



UNIVERSAL SERVICE AND ACCESS FUND
ANNUAL PERFORMANCE PLAN
FOR THE FINANCIAL YEAR
2022/2023





The APP 2022/23 of the Universal Service and Access Agency of South Africa is compiled with the latest available information to the Agency.

For more information, please contact

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ACCOUNTING AUTHORITY STATEMENT

The Universal Service and Access Fund (USAF) play an essential part in our efforts to improve the lives of the people of South Africa through the leveraging of Information and Communications Technologies (ICTs) as a critical enabler of economic activity in an increasingly networked world.

As a sector, Information and Communications Technologies (ICTs) may provide critical direct opportunities for manufacturing, service provision and job creation, but their main contribution to economic development is to enhance communication and information flows that improve productivity and efficiency. The National Development Plan, Vision 2030 (NDP) emphasises that ICTs underpin the development of dynamic and connected information society and a vibrant, more inclusive and prosperous knowledge economy.

Despite far-reaching efforts over the past 26 years, universal service and universal access remain a challenge, as household size has reduced and urbanisation has accelerated. In response, the USAASA mandate continues to support the achievement of the noble action of universal access to affordable modern electronic communications infrastructure and services by the poor, irrespective of their geographic location, as articulated in the NDP.

Over the 2022- 2024 period, the delivery of adequate Information and Communication Technology (ICT) infrastructure to enable Fourth Industrial Revolution (4IR) readiness and universal access in underserved areas in South Africa, as well as access to digital broadcasting services by qualifying households, must take us closer to achieving the outcomes articulated in the Medium-Term Strategic Framework (MTSF) for spectrum licensing, broadband rollout and reducing the cost of communications.

The USAF has a mandate expressed in both the Constitution of South Africa (section 16 of The Bill of Rights) and the underpinning legislation – the Electronic Communications Act 36 of 2005. The USAF pre-determined objectives, key performance indicators and targets for the 2022 – 2023 financial year as outlined in this Annual Performance Plan have been prepared in accordance with the Fund's mandate.

Delivery under the National Integrated ICT Policy White Paper (ICT White Policy) requires significant shifts in the policy environment. These changes create a more transparent and equitable ICT environment. It allows the government to roll out quality communications and broadband infrastructure to reach all country areas and ensure universal access and services. This policy paves the way for the start of a legislative program that will amend laws where necessary, set up new proposed structures or institutions, guide government interventions, improve access to modern communications and postal infrastructure and services for all, improve the ability of all citizens to meaningfully participate in the digital economy and simplify the regulatory regime to foster competition and make it easier to comply. The ultimate goal is to ensure that everyone, regardless of who they are, where they live or their social or economic standing, can benefit from the opportunities offered by ICT either on an individual or shared basis.

To this end, the USAF APP activities will consider the ICT White Paper Policy proposals around the dissolving of USAASA and the establishment of the Digital Development Challenge Fund (DDCF), which will significantly contribute to closing the digital divide.

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In this regard, for the period of this Annual Performance Plan, the USAF and its administrator USAASA will continue with the deployment of electronic communication infrastructure, which is crucial to delivering broadband service to South Africa and to overcoming the so-called "digital access gaps" between connected urban citizens and those living in rural areas. This will facilitate the development of a dynamic and connected information society in underserved local municipalities. The entity will continue to broaden universal access to Digital Broadcasting Services for indigent households in South Africa. USAF will focus on ensuring subsidies are issued to qualifying households as part of the assigned responsibility to enable qualifying indigent households to receive set-top-boxes free.

Specifically, the USAF will continue to facilitate the rollout of adequate Information and Communication Technology (ICT) infrastructure to enable 4IR readiness and universal access to underserved areas in South Africa; to facilitate ICT service to underserved areas, thereby contributing to the reduction of poverty and unemployment in South Africa, and to broaden access to digital broadcasting services by qualifying households.

USAF will seek to position itself as a respected thought leader on universal service and universal service. USAASA will package information in a manner that supports the adoption and use of new methods of attaining universal access and universal service; and keeping abreast of developments in the Republic and elsewhere on information communication technology, the Fourth Industrial Revolution (4IR), electronic communications services and electronic communications facilities.

I commend the USAASA Annual Performance Plan 2022-2023 to South African citizens and hope that our proposals are easy to read and understand. As the Accounting Authority of the institution, I give my full support to this 2022-2023 Annual Performance Plan of the Universal Service and Access Agency of South Africa, and I have complete confidence in the management and staff's ability to implement this plan.



Ms DZ Kula-Rantho
Interim Chairperson of the Board
USAASA

CHIEF EXECUTIVE OFFICER STATEMENT

The compilation of this Annual Performance Plan (APP) 2022-2023 of the Universal Service and Access Fund (USAF) was guided by the overarching prominence and direction of the National Development Plan (NDP) as the lodestar that shines our path in our collective journey towards Vision 2030, and the Medium Term Strategic Framework (MTSF) as the vehicle that will carry us over 5 (Five) years which, is underpinned by the 7 (Seven) Apex Priorities, which are the primary focus of the Sixth Administration.

Therefore, this Annual Performance Plan provides a framework of the USAF interventions for the 2022-2023 financial year. The prescripts of the NDP underpin all the programmes outlined in this document as our overarching plan leading to 2030.

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 2022-2023, as the third year of the five-year strategy 2020-2025.

In support of the National Development Plan, the five-year Strategic 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) **Apex Priority 1:** A Capable, Ethical and Developmental State
- 2) **Apex Priority 2:** Economic Transformation and Job Creation
- 3) **Apex Priority 3:** Education, Skills and Health

In responding to the above Apex 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 included 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 discussions in the National Integrated ICT Policy White Paper (ICT White Policy) proposals around the dissolving of USAASA and establishment of

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the Digital Development Challenge Fund (DDCF) which, will significantly contribute to closing the digital divide.

In fulfilling its primary mandate for the period to 2022-2025, USAF will focus on achieving the following strategic medium-term results:

- 1) Facilitating the rollout 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.

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 USAASA team.

While an immense amount of work lies ahead of us in the 3 (Three) years, we believe that the Strategic Plan reflects the right ideas, plans and resource considerations to ensure the achievement of the ambitious plan, commencing with the work reflected in this Annual Performance Plan.

I fully endorse this Annual Performance Plan for 2022-2023.



Ms Chwayita Madikizela
Acting Chief Executive Officer
USAASA

OFFICIAL SIGN-OFF

It is hereby certified that this 2022/23 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 2022/23 financial year.



Ms Sharonne Scheepers
EXECUTIVE CORPORATE SERVICES (ACTING)
 Date: 28/01/2022



Mr Trevor Nivi
EXECUTIVE OPERATIONS (ACTING)
 Date: 28/01/2022



Mrs. Linda Ngcwembe
SENIOR MANAGER FINANCE
 Date: 28/01/2022



Mr Siphso Mngqibisa
HEAD OFFICIAL RESPONSIBLE FOR PLANNING
 Date: 28/01/2022



Ms Mkhayita Madikizela
CHIEF EXECUTIVE OFFICER (ACTING)
 Date: 28/01/2022

APPROVED BY:



Ms DZ Kula-Rantho
ACCOUNTING AUTHORITY (CHAIRPERSON OF THE BOARD)
 Date: 31/01/2022

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PART A:
OUR MANDATE

PART A: OUR MANDATE

In response to the strategic priorities of the 6th 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 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 2022/23–2024/25 as follows:

VISION

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 *"a leader in enabling a connected and digitally transformed South Africa."*

In response, USAF has the following vision:

Effective project implementation towards the goal of universal ICT access and service for all.

MISSION

- *To facilitate the rollout of adequate Information and Communication Technology (ICT) infrastructure to enable 4IR readiness and universal access to underserved areas in South Africa;*
- *To facilitate ICT service to underserved areas, thereby contributing to the reduction of poverty and unemployment in South Africa; and*
- *To broaden access to digital broadcasting services by qualifying households.*

VALUES

Value	Description - What it means in practice
Batho Pele	We believe in providing excellent, efficient and effective service to all customers and stakeholders.
Integrity	We uphold high standards of trust, condemn bribery and corruption, honesty and respect in all interactions with stakeholders.
Accountability	We foster employee ownership and responsibility in ensuring quality service.

VALUES	
Value	Description - What it means in practice
Innovation	We support employee creativity in delivering all our services.
Transparency	We encourage openness in all our activities.
Teamwork	We strive to create a harmonious work environment where all employees contributions are respected.

IMPACT STATEMENT
<i>Enhanced access to ICT and digital broadcasting services in identified underserved areas.</i>

OUTCOMES		
Outcome 1: Broadened access to digital broadcast services by qualifying households	Outcome 2: Increased access to broadband in underserved areas	Outcome 3: A well-governed and high-performance Fund, delivering on its mandate

In turn, the above strategic framework and the three 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 for the Strategic Plan.

