

PRESENTATION ON OPERATION PHAKISA

PORTFOLIO COMMITTEE ON PUBLIC ADMINISTRATION: 24 MAY 2023



REPUBLIC OF SOUTH AFRICA



OPERATION PHAKISA IMPLEMENTATION PROGRESS

transition-based strategies are aimed at stepping away from incremental developments along “business-as-usual” trajectories [J Vob et al] by inducing complex guidelines of socio-economic change by means of collaboration, engagement and examining changes in behavior aimed at learning to improve performance.



planning, monitoring
& evaluation

Department:
Planning, Monitoring and Evaluation
REPUBLIC OF SOUTH AFRICA



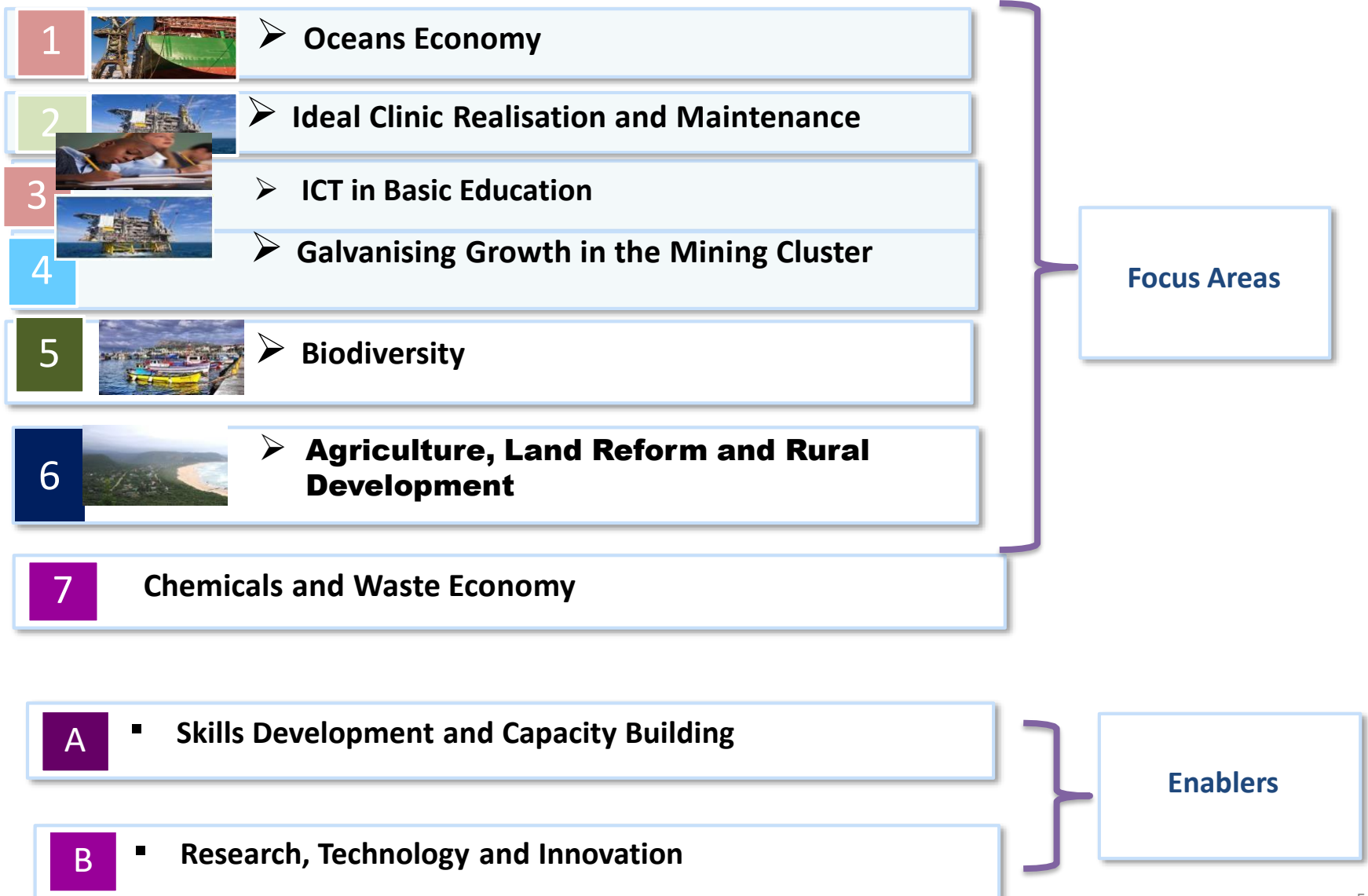
INTRODUCTION

- The NDP 2030, which guides government planning seeks to *achieve an equitable society with significantly reduced unemployment, poverty and inequality by 2030*
- As a medium term plan, the MTSF sets specific targets to be met by 2024 to contribute to the realisation of the NDP Outcomes
- The OP methodology seeks to accelerate the realisation of NDP outcomes by fast tracking MTSF implementation
- Also, it supports successful *implementation of the NDP in order to give impetus to government's plans to meet its constitutional obligation to ensure delivery of services to the citizenry*
- **Correct application of the methodology within economic cluster OP Labs, could contribute significantly to the achievement of the economic growth targets as well as better health and education outcomes within the social cluster**
- **School ICT connectivity for teaching and learning is very low, around 20%. Urgently need to ensure that all schools are ICT connected especially rural schools with speeds supporting learning and teaching**

Measures	Baseline	Targets MTSF 2024	Target NDP 2030	Performance to date
Economic Growth	0.8%	2-3%	5.4%	1.4 in Q4 2021, 1.9 in Q1 2022
Export growth	-	4%	6%	25.9% Q1 2021 v/s Q1 2020
Unemployment	27.6%	20-24%	6.0%	35.3% Q4 2021 and 34.5 in Q1 2022
Employment	16.3 million	18.3-19.3 million	23.8 million	14.5 million Q4 2021 VS 14.9mil Q1 2022
Investment	18.2%	23%	30%	14.0% in Q4 2021 vs 14.3 Q1 2022
Energy security	-	-	29 000MW (20 000MW renewables)	SIPs gazetted- 2 569 MW S34- 2000 MW
Inequality	0.68	0.66	0.60	0.63
Poverty	24.7%	20%	0%	55.5% upper bound
	39.8%	28%	0%	

