



**UNIVERSAL SERVICE AND ACCESS  
FUND**

**ANNUAL PERFORMANCE PLAN**

**for the financial year  
2020/21**

*To obtain additional copies of this document please contact:*

**UNIVERSAL SERVICE AND ACCESS AGENCY OF SOUTH AFRICA**

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## ACCOUNTING AUTHORITY AND ACCOUNTING OFFICER STATEMENT

I am pleased to present the Universal Service and Access Fund (USAF) Annual Performance Plan (APP) for the 2020/21 financial year, which was developed at the same time as the Strategic Plan for the 2020-2025 planning period.

Where the five-year Strategic Plan outlines the USAF mandate, strategic focus, priorities, impact and outcomes, this APP carries that forward and presents the outcome-aligned outputs, indicators, annual and quarterly targets for 2020/21, as year one of the new five-year strategy.

The five-year Strategic Plan, in support of the National Development Plan, reflects USAF's contribution to strengthening the universal service and access sector, and unlocking its potential to grow the economy, create jobs, and contribute to reduced inequality and reduced poverty. This is in line with the outcome of the 2019-2024 Medium Term Strategic Framework (MTSF) to *"improve competitiveness through ICT adoption"*.

The USAF Strategic Plan responds to the following 2019-2024 Medium Term Strategic Framework (MTSF) priorities:

- 1) Priority 1: Economic transformation and job creation; and
- 2) Priority 6 - A capable, ethical and developmental State.

In responding to the above priorities, the Strategic Plan is built from the foundation of a solid assessment of USAF's performance in the previous term, both successes and challenges, and based on lessons learnt from the assessment.

In terms of Sections 88-89 of the Electronic Communications Act 36 of 2005 ("the ECA"), the primary mandate and functions of USAASA are to:

- 1) Utilise the USAF exclusively for the payment of certain subsidies; and
- 2) Provide incentives to network licensees to construct, operate and maintain networks in underserved areas.

The ECA was amended in 2014 and includes a provision that the Minister, acting with the concurrence of the Minister of Finance, may prescribe additional uses of money held in the USAF.

Informed by this primary mandate, USAF has revisited and reconceptualised its strategic posture and framework in the Strategic Plan, to ensure it is well-articulated and fit for purpose to guide the organisation over the period to 2025, subject to dovetailing with Digital Development Fund (DDF).

In fulfilling its primary mandate, for the period to 2020-2025, USAF will focus on achieving the following strategic medium-term results, subject to dovetailing with the Digital Development Fund:

- 1) Facilitating the roll-out of adequate Information and Communication Technology (ICT) infrastructure and services to enable universal access in underserved areas in South Africa; and
- 2) Facilitating increased access to digital broadcasting services for needy households in South Africa.

To this end, the organisation will put in place effective annual performance plans - of which this is the first; which, in turn, will be supported by aligned annual operational plans informing the performance contracts of management and staff.

The plan is also informed by COVID-19 pandemic in South Africa caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). This resulted on 15 March, the President of South Africa, Cyril Ramaphosa, declaring a national state of disaster and on 15 March, the National Coronavirus Command Council was established, to lead the nation's plan to contain the spread and mitigate the negative impact of the coronavirus. On 23 March, a national lockdown was announced, starting on 26 March 2020.

In closing, I affirm my commitment to providing leadership that will develop USAF into a well-resourced entity that is optimally positioned for delivering on its mandate; and realise that this can only be achieved through 100% dedication to the achievement of the strategic intent by the entire USAF team.

I acknowledge the continuous support of the Portfolio Committee and the Minister in spurring the entity towards realising its intended impact.

While an immense amount of work lies ahead of us in the next five years, we believe that the Strategic Plan reflects the right ideas, plans and resource considerations to ensure achievement of the ambitious plan, commencing with the work reflected in this APP.

I fully endorse this Annual Performance Plan for 2020/21.



**Mr. Basil Ford**


**Accounting Authority and Accounting Officer (Caretaker)**

**THE UNIVERSAL SERVICE AND ACCESS FUND OF SOUTH AFRICA**

**OFFICIAL SIGN-OFF**

It is hereby certified that this 2020/21 Annual Performance Plan (Corporate Business Plan):

- 1) Was developed by the management team of the Universal Service and Access Fund of South Africa, under the guidance of the Minister;
- 2) Takes into account all the relevant policies, legislation and other mandates for which the Universal Service and Access Fund of South Africa is responsible;
- 3) Accurately reflects the Outputs and Targets which the Universal Service and Access Fund of South Africa will endeavour to achieve over the 2020/21 financial year.




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**Ms S. Motloung**

**31/08/2020**  
Date

**EXECUTIVE CORPORATE SERVICES (ACTING)**

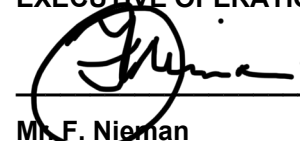



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**Ms C. Madikizela**

**31/08/2020**  
Date

**EXECUTIVE OPERATIONS**




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**Mr F. Nieman**  
**CHIEF FINANCIAL OFFICER (INTERIM)**

**31/8/2020**  
Date

*Sipho S Mngqibisa*  

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**Mr. S. Mngqibisa**  
**HEAD OFFICIAL RESPONSIBLE FOR PLANNING**

**31/08/2020**  
Date

**APPROVED BY:**




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**Mr. Basil Ford**  
**ACCOUNTING AUTHORITY AND ACCOUNTING OFFICER (CARETAKER)**

**31/8/2020**  
Date

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**Ms. Stella Ndabeni-Abrahams (MP)**  
**EXECUTIVE AUTHORITY (MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES)**

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Date

## ABBREVIATIONS AND ACRONYMS

<b>AGSA</b>	Auditor-General of South Africa
<b>APP</b>	Annual Performance Plan
<b>BBI</b>	Broadband Infracore SOC
<b>BDM</b>	Broadcasting Digital Migration
<b>CEO</b>	Chief Executive Officer
<b>CIDB</b>	Construction Industry Development Board
<b>CPS</b>	Construction Procurement System
<b>DCDT</b>	Department of Communications and Digital Technologies
<b>DDF</b>	Digital Development Fund
<b>DPME</b>	Department of Planning, Monitoring and Evaluation
<b>DOC</b>	Department of Communications
<b>DPSA</b>	Department of Public Service and Administration
<b>ECA</b>	Electronic Communications Act
<b>EC</b>	Eastern Cape
<b>ERP</b>	Enterprise Resource Planning
<b>Exco</b>	Executive Committee / Executive Council
<b>GDP</b>	Gross Domestic Product
<b>GTAC</b>	Government Technical Advisory Centre
<b>ICASA</b>	Independent Communications Authority of South Africa
<b>ICT</b>	Information and Communication Technology
<b>IDI</b>	ICT Development Index
<b>IDMS</b>	Infrastructure Delivery Management System
<b>IGS</b>	Infrastructure Gateway Systems
<b>IMF</b>	International Monetary Fund
<b>iNeSI</b>	Ikamva National eSkills Institute
<b>KZN</b>	KwaZulu-Natal
<b>M&amp;E</b>	Monitoring and Evaluation
<b>Mbps</b>	Megabits Per Second
<b>MTBPS</b>	Medium-Term Budget Policy Statement
<b>MTEF</b>	Medium-Term Expenditure Framework
<b>MTSF</b>	Medium-Term Strategic Framework
<b>NDP</b>	National Development Plan