This Annual Performance Plan reflects the 2022/23 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

The Universal Service and Access Agency of South Africa (USAASA) was established under the Electronic Communications Act, 2005 (Act No. 36 of 2005 as amended by Act No. 1 of 2014) to promote universal access and universal service goals in the under-served areas of South Africa. Licensees are required to contribute to the Universal Service and Access Fund (USAF), which is intended to incentivise and subsidise the rollout of electronic communications networks in under-served areas.

Name of the Act	Purpose
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<p>Electronic Communications Act, 2005 (Act No. 36 of 2005)</p>	<p>To promote convergence in the broadcasting, broadcasting signal distribution and telecommunications sectors and to provide the legal framework for convergence of these sectors; to make new provisions for the regulation of electronic communications services, electronic communications network services and broadcasting services; to provide for the granting of new licenses and new social obligations; to provide for the control of the radio frequency spectrum; to provide for the continued existence of the Universal Service Agency and the Universal Service Fund, and to provide for matters incidental thereto.</p>
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In executing its role, the Fund is also guided, amongst others, by: -

Name of the Act	Purpose
<p>The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)</p>	<p>The Constitution of South Africa is the supreme law of the Republic of South Africa. It provides the legal foundation for the existence of the Republic. It sets out the rights and duties of its citizens and defines the structure of the government.</p>
<p>The Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended)</p>	<p>To regulate financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets and liabilities are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in the government.</p>
<p>The Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)</p>	<p>The PPPFA regulates the procurement policy and framework of organs of state. Its purpose is to enhance the participation of Historically Disadvantaged Individuals (HDIs) and small, medium and micro enterprises (SMMEs) in the public-sector procurement system.</p>
<p>The Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)</p>	<p>Broad-based black economic empowerment (BBBEE) is a government policy to advance economic transformation and enhance the economic participation of Black people (African, Coloured and Indian people who are South African citizens) in the South African economy.</p>
<p>The Infrastructure Development Act, 2014 (Act No. 14 of 2014)</p>	<p>The aim of the Infrastructure Development Act aims to provide for the facilitation and coordination of public infrastructure development which is of significant economic or social importance to the Republic; to ensure that infrastructure development in the Republic is given priority in planning, approval and implementation; to ensure that the development goals of the state are promoted through infrastructure development and to improve the management of such infrastructure during all life-cycle phases, including planning, approval, implementation and operations.</p>

1.2 UPDATED POLICY MANDATES

The National Development Plan, Vision 2030 (NDP, 2012) is the national framework for broadly developing the South African economy and society. The NDP describes the critical role of innovation, research and development in fostering sustained competitiveness and profitability in the economy in the face of a world economy that is rapidly transforming into a knowledge and network economy. Evidence suggests that increasing public investment in innovation, research and development, and related infrastructure and access will enable South Africa's economic development, competitiveness and sustainable growth.

In turn, the Medium Term Strategic Framework (MTSF) is a high-level strategic document and is the central organising framework to guide the rolling five-year implementation and monitoring of the NDP, Vision 2030.

2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

The Fund does not have a specific established policy through legislation, and its mandate is derived from the following policies:

Name of the institutional policies and strategies	Purpose
South Africa's Broadband Policy: South Africa Connect, 6 December 2013	<p>In terms of the Electronic Communications Act, 2005 (Act No.36 of 2005), the Department of Communications and Digital Technologies published a policy document, "South Africa Connect: Creating Opportunities, Ensuring inclusion: South Africa's Broadband Policy". This was gazetted on 6 December 2013.</p> <p>SA Connect is a four-pronged strategy consisting of 4 "sub-strategies" which will move the country from the current state to achieving its targets over the next 10 (ten) years.</p> <p>SA Connect guides the ICT sector as a whole, and USAASA in particular, in terms of the approach that must be taken to promote broadband deployment, usage and uptake in the country.</p>
The National Integrated Information and Communication Technologies (ICT) Policy White Paper, 28 September 2016	<p>The National Integrated Information and Communication Technologies (ICT) Policy White Paper that Cabinet approved on 28 September 2016 will affect Universal Service. It proposes the revision of services and access based on the research outcome to support the policy revision. The White Paper further suggests that USAASA should be reformulated into a Digital Development Fund and stipulates contributions by licensees into the Fund. Lastly, the report revises the USAASA institutional framework.</p> <p>Establishing a Digital Development Fund will effectively remove USAASA's policymaking and regulatory functions, leaving the organisation to focus on funding and project management. The</p>

	<p>motivation behind this shift in the institutional framework is to allow USAASA to focus on its main priority: service and access delivery to the nation.</p>
<p>Broadcasting Digital Migration Policy For South Africa, August 2008</p>	<p>As a matter of policy, the government must consider the means to make STBs affordable and available to the poorest TV-owning households. The government has therefore decided, as mandated by section 88(1) (a) of the Electronic Communications Act to subsidise poor TV owing households through USAF [Universal Service and Access Fund]. This support by the government should be seen as part of its commitment to bridging the digital divide in South Africa.</p>

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 Universal Service and Access Fund administrator, might be exposed to potential litigation arising out of the previous contracts entered on the procurement of set-top-boxes. Should litigation arise, the Agency will assess the legal impediments on the core operations of USAASA and mitigate the inherent risks.

PART B:

OUR STRATEGIC FOCUS

4. PART B: OUR STRATEGIC FOCUS

4.1 UPDATED SITUATIONAL ANALYSIS

South Africa's economy is expected to grow by 5.1 per cent in 2021, following a 6.4 per cent contraction in 2020. Domestic economic activity recovered more rapidly than anticipated in the 2021 Budget, supported by international demand and higher commodity prices.

Structural constraints in the domestic economy are expected to slow the recovery. Inadequate electricity supply, combined with pandemic-induced job losses, will continue to limit the speed and durability of the recovery and long-term growth. Global factors, including higher and more persistent inflation and associated changes in monetary policy, along with changes in commodity prices, add to uncertainty about the medium-term outlook.

The rollout of vaccines continues to support improved global and domestic activity. However, access to vaccinations remains skewed between and within countries, inhibiting broader vaccine coverage and raising concerns about the emergence of more aggressive variants of COVID-19. Although South Africa has opened up free vaccinations to a significant portion of its population, the take-up of vaccinations has been slow. As a result, future pandemic waves pose risks to communities and economic activity.

Over the medium term, economic and fiscal policy balances the need to restore jobs and support businesses, protect vulnerable groups, and implement a series of reforms needed to promote faster GDP growth. Collectively, these interventions will support confidence, investment and job creation – and a more resilient, equitable and competitive economy. Debt stabilisation will also support recovery by reducing the cost of capital.

Progress on reforms critical to economic recovery

The government, through Operation Vulindlela, has made progress on several key reforms outlined in its October 2020 economic recovery plan. The amendment of Schedule 2 of the Electricity Regulation Act (2006), raising the licensing threshold from 1 to 100 megawatts (MW), has made it possible for private power generators to sell directly to customers. This will reduce pressure on the national grid and alleviate the risk of power cuts. The pace and scale of private generation will largely depend on the ease of the National Energy Regulator of South Africa registration process, which needs to be streamlined. Amended regulations also enable municipalities to self-generate or procure power directly from independent power producers. Over the longer term, creating a competitive energy market will help contain the costs of generating electricity and support GDP growth.

The government has announced the corporatisation of the Transnet National Ports Authority as an independent subsidiary of Transnet and appointed an interim board. The separation of port infrastructure and operations will create incentives for efficiency and competitiveness between port service providers – reducing delays, improving services and introducing cost discipline.

Reforms in progress

Electricity: Government initiated the procurement of additional electricity generation capacity through the fifth bid window of the Renewable Energy Independent Power Producer Procurement Programme in April 2021. This and the next two bid windows are expected to add 6 800 MW of renewable energy to the grid over the medium term – enough to power over 4 million homes.

Transport: Transnet Freight Rail will allow third-party access to the freight rail network by end-2022. Allowing private rail operators to use the freight rail network will bolster system volume and capacity.

Tourism: The now completed eVisa system will be rolled out to 15 countries by March 2022, providing much-needed support for the tourism sector.

Water: Legislative drafting and financial modelling have been done to establish a National Water Resources Infrastructure Agency responsible for improving the management of bulk water resources. The Department of Water and Sanitation is fast-tracking its application process to ensure that the 90-day target for issuing single-use water licences will be implemented by March 2022 to improve the ease of doing business.

Telecommunications: Work is under way to standardise and improve processes for applications to use property in rolling out towers and fibre to expand digital communications infrastructure. This work will be finalised by October 2022.