- A methodology for accelerating delivery on national priorities espoused in the National Development Plan 2030, and doing this better, faster and efficiently.
- When applied correctly, the methodology can help with realisation of desired outcomes and impacts in that it :
 - ✓ Instills a heightened sense of urgency, which speeds up planning and implementation;
 - ✓ promotes collaboration with key stakeholders (private, public, academia, communities, labour) to develop solutions together etc
 - ✓ Promotes transparency & accountability (by regularly monitoring and reporting to make the results known to the public)
 - ✓ Instills consequence management for poor delivery
 - ✓ Its coordinative approach assists to channel resources and reduce duplication;
 - ✓ Can be applied to any sector (can embrace economic & social recovery plans);
- Since the adoption of OP methodology in 2014, 7 Labs have been undertaken.
- Each Lab was led by the relevant department and each had its aspirations outlining how success would look like
- Of the seven Labs, two are in Priority 3 (ICT in Education & ICRM) and five in the Priority 2
- However, their implementation also significantly contributes to the realisation of priority 1 and 5

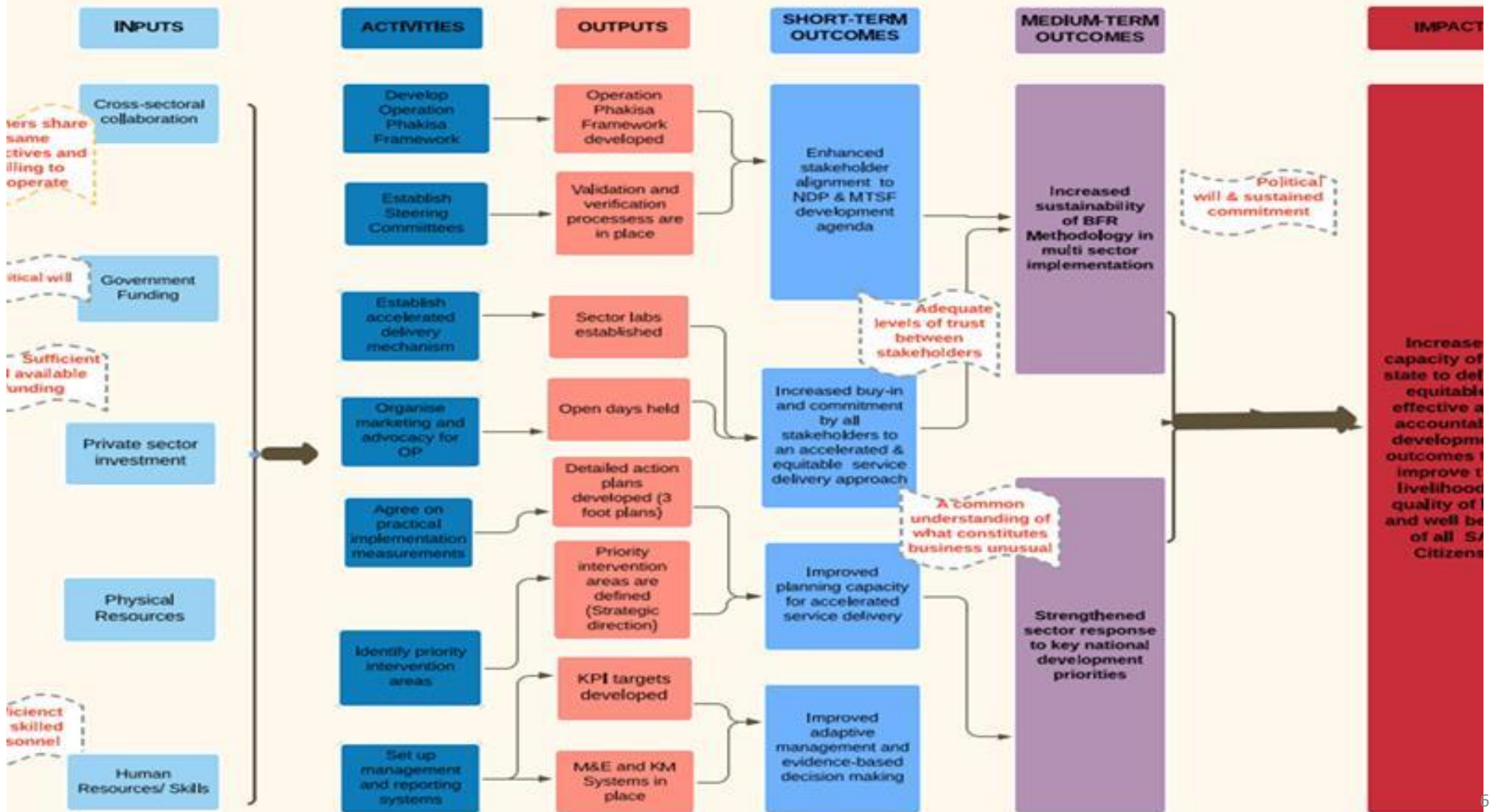
THE LABS (OP INTERVENTION AREAS)



OPERATION PHAKISA THEORY OF CHANGE

OPERATION PHAKISA

Programme Goal: to fast track the convening of delivery Labs as well as accelerating the planning, implementation, monitoring and reporting processes. This thinking was premised on the government's desire to catalyse a service delivery paradigm shift towards doing "business unusual".



PREVAILING CONTEXT

- ✓ Sustained low levels of economic growth accompanied by low labour absorption rates.
- ✓ Bureaucracy and administrative inefficiencies remained a challenge
- ✓ Also, the unduly long turnaround times to remove identified inefficiencies (policies; issuing of water permits, power supply etc) continued to frustrate investors
- ✓ Structural rigidities (energy, ports, & rail) continued to constrain growth and inclusivity exacerbated by vulnerability to global economic forces (High levels of concentration, prices etc.)
- ✓ Political instability, Policy and Regulatory uncertainty, continued to dampen investor appetite
- ✓ a manifestation of a confluence of the above resulted in local economic growth that does not generate sufficient jobs to reduce unemployment and poverty
- ✓ Level of inequality remains high and Economic inclusivity remains a challenge
- ✓ Fiscal constraints continued to limit government ability to direct interventions programs
- ✓ thus compounding the national triple developmental challenge
- ✓ However, speedy delivery and realisation of desired end state requires use of transformative innovations including Operation Phakisa
- ✓ While most Operation Phakisa Lab outcomes find expression throughout the Government Planning Hierarchy, (the MTSF 2019-2024 & MPAs),
- ✓ Significant challenges remain illustrated by failure of some depts to implement and report on Lab outcomes despite support from the DPME.
- ✓

