UNIVERSAL SERVICE AND ACCESS FUND

QUARTER THREE REPORT

01 OCTOBER 2017 – 31 DECEMBER 2017

COMPANY INFORMATION

Chairperson of the Board	Mawethu Cawe
Chief Executive Officer	Lumko Mtimde
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Auditors	Auditor General: Republic of South Africa

Contents

CHAIRPERSON'S FOREWORD

Honourable Minister,

Enclosed is the Universal Service and Access Fund (Fund) Quarter 3 performance information report for 2017/18 financial year cycle.

During the quarter under review the Fund had eight performance indicators that were tracked, monitored and are herein reported. The indicators are as follows:

1. Number of ICT training programmes implemented to improve the digital literacy rate of targeted groups
2. Number of underserviced local municipal areas with access to electronic communications infrastructure
3. Number of free public Wi-Fi Hotspots deployed
4. Number of existing sites with connectivity maintained – ICT Centres
5. Number of existing sites with connectivity maintained - Clinics
6. Number of existing sites with connectivity maintained - Schools
7. Number of set-top-boxes and antennae procured
8. Percentage of set-top-boxes and antennae distributed for registered users

Out of the eight planned quarterly targets, four (4) were fully achieved, giving a performance of 50 % for the quarter under review.

The provision of connectivity to health institutions, educational institutions, and other government facilities is a policy issue which finds expression in the National Development Plan and the South Africa Connect Policy. The objective is to ensure that the un-serviced and under-serviced communities are provided with the necessary information and communications infrastructure and services. To this end, USAASA has the responsibility to fund the infrastructure development and maintenance as well as to ensure ongoing connectivity. Realising that these would be wasteful without effective utilisation, USAASA has taken it upon itself to work with NEMISA to ensure training of the targeted communities. The exponential growth in the number of sites connected, as a result of the high numbers connected in the OR Tambo District in the 2016/17 financial year, means that traditional methods of monitoring the ongoing connectivity have now become chronically deficient. To this end the Agency is developing means that make use of technology to ensure effective monitoring, particularly in the OR Tambo District wherein the Agency will have 821 sites by the end of the current financial year.

4

A suitable service provider licensed by the Independent Communications Authority of South Africa (ICASA) to provide infrastructure and connectivity for the planned sites in OR Tambo District (Eastern Cape) and Impendle (KwaZulu-Natal have been concluded and the work to deploy the said infrastructure is underway. Challenges, resulting in delays, were experienced in the procurement process. This has created risks regarding the achievement of the target of having acquiring the 50% threshold in the **number of underserviced local municipal areas with access to electronic communications infrastructure** by the end of the third quarter. Challenges not withstanding, plans are afoot to ensure that this target will be fully achieved by the end of the financial year.
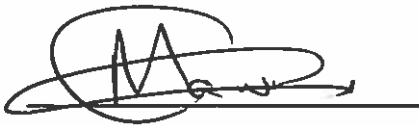
Following a Cabinet reshuffle of 17th October 2017, President Jacob Zuma announced changes to his national executive and this led to the appointment of Ms. Mmamoloko Kubayi-Ngubane as the new Minister of the Department of Communications (DoC). It was on Friday, 10 November 2017, at a Digital Migration Project Implementation meeting that was convened by Minister Kubayi-Ngubane that the Minister made a proclamation about the dissolution of the Digital Migration Advisory Committee which was previously set up by her predecessor Minister Ayanda Dlodlo. The committee was established to fast track the implementation of the digital migration programme. It is further important to note that a revised Analogue-Switch-Over date of June 2019 was also pronounced at the December 2017 ANC Elective Conference, and this will have an impact on the delivery timelines of the project.

USAASA as an Agency is of the view that the BDM programme should support the ICT SMME Support Strategy which was Gazetted in November 2017. The core tenets of the strategy are namely; to grow the economy; create sustainable jobs through SMMEs empowerment; stimulate local ICT manufacturing; impart digital skills for SMMEs and to ensure equipment and tooling acquisition. The Agency, and as per the Installer contract obligations, will enforce and ensure that training and the use of local installers is implemented. The SMME Strategy will be further supported by the Expanded Public Works Programme (EPWP), for the implementation of the National Youth Service and the training of learners. The aim of the training programme is to ensure that there are at least 10 installers per Local Municipality across the country.

The Agency has managed to get the resuscitation process for the Chief Albert Luthuli and Mutale Local Municipalities on track. To this end USAASA has verified that the service provider has successfully connected 10 sites in the Chief Albert Luthuli Local Municipality and, as soon as the spectrum license matter, currently in process with ICASA, has been resolved, a connectivity SLA will be concluded. To

this end the Agency was able to provide a report that was positively received by the Parliamentary Portfolio Committee on Telecommunications and Postal Services, with the Chairperson of the Committee also confirming that his independent verifications confirmed the accuracy of the USAASA report.