<b>NEMISA</b>	National Electronic Media Institute of South Africa
<b>NHI</b>	National Health Insurance
<b>NSAA</b>	National Spatial Action Area
<b>NT</b>	National Treasury
<b>OD</b>	Organisational Development
<b>PFMA</b>	Public Finance Management Act
<b>PICC</b>	Presidential Infrastructure Coordinating Commission
<b>PMDS</b>	Performance Management and Development System
<b>PwD(s)</b>	People With Disability/ies
<b>Q</b>	Quarter
<b>RDP</b>	Reconstruction and Development Plan
<b>SA</b>	South Africa
<b>SCM</b>	Supply Chain Management
<b>SDG</b>	Sustainable Development Goal
<b>SIPDM</b>	Standard for Infrastructure Procurement and Delivery Management
<b>SITA</b>	State Information Technology Agency
<b>SMART</b>	Specific, Measurable, Achievable, Realistic and Time-bound
<b>SMME</b>	Small, Medium and Micro Enterprise
<b>SOC</b>	State-Owned Company
<b>SOE</b>	State-Owned Enterprise
<b>SONA</b>	State of the Nation Address
<b>SOP</b>	Standard Operating Procedure
<b>STB(s)</b>	Set-Top Box(es)
<b>TV</b>	Television
<b>UN</b>	United Nations
<b>USAASA</b>	Universal Service and Access Agency South Africa
<b>USAF</b>	Universal Service and Access Fund
<b>VAT</b>	Value-Added Tax
<b>.ZADNA</b>	.za Domain Name Authority

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## PART A: OUR MANDATE

In response to the strategic priorities of the 6<sup>th</sup> Administration, and informed by instructing legislation and policy, the Universal Service and Access Fund (USAF) has defined its role/ purpose (primary object) in the 2020-2025 Strategic Plan as to:

- 1) Provide connectivity to primary health facilities, educational institutions and needy communities;
- 2) Provide incentives to network licensees to construct, operate and maintain networks in prioritised underserved areas;
- 3) To broaden access to digital broadcasting services by qualifying households.

Aligned to this understanding, USAF then articulates its strategic focus – its vision, mission and its institutional values - for the period 2020/21–2024/25 as follows:

VISION
<p>In delivering on its mandate/purpose, the vision of USAASA is aligned to, and supports, the vision of the Department of Communications and Digital Technologies to be <i>“a leader in enabling a connected and digitally transformed South Africa.”</i></p> <p>In response, USAF has the following vision:</p> <p style="padding-left: 20px;"><b>Effective project implementation towards the goal of universal ICT access and service for all.</b></p>

MISSION
<ul style="list-style-type: none"> <li>➤ To facilitate the roll-out of adequate Information and Communication Technology (ICT) infrastructure to enable 4IR readiness and universal access to underserved areas in South Africa;</li> <li>➤ To facilitate ICT service to underserved areas, thereby contributing to the reduction of poverty and unemployment in South Africa; and</li> <li>➤ To broaden access to digital broadcasting services by qualifying households.</li> </ul>

VALUES	
Value	Description - What it means in practice
<b>Batho Pele</b>	We believe in providing excellent, efficient and effective service to all customers and stakeholders.
<b>Integrity</b>	We uphold high standards of trust; condemn bribery and corruption; honesty and respect in all interactions with stakeholders.
<b>Accountability</b>	We foster employee ownership and responsibility in ensuring quality service.
<b>Innovation</b>	We support employee creativity in delivering all our services.

VALUES	
Value	Description - What it means in practice
Transparency	We encourage openness in all our activities.
Teamwork	We strive to create a harmonious work environment, where all employees and contributors are respected.

IMPACT STATEMENT
Enhanced access to ICT and digital broadcasting services in identified underserved areas.

OUTCOMES	
Outcome 1: Broadened access to broadcast digital services by qualifying households	Outcome 2: Increased access to broadband in underserved areas

In turn, the above strategic framework and the two Outcomes inform the alignment to the delivery structure of USAF and the development of outputs, performance indicators and annual and quarterly performance metrics, as outlined in the rolling annual performance plans over the period of the Strategic Plan.

Reflected in this Annual Performance Plan are the 2020/21 planning priorities, outputs, performance indicators, annual targets and budget allocations for performance against the Outcomes of the Strategic Plan.

## 1. UPDATES TO RELEVANT LEGISLATIVE AND POLICY MANDATES

### 1.1. UPDATED LEGISLATIVE MANDATES

There are no updates to the legislative mandates outlined in the 2020-2025 Strategic Plan, which was developed at the same time as this 2020/21 Annual Performance Plan.

In the following years, updated information will be presented and discussed in this section.

### 1.2. UPDATED POLICY MANDATES

There are no updates to the policy mandates outlined in the 2020-2025 Strategic Plan, which was developed at the same time as this Annual Performance Plan.

In the following years, updated information will be presented and discussed in this section.

## 2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

There are no updates to the institutional policies and strategies outlined in the 2020-2025 Strategic Plan, which was developed at the same time as this Annual Performance Plan.

In the following years, updated information will be presented and discussed in this section.

## 3. UPDATES TO RELEVANT COURT RULINGS

There are no court judgements or rulings which have a material and/or direct bearing on the mandate and/or core operations of the Universal Service and Access Fund. However, USAASA as the administrator of the Universal Service and Access Fund might be exposed to potential litigation arising out of the previous contracts entered on procurement of set-top-boxes. Should litigation arise and the Agency will assess the legal impediments on the core operations of USAASA and mitigate the inherent risks?

## PART B: OUR STRATEGIC FOCUS

### 4. UPDATED SITUATIONAL ANALYSIS

A comprehensive situational analysis of the external environment and the internal environment has been conducted and is presented in detail in the 2020-2025 Strategic Plan, to which this year one Annual Performance Plan is aligned.

#### 4.1. EXTERNAL ENVIRONMENT ANALYSIS

##### 1.1.1. MACROECONOMIC ENVIRONMENT

On 15 March, the President of South Africa, Cyril Ramaphosa, declared a national state of disaster, and announced measures such as immediate travel restrictions and the closure of schools from 18 March 2020. On 17 March, the National Coronavirus Command Council was established, "to lead the nation's plan to contain the spread and mitigate the negative impact of the coronavirus". On 23 March, a national lockdown was announced, starting on 26 March 2020. On 21 April, a 500-billion-rand stimulus was announced in response to the pandemic. Ramaphosa announced that from 1 May 2020, a gradual and phased easing of the lockdown restrictions would begin, lowering the national alert level to 4.

