dialogues were mainly around challenges that are faced by children with HIV and their guardians. These included issues such as disclosure, services that are available in communities for children living with HIV and the Psychological issues for both children and guardians. The six weeks programme also managed to trace back the system more than 200 children who were lost in the system.

The main event was held in Matatiele on the 1st of December 2023. During the main event a mobile hospital was erected where many people, including the youth and the elderly received health services, including optometry, dentistry and many other services.

In continuing with the U=U campaign the PLIV sector met. The campaign focuses on the second and the third. The focus area in the second 90 is the high rate of defaulters and high loss to follow-up. The PLHIV sector focused on tracing back people that have defaulted and conducted sessions with the PLHIV in different districts. On the third 90 the PLHIV sector is making members of the PLHIV sector aware of their rights to demand viral load suppression tests. The PLHIV sector also had Face Book Fridays to discuss both the second and the 3rd 90."

A research paper on the Effects of Mental Health on People living with HIV/AIDS was compiled. The stigma attached to both mental disorders and HIV may lead to lower treatment adherence, which in turn, translates to lower virologic suppression. The Eastern Cape AIDS Council, as a coordinating body in response to HIV/TB and STIs, has thus conducted research on mental health and HIV to assess the magnitude of the two phenomena and to make recommendations to deal with these important issues.

QUARTER 4

The South African National AIDS Council developed and launched a new National Strategic Plan 2023-2028. Provinces are required to translate the NSP into an implementation plan. Before ECAC could start the process of developing the new PIP, the process to evaluate the previous PIP was initiated. ECAC in partnership with Beyond Zero sourced the services a consultant to conduct an independent evaluation. Public Health and Pharmaceutical Care Innovation was appointed as a consultant.

A steering committee for the development of the PIP and the end term review was established. The Steering committee reviewed and finalised the report. A provincial workshop was held where the final end-term review document was presented. The head more than 250 representatives from different stakeholders around province. On the same workshop ECAC started the process of developing the new PIP. The five-year activity level plan was developed and is now being finalised.

ECAC in partnership with the South African National AIDS Council. ECAC also took huge undertaking to renew the mandate of the Civil Society Forum. For the first time an advert was issued by SANAC for organisations to apply to form part of the Civil Society. The organisations that applied were then allocated to according sectors and sector elections were held for tier one of the elections. Once sectors were elected then, ECAC facilitated the elections of the coordination committees for the district civil society forums and then the elections of the provincial Coordination committee. The provincial coordination committee was elected uncontested.

Outcomes, outputs, output indicators, targets and actual achievements

Outcomes	Outputs	Output Indicators	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from Planned Target to Actual Achievement 2023/2024	Reasons for Deviation	Reasons for revisions to the outputs/ output indicators/ Annual targets
Outcome 3: A healthy, educated, and productive workforce and citizenry	One multi-sector plan	4.1 Number of provincial multi-sector plans	1	1	2	2	-	-	-
Outcome 3: A healthy, educated, and productive workforce and citizenry	Active participation of sectors, private sector, government departments and DACs	4.2 Number of sectors actively participating in ECAC structures	12	15	12	12	-	-	-
Outcome 3: A healthy, educated, and productive workforce and citizenry	PIP M&E Report	4.3 Number of reports emanating from M&E activities	4	4	4	4	-	-	-
Outcome 3: A healthy, educated, and productive workforce and citizenry	Regular meetings of ECAC structures	4.4 Number of ECAC structure meetings	8	22	8	8	-	-	Previously "Number of ECAC structure and social lab meetings".
Outcome 3: A healthy, educated, and productive workforce and citizenry	Support provided to sector and district structures	4.5 Number of sectors and District structures supported	8	4	8	8	-	-	Previously "Number of sector and district structures supported".
Outcome 3: A healthy, educated, and productive workforce and citizenry	Active participation of sectors, private sector, government	4.6 Number of trainings	0	6	4	3	-1	Training for CSF and DACs were suspended due elections of structures not concluded.	Previously "Number of training for sectors and DACs".
Outcome 3: A healthy, educated, and productive workforce and citizenry	Applied research	4.7 Number of knowledge products/ dialogues/ symposiums	4	4	4	4	-	-	-
Outcome 3: A healthy, educated, and productive workforce and citizenry	Design of programmes to reduce HIV and TB Infections	4.8 Number of programmes designed to reduce HIV, TB and STI infections	4	4	4	4	-	-	-
Outcome 3: A healthy, educated, and productive workforce and citizenry	Design of programmes to reduce HIV and TB Infections	4.8 Number of programmes designed to reduce HIV, TB and STI infections	4	4	4	4	-	-	-
Outcome 3: A healthy, educated, and productive workforce and citizenry	Programme designed to improve treatment outcomes	4.9 Number of programmes designed to improve treatment outcomes	2	2	2	2	-	-	-

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Measures to overcome and address areas of underperformance include:

> Increase coordination and engagement with external stakeholders to ensure the timeous provision of information to meet the Annual Performance Requirements.

Linking performance with budgets

Budget Performance						
	2022/2023			2023/2024		
Eastern Cape Aids Council	Budget R'000	Actual Expenditure per AFS R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure per AFS R'000	(Over)/Under Expenditure R'000
Goods and services	450	442	8	550	523	27
COE	6 228	6 324	-96	7 315	7 332	-17
CAPEX	-	-	-			-
TOTAL	**6 678**	**6 766**	**-88**	**7 865**	**7 855**	**10**

Variance is reasonable.

PROGRAMME 5: KHAWULEZA PMO

Baphelele Mhlaba
Programme Manager

Ndzwana Makaula
Project Manager: Investments

Misheck Mugabe
Project Officer: Investments

Oyama Tyesi
Project Administrator

Princess Radebe
Database Administrator

Chulumancani Mndze
Project Technician: Infrastructure

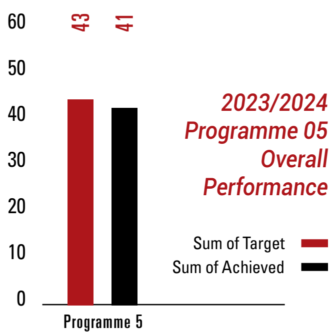
Ayanda Madubela
Intern: Investments

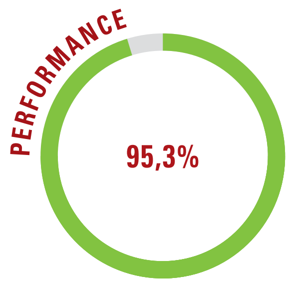
Namhla Gora
Infrastructure Intern

Xolile Martin
Project Manager: Business Intelligence

Oarabile Selekisho
Data Warehouse Engineer

Loyiso Tshangela
Project Manager: Infrastructure





3.5 PROGRAMME 5: KHAWULEZA PMO

3.5.1 PURPOSE OF THE PROGRAMME

The Khawuleza Portfolio Management Office (PMO) is a high-impact PMO capacity that aims to increase the efficiency and effectiveness of the programme and project implementation in the Eastern Cape Province.

At its core, the PMO is required to increase the attainment of project goals, reduce project failure, and increase project management capability, ensuring the optimal use and application of resources.

As a hybrid controlling and supportive PMO, the Khawuleza PMO performs the following functions:

- Provides technical support, tools, templates and guidelines;
- Provides status updates through reporting;
- Ensures configuration management;
- Ensures high levels of stakeholder engagement and consultation;
- Co-ordinates technical resources;
- Develops standard methodologies;
- Serves as a central repository of data;
- Capacitates programme and project managers through mentoring and training;
- Providse central monitoring and tracking of performance;
- Ensures governance and compliance; and
- Consolidates performance information and reports.

In terms of the ECSECC strategy, the Khawuleza PMO mainly responds to:

Outcome 1:
A developmental state that actively leads development through partnerships.
Outcome 4:
Increase organisational maturity.

3.5.2 PROGRAMME PERFORMANCE OVERVIEW

In the year, the Programme achieved 95.3% of its planned targets.

3.5.3 SIGNIFICANT PERFORMANCE HIGHLIGHTS

QUARTER 1

The KPMO provided technical support to the Eastern Cape Department of Transport, supporting the Welisizwe Barley Bridges project as part of its commitment towards supporting other PMOs and PMUs in the Eastern Cape.

Programme 5 also produced a Tracking Report on the status of interventions listed in the State of the Province Address. The report focused on selected economic development cluster pronouncements and key programmes emerging from the EXCO Makgotla. The report proposes several recommendations to improve portfolio performance.

Three briefing documents were developed to provide decision support and analysis regarding the following:

- Investments and developments in the energy sector, particularly in the Renewable Energy sector - contextualising the relationship between policy development and infrastructure investment choices and implications for the Province;
- Developments in Nuclear Energy as part of South Africa's Integrated Resource Plan (IRP); and
- Investments and developments in Electric Vehicles (EVs) in the Eastern Cape - considering developments in EVs at a global and national level and looking particularly at the plans and development in the Province. Additionally, this report incorporated the micro- and macro-economic benefits of EVs for consideration during the decision-making processes.

The Programme also produced two business intelligence reports during the quarter. For the month of April, the report analysed the flood disasters that struck the OR Tambo District in March 2023. The intention of the analysis was to measure the extent of the impact of the disaster and government's responsiveness to affected citizens. The June Report focused on the Provincial Disaster Management Coherent Data Strategy. The Report highlighted several challenges and recommended data management systems to support effective and efficient disaster management.

QUARTER 2

The State of the Province (SOPA) tracking report, monthly portfolio briefings and the business case were completed. The business case during this quarter focused on the Bhisho International Airport for the purposes of demonstrating the economic potential as well as the possible attraction of foreign direct investment for the development of the airport as a strategic provincial key point for business and economic activities. The monthly portfolio briefings in July focused on East London manganese exports, in August on the BRICS investment opportunities and in September on the Green Hydrogen project.

QUARTER 3

Technical support was provided to the Transport Infrastructure of the EC Department of Transport. The provision of services towards the Welisizwe Barley Bridge project, included but was not limited to the participation and coordination of site visits and site meetings, including stakeholder engagement and coordination.

QUARTER 4

The quarterly SOPA tracking report was produced, covering the work being done by the government in the quarter and also providing progress information on projects. The report focuses on projects that can easily be categorised as economic and social cluster projects, as well as governance cluster projects.

The business case developed for this quarter focused on the biofuel project for the Eastern Cape. This business case supports initiatives made in this sector and explores the advancement of biofuel projects in the Province which can offer significant benefits in terms of energy security, environmental sustainability, and economic development.

The monthly portfolio briefings in January 2024 focused on the Fertiliser Blending Plant in the Eastern Cape. In February 2024, the briefing focused on the Southern Rail Corridor Upgrade Project connecting Gauteng and the Eastern Cape provinces. The March 2024 report focused on the Investment Survey Analysis Report for the Eastern Cape.

The Business Intelligence (BI) unit within the KPMO directed efforts towards ensuring the delivery of the Provincial Data Centre within time and budget. This was successfully achieved without neglecting data collection and activities to develop monthly

Business Intelligence Reports. The secondment of the BI unit to the PPSU and, more particularly, its Back Office Support Stream, resulted in easier access to data and knowledge about various activities and service delivery efforts of government. As a result, the unit was able to produce compelling data analytics from the data together with effective visualisations. The pertinent issues of focus were:

> Issues Influencing the matric pass rate in the Department of Education;
> The comparison of delivery of Water and Sanitation Services between 2019 and 2023; and
> SARAL projects in the Province.

The Infrastructure Portfolio of the KPMO focused on project management support for the Welisizwe Bailey Bridges Programme. The Rural Bridges Programme is in the rural District Municipalities of OR Tambo, Alfred Nzo, and Amathole where the Eastern Cape Department of Transport (ECDoT), supported by the Office of the Premier and in partnership with Local Municipalities, is rolling out a total of 36 bridges in the immediate period.

The KPMO has been retained to provide technical project management support to the Transport Infrastructure Branch of the ECDoT. During the rollout of Phase 2 (19 bridges) and the construction of the planned bridges, the project faced several delays and bottlenecks emanating from various factors.