Infrastructure: A review of the public-private partnership regulations was completed in May 2021. Its recommendations include simplifying the regulations, eliminating delays in approval and implementation, and standardising project preparation; and building capacity at all levels of government. These will be implemented from early 2022.

However, critical reforms in the telecommunications space have been delayed, constraining innovation and access to better-priced data. These reforms include the release of spectrum through an auction and digital migration, delayed due to recent legal challenges launched by mobile operators. In addition, the Independent Communications Authority of South Africa's possible recall of temporary spectrum at the end of November will affect the quality of digital services for those working from home and leave millions of households without free access to educational and health websites. The government assigned this spectrum in April 2020 to alleviate pressure on digital services in light of the COVID-19 lockdowns.

The recovery's durability will depend on the implementation of a broad range of structural reforms that inspire confidence and create an enabling environment for accelerating and sustaining economic activity. In the context of limited fiscal space, reforms that require little budgetary support – including regulatory reforms that enhance competition – are being prioritised.

Global outlook

The International Monetary Fund (IMF) expects global GDP to increase by 5.9 per cent in 2021, moderating to 4.9 per cent in 2022. The outlook remains highly uncertain.

Table 2.1 Economic growth in selected countries

Region/country	2019	2020	2021	2022	2023
Percentage	Actual		Forecast		
World	2.8	-3.1	5.9	4.9	3.6
Advanced economies	1.7	-4.5	5.2	4.5	2.2
United States	2.3	-3.4	6.0	5.2	2.2
Euro area	1.5	-6.3	5.0	4.3	2.0
United Kingdom	1.4	-9.8	6.8	5.0	1.9
Japan	0.0	-4.6	2.4	3.2	1.4
Emerging and developing countries	3.7	-2.1	6.4	5.1	4.6
China	6.0	2.3	8.0	5.6	5.3
India	4.0	-7.3	9.5	8.5	6.6
Brazil	1.4	-4.1	5.2	1.5	2.0
Russia	2.0	-3.0	4.7	2.9	2.0
Sub-Saharan Africa	3.1	-1.7	3.7	3.8	4.1
Nigeria	2.2	-1.8	2.6	2.7	2.7
South Africa ¹	0.1	-6.4	5.1	1.8	1.6
World trade volumes	0.9	-8.2	9.7	6.7	4.5

1. National Treasury forecasts

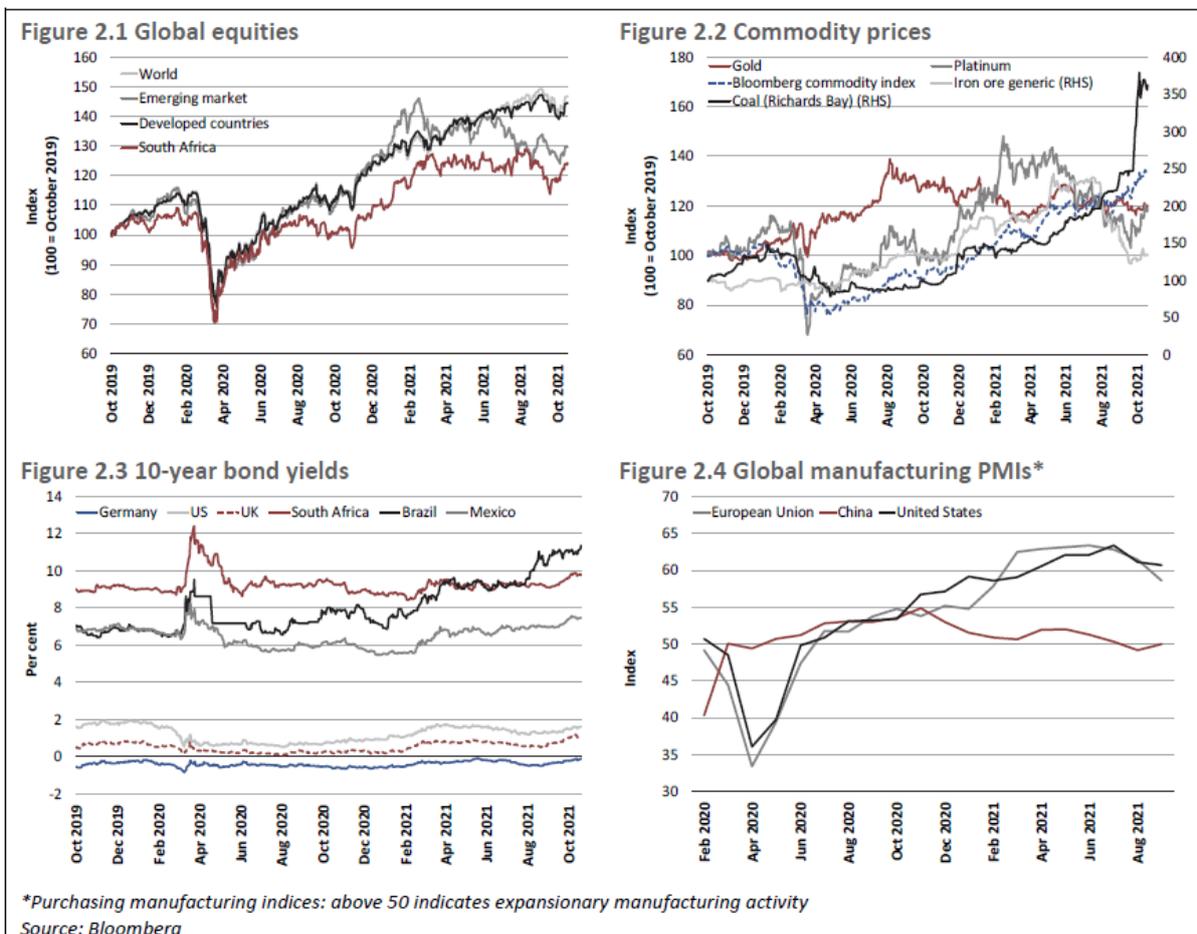
Source: IMF World Economic Outlook, October 2021

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The COVID-19 pandemic continues to take a toll on global growth. The stronger-than-anticipated recovery in developed economies in the first half of 2021 reflects the impact of additional fiscal support and better control of the pandemic through large-scale vaccination programmes. However, outside the most developed economies, scarring – defined as medium-term economic performance below pre-pandemic projections – is expected to be pervasive. Although major commodity exporters have benefited from higher global demand and an improving outlook, low-income countries face worsening pandemic dynamics.

The IMF's positive growth outlook is predicated on several factors, including global vaccine access, sustained monetary and fiscal policy support, and stabilising inflation. However, there are significant downside risks to the outlook, particularly if inflation rises more than expected, monetary policy becomes less supportive, fiscal support is reduced, or new coronavirus variants emerge before significant portions of the population are vaccinated.

Global equity markets have recorded a strong performance in the year to date due to higher risk appetite, excess liquidity and the easing of COVID-19 restrictions. However, rising inflation and speculation around tightening monetary policy (central bank asset purchase tapering followed by rising interest rates), alongside concerns about a possible global spill over from recent market developments in China, are weighing on global equities. In both developed and developing economies, bond yields have already started to rise in response, placing upward pressure on domestic borrowing costs.



Capital flows to developing economies have been declining since November 2020, though elevated commodity prices have provided some support for commodity exporters. Slowing manufacturing activity in some major economies could reduce the prices of industrial-related commodities. Oil, natural gas, and coal prices are expected to rise in response to global energy shortages and normalise in 2022. Over the longer term, as global supply-chain bottlenecks abate and manufacturing production increases, platinum group metals prices are expected to rise, while coal and oil prices are expected to decline in line with the global transition to renewable energy.

Conducting a macroeconomic policy review

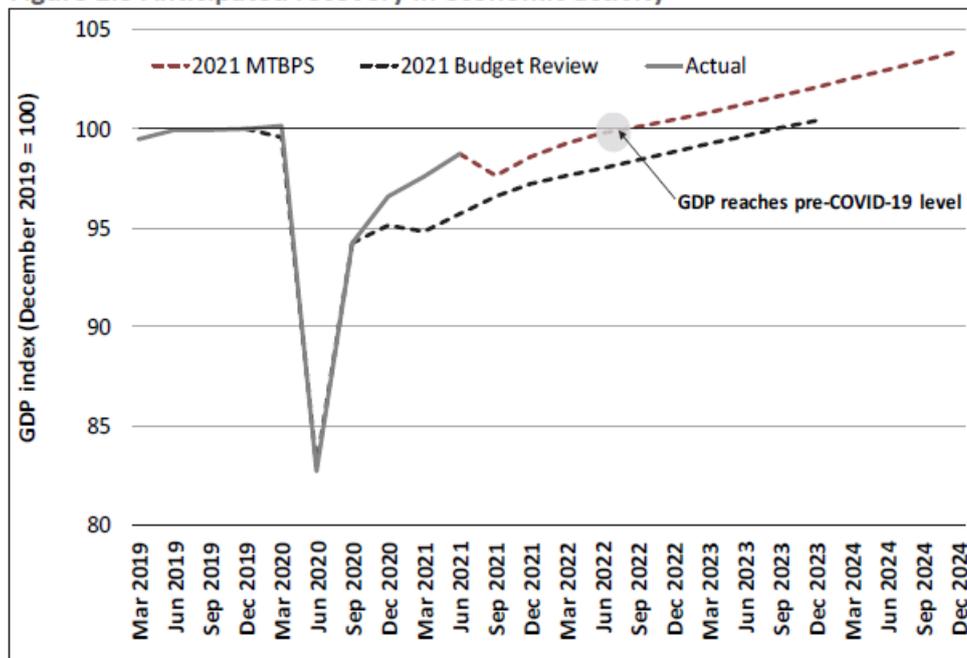
In line with its mandate, the National Treasury is reviewing government’s macroeconomic policy from the global financial crisis to the present.