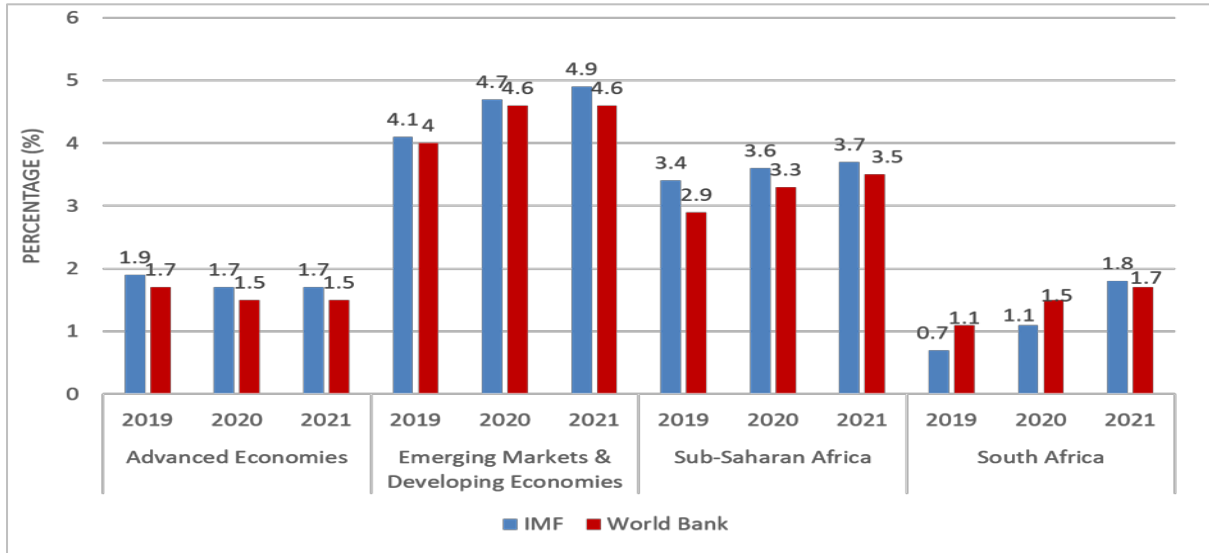
World economic growth is slowing. The IMF predicts 3% global growth for 2019, the lowest since the 2008 financial crisis. Multiplying global risks have contributed to slowing growth in both developed and developing economies. Brexit, tariffs and trade wars have contributed to an increasingly negative economic outlook, along with a generalised increase in political tension and uncertainty, as well as a growing unease at the unprecedented levels of central bank interventions in key economies.

The IMF noted that first-quarter GDP in China was stronger than forecast, but indicators for the second quarter of 2019 suggest an overall weakening of activity. A slowdown in China means a slowdown in the world, as that nation's demand has been key to global growth over the past few decades. Elsewhere in emerging Asia, as well as in Latin America, economic activity has been well below expectation. The Eurozone, a key South African trading partner, is also slowing<sup>1</sup>.

South Africa's forecast growth for 2019 was 1.5% at the time of the February 2019 Budget Speech. By the October Medium-Term Budget Policy Statement (MTBPS), it had been revised down to 0.5%, reflecting weaker exports and total inbound investment.

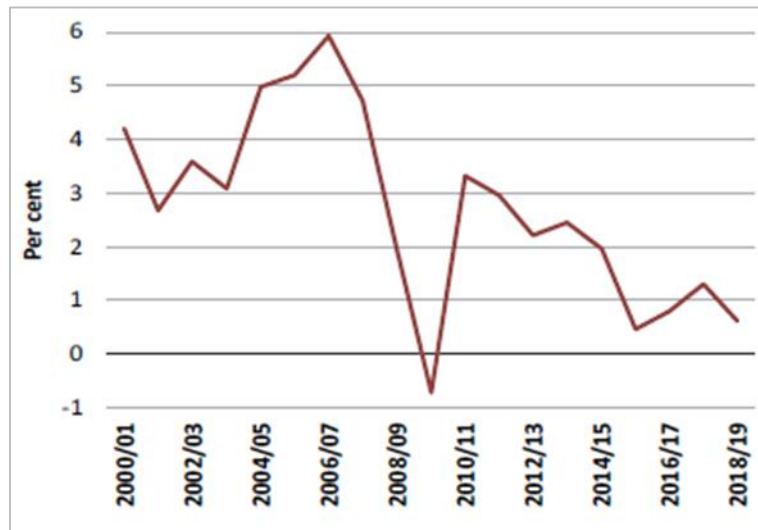
#### Figure 2: GDP growth forecasts 2019-2021

<sup>1</sup> IMF World Economic Outlook Update, 23 July 2019



As South Africa’s GDP growth trend has continued to decline, debt levels have continued to rise. Exacerbating the less favourable global conditions, local contributing factors to the slowdown have included policy uncertainty, electricity supply instability, lower investment levels, insufficient SOC investment, and poor educational outcomes<sup>2</sup>.

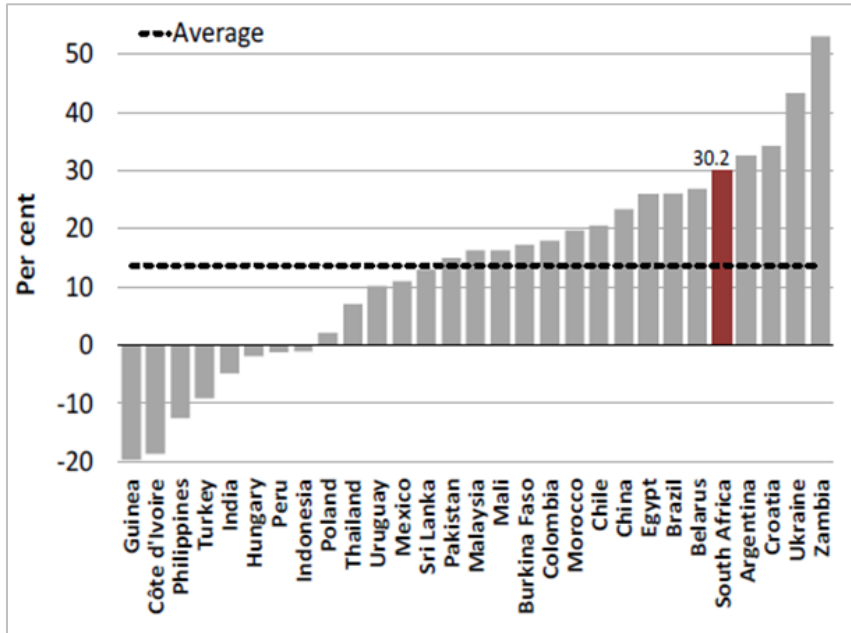
**Figure 3: South African real GDP growth**



South Africa’s relative global competitiveness has declined due to slower implementation of reforms than peer countries. The government has run large budget deficits since the global financial crisis in 2008/09, amounting to an increasingly unmanageable mountain of accumulated debt. Increased government borrowing has unfortunately failed to equate to effective government spending. South Africa has experienced one of the highest increases in debt to GDP ratio amongst peer nations over the last ten years.