The Board remains vigilant to ensure that it delivers the functional capacity outputs that will assist the Ministry in delivery its budgetary commitments in connecting South Africa.
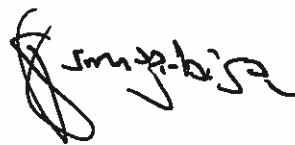
Mawethu Cawe

Chairperson: USAASA Board of Directors

OFFICIAL SIGN - OFF

It is hereby certified that this USAF Performance Report:

- Was developed by the management of USAASA under the guidance of the Universal Service Fund (USAF) Board of Directors.

- Accurately reflects the targets and performance outcomes achieved by USAF in the quarter under review given the resources and capabilities at its disposal.

Sipho Selby Mngqibisa
Executive Manager: Performance

Signature:

Signature:

Mahomed Chowan
Chief Financial Officer

Sandile Ndaba
Executive Manager: Operations

Signature:

Lumko Mtimde
Chief Executive Officer

Signature:

Mawethu Cawe
Chairperson: USAF Board of Directors

Signature:

2. USAF OPERATIONS REPORT

1.1 EXECUTIVE SUMMARY

USAF is responsible for 3 key programmes:

- Broadcasting Digital Migration
- Broadband
- Connectivity

The Operations Division is mandated to deliver on 3 strategic objectives for the 2017/18 Financial Year:

- Increased digital literacy through the establishment of Smart Villages
- Increased rollout of electronic communication infrastructure in under-serviced areas
- Increased access to Digital Broadcasting Services

However, the division is expected to deliver on the following 8 Targets for Quarter 3:

	Performance Indicator	Target
1.	Number of ICT training programmes implemented to improve the digital literacy rate of targeted groups	1
2.	Number of underserviced local municipal areas with access to electronic communications infrastructure	50%
3.	Number of free public Wi-Fi Hotspots deployed	16
4.	Number of existing sites with connectivity maintained – ICT Centres	38
5.	Number of existing sites with connectivity maintained - Clinics	93
6.	Number of existing sites with connectivity maintained - Schools	129
7.	Number of set-top-boxes and antennae procured	90 699
8.	Percentage of set-top-boxes and antennae distributed for registered users	30%

These KPI's are discussed in detail under the overview of Operations Division's performance against quarterly targets section of this report.

During Q3, the division has largely functioned with vacancies in the key position of the Executive Manager: Operations. By 31 December 2017, an appointment was made to fill the vacancy highlighted above with the appointed individual expected to start during Q4.

To deliver on the 2017/18 APP, particularly the deployment of the communication infrastructure to two new local municipalities, the process of appointing a service provider was concluded with the signing of an agreement between USAASA and Grow Makhosikati on 09 November 2017. The late

conclusion of this process has created a number of performance challenges for the Division, which now must be attended to ensure that the end of the financial performance is not negatively impacted.

The training of the youth, as one of the targeted groups, in order to improve their digital literacy was achieved in the second quarter. Working in tandem with NEMISA, plans are now afoot to focus on the further achievement of this target focusing on another targeted group of people with disabilities during the fourth quarter. A training plan is already in place targeting three special schools in the Eastern Cape OR Tambo District Municipality. This process, for teacher training, was started in October 2017 by USAASA working with both NEMISA and Department of Basic Education. The training consists of three groups to be trained for five days each. Training has been scheduled as followed:

Training Block	Training Dates	Efata School for the Deaf	Efata School for the Blind	Tsolo Special School
1	29 Jan to 02 Feb 2018	10	10	10
2	19 Feb to 23 Feb 2018	10	10	10
3	05 Mar to 09 Mar 2018	10	10	10

The Agency continued to conduct site acceptance sign-offs in the OR Tambo District Municipality during the third quarter, with the target being to complete them in all the 609 sites by the end of November 2017. Several delays due to many factors outside of the control of the Agency were experienced resulting in the planned completion not being achieved.

Summary on BDM

The BDM implementation programme is ongoing, this is in order to migrate the television owning households from analogue to digital broadcasting, with a total number of 5.2mil indigent households to be subsidised, as defined in the scheme of ownership (SOS) framework. To date, 1.5 million STBs (DTT and DTH) have been procured, with 828,420 delivered, leaving a deficit of 671.580.00 STBs (DTT 194,880.00 = DTH = 476,700) still to be delivered/procured (DTH). The registration drive which is largely being driven by the DoC and SAPO, is currently underway. For this quarter, which is under review, a total number of 151,200.00 households have been registered, with a cumulative and total number of registrations totalling 553,071.00, and 228,203.00 installations completed, as evidenced by the vouchers redeemed.