- ✓ Attracted just more than R41 billion in investment and created about 8 000 jobs by 2019
- ✓ In 2020, about R17 billion in investment was attracted and about 15 500 jobs created.
- ✓ In 2021, about R5 billion in investment was attracted and about 7 330 direct jobs created
- ✓ This rises to 11 641 jobs when SATSA figures are used which include indirect jobs
- ✓ During SI 2022, attracted R2.04 billion, which is 18% lower than the R2.5 billion of same period in 2021/22
- ✓ jobs created amounted to 2 306, which is 37 percent lower than similar period in 2021/22.
- ✓ Ocean economy
 - Various Decision Support tools (DeST) developed continue to support intelligence gathering in RSA EEZ
 - 3 additional nano satelites launched into space in Jan 2022 on board SpaceX rocket joining ZA CubeSat-result of collaboration between DSI, and universities of Stellenbosch and CPUT
 - The 4 Satelites orbiting earth, capturing and transmitting data-saving SA millions in data purchasing
 - About R51.72 billion investment as development of Block 11B/12B in South Coast intensifies towards production

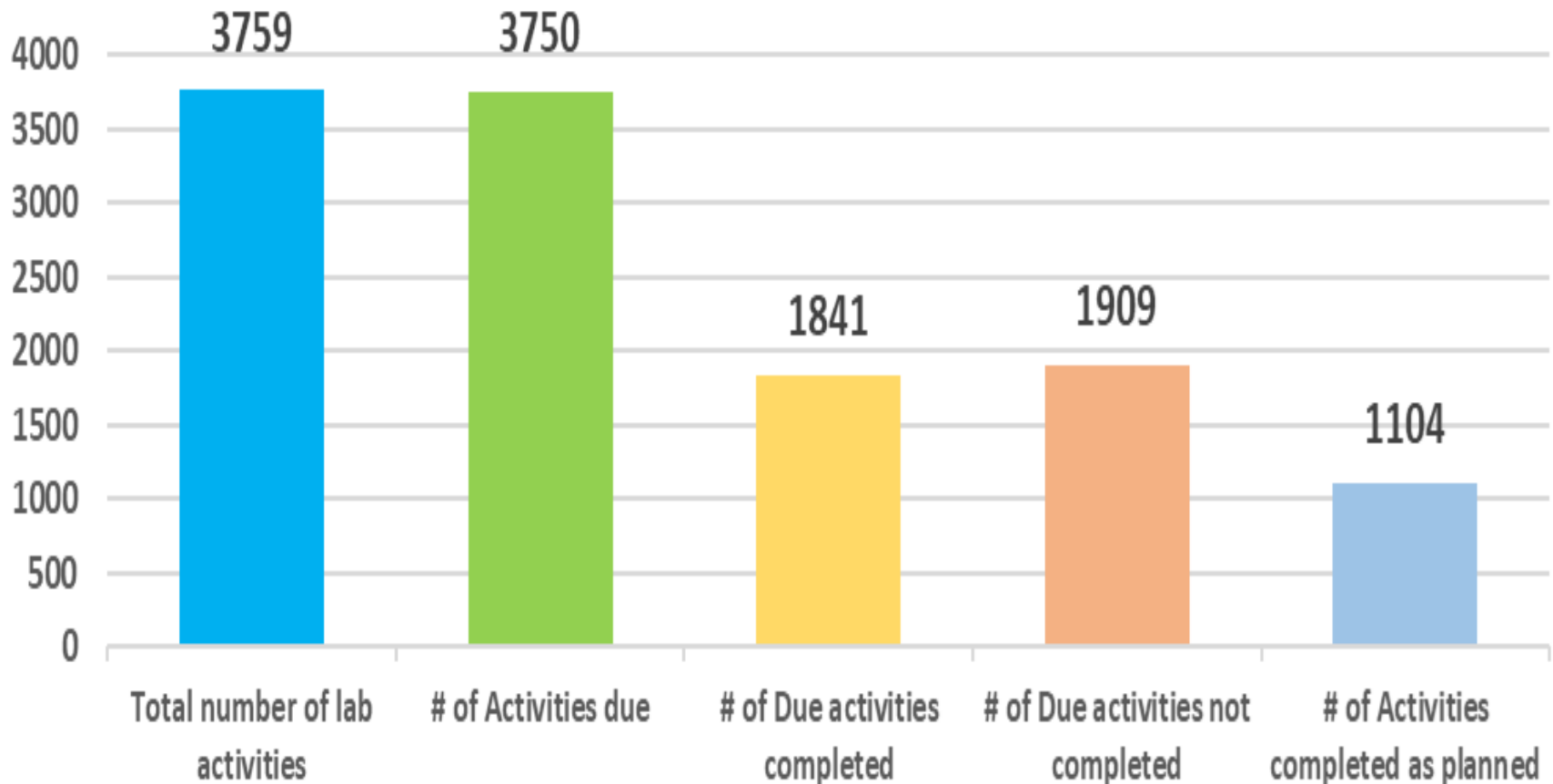
- ✓ Ocean economy
 - Upgrading of the 37 existing ship repair facilities is 70% complete (26 projects) in various ports
 - Development of EL port ship repair infrastructure and equipment –construction work is 55% complete (27.4m out of the R118m Budget has been spent
 - Establishment of the Burgan Fuel storage facility Cape Town harbor was finalised, attracting more than R600m in investment
 - SHD to invest millions in removal of sunken vessels and in small harbours and coastal property development (About R500m has been invested so far)
- ✓ ICT in education Lab continues to facilitate teaching and learning as more schools get connected
- ✓ The rise in number of ideal clinics continues to contribute to achievement of better health outcomes
- ✓ Establishment of Biodiversity Economy Nodes remains in progress supported by R3 million investment
- ✓ BABS Online permitting system went live on 5 April 2022s
- ✓ Cabinet approval of the publishing of the Draft Game Meat Strategy for South Africa for public comments.
- ✓ On Skills Development: Establishment of a Marine Robotics Centre at NMU finalised and UCT,
- ✓ More than 2 200 people have been trained in various OE fields

OCEANS ECONOMY Q1 PROGRESS

- ✓ At 49.7%, performance of the Lab remains low owing to MTM (18%) and Aquaculture (43%)
- ✓ Despite MPG's 75% and Offshore Oil and Gas' 85%
- ✓ The Lab attracted R1.576 billion investment and created less than 1 501 jobs, 224% higher than previously
- ✓ BOTH investment and jobs lower than the half yearly targets of R5.558 billion investments and 11 195 jobs
- ✓ However, intensification of development of Block 11B/12B on the South Coast will raise investment to about R51.72 billion from now to 2026,
- ✓ This is expected to rise further to R172 billion as this operation transitions to production
- ✓ This is expected to come into production by 2027
- ✓ Socio economic contribution once in production- About R22 billion GDP contribution and 81 000 job creation potential.