The policy review will examine how key indicators, such as economic growth and employment, have evolved since 2008; assess government’s fiscal, monetary and macroprudential policy choices; and propose appropriate reforms to policy targets and institutional frameworks. A draft review document, due at the end of March 2022, will form the basis for workshops, public discussions and additional research. A final review is expected to be published in 2023.

Domestic outlook

The National Treasury projects real economic growth of 5.1 per cent in 2021 and 1.8 per cent in 2022, compared with 2021 Budget estimates of 3.3 per cent and 2.2 per cent, respectively. Real GDP growth is expected to moderate to 1.6 per cent in 2023 and 1.7 per cent in 2024. The 2021 projection reflects supportive global growth and export commodity prices and the easing of COVID-19 lockdown restrictions.

Figure 2.5 Anticipated recovery in economic activity



Source: National Treasury calculations and Statistics South Africa

The recovery in economic activity from 2020 continued in the first half of 2021 when South Africa’s GDP rose by 7.5 per cent compared with the first half of 2020. From June 2021, specific sectors – manufacturing, wholesale and retail, restaurants, hospitality, and recreation – were particularly hard hit by the combination of the third wave of COVID-19 infections, public violence and disruptions to Transnet as a result of fire and cyber-attacks. These factors suggest that GDP is likely to contract in the third quarter. Despite this, GDP is now expected to return to pre-pandemic

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levels late in 2022, earlier than projected in the 2021 Budget, because of stronger-than-expected GDP outcomes in the first half of 2021.

Table 2.2 outlines macroeconomic performance over the past three years and sets out medium-term projections.

Table 2.2 Macroeconomic performance and projections

Calendar year	2018	2019	2020	2021	2022	2023	2024
Percentage change	Actual			Estimate	Forecast		
Final household consumption	2.4	1.1	-6.5	5.7	2.0	1.9	1.9
Final government consumption	1.0	2.7	1.3	0.1	-1.4	-2.9	-0.1
Gross fixed-capital formation	-1.8	-2.4	-14.9	1.2	3.1	3.4	3.5
Gross domestic expenditure	1.6	1.2	-8.0	4.9	2.4	1.9	1.7
Exports	2.8	-3.4	-12.0	10.3	2.9	2.6	2.7
Imports	3.2	0.5	-17.4	9.5	5.3	4.0	2.6
Real GDP growth	1.5	0.1	-6.4	5.1	1.8	1.6	1.7
GDP inflation	4.0	4.5	5.3	5.4	1.3	3.2	4.4
GDP at current prices (R billion)	5 358	5 605	5 521	6 112	6 304	6 607	7 018
CPI inflation	4.6	4.1	3.3	4.5	4.2	4.3	4.5
Current account balance (% of GDP)	-3.0	-2.6	2.0	3.8	0.4	-1.5	-1.7

Source: National Treasury, Reserve Bank and Statistics South Africa

Household consumption

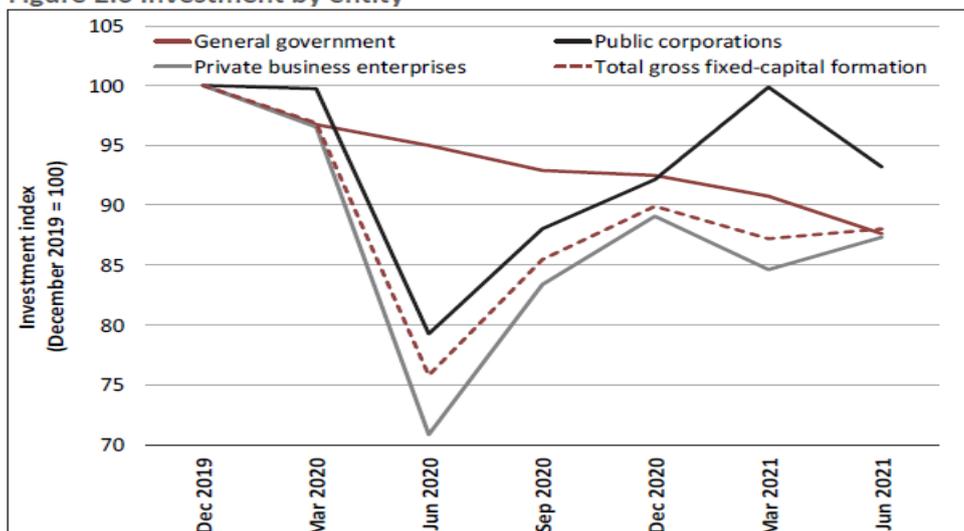
Following a coronavirus-induced decline in 2020, household consumption is expected to grow by 5.7 per cent in 2021. It is supported by improved earnings and growing credit extension, linked to low-interest rates. Nonetheless, the value of household consumption remains 1.4 per cent below pre-pandemic levels, weighed down by lower spending on semi-durable goods such as clothing. The COVID-19 lockdowns disproportionately affected lower-income households. While 94 per cent of workers with graduate qualifications reported receiving their full salaries in the second quarter of 2021, only 86 per cent of workers with matric or less reported receiving the same. More than three-quarters of post-pandemic job losses have been in lower-earning positions. Furthermore, fewer than 8 per cent of employees in these positions were able to work from home during lockdown periods.

The easing of lockdown restrictions and the reinstatement of the special COVID-19 social relief of distress grant until March 2022 will support spending for lower-income households, in particular through the rest of 2021. Over the medium term, persistently high unemployment will continue to weigh on the recovery. Renewed restrictions in response to other waves of COVID-19 infections would pose a significant downside risk to household incomes and spending.

Investment

Gross fixed capital formation has improved marginally in the current year but remains well below pre-pandemic levels. In the second quarter of 2021, the investment amounted to about 14 per cent of GDP (compared with the National Development Plan target of 30 per cent), following a 13-year decline since 2008. Private investment, the most significant component of fixed capital formation, has been slow to recover from the lows of 2020. This results from weak confidence and demand and persistent structural constraints such as inadequate electricity supply. Government investment has continued to decline.

Figure 2.6 Investment by entity



Source: Statistics South Africa and National Treasury

The government's recently announced 100 MW embedded electricity generation reform is expected to bolster confidence and private investment over the medium term (reflected in Scenario A). However, a clear and simple registration process is required to support investment.

Inflation

Inflation is projected to reach 4.5 per cent in 2021, reflecting upward pressure from non-core inflation – specifically food and energy prices – while core inflation remains subdued. Beyond 2021, inflation is expected to remain well contained within the target range, approaching 4.5 per cent in the outer years. Risks to the inflation outlook are primarily in the near term and assessed to the upside, mainly stemming from non-core inflation.

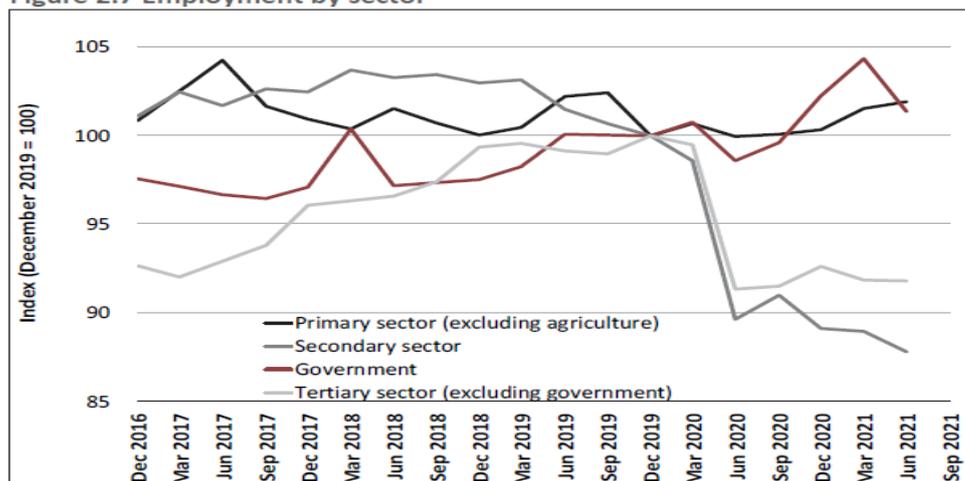
Employment

Although post-pandemic economic activity shows signs of recovery, the formal labour market is not. Resurgent COVID-19 infections and resulting lockdown restrictions during the first half of 2021 disrupted the recovery in labour demand. The total number of employed people decreased for two consecutive quarters over the period. By June 2021, the total number of jobs – 14.9 million – remained 1.5 million below pre-pandemic levels. The official unemployment rate rose to 34.4 per cent, the highest recorded since the Quarterly Labour Force Survey publication began in 2008.