To support the Welisizwe Programme, the KPMO attended site visits, arranged meetings, and facilitated intervention meetings to resolve blocked projects and improve poor communication and coordination between key role players, which ultimately resulted in the development of the prioritised implementation plan by the contractor, Department of Defense (DoD).

Prince2 was piloted on the Data Centre and SOPs were automated through the email system. The MS Project was also introduced to the Welisizwe Bridge Programme and Risk Management.

Outcomes, outputs, output indicators, targets and actual achievements

Outcomes	Outputs	Output Indicators	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from Planned Target to Actual Achievement 2023/2024	Reasons for Deviation	Reasons for revisions to the outputs/ output indicators/ Annual targets
Outcome 4: Increase organisational effectiveness, efficiency and governance	Effective and efficient internal operations	5.1 Project management maturity level achieved	Level 3	Level 3	Level 4	Level 4	-	-	-
Outcome 1: A developmental state that actively leads development through partnerships	Effective and efficient service delivery support	5.2 % of monthly milestones achieved	80%	95.8%	90%	80%	-10%	Delays in implementation due to reprioritisation of projects	-
Outcome 1: A developmental state that actively leads development through partnerships	Effective and efficient service delivery support	5.3 Monthly Portfolio Briefings	0	12	12	12	-	-	-
Outcome 4: Increase organisational effectiveness, efficiency, and governance	Effective and efficient internal operations	5.4 Methodology, Process, and SOP KPMO Compliance Report	0	1	1	1	-	-	-
Outcome 1: A developmental state that actively leads development through partnerships	Reliable Strategic Information	5.5 Approved Portfolio Health Check Report	0	1	1	1	-	-	-

Outcomes	Outputs	Output Indicators	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from Planned Target to Actual Achievement 2023/2024	Reasons for Deviation	Reasons for revisions to the outputs/ output indicators/ Annual targets
Outcome 1: A developmental state that actively leads development through partnerships	Effective and efficient service delivery support	5.6 Quarterly Tracking Report: State of the Province Address	0	2	4	4	-	-	-
Outcome 1: A developmental state that actively leads development through partnerships	Reliable Strategic Information	5.7 Monthly Business Intelligence Reports	0	12	12	10	-2	2 Reports did not meet BI requirements.	-
Outcome 1: A developmental state that actively leads development through partnerships	Knowledge Generation	5.8 Number of Quarterly Business Cases Produced Reports	0	2	4	3	-1	1 Business Case produced during Q1 did not meet quality assurance standards.	-
Outcome 1: A developmental state that actively leads development through partnerships	Effective and efficient service delivery support	5.9 Number of PMOs supported	0	4	4	4	-	-	-
Outcome 1: A developmental state that actively leads development through partnerships	Effective and efficient service delivery support	5.10 Number of Quarterly Monitoring and Evaluation Reports	0	0	3	3	-	-	-

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Measures to overcome and address areas of underperformance include:

> Increase engagement with the project sponsor to ensure timeous review and approval of technical options and outputs; and
> Increase automation of project management systems and processes to increase efficiency and effectiveness.

Linking performance with budgets

Budget Performance						
	2022/2023			2023/2024		
Khawuleza PMO	**Budget R'000**	**Actual Expenditure per AFS R'000**	**(Over)/Under Expenditure R'000**	**Budget R'000**	**Actual Expenditure per AFS R'000**	**(Over)/Under Expenditure R'000**
Goods and services	2 090	1 416	674	3 260	2 579	681
COE	8 280	7 730	550	10 403	9 248	1 155
CAPEX	8 306	-	8 306	4 486	4 350	136
TOTAL	**18 676**	**9 146**	**9 530**	**18 149**	**16 177**	**1 972**

Underspending in goods and services is due to the licence for the Data Centre commenced late due to Microsoft compatibility and compliance requirements.

The underspending in Capex is due to the OTP's Integrated Indicators Framework being defined which has delayed the procurement of the M&E software.

Underspending in COE is due to resignations during the year for which recruitment is underway.

NEWLY ESTABLISHED PROGRAMME: STRATEGIC RESEARCH AND INNOVATION

Dr Sybert Lienbenberg
Programme Manager

Barry Morkel
Planning Data Specialist

Bulelwa Lubelwana
GIS Specialist

Andiswa Mbali
Statistical Economist

Dr Kambale Kavese
Senior Economist

In May 2023, ECSECC decoupled subprogrammes 1.4 and 1.5 of Programme 1 and established Programme 6. During the transition period, the deliverables and performance information for Programme 6 are reported under Programme 1 above.

The Strategic Research and Innovation Programme mobilises and applies specialist research resources to produce high-quality knowledge and research products to strengthen the nexus between science and policy development.

04 REVENUE COLLECTION

Sources of Revenue	2022/2023 Estimate R'000	2022/2023 Actual Amount Collected R'000	2022/2023 (Over)/Under Collection R'000	2023/2024 Estimate R'000	2023/2024 Actual Amount Collected R'000	2023/2024 (Over)/Under Collection R'000
Office of the Premier	74 929	74 929	-	81 420	81 420	-
Services Rendered	646	1 045	-399	2 517	2 517	-
Other Income	10 535	10 575	-40	9 515	9 637	-122
Total	**86 110**	**86 549**	**-439**	**93 452**	**93 574**	**-122**

Office of the Premier	Transfer funds from the Department as per budget.
Services Rendered	Services rendered includes SLA income per contracts entered into with institutions for the completion of deliverables.
Other	Other income consists of interest, insurance claims and dividends as well as funds allowed for rollover from the previous financial year Over collection is due to additional interest collected on the cash in the bank account.

05 CAPITAL INVESTMENT

ECSECC's capital investment includes computers, furniture and fittings, office equipment and intangible assets being computer systems.

1995 - 2025
30 YEARS OF ECSECC

PART C GOVERNANCE

INTRODUCTION

Corporate governance embodies the processes and systems by which ECSECC is directed, controlled and held to account.

In addition to legislative requirements based on the Companies Act, corporate governance in ECSECC is applied through the prescripts of the Public Finance Management Act (PFMA), together with the principles contained in the King Report on Corporate Governance.

The Provincial Legislature, the Executive and the Accounting Authority of ECSECC are responsible for corporate governance.

01

PORTFOLIO COMMITTEE Meetings

In the period under review, the ECSECC Board and Management, attended the OTP Portfolio Committee meetings on the following dates:

> 2 May 2023;
> 18 May 2023;
> 31 October 2023; and
> 14 November 2023.

02

EXECUTIVE Authority

The relationship between ECSECC and the Office of the Premier (OTP) is governed by a Service Level Agreement (SLA) signed at the start of every financial year. ECSECC engages with the Office of the Premier on its plans in order to understand the expectations of the OTP. The OTP is invited to the annual strategic review session of the Board. ECSECC reports on a quarterly, mid-term and annual basis to the OTP.

ECSECC management meets quarterly with the Premier to present quarterly performance results.

ECSECC has complied with the SLA stipulations and has submitted quarterly reports and plans, mid-term reports, and an annual performance plan and annual report in line with the legislative prescripts.

03 ACCOUNTING Authority

INTRODUCTION

The Eastern Cape Socio-Economic Consultative Council is governed by a multi-stakeholder Board of Directors who account to the Premier as the Executive Authority. The Premier has initially delegated Mr Mbulelo Sogoni, who was then replaced by Ms Thobile Buthelezi from August 2023 onwards to serve as the interim Chairperson of the ECSECC Board until the legislation is finalised. The Board of Directors are proposed by the six stakeholder constituencies that make up ECSECC in terms of ECSECC's Memorandum of Incorporation. These stakeholder representatives are elected at an Annual General Meeting and serve for two years, after which they become eligible for re-election if nominated again by their stakeholder constituencies.

Each stakeholder constituency has two representatives on the Board of Directors. A maximum of two additional Board members may be recruited onto the Board of Directors at the Annual General Meeting.

The Board meets four times a year to consider reports from management and its Sub-Committees. The Sub-Committees also meet at least four times a year to consider reports from management and perform such duties as delegated to them by the Board. There are four Sub-Committees of the Board and they are: i) Executive Committee, ii) Finance and Admin Sub-Committee, iii) Planning and Programmes Sub-Committee, and iv) Audit, Risk and ICT Committee.

THE ROLE OF THE BOARD

The role of the ECSECC Board of Directors is to provide strategic leadership to the organisation and ensures that corporate governance principles are adhered to. It also considers quarterly reports from management and oversees the overall performance of the organisation in line with its mandate and strategic plan.

BOARD CHARTER

The Memorandum of Incorporation is incorporated into the ECSECC Board Charter and stipulates the nature and powers of the company; directors' disqualification, removal and rotation of directors; authority of the Board of Directors; meetings - proceedings, minutes and Annual General Meetings; indemnification and remuneration of directors; officer and committees; notices; distribution of income; deregistration; financial year end; accounting records and, financial statements and donations.

The Board and its Sub-Committees completed its performance assessment for the 2023/2024 financial year. The assessment also considered the requirements set out in the charter(s) of the Board and its Sub-Committees. Overall, the Board and its Sub-Committees complied with the requirements of the charters.

COMPOSITION OF THE BOARD

The Premier has delegated Ms Thobile Buthelezi to be the Chairperson of the ECSECC Board while Mr Zolile Tini is the Deputy Chairperson. The Board of Directors are proposed by the six stakeholder constituencies that make up ECSECC in terms of ECSECC's Memorandum of Incorporation. These stakeholder representatives are elected at an Annual General Meeting. The Chairpersons of the four Sub-Committees are: Executive Committee - Ms T. Buthelezi, Finance and Admin Sub-Committee - Mr Z. Tini, Planning and Programmes Sub-Committee - Prof M. Simatele, and Audit, Risk and ICT Committee - Ms D. Page (independent).

Name	Designation (in terms of the Public Entity Board structure)	Date Appointed	Date Resigned	Qualifications/ Area of Expertise	Board Directorships (List of Entities)	Other Committees or Task Teams (e.g. Audit Committee/Ministerial Task Team)	No. of Meetings Attended[32]
Mr M. Sogoni	Provincial Government	October 2020	August 2023	Constituency Based		None	5
Ms T. Buthelezi	Provincial Government	August 2023	Current	Constituency Based		EXCO	10
Ms N. Nombekela-Madiba	Provincial Government	August 2021	Current	Constituency Based		None	10
Mr L. Jack	Higher Education	August 2016	Current	Constituency Based		Finance and Admin	11
Prof M. Simatele	Higher Education	October 2020	Current	Constituency Based		EXCO Planning and Programmes	15
Mr T. Kunene	Organised Labour	August 2018	Deceased April 2023	Constituency Based		None	0
Mr M. Maleki	Organised Labour	August 2019	Current	Constituency Based		Planning & Programmes	13
Mr Z. Ndlela	Organised Labour	August 2023	Current	Constituency Based		None	9
Mr K. Jacobs	Non-Governmental Organisations	August 2021	Current	Constituency Based		Planning and Programmes	19
Mr D. Xotyeni	Non-Governmental Organisations	October 2018	Current	Constituency Based		Finance and Admin	20
Mr S. Gqegqe	Local Government	January 2019	Current	Constituency Based		Planning and Programmes and Finance and Admin	25
Mr H. Maxegwana	Local Government	August 2022	Current	Constituency Based		None	7
Mr P. Ndendela	Organised Business	November 2010	August 2023	Constituency Based		Planning and Programmes	11
Ms L. Maurice	Organised Business	August 2021	Current	Constituency Based		Audit, Risk and ICT Committee and Finance and Admin	22
Ms D. van Huyssteen	Organised Business	August 2021	August 2023	Constituency Based		None	1
Mr Z. Tini	Independent	Before 2007	Current	Constituency Based		EXCO Finance and Admin	

22 These meetings include induction, Board of Directors, AGM, subcommittees (planned and special), Portfolio Committee, strategic planning, audit processes, training, recruitment processes, public hearings, Risk Assessment and ECSECC stakeholder engagements.