Total number of STB kit sets (DTT & DTH) delivered to SAPO as at 31 Dec 2017		Total number of registered households as at 31 Dec 2017				Balance of DTT Households still to be registered to clear current DTT kit stock received to date		Projected DTT registration clearance date based on November 2017 registration results
DTT	DTH	DTT	% of DTT kit stock	DTH	% of DTH kit stock	Number of DTT Households	%	
828,420	23,300	392,649	47%	160,422	-85%	435 771	53%	31 July 2018 (7 months)

In light of the new June 2019 ASO date having been pronounced, we ought to be mindful that, an additional balance of 3.5 million devices must still be procured. However, this process might be hindered by the Competition Commission findings, which found that there is prima facie evidence, suggesting that there was collusion by companies in the initial procurement process and that the tendering process for STB's was flawed. In order to meet the set deadline, the procurement of the remaining devices must to resume. Secondly, the total distribution and installation process of the BDM programme, with the registration performance of 65,000.00 households per month, must be increased to a minimum of 120,000.00 by the end of the first quarter of 2018 (as per SAPO estimates).

Installation challenges still remain, and to mitigate the challenges, a consultative engagement meeting was held with the installers on 13 December 2017, this in order to address the problems. The issues in question, included the quality of the workmanship, the turn-around time for installations and the non-standardised, including the non/delayed payment of sub-contracted installers. By and large an efficient distribution and installation strategy is being sought, with a quality assurance framework being put in place. The framework will also assist with the post-installation monitoring and evaluation interventions, which in the past could not be implemented efficiently due to the of lack of personnel.

Also in order to meet the ASO date the installer implementation plan must be reviewed. The initial targets were set at 11 602 installations per day working 7 days. However, it important to note that currently the country does not have an adequate number of qualified installers to meet the demands.

As at 31 December 2017, 228,203.00 installations had been completed, thus meaning, an additional number of 4,971,797.00 installations must still be carried out by June 2019. The challenges experienced have been further compounded by the problems that are confronted by the installers on the ground which are infrastructural (mud-houses), old TV sets (recipients not yielding the real benefits of digital television) and others related to SAPO (systems often being offline, thus impacting on the redemption of equipment).

USAASA as an Agency is of the view that the BDM programme should support the ICT SMME Support Strategy which was Gazetted in November 2017. The core tenets of the strategy are namely; to grow the economy; create sustainable jobs through SMMEs empowerment; stimulate local ICT manufacturing; impart digital skills for SMMEs and to ensure equipment and tooling acquisition. The Agency, and as per the Installer contract obligations, will enforce and ensure that training and the use of local installers is implemented. The SMME Strategy will be further supported by the Expanded Public Works Programme (EPWP), for the implementation of the National Youth Service and the training of learners. The aim of the training programme is to ensure that there are at least 10 installers per Local Municipality across the country. The pilot programme of the EPWP training programme will commence on the 15th January 2018 in the Lejweleputswa District Municipality, in the Free State Province and will later be rolled out to other provinces. The EPWP is wholly funded by the Department of Public Works

With regards to the transmission network coverage plans, Sentech maps that should determinate the DTT or DTH sites remain inaccurate. This impediment remains to be a huge concern that hinders the successful implementation of the BDM programme. In order to address the current challenges, Sentech will be engaged to improve their coverage map, and to ensure that there is 100% population coverage. Plans are underway to push that a SLA be put place between USAASA and Sentech, this is to ensure that installations are carried out without any hindrances and to ensure quality of service.

1.2 POLICIES AND FRAMEWORKS

Framework on Project Management

The Agency has identified the development and implementation of a sound project management framework as one of the core requirements going forward. This Framework will guide the process of procuring services, managing the implementation of projects through to managing the contracts, including an effectively managed and maintained commitment register that covers all the contracts from inception to proper closure. This will also address the structures necessary to ensure effective

monitoring of the Agency's projects. The important part about this Framework is that it will remain relevant irrespective of the planned transition to a Digital Development Fund.

1.3 RISK MANAGEMENT

Risk Description	Mitigation Plan	Current Status
Failure to conclude and sign off projects prior to the end of the financial year	Initiate the procurement process for Tender in February prior to the commencement of the new financial year	Terms of Reference (ToR's) concluded by BSC
Underutilisation of the infrastructure and the end user devices	Need to ensure that network is functional prior to the stakeholder engagement session. 'Development and implementation of the stakeholder engagement plan to stimulate end user demand. Training of beneficiaries on the use of the infrastructure.	Initially training done. Subsequent training scheduled for January and February 2018
Payment of connectivity to service providers not meeting their contractual obligations	Connectivity reports in place for connected sites	Done
Limitation of participation in the digital economy brought about by lack of elements such as adequate access, digital literacy, awareness, integration and support	Development of a SMART COMMUNITIES concept document. SMART villages concept document in draft format. This seeks to address incorporation of issues such as adequate access, digital literacy, awareness, integration and support. Implementation of the SMART COMMUNITIES guidelines	Smart Communities Concept document in Draft. Document to be tabled for approval in January 2018