During the second quarter of 2021, private-sector jobs reached a post-2005 low. Public-sector employment gains appear to be driving a partial recovery in jobs, consisting mainly of temporary work and training opportunities created through public employment programmes.

Official data and the National Income Dynamics Study – Coronavirus Rapid Mobile Survey show divergences in the employment recovery by age, education, gender and race – with black women, in particular, bearing the brunt of job losses. The fiscal relief package announced in response to COVID-19 and the presidential employment initiative has helped to offset job losses. Sustainable reductions in unemployment will require the effective implementation of the economic recovery plan to crowd in investment and support job creation by the private sector

Figure 2.7 Employment by sector



Source: Statistics South Africa and Reserve Bank

Balance of payments

South Africa's financial account deficit widened from 4.4 to 7.2 per cent of GDP between the first and second quarters of 2021 as portfolio, and other investments registered net outflows. The financial account has been in deficit since the first quarter of 2020, offset by a strong surplus on the current account. In the first half of 2021, higher global commodity prices bolstered South Africa's terms of trade as the value of exports grew faster than that of imports. This led to the trade surplus reaching 10 per cent of GDP in the second quarter, pushing the current account surplus to 5.6 per cent of GDP. As commodity prices and global demand stabilise over the medium term, the terms of trade gains are expected to dissipate, and import demand is expected to return. The current account is projected to return to a deficit in 2023, in line with a moderate recovery in domestic demand.

Macroeconomic assumptions

The forecast incorporates assumptions outlined in Table 2.3. Compared with the 2021 Budget forecast, the significant changes are a higher export commodity price index for 2021 (although lower over the forecast period) and a lower sovereign risk premium. The latter is supported by favourable global conditions and improved economic and revenue performance in the near term.

Table 2.3 Assumptions informing the macroeconomic forecast

Percentage change	2019 Actual	2020	2021 Estimate	2022	2023 Forecast	2024
Global demand ¹	2.1	-3.6	5.5	4.8	4.0	4.0
International commodity prices ²						
Brent crude oil (US\$ per barrel)	64.3	41.8	70.6	76.8	70.9	66.7
Gold (US\$ per ounce)	1 392.2	1 769.5	1 791.5	1 767.8	1 781.0	1 811.0
Platinum (US\$ per ounce)	863.6	883.3	1 091.1	995.3	1 003.8	1 012.5
Coal (US\$ per ton)	71.3	65.2	133.6	144.5	111.9	105.0
Iron ore (US\$ per ton)	93.6	108.1	160.6	107.8	101.2	97.5
Palladium (US\$ per ounce)	1 539.0	2 192.7	2 417.7	2 022.3	2 031.3	2 040.1
Food inflation	3.4	4.5	6.1	4.7	4.7	4.6
Sovereign risk premium	3.2	4.9	3.5	3.3	3.1	3.1
Public corporation investment	-19.5	-11.9	11.4	6.3	6.4	7.5

1. Combined growth index of South Africa's top 15 trading partners (IMF World Economic Outlook, October 2021)

2. Source: Bloomberg futures prices as at 15 October 2021

Source: National Treasury

Maintaining the National Treasury's macroeconomic models

The National Treasury uses a suite of globally recognised economic models to assess the state of the economy, evaluate the impact of policy choices, quantify potential economic risks and formulate macroeconomic projections. The models' results are used to inform policy development and produce the macroeconomic forecast, which underpins the fiscal framework published in the *Medium Term Budget Policy Statement* and the *Budget Review*.

In line with standard practice, the National Treasury recently updated its quarterly model. The September 2021 update incorporated the effects of Statistics South Africa's recent GDP rebasing and benchmarking exercise, which resulted in an upward revision in the size of the economy and changes to the weights of different components of GDP. National statistical agencies periodically conduct GDP rebasing and benchmarking to account for changes in the economy. South Africa's last such update was in 2014.

Risks to the domestic growth outlook

Risks to the outlook remain elevated, reflecting continued uncertainty in global and domestic economies.

Although sizeable fiscal support continues in developed economies, many developing economies have begun to reduce support as fiscal space narrows, which may slow their recovery.

Global inflation is elevated, and its trajectory is highly uncertain. The IMF expects inflation to subside to pre-pandemic levels in 2022 as supply-demand mismatches ease and labour markets normalise. However, persistent inflation in the United States and other developed economies – stemming from a combination of pandemic-induced supply constraints and high energy prices – is likely to result in a hike in interest rates.

Mass vaccination against COVID-19 is hindered by supply constraints, lack of access and hesitancy. Although just over half of the population in developed countries is now fully vaccinated, progress in developing countries is significantly lower. This means that much of the world remains susceptible to continued health and economic shocks from the pandemic.

In South Africa, policy uncertainty and the slow implementation of structural reforms weigh on business confidence and investment. Electricity supply constraints, in particular, could worsen in the short term and constrain the recovery.

A further deterioration in the public finances due to additional spending pressures and the materialisation of contingent liabilities could trigger further credit rating downgrades. These, in turn, would increase borrowing costs and crowd out public spending on service delivery and infrastructure.

Possible future waves of COVID-19 infections may result in further disruptions to economic activity.

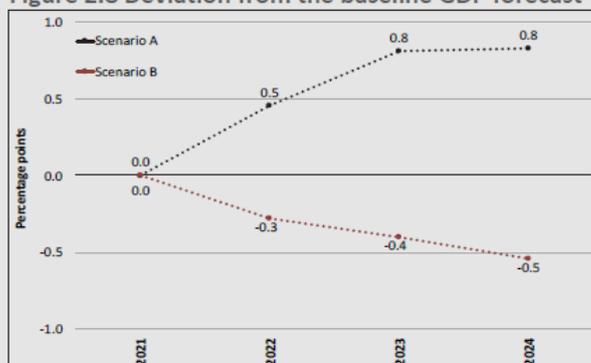
Alternative scenarios

The National Treasury has generated two scenarios that provide insight into possible deviations from the growth forecast.

In **Scenario A**, a strong uptake of additional electricity-generating capacity from the higher licensing threshold is assumed during the forecast period. As projects come online, the energy constraint eases considerably, improving business sentiment, lowering the sovereign risk premium and reducing the overall cost of borrowing. This supports private-sector investment and consumption expenditure.

In **Scenario B**, supply-demand mismatches and persistent inflation prompt a more aggressive tightening of monetary policy by major economies in the near term. This leads to weaker global growth and commodity prices, with negative consequences for the domestic economy.

Figure 2.8 Deviation from the baseline GDP forecast



Source: National Treasury calculations

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

4.1. EXTERNAL ENVIRONMENT ANALYSIS

4.2.1 Opportunities

The Fund identified the following as its opportunities that can be capitalised on to enhance implementation of its programmes and service offerings:

- Opportunity to present the Agency as a Fund, a new proposal for a Fund
- The current market structure and diffusion of technologies offer many opportunities to partner with both public and private sectors for progressive connectivity of communities
- USAASA can leverage the state's current capacity on infrastructure owned by ICT and Non ICT entities and government Departments for extension of the public ICT infrastructure in rural communities.
- The advent of the Fourth Industrial Revolution offers enormous opportunity for USAASA to play a central coordinating role in empowering the poor communities on digital skills
- USAASA can play an active role in deploying e-education, e-skills, telemedicine-agriculture and e-commerce platforms in under-served areas.

Stakeholder engagement

- To enhance the annual plans to encompass pro-active (Board level) engagements with the shareholder/briefing
- Developing institutional support to avoid "one-man" shows to be established.