Overall Completion of Oceans Economy Lab Activities

as reported at 30 September 2022



✓ CHALLENGES

- ✓ delayed finalisation of the Petroleum Resources Development Bill,
- ✓ Uncertainty over the Fiscal regime.
- ✓ Litigious environment potentially chasing away investment, stifling development of upstream petroleum sector.
- ✓ Energy security, local beneficiation, economic revival and growth, jobs at risk.
- ✓ Use of Gas as transitional fuel towards net-zero carbon emissions delayed

However, ISU monitoring visits revealed more challenges including;

- ✓ Aging terminal equipment and port infrastructure.
- ✓ Congestion of port traffic due to uncontrolled cargo trucks..
- ✓ cable theft for the rail transporting containers remains challenge.
- ✓ Poor mobile harbour crane reliability was cited as a challenge.
- ✓ Significant the delays in the work being undertaken in the dry docks around the port, which were underway in 2017,.

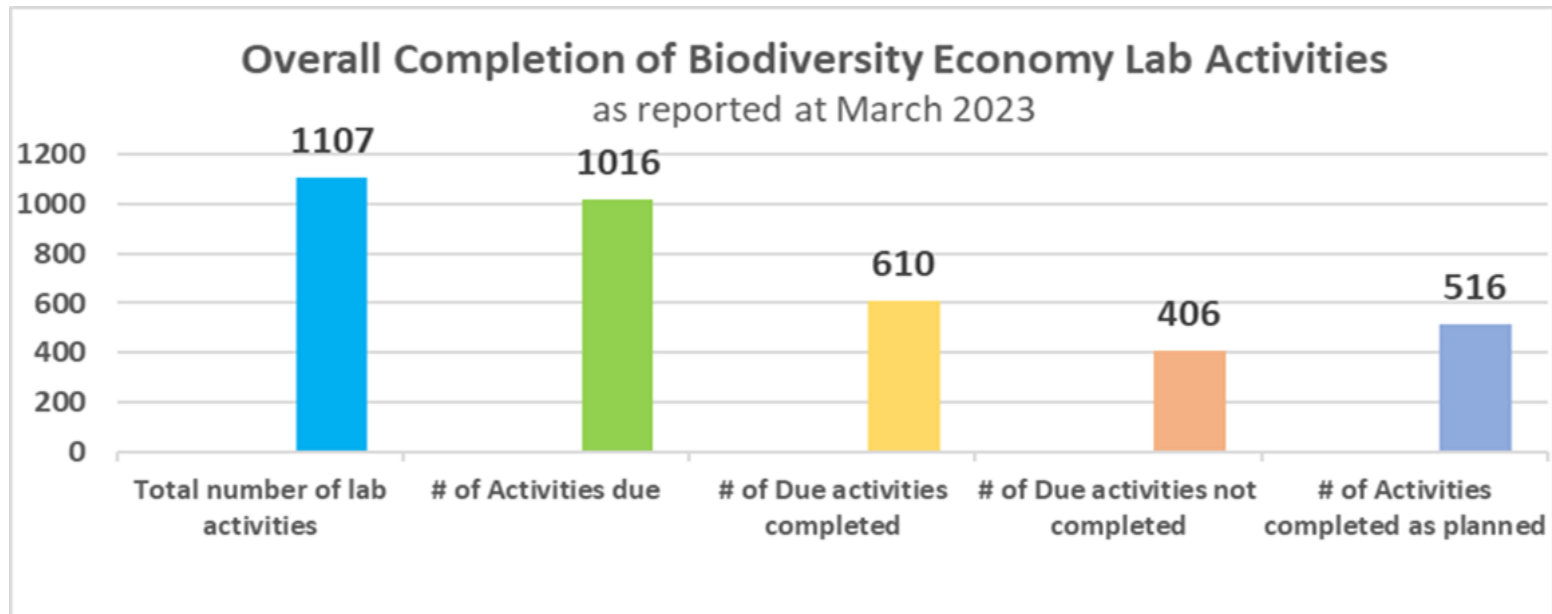
What interventions are required:

- ✓ DMRE and Parliament to collaboratively expedite finalization of the Bill
- ✓ We need to find a way to timeously address environmental concerns to avoid imposition of extremist view of environmental management instead of the three dimensional paradigm approach
- ✓ NTs speedy finalisation of the tax reform the sector needs

- The MTSF 2019-2024 Biodiversity Lab targets include:
 - ✓ Attracting R7.1 billion in investment (public and private sector),
 - ✓ Contributing up to R15.2 billion to the GDP of the country and
 - ✓ create 55 000 jobs over the current MTSF period.
- Dashboard performance has remained low at 56% S1 2022/23
- rising to 61% by S2 2022/23
- The Lab unlocked R787 million invested 59 projects (wildlife, biodiversity and people and parks) across all provinces during the 2022/23 financial year .
- Preliminary info reveals that no investment attracted during second half
- No jobs created in Biodiversity during the reporting period
- Both investment and jobs creation undershot half yearly targets of R1.42 billion and the 11 000 jobs by far
- But at 220, the number of SMMEs trained have exceeded the half yearly target of 200
- Also at 17 ha, the Lab has significantly undershot its half yearly target of 250ha identified and monitored for mass cultivation of indigenous species 500 ha target by a long margin