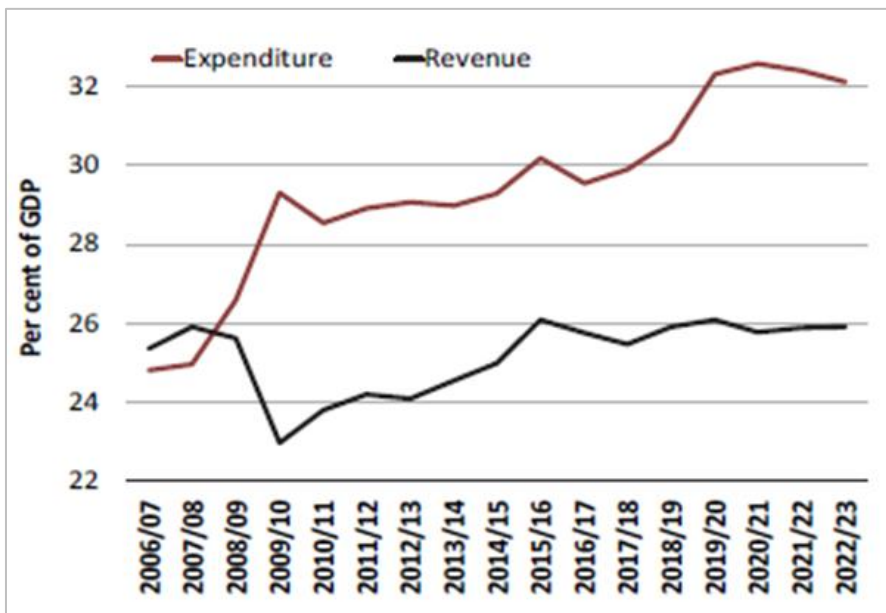
**Figure 4: Ten-year change in debt to GDP ratio**

<sup>2</sup> 2019 MTBPS



Of course, a contracting economy means contracting income for the government. The current account deficit is expected to run at 3.5% of GDP over the next three years, reflecting low import growth due to weaker domestic demand, low export demand and a generalised slowdown of growth across the globe.

**Figure 5: Main budget revenue and spending**



The estimated total revenues shortfall for 2019/20 is R52.5 billion. This reflects a poor employment outlook, with lower wages and job losses resulting in reduced personal income tax collection. The difficult trading environment means less profit for businesses, which lowers corporate tax. Weak household consumption means the State takes in less revenue through VAT.

***Government allocates funds to its central policy objectives – reducing poverty and inequality – through the budget. Over***

***the next three years, spending will total R6.3 trillion, with 48 per cent of this amount going towards social grants, education and health.***

***In the context of weak growth, however, revenue shortfalls and rising spending pressures are threatening the government's ability to maintain existing levels of service provision and infrastructure investment.***

**- MTBPS, 2019 -**

Forecasts for the next few years are less than optimistic both locally and globally. For South Africa, serious economic reforms are urgently needed to boost inclusive economic growth.

This challenging macro-economic environment implies that USAASA and USAF need to deploy its limited resources optimally in pursuit of its mandate, requiring efficiency, effectiveness and economy in its operations and management.

## **4.2. INTERNAL ENVIRONMENT ANALYSIS**

As this Annual Performance Plan is for the first year of the five year's defined in the Strategic Plan and was developed at the same time, the information is the same as that in the Strategic Plan and is not duplicated here.

There are therefore no updates to the Internal Environment Analysis at this time. In the following years, updated information will be presented and discussed in this section.

## **4.3. SUMMARY OF CRITICAL ISSUES INFORMING THE 2020/21 ANNUAL PERFORMANCE PLAN**

As acknowledged in the USAF 2018/19 Annual Report, the organisation has been through a particularly tumultuous period. Reasons cited for underperformance relate to, inter-alia:

- 1) Poor execution of procurement plans, lack of contract management of the appointed service providers and heavy reliance on the network monitoring systems of the service providers;
- 2) Poor planning and lack of a detailed database of the sites deployed in prior years, to inform decision making;
- 3) Inadequate data (Portfolios of Evidence) being submitted to substantiate the claimed connectivity targets and performance claims;
- 4) Lack of a monitoring mechanism for allocated set-top boxes for installation to registered users and also a failure by the Agency in monitoring the Service Level Agreement entered into with SAPO for distribution of the set-top boxes; and

Beyond these specific performance indicators, there remain vital areas of performance that need to be addressed, including:

- 1) Challenges relating to the implementation of the SAP system; a lack of buy-in to the system by key stakeholders being the major constraint;



- 2) Poor execution of procurement plans, a lack of contract management of the appointed service providers and heavy reliance on the network monitoring systems of the service providers;
- 3) Poor planning and lack of a detailed database of the sites deployed in prior years, to inform decision making;
- 4) Inadequate data (Portfolios of Evidence) being submitted to substantiate the claimed connectivity targets and performance claims; and
- 5) Lack of a monitoring mechanism for allocated set-top boxes for installation to registered users, and also a failure by the Agency in monitoring the service level agreement entered into with SAPO for distribution of the set-top boxes.

As part of the 2020-2025 strategic planning process, USAF utilised planning tools to assess its internal strengths and weaknesses, and external opportunities and threats, as the platform off which to plan and prioritise in developing this 2020/21 Annual Performance Plan. The detailed analysis is available separately, but key issues arising from the analysis are reflected below:

- 1) In the area of continuous effective implementation of its core business, the USAF must:
  - a) Conduct a technical evaluation on the broadband project for the OR Tambo District Municipality, to understand the technical challenges in implementation and to learn from mistakes committed, to avoid repeating the same mistakes in future deployments;
  - b) Conduct a district-wide baseline and needs assessment study for the UMgungundlovu District Municipality, so that the Fund can understand the current conditions, community needs, aspirations and expectations of the beneficiaries;
  - c) Ensure that the service providers it appoints are not only reliable and competent but also that they are duly monitored;
  - d) Establish a close working with BBI, so that the USAF network operations connect to the BBI National Operations Centre (NOC) to strengthen and support USAF portfolios of evidence, to improve the reliability of USAF information and to reduce the challenges arising from contestation around the reliability of the networks; and
  - e) Develop and maintain strong partnerships and collaborations with sister companies like BBI, SITA, ICASA and Sentech and strengthen relationships with client municipalities.
- 2) In the area of development and management of internal business processes and systems (including technology), USAF must:
  - a) Adopt and rigorously implement enabling internal supporting systems and technologies:
    - Implement a project management framework, policies and technology;
    - Have a reliable management information system;
    - Have an in-house network monitoring system; and
    - Have an in-house service desk/call centre to field problems.

- 
- b) Adopt a properly balanced scorecard approach to cascade the APP to operational plan level, and to ensure buy-in of performance requirements and expectations at an individual level, and enforce consequence management across the board;
  - c) Vigorously promote collaborative internal working relationships.