Reputation management

- review processes and timelines utilised to respond to Media reports/articles.
- Refocus stakeholder engagements/relationship building with media houses.
- Proactive media engagements

4.2.2 Threats

The Fund identified the following threats in its competencies related to the execution of its mandate and strategy implementation:

- Political changes affecting strategic direction of the Agency and the Fund
- Limited funding
- Outsourcing or redundancy
- Closing of the organisation without proper decommissioning of ICT infrastructure and DATA due to lack of communication
- The poor communication between the Agency and its parent Department negatively impacts the execution of business strategy on key priority projects.
- The uncertainty around the continued existence of USAASA based on policy proposal options by the Integrated ICT White Paper poses an ongoing concern on the financial health of the entity and general stability of the entity
- The high vacancy rate prevalent on the entity results in the instability of the entity and a lack of accountability in project execution.
- The lack of public confidence by the general public and the ICT sector due to documented poor performance of the entity results in poor support for the Agency's initiatives

Stakeholder engagement

- Stakeholder engagement strategies and stringent plans need to be detailed but agile to align with the ever-changing directive of the shareholder, ICT environment and current political landscape.

Branding

- From a brand recognition perspective, overexposure can lead to a negative perception about the Agency if there is a failure to deliver on project implementation. Should the project fail due to dependencies beyond its control, it reflects on the Agency negatively.

4.2. INTERNAL ENVIRONMENTAL ANALYSIS

4.3.1 Strengths

The Fund identified the following as its strengths that can be capitalised on to enhance implementation of its programmes:

- Governance structures in place (Existence of Board, incl BARC and other Board Committees)
- Regular risk assessments, both strategic, compliance and operational. Incl governance implications
- USAASA mandate is supported by both the Constitution of the Republic of South Africa and the National Development Plan and its relevance to the current development Agenda of the Sixth Administration
- USAASA has a stable source of funding supported by legislation

Stakeholder Engagement

- Good Relationships with stakeholders at the provincial level (stimulate user demand and get buy-in/support & protection (strategic) for our projects.)
- Visibility on the ground (through the work of the district coordinators)
- Good Relationships / Partnerships with sister companies (improving to foster coordination of decision making, interrelations, and implementation and sustainability to sustain our projects.)
- A well-coordinated Stakeholder management/engagement at the national level.

Branding

- Brand recognition - This is highly visible among the BDM project implementing partners.
- Among the communities/beneficiaries

4.3.2 Weaknesses

The Fund identified the following gaps in its capabilities related to the availability of resources concerning its mandate:

- Low implementation of risk action plans, mainly due to external factors
- Too many unnecessary litigation matters mainly occasioned by failure to pay service providers
- USAASA is not adequately funded to execute its legislative mandate effectively the closure of the access gaps
- The outdated legislative framework of the Electronic Communications Act is impacting negatively on the relevance of USAASA and its positioning the South African ICT market landscape

Stakeholder engagement

- Changes in leadership in the Agency leads to a lack of solid relationships with the shareholder.
- USAASA fails to present itself in briefing the Minister on its mandate in terms of law and its achievements.

Reputation management

- Lengthy and reactive processes in responding to Media reports/articles timeously and thereby creating a negative perception
- Lack of Internal brand ambassador – employees do not fully know and understand the work of the Agency

PART C:

MEASURING OUR PERFORMANCE

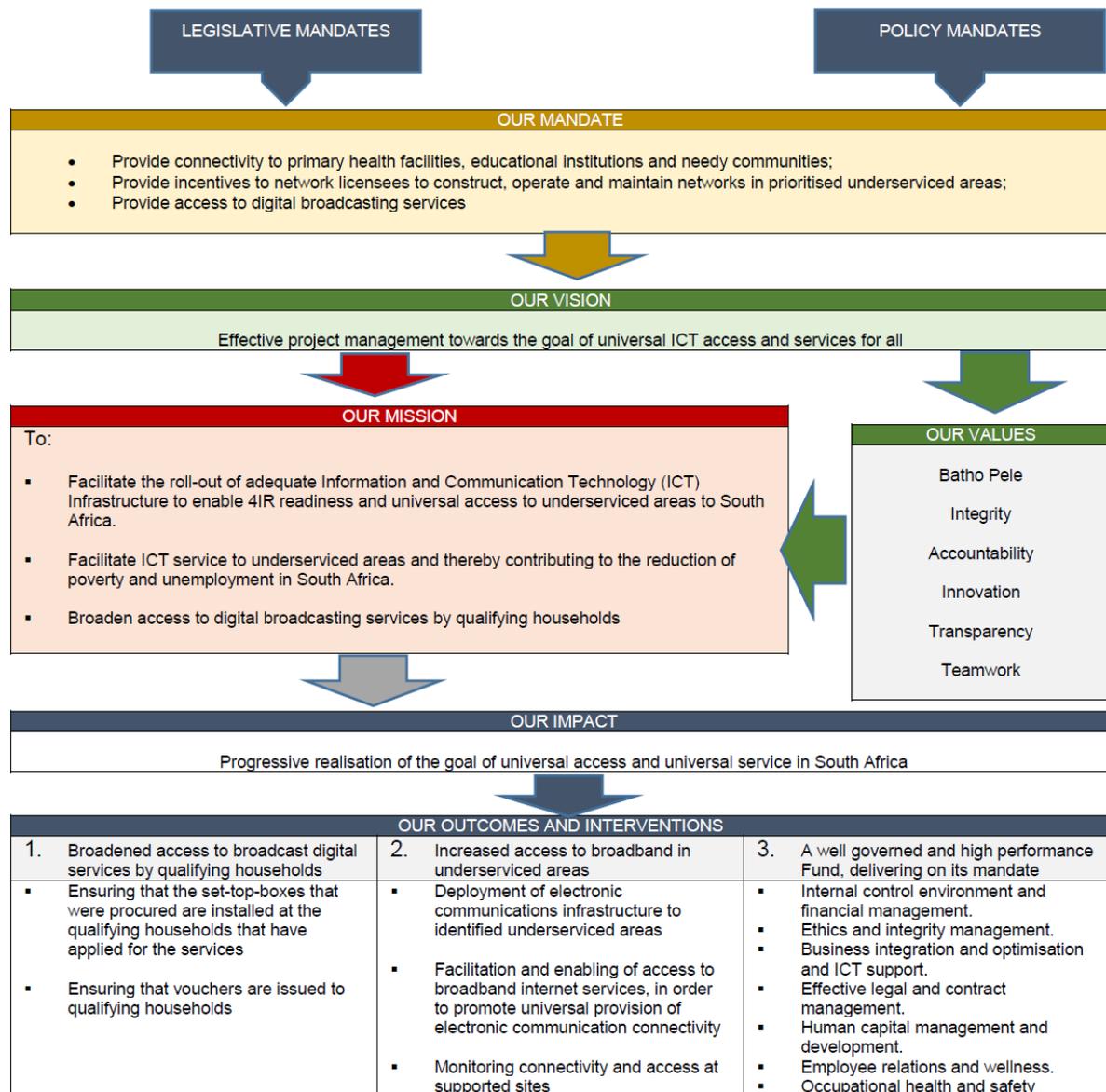
5. PART C: MEASURING OUR PERFORMANCE

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 2022/23 in the sections below.

5.1 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 are constituted by the following programmes and aligned business functions, which informs the packaging of this Annual Performance Plan:

Programme N ^o	Programme Name	Sub-Programmes
Programme 1	Business Operations	<ul style="list-style-type: none"> ▪ Broadband infrastructure and connectivity in underserved areas ▪ Broadcasting digital migration programme

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.

5.2 PROGRAMME 1: BUSINESS OPERATIONS

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 the 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 establishing high-capacity broadband points-of-presence 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.