ECSECC BOARD MEMBERS


Ms T. Buthelezi


Ms N. Nombekela-Madiba


Mr L. Jack


Prof M. Simatele


Mr M. Maleki


Mr Z. Ndlela


Mr K. Jacobs


Mr D. Xotyeni


Mr S. Gqegqe


Mr H. Maxegwana


Ms L. Maurice


Mr Z. Tini

COMMITTEES

Committee	No. of meetings	No. of members	Name of members
Executive Committee	2	3	Ms T. Buthelezi (Chairperson) Mr Z. Tini Prof M. Simatele
Finance and Admin Subcommittee	5	5	Mr Z. Tini (Chairperson); Mr D. Xotyeni Ms L. Maurice Mr S. Gqegqe Mr L. Jack
Planning and Programmes Subcommittee	4	4	Prof M. Simatele (Chairperson); Mr S. Gqegqe Mr K. Jacobs Mr M. Maleki
Audit, Risk and ICT Committee	6	6	Ms D. Page (Chairperson); Ms L. Maurice (Board Representative) Ms W. Dukuza Mr B. Bothma Mr M. Sikhosana Ms B. Mbana-Gantsho

REMUNERATION OF BOARD MEMBERS

Board remuneration is discussed in the annual financial statements section. The remuneration of the Board has been determined through benchmarking with other entities in the Province. Going forward, these benchmarks will be reviewed in line with Treasury Regulations and in consultation with the Executive Authority. Members of the Board who are employed within the public service do not qualify for any additional remuneration as stipulated by the Treasury Regulations, while other members receive remuneration per sitting.

Name	Remuneration	Other allowance	Other reimbursements (mainly travel)	Total
Mr M. Sogoni	NIL	NIL	NIL	NIL
Ms N. Nombekela-Madiba	NIL	NIL	NIL	NIL
Mr L. Jack	R47 300,00	NIL	NIL	R47 300,00
Prof M. Simatele	R69 500,00	NIL	NIL	R69 500,00
Mr T. Kunene	NIL	NIL	NIL	NIL
Mr M. Maleki	R60 200,00	NIL	NIL	R60 200,00
Mr Z. Ndlela	R43 000,00	NIL	R692,76	R43 692,76
Mr K. Jacobs	R85 600,00	NIL	R2 091,76	R87 691,76
Mr D. Xotyeni	R90 300,00	NIL	R1 703,30	R92 003,30
Mr S. Gqegqe	R111 800,00	NIL	NIL	R111 800,00
Mr H. Maxegwana	R30 100,00	NIL	NIL	R30 100,00
Mr P. Ndendela	R48 700,00	NIL	R19 751,23	R68 451,23
Ms L. Maurice	R98 900,00	NIL	R1 475,88	R100 375,88
Ms D. van Huyssteen	R4 300,00	NIL	NIL	R4 300,00
Mr Z. Tini	R116 700,00	NIL	NIL	R116 700,00

04 RISK Management

The scope of the internal audit is in line with the Treasury Regulations, and limited to the extent that only samples of transactions are selected to determine whether the network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to determine whether management processes exist to ensure that:

- **Risks are appropriately identified and managed;**
- **Interaction with the various governance groups occurs as needed;**
- **Significant financial, managerial and operating information is accurate, reliable and timely;**
- **Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.**
- **Resources are acquired economically, used efficiently and adequately protected;**
- **Programmes, plans and objectives are achieved;**
- **Quality and continuous improvement are fostered in the entity's control processes; and**
- **Significant legislative or regulatory issues impacting the entity are recognised and addressed appropriately.**

The Audit, Risk and ICT Committee is an integral component of the risk management process. Specifically, the Committee oversees financial reporting risks and fraud risks associated with internal financial controls. The Committee considers the overall risk management processes in the organisation.

Risk management is embedded in ECSECC activities, considered in the annual performance plan and operational plan, and is included in all project plans. Risk management is also discussed at management committee meetings and is monitored and reported on a quarterly basis. Risk management is also included in all managers' performance agreements.

05 INTERNAL CONTROL Unit

The role of the internal control unit is conducted by the internal audit and the oversight role by the Audit, Risk and ICT Committee. The detailed discussion is expressed in section 7 below.

06 INTERNAL AUDIT and Audit Committees

The internal controls, finances and performance information of ECSECC were reviewed and audited by the internal auditors. ECSECC's internal audit function is outsourced. The summary of audit work performed in the year under review includes:

- Facilitation of organisation risk assessment;
- Review of Annual Financial Statements;
- Audit of predetermined objectives;
- Follow-up reviews;
- Data governance review;
- IT governance and infrastructure review;
- Talent management and succession planning review;
- Programme/project performance review; and
- Supply chain management review.

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The Audit, Risk and ICT Committee consists of the members listed hereunder appointed by the Board on a three-year contract and meets at least four times per annum as per its approved charter. During the current year, in total, six meetings were held.

ECSECC Audit, Risk and ICT Committee Members	Number of Meetings Attended
Ms D. Page	6
Ms W. Dukuza	6
Mr B. Bothma	6
Mr M. Sikhosana	6
Ms B. Mbana-Gantsho	6
Ms L. Maurice (Board Representative)	4
Mr M. Sikhosana	3

The table below discloses relevant information on the Audit, Risk and ICT Committee members:

Name	Highest Qualification	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Ms L. Maurice	BAdmin (incomplete) Project Management	Board Representative	Board Member	August 2021	Current	22
Ms D. Page	Chartered Accountant	External		August 2022	Current	11
Ms W. Dukuza	Admitted Attorney MBA	External		August 2022	Current	8
Mr B. Bothma	BCom Business Commerce Information Systems and Management CISA	External		August 2022	Current	9
Mr M. Sikhosana	Chartered Accountant	External		August 2022	Current	9
Ms B. Mbana-Gantsho	Chartered Accountant Business Risk Management	External		August 2022	Current	14

07

Compliance with LAWS & REGULATIONS

ECSECC has a compliance policy that regulates the state of compliance within the entity. Further, there are policies and procedures that employees abide by, which are made available to each individual. Provincial Treasury makes available to the entity any changes to regulations that might impact the entity. Lastly, ECSECC obtains some level of comfort from internal and external audits when it comes to compliance.

08

Fraud & CORRUPTION

ECSECC has a Fraud Prevention Policy, a strategy and a plan in place. All these documents are communicated to employees and individuals are required to comply. Employees and other stakeholders can make use of the national anti-corruption hotline managed by the Public Service Commission. ECSECC receives quarterly reports confirming any whistle-blowing from the Provincial Public Service Commission. These are communicated to the Audit, Risk and ICT Committee. Further, employees are encouraged to make confidential disclosures should they suspect any instances of fraud within the organisation.

There have been no reports of fraudulent activities in the current financial year.

09

Minimising CONFLICT OF INTEREST

ECSECC makes every effort to minimise the risk of conflict of interest in all its business dealings. The entity has policies and procedures that assist in managing the risk. Further, Directors and employees are required to complete a disclosure of interest annually, including supply chain practitioners. All Bid Adjudication and Evaluation Committee members also disclose their interest at every sitting. Members who are conflicted are excused from that specific sitting.

10

Code of CONDUCT

ECSECC has a Code of Conduct that is signed by Directors and employees on an annual basis at the beginning of each financial year. An information session is also conducted once a year. Where there is a breach of the Code of Conduct, the organisation deals with it within the prescripts of its disciplinary procedures and applicable legislation.

11

Health, Safety and ENVIRONMENT

The organisation strives to maintain a welcoming, safe and healthy working environment and has not experienced any health challenges or injuries on duty during the period under review.

12

Company/Board SECRETARY

ECSECC has not appointed a company secretary. The Executive Secretary and Chief Risk Officer plays the role of the Board Secretary and is responsible for driving the functionality and providing administrative support to the Board.

13

Social RESPONSIBILITY

ECSECC is a public entity responsible for advising government on socio-economic development policy choices. In addition, ECSECC is a non-profit entity and integral to its work is providing advice that will ultimately lead to a qualitative change in the lives of the people. Consequently, ECSECC has no specific social responsibility programmes, as this is integral to all its work.

14 AUDIT, RISK AND ICT
Committee Report

Ms D. Page

Mr M. Sikhosana

Ms B. Mbana-Gantsho

Ms W. Dukuza

Mr B. Bothma

Ms L. Maurice

The Committee is pleased to present our report for the financial year ended 31 March 2024. The tabled below discloses relevant information on the Audit, Risk & ICT Committee members:

ECSECC Audit, Risk & ICT Committee
Ms D. Page
Mr M. Sikhosana
Ms B. Mbana-Gantsho
Ms W. Dukuza
Mr B. Bothma-
Ms L. Maurice (Board Representative)

14.1 AUDIT, RISK & ICT COMMITTEE RESPONSIBILITY

The Audit, Risk & ICT Committee (hereinafter referred to as the Committee) is a Committee of the Eastern Cape Socio-Economic Consultative Council (hereinafter referred to as the Council), established to assist it in fulfilling its oversight responsibilities in terms of section 51 of the Public Finance Management Act (PFMA), No. 1 of 1999 read together with Treasury Regulation 27.1. The Committee's mandate is to assist the Council specifically in matters relating to statutory and internal audits; internal controls; financial control and reporting; statutory compliance relative to the financial statements; performance; risk management; ICT and corporate governance.

The Committee reports that it has complied with its responsibilities arising from the sections as stated above, has adopted appropriate formal terms of reference as its charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

14.2 THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control applied by the entity over financial risk, risk management and ICT is effective, efficient and transparent.

In line with the PFMA and Companies Act 2008 requirements, Internal Audit provides the Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of risk management process, as well as identification of corrective actions and suggested enhancements to the controls and processes.

From the reports of the Internal Auditors no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal controls was effective for the period under review.

14.3 IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The public entity has submitted quarterly reports to the Accounting and Executive Authority.

14.4 EVALUATION OF FINANCIAL STATEMENTS AND ANNUAL REPORT

The Committee has:

> Reviewed and discussed the financial statements to be included in the annual report.
> Reviewed accounting policies and practices.
> Reviewed the entity's compliance with legal and regulatory provisions.

The Committee has recommended to the Accounting Authority, for their approval, that the financial statements and annual report be submitted for audit by the 31 May 2024.

14.5 INTERNAL AUDIT

The Committee is satisfied that the internal audit function operated effectively and that it has addressed the risks pertinent to the entity in its audits. The Committee appreciates the good working relations between ECSECC and its internal auditors.

14.6 AUDITOR'S REPORT

The Committee is pleased with and accepts the Auditor General's report for the year ended 31 March 2024.

Ms D. Page CA(SA)
Chairperson of the Audit, Risk and ICT Committee
Date: 25 July 2024

15 B-BBEE Compliance PERFORMANCE INFORMATION

The following table has been completed in compliance with the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 - 8) with regard to the following?:

Criteria	Response Yes/No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes, but only regarding the authorisation of economic activity in terms of the law	Procurement of goods and services - the entity followed clear qualifying criteria as guided by Preferential Procurement Regulation when procuring goods and services
Developing and implementing a preferential procurement policy?	Yes	The entity developed and implemented a Supply Chain Management (SCM) Policy based on Preferential Procurement requirements.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	N/A
Developing criteria for entering into partnerships with the private sector?	N/A - as the entity has not entered into partnerships with the private sector	N/A
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	N/A - by nature of the entity, there were no incentives, grants or investment schemes awarded by the entity	N/A

ECSECC achieved B-BBEE status level 7 with discounted B-BBEE status level 8.

PART D HUMAN RESOURCES

HUMAN Resources

PART D

01 Human Resources INTRODUCTION

1.1 OVERVIEW OF HUMAN RESOURCES (HR) MATTERS

ECSECC has implemented its Human Resources programmes by ensuring that:

- ECSECC has a healthy, productive, capable and agile workforce and HR management and development system;
- Increasing investment and focus on staff development and skills development to ensure the upgrading of skills and competencies in line with the value proposition and service offering; and
- Strengthening its learning culture.