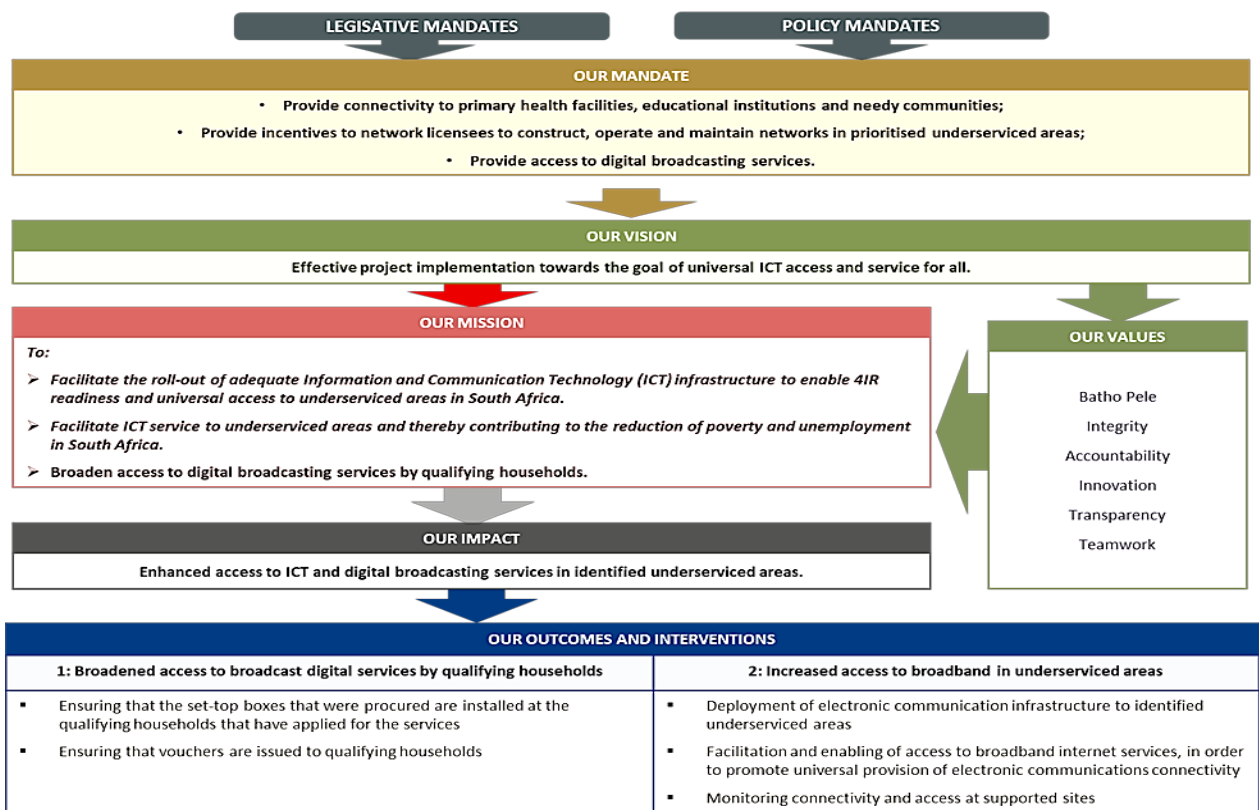
## PART C: MEASURING OUR PERFORMANCE

The Universal Service and Access Fund of South Africa (USAF) Impact and Outcomes reflected in the 2020/2025 Strategic Plan are then unpacked into the Annual Performance Plan for 2020/21 in the sections below.

### 5. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The Universal Service and Access Fund of South Africa strategic focus for the period 2020-2025 is presented below:

**The USAF strategic focus to 2025:**



The Universal Service and Access Fund is constituted by the following programmes and aligned business functions, which informs the packaging of this Annual Performance Plan:

Programme N <sup>o</sup> .	Programme Name	Sub-Programmes
Programme 1	Business Operations	<ul style="list-style-type: none"> <li>▪ Broadband infrastructure</li> <li>▪ Connectivity</li> <li>▪ Broadcasting digital migration programme</li> </ul>

The APP deliberately reflects data positioned at a higher level to aid clear and strategic reporting and excludes more operational processes and activities, which will be reflected in the relevant sub-programme operational plans for the period; which are aligned to internal working documents, and which inform the performance agreements of the relevant managers and employees.

## 5.1. PROGRAMME 1: BUSINESS OPERATIONS

### 5.1.1. PROGRAMME PURPOSE

The purpose of Programme 1: Business Operations, as per Section 82 of the ECA, can be summarised as that of a facilitator and playing a monitoring role to improve research capacity on universal service and access. It has a mandate to provide accurate and credible information on universal service and access gaps.

Despite this clear mandate, growth in the South African ICT sector has not been accompanied by a realisation of the primary policy objectives of affordable access for all, to the full range of communications services that characterise modern economies.

Key objectives and outputs detailed in this APP have been drawn from and aligned to the Universal Services and Access Strategy, and focus in the main on following sub-programmes detailed in the Universal Services and Access Strategy:

- **Community and Institutional Broadband Access** - the greatest need and opportunity for South Africans to take full advantage of ICT is to ensure widespread access to high-quality broadband networks and services in all towns and villages. This will be done by the establishment of high-capacity broadband endpoints within currently unserved towns and villages, with last-mile broadband connections to local schools, post offices, health clinics and government offices. This includes collaborative development of ICT facilities within each institution to ensure maximum public usage and benefit.
- **Universal Access to Broadcasting** - will support the transformation and expansion of the broadcasting sector, to complement the provision of universal access to multimedia forms of communication and information.

### 5.1.2. PROGRAMME OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

In contributing towards the Universal Service and Access Fund of South Africa (USAASA) desired impact of “**Enhanced access to ICT and digital broadcasting services in identified underserved areas**”, the Business Operations Programme delivers against the following Outcomes reflected in the Strategic Plan:

**Outcome 1: Broadened access to broadcast digital services by qualifying households**

**Outcome 2: Increased access to broadband in underserved areas**

The 2020/21 performance plan of Programme 1 is then reflected in the log frame tables below:

**Programme 1 - Business Operations: Outcomes, Outputs Indicators and Annual Targets:**

OUTCOME	OUTPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS		
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1: Broadened access to broadcast digital services by qualifying households	Current inventory of set-top box kits installed at qualifying households	Number of the subsidised set-top-box kits installed at qualifying households	39 988	New = 259 396 (299 384)	New = 209 689 (509 073)	New = 2 295 (511 368)	New = 860 000	N/A	N/A
	Qualifying households migrated to digital terrestrial television	Number of qualifying households migrated to digital terrestrial television through a voucher system	-	-	-	New indicator	278 011 subsidised digital television installation coordinated and in three (3) provinces.	<sup>3</sup> 3.2 million subsidized digital television installations coordinated and monitored in six (6) additional provinces	N/A
2: Increased access to broadband in underserved areas	Broadband internet connectivity to new Broadband connected sites in 4 municipal areas	Number of sites with broadband internet connectivity to new sites in identified local municipal areas	295	275	200	0	Provision of broadband internet connectivity services to 300 sites	Provision of broadband internet connectivity to 350 sites	Provision of broadband internet connectivity to 400 new sites.
	Broadband Internet connectivity at sites with an existing	Percentage of internet connectivity provided at all time at sites with existing broadband ensured	-	-	23%	75%	80%	80%	80%

<sup>3</sup> The budget allocated through the MTEF is insufficient to migrate the 3,2 million households for Phase 2 implementation of BDM and the Minister has proposed that approximately R1,6 Billion be raised through other mechanisms other than fiscus. The funds allocated through the MTEF 2022/23 is expected to migrate only 33,333 households and this projection is based on estimated R1 800 per household per IDTV.