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:

USAF Annual Performance Plan 2022/2023

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

Outcome 2: Increased access to broadband in underserved areas

Outcome 3: A well-governed and high-performance fund, delivering on its mandate

The 2022/23 performance plan of Programme 1 is then reflected in the log frame tables below:

USAF Annual Performance Plan 20202/2023

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

OUTCOME	OUTPUTS	OUTPUT INDICATORS	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MTEF PERIOD		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
1: Broadened access to broadcast digital services by qualifying households	Funding of the subsidised installations by Sentech and other broadcasters for registered qualifying households	Approved funding for subsidised installations by Sentech and other approved service providers for registered qualifying households	New = 209 689 (509 073)	New = 4 387 (513 460)	New = 10400 (523 860)	-	100% funding of BDM installations by Sentech and other approved service providers for registered qualifying households	-	-
		Established mechanism for monitoring and evaluation of the migrated households through subsidy	-	-	-	New Indicator	Develop a BDM monitoring and evaluation report on the migrated households through subsidy	-	-
2: Increased access to broadband in underserved areas	Funding of the subsidised broadband connectivity funding to identified sites	Approved funding of subsidised broadband connectivity to identified sites	200	-	280	-	Funding of the subsidised broadband connectivity to identified sites on service level agreement	-	-
3: A well-governed and high performance Fund, delivering on its mandate	Suppliers paid timeously for services rendered	Percentage (%) of valid invoices paid within 30 days from date of receipts	New indicator	100% of valid invoices paid within 30 days from date of receipt	-	100% of valid invoices paid within 30 days from date of receipt	100% of valid invoices paid within 30 days from date of receipt	-	-

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

OUTPUT INDICATORS	2022/23 ANNUAL TARGET	QUARTERLY TARGETS			
		Q1 Apr-Jun 2022	Q2 Jul - Sep 2022	Q3 Oct-Dec 2022	Q4 Jan - Mar 2023
Approved funding for subsidised installations by Sentech and other approved service providers for registered qualifying households	100% funding of BDM installations by Sentech and other approved service providers for registered qualifying households	100% funding of valid BDM installation by Sentech and other approved service providers	100% funding of valid BDM installation by Sentech and other approved service providers	100% funding of valid BDM installation by Sentech and other approved service providers	100% funding of valid BDM installation by Sentech and other approved service providers
Established mechanism for monitoring and evaluation on the migrated households	Develop a BDM monitoring and evaluation report on the migrated households through subsidy	Monitoring and evaluation framework on BDM migrated households through subsidy developed and approved by the highest governing structure at USAASA	Quarterly assessment reports on migrated households through subsidy developed	Quarterly assessment reports on migrated households through subsidy developed	Quarterly assessment reports on migrated households through subsidy developed
Approved funding of subsidised broadband connectivity to identified sites	Funding of the subsidised broadband connectivity to identified sites on service level agreement	Submission of an application for deviation authorisation to National Treasury for appointment of a service provider(s)	Funding of the valid broadband connected identified sites based on the numbers agreed on service level agreement	Funding of the valid broadband connected identified sites based on the numbers agreed on service level agreement	Funding of the valid broadband connected identified sites based on the numbers agreed on service level agreement
		Prepare a funding model for approval by the Executive Authority	-	-	-
Percentage (%) of valid invoices paid within 30 days from date of receipts	100% of valid invoices paid within 30 days from date of receipt	100% of valid invoices paid within 30 days from date of receipt	100% of valid invoices paid within 30 days from date of receipt	100% of valid invoices paid within 30 days from date of receipt	100% of valid invoices paid within 30 days from date of receipt

USAF Annual Performance Plan 2022/2023

Explanation of planned performance over the medium term period:

The USAF Operations Division, which is one of the main directorates within USAASA, is mainly responsible for the following 3 (three) outcomes:

- **Outcome 1:** Broadened access to digital broadcast services by qualifying households
- **Outcome 2:** Increased access to broadband in underserved areas
- **Outcome 3:** A well-governed and high-performance Fund delivering on its mandate

In fulfilling its purpose, the Business Operations Programme will continue to enhance its project management capacity and capability to realise 2 critical 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 is crucial to delivering broadband services to South Africans and 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, after that, monitored; and
 - b) Facilitation and enabling of access to broadband internet services to identified municipalities and areas to promote the universal provision of electronic communications connectivity.
- 2) Broaden universal access to Digital Broadcasting Services for needy households in South Africa, with a focus on:
 - a) 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.

The USAF undertaking in 2022/23 is two key infrastructure projects in the form of Broadband rollout and Broadcasting Digital Migration.

The Fund is administered and controlled by the Agency. The human capital employed by the Agency under operations is responsible for the day-to-day operational running of the Fund. The planned outputs are aligned to the National Development Plan and Revised Medium-Term Strategy Framework 2019-2024 Priority 2: Economic transformation and job creation and the outcome of the Improve competitiveness through ICT adoption and Priority 3: Education, Skills and Health.

5.3 UPDATED KEY RISKS

Outcomes	Annual Targets	Risk Description	Mitigation Plan
Broadened access to broadcast digital services by qualifying households	Funding the subsidised installations by Sentech and other approved service provider for registered qualifying	<ol style="list-style-type: none"> 1. Failure in beneficiary registration 2. Governance and compliance risks 3. Delayed household migration due to slow installation or due to project management capacity limitations /political factors 4. The funding risks 5. Failure to develop and implement quality assurance guidelines 6. Limited internal capacity to conduct quality assurance on installations and reconciliations 7. Litigation arising from unmigrated HH due to switch off before installations (accepted risk by the DCDT) 	<ol style="list-style-type: none"> 1. Community /Stakeholder Engagement awareness 2. Delegation of Authority/ Board approved multi-party framework 3. Standard Operations Procedures and contracts with multiple service providers 4. Dependency on the Department on securing funds from National Treasury / Funding Model 5. Development and implementation of quality assurance guidelines 6. Realigned of the divisional structure to support the USAF programs 7. Corrective mitigation; ground registrations post installations, call centre for after-market and installation issues, feedback reports from SABC on social engagements before, during and post installations
	Develop a monitoring and evaluation report on the migrated households through subsidy	<ol style="list-style-type: none"> 1. Inability to reconcile the expenditure to reported STBs and subsidies to the qualifying households 2. Limited access to data registration for qualifying households 	<ol style="list-style-type: none"> 1. Set-up a mechanism or structure for monitoring and evaluation /Develop an annual Monitoring and Evaluation Plan and monitoring thereof 2. Standard Operations Procedures and contracts with multiple service providers
Outcome	Annual Targets	Risk Description	Mitigation Plan
Increased access to broadband in underserved areas	Funding of the subsidised broadband connectivity to identified sites	<ol style="list-style-type: none"> 1. Failure to deploy broadband in line with USAASA/USAF legislative mandate 2. Governance and compliance risks 3. The funding risks 4. Lack of a network monitoring tool for remote sites 5. Limited internal capacity to conduct quality assurance on connected sites 6. Misalignment of ECA, sec 82 and the new ministerial directive on the funding mandate. The new model requires USAASA /USAF to Fund whilst ECA, Sec 82 requires USAASA/ USAF to implement programmes. 	<ol style="list-style-type: none"> 1. Development of a sustainable broadband model/approval by National Treasury of the broadband model/ Community and Stakeholder awareness 2. Delegation of Authority /Board approved multi-party framework 3. Dependency on the Department on securing funds from National Treasury / Funding Model 4. Identification of a monitoring tool 5. Realigned of the divisional structure to support the USAF programs 6. Alignment of ECA and new funding mandate, either through dissolution or otherwise
Outcome	Annual Targets	Risk Description	Mitigation Plan
A well-governed and high-performance Fund delivering on its mandate	100% of valid invoices paid within 30 days from date of receipt	<ul style="list-style-type: none"> ▪ Negative impact on job creation and the economy 	<ul style="list-style-type: none"> ▪ Development and maintenance of the invoice register ▪ Review and implementation of procuring to pay process, including roles and responsibilities of different line functions

5.3.1 PUBLIC ENTITIES

Name of Public Entity	Mandate	Outcomes	Current Annual Budget
Not applicable – however relevant SOEs will be consulted on rollout broadband infrastructure and services deployed in underserved areas.			

5.3.2 INFRASTRUCTURE PROJECTS

No.	Project Name	Programme	Project Description	Outputs	Project Start Date	Project Completion Date	Total Estimated Cost	Current Year Expenditure
Not Applicable								

5.3.3 PUBLIC-PRIVATE PARTNERSHIP

PPP	Purpose	Output	Current Value of Agreement	End Date of Agreement
Not Applicable				

6 THE USAF FINANCIAL PLAN AND ANNUAL BUDGET FOR 2022/23 AND THE MTEF

PROJECTED BALANCE SHEET FOR 2022/2023

Financial position	Revised Estimate	Medium-term estimate		
	2021/22	2022/23	2023/24	2024/25
Inventory	400 000	350 000	365 750	382 026
Loans		103 500	108 158	112 971
Receivables and prepayments	3 500	3 000	3 135	3 275
Cash and cash equivalents	950 000	850 000	888 250	888 250
Total assets	1 353 500	1 306 500	1 365 293	1 386 522
Accumulated surplus/(deficit)	1 444 500	1 300 500	1 359 023	1 379 972
Trade and other payables	13 500	6 000	6 270	6 550
Provisions				
Total equity and liabilities	1 554 500	1 306 500	1 365 293	1 386 522
Contingent liabilities	–	–	–	–

PROJECTED INCOME STATEMENT FOR 2022/2023

Statement of financial performance R thousand	Revised Estimate	Medium-term estimate		
	2021/22	2022/23	2023/24	2024/25
Revenue				
Tax revenue				
Non-tax revenue				
<i>Other non-tax revenue</i>				
Interest, dividends and rent on land				
Transfers received	1 137 531	129 183	193 375	136 229
Tax benefit				
Outside shareholders Interest				
Total revenue	1 137 531	129 183	193 375	136 229
Expenses				
Current expenses				
Compensation of employees				
Goods and services	3 000	3 000	3 000	3 110
Transfers and subsidies				
Total expenses	1 137 531	129 183	130 397	136 229
Surplus/(Deficit)	–	–	–	–