1.2 SET HR PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

The Human Resources priorities for the period under review include:

- Reinforcing organisational values through orientating all employees on the organisational values;
- Providing continuous learning and training. Providing resources to support the learning and development. Encouraging employees to participate in learning opportunities;
- Promoting employee health and wellness. Organising a Wellness Day and other wellness programmes and activities;
- Improvement and automation of the Human Resources systems; and
- Review and update the Human Resources policies and procedures, including conducting change management programmes.

1.2.1 WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

ECSECC identifies the key capabilities required to achieve the organisation's Five-year Strategic Plan and its service excellence model. Based on the identified priorities, the agreed service excellence model and identified capabilities, the organisational design implications are then identified. The programmes that are needed to achieve the objectives are identified, and together, they form an organisational structure. This organisational structure is reviewed on an annual basis as part of the annual planning process. It is then approved by the Board of Directors for implementation at the beginning of the financial year. The ECSECC Board and management fill the positions based on the approved organogram.

1.2.2 EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

ECSECC uses a performance management and development system to manage the performance of its employees. The performance management system that is used does not only seek to assess and enhance the performance of employees but also seeks to create motivated employees who are resilient, take initiative, are innovative and are effective team and self-leaders. The performance management system is structured such that it encourages employees to practice the organisational values that are reflected in the organisation's Five-year Strategic Plan.

1.3 HIGHLIGHT ACHIEVEMENTS

In this period under review, ECSECC's Human Resources achieved the following highlights:

- In November 2023, Programme 6, also known as Strategic Research and Innovation, was established as part of a dedicated focus on research, innovation, and information management;
- Developed new policies to provide a non-discriminatory, fair, consistent and transparent framework for ECSECC to its employees;
- Provided funding to employees for skills development to ensure that ECSECC employees are fit for purpose in the execution of ECSECC's Value Proposition;
- Conducted a programme for Executives and Senior Management on Personal Effectiveness, Team Effectiveness and the Leader as Coach;
- Automated the ECSECC leave system to improve the efficiency of the HR systems; and
- A successful Wellness Day including two other wellness sessions on Mental Health in the Workplace and Emotional and Spiritual Wellbeing.

1.4 CHALLENGES FACED BY PUBLIC ENTITY

The main challenges that were encountered by HR were delays in implementing its projects due to the National Treasury circular/letter/regulations on cost containment measures.

1.5 FUTURE HUMAN RESOURCE PLANS AND GOALS

ECSECC plans to conduct a skills audit to review the current skills competencies in lieu of the ECSECC strategy and align its skills to the operating model. The results of the audit will allow ECSECC to remain current in terms of the skills requirements and able to achieve its overall objectives.

ECSECC also plans to conduct an organisational Staff Satisfaction Survey. The Staff survey will be undertaken to give employees an opportunity to engage with management as a way of contributing towards providing a healthy working environment for employees as well as a feedback mechanism and enhance management understanding of what is important to ECSECC employees.

ECSECC will continue to place strong emphasis on employee health and wellness programmes and provide continuous learning and training opportunities for its employees.

02 Human Resources OVERSIGHT STATISTICS

2.1. PERSONNEL RELATED EXPENDITURE

PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVE

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Corporate Services	43 245	27 295	63%	28	975
Economic Governance and HRD	9 401	7 481	80%	8	935
Governance and Planning Support	10 568	9 394	89%	6	1 566
Eastern Cape AIDS Council	7 855	7 332	93%	6	1 222
Khawuleza PMO	16 177	9 248	57%	10	925
TOTAL	**87 246**	**60 750**	**70%**	**58**	**1 047**

PERSONNEL COST BY SALARY BAND

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	4 400	7%	2	2 200
Senior Management	10 215	17%	7	1 459
Professional qualified	29 911	49%	19	1 574
Skilled	11 922	20%	20	596
Semi-skilled	4 052	7%	8	507
Unskilled	250	0%	2	125
TOTAL	**60 750**	**100%**	**58**	**1 047**

PERFORMANCE REWARDS

Programme/activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	605	4 400	14%
Senior Management	967	10 215	9%
Professional qualified	2 601	29 911	9%
Skilled	1 093	11 922	9%
Semi-skilled	288	4 052	7%
Unskilled	-	250	0%
TOTAL	**5 554**	**60 750**	**9%**

TRAINING COSTS

Programme/activity/objective	Personnel Expenditure (R'000)	Training Expenditure	Training Expenditure as a % of Personnel Cost	No. of Employees Trained	Avg. Training Cost per Employee
Corporate Services	27,295	317	1%	13	24
Economic Governance and HRD	7,481	107	1%	4	27
Governance and Planning Support	9,394	86	1%	2	43
Eastern Cape AIDS Council	7,332	24	0%	1	24
Khawuleza PMO	9,248	72	1%	4	18
TOTAL	**60,750**	**606**	**1%**	**24**	**25**

EMPLOYMENT AND VACANCIES

All Senior Management positions have been filled. Three positions became vacant due to resignations in November 2023, December 2023, and March 2024.

Programme/activity/objective	2022/2023	2022/2023 Number Approved Posts	31 March 2023 Number of Employees	2022/2023 Vacancies	% of Vacancies
Top Management	2	2	2	0	0%
Senior Management	6	7	7	0	0%
Professional qualified	21	21	19	2	9,5%
Skilled	16	20	20	0	0%
Semi-skilled	8	8	8	0	0%
Unskilled	1	3	2	1	33%
TOTAL	**54**	**61**	**58**	**3**	**4,9%**

EMPLOYMENT CHANGES

During the 2023/2024 financial year, five short-term employees were appointed.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	2	0	0	2
Senior Management	6	2	1	7
Professional qualified	21	0	2	19
Skilled	16	4	0	20
Semi-skilled	8	2	2	8
Unskilled	1	2	1	2
TOTAL	**54**	**10**	**6**	**58**

REASONS FOR STAFF LEAVING

The funded approved positions were advertised both internally and externally. For short-term employees, seven (7) contracts expired due to the projects being completed.

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	3	5,1%
Dismissal	0	0%
Retirement	1	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
TOTAL	**4**	**0,06%**

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

There were no misconduct or disciplinary actions during the 2023/2024 financial year.

Nature of Disciplinary Action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0
TOTAL	**0**

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

	Male							
	Africa		Coloured		Indian		White	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	4	0	0	0	0	0	1	0
Professional qualified	6	0	2	0	0	0	0	0
Skilled	5	2	0	0	0	0	0	0
Semi-skilled	0	1	0	0	0	0	0	0
Unskilled	0	1	0	0	0	0	0	0
TOTAL	**16**	**4**	**2**	**0**	**0**	**0**	**1**	**0**

	Female							
	Africa		Coloured		Indian		White	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	2	2	0	0	0	0	0	0
Professional qualified	8	0	1	1	0	0	1	0
Skilled	14	0	0	0	1	0	0	0
Semi-skilled	8	0	0	0	0	0	0	0
Unskilled	3	0	0	0	0	0	0	0
TOTAL	**36**	**2**	**1**	**1**	**1**	**0**	**1**	**0**

	Disabled Staff			
	Male		Female	
Levels	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	1
Professional qualified	0	0	0	0
Skilled	0	1	0	0
Semi-skilled	0	0	0	0
Unskilled	0	1	0	0
TOTAL	0	2	**0**	**1**

PART E PFMA COMPLIANCE REPORT

PART E

PFMA COMPLIANCE Report

01 Irregular, Fruitless and Wasteful Expenditure and MATERIAL LOSSES

1.1 IRREGULAR EXPENDITURE

a) **Reconciliation of irregular expenditure**
ECSECC did not incur irregular expenditure in the 2023/2024 and 2022/2023 financial years. Therefore it is not applicable;

b) **Details of current and previous year irregular expenditure (under assessment, determination, and investigation)**
ECSECC did not incur irregular expenditure in 2023/2024 and 2022/2023 financial years. Therefore it is not applicable;

c) **Details of current and previous year irregular expenditure condoned**
ECSECC did not incur irregular expenditure in 2023/2024 and 2022/2023 financial years. Therefore it is not applicable;

d) **Details of current and previous year irregular expenditure removed - (not condoned)**
ECSECC did not incur irregular expenditure in 2023/2024 and 2022/2023 financial years. Therefore it is not applicable;

e) **Details of current and previous year irregular expenditure recovered**
ECSECC did not incur irregular expenditure in 2023/2024 and 2022/2023 financial years. Therefore it is not applicable;

f) **Details of current and previous year irregular expenditure written off (irrecoverable)**
ECSECC did not incur irregular expenditure in 2023/2024 and 2022/2023 financial years. Therefore it is not applicable.
Additional disclosure relating to Inter-Institutional Arrangements;

g) **Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)**
ECSECC did not incur irregular expenditure in 2023/2024 and 2022/2023 financial years. Therefore it is not applicable;

h) **Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)**
ECSECC did not incur irregular expenditure in the 2023/2024 and 2022/2023 financial years, so this is not applicable; and

i) **Details of current and previous years disciplinary or criminal steps taken as a result of irregular expenditure**
ECSECC did not incur irregular expenditure in the 2023/2024 and 2022/2023 financial years, so this is not applicable.

1.2 FRUITLESS AND WASTEFUL EXPENDITURE

a) **Reconciliation of fruitless and wasteful expenditure**

Description	2023/2024	2022/2023
Opening balance	R2,250	-
Add: Fruitless and wasteful expenditure confirmed	R5,320	R4,615
Less: Fruitless and wasteful expenditure written off	(R2,400)	-
Less: Fruitless and wasteful expenditure recoverable	(R4,770)	(R2,365)
Closing balance	R400	R2,250

Fruitless and wasteful expenditure was as a result of four traffic fines, the cancellation of a booked trip due to negligence and a hired car used by an employee beyond the approved range. R400 of the balance was subsequently recovered after year end.

Reconciling notes

Description	2023/2024	2022/2023
Fruitless and wasteful expenditure that was under assessment in 2022/2023	-	-
Fruitless and wasteful expenditure that relates to 2021/2022 and identified in 2022/2023	- -	- -
Fruitless and wasteful expenditure that relates to 2022/2023 and identified in 2023/2024	-	-
Fruitless and wasteful expenditure for the current year	R5,320	R4,615
Total	**R5,320**	**R4,615**

b) **Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)**
The section is not applicable as there is no current or previous year fruitless and wasteful expenditure under assessment;

c) **Details of current and previous year irregular expenditure recovered**
ECSECC did not incur irregular expenditure in the 2023/2024 and 2022/2023 financial years. Therefore it is not applicable;

d) **Details of current and previous year irregular expenditure not recovered and written off**
ECSECC did not incur irregular expenditure in 2023/2024 and 2022/2023 financial years. Therefore it is not applicable; and

e) **Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure**

Disciplinary steps taken
As fruitless and wasteful expenditure recovered was mostly for traffic fines, employees were warned by management.

1.3 ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) &(III))

a) **Details of current and previous year material losses through criminal conduct**
There were no current nor previous year material losses through criminal conduct;

b) **Details of other material losses**
There were no other material losses;

c) **Other material losses recovered**
The section is not applicable as there were no other material losses; and

d) **Other material losses written off**
The section is not applicable as there were no other material losses.