Risk Description	Mitigation Plan	Current Status
Inadequate availability of funding to facilitate the rapid deployment of broadband infrastructure in identified under-serviced areas	'Limited funding impedes the rapid deployment of ICT services. Hence USAF is only able to roll out a limited number of projects per year.	Engaged with the DTPS for allocation of additional funding to facilitate the rollout of broadband in other municipal areas
Duplication of effort and inefficient utilisation of limited resources	To conclude an MOU's with CSIR, SITA, Sentech, SAFCOL	MoU's in Draft format to be concluded by February 2018
Inadequate sign-off and monitoring and evaluation leading to a poor verification of the electronic communication infrastructure	'Limited capacity exposes the Fund to the risk. Management working on ensuring independent verification of signed off projects	
Low availability of the DTH Set Top Boxes and related accessories	Procurement processes are underway, finalisation of TOR. Appointment expected 31 March 2018	DoC to consider the revised ToR's on 9 Jan 2018 and advise USAASA

USAASA to source additional BEC members from DoC and SABC. Request already submitted, only Sentech has responded.

USAASA to advertise the bid for procurement of DTH STB's |

Risk Description	Mitigation Plan	Current Status
Lack of or poor quality research and evaluation outputs specifically focusing on the following: Number of research papers produced on national and global ICT trends Conceptual framework and business case on the Digital development fund bill Impact evaluation studies Smart communities master plan Baseline of economic activities in the established smart communities and measure impact of digitisation	Research Framework developed and approved Research papers produced on national and global ICT trends 30 September 2017 Conceptual framework and business case on the Digital development fund bill 30 September 2017 Smart villages concept document 31 July 2017 Baseline of economic activities in the established smart communities and measure impact of digitisation 31 March 2017 Impact evaluation studies 31 March 2018 Development of TOR for the performance of the impact evaluation studies [31 January 2018]	

1.4 IMPLEMENTATION OF AUDIT OUTCOMES RECOMMENDATIONS

No information obtained at the moment.

1.5 HIGHLIGHTS

The following highlights of the third quarter are worth noting:

- The approval by the National Treasury for USAF to retain R29.5 million of surplus funds to be used to subsidise internet connectivity at local municipalities and department sites.

- USAASA has been engaging with the local municipalities of Impendle (in KwaZulu-Natal) and Nyandeni (in Eastern Cape).

- For the first time a draft MoU has been developed for Impendle Local Municipality (Subsequently to be used for Nyandeni LM and for future broadband municipal projects) to enable smooth execution of the project and to ensure that there is coordination/cooperation amongst all major stakeholders.

- The connectivity monitoring system for the OR Tambo sites was implemented thereby enabling the Division to better monitor the availability of connectivity at the various sites. More still needs to be done in this area to improve the said monitoring by creating the necessary structures to enable the end users to report incidents and reduce dependence on service provider reports.

- The number of registrations for TV owning households have increased due to SAPO drive on bulk installations.

- The Agency organised a very successful engagement session with the DoC, SAPO, Sentech and the 27 STB installers during which issues and challenges with the installations were raised. This resulted in the Division identifying some key interventions to enable an increase in the rollout of the set-top-boxes.

- The Agency has managed to get the resuscitation process for the Chief Albert Luthuli and Mutale Local Municipalities on track. To this end USAASA has verified that the service provider has successfully connected 10 sites in the Chief Albert Luthuli Local Municipality and, as soon as the spectrum license matter, currently in process with ICASA, has been resolved, a connectivity SLA will be concluded. To this end the Agency was able to provide a report that was positively received by the Parliamentary Portfolio Committee on Telecommunications and Postal Services, with the Chairperson of the Committee also confirming that his independent verifications confirmed the accuracy of the USAASA report.

- On the 18th and 20th December 2017 two BEC meetings were held to draft Terms of Reference for DTH and Reconnection of ICT centres respectively. In both days these specifications were completed and ready to be evaluated by BEC. BEC will then convene in January 2018 to conclude the process and subsequently enable formal authorisation.

1.7 LOWLIGHTS

Matter	Mitigation
Following the approval for the Agency to return surplus funds to utilise for extended connectivity, the Agency sought and was granted Board approval for the utilisation of the same service providers to provide continued connectivity. However, it transpired that the bulk of them had removed their infrastructure and would now charge fees for re-installation.	Since the main motivation for continuing with the existing service providers was largely based on them already having the infrastructure in place, thereby obviating the need and costs for reinstallation, the Agency has resolved to publish a new connectivity tender for the reconnection of the sites. The approval for this process is to be sought from the Board.