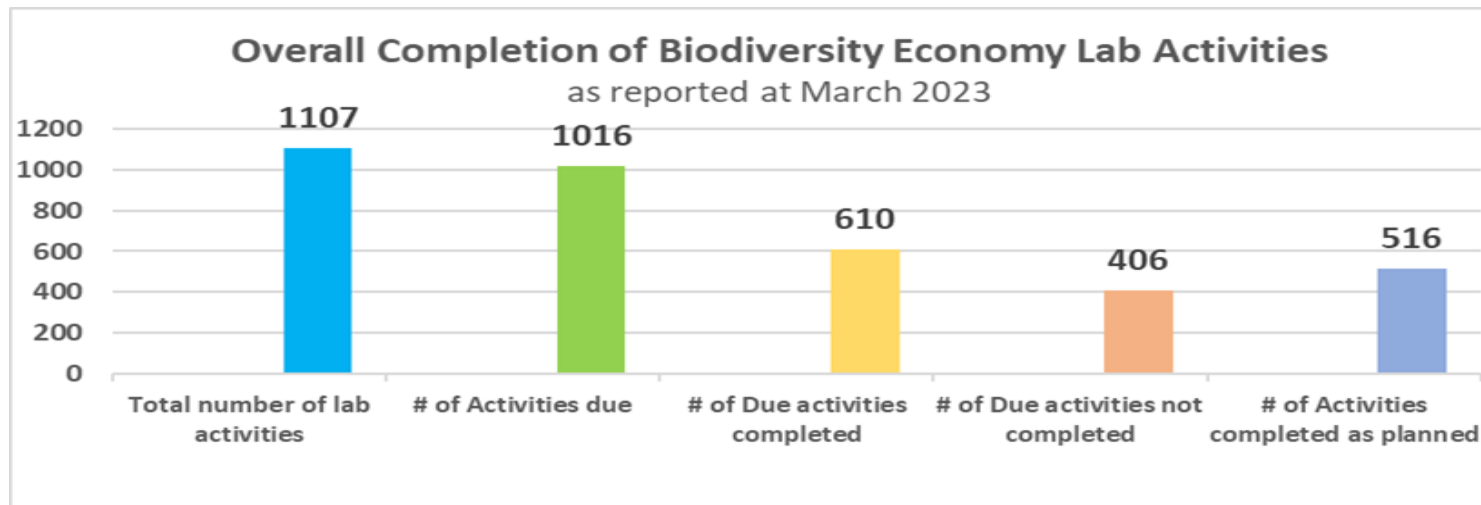
BIODIVERSITY ECONOMY Q1 PROGRESS

- Further, at 3 754, the number of game animals donated **remains lower than target**
- Nonetheless, preparations to capture and translocate about 12 000 game animals over the MTSF for transformation likely to greatly assist towards the realisation of the game donation target
- SA Game Meat Strategy finalised.



BIODIVERSITY IMPLEMENTATION PROGRESS

- SA Game Meat Strategy finalised.
- Missed the annual R1.7 billion investment and 11 000 jobs target



- ✓ ICRM: to transform all public health clinics (PHC) into Ideal Clinics, and improve the nation's experience of health care in the public health facilities.
- ✓ number of Ideal Clinics rose by 25% to 1 928 facilities out of 3 467 at the end of 20221/2022 financial year, from 1 444 during the second quarter
- ✓ Way below the 100% that was previously envisaged
- ✓ Further, ISU monitoring visits to clinics in various provinces revealed that challenges continue to impede progress including
 - ✓ Persistent poor or inadequate infrastructure, whose resolution requires time, technical resources, and additional funding,
 - ✓ lack of institutionalisation of the programme in the provinces,
 - ✓ mal-distribution and shortages of skill, particularly doctors as well as
 - ✓ Shortage of equipment and other resources, which needs correct budget allocation
 - ✓ resource shortages (financial, human and equipment)
 - ✓ The challenge of Inter-sectoral collaboration (DWS, Energy, ICT etc)

- ✓ Vision to ensure access to ICT infrastructure and support through school connectivity and digital content while teachers and managers are professionally developed.
- ✓ premised on the fact that Information and ICT, as emphasised in the NDP2030 are tools that can assist in improving the quality of basic education
- ✓ Available information reveals that no progress was made during the reporting period
- ✓ Nonetheless, ISU monitoring visits to various schools reveal that 100 percent of the schools visited indicated that ICT infrastructure provided is adequate for facilitating teaching and learning,
- ✓ However, certain challenges remained including:
 - ✓ The fact that no tablets were issued to learners but to teaching and administrative staff members,
 - ✓ This significantly hinder the learning process as well as the learners' ability to access electronic content off site.
 - ✓ Also, theft poses a serious problem in some schools as one school lost 52% of (50 devices due to theft as a result of the less than secure environment in which they are stored.
 - ✓ Further, none of the schools visited were aware of the benefits of e-rate or zero-rating resulting in 50% of them using SCB funds for internet connectivity, while relating to digital educational content, 50% had only one subject installed in their computers and the remainder had no digital

ICT IN EDUCATION LAB Q1 PROGRESS

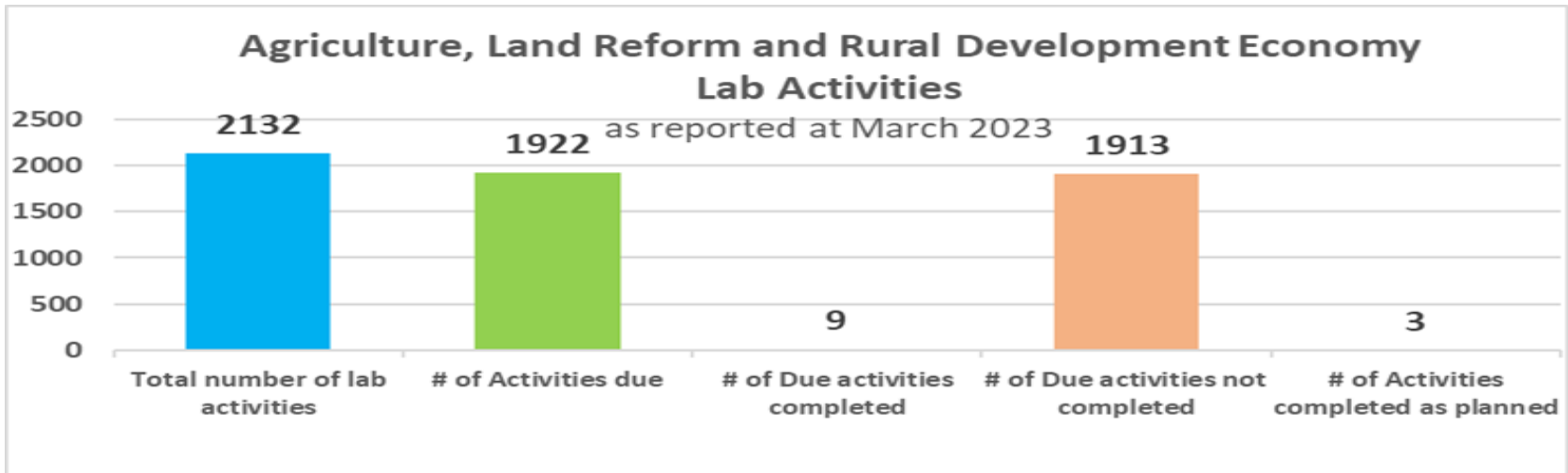
- ✓ Further, none of the schools visited were aware of the benefits of e-rate or zero-rating resulting in 50% of them using SGB funds for internet connectivity, while relating to digital educational content,
- ✓ 50% had only one subject installed in their computers and the remainder had no digital education content installed.
- ✓ However, ISU monitoring visits revealed that tablets get stolen & computer Labs vandalized
- ✓ Where Labs are intact, they are overcrowded, frustrating access by each learner to a digital unit
- ✓ Laptops donated by STATSSA remained idle in store rooms as they await being cleaned of STATSA data, hindering their use in the rollout of ICT in Education, owing to funding challenges.
- ✓ Some smartboards remain dysfunctional owing to poor service rendered by the relevant SP
- ✓ Another challenge is the lack of independent monitoring dashboard for this lab
- ✓ The fact that DBE submits outdated info exacerbates the situation further