02 Late and/or non-payment of SUPPLIERS

Description	Number of invoices	Consolidated Value R'000
Valid invoices received	218	R15,889,294,38
Invoices paid within 30 days or agreed period	218	R15,889,294,38
Invoices paid after 30 days or agreed period	0	0
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

03 Supply Chain MANAGEMENT

3.1. PROCUREMENT BY OTHER MEANS

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Website Maintenance	Mars Technologies (PTY) Ltd	Single Sourcing	PO10011	4,094.00
Annual Financial Statements (License Renewal)	Sage South Africa	Single Sourcing	PO10312 PO10371	40,124.80
Annual Financial Statements (License Renewal)	Adapt IT (PTY) Ltd	Sole Sourcing	PO10207	95,541.03
Annual Financial Statements (System Support)	VIProjects (PTY) Ltd	Single Sourcing	PO10021 PO10363 PO10178	15,266.94
Research Reports	IHS Information & Insight (PTY) Ltd	Sole Sourcing	PO10034	341,067.00
Achievement of ICT Strategy	ITR Technology	Sole Sourcing	PO10177	101,102.25
Integrated Systems	ESRI South Africa	Sole Sourcing	PO10278 PO10377	791,879.38
Trend Analysis	Quantec Enterprises	Sole Sourcing	PO10280 PO10369	449,267.28
Total				**R1,838,342.68**

3.2. CONTRACT VARIATIONS AND EXPANSIONS

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value R'000	Value of previous contract expansion/s or variation/s (if applicable) R'000	Value of current contract expansion or variation R'000
Asset Management (Safeguarding of Assets)	Marsh SA	Variation	765024	1,260,475.84	0.00	1,271,475.85
Business Intelligence Solution (Microsoft SharePoint)	ITThynk Smart Solutions	Variation	ECS0015	1,720,000.00	0.00	1,720,000.00
Achievement of ICT Strategy	Twenty Squared (PTY) Ltd	Variation	PO09424	725,845.55	0.00	775,777.40
Total						**R3,767,253.25**

PART F FINANCIAL INFORMATION

COMPLIANCE

PART F

FUTURE PLANNING

ENTREPRENEURSHIP

EDUCATION

TRANSFORMATION & INNOVATION

GROWTH

FINANCIAL Information

INTEGRITY & RESPECT

01

Audit REPORT FOR THE YEAR ENDED 31 MARCH 2024

Report of the Auditor-General to Eastern Cape Provincial Legislature on Eastern Cape Socio-Economic Consultative Council

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. I have reviewed the financial statements of the Eastern Cape Socio-Economic Consultative Council set out on pages 99 to 126 , which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

CONCLUSION

2. Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of the Eastern Cape Socio-Economic Consultative Council as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with General Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Responsibilities of the accounting authority for the financial statements

3. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the requirement of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

4. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

5. My responsibility is to express a conclusion on the accompanying financial statements. I conducted my review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to review historical financial statements*. The standard requires me to conclude on whether anything has come to my attention that causes me to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires me to comply with relevant ethical requirements.

6. A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. I am required to perform procedures, primarily consisting of making inquiries of management and others within the auditee, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

7. The procedures performed in a review engagement are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, I do not express an audit opinion on these financial statements.

REPORT ON THE ANNUAL PERFORMANCE REPORT

8. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

9. I selected the following material performance indicators related to Economic Governance and HRD and Governance and Planning Support presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

   - Number of applied research and knowledge product on economic and human resource development produced
   - Number of policy, strategy or planning documents developed for economic development and HRD
   - Number of stakeholder engagement sessions facilitated for economic growth and human resources development
   - Number of reports on initiatives that facilitate the implementation of EC PDP
   - Progress reports on stakeholder platforms

10. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

11. I performed procedures to test whether:

    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

12. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

13. I did not identify any material findings on the reported performance information for the selected indicators

OTHER MATTER

14. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

15. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements.

REPORT ON COMPLIANCE WITH LEGISLATION

16. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The public entity is responsible for the public entity's compliance with legislation.

17. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

18. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

19. I did not identify any material non-compliance with the selected legislative requirements.

INTERNAL CONTROL DEFICIENCIES

20. I considered internal control relevant to my engagement on the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

21. I did not identify any significant deficiencies in internal control.

PROFESSIONAL ETHICS AND QUALITY CONTROL

22. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my engagements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

23. In accordance with the International Standard on Quality Management 1, the AGSA maintains a comprehensive system of quality management that includes documented policies and procedures on compliance with ethical requirements and professional standards.

Auditor General

East London
31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR 'S REPORT

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(4)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); Regulation 33.1.1; 33.1.3
Companies Act 71 of 2008	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); Regulation 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6

Legislation	Sections or regulations
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4

02

Annual FINANCIAL STATEMENTS

INDEX

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Chief Executive Officer ECSECC
L. Mosana

Chief Financial Officer who supervised the preparation of the annual financial statements
K. Gwazela

Statement of FINANCIAL POSITION AS AT 31 MARCH 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Current Assets			
Cash and cash equivalents	3	12,618,114	14,801,440
Prepayments	4	2,631,837	2,235,223
Receivables from exchange transactions	5	279,637	253,448
Rental deposit	6	480,930	-
		16,010,518	**17,290,111**
Non-Current Assets			
Property, plant and equipment	7	7,103,450	7,730,636
Intangible assets	8	9,248,351	5,226,041
Other financial assets	9	149,119	121,139
Prepayments	4	41,883	89,882
Rental deposit	6	-	458,892
		16,542,803	**13,626,590**
Total Assets		**32,553,321**	**30,916,701**
Liabilities			
Current Liabilities			
Funds to be surrendered	10	9,576,486	13,389,485
Payables from exchange transactions	11	6,802,857	3,946,569
Finance lease obligation	12	116,635	179,002
Operating lease liability	13	267,200	262,362
		16,763,178	**17,777,418**
Non-Current Liabilities			
Finance lease obligation	12	-	116,635
Operating lease liability	13	-	267,200
		-	**383,835**
Total Liabilities		**16,763,178**	**18,161,253**
Net Assets		**15,790,143**	**12,755,448**
Accumulated surplus		**15,790,143**	**12,755,448**

Statement of FINANCIAL PERFORMANCE AS AT 31 MARCH 2024

Figures in Rand	Note(s)	2024	2023
Revenue	15	82,343,790	71,687,392
Profit on disposal of assets	16	14,855	-
Operating expenses	16	(81,693,001)	(72,011,213)
Operating surplus (deficit)		**665,644**	**(323,821)**
Investment revenue	17	2,371,542	1,457,044
Fair value adjustments		27,980	(34,019)
Finance costs	21	(30,471)	(53,928)
Surplus for the year		**3,034,695**	**1,045,276**

Statement of CHANGES IN NET ASSETS AS AT 31 MARCH 2024

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	11,710,172	11,710,172
Balance at 01 April 2022	**11,710,172**	**11,710,172**
Changes in net assets		
Surplus for the year restated	1,045,276	1,045,276
Total changes	1,045,276	1,045,276
Balance at 01 April 2023	**12,755,448**	**12,755,448**
Changes in net assets		
Surplus for the year	3,034,695	3,034,695
Total changes	3,034,695	3,034,695
Balance at 31 March 2024	**15,790,143**	**15,790,143**

CASH FLOW Statement AS AT 31 MARCH 2024

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Rendering of services		4,366,365	1,045,000
Grants		75,296,000	74,929,000
Interest income		2,364,665	1,450,855
Dividends received		6,877	6,189
		82,033,907	77,431,044
Payments			
Employee costs		(60,750,378)	(54,446,057)
Suppliers		(18,047,225)	(15,669,306)
Finance costs		(30,471)	(53,928)
		(78,828,074)	(70,169,291)
Net cash flows from operating activities	22	**3,205,833**	**7,261,753**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(1,212,177)	(1,501,181)
Proceeds from disposal of property, plant and equipment	7	24,330	-
Purchase of intangible assets	8	(4,022,310)	(1,192,471)
Net cash flows from investing activities		**(5,210,157)**	**(2,693,652)**
Cash flows from financing activities			
Finance lease obligation		(179,002)	(155,546)
Net increase in cash and cash equivalents		**(2,183,326)**	**4,412,555**
Cash and cash equivalents at the beginning of the year		14,801,440	10,388,885
Cash and cash equivalents at the end of the year	3	**12,618,114**	**14,801,440**

Statement of
COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	398,700	2,118,665	**2,517,365**	2,517,365	-	1.
Other income	-	7,265,484	**7,265,484**	7,265,484	-	2.
Interest received	1,000,000	1,250,000	**2,250,000**	2,364,665	**114,665**	3.
Dividends received	-	-	-	6,877	**6,877**	2.
Total revenue from exchange transactions	**1,398,700**	**10,634,149**	**12,032,849**	**12,154,391**	**121,542**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants	79,520,000	1,900,000	**81,420,000**	81,420,000	-	
Total revenue	**80,918,700**	**12,534,149**	**93,452,849**	**93,574,391**	**121,542**	
Expenditure						
Employee related costs	(62,462,917)	(1,065,860)	**(63,528,777)**	(60,750,378)	**2,778,399**	4.
General Expenses	(18,205,783)	(5,320,042)	**(23,525,825)**	(20,424,914)	**3,100,911**	5.
Total expenditure	**(80,668,700)**	**(6,385,902)**	**(87,054,602)**	**(81,175,292)**	**5,879,310**	
Operating surplus	**250,000**	**6,148,247**	**6,398,247**	**12,399,099**	**6,000,852**	
Capital expenditure	(250,000)	(6,148,247)	**(6,398,247)**	(6,064,936)	**333,311**	6.
Surplus	**-**	**-**	**-**	**6,334,163**	**6,334,163**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**6,334,163**	**6,334,163**	
Reconciliation						
Basis difference adjustments:						
Rendering of services				717,426		
Other income				(7,250,629)		
Employee related costs				38,352		
General expenses				1,243,356		
Government grants				(2,311,001)		
Capital expenditure				6,064,936		
Depreciation				(1,829,888)		
Fair value adjustment				27,980		
Actual Amount in the Statement of Financial Performance				**3,034,695**		

The ECSECC budget adjustments as well as material variances are explained as follows:

1. The rendering of services includes service level agreements entered into between ECSECC and 3rd parties for the delivery of professional services as agreed. The agreed payment for these services is allocated to the budget in line with the anticipated outflow of costs. The budget adjustments include funds received in the previous financial year and rolled over to be utilised in the current year as well as to bring in additional funds received during the year for new agreements. It is important to note that the budget allocation of funds for expenditure does not align with the GRAP requirements for the recognition of revenue. Therefore revenue will be recognised in accordance with GRAP, but the budget is allocated when expenditure is expected to be incurred which causes the recognised revenue and the allocation of budget not to align in the annual financial statements.

2. Other income includes an adjusted budget allocated for funds for the prior year commitments that were rolled over into the current year. The variance is due to dividends received after year end relating to the current year that were not budgeted for.

3. ECSECC earned more interest on funds in the bank account than anticipated. The budget was adjusted for this; however additional slower cash flows resulted in interest earned above the adjusted budget.

4. Employee Related Costs budget adjustments mainly relates to the allocation of funds from Service Level Agreements to assist with short-term expertise required to execute the work as agreed as well as reducing the budget for the anticipated underspending. The variance is due to vacancies during the year.

5. and 6. Budget adjustments to general and capital expenditure were mainly due to the change in need of services originally identified for use. Underspending mainly relates to the service level agreement funds to be rolled over and utilised in the next financial year to complete the activities as required.

Accounting POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (No. 1 of 1999).

The Eastern Cape Socio-Economic Consultative Council (ECSECC) is an entity domiciled in South Africa. The address of ECSECC's registered office is 12 Gloucester Road, Vincent, East London, 5201. ECSECC is involved in policy, planning and development facilitation support to provincial government and other stakeholders in the Eastern Cape. ECSECC is a Schedule 3C Public Entity as defined in the Public Finance Management Act (No. 1 of 1999) (PFMA) reporting to the Eastern Cape Office of the Premier.

The annual financial statements were authorised on 28 May 2024 by the Board of Directors for issue on 31 May 2024.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand, which is the entity's functional currency. The figures in the annual financial statements are rounded to the nearest Rand value.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Judgements
In the process of applying these accounting policies, management has made the following judgments that may have a significant effect on the amounts recognised in the annual financial statements:

Estimates
Estimates are informed by historical experience, information currently available to management, assumptions and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of review and applied prospectively.

Provisions
Provisions were raised and management determined an estimate based on the information available.

Motor vehicle residual value
The entity's management determines the estimated residual value for the entity's motor vehicle which affects the related depreciation charges. This estimate is based on the industry norm. Management will amend the depreciation charge in the future should the estimated residual value change.