The Parliamentary Portfolio Committee on Telecommunications and Postal Services raised a concern about the Agency's previous focus on health institution, and largely ignoring the educational institutions, a matter the positively acknowledged had been addressed with the OR Tambo District deployment. They further expressed that the Agency should add more schools to the sites where services are offered. To positively respond to this matter, the Agency will be submitting a request to the Board to approve he extension of sites to provide connectivity to schools that are already within the coverage areas of the existing networks in the local municipalities of Joe Morolong (Northern Cape), Ratlou (North West), Mutale (Limpopo) and Chief Albert Luthuli (Mpumalanga) |
| In the OR Tambo District Municipality, in the Local Municipalities of Mhlontlo and King Sabata Dalindyebo, during the 2016/17 financial year the Agency approved the deployment of 609 sites but, due to budget limitations, only provided for connectivity for 295 sites. The Agency now needs to provide funding for the remaining 314 sites. | Following the approval by the National Treasury on 03 October 2017 for the surplus funds to be retained and utilised for connectivity, the Agency now has sufficient funds to cover the connectivity of the remaining 314 sites in the Mhlontlo and King Sabata Dalindyebo local municipalities.

The Agency has prepared a submission for Board approval for the allocation of funds for this purpose. |
| Exponential growth in work undertaken coupled with insufficient capacity within the Operations Division resulting in | • The Executive Manger: Operations has been appointed and will resume duties during the fourth quarter.
• The service providers are required to put in place monitoring systems and to make them accessible to the Agency. |

officials appointed in acting capacities and poor administration of the Division's operations and resultant poor reporting by the Division.	• The extensive growth in the work being done by the Division with no growth in internal capacity has created a serious administrative backlog. Whilst the Governing Structures are looking at more permanent solutions, the Agency is seeking to employ interns to assist with the administrative duties involved in monitoring and managing the projects as well as in the implementation of a centralised incident reporting. This will be beneficial to both the Agency and the interns as they will learn the intricacies of monitoring and managing tele-communications networks.
Slow pace of the applications for Set-Top boxes and thus not clearing the existing inventory in the warehouses, coupled with slow pace of installations by the installers.	• SAPO has intensified the registration drives and these have resulted in increased applications and registrations. • The Agency held a workshop with all 27 STB installers to ensure that they can pick up the installation pace whilst ensuring that the quality of installations is not compromised. • Furthermore The Agency held engagements with SAPO to get them to improve their systems for managing the stock.
Registrations of qualifying households not approved as a result of unknown STB's owing to incompleteness of Sentech broadcasting maps	• Sentech must be engaged to improve the coverage map to cover 100% of the populations.
Low stock for DTH set-top-boxes	• The Division has finalised the Terms of Reference for the procurement of the DTH set-top-boxes and will be procuring these services early in Q4.

1.8 STAKEHOLDER ENGAGEMENTS

- For Project initiation and Network design for Impendle and Nyandeni Projects (20-21 November 2017 – Meeting with municipal management. But we could not meet with the whole management, rather we met with ICT personnel well as the CFO. Most of the high sites were identified by the Service Provider (Grow Makhosikati) with few not exactly concluded. Further verification of sites was done during December 2017.

- On the 27th to 28 November 2017 USAASA and the service provider met with Nyandeni Local Municipality management. During this meeting, a steering committee was established as well as the Project Implementation Team was established.

- USAASA then went back to Impendle on 30 November 2017 to 01 December 2017 to meet with LM management. USAASA was asked to present before a full council the project plan. It was also discussed that an MoU should be finalised. A steering committee could not be formed due to MoU not complete.

- Rationalisation of SOE's impact on Broadband Rollout on 05 September 2017;

- 2017 CTO ICT Forum in Mozambique from 11 to 13 September 2017; and

- CTO Council Meeting in Mozambique on 14 – 15 September 2017.

3. FINANCIAL MANAGEMENT SERVICES REPORT

2.1 EXECUTIVE SUMMARY

During the quarter the half year inventory count and follow up counts were completed and the results conveyed to SAPO. The counts were a joint effort between Finance, Internal Audit, Risk Management, Operations and SAPO.

2.2 POLICIES AND FRAMEWORKS

The policy for Subsequent Events was developed and will be submitted to the Board via the committee for approval.

2.3 RISK MANAGEMENT

Identified risk	Mitigation plan and due date	Current status
None	Not applicable	Not applicable

2.4 IMPLEMENTATION OF AUDIT OUTCOMES RECOMMENDATIONS

The disciplinary process is ongoing.

2.5 HIGHLIGHTS

The momentum of the multi-disciplinary task team around BDM inventory continued with the half year inventory verification and subsequent counts having been completed and feedback given to SAPO.

2.6 LOWLIGHTS

Matter	Mitigation
Financials have not been prepared. The ERP support that we received during the quarter was utilised in preparing the USAASA financials.	ERP Support for a longer period is vital if the FMS unit is to achieve its APP and regulatory reporting requirements.

3. GOVERNANCE REPORT

3.1 EXECUTIVE SUMMARY

The Board and Board Committees held a number of meetings during the quarter under review to consider various strategic and governance matters.