	broadband connection								
*Subject to inventory reconciliation									

**Programme 1 - Business Operations: Indicators, Annual and Quarterly Targets:**

OUTPUT INDICATORS	2020/21 ANNUAL TARGET	QUARTERLY TARGETS			
		Q1 Apr - Jun 2020	Q2 Jul - Sep 2020	Q3 Oct - Dec 2020	Q4 Jan - Mar 2021
Number of the subsidised set-top-box kits installed at qualifying households	Installation of <b>860 000</b> subsidised set-top-box kits at qualifying households	-	Develop a project plan to inform the rollout of set-top-boxes to qualifying households  Installation of <b>26 000</b> subsidised set-top-box kits to new qualifying households ensured	Installation of <b>360 000</b> subsidised set-top-box kits to new qualifying households ensured	Installation of <b>474 000</b> subsidised set-top-box kits to new qualifying households ensured
Number of qualifying households migrated to digital terrestrial television through a voucher system	Total number of <b>278 011</b> qualifying households subsidised for digital television installation	Stakeholders' consultations conducted on the roll-out of the voucher system	Establishment of a panel of the suppliers to drive the mass availability of affordable Digital TVs or decoders that will enable the subsidised viewers to migrate	<b>139 005</b> qualifying households subsidised for digital television installation	<b>139 006</b> qualifying households subsidised for digital television installation
Number of sites with broadband internet connectivity to new sites in identified local municipal areas	Internet connectivity to <b>300</b> sites provided in targeted <b>4</b> (four) municipal areas	-	Finalisation of the Service Level Agreement  Stakeholder engagement	Provision of internet connectivity to <b>150</b> sites ensured in targeted municipal areas	Provision of internet connectivity to <b>150</b> sites ensured in targeted municipal areas
Percentage of internet connectivity provided at all time at sites with existing broadband ensured	<b>80%</b> of internet connectivity provided at all time at sites with existing broadband	Availability of a minimum of <b>75%</b> connectivity ensured at all times at sites with existing broadband	Availability of a minimum of <b>80%</b> connectivity ensured at all times at sites with existing broadband	Availability of a minimum of <b>80%</b> connectivity ensured at all times at sites with existing broadband	Availability of a minimum of <b>80%</b> connectivity ensured at all times at sites with existing broadband

### 5.1.3. PROGRAMME 1 – BUSINESS OPERATIONS: EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

In fulfilling its purpose, the Business Operations Programme will continue to enhance its project management capacity and capability to realise 2 key pillars of work, namely:

- 1) Roll-out of adequate Information and Communication Technology (ICT) infrastructure and services to enable universal access in underserved areas, with a focus on:
  - a) Deployment of electronic communication infrastructure, which is crucial to delivering broadband services to South Africans, and to overcoming the so-called "digital divide" between connected urban citizens and those living in rural areas. To mitigate these issues, it is critical that electronic communication infrastructure is delivered and thereafter monitored; and
  - b) Facilitation and enabling of access to broadband internet services in identified municipalities and areas, to promote the universal provision of electronic communications connectivity.
  
- 2) Increased access to Digital Broadcasting Services for needy households in South Africa, with a focus on:
  - a) Ensuring that the set-top boxes that were procured in previous financial years are installed at the qualifying households that have applied for the services; and
  - b) Ensuring that vouchers are issued to qualifying households through the Universal Service and Access Fund, as part of the assigned responsibility to enable qualifying needy households to receive set-top boxes free.

## 6. UPDATED KEY RISKS

As this Annual Performance Plan is for the first year of the five year's defined in the Strategic Plan and was developed at the same time, there are no updates to the key risks at this time. In the following years, the updated risk register will be presented and discussed in this section.

Outcome	Key Risk	Risk Mitigation
1. Broadened access to broadcast digital services by qualifying households	Failure to install the targeted number of digital services	Installation plan Project management Office
2. Increased access to broadband in underserved areas	Failure to realise the increase in access for targeted underserved areas	Installation plan Engagement of and/or partnership with organ(s) of state (subject to relevant required approvals)

Outcome	Key Risk	Risk Mitigation
3. A well governed and high performance organisation delivering on its mandate	Weak governance and financial management	Strengthening internal controls and financial management  Development of the service delivery model that is aligned to the strategy  Effective policies and procedures

The detailed Universal Service and Access Fund Risk Register is reviewed monthly by Exco.

## 7. THE USAF FINANCIAL PLAN AND ANNUAL BUDGET FOR 2020/21 AND THE MTEF

### 7.1. PROJECTED BALANCE SHEET FOR 2020/21

Financial position	Approved budget	Medium-term estimate		
		2019/20	2020/21	2021/22
Inventory	500 000	450 000	-	-
Loans	-	-	-	-
Receivables and prepayments	4 500	4 000	-	-
Cash and cash equivalents	1 050 000	1 000 000	1 950	2 000
<b>Total assets</b>	<b>1 554 500</b>	<b>1 454 000</b>	<b>950</b>	<b>2 000</b>
Accumulated surplus/(deficit)	1 541 000	1 444 500	1 000	1 900
Trade and other payables	13 500	9 500	950	100
Provisions	-	-	-	-
<b>Total equity and liabilities</b>	<b>1 554 500</b>	<b>1 454 000</b>	<b>1 950</b>	<b>2 000</b>
<b>Contingent liabilities</b>	-	-	-	-
<b>Accumulated Surplus/(deficit), Capital &amp; Reserves</b>	<b>1 541 000</b>	<b>1 444 500</b>	<b>1 000</b>	<b>1900</b>



**7.2. PROJECTED INCOME STATEMENT FOR 2020/21**

Statement of financial performance	Revised estimate	Medium-term estimate			
		2019/20	2020/21	2021/22	2022/23
R thousand					
<b>Revenue</b>					
<b>Non-tax revenue</b>	<b>65 000</b>	<b>80 000</b>	<b>120 000</b>	<b>10 000</b>	
<i>Other non-tax revenue</i>	65 000	80 000	120 000	10 000	
Interest, dividends and rent on land	65 000	80 000	120 000	10 000	
<b>Transfers received</b>	<b>63 622</b>	<b>563 507</b>	<b>1 229 919</b>	<b>131 097</b>	
<b>Total revenue</b>	<b>128 622</b>	<b>643 507</b>	<b>1 349 919</b>	<b>141 097</b>	
<b>Expenses</b>					
<b>Current expenses</b>	<b>3 936</b>	<b>4 152</b>	<b>4 381</b>	<b>4 591</b>	
Compensation of employees	–	–	–	–	
Goods and services	3 936	4 152	4 381	4 591	
<b>Transfers and subsidies</b>	<b>102 492</b>	<b>639 355</b>	<b>1 345 538</b>	<b>136 506</b>	
<b>Total expenses</b>	<b>106 428</b>	<b>643 507</b>	<b>1 349 919</b>	<b>141 097</b>	
<b>Surplus/(Deficit)</b>	<b>22 194</b>	<b>–</b>	<b>–</b>	<b>–</b>	

**7.3. OPERATIONAL BUDGET PROJECTIONS FOR 2020/21**

	Revised estimate	Medium-term expenditure estimate			
		2019/20	2020/21	2021/22	2022/23
R million					
Administration	3 936	4 152	4 381	4 591	
Broadband infrastructure	–	–	–	–	
Broadband infrastructure and Connectivity	75 887	138 934	182 175	76 135	
Broadcasting Digital Migration	26 605	500 421	1 163 363	60 371	
<b>Total</b>	<b>106 428</b>	<b>643 507</b>	<b>1 349 919</b>	<b>141 097</b>	

## 8. PUBLIC ENTITIES

The Universal Service and Access Fund of South Africa (USAF) does not have any Public Entities.

## 9. INFRASTRUCTURE PROJECTS

Not applicable to the Universal Service and Access Fund of South Africa.