Useful life assessment
The entity's management determines the estimated useful life of an item of property, plant and equipment based on the entity's expected usage of the asset. The useful life is assessed at each reporting date and if expectations differ from previous estimate, the change is accounted for as a change in accounting estimate.

The entity's management determines the estimated useful life of an item of intangible assets based on the entity's expected usage of the asset. The useful life is assessed at each reporting date and if expectations differ from previous estimate, the change is accounted for as a change in accounting estimate. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential.

Depreciation and amortisation
Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value, management considers the impact of technology and minimum service requirements of assets.

1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:
- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Improvements at the expense of ECSECC to leasehold premises held under operating lease have been capitalised as property, plant and equipment. It will be depreciated over the remaining lease period.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is depreciated on a straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fittings	Straight line	6 - 50 years
Motor vehicles	Straight line	5 - 15 years
Office equipment	Straight line	3 - 30 years
Computer equipment	Straight line	3 - 30 years
Leasehold improvements	Straight line	Lesser of 5 years or the remaining lease period

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity discloses relevant information relating to contractual commitments for the acquisition of property, plant and equipment in the notes to the financial statements (see note 23). Refer to accounting policy note 1.10 for commitments.

1.4 INTANGIBLE ASSETS

An asset is identifiable if it either:
- Is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- The cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research is recognised as an expense when it is incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3 - 5 years or indefinite

The entity discloses relevant information relating to contractual commitments for the acquisition of intangible assets in the notes to the financial statements (see note 23). Refer to accounting policy note 1.10 for commitments.

1.5 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding instruments that:
- The entity designates at fair value at initial recognition.

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
  - on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification
The entity has the following types of financial assets (class and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Rental deposit	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value

The entity has the following types of financial liabilities (class and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables	Financial asset measured at amortised cost
Finance lease obligation	Financial asset measured at amortised cost

Initial recognition
The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and liabilities
The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities
The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value; and
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations
The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Gains and losses
A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Derecognition

Financial assets
The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
> the contractual rights to the cash flows from the financial asset expire, are settled or waived;
> the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
> the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or is waived.

1.6 PREPAYMENTS

A prepayment is an operating expense paid for in one accounting period, but for which the underlying asset will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense.

A prepayment is carried on the Statement of Financial Position of the entity as a current asset until it is consumed. If a prepayment were likely to not be consumed within the next year, it would instead be classified on the Statement of Financial Position as a non-current asset. Once consumption has occurred, the prepayment is removed from the Statement of Financial Position and is instead reported in that period as an expense on the Statement of Financial Performance.

1.7 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee
Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Relevant disclosures relating to details of future minimum lease payments under non-cancelable operating leases are made in note 23.

1.8 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and, as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits
Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service; and
- bonus, incentive and performance-related payments payable within twelve months after the end of the reporting period in which the employees render the related service.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense - Accrued leave pay or Employee savings accrual as part of Payables from exchange transactions), after deducting any amount already paid; or
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance-related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.9 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:
- The entity has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.
Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).
If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Funds to be surrendered are classified as provisions.

1.10 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. These include purchase orders raised on or before 31 March 2023. Disclosure of commitments budgeted for in the current financial year and those budgeted for in subsequent years are disclosed separately and further split between capital commitments (items of property, plant and equipment or intangible assets) and operating commitments (items of general expenditure).

Disclosures are required in respect of unrecognised contractual commitments.

1.11 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement
Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of Services
When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.
The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other act, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

The recognition of revenue by reference to the state of completion of the transaction may give rise to a corresponding liability for Income received in advance under Payables from exchange transaction; or a corresponding asset for Receivables from services rendered under Receivables from exchange transactions where there are differences between the cash received and revenue recognised.

Interest
Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

1.12 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Recognition
An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement
Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Grant funding
Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognised by the entity.

An unconditional grant is recognised in surplus or deficit as other income when the grant becomes receivable.

1.13 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.14 BUDGET INFORMATION

The entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis including payables, certain commitments and prepayments and presented by economic classification.

The approved budget covers the fiscal period from 1 April 2023 to 31 March 2024 and is for ECSECC only.

The annual financial statements and the budget are not on the same basis of accounting, therefore a reconciliation between the statement of financial performance and the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.15 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. For ECSECC management is considered to be Senior Management reporting directly to the Chief Executive Officer. Management includes persons acting in the positions of Senior Management. Remuneration for the period is disclosed as the full month's remuneration for the period of acting and is not pro-rated daily.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.16 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as a reduction to the expense in the statement of financial performance. Fruitless and wasteful expenditure is also disclosed in the notes to the financial statements.

1.17 SEGMENT INFORMATION

A segment is an activity of an entity:

> That generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
> Whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
> For which separate financial information is available.

The nature of activities within ECSECC does not meet the definition of reportable Segments in terms of GRAP 18 and as such does not allow for meaningful reporting in terms of this standard.

1.18 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

> Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
> Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the ANNUAL FINANCIAL STATEMENTS

2 NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation:

GRAP 1:	Presentation of Financial Statements
GRAP 2:	Cash Flow Statements
GRAP 3:	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 5:	Borrowing Costs
GRAP 9:	Revenue from Exchange Transactions
GRAP 13:	Leases
GRAP 14:	Events After the Reporting Date
GRAP 17:	Property, Plant and Equipment
GRAP 19:	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20:	Related Party Disclosures
GRAP 21:	Impairment of Non-cash-generating Assets
GRAP 23:	Revenue from Non-exchange Transactions
GRAP 24:	Presentation of Budget Information in Financial Statements
GRAP 25:	Employee Benefits
GRAP 26:	Impairment of Cash-generating Assets
GRAP 31:	Intangible Assets
GRAP 104:	Financial Instruments

2.2 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 1: Presentation on Financial Statements	No effective date	Unlikely there will be a material impact
GRAP 104: Financial Instruments - revised	1 April 2025	Impact is currently being assessed
Amendments: Improvements to Standards of GRAP	No effective date	Unlikely there will be a material impact
GRAP 103: Heritage Assets	No effective date	Not applicable
GRAP 105: Transfer of Functions Between Entities Under Common Control	No effective date	Unlikely there will be a material impact
GRAP 106: Transfer of Functions Between Entities Not Under Common Control	No effective date	Unlikely there will be a material impact
GRAP 107: Mergers	No effective date	Unlikely there will be a material impact

Figures in Rand	2024	2023

3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	5,000	4,715
Bank balances	1,824,357	3,314,958
Short-term deposits	10,788,757	11,481,767
	12,618,114	**14,801,440**

Cash and cash equivalents includes the following 3rd party funds:

3rd party funds	3,080,140	792,500

These are funds received in terms of Service Level Agreements entered into with 3rd parties for the delivery of services which is work in progress at year end. These funds are included in the cash and cash equivalents balance at year end but are to be rolled over and utiliSed in a subsequent financial year.

4 PREPAYMENTS

Current		
Insurance	42,382	37,638
Rental	305,717	288,412
Security	1,185	1,075
Subscriptions and license fees	2,271,637	1,899,118
Telephone	10,916	8,980
	2,631,837	2,235,223
Non-Current		
Subscriptions and license fees	41,883	89,882
Non-current Prepayments	41,883	89,882
Current Prepayments	2,631,837	2,235,223
	2,673,720	**2,325,105**

5 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Employee costs receivable	-	99,900
Receivables from services rendered	248,431	115,038
Insurance receivable	24,329	32,321
Dividend receivable	6,877	6,189
	279,637	**253,448**

The amount of R6 877 (2023: R6 189) receivable from Sanlam Ltd relates to dividends receivable on shares held by ECSECC by virtue of the Sanlam demutualization. (Refer to note 9).

6 RENTAL DEPOSIT

Non-current asset	-	458,892
Current asset	480,930	-
	480,930	**458,892**

The deposit amounting to R 330 659 was paid in April 2015 to the lessor as per the requirements of the office accommodation lease agreement. The deposit including interest due amounts to R 480 930 (2023: R 458 892). The current lease contract expires on 30 November 2024.

Figures in Rand	2024	2023

7 PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	2,322,541	(1,385,078)	937,463	2,255,726	(1,286,523)	969,203
Motor vehicles	187,898	(142,297)	45,601	187,898	(131,739)	56,159
Office equipment	1,886,434	(1,081,382)	805,052	1,464,016	(805,113)	658,903
Computer equipment	11,524,744	(6,241,154)	5,283,590	10,845,193	(4,971,076)	5,874,117
Leasehold improvements	344,109	(312,365)	31,744	344,109	(171,855)	172,254
Total	**16,265,726**	**(9,162,276)**	**7,103,450**	**15,096,942**	**(7,366,306)**	**7,730,636**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	969,203	66,815	-	(98,555)	937,463
Motor vehicles	56,159	-	-	(10,558)	45,601
Office equipment	658,903	422,418	-	(276,269)	805,052
Computer equipment	5,874,117	722,944	(9,475)	(1,303,996)	5,283,590
Leasehold improvements	172,254	-	-	(140,510)	31,744
	7,730,636	**1,212,177**	**(9,475)**	**(1,829,888)**	**7,103,450**

Reconciliation of property, plant and equipment - 2023

	Opening	Additions	Disposals	Change in estimate	Depreciation	Total
Furniture and fittings	185,107	880,277	(13,569)	17,600	(100,212)	969,203
Motor vehicles	66,717	-	-	-	(10,558)	56,159
Office equipment	801,255	98,552	(1,104)	2,687	(242,487)	658,903
Computer equipment	6,882,129	332,694	(20,313)	90,035	(1,410,428)	5,874,117
Leasehold improvements	116,308	189,658	-	-	(133,712)	172,254
	8,051,516	**1,501,181**	**(34,986)**	**110,322**	**(1,897,397)**	**7,730,636**

Pledged as security

ECSECC has not pledged any of its property, plant and equipment as security and there are no restrictions on title.

Assets subject to finance lease (Net carrying amount)

Office equipment	88,461	258,400

Other information

Depreciation and amortisation included as part of Operating Expenses - note 16

Depreciation	1,829,888	1,897,397
Change in estimate	-	(110,322)
	1,829,888	**1,787,075**

Property, plant and equipment fully depreciated and still in use (Original cost)

Computer equipment	342,251	-
Furniture and fittings	4,345	-
	346,596	**-**

Property, plant and equipment that is fully depreciated is planned to be replaced in the next financial year R346 596 (2023: NIL).

Figures in Rand	2024	2023

8 INTANGIBLE ASSETS

	2024			2023		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	9,248,351	-	9,248,351	5,226,041	-	5,226,041

Reconciliation of intangible assets - 2024	Opening balance	Additions	Total
Computer software	5,226,041	4,022,310	9,248,351

Reconciliation of intangible assets - 2023			
Computer software	4,033,570	1,192,471	5,226,041

Pledged as security
ECSECC has not pledged any of its intangible assets as security and there are no restrictions on title.

Other information
Intangible assets with indefinite lives:

	2024	2023
Computer software	9,248,351	5,226,041

The useful life of computer software has been assessed as being indefinite.
It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the entity.

In determining the indefinite useful life assets, consideration was given to the expected usage of the asset by the entity; product life cycle; obsolescence; market stability and the level of maintenance expenditure required to obtain the expected future economic benefits. Some of the computer software packages have been in existence in excess of 10 years. A licence fee is payable annually for the latest updates to the package to ensure it maintains the expected future economic benefits to the entity as well as for continued use by the entity.

Factors that would be considered when assessing indefinite useful life assets for impairment include:
- The intention of the entity to continue using the software package and renew the licence.
- The development of a more advanced software package with the intention of management to change the current software package within the available budget.
- Technological obsolescence of the software package.

9 OTHER FINANCIAL ASSETS

Designated at fair value

	2024	2023
Listed shares		
2 149 shares are held in Sanlam Ltd and are valued at fair value based on the share price traded in an active market.	149,119	121,139

Non-current assets

	2024	2023
Designated at fair value	149,119	121,139

Financial assets at fair value

Fair values of financial assets measured or disclosed at fair value

	2024	2023
Sanlam Ltd	149,119	121,139

Sanlam demutualised in 1998 and all policyholders were issued free shares. These shares were issued to ECSECC by virtue of the policies held and were not purchased or applied for.