3.2 POLICIES AND FRAMEWORKS

None.

3.3 RISK MANAGEMENT

There were no risk action plans to be implemented for the quarter under review.

3.4 IMPLEMENTATION OF AUDIT OUTCOMES RECOMMENDATIONS

There were no audit recommendations to be implemented for the quarter under review.

3.5 ACTIVITIES IN Q3

3.5.1   Board Meetings

The USAASA Board met twice in the quarter under review. The meetings were held as follows:

- 27 October 2017 to consider and approve inter alia, the BAC recommendation on the Broadband Rollout Project; the BAC recommendation on connectivity; the USAASA 2017/18 Quarter 2 Performance Report; USAASA / USAF 2017/18 Quarter 2 Management Accounts.
- 31 October 2017 (Special Board Meeting) to consider and approve agenda items the Board could not process as it was not quorating for the meeting of 27 October 2017.

3.5.2   Board Audit and Risk Committee (BARC)

The Board Audit and Risk Committee met two (2) times in the quarter under review. The meetings were held as follows:

- 20 October2017 to consider and recommend to Board the BAC recommendation on Broadband Rollout Project; the BAC recommendation on connectivity; the USAF Quarter 2 Performance Report as well as the USAASA and USAF Quarter 2 Management Account.

- 16 November 2017 to consider the USAASA Quarter 1 Financial Statements.

3.5.3   Operations Committee

The Operations Committee met once in the quarter under review as follows:

- 17 October 2017 to consider and recommend to the Board inter alia,

    o   Operations Divisional Quarter 2 Performance Report;
    o   BDM Monthly Report;
    o   Arbitration and Litigation reports;
    o   DTH and DTT STB Procurement Plan (ToR and Procurement Plan); and
    o   the OR Tambo District Municipality Broadband Rollout Project Report.

3.5.4   Stakeholder engagements

- 03 October 2017 - Presentation of the 2016/17 USAF Annual Report to Parliament;

- 29 October 2017 to 01 November 2017 – GovTech 2017 Conference.

- 28 November 2017 - Briefing to Parliamentary Portfolio Committee on Telecommunications and Postal Services by USAASA on progress report on oversight visit to Mpumalanga

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The Universal Service and Access Fund

QUARTER 3 PERFORMANCE REPORT FOR 2017/2018

GO DIGITAL

PROGRESS ON DELAYED 2017/2018 FINANCIAL YEAR TARGETS

DEPLOYMENT AND MAINTENANCE

Strategic Objective	Increased roll out of electronic communication infrastructure in underserviced areas						
Performance Indicator	Number of existing sites with connectivity maintained						
Annual Target	38 ICT centres						
Quarterly Target	Evidence Criteria	Actual achievement				Annual Budgeted Expenditure	Actual expenditure YTD
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date		
38 ICT centres	List of ICT centres to be connected during the financial year

Connectivity or usage reports for the connected ICT centres | The planned target was not fully achieved.

Only 14 ICT Centres were connected during the Quarter

Under review. | 24 ICT Centres were not connected due to expired contracts between USAASA and the service providers. Furthermore, funding for connectivity of sites was limited to Broadband projects | A submission to reconnect expired sites was redrafted and will be presented to the Bid Adjudication Committee and the CEO for approval during Q4.

National Treasury has also approved USAASA's request to retain funds to be used for connectivity during this Financial Year | 31 October 2017 | *R 51 092 000 | * R2 956 958 |

* The budget/ expenditure is for the entire indicator target of Rapid deployment and Connectivity and Broadband

PROGRESS ON 2017/2018 FINANCIAL YEAR Q3 TARGETS

Strategic Objective	Increased digital literacy through the establishment of smart villages						
Performance Indicator	Number of ICT training programmes implemented to improve the digital literacy rate of targeted groups						
Annual Target	2						
Quarterly Target	Evidence Criteria	Actual achievement				Annual Budgeted Expenditure	Actual expenditure YTD
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date		
1	Training plan developed	Target was fully achieved.	Not applicable	Not applicable	Not applicable	·	·
	Progress reports in training conducted	1 ICT training programme implemented					

BROADBAND

Strategic Objective	Increased roll out of electronic communication infrastructure in underserviced areas						
Performance Indicator	Number of underserviced local municipal areas with access to electronic communication infrastructure						
Annual Target	2						
Quarterly Target	Evidence Criteria	**Actual achievement**				**Annual Budgeted Expenditure**	**Actual expenditure YTD**
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date		
50% network deployed in the 2 areas	Progress Reports indicating the underserviced areas that have electronic communication infrastructure	Target not fully achieved. Network design has been completed and 60% of the backhaul infrastructure has been procured	The delayed completion of the procurement process negatively affected the infrastructure deployment	USAASA is actively involved in assisting the service provider to secure sites for towers Intensification of stakeholder engagement by both USAASA and the service provider Parallel deployment in both Impendle and Nyandeni local municipalities	31 Jan 2018	R31 227 000.00	R1 967 780.71