OPERATIONAL BUDGET PROJECTIONS FOR 2022/2023

R thousand	Revised Estimate	Medium-term estimate		
	2021/22	2022/23	2023/24	2024/25
Administration	3 000	3 000	3 000	3 110
Broadband infrastructure and connectivity	61 165	66 777	67 419	70 447
Broadcasting Digital Migration	119 384	59 406	59 978	62 672
Total expense	183 549	129 183	130 397	136 229

PART D:
TECHNICAL INDICATOR DESCRIPTION

PART D: TECHNICAL INDICATOR DESCRIPTIONS

7 PROGRAMME 1: BUSINESS OPERATIONS

Indicator Title	Approved funding for subsidised installations by Sentech and other approved service providers for registered qualifying households
Definition	<ul style="list-style-type: none"> This indicator measures the number of subsidies provisioned to qualifying households
Source of data	<ul style="list-style-type: none"> Distribution schedule of subsidies compiled by SITA Installation report compiled by Sentech; Starsat; Multichoice; eMedia; Telkom One and verified by DCDDT Quality assurance reports on installations Installation/redemption voucher Report on monitoring and evaluation of installations Installation reports reconciled by Operations
Method of Calculation / Assessment	<ul style="list-style-type: none"> Numerator – valid installation conducted as defined in SLA Denominator – Number of the paid installations
Means of verification	<ul style="list-style-type: none"> Distribution schedule of subsidies compiled by SITA Installation report compiled by third verified and verified by DCDDT Installation/redemption voucher Report on monitoring and evaluation of installations Installation reports reconciled by Operations
Assumptions	<ul style="list-style-type: none"> Systems and processes to track issued subsidies by SITA A subsidy as fined in the approved Cabinet BDM Framework policy has been defined as, <ol style="list-style-type: none"> set-top-boxes and related accessories inclusive of installations. Receipt of a voucher for the acquisition of STBs and related accessories inclusive of installations a voucher will be an instrument that will be used to purchase the STB and related accessories by the beneficiaries Valid means installations as defined in the Service Level Agreement with parties
Disaggregation of Beneficiaries (where applicable)	The target for women: NA The target for youth: NA The target for people with disabilities: NA
Spatial transformation (where applicable)	The target is specific to identified qualifying households, nationwide
Calculation Type	Cumulative (Year-to-Date)
Reporting Cycle	Quarterly and Annually
Desired Performance	100% funding of subsidised installations by Sentech and other approved service providers for registered qualifying after 31 October 2022
Indicator Responsibility	Executive Operations

Indicator Title	Established mechanism for monitoring and evaluation of the migrated households through subsidy
Definition	This indicator monitors and evaluate the end to end process on subsidisation of registered qualifying beneficiaries for installations by Sentech and other broadcasters for migration support from analogue to digital.
Source of data	<ul style="list-style-type: none"> ▪ Distribution schedule of subsidies compiled by SITA ▪ Installation report compiled by Sentech ▪ Installation Report coordinated and verified by Department (DCDT) ▪ Installation reports reconciled by Operations
Method of Calculation / Assessment	A simple count of the number of vouchers issued, installations conducted, and list of qualified households migrated
Means of verification	<ul style="list-style-type: none"> ▪ Distribution schedule of subsidies compiled by SITA ▪ Installation report compiled by Sentech ▪ Installation Report coordinated and verified by Department (DCDT) ▪ Installation reports reconciled by Operations ▪ Site visits
Assumptions	<ul style="list-style-type: none"> ▪ Systems and processes to track issued subsidies by SITA and installations facilitated by Sentech have been strengthened ▪ End to end monitoring and evaluation inclusive of registration, installations, warehousing, distribution and allocation and after-market support
Disaggregation of Beneficiaries (where applicable)	The target for women: NA The target for youth: NA The target for people with disabilities: NA
Spatial transformation (where applicable)	The target is specific to identified qualifying households, nationwide
Calculation Type	Cumulative (Year-to-Date)
Reporting Cycle	Quarterly and Annually
Desired Performance	<ul style="list-style-type: none"> ▪ 10 % verification of migrated households through provision of set-top-boxes and issuance of subsidies to qualified household ▪ 10% monitoring and evaluation of the installed STBs and issued subsidies for the purposes of implementing the Annual Performance Plan
Indicator Responsibility	Executive Operations

Indicator Title	Approved funding of subsidised broadband connectivity to identified sites
Definition	This indicator measures the number of sites deployed through the Universal Service and Access Fund (USAF) with broadband internet connectivity in identified subsidised connected sites
Source of data	<ul style="list-style-type: none"> ▪ Quarterly update report from the appointed service providers ▪ Infrastructure sign off sheets ▪ Monitoring reports from the Network Operation Center (NOC) ▪ Service Level Agreement appointing the preferred service provider
Method of Calculation / Assessment	<u>Calculation:</u> A simple count of the total number of deployed connected sites in terms of the Service Level Agreement.

Means of verification	<ul style="list-style-type: none"> ▪ Quarterly update report from the appointed service providers ▪ List of sites to be connected as per the SLA ▪ Infrastructure sign off sheets ▪ Monitoring reports from the Network Operation Center (NOC) ▪ Service Level Agreement appointing the preferred service provider
Assumptions	<ul style="list-style-type: none"> ▪ An approved Funding Model ▪ An approved dispensation by National Treasury authorising the appointment of the preferred service provider ▪ Valid means availability of connectivity as defined in the Service Level Agreement
Disaggregation of Beneficiaries (where applicable)	<p>The target for women: NA The target for youth: NA The target for people with disabilities: NA</p>
Spatial transformation (where applicable)	Not applicable
Calculation Type	Cumulative (Year-to-Date)
Reporting Cycle	Quarterly and Annually
Desired Performance	Identified sites connected in line with the approved Master Service Level Agreement for the purposes of ensuring continued provision of broadband
Indicator Responsibility	Executive Manager – USAF

Indicator Title	Percentage (%) of valid invoices paid within 30 days from date of receipts
Definition	Measure of supplier payment turnaround times
Source of data	<ul style="list-style-type: none"> ▪ Register of valid invoices due for payment and reflect the invoice receipt date. ▪ Register of payments made against the valid invoice and reflect payment date. ▪ Bank Statements ▪ Dated stamped invoices ▪ Register of all invoices received by central email system
Method of Calculation / Assessment	<p>Calculation:</p> <ul style="list-style-type: none"> ▪ Numerator – total number of valid invoices paid within 30 days of the date of receipt of invoice. ▪ Denominator – total number of valid invoices for the 30 days in question.
Means of verification	<ul style="list-style-type: none"> ▪ Register of valid invoices due for payment and reflect the invoice receipt date. ▪ Register of payments made against the valid invoice and reflect payment date. ▪ Register of all invoices received by central email system
Assumptions	<p>Accuracy of data and completeness on internal payment tracking system</p> <p><i>A "valid" invoice is defined as an invoice that is compliant to the SARS checklist for valid invoices, consistent with the Purchase Order Number provided, and accurate and consistent with the goods and services provided in terms of the Service Level Agreement/contract.</i></p>

Disaggregation of Beneficiaries (where applicable)	Not applicable
Spatial transformation (where applicable)	Not applicable
Calculation Type	Non-cumulative
Reporting Cycle	Quarterly and Annually
Desired Performance	All valid invoices paid within 30 working days from date of receipt by the Agency
Indicator Responsibility	Chief Financial Officer

ANNEXURES TO THE ANNUAL PERFORMANCE PLAN

ANNEXURE A: AMENDMENTS TO THE STRATEGIC PLAN

Not applicable for 2022/23, as the third 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

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

ACRONYMS AND ABBREVIATIONS

ABBREVIATIONS AND ACRONYMS

AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BDM	Broadcasting Digital Migration
DCDT	Department of Communications and Digital Technologies
DDCF	Digital Development Challenge Fund
DPME	Department of Planning, Monitoring and Evaluation
ECA	Electronic Communications Act
Exco	Executive Committee / Executive Council
GDP	Gross Domestic Product
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communication Technology
Mbps	Megabits Per Second
MTBPS	Medium-Term Budget Policy Statement
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NT	National Treasury
PFMA	Public Finance Management Act
SCM	Supply Chain Management
SDG	Sustainable Development Goal
SMME	Small, Medium and Micro Enterprise
STB(s)	Set-Top Box(es)
TV	Television
UN	United Nations
USAASA	Universal Service and Access Agency South Africa
USAF	Universal Service and Access Fund