The shares are traded in an active market and the fair value was determined using the share price at 31 March.

Figures in Rand	2024	2023

10 FUNDS TO BE SURRENDERED

Refunds arising from funds to be surrendered	9,576,486	13,389,485

The surrender relates to the possible repayment of funds to the Revenue Fund. The surrender is determined by Provincial Treasury and communicated to the entity before the end of the next financial year.

Balance at the beginning of the year	13,389,485	9,082,962
Surrendered	(6,124,000)	-
Prior year under (over) provision	(7,265,485)	(9,082,962)
Additions	9,576,486	13,389,485
	9,576,486	**13,389,485**

Movement recognised in revenue (refer to note 15)		
Opening balance	13,389,485	9,082,962
Closing balance	(9,576,486)	(13,389,485)
Funds surrendered	(6,124,000)	-
	(2,311,001)	**(4,306,523)**

Funds to be surrendered - reconciliation		
Cash and cash equivalents	12,618,114	14,801,440
Less: Trade and other payables	(2,886,657)	(1,292,008)
Less: Employee saving accrual	(154,971)	(119,947)
	9,576,486	**13,389,485**

In terms of section 53 of PFMA, ECSECC as a Public Entity may not accumulate surpluses unless the prior written approval of the Provincial Treasury has been obtained.

Treasury Instruction 3 of 2013/14 issued by the Eastern Cape Provincial Treasury is used to determine the amount to be recognised for surrender. This Instruction Note only allows for the deduction of certain payables and accruals from the bank balance which is not an accurate reflection of the amount available for surrender. The timing of payment is dependent on when the Treasury process is finalized and communication received - normally by November of the following year.

The funds to be surrendered value includes 3rd party funds and funds that have been committed. A rollover request for these funds has been submitted to Eastern Cape Provincial Treasury. The following items are included in the rollover request:

Funds to be rolled over		
3rd party funds to be utilised in subsequent years (refer note 3)	3,080,140	792,500
Committed expenditure (budgeted in the current year)	1,283,827	5,266,847
	4,363,967	**6,059,347**

Based on the above, ECSECC has R 5 212 519 (R9 576 486 - R4 363 967) available for surrender for the 2023/2024 financial year.

11 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade and other payables	2,886,657	1,292,008
Income received in advance - contract in process	1,264,967	-
Accrued leave pay	2,496,262	2,534,614
Employee saving accrual	154,971	119,947
	6,802,857	**3,946,569**

Figures in Rand	2024	2023

12 FINANCE LEASE OBLIGATION

Minimum lease payments due		
- within one year	122,193	209,473
- in second to fifth year inclusive	-	122,193
	122,193	331,666
less: future finance charges	(5,558)	(36,029)
Present value of minimum lease payments	**116,635**	**295,637**
Present value of minimum lease payments due		
- within one year	116,635	179,002
- in second to fifth year inclusive	-	116,635
	116,635	**295,637**
Non-current liabilities	-	116,635
Current liabilities	116,635	179,002
	116,635	**295,637**

The average lease term was three years, and the average effective borrowing rate was 1.18% (2022: 1.18%).

There is no contingent rental payable on the leasing arrangements.

No restrictions are imposed by the lease arrangements.

13 OPERATING LEASE LIABILITY

Non-current liabilities	-	267,200
Current liabilities	267,200	262,362
	267,200	**529,562**

The entity has entered into an operating lease for operating premises. Leased property remains with the lessor throughout the lease term and upon the expiration of the lease agreement. Refer to note 23.

Figures in Rand	2024	2023

14 FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

2024

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	279,637	279,637
Cash and cash equivalents	-	12,618,114	12,618,114
Rental deposit	-	480,930	480,930
Other financial assets	149,119	-	149,119
	149,119	**13,378,681**	**13,527,800**

Financial liabilities

Trade and other payables	2,886,657	2,886,657
Finance lease obligation	116,635	116,635
	3,003,292	**3,003,292**

2023

Financial assets

Receivables from exchange transactions	-	253,448	253,448
Cash and cash equivalents	-	14,801,440	14,801,440
Rental deposit	-	458,892	458,892
Other financial assets	121,139	-	121,139
	121,139	**15,513,780**	**15,634,919**

Financial liabilities

Trade and other payables	1,292,008	1,292,008
Finance lease obligation	295,637	295,637
	1,587,645	**1,587,645**

15 REVENUE

15.1 REVENUE FROM NON EXCHANGE TRANSACTIONS

Transfers: Office of The Premier	79,108,999	70,622,477

Office of The Premier

In terms of the Service Level Agreement between ECSECC and OTP, this grant is used to fund the core functions of the organisation.

Grants received	81,420,000	74,929,000
Funds to be surrendered movement (refer note 10)	(2,311,001)	(4,306,523)
	79,108,999	**70,622,477**

15.2 REVENUE FROM EXCHANGE TRANSACTIONS: RENDERING OF SERVICES

Eastern Cape Development Corporation	1,200,000	-
Eastern Cape Rural Development Agency	487,450	-
Human Sciences Research Council	336,623	-
Ntabankulu Local Municipality	164,706	157,377
Nyandeni Local Municipality	1,046,012	907,538
	3,234,791	**1,064,915**

ECSECC has entered into Service Level Agreements for the rendering of services with these institutions.
The deliverables and timeframes have been agreed upon.

Total Revenue	**82,343,790**	**71,687,392**

Figures in Rand	2024	2023

16 OPERATING EXPENSES

Operating surplus (deficit) for the year is stated after accounting for the following:

Employee related costs (note 18)	60,712,026	54,902,860
General expenses (note 19)	19,151,087	15,318,612
Depreciation	1,829,888	1,787,075
Loss on disposal of assets	-	2,666
	81,693,001	**72,011,213**
Profit (loss) on disposal of assets consists of the following		
Compensation from 3rd parties (including insurance payouts)	24,330	32,321
Book value of assets disposed and compensated by 3rd parties (lost or damaged)	(9,475)	(16,064)
Book value of other assets disposed (donated or scrapped)	-	(18,923)
	14,855	**(2,666)**

17 INVESTMENT REVENUE

Dividend revenue		
Listed financial assets - Local	6,877	6,189
Interest revenue		
Interest earned on bank balances	2,342,626	1,433,845
Interest on rental deposit	22,039	17,010
	2,364,665	**1,450,855**
	2,371,542	**1,457,044**

18 EMPLOYEE RELATED COSTS

Basic	52,707,131	48,638,686
Performance bonus	5,553,498	4,280,370
UIF	262,893	252,922
Group life insurance	1,379,887	1,211,280
Workmen's compensation	46,981	120,210
Relocation costs	155,065	-
Staff training	606,571	399,392
	60,712,026	**54,902,860**

Figures in Rand	2024	2023

19 GENERAL EXPENSES

Advertising	39,514	20,128
Auditors remuneration	731,626	845,146
Bank charges	13,211	14,574
Board fees	1,058,825	1,055,546
Cleaning	119,292	102,895
Computer expenses	20,880	14,361
Consulting and professional fees	772,611	1,198,901
Hire	53,170	47,273
Insurance	513,179	451,003
Internal audit fees	371,736	324,307
Lease rentals on operating lease	3,267,805	3,243,997
Other expenses	59,842	49,729
Postage and courier	2,270	3,313
Printing and stationery	73,853	47,702
Publications	1,329,629	734,251
Repairs and maintenance	18,977	5,744
Security	489,122	437,032
Subscriptions and license fees	3,971,795	1,945,901
Telephone and fax	765,363	473,159
Travel, workshop and accommodation	4,817,754	3,708,887
Utilities	660,633	594,763
	19,151,087	**15,318,612**

20 AUDITORS' REMUNERATION

Fees	731,626	845,146

21 FINANCE COSTS

Finance lease	30,471	53,928

22 CASH GENERATED FROM OPERATIONS

Surplus	3,034,695	1,045,276
Adjustments for:		
Depreciation	1,829,888	1,787,075
Profit (loss) on sale of assets and liabilities	(14,855)	34,988
Fair value adjustments	(27,980)	34,019
Movements in operating lease assets and accruals	(262,362)	(86,348)
Changes in working capital:		
Receivables from exchange transactions	(26,189)	(94,361)
Prepayments	(348,615)	(311,241)
Rental deposit	(22,038)	(17,011)
Payables from exchange transactions	2,856,288	562,833
Funds to be surrendered	(3,812,999)	4,306,523
	3,205,833	**7,261,753**

Figures in Rand	2024	2023

23 COMMITMENTS

Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	2,445,736	3,530,166
- in second to fifth year inclusive	-	2,445,736
	2,445,736	**5,975,902**
Lease rental on a straight line basis (note 19)	3,267,805	3,243,997

Operating lease payments represent rentals payable by the entity for its office accommodation. Leases are negotiated for an average term of five years. No contingent rent is payable. Rental escalates by 6.5% annually on 1 December each year. From 1 December 2022 the lessor agreed to change the rental escalation rate to 6% for the remaining period of the lease.

Authorised capital expenditure

Already contracted but not provided for - budgeted in the current financial year		
▪ Property, plant and equipment - computer equipment	-	408,488
▪ Property, plant and equipment - office equipment	86,465	-
▪ Property, plant and equipment - furniture and fittings	7,286	93,119
▪ Intangible assets - computer software	736,698	3,725,502
	830,449	**4,227,109**
Total capital commitments		
Already contracted for but not provided for - budgeted for in current financial year	830,449	4,227,109

Authorised operational expenditure

Already contracted but not provided for - budgeted in current financial year		
▪ Advertising	5,083	-
▪ Consulting and professional fees	152,184	751,815
▪ Insurance	11,000	-
▪ Other expenses	-	338
▪ Publications	143,405	241,943
▪ Subscriptions and license fees	476	12,556
▪ Stationery	52,930	-
▪ Travel, accommodation and workshop	-	33,086
▪ Training	88,300	-
	453,378	**1,039,738**
Already contracted but not provided for - budgeted in subsequent financial years		
▪ Internal audit	1,093,244	-
▪ Security	484,510	434,887
▪ Subscriptions and license fees	2,099,520	715,759
▪ Telephone	1,848,150	2,627,695
	5,525,424	**3,778,341**
Total operational commitments		
Already contracted but not provided for - budgeted for in current financial year	453,378	1,039,738
Already contracted but not provided for - budgeted for in subsequent financial years	5,525,424	3,778,341
	5,978,802	**4,818,079**
Total commitments		
Authorised capital expenditure	830,449	4,227,109
Authorised operational expenditure	5,978,802	4,818,079
	6,809,251	**9,045,188**

Figures in Rand	2024	2023

24 RELATED PARTIES

Relationships

Prescribed officers and members of key management	Refer to note 25
Government Department - controlling entity	Eastern Cape Office of the Premier - also refer to note 10 for Funds to be surrendered
Provincial Public Entity within the Provincial sphere of government	Eastern Cape Industrial Development Zone (ELIDZ)
Provincial Public Entity within the Provincial sphere of government	Eastern Cape Development Corporation (ECDC)
Provincial Public Entity within the Provincial sphere of government	Eastern Cape Rural Development Agency (ECRDA)

	2024	2023
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Eastern Cape Development Corporation	(1,200,000)	-
Eastern Cape Rural Development Agency	243,725	-
Related party transactions		
Government Grant		
Eastern Cape Office of the Premier	81,420,000	74,929,000
Eastern Cape Office of the Premier - surrendered funds	(6,124,000)	-
Revenue from exchange transactions		
Eastern Cape Development Corporation	1,200,000	-
Eastern Cape Rural Development Agency	487,450	-

During the year, ECSECC entered into procurement transactions with ELIDZ at arm's length. These transactions included services for Cloud hosting and provision of a disaster recovery site at a monthly amount of R16 866 (2023: R15 606). The terms and conditions of the agreement are within what is reasonable, expected by any customer and are within the normal operating parameters of the ELIDZ.