25

Strategic Objective	Increased roll out of electronic communication infrastructure in underserviced areas					
Performance Indicator	Number of free public Wi-Fi hotspots deployed					
Annual Target	40					
Quarterly Target	Evidence Criteria	Actual achievement				Annual
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date	Budgeted Expenditure
16	Sign-off verification reports and usage reports	Target was fully achieved. 17	Not applicable	Not applicable	Not applicable	R31 227 000.00

*The budget/ expenditure is for the entire indicator target of Rapid deployment and Connectivity and Broadband

DEPLOYMENT AND MAINTENANCE

Strategic Objective	Increased roll out of electronic communication infrastructure in underserviced areas					
Performance Indicator	Number of existing sites with connectivity maintained					
Annual Target	38 ICT centres					
Quarterly Target	Evidence Criteria	**Actual achievement**			Annual Budgeted Expenditure	Actual expenditure YTD
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date	
38 ICT centres	List of ICT centres to be connected during the financial year Connectivity or usage reports for the 38 connected ICT centres	Target was not fully achieved. Only 14 ICT centres at OR Tambo district municipality were connected throughout the quarter	24 ICT centres were not fully connected throughout the quarter under review	The outstanding 24 ICT centres will be reconnected in Q4.	28 Feb 2018	R19 865 000.00	R2 420 433.19

* The budget/ expenditure is for the entire indicator target of Rapid deployment and Connectivity and Broadband

Strategic Objective	Increased roll out of electronic communication infrastructure in underserviced areas					
Performance Indicator	Number of existing sites with connectivity maintained					
Annual Target	93 clinics					

Quarterly Target	Evidence Criteria	Actual achievement				Annual Budgeted expenditure	Actual expenditure YTD
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date		
93 clinics	List of clinics to be connected during the financial year Connectivity or usage reports for the 93 connected clinics	Target was not fully achieved. Only 20 of the 93 clinics were connected throughout the quarter	73 clinics were not fully connected throughout the quarter under review	The ICASA network management statistics will be used to substantiate connectivity of clinics as the current network monitoring systems used by USAASA is being developed.	28 Feb 2018	R19 865 000.00	R1 454 777.78

* The budget/ expenditure is for the entire indicator target of Rapid deployment and Connectivity and Broadband

28

Strategic Objective	Increased roll out of electronic communication infrastructure in underserviced areas
Performance Indicator	Number of existing sites with connectivity maintained
Annual Target	129 educational institutions

Quarterly Target	Evidence Criteria	Actual achievement				Annual Budgeted Expenditure	Actual expenditure YTD
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date		
129 educational institutions	List of ICT centres to be connected during the financial year. Connectivity or usage reports for the 129 connected educational institutions	Target was not fully achieved. Only 77 of the 129 educational institutions were connected throughout the quarter	52 educational institutions were not fully connected throughout the quarter under review	The ICASA network management statistics will be used to substantiate connectivity of clinics as the current network monitoring systems used by USAAASA is being developed.	28 Feb 2018	R19 865 000.00	R4 295 203.22

* The budget/ expenditure is for the entire indicator target of Rapid deployment and Connectivity and Broadband

BROADCASTING DIGITAL MIGRATION

Strategic Objective	Increased access to digital broadcasting services						
Performance Indicator	Number of set-top boxes and antennae procured						
Annual Target	181 399						
Quarterly Target	Evidence Criteria	Actual achievement				Annual Budgeted Expenditure	Actual expenditure YTD
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date		
90 699	Procurement and delivery records for set-top-boxes and antennas	Target was fully achieved. 129 000 set-top-boxes were procured and delivered to South African Post Office. 167 400 antennas were procured and delivered to South African Post Office and total number of 296 400 units was delivered.	Not applicable	Not applicable	Not applicable	R79 098 000.00	R194 489 061.58

Strategic Objective	Increased access to digital broadcasting services					
Performance Indicator	Percentage of set-top boxes and antennae distributed for registered users					
Annual Target	60%					
Quarterly Target	Evidence Criteria	Actual achievement				Annual Budgeted Expenditure	Actual expenditure YTD
		Actual Achievement	Deviation from the planned target	Action plan for delayed target	New delivery date		
30%	Distribution schedule	Target was fully achieved 84 186 set-top-boxes were installed against the 129 000 set-top-boxes delivered to SAPO and this translated into 65 percentage achievement	Not applicable	Not applicable	Not applicable	R79 098 000.00	R140 642 688.41

SUMMARY OF USAF QUARTER 3 PERFORMANCE

The below graphs depict the Fund's achieved quarterly targets against the planned quarterly targets in the approved 2017/18 Annual Performance Plan for the third quarter. **Four (4)** of the **eight (8)** planned targets were achieved, being **50%** of the total planned targets, and **Four (4)** of the **eight (8)** planned targets were not achieved, being **50 %** of the total Q3 planned targets.