## 10. PUBLIC / PRIVATE PARTNERSHIPS

Not applicable to the Universal Service and Access Fund of South Africa at this stage.

### PART D: TECHNICAL INDICATOR DESCRIPTIONS

## 11. PROGRAMME 1: BUSINESS OPERATIONS

<b>Indicator Title</b>	<b>Number of the subsidised set-top-box kits installed at qualifying households</b>
<b>Definition</b>	This indicator measures the total number of subsidised set-top boxes installed at qualifying households.
<b>Source of data</b>	Progress Reports List of qualifying households
<b>Method of Calculation / Assessment</b>	Simple count of the total number of set-top boxes installed, subject to the verification of the number of the STBs at SAPO warehouses
<b>Means of verification</b>	Progress Reports List of qualifying households
<b>Assumptions</b>	Systems and processes to track inventory and installations have been strengthened  Installation of the total number of 860 000 Set-Top-Box, subject to the verification of the numbers of STBs at SAPO warehouses, by end of the 2020/21 Financial Year in terms of the revived Cabinet approved delivery model for Broadcasting Digital Migration Phase 1 implementation.
<b>Disaggregation of Beneficiaries (where applicable)</b>	Not applicable

<b>Spatial Transformation (where applicable)</b>	The target is specific to identified qualifying households, nationwide
<b>Calculation Type</b>	Non-Cumulative (Year-end)
<b>Reporting Cycle</b>	Quarterly
<b>Desired Performance</b>	Installation of the total number of 860 000 Set-Top-Box, subject to the verification of the numbers of STBs at SAPO warehouses, by end of the 2020/21 Financial Year in terms of the revised Cabinet approved delivery model for Broadcasting Digital Migration Phase 1 implementation.
<b>Indicator Responsibility</b>	Executive Operations

<b>Indicator Title</b>	<b>Number of qualifying households migrated to digital terrestrial television through a voucher system</b>
<b>Definition</b>	This indicator measures the total number of 278 011 qualifying households subsidised for digital television installations through a voucher system.
<b>Source of data</b>	Progress reports Voucher redemption reports
<b>Method of Calculation / Assessment</b>	Simple count of the total number of vouchers issued to the qualifying households subsidised for digital television installations
<b>Means of verification</b>	Progress reports Voucher redemption reports
<b>Assumptions</b>	Assuming sufficient funds are made available to USAF.  The total number of the vouchers to be issued is based on the Cabinet approved amount of R1800,00 for voucher amount to subsidise the Integrated Television Set per households. The number is divided by the total amount of R500,421,000 budget allocated for the target in this financial year. The amount excludes installation amount and a total number of 278 011 vouchers to be issued to qualifying households subsidised for digital television installation.
<b>Disaggregation of Beneficiaries (where applicable)</b>	Not applicable
<b>Spatial Transformation (where applicable)</b>	The target is specific to identified qualifying households, nationwide
<b>Calculation Type</b>	Cumulative (Year-to-Date)
<b>Reporting Cycle</b>	Annually
<b>Desired Performance</b>	The total number of 278 011 qualifying households subsidised for digital television installations through a voucher system.
<b>Indicator Responsibility</b>	Executive Operations

<b>Indicator Title</b>	<b>Number of sites with broadband internet connectivity to new sites in identified local municipal areas</b>
<b>Definition</b>	Number of sites with internet connectivity in targeted municipal areas
<b>Source of data</b>	Report from a service provider
<b>Method of Calculation / Assessment</b>	Simple count of the number of connected sites
<b>Means of verification</b>	Report from a service provider
<b>Assumptions</b>	<p>The target is dependent on the availability of budget, and more sites might be done if the budget is available at disposal.</p> <p>The Agency intends to roll out more than 300 sites based on the budget available in 2020/21 financial year.</p>
<b>Disaggregation of Beneficiaries (where applicable)</b>	Not applicable
<b>Spatial Transformation (where applicable)</b>	Targets and sequence are defined by the districts identified at national level (PDAs), as reflected in the Master List.
<b>Calculation Type</b>	Cumulative (Year-to-Date)
<b>Reporting Cycle</b>	Quarterly
<b>Desired Performance</b>	300 sites (in 4 municipalities) connected
<b>Indicator Responsibility</b>	Executive Operations

<b>Indicator Title</b>	<b>Percentage of internet connectivity provided at all time at sites with existing broadband ensured</b>
<b>Definition</b>	The percentage of the already connected sites, in terms of current contracts, with access to broadband internet services within the identified municipality
<b>Source of data</b>	<ul style="list-style-type: none"> <li>▪ List of the already connected sites that have been connected in terms of existing contracts</li> <li>▪ Ongoing access report or usage report for each site</li> </ul>
<b>Method of Calculation / Assessment</b>	<p><u>Calculation:</u></p> <ul style="list-style-type: none"> <li>▪ Numerator – total number of connected sites with internet connectivity in the period</li> <li>▪ Denominator – total number of connected sites in terms of current contracts in the period</li> </ul>
<b>Means of verification</b>	<ul style="list-style-type: none"> <li>▪ List of existing sites that have been connected in terms of existing contracts</li> <li>▪ Ongoing access report or usage report for each site</li> </ul>
<b>Assumptions</b>	<p>The target is based on various environmental factors beyond USAF’s control</p> <p>– these are remote rural areas where internet access and the servicing of endpoints is dependent on electricity availability, weather patterns, access roads, continuous electricity availability at access points such as schools and clinics which also include the high sites and other factors.</p> <p>For this reason, the target is set at 80%</p>
<b>Disaggregation of Beneficiaries (where applicable)</b>	Not applicable
<b>Spatial Transformation (where applicable)</b>	Targets and sequence are defined by the districts identified at national level (PDAs), as reflected in the Master List.
<b>Calculation Type</b>	Non-cumulative
<b>Reporting Cycle</b>	Quarterly
<b>Desired Performance</b>	Minimum of 80% <sup>1</sup> of existing sites with internet connectivity in 2020/21
<b>Indicator Responsibility</b>	Executive Operations

<sup>1</sup> 85 % of valid existing contracted sites.

## ANNEXURES TO THE ANNUAL PERFORMANCE PLAN

### ANNEXURE A: AMENDMENTS TO THE STRATEGIC PLAN

Not applicable for 2020/21, as the first year of the 2020/21 – 2024/25 Strategic Plan.

### ANNEXURE B: CONDITIONAL GRANTS

Not applicable to the Universal Service and Access Fund of South Africa.

### ANNEXURE C: CONSOLIDATED INDICATORS

Not applicable to the Universal Service and Access Fund of South Africa.

### ANNEXURE D: DISTRICT DEVELOPMENT MODEL

#### USAASA BROADBAND ROLLOUT FOR 2020/2021 FINANCIAL YEAR

##### 1. Introduction

The Universal Service and Access Agency of South Africa (“USAASA”) is established in terms of Section 80 of the Electronic Communications Act Number 36 of 2005 (“the ECA”) as amended, as a statutory body with a sole mandate of promoting the goal of universal access and universal service to electronic communications network services (“ECNS”) and electronic communications services (“ECS”).

In the interest of fulfilling its mandate of ensuring universal service and universal access to ICTs in underserved areas as provided for in the ECA, USAASA contracts through an open tender process qualified and licensed Service Providers. The appointed service provider upon confirmation of the appointment will then construct and/or extend electronic communications infrastructure and provide broadband internet services to identified Local Municipalities that have been identified as underserved areas of the Republic of South Africa.