THE MINING LAB Q1 IMPLEMENTATION PROGRESS

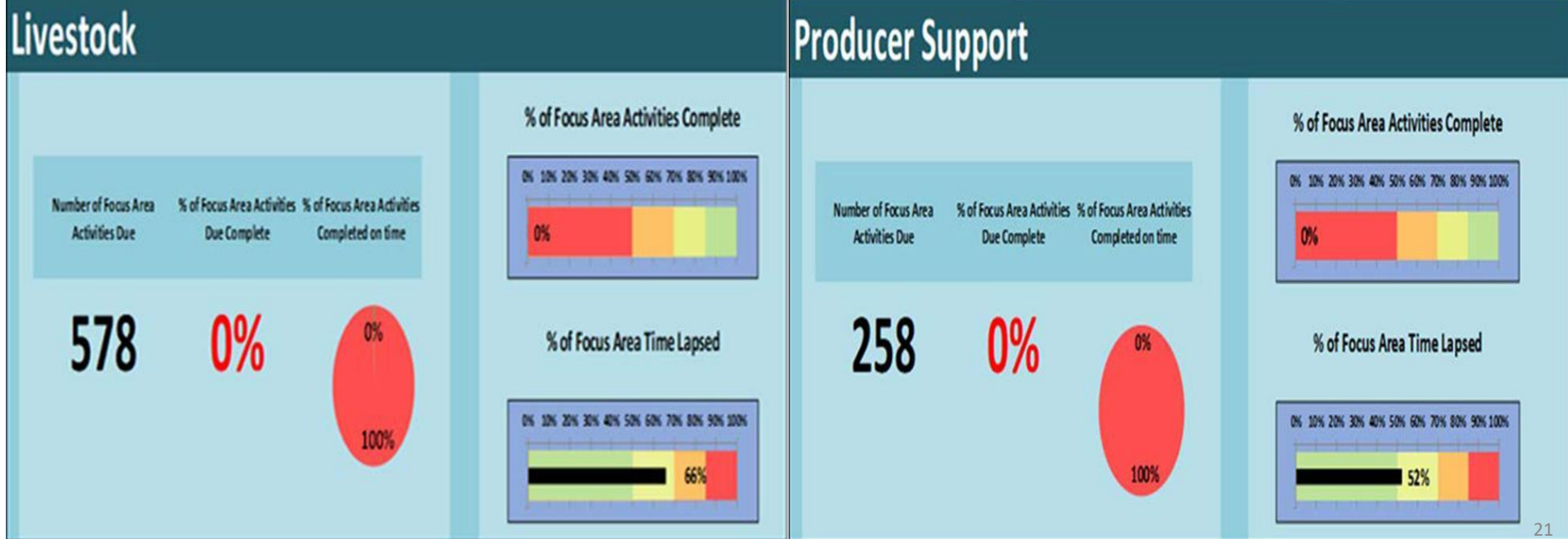
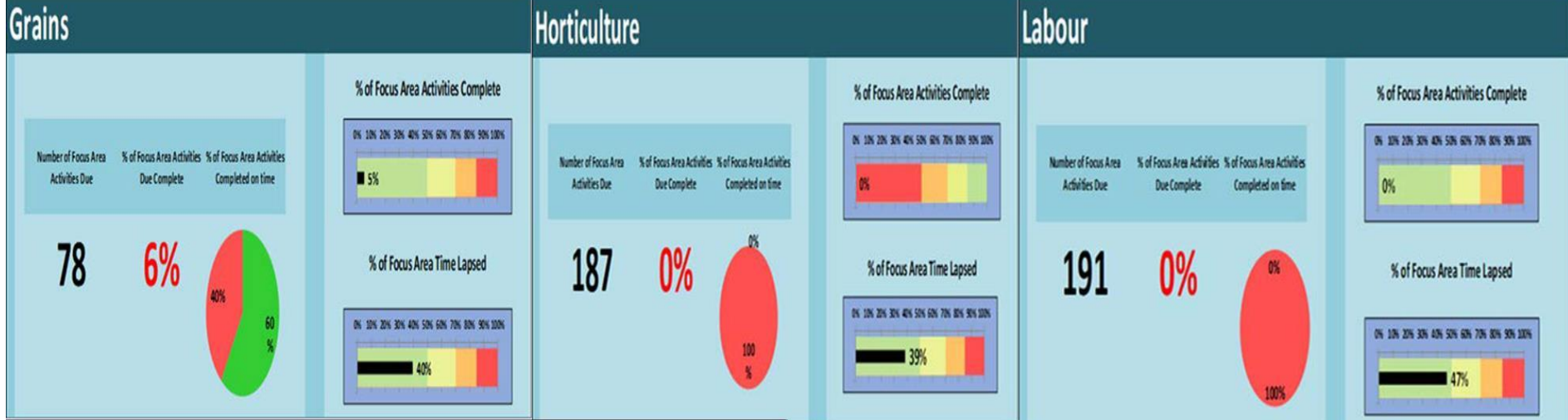
- The Mining Lab targets include the following:
 - ✓ Attracting up to 6% investment in the South African mining cluster ;
 - ✓ Increase in R&D expenditure from R134 million in 2016 to R401 million ;
 - ✓ Increase in the number of fulltime equivalent researchers from 0% in 2016 to more than 12%;
 - ✓ Increase in the number of direct jobs created as per investment, from 0% in 2016 to 5% by 2020, with up to 979 888 additional jobs created;
 - ✓ Creation of up to 489 944 indirect jobs.
- ✓ Apart from establishing the Nelson Mandela Precinct, this lab has not delivered on any of its targets
- ✓ This, despite numerous interventions by the DPME
- ✓ This non-implementation has cost the country **hundreds of thousands of jobs**
- ✓ And negatively affected achievement of **investment and growth targets**