During the year, ECSECC entered into a Service Level Agreement with ECRDA to assist with ITC governance related matters.

During the year, ECSECC entered into a Service Leval Agreement with ECDC to partner with planning support for Economic Development, Trade and Investment Promotion at three identified Local Municipalities.

25 MEMBERS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Executive 2024	Basic Salary	Allowances/ other short term benefits	Bonus	Total
Chief Executive Officer: L. Mosana	1,936,243	109,713	327,252	2,373,208
Chief Financial Officer: K. Gwazela	1,641,564	89,138	277,447	2,008,149
	3,577,807	**198,851**	**604,699**	**4,381,357**
2023				
Chief Executive Officer: L. Mosana	1,818,068	101,066	317,721	2,236,855
Chief Financial Officer: K. Gwazela	1,541,374	82,082	-	1,623,456
	3,359,442	**183,148**	**317,721**	**3,860,311**

Service contracts

The executive directors are subject to written employment agreements. The employment agreements regulate duties, remuneration, allowances, restraints, leave and notice periods of these executives. Five-year service contracts are issued which are extendable in five-year intervals.

Service contract: Chief Executive Officer: L. Mosana
- Start date: 01 April 2018
- End date: 31 March 2028.

Service contract: Chief Financial Officer: K. Gwazela
- Start date: 17 May 2021
- End date: 16 May 2026.

Figures in Rand		2024	2023

Non-executive

2024		Members' fees	Reimbursive travel	Total
T. Buthelezi	Appointed 31 August 2023	-	-	-
M. Sogoni	Resigned 31 August 2023	-	-	-
Z. Tini	Re-appointed 25 August 2022	116,700	-	116,700
P. Ndendela	Resigned 31 August 2023	48,700	19,751	68,451
M. Simatele	Re-appointed 31 August 2023	69,500	-	69,500
G. Gqegqe	Re-appointed 31 August 2023	111,800	-	111,800
L. Jack	Re-appointed 31 August 2023	47,300	-	47,300
K. Jacobs	Re-appointed 31 August 2023	85,600	2,092	87,692
T. Kunene	Deceased April 2023	-	-	-
M. Maleki	Re-appointed 31 August 2023	60,200	-	60,200
L. Maurice	Re-appointed 31 August 2023	98,900	1,476	100,376
H. Maxhengwana	Re-appointed 31 August 2023	30,100	-	30,100
D. Xotyeni	Re-appointed 31 August 2023	90,300	1,703	92,003
D. Van Huyssteens	Resigned 31 August 2023	4,300	-	4,300
Z. Ndlela	Appointed 31 August 2023	43,000	693	43,693
		806,400	**25,715**	**832,115**

2023				
M. Sogoni	Re-appointed 25 August 2022	-	-	-
Z. Tini	Re-appointed 25 August 2022	98,000	-	98,000
P. Ndendela	Re-appointed 25 August 2022	75,900	28,999	104,899
G. Gqegqe	Re-appointed 25 August 2022	90,300	-	90,300
L. Jack	Re-appointed 25 August 2022	77,400	-	77,400
K. Jacobs	Re-appointed 25 August 2022	64,500	-	64,500
T. Kunene	Re-appointed 25 August 2022	43,000	-	43,000
M. Maleki	Re-appointed 25 August 2022	60,200	-	60,200
L. Maurice	Re-appointed 25 August 2022	111,800	-	111,800
H. Maxhengwana	Appointed 25 August 2022	17,200	-	17,200
M. Simatele	Re-appointed 25 August 2022	64,500	-	64,500
D. Van Huyssteens	Re-appointed 25 August 2022	25,800	-	25,800
D. Xotyeni	Re-appointed 25 August 2022	77,400	-	77,400
		834,999	**28,999**	**834,999**

Audit, Risk and ICT Committee

2024				
D. Page	Chair: Re-appointed 31 August 2023	52,200	-	52,200
B. Bothma	Re-appointed 31 August 2023	38,700	-	38,700
W. Dukuza	Re-appointed 31 August 2023	34,400	-	34,400
M. Mbana	Re-appointed 31 August 2023	60,200	2,511	62,711
M. Sikhosana	Re-appointed 31 August 2023	38,700	-	38,700
		224,200	**2,511**	**226,711**

2023				
L. Smith	Chair: 1 April - 25 August 2022	28,600	-	28,600
D. Page	Chair: 25 August 2022	22,900	647	23,547
B. Bothma	Re-appointed 25 August 2022	47,300	-	47,300
W. Dukuza	Re-appointed 25 August 2022	39,400	-	39,400
M. Mbana	Appointed 25 August 2022	34,400	-	34,400
N. Ravgee	Resigned 9 June 2022	8,600	-	8,600
M. Sikhosana	Appointed 25 August 2022	21,500	-	21,500
C. Sparg	Resigned 25 August 2022	17,200	-	17,200
		219,900	**647**	**220,547**

Figures in Rand	2024	2023

Key Management Personnel

	Position	Service period	Basic salary	Other Short-term benefits/ allowances	Bonus	Total
2024						
A. Tinta	Chief Operations Officer	5 February 2024 - 31 March 2024	242,438	17,307	-	259,745
Z. Silo	Chief Operations Officer	1 April 2023 - 19 May 2023	225,270	122,075	-	347,345
N. Shenxane	Human Resources Manager	1 April 2023 - 31 March 2024	1,407,470	143,625	222,474	1,773,569
T. Qholosha	Economic Governance and Human Resource Development Programme Manager	1 April 2023 - 31 March 2024	1,499,870	94,553	197,166	1,791,589
C. Motsilili	Governance and Planning Support Programme Manager Acting Chief Operations Officer:	1 April 2023 - 31 March 2024 May 2023 - 4 February 2024	1,499,870	225,778	197,166	1,922,814
V. Dayile	ECAC Programme Manager	1 April 2023 - 31 March 2024	1,482,002	76,938	194,817	1,753,757
B. Mhlaba	KPMO Programme Manager	1 April 2023 - 31 March 2024	1,650,933	119,955	155,017	1,925,905
S. Liebenburg	Strategic Research and Innovation Programme Manager	1 December 2023 - 31 March 2024	492,025	18,573	-	510,598
			8,499,878	**818,804**	**966,640**	**10,285,322**
2023						
Z. Silo	Chief Operations Officer	1 April 2022 - 31 March 2023	1,499,973	52,842	-	1,552,815
N. Shenxane	Human Resources Manager	1 April 2022 - 31 March 2023	1,235,970	98,439	215,995	1,550,404
T. Qholosha	Economic Governance and Human Resource Development Programme Manager	1 April 2022 - 31 March 2023	1,408,328	60,205	191,423	1,659,956
C. Motsilili	Governance and Planning Support Programme Manager	1 April 2022 - 31 March 2023	1,408,328	100,194	187,126	1,695,648
V. Dayile	ECAC Programme Manager	1 April 2022 - 31 March 2023	1,391,551	65,876	189,143	1,646,570
B. Mhlaba	KPMO Programme Manager	1 April 2022 - 31 March 2023	1,550,172	152,813	210,703	1,913,688
			8,494,322	**530,369**	**994,390**	**10,019,081**

Key management personnel are subject to written employment agreements. The employment agreements regulate duties, remuneration, allowances, restraints, leave and notice periods of these executives. None of these service contracts exceed five years.

Summary

	2024	2023
Executive Directors	4,381,357	3,860,311
Key Management Personnel	10,285,322	10,019,081
Other Employees	46,045,347	41,023,468
	60,712,026	**54,902,860**

26 RISK MANAGEMENT

Capital risk management
The entity is solely dependent on the grant from the Eastern Cape Office of the Premier.

Liquidity risk
The entity's risk to liquidity is a result of the funds available to cover future commitments. Cash flow forecasts are prepared and monitored. The entity manages liquidity risk through an ongoing review of future commitments against allocated future budgets.

A maturity analysis of the financial liabilities reflects the contractual maturities of financial liabilities due within one year and includes Trade and other payables, as disclosed in note 11, and the maturity of the Finance lease obligation, as disclosed in note 12.

Credit risk
Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The entity only deposits cash with major banks with high-quality credit standing.

Receivables from exchange transactions relate to dividends receivable from Sanlam Ltd. Management evaluated the credit risk relating to debtors on an ongoing basis. The credit risk on these is rated as low.

The entity's maximum exposure to credit risk is equal to the cost amount of the financial asset at balance sheet date, as disclosed in note 14.

Interest rate risk
As the entity has no significant interest-bearing assets other than cash and cash equivalents, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Figures in Rand	2024	2023

27 FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported	2,250	-
Fruitless and wasteful expenditure identified	5,320	4,615
Recovered - for the prior year	(2,250)	-
Recovered - for the current year	(2,520)	(2,365)
Written-off for the prior year	(2,400)	-
Closing balance	**400**	**2,250**

Expenditure identified in the current year includes those listed below:

Travel, accommodation and workshop	7,570	4,615

2024
There were eight instances identified: (1) One instance where the hired car was used for travel beyond the approved range - this was confirmed to be fruitless and wasteful and was recovered during the year; (2) four traffic fines were incurred - three were recovered at year end and one was recovered subsequent to year end; (3) one instance where there was a cancellation of a booked trip due to the employee's negligence which has been recovered; and (4) two instances where accommodation was charged where an employee was not able to attend due to wellness related matters - these were written off at year end.

2023
There were three instances identified: (1) A hired car was kept beyond approved timeframe - this was confirmed to be fruitless and wasteful and was recovered during the year. An additional two transactions were identified at year end and are currently still under investigation: (2) a hired car kept beyond the approved timeframe; and (3) a forced termination of a hired car.

Amounts recoverable/recovered:
After the committee investigations, the Chief Executive Officer adopted the committee recommendations to recover an amount of R5 170 (2023: R2 365) from the official as it was proven without reasonable doubt that the official was negligent.

Travel, accommodation and workshop	5,170	2,365

28 CONTINGENCIES

In terms of ECSECC's Performance Management and Development System policy the payment of performance bonuses is subject to the availability of budget as well as approval at the discretion of the Board of Directors. There is no employee entitlement to a performance bonus under policy or contract. The approval by the Board of Directors has not been made at 31 March. As such ECSECC has a possible obligation for the payment of 2023/2024 performance bonuses which will be confirmed by the approval by the Board of Directors.

The amount is estimated at R5 376 842 (2023: R5 431 269). The actual amount paid for bonuses for the 2023 financial year was R5 553 498.

29 EVENTS AFTER THE REPORTING DATE

The entity is not aware of any matter or circumstance arising since the end of the financial year.

30 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the Annual Report under the section titled B-BBEE Compliance Performance Information.

Detailed
INCOME STATEMENT

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Rendering of services		3,234,791	1,064,915
Interest received - investment	17	2,364,665	1,450,855
Gain on disposal of assets and liabilities		14,855	-
Fair value adjustments		27,980	-
Dividends received	17	6,877	6,189
Total revenue from exchange transactions		**5,649,168**	**2,521,959**
Revenue from non-exchange transactions			
Transfer revenue			
Government grant	15	79,108,999	70,622,477
Total revenue		**84,758,167**	**73,144,436**
Expenditure			
Employee related costs	18	(60,712,026)	(54,902,860)
Depreciation		(1,829,888)	(1,787,075)
Finance costs	21	(30,471)	(53,928)
Loss on disposal of assets and liabilities		-	(2,666)
Fair value adjustments		-	(34,019)
General expenses	19	(19,151,087)	(15,318,612)
Total expenditure		**(81,723,472)**	**(72,099,160)**
Surplus for the year		**3,034,695**	**1,045,276**

Change is the law of life and those who look only to the past or present are certain to miss the future..

JOHN F. KENNEDY

ecsecc
eastern cape socio economic
consultative council

ecsecc
eastern cape socio economic consultative council

12 Gloucester Road, Vincent, East London, 5217
Postnet Vincent, Private Bag X9063, Suite 302, Vincent, 5247

+27 (0)43 701 3400
+27 (0)43 701 3415
info@ecsecc.org
www.ecsecc.org

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