##### 2. Background

During the 2018/2019 financial year, USAASA could not deploy broadband infrastructure and connectivity services at any planned local municipality due to the delayed internal procurement processes. When approving the 2019/2020 USAF annual performance plan, the Minister of Telecommunications and Postal Services, Ms Stella Ndabeni-Abrahams, advised USAASA to collaborate with Broadband Infracore (BBI) when deploying broadband.

Some of the key reasons that led to the request to collaborate with BBI were: -

- a) Alignment with the SA Connect that is being implemented by BBI and SITA
- b) The sustainability of the previously deployed broadband projects beyond the 24-month subsidy period
- c) The ownership of the infrastructure after USAF has paid the subsidies

<sup>1</sup> 85 % of valid existing contracted sites.

In the 2020/2021 financial year, the Agency is planning to deploy broadband infrastructure and internet connectivity at two local municipalities (Ports St Johns and Ingquza Hill) at OR Tambo District Municipality in the Eastern Cape.

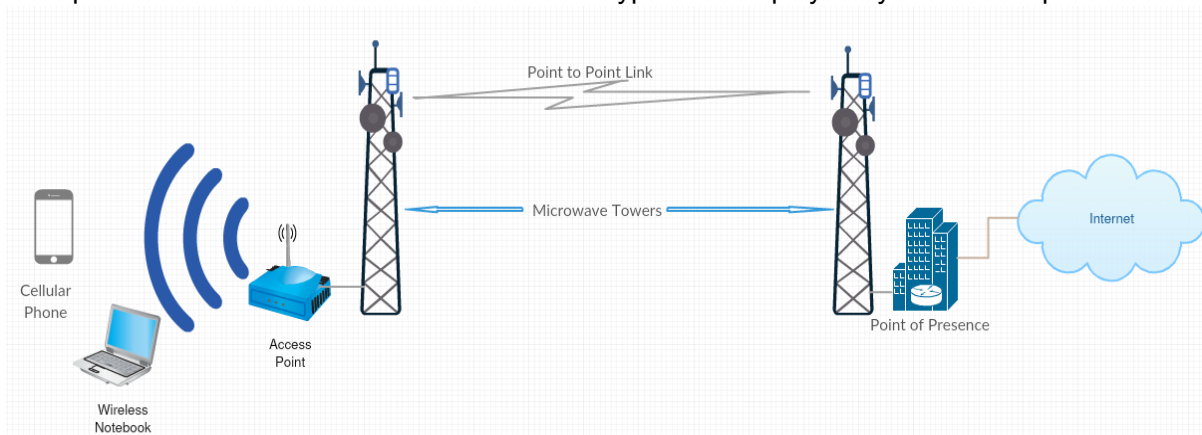
### 3. Implementation Process

The network to be deployed has two phases. The first phase is the deployment of the backhaul infrastructure and the second phase being deployment of access infrastructure. The implementation process to rollout broadband will be as follows:

#### 3.1. Backhaul Infrastructure

The revised implementation model is envisaged to enable the sustainability of the built network including commercialisation thereof. The Agency has now decided to no longer subsidise the building of the infrastructure, instead, the service provider will upon building the infrastructure amortize the built infrastructure through a minimum of 5-year connectivity provision period. USAASA will appoint the service provider to build the broadband infrastructure network using its funds. By establishing such a model, USAASA will not be expected to continually support and fund the infrastructure because the Agency would not have subsidised the deployed infrastructure. In this way, the appointed service provider will be obliged to commercialise the network by offering different products and services to business and other potential customers.

The backhaul will be linked to a Point of Presence (PoP) at either Telkom, BBI, Neotel/Liquid Telecoms or any other licenced fibre national backbone network operator. The PoP should connect the backhaul network to the national fibre backbone network. From the PoP, the signal will be relayed to the first high site tower using high gain microwave links. Refer to below figure 1 for the example of the end-to-end network transmission type to be deployed by the service provider.



Source: ITU

Figure 1 – End-to-end network architecture

The above diagram depicts the network transmission type which the Agency envisage to deploy at the two local municipalities as part of the backhaul infrastructure, which is a microwave point-to-point transmission network from the nearest PoP to the first high site that brings the signal into the municipality. It should also be noted that between the PoP and the first site at the local municipality, there could be other high sites connecting them.

Once the network reaches the local municipality, it will be designed such that it forms a Point-to-Multipoint network, thus connecting the endpoints (end-users i.e. clinics, schools, etc.). Within the local municipality, there will be other high sites which will connect villages that are further away from the main site.

<sup>1</sup> 85 % of valid existing contracted sites.



### *3.2. Access Infrastructure*

The access infrastructure, on the other hand, will consist of the planned end-point-sites that will be wirelessly connected to the backhaul network to provide broadband internet connectivity. The Agency is planning to connect 150 access sites (end-point-sites) at each municipality, which will encompass clinics, schools, other government facilities within the municipalities as well as the free public Wi-Fi hotspots. Besides the free Wi-Fi hotspots, each site will be equipped with no less than two access points to enable good and better coverage of the site.

To effectively deploy the network and to get benefits out of it, USAASA plans are to first build the access infrastructure and do end-to-end testing to connect access sites upon completion backhaul (high-sites) construction. This means that once all the high sites have been constructed successfully; all the clinics, schools, public Wi-Fi hotspots, and other government facilities that are in the line of sight to the high site will have their internet connectivity activated.

To achieve the above, when the Terms of Reference (ToR) are prepared, they will have to include these requirements so that bidders are aware of what is expected of them to deliver the project. By so doing, USAASA will be able to identify qualifying service providers during the bid evaluation process. Once a specific service provider/s has been identified, the Service Level Agreement (SLA) will be designed such that it contains all the technical requirements that were included in the ToR.

### *3.3. Network testing and independent monitoring tool*

Once the network has been constructed, there will be end-to-end network testing before the users can be gradually added onto the network itself. The network testing will be conducted by the appointed service provider. Once the service provider has conducted the tests and a test report has been submitted, USAASA will engage relevant partners to conduct the final end-to-end testing of the completed portion of the network.

For the Agency to be able to monitor sites independently, USAASA will also involve some of the sister organisations to monitor the network through its existing network monitoring tool in all the sites that will be constructed by the service provider. This will also form part of the ToRs so that the bidders are aware of the intentions of the Agency.

## **4. Other important aspects to be considered for the project**

### *4.1. Stakeholder Management/Engagement*

During the initiation stage, stakeholder engagement needs to be conducted, and it is during the stakeholder engagements that the expectations of the local municipality and the residents should be addressed and be aligned to the delivery of the project. For example, issues related to procurement processes and the network ownership model need to be explained to the local municipality. Some local business might position themselves as implementers of the project even if they do not have the necessary skills and abilities to carry out the project. In such instances, those who are interested will be advised to engage the appointed service provider.

### *4.2. Awareness campaigns*

Communities will be educated about the network and the benefits it will bring to the community at large. There will be more emphasised to the teachers (Principals), because they tend to switch off electricity during the school's holiday and after hours, thus affecting some of the components of the network.

<sup>1</sup> 85 % of valid existing contracted sites.