➤ Targets Include

- ✓ Attract R3.6 billion in investment and
- ✓ create 109 000 jobs over the MTSF 2019-2024 period.
- ✓ Develop 1.5 million hectares of land acquired for redistribution, restitution and tenure reform.
- ✓ Develop and implement spatial development plans to guide how land is used while prioritizing the 27 resource-poor district municipalities;
- ✓ Provide support to 300 000 new smallholders by 2024 to ensure production efficiencies



RURAL ECONOMY Q1 PROGRESS



Land Reform

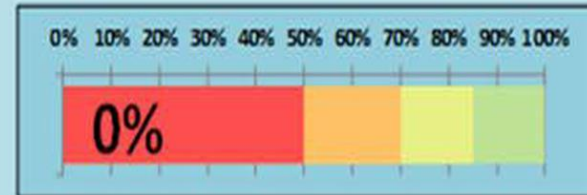
Number of Focus Area Activities Due	% of Focus Area Activities Due Complete	% of Focus Area Activities Completed on time
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413

0%



% of Focus Area Activities Complete



% of Focus Area Time Lapsed



RURAL ECONOMY Q1 PROGRESS

- ✓ At 1% implementation progress, performance is very poor.
- ✓ No progress has been made or reported to have been made during the year on any of the targets
- ✓ However, available information reveals that various provinces continue to implement Lab outcomes despite lack of coordination from the DALRRD
- ✓ Those provinces visited reported that millions of investments attracted creating thousands of jobs

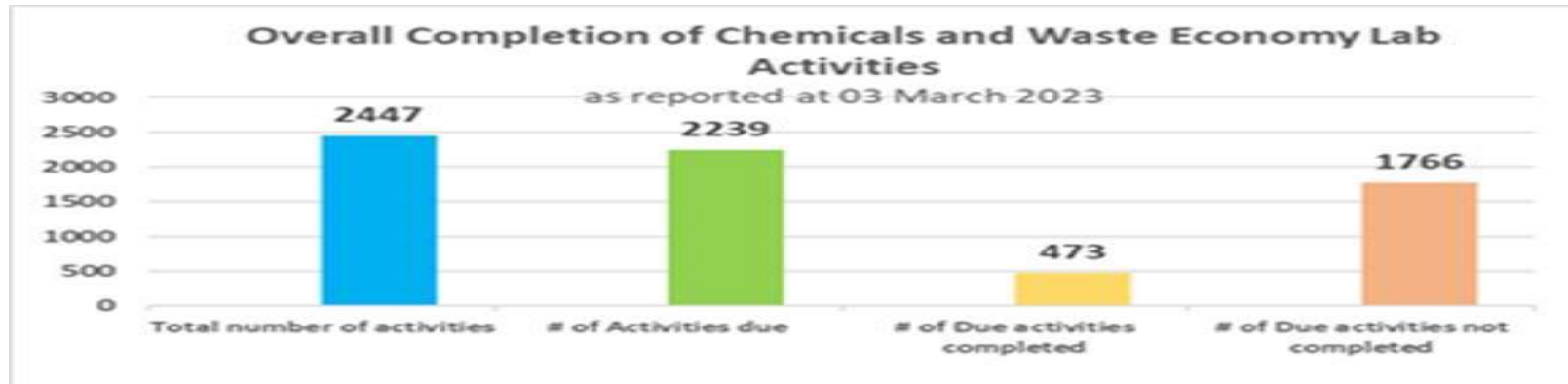
CHALLENGES

- ✓ DALRRD continues to fail to implement and attend relevant reporting structures
- ✓ Escalation to that dept DG and Minister has failed to resolve the problems

➤ IMPACT OF FAILURE TO IMPLEMENT

- ✓ Persisting poor coordination of the Rural Economy Lab both at strategic and political leadership
- ✓ significantly constrained its ability to realise its half yearly MTSF investment and jobs targets of R360 million and 10 900 jobs for reporting period. Investments
- ✓ This means that DALRRD's failure kept about 10 900 rural poor people out of jobs
- ✓ Land Acquisition : Surpassed the annual target by 6% , which could help accelerate the resolution of the Land question.
- ✓ Small holder Producer support: Undershot annual target by 34% thus denying 20 339 smallholder producers support

- **Investments** :Attract R8.6 billion; **GDP Contribution:** R11.5 billion; **Job creation:** Create 127 000 jobs.
- **SMME support** :support 4 300 small, medium and micro- enterprises



- About 2 227 (91%) of the total 2 447 tasks are due
- 22% of the due tasks completed and
- only 37% completed as planned.
- The completion of the Lab therefore is at 21 percent