USAF 2017/18 QUARTER 3 PERFORMANCE

USAF 2017/18 QUARTER 3 PERFORMANCE
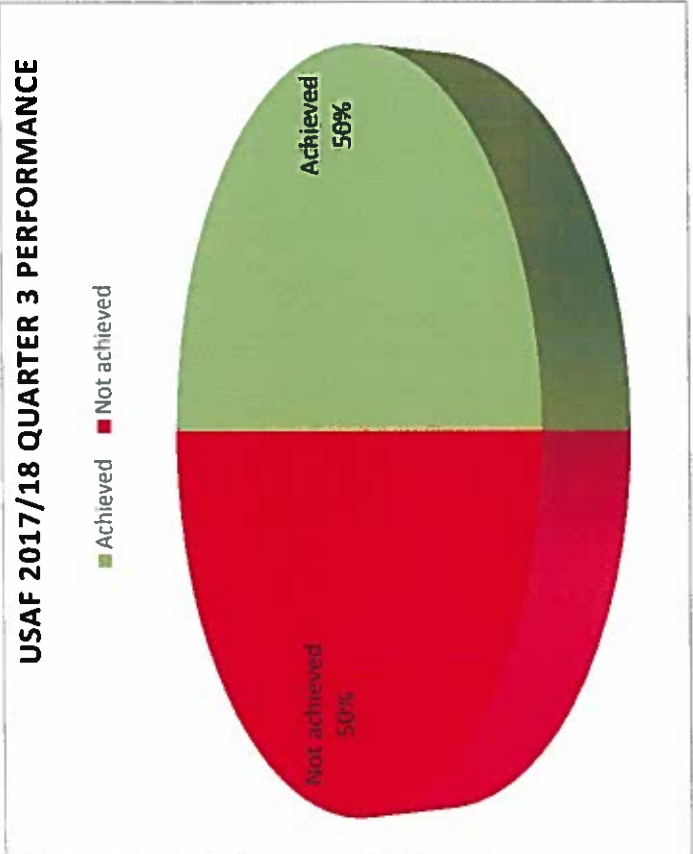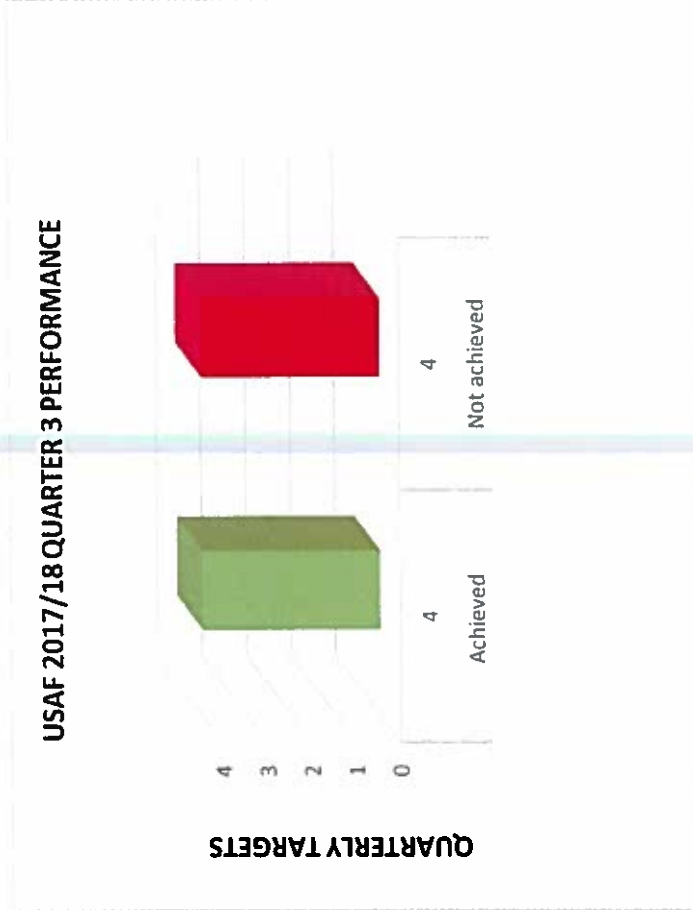
SUMMARY OF USAF 2017/18 CUMULATIVE PERFORMANCE

The below graphs depict the Fund's achieved cumulative quarter 1 to 3 targets against the planned quarterly targets in the approved 2017/18 Annual Performance Plan. **Seven (7)** of the fourteen **(14)** planned targets were achieved, being **50%** of the total planned targets, **seven (7)** of the fourteen **(14)** planned targets were not achieved, being **50%** of the total planned targets as at the end of Q3.

USAF 2017/18 CUMULATIVE PERFORMANCE

USAF 2017/18 CUMULATIVE PERFORMANCE