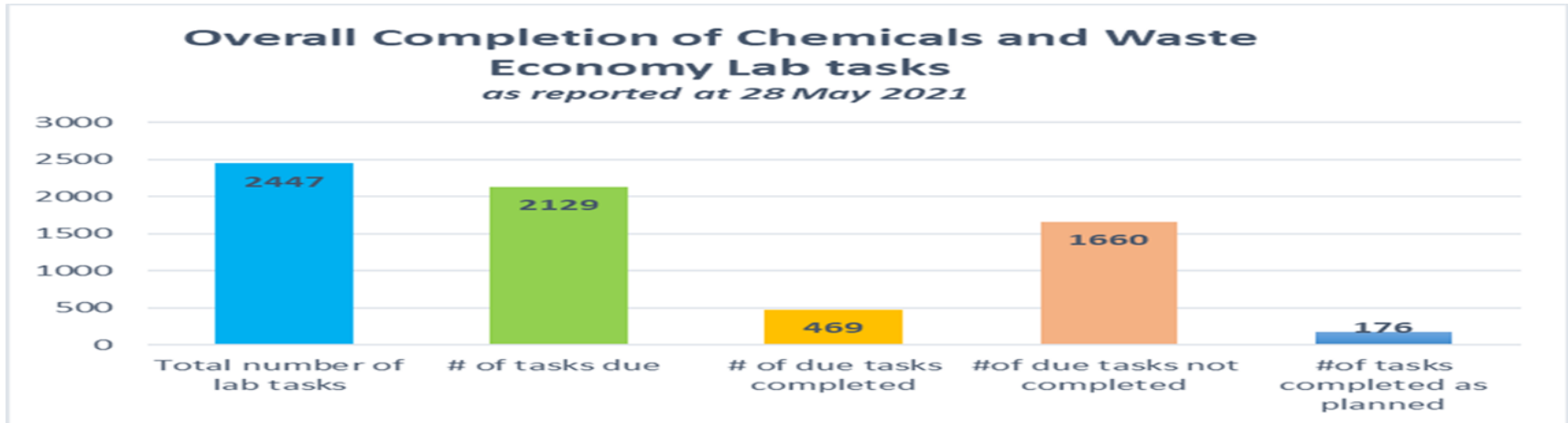
Implementation Progress

- ✓ a total of R85m investment was attracted creating 52 jobs during the first half of fy 2022/23
- ✓ But preliminary info reveals 788 jobs created, and R162 million investment attracted during S2 of 2022/23 fy
- ✓ both respectively undershot the R860m investment and 12 700 jobs MTSF targets for the reporting period by a long margin.
- ✓ Similarly, at 22 percent, the completion rate of the Lab remains poor owing to a confluence of factors including:
 - Slow implementation progress and uptake of commitments by waste sector captains;
 - Lack of coordination and participation from both industry stakeholders and key government departments which have a mandated role in some of the activities in the 3 feet plan;
 - Access to funding to enable scaling up of the pilot projects and implementation of outcomes of feasibility studies and business case conducted in support of the waste fund;

➤ WHAT IS THE IMPACT OF THESE FAILURES

- About R860m in investment that should have been attracted has been lost
- This loss rises to 1.5 billion for the whole year
- Denied 12 700 poor people jobs during the first half, rising to 24 560 for the year
- Denied 215 SMME support

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MAIN CHALLENGES CAUSING POOR PERFORMANCE

- ❖ Non-Institutionalisation of Lab outcomes
- ❖ Non-establishment and resourcing of implementation and governance structures despite the support from DPME
- ❖ Non-implementation and non-submission of implementation progress reports by the some departments;
- ❖ Persistent lack of interest in the mandatory review of progress by lead departments and implementing agencies;
- ❖ Poor management and administration, lack of expert project management skills, and no accountability as well as consequence management for failure
- ❖ Lack of administrative and political ownership (despite recent inclusion of Lab outcomes in MPAs)
 - ✓ Failure to convene the Ministerial Steering Committee within the leading departments to provide coordination and guidance to the Delivery Units of the Lab ;
 - ✓ Failure to convene the OP MINMANCO
 - ✓ Failure to convene Presidential Issue Resolution Committee
- ❖ While a previous evaluation conducted on OP: Oceans Economy confirmed the foregoing leading to a development and distribution of a Revised OP Framework to relevant departments, the challenges continue to persist.
- ❖ However, an Evaluation of the methodology, which is currently being conducted on all the 7 OP Labs has confirmed most of the foregoing

SO WHAT CAN BE DONE?

- ❖ **In order to improve implementation, the following factors that determine success of the methodology need to be in place**
 - ✓ Political will and Ownership: The Head of State (President, Prime Minister etc) takes full ownership and leadership of the methodology and champion implementation of the methodology at that level.
 - ✓ Ministers are held to account through regular implementation progress meetings with President to discuss areas of slippage, resolution and timeframes.
 - ✓ Establishment and resourcing of Governance structures to ensure timeous resolution and escalation of identified challenges up to the highest structure, the Presidential Issue Resolution Committee.
 - ✓ Accountability and consequence management are critical elements of this methodology.
 - ✓ Availability of funds to implement the Lab outcomes ensures the success of the methodology.
 - ✓ Heightened sense of urgency and business unusual across the board .
- ❖ The extent to which the foregoing might have been missing during implementation of the various Lab outcomes might have led to the poor performance alluded to above.
- ❖ ***Further, to determine the best way forward we need to look at the following options:***
 - ✓ Option1 : Maintain the Status Quo
 - ✓ The Status Quo is unsustainable
 - ✓ Abandon Course
 - ✓ Develop a new Intervention Support Strategy

The status quo is unsustainable and needs to drastically change

Considering the need to improve performance and the prerequisites for success of the methodology the following should be done:

❖ **Urgently and decisively reinvigorate implementation**

- ✓ Departments should focus on the implementation of the methodology to achieve outcomes and impacts
- ✓ Operation Phakisa Lab Outcomes should find expression throughout the planning hierarchy (Sector Master plans, Strategic Plan and Annual Performance Plan (APP))
- ✓ Establish and resource implementation and governance structures to drive implementation (DUs& SteerCos)

❖ **Enhance Accountability and consequence management**

- ✓ Reconvene the Operation Phakisa MINMANCO to resolve escalated bottlenecks and seek re-commitment from lead Ministers of the Labs to get them to support the work of the Labs.
- ✓ Deal with failure to implement expeditiously across board

❖ **Provide Focused Leadership**

- ✓ Once or twice a year the President must meet with relevant Ministers to discuss progress and areas of slippage
- ✓ Reconvene the Presidential Issue Resolution Committee to resolve issues escalated thereto.

❖ Accepting accelerated implementation as our passport out of the business as usual lethargy, requires that OP be infused into the delivery of specific government priorities enshrined in the MTSF and embedded in the APP

❖ To resolve the tension between the foregoing and the methodology requires that OP projects not be subjected to normal bureaucratic accountability chains.

NGIYATHOKOZA DANKIE KE A LEBOGA
NGIYABONGA
NDIYABULELA
INKOMU NDI KHOU
LIVHUHA

Thank you



planning, monitoring
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Department:
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